What Will be First Crypto ETF

01. A fund with a unique platform and technological solution - simple and convenient solution to buy, sell, and manage crypto currencies.

02. OTC product Black Card. Simple solution to gain exposure to crypto-currencies.

03. A fund with ETN products listed on the Frankfurt Stock Exchange.


05. Hi-tech company using blockchain technology. Thanks to blockchain, our portfolio will be traceable any time and from anywhere. Maximum transparency with the support of a renowned auditor.
MARKET VALUATION

Crypto-currencies
650 billion $

ETFs
9 trillion $

...assets spread across more than 270 global providers and listed on 64 separate exchanges
Abstract

The First Crypto ETF project brings a simple and comprehensible solution to the world of cryptocurrencies, for anyone who wants to enter the market and is interested in blockchain technology and its solutions. Initially, First Crypto ETF comes with a portfolio of 10 cryptocurrencies that everyone can trade with over one token. The first portfolio is “Strategy Index”. Instead of buying 10 different currencies, you can just use a token that copies the value of the portfolio and a price reflecting the market. This includes the intelligent management of digital assets in the portfolio, thanks to advanced technology and a platform that will be linked to the crypto exchanges and that will ensure the safe storage of cryptocurrencies. The user can use the token functionality with the constructed portfolio as well as with the other technologies that are part of the project.

We enter the world of cryptocurrencies with intelligent management and an efficient technology that knows when to buy more assets for the portfolio, according to precisely defined conditions. Our solution includes the management of digital assets in the portfolio, as well as the intense development of safe cryptocurrency storage. We call this solution “Digital Asset Custody”.

First Crypto ETF reduces the cost of building an individual portfolio by simplifying the process and eliminating the need to track several prices at the same time. Not to mention saving time and broker fees. The Crypto ETF token will be tradeable like any other coin. The token has no time commitment, which means you can buy and sell it at any time.

In the first step, the first Crypto ETF tokens will be traded on the Singularity-X partner crypto exchange. They can be traded against FIAT currencies as well as other cryptocurrencies. Later, they will be listed on other stock exchanges. We believe we have a good solution and a transparent approach. That is why we are looking for suitable partners who have a professional approach, provide above-standard services, and respect the KYC/AML policies.
MARKET SITUATION

Right now, it’s the Jurassic period for crypto ETFs. But the industry continues to show exceptional growth, with no sign that investor interest is fading. Operating models, technology platforms and distribution channels need to be able to support future volume increases and be flexible enough to accommodate new product launches.

New liquidity providers entering the market lead to more efficient and faster trading. The general public is attracted to the world of crypto-currencies. Profits from trading skyrocket. Digital assets, which represent services and solutions, bring tokens, which also attract traders and speculators.

Market participants look instinctively for new opportunities and assets that can be traded in any form – coins, tokens, futures contracts or options.

The whole industry is moving forwards to higher standards – professional companies in jurisdictions with KYC/AML regulations and policies. Renowned auditors like EY or Deloitte offer their services to crypto companies. It's just beginning.
Worldwide ETF assets nearly doubled between 2008 and 2010, from $715 billion to $1.313 trillion. The figure was $2.254 trillion by 2013. By the beginning of 2016, total global ETF assets were valued at $3 trillion. To put ETF growth in perspective, the total growth of mutual fund assets between 2001 and 2014 was a cumulative 127%. ETFs grew by 2,279% over the same period.

Institutional investors expect the global ETF market to double during the five years between 2016 and 2020, as per research from Source UK Services Ltd., a European provider. When asked why ETFs would continue to grow so much more quickly than other investment vehicles, respondents cited ETFs’ lower costs, followed by an increase in available funds and additional ETF innovation.
ETF
Diversified and Affordable

Five benefits of having ETFs:

- Flexibility
- Affordability
- Diversification
- Technical Sophistication
- Efficiency
What is ETF and how does it work?

It is a portfolio where the underlying asset can be stocks, bonds, as well as currencies. The portfolio copies the development of market prices. In our case, it’s a portfolio that consists exclusively of cryptocurrencies. Imagine it as a basket in which you want to have more items. If you bought each of these items separately, it would cost you a lot of money and you would waste too much time analysing and compiling a portfolio, paying fees for each purchase. With Crypto ETF, you are buying a token that represents a portion of the entire basket – the portfolio. If the value in the basket, i.e. in the portfolio, grows, your token value increases too. So, you don’t have to track several prices at once, it’s enough to watch one price only – the price of the token you own. The token price is primarily determined by the current value of the portfolio. It’s not influenced so much by daily traders.

The ETF concept appeared in the market at the beginning of the 1990s, and it was a welcome change for both stock market traders and regular investors. ETF were traded as any share. On a daily basis. You no longer had to bind assets in a fund for several years, paying entry and exit fees. You just bought it and when the time was right, you simply sold it. You instantly made a profit.

Among the most famous ETFs in the world is the so-called SPY, also called “spoos” by market traders. It is an ETF that represents the S&P 500 index on the US stock market. Unlike other funds that are valued on a NAV (Net Asset Value) basis, once a day, the ETF is valued on the token price basis. Continuously during the day and during trading.

The valuation formula is as follows:

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\frac{\text{Underlying value of a fund}}{\text{Number of tokens outstanding}} = \text{Net Asset Value (NAV)}
\]
• The price/value of all tokens is equal to the value of the portfolio. There are situations where the token price may be lower or higher than the actual value of the portfolio. This is referred to as trading with a premium or a discount. This case creates space for so-called arbitrary traders, who equalise the value by their buying/selling activity. Also, thanks to this, ETF liquidity is higher than in other products.

• Through ETF portfolios you get the opportunity to diversify. So you don’t have to be bound to one particular coin that can, but does not have to, go up in price. In this case, you can make use of the growth of the entire market.

• The advantage of Crypto ETF is the dynamic nature and efficiency of fees. Unlike other solutions on the market, where the fee is charged only on an annual basis, not to mention entry and exit fees and time commitment. With Crypto ETF, each holder pays only an aliquot of part of the management fee. Depending on how long they’ve owned the token. The management fee is 2% p.a. This fee will finance the system, marketing, and operating costs.

• **Management fee calculation:**

  

  2% p.a. of Net Asset Value

  365 days

• **Portfolio as Strategy Index**

  • First Crypto ETF starts with a portfolio of 10 cryptocurrencies. It is the first portfolio that can be traded. Others will follow later. These 10 currencies represent the crypto world. Bitcoin, Ethereum, Ripple and other currencies are represented. The way the portfolio was compiled reflects a dynamic approach to the market’s situation. We’re talking about “Strategy Index”. Unlike benchmark indices that passively copy the market and often serve for statistical purposes. Strategy Indices are a modern approach to portfolio construction. Suitable for the world of cryptocurrencies.

  • We take into account the valuation of individual currencies on the market, their history, fundamentals, but also their daily liquidity, volume of trades, and market availability. Each cryptocurrency has its percentage representation. In financial terms, this means that you know exactly how many per cent of each euro or dollar a cryptocurrency represents.

  • The revolutionary idea of portfolio and index creation was introduced at the end of the 19th century by Charles Dow, Edward Jones, and Charles Bergstresser. They set up an index of growth stocks that reflected the market. Thanks to them, we now know the Dow Jones Industrial Average index. The composition of the index was very simple. Over time, the composition of the index has been modified to its present form, containing 30 stocks with a varied ratio.
By owning an ETF, investors get diversification. The portfolio represents a basket of top-traded high-demand coins. All of the coins have high liquidity and good daily trading volumes.
Cryptocurrencies are still in their infancy. Unlike the stock market that has been developing for centuries. That is why, in our case, we choose a dynamic approach and take into account a number of technical and fundamental factors that can influence the development of the portfolio in the future.

The portfolio will be traded in the same form that it was originally compiled in. It’s not completely ruled out that it will be rebalanced. If any of the cryptocurrencies shows a dramatic decline, thus dragging the portfolio’s performance down, it can be removed and replaced by another currency. In this case, we will use a procedure that’s clear and comprehensible for the general public. We will inform you about the portfolio change 21 days in advance through our website, newsletter, crypto exchanges, and the media. When rebalancing, it will be announced which single coin will be replaced, why, when it will be definitively discarded and what it will be replaced with. The goal is for the portfolio to deliver the best possible results and performance.

Transparency, security, and auditing

An important factor for all token holders is that the portfolios will always be separate from other company activities. In this context, it should be noted that the activities will be constantly audited by a reputable Big 4 auditor.

Its role is to verify the value of the portfolio, portfolio status, and management method, so as to maintain maximum transparency for all market participants.

First Crypto ETF will also publish a “portfolio composition file” every day. It is a file that shows the exact state of the portfolio, the amount of coins and their name.

Let’s not forget that in our case we work with blockchain technology, which makes it very easy to verify whether specific coins are in the wallets. Thus, transparency is guaranteed.

As for security, the funds will be deposited on so-called cold wallets. In the beginning, we will use existing hardware wallet solutions that the market offers today. In parallel, we are helping to build the “Digital Asset Custody” service, which will offer secure cryptocurrency storage and an accounting overview for First Crypto ETF as well as other funds and institutions operating on the market. The “Digital Asset Custody” services will be available in Q3 2018.
The vast majority of ETFs assets will be securely stored in an offline multi-sig vault, which requires geo-distributed hardware security modules to open.

Secure cold/hot wallet solution will be also available to every client.
Unique Selling Points (USPs)

1. Crypto exchanges
2. OTC product
   Black Card via First Crypto ETF web site
3. BTC ATMs
   In some countries post offices
ICO

- **Hardcap**
  - 65,000,000

- **Token type: ERC 20, Ethereum based**

- **Distribution: 10 days after the end of ICO**

- 650,000 tokens, representing 1% of all tokens, remain in the team’s ownership. The team commits to hold these tokens in the vault for at least 6 months from the commencement of live trading on the crypto exchange.

- 975,000 tokens, representing 1.5% of all tokens, cover technical, legal and advisory costs, including the bounty programme.

- **Pre-ICO**
  - 8,200,000 tokens will be offered at a price of EUR 0.1.

  - Pre-ICO resources allow the building of the portfolio and cover some costs such as infrastructure building, programming, connectivity, API interface, marketing, administrative and technical expenses.

  - If the pre-ICO fails to sell all 8,200,000 tokens, they will be offered within the ICO. After this round, the unsold tokens will be burned.
ICO

• 56,800,000 tokens offered
• Price: EUR 0.2 / token

• Distribution of resources
  • 1% of the resources raised in the ICO will be used to cover consulting costs, legal services, crypto exchange listing, and some operating costs.
  • 99% of resources will be used for portfolio creation.
EXCHANGE PLATFORM

FIAT MONEY

A crypto exchange platform that supports a wide range of crypto-currencies and FIAT money. Beginning with 10 cryptos, EUR and USD. GBP, JPY, KRW will follow.

ETFs will be tradable via this exchange. Later will come listing on other crypto exchanges. The exchange platform will be connected to liquidity providers, bringing deep liquidity and fast order matching.

SERVER LOCATION

The exchange platform will be located in the best data centres with the highest standards including London’s EQUINIX LD3/LD4. Fast and reliable.
EXCHANGE PLATFORM
SUPPORTED CRYPTOS
The general public and the crypto-currency community will be able to interact with the First Crypto ETF thanks to this unique tool. Black Card enables customers to buy via a credit or debit card on our website. It will be loaded with a pre-defined quantity of ETFs, representing a basket of crypto-currencies and delivered with password and seed phrase under the highest security standards.

**SIMPLE ACCESS**

- Online or by ATM.
- Withdraw to bank account with great exchange rate.
FEBRUARY 2017
The Idea of First Crypto ETF and digital asset management. Strong case for Blockchain technology combining state-of-the-art technology, innovation and a secure model.

MARCH/JULY 2017
Analyses of present market structure – crypto exchanges, liquidity providers. Digital Asset Management and in-house vault.

OCTOBER/DECEMBER 2017
Private sale and pre-ICO: 8 200 000 tokens offered.
ROADMAP

**JANUARY/MARCH 2018**
ICO. Up to 90% of tokens will be distributed to solve the capital issue. Formation of Asset Management with para-banking capabilities.

**MARCH/APRIL 2018**
Creating portfolio of ETF. Audit by renowned company.

**MAY 2018**
Launching ETF on Singularity-X crypto exchange. Later on other crypto exchanges.
THE JOURNEY BEGINS