

CRYPTO FUND SUMMARY

I. GENERAL CHARACTERISTICS

1. **Name of the fund:** Anastasia Fund
2. **Member State in which the fund was incorporated:** None since Anastasia is decentralized
3. **Date of establishment:** 10 July 2020
4. **Expected duration:** Since the fund is a smart-contract on the blockchain, there is no expected duration of the fund
5. **Investment management proposal:**
 - List of compartments and different unit classes: 100% crypto
 - Investors concerned: Sophisticated/Registered/Accredited/HNWI investors who possess or are ready to purchase ETH and are familiar with the crypto market
 - Minimum subscription amount for each compartment or unit class: no minimum
 - ISIN code: 0x483E2F4c14dE36EbBbc09d0093468B9093C9406c

This information shall be presented in a table to ensure that the overall investment management proposal is easily understandable.

6. **Contact information:**
 - Name of fund manager:** Jules Becci-Morin de la Rivière
 - Company name:** Insula Investment Management Ltd
 - Telephone:** +447551218864
 - E-mail:** jules.becci@insulainvestments.com
 - Website:** www.insulainvestments.com

II. PARTIES

1. **Management company:** Insula Investment Management Ltd
2. **Depository and custodians:** Investors act as the depository through the Ethereum Blockchain. The custodian is a smart contract on the Cotrader platform which runs on the Ethereum Blockchain
3. **Prime broker:** Cotrader
4. **Statutory auditor:** Ethereum Blockchain
5. **Marketing agents:** Insula Investment Management Ltd
6. **Advisors:** None
7. **Transfer agent:** Ethereum Blockchain
8. **Members of the board of directors in the SICAV:**
 - Jules Antoine Marie Michel Becci-Morin de la Rivière - (CEO)

1. **Characteristics of the shares:** Token shares

2. **Information about tax rules:**

- **Concerning Insula-DAO users/investors:** Insula's users are responsible for paying their own tax and performing any other duties they may have to complete in the investment lifecycle, and more especially during withdrawal. Whether it is capital gains, transfer tax or any other duty, Insula's users shall always make sure to duly report and declare their crypto-asset holdings and gains in accordance with their respective local government tax laws. Insula DAO works structurally on a do it yourself (DIY) basis down to the individual scale, private tax reporting included.

- **Concerning Insula Investment Management Ltd:** Insula does its investment reconciliation accountings in BTC,ETH,ISLA, and USD terms. At the time of tax filings, we translate the value of capital gains or other taxable forms of income over the past year into Pounds (GBP). Capital gain or other taxable forms of income by HMRC are paid at the standard UK crypto-corporate tax rate & crypto-capital gains tax rates, and any other rates that may apply locally to the private limited liability company as per se (Insula Investment Management Ltd). Insula will begin submitting tax filings with HMRC in 2020.

3. **Ethereum Address:** 0x483E2F4c14dE36EbBbc09d0093468B9093C9406c

4. **Investment objective:** Optimal Sharpe Ratio i.e Maximum returns on investment for the lowest possible risk

5. **Benchmark:** CMC200 and BTC

6. **Investment strategy**

We do not try to beat the market or passively track the market, but rather invest quantitatively and systematically using rule-based and factorial investment techniques. Investments are based on quantitative methods with 0 % discretionary intervention. In fact, automated signals through algorithms command trade on a low latency basis thanks to high frequency data tools. This process enables optimal price discovery & trade execution across various trading venues.

7. **Risk factors:** This section will examine some risks faced when investing in our funds. It is important to note, however, that this is not a complete list of all possible risks:

NO ASSURANCE IN ACHIEVING INVESTMENT OBJECTIVES

There is no assurance that the Fund will be able to achieve its investment objectives.

LOSS OF INVESTMENT

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss on their investment.

FLUCTUATION IN VALUE OF ETH

The NAV of the fund varies according to the fund's token fluctuations relative to the fund's token value in Ether. Also, the value of Ether itself fluctuates in dollars. Both token to Ether and Ether to fiat fluctuations will be influenced by factors which are not within the control of the Fund nor the Manager!

CONCENTRATION RISK

The Fund was created to invest in cryptocurrency and is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Fund will invest substantially all of its assets in cryptocurrencies. The Net Asset Value per Unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the Net Asset Value of the Units.

CHANGES IN LEGISLATION

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs and regulation will not be changed in a manner which adversely affects the Fund.

CYBERSECURITY RISK

Unlike equity, debt, and futures instruments, which are representatives of an underlying asset and typically cannot be "stolen," digital ownership of assets is based on encryption techniques that generate units independent of a centralized repository of ownership, represented by access codes, which can be misappropriated or lost in ways that can be unrecoverable. Exchanges, custodians, and various hardware and computer programs have made strides towards mitigating the risk of loss, but the fundamental cybersecurity risk of trading and holding digital assets remains a critical risk facing funds and their investors.

CRYPTOCURRENCY RISK

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware which could have an adverse impact on the Net Asset Value of the funds. Nevertheless, the fund is based on an efficient and fully automated algorithm which is very difficult to hack.

LIMITED HISTORY OF ETHEREUM BLOCKCHAIN

ETH is a new technological innovation with a limited history. There is no assurance that the usage of ETH blockchain will continue to grow. A contraction in the use of Ether or its blockchain may result in increased volatility or a reduction in the price of Ethereum, which could adversely impact the Net Asset Value of the Units. Nevertheless, according to the blockchain, the compounded annual growth of blockchain users between 2016 and 2019 was 70% showing a growing number of users. Also, in 2018, 61% of French people used cryptos to invest, signifying a promising sector. Furthermore, in 2017, the number of crypto funds doubled resulting in a growing market.

LOSS OF "PRIVATE KEYS"

If we lose our private keys then we lose control over asset allocation. This means we can no longer trade on behalf of the investor. However the funds invested in the fund will still be there and diversified. The investor can always retrieve his money. However if the investor loses his private key, then there is nothing anyone can do to retrieve his/her investment

FUND'S HOLDINGS MAY BECOME ILLIQUID

The Fund may not always be able to liquidate its crypto assets at the desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace. Unexpected market illiquidity may cause major losses. However, note that capital is withdrawable at any time.

IMPROPER TRANSFERS

Cryptocurrency trades are irreversible. An improper transfer, whether accidental or resulting from theft, can only be undone by the receiver of the currency agreeing to send the asset back to the original sender in a separate subsequent transaction.

INFLATION

Monetary value risk Inflation may decrease the value of the asset's investments. The purchasing power of the invested capital could decrease if the inflation rate is higher than the income yielded by the investments.

RISK RELATED TO THE STATE OF THE ECONOMY

This pertains to the risk of NAV losses that arise due to the fact that the economic trend is not factored in when making investment decisions or that assets are being held in an unfavourable economic phase.

PSYCHOLOGICAL MARKET RISK

Moods, opinions and rumours can cause a significantly declining market, even though the profit situation and future outlook of the company invested in need not have sustainably changed. The psychological market risk has a particular impact on crypto assets. However, at Insula, we aim to reduce such risk by constructing min-risk portfolios rebalanced autonomously by programs.

CURRENCY RISK

To provide a hedge against ETH/USD foreign exchange risk, we provide returns in Ethereum independently from Ethereum's price in USD.

POSSIBLE INCREASE IN TRANSACTION FEES

Miners, functioning in their transaction confirmation capacity, collect fees for each transaction they confirm. Miners confirm transactions by adding previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees because miners have a very low marginal cost of validating unconfirmed transactions. If miners collude in an anti-competitive manner to reject low transaction fees, then crypto users could be forced to pay higher fees. Mining occurs globally and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions. Any collusion among miners may adversely impact the Net Asset Value of the Units.

RISK OF CHANGES IN REGULATORY REQUIREMENTS

There is a risk of comprehensive regulation of the subject area of crypto-currencies and related services. This may mean that the business model, including the respective tokens, must be adapted accordingly. Our business model has to be adapted in a way that differs from the form presented in this prospectus, which may result in additional costs.

RISK OF LOSS OF KEY PERSONS

Due to the possible loss of key personnel, there is a risk that expertise will no longer be available. The issuer relies on key team members with in-depth knowledge of the crypto-industry and may incur substantial losses, if one or more key team members and/or directors decide to leave the issuer or if significant developments and trends in the crypto-industry are not identified in a timely manner.

1. Guarantees or protection

This section supplements the key investor information document (KIID) by specifying all the technical features of the guarantee or protection, such as the procedures for substituting underlying assets and the mathematical formulas.

The investors assets are locked in a smart contract. The only user that can remove these funds from the contract is the proprietor of the fund tokens i.e the investor. If these fund ownership tokens are lost, Insula is unable to provide the investor with their assets. Insula can advise its users of cold storage options or other cyber secure ways of storing tokens but will not be custodial of any investor funds. In order to make trades on behalf of the investors, Insula has created the fund using a MetaMask wallet. The seed phrase and private key have been backed up physically in 2 different locations to assure clients that the fund will stay under our control. In case of theft of this private key, all investors' assets are safe from theft, however may be invested improperly and will require quick action to prevent losses. In this case we will make an announcement through our channels asking investors to withdraw their funds from the fund and to wire them a newly created, cyber secure fund.

12. Investors concerns: Investors core concerns about investing in crypto hedge funds. Investors are mostly concerned about valuation, liquidity, custody and arbitrage when investing in Cryptocurrency funds.

VALUATION/ AUDIT

Investors are concerned about whether public cryptocurrency funds would have the information necessary to appropriately value cryptocurrencies, given their volatility, the fragmentation and general lack of regulation of underlying cryptocurrency markets. Furthermore, investors are concerned about how and which policies would be instituted in order to properly establish the "fair value" of a cryptocurrency fund's portfolio. Insula funds NAV are precisely valued since Insula has access to low latency/high-frequency data for each of its portfolio components via the secure blockchain. Also, by looking at different exchanges (using Smart Escrow) Insula obtains the best price for each trade it completes improving valuation precision.

LIQUIDITY

Investors are also concerned about maintaining sufficient liquidity such that daily redemptions would be possible, given that most public open-end funds are redeemable on a daily basis. In the portfolio management process at Insula, the first step is a liquidity check. For instance, portfolio managers simulate an order of 50 ETH and if the slippage (market impact) is more than 20%, then the crypto asset is excluded from the investment universe, preventing slippage and liquidity traps when processing orders. Furthermore, through the order execution management system, Insula tackles efficiently the slippage risk that remains. For instance, the fund manager trades the assets on the CoTrader Super-DEX, which combines multiple decentralised exchanges such as Bancor, Kyber, and 0x for maximum liquidity, and hence minimal 7 optimised slippage.

In light of the underlying novel technical aspects of cryptocurrencies and related cybersecurity threats, Investors inquired as to how funds that planned to directly hold cryptocurrencies would satisfy such custody requirements. However, the advantage of using the Ethereum blockchain is that investors in our non-custodial smart funds maintain complete control over their assets, with transparent proof of fund performance onchain. In fact, the platform works using smart contracts on the Ethereum blockchain that are programmed to allow only investors to pull assets in and out. Once funds are deposited, the fund manager can only trade the assets on the CoTrader. Hence, investors are able to access censorship-resistant financial services whilst remaining in full control of their wealth and personal data.

Next, there are some concerns related to how well a cryptocurrency ETF's arbitrage mechanism would be able to function in light of the fragmentation, volatility and trading volume of the cryptocurrency marketplace. An ETF's arbitrage mechanism is the fundamental means by which the market price of the ETF's shares is kept in line with its NAV. At Insula, the use of decentralized trading protocols tackles the issues aforementioned which prevent efficient price discovery. Typically we use 1Inch and Paraswap (which are DEX Aggregator) which give us the best rates on the market by splitting orders among multiple DEXes in one single transaction.

13. Typical investor profile

The fund is suitable for individuals and institutional investors such as family offices, pension funds, insurance operators and banks. The fund is specifically designed for investors with a moderate risk appetite and a desire for medium to long-term high capital growth.

An investment in the Fund is especially suitable for investors:

- Who are willing to risk a (significant) depreciation of the investment and can afford such risk
- For whom the investment in the Fund will represent only a part of their total investments
- Who do not need any income from this investment
- Who intend to hold their Units in the Fund for at least for a period of 1 to 2 years

Our target customer (persona) is anyone who owns Ethereum and is at ease with using Web3 wallets such as Metamask. We define this group as "advanced crypto investors". They do not have to be institutional obviously. However our end goal is to target the institutional market in the middle to long run, as investment tickets are proportionally much larger and much more interesting.

14. Characteristics of the shares:

Anastasia fund shares are tokenized on the blockchain meaning that they can be freely traded on a distributed ledger. That transparent model offers investors with no broker fees, no exit fees, No minimum investment and full control over their assets.

15. Subscription and redemption procedures: Continuous subscription & Available redemption (24/7 on chain liquidity).

16. Charges and fees: 0% custody, 0% management fee, 30% performance taken every month

STEP 1: Beginning Universe

As of June 2020, the total number of cryptocurrencies reached 5,563 with a total market cap of \$271.58 billion.

STEP 2: Rule-based screening

Since Insula investment funds only operate in coins on decentralized exchanges, Insula's investment universe is filtered to 500 coins.

We then filter coins that have enough liquidity, a minimum of 500 days of trading in a decentralized exchange, who induce more than 20% slippage for orders bigger than 50ETH. This part of the investment process directly eliminates data-less and illiquid altcoins for our investable universe.

STEP 3: Screening validation

We then exclude from the investment universe the duplicates that have 1 to 1 price-correlation such as BTC & WBTC. In this case WBTC would be excluded so only BTC remains amongst the two.

STEP 4: Investable universe (input)

We have now obtained our investable universe.

STEP 5: Optimisation

We now run the Markovitz optimization model on our investable universe to find the efficient frontier and exclude the inefficient portfolios.

STEP 6: Obtain portfolio weights (output)

After finding the various efficient portfolios, we will choose the portfolio that yields the highest excess returns for each unit of investment risk known as the optimal Sharpe ratio portfolio. This will be the fund's portfolio. Investment weights will be changed on a monthly basis.

STEP 7: Portfolio weights validation with cross-checking with machine learning software

We are still currently working on building that final optimization step. Once completed, the developed machine learning software would accurately forecast cryptocurrency returns using further quantitative input. That will help us make more informed investment decisions.

V. ASSET VALUATION RULES

1. Establishing the valuation rules is the responsibility of the Board of Directors or the Executive Board of the SICAV, or, in the case of an FCP, the management company.
2. Recognition method:

A successful subscription results in the transfer of Investor subscription asset tokens to the Insula Fund's custody and the Investor receiving the commensurate quantity of newly created Insula Fund share tokens based on the subscribing asset's price and Insula Fund NAV at the time of subscription.