ALANTOR



Alantor Blockchain Investments S.A.

A Doorway into the Future

PRIVATE PLACEMENT MEMORANDUM

relating to the

Blockchain Balanced Compartment

of

Alantor Blockchain Investments S.A.

Issued on the
10th of September 2018

by

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Strictly confidential

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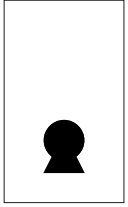
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About the Memorandum

This private placement memorandum (the "Memorandum") contains information about the Blockchain Balanced Compartment of Alantor Blockchain Investments S.A. (the "Compartment") and is issued on the date written inside the front cover (the "Issue Date"). The Compartment's notes (the "Notes") are issued by Alantor Blockchain Investments S.A. (the "Company") and the Compartment is managed by Alantor S.A. (the "Manager"). The Memorandum is issued by the Manager and is intended solely for the use of the person to whom it has been delivered (the "Prospective Investor"), for the purpose of evaluating a possible subscription to the Notes. It is not to be reproduced or distributed to any other person (other than professional advisers of the Prospective Investor) without the Manager's prior consent.

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All monetary amounts in the Memorandum are in Euro currency unless otherwise specified.

THE MEMORANDUM IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY BEFORE DECIDING WHETHER TO INVEST IN THE COMPARTMENT

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The Memorandum is provided to the Prospective Investor on the basis that he is a well-informed investor, meaning that he is a professional investor, an institutional investor or any other investor who confirms in writing that he adheres to the status of well-informed investor and invests a minimum of €125,000 in the Compartment.

The Manager reserves the right to accept or reject any application made to acquire Notes in his absolute discretion.

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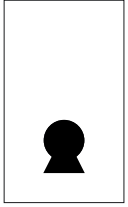
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Each Prospective Investor warrants that he does not (and agrees that he will not) rely on the Memorandum or any Subsequent Information or any other statement, warranty or representation, express or implied, made by any Connected Person in connection with making a decision about whether or not to invest in the Compartment

RISK

Investment in the Compartment is speculative and will involve significant risks, due to the nature of the Compartment's proposed business. Investment in the Compartment is not suitable for persons unable to sustain a loss of all of the sum invested. Investors should have the financial ability and willingness to accept the risks and lack of liquidity that are characteristic of the investments described in the Memorandum. Prospective Investors should carefully consider the risk section of the Memorandum.

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THE INFORMATION IN THE MEMORANDUM IS GENERAL INFORMATION ONLY AND DOES NOT TAKE INTO ACCOUNT THE INDIVIDUAL FINANCIAL SITUATION, OBJECTIVES OR NEEDS OF A PROSPECTIVE INVESTOR.

Letter from the Management

Dear investors,

We welcome the chance to present the Alantor investment vehicle to you.

Blockchain technology saw its inception in the form of Bitcoin in 2009, as a small seedling in the vast jungle of what is the modern Internet. The idea was powerful enough to grow into a global transformative force and the nascent ecosystem is making big waves in many sectors of the world economy. An idea that powerful is certainly an intriguing phenomenon.

As millennials roaming the Internet daily, we have been watching the evolution of the blockchain space since its birth. Fascinated by the possibilities, we became involved in the technology as well as the markets since 2011. We are blockchain natives who understand both the fundamentals and the community around the technology, and we are sure there is much more to come.

Imagine a world where you can securely exchange any form of value with anyone, on any device, at any time, anywhere in the world, instantly. How do you think the processes of businesses, governments and society as a whole would change in this light? Investing into blockchain assets enables you to profit from this vision of the future. The possibilities are endless and the full spectrum of applications are yet to reveal themselves.

Blockchain assets mark a crucial deviation from previous technological advancements such as the Internet, because you can invest directly in the underlying technology. We worked hard to bring together a team of amazing people, from veterans of the financial industry and early blockchain adopters, over entrepreneurs and software engineers, to auditors and compliance professionals. Each and every one of them contributes his unique insight.

We invite you to become part of this exciting journey in these most extraordinary of times.

Yours sincerely,

Max Wolter
Founder
Alantor S.A.

Alexander Bremin
Founder
Alantor S.A.

1 | Introduction

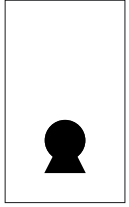
With an extraordinary increase of 2,300% in 2017[1] , the total market capitalization of blockchain assets has entered the radar of fund managers across the globe with a bang. The versatile new asset class can replicate the properties of many traditional assets, such as commodities, currencies and securities, but it also comes with its own set of unique attributes. Tradable 24/7/365 on specialized market places, blockchain technology has already claimed its niche in the financial markets.

If experts are to be believed, it will not remain a niche for long. 10% of the global gross domestic product (GDP) is predicted to be stored on the blockchain by 2027[2], while 42 major industries stand to be disrupted by the technology[3]. Daily trading volumes have peaked at over €60B in January 2018[4] and more than €1.6B of venture capital funding has already been raised by blockchain companies this year alone[5].

Due to their nature, blockchain assets are uncorrelated to other major asset classes[6]. This explains their often rapid growth during financial crisis; they seem to remain largely unaffected by macro-economic developments in the traditional markets. Blockchain assets offer a great opportunity to hedge against systemic risk in the global economy, while presenting potential for exceptional returns by investing in the next big technological leap for society.

Blockchain technology has also ushered in a new era of fundraising. A so-called initial coin offering (ICO) allows actors to raise capital on a global scale, in a trustless manner and at a fraction of the cost of traditional initial public offerings (IPOs). The ease of selling cryptographic tokens on a blockchain network has lead to a shift of global investments to ICOs as a way to raise funds[7]. This is especially interesting for companies in the financial technology (FinTech) sector; indeed blockchain companies have raised more than €16B through ICOs in 2018 so far[8].

1 CoinMarketCap - Charts: https://coinmarketcap.com/charts/
2 World Economic Forum - Technological Tipping Points 2015: http://bit.ly/2wCPTaB
3 CBInsights - Banking Is Only The Beginning: http://bit.ly/2NdRWw4
4 CoinMarketCap - Charts: https://coinmarketcap.com/charts/
5 CoinDesk - The State of Blockchain Q2 2018: http://bit.ly/2oyDvoD
6 Seeking Alpha - What Is Bitcoin's Correlation With Other Financial Assets?: http://bit.ly/2oB9lRM
7 Morgan Stanley - Update: Bitcoin, Cryptocurrencies and Blockchain: http://bit.ly/2CmMFOO
8 CoinDesk - The State of Blockchain Q2 2018: http://bit.ly/2oyDvoD



As with any young sector, a number of challenges have yet to be overcome. The strong privacy properties of blockchain transactions create a vacuum of accountability. However, a myriad of startups are working to deliver their identification solutions for blockchain technology. The market is also subject to extreme ups and downs. After all, we are witness to an entire asset class in price discovery mode.

Clearly, a phase of consolidation is expected. Out of more than 1,500 projects[9], few will remain. This presents us with a unique chance to get ahead of the curve. Our focus is the identification of the most promising long-term blockchain projects. We perform an extensive analysis of the relevant aspects under this new paradigm, based on years of experience in the sector. A deep understanding of the market and the technology allows us to identify the best parameters to manage risk.

The Memorandum illustrates the opportunity available by virtue of the emergence of a new asset class. The following pages outline the potential return benefits, as well as the diversification benefits of blockchain assets, and make the case for the custom-tailored risk-based investment approach of the Alantor investment vehicle.

9 CoinMarketCap - All Cryptocurrencies: http://bit.ly/2CdpqGV

2 | Investment Summary

2.1 | Key Benefits

EARLY MOVER
Opportunity to enter new asset class early

LOW ENTRY BARRIER
Easy-to-access structure familiar to investors

HIGH SECURITY
Secure storage and custody of blockchain assets

ONSHORE
Structure based exclusively in Luxembourg

DIVERSIFICATION
Exposure to new uncorrelated asset class

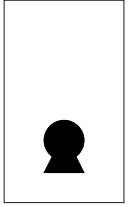
RISK REDUCTION
Custom-tailored risk-based investment strategy

EXPERIENCE
Highly competent blockchain-centric team

TAX EFFICIENT
Vehicle tax neutrality guaranteed by law

2.2 | Offer Details

Minimum investment	€125,000
Unit price	Initially: €1,000.00 | Later: NAV divided by number of units
Entrance fee	0.0%
Management fee	2.0% per annum (monthly in arrear)
Performance fee	20% per annum (monthly in arrear) | Subject to high-water mark
Redemtpion fee	1-2 years: 2.0% | 2-3 years: 1.0% | 3+ years: 0.0%
Subscription interval	Monthly
Redemption interval	Quarterly
Lockup period	1 year
Recommended investment term	3-5 years
Structure	Onshore securitization company (Luxembourg)



3 | Blockchain

3.1 | Global Blockchain Context

The financial sector is now one of the fastest growing sectors of the world economy. The trend over the past 10 years has led to a progressive merge between the financial sector and the technology sector. Companies in this new FinTech sector differ from traditional financial intermediaries because they rely almost exclusively on state-of-the-art technology to provide for their clients' needs. Startups deliver their services at a fraction of the time and cost by relying on Internet-based software solutions, thus disrupting the incumbents of the banking industry.

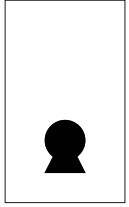
In the FinTech sector, one technology in particular is outpacing the rest of the field by a large margin. Blockchain technology allows the participants of a network to agree on the state of a system without the need for a trusted third party. This allows the creation of open financial platforms of unprecedented permissionless innovation and opens the door to a global audience on the Internet. Blockchain-inspired technologies, solutions and products are taking the financial world by storm.

3.2 | What Are Blockchain Assets?

In order to truly understand blockchain assets, one must set out to understand the underlying technology - and how it is fundamentally different from anything that preceded. Using existing technology such as peer-to-peer networks and cryptographic signatures, Bitcoin was the first to pioneer blockchain technology. The real innovation was the introduction of economic incentives to align network participants on a common set of rules. Break the rules, and you are punished; follow them, and you stand to gain.

However, economic incentives only work if there is a token of value as part of the system. Due to the properties of blockchain technology, the platform was attractive for transactions which required a certain level of confidentiality. This lead to an initial rise in value; once the genie was out of the bottle, it became useful in other areas as well. Nowadays, modern techniques allow extensive tracking of transactions and any use for illegal purposes has fallen to a fraction. The value of the tokens, however, remains.

Each blockchain requires such an origin event to create value for the underlying tokens. Nowadays, this often happens through an ICO. Once a value is assigned to the tokens in the initial sale, the network immediately becomes useful. Each blockchain network, irrespective of the intended use, needs an underlying blockchain asset to enable secure transactions between participants.



This means that every blockchain network provides a direct opportunity to invest in the sucess of the underlying technology. Nowadays, it is considered that the market capitalization of a blockchain asset reflects the utility of the platform in the future. Due to the network effect, which states that the usefulness of a network increases exponentially with the number of participants, some major projects quickly balloon in value. As a result, the total capitalization of the market reached over €700B in January 2018[10].

3.3 | An Emerging Asset Class

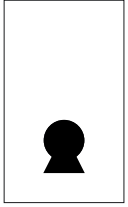
In 2009, Bitcoin was the only blockchain network in the world. It's main achievement was the resolution of the double spending problem, which blocked the creation of peer-to-peer (P2P) digital cash in the past. By combining modern technologies with game theory in an innovative way, Bitcoin resolved the issue of creating a global distributed ledger of accounts, even when people have the ability to issue their own conflicting transactions. Some early competitors improved on simple properties, such as transaction confidentiality, speed or capacity, notably Monero, Ripple and Bitcoin Cash.

The second big wave in the evolution of blockchain technology came in the form of smart contract platforms, such as Ethereum, Cardano and NEO. Instead of only applying the decentralized consensus of blockchain technology to a shared ledger, they expanded it to the state of a shared virtual computer. This allows the creation of smart contracts, which are programs that execute in a secure way across the network. They can in turn be used to build business solutions using blockchain networks as their infrastructure.

We believe that we are currently in the middle of a third wave of blockchain technology, which is centered around two main goals: interconnectivity and scalability. Just like the Internet evolved into a network of networks, many people believe that the future will see a blockchain of blockchains; some projects, such as Polkadot, thus focus on interfacing different blockchains. At the same time, adoption at a global scale will require an exponential increase in transaction capacity, which is at the heart of projects like IOTA and EOS.

What is unique for all of the projects in the blockchain space is that you can stake your money on the success of a project by directly buying into the technology layer which runs the network. Investing into blockchain assets is similar to the hypothetical ability of investing into the the TCP/IP protocol in the 1980s and profiting of the success of the Internet itself. The absence of third-party privileged control over the blockchain markets also means that your investments can appreciate in a truly free market.

10 CoinMarketCap - Charts: https://coinmarketcap.com/charts/



3.4 | A New World Economy

Many modern blockchain networks serve as basis for business solutions building on top of their infrastructure. Often, data and value contained in transactions is irrelevant for the core network and instead encodes the business logic of services realized on a second layer. This means that potential applications go far beyond purely financial uses.

The possibilities are simply staggering. Any economic sector where trust creates value is cornered. Companies running decentralized business models over centralized software, such as Uber and AirBnB, are natural targets. We also see whole centralized business models being reinvented from scratch: financial services, supply chains, insurance, identification, compliance, to name just a few. Finally, just like the Internet has done before, blockchain technology will usher in an era of entirely new business models.

As the adoption of blockchain solutions accelerates, a tipping point will be reached where every modern company will participate in a global network of value exchange. Some emerging projects will become important players in the global economy, while some of the incumbents will be displaced. In the end, we will reach an age in human history where the exchange of value happens without friction, as easily as the exchange of information happens on the Internet today.

3.5 | Current Market Situation

In January 2018 the total market capitalization of blockchain assets reached an all-time high of over €700B and the maximum daily trading volume across the entire market peaked at almost €60B[11]. Bitcoin's dominance of the blockchain sector fell from 85% in February 2017 to less than 35% in January 2018, only to recover to over 50% by August 2018[12]. The largest 10 blockchain assets all function as support for their own network and infrastructure.

When comparing blockchain markets to the traditional markets, it can be observed that blockchain assets are uncorrelated to all major asset classes. This makes them one of the best candidates to diversify against the systemic risks of the current world economy. Bitcoin has shown a low correlation with a number of global financial references, such as the S&P 500[13], US bonds, gold and equities[14].

Over the last few years, the total market capitalization of the blockchain markets has gone through numerous boom and bust cycles, often climbing over 1,000% in just a few weeks, just to sometimes drop by 50-80% over the course of extended periods of correction. However, the overall trend remains largely positive, with an increase from only $20B in January 2017 to still more than $200B in August 2018[15].

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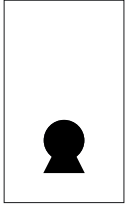
11 CoinMarketCap - Charts: https://coinmarketcap.com/charts/

12 CoinMarketCap - Charts: https://coinmarketcap.com/charts/

13 Morgan Stanley - Update: Bitcoin, Cryptocurrencies and Blockchain: http://bit.ly/2CmMFOO

14 Seeking Alpha - What Is Bitcoin's Correlation With Other Financial Assets?: http://bit.ly/2oB9lRM

15 Bitcoinity - Bitcoin Market Capitalization: http://bit.ly/2N9UM5A



The low correlation indicates a fundamental independence from the central banking driven economy, where the underlying market-moving factor has been the change of global debt interest rates. This detached correlation could potentially lower the overall volatility of a portfolio and at the same time increase returns. Additionally, volatility of blockchain assets is decreasing and the daily exchange rate fluctuations show a trend towards stabilization in the long run, from a maximum of 16% in 2011 to less than 6% in 2015-2017[16].

3.6 | Looking Into the Future

We are confident that blockchain technology is here to stay, mainly due to its ability to displace banks, regulators, auditors and other businesses who capitalize on their privileged position of trust through authority. The technology has the potential to dramatically increase efficiency and transparency, on a global level, for any sector that relies on trusted relationships to provide value to customers. As such, it will be used to gain a competitive advantage and market participants who fail to keep up will be left wanting.

Deutsche Bank already uses blockchain technology in a pilot project for KYC procedures[17]. Credit Suisse is launching a blockchain-based solution for syndicated loans[18], while ABN Amro has already commercially launched escrow management solutions using blockchain technology[19]. A cross-border payment solution is expected from JP Morgan and Woori for 2018[20]. Even the European Commission has launched the EU Blockchain 20 Observatory and Forum to study the feasibility of applying blockchain solutions for cross-border services[21].

Blockchains will help to manage increasingly complex global processes by offering scalable security, decentralisation and transparency. The solutions will be compliant by design and will execute transactions according to the system rules automatically. Looking further ahead, we can imagine the emergence of groundbreaking business models, operating in a new paradigm of global and open financial networks. Blockchain technology will become the fabric of human society. You can invest into this future today.

16 The Bitcoin Volatility Index: http://bit.ly/2x9IIbl

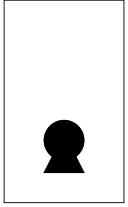
17 Deutsche Bank - Banking The Future: http://bit.ly/2LRia2Q

18 EuroMoney - Blockchain set to transform loan trading and collateral markets: http://bit.ly/2N9xWuI

19 ABN Amro - Clearing Bank develops alternative for escrow accounts: https://abn.com/2oBruyM

20 Fortune - J.P. Morgan Files Patent for Blockchain-Powered Payments: https://for.tn/2wBXVBp

21 European Commission launches the EU Blockchain Observatory and Forum: http://bit.ly/2PvUrHH



4 | Investment Strategy

4.1 | Overview

Cryptographic tokens are expected to capture a significant share of the global economy. We believe blockchain assets are a new asset class with strong growth potential. At the same time, consolidation is to be expected in young markets and many projects are likely to stagnate or fail.

The objective of our balanced strategy is to capture the attractive long-term potential of blockchain technology, while managing the short-term risks associated with the volatile markets of emerging technologies.

The strategy builds on three core assumptions:

- the blockchain market will continue to grow significantly; and
- some projects are largely misvalued, from time to time; and
- some nascent projects have strong disruption potential.

The overall market growth is captured by tracking a smart hybrid index. Large discrepancies in valuation are compensated by our differential value strategy. Finally, the impact of market displacements is minimized by a growth strategy focused on small caps. Overall, this balanced approach makes our strategy robust in the short term while keeping a sharp focus on the long-term goals.

4.2 | Index

The index portion of the portfolio tracks the performance of the blockchain market as a whole.

Most blockchain indexes simply track the top-ranked assets. As the various applications for blockchain technology are at different levels of maturity, this creates a warped representation of the market. At the same time, it is difficult to manually pick a sensible sample without introducing a subjective bias, especially in a market where most questions remain open.

Our index uses a smart hybrid approach, where all qualifying assets are categorized by use. It then includes the top candidate by valuation per category. This addresses the risk of overexposure to a single use or asset, as often observed in other blockchain investment vehicles.

The index component of our balanced strategy ensures a comprehensive coverage of the top performers of the blockchain industry.

INDEX EXAMPLE

Asset selection for index portion[22]

CATEGORY	ASSET
Transfer of value	Bitcoin (BTC)
Smart contracts	Ethereum (ETH)
Settlements	Ripple (XRP)
Confidentiality	Monero (XMR)
Internet of things	IOTA (MIOTA)
Cryptocurrency exchanges	Binance Coin (BNB)

4.3 | Value

The value portion of the portfolio shifts positions from high to low risk assets.

Current valuations of blockchain assets often do not reflect a reasonable relative value when compared to competitors. A strong emphasis on marketing can create hype while a listing on major exchange platforms can quickly inflate valuations, driving the price far above the real substance.

We take a differential approach by analyzing team, technology, token, community and governance for each project. This enables us to reveal blind spots in the market and shift positions towards lower risk projects, which allows us to reduce the impact of irrationally inflated market valuations.

The value component of our balanced strategy makes sure we take into account relative valuation discrepancies between competing projects.

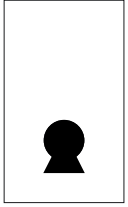
22 Based on a simulation of the Compartment's investment policy as of the 21st of August 2018.

INVESTMENT CASE STUDIES

The following case studies illustrate the approach of our value strategy. While the portfolio will have a wide distribution to cover many cases, the value strategy allows for a shift of positions away from assets which manifest a higher risk.

Both case studies are based on past investments made privately by the portfolio managers. While they are not related to the Compartment's performance in any way, they were based on the same principles which lie at the foundation of the value strategy.

Some of the explanations can seem dense. We made sure to include a thorough glossary at the end of the Memorandum, where you can learn more about the technical context and explore additional background on the projects.



THE CRYPTOCURRENCY WARS

Bitcoin has been the biggest blockchain asset since its creation and belongs in the transfer of value category, where you can find all cryptocurrencies. As its popularity rose, transaction capacity became a limiting factor of the network. In 2015, a number of Bitcoin developers started discussing possible solutions. Two different visions of the future emerged, which ultimately lead to a fork of the Bitcoin blockchain in August 2017.

The team behind the original Bitcoin (BTC), also known as Bitcoin Core, decided to stake the future of the platform on a second layer solution called the Lightning Network (LN). It can increase the transaction throughput dramatically by collecting many transactions outside of the blockchain network (off-chain) and condensing them into a small number of settlements on the blockchain.

The alternative version of Bitcoin rebranded as Bitcoin Cash (BCH). They claim to support the original vision of Bitcoin to scale directly on the blockchain network (on-chain). Their belief is that the increase in computer hardware performance will suffice to keep pace with the increasing demand. By optimizing the software, it could process larger blocks, which could be enough to include all transactions.

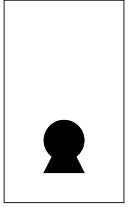
In our analysis, we saw that the BCH team presented clear goals and a coherent road map. The capacity increase was implemented successfully and three independent development teams were cooperating to advance the shared vision. Usage by both users and businesses was increasing steadily.

In contrast, BTC had largely failed to follow their published road map and, after numerous delays, the LN solution failed to live up to expectations. The network reached a capacity bottleneck and fees increased dramatically, driving away users. Last but not least, a single company dominated the development efforts and was alienating outside contributors.

Based on the following differential factors, we decided on a significant shift of our positions towards BCH:

- Technology (Capacity)
- Community (Adoption)
- Governance (Centralization)

POSITION	START DATE	END DATE	ROI (vs USD)	ROI (vs BTC)
Bitcoin Cash (BCH)	22/10/2017	20/12/2017	1,113%	312%
Bitcoin (BTC)	22/10/2017	20/12/2017	194%	-



PREDICTING THE FUTURE

Smart contract platforms allow developers to create decentralized applications (dapps) on blockchain platforms. One class of dapp is the so-called oracle, which imports data from the outside world, such as price streams, election results or weather predictions. The pinnacle of oracles are prediction markets, which allow participants to place bets on the outcome of events. When the cutoff date is reached, the final data becomes available for any smart contract to use.

Augur (REP) was founded as the first prediction market built on Ethereum in 2014. A working prediction market would have vast benefits for the platform as a whole, so Augur garnered support from many influencers in the space, including the Ethereum founder himself. Building on this traction, one of the earliest ICOs in the industry was able to raise $5M for the project in August 2015.

The first serious competitor, Gnosis (GNO), appeared on the scene as a hobby project in early 2015. Just like Augur, it managed to obtain support by a number of respected community members, especially since it presented a technical twist on the idea. The team launched an impressive marketing effort, which lead to an overbooked ICO offering, raising an impressive $12.5M in April 2017.

Looking at the market in early 2017, we observed that Gnosis was still benefiting from its intense marketing hype. Demand for its tokens was high and the project valuation was largely superior to Augur's. The situation prompted us to take a closer look to ascertain whether such a difference was justified, given that we were familiar with the solid background of both projects.

We evaluated both candidates and, as expected, they were equally remarkable efforts in most respects. Even so, it seemed Gnosis had used a previously unexplored format for the crowdsale, leading to a bad distribution of the tokens. Additionally, Gnosis was almost two years behind in terms of full-scale development, with the ambition to realize a more complex architecture.

Considering the divergence in valuation, the following differential factors prompted us to focus our portfolio exposure on Augur:

- Technology (Velocity)
- Token Model (Distribution)

POSITION	START DATE	END DATE	ROI (vs USD)	ROI (vs GNO)
Augur (REP)	02/05/2017	20/12/2017	455%	100%
Gnosis (GNO)	02/05/2017	20/12/2017	178%	-

4.4 | Growth

The growth portion of the portfolio integrates emerging blockchain uses.

New business models are constantly emerging in the blockchain sector. Often, projects exploring new approaches take some time to mature and sometimes it takes a while for them to learn how to communicate effectively. However, once they achieve a key milestone, newcomers can often rapidly displace other projects in the market.

Our experience allows us to identify rising stars which could take dominant market positions. This allows us to expand our portfolio to growing uses before they disrupt the market dynamics. Investing in some well-selected small cap projects effectively manages the risk of stagnating with a portfolio of outdated projects.

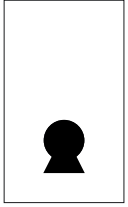
The growth component of our balanced strategy makes the portfolio robust in the face of ongoing innovation and rapid market shifts.

PAST EXAMPLES

The following past examples are based on early stage investments made by members of our team. They illustrate the growth and disruption potential of early stage projects, even relative to a market expanding as quickly as the blockchain market as a whole.

The examples do not relate to the Compartment or the current market situation and might no longer have the same favourable risk/reward ratio. However, they clearly show that projects can quickly grow into major contenders to displace other market participants, disrupting insufficiently diversified portfolios.

We tried to keep the information to the point. Once more, we invite you to explore the glossary, which can serve as a vaste source of complementary knowledge to help you understand and appreciate the context of the scenarios.



DISRUPTING SUPERCOMPUTING

The Golem network is a global, decentralized marketplace for unused computing power. It allows users to monetize idle machines by offering a reliable and cheap source of processing power to developers. By tapping into a resource which is usually wasted, it can significantly undercut current availability and prices, notably in the areas of CGI rendering, scientific computing and machine learning.

Deciding factors

- Team has relevant competence and experience
- Token model makes sense and is complete
- Business model is feasible and attractive

NAME	ENTRY DATE	ROI (vs USD)	ROI (vs BTC)
Golem (GNT)	13/11/2016	1,218%	38%

BANKING REINVENTED

Maker was the first project to successfully deploy a decentralized stable coin mechanism in December 2017[23], pegging their DAI token to the value of the U.S. Dollar. In the same month, they raised $12M in a round led by Andreessen Horowitz and Polychain Capital. The architecture allows the creation of derivatives on the Ethereum blockchain, including futures and options, in a decentralized financial system without central party.

Deciding factors

- Team delivers high quality code often
- Governance is open and transparent
- Model has enormous potential for disruption

NAME	ENTRY DATE	ROI (vs USD)	ROI (vs BTC)
Maker (MKR)	19/06/2016	5,738%	557%

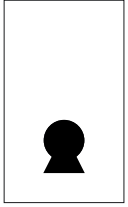
23 There were a number of other efforts before, but the statement remains true. For instance, the BitUSD effort by Bitshares failed to achieve a stable peg and Tether's USD tokens are based on a centralized system backed by a company, just like electronic money.

FUTURE CANDIDATES

The following candidates represent small cap investment opportunities for the future. Some incredible projects have failed to materialize their value on the market so far. They represent low risk investments with high reward potential, thus supporting the portfolio during times of market shifts.

While the presented candidates have not been selected for inclusion into the portfolio at this point, they are prime candidates and will undergo additional due diligence. They reflect the kind of opportunity found hidden in the chaotic market and can thus drastically improve the risk profile of the Compartment.

As before, the examples are short and can be further explored in our glossary, where you can also find information on additional concepts from the surrounding technical and business environment.



REMAKING SOCIETY

Aragon was one of the first projects to focus on the creation of organizations governed on the blockchain. Created as a replacement for more archaic structures such as companies, a Decentralized Autonomous Organization (DAO) allows thousands of people to participate in the governance process, managing funds collectively with the help of the wisdom of crowds. The goal of Aragon is to provide tools for anyone to run their own organization, with a custom structure serving their own needs and vision.

Favourable factors

- Team has delivered functional alpha version
- Team has outstanding track record in Ethereum ecosystem
- Project holds more funds in reserve than their market capitalization

NAME	ICO DATE	RAISE	ROI (vs USD)	ROI (vs BTC)
Aragon (ANT)	17/05/2017	$25M	1%	-74%

BUILD YOUR OWN PORTFOLIO

Melon was founded by former Wallstreet hedge fund manager Mona El Isa in July 2016. With the stated goal of creating a blockchain platform for funds which are operated and regulated by technology, they raised $2.9M in February 2017. Since then, the project has delivered consistently and has already organized multiple competitions to test their platform in real world scenarios.

Favourable factors

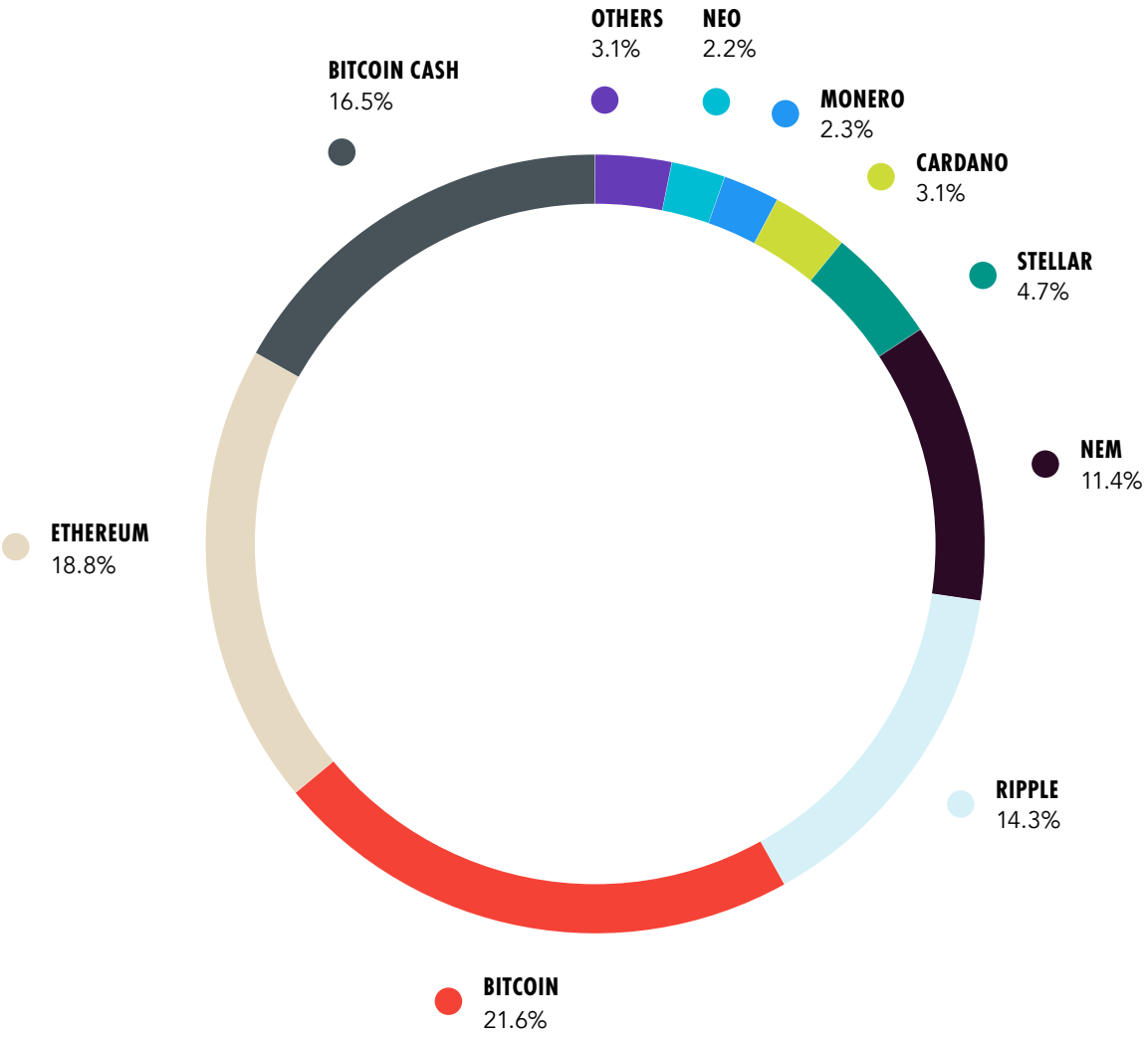
- Team has delivered functional test platform
- Team has published popular testing and development tools
- Project offers open ecosystem for third party module integration

NAME	ICO DATE	RAISE	ROI (vs USD)	ROI (vs BTC)
Melon (MLN)	15/02/2017	$2.9M	-8%	-75%

4.5 | Composition

The overall composition of the portfolio is determined by merging the positions of the three strategies. The index and the value portion are of equal size and account for approximately 40% each, while up to 20% are reserved for the growth strategy allocation. The reserve portion, which exists for purely operational reasons, is not subject to the strategy.

The chart below shows the simulated composition as of the 21st of August 2018.



5 | Team

5.1 | Portfolio Managers



MAX WOLTER

Max is a self-taught software engineer with a background in security, networking, cryptography, big data and machine learning. He honed his skills as a freelancer from a young age, before spending several years as the lead developer and system architect in two IT startups. In 2011, he started working with blockchain technology in his free time. Max used his technical savvy to evaluate potential investments, creating a portfolio which contains many of today's leading blockchain assets. He holds a Bachelor of Engineering in Computer Science and a Master in Information Systems Security Management from the University of Luxembourg.



ALEXANDER BREMIN

Alexander is a serial entrepreneur with a background in hardware, electronics and optics. At the young age of 18, he founded his own manufacturing company and developed a night vision device for military use, reaching a revenue of approximately €1M last year. Alex started trading Bitcoin after the price spike of 2013 and has since accumulated significant trading and investment knowledge. He has a keen sense of community sentiment, which he complements with a strong expertize in technical analysis, hedging and strategic asset allocation. He has studied electrical engineering at the University of Luxembourg.

5.2 | Analysts



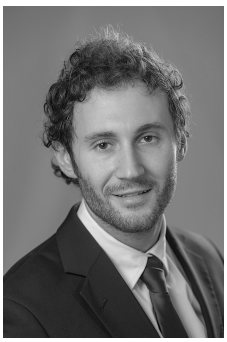
VALENTIN GALLO

Valentin has significant experience in the audit sector of investment funds, where he was mainly responsible for the valuation of portfolios for prestigious clients such as Carmignac, Deka Funds or HSBC Trinkhaus. Next to his expertise in valuation of derivatives and structured products, he has a background in risk management for a renowned bank in Luxembourg. Valentin successfully applied his knowledge to the blockchain markets since early 2016. He completed a Bachelor of Economic Sciences at the University of Luxembourg and a Master in Management in Market Finance at ESCP Europe.



ANNA PROTOPOPOVA

Anna has extensive experience in risk management and business development, both in Luxembourg and in Russia. She held top-management positions in a number of FinTech companies and financial institutions, such as QCS, QRTC and PRBank. Anna also worked as principal at a venture capital fund in Luxembourg, where she was responsible for FinTech and blockchain investments. She regularly goes on due diligence missions, where she dives deep into the global blockchain community. She received her Bachelor and Master in Economics at the Moscow State University.



TUDOR FEDELES

Tudor is a financial analyst with 6 years of experience sourcing investments in public and private equity, as well as debt markets. He regularly created valuation tools for different asset classes to establish smart asset allocation strategies. Tudor discovered blockchain in 2013 and started getting involved in early stage investments since 2016, participating in multiple successful funding rounds. He received his Bachelor in Economics and Master of Science in Finance from Sorbonne University, as well as a Master of Science in Banking & Finance from the Luxembourg School of Finance.

5.3 | Advisors



KARL HORSBURGH

Karl has 30 years of experience as a chartered accountant and approved statutory auditor, where he specialized in tax planning and corporate structuring. After selling his business, he became a business angel and invested into several successful startups, such as a coworking space and a smart hybrid grid solution for renewable energy. Karl founded and chaired the Luxembourg Business Angel network, which raised €6M for startups last year and has been made a Knight in the Grand-Ducal Order of the Oak Crown. He received an Honours Degree in Economics & Accounting from the University of Leeds.



ELMAR ARBERT

Elmar is a veteran in the banking world and has a background in data science and algorithmic trading. He worked as a member of the management board and as the head of private wealth management at Deutsche Bank Trust AG. Later, he became the head of the wealth management division at Commerzbank. Currently, Elmar is the managing director and a member of the board at Lacore S.A., a business consulting company and a pioneer in the field of computer-based quantitative strategies, market data analysis and risk management tools. He has a degree in Business Economics from VWA Freiburg.



JED GRANT

Jed is a successful financial and technical security professional. He founded several companies with focus on KYC/AML, such as Sandstone, KYC3 and the blockchain-based Peer Mountain. He set up the Institute for Global Financial Integrity, co-founded the Luxembourg Blockchain and DLT Association. and is a board member for Infrachain, a blockchain governance framework supported by the Luxembourgish government. Jed completed his computer science degree at the University of California, Santa Barbara and is currently an adjunct professor at University of Luxembourg.

5.4 | Directors



CHRIS MARCILLA

Chris Marcilla has been a business leader in the IT industry for over 25 years and has created 5 companies in the sector. He held executive positions in numerous startups, such as Flashiz, Vanksem, Seezam, Shebusa, Snapswap and KYC3. Chris took an interest in blockchain technology five years ago and is now a regular speaker on the topic. He works as an advisor for blockchain projects and as an independent director for wealth management companies, such as Weber International and Financiere WDD. Chris holds a Master of Business Administration from the Sacred Heart University.



ADRIEN ROLLÉ

Adrien has a career of more than 20 years working in leading positions for different companies like Ernst & Young and Petercam, where he was in charge of auditing, risk management and derivatives. As the CEO of Finimmo, he currently runs a top tier regulated corporate & financial service provider in Luxembourg, managing a portfolio of more than €1B in assets. Adrien consistently managed to grow revenue by double digits and has been involved in numerous startups in Luxembourg and abroad. He has received his Bachelor of Engineering in Commerce and his Master in Finance from HEC Liège.



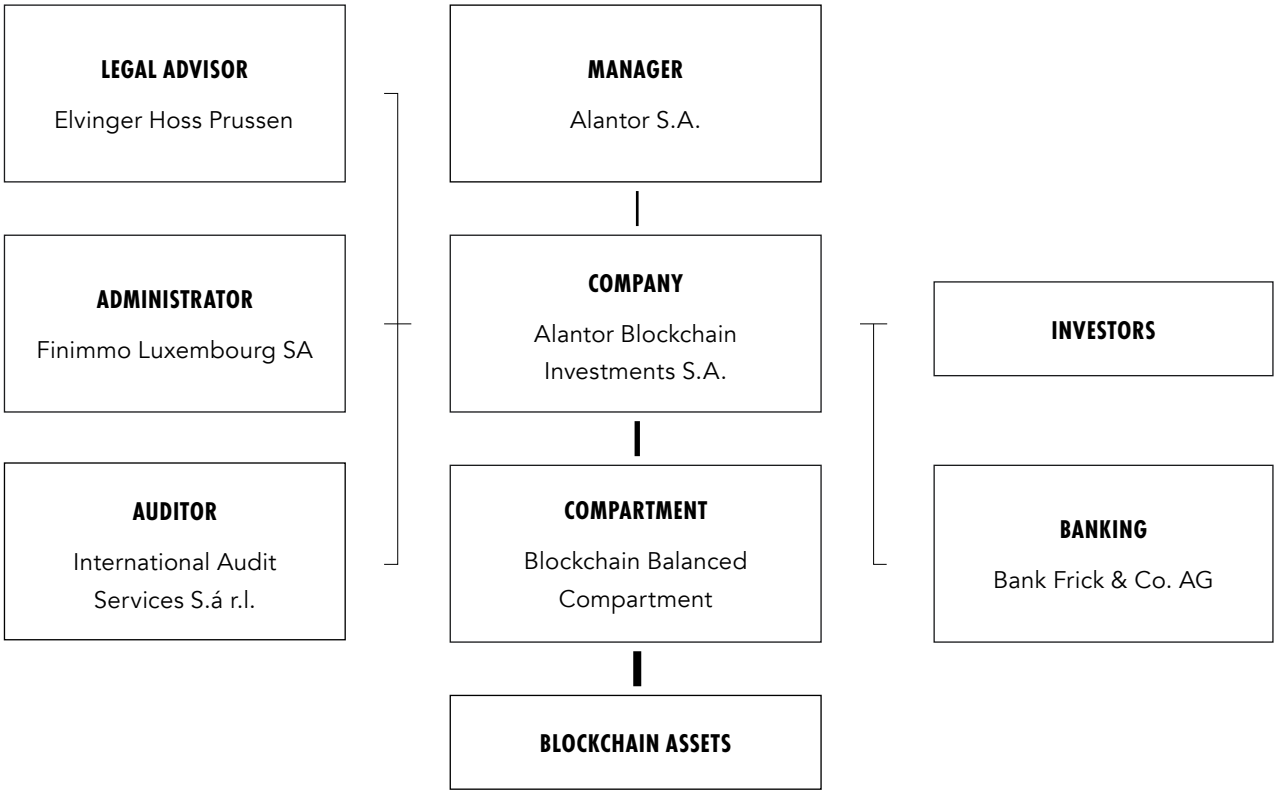
JONATHAN SOREILLE

Jonathan has spent 13 years in the sector of audit for a wide range of companies, such as logistics, global charities, public institutions, tech companies and financial institutions. Over the course of his career, he branched out into the fields of merger & acquisitions, as well as private equity. Jonathan completed his studies a a chartered accountant and is currently responsible for risk management, as well as recruitment, training and employee evaluation at Finimmo. He also received his Bachelor of Engineering in Commerce and his Master in Finance from HEC Liège.

6 | Structure

6.1 | Diagram

Our legal structure is entirely based in Luxembourg. We emphasize close relationships with our service providers and select local partners whenever possible.



6.2 | Company

Alantor Blockchain Investments S.A. is a public limited company, structured as a securitization company according to the securitization law of the Grand Duchy of Luxembourg. The company is an unregulated investment vehicle reserved for well-informed investors and registered with the Banque Centrale du Luxembourg (BCL).

The Company cannot create additional risk on top of the risk inherent in the assets and no transaction can take advantage of short-term market fluctuations. It is dedicated exclusively to the management of risks. With tax neutrality guaranteed by law, the Company offers an attractive alternative to other alternative investment funds (AIFs).

6.3 | Manager

Alantor S.A. is a public limited company under Luxembourg law, organized as a holding company (SOPARFI) and functioning as the management company for the investment vehicle. It provides its services exclusively to the Company and thus does not fall under the regulation of service providers in the financial sector.

The Manager provides investment advice and executes many of the operations related to the blockchain-specific aspects of the Compartment. It contributes its know-how in the context of two main categories of risks: investment risks related to the assets, as well as technical risks related to the safekeeping of the assets.

6.4 | Administrator

Finimmo Luxembourg S.A. provides professional corporate services and fund administration to entities registered in Luxembourg. They are specialised in serving real estate, private equity and other traditional / alternative investment structures, as well as providing solutions for institutional, corporate, start-ups and private clients.

The Administrator is regulated as a service provider of the financial sector by the Luxembourgish financial supervisory authority (CSSF) and ensures compliance with the highest standards of KYC and AML requirements. They manage most traditional aspects of the Compartment operations and are in charge of accounting and reporting.

6.5 | Auditor

International Audit Services S.à r.l. (IAS) are experts in independent auditing and assurance services, tailored to the specific needs of their clients. They have over 30 years of experience in auditing, taxation and accounting and offer financial, administrative and tax compliance services.

The Auditor is a practice of independent statutory auditors, regulated by the CSSF and approved by the «*Institut des Réviseurs d'Entreprise*» (IRE). They have taken a keen interest in the evolution of blockchain technology and consider Alantor a key partner in extending their premium services into the blockchain market.

6.6 | Banking

Bank Frick & Co. AG in Liechtenstein finds itself at the forefront of the blockchain sector and is providing banking services to a large number of blockchain startups world-wide. They have excellent connections to the blockchain community in the Zug/Zürich area of Switzerland ("Crypto Valley") and a strong affinity with the topic.

On top of the banking services required to operate companies and investment vehicles, Bank Frick offers safe custody services and a trading desk for blockchain assets. This deep knowledge in the area of blockchain technology translates into their daily operations and ensures a smooth cooperation.

6.7 | Legal Advisor

Elvinger Hoss Prussen was founded in 1964 by lawyers committed to excellence and creativity in legal practice. They were at the forefront of the fund sector in Luxembourg and have contributed significantly to its legal landscape. As such, they are particularly well placed to advise on the benefits of investment vehicles.

Blockchain investments are a young and dynamic sector. Elvinger are intimately familiar with the securitization law of the Grand Duchy of Luxembourg. Additionally, they have made significant efforts to acquire the top legal experts of the country in blockchain matters. As such, the Compartment is thrilled to count on their expertize as our main legal advisor.

7 | Notes

7.1 | Subscription

The Company issues series of Notes for the Compartment. Each series of Notes is issued at their respective face value. The size of each issuance is subject to the Company's sole discretion and will be determined in accordance with the demand from investors.

In order to be eligible to subscribe to an issue of Notes, a Prospective Investor must be a well-informed investor, meaning that he is a professional investor, an institutional investor or any other investor who confirms in writing that he adheres to the status of well-informed investor and invests a minimum of €125,000.

The subscription amount is to be transfered to the Compartment by wire transfer and in Euro currency upon reception of the capital call sent by the Company. Notes are issued in nominative form and the title to Notes passes upon registration of transfer in the Company's register of noteholders.

The Notes constitute securities issued by the Company and pertain to a pool of assets and liabilities of the Compartment, which constitutes a segregated estate from all other assets and liabilities of the Company. Each Note entitles the investor to a share of the underlying asset value, proportional to his investment, on redemption.

The Manager reserves the right to accept or reject any application made to subscribe to Notes in his absolute discretion.

7.2 | Transfer

An investor may not pledge, assign, sell, exchange or transfer his Notes, and no assignee, purchaser or transferee may be admitted as a substitute investor, except with the explicit consent of the Manager.

Any potential approval of a transfer of Notes is contingent on the approval of the substitute investor according to the same processes as those applicable to Prospective Investors and can be withheld in the sole and absolute discretion of the Manager.

7.3 | Redemption

The Notes are subject to a lockup period, starting from the date of issuance of the Notes, during which investors cannot redeem their notes. After the expiration of the lockup period, Notes can be redeemed at regular intervals, by advance written notice prior to the respective redemption date.

For redemptions which occur before the expiry of the recommended investment term, a redemption fee is levied. This is in line with the long-term orientation of the Compartment and facilitates the management of the assets according to the stated strategy.

The Manager may, in his absolute discretion, refuse to redeem or suspend redemption of the Notes, if the Manager considers that the Compartment is not liquid. This can happen when assets can not be liquidated in a way to allow for timely redemption of the Notes.

7.4 | Rebalancing

The Manager will, from time to time, liquidate certain assets and purchase other assets to replace them to conserve the risk profile of the Compartment. These rebalancing operations are not subject to investor approval and are not to be considered as redemptions.

The Compartment may incur transaction costs when buying and selling its underlying assets. These costs can include expenses such as exchange fees and network fees. Costs related to rebalancing operations are considered as part of the Compartment expenses.

7.5 | Valuation

The Net Asset Value (NAV) of the Compartment will be expressed in Euro currency. As the Generally Accepted Accounting Principles of Luxembourg (LuxGAAP) do not have provisions for the valuation of blockchain assets, the Compartment relies on a custom procedure for the calculation of the NAV, as approved by the Company.

The market value of blockchain assets is based on a volume-weighted average price (VWAP) as determined by available trades from the major blockchain asset trading platforms. The Manager is responsible for the calculation of the NAV according to the valuation method set by the Company.

For the purpose of the NAV calculation:

- Notes where the subscription has been accepted but the payment has not yet been received shall not be deemed to exist; and
- Notes of the Compartment to be redeemed shall be treated as existing and, until paid, the price therefore shall be deemed to be a liability of the Compartment; and
- all investments, cash balances and other assets of the Compartment not expressed in Euro currency shall be valued after taking into account the market rate or rates of exchange available at the date and time for the determination of the NAV; and
- effect shall be given on any valuation date to any purchases or sales of assets contracted for by the Compartment on such valuation date, to the extent practicable.

The NAV will be calculated and made available to investors once per month, on the last day of the month, on a best effort basis. An automated tool for NAV calculations is currently in development; once the tool reaches the necessary level of maturity, access to a real-time calculation of the NAV can be made available to investors.

7.6 | Custody

Keeping blockchain assets safe is a challenge. In order to ensure the security of the majority of its assets, the Compartment makes use of the secure custody services of our banking partners whenever possible. The four-eyes principle is implemented through appropriate access policies and signature rights.

For its own operations the Compartment uses securely stored hardware wallets and a cryptographic concept called key sharing. Private keys are divided into multiple parts, increasing the threshold for compromise and decreasing the risk of loss or theft. Hardware wallets and key parts are kept in safe deposit boxes in cooperation with a local bank. Regular security checkups ensure the continued security of the assets.

8 | Legal

8.1 | Disclaimer

Alantor does not provide legal, financial, accounting or taxation advice. This material has been prepared for informational purposes only and is not intended as, and should not be relied on as, legal, financial, accounting or taxation advice. Prospective Investors should obtain their own independent and professional legal, financial, accounting and taxation advice before engaging in any transaction.

8.2 | Taxation

Each Prospective Investor's taxation position will depend on his individual circumstances and accordingly this summary is necessarily general in nature and is based on the taxation laws as at the Issue Date.

Investors must take full and sole responsibility for the associated taxation implications arising from an investment in the Compartment, including any change in the taxation implications arising during the term of their investment.

Luxembourg law ensures the tax neutrality of securitization companies. All payments made to the holders of Notes issued by the Company are tax deductible, resulting in a taxable basis of nil. The Company may also benefit from the double tax treaties concluded by Luxembourg as well as from EU Directives.

Depending on the country of residence of the investor, he will be taxed for the capital gains or losses made on a redemption of Notes. Taxation on the value of the Notes as part of a wealth tax may also be applicable.

8.3 | Regulation

The Company is governed by the Luxembourg law of 22 March 2004 on securitization. For unregulated securitization vehicles, no application to the CSSF is required. Furthermore, there is no regulatory requirement to appoint a regulated administrator, manager or custodian, nor is there any regulatory oversight of the Compartment's documents or approval of the Compartment's board members.

Nevertheless, the Compartment has chosen to appoint a regulated administrator and auditor. The absence of other regulated service providers is caused by a lack of regulated managers and custodians in the blockchain space. The Company works with regulated partners whenever feasible and intends to become a fully regulated entity once the regulatory landscape has caught up to technological innovation.

8.4 | Compliance

Securitization companies are subject to more stringent supervision and reporting standards than ordinary commercial companies in Luxembourg. The accounts of the Company must be audited by an independent statutory auditor, regulated by the CSSF. The audit is conducted in accordance with the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC), as adopted for Luxembourg by the CSSF.

As part of the Company's responsibility to implement anti-money laundering (AML), know your customer (KYC) and counter-terrorist financing (CTF) processes, the Company requires a detailed verification of the Prospective Investor's identity and comprehensive documentation on the origin of funds. The related due diligence will be conducted by the Administrator, which is a CSSF regulated service provider of the financial sector in Luxembourg.

8.5 | Assets

The Compartment invests exclusively into blockchain assets. Blockchain assets are recent technological innovations, which are created, transferred, used and stored by entities and individuals and which have certain features typically associated with other types of assets, most notably securities, commodities and currencies.

The Luxembourgish financial regulator known as the CSSF has not yet made official pronouncements or adopted rules providing guidance with respect to the classification and treatment of blockchain assets. The Luxembourg tax authorities have provided a guidance on taxation of blockchain assets, classifying them as intangible assets, such as intellectual property rights.

9 | Risks

9.1 | Information

RISK MANAGEMENT

The Compartment has established and maintains a permanent risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor on an ongoing basis all risks relevant to the investment strategy, in particular including market, liquidity, counterparty, operational and other relevant risks. The risk profile corresponds to the size and structure of the portfolio, as well as to the investment strategy.

The Company may, for the purpose of efficient portfolio management and in order to implement the investment strategy, use a wide range of diversification instruments. Alantor applies a comprehensive process based on qualitative and quantitative risk measures.

RISK FACTORS

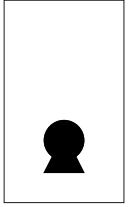
In addition to the other information contained in this Memorandum, Prospective Investors should carefully consider the following risk factors when evaluating the Compartment and its business prospects before considering an investment in the Notes. The order in which the risk factors are set forth in this portion of the Memorandum should not be construed as establishing the order of degree of risk or of severity of risk of investment.

9.2 | General

COMPANY STRUCTURE

Risks pertaining to the Company's structure include the risk that the structure could terminate, adversely affecting the Compartment.

If the Company is required to terminate or liquidate, such dissolution or liquidation could occur at a time which is disadvantageous to investors, such as when prices of crypto assets are lower than the prices at the time when investors purchased their Notes. In such a case, when crypto assets are sold as part of the Company's liquidation, the resulting proceeds distributed to investors will be less than if the prices were higher at the time of sale.



Additionally, the service providers of the Compartment could be replaced or the service providers' investment professionals could change, potentially leading to changes in strategy or management that could have negative implications on an investment in the Notes.

CONFLICTS OF INTERESTS

Some procedures and controls are in place that are designed to identify and address conflicts of interest, including those designed to prevent the improper sharing of information between businesses. However, appropriately identifying and dealing with conflicts of interest is a complex and difficult task and some business assets could be negatively affected. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

The Company could be subject to various conflicts of interest arising from its relationships with and among the Company, the service providers, the respective directors, managers, employees and other affiliates, as well as the investors and their respective affiliates. The potential for conflicts of interest and a failure to appropriately identify and address conflicts of interest could adversely affect an investment in the Notes.

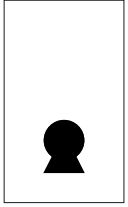
EARLY STAGE INVESTMENT

Investing in a market for a technology in its early adoption phase comes with extensive risks, including the possibility of total loss, or significant losses over very short / long time spans. An investment in crypto assets involves a high degree of risk. Investment risk is borne by the investors' risk profiles and fluctuations in asset value will affect the expected level of returns. Investments should only be considered by investors able to sustain a loss of all of the sum invested and who do not require liquidity in their investments.

No assurance of investment return can be given to investors. The return on investment will depend on the success of the Compartment's specific investments, which cannot accurately be forecast as at the Issue Date. Investors may not receive any return on their investment in the Compartment, and may lose the whole amount of capital invested in the Compartment.

CURRENCY

The Notes are issued in Euro currency. If crypto assets change in value relative to the Euro or if the Euro changes in value as compared to other currencies, the value of the investment may change and an investment in the Notes could be negatively impacted.



LIQUIDITY

Crypto assets are traded on specialized market places. Unavailability of trading or insufficient liquidity could lead to a difficulty in converting the crypto assets into cash with little or no loss of capital or with the desired delays.

RETRICTIONS ON TRANSFER AND REDEMPTION

Legal obligations or compliance requirements could lead to delays, holds or cancelations on the transfer or redemption of Notes. An investment in the Notes could be negatively impacted if the Company is not able to execute the operations in accordance with the investor's wishes.

TAXATION CHANGE

Any change in taxation policy, laws or regulations may have an impact on distributions to investors, as well as the taxation treatment of those distributions. Additionally, the Company could be affected by changes in tax treatment, leading to higher costs, which could have a negative impact on an investment in the Notes.

UNCONTROLLED EVENTS

Events including acts of God, fire, flood, earthquakes, war, terrorism and labour strikes may adversely affect the operations of financial markets or of the Compartment. Any consequences resulting from such events which impact the operations of the Compartment could have a negative effect on an investment in the Notes.

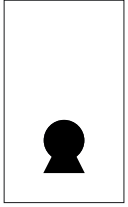
MARKET VOLATILITY

Blockchain market fluctuations, which are caused by such factors as regulations, market capitalization, token availability and shifts in overall demand, affect the industry. Although the Compartment presumes long-term investment, it is difficult to completely avoid the impact of market fluctuations due to investment or speculative reasons. Market downturns could slow the overall development of the market and reduce the investment income.

9.3 | Vehicle

CONCENTRATION AND LACK OF DIVERSITY

While the Compartment offers a diversified composition of crypto assets, the aim is to invest exclusively into cryptography-based assets. The performance of the Compartment will be strongly affected by the performance of the blockchain sector as a whole. A return on investment will be primarily dependent on the success and level of development of the blockchain industry.



SUBSCRIPTIONS AND WITHDRAWALS

Substantial subscriptions or withdrawals could result in a big shift in the composition of the Compartment's assets, for example through delays in processing of subscription funds or due to the imbalanced liquidation of the positions. This can negatively impact on the Company's ability to execute the Compartment's strategy.

Additionally, such big operations can influence the price of crypto assets and the Compartment's expenses, including, but not limited to, transaction costs, acquisition costs, liquidation costs and termination agreements. Overall, the consequences of big subscription or redemption operations can negatively affect the investments of investors in the Compartment at the time and after the time of such operations.

The Company will generally not disclose to the investors the amount of pending subscriptions/withdrawals or subscription/withdrawal requests and is under no obligation to make any such disclosure

9.4 | Blockchain

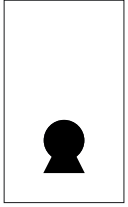
LOSS OR THEFT OF DATA

The Company, by its nature, will be transmitting, storing and processing large amounts of electronic information, much of it sensitive and relating to the transactions of the Compartment. Various procedures are established to protect and prevent data loss and security breaches. However, in case of data loss or theft, it could adversely affect the performance of the Compartment, the financial stability of the structure as a whole or the execution of the investment strategy, leading to losses for the investors.

NATURE OF ASSETS

Crypto assets are also traded in unregulated markets and thus carry significant risks. Crypto assets are generally not backed by any government or any other regulated entity or organization. They partly gain their value on the basis of the innovation that a particular platform offers and the dedication and competence of the team supporting it. These development teams range from a single person to an entire team of dedicated developers. Successful projects generally develop a dedicated community that supports and contributes to the growth of the crypto asset. Crypto assets which do not develop an active following will generally not increase in value.

The Company will not insure the Securitized Assets. Further, investors' recourse against the Company is limited. Consequently, a loss may be suffered with respect to the Securitized Assets that is not covered by insurance and for which no entity or person is liable in damages.



VALUATION

The NAV of the Compartment and the Redemption Value of the Notes relate directly to the value of crypto assets and fluctuations in the price of crypto assets could materially and adversely affect an investment in the Notes.

The possibility of large-scale distress sale of crypto assets in times of crisis may have a short-term negative impact on the price of crypto assets and may adversely affect an investment in the Notes.

The possibility of large-scale purchases of crypto assets in times of crisis may have a short-term positive impact on the price of crypto assets and cause the NAV to increase rapidly.

REGULATION

Of all the potential risks involving crypto assets, regulatory risk is the most unpredictable. Crypto assets currently face an uncertain regulatory landscape, not only in Luxembourg, but also in many other jurisdictions such as the United States, the European Union, China and Russia. While certain governments such as Germany have issued guidance as to how to treat bitcoins and similar assets, most regulatory bodies have not yet issued official statements regarding their intention to regulate or determinations on regulation of crypto assets, their various users and the corresponding networks.

In the future, countries may take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade crypto assets or to exchange crypto assets for fiat currency. By extension, similar actions by other countries, including Luxembourg, or the European Union (EU) may result in the restriction of the acquisition, ownership, holding, selling, use or trading of the Notes. Such a restriction could result in the termination and liquidation of the Company at a time that is disadvantageous to investors, or may adversely affect an investment in the Notes.

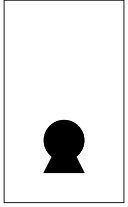
PRICE VOLATILITY

Price volatility of blockchain assets can be extremely high. Currently, there is relatively little use of crypto assets in the retail and commercial marketplace in comparison to a relatively large use by speculators, thus contributing to price volatility. These fluctuations could adversely affect the price of crypto assets and an investment in the Notes.

LIMITED LIQUIDITY

Markets for crypto assets may have limited liquidity or may experience significant falloffs in liquidity for a number of reasons including technological developments, political events and trends, currency exchange rates, regulatory policy, consumer demand, and innumerable other factors.

Investors should consider an investment in the Notes to be an illiquid investment and should invest only if prepared to hold the Notes for an extended period of time.



FAILURE OF TRADING VENUES

Crypto asset exchanges and other companies providing services for the purchase and liquidation of crypto assets are relatively new and, in some cases, unregulated. They may therefore be more exposed to fraud, security failures and other operational issues than established, regulated exchanges for securities, derivatives and other currencies.

Furthermore the closure or temporary shutdown of a constituent crypto asset exchange used in calculating the crypto asset market price may result in a loss of confidence and in the Company's ability to determine a reasonably accurate NAV of the Notes on a regular basis. These issues could adversely affect an investment in the Notes.

CUT-OFF OF BANKING SERVICES

Banks may not provide banking services, or may cut off banking services, to businesses that provide services related to crypto assets or that accept crypto assets as payment, which could damage the public perception of crypto assets and the utility of crypto assets as a payment system. This could decrease the price of crypto assets and adversely affect an investment in the Notes.

LOSS, THEFT OR DESTRUCTION OF ASSETS

There is a risk that some or all of the Securitized Assets could be lost, destroyed or stolen.

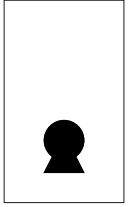
The Company may not have adequate sources of recovery if assets are lost, stolen or destroyed. Access to crypto assets could also be restricted by cybercrime (such as a denial-of-service attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, an investment in the Notes.

LOSS OR DESTRUCTION OF A PRIVATE KEY

The loss or destruction of a private key required to access crypto assets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to held crypto assets could adversely affect an investment in the Notes.

IRREVERSIBLE TRANSACTIONS

Most crypto asset transactions are irrevocable, so stolen or incorrectly transferred crypto assets may be irretrievable. As a result, any incorrectly executed transactions could lead to a loss of crypto assets and adversely affect an investment in the Notes.



NETWORK PROTOCOL CHANGES

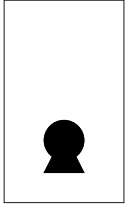
Administrators of the networks underlying the crypto assets could propose amendements to the source code, leading to changes in the protocols and software. If accepted and implemented, such changes could adversely impact an investment in the Notes.

NETWORK HISTORY SPLITS

The acceptance of a crypto asset platform software patch or upgrade by a significant, but not overwhelming, percentage of the users and miners can result in a "fork" of the transaction history, splitting the network and resulting in a temporary or permanent operation of two separate networks. This could adversely impact an investment in the Notes.

CONTROL BY BAD ACTORS

If a malicious actor or botnet obtains control in excess of a relevant percentage of the validating power active on a crypto asset network, such actor or botnet could manipulate the source code of the network in a manner that adversely affects an investment in the Notes.



10 | Glossary

Andreessen Horowitz is a private American venture capital firm, founded in 2009 by Marc Andreessen and Ben Horowitz, with an initial round of $300M. They invested into numerous global success stories in the technology sector, with big names such as Skype, Facebook, Twitter and Airbnb in their portfolio.

Aragon (ANT) is an initiative to create tools for the next generation of organizations which will govern future human markets. The project has raised $25M in May 2017. While remaining under the radar since, the core platform is currently in beta and provides a solid framework for organizing groups of people to follow common goals.

Augur (REP) is a prediction market protocol owned and operated by the people who use it. The project has raised $5M from August to October 2015, in one of the first ICOs on Ethereum. They are now operating a fully functional platform on the Ethereum blockchain, with tens of thousands of network participants.

Blockchain, originally block chain, is a growing list of records, called blocks, which are linked using cryptography. Each block is cryptographically linked to the previous one and its contents are cryptographically locked in. A series of blocks thus creates a secure and tamper-proof ledger of account balances and/or application data.

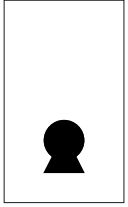
Blockchain asset or cryptography-based asset is a type of digital token which provides security and has value in the context of a blockchain network or application. Strictly speaking, a blockchain asset exists on a blockchain platform, but in general, the term includes digital tokens on platforms which use alternative cryptographic models.

Bitcoin (BTC) was the first cryptocurrency, a form of electronic cash that functions in a peer-to-peer manner. It is a decentralized digital currency and works in a trustless way, eliminating the requirement for a third trusted party.

Bitcoin Cash (BCH) is an alternative version of Bitcoin, which forked the history of the original blockchain to change the rules of the network. Like the original, it works as a cryptocurrency and a payment network, but with some different design choices that make the two incompatible.

Cardano (ADA) is a distributed computing platform that runs a blockchain as the basis for the execution of smart contracts. The project has raised $63M from September 2015 to December 2016. Their development is based on a research-first approach and it is one of the main competitors of Ethereum.

CGI stands for computer-generated imagery, which is used to create images in art, printed media, video games, films and simulators. The generation is compute-intensive, but can be heavily executed in parallel, which makes it a prime candidate for the utilization of unused computing resources across the world.



Cryptocurrency (or crypto currency) is a digital asset designed to work as a medium of exchange, using strong cryptography such as a blockchain to secure financial transactions. It is currently the most popular blockchain use and can be compared to digital cash.

Cryptocurrency exchange is a business that provides a marketplace for the trade of cryptography-based assets. As not all cryptography-based assets are cryptocurrencies, the name is a misnomer. Notably, most cryptocurrency exchanges are not regulated exchanges, while some are regulated as another form of participant to the financial sector.

CSSF stands for the French « Commission de Surveillance du Secteur Financier» , which translates to "Commission for Surveillance of the Financial Sector". The CSSF is a public institution which supervises the professionals and products of the Luxembourg financial sector. It is responsible for the enforcement of laws on financial consumer protection and on the fight against money laundering and terrorist financing.

DAI is a cryptocurrency created by Maker. Its price is stabilized against the value of the U.S. Dollar through a so-called stablecoin mechanism, which uses a decentralized platform that runs on the Ethereum blockchain.

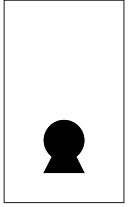
DAO stands for decentralized autonomous organization, which is a form of organization where the rules are encoded in a smart contract platform and not influenced by a central governance entity. Its financial transactions and rules are maintained on a blockchain.

Dapp is a popular term for decentralized application, which is an application that is run by many users on a decentralized network with trustless protocols, usually a blockchain. Dapps do not have a single point of failure and are usually global and open by design.

Deterministic is the context of computer science refers to a computation which, given the same initial state and the same inputs, will always generate the same outputs. The property is useful when trying to validate a result provided by another party.

Double-spending is a fundamental flaw in the design of a digital cash scheme, where you can prove that a certain party generated a transaction, but you can not prove that this party has not spent the funds previously. The solution of this problem is usually a central trusted third party, while blockchain technology proposed the first practical decentralized solution.

EOS is a blockchain network intended to provide a smart contract platform and a decentralized operating system. The project has raised over $4B from June 2017 to June 2018. The goal is to enable the deployment of industrial-scale decentralized applications through a DAO model. It is one of the main competitors of Ethereum.



Ethereum (ETH) is an public open-source and blockchain-based distributed computing platform and an operating system featuring a smart contract programming language to create distributed applications. The project raised $18.3M in July and August 2014, in what is generally considered the first big ICO. It currently dominates the smart contract sector in terms of market capitalization and real-world usage.

FinTech is a buzzword for financial technology and describes the new sector emerging from the fusion of the financial world with the technological world. The aim is to make financial services more accessible by replacing existing services with IT-based solutions.

Fork defines an event in a blockchain network where a part of the participants introduce new rules to the system which are incompatible with the previous rules. This leads to a split of participants who follow the new rules and creates two competing histories of the blockchain ledger from this point forward.

Gnosis (GNO) is a prediction market platform built as a dapp on the Ethereum network. The project raised $12.5M in April 2017 and has since delivered a wallet and an exchange integrated into their core offering. They are the main competitor of Augur.

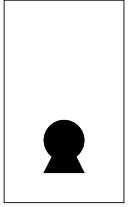
I**nitial Coin Offering (ICO)** is a type of funding using cryptocurrencies. The process is usually done by crowdfunding and involves investors who will send their investment in the form of a cryptocurrency transaction to a smart contract. They will be awarded a certain number of tokens of the funded projects in return, which can potentially fulfill the function of any number of different asset classes.

IOTA is a cryptocurrency with a focus on lightweight payments, optimized for the internet of things. In contrast to most cryptocurrencies, it does not rely on a blockchain but uses its own cryptographic model, based on a decentralized acyclical graph (DAG), to find consensus on the ledger and to secure the transactions on the network.

Lightning Network (LN) is a second layer scaling solution for the Bitcoin network. It uses advanced cryptographic primitives to create a network of nodes that can route payments instantly on top of the Bitcoin network. Many transactions on the LN are settled on the Bitcoin blockchain in a single settlement transaction, thus exponentially increasing the potential throughput of the network.

Maker (MKR) is a project that set out to build a decentralized version of what we know as a traditional financial infrastructure. The DAI, a stable coin pegged to the value of USD, serves as a backbone to their platform, which enables collaterized debt positions, derivatives and other financial instruments. It was one of the earliest projects built on Ethereum and has seen investments by some major VC funds.

Monero (XMR) is an open-source cryptocurrency focused on confidential transactions. It uses an obfuscated public ledger, meaning that anybody can create transactions but no outside observer can tell the source, amount or destination.



NEO is a blockchain platform and cryptocurrency designed to build a scalable network of decentralized applications. It supports a variety of commonly used programming languages to implement smart contracts and is the China-based competitor to Ethereum.

Off-chain is a property of transactions that happen outside of the blockchain and are thus not part of the distributed ledger. They can take many forms, such as completely offchain books held centrally by cryptocurrency exchanges, or transactions on a second layer which are cryptographically linked to the blockchain in some way.

On-chain designates a transaction that is executed inside the blockchain network and thus is directly applied to the shared distributed ledger. On-chain transactions consume resources of the blockchain network and thus usually require a fee to be paid to be processed by the platform.

Polkadot is a multi-chain technology that uses a relay chain to allow communication between different blockchain networks. A transaction can originate on one blockchain and go to an account on another blockchain.

Polychain Capital is an investment firm committed to the exceptional returns for investors through actively managed portfolios of blockchain assets. They invested in a large number of leading blockchain projects and are focused heavily on early stage ICO investments.

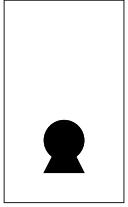
Prediction market are exchange-traded markets created for the purpose of trading the outcome of events. The market prices can indicate hat the crowd thinks the probability of an event is. Research has shown that prediction markets have a high accuracy for predicting some future events.

Private key, in the context of cryptography, is the part of a key pair that allows its owner to sign messages. The private key data is a long string of random characters which needs to be kept secure to avoid compromise of cryptographic signature.

Public key, in the context of cryptography, is the part of a key pair that allows its owner to verify signatures against the related private key. The public key data is a long string of random characters which is usually distributed widely so anyone can verify signatures related to it.

Oracle is a term for an agent on a blockchain which allows the import of outside information into the blockchain ledger. This can be in the form of simple servers, but is usually implemented as a smart contract, to provide real-world information such as price tickers or weather information.

Peer-to-peer (P2P) computing or networking describes a distributed application architecture where each participant fulfills the same role. There is no distinction between server and client, or between central entity and consumer, as seen in older network architectures.



Ripple (XRP) is a real-time gross settlement system, currency exchange and remittance network. It is built upon technology inspired by blockchain technology, but is meant for the deployment in trusted settings. Its main audience are incumbents of the financial sector.

Scalability refers to the ability of software to scale with increased usage. This can refer to resource requirements, such as network bandwidth, memory space or processing power, or to more specific aspects such as the number of transactions on a blockchain network.

Scientific computing is a collection of tools, techniques and theories required to solve mathematical models of problems in science and engineering on a computer. The complexity of such computations is usually high, resulting in significant computing requirements.

Second layer refers to a layer built on top of a blockchain network and linked to it through cryptographic primitives, thus putting them in a well-defined relationship. Second layer solutions are often used to increase the throughput of a blockchain or to extend its functionality.

Securitization company (SC) is a normal commercial company in Luxembourg, created in accordance with the securitization law of 2004, as amended. A securitisation operation consists of bringing together a group of assets that produce a predictable cash flow or grant the right to a future cash flow, transforming these assets into securities.

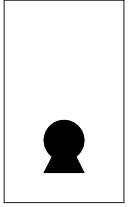
Smart contract refers to a computer program written for and executed on a blockchain platform. It unambiguously determines the rules of an interaction in a programmatic way, thus digitally facilitating, verifying or enforcing a negotation or performance of a contract.

SOPARFI stands for the French «*société de participations financières*» , which is the Luxembourgish version of a holding company. It is structured as a normal commercial company, but can provide various services, including investment management and advisory, as long as its provided exclusively to one company in the same structure.

Signature, in the context of cryptography, refers to a digital signature created with the secretly kept private key of a key pair. It can be verified using the widely distributed public key, thus establishing the authenticity of a message or transaction unequivocally.

Supercomputing is computation executed on computers with high levels of performance compared to general-purpose computers. It is used in many fields where high processing power is required, such as quantum mechanics, climate research and molecular modeling.

TCP/IP, also known as the Internet protocol suite, is the set of communication protocls used on the Internet and other computer networks. It provides end-to-end data communication and is the foundation of what is known as the modern Internet.



Token, in general, stands for a particular fungible or tradable asset or a utility. In the context of blockchain, digital cryptography-based tokens are often used to represent value, needed to pay for network usage, to reward contributions or to digitalize real assets.

Token model refers to the underlying economic model for a digital token of value. It includes aspects such as creation, distribution, usage, functions and ideally a circular economic system. It can range from simple to extremely complex.

Transaction is a transfer of value from one account to another account. It is digitally signed by the sender to authenticate it and can also contain data, for example for the execution of smart contracts.

Virtual computer is not a real computer, which exists as hardware in the real world. Instead, it is a simulation of a computer in software and executed on the hardware of another computer. It can be used to homogenize the execution of programs across differing architectures.