Dulcis in Fund

Project work MasterZ
Crédit Agricole & BlockInvest

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General Context

The accessibility and management of investments in **Alternative Closed-End Funds** is not efficient

PRIVATE EQUITY **REAL ESTATE** **VENTURE CAPITAL**

Main restrictions:

- Limited access due to high entry investment tickets
- Limited liquidity and 5 to 7 years investment lock up
- Poor transparency between the players
- Time consuming compliance protocols and operational inefficiency
- Slow, expensive and limited share tradability

A Win-Win Solution

A Blockchain infrastructure for alternative investment funds to solve market illiquidity and information asymmetry

Broader access to a niche asset class

Cheap and 24/7 token tradeability

Disclosure Transparency

Investors

Efficient and automated fundraising process

Automated reporting

Faster fees and earnings

Alternative Funds
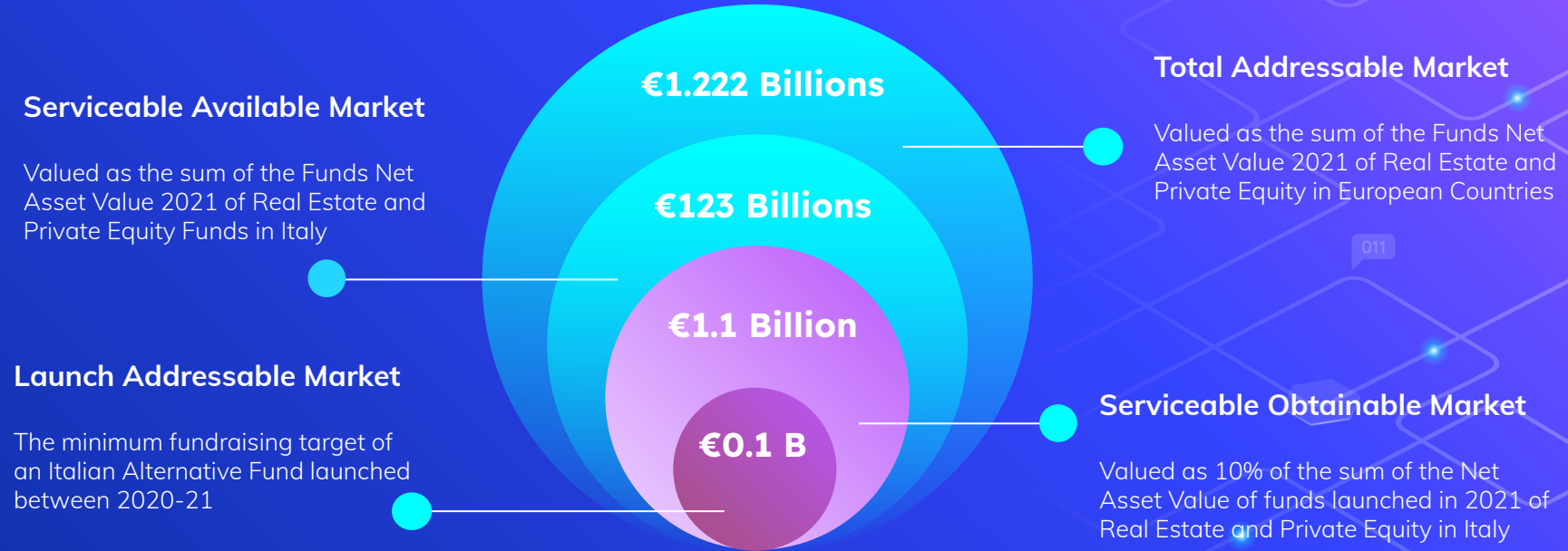
Blockchain Fund Provider worldwide

- Single or multiple asset class
- Proprietary or Ethereum blockchain
- Basic or Hybrid gain for investors
- Fund Tokonomics features

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Market Size

€1.222 Billions

€123 Billions

€1.1 Billion

€0.1 B

Total Addressable Market

Valued as the sum of the Funds Net Asset Value 2021 of Real Estate and Private Equity in European Countries

Serviceable Available Market

Valued as the sum of the Funds Net Asset Value 2021 of Real Estate and Private Equity Funds in Italy

Launch Addressable Market

The minimum fundraising target of an Italian Alternative Fund launched between 2020-21

Serviceable Obtainable Market

Valued as 10% of the sum of the Net Asset Value of funds launched in 2021 of Real Estate and Private Equity in Italy

Sources: "The Italian Alternative Investment Market", Deloitte 2021.
"Mercato Private Equity e Venture Capital 2021", AIFI - PWC.
"EU Alternative Investment Fund", ESMA Annual Statistical Report 2022.
"Scenari Immobiliari 2022", DealFlower.

Legal perspectives

Primary market is going to grow on a SaaS platform, built by following the paradigm of the Cloud Computing contract.
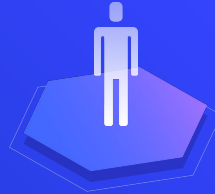
CLOUD PROVIDER
Dulcis in Fund

- Terms and conditions
- Service level Agreement
- Main obligations
- Privacy policy

CLOUD ADMINISTRATOR
O.I.C.R.

- Need specific permits under EU Reg. 2022/858
- Assets Under Management must have a market value below € 500 million

CLOUD CONSUMER
Investors

Subject to KYC-AML to ensure the network protection

- Institutional
- Professional
- Qualified Retail (from secondary market)

Secondary market will be developed in accordance with the pilot regime of European regulation N° 2022/858 and following the rapidly evolving legislation.

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Re-Fungible Token standard

Based on **Ethereum** blockchain, a Re-Fungible Token, extends the ERC-20 Token capabilities and utilizes ERC-165 Standard Interface Detection in order to represent the shared ownership of an ERC-721 Non-Fungible Token.

The smart-contract links the Re-Fungible token, which is a security instrument, and the original NFT that represents the full fund, managed by a collective investment scheme.

Source: https://ethereum.org/en/developers/docs/standards/tokens

ERC-20
Standard for Fungible Tokens, each Token is exactly the same as another Token

ERC-721
Unique token type that can have different value than another token from the same Smart Contract

ERC-165
Creates a standard method to publish and detect what interfaces a smart contract implements

Software framework

GitHub

Mocha & Chai

Release and
versioning

OpenZeppelin

Automated contract
testing

Truffle

Reusable Solidity components to
build custom contracts and
complex decentralized systems

Node.js

Built-in smart contract
compilation, linking, deployment
and binary management

Open source development
platform for real-time
applications

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Our process

Optimization Elements

- Automated Market Maker
- Predetermined Valuation Methods
- Periodic Interest Income
- Buy and Burn mechanism

Secondary Market

- Kick-off for the fund's investment activity
- Opening to qualified Retail
- Trading of outstanding tokens

Primary Market

- Creation of a NFT representing an Alternative Fund managed by O.I.C.R. partner
- Fundraising through the creation of a solid liquidity pool

Technical chart

Stablecoin Fiat

NFT

Security RFT
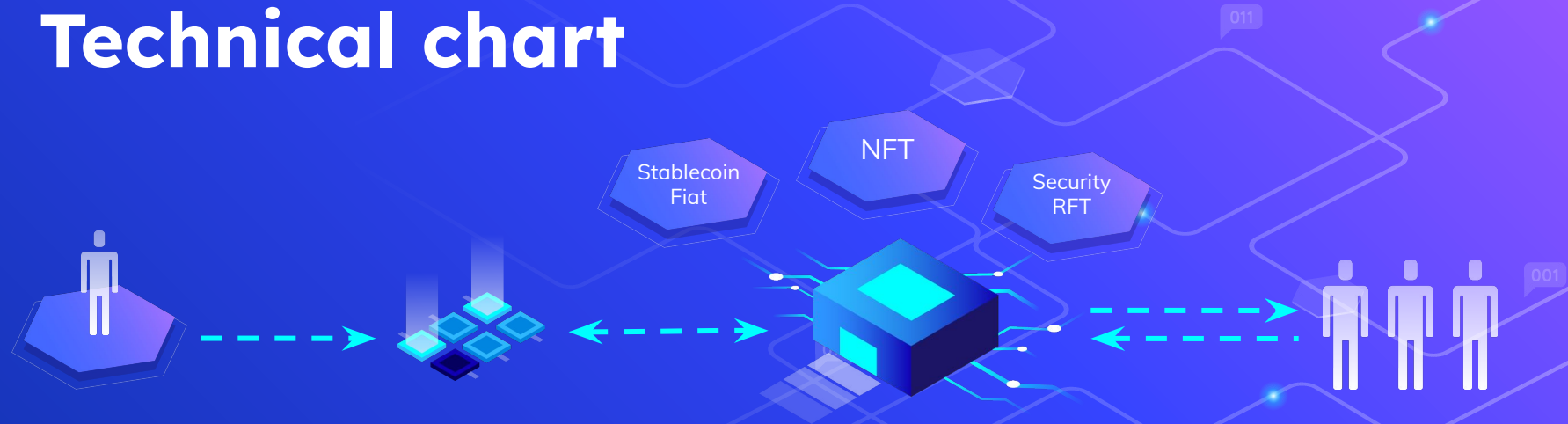
O.I.C.R.

Manages the investment and growth process on the asset portfolio represented by NFT.

Holds Re-Fungible Token and earns annual management and performance fees

Asset Portfolio

Benefits from the SGR ecosystem and receives funding from the pool.

Enjoys a periodic reinvestment structure linked to Buy and Burn timing.

Smart Contract

Contains the NFT representative of the asset portfolio.

From the NFT, produces Security RFTs exchangeable for Stablecoins or fiat currency through an Automated Market Maker.

Investors

Deposit cash to buy Re-Fungible tokens.

Earn Interest and capital gains via the pool and redeeming Stablecoin or fiat currency

1 NFT
per Partner Fund

Breakable into a tailored number of RFTs based on Net Asset Value.

No new tokens will be minted after the initial issue.

NAV before fees = Liquidity Pool Value + Equity Investment Ptf + Accruals

$$\textbf{RFT Value} = \frac{\text{NAV after management and performance fees}}{\text{N. Outstanding RFTs}}$$

$$\textbf{RFTs Periodic Interest} = \frac{\text{RFTs owned value}}{\text{NFT value}} \cdot \text{NAV}_t \text{ Yield}$$

Liquidity pool

Automated Market Maker, decentralised management of the capital raised and its allocation over time, act as a solid counterparty for trading activities and avoid RFTs manipulation.

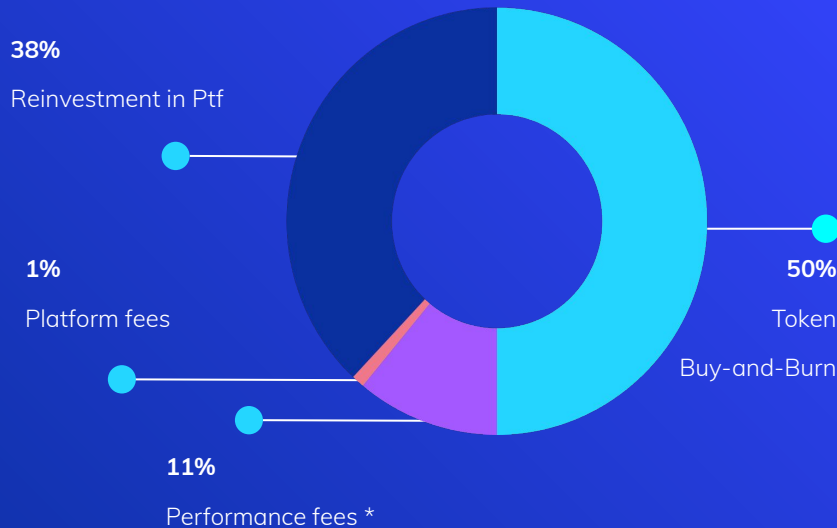Investors will also be **Liquidity Providers**, a function that will allow them to earn a **Liquidity Mining Fee**

Slippage effects are limited by customised investment **vesting period** and **disinvestment caps**

Liquidity Pool Value = (w1 • RFT) • (w2 • EuroCoin) • (w3 • Fiat Currency)

Buy and Burn Mechanism

To shorten the life of an Alternative Fund, a quarterly repurchase of outstanding RFTs is planned, thanks to asset portfolio proceeds, reducing RFT Supply and offering periodic disinvestment options.

38%

Reinvestment in Ptf

1%

Platform fees

11%

Performance fees *

50%

Token

Buy-and-Burn

Activation terms:

- Quarterly NAV exceeds a pre-determined threshold value.
- Quarterly NAV higher than the previous NAV adjusted.

* The Performance and Platform fees are subject to a contractual cap.
  Annual management fee payable to the fund is 1.5% per annum of the net assets, accrued on a monthly basis.

Quarterly Buy-and-Burn

Description	EUR
Q2 NAV (before fees)	€ 200 mln
Q2 Token supply	50 mln
Q1 RFT value	€ 3,5
Q2 RFT value	€ 4
Q2 EUR Performance = (€4 - €3,5) x 50 mln RFTs	€ 25 mln
Performance, Platform Fees = (€ 25 mln x 11%) + (€ 25 mln x 1%)	€ 3 mln
Q3 Buy-and-Burn 50% of Q2 EUR Performance = (€25 mln x 50%) / € 4	3.125 mln

Once the Buy-and-Burn token mechanism is activated, 50% of the Fund's quarterly return is used to buy-back RFTs from market and remove them from supply.

Potentially, **3.125 million RFTs** can be burned quarterly. With this RFT burn rate, the supply will be brought to 0 in **4 years** from the start of the Buy-and-Burn, optimising the lifetime expectation of a Fund.

New RFTs Supply: (50 mln - 3.125 mln) = **46.875 mln**

NAV after Buy-and-Burn: € 200 mln - € 12.5 mln - € 3 mln = **€ 184.5 mln**

New RFT value: € 184.5 mln / 46.875 mln = **€ 3,93**

The RFT becomes cheaper for new investors and will not penalise pre-existing investors that benefit from the RFT's pre-burn value freeze.

Revenue Stream

⬡ **Reporting**

OICR: documentation development and periodic reporting about assets and fund's performance.

Investor: complete transparency and easy access to all required documentation.

⬡ **Platform**

OICR: fundraising support, liquidity management and investor relationship management.

Investor: innovative access to a classic illiquid, expensive and inaccessible investment.
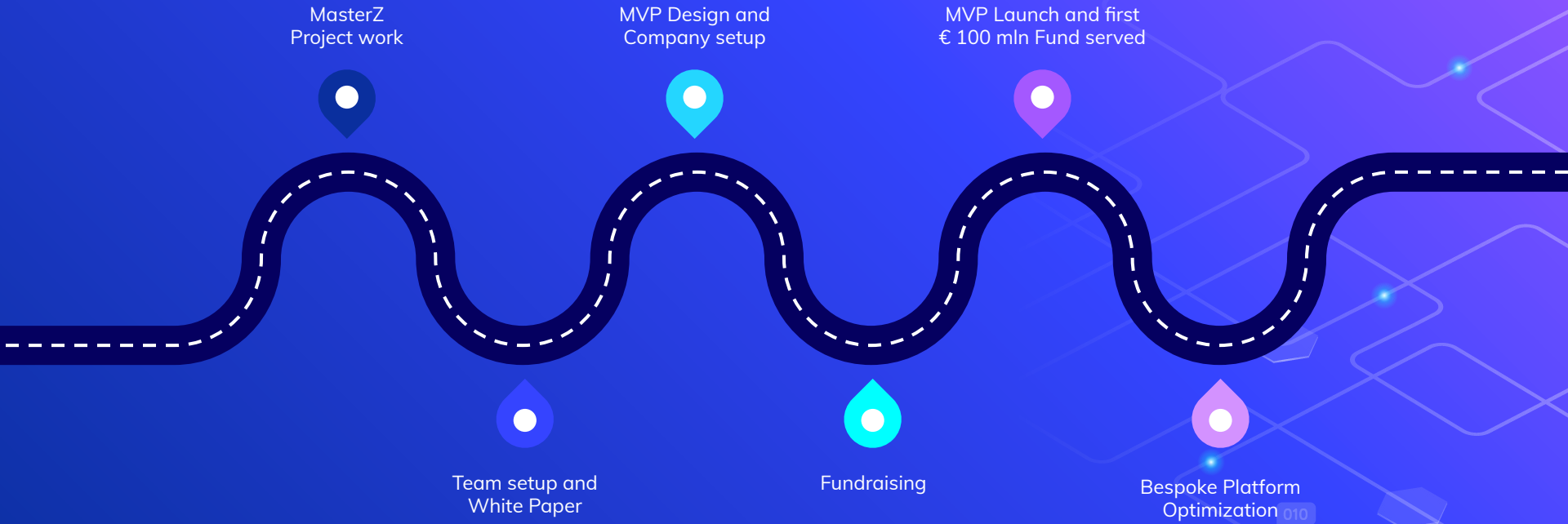
⬡ **Settlement**

Fees: trading fees on investor transaction volumes.

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Roadmap

MasterZ
Project work

MVP Design and
Company setup

MVP Launch and first
€ 100 mln Fund served

Team setup and
White Paper

Fundraising

Bespoke Platform
Optimization

Our Team

Lorenzo Magni
IT

Raimondo Marzullo
Senior Clown

Alessandro De Micco
Finance

Carmine Fiorentino
Finance

Chiara Menini
Legal