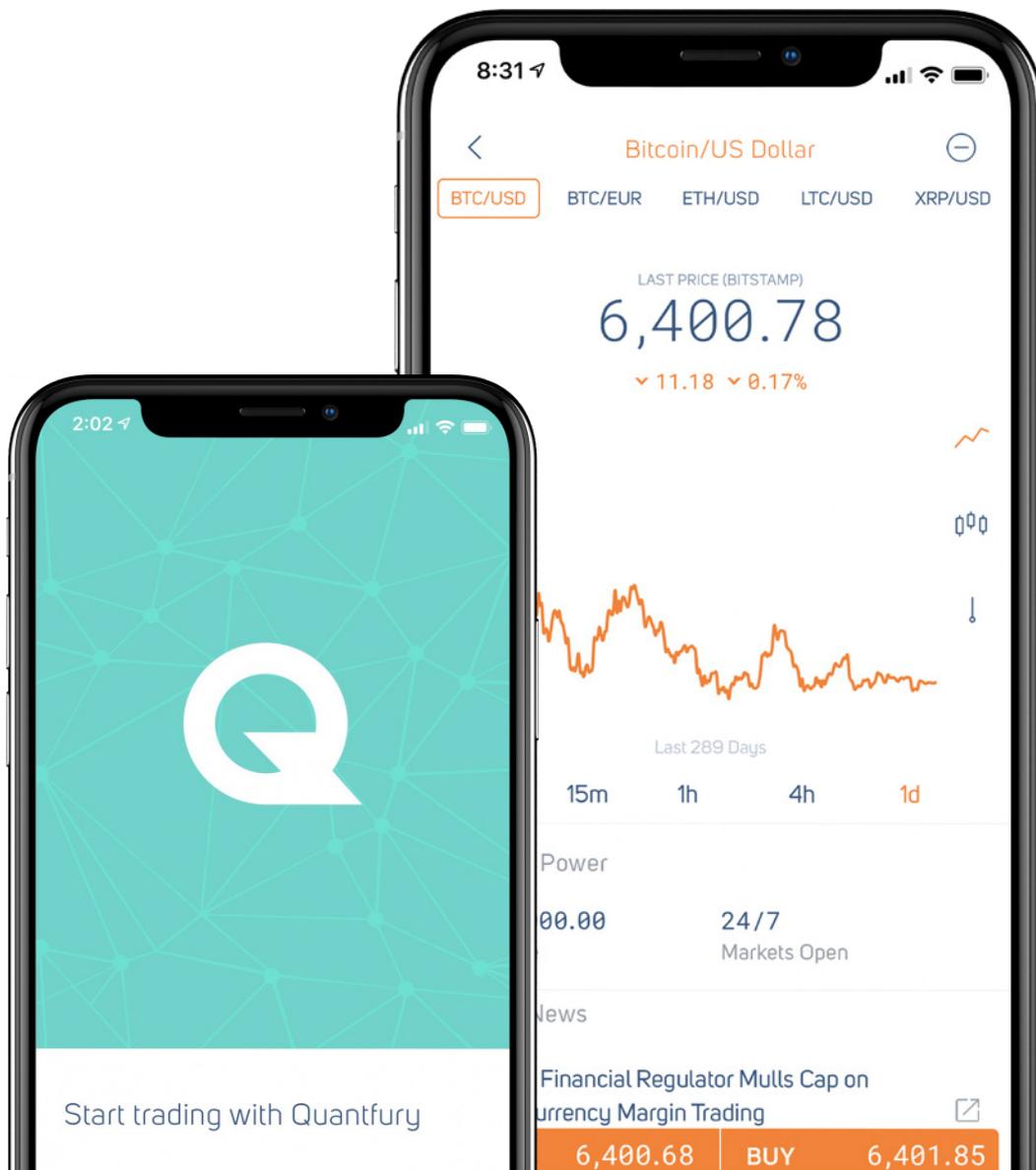


# INVICTUS

13 NOVEMBER 2018



## QUANTFURY SUMMARY



# QUANTFURY INVESTMENT REPORT

<b>COMPANY NAME</b> Quantfury	<b>HYPERION FUND INVESTMENT</b> \$1,510,000	
<b>STAGE PARTICIPATED</b> Seed stage	<b>DATES</b> Public Sale    Q1 2019	
<b>STAGE OF PROJECT DEVELOPMENT</b> Beta		

## ABOUT THE COMPANY

<b>FOUNDED</b> 2017	Registered as <b>Quantfury</b>	<b>WEB DOMAIN</b> <a href="https://quantfury.com">https://quantfury.com</a>
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## EXECUTIVE TEAM

<b>Gregory Kim</b>	CEO	Gregory built an impressive 12-year career working at major global investment banks in various executive trading roles. Most recently, Gregory was leading the market making function for G10 currencies for the Asia-Pacific region for Bank of America Merrill Lynch, which involved managing and trading over \$2 billion on a daily basis. To date Gregory was the youngest capital markets VP with the Royal Bank of Canada.
<b>Tareck Horchani</b>	COO	Recent Head of Asia-Pacific Sales Trading for Saxo Capital Markets. Prior to this Tareck acquired experience working at Deutsche Bank, Citibank and Louis Dreyfus Commodities. He is also a Wall Street Journal contributor.

## TEAM

<b>Lev Mazur</b>	Product Lead	Lev is the former Director of Product Marketing at RIM Blackberry. He has also held senior positions in the fintech and mobile technology industries, working with clients such as Motorola, Siemens and Safra Bank.
<b>Bob Summerwill</b>	Blockchain Lead	Bob is a highly respected individual in the cryptocurrency space, through his foundational contribution to the creation of the Enterprise Ethereum Alliance while under the banner of ConsenSys. Summerwill also co-founded Varro Technologies and acts as the CTO.
<b>Alex Kalenkov</b>	Data Service Lead	Security, data analytics and machine learning specialist. Alex spent several years at the Credit Dnepr Bank of Ukraine.

Sammy Wong	Legal and Compliance Lead	Former Deputy General Counsel of ING Asia Pacific with Linklaters, which is a top five global law firm. Prior to this Sammy worked at Bank of China, building extensive expertise in legal and regulatory areas of trading and finance.
Roman Kashcheev	Brand Lead	Expert in brand building and online presence strategies.
Alex Dybry	UI/UX Lead	Full stack graphic design professional and mobile UI/UX expert.

## ADVISORS

Ali Pourdad	CEO at Progressa	
Kevin Mak	Director of Investment Lab at Stanford University	
Lev Shteynman	Technical Director at Thomson Reuters	
Boris Mann	Managing Director at Frontier Foundry	
Brian Konradi	Director of Legal at Decentra Group	
Gary Marchall	Startup Attorney at Osler	
Andrew Jowett	Partner at Appleby	
Alfred Page	Securities Law Partner at BLG	

## TOKENS

(QTF) - ERC20 TOKEN - PROPORTIONAL RIGHTS TO MINTED QTD TOKENS.

(QTD) - ERC20 TOKEN - REPRESENT IN TOTAL EACH PERIOD'S AGGREGATE SPREAD REVENUE.

### THE PROBLEM QUANTFURY AIMS TO SOLVE

Retail traders have the odds stacked against them with implicit and explicit charges handicapping performance, and thereby contributing to the well-known fact that most of these market participants do not make money through trading. While trading ability is certainly a descriptive factor in these statistics, there are other less obvious characteristics and fees of current platforms that can have a meaningful impact on a trader's success. For example, traditional brokerages and crypto exchanges that allow for margin trading often increase transactional costs to maximize their profits at the expense of the traders on their platform. This is achieved by levying unreasonably high fees and through the manipulation

of spreads (i.e the difference between bid and offer prices for particular assets) within the order book.

Established retail brokerages and some exchanges also benefit from their clients by selling on trading data in various ways - even to the extent of passing on the execution of certain trades to powerful players (e.g. hedge funds and banks) in what is called payment for order flow. Essentially, this data combined with an asymmetrical advantage relative to retail investors in terms of strategy complexity and liquidity, allows these powerful players to reap benefits from trading against less sophisticated investors.

In addition to these issues, crypto traders who wish to trade capital markets face a very onerous process in transacting between crypto holdings and traditional assets. They incur capital gains tax, severe delays, and the complexities inherent in the bureaucracy of traditional entities. For many a trader the barriers are too great, and reduces their efficiency of relocating assets.

## WHAT IS QUANTFURY?

Quantfury is a trading app that is built for smartphones. It provides immediate and efficient access to trading on multiple markets, asset classes and assets. It is worth noting that it takes a matter of minutes for investors to register, choose a level of collateral and begin trading.

Financial trading platforms have been slow to reinvent themselves. Quantfury is planning to bring trading platform development in line with some of the core ideals of blockchain technology; transparency, trustless interaction, and disintermediation. They are aiming to achieve this through the introduction of ideal trading conditions.

At its core, the Quantfury trading app is one where traders can leverage cryptocurrency holdings to **trade equities, cryptocurrencies, fiat pairs, and commodities**. It is also an app that distinguishes itself from any competitor with its fair, transparent, and most cost-effective trading conditions. Quantfury wills to deliver a zero-fee trading experience that creates a fully auditable trail, which is hashed to the Ethereum blockchain. This structure provides for full transparency and accountability for all transactions on the trading platform.

Essentially, the platform functions through the deposit of crypto collateral, which can be leveraged up to a maximum of 20x at no additional cost. Trading power is denominated in US dollars and is based on initial crypto-equivalent value at the time of deposit. Cryptocurrencies not actively part of a trading position can also be withdrawn from a smart contract at any time. Being a zero-fee model, there are no maker, taker or leverage fees. The spread is, however, collected. **Quantfury distributes the full value of this spread to Quantfury token (QTF) holders.**

## INVICTUS ANALYSIS

### INVICTUS PROCESS

The Quantfury team first met with Bernard Myburgh, Invictus Capital's Content and Media Producer. This initial positive engagement was continued by Invictus Capital CEO Daniel Schwartzkopff, which was promptly followed by the due diligence process. This process concluded with a legal due diligence carried out by Decentra Group, which is the legal counsel of Invictus Capital.

Following this process, which confirmed the quality of the Quantfury project, the decision to invest was made, making the Hyperion fund the lead investor in Quantfury.

### TECHNOLOGY

The Quantfury platform is accessible by means of a mobile application, owing to the fact that a growing amount of retail traders prefer mobile rather than web applications. The platform distinguishes itself from competitors by delivering on the following:

- Fee-free trading (no maker, taker or leverage fees)
- Lowest possible bid-ask spreads, which comes directly from the relevant exchange.
- Immediate accessibility
- Constant trading power
- Full transparency
- Traditional market access to crypto holders

The bid-ask spread on trades of roughly 0.04% is direct from exchanges. This is low relative to the spread charges of traditional brokers such as IG Markets or Plus 500 because Quantfury applies the national best bid and offer prices.

An essential factor for user adoption is the ease of accessibility. Open beta testing has shown that user registration can be done quickly and easily, with the full process of downloading the app to making the first trade taking only a matter of minutes.

In pursuit of high levels of transparency, the team plans to publish all of the platform's anonymous trading data in encrypted form to Interplanetary File System (IPFS), with a hash of the encrypted data stored periodically in an Ethereum smart contract. Quantfury will also provide tools which can be used to verify the consistency of instrument prices at any given time for all users. This is necessary to gauge platform performance and ensure token credibility. Details of the aforementioned tools are still to be disclosed by the team.

Due to current limitations around public blockchain scalability, it is not possible for Quantfury to incorporate transparent business-critical logic into smart contracts. The team has shown interest towards future development in creating an all-encompassing decentralized application. Quantfury will, however, utilize a conventional microservices architecture deployed on Microsoft Azure for the time being.

The team has shown interest to expand Quantfury's offering at a later stage to also include a web platform and APIs to facilitate automated trading strategies.

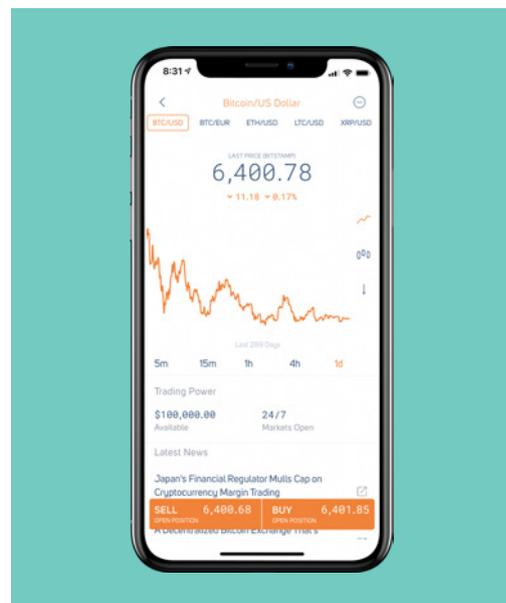
## PRODUCT OPERATION AND TOKEN

The operating costs of the Quantfury ecosystem are expected to be fully covered by the internal trading strategies employed by the team. The former includes control groups which are classed by collateral sizes and trading power to determine the fear and greed characteristics of users. A low fee environment for traders creates optimal trading conditions allowing for the creation of pure user sentiment data that drives this characterisation, while internal trading strategies are enhanced by means of machine learning.

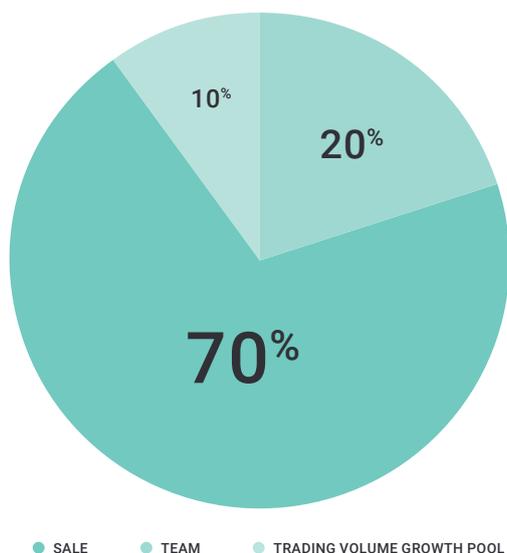
Unlike most cryptocurrency based projects, a native token is not required to participate in the application. This is a huge positive for the Quantfury app as it prevents friction in the onboarding process and promotes a user-friendly environment for traders.

The QTF token is issued on the Ethereum blockchain. Token holders have proportional rights to Quantfury's secondary token called Quantfury Data Token (QDT), and together they fuel the operations model of the Quantfury trading platform and its ecosystem. QDT tokens are minted for every trade executed on the app by users and distributed proportionally to QTF token holders. QDT tokens represent the revenue created by the spread between bid and ask prices from trades. QDT tokens can then be sold on a monthly basis back to Quantfury and receive the USD equivalent back in ETH. Essentially, holding QTF tokens allows for a proportional share in 100% of the revenue generated through trade spreads.

QDT tokens can then be sold on a monthly basis back to Quantfury and receive the USD equivalent in ETH.



## QUANTFURY TOKEN ALLOCATION



The QDT smart contract is also where the hashes for the trade data are published. The actual data is stored in a decentralized manner through the InterPlanetary File System (IPFS) and recorded to complete the audit trail. There will be a fixed amount of QTF tokens, and QDT would be minted in perpetuity relative to the number of positions closed and will be burned upon selling them back to Quantfury. The total QTF supply is 100,000,000 with initial distribution shown in the pie chart.

The team promises to offer additional utility for QDT tokens in the eventual Quantfury ecosystem - such as allowing holders to invest in Quantfury's proprietary trading strategies, paying fees for copying traders and as a payment method to reward publishers of trading content.

## MARKET

As Quantfury will initially allow for cryptocurrency collateral only, one has to assume that the majority of initial users would come from the crypto community, which relative to traditional markets, is largely comprised of inexperienced retail traders.

Despite a prolonged decline of total market capitalisation throughout 2018, cryptocurrency margin trading has grown significantly over the past couple of years. Comparing the spot volume of Coinbase or Bitfinex with that of BitMEX provides an indication of the large volumes being traded with leverage.

BitMEX, BitForex, and OKEX are the three largest exchange platforms that offer crypto margin trading within the cryptocurrency environment. According to Quantfury, they estimate that these three large platforms would generate \$1.168 trillion of trading volume outside of the US.

An outstanding characteristic of Quantfury is the fact that it is offered to its clients by means of a mobile application. All of the platforms mentioned above are web applications. One can easily envisage the value and convenience that margin traders could extract by having all of their trading power in a simple to use mobile application.

## USER ADOPTION & PLATFORM SCALING

Quantfury has made a good case that their product is capable of delivering on retail traders' needs, but its ability to attract a strong early adopter base will determine its success. The marketing effort to acquire users will be a difficult endeavour, especially in the current crypto bear market. Generally, user adoption is easier within bull markets when there are more new traders entering the space. Another headwind for user adoption is the fact that traders will need to achieve the minimum level of sophistication required to own and send cryptocurrency.

User adoption is all highly dependent on the to-market strategy implemented by the team, but the ever-increasing awareness of blockchain technology on the part of the general public will certainly help these efforts. Especially since it is assumed that traders are somewhat naturally technologically inclined.

If Quantfury could acquire users from the traditional space (e.g. IG Markets or Plus 500) there is the potential for substantial volume to be traded on the platform from a very early phase of the project life.

It is critical that the platform can scale according to user growth. In the past, there are several examples of exchanges and trading platforms within the crypto ecosystem that have struggled during peak trading times. Quantfury's approach to this is positive and proactive, with the phased rollout and testing plans in place. We, therefore, think that Quantfury is well positioned to take advantage of rapid adoption, should it occur. The platform is built using microservices architecture, scalability and reliability is achieved by cloud based container-orchestration.

## TEAM

Quantfury has an impressive collection of individuals with the experience and resources necessary to create a market disrupting product. Gregory Kim, CEO, and Tareck Horchani, COO, have led trading teams in major investment banks in global financial centres, such as London, Hong Kong and Singapore, where they managed and traded billions of dollars on a daily basis while working with publicly well-known hedge funds and multi-national institutional clients.

Product development is led by Lev Mazur, who is a long time executive in the both Fintech and mobile technology fields. Lev continues to drive the product's refinement with a passion for perfection.

Bob Summerwill is a respected member of the early Ethereum development community and has been fundamental to the development and legitimacy of Quantfury.

Lastly, Quantfury has built up an impressive pool of advisors, who bring critical business and technical expertise to the project. They include Ali Pourdad, the CEO of Progressa, a fast-growing fintech company, Kevin Mak, the Director of Investment Lab at Stanford University, and lastly, Lev Shteynman, Technical Director at Thomson Reuters.

## DOCUMENT REQUESTS AND LEGAL ENGAGEMENT

Documents were requested and reviewed to mitigate the following risks with regard to Quantfury:

- Risks to Leadership
- Risks to Business Continuity
- Risks to Intellectual Property
- Risks to Financial Standing
- Regulatory Risk
- Risks to Feasibility

These risk areas were further investigated by our legal counsel, Decentra Legal, who was engaged to review the investment purchase agreement and Quantfury white paper and other relevant documents, evaluating them to ensure that the following topics pertinent to the investment were appropriate and protected the interests of the investor, the Invictus Hyperion Fund.

- Commitments in the white paper and purchase agreement to terms described therein
- Issuers obligations to accomplish the proposed business model
- Organizational structure and founder commitment
- Coin or token attributes and benefits
- Soft and hard caps of token sale
- Information rights of token holders
- Documents were requested from Quantfury and reviewed to mitigate the following risks:
  - Closing mechanics if a soft cap is not reached tokens are not issued
  - Disclaimers are reasonable and do not completely absolve founders of any liability
  - Transfer restrictions to protect the market from being flooded with QTF and QDT tokens termination rights

Invictus, advised by its legal partner, has determined that Quantfury is on the fair legal footing and that there are no material unmitigated legal risks in the project itself.

## DISCLAIMER

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