

Nakamoto Capital

White Paper

Abstract

Appearance of the blockchain protocol and services based on this technology to the mass public created a strong movement towards investing in new area. Availability and low entrance barriers attract more and more investors. Future growth supported by strong security, low fees and transparency drives blockchain funds away from more traditional options. Our platform built for investors with little or no knowledge and for those who already holds assets and wishes to explore more opportunities. This paper represents our vision of how blockchain investments should be done and we are here to help you make a right decision.

Fund Management

Fund managers perform market analysis and make strategic decisions in order to generate value and outperform the market.

Members of fund management are:

- Sergey Bakharev
- Stanislav Teo
- Nikolay Ermakov
- Klimentiy Tselovalnikov
- Kristina Fedoseeva
- George Blagov
- Yuri Kotov

Fund management background comes from business, investment management and IT

Investment strategies and structure

In order to suit different types of investors (long or short term), we have created 3 investable funds.

Nakamoto Index Fund

Follows top 20 performing currencies and tokens. The best way to invest into blockchain assets with little or without knowledge. Assets are updated on a daily basis. New currencies are entered and exited accordingly to their market capitalization.

Nakamoto Special Fund

In order to mitigate risks of high volatility, fund contains only major currencies and tokens and aligns with long-term investment horizon. fund management always seeks new market opportunities, however it limits itself to following rules (applies only to Nakamoto Special Fund)

- Fund contains only currencies based on blockchain technology and have been time proofed
- White paper is clear and contains in deep technical details
- Development team have strong background
- Project stage development (no unreleased projects allowed)

Nakamoto Risk Fund

Contains a number of carefully selected altcoins and ICOs with high growth potential. However, exposed to higher risks than other funds and might not suit all of the investors.

- Coins are more historically volatile
- Suggested projects can be in pre-ICO stage
- Higher illiquidity limits are applied (15%)

In order to manage target profit/risk ratio fund managers should control the following limits:

- Holding of assets with similar consensus algorithm: <60%
- Holding of assets based on similar code base: <50% (excluding Bitcoin)
- Holding of an asset: >1% but <45% from NAV (excluding Bitcoin)
- Holding of assets in market segment: <40% from NAV(excluding Bitcoin)
- Holding of illiquid assets: <10% from NAV

Rebalancing dynamic is based on the everyday price changes, as well as, comparison against benchmark in order to correctly identify most viable assets weightings Final rebalancing decisions are made on a weekly basis. All portfolios rebalancing are executed within next 24 hours.

Economic Model

We have implemented two models of remunerating fund managers in order to suit all investors. Fees allocated as follows:

Model 1

Entry fee, whenever investor enters the fund 4% of issued tokens are being deducted to reward fund managers and referrals.

- Referral payments: 2%
- Funds: 2%

Exit fee, whenever investor wishes to withdraw, 4% of withdrawing amount will be deducted from funds favor as follows:

- Fund managers: 2%
- Funds: 2%

Model 2

Entry fee, whenever investor enters the fund 2% of issued tokens are being deducted to reward fund managers and referrals.

- Referral payments: 2%

Exit fee and annual charge, whenever investor wishes to withdraw or one year after investor entered fund, 20% of withdrawing amount will be deducted from funds based on performance.

Tokens

Every time an investor purchases Nakamoto Capital tokens investor is awarded with them. In order to purchase Nakamoto Capital investor can use provided payment methods.

Token price calculated by this formula

Token Price = Value of Assets / Supply

Purchase Tokens = Investments / Token Price - Entrance Fee

The current price of tokens is calculated as fund's net assets value. Every time purchaser sends, Nakamoto Capital tokens to fund are destroyed. Payout is calculated based on a price, which is calculated at 12.00 GMT each day.

Token Price = Value of Assets / Supply

Investments = Purchaser Tokens * Token Price - Exit Fee

Nakamoto Capital can also be traded in open markets and exchanges.

Risks

The purchase of Nakamoto Capital tokens carries with it significant risks. Prior to purchasing Nakamoto Capital tokens, the purchaser should carefully consider the following. Purchasers and fund managers are exposed to the following risks: inherent risk, loss risk, theft risk, regulatory risk, miscomprehension risk. By sending bitcoins to address the purchaser agrees that he or she understands and accepts these risks and potential losses of all funds without a possibility to restore. Fund managers do not hold any risks except for risk of losing personal investments, which comprise currently about 15% of assets under management.

Security and Transparency

In order to secure funds, they are distributed between multiple exchanges and wallets so the funds are not affected by single exchange downfall or security breach.

Blockchain nature to monitor and easy share transactions made. In addition, entered investors receive daily reports and reviews in order to support their investment decisions.

Liquidation

The following events could trigger the liquidation procedure:

- Decision of >50% fund managers, or
- Fund managers alive is less than 2

The following procedure will be executed in case of liquidation:

1. All available holdings are exchanged into BTC in 2 weeks period
2. All funds are split across token holders proportionally their share of Nakamoto Capital tokens
3. All BTC are sent to the registered addresses

4. If there is an illiquid asset under possession, fund managers hold it or a trusted person until it could be exchange.

Taxation

No party involved with the Creation of makes any representations concerning the tax implications of the Creation of Nakamoto Capital tokens or the possession or use of Nakamoto Capital tokens. The purchaser bears the sole responsibility to determine whether holding of SPIES tokens or the potential appreciation or depreciation in the value of Nakamoto Capital tokens over time have any tax implications for investors in their home jurisdiction.

Nakamoto Capital tokens are issued when the purchaser uses via chosen payment method to the designated fund account. Thus the purchaser does trigger Nakamoto Capital issuance by his/her own actions. To the extent permitted by law, third parties or individuals associated with the Alpha Fund are not liable for any tax liability associated with or arising from holding of SPIES tokens.

How to start?

Before beginning to invest it is strongly recommended to familiarise yourself with this paper in order to secure yourself from uninformed decision making.