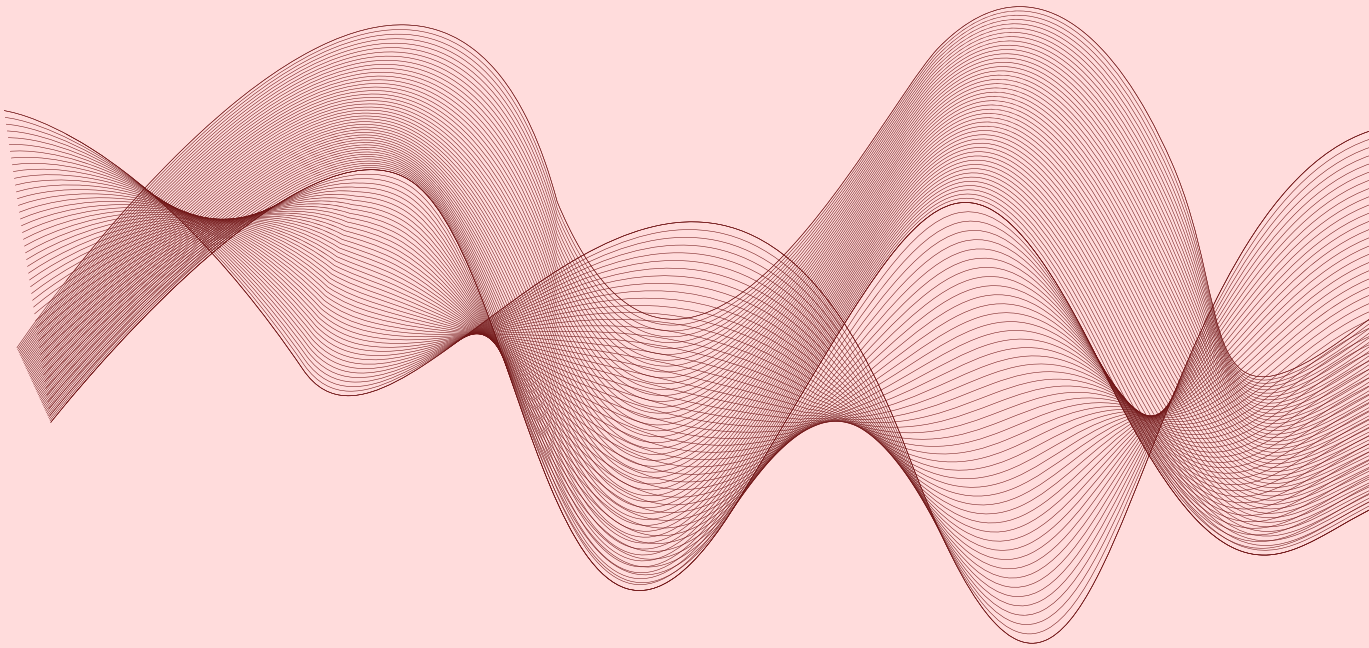

RISK CAPITAL

WHITE PAPER: DECENTRALIZED SELF-CUSTODY MANAGED FUND PLATFORM

This white paper describes a decentralized self-custody managed fund platform built on the SKALE network. The platform enables users to securely invest in diversified, algorithmically managed portfolios while retaining full custody of their assets. Token distribution is exclusively community-driven, rewarding users based on their proportional stake in the fund, with no separate team allocation. Governance decisions, including fund allocations and strategies, are community-managed through on-chain voting.

1. Introduction

Centralized investment platforms often require asset custody, leading to risks such as custodial failures, centralization, and lack of transparency. Our platform addresses these issues by combining decentralized portfolio management with self-custody, using smart contract-based pooled funds. Built on SKALE's scalable infrastructure, it offers efficient, low-cost operations and community-aligned governance.

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2. Platform Features

2.1 Self-Custody Investment

- Funds are pooled in a smart contract wallet, but users retain proportional ownership.
- Users can withdraw their share of the fund at any time, calculated dynamically by smart contracts.

2.2 Managed Fund Structure

- Investment portfolios include:
  - Gaming Fund: Leading gaming and metaverse tokens.
  - Blue Chip Fund: Major cryptocurrencies by market capitalization.
  - Real-World Asset (RWA) altcoin projects involved in RWA.
  - High-Risk Fund: Emerging and speculative cryptocurrencies.

2.3 Community-Driven Token Distribution

- Tokens are exclusively distributed based on each user's proportionate share of the fund.
- Token rewards incentivize participation, growth, and long-term investment.
- No tokens allocated to team or advisors; the team must participate in the fund to earn tokens.

2.4 Decentralized Governance

- Token holders vote on fund compositions, trading strategies, and operational improvements.
- Transparent and autonomous on-chain governance mechanism.
- Community treasury managed through decentralized governance.

2.5 Automated and Transparent Trading

- Trading strategies executed via decentralized exchanges (DEXs), including SKALE-native AMMs.
- Complete transparency with on-chain records of all transactions and rebalancing activities.

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3. Open-Source Trading Logic

3.1 Trading Strategy Overview

The algorithm manages investment decisions across multiple tokens from one wallet, allocating a fixed percentage (e.g., 5%) per trade:

Note: This is a simplistic overview of a statistically back tested and live tested algorithm. It could be published on GitHub for community to work/improve.

- Indicators:
  - Calculates three Exponential Moving Averages (EMAs): short-term (18 periods), mid-term (26 periods), and long-term (40 periods).
- Entry (Buy Conditions):
  - The strategy buys a token if the short-term EMA crosses above the mid-term EMA, provided it meets specific conditions (e.g., maximum open trades not exceeded and re-entry gap respected).
  - The trade size is split into steps to average the entry price.
  - The algorithm introduces buy logic randomness to mitigate external manipulation.
- Exit (Sell) Conditions:
  - Sells when market conditions turn unfavorable (EMA cross down), provided the position is profitable beyond a predefined buffer.
  - The algorithm introduces sell logic randomness to mitigate external manipulation.
  - **Important** The algorithm never sells a positions at a loss, it will hold indefinitely.

3.2 Algorithm Transparency and Community Participation

- Trading logic is fully documented and open-source, hosted publicly on GitHub.
- Community members can review, test, and propose improvements to the strategy.
- Proposed improvements undergo public scrutiny through discussions and back testing on historical data.

3.2 Community Governance & Voting Process

- Accepted GitHub contributions are formalized into governance proposals.
- Token holders vote through decentralized on-chain mechanisms.
- Approved improvements are integrated and deployed transparently via smart contracts.

4. Technical Architecture

3.1 Smart Contracts

- Pooled Fund Vault: Shared wallet managing pooled investments with proportional ownership.
- Trading Contracts: Automate portfolio rebalancing through decentralized exchanges.
- Token Distribution Contracts: Regularly distribute tokens based on fund participation.
- Governance Contracts: Handle decentralized voting, proposals, and community treasury management.

3.2 SKALE Network

- Provides low transaction costs and high throughput, essential for frequent trading and rebalancing.
- Ethereum compatibility allows easy integration and interoperability.

3.3 User Interface

- Accessible via wallets such as MetaMask, WalletConnect, Coinbase Wallet.
- Real-time portfolio valuation, detailed performance data, and transparent transaction histories.
- Governance dashboard for voting and proposal management.

4. Security and Transparency

- Smart contract audits by reputable third parties.
- Decentralized fund structure mitigates central custodial risk.
- Robust oracle integration for accurate and fair valuation.
- Transparent token distribution and community-driven governance.

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5. Token Distribution Model

Supply Distribution Method

Fund Participants
80% Allocation
Proportional to users' share of total fund assets.

Liquidity Providers
10% Allocation
Rewards for liquidity provision to decentralized pools.

Community Treasury
10% Allocation
Managed by decentralized governance for ecosystem growth.

- **Tokens distributed incrementally over 3-5 years.**
- **All distributions are transparently handled via smart contracts.**

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6. Roadmap

Phase 1
Smart contract and distribution mechanism development
Q2 2025
Phase 2
MVP launch and initial fund offering
Q3 2025
Phase 3
Deployment of governance and staking systems
Q4 2025
Phase 4
Expansion of portfolios and algorithm optimization
Q1 2026
Phase 5
Cross-chain capabilities and strategic partnerships
Q3 2026

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7. Conclusion

The decentralized self-custody managed fund platform introduces a transparent, community-centric approach to digital asset investment. Leveraging SKALE's high-performance blockchain, the platform provides efficient, secure, and low-cost asset management, emphasizing true decentralization and rewarding community participation exclusively.