BITDOLLAR FUND: The World’s First Fund To Be Collectively Managed By Its Investors

BITDOLLAR FUND
By Nicholas C. Kitcharoen
June 10, 2018
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This White Paper is intended to present relevant information to potential purchasers (the “Purchasers” and each a “Purchaser”) in connection with the proposed offering (the “Token Launch”) by Bitdollar Fund, an exempted company incorporated with limited liability in the Cayman Islands, (the “Company”) of cryptographic ERC20 standard tokens with the symbol ‘BTD’ (the “Tokens”), including information about the smart contract connected to the Tokens (the “BTD Smart Contract”) and the investment fund platform operated by the Company in connection with the Tokens (the “BTD Platform”).

The information contained in this White Paper is not intended to be exhaustive and the statements included in this White Paper are not intended to be relied upon or create or form part of a contractual relationship (unless the context otherwise requires).

Nothing in this White Paper shall be deemed to constitute a prospectus of any sort, a solicitation for investment or investment advice nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities, debentures or collective investment schemes in any jurisdiction. This White Paper is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction which are designed to protect investors. To the maximum amount permitted by applicable law, each of the Company, Bitdollar Capital, and all of the directors at either entity (collectively, the “Associated Parties” and each an “Associated Party”) expressly disclaim and shall not be liable for any and all responsibility for any direct or any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with (i) the Purchaser’s acceptance of or reliance on any information contained in this White Paper, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting therefrom.

All statements, estimates and financial information contained in this White Paper, made in any press releases or in any place accessible by the public and oral statements that may be made by the Company or any Associated Party that are not statements of historical fact, constitute “forward-looking statements”. Nothing contained in this White Paper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the Company.

Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.
IMPORTANT NOTICES

The acquisition of Tokens involves a high degree of risk. Before acquiring Tokens, it is recommended that each Purchaser conduct its own careful examination of all relevant information and risks about the Company, the BTD Platform and Tokens and, specifically, the disclosures and risk factors set out below. If any of the following risks actually occurs, the Company, the BTD Platform, the Tokens and the Purchaser's Tokens may be materially and adversely affected, including the Purchaser's Tokens being rendered worthless or unusable.

The acquisition of Tokens from the Company does not present an exchange of cryptocurrencies for any form of shares or equity interests in the Company, and a holder of any Tokens, issued by the Company is not entitled to any guaranteed form of dividend or other revenue right. Holders of Tokens are only entitled to the use of the BTD Platform and certain other rights within the BTD Platform in accordance with the terms set out herein.

The Tokens are available to Purchasers in exchange for certain other cryptographic tokens (subject to the Company's anti-money laundering (“AML”) and “know your customer” (“KYC”) procedures being satisfied (including as to source of funds)) and the Company does in no way provide exchange of the Tokens for fiat currency. The Company also does not provide custodial or wallet services for the Tokens.

Any person or entity, including anyone acting on its behalf, being based, being a citizen or resident, domiciled, located or incorporated where applicable laws prohibit or restrict distribution or dissemination of the Company’s materials, acquiring Tokens or accessing the BTD Platform including, but not limited to, the United States of America and any of its lands, the Cayman Islands, New Zealand, Canada, People's Republic of China, Singapore and Republic of Korea shall not use the BTD Platform or acquire Tokens, otherwise this person assumes all the responsibility arising from the continued use of the BTD Platform and/or Tokens.

All statements, estimates and financial information contained in this White Paper, made in any press releases or in any place accessible by the public and oral statements that may be made by the Company or any associated party that are not statements of historical fact, constitute “forward-looking statements”. Nothing contained in this White Paper or such other statements is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the Company.

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The Tokens may be placed on third-party exchanges, giving future Purchasers an opportunity to openly buy Tokens. A user seeking to enter the BTD Platform following the Token Launch will have to buy Tokens on such exchanges. Conversely, Tokens may be sold on such exchanges if the holder of Tokens would like to exit the BTD Platform ecosystem. Existing laws on the circulation of securities in certain countries, such as the United States of America, People's Republic of China, South Korea, Canada and Singapore, may prohibit the sale of the Tokens to the residents of those countries. In addition, the Company in circumstances may block proposed transfers of the Tokens where the proposed transferee has not already completed the Company’s KYC and AML procedures (including, without limitation, verification of identity and source of funds) to its satisfaction. Purchasers should be aware of the restrictions on their subsequent sale.

The Tokens are not redeemable at the option of a Purchaser and are in essence “closed-ended”. The
Tokens are non-refundable save in the limited circumstances expressly set out in these terms.

The minimum aggregate Token purchase amount initially is 5.0 Ether, or roughly US$2,840 at the time of this writing, for the first 3 million Tokens. After the sale of the initial 3 million Tokens of the presale, the minimum aggregate Token purchase amount will increase to US$1,000,000. On July 28th, one week before the start of the ICO, the minimum aggregate Token purchase amount is reduced to US$10,000. After the expiry of the pre-sale period of the Tokens, the minimum aggregate Token purchase amount is reduced to 0.1 Ether (approximately US$58 at the date of this White Paper).

The Company is not currently required to register with the Cayman Islands Monetary Authority because the Tokens are not shares, trust units or partnership interests and accordingly are not currently considered equity interests for the purposes of the Mutual Funds Law (2015 Revision) of the Cayman Islands (“MFL”). In addition, the Tokens are not redeemable at the Purchaser’s option without the consent of the Company. Purchasers must appreciate that the Cayman Islands Monetary Authority has therefore not reviewed this White Paper and have not passed any judgment on the merits of the Company or acquiring the Tokens. The Cayman Islands Monetary Authority will have no oversight of the operations of the Company or the Tokens.

The Cayman Islands Government has not yet proposed or passed any legislation expressly regulating crypto currencies, cryptographic tokens, initial coin offerings or token generating events and its regulatory intentions are unclear. Each Purchaser should be aware that any new laws imposed in the Cayman Islands (or amendments to the existing laws of the Cayman Islands, such as the MFL) could, among other things: (i) prohibit the sale, purchase or transfer of the Tokens or otherwise make holding them illegal, (ii) require the Company to register itself or the Tokens with the Cayman Islands Monetary Authority and become subject to its supervision or (iii) adversely affect or destroy the value of a Purchaser’s Tokens, and that such new laws or amendments could be imposed very quickly and without warning.
DISCLOSURES REGARDING THIS WHITE PAPER

Accuracy of Information, No Consent of Parties Referenced in White Paper

This White Paper includes market and industry information and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Such surveys, reports, studies, market research, publicly available information and publications generally state that the information that they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

Save for the Company and its respective directors, executive officers and employees, no person has provided his or her consent to the inclusion of his or her name and/or other information attributed or perceived to be attributed to such person in connection therewith in this White Paper and no representation, warranty or undertaking is or purported to be provided as to the accuracy or completeness of such information by such person and such persons shall not be obliged to provide any updates on the same.

Neither the Company nor any of the Associated Parties has conducted any independent review of the information extracted from third party sources, verified the accuracy or completeness of such information or ascertained the underlying economic assumptions relied upon therein. Consequently, neither the Company nor its directors, executive officers and employees acting on its behalf makes any representation or warranty as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

Terms Used

To facilitate a better understanding of the Tokens being offered by the Company for purchase, and the businesses and operations of the Company, certain technical terms and abbreviations, as well as, in certain instances, their descriptions, have been used in this White Paper. These descriptions and assigned meanings should not be treated as being definitive of their meanings and may not correspond to standard industry meanings or usage.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Forward Looking Statements

All statements, estimates and financial information contained in this White Paper, made in any press releases or in any place accessible by the public and oral statements that may be made by the Company or any Associated Party that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “aim”, “target”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “would”, “will” or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding the Company’s financial position, business strategies, plans and prospects and the future prospects of the industry which the Company is in are forward-looking statements. These forward-looking statements, including but not limited to statements as
to the Company’s revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this White Paper regarding the Company are matters that are not historic facts, but only predictions.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual events or results, performance or achievements to differ materially from the estimates or the results implied or expressed in such forward-looking statements. These factors include, amongst others:

- changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which the Company conducts its respective businesses and operations;
- the risk that the Company may be unable to execute or implement its business strategies and future plans;
- changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- changes in the anticipated growth strategies and expected internal growth of the Company or the BTD Platform;
- changes in the availability and fees payable to the Company in connection with its respective businesses and operations and/or the BTD Platform;
- changes in the availability and salaries of employees who are required by the Company to operate the respective businesses and operations and/or the BTD Platform;
- changes in preferences of investors in the Company;
- changes in competitive conditions under which the Company operates, and the ability of the Company to compete under such conditions;
- changes in the future capital needs of the Company and the availability of financing and capital to fund such needs;
- war or acts of international or domestic terrorism;
- occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of the Company and/or the BTD Platform;
- other factors beyond the control of the Company; and
- any risk and uncertainties associated with the Company and its business and operations, the Tokens, the Token Launch, the BTD Platform and the underlying assets (each as referred to in this White Paper).

Nothing contained in this White Paper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the Company. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

No further information or update

No person has been or is authorized to give any information or representation not contained in this White Paper in connection with the Company and its business and operations, the Tokens, the Token Launch and the underlying assets (each as referred to in the White Paper) and, if given, such information or representation must not be relied upon as having been authorized by or on behalf of the Company. The Token Launch (as referred to in the White Paper) shall not, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a material change in the affairs, conditions and prospects of the Company or in any statement of fact or information contained in this White Paper since the date hereof.
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Language of White Paper

This White Paper may have been prepared in multiple languages. In the event of any inconsistencies between one version and another, the English language version shall prevail.
EXECUTIVE SUMMARY

1.1 Current State Of Cryptocurrencies

Cryptocurrencies have increased in value tremendously since their creation in 2009, with the total cryptocurrency market capitalization currently standing at over $300 billion. Due to the volatility and phenomenal growth of cryptocurrencies as a whole, this asset class has received a lot of criticism and skepticism among some notable people in the financial world.

Yet concurrently, the overall interest in cryptocurrencies is increasing among the public because of this same amazing growth and volatility. However, many cryptocurrency investors and traders know little to nothing about this asset class in terms of what fundamental characteristics make one cryptocurrency better than another for long term investing. Those that are completely new to cryptocurrency investing and trading seem to be confused by the many options other than Bitcoin, and often rely on friends for advice on the next “hot” cryptocurrency. Part of the reason this is the case is because Bitcoin grabs the vast majority of the headlines for cryptocurrencies in the press, and there is not much mention of other cryptocurrencies by the mainstream news media. Additionally, no index for cryptocurrencies has gained widespread acceptance as of yet, and the performance of the asset class as a whole does not get mentioned very often by prominent financial news outlets in any sort of specific or meaningful way.

1.2 The Fund

The investment fund operated by the Company via the BTD Platform and under the ‘Bitdollar Fund’ name (the “Fund”) is the world’s first tokenized investment fund to be collectively managed by its investors, and aims to provide a solution to the lack of understanding and confusion about this asset class among its market participants. The Fund’s initial three cryptocurrency components and respective percentage allocations to each are set by the Fund’s President. However, starting in December of 2018, the investors will collectively decide percentage allocations of each component through stakeholder voting. Then in October of 2019 and annually thereafter in the Fund elections, investors in the fund will collectively decide its cryptocurrency components in addition to each of their allocation percentages.

The Fund as a whole has three main objectives:

I. To provide a forward valuing and collectively managed fund, which aims to contain the best “blue chip” cryptocurrencies in terms of their long term viability, strategic competitive advantages, and other relevant characteristics from its fundamental analysis. The desired result of that is to provide the best returns among the best cryptocurrencies on a long-term, fundamental basis.

II. To provide a current state index of the Fund’s components in order to serve as a performance gauge for the Fund, while also increasing awareness of the financial performance of the best cryptocurrencies. The Bitdollar Index contains the same core cryptocurrency components of the Fund, but is weighted by market capitalization and rebalanced quarterly. Ideally, the Bitdollar Index will eventually become known as the Dow Index of cryptocurrencies.

III. To become a strong and popular cryptocurrency in its own right, and to provide a relatively safe landing spot for those that are new to cryptocurrencies. Since the Tokens already contain the best long term cryptocurrency investments as its underlying assets, it would be an easy choice for cryptocurrency beginners while also offering the additional benefits of having a say in the Fund’s direction and participating in its community to learn more about the field.
Investors in the Fund or Tokens have a collective responsibility in managing the Fund well, especially when considering how their voting decisions could affect not only returns, but the perception of the Bitdollar Index and the ability to provide a relatively safe landing spot for those that are new to cryptocurrencies.

The Fund is able to offer some of the lowest fees in the industry, with a yearly 1% management fee on the Fund’s balance and 0% performance fee on profits gained. Some competing cryptocurrency funds have management fees of 2-3% per year, while traditional hedge funds and other professional money managers typically charge a 2% management fee per year on the balance of the fund along with a 20% quarterly performance fee on profits gained.

The Token is a utility token that is representative of a portion of the total value of the Fund. The initial Tokens can only be acquired during the token offering process. The Tokens provided will represent a participant’s share of the portfolio. Ninety five percent of the total amount contributed during Phase 1 of the offering will go directly towards buying the underlying cryptocurrencies. The Token is an ERC20 token based upon the Ethereum blockchain.

The Token’s value is linked directly to the 6 initial underlying cryptocurrency assets held by the Fund via the innovative price floor mechanism implemented in the BTD Smart Contract. The BTD Smart Contract allows participants to request a redemption of their Tokens or to “cash out” for their share of the underlying assets at any time with the consent of the directors of the Company. The holders of Tokens may not require their Tokens to be redeemed and any prior willingness of the directors of the Company to consent to a redemption request of Tokens should not be considered or interpreted as an indication of any willingness to approve future redemption requests.

Token holders are free to sell or exchange their tokens at any time and pay no exit fees, broker fees or advice fees provided that the Company may block purported transfers of Tokens in circumstances where the proposed transferee has not already completed the Company’s KYC and AML procedures to its satisfaction.

The only opportunity for future participants to acquire the Tokens after the Fund’s multi phase initial coin offering (“ICO”) will be on an exchange, as no further Tokens will be sold or minted. Ninety five percent of the funds generated in Phase 1 of the Token Launch will go towards purchasing the underlying assets. Further detail is available in section 4 of this White Paper.

The Token Launch will be held from August 4, 2018 until October 27, 2018. The Fund will use the Token Launch contributions to acquire the underlying cryptocurrency assets and to pay for other operational expenses such as further marketing and development initiatives. We expect the Tokens to be listed on exchanges in October 2018.

1.3 Summary

Backed by an outstanding team in terms of professional and academic credentials, the Fund will provide clarity, facilitate research, promote cryptocurrency to the public, and make a meaningful impact in many other ways. Not only will it provide the world’s first fund to be collectively managed by its investors, but it will also provide a cryptocurrency index that has significance today while also providing an appealing value proposition to those that are new to cryptocurrencies.

1.4 ICO Overview
INTRODUCTION

2.1 Market Analysis

Cryptocurrencies, such as Bitcoin, have received a lot of more attention in recent months from the media due to both its phenomenal growth and wild volatility. This attention has come in various forms; the media neutrally reports price movements of Bitcoin, some famous old guard financial critics say Bitcoin and cryptocurrencies are worthless, and certain supporters can appear to have an almost religious fervor in its defense. Overall though, the general public is becoming increasingly interested in cryptocurrencies because of the tremendous growth experienced in the asset class in recent years.

Even though public interest is on the rise, the average person is not well informed when it comes to the fundamentals behind any cryptocurrency, such as what long-term strategic competitive advantage their associated blockchain or decentralized application has. In fact, most among the general public are probably unaware of what a blockchain is or why it is even relevant to a cryptocurrency. Those that are interested enough to want to invest in cryptocurrencies for the first time are generally left on their own to do their own research. Furthermore, if they are too busy to find out more information about cryptocurrencies, they may just rely upon the advice of friends that they perceive as knowledgeable about the field.

While cryptocurrencies as a whole have experienced tremendous growth in recent months, there should be plenty of room for additional growth for the asset class as a whole given how its size compares to large corporate entities or the broader US market as a whole, as represented by the S&P 500 Index:

<table>
<thead>
<tr>
<th>Cryptocurrency</th>
<th>Mkt Cap 6/10/18</th>
<th>Company</th>
<th>Mkt Cap 6/8/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bitcoin</td>
<td>$123.8 billion</td>
<td>Apple</td>
<td>$926.9 billion</td>
</tr>
<tr>
<td>Ethereum</td>
<td>$50.9 billion</td>
<td>Amazon</td>
<td>$817.1 billion</td>
</tr>
<tr>
<td>Ripple</td>
<td>$24.3 billion</td>
<td>Wal-Mart</td>
<td>$249.1 billion</td>
</tr>
<tr>
<td>All Crypto</td>
<td>$320.04 billion</td>
<td>S&amp;P 500 Total*</td>
<td>$23.04 trillion</td>
</tr>
</tbody>
</table>

* Note: S&P 500 total market cap is from 5/31/2018

The value of all cryptocurrencies combined is currently more than the value of Wal-Mart, but less than the value of Apple or Amazon. Furthermore, the market value of all cryptocurrencies currently represents only 1.4% of the market capitalization of the S&P 500. Since the S&P 500 represents the larger US stock market and not all world equity markets, one could argue that cryptocurrencies have a lot of room to grow in value.

As can be seen below, the total market capitalization for cryptocurrencies is also currently experiencing a substantial retrace of its long-term trend line, but continues to remain above its technical support, which is represented by the red line in the chart:

Regardless of the current situation, the total market capitalization for cryptocurrencies should continue to increase in the long run. There could be continued volatility in the cryptocurrency market and a bubble(s) along the way, but in the long run total market capitalization should grow if the number of blockchain transactions increase over time, and if those transactions require a cryptocurrency for its use. Given the cost advantages of such technology due to its ability to decentralize and eliminate the need for intermediaries, it is hard to imagine that there will not be more blockchain transactions in the world going forward.
2.2 Current Cryptocurrency Funds

There are currently a few funds on the market that are entirely composed of cryptocurrencies. Some are in a tokenized form, meaning that one can participate in them by purchasing the cryptocurrency on the secondary market. Others are more traditional hedge funds that only have cryptocurrencies, but are not tokenized and are regulated within their jurisdiction.

Traditional hedge funds solely making cryptocurrency investments include funds such as Cryptocurrency Fund LP and Blocktower Capital. These funds are based in the United States and have the perceived benefit of being fully regulated under the SEC and CFTC. However, that benefit comes at a price, as there is a minimum investment of $100,000 and a lock-up period of 2 years in the case of Cryptocurrency Fund LP. Furthermore, these funds will likely charge typical managed fund fees, which are a 2% management fee charged yearly to the balance of the fund, and a 20% performance fee that is taken out of any profits made yearly. Additionally, if you stop to consider that there has been fraud at major hedge funds in the past, regardless of being under the SEC’s view, one should question whether there is any real benefit for a cryptocurrency hedge fund to be under US jurisdiction at all.

There are some emerging funds that are referred to as “tokenized” funds, meaning that participation in the fund itself is represented in a token or cryptocurrency. Tokenized funds offer a much more favorable fee structure than a hedge fund, and the minimum investment is as low as a few dollars on the secondary exchanges. Most of these funds are managed by a fund manager(s) such as is the case with The Token Fund. However, with a one time combined entry and exit management fee of 10%, the price seems a bit steep regardless of how “cheap” they might seem compared to a normal fund.

One type of emerging tokenized fund can be classified as an autonomous cryptocurrency index fund. These types of funds are fully automated and can offer much lower fees. Crypto20 is such an automated index fund (it contains the top 20 cryptocurrencies by market capitalization, rebalanced weekly), and charges only a 0.5% yearly management fee on the fund’s balance, all without charging a performance fee (or fee on profits gained).

Given the nature of blockchain technology to reduce inefficiencies, lower costs, and eliminate intermediaries, one would think that much lower fee structures are in the fund industry’s future. Since tokenized funds have the ability to either automate or decentralize their fund management, cryptocurrency index funds such as Crypto20 can offer much lower fees as a result, while also offering extremely low investment minimums and no lock-up periods. The Fund thanks Crypto20 for innovating in the industry, as its concept in many ways served as an inspiration for this fund.

2.3 Diversification In A Very Immature Asset Class

Diversification is a generally important principle in finance in trying to have a portfolio with reduced volatility and better long-term returns. However, in a very immature market like the cryptocurrency market, the degree to which these principles hold is not the same as in a more mature market, such as stocks. Almost every cryptocurrency fund in existence today touts the benefits of diversification. Some funds even quote famous people in the finance world that are supporting diversification, and they use these quotes to justify a high degree of diversification for their fund. However, everyone seems to be overlooking one critical factor in regards to these pro-diversification quotes from famous financial personalities; they were talking about mature financial asset classes such as stocks, and they certainly were not talking about cryptocurrencies since they did not even exist at the time of the quote! Other than their amazing growth and volatility, cryptocurrencies are far different than stocks because cryptocurrencies have market pricing applied to them almost from their inception. On the other hand, corporate entities generally need to have years of financials from operations to present to a
financial regulatory body, such as the SEC, before they can be listed on a stock exchange.

If a cryptocurrency fund is considered to be “highly diversified”, this would imply that such a fund has 10, 20, or possibly even more cryptocurrencies within it. One drawback of this approach is that there is currently a high risk of failure for any given cryptocurrency and its associated technology, even those among the top 10 to 50 cryptocurrencies. This risk of failure for a given cryptocurrency is much higher than the risk for failure of a top stock by market capitalization. When one also considers how young the cryptocurrency market is, the high degree of correlation in price action among cryptocurrencies, and the lack of clearly defined and widely used cryptocurrency sectors, one can further question the benefits of a highly diversified cryptocurrency portfolio in the space. Truly significant diversification in terms of better returns and reduced portfolio volatility comes from gathering uncorrelated returns, and for the moment cryptocurrency returns are generally too correlated to one another to provide any truly meaningful degree of diversification.

2.4 The Need For Facilitators & Better Clarity

Due to the increasing interest in cryptocurrencies among the public, there is a need for a way to bring in those newly interested to cryptocurrencies in relatively safely from a volatility perspective. Since cryptocurrencies offer such low minimum investment levels, many people can become market participants. However, often times these new participants are not accustomed to the extreme volatility that is currently inherent in cryptocurrency trading, and will expectedly as new traders sell their cryptocurrency for a loss due to the mental pressure that comes with this type of volatility.

There is also a need for better educational resources about cryptocurrencies and their fundamentals in the form of videos, articles, and community participation. This would be particularly helpful to those that are new to cryptocurrencies, since it can initially appear to be a complex field with many confusing options. As of now, these sources of information seem to be spread out on many different web sites (such as coinmarketcap.com, coindesk.com, bitcointalk.org, and youtube.com). Certainly it would be helpful to those that are new to cryptocurrencies, and perhaps also helpful to those that are not new, if all of these sources of information could easily be found within one website or community.

2.5 The Innovative Nature Of Blockchain Technology & Its Application To Funds

As with almost all industries that currently involve a middleman, blockchain technology will reduce costs and fees charged over time, and this certainly will be the case with financial funds.

Smart contract technology allows for even further innovation in the field as it can permit those that hold a cryptocurrency voting rights. This concept can be applied to funds, and would in essence represent a publicly tradable, worldwide investment club that grants perfect voting rights to each investor based on the amount invested.

2.6 All Funds & Fund Managers Today Expect Your Trust

The typical hedge fund with a fund manager expects for you to trust their financial judgment, and this trust in their financial judgment is also justification for their high management and performance fees. As we have seen on many occasions throughout the past, that trust can be broken by poor to mediocre financial performance, or can sometimes even broken by the outright theft of investor funds. Even automated funds without an active fund manager expect you to trust their judgment in terms of the trading strategy employed, although the perceived leap of faith could be shorter since human emotion is out of the picture.

However, what if trust in a fund’s portfolio management was decentralized and collectively decided among all of its investors? In this case, any trust needed would be in the investors themselves as a collective unit.
BITDOLLAR FUND: THE WORLD’S FIRST FUND TO BE COLLECTIVELY MANAGED BY ITS INVESTORS

3.1 Overall Objectives

To be able to understand the Fund project in its entirety, one should first be aware of its three main objectives:

I. To provide a forward valuing and collectively managed fund, which aims to contain the best “blue chip” cryptocurrencies in terms of their long term viability, strategic competitive advantages, and other relevant characteristics from its fundamental analysis. The desired result of that is to provide the best returns among the best cryptocurrencies on a long-term, fundamental basis.

II. To provide a current state index of the Fund’s components in order to serve as a performance gauge for the Fund, while also increasing awareness of the financial performance of the best cryptocurrencies. The Bitdollar Index contains the same core cryptocurrency components of the Fund, but is weighted by market capitalization and rebalanced quarterly. Ideally, the Bitdollar Index will eventually become known as the Dow Index of cryptocurrencies.

III. To become a strong and popular cryptocurrency in its own right, and to provide a relatively safe landing spot for those that are new to cryptocurrencies. Since the Tokens already contain the best long term cryptocurrency investments as its underlying assets, it would be an easy choice for cryptocurrency beginners while also offering the additional benefits of having a say in the Fund’s direction and participating in its community to learn more about the field.

While the Fund may have many more objectives in the years ahead, they should be to merely to support the 3 main objectives above. Furthermore, all future decisions from the Fund, whether an allocation decision by the Token holders or an operational decision by the Company’s directors, should have the three main objectives of the Fund in mind when deciding.

3.2 The Fund

The Fund’s initial three core cryptocurrency components, initial three non-core cryptocurrency components, and respective percentage allocations to each are set by the President of the Fund. However, starting in December of 2018, the holders of Tokens will collectively decide percentage allocations of each component through stakeholder voting. Then in October of 2019 and annually thereafter in the Fund elections, Token holders will collectively decide its cryptocurrency components and percentage allocations to each.

Initial State Components & Allocations

The initial core cryptocurrency components are Ethereum, Bitcoin, and Ripple. The initial non-core cryptocurrency components are Digix DAO, Digix, and Tether. The initial allocation to each component can be seen below:

<table>
<thead>
<tr>
<th>Initial Bitdollar Fund Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cryptocurrency</td>
</tr>
<tr>
<td>Ethereum</td>
</tr>
<tr>
<td>Bitcoin</td>
</tr>
<tr>
<td>Ripple</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Core Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digix</td>
</tr>
<tr>
<td>OilCoin or PetroDollar*</td>
</tr>
<tr>
<td>Real Estate Crypto**</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
</tbody>
</table>

* Note: In the event that OilCoin or PetroDollar is still not available on the open market after the ICO, 7% will be allocated to Digix DAO (DGD)

** Note: In the event that a suitable real estate backed cryptocurrency is still not available on the open market after the ICO, 6% will be allocated to Tether (USDT)
Rationale Behind Initial State & Guide For Future Fundamental Analysis In Voting

The Fund should be a long-term investment, and the Fund aims to be forward valuing and have the best “blue chip” cryptocurrencies in terms of their long-term viability and strategic competitive advantages. Over the long term, a cryptocurrency’s value will rise if there is high demand to use its underlying technology, which in most cases will be its blockchain or decentralized application.

Ethereum: Ethereum has a 40% overall allocation and makes up 50% of the core cryptocurrency components in the fund. The reason that the allocation is relatively high compared to other components is because Ethereum has an innovation advantage compared to its blockchain competitors. This is due to the fact that it was the first cryptocurrency to offer smart contracts and achieve a high adoption rate. Smart contracts potentially allow for the elimination of intermediaries in many ways other than just financial transactions, and its potential is enormous in that respect. An Ethereum smart contract also allows one to create their own cryptocurrency relatively easily, and over 70% of ICOs in 2017 were on the Ethereum blockchain. They are creating long-term demand for transactions on their blockchain, and thus also creating long-term demand in its cryptocurrency. The future looks bright for the organization as long as they continue to innovate, and it is hard to imagine that they will not be around in 5 to 10 years. Many other blockchains are creating smart contract capability at the moment as well, but Ethereum is currently the perceived leader in the technology. In general, having an innovation advantage among peers in a given industry is the most effective and desired competitive advantage to have.

Bitcoin: Established in 2009, Bitcoin was the first cryptocurrency and thus has first mover advantage due to it being widely adopted and recognized by the public. In the mainstream press, Bitcoin still gets the vast majority of headlines. However, the popular blockchain has had its fair share of issues in the past year such as higher transaction costs and long confirmation times. There is not a very transparent or very public organization behind Bitcoin unlike other major cryptocurrencies today, which is a bit concerning in the long term. Due to its current name recognition and adoption, it is hard to imagine that Bitcoin will not be around in 5 to 10 years. However, because of recent scalability issues and not leading in terms of innovation to the degree that Ethereum has, they are on somewhat shaky ground from a long-term, forward valuing fundamental analysis perspective. Due to these reasons, an initial state allocation of 20% overall and 25% among core cryptocurrency components was chosen.

Ripple: There are some that are critical of Ripple due to the perception that it is not truly decentralized, with there being “oracle nodes” (from Ripple Labs and other financial institutions) to approve transactions instead of allowing transactions to be approved by everyone in the Ripple community. They also allow the transfer of other currencies on their blockchain, however, all transaction fees are paid in Ripple’s cryptocurrency. This would imply a lower demand for their cryptocurrency compared to others if competing blockchains that have roughly the same number of transactions and volume exclusively use their own cryptocurrency on it.

While controversial to some in the blockchain community, Ripple has been extremely effective in creating relationships with major international banks such as American Express, UBS, Banco Santander, and Standard Chartered Bank. As a result, Ripple has a strategic alliance advantage. Due to their continued emphasis on building alliances with banks and the amount of transactions that those financial institutions will demand on their blockchain in the future, it is hard to imagine that Ripple will not be around in 5 to 10 years. Due to these reasons while also considering their lack of true decentralization in how transactions are confirmed, an initial state allocation of 20% overall and 25% among core cryptocurrency components was chosen.
Why Litecoin Is Not Included: Litecoin is a fairly popular cryptocurrency that claims to be “silver to Bitcoin’s gold.” Litecoin is based off of Bitcoin’s code and is more user friendly in terms of lower transaction costs and confirmation times. However, a decent adoption rate and being more user friendly is not enough in itself to be a strategic competitive advantage in the industry since Ethereum could make the same claims. Additionally, there is some degree of doubt if they will be around in 5 to 10 years especially since its founder, a former Google executive, sold all of his Litecoin holdings in the middle of 2017. Recently, there has been a lot of buzz surrounding LitePay and its potential in being able to use Litecoin in the “real world” at physical retail locations. As for now, it is only potential and there has not been any degree of adoption as of yet. However, if LitePay gained widespread adoption in physical stores and in turn Litecoin was the first cryptocurrency to achieve retail adoption, then the cryptocurrency certainly would be a strong candidate for inclusion into the Fund.

Non-Core Cryptocurrency Components: The reason for having non-core components in the Fund is to reduce volatility by attempting to provide uncorrelated returns and to support the third main objective of the Fund, which is to provide a relatively safe landing spot for those that are new to cryptocurrencies. These should be cryptocurrencies backed by an asset, such as gold, and should also have a healthy market capitalization and liquidity levels. Ideally, there is a healthy degree of diversification among these non-core cryptocurrency components, and having a group of non-core cryptocurrencies backed by gold, oil, and real estate would be considered optimal. However, as the cryptocurrency market is very young, there are not ideal cryptocurrency solutions available for all of these desired assets as of yet, particularly oil and real estate. If ideal cryptocurrencies backed by a certain physical asset are not available at the end of Phase 1 of the ICO, suitable substitutes will be chosen.

Digix DAO (DGD) is a decentralized blockchain application for the transfer of its gold backed cryptocurrency Digix (DGX). Each Digix token is backed by 1 gram of gold, while each Digix DAO token effectively represents ownership in the organization with transaction fees that are collected from Digix transactions being paid out to Digix DAO token holders. Digix DAO has shown a fair degree of uncorrelated returns compared to the vast majority of cryptocurrencies, and at times has been viewed as a psychological safe haven during bearish market action. A seven percent allocation of the Fund will be given to Digix (DGX).

OilCoin and Petrodollars are two energy-backed cryptocurrencies that will be having their ICOs in 2018. Both promise to be fully compliant with regulators and have high degrees of liquidity. A seven percent allocation of the Fund will be given to either OilCoin or Petrodollars if either is available at the end of Phase 1 of the ICO. If neither is still available at the end of Phase 1 of the ICO, a 7% allocation of the fund will be given the Digix Dao instead (DGD).

Tether (USDT) is a cryptocurrency with a pretty simple concept, with each Tether token representing 1 US Dollar. Its price on the open market does not deviate far from $1, and would also be effective in reducing volatility in the Fund’s performance.

At the moment, there doesn’t seem to be a highly diversified real estate backed cryptocurrency with a high degree of liquidity. Ideally, such a real-estate backed cryptocurrency should have a mix of residential and business properties in popular real estate markets around the world. If a suitable real estate backed cryptocurrency is available at the end of Phase 1 of the ICO, it will be given a 6 percent allocation of the Fund. Otherwise, this 6 percent allocation will be given to Tether (USDT) or another liquid fiat backed cryptocurrency until a suitable real estate backed cryptocurrency becomes available.

Future Considerations For Voting: As previously mentioned, all voting decisions by Token holders should have the three main objectives of the Fund in mind when deciding. In addition, Token
holders should ask themselves the following questions in the voting decision process:

- What competitive advantage does this cryptocurrency and its underlying technology (blockchain or decentralized application) have compared to its competitors and is it sustainable in the future?
- Will this cryptocurrency be around in 5 to 10 years and why?
- What real achievement has this cryptocurrency and its underlying technology made? Potential and promise are nice, but core components of the fund should be able to display real achievements, not just potential ones.
- Has the organization behind the cryptocurrency been innovative and are others in the industry trying to copy them?
- To what degree has the organization behind the cryptocurrency been able to form important strategic alliances?
- What has the organization behind the cryptocurrency been doing in order to increase demand for transactions on its blockchain or decentralized application?
- What challenges has the organization behind the cryptocurrency been facing? Can the organization reasonably overcome them and does it already have a plan in place?
- Have there been technological issues or constraints in the cryptocurrency’s underlying technology such as long confirmations times, higher transaction costs, and hard forks?
3.3 The Fund’s Constitution

**Article I, Investor Voting Rights**: Each holder of Tokens shall have the right to vote on percentage allocations for cryptocurrency components, and shall also have the right to vote on which cryptocurrency components are in the Fund. Each Token holder’s vote is weighted in terms of the number of Tokens they hold (i.e. the more Tokens a Token holder holds, the more influential their vote will be) at the end of a given voting period, and all Token holders must keep their Tokens through the end of the voting period for their vote to be counted (voting periods are typically 1 week or less for each round of voting). All investors shall have their voting power in terms of Tokens capped at 10%, even if they hold more than 10% of all Tokens.

Additionally, each Token holder who acquires a Token (whether by means of purchase, transfer or otherwise) following the Token launch shall not have the right to vote or otherwise participate in the BTD Platform or Fund unless and until they have completed the Company’s AML and KYC procedures to its satisfaction. Token holders shall not have any voting rights pertaining to the Company or Fund’s management or operations, and also do not have any shareholder rights or a right to operational profits from the Company.

**Article II, The Presidency**: The President of the Fund shall have the right to veto any valid vote from Token holders and shall not be bound by their decision. However, a veto should only be used in extreme cases in which the viability of the Fund is threatened (for example by rogue institutional voters that do not have the fund’s best interests at heart), such determination to be in the sole and absolute discretion of the President of the Fund. Using veto power in other circumstances is highly inadvisable since doing so would likely undermine the integrity of the Fund and would be self-defeating. Nonetheless, the President can use veto power in other cases if he or she believes that the Fund’s main objectives are not being adequately adhered to. Alternatively, the President also has the right to rescind voting power from individual Token holders if the Token holder exemplifies qualities indicating they do not have the Fund’s best interests at heart or have not completed the Company KYC and AML policies to its reasonable satisfaction, such determination being in the sole and absolute discretion of the President. This right too, however, should only be exercised in extreme cases as previously mentioned. Rescinding voting rights too often from Token holders (or for superficially frivolous reasons) would ultimately undermine the integrity of the fund and hurt its community.

Any future President of the Fund must be appointed by the President currently in office. In the event the office of the President is vacant (due to death, incapacitation, or impeachment), the Fund’s management team shall have the right to appoint a new President. A current President is free to poll eligible voting investors on Presidential candidates, but the result of such a poll is not binding and is only a factor in the President’s appointment decision. However, a President can be impeached or removed from office if both two-thirds of eligible “coin votes” approve of impeachment and a simple majority of past living Presidents also support impeachment. In the event that there are no living former Presidents of the Fund to support impeachment, the founders of the Fund must unanimously support impeachment in addition to support from two-thirds of eligible “coin votes” required for impeachment.

**Article III, Non-Core Cryptocurrency Components**: The Fund shall maintain a minimum 10% allocation for cryptocurrencies that exhibit uncorrelated returns to the other cryptocurrency components of the fund. Ideally, non-core cryptocurrency components should be backed by physical assets, such as gold and oil. The reason for having these non-core components in the fund is to reduce volatility and to support the third main objective of the Fund, which is to provide a relatively safe landing spot for those that are new to cryptocurrencies.

The President of the Fund decides non-core cryptocurrency components and their allocations on a quarterly basis. However, the President can choose to allow Token holders to participate
in special quarterly elections to decide which cryptocurrencies are in the non-core components, as well as their allocations. Regardless of who decides which cryptocurrencies make up the non-core components, a given cryptocurrency should have a healthy market capitalization and liquidity levels in order to be considered for the fund.

**Article IV, Elections & Implementation Of Results:** Other than the preliminary Fund election that will occur in December of 2018, elections will occur on an annual basis starting in October 2019. The reason that elections are not held on a more frequent basis for its core cryptocurrency components is because the Fund is forward valuing on a long term basis and more focused on long term investing. Special elections to determine non-core cryptocurrency components and their allocations, if allowed by the President of Fund, would take place in March, June, September, or December.

Resulting changes in the Fund’s components or allocations from any election are meant to take effect in the following period. For example, the results from yearly elections should impact the following calendar year in as much of its entirety as possible. Similarly, quarterly elections should impact the following calendar quarter in as much of its entirety as possible.

**Article V, Fund Components & Voting Thresholds:** The core components of the Fund must have between 3 and 30 cryptocurrencies within it, while the non-core components must have between 3 to 5 cryptocurrencies within it. No more than 2 core cryptocurrency components can be added in a given election, and no more than 1 core cryptocurrency component can be removed in a given election year.

The first election round starts off by asking Token holders whether a new cryptocurrency should be added to the fund (Yes/No) and whether an existing cryptocurrency should be removed from the fund (Yes/No). Within the same round and for each question voters are asked to choose from a list which cryptocurrency they would most like to see added or removed, with “None” also being a choice. For a potential cryptocurrency addition or removal to progress to the second round of voting, a majority comprised of the holders of more than 50% of the Tokens who vote must approve it with at least 50% of eligible “coin votes” participating in the election. If the election moves to a “component addition” second round, the top 3 cryptocurrencies selected in the first round will be voted on. The addition of a new core component must be approved by a majority comprised of the holders of 60% of the Tokens who vote with at least 50% of eligible “coin votes” participating in the election. If the election moves to a “component removal” second round, the top cryptocurrency selected in the first round will be voted on. As is the case for core component addition, the removal of a new core component must be approved by a majority comprised of the holders of 60% of the Tokens who vote with at least 50% of eligible “coin votes” participating in the election.

In instances where a 60% majority was achieved and the 50% participation threshold was not met, the current President can approve the results at his or her discretion. The reason for a 60% majority for the addition or removal of core components is because the fund holds a long-term investment approach based on fundamental analysis, and the collective sentiment of Token holders should be overwhelming for the addition or removal of a core component.

In a special quarterly election in determining non-core cryptocurrency components, the voting process would be similar to that of core components. The only differences between the two processes are in their voting threshold levels. Only the affirmative vote of a majority comprised of the holders of more than 50% of the Tokens who vote is needed in the second round to add or remove a non-core component (as opposed to 60%), with a minimum 30% threshold of eligible “coin votes” participating in the election for both rounds (as opposed to 50%).
**Article VI, Fund Allocations & Voting**

Thresholds: Once fund components are set, allocation voting can begin. Each core cryptocurrency component can have no less than a 1% allocation and no more than a 50% allocation. The reason for this is because no core component should overly dominate the fund, and at the same time should not be so insignificant that it represents less than 1%.

The sum of all non-core cryptocurrency components can have no less than a 10% allocation and no more than a 30% allocation. The rationale behind this is that non-core components collectively should not exceed 30% since its purpose is to reduce volatility by providing uncorrelated returns. Otherwise, non-core components would have too large of a role in the fund, which seems to go against the point of having a “blue chip” cryptocurrency fund. Conversely, the allocation for non-core components should be at least 10% so that it can reduce volatility and provide uncorrelated returns to a degree that is significant enough.

In a yearly election, the first round will start off by asking Token holders to choose an allocation percentage for the sum of all non-core components, with the choices being an integer between 10 and 30, which effectively represent values from 10% to 30%. From there, each core component is voted on in separate subsequent rounds, and Token holders are asked to choose an integer between 1 and 50, which effectively represents values from 1% to 50%. Later rounds might have a maximum allocation of less than 50% if such an allocation at that point is impossible. The allocation percentage is determined in each round by taking the weighted average of votes by Token holders based on the number of Tokens that a Token holder possesses. Lastly, all non-core component allocation voting must be accompanied by a minimum 30% threshold of eligible “coin votes” participating in the election round. In instances where the 30% participation threshold was not met, the current President can approve the results at his or her discretion.

**Article VII, Procedure For Amendments:**

To make an amendment to this constitution (but not this White Paper generally), the affirmative vote of a majority comprised of the holders of two-thirds of eligible “coin votes” must approve it. In instances where less than two-thirds and more than one half of eligible “coin votes” approve of the amendment, the current President can approve the results at his or her discretion.

**3.4 Bitdollar Index**

The Bitdollar Index is a present state gauge of the Fund’s core cryptocurrency components weighted by market capitalization and rebalanced quarterly. The desired outcomes for the index are to provide a good barometer to compare the Fund’s financial performance with, to increase awareness of the financial performance of the best cryptocurrencies in terms of fundamentals, and to become known as the Dow Index of cryptocurrencies.

*Why An Index Needs To Be Flexible In An Immature Financial Market*

The US stock market’s oldest major index is the Dow Jones Industrial Average (DJIA), established in 1896. When the DJIA was established, the New York Stock Exchange (NYSE) had already been in existence for 104 years. Но the world has changed significantly since 1896, and the stock market has grown exponentially. As such, the DJIA has had to evolve in order to remain relevant. One of the ways the DJIA has evolved is by changing its composition over time. For example, in 2015, the DJIA removed IBM from its index and added Apple, Microsoft, and Goldman Sachs. This change was made in order to reflect the evolving landscape of the stock market and ensure that the DJIA remained a relevant barometer of the financial market. Similarly, the Bitdollar Index may need to be flexible in order to remain relevant as the cryptocurrency market continues to evolve.
years and only contained 12 components. Not until 32 years after the DJIA was established did the index have the same number of components, 30, that it has today. At that point, the NYSE had been around for 136 years.

In comparison, the cryptocurrency market has only been around for 9 years. Why is it that many assume that an index for cryptocurrencies should contain 20 components or more when it literally took 104 years for the DJIA to start and it only had 12 stocks at the time? Diversification is usually the answer, but how wise is it to be so “diversified” in an extremely immature market such as cryptocurrencies when there is such an inherent risk of failure for any given cryptocurrency at the moment? The DJIA was flexible and took 32 years to grow from 12 components to its full 30 that it has today. A meaningful “blue chip” index in the cryptocurrency market needs to be flexible, and the Bitdollar Index is just that. It would initially have 3 components, but could have a maximum of 30 components in the future, just like the Dow.

Calculation Of The Bitdollar Index

The Bitdollar Index is calculated by starting with $1,000 US Dollars on a day (ex: Jan 1, 2018) and allocating to the core components of the Fund on a market capitalization basis. The index is then rebalanced quarterly for changes in market capitalization and the addition or removal of cryptocurrencies. An example calculation of the index is below:

<table>
<thead>
<tr>
<th>Cryptocurrency</th>
<th>$ Allocation</th>
<th>Price 1/1/18</th>
<th>Qty of Crypto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethereum</td>
<td>$400.00</td>
<td>$756.73</td>
<td>0.53</td>
</tr>
<tr>
<td>Bitcoin</td>
<td>$200.00</td>
<td>$14,156.40</td>
<td>0.01</td>
</tr>
<tr>
<td>Ripple</td>
<td>$200.00</td>
<td>$2,30.86</td>
<td>86.96</td>
</tr>
<tr>
<td>Digix DAO</td>
<td>$140.00</td>
<td>$183.36</td>
<td>0.21</td>
</tr>
<tr>
<td>Digix</td>
<td>$50.00</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tether</td>
<td>$60.00</td>
<td>$1.01</td>
<td>59.41</td>
</tr>
<tr>
<td>Total</td>
<td>$1,000.00</td>
<td>$930.86</td>
<td></td>
</tr>
</tbody>
</table>

3.5 Bitdollar As An Appealing Entry Level Cryptocurrency

While there is growing interest in cryptocurrencies among the public, there is also a great deal of confusion both due to the criticism from prominent financial “experts”, negative press coverage of ICO scams/exchange thefts, and the well over one thousand coins currently active on the market today. Instead of having to choose between Bitcoin, Ethereum, and the multitude of others (or their proportions when holding both), a buyer on the secondary market can buy Tokens, which already has the best cryptocurrencies within it.

For someone newly interested to cryptocurrencies, buying Tokens also provides the added benefits of having a voice in the Fund’s direction through stakeholder voting, while also having the ability to participate and learn in the Fund’s community. Learning opportunities include participating in forums, videos from coin holders, and easily accessible fundamentals and news regarding cryptocurrencies. In addition to all of that, buying Tokens provides lower volatility due to having some uncorrelated returns within the Fund.

Once the Tokens are listed on a few exchanges, there will be major marketing initiatives in place...
that will attempt to inform the public, especially those newly interested in cryptocurrencies, about the benefits and value proposition that buying the Tokens has compared to other cryptocurrencies.

3.6 Investor Portal, Online Community, & Mobile App

The Fund will provide an investor portal to all registered users where they can see their balance, as well as price and charts for the Tokens and the underlying cryptocurrency components. Price information for potential additions to the Fund will also be available on the portal’s main dashboard. The ability to vote within the portal is only allowed for Token holders that have registered to vote and passed the Company’s KYC and AML procedures.

The BTD Platform offers several resources:

- Message boards
- Videos from Token holders
- Price information, charts, and fundamentals for all cryptocurrencies.
- Links to recent news by cryptocurrency as well as top headlines in the industry.

The Fund’s desire is to offer all of the above resources conveniently in one community. At the moment, these resources are spread out over different sites such as coinmarketcap.com, coindesk.com, bitcointalk.org, and youtube.com, but the Fund will offer all of these resources conveniently in one community. The general public will have access to all of this content, although only registered voters that have passed KYC/AML identity checks will be able to post videos, post/search messages in forums, and vote.

Lastly, all the functionality outlined above will be available in the BTD Platform mobile application. Overall balance as well as price information and charts for the Token and the underlying cryptocurrencies, the previously mentioned community content, as well as the ability to vote within the app. Token holders by default receive alerts during election rounds to encourage a higher degree of participation.

3.7 Other Potential Sources Of Revenue

For now, the only anticipated operational revenue will come from the Fund’s management fee. However, there is the possibility that the fund could try to collect operational revenue in other ways while also “burning” a portion of the proceeds. Burning refers to taking some cryptocurrency out of circulation, which the Fund management has the ability to do for Tokens in its own wallet addresses. By reducing the overall supply of Tokens, the value of the underlying assets per Token increases, and the market price of the Tokens should also increase.

If the BTD Platform became extremely popular in terms of visitors, it could be in the community’s interest to allow advertising. At least half of all advertising revenue would be burned (with the remainder going towards operational expenses), and the ads would need to be reviewed and approved for suitability by the President, the Fund management team, or its community. All ads would need to be paid in Tokens.

Popular retail merchandise featuring the Bitdollar logo and brand could also be sold and involve burning. At least one third of merchandise revenue would be burned, and potential merchandise examples include clothing, office accessories, cups/glasses, bumper stickers, magnets, flags, physical coins, and other memorabilia. By purchasing Bitdollar labeled merchandise, investors and others can publicly support the Bitdollar brand and the Fund’s objectives, while at the same time making the Tokens scarcer by reducing its supply. All merchandise must be paid in Tokens, and a third party would ideally handle all logistics from manufacturing to delivery so that the Fund would not have to be burdened with physical inventory.

Lastly, the technology behind the BTD Platform, community, and voting mechanisms could be white labeled for other funds to use. Funds would benefit from saving time from having to build the technology in house. The Fund would benefit since all licensing and transaction fees would be paid in Tokens, which the Fund would partially burn.
# Overview of Funds From Bitdollar Capital

<table>
<thead>
<tr>
<th>Fund</th>
<th>Bitdollar Fund</th>
<th>i2 Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Focus</td>
<td>“Blue Chip” Crypto</td>
<td>Innovative ICOs</td>
</tr>
<tr>
<td>Collectively Managed</td>
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<td>✓</td>
</tr>
<tr>
<td>Voting Frequency</td>
<td>1 Year</td>
<td>3 Months</td>
</tr>
<tr>
<td>Asset Backed Components</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Community &amp; Mobile App</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Analyst Research</td>
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<td>✓</td>
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<td>i2fund.io</td>
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<thead>
<tr>
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<tbody>
<tr>
<td>Site</td>
<td>bitdollarindex.com</td>
<td>Not Applicable</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Cryptocurrency</th>
<th>Bitdollar</th>
<th>iCash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Clarify Crypto</td>
<td>Clarify ICOs</td>
</tr>
<tr>
<td>Site</td>
<td>buybitdollar.com</td>
<td>buyicash.io</td>
</tr>
</tbody>
</table>
3.8 Domain & Social Media Assets

The Fund has the following domain names:

**Bitdollarfund.com**: The main site for the Fund that also contains community resources and an investor portal. The fund also has twitter and Instagram handles for “bitdollarfund”.

**Bitdollarindex.com**: A promotional and educational site for the Bitdollar Index, showing current and historical values, how it is calculated, and how it compares with the financial performance of the Fund. The Fund also has possession of Twitter and Instagram handles for “bitdollarindex”.

**Buybitdollar.com**: A site to promote the benefits of the Tokens to those new to cryptocurrencies. It would have more of a retail consumer branding approach and would target millennials. The Fund also has Twitter and Instagram handles for “buybitdollar”.

**Bitdollarcapital.com**: A site for the management company of Bitdollar Fund. The management company also has Twitter and Instagram handles for “bitdollarcapital”.

3.9 Smart Contract Specifications & Liquidation Option

All BTD Smart Contracts used by the Fund are written in Solidity, Ethereum’s programming language, and the Token is based on the Ethereum ERC-20 token standard. The Ethereum blockchain was selected for the following reasons:

- Security and predictability (as opposed to, for example, having to run a separate blockchain),
- Use of robust and well-supported clients (Ethereum-based tokens can be managed with official Ethereum clients),
- High liquidity (transferable for ether),
- Easier listing on exchanges with infrastructure already in place
- Ethereum smart contracts enable a very transparent way of offering a liquidation option.

The Tokens can be stored in any compatible Ethereum wallet. The BTD Smart Contract code facilitates an ICO crowdsale by specifying a start and end block number so as to restrict certain functions during the ICO period. The token to ether price ratio is adjusted dynamically throughout the presale such that token price tracks $1 (the bonus structure is then applied on top of this).

Purchasers can send ether to the contract directly or via the `buy` or `buyTo` functions. The ether purchase amount is used to calculate the Tokens bought which are then added to the balance of the participant account. The participant account (the account that is debited with Tokens) is the sender account when using the `buy` and fallback function or the specified address when using the `buyTo` function and passing an address as an argument.

The BTD Smart Contract has a two-tier control functionality which gives two controlling wallets different levels of authority. This allows future blockchain development and full on-chain automation without sacrificing the control of fund managers.

Subject to the submission of a redemption request to the Company, which is approved by the directors of the Company, the `withdraw` function automatically calculates the ether amount to send to the participant account based on a forward pricing policy which uses the asset-backed price of the Tokens less a 1% trading fee. This trading fee is not a fee that the Fund imposes - it is levied by the exchanges necessary to execute the liquidation procedure. The price will be updated regularly to accurately reflect the value of the underlying crypto assets.

High-volume traders may seek to exploit pricing to the detriment of the community by initiating sell-offs that cascade and result in flash crashes so that they can purchase the cheap Tokens. Accordingly, any exercise of the liquidation or
withdrawal function requires the prior consent of the directors of the Company. In addition, the liquidation option offers a price floor protection – this ensures the price never drops below that of the underlying assets because of market manipulation. However, prices are free to increase as speculative value is created by the high demand for a collectively managed cryptocurrency fund with voting and social components that can be held as a single token.

A small, dynamically allocated percentage of the Fund’s assets will be held by the BTD Smart Contract (in Ether) to facilitate the liquidation option once the Directors of the Company have approved any such request. This amount will be controlled automatically as usage demands. The vast majority of other cryptocurrency assets will be held in various cold storage wallets.

During a withdrawal that has been approved by the directors of the Company, the Tokens are transferred back to the Fund’s managers. These tokens are then resold on exchange at the current net asset value per Token or market price, whichever is higher. This ensures that the underlying assets can be rebought in the event that a Token holder requests to use the liquidation option – which would be unlikely due to the market price floor explained above.

### 3.10 Token Distribution

The Token Launch will have multiple phases over multiple years since it makes more sense for fund raising purposes, especially for an investment fund. There will be no token creation or minting after the multi year Token Launch. Tokens will be transferable and tradable once the first phase of the Token Launch is successfully completed and the underlying assets have been acquired. Investment can be made in ETH or BTC. The USD equivalent amount of any ETH or BTC invested will be locked in at the time of investment according to market rates and considered the participant’s contribution.

The Token is an ERC20 compatible token on the Ethereum blockchain. The total maximum supply of the Tokens is 1 billion during the multi phase and multi year Token Launch. There are up to 5 phases (with a minimum of 4) during the Token Launch, and no further Tokens will be sold after the end of the multi phase Token Launch. Additional details can be seen below regarding the multi year offering as well as Phase 1, which will begin this year:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timeframe</th>
<th>Coins Offered</th>
<th>Pre ICO Price</th>
<th>Pre ICO Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Aug-Oct 2018</td>
<td>100 million</td>
<td>$0.50-$5.00</td>
<td>$1/10k</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Nov-Dec 2018</td>
<td>200 million</td>
<td>$1/10k</td>
<td>$1/10k</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Nov-Dec 2019</td>
<td>400 million</td>
<td>$1/10k</td>
<td>$1/10k</td>
</tr>
<tr>
<td>Phase 4</td>
<td>Nov-Dec 2020</td>
<td>600 million</td>
<td>$1/10k</td>
<td>$1/10k</td>
</tr>
<tr>
<td>Phase 5</td>
<td>Nov-Dec 2021</td>
<td>800 million</td>
<td>$1/10k</td>
<td>$1/10k</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1 billion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: To participate in the presale of phases 2-5, either a minimum of $100 investment or participation in the previous phase of the ICO is required.

### Phase 1 Details From BITDOLLAR FUND's Multi Phase ICO:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timeframe</th>
<th>Coins Offered</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Jul-Aug 2018</td>
<td>400,000</td>
<td>$0.80</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Jul-Aug 2018</td>
<td>500,000</td>
<td>$0.80</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Jul-Aug 2018</td>
<td>600,000</td>
<td>$0.80</td>
</tr>
<tr>
<td>Phase 4</td>
<td>Jul-Aug 2018</td>
<td>700,000</td>
<td>$0.80</td>
</tr>
<tr>
<td>Phase 5</td>
<td>Jul-Aug 2018</td>
<td>800,000</td>
<td>$0.80</td>
</tr>
<tr>
<td>Phase 6</td>
<td>Jul-Aug 2018</td>
<td>900,000</td>
<td>$0.80</td>
</tr>
<tr>
<td>Phase 7</td>
<td>Jul-Aug 2018</td>
<td>100,000</td>
<td>$1.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100 million</td>
<td></td>
</tr>
</tbody>
</table>

Note: The lower investment minimum of 3 Ether in Phase 1 of the presale applies only to the first 3 million coins in supply.

The Tokens are not pre-minted and is only created as it is sold and issued. Every time 1 Token is sold in Phase 1, 17.7% of a Token (or 0.177 Tokens) is created and given to the Fund team and its founders. The result is that 15% of all coins in Phase 1 will be for founders and operational allocations. This percentage will decrease in future phases of the Token Launch as can be seen below:
The Fund team Tokens will vest quarterly over a one-year period after the completion of each phase to ensure that team incentives are aligned with Purchasers. This is enabled via a public smart contract 'vault'.

3.11 Rebalancing Methodology

After component and allocation election results, acquisition and/or rebalancing occurs in as short of timeframe as possible immediately prior to the start of the calendar year or calendar quarter. It will not be previously announced when this will take place and will be done so at the discretion of the directors of the Company. All trades made in rebalancing will be executed over multiple exchanges and will look to take advantage of good liquidity to the best degree possible.

Anomalies and Responses

Forking: If a cryptocurrency were to fork, the forked currency would be added as a regular portfolio asset. Rebalancing would be performed as per usual at the next interval.

Cryptocurrency base BTC-ETH swap: A BTC-ETH swap does not affect the Fund’s trading strategy. During rebalancing, the most supported single-base exchange pairs are used agnostic to the specific cryptocurrency.

Automation

The Fund will be automated via API integration with multiple exchanges, possibly including but not limited to: Bitstamp, Bitfinex, BTer, Bittrex and Poloniex. The full list of exchanges utilized will be available on our website when trading begins. Additional exchanges will be added when vetted and APIs with the minimum sufficient functionality are made available. The liquidation price of the Tokens will be determined through the use of an exchange service to be developed by the Fund as automation of liquidation price updates are an essential part of smooth business operation.

3.12 Security & Transparency

The Fund has implemented security industry best practices for defense against Sybil attacks and bad actors in co-operation with our team of expert advisors. Strong identity verification and authentication procedures are in place to ensure secure operations.

The BTD Smart Contract code will be thoroughly audited by a respected third party firm for vulnerabilities, confirmation of operation as described in this White Paper, static and manual analysis of the smart contract, gas analysis and verification of the deployment procedure.

Following the Token Launch, the Fund will have a major accounting firm perform an audit of the Token Launch and use of proceeds. The Fund will also be transparent in having regular audits of its cryptocurrency assets in the future.

The Fund will at any stage hold varying amounts of the maximum 30 core cryptocurrencies that form the fund. The majority of each of these cryptocurrencies will be stored in cold wallets with a small percentage of each currency stored in a wallet on our servers so as to facilitate automatic rebalancing. If rebalancing necessitates moving more of the cryptocurrency to these hot wallets this will be done manually via interfacing with various cold wallets – the Fund’s portfolio managers will be notified ahead of time so as to accommodate this. The 1-4 week rebalancing period affords more than sufficient time for this purpose. Trades will be executed over multiple exchanges at varying times within our rebalancing window to mitigate the risk of front running.

Ledger Nano S will be used for the storage of all cryptocurrencies it supports. For all cryptocurrencies not supported, encrypted USB drives will be utilized. These storage devices will be held in secure safe deposit boxes with backup paper-wallets stored at separate secure locations. Locations are undisclosed for security consideration. A public audit post-Token Launch will confirm the presence and safe storage of the USB drives & paper-wallets to Purchasers.
### 3.13 Marketing & Investor Relations

The Fund team will invest significant time and effort into post-Token Launch marketing initiatives targeted towards investors in the traditional financial sector as well as those in the general public that are interested in investing in cryptocurrencies via the production of information sheets, explainer videos and planning documents that are easily understandable. Token holders will be able to view detailed information on their holdings and portfolio composition on the Fund website. The Fund will focus marketing efforts solely on non-regulated markets. No promotion or solicitation will be performed where participation is forbidden or likely to be forbidden in the near future in order to remain compliant with local legislation.

### 3.14 Operational Culture & Philosophy

The Fund intends to have flat and collaborative operational culture that encourages idea generation and innovation. In addition to the fund’s three main objectives, it seeks to provide value in many ways to the investors such as excellent financial returns and informational resources, while overall giving each investor a clean, relatively simple, and engaging user experience. Additionally, the Fund seeks to provide transparency in its operations and provide a fair environment for its investors in order to increase investor confidence, particularly in regards to the fund’s cryptocurrency assets and investor voting procedures.

In terms of operational profit, the Fund does not intend to undertake strategies that attempt to optimize profit to the greatest degree possible, and try to “crush it”. Instead, the focus will be on how to achieve the most growth in the long-term value of the Tokens. However, the Fund absolutely needs enough operational revenue to cover operational expenses so it can be cash flow positive. All pricing, whether in regards to management fee levels, community advertising, or Bitdollar branded merchandise, will take into account the operational and administrative expenses of the Fund, as well as any direct product costs.
IN BLOCKCHAIN WE TRUST

1000 BITDOLLARS
INITIAL COIN OFFERING (ICO)

4.1 ICO Details

The Fund ICO is a multiple phase ICO taking place over multiple years. A multiple phase ICO makes a lot of sense for a fund because of the ability to raise funds over a longer time frame, as the vast majority of funds tend to do. All investors in the ICO must go through Know Your Client and Anti-Money Laundering (KYC/AML) simple identity checks in order to participate. Residents of the United States, People’s Republic of China, South Korea, or the Cayman Islands or any other jurisdiction or territory where it is unlawful to purchase, hold or sell the Tokens will not be eligible to participate in any phase of this ICO.

The Token is an ERC20 compatible token on the Ethereum blockchain. The total maximum supply of the Tokens is one billion during the multi phase and multi year ICO. There are up to 5 phases (with a minimum of 4) during the ICO, and no further Tokens will be sold after the end of the multi phase ICO. Any unsold coins in a given phase will be added to the coins offered in the next phase. In every phase, 20% of the coins offered will be available during the presale period. Additional details can be seen below regarding the multi year offering as well as Phase 1, which will begin this year:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timeframe</th>
<th>Coins Offered</th>
<th>ICO Price</th>
<th>Pre ICO Price</th>
<th>Pre ICO Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Aug-Oct 2018</td>
<td>100 million</td>
<td>$1 and up</td>
<td>$0.55-$0.95</td>
<td>5 Ether / $1 mi / $10K</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Nov-Dec 2019</td>
<td>200 million</td>
<td>5% off mkt</td>
<td>10% off mkt</td>
<td>$100K or prior phase*</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Nov-Dec 2020</td>
<td>300 million</td>
<td>5% off mkt</td>
<td>10% off mkt</td>
<td>$100K or prior phase*</td>
</tr>
<tr>
<td>Phase 4</td>
<td>Nov-Dec 2021</td>
<td>400 million</td>
<td>5% off mkt</td>
<td>10% off mkt</td>
<td>$100K or prior phase*</td>
</tr>
<tr>
<td>Phase 5*</td>
<td>Nov-Dec 2022</td>
<td>None*</td>
<td>5% off mkt</td>
<td>10% off mkt</td>
<td>$100K or prior phase*</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1 billion</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note*: To participate in the presales of phases 2-5, either a minimum of $100,000 investment or participation in the previous phase of the ICO is required.

*Note***: If the total supply of 1 billion BTD has been created through the ICO process by the end of phase 4, there will not be a need for phase 5 and will be canceled.

In Phase 2 and thereafter, all coins will be sold at a 5% discount to the market price, which will be updated daily or more frequently. All purchased coins from Phase 2 onwards are released to the Purchasers on a vested weekly basis over 4 weeks via smart contract. The reason for this vesting period is to avoid short-term profit taking due to being able to buy the Tokens at a price below market. A Purchaser can only invest during a presale in phases 2-5 if the minimum investment level of $100,000 is met or if the Purchaser participated in a prior phase of the ICO. For example, someone that invests in phase 1 of the ICO will be able to participate in the presales of phases 2-5 and buy Tokens at a 10% discount to market, all without a higher minimum investment amount.
The presale of Phase 1 begins in July with up to a 20 million coin maximum supply in the presale. The first 3 million tokens of the presale will be sold at the lowest price (average of $0.745) and will also have the lowest minimum of the presale of 5 Ether, or roughly $2,840 at the time of this writing. After the first 3 million Tokens have been sold in the presale, a Purchaser will be able to buy Tokens at $0.90 a Token by investing a minimum of $1 million. On July 28th which marks the beginning of the last week of the presale, a Purchaser will be able to buy Tokens at $0.95 a Token by investing a minimum of $10,000. The main sale of Phase 1 of the ICO starts August 4th and has an investment minimum of only 0.1 Ether, or roughly $57. The starting price will be $1 for one Token, and the price will go up by $0.01 per week until Phase 1 of the ICO is over.

The Tokens are not pre-minted and are only created as they are sold and issued. Every time 1 Token is sold in Phase 1, 17.7% of a Token (or 0.177 Token) is created and given to the Fund team and its founders. The result is that 15% of all coins in Phase 1 will be for founders and operational allocations. This percentage will decrease in future phases of the ICO as can be seen below:

**BITDOLLAR FUND’s ICO Team Allocation Rates:**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Founders Allocation</th>
<th>Team/Ops Allocation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>9.0%</td>
<td>6.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Phase 2</td>
<td>7.0%</td>
<td>3.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Phase 3</td>
<td>5.0%</td>
<td>2.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Phase 4</td>
<td>3.0%</td>
<td>2.0%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

**Note:** If the total supply of 1 billion BTD has been created through the ICO process by the end of phase 4, then phase 5 will be canceled.
The Fund team Tokens will vest quarterly over a one-year period after the completion of each phase to ensure that team incentives are aligned with Purchasers. This is enabled via a public smart contract ‘vault’.

4.2 Use Of Funds

In Phase 1 of the ICO, 95% of the proceeds will be used towards acquiring the underlying cryptocurrency assets. The percentage will increase by 1 percent per year until Phase 4 where 98% of proceeds will be used in acquiring the underlying cryptocurrency assets:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Underlying Assets</th>
<th>Marketing</th>
<th>Development</th>
<th>Other Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>95.0%</td>
<td>2.5%</td>
<td>2.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Phase 2</td>
<td>96.0%</td>
<td>2.0%</td>
<td>1.6%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Phase 3</td>
<td>97.0%</td>
<td>1.5%</td>
<td>1.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Phase 4</td>
<td>98.0%</td>
<td>1.0%</td>
<td>0.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Phase 5</td>
<td>98.0%</td>
<td>1.0%</td>
<td>0.8%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Even though the percentage spent on operating expenses decreases as the phases progress, the proportion of expenses among marketing, development, and other expenses remained the same at 50%, 40%, and 10%, respectively:

A small allocation of 0.5% (“Other”) is made for legal fees in Phase 1 to ensure that the Fund is compliant with regulation upon commencement of exchange trading and a complete audit of received funds by a major auditing firm. The Fund and its cryptocurrency diversification value proposition will be heavily promoted to retail investors and a 2.5% (“Marketing”) allocation is made to facilitate this. The Fund will use a 2.0% (“Development”) allocation towards developing the investor portal, community, and a more user-friendly Ethereum wallet. Any unused funds from the 5% operating expense allocation will be utilized in a discretionary capacity once the Fund has commenced on-going trading.
**Coin Distribution**

In Phase 1, 15% of all Tokens will go to the Fund’s founders and operating expenses. This percentage will also go down as the phases progress, and will be as low as 5% in Phase 4. Due to this, investors will go from receiving 85% of Tokens in Phase 1 to 95% of Tokens in Phase 4:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Investors</th>
<th>Founders</th>
<th>Operations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>85.0%</td>
<td>9.0%</td>
<td>6.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Phase 2</td>
<td>90.0%</td>
<td>7.0%</td>
<td>3.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Phase 3</td>
<td>92.5%</td>
<td>5.0%</td>
<td>2.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Phase 4</td>
<td>95.0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Phase 5</td>
<td>95.0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Coins distributed to operations in Phase 1 of the ICO will be allocated in the following manner:

<table>
<thead>
<tr>
<th>Operational Cost Category</th>
<th>Percent of ICO</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Marketing</td>
<td>2.2%</td>
</tr>
<tr>
<td>- Development / Security</td>
<td>1.8%</td>
</tr>
<tr>
<td>- Advisors</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.0%</strong></td>
</tr>
</tbody>
</table>

Starting with Phase 2, the allocation of Tokens by operations category will be decided by the directors of the Company on an ongoing basis by operational need.

**Reporting**

Accounting standards for cryptocurrencies remain unclear. The International Accounting Standards Board (IASB) will either create a new standard or change existing standards to address accounting for investments in intangible assets, including digital currencies. They are known to set standards based on successful businesses leading the way in how to account for their investments, for example in the case of commodity broker-traders. The IASB might take years to develop and implement a new standard – considering all possibilities early might enable the Fund to pioneer a standard and give tokens credibility as an alternative investment vehicle.
The Fund has conducted an analysis into the audit and accounts requirements in order to provide best effort in complying with existing legislation. The Fund will operate on a quarterly reporting basis with annual accounts. The quarterly reports will include information on governmental risk and legislation, risk/return analysis, portfolio performance and end of year predictive market analysis.

Financial reports will include the following:

- A balance sheet and a statement of the portfolio’s total investment value
- An income statement for the period covered
- A list of the portfolio’s amounts and values on the date the balance sheet was issued
- A statement of salaries or any other monies paid to the directors, advisory board and officers
- Total amounts of crypto purchases and sales

The information will be made available on the investor portal of the Fund website and the Fund’s assets will be viewable at any time with a blockchain explorer.

4.3 Exchange Listing

The Fund will attempt to be listed on secondary exchanges as quickly as possible following the completion of Phase 1 of the ICO. Poloniex, HitBTC, EtherDelta, Idex, and Bibox are potential initial targets to get listed fairly quickly. The Fund will actively work towards getting Tokens listed at all major exchanges over time.
PROJECT TIMELINES

5.1 Short Term Timeline

January - May 2018: Developed the concept and the right team to execute it. Established corporate entity and decided on advisors and strategic partners. Finalized white paper and ICO website, as well as development for all smart contracts.

June 2018: BTD Smart Contracts released on the Ethereum Network. Promotion of the ICO goes live, social media accounts become active, and introduction to the cryptocurrency community both online in person commences.

July 2018: BTD Presale begins. There will be up to 20 million tokens available, or 20% of the total available in Phase 1. Investment minimums apply.

July-September 2018: Continued promotion of ICO. Development on the investor portal, online community, integrated voting ability, and mobile app begins.

August - October 2018: Token regular ICO sale begins (Phase 1) starting at a price of $1 per Token. The price will go up by 1 cent, or $0.01, after every week of the sale elapses.

November 2018 (or earlier): Tokens will be listed on exchanges as soon as possible. If Phase 1 of the ICO ends earlier than October 2018, listing on exchanges can occur 2-4 weeks thereafter. A major accounting firm will perform a public audit of ICO funds.

December 2018: The first Fund special allocation election will take place. Allocations for the current cryptocurrency components will be decided collectively via stakeholder voting. Cryptocurrency components will be rebalanced for the next year.

5.2 Long Term Timeline

January - September 2019: The Fund will promote the Token as a good entry-level cryptocurrency to the general public, as well as promote the Bitdollar Index. Annual public audit performed in January. Wide scale promotion of Phase 2 of the Fund ICO begins in August.

October 2019: The first annual Fund elections begin. Token holders will collectively decide the Fund’s components and the percentage allocations to each. The Presale of Phase 2 of the Fund ICO also begins.

November - December 2019: The regular sale of Phase 2 of the Fund ICO begins. It will be widely promoted as the fund’s way of giving back to the Bitdollar community during the holiday season. Component rebalancing is completed for the next year.

January - September 2020: the Fund will continue to promote the Fund and its entities to the general public. Annual public audit performed in January. Wide scale promotion of Phase 3 of the Token ICO begins in August.

October 2020: The second annual the Fund elections begin. Investors will collectively decide the Fund’s components and the percentage allocations to each. The Presale of Phase 3 of the Fund ICO also begins.

November - December 2020: The regular sale of Phase 3 of the Fund ICO begins. It will be widely promoted as the fund’s way of giving back to the Bitdollar community during the holiday season. Component rebalancing is completed for the next year.
BITDOLLAR FUND TEAM

6.1 Team Members

**Nick Kitcharoen, Founder & Chief Executive Officer:** Nick has a love for financial markets and is an entrepreneur at heart. He has 15 years of combined experience in corporate finance (mostly in a forecasting, planning, and analysis capacity) and trading in financial markets, both manually and algorithmically. Most recently he was head of Acumen Algorithms LLC, a Commodity Trading Advisor (CTA), but has moved on to completely focus on Bitdollar Capital. Nick will lead the process of turning the Fund's concept and vision into a real financial product and cryptocurrency. Mr. Kitcharoen holds a Bachelor's degree in economics from the University of Michigan and an MBA in finance from Cornell University.

**Nataliia Sytai, Co-Founder & Chief Technology Officer:** Nataliia is a seasoned IT professional that brings 15 years of experience to the team, most recently as a Network Engineer for Google. She has also been involved in research and development (R&D) efforts with Google focusing on network engineering. Nataliia has a passion for technology, and will be leading all future technology development efforts for the Fund. Ms. Sytai holds a Bachelor's degree in computer science from National Technical University of Ukraine.

**Henry Avery, Co-Founder & Chief Operating Officer:** Henry is a seasoned sales and business development professional with 10 years of progressive experience identifying, negotiating, and closing multi-year SaaS and On-premise Technology solutions in addition to media and content sales. He is an accomplished sales leader with experience identifying and closing marketing and product enhancement partnerships to increase territory coverage and build pipeline, working for companies such as Oracle in the past. Prior to his business development career, Henry had a career in finance, which included roles in sales and trading, mergers and acquisitions, audit, corporate consolidations, and financial planning. Mr. Avery holds a Bachelor’s degree in finance from Morris Brown College and an MBA in finance from Cornell University.

**Kent Schmeckpeper, Co-Founder & Chief Marketing Officer:** Kent brings over 20 years of financial service experience to the team. Most recently, Kent was the SVP of Product and Marketing Operations of Meridian-IQ, a FinTech start-up, and the leading supplier of sales and marketing data on financial advisors. For the bulk of his career, Kent was involved in strategic marketing and product development at leading financial services firms including Jackson National Life, INVESCO Funds, PNC Institutional Management, and Accenture. Mr. Schmeckpeper holds both an MBA and Bachelor’s in economics from the University of Michigan, and completed the Project Management Certification program at the University of Denver.

6.2 Advisors

**Simon Cocking, ICO Advisor, Europe:** Senior Editor at Irish Tech News - with over 726,000 unique monthly views, Editor in Chief at CryptoCoinNews, and freelances for Sunday Business Post, Irish Times, Southern Star, IBM, G+D, and others. He is a top ranked member of the ‘People of Blockchain’ (spending 3 months at #1 on Q1 of 2018 out of 23,000 people).

**Wannipha Buakaew, ICO Advisor, Asia & Australia:** Leading personality, public speaker and voice of progress to the cryptocurrency community and emerging markets. Known as Crypto Jen, one of the most highly regarded female crypto/blockchain influencers in the world.

**Simon Choi, ICO Advisor, Legal:** An international lawyer, qualified to practice law in England, Wales, and in Hong Kong, China. Simon graduated from the law schools' of Peking University, the University of London and the University of Hong Kong. Simon has advised many ICO projects globally and contributes to Bitdollar Fund by providing an in-depth knowledge of international law, as well as
advising and reviewing new blockchain regulations in various jurisdictions. With more than 25 years of experience in international trade, investment, finance, and M&A, he is an asset for Bitdollar Fund ensuring the highest degree of compliance and adherence to all relevant government policies towards blockchain technology.

Robert Alexander, ICO Advisor, Branding and Social: CEO of 360WISE Media, one of the largest major-market media operators in the United States and a leader in social media marketing, news, and brand and public figure advertisement.

Lucas Cervigni, ICO Advisor, Latin America: An advisor, entrepreneur, and panelist in the cryptocurrency world, he is also a television host and author.

Thais Targinno, ICO Advisor, Brazil: An economist for a major South American construction corporation and an emerging ICO advisor in Brazil and Latin America.

CONCLUSION

7.1 A New Fund Model

The Fund will offer something no other fund has been able to on a wide scale basis as of yet, and that is provide a fund that is collectively managed by its Token holders. The only historical comparison would be an investment club, but such clubs tend to be local, do not have perfect voting rights for investors, and are certainly not publicly tradable.

As the first fund to be collectively managed by its investors, the Fund aims to provide clarity and knowledge in cryptocurrencies while also promoting the market to the general public and facilitating entry for the newly interested with Token tokens.

Investors in the Fund or Token have a collective responsibility in managing the fund well, especially when considering how their voting decisions could affect not only returns, but the perception of the Bitdollar Index and the ability to provide a relatively safe landing spot for those that are new to cryptocurrencies.

7.2 Clarifying Cryptocurrency Understanding & Increasing Awareness

The Fund will attempt to increase awareness about cryptocurrencies, their underlying technology, and their investment potential through its community that contains videos, forums, news articles, price/chart info, and fundamental analysis of cryptocurrencies. All of this will be easily accessible in one website or mobile application. Ideally, simply participating in the community is mutually beneficial for all of its investors, as those that are more experienced can voice their opinion, while those that are new can consider the different viewpoints, learn, and ultimately decide on their own. The Fund will provide a lot of opinion on cryptocurrencies in the future, but other coinholders are more than encouraged to voice their opinions as well! That is what this is all about after all.

The Fund will also fully promote and increase awareness of the Bitdollar Index as well as Token and its value proposition.

7.3 Facilitating Entry For New Investors

Many in the general public are interested in cryptocurrencies, but are confused by all of the options and don’t know where to start. Tokens will be promoted as an optimal place to begin their cryptocurrency investing experience since it already has the best cryptocurrencies already within it (as well as asset backed cryptocurrencies), while also offering the added benefit of learning from the Fund’s community and having a say in its direction through stakeholder voting.
7.4 Motivation To Innovate And Set A New Standard For Funds

The Fund’s ultimate goal is to innovate and to provide a valuable and engaging investor experience. By being the world’s first collectively managed fund, we hope to set a new standard for many funds in the future and to make our mark in this very new and interesting industry and community.

We at the Fund greatly look forward to having you join us on this exciting adventure, and look forward to working with you all in the future.

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https://www.bitdollarico.com
RISK FACTORS, DISCLOSURES, ACKNOWLEDGEMENTS, AND WARRANTIES BY PURCHASERS AND OTHER NOTICES
RISK FACTORS AND DISCLOSURES

IMPORTANT NOTICE: PROSPECTIVE PURCHASERS SHOULD CAREFULLY CONSIDER THE RISKS INVOLVED IN DETERMINING WHETHER AN INVESTMENT IN THE TOKENS IS A SUITABLE INVESTMENT, CERTAIN OF WHICH ARE SUMMARISED BELOW.

DISCLOSURES REGARDING TOKENS

Nature of Tokens

Except as explicitly set out in this White Paper, Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, including, without limitation, any uses, purpose, attributes, functionalities or features on the BTD Platform. The Company does not guarantee and is not representing in any way to a Purchaser that the Tokens have any rights, uses, purpose, attributes, functionalities or features. The purchase of Tokens does not provide a Purchaser with rights of any form with respect to the Company or its revenues or assets, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights; is not a loan to the Company; and does not provide Purchaser with any ownership or other interest in the Company.

Tokens are non-refundable

Other than instances described in this White Paper related to the non-completion of the Token Launch, the Company is not obliged to provide Token holders with a refund for any reason and Token holders will not receive money or other compensation in lieu of a refund. The Tokens are also not redeemable at the option of the Purchaser. Statements set out in this White Paper are merely expressions of the Company's objectives and desired work plan to achieve those objectives. And no promises of future performance or price are or will be made in respect to Tokens, including no promise of inherent value, and no guarantee that Tokens will hold any particular value.

Tokens are provided on an ‘as is’ basis

The Tokens are provided on an “as is” basis. The Associated Parties and each of their respective directors, officers, employees, shareholders, affiliates and licensors make no representations or warranties of any kind, whether express, implied, statutory or otherwise regarding the Tokens, including any warranty that the Tokens and the BTD Platform will be uninterrupted, error-free or free of harmful components, secure or not otherwise lost or damaged. Except to the extent prohibited by applicable law, the Associated Parties and each of their respective directors, officers, employees, shareholders, affiliates and licensors disclaim all warranties, including any implied warranties of merchantability, satisfactory quality, fitness for a particular purpose, non-infringement, or quiet enjoyment, and any warranties arising out of any course of dealings, usage or trade.

Tokens may have no value

The Tokens may have no value and there is no guarantee or representation of liquidity for Tokens. The Company is not and shall not be responsible for or liable for the market value of the Tokens, the
transferability and/or liquidity of the Tokens and/or the availability of any market for Tokens through third parties or otherwise.

**Lack of development of market of Tokens**

There are no warranties that Tokens will be listed or made available for exchange for other cryptocurrency and/or fiat money. It shall be explicitly cautioned that if Tokens are made available on an exchange, such exchange, if any, may not be subject to regulatory oversight, and the Company does not give any warranties in relation to any exchange services providers. Because there has been no prior public trading market for Tokens, the Token Launch may not result in an active or liquid market for Tokens, and the price of Tokens may be volatile. Token holders may not be able to dispose of Tokens easily and where no secondary market develops, a Token holder may not be able to liquidate at all. The Company in circumstances may block proposed transfers of the Tokens where the proposed transferee has not already completed the Company’s KYC and AML procedures (including, without limitation, verification of identity and source of funds) to its satisfaction. Purchasers should be aware of the restrictions on their subsequent sale.

**Risks relating to highly speculative prices**

The valuation of cryptocurrency in a secondary market is usually not transparent, and highly speculative. The Tokens do not hold any ownership rights to the Company’s assets and, therefore, are not backed by any tangible asset. The value of Tokens in the secondary market, if any, may fluctuate greatly within a short period of time. There is a high risk that a Purchaser could lose its entire contribution amount. In the worst-case scenario, Tokens could be rendered worthless.

**Force Majeure**

The Token Launch and the performance of the Company’s activities set out in this White Paper and the development roadmap may be interrupted, suspended or delayed due to force majeure circumstances. For the purposes of this White Paper, “force majeure” shall mean extraordinary events and circumstances which could not be prevented by the Company and shall include: changes in market forces or the technology, acts of nature, wars, armed conflicts, mass civil disorders, industrial actions, epidemics, lockouts, slowdowns, prolonged shortage or other failures of energy supplies or communication service, acts of municipal, state or federal governmental agencies, other circumstances beyond the Company’s control, which were not in existence at the time of Token Launch.

**Insurance**

Unlike bank accounts or accounts at financial institutions, Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by the Company to offer recourse to a Purchaser.

**GOVERNMENTAL DISCLOSURES**

**The Company is not a regulated mutual fund**

The Company is not regulated as a mutual fund for the purposes of the Mutual Funds Law (2015 Revision) of the Cayman Islands (“MFL”) on the basis that Tokens are not shares and the Company is therefore not a registrable mutual fund. In addition, the Tokens are not redeemable at the option of the Purchaser and
so the Tokens and the Company are considered ‘closed-ended’. Accordingly, neither a copy of this White Paper nor details about the Company have been filed with the Cayman Islands Monetary Authority (“CIMA”). Because the Company is not a regulated mutual fund, the Company is not subject to the supervision of CIMA and the Company is not required to have its accounts audited nor submit such accounts to CIMA.

If the Company were regulated as a mutual fund under the MFL, it would need to comply with regulatory requirements designed to protect investors, including the requirement to limit the minimum aggregate Token purchase amount to US$100,000 or its equivalent in any other currency in order for it not to be licensed or administered by a licensed mutual fund administrator. The Company would also need to pay a prescribed initial registration fee.

These are matters which would be required in connection with an initial registration under the MFL. The Company would also then have ongoing obligations under the MFL following its initial registration, including the obligation to file with CIMA prescribed details of any changes to this White Paper; to file annually with CIMA accounts audited by an approved auditor and a fund annual return; and to pay a prescribed annual fee.

If Company were a regulated mutual fund, it would also be subject to the supervision of CIMA, and CIMA would have wide powers to take certain actions if certain events occur.

**Risk of unfavorable regulatory action in one or more jurisdictions**

The regulatory status of cryptographic tokens, digital assets, and blockchain technology is undeveloped, varies significantly among jurisdictions and is subject to significant uncertainty. It is possible that certain jurisdictions may adopt laws, regulations, policies or rules directly or indirectly affecting the Bitcoin and Ethereum network, or restricting the right to acquire, own, hold, sell, convert, trade, or use Tokens. Developments in laws, regulations, policies or rules may alter the nature of the operation of the blockchain network upon which the Tokens are dependent. There can be no assurance that governmental authorities will not examine the operations of Associated Parties and/or pursue enforcement actions against Associated Parties. All of this may subject Associated Parties to judgments, settlements, fines or penalties, or cause Associated Parties to restructure their operations and activities or to cease offering certain products or services, all of which could harm Associated Parties’ reputations or lead to higher operational costs, which may, in turn, have a material adverse effect on the Tokens and/or the development of the BTD Platform.

**Purchaser bears responsibility of legal categorization**

There is a risk that Tokens might be considered a security in certain jurisdictions, or that they might be considered to be a security in the future. The Company does not provide any warranty or guarantee as to whether the Tokens will be a security in the jurisdiction of the Purchaser. Each Purchaser will bear all consequences of Tokens being considered a security in their respective jurisdiction. Every Purchaser is responsible to confirm if the acquisition and/or disposal of Tokens is legal in its relevant jurisdiction, and each Purchaser undertakes not to use Tokens in any jurisdiction where doing so would be unlawful. If a Purchaser establishes that the purchase or use of Tokens is not legal in its jurisdiction (or would only be legal if the company had taken additional steps such as registration or licensing), it should not acquire Tokens and immediately stop using or possessing Tokens.
Acquiring Tokens in exchange for cryptocurrency will most likely continue to be scrutinized by various regulatory bodies around the world, which may impact the usage of Tokens. The legal ability of the Company to provide or support Tokens in some jurisdictions may be eliminated by future regulation or legal actions. In the event that the Company determines that the purchase or usage of Tokens is illegal in a certain jurisdiction, the Company may cease operations in that jurisdiction, or adjust Tokens in a way to comply with applicable law.

Purchaser bears responsibility for complying with transfer restrictions

Tokens may be placed on third-party exchanges, giving future purchasers and users an opportunity to openly buy Tokens. A user seeking to enter the BTD Platform following the Token Launch will have to buy Tokens on such exchanges. Conversely, Tokens may be sold on such exchanges if the holder of Tokens would like to exit the BTD Platform ecosystem. Existing laws on the circulation of securities in certain countries, such as the United States of America, China, South Korea, Canada and Singapore, may prohibit the sale of the Tokens to the residents of those countries. When buying Tokens, Purchasers should be aware of the restrictions on their subsequent sale.

GENERAL SECURITY RISKS

Risk of theft and hacking

Hackers and bad actors often target token generation events and initial coin offerings. Hackers may attempt to interfere with the Purchaser's digital wallet, whether located on the BTD Platform or otherwise, (the “Purchaser’s Wallet”), the BTD Smart Contract or the availability of Tokens in any number of ways, including without limitation denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks. Any such attack may result in theft of a Purchaser's Tokens.

Private keys

Tokens purchased by a Purchaser may be held by a Purchaser in the Purchaser’s Wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private key(s) associated with Purchaser’s Wallet or vault storing the Tokens will result in loss of such Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet or vault service Purchaser uses, may be able to misappropriate Purchaser’s Tokens. The Company is not responsible for and shall be held harmless in respect of any such losses.

Failure to map a public key to Purchaser’s Wallet

Failure of the Purchaser to map a public key to such Purchaser’s Wallet may result in third parties being unable to recognize buyer’s Token balance on the Ethereum blockchain when and if they configure the initial balances of a new blockchain based upon the BTD Platform.

Risk of incompatible wallet service

The wallet or wallet service provider used for the acquisition and storage of the Tokens has to be technically compatible with the Tokens. The failure to assure this may result in the Purchaser not being able to gain access to its Tokens.

Risk of weaknesses or exploitable breakthroughs in the field of cryptography
Advances in cryptography, or other technical advances such as the development of quantum computers, could present risks to cryptocurrencies, Ethereum and Tokens, which could result in the theft or loss of Tokens.

**Internet transmission risks**

There are risks associated with using Tokens including, but not limited to, the failure of hardware, software, and internet connections. The Company shall not be responsible for any communication failures, disruptions, errors, distortions or delays you may experience when using the BTD Platform and Tokens, howsoever caused. Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. Cryptocurrency transactions are deemed to be made when recorded on a public ledger, which is not necessarily the date or time when the transaction is initiated.

**BTD PLATFORM DISCLOSURES**

**No guarantee that the BTD Smart Contract will be developed**

Each Purchaser acknowledges, understands and agrees that such Purchaser should not expect and there is no guarantee or representation or warranty by the Company that:

- the BTD Platform will ever be adopted;
- the BTD Platform will be adopted as developed by the Company and not in a different or modified form;
- a blockchain utilizing or adopting the Company will ever be launched; and
- a blockchain will ever be launched with or without changes to the BTD Platform and with or without a distribution matching the fixed balance of Initial Tokens (as defined below).

Furthermore, the Tokens initially generated upon the Token Launch ("Initial Tokens") will not have any functionality or rights on the BTD Platform and holding Initial Tokens is not a guarantee, representation or warranty that the holder will be able to use the BTD Platform, or receive any tokens utilized on the BTD Platform, even if the BTD Platform is launched and the BTD Smart Contract is adopted, of which there is no guarantee, representation or warranty made by the Company.

**Risks associated with the BTD Smart Contract and associated software and/or infrastructure**

The BTD Smart Contract is based on the Ethereum blockchain. As such, any malfunction, unintended function or unexpected functioning of the Ethereum protocol may cause the Tokens and/or the BTD Platform to malfunction or function in an unexpected or unintended manner.

The Ethereum blockchain rests on open source software, and accordingly there is the risk that the BTD Smart Contract may contain intentional or unintentional bugs or weaknesses which may negatively affect Tokens or result in the loss or theft of Tokens or the loss of ability to access or control Tokens. In the event of such a software bug or weakness, there may be no remedy and Token holders are not guaranteed any remedy, refund or compensation.
On the Ethereum blockchain, timing of block production is determined by proof of work so block production can occur at random times. For example, Ether transferred to the Company’s recipient digital wallet address in the final seconds of a distribution period may not get included for that period.

Purchaser acknowledges and understands that the Ethereum blockchain may not include the Purchaser's transaction at the time the Purchaser expects and the Purchaser may not receive the Tokens the same day the Purchaser sends Ether. The Ethereum blockchain is prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the Ethereum network in an attempt to gain an advantage in purchasing cryptographic tokens. The Purchaser acknowledges and understands that Ethereum block producers may not include the Purchaser’s transaction when the Purchaser wants or the Purchaser’s transaction may not be included at all.

Ether, the native unit of account of the Ethereum blockchain may itself lose value in ways similar to the Tokens, and also other ways. More information about Ethereum is available at http://www.ethereum.org.

Irreversible nature of blockchain transactions

Transactions involving Tokens that have been verified, and thus recorded as a block on the blockchain, generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user’s Tokens, the transaction is not reversible. Further, at this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrencies and digital tokens. Consequently, the Company may be unable to replace missing Tokens or seek reimbursement for any erroneous transfer or theft of Tokens.

Amendments to protocol

The development team and administrators of the source code for Ethereum blockchain or the BTD Smart Contract could propose amendments to such network’s protocols and software that, if accepted and authorized, or not accepted, by the network community, could adversely affect the supply, security, value, or market share of Tokens.

Risk of mining attacks

As with other decentralized cryptocurrencies, Ethereum blockchain, which is used for the Tokens, is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, “selfish-mining” attacks, and race condition attacks.

Any successful attacks present a risk to the Tokens, expected proper execution and sequencing of Tokens, and expected proper execution and sequencing of Ethereum contract computations in general. Despite the efforts of the Company and Ethereum Foundation, the risk of known or novel mining attacks exists. Mining attacks, as described above, may also target other blockchain networks, with which the Tokens interact with and consequently the Tokens may be impacted also in that way to the extent described above.

COMPANY DISCLOSURES

Legal structure of Token generator
The Company is an exempted company incorporated in the Cayman Islands pursuant to the Companies Law (Revised). An exempted company is a body corporate which has separate legal personality capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, and having perpetual succession. The constitution of an exempted company is contained in two documents, the memorandum of association and the articles of association (the “Articles”). The Articles typically provide that there must be at least one director of a Cayman company. Generally, the Articles will specify that the management of a Cayman company is the responsibility of, and is carried out by, its board of directors. If the Articles permit it, a Cayman company may indemnify officers and directors of the company from all liabilities and expenses incurred by search persons in the performance of their duties.

The memorandum of association of a Cayman company must specify the authorized share capital of such company. The memorandum of association will state the aggregate amount of the authorized share capital, together with details of the number of shares into which it is divided and the par value of those shares. As a Token holder, you are not a party to the memorandum of association or the Articles and are not entitled to any right or interest in or to shares of the Company and have no rights to appoint or remove the board of directors of the Company.

Because Tokens confer no governance rights of any kind with respect to the BTD Platform or the Company, all decisions involving the Company’s products or services within the BTD Platform or the Company itself will be made by the Company at its sole discretion. These decisions could adversely affect the BTD Platform and the value and/or utility of any Token you own.

**Dependence on management team**

The ability of the BTD Platform project team, which is responsible for maintaining competitive position of the BTD Platform, is dependent to a large degree on the services of a senior management team. The loss or diminution in the services of members of such senior management team or an inability to attract, retain and maintain additional senior management personnel could have a material adverse effect on the BTD Platform and the value of the Tokens. Competition for personnel with relevant expertise is intense due to the small number of qualified individuals, and this competition may seriously affect the Company’s ability to retain its existing senior management and attract additional qualified senior management personnel, which could have a significant adverse impact on the BTD Platform and the value of the Tokens.

**Risks related to reliance on third parties**

Even if completed, the BTD Platform will rely, in whole or in part, on third parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that those third-parties will complete their work, properly carry out their obligations, or otherwise meet anyone's needs, any of which might have a material adverse effect on the BTD Platform and the value of the Tokens.

**Insufficient interest in the BTD Platform and the Tokens**

It is possible that the BTD Platform or Tokens will not be used by a large number of individuals, businesses and organizations and that there will be limited public interest in the creation and development of its functionalities. Such a lack of interest could impact the development of the BTD Platform and the value of the Tokens.

**BTD Platform development risks**
The development of the BTD Platform and/or BTD Smart Contract may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

**Changes to the BTD Platform**

The BTD Platform is still under development and may undergo significant changes over time. Although Associated Parties intend for the BTD Platform to have the features and specifications set forth in this White Paper, changes to such features and specifications may be made for any number of reasons, any of which may mean that the BTD Platform does not meet the expectations of the Purchaser.

**Other projects**

The Platform may give rise to other, alternative projects, promoted by parties that are affiliated or unaffiliated with the Associated Parties, and such projects may provide no benefit to the BTD Platform.

**Disclosures relating to conflicts of interest**

Any of the Associated Parties may be engaged in transactions with related parties and conflicts of interest may arise, potentially resulting in the conclusion of transactions on terms not determined by market forces.
ACKNOWLEDGEMENTS AND WARRANTIES BY PURCHASERS

ACKNOWLEDGEMENTS

By transferring payment (whether in fiat currency or cryptocurrency) and agreeing to purchase the Tokens, each Purchaser agrees and acknowledges that:

- the Tokens do not and are not intended to constitute securities in any jurisdiction. This White Paper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction;
- the Tokens are meant for internal use within the BTD Platform and are not intended as securities or other assets to be used for speculative trading purposes. The Company does not operate an exchange for Tokens and there is no guarantee of the future value of the Tokens. The Company does not take any responsibility for any trade in Tokens in or through third-party exchanges. The possibility exists that the Tokens could be worth nothing;
- this White Paper does not constitute or form part of any opinion on, any advice to buy or sell, or any solicitation of any offer to purchase any Tokens nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or any investment or purchase decision;
- no regulatory authority in any applicable jurisdiction has examined or approved of the information set out in this White Paper and the publication, distribution or dissemination of the White Paper to you does not imply that any applicable laws, regulatory requirements or rules have been complied with;
- any agreement as between the Company and a Purchaser, and in relation to any sale and purchase, of Tokens is to be governed by this White Paper;
- notwithstanding any other section of this White Paper, and to the extent permissible by applicable laws, the Company shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this White Paper or any part thereof by a Purchaser;
- no information in the White Paper should be considered to be business, legal, financial or tax advice regarding the Company, the Tokens or the Token Launch; and
- they should consult their own legal, financial, tax or other professional adviser regarding the Company and its respective businesses and operations, the Tokens and the Token Launch.

WARRANTIES

By transferring payment (whether in fiat currency or cryptocurrency) and agreeing to purchase the Tokens, each Purchaser represents and warrants to the Company as follows:

- that they have read, understood and accepted sole responsibility for the disclosed risks, disclaimers and other disclosures inherent in participating in the Token Launch and the purchasing of Tokens as set out in this White Paper;
- that they are not a citizen or resident of any jurisdiction or territory into which a sale or distribution of the Token would be unlawful (each a “Prohibited Territory”) and are not purchasing the Tokens on behalf of, whether directly or indirectly, a citizen of any Prohibited Territory;
that they have the power to enter into, exercise any rights and perform and comply with their obligations under this White Paper and their entry into, exercise of their rights and/or performance of or compliance with their obligations under this White Paper including accessing, distribution or dissemination of this White Paper, is not prohibited or restricted by the applicable laws, regulations or rules in the Purchaser’s jurisdiction or country of residence, and where any restrictions in relation to the aforementioned are applicable, the Purchaser:

- accepts sole liability for non-compliance with such applicable laws, regulations and rules in the Purchaser’s jurisdiction or country of residence; and
- has observed and complied with all such applicable laws, regulations and rules in the Purchaser’s jurisdiction or country of residence at the purchaser’s own and sole expense;

that all actions, conditions and things required to be taken, fulfilled and done:

- in order to enable the Purchaser to lawfully enter into, exercise their rights and perform and comply with their obligations imposed by this White Paper and to ensure that those obligations are legally binding and enforceable; and
- for the issue of the Tokens on the terms and conditions set out in this White Paper, have been taken, fulfilled and done;

that all the Purchaser’s obligations under this White Paper are valid, binding and enforceable on such Purchaser in accordance with their terms;

that the Purchaser has adequate understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based systems, cryptocurrency wallets or other related coin/token storage mechanisms, blockchain technology and smart contract technology;

that the Purchaser is not exchanging cryptocurrencies for Tokens for the purpose of speculative investment or for the purpose of exchanging one form of virtual currency for another, with the present intention of delivering the Tokens to another person, in a coordinated series of steps intended to complete a single transaction;

that the Purchaser is acquiring Tokens primarily for use in the BTD Platform; and

all of the above representations and warranties are true, complete, accurate and non-misleading from the time of the Purchaser’s pre-registration (where applicable) and purchase of Tokens pursuant to the Token Launch.
OTHER NOTICES

AML AND KYC

Measures aimed at the prevention of money laundering and terrorist financing will require a Purchaser to verify their identity and/or the source of funds to the Company.

By way of example, an individual may be required to produce the original passport or identification card or copy duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with two original documents evidencing his address such as a utility bill or bank statement or duly certified copies. In the case of corporate applicants this may require production of a certified copy of the Certificate of Incorporation (and any change of name) and of the Memorandum and Articles of Association (or equivalent), and of the names and residential and business addresses of all directors and beneficial owners.

The details given above are by way of example only and the Company will request such information and documentation as it considers is necessary to verify the identity and source of funds of a prospective Purchaser.

Each Purchaser acknowledges that the Company shall be held harmless against any loss arising as a result of a failure to provide such information and documentation as has been requested by the Company.

Each Purchaser further acknowledges and agrees that any failure by them to comply with the Company's requests in relation to measures aimed at the prevention of money laundering and terrorist financing, may result in action being taken against the Purchaser in respect of the Tokens including, without limitation, the suspension or withdrawal of the Purchaser's account on the BTD Platform or the Tokens held by them.

AUTOMATIC EXCHANGE OF INFORMATION

United States

The Foreign Account Tax Compliance (“FATCA”) provisions of the Hiring Incentives to Restore Employment Act (the “HIRE Act”) and regulations issued thereunder generally impose a reporting and 30% withholding tax regime with respect to certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends paid to a foreign financial institution (“FFI”) (such as the Company which will be considered a Cayman Islands Financial Institution) unless the information and reporting requirements imposed by FATCA are satisfied. In the case of the Company it will be required to report with respect to any U.S. holder of Tokens or a non-US holder of Tokens with U.S. owners. As part of the process of implementing FATCA, the U.S. government has negotiated intergovernmental agreements with certain foreign jurisdictions to make it easier for those partner jurisdictions to comply with the provisions of FATCA. Under each such agreement, FFIs in a partner jurisdiction will be able to report information on U.S. account holders directly to their national tax authorities, who in turn will on an automatic basis report to the Internal Revenue Service (“IRS”).

The Cayman Islands has signed a Model 1B (non-reciprocal) inter-governmental agreement with the United States (the "US IGA") to give effect to FATCA and the automatic exchange of information. The Tax Information Authority Law (the “TIA Law”) is the primary Cayman Islands legislation dealing with the
implementation of the US IGA and detailed rules are contained in regulations made under the TIA Law, The Tax Information Authority (International Tax Compliance) (United States of America) Regulations, 2014 (as amended). So long as the Company complies with the US IGA and the enabling legislation, it will not be subject to the related U.S. withholding tax regime. Token holders will generally be required to provide to the Company information that identifies their direct and indirect U.S. ownership. Any such information provided to the Company will be disclosed to the Cayman Tax Information Authority (the “TIA”) or its delegate which will in turn report the information to the IRS annually on an automatic basis unless it is otherwise exempt from the reporting and withholding rules. Token holders will be deemed to have given their consent to the disclosure of information and will agree to provide such other information as is necessary for the Company to comply with these new reporting requirements.

CRS

The Cayman Islands has also introduced regulations, The Tax Information Authority (international Tax Compliance) (Common Reporting Standard) Regulations, 2015 (as Amended), implementing the Common Reporting Standard (the “CRS”, and together with FATCA, “AEOI”). The CRS is an OECD initiative which deals with the automatic exchange of account information for tax purposes (on a reciprocal basis) with each of the participating counties that have adopted the CRS.

Financial Institution’s AEOI Obligations

All Cayman Islands “Financial Institutions” will be required to comply with the registration, due diligence and reporting requirements of Cayman Islands regulations implementing AEOI (the “AEOI Regulations”), except to the extent that they can rely on an exemption that allows them to become a “Non-Reporting Financial Institution” (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes. The Company does not propose to rely on any reporting exemption and therefore intends to comply with the requirements of the AEOI Regulations. Pursuant to the AEOI Regulations, the TIA has published guidance notes on the application of the US IGA, the UK IGAs and the CRS.

The AEOI Regulations require the Company to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a “Reporting Financial Institution”; (iii) conduct due diligence on its accounts to identify whether any such accounts are considered “Reportable Accounts”, and (iv) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a U.S. Reportable Account, HMRC in the case of a UK Reportable Account, etc.) annually on an automatic basis.

Each Token holder in the Company will be required to disclose certain information and provide such documentation to such entities (as the Company’s directors may determine in their absolute discretion) including as to that Token holder’s citizenship and countries of tax residency to enable the Company to comply with its obligations relating to AEOI. By purchasing or acquiring the Tokens and/or continuing to hold Tokens, Token holders shall be deemed to acknowledge that further information may need to be provided to the Company, the Company’s compliance with the AEOI Regulations may result in the disclosure of investor information and investor information may be exchanged with overseas fiscal authorities.

Where a Token holder fails to provide any requested information (regardless of the consequences), the Company reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, suspension or compulsory redemption of the Token holder concerned. Although the Company
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expects that it will comply with AEOI, the Company cannot ensure that it will be able to so comply (for example, if a Token holder does not provide the required information). Token holders are urged to consult their tax advisors regarding the potential application of AEOI to their purchase of the Tokens.