



MULTI-ASSET CRYPTO FUND PROSPECTUS 2024

Financial freedom for everyone, everywhere.

Date of Issuance: **September 1, 2024**
Fund Inception Date: **September 1, 2024**

Minimum Investment:
Individuals: \$10,000
Institutions: \$35,000

Presented by:
Second Mountain

Prepared for:
Investors interested in accessing the cryptocurrency market with professional management, diversification, and risk mitigation strategies.

KEY FEATURES OF THE SECOND MOUNTAIN MULTI-ASSET CRYPTO FUND:

Self-Custody Model: Investors retain control of their assets at all times.

Diversification: Focused primarily on the top 100 market cap cryptocurrencies.

Performance-Driven: Historically, Bitcoin has been the best-performing asset class over the last 11 years, significantly outperforming traditional asset classes.

Risk Management: Comprehensive strategies including stop-loss mechanisms, rebalancing, hedging, and stress testing to protect against downside risk.

Contact Information:
For inquiries, please contact:
Email: onboarding@secondmountainhq.com

SECOND MOUNTAIN MULTI-ASSET CRYPTO FUND PROSPECTUS

Fund Name: SECOND MOUNTAIN MULTI-ASSET CRYPTO FUND - “HODL”

Inception Date: September 1, 2024

1. Purpose of the Fund

The Second Mountain Multi-Asset Crypto Fund, aka “HODL” is designed to help investors gain exposure to the cryptocurrency markets while maintaining control over their assets. Structured as an open-ended fund, investors can enter or exit without penalty, offering flexibility. The fund focuses on creating a diversified portfolio of high-performing cryptocurrencies, primarily from the top 100 market cap coins, with occasional exposure to projects outside the top 100 when exceptional opportunities arise.

1.1 Opportunity of the fund - Bitcoin’s History of Robust Performance

We are going to use Bitcoin, the "mother of crypto," as the cornerstone to analyze the market over the last decade. Despite its infamous volatility, Bitcoin has consistently outperformed traditional asset classes, establishing itself as a key player in global finance. In fact, Bitcoin has been the best-performing asset class in eight out of the past eleven years.

A Closer Look at Bitcoin's Returns as of June 30, 2024:

- **1-Year Return: 102.39%**
- **3-Year Return: 80.19%**
- **5-Year Return: 448.34%**
- **7-Year Return: 2,844.29%**
- **10-Year Return: 11,399.18%**

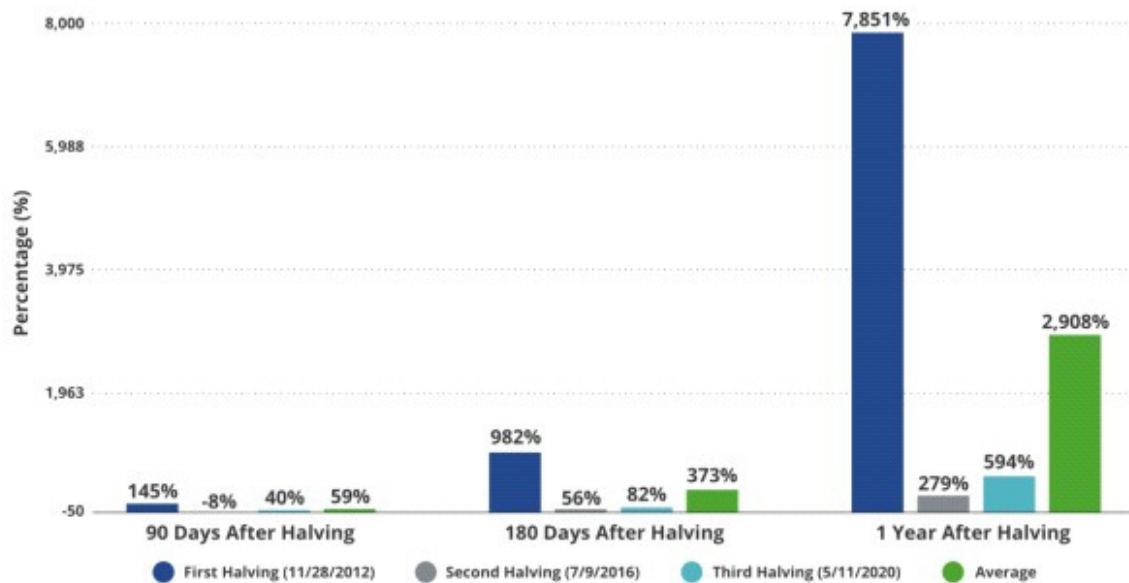
These figures highlight the incredible long-term growth potential that Bitcoin offers. Its resilience and ability to outperform other asset classes make it an attractive option for investors seeking high returns, even in the face of market volatility.

Bitcoin Has Been the Best Performing Asset Class in 8 Out of the Past 11 Years

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD 2024	Average
Bitcoin 5866.29%	U.S. Equities 13.69%	Bitcoin 35.10%	Bitcoin 124.07%	Bitcoin 1622.86%	Treasuries 0.86%	Bitcoin 86.38%	Bitcoin 293.38%	Bitcoin 67.23%	Commodity 16.09%	Bitcoin 156.62%	Bitcoin 44.48%	Bitcoin 674.88%
U.S. Equities 32.39%	Real Estate 13.34%	U.S. Equities 1.38%	EM Equity 12.06%	U.S. Equities 21.83%	U.S. Bonds 0.01%	U.S. Equities 31.49%	Gold 24.42%	U.S. Equities 28.71%	Gold -0.13%	U.S. Equities 26.29%	U.S. Equities 15.29%	U.S. Equities 14.91%
EM Equity 3.59%	U.S. Bonds 5.97%	Treasuries 0.84%	U.S. Equities 11.96%	Real Estate 18.73%	Gold -2.14%	Real Estate 25.92%	U.S. Equities 18.40%	Commodity 27.11%	EM Equity -1.60%	Gold 13.45%	Gold 12.93%	EM Equity 5.65%
Real Estate 3.51%	Treasuries 5.05%	U.S. Bonds 0.55%	Commodity 11.77%	EM Equity 14.90%	U.S. Equities -4.38%	Gold 18.87%	EM Equity 14.69%	Real Estate 22.06%	Treasuries -12.46%	EM Equity 12.60%	EM Equity 6.01%	Real Estate 4.74%
U.S. Bonds -2.02%	EM Equity -1.10%	Real Estate -0.39%	Gold 8.63%	Gold 13.68%	Real Estate -6.77%	EM Equity 13.31%	Treasuries 8.00%	EM Equity 4.42%	U.S. Bonds -13.01%	Real Estate 9.32%	Commodity 5.14%	Gold 3.83%
Treasuries -2.75%	Gold -1.51%	EM Equity -2.62%	Real Estate 5.32%	U.S. Bonds 3.54%	EM Equity -8.45%	U.S. Bonds 8.72%	U.S. Bonds 7.51%	U.S. Bonds -1.54%	U.S. Equities -18.11%	U.S. Bonds 5.53%	U.S. Bonds -0.71%	U.S. Bonds 1.43%
Commodity -9.52%	Commodity -17.01%	Gold -10.46%	U.S. Bonds 2.65%	Treasuries 2.31%	Commodity -11.25%	Commodity 7.69%	Commodity -3.12%	Treasuries -2.32%	Real Estate -24.42%	Treasuries 4.05%	Treasuries -0.86%	Treasuries 0.88%
Gold -28.26%	Bitcoin -60.51%	Commodity -24.66%	Treasuries 1.04%	Commodity 1.70%	Bitcoin -72.31%	Treasuries 6.86%	Real Estate -5.42%	Gold -3.51%	Bitcoin -65.05%	Commodity -7.91%	Real Estate -4.27%	Commodity -0.33%

Source: Morningstar, as of 6/30/2024. Bitcoin is represented by MarketVector Bitcoin PR USD; US Equities are represented by the S&P 500 TR USD; Gold is represented by the S&P GSCI Gold Spot; Emerging Markets is represented by Fidelity Emerging Markets TR; Real Estate is represented by the NASDAQ Global Real Estate TR USD; US Bonds are represented by Bloomberg US Aggregate Bond USD; Treasuries are represented by the Bloomberg Aggregate Bond Treasury TR USD; Commodities are represented by the Bloomberg Commodity TR USD.

Bitcoin Halvings Typically Associated with Explosive Returns



Source: Bloomberg, Past performance is not indicative of future results. The information, valuation scenarios and price targets presented on Bitcoin in this blog are not intended as financial advice or any call to action, a recommendation to buy or sell Bitcoin, or as a projection of how Bitcoin will perform in the future. Actual future performance of Bitcoin is unknown, and may differ significantly from the hypothetical results depicted here. There may be risks or other factors not accounted for in the scenarios presented that may impede the performance of Bitcoin. These are solely the results of a simulation based on our research, and are for illustrative purposes only. Please conduct your own research and draw your own conclusions.

2. Self-Custody Model

Second Mountain is committed to providing self-custody to all investors. Unlike traditional investment models where a third-party manager holds and controls the investor's assets, self-custody ensures that investors retain full ownership and control of their cryptocurrency holdings. Investors' assets are securely held in their own personal accounts on trusted exchanges like Binance or other selected platforms. This allows investors to monitor, manage, and access their funds in real-time, ensuring full transparency and security throughout their investment journey.

Second Mountain operates as a facilitator, offering expert advice and management services to help optimize investments, while ensuring investors always maintain direct access to their portfolios. The self-custody approach aligns with the ethos of decentralization and provides added security and autonomy to the investor.

2.1 Investor Autonomy

The Investor retains full autonomy over their assets and may exit the Hodl Fund at any time without a breakage fee or lock-up period.

The Investor acknowledges that while there is no lock-up period, it is advised to remain invested until November 16th, 2025, to maximize potential gains. The term of this Agreement is 2 years, but the Company reserves the right to shorten the term if market analysis indicates that the market has reached its peak, thereby securing investment for the Investor.

3. Regulatory Safeguards Provided by Binance

- **KYC (Know Your Customer):** Binance requires users to complete identity verification, ensuring compliance with international KYC standards.
- **AML (Anti-Money Laundering):** Binance uses sophisticated algorithms to detect suspicious transactions and ensure compliance with AML regulations.
- **Data Privacy and Security:** Binance utilizes advanced encryption and strongly recommends Two-Factor Authentication (2FA) for added security.
- **Investor Protection:** Binance's Secure Asset Fund for Users (SAFU) provides an insurance fund to cover potential losses due to system failures or hacks.
- **Regular Audits:** Binance undergoes regular third-party and internal audits to ensure compliance with security and operational practices.
- **Sanctions Compliance:** Binance adheres to international sanctions and will not provide services to sanctioned individuals or entities.

4. Risk Disclosure for Cryptocurrency Investments

Investing in cryptocurrencies carries significant risk due to the highly volatile nature of the market. Price fluctuations can be severe and there is potential for total loss of funds. Cryptocurrencies are not backed by any government or centralized authority, offering no protection against market downturns, regulatory changes, or security breaches.

Second Mountain strongly recommends that investors allocate **no more than 15%** of their total net worth to cryptocurrency investments to limit potential losses. Diversification across asset classes is encouraged to mitigate risk.

5. Risk Management Strategies

5.1 Diversification:

The portfolio is diversified, primarily focusing on the top 100 market cap coins, offering more liquidity and stability. Exceptional opportunities outside the top 100 may be included if they demonstrate high growth potential.

5.2 Stop-Loss Mechanism:

Investors retain full control over setting their stop-loss levels. A recommended stop-loss is provided based on market conditions, but the final decision remains with the investor.

5.3 Position Sizing:

Position sizes in volatile assets are carefully managed to ensure that only a small portion of the portfolio is exposed to these assets. This limits the impact of extreme price fluctuations on the overall portfolio.

5.4 Risk-Adjusted Returns:

The portfolio focuses on balancing potential returns with risk by using risk-adjusted return models such as the Sharpe ratio.

5.5 Rebalancing:

We perform monthly rebalancing based on market conditions and portfolio allocation. Rebalancing may occur more frequently in response to market events such as a black swan.

5.6 Hedging Strategies:

Hedging strategies may be employed during periods of extreme market volatility, including moving into stablecoins or other hedging instruments.

5.7 Monitoring Market Sentiment:

We continuously monitor market sentiment using various indicators, including the Crypto Fear & Greed Index, to gauge potential downturns or upswings. This informs our rebalancing and stop-loss recommendations.

5.8 High-Water Mark for Performance Fees: Performance fees are charged using a high-water mark principle, meaning that fees are only charged when new profits exceed the previous peak portfolio value.

5.9 Stress Testing:

We conduct regular stress testing to simulate market downturns and assess the portfolio's resilience under adverse conditions.

5.10 Insurance Coverage:

Binance's Secure Asset Fund for Users (SAFU) provides an extra layer of protection, covering certain types of risks such as system failures or hacks.

6. Fees and Compensation**Sign-On Fee:**

\$1,000 for individual investors (non-refundable).
\$3,500 for institutional investors (non-refundable).

Minimum Investment Size:

\$10,000 for individuals
\$30,000 for institutions.

Performance Commission:

10% commission on profits.

Exit Terms:

Investors can exit the fund at any time without a breakage fee or lock-up period.

If exiting while in profit, the 10% performance fee is automatically deducted. If exiting without profit, no fees are charged.

7. Performance and Reporting

Second Mountain will provide monthly performance updates to investors, detailing the portfolio's current status, market movements, and any significant actions taken. Investors can also access their portfolios at any time through their Binance accounts or other linked exchanges.

8. Compliance and Jurisdiction

8.1 Platform Utilization:

All transactions are conducted through Binance, a platform adhering to international KYC and AML standards.

8.2 Establishment in Nigeria:

The fund operates under the jurisdiction of Nigeria, complying with the Nigerian Securities and Exchange Commission (SEC) requirements. The company continuously works to enhance its regulatory framework to remain compliant.

9. KYC/AML Compliance

Binance will carry out all KYC (Know Your Customer) and AML (Anti-Money Laundering) procedures on behalf of Second Mountain. Investors are required to comply with Binance's requests for identity verification. Additionally, investors are responsible for reporting and paying any taxes related to their investments.

10. Termination

This Agreement can be terminated by either party at any time with written notice. Upon termination, the investor retains full control of their assets, minus any applicable performance fees. All sign-on fees are non-refundable.

11. Confidentiality

Both parties agree to keep all sensitive information confidential, including but not limited to trading strategies, performance data, and personal information. This obligation continues even after the termination of this Agreement.

12. Governing Law

This Agreement is governed by and construed in accordance with the laws of Nigeria. Any disputes will be resolved under Nigerian law.

13. Dispute Resolution

In the event of any dispute or claim arising out of or in connection with this Agreement, the parties shall first attempt to resolve the matter amicably through good faith negotiations. If a resolution cannot be reached, the parties agree to submit the matter to binding arbitration in Nigeria. Arbitration shall be conducted in accordance with the rules and procedures of the Nigerian Arbitration and Conciliation Act, and the decision of the arbitrator shall be final and binding on both parties.

14. Conclusion

The SECOND MOUNTAIN MULTI-ASSET CRYPTO FUND offers investors exposure to the cryptocurrency market with a focus on transparency, self-custody, and strong risk management strategies. The fund provides a diversified portfolio with periodic rebalancing and adherence to regulatory compliance, offering a secure and transparent way for investors to engage with digital assets.

All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met and investors may lose money. Diversification does not ensure a profit or protect against a loss in a declining market. Past performance is no guarantee of future performance.

© Second Mountain LLC.

