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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PANTERA LONG-TERM ICO FUND LTD

a Cayman Islands Exempted Company

March 2019

PANTERA LONG-TERM ICO FUND LTD

DIRECTORY

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

Fund

Pantera Long-Term ICO Fund Ltd
c/o Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

Master Fund

Pantera Long-Term ICO Master Fund LP
c/o Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

General Partner of the Master Fund

Pantera Digital Asset GP LLC
3000 Sand Hill Road, Suite 1-235
Menlo Park, California 94025
United States of America

Investment Manager

Pantera Advisors LLC
3000 Sand Hill Road, Suite 1-235
Menlo Park, California 94025
United States of America

Administrator to the Fund and the Master Fund

SEI Global Services, Inc.
1 Freedom Valley Drive
Oaks, Pennsylvania 19456
United States of America

Auditors to the Fund and the Master Fund

BDO Cayman Ltd.
Governors Square
23 Lime Tree Bay Avenue
Grand Cayman, KY1-1205
Cayman Islands

U.S. Legal Counsel to the Fund and the Master Fund

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
United States of America

Cayman Islands Legal Counsel to the Fund and the Master Fund

Ogier
89 Nexus Way
Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PANTERA LONG-TERM ICO FUND LTD

Pantera Long-Term ICO Fund Ltd (the "**Fund**") is currently offering the Shares described in this Confidential Private Placement Memorandum (this "**Memorandum**") to certain qualified investors that, if accepted, will become shareholders of the Fund (the "**Shareholders**").

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 Shares. 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 the Master Fund and (ii) any of the Fund's or the Master 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 the Master 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 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 Shares 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 Shares 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.

All references herein to **"U.S. dollars"** or **"\$"** are to the lawful currency of the United States.

The Shares 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 Shares will be required to represent that it is acquiring the Shares for its own account, for investment purposes only and not with a view toward distributing or reselling the Shares in whole or in part. There is no established secondary market for the Shares, and none is expected to develop.

The Shares 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 Shares 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 Shares 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 Shares 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, with the exception of filing this document with the Monetary Authority. No such agency, authority or exchange has passed upon the accuracy or adequacy of this Memorandum or the merits of an investment in the Shares offered hereby. Any representation to the contrary is a criminal offense.

Neither the Fund nor the Master Fund has been or will be 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 (a) register as a Money Services Business with the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("FinCEN"); (b) obtain a money transmitter license with the banking department of any state, or (c) obtain a license under the Cayman Islands Money Services Law (2010 Revision) ("Money Services Law"), 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, obtain money transmitter licenses from state banking departments and/or obtain a license under the Money Services Law.

The Fund and the Master Fund are regulated as mutual funds for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands (the "Mutual Funds Law"). The Fund and the Master Fund are registered with the Cayman Islands Monetary Authority (the "Monetary Authority") pursuant to section 4(3) of that law and the prescribed details in respect of this Memorandum, the Fund and the Master Fund have been filed with the Monetary Authority. Such registration does not imply that the Monetary Authority or any other governmental body has commented on or approved the terms or merits of this Memorandum or passed judgment on the offering of Shares hereunder. (See "Regulatory Matters — Cayman Islands Mutual Funds Law".)

This Memorandum is based on the law and practice currently in force in the Cayman Islands and is subject to changes therein. No offer or invitation to subscribe for Shares may be made to the public in the Cayman Islands and this Memorandum does not represent such an offer or invitation. Any attempted transfer or substitution not made in accordance with this Memorandum and the Amended and Restated Memorandum and Articles of Association of the Fund, as the same may be amended from time to time (the "Articles of

Association"), to the fullest extent permitted by applicable law, will be null and void ab initio.

The Master Fund is not hereby offering any securities and, accordingly, this Memorandum is not to be regarded as having been authorized or issued by the Master Fund. The Master Fund does not have an offering document or equivalent document. A copy of the Master Fund Partnership Agreement is available on request from the Investment Manager.

Prospective investors should consult **Appendix B** hereto for a listing of restrictions on offerings and sales in certain jurisdictions. The information set forth in **Appendix B** was obtained from a third-party law firm that prepared such information in consultation with local counsel, where necessary. Neither Schulte Roth & Zabel LLP ("SRZ") nor Ogier ("Ogier") prepared the information set forth in **Appendix B** (other than the information for prospective Shareholders in the United Kingdom, which was prepared by SRZ). Neither SRZ nor Ogier has researched or verified the accuracy or completeness of the information. None of the Investment Manager, the General Partner, the Fund or the Master Fund prepared, researched or verified the contents of such information.

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PANTERA LONG-TERM ICO FUND LTD

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, the Articles of Association and the Master Fund Partnership Agreement, each of which is available upon request, and each Shareholder'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 FUNDS:

The Fund

The Fund is an exempted company incorporated with limited liability under the laws of the Cayman Islands on October 11, 2017 to operate as a private investment fund primarily for the benefit of non-U.S. Persons and Permitted U.S. Persons.

The Master Fund

To effect its investment objective, the Fund will invest all of its investable assets through a "master-feeder" fund structure in Pantera Long-Term ICO Master Fund LP (the "**Master Fund**"), an exempted limited partnership established and registered with the Registrar of Exempted Limited Partnerships in the Cayman Islands under the laws of the Cayman Islands on October 27, 2017.

As the Fund conducts all of its investing and trading activities through, and invests all of its investable assets in, the Master Fund, references to the term "Master Fund" as used in this Memorandum in the context of the Master Fund's portfolio, investment program and related risks should be understood to mean the Master Fund, any other vehicle through which the Master Fund makes investments or enters into transactions, and, indirectly through its investment in the Master Fund, the Fund.

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

INVESTMENT PROGRAM:

The investment objective of the Master 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 Master Fund may participate in ICOs through Simple Agreements for Future Tokens, or SAFTs ("**SAFTs**"), whereby the Master Fund, in exchange for a fixed payment, is entitled to receive future Digital Assets offered in the event of a successful ICO. The Master Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. The Master Fund generally intends to hold each investment for long-term appreciation over a period of not less than 12 months. (See "Investment Program".)

The descriptions set forth in this Memorandum of specific strategies in which the Master Fund may engage or specific investments the Master Fund may make should not be understood to limit in any way the Master Fund's investment activities. The Master 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 Master Fund's investment objective. The Master Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Master Fund will be achieved. (See "Certain Risk Factors".)

LEVERAGE:

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

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 also serves as the investment manager of the Master 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**"), a Delaware limited liability company, serves as the general partner of the Master 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 Master Fund.

The Board of Directors

The board of directors of the Fund (the "**Board of Directors**") has ultimate responsibility for the management, operations and investment decisions made on behalf of the Fund, but has delegated investment

discretion over the Fund's assets to the Investment Manager pursuant to the terms of the Investment Management Agreement. The Principal and Scott Lennon serve as the directors of the Fund (each, a "**Director**").

OFFERING OF SHARES: The Fund may admit new Shareholders and accept subscriptions as of the first day of each month or such other day as the Board of Directors may determine in its sole discretion (each, a "**Subscription Date**").

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

THE SHARES: The Fund is currently offering, pursuant to this Memorandum, redeemable, participating, voting shares of the Fund (the "**Shares**") to certain qualified investors that, if accepted, will become Shareholders.

The Fund, in the sole discretion of the Board of Directors, may establish additional classes of Shares (each class of Shares of the Fund, a "**Class**"), series or sub-series and enter into Side Letter Agreements that provide for different or additional terms than those of the Shares described in this Memorandum, including by way of example different Management Fee rates, Incentive Allocation rates (at the Master Fund level), functional currencies, information rights and redemption rights. The Board of Directors may establish new Classes, series or sub-series of Shares and enter into Side Letter Agreements without providing notice to, or receiving consent from, the Shareholders. The Board of Directors and the Investment Manager may, in their sole discretion, determine the terms of such Classes, series or sub-series of Shares and any Side Letter Agreements. (See "Other Activities of Management; Potential Conflicts of Interest — Side Letter Agreements".)

The Shares are issued in series in registered, book-entry form at a purchase price of \$1,000 per Share, subject to the minimum subscription amount, except as described in the following paragraph. A new series of Shares generally will be issued to each Shareholder on each date that Shares are purchased. Separate sub-series of Shares may be issued on each date that Shares are purchased for the purpose of allocating income or expense attributable to a particular Shareholder.

At the end of each Incentive Allocation Year, certain issued and outstanding series of Shares of a Class held by each Shareholder, other than the first series of Shares of that Class held by such Shareholder (the "**Roll-Up Series**"), may be converted by way of redemption and reissue into Shares of the Roll-Up Series (after taking into account any Incentive Allocation at the Master Fund level and the payment of the Management Fee) (such redemption and reissue of Shares being referred to as a "**Series Roll-Up**") at their respective net asset value per Share; *provided,*

however, that no Series Roll-Up will occur with respect to a series of Shares if, at the end of an Incentive Allocation Year, either there is any unrecovered balance in the Loss Recovery Account of the Series Capital Account corresponding to such series of Shares or there is any unrecovered balance in the Loss Recovery Account of the Series Capital Account corresponding to the Roll-Up Series. After the occurrence of a Series Roll-Up, Shares issued to such Shareholder on the first day of the Incentive Allocation Year following such Series Roll-Up will be offered as additional Shares of the Roll-Up Series at a purchase price per Share equal to the net asset value per Share of the Roll-Up Series as of the last day of the prior Incentive Allocation Year.

**INITIAL AND
ADDITIONAL
SUBSCRIPTIONS:**

The minimum initial subscription for each subscriber is \$100,000. A Shareholder may make additional subscriptions to the Fund in amounts of at least \$100,000. All subscriptions for Shares are irrevocable. The Board of Directors in its sole discretion may accept subscriptions of lesser amounts or establish different minimums or reject any subscription, in whole or in part, for any reason or no reason; *provided* that at no time will the Fund accept a minimum initial subscription of less than \$100,000, or such other minimum amount as specified under Cayman Islands law from time to time. Each subscription by each Shareholder will be for a separate series (and, if applicable, sub-series) of Shares for purposes of determining Incentive Allocation (and Management Fee) terms applicable to such subscription. If a Shareholder makes multiple subscriptions and thus holds multiple series or sub-series of Shares, Incentive Allocations (and Management Fees) will be determined independently with respect to each series or sub-series held by the Shareholder. Unless the context indicates otherwise, references to "Shares" and "series" in the context of Incentive Allocations (and Management Fees) should be understood to refer to a particular series (or, if applicable, sub-series) and not the aggregate shareholdings of a Shareholder. Subscription monies will be invested and at risk from the applicable Subscription Date, irrespective of whether there is an administrative delay in updating the books and records of the Fund, including the register of Shareholders.

SALES CHARGES:

There will be no sales charges payable to the Investment Manager, its affiliates or the Fund in connection with the offering of Shares. 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 Fund based upon the amount of a Shareholder's subscriptions or the Management Fees and/or Incentive Allocations borne by a Shareholder 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 Management Fee Rate multiplied by the net asset value of

each series of Shares 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 Board of Directors may, without the consent of the Shareholders, cause the Management Fee to be charged to and paid by the Master Fund instead of the Fund.

The Management Fee will be prorated and payable as of a Subscription Date for any subscription by a Shareholder that is effective other than as of the first day of a fiscal quarter. In the event of a redemption by a Shareholder other than as of the last day of a fiscal quarter, the Investment Manager will return to the Fund (or the Master Fund) for payment to, or credit to the Shares of, the redeeming Shareholder, 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 Investment Manager, the Management Fee may be waived, reduced or calculated differently with respect to the series of Shares of any Shareholder, including, without limitation, any Investment Manager-Related Investor.

"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.

EXPENSES:

Expenses of the Fund

The Fund will bear its own expenses and its pro rata share of the Master Fund's expenses and 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, the Master 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, the Master Fund or any trading subsidiary; third-party audit and tax preparation expenses; fees and expenses (including, without limitation, director registration fees) of the Fund's and 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, the Master 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 Shares 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, winding-up, dissolution or termination of the Fund, the Master Fund or any trading subsidiary.

Generally, all expenses borne by the Fund, other than the Management Fee and any expenses that the Board of Directors determines should be allocated to a particular Shareholder or Shareholders (e.g., Investor-Related Taxes), will be charged against the Shares of all the Shareholders on a pro rata basis. 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 Shareholder.

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 Shareholder redeems all or any portion of its Shares prior to the end of the 60-month period during which the Fund is amortizing expenses, the Board of Directors may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being redeemed and reduce redemption proceeds by the amount of such accelerated expenses.

**MASTER FUND SERIES
CAPITAL ACCOUNTS:**

The Master Fund will establish a capital account for each of the Fund and the General Partner and, to track the investments, Incentive Allocation and expenses attributable to each Shareholder, the Master Fund will establish series capital accounts (each, a "**Series Capital Account**") within the capital accounts of the Master Fund that correspond to each Shareholder's series (and sub-series) of Shares.

NET ASSET VALUE:

General

The net asset value of a Class, series or sub-series of Shares will be equal to the excess of the value of the assets over the value of the liabilities attributable to such Class, series or sub-series, as the case may be, as of any date of determination. Because all of the investable assets of the Fund will be invested in the Master Fund, appreciation and depreciation of the Fund's net asset value will be primarily based on appreciation and depreciation of the Master Fund's net assets. The net asset value per Share of a series or sub-series is determined by dividing the net asset value of each series or sub-series by the number of Shares thereof. The net asset value of the Fund, a Class, series or sub-series of Shares will generally be determined upon the date of determination of the Management Fee and redemptions and at such other times as determined by the Board of Directors.

The net asset value per Share of different series and sub-series of Shares is expected to differ. However, Shares within a series or sub-series will have the same net asset value per Share. The Management Fee and Incentive Allocation determined with respect to a particular series or sub-series will be charged against such series or sub-series. The net asset value per Share of the various series or sub-series of Shares may differ, in part, because of differences in timing of issuance or because any item of income or expense attributable to a particular series or sub-series is charged only against such series or sub-series.

Liabilities will be determined using GAAP, applied on a consistent basis; *except* that the Board of Directors 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 Series Capital Account's Loss Recovery Account, any Investor-Related Taxes related to the Fund or a Shareholder will be deemed distributed from the Fund's capital account(s) at the Master Fund or the Series Capital Account(s) corresponding to the Shares of such Shareholder 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.

"Investor-Related Tax" means any tax withheld from the Fund or the Master Fund or paid over by the Fund or the Master Fund, in each case, directly or indirectly, with respect to or on behalf of a Shareholder, 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 Shareholder to provide information to eliminate or reduce withholding or other taxes) of a Shareholder, 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 Shareholder, as determined by the Board of Directors in its discretion.

Restricted and Limited Participation

In the event the Board of Directors or the General Partner, as the case may be, determines that, based upon tax or regulatory considerations, or for any other reasons as to which the Board of Directors or the General Partner and any Shareholder agree, such Shareholder 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 (indirectly

through the Master Fund), the Board of Directors or the General Partner may allocate such net capital appreciation or net capital depreciation only to the Shares (and/or the Series Capital Account(s) attributable to such Shares, as applicable) to which such considerations or reasons do not apply (or may allocate to the Shareholder to which such considerations or reasons apply, the portion of such net capital appreciation or net capital depreciation attributable to such Shareholder's limited participation in such Digital Asset, type of Digital Asset or any other transaction (indirectly through the Master Fund)). If any of the considerations or reasons described above apply, then a separate memorandum account may be established in which only the Shareholders having an interest in such Digital Asset, type of Digital Asset or transaction (indirectly through the Master Fund) 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 Incentive Allocation Year, the Master Fund will reallocate from each Series Capital Account to the capital account of the General Partner an amount (the "**Incentive Allocation**") equal to the result of the Incentive Allocation Rate multiplied by the amount of the net capital appreciation attributable to each corresponding series of Shares of a Shareholder for such Incentive Allocation Year after reduction by an amount equal to the amount of the Management Fee debited to such Series Capital Account for such Incentive Allocation 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 Series Capital Account's Loss Recovery Account. The amounts allocated as the Incentive Allocation shall be allocated out of net appreciation (or if insufficient, gross items of appreciation) that have been earned during the Fiscal Year that contains the end of the applicable Incentive Allocation Year. The Incentive Allocation will also be made with respect to net capital appreciation attributable to amounts redeemed and to Shares transferred (provided that such transfer results in a change in the beneficial ownership of the Shares transferred) and in connection with the termination of the Fund or the Master Fund. "**Incentive Allocation Year**" means the 12-month period ending on June 30 of each year.

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

The Master Fund maintains a loss recovery account (a "**Loss Recovery Account**") for each Series Capital Account that tracks the losses that must be recouped before an Incentive Allocation can be made with respect to such Series Capital Account (i.e., tracks the "high water mark" of such Series Capital Account). The balance in each Series Capital Account's Loss Recovery Account is adjusted at the end of each

Incentive Allocation Year to reflect the aggregate net capital depreciation with respect to such Series 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 Series 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, paid by the Fund in respect of the Shares corresponding to such Series Capital Account for such period. Additional subscriptions do not affect the balance of any Loss Recovery Account. The Incentive Allocation is not made with respect to a Series Capital Account until the balance of such Series Capital Account's Loss Recovery Account has been reduced to zero.

The Incentive Allocation will be determined separately with respect to each series of Shares issued to a Shareholder. Accordingly, it is possible that an Incentive Allocation may be made with respect to one Series Capital Account even though another Series Capital Account corresponding to a different series of Shares held by the same Shareholder 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 Series Capital Accounts corresponding to the series of Shares of any Shareholder, including, without limitation, any Investment Manager-Related Investor. To facilitate any such waiver, reduction or different calculation, the Fund may issue Shares of a separate Class, series or sub-series.

REDEMPTIONS:

Voluntary Redemptions

Subject to the limitations on redemptions set forth herein, each Shareholder may, as of the last day of each fiscal quarter (each such date, and any other day on which a redemption is permitted or required by the Board of Directors, a "**Redemption Date**"), upon at least 365 days' prior written notice to the Administrator, redeem all or a portion of its Shares.

A redemption notice will be irrevocable unless the Board of Directors, in its sole discretion, permits the redemption notice to be revoked.

Payment of Redemption Proceeds

Subject to the limitations on redemptions described herein, the Fund will pay redemption proceeds without interest and within 30 Business days after the applicable Redemption Date; *except* that if a Shareholder elects to redeem 95% or more of the net asset value of a particular series of Shares, the Fund will pay the Shareholder an amount equal to at least

95% of the estimated redemption proceeds (computed on the basis of unaudited data as of the Redemption Date) within 30 Business days after the Redemption Date. If a Shareholder elects to redeem 95% or more of the net asset value of a particular series of Shares in the aggregate during a Fiscal Year by means of more than one redemption, the "holdback" amount described above will be adjusted to reflect the aggregate redemption amounts made during such Fiscal Year. The Fund will pay the Shareholder'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 Redemption Date occurs. If a Shareholder holds more than one series of Shares, the Board of Directors may, in its sole discretion, pay such Shareholder more than 95% of the estimated redemption proceeds (computed on the basis of unaudited data as of the Redemption Date) attributable to the fully redeemed series of Shares, and in the event of an audit adjustment that exceeds the amount held back (or if no amount was held back), the Board of Directors may debit such Shareholder's remaining series of Shares 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. Redemption proceeds payable to a redeeming Shareholder will be reduced by any Incentive Allocation allocable with respect to the redeemed Shares. If a Shareholder has made more than one subscription to the Fund, redemption 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 Investment Manager determines are required for the Fund and the Master Fund to transact business on such day) are open for business.

In the sole discretion of the Board of Directors, the Fund may make distributions in cash or in kind (to the extent that the Fund receives an in-kind distribution from the Master Fund), or in a combination thereof, in connection with a voluntary or required redemption of Shares by a Shareholder. In each case, each asset selected by the Board of Directors, in its sole discretion, to be paid in kind to any redeeming Shareholder may be paid to such redeeming Shareholder in such amounts as determined by the Board of Directors, in its sole discretion. In-kind payments 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 Master Fund. Each special purpose vehicle will bear its own expenses. (See "Certain Risk Factors — Risks Relating to the Structure of the Fund — In-Kind Payments".) In the sole discretion of the Board of Directors, the Fund may make payments in cash or in kind (to

the extent that the Fund receives an in-kind distribution from the Master Fund), or in a combination thereof, at any time to all of the Shareholders. The Board of Directors may, in its sole discretion, choose which assets of the Fund to pay in kind.

Suspension

The Board of Directors may suspend the determination of the net asset value of the Fund and the net asset value of any series or sub-series of Shares, redemption rights, in whole or in part, and/or the payment of redemption proceeds in respect of voluntary redemptions:

- (i) during any period when any exchange or other market on which the Master 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 Master Fund's assets, or the determination of the net asset value of the Master Fund, is not reasonably practicable or is reasonably expected to be prejudicial to the non-redeeming Shareholders 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 Master 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 Master 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 Master Fund cannot reasonably be promptly and accurately ascertained;
- (v) during any period when redemptions would cause a breach or default under any covenant in any agreement entered into by the Master 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 Master Fund is winding down its business.

The Master Fund Partnership Agreement provides that the General Partner may suspend the determination of the net asset value of the Master Fund and the net asset value of each capital account of the Master Fund, withdrawal rights, in whole or in part, and/or the payment of withdrawal proceeds in respect of voluntary withdrawals in circumstances and on terms similar to those listed above.

The Board of Directors will provide written notice to each affected Shareholder of a suspension of the determination of the net asset value of the Fund or any series or sub-series of Shares, redemption rights and/or payment of redemption proceeds. Upon the determination by the Board of Directors 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 Shareholders regarding the lifting of such suspension and the next date as of which Shareholders may redeem all or a portion of their Shares.

Upon a suspension of redemption rights, all pending redemption requests will be automatically revoked, and no requests subsequently received will be accepted until such time as the Board of Directors permits Shareholders to submit redemption requests in anticipation of lifting the suspension.

Soft Wind Down

If the Board of Directors, in consultation with the Investment Manager, decides that the investment program of the Master Fund is no longer viable, it may resolve that the Fund be managed with the objective of realizing assets in an orderly manner and distributing the proceeds to Shareholders in such manner as they determine to be in the best interests of the Fund, in accordance with the terms of the Articles of Association and this Memorandum, including, without limitation, by compulsorily redeeming Shares, paying any dividend proceeds in specie and/or declaring a suspension while assets are realized. This process is integral to the business of the Fund and may be carried out without recourse to a formal liquidation under the Companies Law or any other applicable bankruptcy or insolvency regime, but will be without prejudice to the right of the Shareholder(s) to place the Fund into liquidation.

Required Redemptions

The Board of Directors may, in its sole discretion, require any Shareholder to redeem all or a portion of its Shares at any time without prior notice, for any reason or no reason. A Shareholder that is required to redeem all or a portion of its Shares will be treated for all purposes and in all respects as a Shareholder that has given notice to voluntarily

redeem such Shares.

The Board of Directors may, in its sole discretion, modify or waive any or all of the redemption terms with respect to any Shareholder, Class, series or sub-series, including, without limitation, a Shareholder that is, or a Class, series or sub-series held by, an Investment Manager-Related Investor.

**LIMITATIONS ON
TRANSFERABILITY:**

Without the written consent of the Board of Directors, which may be given or withheld in its sole discretion, a Shareholder 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 Shares to any other person (each, a "**Transfer**"), except by operation of law. 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. No transferee of Shares will be entered in the Fund's register of members unless all of the conditions set forth in the Articles of Association have been satisfied. Any transferor will be deemed to remain the holder of a Share until the name of the transferee is entered in the Fund's register of members.

FISCAL YEAR:

The fiscal year of each of the Fund and the Master Fund (the "**Fiscal Year**") ends on December 31 of each year, or such other date as the Board of Directors may determine in its sole discretion.

TAXATION:

U.S. Tax Aspects

Based on the Fund's and the Master Fund's organizational structure, anticipated methods of operation and features as described herein, the Fund and the Master Fund generally do not expect to be subject to U.S. federal income tax on gains from investing in Digital Assets.

Cayman Islands Tax Aspects

Neither the Fund nor the Master Fund is subject to any income, withholding or capital gains taxes in the Cayman Islands. Furthermore, no capital gains or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares. Shareholders will not be subject to any income, withholding or capital gains taxes in the Cayman Islands, with respect to the Shares owned by them and dividends received on such Shares, nor will they be subject to any estate or inheritance taxes in the Cayman Islands.

The Fund has applied for and has obtained an undertaking from the Financial Secretary of the Cayman Islands, pursuant to the Tax Concessions Law (Revised) of the Cayman Islands, to the effect that, for a period of 20 years from the date of such undertaking, no law which is

enacted in the Cayman Islands imposing any tax or duty to be levied on income, profits, gains or appreciation will apply to the Fund or its operations. The Master Fund has applied for and has obtained an undertaking from the Financial Secretary of the Cayman Islands, pursuant to the Exempted Limited Partnership Law (Revised) of the Cayman Islands, to the effect that for a period of 50 years from the date of such undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on income, profits, gains or appreciation will apply to the Master Fund or to any partner of the Master Fund in respect of the operations or assets of the Master Fund or the interest of any partner in the Master Fund.

There can be no assurance that the U.S. or Cayman Islands tax laws will not be changed adversely with respect to the Fund, the Master Fund or their investors, or that the Fund's or the Master Fund's income tax status will not be successfully challenged by such authorities.

Potential investors should consult their own advisors regarding tax treatment by the jurisdiction applicable to them. Shareholders should rely only upon advice received from their own tax advisors based upon their own individual circumstances and the laws applicable to them. (See "Tax Aspects".)

ERISA:

Entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), may purchase Shares. Investment in Shares 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 Shareholder generally must be either (i) a non-U.S. Person or (ii) a Permitted U.S. Person that qualifies as an "accredited investor", as defined in Regulation D under the Securities Act, and (iii) a "qualified client", as defined in Rule 205-3 under the Advisers Act, and must meet other suitability requirements. The Fund's subscription agreement (the "**Subscription Agreement**") contains representations and questionnaires relating to these qualifications.

The Board of Directors may, in its sole discretion, decline to accept the subscription 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 Shareholder the audited financial statements of the Fund.

The Fund will also make available to each Shareholder periodic unaudited performance information, no less frequently than quarterly.

**SUBSCRIPTION FOR
SHARES:**

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

INVESTMENT PROGRAM

Investment Objective

The investment objective of the Master 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 Master Fund may participate in ICOs through SAFTs, whereby the Master Fund, in exchange for a fixed payment, is entitled to receive future Digital Assets offered in the event of a successful ICO. The Master Fund may, in certain cases, invest in Digital Assets that are securities for purposes of U.S. laws and regulations. The Master Fund generally intends to hold each investment for long-term appreciation over a period of not less than 12 months.

Portfolio Construction

As ICOs arise at unpredictable intervals, the Master Fund's investments may become highly concentrated in a single (or limited number of) Digital Asset(s) and the Master 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 Master 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 Master 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, although, as described above, the Master Fund generally intends to hold each investment for long-term appreciation over a period of not less than 12 months.

Trading Subsidiaries

The Master 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 Master Fund Partnership Agreement, the Investment Manager may change the Master Fund's investment strategy or policy at any time.

The descriptions set forth in this Memorandum of specific strategies in which the Master Fund may engage or specific investments the Master Fund may make should not be understood to limit in any way the Master Fund's investment activities. The Master 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 Master Fund's investment objective. The Master Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Master 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 and the Master Fund.

The General Partner

As discussed above, the General Partner serves as the general partner of the Master 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 Atriaux, 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.

Directors

Each of Matt Gorham (see biography above) and Ryan Davis has been appointed as a director of the Fund. The background and experience of Ryan Davis is set forth below.

Ryan Davis

Ryan joined Pantera in 2018 as Chief Financial Officer, a role in which he oversees all finance and accounting across the firm's various fund strategies. He previously served as the CFO of Echelon Asset Management, an online marketplace lending platform that manages a half-billion dollars, and as Vice President of Finance at Lightspeed Venture Partners. Ryan began his career in Fund Management and Investor Relations at Bridgewater Associates. Ryan graduated from Cal Poly, San Luis Obispo with a B.A. in Economics.

Investment Management Agreements

The Board of Directors 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 Board of Directors, inter alia, 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 General Partner has appointed the Investment Manager pursuant to an investment management agreement with the Master Fund on terms substantially similar to the Investment Management Agreement, except with respect to fees, which will be paid as described in this Memorandum.

Exculpation

The Investment Management Agreement provides that, subject to the exception described below, none of the Investment Manager or any of its affiliates or 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 Shareholder 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 Investment Management 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 Shareholder 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 of the Master Fund 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 or the Master Fund, as applicable, 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 Investment Management 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 Investment Management 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 Master 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 of the Master Fund 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 or the Master Fund, as applicable, 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 will 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 Investment Management 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.

The Board of Directors

As discussed above, the Fund is managed by the Board of Directors. The Directors and their business experience are as follows:

Daniel W. Morehead

See "Management — Personnel of the Investment Manager" above for a description of Daniel W. Morehead's business experience.

Scott Lennon

Scott Lennon is the Principal and Managing Director at 19 Degrees North Fund Services Ltd. ("**19 North FS**"), a Company Manager regulated by the Cayman Islands Monetary Authority and specialist fiduciary services firm. Scott has over 25 years of experience in the global investment funds industry. Prior to founding 19 North FS, Scott was the Head of Fund Services at Walkers Fund Services Limited (acquired by Intertrust), a Cayman Islands licensed Trust Company and Mutual Fund Administrator. Scott directed a team that provided Director and Trustee services to over 500 clients. Scott was also responsible for developing the group's internal compliance and risk policies. From 1997 to 2003, Scott held senior positions at State Street (Cayman), Deutsche Bank (Cayman) Ltd and KPMG. Scott is a member of the Institute of Chartered Professional Accountants of Ontario (formerly The Institute of Chartered Accountants of Ontario; Canada), the American Institute of Certified Public Accountants, and he is a Chartered Financial Analyst charterholder. Scott received a Graduate Diploma in Public Accounting from McGill University, Montreal, Canada and a Bachelor of Commerce (Honours) from Carleton University in Ottawa, Canada. Scott is a former member of the Executive Committee of the Cayman Islands Directors Association and a former member of the Board of Directors of the Cayman Islands Society of Financial Analysts.

The Articles provide that no Director or other officer of the Fund will be liable for any loss, damage or misfortune whatsoever which may arise from or in relation to the execution or discharge of his or her duties unless due to his or her own gross negligence or willful default. Each Director and other officer of the Fund is entitled to be indemnified out of the assets of the Fund against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities (including, without limitation, any costs, expenses, losses or liabilities incurred in defending any proceedings) of whatsoever nature and howsoever arising, incurred or sustained by him or her, otherwise than by reason of his or her own gross negligence or willful default, in the performance of his or her duties.

The Directors may appoint alternates who may attend Board meetings in their absence. The Board of Directors may delegate ordinary course decisions to the Investment Manager (e.g., lowering the minimum subscription amount (subject to the absolute minimum set out herein), allowing subscriptions other than on the first day of each month, allowing revocation of any redemption request, waiving the notice requirement for a redemption, permitting transfers of Shares and rejecting subscriptions).

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

CERTAIN RISK FACTORS

Prospective Shareholders 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 Shareholders 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 Shareholders' 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 Master Fund to pursue its investment program and the value of investments held by the Master 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 Master Fund to pursue its investment program or employ counterparties could have a material adverse effect on the Fund and the Shareholders' investments therein. In addition, the Investment Manager may, in its sole discretion, cause the Fund or the Master Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Master Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Shareholders.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive (the "**AIFM Directive**") regulates: (i) alternative investment fund managers (each, an "**AIFM**") based in the European Economic Area (the "**EEA**"); (ii) the management of any alternative investment fund ("**AIF**") established in the EEA (irrespective of where an AIF's AIFM is based); and (iii) the marketing of any AIF, such as the Fund, to professional investors in the EEA.

Under the AIFM Directive, certain conditions must be met to permit the marketing of the Shares to any potential and existing investors in the EEA. The ability of the Fund or the Investment Manager to offer the Shares in the EEA will depend on the relevant EEA state permitting the marketing of non-EEA domiciled funds under the national private placement regimes implementing the AIFM Directive and the ability of the Fund and the Investment Manager to comply with such national private placement regimes, where available. Compliance with the requirements of such regimes may increase the costs of the administration of the Fund significantly, including the costs of regulatory reporting services to the Fund and the Master Fund and other services provided to the Master Fund. As such, the Fund's ability to market the Shares to EEA investors may be limited.

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 Master Fund interacts, as well as the Master Fund, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Master Fund and on the markets for the Digital Assets in which the Master Fund seeks to invest. The Master 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 Master 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 Shareholders' investments therein.

Risks Relating to Management

Limited Operating History

Each of the Fund and the Master Fund has a limited operating history upon which prospective and current Shareholders 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 Master Fund and effectively implement the Master Fund's investment program. The Fund's governing documents do not permit the Shareholders 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 Redemptions".) The loss of the services of the Investment Manager could have a material adverse effect on the Fund and the Shareholders' 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 or the Master 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 Shareholders' investments therein.

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

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 Shareholders' 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 Redemptions

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 redemptions, the revenues of the Investment Manager may decline substantially. Such losses and/or redemptions 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 and the Master Fund

The Fund and the Shares are not expected to be registered under the securities laws of the United States or any other jurisdiction other than the Cayman Islands. 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.

The Fund and the Master Fund are each regulated as a mutual fund under the Mutual Funds Law. However, registration under the Mutual Funds Law does not involve an examination of the merits of the Fund or the Master Fund or supervision of the investment performance of the Fund or the Master Fund by the Cayman Islands government or the Monetary Authority. There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favor of or available to the investors in the Fund.

Liability of the Fund, the Master Fund and Separate Classes

The Fund has the power to issue Shares in Classes, series or sub-series. The Articles of Association provide for the manner in which the liabilities are to be attributed across the various Classes, series or sub-series (liabilities are to be attributed to the specific Classes, series or sub-series in respect of which the liability was incurred). However, each of the Fund and the Master Fund is a single legal entity and there is no limited recourse protection for any Class, series or sub-series of Shares or interests, as applicable. Generally, creditors of the Fund may enforce claims against all assets of the Fund, but not against assets of the Master Fund, and creditors of the Master Fund may enforce claims against all assets of the Master Fund, but not against assets of the Fund. However, all assets of the Fund, including its interest in the Master Fund, may be available to meet all liabilities of the Fund, and all assets of the Master Fund may be available to meet all liabilities of the Master Fund, even if, in either case, the liability relates to a particular Class, series or sub-series of Shares of the Fund or Series Capital Account the Master Fund, as the case may be. Thus, for example, in the event that the assets attributable to Shares participating in a Digital Asset were completely depleted by losses or liabilities, a creditor could enforce a claim against the assets of the Fund which would be borne by the other Shares that did not participate in the investment or transaction.

Effect of Substantial Redemptions

Substantial redemptions 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 redemption 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 Master Fund may be forced to sell its more liquid positions (although the Master Fund generally intends to hold each investment for long-term appreciation over a period of not less than 12 months), which may cause an imbalance in the portfolio that could have a material adverse effect on the remaining Shareholders. The Fund and the Investment Manager generally will not disclose to Shareholders the amount of pending redemptions or redemption requests and are under no obligation to make any such disclosure.

Limited Liquidity

An investment in the Fund has limited liquidity because Shareholders will generally have only limited rights to redeem Shares from the Fund or transfer their Shares, and the Fund has the right to suspend redemptions, as described herein. Shareholders must be prepared to bear the financial risks of an investment in the Fund for an indefinite period of time.

Access to Information and Effect on Redemptions

Because of the inherent complexity of the Master Fund's ICO-based investment strategy, a general lack of information provided to Shareholders regarding ICO investment selection, as well as other factors, prospective Shareholders and Shareholders will not have sufficient information to analyze or evaluate in detail the specific risks and potential returns of the Master Fund's investment program prospectively. The Investment Manager generally will not provide detailed information about the Master Fund's portfolio or any advance notice of anticipated changes in the composition of the Master 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 Shareholders and prospective Shareholders that is not distributed to other Shareholders and prospective Shareholders. Such information may affect a prospective Shareholder's decision to invest in the Fund, and Shareholders (which may include personnel and affiliates of the Investment Manager) may be able to act on such additional information and redeem their Shares potentially at higher values than other investors. Any such redemptions may result in reduced liquidity for other investors and, in order to meet larger or more frequent redemptions, 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 Shareholder 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.

In-Kind Payments

Although the Fund does not intend to make payments in kind, under certain circumstances a redeeming Shareholder may receive Digital Assets (to the extent received by the Fund from the Master Fund) 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 Master Fund, or participations therein. To the extent a redeeming Shareholder receives interests in special purpose vehicles, such redeeming Shareholder will continue to be at risk with respect to the Fund's business. The value of the Digital Assets paid in kind may increase or decrease before they are sold either by the redeeming Shareholder, if received directly, or by the Investment Manager or its affiliates, if held through a special purpose vehicle. In either case, the redeeming Shareholder 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 Shareholder, with the result that such Shareholder may ultimately receive less cash than it would have received on the date of redemption if it had been paid in cash. Furthermore, to the extent that a redeeming Shareholder receives interests in special purpose vehicles, such redeeming Shareholder 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 Master Fund

Systems and Operational Risks Generally

The Master Fund depends on the Investment Manager to develop and implement appropriate systems for the Master Fund's activities. The Master 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 Master Fund's activities. In addition, the Master Fund relies on information systems to store sensitive information about the Master Fund, the Investment Manager, their affiliates and the Shareholders. Certain of the Master 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 Master Fund's operations may cause the Master 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 Shareholders' 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 Master Fund and personally identifiable information of the Shareholders. Similarly, service providers of the Investment Manager, the Fund or the Master 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 Shareholders may also be susceptible to compromise. Breach of the Investment Manager's information systems may cause information relating to the transactions of the Master Fund and personally identifiable information of the Shareholders to be lost or improperly accessed, used or disclosed.

The service providers of the Investment Manager, the Fund and the Master 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 Master Fund and personally identifiable information of the Shareholders 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 Master 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 Shareholders' investments therein.

Valuation of Assets and Liabilities

The Master 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, in its capacity as general partner of the Master Fund, 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 Master 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 and the Master 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 and the Master 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 Shareholders, which, as described in this Memorandum, is relevant to, among other things, determining the net asset value of each series of Shares, calculating the Management Fee and the Incentive Allocation, and calculating the amounts payable by the Fund in respect of a redemption by or dividend to a Shareholder. 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 Master 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.

Identity of Beneficial Ownership and Withholding on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Fund and the Master Fund have registered with the U.S. Internal Revenue Service (the "**Service**"), and generally are required to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equityholders). The Cayman Islands has signed a Model 1B (non-reciprocal) inter-governmental agreement with the United States (the "**US IGA**") to give effect to the foregoing withholding and reporting rules. So long as the Fund and the Master Fund comply with the US IGA and the enabling legislation, they will not be subject to the related U.S. withholding tax.

A non-U.S. investor in the Fund will generally be required to provide to the Fund information that identifies its direct and indirect U.S. ownership. Under the US IGA, any such information provided to the Fund and certain financial information related to such investor's investment in the Fund will be shared with the Cayman Islands Tax Information Authority or its delegate (the "**Cayman TIA**"). The Cayman TIA will exchange the information reported to it with the Service annually on an automatic basis. A non-U.S. investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Code will generally be required to timely register with the Service and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Fund or timely register and agree to identify, and report information with respect to, such account holders (as applicable) may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund, and the Board of Directors may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding. Investors should consult their own tax advisers regarding the possible implications of these requirements on their investments in the Fund.

U.S. Partnership Tax Audit Risk

The Master Fund, which intends to be treated as a partnership for U.S. tax purposes, may be required to file a tax return with the Service. If the tax returns of the Master Fund are audited by the Service, the U.S. tax treatment of the Master Fund's income and deductions generally is determined at the Master Fund level. For U.S. tax returns of the Master Fund filed or required to be filed for tax years beginning prior to 2018, U.S. tax deficiencies arising from the audit, if any, are paid by the Fund (to the extent of any income that is, or is treated as, effectively connected with a trade or business in the United States or otherwise subject to withholding or other tax in the United States) and the other members of the Master Fund who were partners for U.S. tax purposes in the year subject to the audit.

Under the general rule imposed under new legislation, an audit adjustment of the Master Fund's U.S. tax return filed or required to be filed for any tax year beginning after 2017 (a "**Prior Year**") could result in a tax liability (including interest and penalties) imposed on the Master 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, in which case the Fund and any other Current Year partners of the Master Fund would bear the audit tax liability at significantly higher rates (including interest and penalties) arising from audit adjustments and in amounts that are unrelated to their Prior Year economic interests in the Master Fund partnership items that were adjusted. Under the new legislation, the Master Fund may be able to use a lower tax rate to compute the tax liability by taking into account the fact that the Fund is generally not expected to be subject to U.S. tax on most, if not all, of its share of the Master Fund's income. However, the details of how this rule will be implemented are not yet known, and there can be no guarantee that the Master Fund would be able to use a lower tax rate to calculate the tax liability for any particular Prior Year under audit.

To mitigate the potential adverse consequences of the general rule, the Master Fund may be able to elect with the Service to pass through such audit adjustments for any year to its members who participated in the Master Fund for the Prior Year, in which case the Fund and each Prior Year participating member (and not the Master Fund) generally would be responsible for the payment of any tax deficiency, determined after including their share of the adjustments on their tax returns for the Current Year and calculated, in the case of the Fund, using the tax rates generally applicable to non-U.S. entities such as the Fund.¹ The Fund may also be able to mitigate such adverse consequences by, after the audit adjustments are made, filing an amended U.S. tax return for the Prior Year and paying tax, if any, on its share of the items adjusted on audit. However, the extent to which the Fund and/or the Master Fund will be able to mitigate the operation of the general rule under either of these alternatives is uncertain and may depend upon future regulatory guidance and amendments to the legislation.

Risks Relating to Investment Strategies

Risk of Loss

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

¹ If such an election is made by the Master 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.

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 Shareholder'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.

Long-Term Appreciation; Holding Period

Subject to certain limited circumstances, the Master Fund will hold each investment for a period of not less than 12 months. Accordingly, the Master Fund may be unable to take advantage of short-term market considerations (opportunistically sell investments) and may be forced to hold an investment at times where it would otherwise be advantageous to sell or after the value of such investment is perceived to have peaked.

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, in its capacity as general partner of the Master Fund) has considerable discretion in the types of ICOs the Master Fund may invest in and has the right to modify the investment strategies and techniques of the Master Fund without the consent of the Shareholders. 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 Master Fund. In addition, any new investment strategy or technique developed by the Master 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 Master 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 Master 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 clearinghouse 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 and the Master 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 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. Shareholders 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, redemptions or exchanges of Shares 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, redemptions or exchanges of Shares 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 Master 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 Master 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 on 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 redemption requests are made by the Shareholders, the Master Fund may have difficulty liquidating its positions in order to satisfy such redemptions (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 Master 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 Master Fund is a security, the Master 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 Master 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 Master 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 Master 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 Master 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 Master Fund in connection with ICOs may also entail promises to sell within, or hold for, a specified time period. As a result, the Master 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 Master 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 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 Master Fund will generally be valued at cost until active trading in such Digital Assets develops. Accordingly, Shareholders 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 redemption proceeds paid to Shareholders who redeem 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 Master Fund (prior to active trading) may also be adjusted based on various factors.

Fraudulent ICOs

ICO campaigns in which the Master 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 Master 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 Master Fund, any actions taken by the SEC with respect to ICOs generally may potentially impact the value and liquidity of ICOs in the Master 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.

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 Master 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 Master Fund to recover fiat currency or Digital Assets being held by the exchange, or the Fund to pay investors upon redemption. Further, the Master Fund may be unable to recover Digital Assets awaiting transmission into or out of the Master 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 Master Fund, its operations and investments, or the Shareholders.

Limited Exchanges on Which to Trade

The Master 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, the Master Fund or the Shareholders)). Trading on a single exchange may result in less favorable prices and decreased liquidity for the Master Fund and therefore could have an adverse effect on the Master Fund and the Shareholders.

Non-U.S. Operations

Digital Asset exchanges may operate outside of the United States. The Master 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 Master 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 Master Fund and its operations and investments.

Risks of Buying or Selling Digital Assets

The Master Fund may transact with private buyers or sellers or Digital Asset exchanges. The Master 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 Master Fund's Digital Assets or fiat currency could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Master 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 Master 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 Master Fund's transactions, or the Master Fund may be unable to find a willing buyer or seller of Digital Assets. To the extent the Master Fund experiences difficulty in buying or selling Digital Assets, investors may experience delays in subscriptions or payment of redemption proceeds, or there may be delays in liquidation of the Master Fund's Digital Assets—adversely affecting the net asset value of the Master 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 Cabbagetechn, 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 Master 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 Master Fund, the Investment Manager or a company that develops Digital Assets that are held by the Master 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, the Master 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 Master 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 Master 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 Master Fund invests is a security for purposes of U.S. laws and regulations. To the extent that Digital Assets held by the Master Fund are deemed to fall within the definition of a security for purposes of U.S. laws and regulations, the Investment Manager, the Fund and the Master 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 Master 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 Master 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/Master Fund engages in "money services business" activity, including money transmission, as defined by FinCEN, the Fund/Master 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/Master Fund would also be required to develop an AML program and adhere to federal reporting and recordkeeping requirements. To the extent the Fund/Master 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/Master 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/Master 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/Master 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/Master 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/Master 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/Master 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/Master Fund limits or reduces the scope of certain Fund/Master Fund activities, investors' rights or investment initiatives, in order to limit the applicability of government regulation and supervision over the Fund/Master 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 and the Master 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 and the Master Fund may be adversely affected. Any additional regulatory obligations may cause the Fund and the Master Fund, or a company that develops Digital Assets that are held by the Master 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 and/or the Master Fund, or a company that develops Digital Assets that are held by the Master Fund, determines not to comply with such regulatory requirements, the Fund and/or the Master Fund, or such company, may be liquidated at a time that is disadvantageous to an investor in the Fund. To the extent the Fund and/or the Master Fund, or a company that develops Digital Assets that are held by the Master 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 and/or the Master 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 Shareholder's Shares relates directly to the value of the Digital Assets held (through the Master Fund) in the Fund and fluctuations in the price of Digital Assets could adversely affect the net asset value of the Master Fund and a Shareholder's Shares. There is no guarantee that the Master 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 Master 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 Master Fund were unable to find a willing buyer, the price of Digital Assets could fluctuate rapidly and the Master Fund may be unable to sell the Digital Assets in its possession or custody. Shareholders will be subject to the risk of price fluctuations of Digital Assets until they are fully redeemed 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 Master 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 Master 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 Master Fund perform less well than competing Digital Assets, such Digital Assets held by the Master Fund may be devalued or fall into disuse, adversely affecting the Master 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 Master Fund's Digital Asset holdings are lost, destroyed or otherwise compromised, the Master 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 Master 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 Master 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 Master 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 Master 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 Master Fund. Exploits in various blockchains may occur which result in losses for the Master Fund.

Third Party Wallet Providers

The Master Fund intends to use third party wallet providers to hold the Master Fund's Digital Assets. The Master 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 Master Fund is not required to maintain a minimum number of wallet providers to hold the Master Fund's Digital Assets. The Master 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 Master 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 Master 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 Master Fund intends to use third party wallet providers to secure the Master Fund's Digital Assets. The Master 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 Master Fund's Digital Assets or payment of withdrawal/redemption proceeds, which could have a material adverse effect on the net asset value of the Master Fund. The systems in place to secure the Digital Assets may not prevent the improper access to, or damage or theft of the Master Fund's Digital Assets. Further, a security breach could harm the Fund's and the Master Fund's reputation or result in the loss of some or all of the Master 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 Master Fund increases in size, it may become a more appealing target of hackers, malware, cyber-attacks or other security threats. The Master 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 Master Fund. There can be no assurance that such securities measures will be effective. The Master 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 Shareholders will not fully know how the Master Fund stores or secures its Digital Assets or the Master 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 Master 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 Master Fund related to the buying, selling, and storing of Digital Assets. To the extent service providers no longer support the Master 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 Master 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 Master Fund's platform (during Download or Upload) the Master Fund's platform requires interfacing with outside entities whose methods, practices and standards may be outside of the Master 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 Master Fund's platform, which could compromise the Master 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 Master Fund will unknowingly engage in transactions with bad actors who are under the scrutiny of government investigative agencies. As such, the Master 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 Master 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 Master 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 and the Master 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 Master Fund, the Master 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 Master 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 Master 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 Master 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 Master 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 Master 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 Master Fund's trading strategies, the Master 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 Master 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 Master 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 Master 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 Master Fund or the Investment Manager from an economic, financial or regulatory perspective but any such impact could have material consequences for the Master 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 Master 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 Shareholders.

The following valuation principles will be followed when valuing the Master 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 capacity as general partner of the Master Fund, 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 its capacity as general partner of the Master Fund (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 its capacity as general partner of the Master Fund (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, in its capacity as general partner of the Master Fund, or the Investment Manager;
- (v) Digital Assets for which active trading has not yet developed, generally will be carried on the books of the Master Fund at fair value (which will generally be cost, unless the General Partner, in its capacity as general partner of the Master Fund (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 its capacity as general partner of the Master Fund (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 its capacity as general partner of the Master Fund (in consultation with the Investment Manager), may take account of certain significant events, if, in the judgment of the

General Partner, in its capacity as general partner of the Master Fund (in consultation with the Investment Manager), they have materially altered such valuation.

The General Partner, in its capacity as general partner of the Master Fund, has delegated to the Administrator the calculation of the net asset value of the Master Fund and the net asset value of the Master Fund capital accounts.

The accounts of the Master 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 Shareholders of any material changes to the Valuation Policy.

OTHER ACTIVITIES OF MANAGEMENT; POTENTIAL CONFLICTS OF INTEREST

The Investment Manager and its 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 Shareholders' 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 Shareholders 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 and the Fund's businesses change over time, the Investment Manager and its 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 Shareholders. *Prospective Shareholders 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 and its affiliates do, and may in the future, provide investment management services to clients other than the Master 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 Master 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 Master 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 Master Fund's investment activities, including by buying or selling Digital Assets at different times than the Master Fund, or when the Master 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.

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. Shareholders 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 Master Fund, or may compete with or have interests adverse to the Master Fund. If Other Accounts invest in Digital Assets, this could affect the prices and availability of Digital Assets to the Master Fund. Other Accounts may buy and sell Digital Assets at different times than the Master 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 Master Fund with respect to matters where the interests of the Investment Manager or one or more Other Accounts differs from the interests of the Master 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 Venture Funds, the Digital Asset Fund and the ICO Funds

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 ICO Fund LP and Pantera ICO Fund II LP (the "**ICO Funds**"), which participate in ICOs of Digital Assets. 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 Master Fund may compete with the ICO Funds 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 Master Fund and the ICO Funds, each of the Master Fund, and the ICO Funds 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 ICO Funds, the Venture Funds and the Digital Asset Fund, as applicable, in a manner that is fair and equitable.

The ICO Funds

As described above, the Investment Manager and the General Partner act, and/or is expected to act, as investment manager and general partner, respectively, to the ICO Funds, which may compete with the Master Fund for investments in Digital Assets (offered through ICOs). The ICO Funds follow an investment program substantially similar to that of the Master Fund, except the ICO Funds do not intend to hold each investment for any specified (minimum) period of time – the ICO Funds may, however, hold investments for long-term appreciation in the Investment Manager's discretion. Accordingly, the ICO Funds may participate in ICOs that are otherwise not appropriate for, or outside the investment guidelines

of the Master Fund. The ICO Fund may also opportunistically sell investments, or take advantage of short-term market considerations, where the Master Fund may be unable to do so.

Special Purpose Vehicles

The Investment Manager and its affiliates may, from time to time, offer one or more Shareholders 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 Master Fund or an Other Account in such opportunities. The Investment Manager and its affiliates are not obligated to arrange, and no Shareholder 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 Shareholder 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 Master 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, or 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 Master 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 Master 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 Master Fund but will be allocated between the business of the Master Fund and the management of Other Accounts and businesses.

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

The Principal and employees of the Investment Manager may choose to personally invest, directly and/or indirectly, in the Fund or the Master Fund. Such investors may be in possession of information relating to the Fund that is not available to other Shareholders and prospective Shareholders. 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 Shareholders. Investments by the Principal and employees of the Investment Manager in the Fund and/or Other Accounts (including the Master Fund) could incentivize the Principal and employees of the Investment Manager to increase or decrease the risk profile of the Fund or the Master 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 Master 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 Master

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 be suitable for the Master 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 Master 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's 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 Master Fund and to any Other Accounts on a fair and equitable basis, to the extent practical and in accordance with the Master 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 Master 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 Master 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 Board of Directors and the General Partner are each authorized to select one or more persons who are not affiliated with the Investment Manager (such as an independent Director) to serve on a committee, which is authorized, on behalf of the Fund and the Shareholders and, if desired by the Board of Directors, the investors in any other feeder fund in the Master Fund, to approve or disapprove, to the extent required by applicable law or deemed advisable by the Board of Directors and 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 Shareholders.

Trade Errors

Trade errors and similar human errors involving transactions in Digital Asset accounts directly or indirectly held by the Master 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 Master 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 Master Fund for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud of such person and the Master 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 Master Fund, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, the Master 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 Master 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 Master 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 Master 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 or series of Shares for certain Shareholders that provide for, among other things, (i) greater transparency into the Fund's portfolio, (ii) different or more favorable redemption rights, such as more frequent redemptions or shorter redemption notice periods, (iii) greater information than may be provided to other Shareholders, (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 Shareholders 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 Shareholders 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 Master 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 Master 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 Master 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 Master 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 Master Fund.

Due to a recent change in U.S. tax laws, there could be an incentive for the Investment Manager to cause the Master 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 Master Fund. Portfolio transactions for the Master 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 Master 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, Pantera ICO Fund LP 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 Master Fund to transact with such affiliated service providers. Such affiliated service providers will receive compensation when effecting Digital Asset transactions on behalf of the Master Fund.

Shareholders will have no right to request which Digital Asset service providers, intermediaries, exchanges and counterparties the Master Fund transacts with or invests in, and should not expect the Fund or the Master 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 Master 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 or the Master 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 or the Master Fund.

Conflicts Relating to the Directors of the Fund

As a general matter, the Directors owe certain fiduciary duties to the Fund, which require them to, among other things, act in good faith and in what they consider to be in the best interests of the Fund and in

doing so, the Directors will act in a manner that ensures the fair treatment of Shareholders. In exercising their discretions (including in determining to cause the Fund to enter into any Side Letter Agreement), the Directors will act in accordance with such fiduciary duties. This requires them to ensure that their actions (including, without limitation, in entering into any Side Letter Agreement) do not result in the unfair treatment of Shareholders.

The directors of the Fund are not required to devote their full time and attention to the business of the Fund and may serve as directors of other investment vehicles. Accordingly, to the extent that the interests of the Fund and such other investment vehicles are inconsistent, such directors may have a conflict of interest.

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 Shareholders 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 Shareholder than for another Shareholder. In operating the Fund and the Master Fund, the Investment Manager will consider the investment and tax objectives of the Fund and the Master Fund as a whole, not the investment, tax or other objectives of any Shareholder individually. Consequently, the Investment Manager may make decisions from time to time that may be more beneficial to one type of Shareholder than another.

CUSTODY OF THE MASTER FUND'S DIGITAL ASSETS

The Master 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 Master Fund's Digital Assets. Wallet providers used by the Master Fund may also offer physical security and jurisdictional security (in addition to cryptographic security).

The Master 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 Master 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 Master Fund's Digital Assets, and accompanying risks, see "Certain Risk Factors — Risks Relating to Digital Assets".

INDEPENDENT AUDITORS

BDO Cayman Ltd. (the "**Auditors**") has been retained as the independent auditors of the Fund and the Master Fund to provide auditing and related services. The Fund is not obligated to retain the Auditors and the Board of Directors may, without prior notice to, or receiving consent from, the Shareholders, engage other persons, firms or entities to provide auditing and related services.

THE ADMINISTRATOR

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

The Administrator is responsible for, among other things: (i) maintaining the register of Shareholders and generally performing all actions related to subscriptions and transfers of Shares; (ii) reviewing and, subject to approval by the Fund, accepting subscriptions for Shares and accepting payment therefor; (iii) computing monthly net asset value for and disseminating the net asset value of the Shares in accordance with the Articles of Association; (iv) performing certain acts related to redemptions; (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 Fund may, without prior notice to, or receiving consent from, the Shareholders, engage other persons, firms or entities to provide administrative services.

TAX ASPECTS

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE INVESTOR. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

Neither the Fund nor the Master Fund has sought a ruling from the Service or any other U.S. federal, state or local agency with respect to any of the tax issues affecting the Fund or the Master Fund, nor has either obtained an opinion of counsel with respect to any tax issues.

The following is a summary of certain potential U.S. federal tax consequences which may be relevant to prospective investors. The discussion contained herein is not a full description of the complex tax rules involved and is based upon existing laws, judicial decisions and administrative regulations, rulings and practices, all of which are subject to change, retroactively as well as prospectively. A decision to invest in the Fund should be based upon an evaluation of the merits of the trading program, and not upon any anticipated U.S. tax benefits.

Virtual Currency Tax Implications

On March 25, 2014, the Service issued 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. Shareholders 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.

U.S. Trade or Business

Section 882(a) of the Code provides that a Non-U.S. corporation that is engaged in trade or business within the United States is taxed on any of its income that is considered effectively connected with the conduct of a trade or business within the United States. The Fund (which intends to operate as an association taxable as a corporation for U.S. tax purposes) and the Master Fund (which intends to operate as a partnership for U.S. tax purposes, in which case it would not, in general, be subject to U.S. income

tax (see, however, "U.S. Partnership Tax Audit Risk" below)) intend to conduct their activities in a manner so as to not be considered engaged in the conduct of a trade or business within the United States. However, there can be no assurance that the Service will agree that the activities of the Fund and the Master Fund do not constitute a trade or business of trading in Digital Assets.

Section 864(b)(2) of the Code provides a safe harbor (the "Safe Harbor") applicable to a non-U.S. corporation (other than a dealer in securities) that engages in the U.S. in trading securities (including contracts or options to buy or sell securities) for its own account pursuant to which such non-U.S. corporation will not be deemed to be engaged in a U.S. trade or business. The Safe Harbor also provides that a non-U.S. corporation (other than a dealer in commodities) that engages in the U.S. in trading commodities for its own account is not deemed to be engaged in a U.S. trade or business if "the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place." Pursuant to proposed regulations, a non-U.S. taxpayer (other than a dealer in stocks, securities, commodities or derivatives) that effects transactions in the United States in derivatives (including (i) derivatives based upon stocks, securities, and certain commodities and currencies, and (ii) certain notional principal contracts based upon an interest rate, equity, or certain commodities and currencies) for its own account is not deemed to be engaged in a United States trade or business. Although the proposed regulations are not final, the Service has indicated in the preamble to the proposed regulations that for periods prior to the effective date of the proposed regulations, taxpayers may take any reasonable position with respect to the application of Section 864(b)(2) of the Code to derivatives, and that a position consistent with the proposed regulations will be considered a reasonable position.

As described above, the Notice provides that virtual currency is considered "property" for U.S. federal income tax purposes. However, there is no guidance on whether or not a non-U.S. corporation that is trading in virtual currency for its own account can meet the requirements of the Safe Harbor. Accordingly, even if the Service were to assert that the activities of the Fund and the Master Fund do constitute a trade or business of trading in Digital Assets, it is possible that such trading could satisfy the requirements of the Safe Harbor.

The Fund and the Master Fund do not expect to be engaged in a U.S. trade or business and, except in the limited circumstances discussed below, as such the Fund does not expect to be subject to the regular U.S. income tax on any of its or the Master Fund's trading profits. However, if the Fund or the Master Fund were determined to be engaged in a U.S. trade or business, the Fund would be subject to U.S. income and branch profits tax on its allocable share of the income and gain from those activities.

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 income that is effectively connected with a trade or business in the United States. Shareholders are advised to consult their own tax advisors with respect to the foregoing.

U.S. Withholding Tax

In general, under Section 881 of the Code, a non-U.S. corporation which does not conduct a U.S. trade or business is nonetheless subject to tax at a flat rate of 30% (or lower tax treaty rate) on the gross amount of certain U.S. source income which is not effectively connected with a U.S. trade or business, generally payable through withholding. Income subject to such a flat tax rate is of a fixed or determinable annual or periodic nature, including dividends, certain "dividend equivalent payments" (including, without limitation, payments made under certain notional principal contracts that reference a U.S. dividend-paying equity) and certain interest income. In some cases, dividend income subject to such tax can be imputed to holders of certain equity interests or equity derivative instruments, such as options or convertible debt, as a result of an adjustment by the issuing corporation to the exercise or conversion ratio, or as a result of other corporate action which has the effect of increasing a holder's interest in the earnings and profits, or assets of the issuing corporation. 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 U.S. source income distributed or deemed distributed from the constructive joint venture or association may be subject to this withholding. There is presently no tax treaty between the U.S. and the Cayman Islands.

Certain types of income are specifically exempted from the 30% tax and thus withholding is not required on payments of such income to a non-U.S. corporation. The 30% tax does not apply to U.S. source capital gains (whether long or short-term) or to interest paid to a non-U.S. corporation on its deposits with U.S. banks. The 30% tax also does not apply to interest which qualifies as portfolio interest. The term "portfolio interest" generally includes interest (including original issue discount but not including contingent interest) on an obligation in registered form which has been issued after July 18, 1984 and with respect to which the person who would otherwise be required to deduct and withhold the 30% tax receives the required statement that the beneficial owner of the obligation is not a U.S. person within the meaning of the Code. However, interest will not qualify for the "portfolio interest" exemption, and will be subject to a 30% withholding tax, if the interest is paid to a non-U.S. person by a corporation in which such non-U.S. person owns at least 10% of the total combined voting power, or by a partnership in which such non-U.S. person owns at least 10% of the capital or profits interest.

Identity and Reporting of Beneficial Ownership; Withholding on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Fund and the Master Fund have registered with the Service, and generally are required to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equityholders). The Cayman Islands has signed the US IGA to give effect to the foregoing withholding and reporting rules. So long as the Fund and the Master Fund comply with the US IGA and the Cayman Islands enabling legislation, they will not be subject to the related U.S. withholding tax.

A non-U.S. investor in the Fund will generally be required to provide to the Fund information which identifies its direct and indirect U.S. ownership. Under the US IGA, any such information provided to the Fund and certain financial information related to such investor's investment in the Fund will be shared

with the Cayman TIA. The Cayman TIA will exchange the information reported to it with the Service annually on an automatic basis. A non-U.S. investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Code will generally be required to timely register with the Service and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Fund or timely register and agree to identify, and report information with respect to, such account holders (as applicable) may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund, and the Board of Directors may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding. Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Fund.

Non-U.S. Shareholders may also be required to make certain certifications to the Fund as to the beneficial ownership of the Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on a redemption of Shares.

U.S. Partnership Tax Audit Risk

The Master Fund, which intends to be treated as a partnership for U.S. tax purposes, may be required to file a tax return with the Service. If the tax returns of the Master Fund are audited by the Service, the U.S. tax treatment of the Master Fund's income and deductions generally is determined at the Master Fund level. For U.S. tax returns of the Master Fund filed or required to be filed for tax years beginning prior to 2018, U.S. tax deficiencies arising from the audit, if any, are paid by the Fund (to the extent of any income that is, or is treated as, effectively connected with a trade or business in the United States or otherwise subject to withholding or other tax in the United States) and the other members of the Master Fund who were partners for U.S. tax purposes in the year subject to the audit.

Under the general rule imposed under new legislation, an audit adjustment of the Master Fund's U.S. tax return filed or required to be filed for any Prior Year could result in a tax liability (including interest and penalties) imposed on the Master Fund for the Current Year. The tax liability generally is determined by using the highest tax rates under the Code applicable to U.S. taxpayers, in which case the Fund and any other Current Year partners of the Master Fund would bear the audit tax liability at significantly higher rates (including interest and penalties) arising from audit adjustments and in amounts that are unrelated to their Prior Year economic interests in the Master Fund partnership items that were adjusted. Under the new legislation, the Master Fund may be able to use a lower tax rate to compute the tax liability by taking into account the fact that the Fund is generally not expected to be subject to U.S. tax on most, if not all, of its share of the Master Fund's income. However, the details of how this rule will be implemented are not yet known, and there can be no guarantee that the Master Fund would be able to use a lower tax rate to calculate the tax liability for any particular Prior Year under audit.

To mitigate the potential adverse consequences of the general rule, the Master Fund may be able to elect with the Service to pass through such audit adjustments for any year to its members who participated in the Master Fund for the Prior Year, in which case the Fund and each Prior Year participating member (and not the Master Fund) generally would be responsible for the payment of any tax deficiency, determined after including their share of the adjustments on their tax returns for the Current Year and calculated, in the case of the Fund, using the tax rates generally applicable to non-U.S. entities such as the

Fund.² The Fund may also be able to mitigate such adverse consequences by, after the audit adjustments are made, filing an amended U.S. tax return for the Prior Year and paying tax, if any, on its share of the items adjusted on audit. However, the extent to which the Fund and/or the Master Fund will be able to mitigate the operation of the general rule under either of these alternatives is uncertain and may depend upon future regulatory guidance and amendments to the legislation.

Redemption of Shares

Gain realized by Shareholders who are not U.S. persons within the meaning of the Code ("**non-U.S. Shareholders**") upon the sale, exchange or redemption of Shares held as a capital asset should generally not be subject to U.S. federal income tax provided that the gain is not effectively connected with the conduct of a trade or business in the U.S. However, in the case of nonresident alien individuals, such gain will be subject to the 30% (or lower tax treaty rate) U.S. tax if (i) such person is present in the U.S. for 183 days or more during the taxable year (on a calendar year basis unless the nonresident alien individual has previously established a different taxable year) and (ii) such gain is derived from U.S. sources.

Generally, the source of gain upon the sale, exchange or redemption of Shares is determined by the place of residence of the Shareholder. For purposes of determining the source of gain, the Code defines residency in a manner that may result in an individual who is otherwise a nonresident alien with respect to the U.S. being treated as a U.S. resident only for purposes of determining the source of income. Each potential individual Shareholder who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his tax advisor with respect to the possible application of this rule.

Gain realized by a non-U.S. Shareholder engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax upon the sale, exchange or redemption of Shares if such gain is effectively connected with its U.S. trade or business.

Tax-Exempt U.S. Persons

The term "Tax-Exempt U.S. Person" means a U.S. person within the meaning of the Code that is exempt from payment of U.S. federal income tax. Generally, a Tax-Exempt U.S. Person is exempt from federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. 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 a Tax-Exempt U.S. Person. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Tax-Exempt U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Tax-Exempt U.S. Person from debt-financed property and (ii) gains derived by a Tax-Exempt U.S. Person from the disposition of debt-financed property.

In 1996, Congress considered whether, under certain circumstances, income derived from the ownership of the shares of a non-U.S. corporation should be treated as UBTI to the extent that it would be so treated if earned directly by the shareholder. Subject to a narrow exception for certain insurance company

² If such an election is made by the Master 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.

income, Congress declined to amend the Code to require such treatment. Accordingly, based on the principles of that legislation, a Tax-Exempt U.S. Person investing in a non-U.S. corporation such as the Fund is not expected to realize UBTI with respect to an unleveraged investment in Shares. Tax-Exempt U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in the Fund.

There are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Fund. Charitable remainder trusts should consult their own tax advisors concerning the tax consequences of such an investment on their beneficiaries.

Reporting Requirements for U.S. Persons

The Fund is considered a passive foreign investment company ("**PFIC**") within the meaning of the Code. Any United States person within the meaning of the Code who holds shares in a PFIC such as the Fund (other than certain Tax-Exempt U.S. Persons for whom an investment in such PFIC does not generate UBTI) is generally required to report its investment in the PFIC on an annual basis.

Any U.S. person within the meaning of the Code owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares (the "**10% Amount**") of a non-U.S. corporation such as the Fund will likely be required to file an information return with the Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. Any U.S. person within the meaning of the Code who within such U.S. person's tax year (A) acquires shares in a non-U.S. corporation such as the Fund, so that either (i) without regard to shares already owned, such U.S. person acquires the 10% Amount or (ii) when added to shares already owned by the U.S. person, such U.S. person's total holdings in the non-U.S. corporation reaches the 10% Amount or (B) disposes of shares in a non-U.S. corporation so that such U.S. person's total holdings in the non-U.S. corporation falls below the 10% Amount (in each such case, taking certain attribution rules into account), will likely be required to file an information return with the Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Fund has not committed to provide all of the information about the Fund or its shareholders needed to complete these returns. In addition, a U.S. person within the meaning of the Code that transfers cash to a non-U.S. corporation such as the Fund may be required to report the transfer to the Service if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of such corporation or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds \$100,000.

Certain U.S. persons ("**potential filers**") who have an interest in a foreign financial account during a calendar year are generally required to file FinCEN Form 114 (an "**FBAR**") with respect to such account. Failure to file a required FBAR may result in civil and criminal penalties. Under existing regulatory guidance, potential filers who do not own (directly or indirectly) more than 50% of the voting power or total value of the shares of the Fund, generally are not obligated to file an FBAR with respect to an investment in the Fund. However, potential filers should consult their own advisors regarding the current status of this guidance.

Furthermore, certain U.S. persons within the meaning of the Code may have to file Form 8886 ("**Reportable Transaction Disclosure Statement**") with their U.S. tax return, and submit a copy of Form

8886 with the Office of Tax Shelter Analysis of the Service if the Fund engages in certain "reportable transactions" within the meaning of U.S. Treasury Regulations. If the Service designates a transaction as a reportable transaction after the filing of a reporting Shareholder's tax return for the year in which the Fund or such reporting Shareholder participated in the transaction, the reporting Shareholder may have to file Form 8886 with respect to that transaction within 90 days after the Service makes the designation. Shareholders required to file this report include a U.S. person within the meaning of the Code if the Fund is treated as a "controlled foreign corporation" and such U.S. person owns a 10% voting interest or, for tax years beginning after 2017, 10% of the total value of the Fund's shares. 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. Moreover, if a U.S. person within the meaning of the Code recognizes a loss upon a disposition of Shares, such loss could constitute a "reportable transaction" for such Shareholder, and such Shareholder would be required to file Form 8886. A significant penalty is imposed on taxpayers who 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). Shareholders who are U.S. persons within the meaning of the Code (including Tax-Exempt U.S. Persons) are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the penalty discussed above.

Estate and Gift Taxes

Individual holders of Shares who are neither present or former U.S. citizens nor U.S. residents (as determined for U.S. estate and gift tax purposes) are not subject to U.S. estate and gift taxes with respect to their ownership of such Shares.

Cayman Islands

Neither the Fund nor the Master Fund is subject to any income, withholding or capital gains taxes in the Cayman Islands. Furthermore, no capital gains or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares. Shareholders will not be subject to any income, withholding or capital gains taxes in the Cayman Islands, with respect to the Shares owned by them and dividends received on such Shares, nor will they be subject to any estate or inheritance taxes in the Cayman Islands.

The Fund has applied for and obtained an undertaking from the Financial Secretary of the Cayman Islands, pursuant to the Tax Concessions Law (Revised) of the Cayman Islands, to the effect that, for a period of 20 years from the date of such undertaking, no law which is enacted in the Cayman Islands imposing any tax or duty to be levied on income, profits, gains or appreciation will apply to the Fund or its operations, and no such tax or any tax in the nature of estate duty or inheritance tax will be payable on or in respect of the shares, debentures or other obligations of the Fund or by way of withholding in whole or in part of any payment of dividend or other distribution of income or of capital by the Fund to its shareholders or any payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

The Master Fund has applied for and obtained an undertaking from the Financial Secretary of the Cayman Islands, pursuant to the Exempted Limited Partnership Law (Revised) of the Cayman Islands, to the effect that for a period of 50 years from the date of such undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on income, profits, gains or appreciation will apply to the Master

Fund or to any partner of the Master Fund in respect of the operations or assets of the Master Fund or the interest of any partner in the Master Fund, and no such tax or any tax in the nature of estate duty or inheritance tax will be payable in respect of the obligations of the Master Fund or the interests of the partners therein.

Cayman Islands – Automatic Exchange of Financial Account Information

The Cayman Islands has signed the US IGA. The Cayman Islands has also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the Organisation for Economic Cooperation and Development's Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS" and together with the US IGA, "AEOI").

The Cayman Islands has issued regulations to give effect to the AEOI regime (the "**AEOI Regulations**"). Pursuant to the AEOI Regulations, the Cayman TIA has published guidance notes on the application of the US IGA and the CRS.

All Cayman Islands "Financial Institutions" are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under the CRS. The Fund and the Master Fund do not propose to rely on any reporting exemption and therefore intend to comply with the requirements of the AEOI Regulations.

The AEOI Regulations require each of the Fund and the Master Fund to, amongst other things, (i) register with the Service; (ii) register with the Cayman TIA, and thereby notify the Cayman TIA of its status as a "Reporting Financial Institution"; (iii) adopt and implement written policies and procedures setting out how it will address its obligations under the CRS; (iv) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts"; and (v) annually report information on such Reportable Accounts to the Cayman TIA. The Cayman TIA will transmit the information reported to it to the overseas fiscal authority relevant to a Reportable Account (e.g., the Service in the case of a U.S. Reportable Account) annually on an automatic basis.

For details on the related U.S. tax withholding and reporting regime, see "*Identity and Reporting of Beneficial Ownership; Withholding on Certain Payments*" above.

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund's compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption of the investor concerned.

Other Jurisdictions

Interest, dividend and other income realized by the Fund or the Master Fund from non-U.S. sources, and capital gains realized, or gross sale or disposition proceeds received, on the sale of securities of non-U.S. issuers, may be subject to withholding and other taxes levied by the jurisdiction in which the income is

sourced. It is impossible to predict the rate of foreign tax the Fund or the Master Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund or the Master Fund to reduce such taxes, are not known.

Future Changes in Applicable Law

The foregoing description of U.S. and Cayman Islands income tax consequences of an investment in and the operations of the Fund and the Master Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund or the Master Fund to income taxes or subject investors to increased income taxes.

Other Taxes

Prospective investors should consult their own counsel regarding tax laws and regulations of any other jurisdiction which may be applicable to them.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS MEMORANDUM DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE INVESTORS.

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, the Master 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, the Master 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 (and thus the Master 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 Shareholders to redeem all or a portion of their Shares or to transfer their Shares. Before investing the assets of an ERISA Plan in the Fund (and thus the Master 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 (and thus the Master 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.

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

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 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 redemption 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 redemption.

Limitation on Investments by Benefit Plan Investors

It is the current intent of the Investment Manager to monitor the investments in each of the Fund and the Master 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 each of the Fund and the Master Fund so that assets of neither the Fund nor the Master Fund will be treated as "plan assets" under ERISA. Equity interests held by the Investment Manager or its affiliates (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of the Fund or the Master 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. Similarly, if the assets of the Master 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 (and/or the Master Fund, as appropriate) would be subject to various other requirements of ERISA and the Code. In particular, the Fund (and/or the Master Fund, as appropriate) 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 (and/or the Master Fund, as appropriate) obtained appropriate exemptions from the DOL allowing the Fund (and/or the Master Fund, as appropriate) to conduct its operations as described herein. As described above under "Summary of Terms – Redemptions – Required Redemptions", the Board of Directors may, in its sole discretion, compulsorily redeem all or any portion of a Shareholder's Shares, including, without limitation, to ensure compliance with the percentage limitation on investment in the Fund by Benefit Plan Investors as set forth above. Similar compulsory withdrawal terms apply to investors in the Master Fund. The Investment Manager reserves

the right, however, to waive the percentage limitation on investment in the Fund (and indirect investment in the Master Fund) by Benefit Plan Investors and thereafter to comply with ERISA.

Representations by Plans

An ERISA Plan proposing to invest in the Fund (and thus the Master 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 and the Master Fund's investment objectives, policies and strategies, and that the decision to invest plan assets in the Fund (and thus the Master 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 or the Master Fund are treated as "plan assets" for purposes of ERISA, an investment in the Fund (and thus the Master 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 (and thus the Master Fund).

ERISA Plans and Individual Retirement Funds Having Prior Relationships with the Investment Manager or its Affiliates

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the Investment Manager or other entities that are affiliated with the Investment Manager. 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 Investment Manager 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 (and thus the Master 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 Shares.

OTHER REGULATORY MATTERS

Company Act Regulation

Neither the Fund nor the Master Fund is registered as an investment company under the Company Act. The Fund complies with Section 3(c)(1) of the Company Act, and, accordingly, the Shares may not be beneficially owned by more than 100 U.S. Persons.

Cayman Islands Mutual Funds Law

The Fund and the Master Fund are each regulated as a mutual fund under the Mutual Funds Law. However, the Fund is not required to be licensed or to employ a licensed mutual fund administrator since the minimum aggregate equity interest purchasable by a prospective investor in the Fund is at least \$100,000 or its equivalent in any other currency. The Monetary Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of this Memorandum and prescribed details about the Fund and Master Fund with the Monetary Authority. The Fund's and Master Fund's continuing obligations under the Law are (a) to file with the Monetary Authority prescribed details of any changes to this Memorandum, in the case of the Fund, or the prescribed information submitted to the Monetary Authority in the case of the Master Fund, (b) to file annually with the Monetary Authority a fund annual return and accounts audited by an approved auditor, and (c) to pay a prescribed annual fee. The Monetary Authority may at any time instruct each of the Fund and the Master Fund to have their accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. Failure to comply with these requests by the Monetary Authority may result in substantial fines on the part of the Board of Directors and may result in the Monetary Authority applying to the court to have the Fund and the Master Fund wound up.

Neither the Fund nor the Master Fund will, however, be subject to supervision in respect of its investment activities or the constitution of the Fund's or the Master Fund's portfolio by the Monetary Authority or any other governmental authority in the Cayman Islands, although the Monetary Authority does have the power to investigate the activities of the Fund and the Master Fund in certain circumstances. Neither the Monetary Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms or merits of this Memorandum. There is no investment compensation scheme available to investors in the Cayman Islands.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority include the power to require the substitution of Directors, to appoint a person to advise the Fund or the Master Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund or the Master Fund. There are other remedies available to the Monetary Authority including the ability to apply to court for approval of other actions.

The Fund, the Master Fund, the General Partner and any of its or their directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g., by the Monetary Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Law (Revised), or by the Tax Information Authority, under the Tax Information Authority Law (Revised) or

Reporting of Savings Income Information (European Union) Law (2014 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws will not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund, the Master Fund, the General Partner and any of its or their directors or agents, may be prohibited from disclosing that the request has been made.

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 Shareholder (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 where an exemption applies under the Anti-Money Laundering Regulations, 2017 of the Cayman Islands, as amended and revised from time to time, or any other applicable law. However, detailed verification information may be required prior to the payment of any proceeds from or any transfer of an interest in Shares.

In the event of delay or failure by a subscriber or Shareholder 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 Shares, refuse to register the relevant transfer of Shares; (iii) in the case of a subscription for Shares, refuse to allot the Shares subscribed for, in which event subscription moneys will be returned without interest to the account from which such moneys were originally debited; or (iv) cause the redemption of any such Shareholder from the Fund.

The Fund, and the Administrator on the Fund's behalf, also may refuse to make any redemption or dividend payment to a Shareholder if the Directors or the Administrator suspect or are advised that the payment of redemption or dividend proceeds to such Shareholder 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 Fund 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 Shareholder, either by (i) rejecting the subscription of a subscriber or Shareholder; (ii) segregating the assets in the account in compliance with applicable laws or regulations (including by way of compulsory redemption and automatic application of the proceeds of such compulsory redemption to a subscription for Shares of a separate class and/or series); (iii) declining any redemption request of a

Shareholder; (iv) suspending payment of redemption proceeds to a Shareholder; and/or (v) refusing to make any dividend payment to a Shareholder. The Fund may be required to report such action and to disclose the subscriber's or Shareholder'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 Shareholder (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 Shareholder (and (i) any person controlling or controlled by the subscriber or Shareholder; (ii) if the subscriber or Shareholder is a privately held entity, any person having a beneficial interest in the subscriber or Shareholder; (iii) if required under Cayman Islands law, such persons having a beneficial interest in the subscriber or Shareholder as determined under Cayman Islands law; (iv) any person for whom the subscriber or Shareholder is acting as agent or nominee in connection with the investment; and (v) any authorized persons in respect of such subscriber or Shareholder) is not (a) a country, territory, individual or entity named on an OFAC list, any list maintained under the European Union ("EU") or United Kingdom ("UK") Regulations (as extended to the Cayman Islands by statutory instrument) or any similar list maintained under applicable law ("**Sanctions Lists**"); (b) dealing with any third party named on any Sanctions List; (c) operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United Nations, EU or UK; or (d) a person or entity prohibited under the programs administered by OFAC or any other similar economic and trade sanctions program. Where a Shareholder is named on any of the Sanctions Lists, the Fund may be required to cease any further dealings with the Shareholder's interest in the Fund until such sanctions are lifted or a license is sought under applicable law to continue dealings.

Each subscriber and Shareholder (including any transferee) will also be required to represent to the Fund that, to the best of its knowledge, such subscriber or Shareholder (and (i) any person controlling or controlled by the subscriber or Shareholder; (ii) if the subscriber or Shareholder is a privately held entity, any person having a beneficial interest in the subscriber or Shareholder; (iii) if required under Cayman Islands law, such persons having a beneficial interest in the subscriber or Shareholder as determined under Cayman Islands law (iv) any person for whom the subscriber or Shareholder is acting as agent or nominee in connection with the investment; and (v) any authorized persons in respect of such subscriber or Shareholder) is not a politically exposed person,^{*} or any family member^{**} or close associate^{***} of a politically exposed person.

^{*} For these purposes, the term "**politically exposed person**" means (a) a person who is or has been entrusted with prominent public functions by a foreign (non-Cayman Islands) country, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executive of a state-owned corporation, and important political party official; (b) a person who is or has been entrusted domestically (in the Cayman Islands) with prominent public functions, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executives of a state-owned corporation and important political party official; and (c) a person who is or has been entrusted with a prominent function by an international organization like a member of senior management, such as a director, a deputy director and a member of the board or equivalent functions.

^{**} For these purposes, the term "**family member**" includes the spouse, parent, sibling or child of a politically exposed person.

Each subscriber and Shareholder (including any transferee) will also be required to represent to the Fund that, to the best of its knowledge, such subscriber or Shareholder (and (i) any person controlling or controlled by the subscriber or Shareholder; (ii) if the subscriber or Shareholder is a privately held entity, any person having a beneficial interest in the subscriber or Shareholder; (iii) if required under Cayman Islands law, such persons having a beneficial interest in the subscriber or Shareholder as determined under Cayman Islands law (iv) any person for whom the subscriber or Shareholder is acting as agent or nominee in connection with the investment; and (v) any authorized persons in respect of such subscriber or Shareholder) is not a shell bank****. Further, if such subscriber or Shareholder is a non-U.S. banking institution (a "**Non-U.S. Bank**") or if such subscriber or Shareholder receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Non-U.S. Bank, such subscriber or Shareholder 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.

Such subscriber or Shareholder 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 Shareholder must notify the Fund promptly in writing should it become aware of any change in the information set forth in its representations.

Required Reporting

To ensure compliance with applicable statutory requirements relating to anti-money laundering and anti-terrorism initiatives, the Fund or the Administrator on behalf of the Fund will require verification of identity, address and source of funds from all prospective investors. Depending on the circumstances of each application and any applicable anti-money laundering policies and procedures of the Administrator, a detailed verification might not always be required.

As mentioned above, the Fund or the Administrator reserves the right to request such evidence as is necessary to verify the identity, address and source of funds of a prospective investor and certain beneficial owners. The Fund or the Administrator also reserves the right to request such verification evidence in respect of a transferee of the Fund's interests. If the prospective investor or transferee fails to produce, or delays in producing, any evidence required for verification purposes, the Fund, or the Administrator on its behalf, may refuse to accept the application or (as the case may be) to register the relevant transfer, and (in the case of a subscription) any funds received will be returned without interest to

*** For these purposes, the term "**close associate**" means any natural person who is known to hold the ownership or control of a legal instrument or person jointly with a politically exposed person, or who maintains some other kind of close business or personal relationship with a politically exposed person, or who holds the ownership or control of a legal instrument or person which is known to have been established to the benefit of a politically exposed person.

**** For these purposes, the term "**shell bank**" means any institution that accepts currency for deposit and that (a) has no physical presence in the jurisdiction in which it is incorporated or in which it is operating, as the case may be, and (b) is unaffiliated with a regulated financial group that is subject to consolidated supervision.

the account from which such funds were originally debited. The Fund or the Administrator reserves the right to request such verification evidence with respect to a redemption request. The Fund and the Administrator also reserve the right to refuse to make any redemption payment or distribution to an Investor if any of the directors or the Fund or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such investor may result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, its directors or the Administrator with any such laws or regulations in any relevant jurisdiction. Under no circumstances will payment be made to any party other than the investor.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands ("**FRA**") or a nominated officer (appointed in accordance with the Proceeds of Crime Law (Revised) of the Cayman Islands), if the disclosure relates to criminal conduct or money laundering, or (ii) the FRA or a police constable or a nominated officer, pursuant to the Terrorism Law (Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report will not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

By subscribing, subscribers consent to the disclosure by the Fund and the Administrator of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

Each subscriber will be required to make such representations as may be required by the Fund in connection with anti-money laundering programs. Further, by subscribing, each subscriber represents that such subscriber is not a prohibited country, territory, individual or entity listed on any applicable sanctions list including OFAC and the United Nations and European Union sanctions lists extended to the Cayman Islands by virtue of Orders in Council passed by the United Kingdom government (Sanctions Lists), that it is not directly or indirectly affiliated with any country, territory, individual or entity named on any Sanctions List and that the subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, Cayman Islands or other international laws and regulations, including anti-money laundering laws and regulations.

None of the Fund, the Investment Manager, the Administrator or their respective delegates, agents and affiliates will be liable for any loss suffered by a subscriber arising as a result of a refusal of, or a delay in processing, a subscription application if such information and documentation as has been requested by the Fund, or the Administrator on behalf of the Fund, has not been provided by the subscriber in a timely manner.

Master Fund Obligations

As a regulated mutual fund in the Cayman Islands, the Master Fund is also subject to the same legislation and regulations aimed at the prevention of money laundering that are applicable to the Fund. The Master Fund will discharge its obligations by implementing procedures substantially similar to the Fund.

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.

Designated AML Officers

In accordance with the Anti-Money Laundering Regulations of the Cayman Islands and guidance issued by the Cayman Islands Monetary Authority, the Fund is required to appoint and has appointed natural persons to serve as its Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer ("**AML Officers**") To obtain further information in respect of the AML Officers, please contact the Investment Manager using the contact information contained in the Directory.

CAPITAL STRUCTURE OF THE FUND

Authorized Capital and Division of Shares

The Fund has an authorized share capital of \$50,000 divided into 5,000,000 voting redeemable, participating shares, \$0.01 par value each, which may be allocated by the Board of Directors, in its discretion, among various Classes, series and sub-series of Shares. No capital of the Fund is under option or agreed, conditionally or unconditionally, to be put under option to any person.

The Fund may, from time to time, by an ordinary resolution, increase the Fund's authorized share capital, consolidate and divide all or any of the Shares into a smaller number of Shares, sub-divide the Shares into a larger number of shares, or cancel any Shares not taken or agreed to be taken by any person. The Fund may, from time to time, by a special resolution, reduce its share capital in any way permitted by the laws of the Cayman Islands.

Shares will be registered in the name of the Shareholder and held in book-entry form.

Except as specifically described in this Memorandum, the Shares have no conversion or pre-emptive rights. All Shares, when duly issued, will be fully paid and non-assessable.

Participation and Voting

Shareholders that participate in the profits of the Fund generally do so in proportion to the net asset value per Share of the various Classes, series and sub-series of Shares they hold. In the event of the liquidation or dissolution of the Fund, the net assets of the Fund remaining after the satisfaction of the rights of creditors will also be distributed to the Shareholders in proportion to the net asset value per Share of the various Classes, series and sub-series of Shares.

The Articles of Association provide that subject to any special terms as to voting for the time being attached to any Shares, at any general meeting on a show of hands every Shareholder who is present in person will have one vote and on a poll the voting rights attributable to each Share carrying the right to vote on the matter in question will be calculated by reference to the net asset value per Share and not on the basis of one Share, one vote. An ordinary resolution is a resolution passed by a simple majority of the votes of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution and a special resolution is a resolution passed by two-thirds of the votes of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution.

At meetings of the voting Shareholders of the Fund, holders of 20% by net asset value of the Shares in issue that carry the right to vote will constitute a quorum for the conduct of business and, except where a special resolution is required by law, the Shareholders are authorized to act by a vote of the holders of a majority of the voting Shares voting in person or by proxy at the meeting. The Shares are entitled to receive any dividends that may be declared by the Board of Directors or any committee of the Board of Directors or the Fund.

Rights of Shareholders

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of, the Articles of Association. Under the terms of the Articles of Association, the liability of

the Shareholders is limited to any amount unpaid on their Shares. As the Shares can only be issued if they are fully paid, the Shareholders will not be liable for any debt, obligation or default of the Fund beyond their interest in the Fund.

The Articles of Association have been drafted in broad and flexible terms to allow the Directors the authority, in their discretion, to determine a number of issues, including, without limitation, the period of notice to be given for redemptions and whether or not to charge subscription fees, generally or in any particular case. In approving the offering of Shares on the terms set out in this Memorandum, the Directors have exercised a number of these discretions in accordance with the Articles of Association.

Variation of Share Rights

The Articles of Association provide that, subject to the Companies Law (2016 Revision) of the Cayman Islands (the "**Companies Law**") and the other provisions of the Articles of Association, all or any of the Class rights or other terms of offer, whether set out in this Memorandum, any Subscription Agreement or otherwise (including any representations, warranties, covenants or disclosure relating to the offer or holding of Shares) (collectively referred to as "**Share Rights**") for the time being applicable to any Class or series of Shares in issue (unless otherwise provided by the terms of issue of those Shares) may (whether or not the Fund is being wound up) be varied without the consent of the holders of the issued Shares of that Class or series where such variation is considered by the Directors, not to have a material adverse effect upon such holders' Share Rights; otherwise, any such variation may be made with the prior consent in writing of the holders of not less than two-thirds by net asset value of such Shares, or with the sanction of a resolution passed by a majority of at least two-thirds of the votes cast in person or by proxy at a separate meeting of the holders of such Shares. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of such Shares. Each subscriber for Shares will be required to acknowledge and agree that the terms of this offering of Shares and the rights attaching to the Shares, as set forth in this Memorandum and in the applicable Subscription Agreement, can be varied in accordance with the provisions of the Articles of Association.

Negative Consent

The Articles of Association provide that, in relation to any Class or series consent required pursuant to the "Variation of Share Rights" Article, the Directors in their discretion may invoke the following procedure (the "**Negative Consent Procedure**"). The Directors will provide written notice in respect of the proposed variation (the "**Proposal**") to the Shareholders of the affected Class or series and will specify a deadline (the "**Redemption Request Date**"), which will be no earlier than 15 days after the date of giving such notice, by which date such Shareholders may submit a written request for redemption of some or all of their Shares of the affected Class and/or series on the Redemption Date (the "**Specified Redemption Date**") specified by the Directors in such notice. The terms of the Proposal will be such that its specified effective date (the "**Effective Date**") will not be on or prior to the Specified Redemption Date. Such notice will further provide that the holders of any Shares in respect of which a request for redemption has not been received by the Redemption Request Date (the "**Affected Shares**") will, in the absence of express written refusal to consent, be deemed to have consented in writing to the Proposal (such Affected Shares being the "**Negative Consent Shares**"). In the event that the Negative Consent Procedure is followed, only the Affected Shares will be considered for the purposes of determining whether the written consent majority has been obtained under the "Variation of Share Rights" Article with the holders of the Negative Consent Shares being deemed to have submitted a written consent in favor of the Proposal on the Effective Date.

Dividends

Dividends may be paid in the sole discretion of the Board of Directors. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws. It is not anticipated that the Fund will pay dividends.

OTHER TERMS OF THE MASTER FUND PARTNERSHIP AGREEMENT

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

Liability of Limited Partners of the Master Fund

Except as otherwise expressly provided under the Exempted Limited Partnership Law (Revised) of the Cayman Islands, as amended from time to time by any successor statute (the "**ELP Law**"), the debts, obligations and liabilities of the Master Fund, whether arising in contract, tort or otherwise, will be solely the debts, obligations and liabilities of the Master Fund, and a limited partner of the Master Fund will not be obligated personally for any such debt, obligation or liability of the Master Fund solely by reason of being a limited partner of the Master Fund; *except* that a limited partner of the Master Fund will be obligated to contribute to the Master Fund any amounts required under the ELP Law and the Master Fund Partnership Agreement.

Management of the Master Fund

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

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

Term and Dissolution

The term of the Master Fund began on the date of the filing of the relevant Section 9 statement with the Registrar of Exempted Limited Partnerships in the Cayman Islands and will continue until the Master Fund has been terminated, wound up and dissolved in accordance with the Master Fund Partnership Agreement or earlier under the provisions of the ELP Law.

The affairs of the Master Fund will be terminated and the Master Fund will be wound up upon, among other things, the determination by the General Partner that the Master Fund should be terminated, wound up and dissolved. Upon a determination to terminate, wind up and dissolve the Master 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 Master Fund and the discharge of liabilities to creditors so as to enable the Master Fund to seek to minimize potential losses upon such liquidation. In connection with the winding up of the Master 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 Master Fund, including the use of hedges, the making of follow-on investments, the reinvestment of undistributed cash and similar actions.

Distributions

In the sole discretion of the General Partner, the Master 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 Master Fund by a partner. In each case, the assets to be distributed in kind to any withdrawing partner of the Master Fund 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 Master Fund may make distributions in cash or in kind, or in a combination thereof, at any time to all of the partners of the Master Fund in accordance with their respective partnership percentages.

The General Partner may, in its sole discretion, choose which assets of the Master 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 of the Master Fund 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 Master Fund. Each special purpose vehicle will bear its own expenses.

Amendments to the Master Fund Partnership Agreement

The Master Fund Partnership Agreement may be amended at any time without the consent of the limited partners of the Master Fund by the consent of the investors in the Fund that hold greater than 50% of the voting percentages of such investors that are entitled to vote on or consent to a matter 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 of the Master Fund, the General Partner may amend the Master Fund Partnership Agreement to: (A) reflect a change in the name of the Master Fund; (B) make any change that, in the good faith judgment of the General Partner, is necessary or advisable to qualify the Master 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 Master 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 of the Master Fund 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 Master Fund Partnership Agreement that would be inconsistent with any other provision in the Master Fund Partnership Agreement, or to make any other provision with respect to matters or questions arising under the Master Fund Partnership Agreement that will not be inconsistent with the provisions of the Master Fund 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 of the Master Fund 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 of the Master Fund 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 of the Master Fund; (G) prevent the Master 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) each partner of the Master Fund must approve of any amendment, other than an amendment that the General Partner may make pursuant to (i) above, that would (x) reduce its capital account or materially and adversely impair its right of withdrawal; or (y) amend the provisions of the Master Fund Partnership Agreement relating to amendments; and
- (iii) any amendment that, if made by a feeder fund with respect to the feeder fund interests corresponding to any Series Capital Account, would require the consent or vote of feeder fund investors under the terms of the feeder fund governing documents of the feeder fund, will require the same such consent or vote of the feeder fund investors (which may be obtained in the manner set forth in such feeder fund governing documents).

LEGAL COUNSEL

SRZ and Ogier

SRZ has been engaged by the Investment Manager to represent it as U.S. legal counsel in connection with the organization of the Fund and the Master Fund and this offering of Shares. SRZ also has been engaged by the Board of Directors, with respect to the Fund, and the General Partner, with respect to the Master Fund, to represent the Fund and the Master Fund, respectively, in connection with these matters and other matters for which it is retained to do so. Ogier (together with SRZ, "**Legal Counsel**") has been engaged to act as Cayman Islands legal counsel by the Board of Directors, with respect to the Fund, and the General Partner, with respect to the Master Fund, to represent the Fund and the Master Fund, respectively, in connection with the organization of the Fund and the Master Fund and this offering of Shares in the Fund. No separate counsel has been engaged to independently represent the Shareholders in connection with these matters.

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

Each Legal Counsel's representation of the Fund and the Master Fund is limited to specific matters as to which it has been consulted by the Fund or the Master Fund. There may exist other matters that could have a bearing on the Fund or the Master Fund as to which a Legal Counsel has not been consulted. In connection with the preparation of this Memorandum, SRZ is responsible only for matters of United States law and does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum, and Ogier is responsible only for matters of Cayman Islands law and does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In advising the Fund, the Master Fund and the Investment Manager with respect to the preparation of this Memorandum, each Legal Counsel has relied upon information that has been furnished to it by the Fund, the Master Fund, 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, Legal Counsel does not monitor the compliance of the Fund, the Master Fund or the Investment Manager with the investment guidelines, valuation procedures and other guidelines set forth in this Memorandum, the Fund's and the Master Fund's terms or compliance with applicable laws.

There may be situations in which there is a "conflict" between the interests of the Investment Manager and/or the General Partner, and those of the Fund and the Master Fund. In these situations, such parties will determine the appropriate resolution thereof, and may seek advice from Legal Counsel in connection with such determinations. The Investment Manager and the General Partner (each with respect to SRZ), the Fund and the Master Fund have each consented to Legal Counsel's concurrent representation of such parties in such circumstances.

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 Investment Manager, on its own behalf, the Board of Directors, on behalf of the Fund, and/or the General Partner, on behalf of the Master Fund, in connection with certain activities. Other counsel may also be retained where the Investment Manager, on

its own behalf, or the Board of Directors, on behalf of the Fund, and the General Partner, on behalf of the Master Fund, determines that to be appropriate.

SUITABILITY REQUIREMENTS

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

Each prospective Shareholder generally must be either a non-U.S. Person or a Permitted U.S. Person and must meet other suitability requirements described herein and in the Subscription Agreement. The term "**Permitted U.S. Person**" means a Tax-Exempt U.S. Person or a pass-through entity for U.S. federal tax purposes substantially all of the ownership interests in which are held by Tax-Exempt U.S. Persons.

The term "**U.S. Person**" means a person described in one or more of the following paragraphs:

1. With respect to any person, any individual or entity that would be a U.S. person under Regulation S promulgated under the Securities Act. The Regulation S definition is set forth in **Appendix A** to this Memorandum.
2. With respect to individuals, any U.S. citizen or "resident alien" within the meaning of U.S. income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under U.S. income tax laws to generally include any individual who (i) holds an Alien Registration Card (a "green card") issued by the U.S. Immigration and Naturalization Service or (ii) meets a "substantial presence" test. The "substantial presence" test is generally met with respect to any current calendar year if (i) the individual was present in the U.S. on at least 31 days during such year *and* (ii) the sum of the number of days on which such individual was present in the U.S. during the current year, $\frac{1}{3}$ of the number of such days during the first preceding year, and $\frac{1}{6}$ of the number of such days during the second preceding year, equals or exceeds 183 days.
3. With respect to persons other than individuals:
 - (i) a corporation or partnership created or organized in the United States or under the laws of the United States or any state;
 - (ii) a trust where (a) a U.S. court is able to exercise primary supervision over the administration of the trust and (b) one or more U.S. Persons have the authority to control all substantial decisions of the trust; and
 - (iii) an estate which is subject to U.S. tax on its worldwide income from all sources.

Each prospective purchaser is urged to consult with its own advisers to determine the suitability of an investment in the Shares, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of Shares 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 Shares and has determined that the Shares are a suitable investment for such purchaser.

APPENDIX A

REGULATION S DEFINITION OF U.S. PERSON

Pursuant to Rule 902(k) of Regulation S promulgated under the Securities Act:

- (1) "U.S. person" means:
 - (i) any natural person resident in the United States;
 - (ii) any partnership or corporation organized or incorporated under the laws of the United States;
 - (iii) any estate of which any executor or administrator is a U.S. person;
 - (iv) any trust of which any trustee is a U.S. person;
 - (v) any agency or branch of a foreign entity located in the United States;
 - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
 - (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
 - (viii) any partnership or corporation if:
 - (A) organized or incorporated under the laws of any foreign jurisdiction; and
 - (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.
- (2) The following are not "U.S. persons":
 - (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
 - (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if:
 - (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and

- (B) the estate is governed by foreign law;
- (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;
- (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (v) any agency or branch of a U.S. person located outside the United States if:
 - (A) the agency or branch operates for valid business reasons; and
 - (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

APPENDIX B

OFFERING AND SALE RESTRICTIONS WITH RESPECT TO CERTAIN JURISDICTIONS

NOTE REGARDING MARKETING IN THE EUROPEAN ECONOMIC AREA

In each member state (each a "relevant member state") of the EEA that has implemented the AIFM Directive, the Shares may only be offered to professional investors in accordance with the local measures implementing the AIFM Directive (such as where this Memorandum or any supplement provides that the Fund has been registered for the purposes of the national private placement regime of the relevant member state), or in any other circumstances permitted by local law of the relevant member state, including at the own initiative of the professional investor.

In relation to offers in the EEA, the Shares are not intended to be offered, or otherwise made available, to any person categorized as (i) a "retail client" (as defined in point (11) of Article 4(1) of MiFID II); or (ii) a "customer" (within the meaning of Directive 2002/92/EC on Insurance Mediation), where such customer does not qualify as a "professional client" (as defined in point (10) of Article 4(1) of MiFID II).

FOR PROSPECTIVE SHAREHOLDERS IN ARGENTINA

No public offering of Shares is being made to investors resident in Argentina. Shares are being offered only to a limited number of institutional investors and sophisticated individual investors capable of understanding the risks of their investment. The National Securities Commission of Argentina has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of Shares to investors resident in Argentina.

FOR PROSPECTIVE SHAREHOLDERS IN AUSTRALIA

The Fund is not, and is not required to be, a registered foreign body corporate in Australia, and this Memorandum is not a prospectus lodged or required to be lodged with the Australian Securities and Investments Commission. The Shares will only be offered in Australia to persons to whom such securities may be offered without a prospectus under Chapter 6D of the Corporations Act 2001 (Cth). The Shares subscribed for by investors in Australia must not be offered for resale in Australia for 12 months from allotment except in circumstances where disclosure to investors under the Corporations Act 2001 (Cth) would not be required or where a compliant prospectus is produced. Prospective investors in Australia should confer with their professional advisers if in any doubt about their position.

FOR PROSPECTIVE SHAREHOLDERS IN THE BAHAMAS

This Memorandum in connection with the offer of Shares has not been filed with the Securities Commission of The Bahamas because the Fund is a non-Bahamas based investment fund for the purposes of the Investment Funds Act, 2003 and is therefore exempted from the prospectus filing requirements of the Securities Industry Act, 2011. No offer or sale of Shares will be made in The Bahamas unless the offer of the Shares is made by or through a representative of the Fund in The Bahamas in accordance with the provisions of the Investment Funds Act, 2003 and the Investment Funds Regulations, 2003 and in compliance with Bahamian Exchange Control Regulations.

FOR PROSPECTIVE SHAREHOLDERS IN THE KINGDOM OF BAHRAIN

Neither this Memorandum nor the Shares have been authorized by or registered or filed with the Central Bank of Bahrain or any other governmental authority in the Kingdom of Bahrain, nor has the Fund received authorization from the Central Bank of Bahrain or any other governmental authority in the Kingdom of Bahrain to market or sell the Shares within the Kingdom of Bahrain. This Memorandum does not constitute and may not be used for the purpose of an offer or invitation in the Kingdom of Bahrain. No services relating to the Shares, including the receipt of applications and the allotment or redemption of such Shares, may be rendered by the Fund within the Kingdom of Bahrain.

FOR PROSPECTIVE SHAREHOLDERS IN BERMUDA

Shares may not be marketed, offered or sold directly or indirectly to the public in Bermuda and neither this Memorandum, which is not subject to and has not received approval from either the Bermuda Monetary Authority or the Registrar of Companies and no statement to the contrary, explicit or implicit, is authorized to be made in this regard, nor any offering material or information contained herein relating to Shares, may be supplied to the public in Bermuda or used in connection with any offer for the subscription or sale of Shares to the public in Bermuda. Bermuda investors may be subject to foreign exchange control approval and filing requirements under the relevant Bermuda foreign exchange control regulations, as well as offshore investment approval requirements.

FOR PROSPECTIVE SHAREHOLDERS IN BRAZIL

The Fund is not listed with any stock exchange, organized over the counter market or electronic system of securities trading. The Shares have not been and will not be registered with any securities exchange commission or other similar authority, including the Brazilian Securities and Exchange Commission (*Comissão de valores Mobiliários* or the "CVM"). The Shares will not be directly or indirectly offered or sold within Brazil through any public offering, as determined by Brazilian law and by the rules issued by the CVM, including Law No. 6,385 (Dec. 7, 1976) and CVM Rule No. 400 (Dec. 29, 2003), as amended from time to time, or any other law or rules that may replace them in the future.

Acts involving a public offering in Brazil, as defined under Brazilian laws and regulations and by the rules issued by the CVM, including Law No. 6,385 (Dec. 7, 1976) and CVM Rule No. 400 (Dec. 29, 2003), as amended from time to time, or any other law or rules that may replace them in the future, must not be performed without such prior registration. Persons in Brazil wishing to acquire the Shares should consult with their own counsel as to the applicability of these registration requirements or any exemption therefrom. Without prejudice to the above, the sale and solicitation of the Shares is limited to professional investors as defined by CVM Rule No. 539 (Nov. 13, 2013), as amended, or as defined by any other rule that may replace it in the future.

This Memorandum is confidential and intended solely for the use of the addressee and cannot be delivered or disclosed in any manner whatsoever to any person or entity other than the addressee.

FOR PROSPECTIVE SHAREHOLDERS IN THE BRITISH VIRGIN ISLANDS

This Memorandum does not constitute, and there will not be, an offering of securities to the public in the British Virgin Islands.

FOR PROSPECTIVE SHAREHOLDERS IN BRUNEI

This Memorandum has not been delivered to, licensed or permitted by the Autoriti Monetari Brunei Darussalam as designated under the Securities Markets Order of 2013.

FOR PROSPECTIVE SHAREHOLDERS IN THE CAYMAN ISLANDS

This Memorandum does not constitute an offering, and there will not be any offering, of the Shares to the public in the Cayman Islands. No offer or invitation to subscribe for Shares may be made to the public in the Cayman Islands unless and until the Shares are listed on the Cayman Islands Stock Exchange.

FOR PROSPECTIVE SHAREHOLDERS IN CHILE

This Memorandum, and the Shares to which it relates, may not be advertised, marketed, distributed or otherwise made available to the public in Chile. In connection with the offering of the Shares, no prospectus has been registered with or approved by the Securities Superintendence of Chile or any other regulatory body in Chile. The Shares are being offered on a limited private basis, and do not constitute marketing, offering or sales to the public in Chile. Therefore, this Memorandum is strictly private and confidential and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

FOR PROSPECTIVE SHAREHOLDERS IN CHINA

The Shares may not be marketed, offered or sold directly or indirectly to the public in China and neither this Memorandum, which has not been submitted to the Chinese Securities and Regulatory Commission, nor any offering material or information contained herein relating to the Shares, may be supplied to the public in China or used in connection with any offer for the subscription or sale of the Shares to the public in China. The Shares may only be marketed, offered or sold to Chinese institutions which are authorized to engage in foreign exchange business and offshore investment from outside China. Chinese investors may be subject to foreign exchange control approval and filing requirements under the relevant Chinese foreign exchange regulations, as well as offshore investment approval requirements.

FOR PROSPECTIVE SHAREHOLDERS IN COLOMBIA

Neither this Memorandum nor the Shares have been reviewed or approved by the Financial Superintendency of Colombia or any other governmental authority in Colombia, nor has the Fund or any related person or entity received authorization or licensing from the Financial Superintendency of Colombia or any other governmental authority in Colombia to market or sell the Shares within Colombia. No public offering of the Shares is being made in Colombia or to Colombian residents. By receiving this Memorandum, the recipient acknowledges that it contacted the Investment Manager at its own initiative and not as a result of any promotion or publicity by the Investment Manager. This Memorandum is strictly private and confidential and may not be reproduced, used for any other purpose or provided to any person other than the intended recipient.

FOR PROSPECTIVE SHAREHOLDERS IN COSTA RICA

This offer is a private placement executed outside the Costa Rican territory, and must be ruled by the laws and jurisdiction of the Cayman Islands. The investor accepts that the security offered has no negotiation market and may not be offered through any media or any other way of publicity that could be interpreted by the Costa Rican governmental authorities as a public offer.

FOR PROSPECTIVE SHAREHOLDERS IN ECUADOR

The Fund is not managed or represented by a fund management company or trust administrator in Ecuador and has not been registered with or approved by the National Securities Council or the Superintendency of Companies of Ecuador. Shares are therefore not eligible for advertising, placement or circulation in Ecuador. The information provided in this Memorandum is not an offer to sell, or an invitation to make an offer to purchase, Shares in Ecuador to, or for the benefit of, any Ecuadorian person or entity. This Memorandum may not be distributed or reproduced, in whole or in part, in Ecuador by the recipients of this Memorandum. This Memorandum has been distributed on the understanding that its recipients will only participate in the issue of Shares outside of Ecuador on their own account and will undertake not to transfer, directly or indirectly, Shares to persons or entities in Ecuador.

FOR PROSPECTIVE SHAREHOLDERS IN EGYPT

Neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Egyptian Financial Supervisory Authority or any other governmental authority in Egypt, nor has the Fund received authorization or licensing from the Egyptian Financial Supervisory Authority or any other governmental authority in Egypt to market or sell Shares within Egypt. This Memorandum does not constitute and may not be used for the purpose of an offer or invitation. No services relating to Shares, including the receipt of applications and the allotment or redemption of such Shares, may be rendered by the Fund within Egypt.

FOR PROSPECTIVE SHAREHOLDERS IN EL SALVADOR

The recipient acknowledges that this Memorandum has been prepared and delivered upon the recipient's request, on a private placement basis.

FOR PROSPECTIVE SHAREHOLDERS IN GUERNSEY

Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Fund or for the correctness of any of the statements made or opinions expressed with regard to it. If you are in any doubt about the contents of this memorandum you should consult your accountant, legal or professional adviser or financial adviser. The board of directors of the Fund has taken all reasonable care to ensure that the facts stated in this memorandum are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this memorandum, whether of fact or opinion. The board of directors of the Fund accepts responsibility accordingly. It should be remembered that the price of interests in the Fund can go down as well as up.

FOR PROSPECTIVE SHAREHOLDERS IN HONG KONG

The contents of this Memorandum have not been reviewed or approved by any regulatory authority in Hong Kong. This Memorandum does not constitute an offer or invitation to the public in Hong Kong to acquire Shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Memorandum or any advertisement, invitation or document relating to the Shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) (the "SFO") and the subsidiary legislation made thereunder) or in circumstances which do not result in this

Memorandum being a "prospectus" as defined in the Companies Ordinances of Hong Kong (Cap. 32) (the "CO") or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of the Shares is personal to the person to whom this Memorandum has been delivered by or on behalf of the Fund, and a subscription for Shares will only be accepted from such person. No person to whom a copy of this Memorandum is issued may issue, circulate or distribute this Memorandum in Hong Kong or make or give a copy of this Memorandum to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Memorandum, you should obtain independent professional advice.

FOR PROSPECTIVE SHAREHOLDERS IN INDIA

This issue is being made strictly on a private placement basis. This Memorandum is not a prospectus or a statement in lieu of a prospectus. It is not, and should not be deemed to constitute an offer to the public in general. It cannot be acted upon by any person other than the person to whom it has been specifically addressed. Multiple copies hereof given to the same entity will be deemed to be offered to the same person.

The information contained in this Memorandum is believed by the Investment Manager to be accurate in all material respects as of the date hereof. The Investment Manager does not undertake to update this Memorandum to reflect subsequent events. This Memorandum has been prepared to provide general information about the Fund to potential investors evaluating the proposal to subscribe for the Shares and it does not purport to contain all the information that any such potential investor may require. Potential investors should conduct their own due diligence, investigation and analysis of the Investment Manager and the Fund.

Prior to applying for the Shares, potential investors should verify if they have the necessary power and competence to apply for the Shares under their constitutional documents as well as all relevant laws and regulations in force in India, including relevant foreign exchange restrictions and neither the Investment Manager nor the Fund will be responsible for any filings required to be made by the Indian investor. They should also consult their own tax advisers on the tax implications of the acquisition, ownership and sale of Shares, and income arising thereon.

Although the information contained herein has been obtained from sources that are reliable to the best of the Investment Manager's knowledge and belief, the Investment Manager makes no representation as to the accuracy or completeness of any information contained herein or otherwise provided by the Investment Manager. Neither the Investment Manager nor any officer or employee of the Investment Manager accept any liability whatsoever for any direct or consequential loss arising from any use of this Memorandum or its contents.

The Shares have not been registered or listed in any securities exchange.

FOR PROSPECTIVE SHAREHOLDERS IN INDONESIA

This numbered Memorandum is for the exclusive use of the person named on the front cover of this Memorandum. If the number on the front cover of this Memorandum does not appear in red, there is a presumption that this Memorandum has been improperly reproduced and circulated, in which case the Fund and its affiliates disclaim any responsibility for its content or use. This Memorandum may not be photocopied, reproduced or distributed, in whole or in part, to any other person at any time. Distribution

of this Memorandum to any person other than in compliance with the terms of this Memorandum is unauthorized. If the offeree does not proceed with the transaction or if it is so requested, it will return this Memorandum to the Investment Manager promptly. Shares will not be offered or sold, directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, nationals or corporations, wherever located, or entities or residents in Indonesia in a manner which constitutes a public offering of the Shares under the laws and regulations of Indonesia.

FOR PROSPECTIVE SHAREHOLDERS IN THE ISLE OF MAN

No public offering of Shares is being made to investors resident in the Isle of Man. Shares are being offered only to institutional investors and a limited number of other investors in the Isle of Man. The Fund is not subject to approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of the Fund's failure. The Isle of Man Financial Services Authority does not vouch for the financial soundness of the Fund or for the correctness of any statement made or opinion expressed with regard to it.

FOR PROSPECTIVE SHAREHOLDERS IN ISRAEL

The Shares have not been registered and are not expected to be registered under the Israeli Securities Law – 1968 (the "**Securities Law**") or under the Israeli Joint Investment Trust Law – 1994 due to applicable exemptions. Accordingly, the Shares will only be offered and sold in Israel pursuant to applicable private placement exemptions, to parties that qualify as both (i) Sophisticated Investors described in Section 15A(b)(1) of the Securities Law and (ii) as "Qualified Customers" for purposes of Section 3(a)(11) of the Law for the Regulation of Provision of Investment Advice, Marketing Investments and Portfolio Management – 1995 (the "**Investment Advisor Law**"). Neither the Fund nor the Investment Manager is a licensed investment marketer under the Investment Advisor Law and neither the Fund nor the Investment Manager maintains insurance as required under such law. The Fund and the Investment Manager may be deemed to be providing investment marketing services but are not investment advisors for purposes of Israeli law. Any investment marketing which may be deemed provided under Israeli law in connection with an investment in the Fund is deemed provided on a one time only basis and neither the Fund nor the Investment Manager will provide any ongoing investment marketing or investment advisory services to the investor. If any recipient in Israel of a copy of this Memorandum is not qualified as described above, such recipient should promptly return this Memorandum to the Fund. By retaining a copy of this Memorandum you are hereby confirming that you qualify as both a Sophisticated Investor and Qualified Customer, fully understand the ramifications thereof and agree to be treated as such by the Fund.

FOR PROSPECTIVE SHAREHOLDERS IN JAPAN

No public offering of the Shares is being made to investors resident in Japan and no securities registration statement pursuant to Article 4, paragraph 1, of the Financial Instruments and Exchange Law (the "**FIEL**") has been made or will be made in respect to the offering of the Shares in Japan. The Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan unless they are offered or sold pursuant to an exemption from the registration requirements of, and in compliance with, the FIEL and any applicable laws and regulations of Japan. Neither the Financial Services Agency of Japan nor the Kanto Local Finance Bureau has passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of the Shares in Japan or to investors resident in Japan.

FOR PROSPECTIVE SHAREHOLDERS IN JERSEY

No public offering of Shares is being made to investors resident in Jersey. Shares are being offered only to a limited number of institutional and sophisticated individual investors in Jersey.

FOR PROSPECTIVE SHAREHOLDERS IN KUWAIT

This Memorandum is not for general circulation to the public in Kuwait. The Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority, or any other relevant Kuwaiti governmental agency. The offering of the Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 (as amended) and the bylaws thereto (as amended). No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait.

FOR PROSPECTIVE SHAREHOLDERS IN LEBANON

Neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Lebanese Central Bank (the "**BDL**"), the Capital Market Authority (the "**CMA**") or any other governmental authority in Lebanon, nor has the Fund received authorization or licensing from the BDL, the CMA or any other governmental authority in Lebanon to market or sell the Shares within Lebanon. This Memorandum does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Shares, including the receipt of applications and the allotment or redemption of such Shares, may be rendered by the Fund within Lebanon.

FOR PROSPECTIVE SHAREHOLDERS IN MALAYSIA

The offering made under this Memorandum does not constitute, and should not be construed as constituting an offer or invitation to subscribe for or purchase any securities in Malaysia. The Fund, by the dispatch of this Memorandum, has not made available any securities for subscription or purchase in Malaysia. This Memorandum is distributed in Malaysia for information purposes only. This Memorandum does not constitute and should not be construed as offering or making available any Shares for purchase in Malaysia.

FOR PROSPECTIVE SHAREHOLDERS IN MEXICO

The offering made pursuant to this Memorandum does not constitute a public offering of securities under Mexican law and therefore is not subject to obtaining the prior authorization of the Mexican National Banking and Securities Commission or the registration of Shares with the Mexican National Registry of Securities.

FOR PROSPECTIVE SHAREHOLDERS IN MONACO

No public offering of Shares is being made to investors resident in Monaco. Shares are being offered only to a limited number of institutional investors (i.e., duly licensed banks by the *Autorité de Contrôle Prudentiel* and portfolio management companies duly licensed, by virtue of Law n° 1.338 of September 7th, 2007, by the *Commission de Contrôle des Activités Financières*), capable of understanding the risks of their investment. The *Commission de Contrôle des Activités Financières* of Monaco has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of Shares to investors resident in Monaco.

The addressees hereof are perfectly fluent in English and expressly waive the possibility of a French translation of the present document. *Les destinataires du présent document reconnaissent être à même d'en prendre connaissance en langue anglaise et renoncent expressément à une traduction française.*

FOR PROSPECTIVE SHAREHOLDERS IN MOROCCO

No public offering of Shares is being made to investors resident in Morocco. Shares are being offered only to a limited number of institutional investors capable of understanding the risks of their investment. Neither the *Conseil Déontologique des Valeurs Mobilières* nor the Ministry of Finance has passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of Shares to investors resident in Morocco.

FOR PROSPECTIVE SHAREHOLDERS IN NEW ZEALAND

No retail offering of the Shares is being made to investors in New Zealand. The Shares are being offered to wholesale investors in New Zealand pursuant to an exclusion from disclosure requirements under the Financial Markets Conduct Act 2013. The New Zealand Financial Markets Authority has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of the Shares to investors resident in New Zealand.

FOR PROSPECTIVE SHAREHOLDERS IN OMAN

This Memorandum, and the Shares to which it relates, may not be advertised, marketed, distributed or otherwise made available to the general public in Oman. In connection with the offering of the Shares, no prospectus has been registered with or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other regulatory body in the Sultanate of Oman. The offering and sale of the Shares described in this Memorandum will not take place inside Oman. The Shares are being offered on a limited private basis, and do not constitute marketing, offering or sales to the general public in Oman. Therefore, this Memorandum is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

FOR PROSPECTIVE SHAREHOLDERS IN PANAMA

No public offering of Shares is being made to investors resident in Panama. The Shares are being offered only to institutional investors and a limited number of other investors in Panama. The *Superintendencia del Mercado de Valores* has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of Shares to investors resident in Panama.

FOR PROSPECTIVE SHAREHOLDERS IN PERU

Shares have not been and will not be approved by the Peruvian *Superintendencia del Mercado de Valores* ("SMV") or any other regulatory agency in Peru, nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*), or any SMV regulations. Shares may not be offered or sold within Peru except in private placement transactions.

FOR PROSPECTIVE SHAREHOLDERS IN THE PHILIPPINES

The Shares being offered or sold have not been registered with the Philippine Securities and Exchange Commission under the Philippine Securities Regulation Code (the "SRC"). Any future offer or sale thereof is subject to registration requirements under the SRC unless such offer or sale qualifies as an exempt transaction.

FOR PROSPECTIVE SHAREHOLDERS IN QATAR

This Memorandum is provided on an exclusive basis to the specifically intended recipient hereof, upon that person's request and initiative and for the recipient's personal use only. Nothing in this Memorandum constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund, or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre, other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities.

This Memorandum and the underlying instruments have not been approved, registered or licensed by the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority, the Qatar Financial Markets Authority or any other regulator in the State of Qatar. The Memorandum and any related documents have not been reviewed or approved by the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank.

Recourse against the Fund, and those involved with it, may be limited or difficult and may have to be pursuant in a jurisdiction outside Qatar and the Qatar Financial Centre. Any distribution of this Memorandum by the recipient to third parties in Qatar or the Qatar Financial Centre beyond the terms hereof is not authorized and shall be at the liability of the recipient.

FOR PROSPECTIVE SHAREHOLDERS IN THE RUSSIAN FEDERATION

Under Russian law, the Shares may be considered securities of a foreign issuer. Neither the Shares nor this Memorandum has been, or is intended to be, registered with the Central Bank of the Russian Federation, and hence the Shares are not eligible for advertising, initial placement and public circulation in the Russian Federation and may not be offered to investors that are not qualified investors within the meaning of Russian law. The information provided in this Memorandum (including any amendment or supplement thereto or replacement thereof) is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer the Shares in the Russian Federation to or for the benefit of any Russian person or entity.

This Memorandum is not to be distributed or reproduced (in whole or in part) in the Russian Federation by the recipients of this Memorandum. This Memorandum has been distributed on the understanding that its recipients will only participate in the issue of the Shares outside the Russian Federation on their own account and undertake not to transfer, directly or indirectly, the Shares in the Russian Federation for public circulation or offering to non-qualified investors.

FOR PROSPECTIVE SHAREHOLDERS IN SAUDI ARABIA

Neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Capital Market Authority or any other governmental authority in the Kingdom of Saudi Arabia, nor

has the Fund received authorization or licensing from the Capital Market Authority or any other governmental authority in the Kingdom of Saudi Arabia to market or sell the Shares within the Kingdom of Saudi Arabia. This Memorandum does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Shares, including the receipt of applications and the allotment or redemption of the Shares, may be rendered by the Fund within the Kingdom of Saudi Arabia.

FOR PROSPECTIVE SHAREHOLDERS IN SINGAPORE

This Memorandum and any other material in connection with the offer or sale is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Prospective investors should consider carefully whether an investment in the Fund is suitable for them.

This Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**") and this offering is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. The Fund is not authorized or recognized by the MAS and the Shares are not allowed to be offered to the retail public. Accordingly, this Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 4A of the SFA, (ii) to a relevant person under Section 305(1) of the SFA, (iii) to any person pursuant to an offer referred to in Section 305(2) of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Certain resale restrictions apply to the offer and investors are advised to acquaint themselves with such restrictions.

Where the Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust will not be transferred within 6 months after that corporation or that trust has acquired interests pursuant to an offer made under Section 305 except:

- to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

FOR PROSPECTIVE SHAREHOLDERS IN SOUTH AFRICA

Neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Financial Services Board or any other governmental authority in South Africa, nor has the Fund received authorization or licensing from the Financial Services Board or any other governmental authority in South Africa to market or sell Shares within South Africa. This Memorandum is strictly confidential and may not be reproduced, used for any other purpose or provided to any person other than the intended recipient.

FOR PROSPECTIVE SHAREHOLDERS IN SOUTH KOREA

Neither the Fund nor any of its affiliates is making any representation with respect to the eligibility of any recipients of this Memorandum to acquire the Shares under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Shares are being offered and sold in Korea only to persons prescribed by Article 301, Paragraph 2 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea. Furthermore, the Shares may not be re-sold to Korean residents unless the purchaser of the Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Shares.

FOR PROSPECTIVE SHAREHOLDERS IN SWITZERLAND

The Fund has not been and cannot be registered with the Swiss Financial Market Supervisory Authority-FINMA and the Shares cannot be distributed in Switzerland to non-qualified investors. This Memorandum and/or any other offering materials relating to the Fund may be made available in Switzerland solely to investors that invest in the Fund on their own initiative in a manner that does not involve any distribution.

FOR PROSPECTIVE SHAREHOLDERS IN TAIWAN

The Shares have not been registered in the Republic of China, nor is approval by the Financial Supervisory Commission, Executive Yuan, the Republic of China ("FSC") compulsory. Subscribers should review the financial information and relevant documents, consult with an independent consultant, and bear the risks of this investment. Subscribers within the territory of the Republic of China are required to meet certain requirements set forth in the Rules Governing Offshore Funds and conditions promulgated by the FSC. Subscribers cannot resell the Shares (except in accordance with resale restrictions) nor solicit any other purchasers for this offering.

FOR PROSPECTIVE SHAREHOLDERS IN THAILAND

This Memorandum is provided to you solely at your request and is not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand. This Memorandum has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand.

Accordingly, this Memorandum and any other documents and material in connection with the offer, sale or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any members of the public in Thailand. Neither the Fund, any of its affiliates or any of their respective representatives maintain any license, authorization or registration in Thailand nor is the Fund registered in Thailand. The offer and sale of securities within Thailand and the provision of securities services in Thailand or to Thai persons or entities may not be possible or may be subject to legal restriction or conditions.

FOR PROSPECTIVE SHAREHOLDERS IN TURKEY

An issuance certificate relating to the Shares has not been approved by the Turkish Capital Markets Board pursuant to the provisions of the Capital Markets Law. No offering or other sale or solicitation will be made until an issuance certificate relating to the Shares has been approved by the Turkish Capital Markets Board pursuant to the provisions of the Capital Markets Law. The Shares may be offered in Turkey only to qualified investors, as this term is provided in Article 30 of the Foreign Securities and Mutual Funds Communiqué and as defined in applicable capital markets regulations. Each investor in the Fund in Turkey will be required to provide documents evidencing that it is a qualified investor pursuant to Article 30 of the Foreign Securities and Mutual Funds Communiqué. Qualified investors are presumed to be aware that the Fund has not made any advertisement or public disclosure, and should request any information necessary to make an informed investment decision directly from the Fund. The approval by the Capital Markets Board of an issuance certificate would not constitute a guarantee by the Capital Markets Board in relation to the Shares. This Memorandum is not intended to be an advertisement, promotion or solicitation of the Fund or any Shares. The Capital Markets Board or Borsa Istanbul does not have any discretion relating to the determination of the price of the Shares.

FOR PROSPECTIVE SHAREHOLDERS IN THE UNITED ARAB EMIRATES (ABU DHABI AND DUBAI)

By receiving this Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates (the "UAE"), the UAE Securities and Commodities Authority (the "SCA") or any other authority in the UAE, nor has the entity conducting the placement in the UAE received authorization or licensing from the Central Bank of the UAE, the SCA or any other authority in the UAE to market or sell the Shares within the UAE. The SCA accepts no liability in relation to the Fund and is not making any recommendation with respect to an investment in the Fund. No services relating to the Shares, including the receipt of applications and/or the allotment or redemption of such Shares, have been or will be rendered within the UAE by the Fund. Nothing contained in this Memorandum is intended to constitute UAE investment, legal, tax, accounting or other professional advice. This Memorandum is for the information of prospective investors only and nothing in this Memorandum is intended to endorse or recommend a particular course of action. Prospective investors should consult with an appropriate professional for specific advice rendered on the basis of their situation. No offer or invitation to subscribe for Shares or sale of Shares has been or will be rendered in, or to any persons in, or from, the Dubai International Finance Centre.

FOR PROSPECTIVE SHAREHOLDERS IN THE UNITED KINGDOM

In the United Kingdom, this Memorandum is only available to persons who are (i) investment professionals within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**") or Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**PCIS Order**"), as applicable; (ii) high net worth companies and certain other entities falling within Article 49 of the FPO or Article 22 of the PCIS Order; or (iii) any other persons to whom the Shares may lawfully be promoted. It must not be acted, or relied upon by any other persons. The Fund has not been authorised or recognised by the Financial Conduct Authority and investors will not have the benefit of the Financial Services Compensation Scheme or other protections afforded of the United Kingdom regulatory system.

FOR PROSPECTIVE SHAREHOLDERS IN URUGUAY

The Fund is not established under the system provided by Uruguayan Law 16,774 of September 27, 1996, and has not been registered with the Central Bank of Uruguay. The Shares have not been registered with the Central Bank of Uruguay and will not be offered or sold in Uruguay through public offerings.

**SUPPLEMENT TO THE
OFFERING MEMORANDUM**

PANTERA LONG-TERM ICO FUND LTD

An open-ended investment fund incorporated in the Cayman Islands
as an exempted company limited by shares

PANTERA ADVISORS LLC

Investment Manager

APRIL 2020

This supplement dated April 2020 (the **Supplement**) to the current offering memorandum, as amended and supplemented from time to time (the **Memorandum**) of Pantera Long-Term ICO Fund Ltd (the **Company**) is to provide investors in the Company with updated information relating to the Company. This information should be reviewed in conjunction with the Memorandum.

In the event of any conflict between the Memorandum and this Supplement, this Supplement shall prevail. Capitalized terms used and not otherwise defined herein have the meanings set forth in the Memorandum.

DIRECTORS

Daniel W. Morehead has resigned as a director. The current board of directors is comprised of Matt Gorham, Ryan Davis and Scott Lennon.

Each prospective investor should carefully review this Supplement, as well as the Memorandum and Subscription Agreement as defined in the Memorandum, before investing in the Company.

With the exception of the information above, this Supplement shall not under any circumstances create any implication or constitute any representation that the affairs of the Company have not changed since the date of the Memorandum.