Digital Asset Market:

2022 Year in Review & Thoughts for 2023

2022 In Review

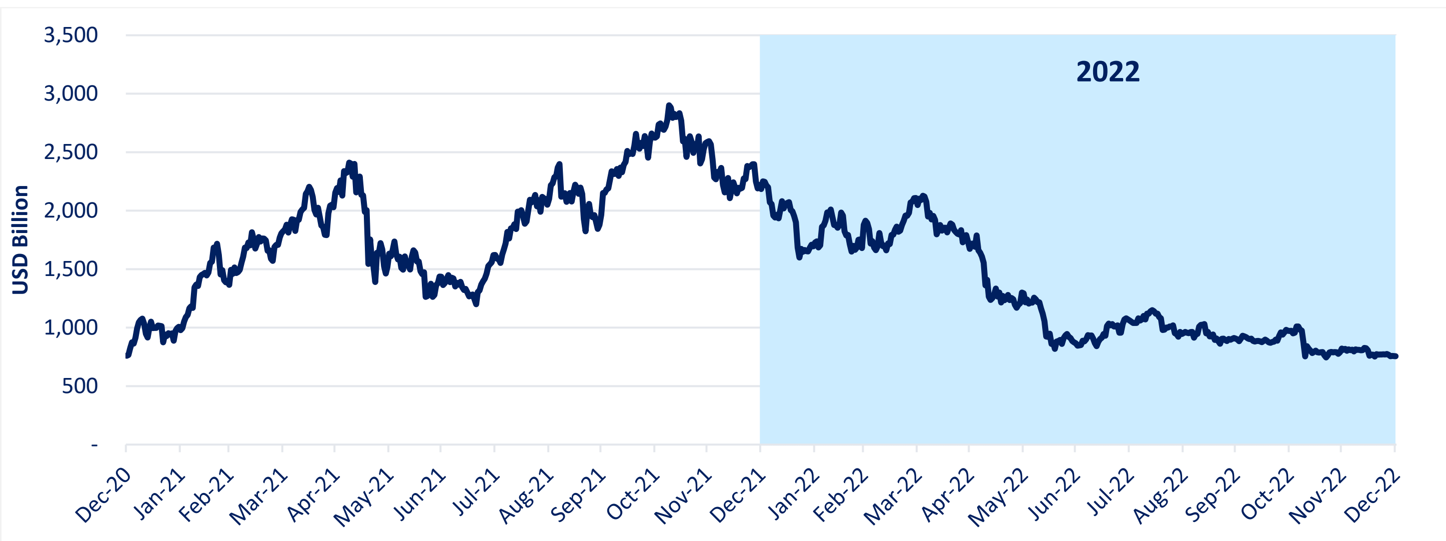
Summary

2022 proved to be a difficult year for all risk assets and cryptocurrencies were among the hardest hit. This performance was delivered in the context of a weak macro environment as well as several crypto specific concerns. The most dominant of these was the failure of several large, centralized institutions in the digital asset space that suffered from poor risk management in some instances and outright malfeasance in others.

We entered 2022 with high expectations and high valuations. This optimistic beginning was met with a parade of horribles throughout the year. These included the failures of Terra (the project behind Luna and UST – both of which were currencies in the top 10 market cap during the year). This was followed by the failure of several large institutions, funds and exchanges including Voyager, BlockFi, Celsius and Three Arrows Capital. We were beginning to see signs of a market recovery from these events, but this was foiled by the collapse of FTX in November. 2022 also saw some of the largest hacks in the digital asset space with security protocols of numerous projects tested with varying degrees of success.

While many of these developments were disappointing, they are not without precedent. We believe the case for cryptocurrencies is as strong as it has ever been, the entry prices are attractive, the underlying development in the space has been meaningful, and the asymmetric return opportunity is a notable standout in the current investment landscape.

Figure 1: Total Crypto Market Cap[1]

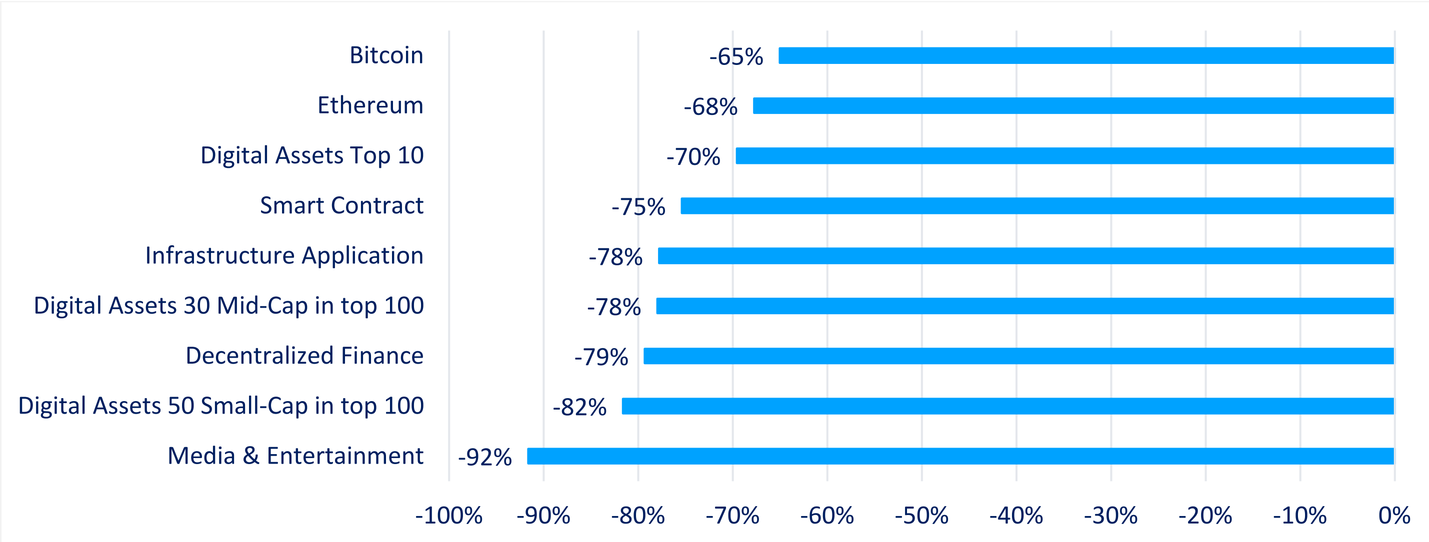


Segment Performance

The declines we saw in 2022 were broad based with much of it experienced in the first half of the year and a relatively more rangebound performance in the months that followed. Larger and more established currencies outperformed smaller and more volatile ones with high correlations as market prices declined. Decentralized Finance (DeFi) and Media and Entertainment (gaming and NFT), which had seen a lot of interest and speculation in 2021, were underperformers in 2022.

[1] Source: Bloomberg

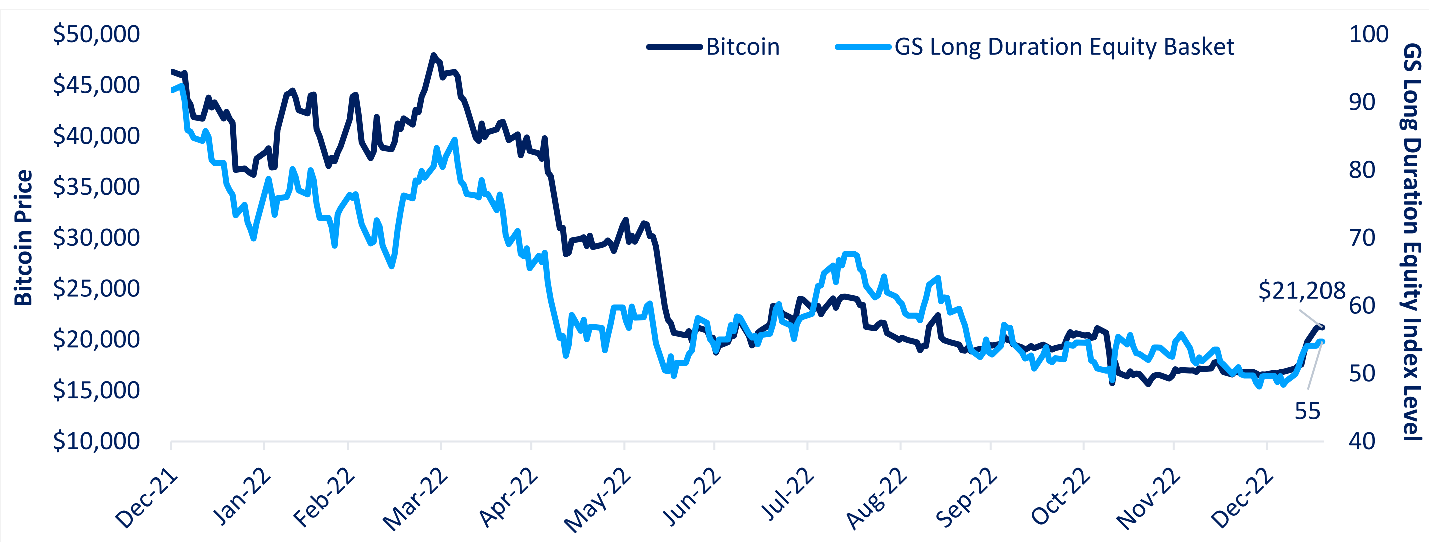
Figure 2: 2022 Cryptocurrency Segment Performance[2]



Performance in Macro Context

In a year where macro was a large part of investment returns for all asset classes, we find it helpful to take a step back for greater context. A meaningful portion of the crypto trajectory was driven by overall risk sentiment and, as with all things last year, interest rates and duration were significant factors. In Figure 3 we plot the performance of bitcoin relative to Goldman Sachs' index of 50 long duration equities. The chart suggests a meaningful proportion of the moves in the crypto space were driven by broader factors that impacted long duration risk assets and were not driven solely (or even predominantly) by crypto specific factors. To this extent, the price declines were not indicative of market views of underlying development or the future outlook for the crypto space; they were, instead, a reflection of the overall macro risk sentiment in 2022. As the market stabilizes, we anticipate more crypto specific drivers will take hold and we believe this could be very positive for price performance.

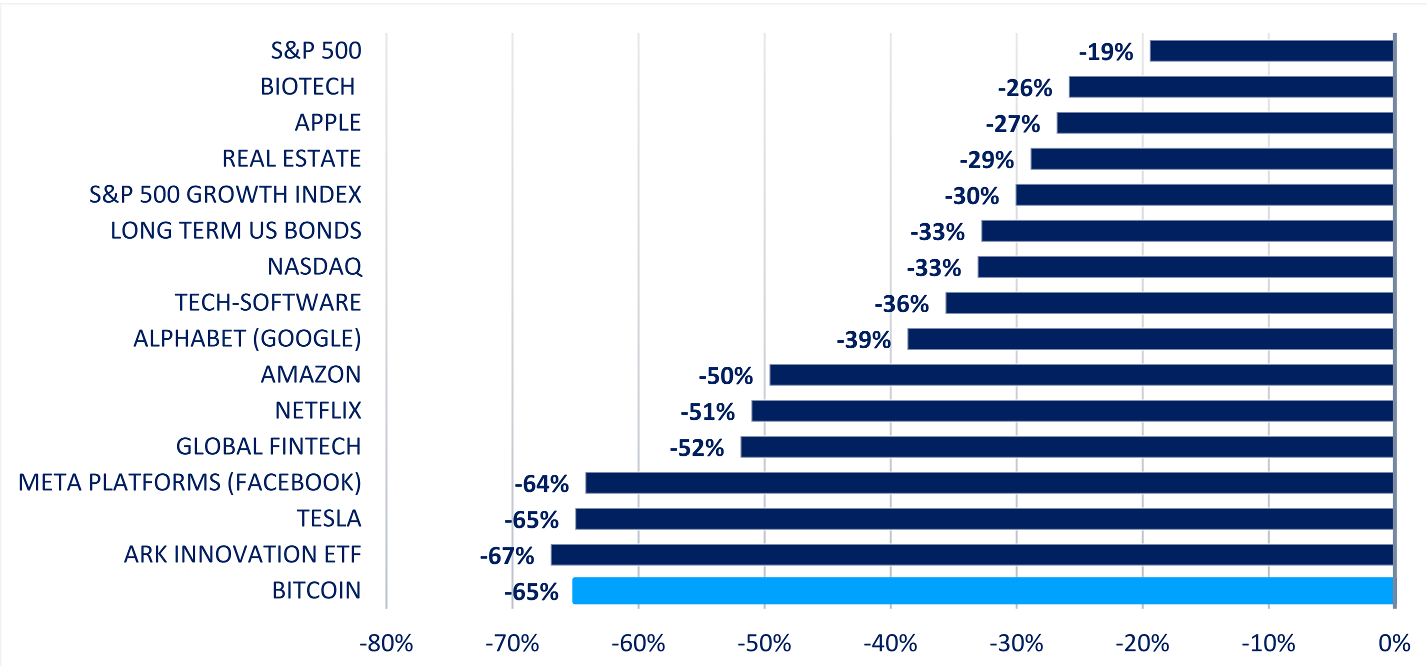
Figure 3: Bitcoin vs. GS Long Duration Equity Basket[3]



[2] Source: Bloomberg & MarketVector
[3] Source: Bloomberg

The end of easy money policies and the start of a rate hiking cycle had a dramatic impact across various asset classes; In Figure 4, we provide the performance of some major asset classes and notable stocks for context.

Figure 4: 2022 Performance of Various Asset Classes[4]



Historical Context

While we do not rely heavily on historical trends, we find it helpful for context. The price history for bitcoin shows that 2022 was its second worst annual performance. As shown in Figure 5, declines of comparable magnitude have occurred every four years. Prior declines have been followed by large uptrends in the succeeding years. Some long-term crypto investors derive relative comfort from the fact that they have seen this occur before and it informs investor behavior in the space.

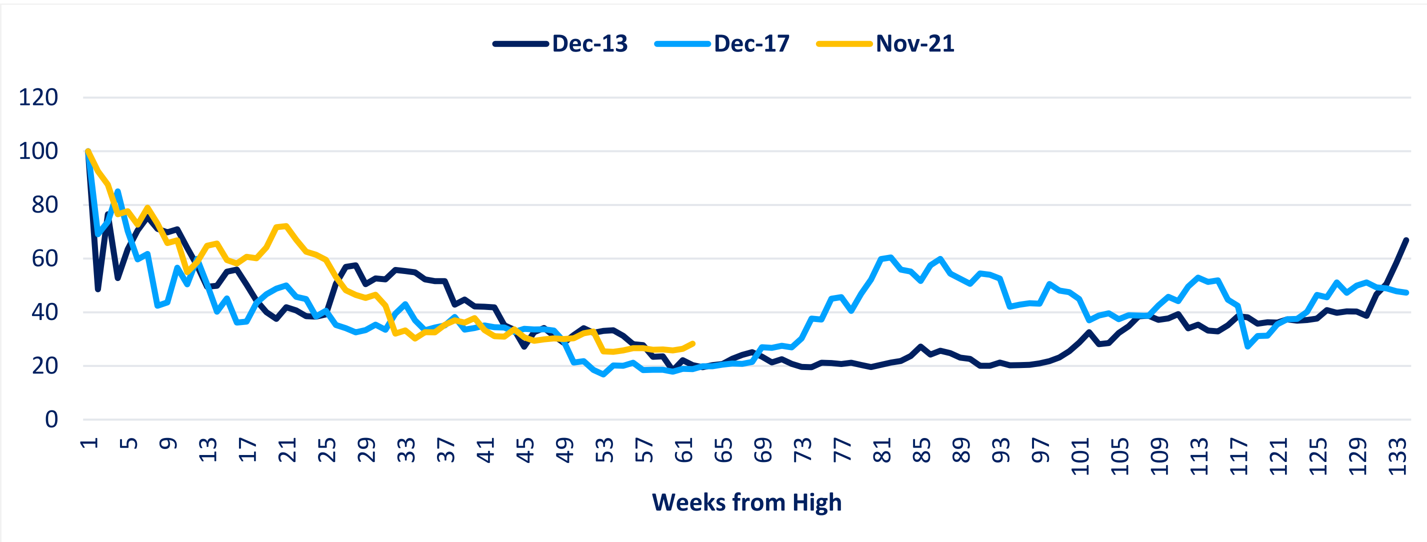
Figure 5: Historical BTC Performance (YoY, 2010-2022)[5]

Date	Price	Return (YoY)
31-Dec-10	0.3	-
31-Dec-11	4.25	1317%
31-Dec-12	13.51	218%
31-Dec-13	746.89	5428%
31-Dec-14	317.36	**-58%**
31-Dec-15	432.12	36%
31-Dec-16	952.01	120%
31-Dec-17	14,310.94	1403%
31-Dec-18	3,674.18	**-74%**
31-Dec-19	7,158.27	95%
31-Dec-20	28,996.28	305%
31-Dec-21	46,333.65	60%
31-Dec-22	16,579.06	**-64%**

[4] Source: Bloomberg
[5] Source: Bloomberg

Some more granular data (as depicted in Figure 6) shows the performance of bitcoin from its highs in prior cycles. The data suggests that the path and timeline we have seen during this bear market is not dissimilar to what we have seen in the past. We are hesitant to call market tops and bottoms, but the sheer magnitude of the downturn we have seen combined with this historical context suggests this could be a good time to add exposure to the space if you believe in the longer-term outlook.

Figure 6: BTC Price Performance from Highs[6]



The benefit of a decline of the magnitude we have seen is that it exposes a lot of the systemic weaknesses: Poor risk management practices and weak industry players are exposed. Significant leverage has been taken out of the system through forced liquidations of positions as well as the decline of some major providers of leverage such as FTX, BlockFi, Celsius and others. Only 10% of Ethereum and 6% of bitcoin were held by shorter term traders who have held the tokens for less than a month. 69% of bitcoin and 61% of Ethereum are owned in wallets that have held them for over a year.

The market cap for crypto has declined to levels seen in 2020 (for all crypto market cap) and 2018 (for all crypto market cap ex BTC) (Please see Figure 7). This is despite the noteworthy evolution and impressive developments in the crypto space since that time. DeFi, NFTs and many other use cases didn't exist in 2020, let alone in 2018. The space has also been de-risked as ideas that were just concepts on paper are now in use and have been tested in high volatility environments. The community and user base of crypto has also grown significantly.

Figure 7: Crypto Market Activity Statistics (2018-2022)[7]

Date	12/31/2022	12/31/2020	1/7/2018	Change vs. 2020	Change vs. 2018
Total Crypto Mkt Cap ($Bil)	756	759	692	0%	9%
Total Mkt Cap Ex BTC ($Bil)	438	220	421	99%	4%
Total Value Locked ($Bil)	40	18		126%	
Monthly Active Developers	23,343	10,525	5,879	122%	297%
New Developers Joined	61,127	21,615	13,546	183%	351%
Bitcoin Has Rate (BH/s)	253.15	142.73	14	77%	1658%
Ethereum Addresses (Mil)	88	50	21	76%	323%
Bitcoin Addresses (Mil)	48	33	22	46%	117%

[6] Source: Bloomberg
[7] Source: Bloomberg, Defillama, intotheblock, Electric Capital Developer Report 2022

Successes & Failures of 2022

Some of the main positive highlights of the year are as follows:

- The Ethereum merge: an impressive success in economic, technological and environmental terms.
- Several Layer 2 scaling solutions were launched and proved effective in providing speed and lower costs. They continued to capture an increasing share of total transactions as a result, and meaningfully increased the perceived capacity of the system.
- Decentralized Finance proved resilient and continued to operate well even as its centralized counterparts fell.
- More consumer brands continued to make in-roads into the space including Nike, Gucci, Tiffany, Starbucks and many others.
- More traditional institutions entered the space to expand infrastructure support. These included amongst others CME, Fidelity, Blackrock, Goldman Sachs, and State Street.

Some ideas that took a step back in 2022 were:

- Cross chain bridges, as a number of high-profile hacks raised concerns about security of these bridges.
- Uncollateralized lending was another space that performed poorly.
- Effective on-chain governance was an area which demonstrated a need for new ideas.
- Algorithmic stablecoins took a large step back with the collapse of Terra's UST stablecoin.
- The degree of interrelations between various centralized players in the crypto space led to the demise of many of these players, hurting the industry in a significant way. While painful, this revelation is positive from a DeFi perspective. DeFi projects also interact with each other but, unlike centralized decision-makers, they are not prone to making poor risk decisions to make large marquee clients happy. The data on positions and counterparties is disclosed in DeFi solutions with far greater transparency. It is still surprising and disappointing to see how many centralized decision-makers made poor decisions that should have seemed unduly risky even without the benefit of hindsight.

Thoughts for 2023

Growth Vehicle

A Deutsche Bank analyst recently posited the question "If Tech is the new value, what is the new growth". We think cryptocurrencies could be one of the answers to that question. We continue to see tremendous innovation, influx of talent, availability of capital, new use cases, increasing adoption and improvements in the quality of solutions offered across the ecosystem. In the meantime, the need for an allocation to growth investments in portfolios will persist and we believe growth vehicles will remain scarce. Crypto's ability to meet the needs of growth investors will likely see continued support and valuation increases.

Some areas of the blockchain space may in fact be beneficiaries of the slowdown in traditional growth names. The layoffs announced at high growth tech and social media companies will provide a tremendous pool of talent that could feed into the crypto space. At the same time, discussions around Twitter and other social media companies have resurfaced concerns about data access and control, as well as risks associated with centralized social media. We have seen a number of Web3 decentralized social media solutions in various stages of development. These could be among the many use cases that prove to be high growth opportunities in the next few years.

Sea Change

Howards Marks is famous for his investor letters. The most recent letter indicates that we may be entering a new paradigm in the economy and markets; this he says will be only the third such sea change in his 53-year investing career, and the last one was over 40 years ago with the start of the declining interest rate environment. He is joined by many other notable investors who have seen multiple cycles and market environments. They echo the sentiment that we are entering something different and include legendary investors like Stan Druckenmiller, Ray Dalio, and many others. Aside from the change in the multi-decade interest rate trends, multiple other factors get mentioned including potential moderation/reversal in global trade, highly indebted nations around the world and increased geopolitical risks.

If you believe that the era of easy money has been a factor over the last four decades and that this era has come to an end, then it is worth thinking more broadly and reconsidering strategic allocations. The rules that worked in recent decades may not work over the next 5 to 10 years. We believe any reconsideration must contemplate the possibility for reworking the way transactions work. Disintermediation and decentralization could underpin all transactions in the future.

We believe this sentiment resonates with many investors and leaves unanswered questions about what an investment portfolio should look like in this changed environment. The resilience and attraction of cryptocurrencies is driven in part by the fact that many investors feel that this sea change is indeed under way and are convinced to varying degrees that the disintermediated, trustless solutions crypto offers and the new business models that are emerging may be a meaningful part of the investment portfolio solution.

2023 Outlook for Cryptocurrency

We believe the outlook for cryptocurrencies in 2023 is favorable. Valuations have come down significantly across cryptocurrencies, the macro headwinds have moderated, leverage has been taken out of system and some of the excesses of the prior bull market have been ameliorated.

In our view, 2023 promises to be more accommodative for cryptocurrencies. The rate hiking cycle made significant progress in 2022 and will moderate in 2023. Bitcoin and Ethereum ended the year down over 70% from their highs; DeFi and other segments saw valuations decline 90%+ from their prior highs. A lot of forced selling has already occurred, and residual holders seem willing to hold for the long term.

2020 and 2021 proved the latent potential for blockchain-based solutions and their application to a wide array of use cases (from finance to entertainment to community development). 2022 proved that these solutions had resilient operations during significant stress periods, and many enhanced the speed and scalability of their solutions.

Even in the midst of this downturn, the amount of capital in the system, the number of developers and the number of users indicate that blockchain technology and cryptocurrencies are here to stay. We have moved well beyond the hobbyist stage and, we believe, are now at the very beginning of the trend to mainstream penetration. The digital asset space got more attention and drew in more participants in 2022. Existing participants remained committed to the space and many major financial institutions and consumer brands made further in-roads into the space.

That said, the success of 2021 meant a lot of the focus in 2022 was on better alternatives to existing Dapps. As a result, we did not see as many new use cases as in preceding years. The new ideas that did emerge failed to get attention in an environment where high profile collapses received most of the focus. It is difficult to get attention and focus on anything else when a tremendous amount of money is being made or lost. A disproportionate amount of the focus was on things like meme coins, NFTs, ponzi-like tokenomics and cult of personality figures. It is difficult to get attention and capital for newer use cases promoted by founders who may have good ideas but may need time to build in an untapped/unproven new space. We hope and anticipate these changes in 2023 as it have occurred during and after bear markets in the past.

Greater adoption is another area we hope to see this year. Increases in mainstream penetration happen when solutions offer large benefits but the change in consumer behavior needed for switching is small. We believe crypto is heading down that path. The benefits are increasingly becoming clear and deliverable. However, the required changes in user behavior are still meaningful with concerns regarding passwords, self-custody, cross-chain mechanics. The good news is that work is being done to improve in this area and we are eager to see these developments in 2023 and beyond.

Decentralized Finance

The DeFi universe continues to expand with over two thousand apps in various stages of development. While Total Value Locked declined to approximately $40 billion at year-end with the majority of this concentrated in the larger names, there were 70 Dapps with Total Value Locked exceeding $100 million. The majority of TVL is concentrated in Ethereum-based DeFi offerings but development continues on all other Layer 1 and Layer 2 platforms as well. The make-up of leading projects in the DeFi landscape is depicted in Figure 8 below.

Figure 8: DeFi Landscape[8]

Segment	% of TVL	No. of Projects
Decentralized Exchanges	23%	60
Lending	17%	35
Liquid Staking	16%	20
Collateralized Stable Coin	13%	14
Bridge	12%	13
Staking	8%	19
Services	4%	7
Algo Stable Coin	2%	2
Derivatives	2%	6
Yield Aggregator	2%	11
Cross Chain	1%	6
Insurance	0%	2

Overall TVL has declined from $165 billion at the beginning of 2022 as the value of cryptocurrencies that comprise the TVL dropped. That said, material activity persists and names like Uniswap (a decentralized exchange) exceeded trading volumes on Coinbase at times. The decentralized exchange segment also got a significant volume boost after the failure of FTX as decentralized venues continue to operate effectively and provided many of the benefits FTX offered.

Decentralized exchanges are a posterchild for solutions that work and provide benefits that are real, but the user experience is sub-optimal and complex for more mainstream use. We anticipate this will improve over time as the interface improves, and improvements in crypto wallets make the experience better.

The bigger revolution could come from greater tokenization of real-world assets. This will release the latent value of a wide array of assets and could be transformative for large swaths of the economy. It will also open a huge new set of assets that can be transacted and used as collateral. This will take time, but the potential is significant, and the initial steps are being taken.

Layer 1 Platforms

2021 and early 2022 were focused on the idea of alternative chains gaining share versus Ethereum and effective bridging across chains would be a material driver of value creation and transfer. This narrative suffered over the course of the year as fees on Ethereum remained low and two leading contenders (Terra and Solana) saw setbacks. Other Layer 1 alternatives were slow to make progress on providing compelling offerings. Ethereum also successfully executed on its transition to Proof-of-Stake which showed their ability to execute on plans, removed the event risk and provided a number of attendant benefits including a 99% reduction in energy use. We continue to believe in a multi-chain world, but the value proposition offered by alternatives will need to be re-asserted and the platforms will need to support compelling Dapps. Other factors dampening support for alternatives to Ethereum were the successful launch of Layer 2 solutions and the security failures of cross chain bridges.

Layer 2 Platforms

2022 saw rollups such as Optimism and Arbitrum prove themselves. Volumes on these solutions have been growing as have the fees generated and native Dapps developed on Layer 2 (L2) platforms. Zero Knowledge (ZK) rollups remain a use case that has been much anticipated with applications in Layer 2 offerings and beyond. The technology is viewed as very promising, but pure ZK solutions continue to see delays. We anticipate the Layer 2 space to get more competitive with incremental launches over 2023 but we are at the very early stages of L2 adoption and expect to see sustained growth on a number of platforms.

NFT, Gaming, Metaverse & Social Media

The NFT, Gaming and Metaverse segments were among the worst performers in 2022. This is in part because the hype and trajectory of 2021 was unsustainable and the reality that developing high quality games takes years. The initial success in games were based on

[8] Source: Defillama as of December 31, 2022.

play-to-earn structure. The games were not enjoyable, and the economics were not sustainable. That said, the space made headway that could serve it well this year. Several promising new games were in the process of development and could see launches in the coming months.

We were not strong believers in the play-to-earn mechanisms, but we are believers that enabling the linkage of rewards to specific actions could have wide application. Among these, we think learn-to-earn is a good example that could become more meaningful. The idea is that brands are interested in getting potential customers to learn about them and compensate them for their time. This helps make a direct connection with potential customers versus relying on third party sites, marketers or data providers. Engagement scores and data are also more meaningful. The traditional analogy to this is time-share and vacation property marketers giving free meals and tickets to shows to vacationers willing to learn about the potential of buying vacation properties. Crypto examples include Coinbase, Binance and others. They invite potential users to learn about the exchanges and cryptocurrencies and compensate willing participants for their time. Historically, outbound rewards to users have been difficult but are possible in the context of the learn-to-earn systems.

We also hope to see greater development on the Web3 alternatives to traditional social media. We see tremendous potential in this segment as many important factors are coming together. Web3 alternatives are in various stages of development such as Decentralized Social, Farcaster, Lens Protocol and have been seeing more interest. This is another example of an area where financial and human capital exists to support development, the value of the use case is recognized and the potential for transformative change is meaningful.

Venture Funding & Capital Availability

Funding availability on the sidelines remains high and headlines of more capital being raised for venture funds suggests good ideas will continue to see support from capital. We anticipate the degree of scrutiny will be higher and this is very positive for the space. VC raises and investments were significantly more skewed to the first half of the year in 2022 with $29.3 billion raised versus $6.6 billion[9] in the second half. NFT and Web3 were the most significant beneficiaries in both parts of the year in terms of funds raised and number of rounds. We anticipate this funding combined with work that's been ongoing will lead to a number of interesting opportunities in this space over the course of 2023 and 2024.

Developers & Talent

The talent pool in crypto continues to grow with people from a variety of backgrounds entering the space. This increasing size combined with heterogeneity of the talent pool is one of the reasons we are optimistic that the number, quality and creativity of solutions will continue to power the Cambrian explosion of development and progress in the crypto space. The 61K new developers in the space in 2022 were the largest cohort to enter the space ever and increased from 49K new developers in 2021.[10]

Regulation

While we continue to await meaningful regulatory clarity, there were material steps in the right direction last year. The White House released a "Framework for Responsible Development of Digital Assets" that was viewed by many in the industry as constructive. The European Union released its "Markets in Crypto-Assets" framework. The Bank of International Settlements clarified views around bank holdings of crypto assets and FASB clarified financial accounting rules related to cryptocurrencies. Brazil, Japan and other passed crypto related regulation while others such as the UK are expected to release additional frameworks in 2023. A lot of questions remain unanswered and regrettably, clarity on regulations in the US may suffer from legislative gridlock. That said, sufficient progress appears to have been made that the conversation around digital assets has moved from whether regulations will bring about an end to the cryptocurrency industry to a conversation about how onerous regulations will be and what changes that might entail. To us, that is a meaningful positive development.

Some sensible regulation is needed for parts of the industry and even onerous regulation will likely be positive as it will enable greater flow of capital into the space. 2022 saw a number of enterprises fail. Most of these fell into the bucket of unregulated centralized entities. Decentralized Finance projects continued to perform and centralized entities that were well regulated such as Coinbase also didn't falter. It was centralized unregulated entities such BlockFi, FTX (Bahamas), Celsius and others that failed.

[9] Source: Messari
[10] Source: Electric Capital Developer Report

Concluding Remarks

We maintain a very positive outlook for 2023 and beyond for the digital asset space. Significant fundamental developments are expected to continue, and new use cases will emerge. An uncertain macro-outlook looms over all risk assets but we believe cryptocurrencies have priced in the downside risk to a far greater degree than any other asset class. Digital Ledger Technology and cryptocurrencies continue to make greater in-roads to broader use as well as greater awareness by investors and users. Yet, the prices of many cryptocurrencies are at prices we have not seen for quite some time. The historical context suggests a lot of the downside has been priced in and that upturns can be fast, sustained and yield tremendous returns. We are at the early stages of this revolution and much of the developments are yet to come but proof-of-concept is clear, and a strong ecosystem has been established. We expect several years of strong growth; the price declines we saw in 2022 provide an attractive opportunity to gain exposure to this transformational asset class at significant discounts to prior levels.

As always, we are happy to answer any questions you may have and thank you for partnering with us on this journey.

Sincerely,

Shubin Jha
Head of Menai Asset Management

Appendix

Bitcoin Monthly Returns History[11]

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jan	73%	29%	51%	8%	-28%	-13%	1%	-29%	-7%	31%	12%	-17%
Feb	65%	-11%	64%	-30%	11%	15%	24%	6%	11%	-8%	39%	8%
Mar	-9%	0%	171%	-18%	-4%	-4%	-10%	-35%	8%	-25%	30%	10%
Apr	269%	2%	48%	-4%	-3%	9%	26%	35%	28%	36%	-4%	-16%
May	203%	5%	-5%	37%	-2%	15%	69%	-19%	62%	8%	-35%	-17%
Jun	84%	28%	-24%	5%	13%	28%	9%	-22%	34%	-4%	-6%	-41%
Jul	-16%	41%	0%	-9%	9%	-5%	15%	30%	-12%	24%	20%	27%
Aug	-39%	9%	30%	-18%	-19%	-9%	64%	-8%	-4%	3%	13%	-15%
Sep	-37%	22%	1%	-19%	3%	6%	-12%	-7%	-14%	-8%	-8%	-4%
Oct	-37%	-10%	62%	-12%	36%	16%	53%	-4%	12%	29%	40%	5%
Nov	-9%	12%	451%	10%	17%	6%	28%	-38%	-16%	40%	-6%	-16%
Dec	43%	7%	-34%	-16%	15%	28%	73%	-7%	-7%	50%	-19%	-3%
Year	**1317%**	**218%**	**5428%**	**-58%**	**36%**	**120%**	**1375%**	**-74%**	**95%**	**305%**	**60%**	**-64%**

Correlation Matrix [12]

	BTC	*ETH*	*Menai Index*	*Top 100 Crypto*	*Small Cap Crypto*	*Defi*	*NFT*	*S&P 500*	*Nasdaq*	*EM*	*Dollar Index*	*Gold*	*LT US Treasury*	*HY*
BTC	1.00													
ETH	0.90	1.00												
Menai Index	0.63	0.66	1.00											
Top 100 Crypto	0.74	0.75	0.89	1.00										
Small Cap Crypto	0.65	0.69	0.85	0.94	1.00									
Defi	0.65	0.70	0.82	0.92	0.96	1.00								
NFT	0.61	0.63	0.77	0.87	0.94	0.91	1.00							
S&P 500	0.54	0.51	0.32	0.40	0.36	0.36	0.31	1.00						
Nasdaq	0.56	0.53	0.33	0.39	0.35	0.36	0.32	0.97	1.00					
EM	0.45	0.43	0.35	0.40	0.35	0.35	0.32	0.71	0.73	1.00				
Dollar Index	-0.29	-0.27	-0.26	-0.30	-0.26	-0.27	-0.19	-0.48	-0.43	-0.54	1.00			
Gold	0.13	0.12	0.08	0.08	0.07	0.07	0.02	0.20	0.16	0.28	-0.50	1.00		
LT US Treasury	0.05	0.00	-0.09	-0.08	-0.09	-0.10	-0.09	0.09	0.09	0.05	-0.20	0.34	1.00	
HY	0.48	0.44	0.28	0.32	0.27	0.30	0.23	0.81	0.80	0.64	-0.51	0.36	0.38	1.00

365 Day Return Data

[11] Source: Bloomberg
[12] Source: Bloomberg

Disclaimer

The enclosed materials contain general information about Menai Asset Management LLC's investment products ("Menai Asset Management"). The enclosed materials are being provided for informational and discussion purposes only to potential and current investors in the Menai Diversified Digital Asset Fund and the Menai Digital Asset Opportunities Fund.The enclosed materials are not an offer to sell or a solicitation of an offer to purchase interests in any private fund managed by Menai Asset Management, nor do they constitute investment advice. The information contained herein is a summary only, is not complete, and does not include certain material information about Menai Asset Management, or Menai Asset Management's current or future advisory clients, including potential conflicts of interest and risks associated with an investment in a fund managed by Menai Asset Management. The information contained herein is subject to change without notice. Offers and sales will be made only in accordance with applicable securities laws and pursuant to a confidential private placement memorandum (or similar document) and other fund governing documents, which should be read carefully and in their entirety prior to making an investment. The information contained herein does not take into account the particular investment objectives or financial circumstances of any prospective investor. The enclosed materials are intended exclusively for the use of the person to whom they were delivered, and may not be reproduced in whole or in part without Menai Asset Management's express written approval. Menai Asset Management does not have any obligation to update the enclosed materials. Each person accepting these materials agrees to return them to Menai Asset Management promptly upon Menai Asset Management's request.

No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in the enclosed materials by Menai Asset Management or its affiliates, and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

The estimates, strategies, and views expressed herein are based upon past or current market conditions and/or data and information provided by unaffiliated third parties (which has not been independently verified) and is subject to change without notice. It should be specifically noted that risk and geographic exposures are subject to change at sole discretion of Menai Asset Management. Strategies discussed herein may involve investments in less liquid securities as well as the use of leverage. The use of leverage may magnify losses. An investment in funds managed by Menai Asset Management is speculative and contains significant risks, including the risk of loss of some or all of an investment, and is intended only for sophisticated investors who meet certain eligibility criteria. Any reference to an investment's past or potential performance is not, and should not be construed as, a recommendation or as a guarantee of any specific outcome or profit. All investment strategies and investments involve risk of loss. In addition, investments may be subject to significant lock-up periods or other restrictions on redemptions or transfer. There is no secondary market for interests in shares of funds managed by Menai Asset Management and none is expected to develop. Economic, market, and other conditions could change and could cause Menai Asset Management to alter the investment objectives, guidelines, and restrictions of funds managed by Menai Asset Management. The fees and expenses associated with an investment with Menai Asset Management are high and could offset costs. If you are subject to ERISA, you agree that the enclosed materials will not form the primary basis for any investment decision. There can be no guarantee that the investment program, including, without limitation, its investment objectives, diversification strategies, or risk monitoring goals, will be successful.

Menai Asset Management (UK) Ltd (FRN: 955107) is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom. Menai Asset Management (UK) Ltd is a private limited company formed in England on the 19 January 2021 with company number 13145196.

Menai Asset Management LLC is an Exempt Reporting Adviser. Menai Asset Management LLC is incorporated in the United States, New York.

Menai Asset Management (UK) Ltd and Menai Asset Management LLC are subsidiaries of Menai Financial Group LLC.

MENAI

520 Madison Avenue
New York, NY 10022

100 Liverpool Street
London, UK EC2M 2AT

Toranomon Hills Business Tower 15F 1-17-1
Minato-ku, Tokyo 105-6415