

**HODL**

Cryptocurrency index fund

The logo for hodlFund features a stylized orange and white crescent moon icon to the left of the text "hodlFund". The word "hodl" is in a lowercase, bold, sans-serif font, and "Fund" is in a similar font but with a slightly different weight and spacing.

**hodlFund**

Whitepaper



# HODL Fund: The tokenized crypto fund

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# Executive summary

Cryptocurrency market capitalization has been growing significantly since its beginning. However, index funds have not quite caught up. While some funds have already appeared, they take approaches which we believe that are not optimal or could be improved. Additionally, the real world finance is full of thousands of traditional index funds, while the crypto industry has many few. There are many opportunities to compete by optimizing internal processes or finding better trading strategies.

Traditional index funds have been very successful historically, especially those with passive management. That is why the base of HODL Fund is passive management. However, we believe that in the case of cryptocurrencies the market is not as efficient as in the the traditional finance world and some clear trading opportunities might arise. That is why in addition to the passively managed base we allocate a maximum of 20% to active management related activities in case we detect clear opportunities. Taking advantage of the fact that we manage a significant amount of capital, we can get volume based discounts on exchanges or operate on lower volume markets where we may be able to influence market sentiment.

In addition, HODL Fund will deploy the HODL Network Services, a distributed network of other crypto-finance related services, including ICO underwriting, crypto auditing and blockchain consultancy services, leveraging the experience and resources obtained building and ICOing HODL. Those services will be bought with HODLs, which may help to push the HODL price up. Hence, HODL will be an utility token.

We also reckon that software plays a great role in a company like HODL Fund and there is plenty of margin for improvement in this area. We have developed an efficient software solution that provides insights as well as an optimized connection with the market. Its effect cannot be underestimated because its benefits compound over time and end up really making a difference. As a disclaimer, we must say that we do not believe that a high frequency trading approach is able to consistently outperform the market and therefore we do not operate in that direction.

Our approach is detailed in this whitepaper.

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# The token and smart-contract specs

The HODL token will be based on Ethereum. Specifically, it will be an ERC20 smart-contract.

Once the ICO is over no more tokens will ever be issued and the supply will be limited to the existing tokens. It will not be possible to mine HODLs.

The source code will be available on Github [1].

Ethereum has been chosen for two reasons. The first one is financial: ETH is a cryptocurrency which has huge liquidity and it can be traded on all exchanges. The second one is technical: Ethereum and the ERC20 standard provide a proven blockchain technology.

# Token distribution and ICO funds utilization

There will be no token creation or mining after the ICO period. Tokens will be transferable and tradable once the ICO is successfully completed and the underlying assets have been acquired.

The 16.5% of the HODL tokens will be allocated to the company and team:

-9.5% to the Company:

- 2.5% fund reserves
- 2.5% development of the HODL Network Services (HNS)
- 0.75% legal
- 1.75% security, smart contract and audits
- 0.5% referral program
- 1.5 marketing, investor relations and advisors

-7% to the team:

- 2.5% to the CEO
- 2.25% to the CTO
- 2.25% to the CMO

The remaining 83.5% of the HODLs will be allocated to the ICO and pre-sale participants.

All the funds will be used to buy the underlying assets. The Company will use its HODLs to fund the operations and product development.

As we detail in the vesting section, the founders tokens will be locked until 2020, and the Company ones will be periodically unlocked.

The 9.5% allocated to the Company not only will help to protect the viability of the fund, but to increase its value. In particular, the HODL Network Services will probably help to improve our value proposition.

# NAV calculation

The price of the HODL token will be the maximum between the price of the combined underlying crypto assets, which will work as a lower bound for the HODL token price thanks to the withdrawal option, and the price of the HODL token on the exchanges.

So, the investors will have two options to cash out: the withdrawal built-in option in the smart-contract and trading on the exchanges.

# Potential market interest and demand

The fact that there are very few crypto funds compared to the traditional finance industry shows that there is still plenty of opportunities to innovate and this may be just the beginning. Also, investors are paying huge premiums to acquire shares of these crypto funds, that is to say, the price of these shares is much greater than the price of their underlying assets, so the demand is higher than the supply.

Also, HODL Fund presents additional key features, detailed in this whitepaper, which makes it a unique fund an a golden opportunity to investors who missed other fund ICOs.

Before publishing the whitepaper and the complete website, HODL Fund launched a stealth mode landing page to collect email addresses and Telegram users in order to analyze the demand and get early feedback, and we have detected a remarkable conversion rate and overall interest.

# Fees

HODL Fund has no broker fees and no exit fees. The annual management fee is 1%, which is smaller than the other funds except C20, with 0.5%, since they do not have active management at all.

# Return On Investment

The fund is supposed to at least follow the performance of the total crypto market by tracking the top 20 cryptocurrencies and gaining exposure to altcoins and ICOs, and we expect it to probably improve the overall crypto market performance, although, again, this is not investment advice and the investor should take into account the risks.

# Trading strategy and rebalancing

We will follow a hybrid approach. The fund will be basically an index fund of the top 20 cryptocurrencies. At least the 80% of the fund will passively track the top 20 cryptocurrencies using traditional rebalancing formulae.

Essentially, the rebalancing will be based on FTSE Russel's capping methodology [2].

We will follow the best practices for portfolio rebalancing, inspired by The Vanguard Group [3], the leading index fund management company in the traditional finance.

The rebalancing will be done once a week, a frequency we have found to be optimal using a data-based approach (we have run different Montecarlo simulations). It will be frequent enough to detect the fast fluctuance of the cryptocurrency markets, and not too frequent to waste tokens by paying too much in fees.

Another hyperparameter which requires an explanation is the number of cryptocurrencies which will be tracked by the index fund. Again, with a data-based approach we have found 20 to be optimal.

If a cryptocurrency were to fork, which would be considered an anomaly, we would treat the forked currency exactly like any other crypto asset. That means it could be removed in the next rebalancing, provided it is not part of the top 20 anymore.

Although some of our internal processes will be optimized with machine learning by our proprietary software solution and the rebalancing parameters have been chosen following a data-based approach, we consider that in order to optimize the returns it is better to just

diversificate, as Taleb showed [4]. Our position is that AI crypto-funds will be ineffective due to the complexity of the market and lack of data in most cases.

HODL Fund will do staking when possible, with the cryptocurrencies that support that feature.

In addition, a small percentage of the fund will be allocated to ICO investing and altcoin trading. At most this will represent the 20% of the fund. It will fluctuate between the 20% and 5% depending on the market opportunities we find. This part will imply a more active management policy.

The fund size will let us to behave like whales in both ICOs and altcoin markets. This means that occasionally we could get pre-sale discounts and market power.

Overall, the fund might be considered extremely convex. Hence, antifragile [5].

# Software solution

HODL Fund is backed by a proprietary solution that enables the fund to operate autonomously, minimize the risk for human error and respond quickly to market conditions.

## Exchange interface

The virtual trading engine is the interface between HODL and the exchanges. It is connected to exchanges both via API integration and manual operation. The latter consists of a report that tells the system administrator which operations to perform on exchanges and external platforms. API integration is the preferred method and it is used everywhere when possible, but manual operation is also supported by the software solution and needed in some cases.

## Analytics services

Analytics services provide insights on different aspects of the market. They work together with the exchange interface to provide additional computed useful metrics that the virtual trading engine then uses in addition to the raw data. For instance, slippage and potential arbitrage routes. However, they are separate entities in terms of software architecture.

## Virtual trading engine

The virtual trading engine acts like a centralized market that optimizes order execution using the data provided by the exchange interface with the additional insights provided by the several analytics services. It allows order placements to the fund administrators or other services of the software solution, such as the rebalancing engine or trading bots.

## NAV Calculation

The NAV calculation is performed based on prices obtained from the virtual trading engine.

## Withdrawal price updates

Withdrawal price updates are sent to the Ethereum network every hour on the current NAV calculated on the NAV calculation service. The update is performed by calling the `updatePrice(uint256 value)` function on the smart-contract which in turn sets the NAV variable in the smart-contract to the new price. A specific frontend (DApp) is provided to perform token liquidations.

## Withdrawal reserve maintenance

A portion of the funds is held in an Ethereum hot wallet that acts as the source of liquidation transactions. This reserve is automatically refilled by the software solution in case it reaches a certain threshold. The goal is to have approximately 5% of the funds available on this wallet at anytime.

## Rebalancing engine

The rebalancing engine controls the passively managed part of the fund. The rebalancing engine computes the difference between current allocation and target allocation as defined by the rebalancing formula. It then places orders on the virtual trading engine that account for the difference in allocations.

## Trading bots

Trading bots execute trades on the virtual trading engine. It is important to note that they will not be high frequency trading bots, and they will operate only occasionally on clear arbitrage opportunities or scheduled trading operations. Trading bots only operate with the actively managed part of the fund.

## Token holder dashboard

Most of the important information available on the software solution is displayed in real time to the token holders for maximum transparency, except for

sensitive information which could be maliciously used by third parties.

Most of the above will be available to the token holders through a front end web application.

## Community hub

Together with the token holder dashboard this application will play the role of being the heart of the community, providing real time information about the fund and a place for the community to discuss and vote on certain important decisions. While there is not much to discuss about the passively managed part of the fund, there is place for discussion and community involvement in decisions regarding the actively managed part.

## Software architecture

The intent is to modularize and isolate the system as much as possible to increase both security and maintainability. For that reason the system is organized in a microservice architecture.

Every aspect of the software solution mentioned above is isolated on its own independent microservice. Every microservice is executed inside a container on a Kubernetes cluster in production. Microservices are designed to be stateless except for those that are specifically dedicated to store data. This enables a simple replication and load balancing strategy in order to avoid downtime and allow rolling updates.

Vault from HashiCorp [6] will be used to leverage the high security requirements of a microservice architecture.

# Security

HODL Fund has implemented crypto industry best practices for defense against different kinds of attacks.

In order to protect investors from funds hijacking in the token sale, we have implemented rock-solid DDoS protection in our website, which will be particularly active during the ICO. The sale website will be hosted on Github Pages behind Cloudflare, which is used as a CDN for cache. The ETH address will be displayed in our multiple official channels: website, email, Twitter, Telegram and Medium.

The majority of the crypto assets will be saved using cold storage for security reasons. Ledger Nano S's [7] 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 saved in safe deposit boxes in undisclosed locations. These hardware wallets will all have a paper backup, stored in a different location.

A small amount of the crypto assets will be necessarily kept in hot wallets in order to be able to trade and maintain the reserve of ether to allow withdrawals. No cryptocurrencies will be held on exchanges unless strictly necessary to perform the trading operations.

# Governance

The tokens will be transparently managed by the HODL fund team following the trading and rebalancing strategies explained in this document, as well as the different criteria and policies with regards to forks and other events.

The smart contract will have a tokenholder built-in voting mechanism for extraordinary decisions.

No employee will ever be able to have full access to the crypto assets.

The HODL Fund directing board will use multi-signature wallets and have certain restrictions.

# Team

HODL was co-founded by Jordi Armengol, Marq Martí and Biel Simon. All three founders have a background in crypto investing and trading.

Jordi Armengol, CEO: Jordi is a Computer Science and Engineering student and freelance developer who had the original idea.

Marq Martí, CMO: Marq is a growth hacker, SEO expert and tech entrepreneur (Dome [8], Sitelabs [9]).

Biel Simon, CTO: Biel is a software engineer currently working at MedicalSoft [10].

Apart from the founders, HODL will rely on 3rd-party services and employees, such as lawyers, advisors and accountants. We have prepared some technical and office administrator hirings which will take place provided the ICO is successful.

# ICO

The ICO will be open to the general public and will allow everyone to purchase HODL tokens by sending ether to the specified address. The token price will be 1.00 USD the first 48h and then will increase to 1.05 USD. The ICO will last for 6 weeks.

There is both a lower bound (100,000 USD) and an upper bound (90,000,000 USD) for the total of the capitalization of the fund. This implies that if the lower bound is not reached, all funds will be returned and the fund will be liquidated.

Similarly, if the maximum capitalization is reached, no more tokens will be sold. The reason for establishing an upper bound is to prevent third parties from taking advantage of the fund by anticipating its movements.

Specific security measures will be applied during this stage. This includes the ones already stated in this document in addition to those published in future announcements through our official channels.

# Pre-sale

The pre-sale will be open to institutional or individual investors with a minimum investment of 10,000 USD at a discount price of 0.95 USD per token.

Investors willing to invest a much bigger amount can contact us [hodl@hodlfund.io](mailto:hodl@hodlfund.io) to get a special arrangement.

The pre-sale will be open shortly after this whitepaper is published.

# Referral program and bonuses

In order to enhance the virality of the HODLs marketing from the beginning, HODL Fund will organize a referral program. At first, only the most loyal and early adopters (people who signed up before the publication of the whitepaper) will have access to it. Basically, they will be rewarded with access to the pre-sale, getting the discount even if they do not buy the minimum investment required to the institutional investors in this phase.

To gain this possibility, the early adopters will have to like and promote the HODL Fund profiles in the different social networks and attract other potential investors with their own referral link.

# Vesting

In order to align the incentives of the founders with the investors ones, the HODL Fund team will get a percentage of the total supply of tokens as it has been already detailed in the token allocation section. The HODL Fund deeply believes in the 'Skin in the game' concept, which has recently been developed by Nassim Nicolas Taleb in his last book [11].

In addition, the smart-contract itself will lock the tokens of the founders. The founders will not be able to sell their tokens until 2020.

The company will have access to their HODLs to finance the operations and development of the product, but will not be able to sell them all at once. Instead, tokens will be periodically unlocked.

# Marketing and investor relations

The HODL token may be promoted to institutional, business angels and venture capitalists during the pre-sale. It will be heavily marketed to the general crypto investing public during the ICO.

Once the ICO is finished, HODL Fund will manage the road to the market of the HODL tokens by applying to different exchanges. HODL Fund will perform the necessary steps to add HODL to the more exchanges the better. In addition, HODL Fund will promote the tokens to institutional investors again, and even to traditional ones. Some of them might prefer to buy directly on the exchanges, paying the subsequent premium.

# Legal aspects

HODL Fund is in process of being incorporated in the Cayman Islands as an exempted company. According to the legal advice we have got and the precedents of other ICOs and token sales, the Cayman Islands appear to be an excellent jurisdiction to protect our tokenholders.

Citizens from the USA, the Cayman Islands or South-Africa will be banned from the token sale, provided they are not USA accredited investors. In order to have access to the pre-sale, the potential tokenholders will have to submit their IDs, which will be verified. Pop-ups and disclaimers will appear on the website to prevent investors from these banned countries to invest in the ICO. However, considering the anonymous and decentralized nature of the Internet in general and the cryptocurrencies in particular, we state that we will not be responsible for whatever may happen if citizens from banned countries who are not accredited investors surpass the barriers and achieve to buy tokens.

We consider that the regulators may be more interested in whenever investors enter or leave the crypto market, but HODL fund assumes that they are already in and we do not accept nor return fiat.

As it has already been stated in the legal disclaimers, HODL is not a security and we do not provide investment advice.

As far as the withdrawal option is concerned, although HODLs are not affected by the American jurisdiction, the smart-contract will have two functions to allow a forward pricing scheme, which is a SEC mandated policy that ensures investors get the next valuation price after requesting a withdrawal. It prevents people from being able to withdraw with knowledge that came after the latest pricing update and protects the investors remaining in the fund.

# Business model

The HODL Fund business model will consist of three different revenue sources:

-The initial token allocation. The Company will receive a percentage of the total supply of HODLs and will use them to finance the operations and develop the product.

-The annual fee. The Company will get a small percentage of the total value of the fund as an operating and managing fee.

-The HODL Network Services. The Company will receive additional funding by providing these services.

# ICO underwriting applications

HODL Fund will apply to different ICO underwriting and promoting platforms in order to ease the road to market.

As we detail in the HODL Network Services section, HODL Fund will later develop its own distributed underwriting service.

# Comparison with investing on your own

Nobody stops potential investors from running their own crypto fund. However, with HODL:

- As a 'whale', HODL Fund will be able to access to ICO pre-sales at a discount and to have market power in certain altcoin markets.
- Investor buys and forgets. Not everybody has the time and resources to keep track of 20 different currencies and rebalance.
- Investor holds a single token instead of 20.
- Large funds may get volume based discounts on some exchanges.
- Economies of scale.
- The HODL token will be tradable itself. It may exceed the value of the underlying crypto assets (since the index fund management, altcoin trading and ICO investing adds value), but the price of the underlying assets works as a lower bound.

# Comparison with other funds

HODL Fund will not be the first crypto index fund. However, as it already has been explained, we consider that there is still demand for more crypto funds, since investors are paying huge premiums to buy tokens of the existing funds and we can see that in the traditional finance there are many more index funds and ETFs, so it may be just the beginning.

HODL Fund can be easily differentiated from competitors by looking at some key features. It compares to the other existing crypto funds as follows.

## **Crypto20**

Crypto20 is a cryptocurrency index fund with low fees, but it misses the potential of altcoins and ICOs. We justify the little difference in fees with HODL Fund with three reasons: a) Apart from tracking the index fund, HODL Fund gets exposure to altcoins and ICOs too; b) Also, in addition to crypto wealth managing, HODL Fund will deploy the HODL Network Services (HNS) which will help to drive up the price of the token; c) HODL Fund allocates more funds to the Company itself than to the founders, to develop the product and ensure the viability of the fund.

## **Bitwise**

Bitwise HOLD 10 is an index fund which tracks the top 10 cryptocurrencies. However, it is a traditionally regulated index fund instead of being a token-as-a-fund based on blockchain technology, so it is only possible to buy shares through a USA broker. The investor must be an accredited USA investor as well. It only tracks 10 cryptocurrencies instead of 20, and it misses the huge potential of the altcoins and ICOs.

## **Triaconta / Combicoin**

Triaconta ICO has been suspended because of an order of the Dutch Authority for the Financial Markets, since this company is incorporated in Netherlands. HODL Fund is in process of incorporating in the Cayman Islands. Also, they have a different approach, with buybacks and dividends, which we believe gives us margin for improvement.

## **Iconomi**

Iconomi is more of a platform than a token. They have exit fees and the withdrawal option is not built-in in the smart-contract. Instead, the withdrawal depends entirely on their centralized website.

## **Symmetry fund**

Symmetry fund is all about active management. Their strategy involves trading on margin which makes the fund more fragile. Additionally, funds are held in fiat instead of cryptos. This means that there is added complexity related to operating with fiat.

# HODL Network Services

HODL tokens will enable access to HODL Network Services (HNS), a distributed network of ICO underwriting, crypto auditing and blockchain consultancy services, so HODLs will be utility tokens. The demand for this kind of service may help to increase the price of the HODL token.

These services will probably have a key position on the crypto-finance industry. We will leverage the experience and resources obtained thanks to the HODL ICO, as well as economies of scale.

Those services will be exchanged by HODL tokens plus fees.

HNS will be deployed later on.

## **ICO underwritings**

Startups or foundations interested in ICOing may be keen on getting legal and financial advice an crypto assessment with the whitepaper, the incorporation and marketing.

## **Crypto auditing**

The service will consist in auditing both smart-contracts and cold storage presence.

## **Blockchain consultancy**

Companies interested in leveraging the blockchain technology to rethink their internal processes or the relationship with their customers and providers may be keen on getting blockchain consultancy.

# Withdrawal mechanism

The smart-contract itself will have two built-in functions to withdraw the funds. The execution of these functions will depend almost entirely on the user. One function will request the withdrawal, and the other one will effectively activate the withdrawal.

A DApp frontend is being developed to make this process even easier.

HODL Fund will have a reserve address with 5% of the total net value, in ethers. This address will be dynamically updated by a custom microservice in order to ensure that there is always liquidity.

# Transparency

Our internal software takes care of publishing fund balances and filled orders on exchange in real time.

The presence and safe storage of the hardware wallets and paper backups will be confirmed by a public audit.

The smart-contract source code will be published on Github and audited.

# Roadmap

Please notice that dates might be subject to change.

## **Token Pre-Sale (30/01/2018 - 01/03/2018)**

The token pre-sale will begin right after this whitepaper is published, and will offer tokens at a price of 0.95 USD per token. At this stage there will be a minimum investment of 10,000 USD.

## **ICO Phase (01/03/2018 +6 weeks)**

Open to the general public with a price of 1 USD per HODL token.

## **Trading on exchanges**

Token is expected to be listed on major exchanges to trade. At this point buying on an exchange will be the only way for new customers to buy HODL tokens.

HODL Network Services (**HNS**) deployment

# Decentralized Application

Tokenholders will have access to a Decentralized Application (DApp) which will enable the user to withdraw using the built-in withdrawal function in the smart-contract.

# Advisors and partnerships

HODL is working on partnering with technical institutions and well-known advisors in the crypto and financial industry. They will be announced in the coming weeks.

# Risk analysis

The potential HODL tokenholder must take into account the different risks entailed by token sales and crypto investing.

Cryptocurrencies in general are extremely volatile. Their price could crash all of the sudden.

In addition, our particular approach might not be the most adequate one.

HODL Fund could go bankrupt or fail to meet their goals and appropriately deliver the product.

Finally, the crypto space is very recent and nobody knows which challenges may appear in the future.

# Conclusions

A crypto fund with a hybrid approach (basically an index fund, but also participating in new ICOs and altcoins) may be the best formula to get exposed to the whole crypto market.

HODL Fund is poised to offer a unique opportunity to maximize the performance of investments in crypto.

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<https://hodlfund.io>

# References

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By accessing and/or accepting possession of any information in this White Paper or such part thereof (as the case may be), you represent and warrant to the Company as follows:

(a) you agree and acknowledge that the HODL tokens do not constitute securities in any form in any jurisdiction;

(b) you agree and acknowledge that this White Paper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities in any jurisdiction or a solicitation for investment in securities and you are not bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this White Paper;

(c) you agree and acknowledge that no

regulatory authority has examined or approved of the information set out in this White Paper, no action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction and the publication, distribution or dissemination of this White Paper to you does not imply that the applicable laws, regulatory requirements or rules have been complied with;

(d) you agree and acknowledge that this White Paper, the undertaking and/or the completion of the HODL token sale, or future trading of the HODL tokens on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of the Company, the HODL tokens, the HODL token sale and the underlying assets (each as referred to in this White Paper);

(e) the distribution or dissemination of this White Paper, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to the Company;

(f) you agree and acknowledge that in the case where you wish to purchase any HODL tokens, the HODL tokens are not to be construed, interpreted, classified or treated as:

(i) any kind of currency other than cryptocurrency;

(ii) debentures, stocks or shares issued by any person or entity;

(i) rights, options or derivatives in respect of such debentures, stocks or shares;

(ii) rights under a contract for differences

or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;

(iii) units in a collective investment scheme;

(iv) units in a business trust;

(v) derivatives of units in a business trust; or

(vi) any other security or class of securities.

(g) you are fully aware of and understand that you are not eligible to purchase any HODL tokens if you are a citizen, resident (tax or otherwise) or green card holder of the United States of America or a citizen or resident of the Republic of South Africa or the Cayman Islands;

(h) you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;

(i) you are fully aware and understand that in the case where you wish to purchase any HODL tokens, there are risks associated with the Company and its respective business and operations, the HODL tokens, HODL token sale and the underlying assets (each as referred to in the White Paper);

(j) you agree and acknowledge that the Company or any of the HODL Fund Team is not 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 you; and

(k) all of the above representations and

warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession this White Paper or such part thereof (as the case may be).

#### CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this White Paper, statements made in press releases or in any place accessible by the public and oral statements that may be made by the Company or any of the HODL Fund Team on behalf of the Company, 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 HODL Fund are matters that are not historic facts, but only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of funds, cryptocurrencies, or the Company to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

- (a) 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;
- (b) the risk that the Company may be unable or execute or implement their respective business strategies and future plans;
- (c) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- (d) changes in the anticipated growth strategies and expected internal growth of the Company; 14
- (e) changes in the availability and fees payable to the Company in connection with their respective businesses and operations;
- (f) changes in the availability and salaries of employees who are required by the Company to operate their respective businesses and operations;
- (g) changes in preferences of customers of the Company;
- (h) changes in competitive conditions under which the Company operate, and the ability of the Company to compete under such conditions;
- (i) changes in the future capital needs of the Company and the availability of financing and capital to fund such needs;
- (j) war or acts of international or domestic terrorism;
- (k) occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of the Company;
- (l) other factors beyond the control of the

Company; and

(m) any risk and uncertainties associated with the Company and its business and operations, the HODL tokens, the HODL token sale and the underlying assets (each as referred to in the White Paper).

All forward-looking statements made by or attributable to the Company and of the HODL Fund Team or other persons acting on behalf of the Company are expressly qualified in their entirety by such factors. Given that risks and uncertainties that may cause the actual future results, performance or achievements of the Company to be materially different from that expected, expressed or implied by the forward-looking statements in this White Paper, undue reliance must not be placed on these statements. These forward-looking statements are applicable only as of the date of this White Paper.

Neither the Company nor any other person represents, warrants and/or undertakes that the actual future results, performance or achievements of the Company will be as discussed in those forward-looking statements. The actual results, performance or achievements of HODL Fund may differ materially from those anticipated in these 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.

## MARKET AND INDUSTRY INFORMATION AND NO CONSENT OF OTHER PERSONS

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 HODL Fund Team 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 HODL Fund 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 HODL tokens being offered for purchase by the Company, 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.

## NO ADVICE

No information in this White Paper should be considered to be business, legal, financial or tax advice regarding the Company, the HODL tokens and HODL token sale and the underlying assets (each as referred to in the White Paper). You should consult your own legal, financial, tax or other professional adviser regarding the Company and its business and operations, the HODL tokens, the HODL token sale and the underlying assets (each as referred to in the White Paper). You should be aware that you may be required to bear the financial risk of any purchase of HODL Fund tokens for an indefinite period of time.

## NO FURTHER INFORMATION OR UPDATE

No person has been or is authorised to give any information or representation not contained in this White Paper in connection with the Company and its business and operations, the HODL tokens, the HODL token sale 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 authorised by or on behalf of the Company. HODL token sale (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 HODL or in any statement of fact or information contained in this White Paper since the date hereof.

## RESTRICTIONS ON DISTRIBUTION AND DISSEMINATION

The distribution or dissemination of this White Paper or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, and to observe, any restrictions which are applicable to your possession of this White Paper or such part thereof (as the case may be) at your own expense and without liability to the Company or any member of the HODL Fund Team.

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## NO OFFER OF SECURITIES OR REGISTRATION

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. No person is bound to enter into any contract or

binding legal commitment and 15 no cryptocurrency or other form of payment is to be accepted on the basis of this White Paper. Any agreement in relation to any sale and purchase of HODL tokens (as referred to in this White Paper) is to be governed by only the T&Cs of such agreement and no other document. In the event of any inconsistencies between the T&Cs and this White Paper, the former shall prevail.

No regulatory authority has examined or approved of any of the information set out in this White Paper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this White Paper does not imply that the applicable laws, regulatory requirements or rules have been complied with.

#### RISKS AND UNCERTAINTIES

Prospective purchasers of HODL tokens (as referred to in this White Paper) should carefully consider and evaluate all risks and uncertainties associated with the Company and its business and operations, the HODL tokens, the HODL token sale and the underlying assets (each as referred to in the White Paper), all information set out in this White Paper and the T&Cs prior to any purchase of HODL tokens. If any of such risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of the Company could be materially and adversely affected. In such cases, you may lose all or part of the value of the HODL tokens.



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