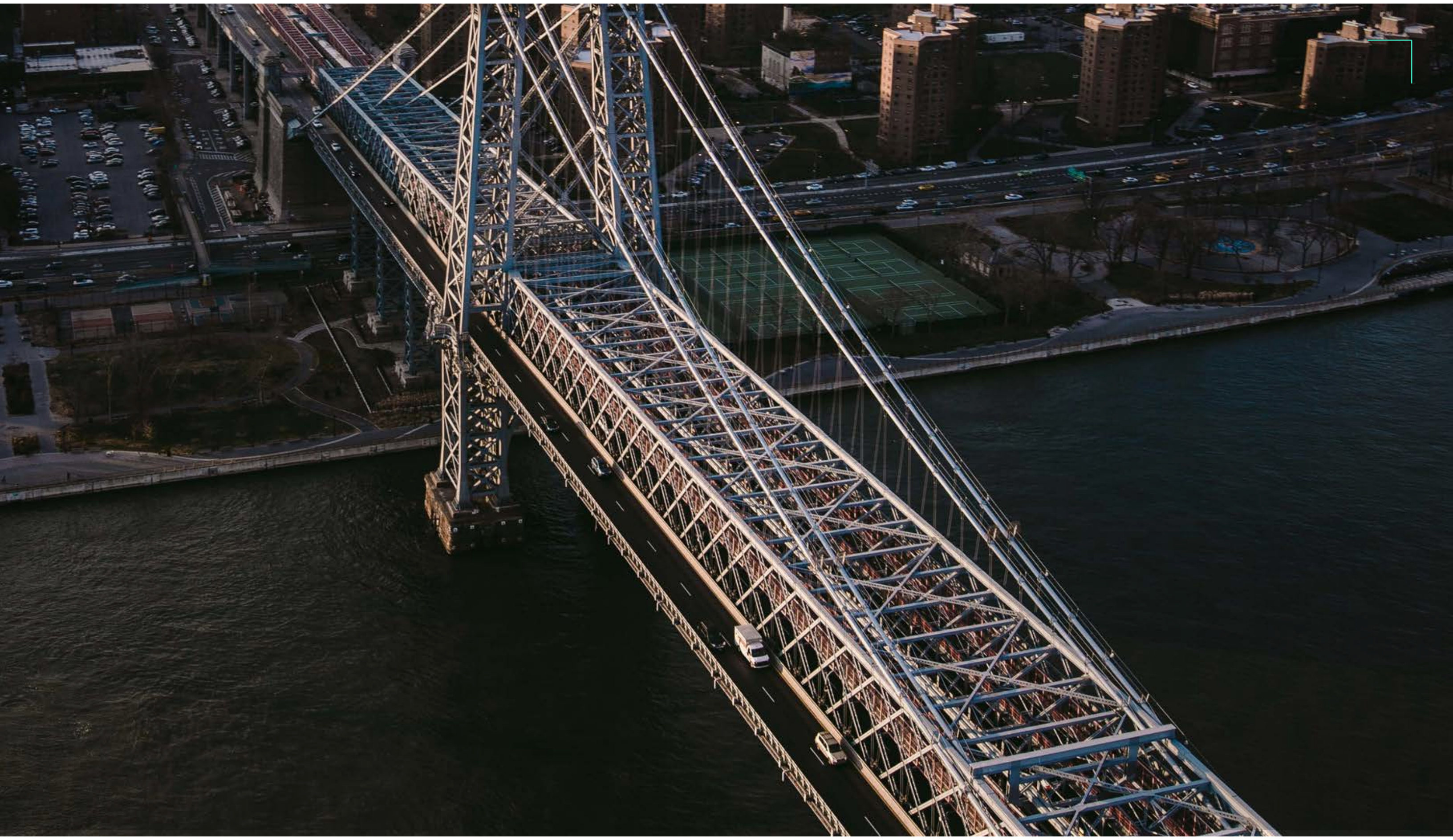
SKYBRIDGE

DECEMBER 2020



SKYBRIDGE CAPITAL

BITCOIN INVESTMENT THESIS

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OVERVIEW

Crushing debt burdens and massive central bank money printing are two of the greatest sources of risk for investors and global economies. Over the past twenty years, central banks have struggled to generate meaningful levels of inflation in the real economy despite almost relentless currency debasement.

> “ **We think that the economy is going to need low interest rates, which support economic activity, for an extended period of time… it will be measured in years”**
>
> — **Jerome Powell**
> Chairman of the Federal Reserve
> September 15, 2020

The ultimate outcome of rampant debt issuance and money supply growth has been consistent asset inflation in relation to global currencies. So, what is an investor to do? There are many options to consider to protect one’s assets from this trend: 1) real estate, 2) precious metals, and 3) corporate equities, to a lesser extent. However, the one factor these assets have in common is that as demand for the asset increases, it can be met with more supply. Hence, would it not be better to find an alternative that has a known, certain and limited supply? Would it also not be beneficial to find an alternative that is highly fungible, liquid and, given the fast-moving changes in monetary payment systems, digitized?

Following the Global Financial Crisis, we embraced gold as a hedge against global currency and U.S. dollar debasement. Our gold position performed well during 2009-2011, and we exited the position. After careful consideration, we concluded that, in 2020, taking a small but still meaningful position in the dominant digital currency, Bitcoin, is the superior approach to gold ownership.

Bitcoin provides an opportunity to generate outsized returns over the coming years as it is embraced by a larger share of the investment community as a store of value. Further, it serves an effective hedge against rampant debt issuance and currency debasement.

MONEY PRINTING – LESS BANG FOR THE BUCK

Over the past twenty years, the world has been flooded with debt, and money supply growth has run far in excess of nominal GDP growth. The reasons for this are myriad, but it is clear that prior relationships between inflation, unemployment, and GDP growth broke down long ago (aka the Phillips curve). The most logical explanation for this phenomenon is that without wage inflation, it is very difficult to generate inflation of goods and services in the real economy. Since wage inflation has been anemic over the last two decades, real economy inflation has consistently come in below central bank targets. Globalization, automation, declining labor union power, non-compete clauses, and an increasingly service-focused economy counteract the impact of money supply growth on inflation.

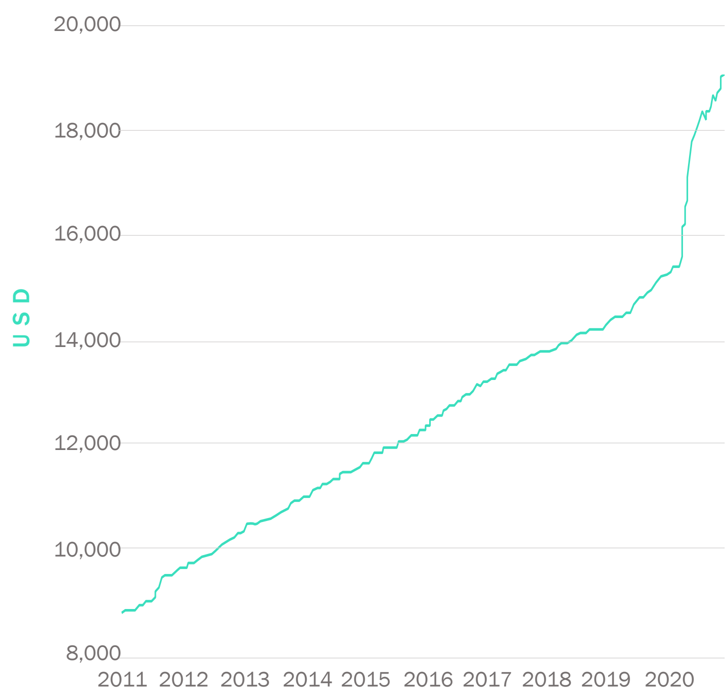
However, this has not stopped global central banks and the Federal Reserve, in particular, from doing everything in their power to push against a string. For instance, since the fourth quarter of 1989 through the second quarter of 2020, money supply growth (M2) in the U.S. has increased by 509%, nominal GDP has increased by 268%, and real GDP has doubled (101%). Since the fourth quarter of 1999, money supply growth (M2) in the U.S. has increased by 317%, nominal GDP has increased by 114%, and real GDP has increased by 44%.

Beginning in 2006, the Federal Reserve and other central banks have increasingly employed more aggressive unconventional monetary policy tools, such as quantitative easing and negative interest rates. As a result, since the fourth quarter of 2006, money supply growth (M2) in the U.S. has increased by 173%, nominal GDP has increased by 51%, and real GDP has increased by 20%.

Global governments and central banks have had to kick it into hyperdrive due to the pandemic. Since the fourth quarter of 2019, money supply growth (M2) in the U.S. has increased by 28%, nominal GDP has decreased by 2.7%, and real GDP has decreased by 3.5%. When one looks at the ratio of M2 growth to nominal GDP growth, one sees that it has taken ever greater money supply growth (aka trashing one's currency) to generate diminishing nominal and real GDP growth.

Since the fourth quarter of 1989, the ratio of M2 growth to nominal and real GDP is 200% and 506%. Since the fourth quarter of 1999, the ratios are 274% and 704%. Since the fourth quarter of 2006, the ratios are 341% and 857%. Because the U.S. economy has not recovered from the pandemic induced recession, the ratios from the fourth quarter of 2019 are negative. The unprecedented monetary stimulus unleashed in 2020 will produce mindboggling numbers for years to come.

M2 MONEY STOCK[1]



[1] Source: Board of Governors of the Federal Reserve System (U.S.)

ASSET PRICE INFLATION

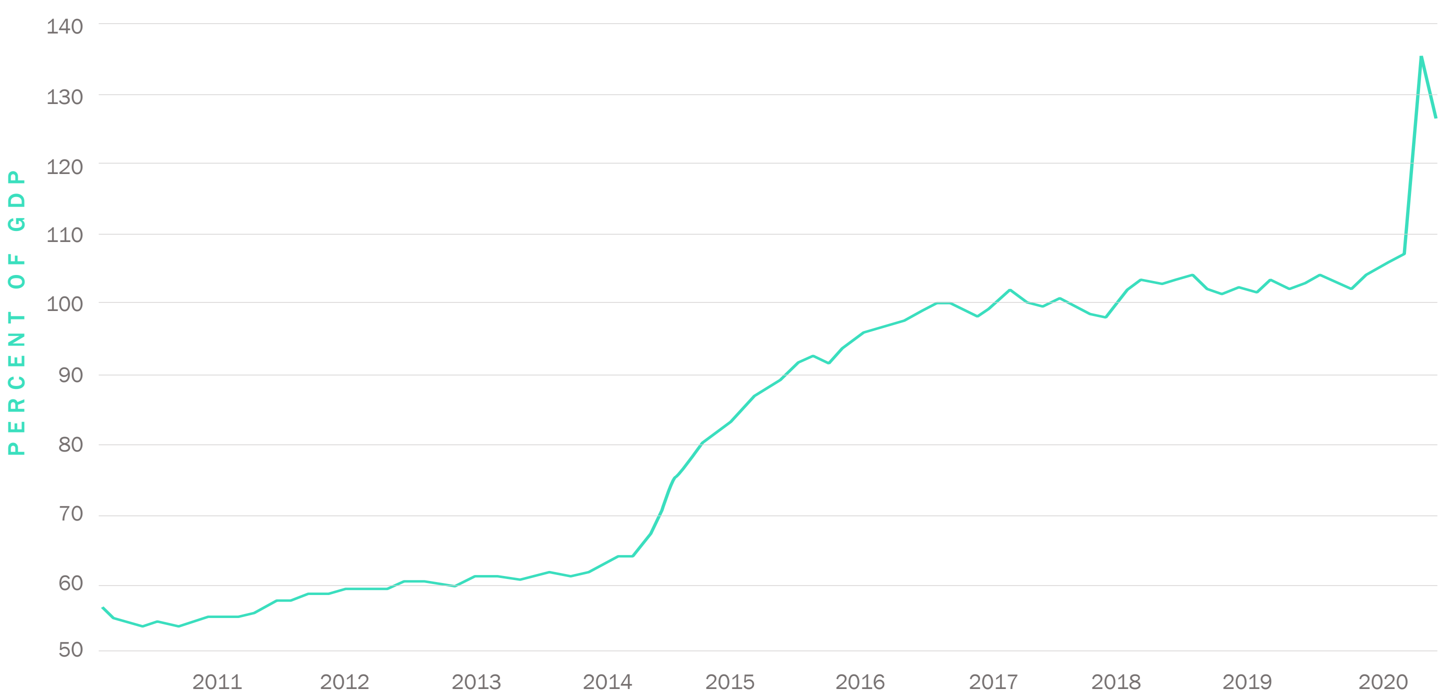
Given the Federal Reserve has been unable to sustain inflation in the real economy, the question becomes: where does all of this money end up, if not in the real economy? Some of it, of course, goes to sustain and prop up massive and growing debt levels (more on this later). However, money printing fuels asset inflation. One of the most consistent explanatory variables for asset market strength is relative changes in money supply. When one looks back over the past twenty years, it is hard to find an asset that has not experienced substantial increases in dollar-denominated price or valuation: 1) Equities, 2) Residential Housing, 3) Commercial Real Estate, 4) Precious Metals, 5) Art, to name a few. Even oil prices, which have suffered from the fracking boom, clean energy revolutions and global pandemic, is higher in price today than twenty years ago.

At this point, it should be clear that money supply growth has dwarfed growth in both the nominal (including inflation) and real economy (inflation-adjusted) over the past 20-30 years, which has driven asset inflation over time. Unfortunately, the pandemic has accelerated this trend as global central banks printed money at an unprecedented pace and global governments embraced enormous deficit spending programs. This dynamic is driving the next great leg of global currency debasement. Prior to diving into the best methodology for hedging this ongoing and arguably accelerating risk, here are a few a numbers to put the problem into perspective:

1. Total U.S. Debt Markets: $42 trillion
2. Global Debt expected to hit $277 trillion by year end, according to the IMF
3. U.S. M2: $19.1 trillion
4. U.S. M2 Growth since Q4 2019: 24.6% (on pace to be at least 4x greater than 2019)
5. Global M2: $100 trillion
6. U.S. Budget Deficit 2020: $3.1 trillion (more than triple 2019)
7. Fed Balance Sheet: $7.2 trillion
8. Fed Balance Sheet Growth since Q4 2019: Approx. $3.1 trillion
9. Deposits at U.S. Commercial Banks: $15.8 Tr (up over $2.5 trillion since Dec 2019)
10. U.S. Fed Funds Rate: 0%
11. U.S. 10 Year Treasury Yield: 0.85%
12. U.S. 30 Year Treasury Yield: 1.56%

FEDERAL DEBT[2]

Total Public Debt As Percent Of Gross Domestic Product



[2] Source: St. Louis Fed, OMB

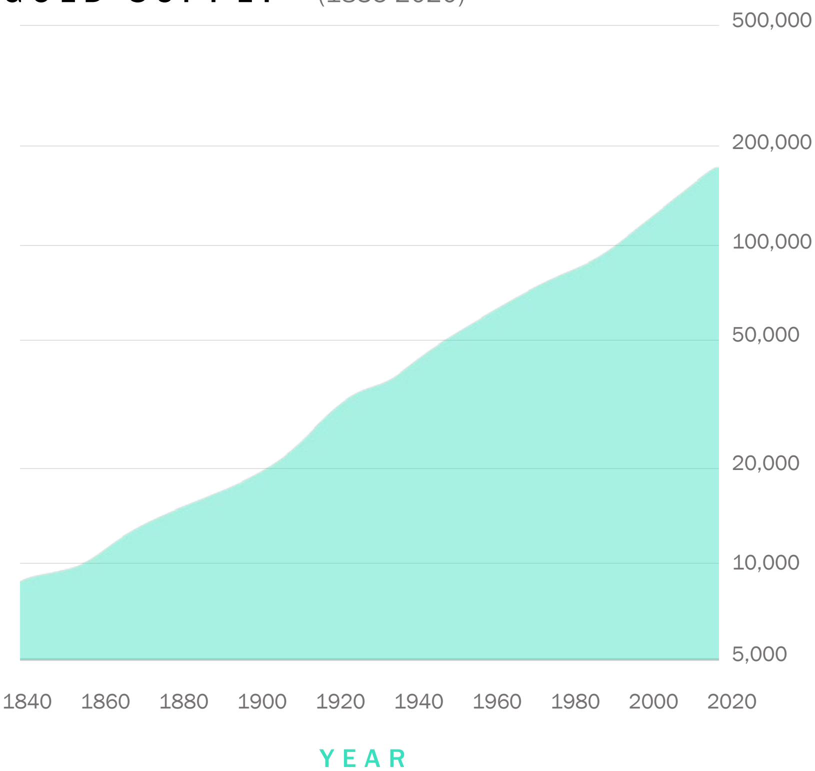
GOLD TO THE RESCUE?

The world has entered a secular era of increasing debt levels, increasing money supply, and low interest rates. The result will be currency debasement as far as the eye can see. The historical hedge against currency debasement and/or inflation has traditionally been precious metals, particularly gold.

The profligate money printing of the Federal Reserve drove the last great bull market in gold from the end of the 1990s through September 2011, a period in which it increased more than 600% in value. Soon after, it dropped by approximately 40% in value through November 2015, traded sideways for years, and then started to catch a real bid when the Federal Reserve was forced to pivot from tightening policy to loosening policy at the end of 2018. Since then, it has appreciated by approximately 80%, driven by the factors discussed above.

However, one of the limitations of gold is that supply does, in fact, increase over time. It is much harder money than fiat currencies, equities, or residential real estate. With that being said, there are approximately 200,000 tons of gold in circulation, with that amount typically increasing by approximately 2500 tons per year. Thus, gold supply increases by approximately 1.25% per annum. At today's spot price of $1875/ounce, the total market value of gold is a little under $10.5 trillion.

GOLD SUPPLY[1] (1835-2020)



[1] Cumulative Annual Global Production. Source: goldchartsrus.com

IS THE GRASS GREENER?

Shorting the U.S. dollar vs. other global currencies is another trade investors have been making in an attempt to guard against dollar debasement. However, when one looks at the short-, medium-, and longer-term prospects of the U.S. economy vs. other major currencies, it is very hard to get excited about the majority of currencies vs. the U.S. dollar. Given sclerotic future growth prospects and negative interest rates in place like Europe and Japan, do you really want to short the U.S. dollar vs. the euro or the yen? Given the struggles that most major emerging market economies have had vs. the U.S. even prior to the pandemic, are you really going to short the U.S. dollar vs. Latin America?

The prospect of going long RMB/yuan vs. the U.S. dollar certainly makes much more sense given the higher interest rates and faster economic growth of China. However, the PBOC and Chinese government will fight you tooth and nail along the way. Furthermore, in order to enjoy any return potential north of 20% over time, one would need to use substantial leverage and potentially be forced to cover open positions at a loss. And remember, there is a global systemic effort to debase all currencies, not just the dollar.

BITCOIN IS GOLD 2.0

Given the dearth of available options for diversification other than gold, which is much more widely held today than in the late 90's, does it make sense to consider digital currencies, particularly Bitcoin? Bitcoin represents a potential profit driver, store of value relative to global currencies, and hedge against assets that are primarily tied to the U.S. and global economy.

	BITCOIN	GOLD
Scarce	+ Fixed inelastic supply	+ Limited elastic supply
Transferable	+ Like sending an email	+ Like sending a ton of bricks
Storable	+ Low cost	+ High cost
Decentralized	+ Yes	+ Yes - but can be confiscated by a single authority in every jurisdiction
Durable	+ Yes - Digital Asset	+ Yes - Physical Asset
Fungible	+ Yes	+ Yes
Verifiable	+ Yes	+ Susceptible to counterfeiting
Divisible	+ Easily divisible (1 Bitcoin is divisible into 100 million units called satoshis)	+ Not easily divisible (troy ounce unit of measurement)

The first attractive characteristic of Bitcoin is that it has a knowable, certain and limited supply, whereas other alternatives, including gold, do not. From this point forward, the growth in Bitcoin supply will be 0.11% per annum as the mining rewards decrease by 50% every four years from the current pace of 1.77%/annum. This fact alone does not make it a great alternative to gold, but much slower supply growth over time is encouraging from a hard currency standpoint.

The next key point to consider is whether it is a market leader and the de facto store of value for that particular asset class. Just as gold has defended its market share as the precious metal alternative to paper currencies, Bitcoin has clearly won the race as the de facto digital store of value. This is due to a variety of factors, including first-mover advantage, immutability in terms of coding algorithm, survivability in that it has fended off many threats since inception, greater adoption from pioneering macro investors like Paul Tudor Jones and Stanley Druckenmiller and thought-leading endowments like Yale, Harvard, and Columbia. All together, those factors have helped Bitcoin capture 65% of total crypto market value.

Another key factor to look at is future flows. When one ponders the wealth creation around the world, it is clear that the technology sector will continue to be the primary driver of marginal wealth. Additionally, there will continue to be generational wealth transfer to millennials from their parents and grandparents over the next 20-30 years. In a future driven by technology where wealth is owned by younger people, we believe digital currencies will gain preference relative to anachronistic gold. Furthermore, as global banking becomes more digitized (see PayPal, Square, Stripe, and Chime), the acceptance of digital payment processing and digital investing should continue to favor Bitcoin and other digital networks.

MATURATION AND ADOPTION COULD LEAD TO MUCH HIGHER PRICES

Stepping back a bit, where could the near and medium-term marginal demand for Bitcoin come from? Let's start with the historical alternative to paper currencies, gold, and then move to more traditional investment choices. Gold currently has an approximate market value of $10.5 trillion. If 1% of gold's current market value rotates into Bitcoin, that is $105 billion of demand. There are currently $15.8 trillion of deposits at commercial banks in the U.S. (up by over $2.5 trillion since December 2019), so 1% of that is $158 billion of demand. There is currently $42 trillion invested in the U.S. Bond market, so 1% would be $420 billion. There is approximately $37 trillion of U.S equity market cap, so 1% would be $370 billion. The residential housing market has an approximate market value of $34 trillion and the U.S. commercial property market is worth approximately $18 trillion, so 1% of both of those would be $520 billion. Bitcoin's current market value is approximately $500 billion based on number of coins outstanding today and $567 billion based on total coin production through 2140. Thus, if just 1% of the preceding assets classes in the U.S. alone were re-allocated to Bitcoin, this would result in an approximately $1.6 trillion increase in market value, over three times Bitcoin's current market value. When one looks at these numbers on a global basis, the numbers get even more dizzying. And importantly, Bitcoin is a global asset class.

This analysis is, of course, highly simplistic, but still illustrative. Given the continued increase in U.S. money supply ($3.95 trillion printed since the end of the Q4 2019), even without rotation from legacy assets into Bitcoin, we believe the price could move considerably higher. Alternatively, however, as any market participant knows, the marginal buyers and sellers set the price in any market. As Bitcoin gains increasing acceptance and credence as a long-term store of value, it takes diminishingly less marginal wealth allocation to drive up the price.

When you read forecasts that Bitcoin will go to $500,000 per coin (19x upside from December 2020, when this piece was authored) or ultimately approach gold in terms of market cap (20x upside from here), those may seem to be extreme paths, but they could ultimately come to fruition. That said, even employing a much more conservative approach, we believe Bitcoin is likely to double in value during the current bull market. The path will not be linear, of course. Bitcoin has experienced market volatility several times in excess of the NASDAQ, for instance, but that is a small price to pay for such material upside in a world where bond and cash yield next to nothing and the S&P 500 is trading at approximately 22x 2021 earnings, which has only been exceeded twice in history (1929 and the dot-com bubble).

THE HALVING CYCLE

Zeroing in on the nearer-term prospects of supply and demand for Bitcoin, two recent developments have triggered the recent leg up in price, and could continue to do so over the next several quarters. The first was the recent halving of newly-mined supply in May of this year. Miners now receive 6.25 per block mined rather than the 12.5 received the past four years. Thus, new supply was cut in half at precisely the time central banks were putting the pedal to the metal to expand money supply. The second key event(s) was the adoption of Bitcoin in the PayPal and Cash app wallets in October 2020, which is facilitating mass adoption. Since this adoption, it has been estimated that PayPal and Square are buying approximately 110% of all Bitcoins being mined. As long as this continues, it is easy to envision a continuation of the recent powerful leg higher.

MARKET PRICE[1]

The average USD market price across major Bitcoin exchanges

[1] Source: Blockchain.com

THE EARLY MOVER TAINT

Another important factor to note is the historical parallels to the last great gold bull market, which ran from the late 1990's to September of 2011. From personal experience, early adopters of gold were viewed as "goldbugs," which was a polite way of saying the investment community viewed them as "whack jobs." They were a lonely bunch who pointed to exploding U.S. budget deficits and ever-expanding balance sheets at U.S. banks to support their thesis of impending rampant inflation and a collapsing dollar. As the gold bull market continued through 2004 and 2005, more retail investors got on board and made small allocations to gold as a hedge against inflation.

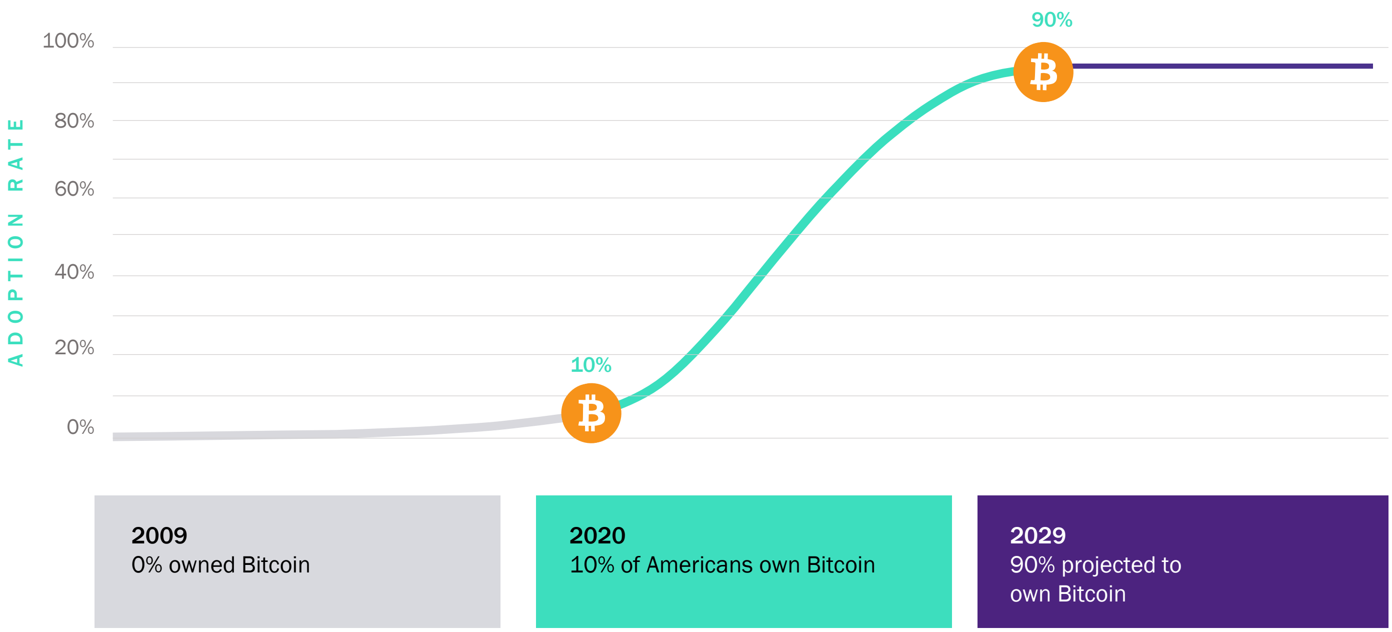
At the early stages of the collapse of the housing market, an increasing number of hedge funds embraced gold, particularly when the Federal Reserve started cutting rates in September of 2007. Gold adoption increased at the end of 2008 and early 2009 when the Federal Reserve cut rates to zero and began the first quantitative easing ("QE") program. It is important to note that this came after a major liquidation of gold after markets topped in early 2008. After Lehman failed, investors were forced to sell assets in order to raise cash and gold lost approximately 30% of its value for a very short period of time.

However, as 2008 rolled into 2009, greater breadth of adoption drove gold prices higher. By the beginning of 2010, institutions began to invest in gold in a meaningful way and major macro managers accumulated gold in size. The Eurozone crisis brought in the last great wave of buyers and drove gold to that particular bull market top in September of 2011.

HISTORY RHYMES

The current rally in Bitcoin has striking parallels to the aforementioned gold bull market. Early adopters are viewed as whack jobs? Check. Gradual increase in retail participation long before hedge fund adoption? Check. More hedge fund adoption over time spurred on by another bout of hyperaggressive central bank action? Check.

S-CURVE ANALYSIS OF POTENTIAL ADOPTION[1]



[1]Source: Off the Chain Capital

While Republican control of the Senate would result in less financial stimulus from the Biden administration, the Federal Reserve will undoubtedly crank up the printing presses to compensate for any shortfall. As a reminder, when the Republican party took control of the House and Senate in the 2010 midterms, the subsequent budget deal between Boehner, McConnell, and Obama-Biden led to cuts in federal government spending (not just declines in growth rates, but actual cuts in spending) and selective tax increases, which amplified the fiscal drag still coming from states and municipalities. The lack of ongoing fiscal support put all the pressure back on the Federal Reserve, which responded with Operation Twist at the end of 2011 and QE3 at the end of 2012, which was the largest QE operation by far.

While we expect economic growth to accelerate and ultimately get back to peak GDP by the end of Q2 or Q3 of 2021, there is the potential for the third wave of the pandemic, a lack of additional fiscal stimulus, and a disappointing roll out of vaccine candidates to cause another economic downturn and delay the recovery. Even if we get back to peak GDP by the end of Q2, it is unlikely the labor market heals until the end of 2022. We are confident the Federal Reserve will do everything in its power to close the output gap and normalize the labor market. Thus, we believe Bitcoin is a hedge to these factors and is very similar to gold after the Global Financial Crisis. However, unlike the majority of hedges, we believe Bitcoin has positive expected return over the next several years, albeit with ample volatility.

BITCOIN AS A PORTFOLIO DIVERSIFIER

Low correlation to traditional asset classes is another attractive characteristic of Bitcoin. Depending on the time horizon, Bitcoin's correlation to the S&P 500 ("S&P") and the Bloomberg Barclays Aggregate Bond Index ("BBABI") has ranged from as low as 0 to both to as high as 0.8 to the S&P and as high as 0.5 to the BBABI. However, over the longer term, the correlation has been zero. Bitcoin has, at times, traded more as a risk-on asset similar to equities. However, most of the time, it has traded to the beat of its own drum. Day-to-day, week-to-week, and month-to-month, one cannot predict its correlation properties with great precision. However, if one agrees with the premise that an emerging demand pattern coupled with shrinking supply should lead to higher prices over time, it should maintain a considerable degree of non-correlation to richly-priced equities and bonds.

For SkyBridge managed portfolios, we are targeting an allocation of approximately 5% at cost, which will be roughly half the size of our peak gold exposure of 2011. We believe these allocations are significant enough to impact forward expected returns, while only modestly increasing potential portfolio volatility. Current SkyBridge portfolios are heavily weighted toward structured credit and distressed credit assets that are primarily sensitive to improvements in the real economy. Over the majority of the post-crisis period, particularly in 2016 through February 2020 and April 2020 onward, our portfolios' volatility has been below our target of 4 to 8%. Even including the global financial crisis drawdown and the March 2020 pandemic meteor strike, our inception to date standard deviation has only been 8.25%. Thus, we believe we have the volatility budget to permit the addition of Bitcoin into our portfolios. Admittedly, the addition of Bitcoin increases portfolio convergence risk to the downside in the event of another major exogenous or endogenous shock (when correlations all go to 1). However, every step we have taken since our March drawdown has reduced that risk, primarily through lower sector/strategy exposures, more portfolio diversification, an increased allocation to multi-strategy managers and now long/short equity managers who can better dynamically manage risk in real time. Furthermore, Bitcoin is now a very liquid market and investments in Bitcoin-focused funds are generally more liquid than hedge fund investments, particularly deep credit exposures. It is true that Bitcoin is driven by momentum both up and down. However the majority of our portfolios' exposures are mean reversion plays on asset normalization, so Bitcoin complements that as well. Lastly, the beta of Bitcoin bounces around quite a bit, as its September and October 2020 performance relative to equities demonstrates quite vividly. Since our portfolios' betas have been in the 0.1 to 0.2 range over most of the past 7 years and our targeted beta range is between -0.1 and 0.5, we believe we have the scope to add up to 5% in Bitcoin without exceeding the upper end of that range.

Now that we have spoken about the virtues of investing in Bitcoin as a profit center and as a hedge against never ending currency debasement, let's discuss some of the drawbacks. We believe these are the key issues for investor to consider:

1. Security

Security and custody concerns remain two of the greatest obstacles to mass Bitcoin adoption. However, we believe these security challenges are largely misunderstood. Perhaps the crowning achievements of Bitcoin are the immutability of its coding and decentralized nature of its record keeping. The Bitcoin network has never been hacked. While individual exchanges and accounts have been hacked, those issues were corporate-level issues, not network-related issues. The advent of quantum computing represents a genuine long-term concern for Bitcoin, which holds true for all global technology. Cracking the Bitcoin code is theoretically possible with quantum computing power. However, it is a known risk that is being addressed by the crypto community.

Bitcoin's coding immutability is a key feature of the network that it shares with gold. While the inability to artificially reproduce Bitcoin and gold makes it a useful store of value, it may lead to a functional downside as a transaction medium. Gold has shined over the years because it is extremely inert and nearly impossible to alter or create (just ask alchemists who have tried over the millennia). This limits its usefulness as an industrial metal. It does not have nearly the number of industrial uses as silver or platinum, for instance. Similarly, Bitcoin may never flourish for massive transaction volume as other cryptocurrencies like Ethereum, for example.

Custody

Proper custody of Bitcoin at Tier I providers was a significant hurdle to adoption by hedge funds and early-stage institutional investors, and justifiably so. However, custody has finally caught up to the growth in the asset class and now with Tier I providers like Fidelity and ICE, the custody issue is less relevant. Additionally, prime brokerage is expected to come to the asset class next year provided by at least one top-three bank in the U.S., which should be another operational risk mitigant and catalyst for broader adoption of the asset.

2. Volatility

Bitcoin's volatility, just like its gains over time, has been breathtaking since inception. However, as it has become more widely adopted, its volatility profile has continued to decline relative to the past. However, we still believe any investor in Bitcoin needs to be ready for periodic 20 to 30% declines in price. There is also the potential for liquidation selling like we saw with Gold in 2008 and Bitcoin in March of 2020. However, we believe proper sizing can mitigate this risk relative to an investor's broader portfolio. The volatility and drawdown profile is ultimately a question of whether one can tolerate the risk of a 50% decline relative to a reasonable probability of at least doubling over the near term. To put this into context, a 5% position could lead to 250 bps of short-to-medium term losses vs. 500 bps of medium-term gains.

3. Seizure/banning by governments/Potential replacement by Sovereign Sponsored Crypto

When China and Russia nearly banned ownership and trading in digital currencies, concerns about adverse government were understandable. Students of history recall that FDR signed into law a ban on the possession of gold at the height of the Great Depression. Since digital currencies have the potential to supplant the fiat monetary system, it was natural and logical to have be concerned about government heavy-handedness.

However, over the past several years, this threat has retreated materially. The Chinese and now the Russians have done a 180 and are now embracing cryptocurrency, in part because it threatens to further weaken the U.S. dollar's status as the dominant global reserve currency. Additionally, virtually every central bank, including the Federal Reserve and ECB, are now actively considering launching a cryptocurrency.

The potential for government-backed digital assets creates an altogether different risk: could sovereign cryptocurrencies undermine Bitcoin's status as the dominant global digital monetary network? Given that the value proposition of Bitcoin continues to more rapidly evolve into a store of value vs. a medium of exchange, we do not believe that this is a material threat. Additionally, if and when sovereign cryptocurrencies are created, they will still be subject to debasement.

4. Lack of Government Backing

The lack of government backing is actually one of the key features of Bitcoin, since it cannot be debased and has a very transparent growth of supply. In the early days, given the nascent nature of the cryptocurrency market, the lack of government backing was a rational concern. However, given the explosion in market value, trading volume, custody, and soon-to-be prime brokerage, the lack of government backing has clearly become one of its key positive features.

5. Too volatile as a medium of exchange

High volatility continues to be a legitimate concern as it relates to Bitcoin's viability as an exchangeable currency. This may continue to be a hurdle for Bitcoin and/or other cryptocurrencies competing against the U.S. dollar or RMB in terms of global trade. However, as the cryptocurrency market continues to mature, liquidity improves, hedging tools evolve, and volatility declines, it may begin to fulfill its other potential use as a medium of exchange. The major focus of our thesis has been as a store of value and if Bitcoin begins to be used much more actively as a medium of exchange, particularly for global remittances, its potential scale would be even greater.

6. Permanent global electric power failure

Full, global electric power failure would render recordkeeping difficult on the Bitcoin network. However, in a scenario where the global economy loses electric power and never gets it back, stocks, treasury bills, cash, and almost all other assets would be rendered worthless as well. Physical gold would only have utility as a potential weapon. Having finally caught a few episodes of "The Walking Dead" during the Pandemic, we can confidently conclude that any financial asset will become worthless in the event of a true global apocalypse without almost any exception.

CONCLUSION

We believe the merits for including Bitcoin in investment portfolios as both a profit driver and a hedge to rampant currency debasement have never been more compelling. The future is always uncertain, but the probability that Bitcoin is trading materially higher over the next several weeks, months, and years is exceedingly high. Bouts of volatility are inevitable as the asset class matures, but that is a small price to pay for the return vs. risk and correlation attributes.

IMPORTANT INFORMATION

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- loss of all or a substantial portion of an investment, including because the further development and acceptance of Bitcoin is subject to a variety of factors that are difficult to evaluate; the slowing or stopping of the development or acceptance of Bitcoin would adversely affect a Bitcoin investment;
- supply and demand for Bitcoin can change rapidly and is affected by a variety of factors, including regulation and general economic trends;
- lack of liquidity in that there may be no secondary market for fund investments in Bitcoin and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in the a fund;
- lack of diversification and concentration in Bitcoin as a single asset;
- absence of information regarding valuation and pricing;
- significant actual and potential conflicts of interest that arise in connection with a fund investment in Bitcoin;
- less regulation and higher fees than mutual funds.

SkyBridge may make investment recommendations and decisions that are contrary to the views expressed herein, and may sponsor and hold interests in investment vehicles that have holdings that are inconsistent with the views expressed herein. Interests in investment vehicles are sold only pursuant to such vehicle's offering memorandum. Prospective investors of any investment should refer to the specific fund's offering memorandum and operative documents, which will fully describe the specific risks and considerations associated with a specific investment.

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