

## PROPOSAL NAME:

ApeCoin Ventures

## TEAM DESCRIPTION:

Yat Siu

- Role: Co-founder and chairman of Animoca Brands
- Platform & username: Twitter: ysiu, LinkedIn: yatsiu, Email: [ysiu@animocabrands.com](mailto:ysiu@animocabrands.com)
- Professional experience:
  - co-founder and chairman of Animoca Brands, a multi-billion leader in digital entertainment, blockchain, and gamification.
  - Founded and sold Outblaze Limited, an award-winning pioneer of multilingual white label web services to IBM in 2009
  - Received numerous accolades including Global Leader of Tomorrow at the World Economic Forum, Young Entrepreneur of the Year at the DHL/SCMP Awards as well as the prestigious InnoStars Award in Hong Kong

James Ho

- Role: Managing Partner, and leads the team at Animoca Ventures
- Platform & username: Twitter: JIQQYJONES, LinkedIn: jamesckho
- Academic history: BA, Psychology - The University of British Columbia
- Professional experience:
  - Since joining Animoca Group in 2018, James directly managed or originated early investments into numerous Web3 companies (including Yield Guild Games, Opensea, Magic Eden, Matic and Immutable X). Many of these companies are today the giants in the Web3 space, and more than a few have achieved unicorn status.
  - With a track record of over 100 deals, James brings unique and battle-tested experience and acumen to Animoca Ventures' mission of identifying the Web3 giants of the future, and building an ecosystem that boosts the performance of every investee company
  - Prior to Animoca, James was a serial entrepreneur & builder. His past companies had served discerning global clients such as LVMH, Richemont, Chanel, Sothebys' to name a few.

Jenny Cheng

- Role: Vice President at Animoca Ventures, focusing on early stage investments in blockchain infrastructure, gaming and content.
- Platform & username: Email: [jennyc@animocabrands.com](mailto:jennyc@animocabrands.com)
- Academic history: BSc (Econ) Statistics and Economics degree from University College London
- Professional experience:
  - Prior to Animoca Ventures, she was an Assistant Vice President focusing on web3, consumer and tech investments at C Ventures (now C Capital), an investment fund backed by New World Development.
  - Previously, she was an analyst at J.P. Morgan

Nenter Chow

- Role: Portfolio Strategist for Animoca Ventures, focusing on working with portfolio companies to identify opportunities, resolve issues, and identify synergies within the portfolio across all sectors.
- Platform & username: Email: [nenterc@animocabrands.com](mailto:nenterc@animocabrands.com)
- Academic history: BBA from the University of Michigan Ann Arbor Ross School of Business
- Professional experience:
  - Prior to Animoca Ventures, he spent 17 years in finance in various roles with a focus on leveraged finance, business development, and relationship management

- Director & Deputy Head, Syndications & Trading, Americas - Industrial and Commercial Bank of China
- Team Head for Leveraged Finance and Project Finance - Bank of China
- Head of Latin America Corporate Strategy - MUFG
- Equity Research, Healthcare Services - J.P. Morgan

Alan Lee

- Role: Legal Counsel of Animoca Ventures
- Platform & username: Email: [alanlee@animocabrands.com](mailto:alanlee@animocabrands.com)
- Academic history: Juris Doctor degree from the Chinese University of Hong Kong and a BBA (Finance) degree from the Hong Kong University of Science and Technology.
- Professional experience: Prior to Animoca Ventures, he was an Associate at DLA Piper, where his practice focused on fintech and real world assets

Trevor Liu

- Role: Operations Manager of Animoca Ventures
- Platform & username: Email: [trevorl@animocabrands.com](mailto:trevorl@animocabrands.com)
- Academic history: BSc (Applied Physics) degree from City University of Hong Kong
- Professional experience:
- Prior to Animoca Ventures, he was the Head of Operations at Fullgoal Asset Management, a Chinese Asset Management firm for four years in the Operations Division, where he developed extensive skills and experience in fund operations
- Previously, he was the Operations Supervisor at State Street and Team Leader at Crédit Agricole CIB

## PROPOSAL DESCRIPTION:

### Team Formation

Animoca Ventures, an early stage venture capital arm of Animoca Brands, proposes the establishment of ApeCoin Ventures – combining Animoca Ventures historical expertise with the community's strong reach to amplify awareness and scale adoption and utilities of ApeCoin.

In a 1:1 matching structure, we propose the deployment of USD\$5 million worth of \$APE from the ApeCoin DAO, to be matched by Animoca Ventures' funding of USD\$5 million in fiat to create a combined US\$10 million fund. Funding from Animoca Ventures ensures that interests of both parties are fully aligned for joint success.

The fund management is currently provided by ASCENT Fund Services. ASCENT's role is to be a custodian and disburse funds, they don't make fund decisions. They are licensed for these types of operations and we would set up the legal entity for this, which would happen very quickly should the AIP be approved. The suggestion is to liquidate the \$APE received into cash as soon as practical so that we can match the amount in dollars.

No multi-sig wallet would be utilized because ASCENT would basically be managing fiat, so we would manage an orderly sale process. Animoca Ventures would be receiving the ApeCoin and sell the \$APE to then deposit it as fiat to ASCENT, which would be matched with \$5m of Animoca Ventures funds.

### Investment Ventures

By investing together into early web3 ventures, we will drive and encourage integrated utilities and adoption for ApeCoin – leveraging our venture expertise to the community's energy, reach, as well as opportunities, to generate long-term value for ApeCoin DAO and its relevant ecosystem.

Our investment strategy targets seed and Series A stage start-ups, prioritizing those that can integrate ApeCoin into their ecosystem with the goal of increasing the value, utilities, use cases, synergies, network effect and influences of ApeCoin.

### Scope of Operations

Animoca Ventures team will be responsible for the daily operations of ApeCoin Ventures, including but not limited to the following areas:

- **Investment & Acceleration:** Besides investments, ApeCoin Ventures will play a critical role in supporting Web3 ventures like the role of an accelerator such as providing funding, research, and operational support to help founders scale their projects from the early stages.
- **Research and Due Diligence:** ApeCoin Ventures has a deep understanding of blockchain technology, cryptography, security and protocols. It provides research and due diligence support to help founders navigate the complexities of various Web3 business models, programs and technologies.
- **Tokenomics & Governance:** Tokenomics advisory is one of the core pillars of Animoca Brands. It involves a great amount of industry expertise and trade secrets to excel to design token models that incentivize desired behavior, align with the goals of the project and ensure project sustainability. Governance models will also be examined for business performance uplift, risk mitigation and long-term success.
- **Partnerships & Collaborations:** ApeCoin Ventures will be able to leverage Animoca Brands network to help ventures connect to and collaborate with other projects, investors, and ecosystem partners to achieve their goals. These partnerships can provide access to new technologies, markets, communities, and expertise, helping them to scale and innovate more quickly.

## Exit Strategies

Upon successful exits, 50% of the token proceeds will be sent back to ApeCoin DAO, with the plan (or an option) to convert profits back into ApeCoin. This approach aims to boost ApeCoin's utility and adoption, leveraging our expertise in venture capital alongside the vibrant energy of the community.

Animoca Brands has had a history of successful web3 investments in the space some of them can be seen at <https://www.animocabrands.com/investment-portfolio> and <https://animoca.ventures>. Notable investments include [The Sandbox](#), [Axie Infinity](#) (Sky Mavis), [Pixels](#), [Heroes of Mavia](#), [xAI](#), [TON](#), [Immutable](#), [Polygon](#), [Berachain](#), [YGG](#) and many others including of course [Yuga Labs](#).

The investment exit strategies are diverse and evolving. Besides traditional exit methods like M&A and IPOs (e.g. [Coinbase](#) went public in 2021), there are Web3 specific means like token launches and community-driven liquidity events.

In the event of a "web3 exit" (i.e. token launch) we would liquidate the proceeds/profits and use it to repurchase ApeCoin on market and return it as \$APE to the DAO. It is 50% of all token proceeds because 50% is funded by the DAO.

The fund will receive returns in Tokens which it then proposed to swap into ApeCoin and return to the Foundation as per the proposal. It doesn't receive gross revenues as it's not your classical operating business.

In other words if the project were to receive 100 tokens worth \$1 where it to sell them it would propose to use the \$100 dollars to buy \$APE and return the \$APE.

If the Foundation desires to have us monetize the 100 tokens and then return it in fiat as \$100 it could be possible but was not what was proposed.

## BENEFIT TO APECOIN ECOSYSTEM:

Here is a summary of the proposed investment details:

- Animoca Ventures matches the funding on a 1:1 basis with US\$5 million in fiat, together with ApeCoin DAO funding of another US\$5 million in the form of \$APE.
- ApeCoin DAO will receive 50% of all token proceeds upon successful venture exits in the form of \$APE for future ecosystem grants
- Two-year timeline of fund deployment. Any remaining or unused \$APE will be returned to the ApeCoin DAO treasury should the fund not be deployed within the stipulated timeline.
- The targeting check sizes are between US\$100,000 to \$250,000 per startup which would facilitate backing potentially up to 80 ventures at seed/Series A stages – curated to the highest standards
- A low management fee of one percent (1%) will be charged for project vetting, due diligence, ecosystem support, partnership outreach, and other services rendered by Animoca Ventures to carry out the required operations. It is 1% of the total and would be charged out of the total amount i.e. \$10m (half of which is contributed by us). This is an annual management fee and as the fund intends to operate for 2 years it would amount to 100k per year and effectively 50k a year for the funds from the DAO.

There are no performance fees charged for the \$5 million contribution for the DAO, normally funds operate on a 2/20 structure i.e. 2% management fee and 20% share of profits but for the purposes of this proposal we will not be charging this.

- Exposure of APECOIN to a variety of promising startup and companies

- Growth of the APECOIN ecosystem as startups and companies who receive funding may choose to engage or support APECOIN initiatives such as adding utility and/or integrate APECHAIN for example
- The matching investment structure means we guide promising ventures closely through sizable joint ownership influence and incentive alignment. We focus this strategic guidance to:
- Align platform visions to grow \$APE utilities and ApeCoin ecosystem benefits.
- Integrate token models driving measurable adoption.
- Forge partnerships that bring mutual value across investor-ventures.

With our investment matching, operating expertise and focus on early stage deals, we aim to increase \$APE utility awareness and accelerate expansion of the ApeCoin ecosystem through promising, synergistic projects.

The following benefits are expected as a result of this proposed partnership from the perspective of ApeCoin DAO:

- More ApeCoin utilities will be attained with a wider adoption of ApeCoins within ApeCoin ecosystem and beyond.
- An expanded, more diverse and amplified ApeCoin ecosystem, in which more projects, partners, entities and use cases are expected.
- As a natural consequence of the scaled-up ApeCoin ecosystem, network expansion with strong impact will be further amplified as the investments and partnerships offer access to a broader network of potential users, customers, and collaborators.
- More credibility and trust will be built among potential users, investors, and the broader Web3 community.
- The investments and partnerships often involve resource sharing, whether it's funding, technology or infrastructure. This can significantly reduce costs and accelerate growth for both ApeCoin DAO and the startups.
- Ventures and partnerships can increase global visibility for ApeCoin ecosystem, leading to an elevated global presence.
- The collaborations and ventures can contribute to innovation, ApeCoin adoption, as well as the uptake of Web3, in various regions and sectors by utilizing the assets and networks of partner companies.
- Web3 Enterprise Service Capabilities: Partnerships can help build Web3 enterprise service capabilities with global commercial applicability, which can be deployed to support technology advancements in various regions.
- ApeCoin Ventures can help build Web3 enterprise service capabilities with global commercial applicability, which can be deployed to support technology advancements in various areas.
- ApeCoin will become the hub for innovation to nurture the Web3 ecosystem and bring in extensive capabilities from partners, fostering a broad portfolio of investments.
- ApeCoin DAO will have the access to expertise in the blockchain and cryptocurrency space to navigate the complex and ever-evolving Web3 ecosystem. This will ultimately bring forth a more mature and healthier ApeCoin ecosystem.

## DEFINITIONS:

### Animoca Ventures

Animoca Ventures is the venture investment arm of Animoca Brands. It lives on the cutting edge of Web3, and finds, funds and supports builders that will be the giants of tomorrow's Internet with a view to catalyzing the emergence of true digital property rights.

Animoca Ventures mostly invests in startups at seed or series A stage to build the largest ecosystem of aligned web3 builders and projects. It brings unique experience and expertise to assist founders building the future of the Internet by working shoulder-to-shoulder with them to overcome challenges and avoid pitfalls.

### ApeCoin Ventures

As the name suggests, ApeCoin Ventures is to replicate the success story Animoca Ventures. The expertise and experience of Animoca Ventures will be transferred to ApeCoin

Ventures so that the risks will be minimized and the potential benefits will be secured. The 1:1 funding matching aligns the 2 entities to have common interests.

ApeCoin Ventures will quickly be the venture investment arm of ApeCoin DAO to invest in projects and teams to accelerate the expansion of the ApeCoin ecosystem and utilities.

## **Venture Capital (VC)**

A form of private equity financing provided by firms or funds to startup, early-stage, and emerging companies, that have been deemed to have high growth potential or that have demonstrated high growth in terms of number of employees, annual revenue, scale of operations

## **Tokenomics**

Combining the words 'token' and 'economics,' is the study of the supply, demand, distribution, and valuation of tokens and to its utility and is a complex and multi-disciplinary subject.

## **Initial Exchange Offering (IEO)**

IEO is an initial coin offering (ICO) which is undertaken by a cryptocurrency exchange, allowing investors to buy and trade them.

## **Initial Decentralized Exchange Offering (IDO)**

A startup issues tokens on decentralized exchange, allowing investors to buy and trade them.

## **Over The Counter (OTC)**

The direct exchange of cryptocurrencies between two parties outside established centralized exchanges

## **IRR**

IRR, or internal rate of return, is a metric used in financial analysis to estimate the profitability of potential investments. IRR is a discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis.

## **NAV**

Net Asset Value is the net value of an investment fund's assets less its liabilities, divided by the number of shares outstanding.

## **STEPS TO IMPLEMENT:**

The project, assuming it is approved soon will start no later than June 30th, 2024 and end in 30th of June, 2026 for a duration of two years.

The major milestones include:

1. Ideation & proposal
2. Forum discussion with ApeCoin DAO members, and idea exchanges
3. AIP drafting
4. Project approval
5. Team formation
6. Fund management setup
7. Necessary paperwork drafting and execution
8. Fundraising
9. Deployment of US\$5 million worth of \$APE from the ApeCoin DAO
10. Deposit of US\$5 million in fiat from Animoca Ventures
11. Record maintenance for compliance purposes
12. Investments
13. Identifying potential startups that align with their investment focus and have a strong team, product, and market potential.
14. Due diligence on startups, including their team, financials, technology, business models and legal aspects.

15. Investment decision based on the results of the due diligence.
16. The fund negotiates the terms of the investment with the startup, including the valuation, equity stake, and any other conditions.
17. The targeting check sizes are between US\$100,000 to \$250,000 per startup.
18. Operations
19. Providing strategic guidance to help the startups scale and overcome challenges.
20. Connecting startups with other investors, partners, and industry experts to facilitate growth and collaboration.
21. Monitoring the performance of its portfolio companies and providing support where needed.
22. A management fee of 1% will be charged for project vetting, due diligence, ecosystem support, partnership outreach, and other services rendered by Animoca Ventures to carry out the required operations.
23. Exits
24. Initial Exchange Offering (IEO)
25. Initial Decentralized Exchange Offering (IDO)
26. Over The Counter (OTC) trades to sell its shares or tokens to other investors or market makers.
27. Upon successful exits, 50% of the token proceeds will be sent back to ApeCoin DAO, with the plan (or an option) to convert profits back into ApeCoin.

At the end of the period should ApeCoin Ventures not be continued, we have no intention of maintaining the name should someone else wish to run a similar proposal and have the same name in the future. To be clear, we are not requesting to take over any IP from our investment portfolios either. To my knowledge we are not acquiring any IP from the DAO for this proposal. We would be leveraging existing Animoca Ventures investment approaches, but this would be considered our know-how we would contribute rather than having created any new "IP" as it were.

## REPORTING EXPECTATIONS:

Quarterly investment and financial reports will be prepared and published for ApeCoin DAO members on a quarterly basis with the following information:

- Regular Portfolio Updates: Providing detailed information on the performance of each portfolio company, including financial metrics, product development, and market traction.
- Financial Reports: Sharing financial statements, such as income statements, balance sheets, and cash flow statements, to give investors a clear understanding of the fund's financial health.
- Investment Thesis and Strategy: Outlining the fund's investment thesis, strategy, and any changes or adjustments made to it over time.
- Exit Strategies and Realizations: Reporting on the exit strategies for each portfolio company, including the expected timelines and potential returns on investment.
- Risk Management and Compliance: Discussing the fund's risk management practices, compliance with regulatory requirements, and any potential risks or challenges faced by the portfolio companies.
- Industry Insights and Market Analysis: Providing insights into the broader Web3 market, including trends, opportunities, and challenges, to help investors understand the context in which the fund is operating.
- Fund Performance Metrics: Reporting on key performance metrics, such as the fund's internal rate of return (IRR), net asset value (NAV), and cash-on-cash returns, to measure its financial performance.
- Investor Engagement and Communication: Maintaining open and regular communication with investors, responding to their queries, and providing access to the fund's management team.
- Environmental, Social, and Governance (ESG) Considerations: Discussing the fund's approach to ESG considerations, including any initiatives or practices in place to promote sustainability and responsible investing.
- Audited Financial Statements: Providing audited financial statements to ensure the accuracy and transparency of the fund's financial reporting.

We would suggest to share this on Twitter and probably do updates here on the forums and hopefully the DAO can repost it.

## OVERALL COST:

Total amount requested from the ApeCoin Ecosystem Fund = \$5,000,000 USD.

- Total amount requested from the ApeCoin Ecosystem Fund will be US\$5 million dollars paid in \$APE at the time of transfer (assuming the date was 5/20/2024 that would be 4,130,466 ApeCoin)
- US\$5 million worth of \$APE will be matched with US\$5 million in fiat by Animoca Ventures, with a report of Animoca's financial position (indicating its ability to contribute matching funding) [found here](#).
- We do not anticipate raising any third-party capital.
- The suggestion is to liquidate the \$APE received into cash as soon as practical so that Animoca Ventures can match the amount in dollars.
- We could be open to receiving funding in tranches, but it would then mean we would only match our funding amounts in a similar fashion (i.e. if we receive 1M\$ worth of APE we would match it with 1M\$ of FIAT/USD/USDC at that time).
- No funds gained as a result of ApeCoin Ventures investment strategies would be used for voting, as they would be sold for the purposes of investment.