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This document acts as The Constitution and the primary agreement of/between Equation (Fund, Organisation, DAO), Members (or Investors) of the Organisation, Representatives of the Organisation and the Custodian/s of the Organisation.

Equation is a democratic entity established on the Ethereum Blockchain, for the purpose of allocating investor capital into digital investment opportunities.

1. ENTITY

1.1. **Name:** Equation.

1.2. **Status:** DAO (Decentralised Autonomous Organisation).

1.3. **Objective:** To decipher and solve the equation that is the market in order to allocate capital into value deriving opportunities, all the while fairly incentivising the contributors solving said equation.

1.4. Capacity

- (a) Invest in liquid assets
- (b) Invest in illiquid assets
- (c) Allocate capital to smart contracts
- (d) Allocate capital to protocols
- (e) Allocate capital to Members.
- (f) Allocate capital to Approved Side-pockets.
- (g) Allocate capital to third-party services, platforms and entities.
- (h) Allocate capital to third-party individuals.
- (i) Enter into binding agreements with third-party entities and individuals.

1.5. **Strategy:** Using the skills, ideas and contributions of the collective to arrive at sound investment decisions that meet the Fund's Objective. Unlike traditional funds led by centralized investment teams, Equation employs a democratic approach appointing Representatives or Managers to allocate capital.

1.6. **Restrictions:** The Fund has not imposed any specific capital allocation restrictions with regard to the investment of the assets of the Fund. The investment objective, investment strategies, investment restrictions and limits on leverage summarised above represent the current intentions of the Members.

1.7. **Dealing Currency:** The dealing currencies of the Fund are USDC and USDT only (digital Variants of the USD). Subscriptions for, and redemptions of, Participating Tokens will be processed in the relevant Dealing Currency, and the Net Asset Value per Token of the Class will be calculated and quoted in such Dealing Currency.

1.8. **Administrative Period:** The fund conducts administrative functions such as Subscriptions, Redemptions, Valuation of Portfolio, etc. Phase-wise. A Phase refers to 1 full month.

1.9. **Valuation Period:** The last day of a Phase is considered the 'Valuation Period', 'Valuation Point', or 'Calculation Period', where the appointed custodian determines the fund's financial state.

2. TOKEN

2.1. **Name:** Equation Unit.

2.2. **Symbol:** EU.

2.3. **Units:** Limited by Investment Subscription.

2.4. **Contract Address:** `0x940ce64a3d0e08d101598d29eeba2cb6707bcbbb`

2.5. Valuation

Capital moves in and out of Equation in the form of subscriptions and redemptions. Each investor gets a specified number of Units or Tokens in proportion to their capital investment, and they are free to sell (redeem the value of) their Fund Units at a later date and collect the principle with a profit/loss, if any. As Subscriptions and Redemptions can occur frequently, a mechanism is required to price the Units of the fund. This pricing mechanism is based on NAV (Net Asset Value); ergo, when Equation's NAVPT (Net Asset Value Per Token) updates, so does its redeemable value.

The Net Asset Value (NAV) of the fund represents the book value of the fund at a specific time (Normally, at the end of every Phase). The Net Asset Value per Token (NAVPT) represents the redeemable value of the funds units (EU). It can be equated as follows:

$$\text{NAVPT} = \text{Assets Under Management} / \text{Total Outstanding Tokens}$$

Where, Assets Under Management (AUM) is ascertained by the Custodian. While the AUM is ascertained by the Custodian at their discretion, here are some considerations they can make:

(a) any security which is listed or quoted on any securities exchange or similar system and regularly traded thereon will be valued at its last traded price as at the Valuation Point or, if no trades occurred on such day, at the closing bid price if held long and at the closing offer price if sold short, on the relevant Valuation Day. Where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Members determine provides the fairest criteria in ascribing a value to such security;

(b) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available will be valued at its probable realisation value as at the Valuation Point, as determined by the Members having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Members deem relevant in considering a positive or negative adjustment to the valuation;

(c) investments, other than securities, which are dealt in or traded through a clearing house or exchange or through a financial institution will be valued as at the

Valuation Point by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price as at the Valuation Point on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Members may determine which market shall prevail;

(d) investments, other than securities, including over-the-counter derivative contracts and illiquid allocations, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the valuation obtained from an independent pricing source, but where no such valuation is available for a particular investment, the investment will be valued by comparing the latest available valuation provided by the relevant counterparty against the valuation provided by such other counterparties as the Members deem appropriate. In the event that the valuations provided respectively by the relevant counterparty and the other counterparties differ to an extent that the Members consider to be material, the investment shall be valued on the basis of the average of all of the valuations but otherwise will be valued on the basis of the valuation provided by the relevant counterparty;

(e) deposits will be valued at their cost plus accrued interest; and

(f) any value (whether of a security or cash) which is not in US Dollars will be converted into US Dollars at the rate (whether official or otherwise) which the Directors deem appropriate to the circumstances having regard, inter alia, to any premium or discount which it considers may be relevant and to costs of exchange.

The determination of the NAV and NAVPT takes place using data collected on the Valuation Point of a Phase and is ascertained during its respective Valuation Period (which falls in the Administrative Period).

3. FEES

In the absence of an appointed investment manager, there is no prescribed management fees. Instead, the Fund is obligated to fulfil the following payables: Custodian Fee, Performance Fee, and Dividend (If at all).

3.1. Custodian Fees

The Fund will pay the Custodian a Fee of one-twelfth (1/12) of 3 per cent per Phase on the total Assets Under Management (AUM) on the valuation day for said Phase (Last day of the Phase), before the withdrawal of the Performance Fees, and adjusted for any Subscriptions and Redemptions.

The Custodian Fee will be payable in either USDC or USDT (digital variants of the USD). If the Custodian is not acting as Custodian for a Phase, the Custodian Fee payable for such period will be prorated to reflect the portion of the period in which the Custodian was active. The Custodian Fee for a Phase will be paid to the Custodian within the Administrative Period.

3.2. Performance Fees

Appointed Representatives will be entitled to receive a Performance Fee from the Fund. The total Performance Fees for a Phase is distributed in a prorated manner equivalent to the assigned portfolio percentage allocated to each Representative. In regards to Side Pockets, the relevant Fee is distributed to the Representative/s managing said Side Pockets. In the absence of a Representative for a Side Pocket, the Custodian can claim the Fee.

For each Calculation Period, the Performance Fee will be equal to 30% of the appreciation in the Net Asset Value during the Phase (adjusted for any deposits and withdrawals). The Performance Fee will be calculated as at each Valuation Day before deduction for any accrued Fees. The Relevant Percentage is 30 per cent.

If Tokens are redeemed in the middle of a Phase, the Performance Fee in respect to such Tokens will be calculated as though the relevant redemption day was the last day of said Phase.

3.3. Dividend

It is not envisaged that any income or gains derived from investments will be distributed by way of dividend. However, this does not preclude the Counsel from declaring a dividend at any time in the future if they consider it appropriate to do so.

4. MANAGEMENT AND ADMINISTRATION

4.1. Members

By subscribing to tokens of the entity, prospective Members don't just enter as Investors, but as owners who have governance rights within the Organisation. Being a Decentralised Autonomous Organisation, there are no directors or shareholders independent of the Members. Collectively, the members form what we term as the 'Counsel'. For more information on the Rights and Control of the Counsel, Refer to the section titled 'Governance'.

4.2. Custodian

The Custodian is a Member of the DAO who is appointed by the other Members in order to facilitate and execute on behalf of the Counsel.

4.2.1. Responsibility

(a) *Custody*: The holdings can be maintained at the discretion of the appointed Custodian, while the means and state of the holdings have to be disclosed to the members publicly via the Fund's official information repository.

(b) *Approval*: Further to custodial and administrative execution and oversight, the Custodian also acts as a filter between the Members and the Portfolio. While Members can propose Portfolio updates, the Custodian has the authority to approve or reject said proposals.

(c) *Execution*: The Custodian implements approved portfolio updates into the portfolio using the means they deem fit.

(d) *Reporting*: Every Administrative Period, the Custodian is required to report the state and financials of the Fund in a format decided upon by the Custodian. Including, but not limited to - NAV, NAVPT, AUM, Portfolio Allocations.

(e) *Repository maintenance*: Maintain and relevantly update the official information repository of the Organisation.

(f) *Website maintenance*: Maintain and relevantly update the website (eqtn.xyz) of the Organisation.

4.2.2. **Limited Liability**

While the Custodian is responsible for the holdings of the Fund, they will not be held liable for the loss of said holdings in the case of unforeseen events and issues out of reasonable control. These events can be any of the following, but not limited to: (i) security breach (digital or physical) (ii) physical loss of keys (iii) regulation (iv) legal action (v) termination of tools, protocols, products or protocols used by the Custodian.

4.2.3. **Termination of Custodian**

The Custodian can be terminated at the discretion of the counsel with or without reason. Although, a replacement will have to be voted in for the existing Custodian to be replaced as certain functions performed by the Custodian cannot be managed solely by the Counsel. In the case of termination, the Custodian must:

- (a) Liquidate existing holdings
- (b) Transfer the entirety of the capital to the newly appointed Custodian
- (c) Transfer control of all administrative accounts and repositories to the newly appointed Custodian, including, but not limited to, the Fund's information repository/ies and the website.

4.3. **Representatives**

Representatives are individuals or entities appointed by the Counsel to act as portfolio managers. Representatives have the ability to manage their assigned portions of the Portfolio at their discretion, employing methods and strategies they deem fit, as long as it complies with the Objective and Capacity of the Organisation.

A Representative appointment requires a division of the Portfolio that is solely allocated to the Representative being appointed. Representative Portfolio Divisions can only be instated and withdrawn after the end of a Phase. The replacement or removal of a Representative will require their division to be allocated to an existing Representative, a new Representative or an idle pool of Stablecoin/s (USDC or USDT). Portfolio allocation decisions are signaled to the Custodian using PURs or Portfolio Update Requests via the Assembly. If the Custodian is appointed as a representative, they are exempt from using PURs.

4.4. Side Pockets

The Counsel can instate Side-Pockets that are Pools of Capital or External Allocations independent of the Primary Portfolio. Side-Pockets can either be maintained by the Custodian or by a newly appointed Representative. The creation of Side-Pockets can only be done after a vote for it is passed by the Counsel. Current

(a) *Investment Managers* – The Fund can allocate portions of the Fund to individuals and/or entities to manage at their own discretion.

(b) *Illiquid Allocations* – Allocations with a lack of secondary market liquidity can be held in Side-pockets to simplify holding and valuation procedures.

(c) *Off-chain Allocations* – Certain allocations or categories of allocations cannot be held on-chain, for which the Fund will have to maintain Side-pockets off-chain under the supervision and oversight of the Custodian.

5. GOVERNANCE

Being a democratic entity, governance is conducted using an ‘Assembly’, which acts as a forum to make proposals. Counsel-related proposals are then taken further to the ‘Portal’, where the proposal is linked to a vote. The governance of the entity is layered between two sections of the DAO: Counsel and Custodian.

5.1. Counsel

The Counsel is the Primary governance body, consisting of every Member of the DAO holding 1 EU token or more. As a collective, the Counsel make decisions pertaining to the following functions:

- (a) Amendment of the Constitution
- (b) Appointment and Replacement of the Custodian
- (c) Appointment and Replacement of the Representative/s
- (d) The ability to approve or reject side pockets
- (e) The ability to issue and burn Tokens
- (f) The ability to approve and reject subscriptions
- (g) The ability to approve and reject redemptions
- (h) Portfolio Update Dispute

5.2. Custodian

- (a) Approve and reject Portfolio Update Requests (PUR)
- (b) Management of Allocations

6. SUBSCRIPTION

Tokens are offered for subscription during the Initial Offer Period (Phase 0) at a fixed price of \$1 USD per Unit. Following the close of the Initial Offer Period, Tokens are minted by the Organisation, and distributed to the founding Members/Investors during the Administrative Period of Phase 1.

Being an open-end fund, prospective Members/Investors can subscribe to tokens post the Initial Offer Period. Following this, new series of tokens are issued at a Subscription

Price that will be equal to the Net Asset Value per Token (after adjusting for any Fee) as at the Valuation Day immediately preceding the Administrative Period on which the Subscription is effective.

6.1. Considerations

(a) The prescribed minimum subscription value is set at \$10,000 USD. Although, the suggested minimum investment value post the Initial Offer Period is set at \$25,000 USD, in order to maximise the probability of the Counsel approving a subscription. If any deposits fall short of the prescribed minimum, the capital will be deposited into the fund without the equivalent issuance of tokens, leaving the depositor empty handed, i.e. deposits should be no lesser than \$10,000 USD.

(b) Subscription payments are made using the Dealing Currency (USDT and USDC are supported).

(c) Deposit address: **Ox46A76857858Cb4a33aB40230Bf491c1eaABe8911**

(d) Only use an ERC-20 compliant wallet to transfer funds.

(e) Deposits can either be made in batches or as a whole.

(f) Residents of the following jurisdictions are restricted from subscribing: United States of America, United Arab Emirates, and North Korea. Further to this, the Fund only accepts 'Accredited' or 'Professional' investors.

By transferring money into the Deposit Address and Subscribing to Tokens of the DAO, you confirm that you meet the above guidelines.

6.2. Subscription Procedure

Subscribers of Tokens must deposit their Subscription Payment no later than 11:59 PM (Gulf Standard Time) of the last day of a Phase to be considered as a Subscription in the next Phase. The Subscription payment must be done in the Dealing Currency using an ERC-20 Compliant Ethereum Wallet for the Subscription to be considered. There is no fixed Subscription Period and Subscriptions can be made at anytime. Once the Subscription Payment is deposited, the Subscriber must wait until the end of the Administrative Period to receive their Tokens.

The Counsel may waive the requirements specified above, either generally or in any particular case. The Counsel may reject any Subscription in whole or in part and without giving any reason for doing so. If a Subscription Request is rejected, the Subscription Capital paid, or the balance thereof in the case of a partial rejection, will be returned (without interest) within the Administrative Period. Any costs incurred in returning the Subscription Capital will be borne by the Subscriber. During the Administrative Period, any one of the existing Members will call for a vote on the governance portal of the DAO requesting the issuance of new Tokens. If passed, a new series of Tokens will be minted and issued to the Subscribers of the current Phase.

7. REDEMPTION

Members may redeem their invested capital at any given time during a phase by transferring Fund Tokens to the Redemption address using an ERC-20 compliant Ethereum wallet. For the Redemption request to be considered in the next Phase, the Token transfer must be done no later than 11:59 PM (Gulf Standard Time) of the current Phase.

7.1. Considerations

- (a) Redemptions can either be done in batches or in full, with a minimum redemption of \$1000 USD. The Redeemer must not transfer Tokens worth lesser than the prescribed minimum Redemption or said Tokens will be burnt without the redeemer receiving their capital.
- (b) Settlement of Redemptions take place during the Administrative Period.
- (c) Withdrawal address: **Ox46A76857858Cb4a33aB40230Bf491c1eaABe8911**
- (d) Redemption/s can either be made in batches or as a whole.
- (e) Capital to be withdrawn is ascertained on the last day of the phase, using NAVPT.
- (f) Compulsory Redemption: The DAO may, with or without cause and without giving any reason, redeem all or any of the Tokens held by a Member on any day designated by the other Members by giving prior written notice to such Member.

8. SUSPENSIONS

The Members may declare a temporary suspension of (i) the determination of Net Asset Value (ii) the redemption of Tokens (iii) the payment of redemption proceeds (iv) the subscription of Tokens (v) the collection of subscription proceeds. The Members may declare any such suspension in such circumstances as they may deem appropriate, including:

- (a) when any exchange or similar electronic system on which a substantial part of the assets of the Fund are traded is closed (other than customary closings) or dealings are otherwise restricted or suspended;
- (b) when, in the opinion of the Custodian, it is not possible to determine the value of a substantial portion of the assets of the Fund or the disposal of a substantial part of the assets of the Fund would not be reasonably practicable or could not be carried out in an orderly manner;
- (c) when redemption proceeds cannot lawfully be paid by the Fund in the Dealing Currency;
- (d) when, due to a breakdown in the systems normally used to determine the Net Asset Value or for any other reason, it is not reasonably practicable to accurately determine the Net Asset Value;

(e) when the business operations of the Custodian are substantially interrupted or closed due to pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes, cyber-attack, natural disaster or other events beyond the reasonable control of the relevant party;

(f) when the proceeds of the subscription or redemption of Tokens cannot be transmitted to or from the Fund's account/s;

(g) when, in the opinion of the Counsel, it would be in the best interest of the Fund to do so; or

(h) after the passing of a resolution to wind-up the Fund.

Any suspension will take effect at the time the suspension vote passes. The suspension will continue until the Members declare that it has ended via a vote. As all Token holders are Members of the DAO, no additional notification will be provided of the suspension apart from the suspension vote itself.

Subscriptions for Tokens that takes effect during an Administrative Period falling within a period when the issue of Tokens is suspended will be acted upon on the first Administrative Period after the suspension has ended.

Redemption requests received prior to the commencement of a period of suspension will be carried forward to the next earliest relevant Administrative Period occurring after the suspension has ended and will be given priority over redemption requests received during a period of suspension.

NOTICE TO PROSPECTIVE MEMBERS

Responsibility Statement

The Members, whose account addresses appear in the governance portal, do not accept responsibility for the information contained within this Constitution. To the best of the knowledge and belief of the Members, the information contained in this Constitution is in accordance with the facts and, in the reasonable opinion of the Members, contains such information as is necessary to enable a prospective investor to make an informed decision as to whether or not to subscribe for Participating Tokens.

Reliance on this Constitution

Participating Tokens are being offered only on the basis of the information contained within this Constitution. Any further information or representations given or made by any dealer, broker or other person should be disregarded and accordingly, should not be relied upon. No person has been authorised to give any information or to make any representations in connection with the offering of Participating Tokens other than the Members of the DAO. Information given or representations made which are not contained in this Constitution must not be relied on as having been authorised by the DAO or its Members.

Certain information contained in this Constitution constitutes “forward-looking statements”, which can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “project”, “estimate”, “intend”, “believe”, the negatives of such words, other variations of such words or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from that anticipated in such forward-looking statements.

Regulation

The DAO has been established on the Ethereum Blockchain, and does not comply with regulations prescribed by any physical jurisdiction. Further to this, as the fund is a decentralised, on-chain entity, it does not conduct KYC/AML filters while onboarding new members. The DAO, like any other blockchain-based protocol, allows members to join with the assumption that they have undergone KYC/AML filters while ‘on-ramping’ onto the blockchain.

As a prospective member reading this:

- You confirm that you are not a resident of the United States of America.
- You confirm that you are not a resident of the United Arab Emirates.
- You confirm that you are not a resident of India.