

## APPENDIX

# Hiring An Asset Manager

A good asset manager will understand these questions and answer them competently and confidently. If they don't know who their auditor is, for example, they're probably not a good fund manager.

Ask a prospective asset manager:

- Are you taking custody of the cryptocurrencies or using third-party custody (i.e. who's going to own the keys)?
- Who are your counterparties? Who's holding the coins for you? Who is your fund administrator? Your auditor? Who's running compliance for you? Are you using any exchanges that do not have SOC 2 compliance?

## CRYPTOCURRENCY RISK MANAGEMENT

- Do you pair well with my overall portfolio strategy? (All strategies work better in some environments than others, so your asset manager should know what environments your preferred strategy works well in.)
- How did your strategy perform during the last bear market?
- What kind of tokens will you be exposing me to?
- What instruments are you using? Futures contracts? Are you holding the crypto tokens yourself? Are you buying ETFs? Trust accounts? Are you using leverage?
- Are you using stablecoins for cash positions? Which ones?
- What jurisdiction are you in? (You will need to consider if you will be able to sue them if it's not the same as yours.)
- Who are you insured by?
- Are you registered with the state or federal securities regulator (e.g. the SEC) in the US or an equivalent regulator elsewhere?