



BLACKMOON

RISK DISCLOSURE NOTICE

I RISK WARNING

Due to the fact that cryptocurrency markets are unregulated and decentralized, the provision of our services is not governed by any specific regulatory framework or investor protection rules. Investment in cryptocurrencies carries high degree of risk and volatility and is not suitable for every investor; therefore, you should not risk the capital you cannot afford to lose. Please consult an independent professional financial or legal advisor to ensure the product meets your objectives before you decide to invest. Under no circumstances shall Blackmoon have any liability to any person or entity for (a) any loss or damage in whole or part caused by, resulting from, or relating to any transactions related to the asset tokens or (b) any direct, indirect, special, consequential or incidental damages whatsoever. Please consider our Risk Disclosure and our Terms of Use before using our products. Social media posts about Blackmoon platform are generated by members of Blackmoon community and do not contain advice, recommendations or solicitation on behalf of Blackmoon. You are not permitted to use, alter or reproduce or distribute any of Blackmoon images and/or content, including but not limited to text, graphics, video, audio, software code, interface design or logos without our prior written consent.

The Asset Tokens may be a suitable investment only for those investors who are able to understand the unique nature of the digital tokens, as well as the nature and conditions of the Offerings. In this respect, Blackmoon will prior to each initial Asset Token Offering and on an ongoing basis for the existing Asset Token holders conduct suitability assessments for the purpose of ensuring that prospective and/or existing Investors possess the knowledge, experience and risk appetite required to understand the nature of the investment, digital tokens and blockchain technology, and are able to understand and accept the Risk Factors as described in Section 5 of the Offering Memorandum and in the applicable section in the Token Supplement.

In making an investment decision, Investors must rely on their own examination of the Asset Tokens and the terms of the specific Offering, including the merits and risks involved, and each Investor is urged to consult its own advisers as to legal, business, tax, regulatory, accounting, financial and other consequences of its investment in the Asset Tokens.

INTRODUCTION

BMC Group SPC Ltd. is an exempted segregated portfolio company limited by shares incorporated in the Cayman Islands on 18 January 2018, registration number 331901, registered office at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands (hereinafter “**Blackmoon**”).

Each **Token Issuer** is a segregated portfolio of BMC Group SPC Ltd., established for the purpose of issuing Asset Tokens and segregating assets and liabilities of that Token Issuer from the assets and liabilities of other Token Issuers and Blackmoon itself. Each Token Issuer is and will be separately identifiable and such identification includes or, on establishment of a new Token Issuer, will include the words “Segregated Portfolio”, “SP” or “S.P.” The tokens offered by the Token Issuer (each, a “Asset Token” are a new issuance of digital tokens created using an Ethereum-based smart contract. **The Asset Tokens do not constitute shares, stock, options or any other form of equity of, or equitable interest in, the Token Issuer or the Underlying Asset.**

The Token Issuer is a segregated portfolio of a newly organized segregated portfolio Cayman Islands exempted company with no operating history. Upon the closing of the offering of the Asset Tokens by the Token Issuer and upon each issuance of Tokens thereafter, the Token Issuer will use substantially all of the net proceeds of each such issuance to invest in the participating shares of the Underlying Asset as described in the Token Supplement (the “**Supplement**”).

All capitalized terms in this document shall have the meaning as specified in the Offering Memorandum and the General Terms and Conditions of Blackmoon Platform.

GENERAL

This notice provides you with information about the risks associated with investing in Asset Tokens Tokens, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in doubt you should seek professional advice.

By using the Blackmoon Platform and investing in Asset Tokens Tokens, the investor represents that s/he has sufficient knowledge and responsibility in investment decisions and willing to

assume the risks involved. It is important that you fully understand the risks involved and that you have adequate financial resources to bear such risks.

Certain additional Risk Factors specific to a given Token Issuer and its investment strategy are set forth in the respective Token Supplement.

SUITABILITY

Prior to investing in Asset Tokens, you are required to pass a certain suitability assessment which collects information about your knowledge and experience, financial situation and your risk profile with the aim to determine whether investing in Asset Tokens is suitable for you. In case the information provided by does not demonstrate sufficient knowledge, experience and risk profile, we will ask you to confirm that that you are aware of and understand the risks.

RISK FACTORS

1. ASSET TOKEN RISKS

- 1.1. **High-risk investment.** The digital token market decentralized, unregulated and highly volatile. As a new and rapidly developing market, it may be subject substantial and unpredictable disruptions that cause significant volatility in the prices of digital tokens. We cannot assure you that the market, if any, for the Asset Tokens will be free from such disruptions or that any such disruptions may not adversely affect your ability to sell your BMC Tokens. Therefore, you should never invest funds that you cannot afford to lose. In light of the above BMC Tokens are only suitable for sophisticated investors who fully understand and are willing to assume the risks involved including the risk of loss of invested capital.
- 1.2. **No assurance of investment return.** There is no assurance that a Token Issuer will be able to generate returns on its investments in the Underlying Asset or that any returns will be commensurate with the risks of investing in the type of securities or other assets that form part of the Token Issuer's investment program. Furthermore, there is no assurance that if a Token Issuer does achieve returns on its investments, such returns will either be reflected in the trading price of the Asset Tokens or that the holders of Asset Tokens will realize any of such returns. There can be no assurance that holders of Asset Tokens will receive a return of their invested capital. An investment in the Asset Tokens should only be considered by persons who can afford a loss of their entire investment. The Token Issuer's investments, by their nature, may involve a high degree of financial risk. Such investments may expose the Token Issuer to the risks of material financial loss, which

may in turn adversely affect the trading price of the Asset Tokens and/or Asset Token Value and the availability of funds for buybacks or exchanges of the Asset Tokens.

- 1.3. **Asset Tokens are subject to significant transfer restrictions.** The Asset Tokens have not been registered under the US Securities Act of 1933, the securities laws of any state of the United States or the securities laws of any other jurisdiction and therefore cannot be resold, except as described in the Section 6 of the Memorandum. The Asset Tokens are only available for purchase in transactions outside the United States to persons who are non-U.S. Persons. The Asset Tokens may not be resold or otherwise transferred by holders except (i) to another Investor which complies with general Blackmoon KYC and AML procedures and suitability assessment of the Token Issuer, or (ii) to the relevant Token Issuer (or any authorized assignee or successor thereof), and, in each case, unless permitted under applicable laws and regulations or pursuant to registration or exemption therefrom. These restrictions may adversely impact the ability of a holder of Asset Tokens to resell such Asset Tokens or the price at which such holder may be able to resell them, if at all.
- 1.4. **Absence of secondary market.** The Asset Tokens are a new issue of digital tokens for which there is no established public market. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide the holders with liquidity of investment or that it will continue for the life of the Asset Tokens. The liquidity of any market for the Asset Tokens will depend on various factors such as:
 - the number of holders of the Asset Tokens;
 - Token Issuer's performance and financial condition;
 - the interest of traders in making a market in the Asset Tokens; and/or
 - regulatory developments in the digital token or cryptocurrency industries.
- 1.5. The Asset Tokens are not exchangeable at the option of the Token Holder except as specifically described in the Offering Memorandum.
- 1.6. It is not contemplated that the Asset Tokens will ever be registered. No public market for the Asset Tokens may develop. Each Investor or Token Holder will be required to represent that it is an eligible investor under applicable securities or other laws and that it is acquiring the Asset Tokens for investment purposes and not with a view to resale or distribution. Further, each Token Holder must represent that it will only sell or transfer its Asset Tokens in accordance with the restrictions set forth under "Transfer Restrictions" in this Memorandum and in a manner permitted by applicable laws and regulations. Consequently, Token Holders must be prepared to bear the risk of an investment in the Asset Tokens for an extended period of time.
- 1.7. **Price Fluctuations.** The digital token market is a new and rapidly developing market which may be subject to substantial and unpredictable disruptions that cause significant volatility in the prices of digital tokens. The Token Issuer cannot assure purchasers that the market, if any, for the Asset Tokens will be free from such disruptions or that any

such disruptions may not adversely affect the ability of Token Holders to sell their Asset Tokens. Therefore, a Token Issuer cannot assure Token Holders that they will be able to sell their Asset Tokens at a particular time or that the price received upon a sale will be favorable.

- 1.8. **Holders of Asset Tokens have no voting rights.** Asset Tokens have no voting rights or other management or control rights in the Token Issuer or Blackmoon. Conflicts of interest between Blackmoon's sole shareholder and the Asset Token Tokenholders may arise. Blackmoon's sole shareholder will control Blackmoon's decisions and actions and the Asset Token Holders will have no voting rights or other ability to influence the decisions or actions taken by Blackmoon.
- 1.9. **Token Holders will have no distribution rights and limited rights in liquidation.** The Asset Tokens will have no distribution or dividend rights in relation to a Token Issuer (except as specifically described in this Memorandum with respect to distributions in connection with certain buybacks of the Asset Tokens) and/or Blackmoon. Upon a liquidation, winding up or other dissolution of a Token Issuer or Blackmoon, available assets of the relevant Token Issuer will be distributed to creditors in satisfaction of debts and liabilities of the Token Issuer in priority to the holders of Asset Tokens. Token Holders may not take any action, commence any proceeding or petition a court for liquidation of the Token Issuer, nor will the Token Holders enter into any reorganization, arrangement or insolvency proceeding in relation to the Token Issuer under Cayman Islands or any other bankruptcy or similar laws. Furthermore, neither Blackmoon nor any of the Token Issuers have any fixed termination date.
- 1.10. **Holders of Asset Tokens are not entitled to fiduciary duties.** Direct investors in investment funds are generally owed an obligation by the fund and its managers of good faith, fairness in all dealings and other fiduciary duties. However, to the extent permitted by law, Asset Token Holders will have very limited, if any, rights of recovery against the Token Issuer if such party engages in gross negligence or acts against the interest of the Asset Token Holders.
- 1.11. **Buyback of Tokens.** Except as specifically described in the Memorandum, Token Holders do not have the right to compel Blackmoon and/or a Token Issuer to buy back their Asset Tokens, and any such buyback on any date may be subject to limitations based on the aggregate number of the Asset Tokens sought to be bought back on such date or other applicable restrictions (including limitations arising as a result of the application of anti-money laundering laws). The Token Issuer will have no substantial funds apart from proceeds from realization of Underlying Asset(s) available for the buyback of the Asset Tokens.

2. REGULATORY RISKS

- 2.1. Regulation of digital tokens (including the Asset Tokens) and token offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently

is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in various countries are currently considering, or may in the future consider, laws, regulations, guidance, or other actions, which could severely impact the Token Issuer's ability to continue to issue, maintain and redeem the Asset Tokens. Failure of the Token Issuer or Blackmoon to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including penalties and fines and the suspension or termination of the Platform and one or more Token Issuers.

- 2.2. New or changing laws and regulations or interpretations of existing laws and regulations may adversely impact the value of the currency in which the Token Issuer may buy back the Asset Tokens or otherwise make distributions on the Asset Tokens, the liquidity and market price of the Asset Tokens, the ability of Token Holders to access marketplaces on which to trade the Asset Tokens, the Token Issuer's or Blackmoon's ability to operate as an ongoing concern and the structure, rights and transferability of the Asset Tokens. Therefore, there can be no assurance that any new or continuing regulatory scrutiny or initiatives will not have an adverse impact on the value of the Asset Tokens and otherwise impede the Token Issuers' and Blackmoon's activities.
- 2.3. **Tax risks.** The tax characterization of the Asset Tokens is uncertain, and an Investor must seek its own tax advice in connection with an investment in the Asset Tokens. An investment in the Asset Tokens may result in adverse tax consequences to Investors, including tax reporting requirements. It is possible that the income of a Token Issuer would be subject to significant amounts of income and/or withholding taxes in certain jurisdictions. Each potential Investor in the Asset Tokens should consult with and must rely upon the advice of its own professional tax advisors with respect to the tax treatment of an investment in the Asset Tokens.
- 2.4. **Lack of regulatory oversight or registration.** Neither Blackmoon nor any Token Issuer is regulated as a mutual fund in the Cayman Islands. Accordingly, neither the Cayman Islands Monetary Authority nor any other regulatory authority in the Cayman Islands has approved this Memorandum, any Token Supplement or the terms set out in such documents. Equally, except as explicitly set forth in the relevant Token Supplement, none of any Token Issuer, Blackmoon, Investment Manager or any Offering of the Asset Tokens is currently registered under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"), the Investment Company Act of 1940, as amended (the "Investment Company Act"), the Securities Act, the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), the Commodity Exchange Act, as amended (the "Commodity Exchange Act"), as a broker-dealer under U.S. securities laws, or under any other similar and/or applicable acts of other jurisdictions, international, federal or state securities, commodity, derivative or other applicable legal or regulatory regime. Persons, instruments or offerings registered under the said acts and under other legal or regulatory regimes, as applicable, may be required to comply with a variety of disclosure, reporting, compliance and operating-related obligations intended to protect investors. So long as such entities are not subject to such requirements, or if such entities fail to adequately comply with such requirements if applicable, Token Holders will not have the benefit of such investor protections and will not receive disclosure commensurate with

that provided by registered entities or in registered offerings. Due to the fact that cryptocurrency markets are unregulated and decentralized, the provision of Blackmoon Platform's services is not covered by any specific regulatory framework or investor protection rules. Investment in cryptocurrencies carries high degree of risk and volatility and is not suitable for every investor; therefore, an Investor should not risk capital it cannot afford to lose.

- 2.5. If the SEC, U.S. Commodity Futures Trading Commission (the "CFTC") or any other body with similar functions acting in other jurisdictions were to require the registration of this Memorandum, any Offering hereunder, the Platform, the Asset Tokens or Token Issuers, Blackmoon, Investment Managers or their respective affiliates under the Advisers Act, the Investment Company Act, the Securities Act, the Exchange Act, the Commodity Exchange Act or similar acts of other jurisdictions or any other legal or regulatory scheme inside or outside the United States, as applicable, there can be no assurance that such persons would be able to timely comply with the requirements of such registration or at all. None of the Token Issuer, Blackmoon or their respective affiliates or counsel can assure Investors that the Token Issuer and Blackmoon will not become subject to the Investment Company Act, the Advisers Act, the Exchange Act, the Commodity Exchange Act, U.S. broker-dealer rules or other burdensome regulation either as a result of new or evolving laws and regulations and interpretations or as a result of existing laws, regulations and interpretations. Compliance with the disclosure, reporting, compliance and operating-related obligations of a registered entity or offering may be expensive and time-consuming, which may distract management from its investment and operating objectives, increase overhead expenses and decrease funds available for investments and the buyback of the Asset Tokens. Such compliance may require such entities to change the management and governance provisions outlined in the Memorandum or the rights of Token Holders.
- 2.6. Any requirement for a Token Issuer or Blackmoon to register under the Advisers Act, the Investment Company Act, the Securities Act, the Exchange Act, the Commodity Exchange Act, as a broker-dealer under U.S. securities laws, or under any similar acts of other jurisdictions or other applicable federal or state securities, commodities, derivative or other applicable legal or regulatory regimes, or any penalty for failure to do so, or any determination that any Offering was not conducted in accordance with applicable laws and regulations, could subject such entities to civil or criminal penalties and fines, which could adversely impact the ability of such entities to take the actions outlined in the Memorandum and conduct their business as described in the Memorandum, or at all. Furthermore, such a requirement, penalty or determination could adversely impact the rights, value and transferability of the Asset Tokens and impair the ability a holder of the Asset Tokens to recover its investment in the Asset Tokens.
- 2.7. Developments in commercial and corporate laws may adversely affect Token Issuers' business or the Asset Tokens. The application of existing commercial and corporate laws to the Asset Tokens is unclear. Because of the differences between the Asset Tokens and traditional investment securities or instruments, there is a risk that issues that might easily be resolved by existing law if traditional securities or instruments were involved may not be easily resolved for the Asset Tokens. For example, there is little precedent on how existing law might treat the issue, fungibility, settlement finality, transfer, collateralization, sequestration, loan, hypothecation, redemption or other disposition of

the Asset Tokens. There is also little precedent on how existing law might treat the rights and obligations between and among Blackmoon and Token Issuers and Token Holders. The occurrence of any related issue or dispute could have a material adverse effect on the business of Token Issuers or Blackmoon or on the Asset Tokens. New developments in the law may also adversely affect Token Issuers or Blackmoon or the treatment of the Asset Tokens.

- 2.8. Developments in foreign regulation may restrict the use of blockchain assets or the operation of a blockchain network in a manner that adversely affects a Token Issuer's business. Blockchain networks currently face an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect blockchain networks and their users, particularly exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may directly and negatively impact the business of Token Issuers or Blackmoon.
- 2.9. Token Issuers do not owe Token Holders any fiduciary duties. Direct investors in investment funds are generally owed an obligation by the fund and its managers of good faith, fairness in all dealings and other fiduciary duties. However, to the extent permitted by law, Token Holders will not be entitled to any such protections from the Token Issuers. Accordingly, Token Holders will have very limited, if any, rights of recovery against Token Issuers or their managers if such parties engage in gross negligence or act against the interests of the Token Holders. Furthermore, Token Issuers have no obligation to Token Holders to enforce any rights that they may be deemed to have against a Token Issuer, Blackmoon, or their respective service providers.
- 2.10. Purchasers of the Asset Tokens may acquire the Asset Tokens through the exchange of certain currencies and cryptocurrencies that are not the currency in which the Asset Tokens are denominated, and, unless otherwise expressly indicated in the relevant Token Supplement, the relevant Token Issuer does not intend to undertake any hedging activity in relation to such exchanges of currencies and cryptocurrencies. The functional currency of each Token Issuer is set forth in the Token Supplement. To the extent that purchasers of the Asset Tokens acquire such Asset Tokens using currencies or cryptocurrencies other than that in which the Asset Tokens are denominated, the value of their investment in the Asset Tokens may be impacted by changes in currency and cryptocurrency exchange rates. Neither any Token Issuer nor Blackmoon intends to engage in hedging activities in relation to investments in the Asset Tokens made in such other currencies or cryptocurrencies.
- 2.11. Enforcement of judgments against a Token Issuer or Blackmoon may be limited. Blackmoon is a Cayman Islands exempted segregated portfolio company and each Token Issuer is its segregated portfolio. Both Token Purchase Agreements and Instruments of Transfer are governed by Cayman Islands law. Execution of the Token Purchase Agreement or the Instrument of Transfer (depending on the case, in connection with a purchase of the Asset Tokens from a Token Issuer or a secondary market purchase of the Asset Tokens from another Token Holder) and their acceptance by the Token Issuer together constitute an agreement of the Investor to be bound by the terms of such Token

Purchase Agreement or Instrument of Transfer (whichever is relevant) and the terms of the Asset Tokens as set forth in the Memorandum. Enforcement by the courts of the Cayman Islands of judgments obtained outside of the Cayman Islands may be limited in some circumstances. While there is no statutory enforcement in the Cayman Islands of judgments obtained in a foreign jurisdiction, a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided, inter alia, such judgment is given by a foreign court of competent jurisdiction, is final and is not contrary to public policy in the Cayman Islands.

- 2.12. Segregated portfolio structure. Blackmoon is a single legal entity and no Token Issuer itself constitutes a legal entity separate from Blackmoon. Token Holders may only enforce claims against the Token Issuer which issued the Asset Tokens they hold and will not be able to claim against assets of another Token Issuer. In the Cayman Islands the applicable legislation will have the force of law and should be upheld in any court proceedings. However, the legislation is untested elsewhere and there is a risk that the segregation of assets and liabilities between segregated portfolios will not be recognised in any court proceedings outside the Cayman Islands. In such an event there is a risk that a creditor of a particular Token Issuer may have recourse against the assets of all Token Issuers.
- 2.13. Any Asset Tokens you purchase may only be transferred to the Verified and Eligible Users of the Blackmoon Platform and may not be sold or transferred to an external exchange.

3. RISKS RELATED TO THE BLOCKCHAIN NETWORK

- 3.1. Token Holders may not have the skills necessary to secure, trade, or collect distributions using the Asset Tokens or to comply with the requirements of a Token Issuer. Participating in any Offering conducted hereunder requires technical skill beyond that of many investors. Securing, trading or collecting distributions relating to the Asset Tokens may require working knowledge of blockchain technology, blockchain assets and their attendant systems and processes. Similar knowledge of blockchain asset exchanges and other industry participants may be required to comply with the requirements of the Offerings.
- 3.2. The loss or destruction of a private key required to access blockchain assets may be irreversible. Loss of access to private keys (by a Token Issuer or by a Token Holder) – or any other data loss concerning a Token Issuer’s blockchain assets – could have a material adverse effect on the Token Issuer’s business or the Asset Tokens. Blockchain assets include, without limitation, Bitcoin and other cryptocurrencies, Ether, the Asset Tokens and other cryptographic digital tokens. Blockchain assets are controllable only by those who know the unique private cryptographic key relating to the network address at which the blockchain assets are held. The Token Issuer and Token Holders are required by the operation of many blockchain networks to publish the addresses concerning blockchain assets in use by a Token Issuer. To the extent a private key is lost, destroyed

or otherwise compromised and no backup of the private key is accessible, a Token Issuer or a Token Holder may not be able to access the blockchain asset associated with the corresponding address and the private key will not be capable of being restored by the network. Any loss of private keys relating to digital wallets used to store blockchain assets could have a material adverse effect on the Token Issuer's business or a Token Holder.

3.3. The suitability of the blockchain networks on which a Token Issuer relies could decline due to a variety of causes, adversely affecting the Token Issuer's business or the functionality of the Asset Tokens. Blockchain networks are based on software protocols that govern the peer-to-peer interactions between computers connected to these networks. The suitability of the networks for a Token Issuer's business or the functionality of the Asset Tokens depends upon a variety of factors, including:

- The effectiveness of the informal groups of (often uncompensated) developers contributing to the protocols that underlie the networks;
- Effectiveness of the network validators (sometimes called "miners") and the networks' consensus mechanisms to effectively secure the networks against confirmation of invalid transactions;
- Disputes among the developers or validators of the networks;
- Changes in the consensus or validation schemes that underlie the networks, including without limitation shifts between so-called "proof of work" and "proof of stake" schemes;
- The failure of cybersecurity controls or security breaches of the networks;
- The existence of other competing and operational versions of the networks, including without limitation so-called "forked" networks;
- The existence of undiscovered technical flaws in the networks;
- The development of new or existing hardware or software tools or mechanisms that could negatively impact the functionality of the systems;
- The price of blockchain assets associated with the networks;
- Intellectual property rights-based or other claims against the networks' participants;
or
- The maturity of the computer software programming languages used in connection with the networks.

3.4. Unfavorable developments or characteristics of any of the above circumstances may have a material adverse effect on a Token Issuer's business or the functionality of the Asset Tokens.

4. CERTAIN RISKS RELATED TO INVESTMENTS OF THE TOKEN ISSUERS

- 4.1. **Risks of Investments in Securities and Similar Assets Generally.** All securities and similar investments in assets risk the loss of capital. No guarantee or representation is made that a Token Issuer's investment program will be successful or will support the return to a Token Holder of all or any portion of the amount invested in the Asset Tokens or any profit thereon. Certain investment techniques of Token Issuers can, in certain circumstances, substantially increase the impact of adverse market movements to which Token Issuers may be subject. In addition, a Token Issuer's investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the specific Token Issuer invests its assets. The Token Issuer's methods of minimizing such risks may not accurately predict future risk exposures. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.
- 4.2. **No Operating History.** At the date of the initial issuance of each type of Asset Tokens, the respective Token Issuer is a newly-formed segregated portfolio of Blackmoon and has no operating history. The past investment performance of other Token Issuers, including those managed by the same managers, may not be construed as an indication of the future results of the present Token Issuer's investment activities. A Token Issuer's investment program should be evaluated on the basis that there could be no assurance that the Token Issuer's assessment of the short-term or long-term prospects of investments will prove accurate or that the Token Issuer will achieve its investment objectives.
- 4.3. **Reliance on Token Issuer's Management and Personnel.** The success of a Token Issuer's investment strategy will be dependent upon the management, skill and acumen of its management and personnel of Blackmoon responsible for operations of the respective Token Issuer. Investors will have no opportunity to select or evaluate any of the Token Issuer's investments or strategies. Subjective decisions made by a Token Issuer's management may cause the Token Issuer to incur losses or to miss profit opportunities on which it would otherwise have capitalized. There can be no assurance that the current members of the investment management team will remain employed by or associated with the relevant Token Issuer or Blackmoon.
- 4.4. **Effect of Substantial Redemptions.** Substantial buybacks of the Asset Tokens within a short period of time could require a Token Issuer to liquidate its investments in Underlying Asset(s) more rapidly than would otherwise be desirable, possibly reducing the value of the Token Issuer's assets and/or disrupting the Token Issuer's investment strategies. Reduction in a Token Issuer's size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Token Issuer's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.
- 4.5. **Effect of Performance Fee.** To the extent that the Token Supplement provides for the receipt of fees by an Investment Manager from the Token Issuer based on a percentage of any net realized and unrealized profits in any defined period, such fees may create an

incentive for the Investment Manager to make investments at the Token Issuer level that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. In addition, such fees will be based on unrealized as well as realized gains. There can be no assurance that such unrealized gains will be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

- 4.6. **Highly competitive market for investment opportunities.** The activity of identifying, completing and successfully disposing of attractive public and private investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that the Token Issuer will be able to locate and complete investments that satisfy its rate of return objectives or realize their values, or that it will be able to fully invest its capital.
- 4.7. **Investment capital size.** The potential profitability of the Token Issuer could be affected by the amount of capital at its disposal, and in the event that the Token Issuer obtains less than the target amount of capital of investment, the investment return might be affected to a greater degree by errors in investment decisions than the investment returns of other entities with greater capitalization.
- 4.8. **Investment in other Token Issuers.** The Token Issuer may invest some of its assets in other Asset Tokens. Investment in these assets may be very susceptible to movements in related markets and trends, including regulatory developments, enforcement actions, security concerns and technological developments which may adversely affect the value of its assets.
- 4.9. **Future Regulatory Change is Impossible to Predict.** The securities markets are subject to comprehensive statutes, regulations and margin requirements.
- 4.10. **Tax Considerations and Risks.** The tax aspects of an investment in the performance of a Token Issuer (indirectly by way of an investment in the Asset Tokens) are complicated and each Investor should have them reviewed by professional advisers familiar with such Investor's personal tax situation and with the tax laws and regulations applicable to the Investor and private investment vehicles.
- 4.11. **Business and Regulatory Risks of Pooled Investments.** Legal, tax and regulatory changes could occur during the term of a Token Issuer or a Fund that may adversely affect the Token Issuer or the Fund. The regulatory environment for pooled investment vehicles is evolving, and changes in the regulation of pooled investment vehicles may adversely affect the value of investments held by a Token Issuer or a Fund and the ability of a Token Issuer or Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, the securities markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators acting in various jurisdictions, and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on Token Issuers could be substantial and adverse and could result in regulatory action against Blackmoon, or one or more Token Issuers, leading to the

suspension or termination of the Platform and/or one or more Token Issuers and the imposition of fines and other sanctions on Blackmoon and/or one or more Token Issuers.

- 4.12. **Future and past-performance.** Past performance is not an indication of future performance, there can be no assurance that investment objectives will be achieved over the long term.
- 4.13. **Conflicts of interest.** Various conflicts of interest exist among the Investment Manager, the Token Issuer, the Blackmoon and Asset Token Tokens. Each of the Token Issuer and must rely on the Investment Manager for the operation of Underlying Asset and the management of its portfolio. It should be noted that the principals, members, employees, and affiliates of the Investment Manager, and other parties related to the Investment Manager, may own Tokens (directly or indirectly), and such holding of Tokens may be significant from time to time. By acquiring Tokens, each purchaser will be deemed to have acknowledged the existence of actual or potential conflicts of interest as described in Section 9 of the Offering Memorandum and, subject to applicable law, to have waived any claim with respect to the existence of any such conflicts of interest.

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THE FOREGOING LIST OF RISK FACTORS, TOGETHER WITH THE ADDITIONAL RISK FACTORS SET FORTH IN TOKEN ISSUER SUPPLEMENTS, DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE ASSET TOKENS. PROSPECTIVE PURCHASERS OF THE ASSET TOKENS SHOULD READ THE ENTIRE MEMORANDUM AND ALL OTHER DOCUMENTS RELATED TO A SPECIFIC OFFERING AND CONSULT WITH THEIR OWN ADVISERS BEFORE DECIDING WHETHER TO INVEST IN THE ASSET TOKENS. IN ADDITION, AS A TOKEN ISSUER'S INVESTMENT PROGRAM DEVELOPS AND CHANGES OVER TIME, AN INVESTMENT IN THE ASSET TOKENS MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISK FACTORS.

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