Fintropy

All-in-one platform to manage Tokenized Exchange Traded Funds (ETFs)

White Paper

Abstract: Fintropy provides an all-in-one platform to manage Tokenized Exchange Traded Funds (ETFs) which allow one to deal with cryptocurrency, NFTs, stocks, commodities, and the many variations of these assets both to crypto-friendly users and to TradFi investors. We allow asset managers to create their own unique portfolios of aggressive cross-market strategies, and let investors easily pick and choose from these diverse portfolios, all from one platform. Fintropy also provides a portal to access a number of DeFi services. The Fintropy platform will allow for the aggregation of nearly any existing and approved asset, ETF, or hedge funds from across the cryptocurrency ecosystem, while also providing the security and oversight needed to make this vision a success. Fintropy will be able to balance the safety of investors while still giving asset managers the freedom to pursue their preferred strategies, and be rewarded in the process. With a simple LP (liquidity provision) synthetic token backed by underlying assets, we empower traders from around the world to easily participate in the global economy.

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Introduction

Market Issues

The most obvious flaw in the crypto exchange and asset management market is a lack of unification. Individuals can only buy certain cryptos, stocks, forex, or commodities, on certain platforms. This makes it difficult for investors to track assets, and means that fees are incurred whenever transferring funds between platforms. Even when dealing solely with cryptocurrency, a single CEX and DEX rarely have all of a user's desired assets available, access to strategies such as margin longs and shorts, or services such as loans and insurance. These CEXs and DEXs cannot interact with one another and makes managing a diverse set of investments difficult. A lack of comprehensive cross-chain bridges means it is difficult to swap between assets, meaning other assets are locked to their respective network and are difficult to obtain. There is also a lack of optimal guidance in much of cryptocurrency, and it can be difficult for users to determine what is and what is not a good investment. Many assets also require constant monitoring in order to maximize profits. There is also a lack of both gamification and simplification for trading tools on these platforms, such as charting, sufficient onboarding, and price feeds.

Some platforms, along with their assets, also face stringent restrictions and regulations based on a user's country or state. Oftentimes, these regulations are quite arbitrary and result from a lack of legislative understanding regarding cryptocurrencies. Strict requirements prevent customers from being able to properly access platforms and stifle their ability to invest. This has a negative impact on the overall global economy, as it prevents trade and subsequent economic growth solely based on borders as opposed to logic. Many popular assets such as XRP have faced repeated regulatory hurdles, and access to these assets have been limited or restricted based on locality. Traditional stock and commodities markets are also inaccessible to much of the world, as access to these assets are usually limited to the general geographic location of the banks and brokerages an individual has access to. In many cases, individuals have no access to a brokerage at all.

To illustrate these issues, let's say a person wants to create a comprehensive portfolio that covers cryptocurrencies, NFTs, stocks, and commodities, and all their variants. They may need over half a dozen separate accounts on multiple platforms, with this number increasing depending on the diversification of investment strategy. One may prefer to use Coinbase for most tokens for ease of use, but would then have to create a Kucoin for other tokens. If they wish to invest in tokenized stocks, they could sign up for a Binance or a Kraken account as well, but Binance and Kraken are heavily regulated in areas such as the United States. Synthetix Exchange is an option for synthetic stocks, however, their list of options is limited. If one wishes to invest in crypto-index funds, they could invest in PieDao or Tokensets, but would still be forced to choose between the two platforms based on their available indexes, with this issue compounding if a user wishes to access actively managed funds with long and short strategies such as dHedge. In terms of NFTS, one needs to use Opensea or Rarible for regular NFTs, NFTIX for fractional shares of NFTs (or "shards"), and NFTX for NFT-based index funds. For leveraged trading of perpetuals and futures they will need an account on BitMEX, and for options trading – an account on Deribit. If a user wants to invest in DeFi early-stage protocols, they will need to create accounts on IDO (Initial DEX offering) platforms e.g. Polkastarter or Paid Network's Ignition, or will need to move to centralized exchanges to invest in IEO (Initial Exchange Offering). This is on top of a user's bank or brokerage account for traditional stocks and commodities.

Clearly, if one wishes to access a healthy array of assets, and not miss out on potential profits, they are in a difficult position: aside from researching assets to build a portfolio, they need to choose trusted platforms to access those assets and constantly monitor the state of the portfolio separately.

The Fintropy Solution

Through Fintropy is an all-in-one asset management protocol, we can allow both experienced investors and those who are new to cryptocurrency to effectively navigate the blockchain ecosystem, which continues to grow and become more complex. The aggregation of assets ranging from cryptocurrencies, NFTs, stocks, commodities, as well as the aggregation of DeFi services such as insurance and lending, will allow us to build a platform that is both comprehensive and empowering. Fintropy turns an ETF into a single ETH coin that can be sold, transferred, lent etc., just as a usual ERC-20 token.

Asset managers will have the ability to choose from a variety of assets, and Fintropy's security accommodations will provide both freedom and integrity for the platform. Automation measures will allow asset managers to easily create ETFs with specified parameters, and our LP (liquidity provision) rebalancing protocols will allow for them to change their strategies and actively manage their funds as they see fit. An aggressive reward structure allows managers who outperform the market to be paid in newly minted LP tokens, allowing them to further capitalize on their successful strategies.

Investors will be able to reap the benefits of these tailored portfolios while not having to worry about factors such as cross-market or cross-network fees. By using Fintropy, users can save a great amount of money, simply by not having to transfer funds between platforms. With the variety of assets offered and our offering of DeFi services, investors can maximize their investments with strategies previously inaccessible to them, and gain even more profit than they could have using other platforms.

Thanks to the Polygon speed and low fees, asset managers will be able to actively manage their portfolio by making frequent intraday trades. This will allow managers to make money even on insignificant market movements. The Fintropy platform also plans to develop towards classic fintech. The platform is working on a product that would be of interest to managers and investment companies wishing to provide their collective investors with access to cryptoassets.

Market Overview

Introduction to ETFs

Exchange-traded funds have been among the most essential and beneficial products introduced in recent years for investors. ETFs provide numerous advantages and are an excellent tool if utilized correctly, to meet investor investing objectives.

In brief, an ETF is a basket of assets that a brokerage business may acquire or sell. Almost every type of asset, from traditional investments to so-called alternative assets, including goods or currencies, provides ETFs. Moreover, new ETF designs allow investors to leverage and avoid short-term capital gains taxes.

After many failed attempts, exchange-traded funds (ETFs) got their start on the right foot in 1993 with a product that became known as its symbol of ticker, SPY, or "Spiders," which generated the most significant amount of ETF volume ever. In 2021, it is expected that USD 5.83 trillion will be invested in ETFs, with about 2,354 ETF products trading on US bonds.

ProShares, a provider of specialized exchange-traded products, began trading of the Bitcoin Strategy Fund on Oct. 19, 2021, marking the first Bitcoin ETF to trade in the U.S.

ETF Advantages

ETF trading comes along with numerous advantages that simplify the process of asset management and portfolio building.

- **Ease of Trading**
  In contrast to other mutual funds, which trade at the end of the day, you may buy and sell at any time of the day with this investment.
- **Transparency**
  Many exchange-traded funds (ETFs) are indexed; indexed ETFs are required to declare their holdings daily.
- **More fiscal efficiency**
  Capital gains distributions from ETFs are lower when compared to actively managed mutual funds.
- **Transactions in trading**
  Because they trade like inventories, investors can make several orders that cannot be done with mutual funds (e.g., limit orders or stop-loss orders).
- **Risk hedging**
  Ownership of an ETF offers diversification advantages compared to single assets.

Cryptocurrency ETF Market Overview

The modern landscape of cryptocurrency ETF platforms mostly consists of Ethereum blockchain-oriented products that offer tokenized assets within one ecosystem. The core issue behind this approach is the inability to get access to products running on top of other speedily developing alternatives to the costly Ethereum: Solana, Cardano, Avalanche, Near Protocol, and others. Thus, users get deprived of the potential of projects and protocols running on top of other blockchains.

Below, we quickly overview the most popular ETF platforms that allow for decentralized ETF creation and asset management.

dHEDGE

dHedge is an asset management protocol built on top of Synthetix. Anybody can set up their own investment fund on the Ethereum or the Polygon blockchain or invest in a fund managed by someone else in a completely non-custodial manner.

Synthetix is a synthetic asset issuance protocol that supports a wide range of assets. Crypto assets like BTC and ETH, commodities like Gold and Silver, and even equity indices are part of Synthetix's suite of offerings.

Because dHedge is so closely interconnected with Synthetix, the number of tradable assets also depends on the available assets on Synthetix. All synthetic tokens, the synthetic assets that Synthetix creates, are valued with the help of Chainlink price feeds. Thus, if either of these two projects does not support a token, then it won't be supported on dHedge either.

Enzyme Finance

Enzyme Finance, previously named Melon Protocol, is a protocol built on Ethereum that allows users to create, manage and invest in custom crypto asset management vehicles. Enzyme Finance unlocks a wide variety of Web3 native use cases (e.g. DAO treasury management, staking funds, prediction fund, crypto-kittie collectible fund, etc.).

The protocol currently unites the investment and trading solutions offered on Uniswap and its liquidity pools, Synthetix, Compound Lending, Curve Liquidity pools, Aave Lending, Paraswap, and others.

Enzyme Finance is a direct competitor of the previously mentioned dHEDGE.

Indexed Finance

Indexed Finance is a project focused on the development of passive portfolio management strategies for the Ethereum network.

At present, Indexed Finance offers two products: index tokens, which represent portfolios of assets in various market sectors that are automatically reweighted and rebalanced over time, and Nirn – a collection of yield aggregator vaults that can have their assets split across several different lending protocols at once in order to maximise returns.
The first two pools Indexed Finance has launched are CC10 and DEFI5. CC10 is an index pool that tracks a broad range of ERC20 tokens and has a target size of 10, while DEFI5 tracks a more narrowly defined category of tokens and has a target size of 5.

Set Protocol

Set Protocol is an Ethereum-native DeFi primitive that leverages existing Open Finance protocols to allow for the bundling of crypto-assets into fully collateralized baskets, which are represented as ERC20 tokens on the Ethereum blockchain. These Set tokens act as structured products that represent the manager's strategy, which others can replicate by simply holding the Set.

The underlying contract that enables management of the Set supports external integrations with exchanges, lending platforms, automated market makers and asset protocols, also enabling more advanced strategies employing not only DEX trades but yield farming and margin trading.

Solrise Finance

Solrise Finance is a Solana-based protocol for decentralized, non-custodial asset management. Solrise allows anyone to create, manage or invest in a managed portfolio of native and synthetic assets. Solrise will allow any third party manager to create and provide actively managed funds or passive, automated investment pools, allowing users to participate in a variety of different assets and protocols, both Solana native and off-chain.

The launch products of Solrise Finance are non-custodial Solrise funds. They operate in a manner similar to hedge funds in traditional financial markets. Each fund represents a pool of tokenized assets that are actively managed by third-party fund managers (and their teams).

The Fintropy ETF Platform

Fintropy at the same offers an all-in-one platform for managing tokenized Exchange Traded Funds (ETFs) that can handle the different types of assets: crypto, stocks, NFTs, and commodities. We empower asset managers to build and manage **cross-market** portfolios of their own, allowing investors to choose from a wide range of actively managed portfolios, which is our killing differentiator from other products in the ecosystem.

In a multichain world, rather than competing, we have the ability to facilitate and interconnect new chains in order to enhance the overall user experience. The prospect of a multichain ecosystem would allow anyone to build their portfolios anywhere. This aspect makes Fintropy a unique product that will not compete with other asset management systems but will rather bridge its services in a single environment with a user-friendly interface that meets the demands of both professional and newbie audiences.

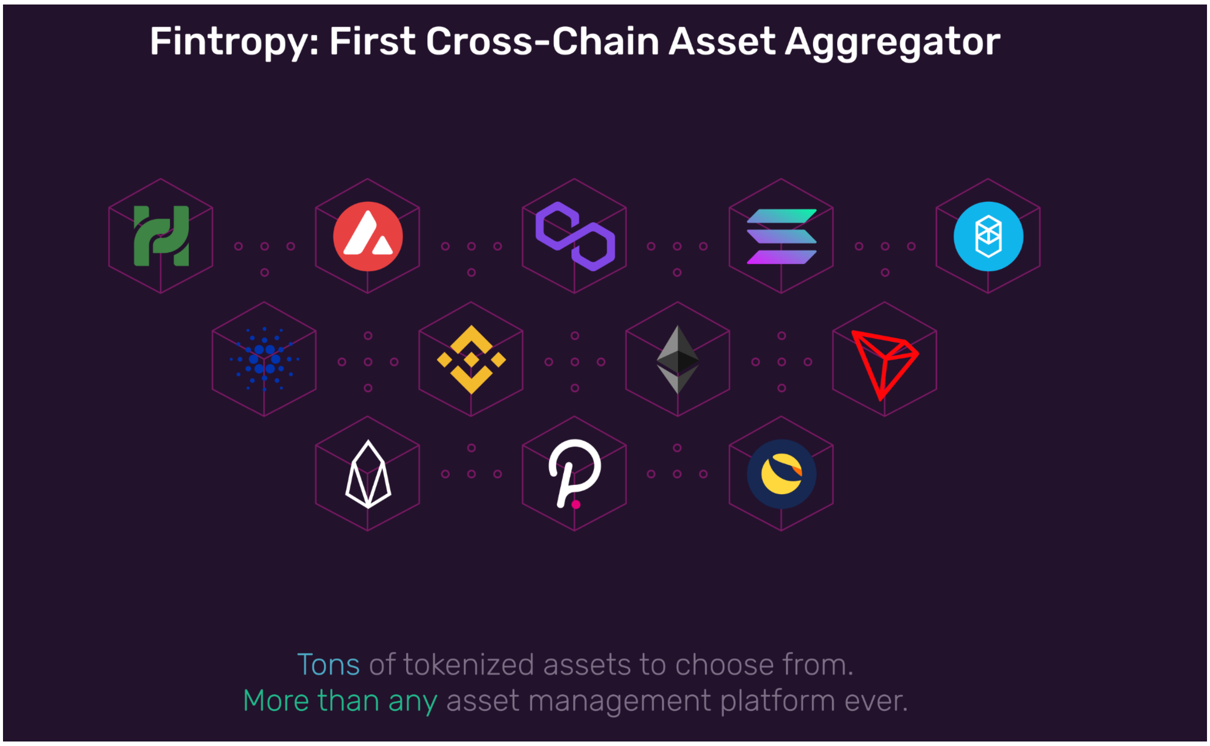

Image 1: Blockchain platforms to be supported on the Fintropy platform

On Fintropy, asset managers can create ETFs to manage portfolios of aggressive cross-market investments. Investors can monitor the performance of strategies offered by asset managers and easily access diverse portfolios on one platform.

Once you have established your investing goals, Fintropy's Advanced Tokenized ETF Management Platform may be utilized to become exposed to almost any market or industry in the world. The advanced tokenized ETF management platform by Fintropy allows you to invest your assets traditionally and modify the allocation in line with the changes in your risk tolerance and goals.

Alternative investments like gold, commodities, or tokenized stocks can be included. Fintropy will also offer exposure to NFT markets, and allow the purchase of fractionalized NFTs to further improve diversification. You can move swiftly in and out of markets like a hedge fund to catch shorter swings. The objective is that Fintropy's Advanced Tokenized ETF Management Platform gives you the freedom of being an investor in all kinds of markets.

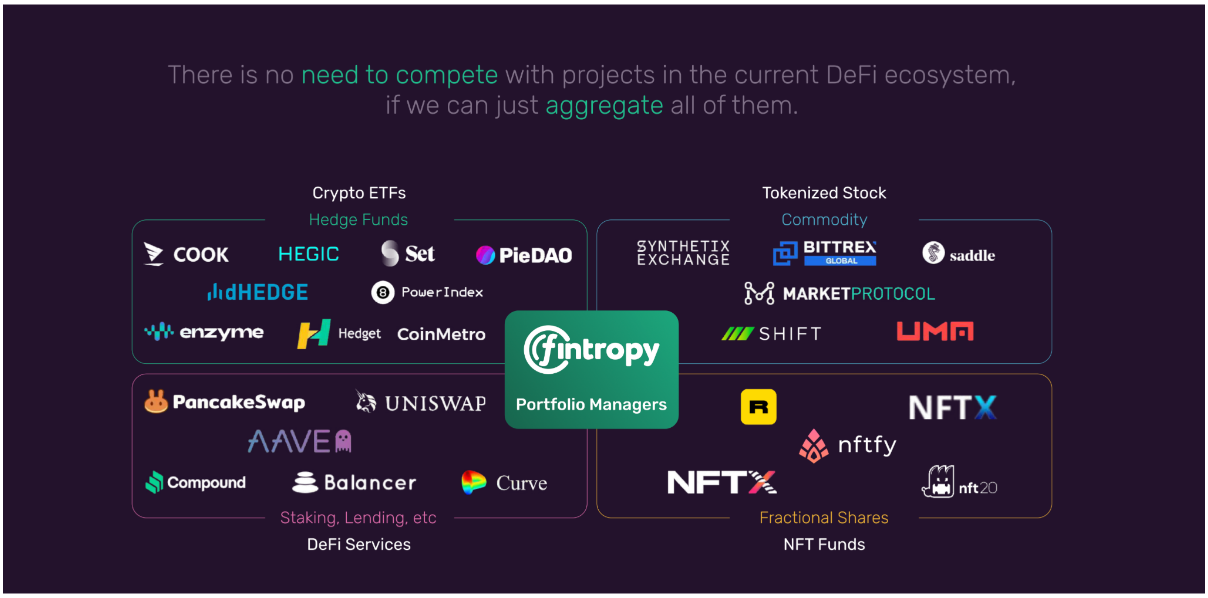

Image 2: The landscape of products to be united by the Fintropy

The Fintropy Utility

Fintropy allows for fast, easy and convenient asset management in a decentralized way enabling users to retain full control of their funds.

Fintropy connects investment managers and traders with investors who can benefit from their strategy. Investors retain custody of their funds throughout the duration of being invested in a pool.

To acquire a stake in a pool, investors can issue new LP tokens by providing underlying assets in the correct proportion, providing equal amounts of any other asset that can be traded to underlying assets or buy already issued pool tokens from other investors using external DEX.

The LP token is how an investor is able to redeem funds from smart contracts. Only the pool token holder has access to the funds in the smart contract associated with that user's funds.

With portfolio LP tokens being ERC-20 tokens, they can be used in any combination of DeFi mechanics including but not limited to staking, lending, farming, etc.

Compared to other platforms, Fintropy really buys and sells underlying assets so it makes the ecosystem much more secure.

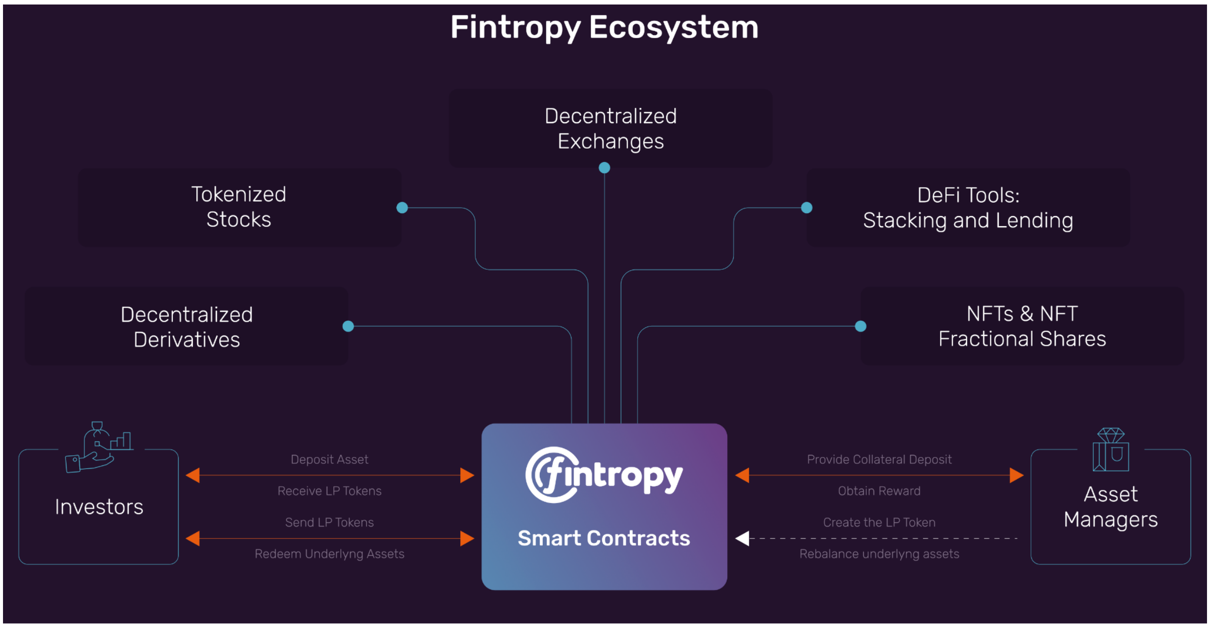

Image 3: The Fintropy Ecosystem

Pools are at the heart of what attracts investment managers to Fintropy. Investment managers and traders can raise funds to manage in minutes with our platform and without third parties.

The managers have an incentive to manage funds with Fintropy as they can place a success fee tracking the pool's Return on Investment (ROI).

Let us give you a quick summary of what is described above:

1. Asset managers can easily tokenize their investment experience to create a tokenized ETF that includes one asset or a basket of assets by providing a collateral deposit. The tokenized ETF will act in the form of a pool.

2. Other users can buy the existing ETF created by asset managers to extract yield and easily monitor the performance of the ETF by getting an LP token of the corresponding pool.
3. Users can easily own several ETFs and assess the performance with a portfolio dashboard.
4. Asset managers are rewarded for the investment strategies they offer by a streaming and a success fee.
5. Asset managers can destroy their ETFs. In this case, the accumulated streaming fee is distributed between investors and all portfolio tokens are withdrawn without a fee.

The Fintropy Functionality

Rebalancing

LP synthetic tokens are constantly rebalanced by asset managers by rebalancing the pool thus enabling growth and efficiency of the strategy. The typical method for rebalancing a token portfolio is to sell and purchase sufficient amounts of each asset to reach the desired weights. This typically involves trading with on-chain exchanges or using an auction system (as a part of later versions of Fintropy).

Direct exchange between ERC-20 tokens is not always optimal or even possible. Thus, Fintropy will use an external exchange pathfinder (1inch.io or other) that will be used to overcome this issue and to provide asset managers with effective rebalancing tools.

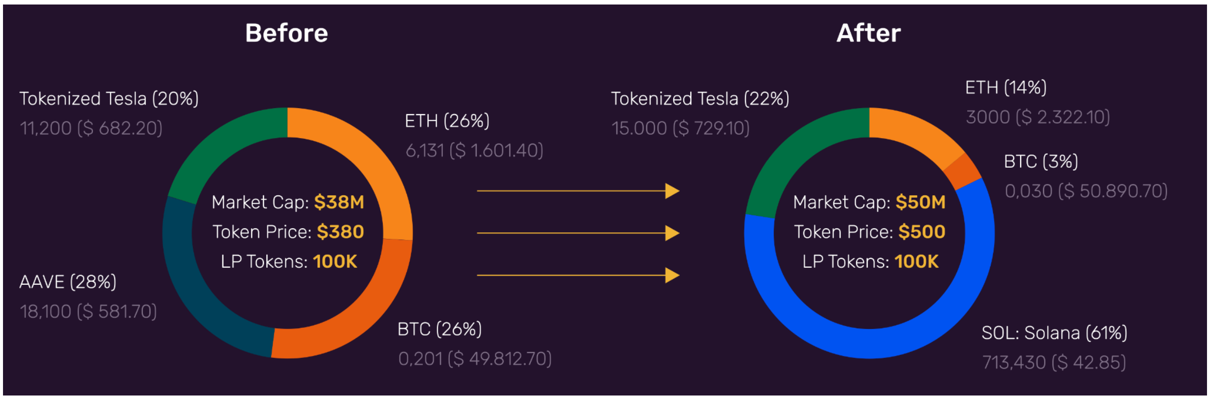

Image 4: Token structure rebalancing at Fintropy

Rebalancing helps optimize the strategy performance and allows asset managers to attract more investors to their strategy thus increasing the potential gains on the Fintropy platform.

Security solutions

White list is offered by the Fintropy platform to get access to trusted and verified tokens. The DAO-based White list is the backbone of the Fintropy security framework. Users that are a part of DAO vote on assets to be added to the White list. The white list may be disabled in portfolio token settings, and in this case, users will get a notification when interacting with such tokens.

To overcome the challenges associated with malicious, scam or deflationary projects including in the pools, the platform can blacklist tokens, allowed to be included in portfolios for different reasons:

- Technical: deflationary tokens, tokens with a commission on transfer and other types of tokens with changing amount during ownership need an ad hoc approach. Technically, they will be supported, but may result in impermanent losses;
- Security: known and projected scam tokens.

The protection and security matrix offered by Fintropy looks as follows:

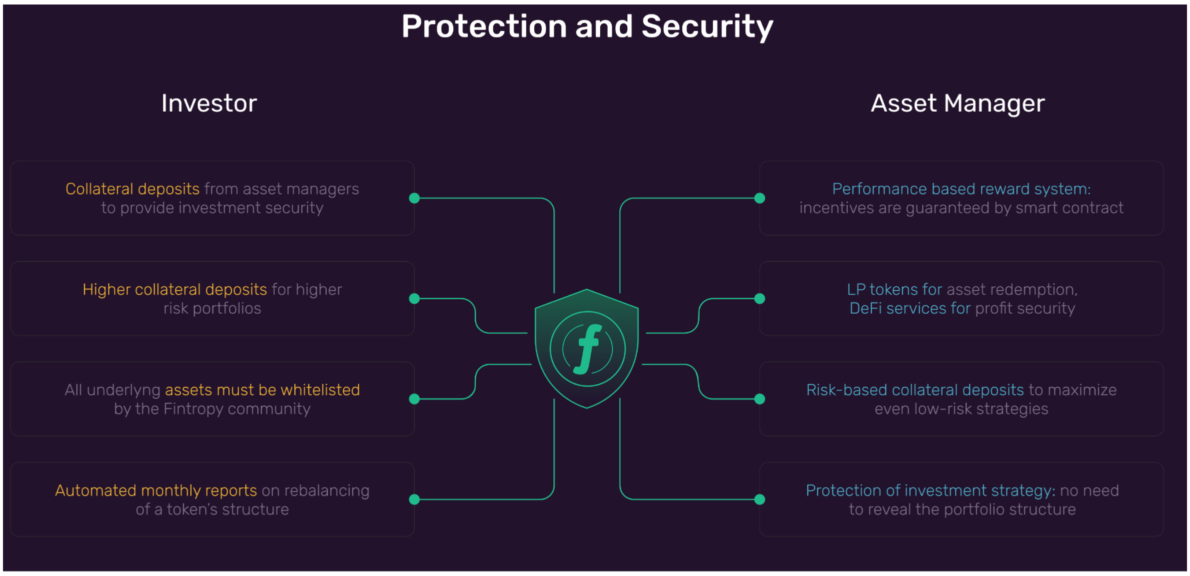

Image 5: Protection & Security Instruments

Asset managers can deposit any asset to the Fintropy platform even if it was not presented yet. Blacklisted assets can not be added to the White List.

DAO governance

DAO governance on the Fintropy platform allows for the fair development of the ecosystem through the instruments of community voting. We put decentralization and community wealth at the heart of the ecosystem thus allowing democratically deciding on the future features and updates of the platform on subjects including but not limited to assets whitelisting, asset management, collateral deposits, platform fees, etc.

The DAO is the actual owner of the Fintropy ecosystem, thus it's up to the ETF investors and asset managers to decide how to make the platform a better place for both parties. Our goal is first and foremost to provide an instrument for further adjustment by the DAO members because end users are the best people to determine the future of any project.

Please note that all members that have LP tokens issues are a part of the DAO, which is Fintropy's unique feature.

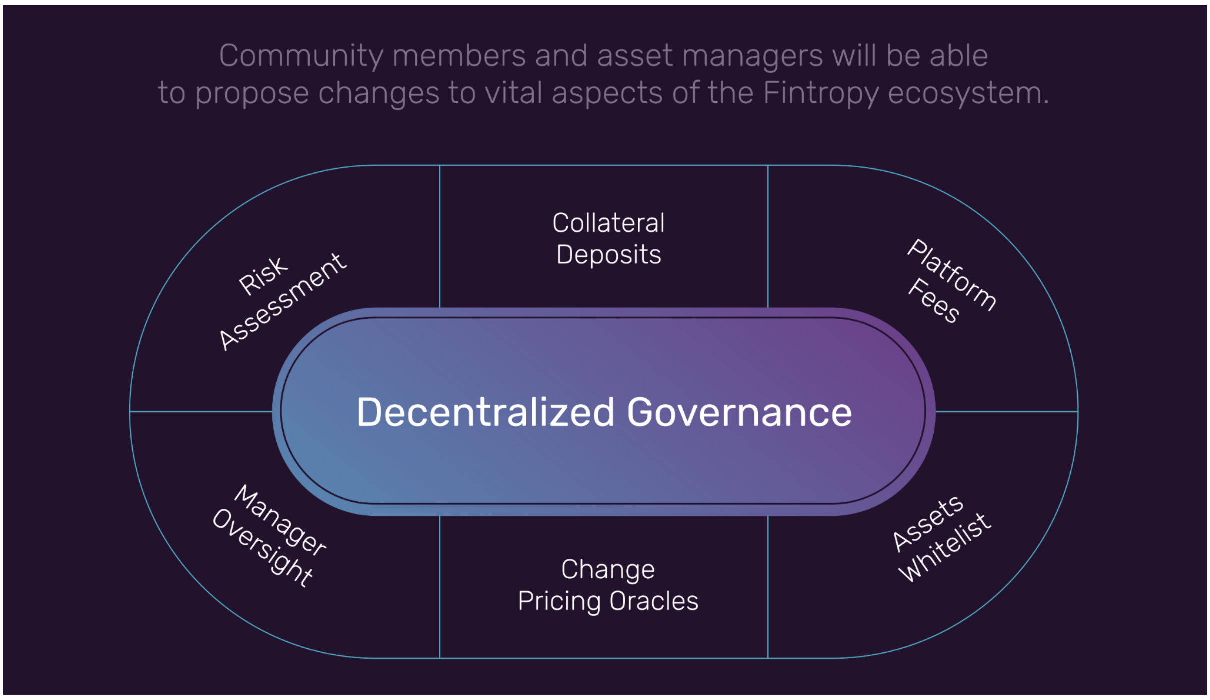

Image 6: DAO governance and voting

Rewards and Fees

On the Fintropy platform, investors extract profits from following the superior investment strategies whereas asset managers – people who offer these strategies and rebalance them – get a success fee and a streaming fee. All fees on the Fintropy platform are paid in FINT native tokens.

To create an investment strategy and start extracting profits from it, the asset manager will have to provide the required amount of FINT token in order to perform the following tasks:

1. Create portfolio token – the fee is fixed and equals a 500 USDT equivalent in FINT;
2. Claim accumulated streaming and success fee.

A streaming fee is the reward asset managers are paid in new LP tokens. The streaming fee is set by the asset manager when they create and tokenize a new investment strategy and is a percentage of the annual average total supply that may vary during the year.

The streaming fee reward is calculated as follows:

$$LPr = SmFy/365 * (tE - SmFa)$$

LPr – number of LP tokens to be issued as a reward
SmFy – set streaming fee per year
tE – LP tokens total emission
SmFa – accumulated streaming fee

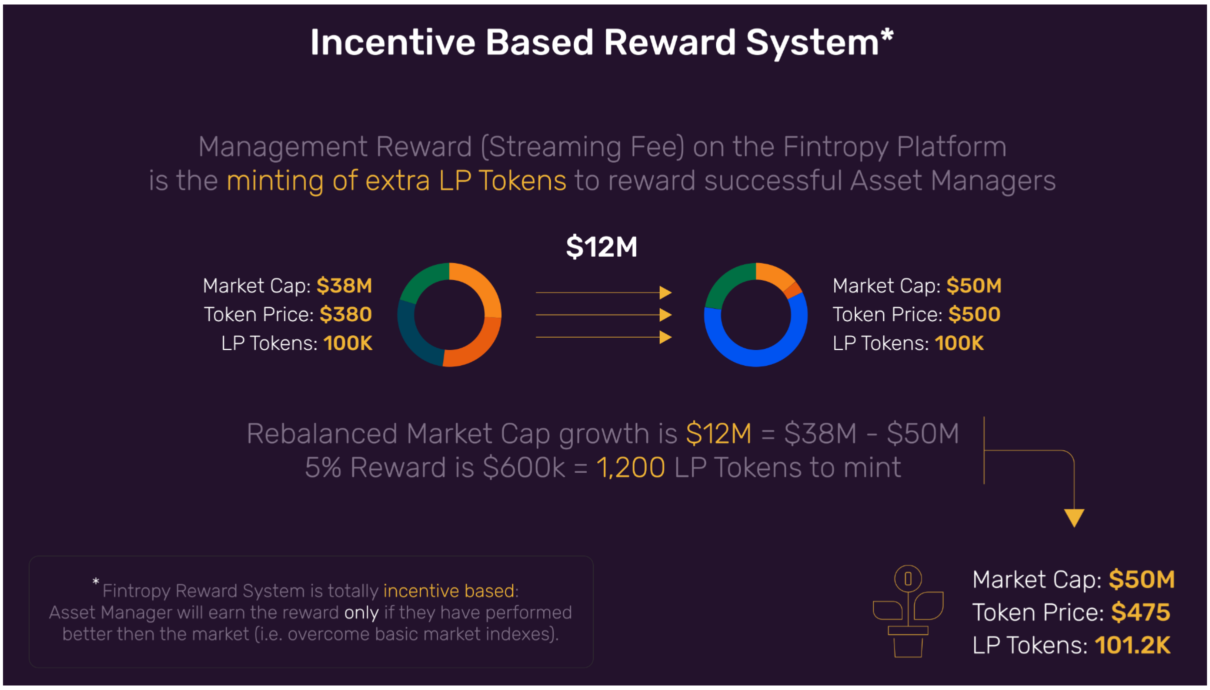

Image 7: Streaming fee explained

A success fee is the reward the asset manager receives in case excess yield from their strategy is formed. The success fee is calculated as the configured part of excess yield in the previous period if the yield is greater than the threshold configured at the strategy creation.

In other words, a success fee is paid to asset managers in case their portfolio is more profitable than projected by the level set by the manager. The fee is calculated as follows:

$$SsF = (Total\ Py - Threshold\ Py) * SsF\ Rate * nLP$$

SsF – success fee
Total Py – actual LP token annual profitability
Threshold Py – LP token annual profitability threshold
SsF Rate – success fee rate
nLP – number of LP tokens in circulation

The asset manager himself sets the size of the success fee. The fee is paid once a year by minting portfolio tokens. Portfolio capitalization is calculated in USDT. 14% of the reward is paid to the Fintropy platform as a fee.

As success fee is calculated after the streaming fee, excess yield is calculated after streaming fee induced portfolio token inflation.

The FINT Token

The FINT Token is an ERC-20 native utility token of the Fintropy platform that can be purchased on an IDO or later on exchanges. The FINT token utility includes:

- **Platform payments**
  The FINT token is used for asset managers to pay platform fees.

- **Premium services**
  Premium features that include revenue sharing, fee reductions, leveraged trading, and loss insurance can be unlocked by providing a certain amount of FINT tokens.

- **DAO governance**
  Users will be able to take part in voting and submitting voting proposals in case they are FINT token holders.

Token Distribution

Total supply: 30,000,000 FINT
- Private sale ($0.10) – 12,500,000 FINT – 41,7%
- Public sale ($0.20) – 3,000,000 FINT – 10%
- Team & advisors – 2,100,000 FINT – 7%
- Liquidity – 6,600,000 FINT – 22%
- Marketing – 1,500,000 FINT – 5%
- DAO Treasury – 1,200,000 FINT – 4%

- Staking rewards – 3,000,000 FINT – 10%
- Reserve – 100,000 FINT – 0,3%

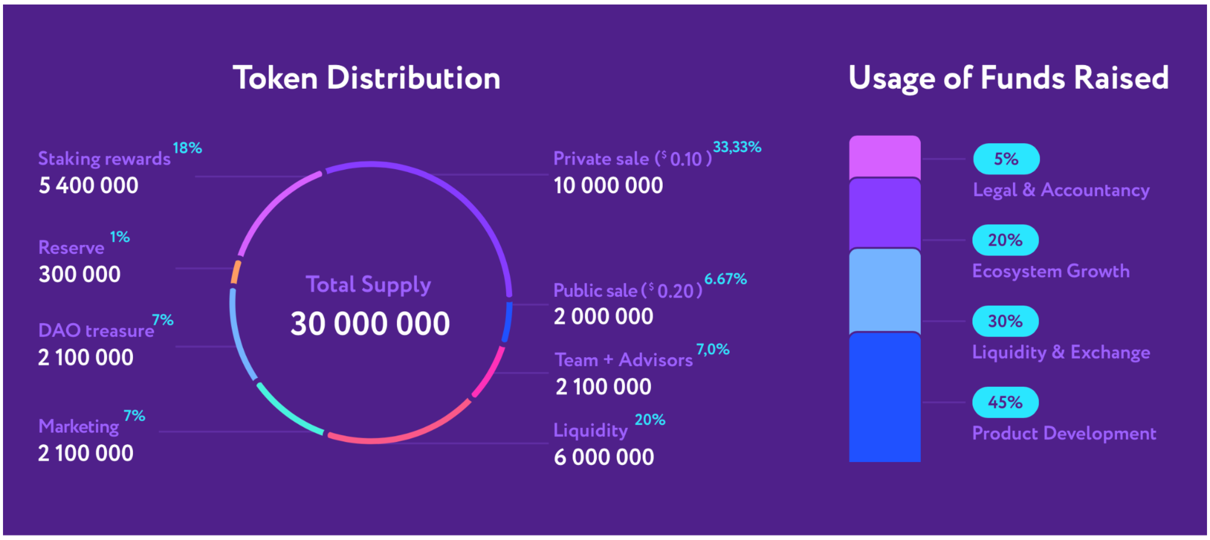

Image 8: The FINT token metrics

Fundraising

As of November 2021, Fintropy is on the stage of private investment. The platform already received investments worth $320,000 from Digital Strategies, Titans Ventures, Three M Capital, Basics Capital, and NGC Ventures.

The token vesting details for allocation pools look as follows:

	Tokens amount	**Total supply share**	**Vesting details**
Private sale	12,500,000	41.67%	10% at launch; then 15% monthly for 6 months
Public sale	3,000,000	10%	25% per month with daily unlock
Team+Advisors	2,100,000	7%	1-year cliff, then monthly vesting over 12 months
Liquidity	6,600,000	22%	30% at launch, then 10% monthly for 7 months
Marketing	1,500,000	5%	1-month cliff, then 20% unlock, then 10% monthly for 8 months
DAO Treasury	1,200,000	4%	subject to control by the token holders' DAO
Staking rewards	3,000,000	10%	locked at launch, 1% monthly subject to the DAO voting
Reserve	100,000	0.3%	6-month cliff, then unlocked at the team's discretion

Image 9: The FINT vesting schedule

The FINT initial circulating supply will equal to 3,980,000 FINT.

The Fintropy Roadmap

In our striving to create an all-in-one platform for cross-chain ETF management, we have developed an ambitious but achievable roadmap that is focused on ensuring stable development and improvement of the ecosystem.

The Fintropy MVP is already live, is based on the Polygon blockchain and allows for the creation of ETF tokens available through Polygon and SushiSwap and investments in Fintropy's ETFs.

Q1 2021	• Project started • Concept clarified • Fintropy Functionality Defined • Team assembled
Q2 2021	• Architecture & UI • Legal and structure for token sale • Polygon network selected • MVP Development
Q3 2021	• MVP release on Polygon • MVP Public Security Audit • New features development • Law opinion
Q4 2021	• New features development • Public Token sale • Sushi swap listing • App Development
Q1 2022	• Flexible portfolio structure and rebalancing release • Mobile App Development & Deployment • DAO Governance • Cross-chain bridge
Q2 2022	• Gamification • AI Algo-Trading • Multi Node Fintropy protocol • Top crypto exchanges listing

Right now, Fintropy is on the MVP stage. Its next version will support:

- Platform deployment to Layer-2 compatible networks;
- Cross-chain portfolio;
- DAO governance;
- FINT staking;
- Features to invest internal tokens in external pools or lending platforms for profit distribution between investors;
- Automated portfolio rebalancing (configurable automated strategies, including AI bots, stop loss, level trading etc.);
- FIX/FAST protocols integrations;
- Gamification features;
- Synthetic assets support.

The Fintropy Team

Eugene Kolesnikoff is the Fintropy CEO, who boasts 20+ years of experience in finance and venture capital markets: AIG Brunswick Capital Management and the IIDF. Leadership role at Moscow Institute of Physics and Technology. He has some extensive knowledge in business strategy, IT startups go-to-market strategy, management, business analysis, and operations.

Zied Chaabane, the Fintropy CMO, worked on 15+ cryptocurrency projects including Ideaology, Burency, 2local, and Pointpay. Additionally, he worked with Accenture, Honeywell, Halliburton and Emerson. He is also an executive MBA holder. His skills include efficient marketing strategies, market analysis, business administration, and CustDev.

John Burmeister, the Fintropy Partnership Lead, has 10+ years of experience in the Global Payments industry: Western Union and Monex Group. Worked as LaunchPad Manager for YFDAI, driving marketing strategy and partnerships. His experience gave him excellent skills in business development, B2B strategies, payments, global markets, and sales.

Mikhail Medish – Fintropy COO – has almost 30 years in the Internet & IT industry. He had a leadership role in broadband and digital television projects as COO and CTO: Combellga, NTV-Internet, MTU-Intel, COMCOR, worked with Cisco, Motorola, Broadcom, and Marvell. He also had a leadership role in the Russian ccTLD authority for many years, representing the European at-Large organization in ICANN and was a member of various task forces on telecom and IT regulation of the Russian government and the European Commission.

Conclusion

The complexity and diversity of modern crypto, DeFi, and TradFi investment opportunities creates the necessity for a one-app on-chain platform to manage, aggregate, and analyse them all. Fintropy is specifically designed to address this necessity and builds an all-in-one cross-chain platform to manage ETFs of any type.

The platform welcomes both experienced investors and those who are new to cryptocurrency to effectively navigate the blockchain ecosystem, build their portfolios, and manage funds effectively. The aggregation of assets ranging from cryptocurrencies, NFTs, stocks, commodities, as well as the aggregation of DeFi services such as insurance and lending, will allow Fintropy to build a platform that is both comprehensive and empowering.

In a multichain world, rather than competing, we have the ability to facilitate and interconnect new chains in order to enhance the overall user experience. The prospect of a multichain ecosystem would allow anyone to build their portfolios anywhere. This aspect makes Fintropy a unique product that will not compete with other asset management systems but will rather bridge its services in a single environment with a user-friendly interface that meets the demands of both professional and newbie audiences.
With an MVP live at the stage of private investments, Fintropy is a promising, market-relevant, and technologically advanced product that will meet the needs of traders, investors, and asset managers globally.

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