Dulcis in Fund

Blockchain Provider for Alternative Investment Fund

State Of The Art

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

PRIVATE EQUITY   **REAL ESTATE**

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

Automated reporting

Efficient and automated fundraising process

Faster fees processing and earnings collection

Alternative Funds
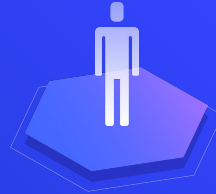
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Legal Perspectives

Primary market will grow on a SaaS platform, built following the Cloud Computing contract paradigm.

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 limited to €500 million

CLOUD CONSUMER
Investors

Subject to KYC-AML to ensure the network protection

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

Secondary market will be developed in accordance with the pilot regime of European regulation N° 2022/858 for Distributed Ledger Technologies, adapting the structure to the rapidly evolving legislation.
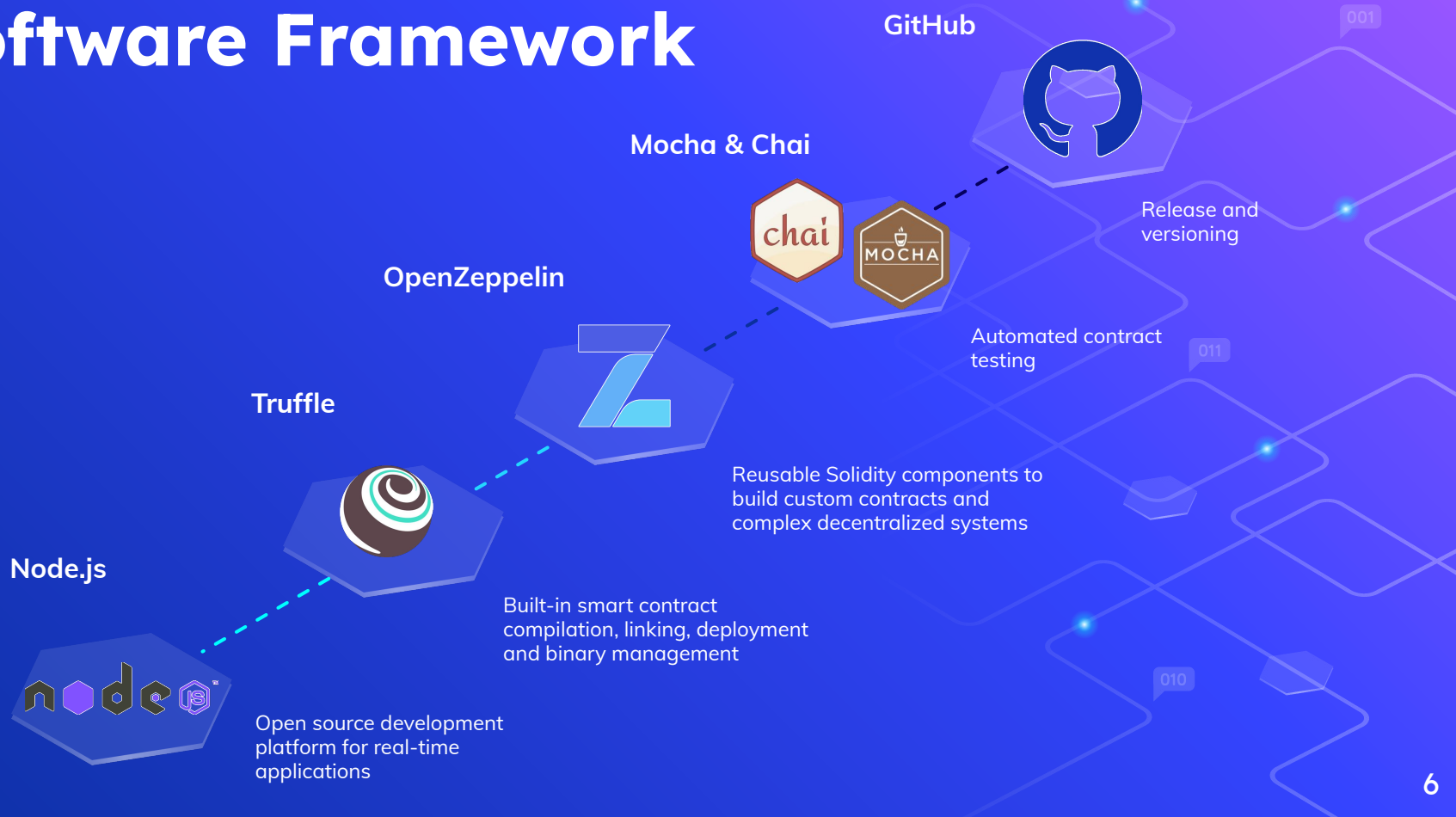
Re-Fungible Token standard

Based on the **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
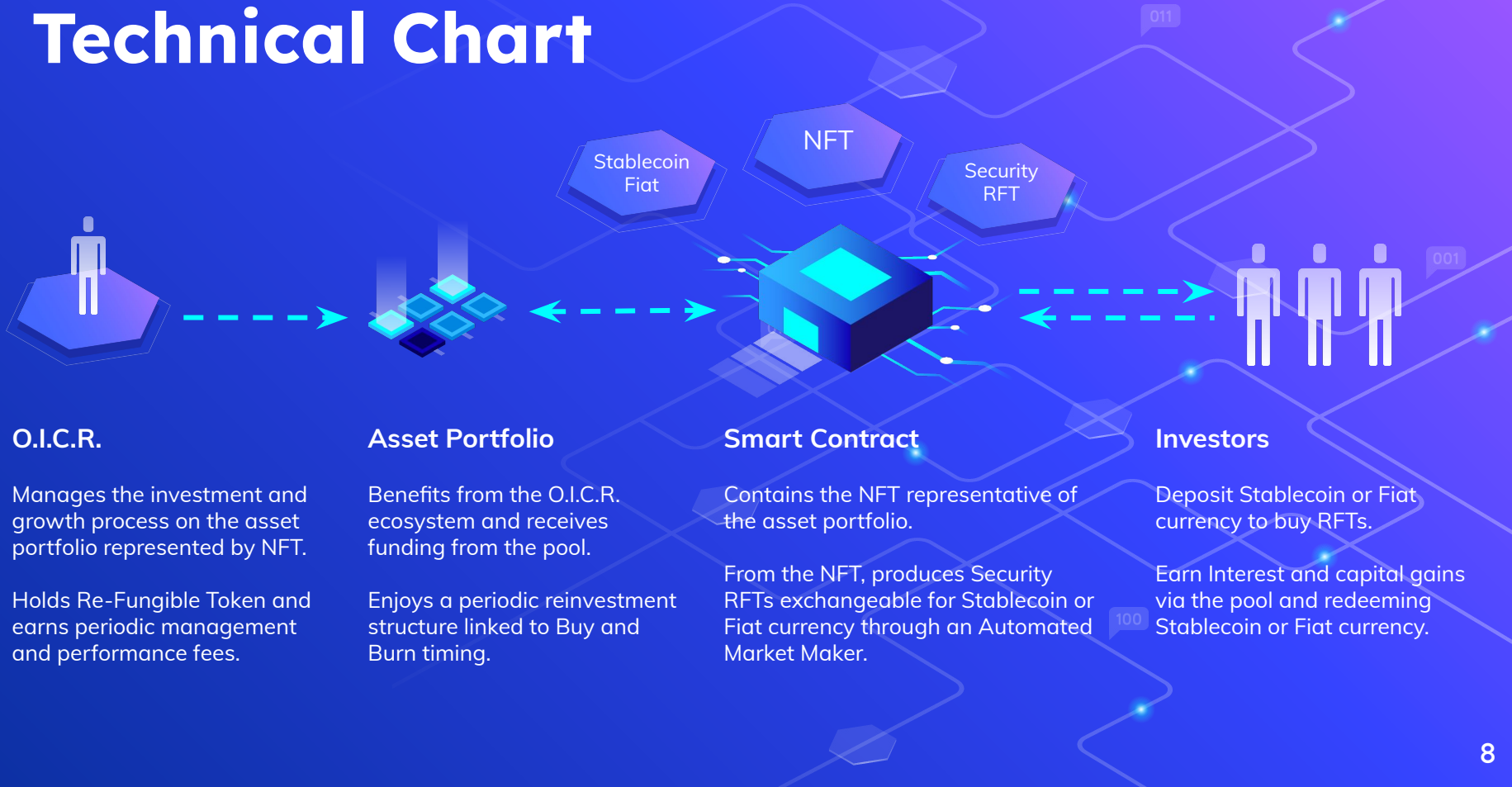
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Our Process

Optimization Elements

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

Secondary Market

- Kick-off for the Fund's investment activity
- Opening to Qualified Retail
- Trading of outstanding RFTs

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 periodic management and performance fees.

Asset Portfolio

Benefits from the O.I.C.R. 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 Stablecoin or Fiat currency through an Automated Market Maker.

Investors

Deposit Stablecoin or Fiat currency to buy RFTs.

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

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

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

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** based on transaction volume.

Slippage effects are limited by customised investment vesting period and disinvestment caps.
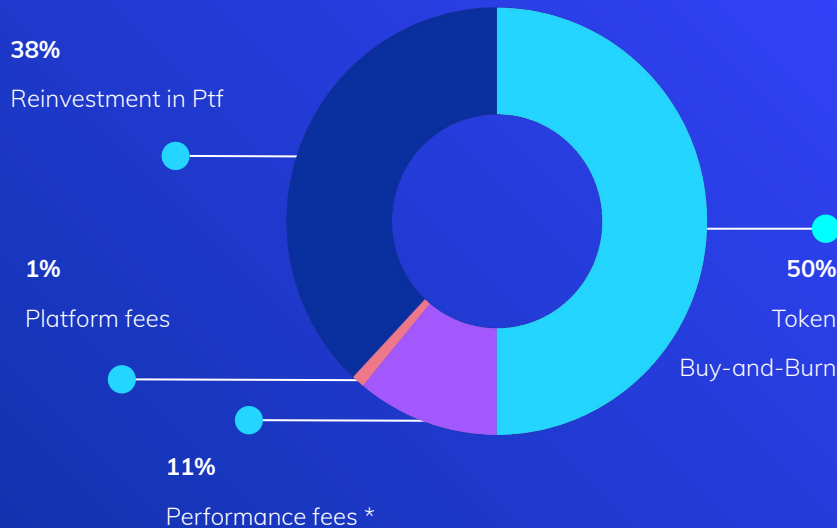
$$\text{NFT Value} = (w1 \cdot \text{RFT}) \cdot (w2 \cdot \text{Euro Coin})$$

Source: Euro Coin (EUROC), issued by Circle according to the same full-reserve model as the USD Coin (USDC), offering 1:1 stability with Euro. Planned issuance on Ethereum scheduled for 30/06/2022.

Buy-and-Burn Mechanism

To offer periodic disinvestment options, a quarterly repurchase of outstanding RFTs is planned, thanks to asset portfolio proceeds.

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 RFT 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** could be burned quarterly.
With this RFT burn rate, the supply will be brought to 0 in **4 years** from the start of 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

Investor: complete transparency and easy access to all required documentation.
O.I.C.R.: documentation development and periodic reporting about assets and fund's performance.
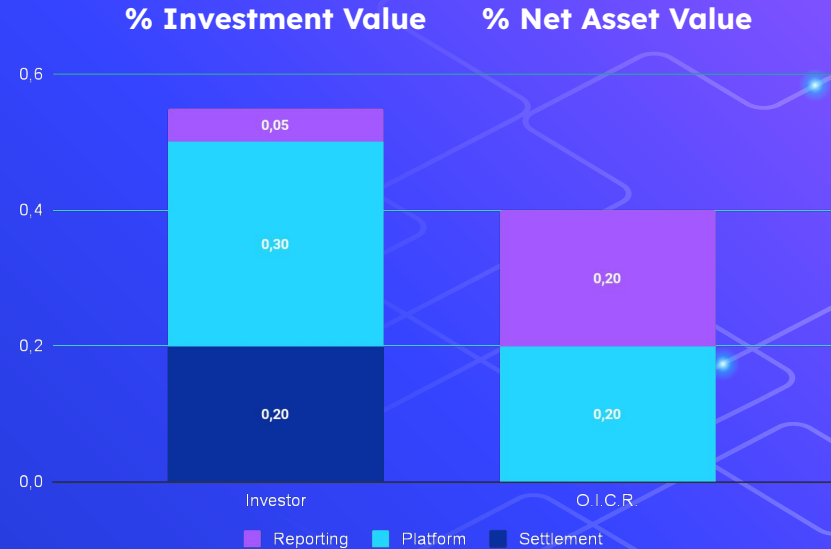
Platform

Investor: innovative access to a classic illiquid, expensive and inaccessible investment.
O.I.C.R.: fundraising support, liquidity management and investor relationship management.

Settlement

Investor: trading fees on each transaction volume.

% Investment Value   % Net Asset Value

	Investor	O.I.C.R.
Reporting	0,05	0,20
Platform	0,30	0,20
Settlement	0,20	0,20

Legend: Reporting, Platform, Settlement

Blockchain Fund Provider Worldwide

SECURITIZE

CADRE

pixelplex

tokeny

Mt Pelerin

BLOCKCHAIN
APP FACTORY

Liquefy

ADDX

Discrimination Drivers:

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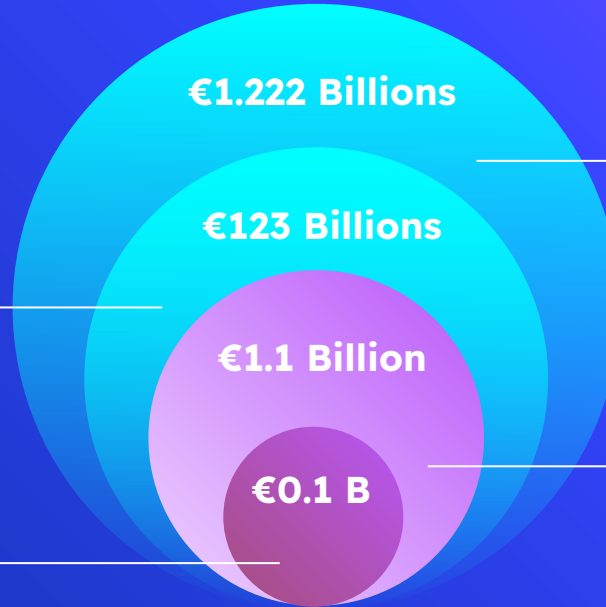- ⬡ Fund Tokenomics features

14

Market Size

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

€1.222 Billions

€123 Billions

€1.1 Billion
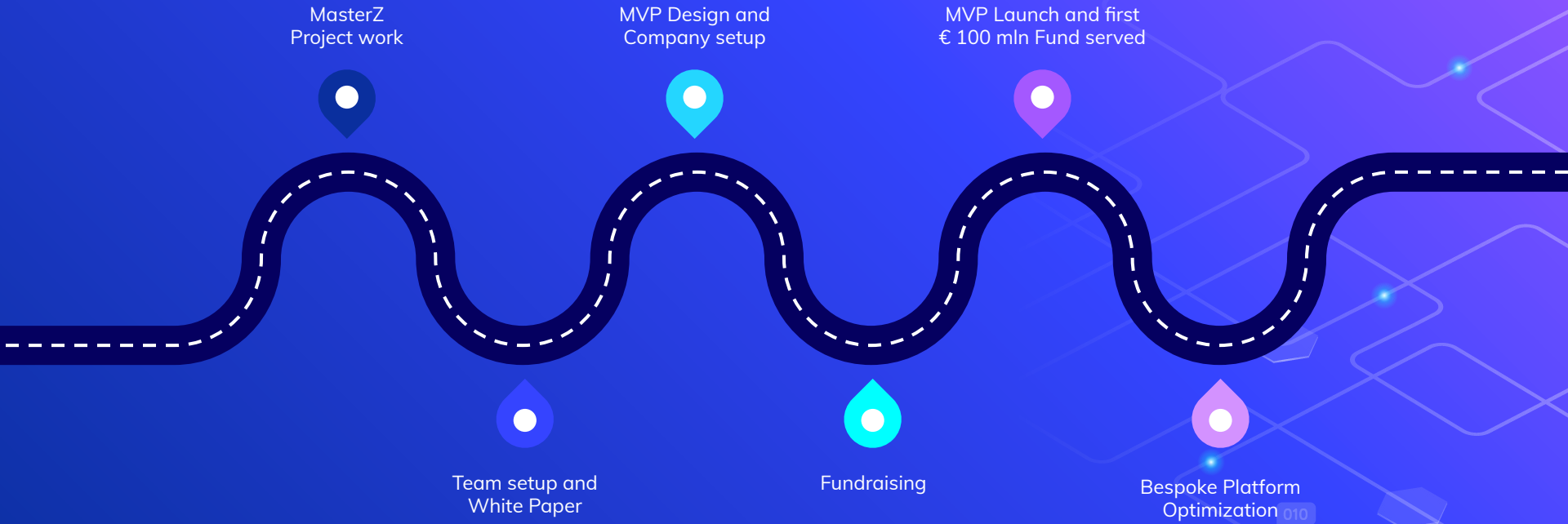
€0.1 B

Total Addressable Market

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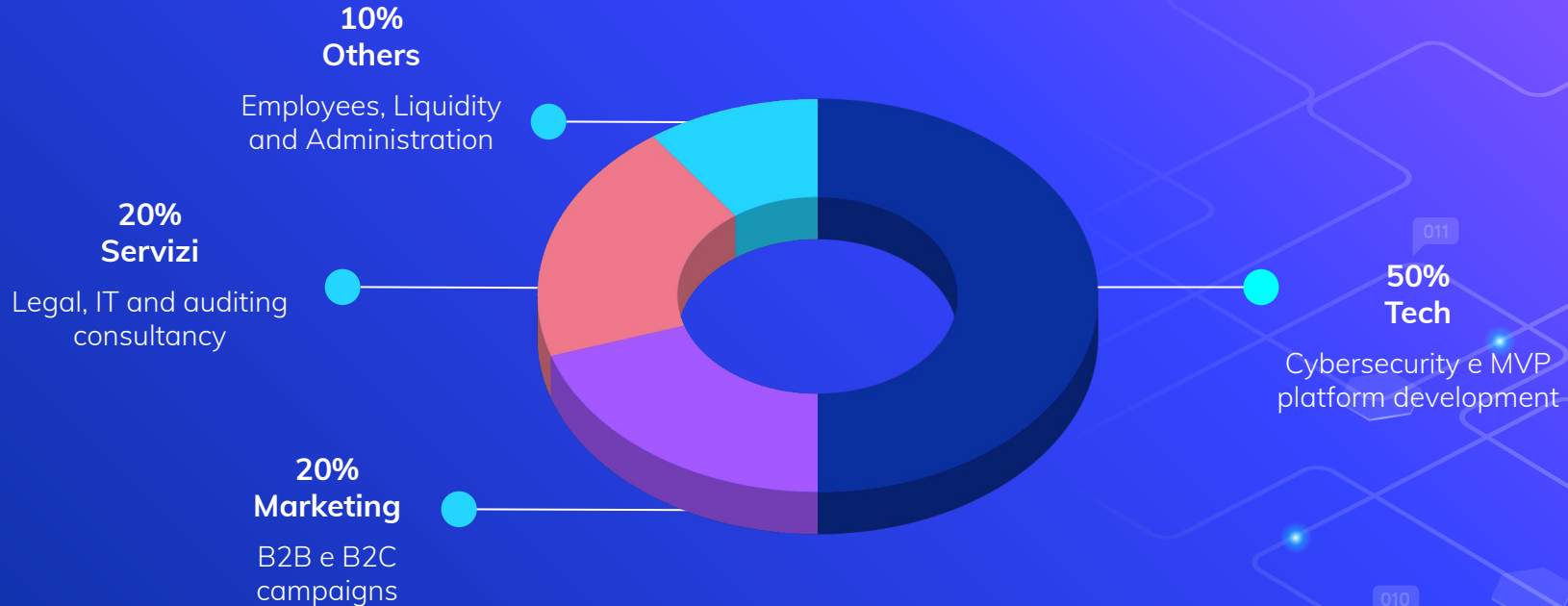
Serviceable Obtainable Market

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.

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

1° Fundraising Target €250.000

10%
Others

Employees, Liquidity
and Administration

20%
Servizi

Legal, IT and auditing
consultancy

20%
Marketing

B2B e B2C
campaigns

50%
Tech

Cybersecurity e MVP
platform development

Our Team

Lorenzo Magni
IT

Raimondo Marzullo
Finance

Alessandro De Micco
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Carmine Fiorentino
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