



A TOKENIZED  
VENTURE CAPITAL  
FUND

**WHITE PAPER**

**INVICTUS**

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# 1. Legal and Disclaimer

## A. Legal

PLEASE READ THIS SECTION AND THE SECTIONS AT THE END OF THIS WHITE PAPER ENTITLED “DISCLAIMER OF LIABILITY”, “NO REPRESENTATIONS AND WARRANTIES”, “REPRESENTATIONS AND WARRANTIES BY YOU”, “CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS”, “MARKET AND INDUSTRY INFORMATION AND NO CONSENT OF OTHER PERSONS”, “NO ADVICE”, “NO FURTHER INFORMATION OR UPDATE”, “RESTRICTIONS ON DISTRIBUTION AND DISSEMINATION”, “NO OFFER OF SECURITIES OR REGISTRATION” AND “RISKS AND UNCERTAINTIES” CAREFULLY

You should consult with your legal, financial, tax and other professional advisors(s) before taking any action in connection with this White Paper.

The tokens described in this White Paper (“IHF” or the “Tokens”) are not intended to constitute securities in any jurisdiction. This White Paper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction.

This White Paper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by Invictus Hyperion, an exempted company registered under the laws of the Cayman Islands or its nominated group or associated company (“Invictus,” “Invictus Capital,” or the “Company”) to purchase any tokens (“IHF”) nor shall it or any part of it, nor the fact of its presentation, form the basis of, or be relied upon in connection with, any contract or investment decision.

The Company will deploy the proceeds of sale of the IHFs to fund the project, businesses and operations, as outlined in this White Paper.

Any agreement between the Company and you as a purchaser, and in relation to any sale and purchase, of IHFs is to be governed by only a separate document provided by the Company (the “T&C”). The T&C will set out the terms and conditions of such agreement. In the event of any inconsistencies between the T&Cs and this White Paper, the T&Cs shall prevail.

This White Paper has been prepared in multiple languages. In the event of any inconsistencies between one version the English language version shall prevail.

You are not eligible and you are not to purchase any IHFs in the Hyperion token sale (as referred to in this White Paper) if you are a citizen, resident (tax or otherwise) or green card holder of the United States of America, or a citizen or resident of the Republic of South Africa or Cayman Islands.

No regulatory authority has examined or approved of any of the information set out in this White Paper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this White Paper does not imply that the applicable laws, regulatory requirements or rules have been complied with.

There are risks and uncertainties associated with the Company and its business and operations, the IHFs, the Invictus Hyperion Fund token sale and the underlying assets, as described below.

This White Paper, any part thereof and any copy thereof must not be taken or transmitted to any country where distribution or dissemination of this White Paper is prohibited or restricted. No part of this White Paper is to be reproduced, distributed or disseminated without the consent of the Company and shall include this section and the following sections entitled “Disclaimer of Liability”, “No Representations and Warranties”, “Representations and Warranties By You”, “Cautionary Note On Forward-Looking Statements”, “Market and Industry Information and No Consent of Other Persons”, “Terms Used”, “No Advice”, “No Further Information or Update”, “Restrictions On Distribution and Dissemination”, “No Offer of Securities Or Registration” and “Risks and Uncertainties”

## B. Disclaimer

1. Prospective IHF ICO participants should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile, and place of business with respect to the acquisition, holding or disposal of the Tokens, and any foreign exchange restrictions that may be relevant thereto. The distribution of this White Paper and the offer and sale of the Tokens (this “ICO” or the “IHF ICO”) in certain jurisdictions may be restricted by law.

2. Invictus Capital is not providing you legal, business, financial or tax advice about any matter. You may not legally be able to participate in this unregistered offering. You should consult with your own attorney, accountant and other advisors about those matters (including determining whether you may legally participate in this ICO). You should contact us with any questions about this ICO or the Tokens.

3. It is the responsibility of any persons wishing to acquire the Tokens to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Prospective IHF ICO participants should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the Tokens, and any restrictions that may be relevant thereto.

4. The IHF ICO constitutes an offer of Tokens only in those jurisdictions and to those persons where and to whom they lawfully may be offered for sale. The IHF ICO does not constitute an offer to subscribe for securities except to the extent permitted by the laws of each applicable jurisdiction.

5. Nothing in this White Paper is intended to create a contract for investment into The Hyperion Fund of Invictus Hyperion (“Hyperion,” the “Hyperion Fund,” or the “Fund”), and each potential IHF ICO participant acknowledges that Invictus Capital will rely on this assertion of an ICO Participant’s statements with respect to compliance with the laws of the jurisdiction in which the ICO Participant is legally domiciled.

## 2. Executive Summary

The fundamental attributes of blockchain technology are being leveraged in profound new ways, changing how our society operates, disrupting old conventions, and creating new possibilities. These attributes present a foundation for value creation; providing the potential for significant returns on investment. Blockchain technology provides the technological basis for the value creation of most cryptocurrencies, the platforms on which they are created and operate, and the networks through which they are transferred.

Cryptocurrencies are digital representations of an entity or organization with value or utility within the blockchain economy. The exchange of tokens using blockchain protocols has provided a new way for people to exchange value with one another. These value exchanges have enabled entrepreneurs to raise funding in the form of fiat and cryptocurrencies, providing tokens specific to their projects in return.

This has been mediated through the development of new investment protocols like Simple Agreements for Future Tokens (SAFTs), token pre-sales and Initial Coin Offerings (ICOs). These protocols have redefined and democratized early stage investing.

Through blockchain technology, independent investors are now able to invest in projects from across the globe while they are in their infancy—investment opportunities that, historically, were only available to wealthy accredited investors and first-world venture capitalists.

While these developments have provided access to a wide array of novel investment opportunities, they have also exposed people to the significant risks associated with early stage investing. Coupled with the proliferation of ICOs on offer, performing the necessary due diligence to make informed investments has become onerous.

Independent investors are simply unable to allocate the time, energy and mental bandwidth required to understand and navigate all of the new investment opportunities—and the corresponding pitfalls.

Even though blockchain technology has transformed the early stage investment landscape, the independent investor still faces barriers. Large bonuses or discounts are often offered exclusively during private pre-sales to investors or partners with significant capital and connections to the project's founders. Through the power of syndication, the Hyperion Fund, administered by Invictus Capital, has been designed to function as a venture fund to access these private pre-sale investment opportunities.

The Hyperion Fund is a closed-end, tokenized venture capital fund designed to provide token holders with diversified exposure to the returns, and risks of early stage investing in the blockchain economy.

Hyperion will focus on early stage investments in blockchain technology through SAFTs, private and public token pre-sales and ICOs. The Fund will not invest in projects that already have a listed token.

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The soft cap for the ICO of the Hyperion Fund will be 2M USD. If the soft cap is not reached by the end of the IHF ICO, investors will have their investments returned to them in full. The hard cap for the ICO of the Hyperion Fund is 15M USD.

This small hard cap has been selected as an optimum fund size that can be responsibly managed to achieve high returns. As the Fund grows, Invictus Capital will dedicate increased resources to portfolio management. This will be to ensure that the size of the Fund, and duty to invest responsibly, never exceeds the manpower required to do so.

IHF is the token of the Hyperion Fund. The value of the token is tied directly to the valuation of the Hyperion Fund. IHF is an ERC20 token based upon the Ethereum blockchain. IHFs can be acquired during the IHF ICO, which is a once-time, closed-end offering.

Operating on the Ethereum blockchain facilitates a transparent, globally accessible ICO and provides IHF token holders with simple options for transferring, storing and trading their tokens on exchanges. Following the IHF ICO, the only way to obtain IHF will be directly from IHF holders on exchange. No further tokens will be publicly sold or minted by Invictus Hyperion.

IHF tokens issued will represent a participant's share of the portfolio. 98% of the total amount contributed during the offering will go directly towards acquisition of assets under management (AUM). A detailed breakdown of Fund utilization and token distribution is available in Section X.

No annual management fee is collected by Fund managers. Fees are strictly performance-based and constitute 12.5% of realized returns per quarter. When the Fund exceeds 30M USD at the end of a quarter, token repurchase and burning (buy-and-burns) will be triggered. Token buying to the value of 50% of returns realized each quarter will be effected on the open market with the acquired tokens being burnt, thus increasing the token price. Buying will be executed over the following quarter to minimise short term impacts on prices.

Token holders are at liberty to sell or exchange their tokens to third parties at any time. There are no exit fees, broker fees or advice fees imposed by Invictus Hyperion.

The fund will operate with Invictus's hallmark data-driven investment methodology. Predictive models and tools such as the Invictus Titan AI will be utilized to inform the due diligence, and evaluate the potential of, investment opportunities.

The size of the Hyperion Fund, a result of the syndicated contributions made by participants, is anticipated to produce several favourable advantages for IHF holders. Firstly, the investing power of the Fund over that of an individual attracts applications from entrepreneurs seeking funding that an individual would not attract alone. Secondly, the size of investments that the Fund will be able to make will provide IHF Fund managers with the ability to engage with entrepreneurs for the purposes of performing due diligence and to negotiate terms of investment on behalf of IHF token holders in a manner that they could not alone.

Security is extremely important and the smart contract code relating to the issuance of IHF will be audited by an independent third party, Hosho Group.

A public IHF ICO will be held from the 30th of April 2018. Invictus Capital will use the IHF ICO contributions to invest in SAFTs, pre-sales and ICOs. A full list of Hyperion Fund team members and partners are available on the Invictus Capital website.



# Hyperion Fund

## Cryptocurrency Venture Capital Fund

Brian Watson, Ciaran MacDevette, Luke Schwartzkopff, Matthew Finlayson, Bobby Jonker, Steve Williams, Olubode Adetunji, Raymond Botha and Daniel Schwartzkopff \* on behalf of Invictus Capital

\* CEO, Invictus Capital

## I. Abstract

The Hyperion Fund provides investors with diversified exposure to a portfolio of expertly-vetted early stage investments in the blockchain economy through simple agreements for future token (SAFTs), pre-sales and initial coin offerings (ICOs). Through blockchain technology, independent investors now enjoy unprecedented global access to early stage investment opportunities. However, the associated burden to perform the necessary due diligence is overwhelming, and public analysis tools are non-existent. Furthermore, the largest pre-sale bonus structures remain out of reach for many independent investors—venture funds and high net-worth individuals still enjoy preferred access to these investment opportunities. The Hyperion Fund functions as a syndicated venture capital fund to provide independent investors access to these bonuses. The Fund will be managed by Invictus Capital who will perform rigorous due diligence on investments, establish relationships with founders and evaluate the value proposition of target projects on behalf of the Hyperion Fund. Analysis of projects will rely extensively on data analytics employing an array of proprietary machine learning tools. The Invictus Hyperion Fund token is an Ethereum ERC20 utility token. The value of the IHF token is directly represented by the holdings and investments of the Fund. Once the holdings and investments of the Fund has reached a value of 30M USD, as determined by Invictus Capital, Hyperion will buy-and-burn IHF tokens to the value of 50% of the returns realized quarterly. A 12.5% performance fee, based on returns, will be levied. The remaining 37.5% of such returns will be either reinvested or utilized for further buy-and-burns, depending on the total size of the Hyperion Fund. With zero annual management fees, Fund managers' incentives are strongly aligned with the interests of IHF token holders.

## II. Investor Overview

The benefits to holders of Invictus Hyperion Fund (IHF) tokens are clear:

- Token holders gain exposure to investments in private and public pre-sales, and ICOs that are vetted by experts equipped with proprietary analysis tools (such as the Titan AI tool).
- Hyperion caters for higher risk appetites while providing access to the possibility of higher returns characteristic of venture capital. Investors should be aware that risk is correlated with return.
- Token holders are able to trade their tokens on cryptocurrency exchanges. The value of IHF will be affected by Fund performance and reductions in the total token supply through repurchases and burning by Fund managers.
- A large fund created through syndication creates bargaining power that may be leveraged by Invictus Capital on behalf of token holders in negotiating benefits that would otherwise be unobtainable by individuals.
- Through the Fund, participants will gain increased access to investing in private pre-sales.
- The Hyperion Fund team have successfully launched an ICO (CRYPTO20) which had one of the top 25 ICO raises of all time at its conclusion. It is anticipated that this experience, network and marketing capacity will significantly increase the odds of success for projects Hyperion invests in.
- In the changing landscape of international cryptocurrency regulations, specifically regarding ICOs, fundraising efforts may proceed increasingly through private pre-sales often involving SAFTs. The Hyperion Fund thus provides IHF holders access to these raises.<sup>1</sup>

## III. Introduction

Blockchain technology and smart contracts have drastically changed the landscape of early stage investing. Reports indicate that in 2017, the amounts raised via ICOs far exceeded that of early stage traditional venture capital<sup>2</sup>. Further, ICOs and token pre-sales now provide smaller, independent investors with an increased degree of access to early stage investment opportunities across the globe.

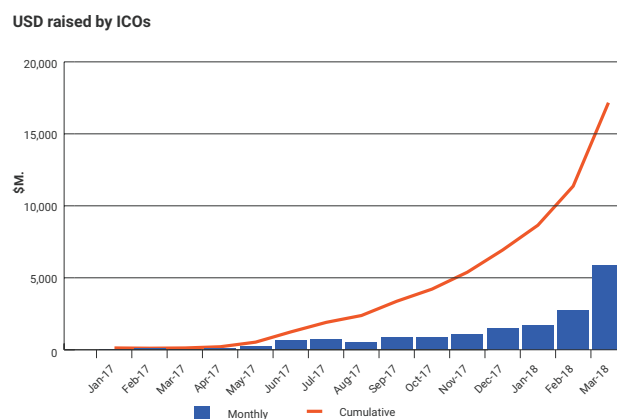
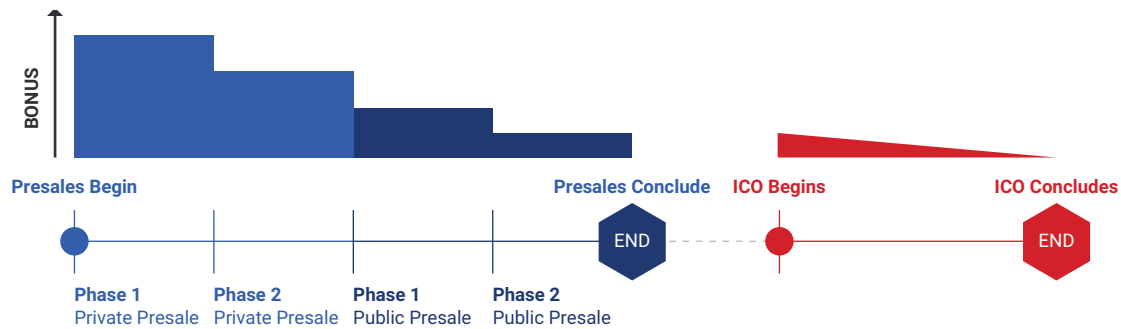


Fig. 1. The amounts raised by ICOs per month and cumulatively since January 2017 (sources: Invictus Capital and Kornilov et al<sup>3</sup>)

Historically, early stage investing—a high risk, high reward venture—has been dominated by wealthy first world venture capitalists (VCs). To gain access to funding, entrepreneurs were required to pitch to VCs who enjoyed preferential access to the high rates of return characteristic of these investment opportunities.

The Hyperion Fund leverages the power of syndication and industry presence to provide the opportunities of traditional venture capital to the independent investor. However, unlike traditional venture capital investment structures, returns



**Fig. 2.** Generalized pre-ICO and ICO fundraising timeline leading up to the conclusion of an ICO. Bonuses offered relative to ICO closing price of an ICO decrease with time (source: *Invictus Capital*)

on blockchain investments can be realized more quickly, providing increased liquidity and turnover.

It is anticipated that the utilization of data-science and machine learning tools in the analysis and reporting on projects along with business insights, marketing assistance and partner benefits provided by Invictus Capital will strengthen the chances of successful investment outcomes.

### A. Removing Barriers Facing Independent Investors

Early stage funding is provided - typically through private pre-sales - in exchange for tokens often at a massively discounted price in comparison to the public ICO price. These price discounts represent a potentially high return on investment (ROI) following the ICO. These investment opportunities are often still reserved for VCs and remain off-limits to the average independent investor.

Fig. 2 illustrates a common fundraising structure. Many entrepreneurs with a vision to launch a successful ICO require several phases of pre-ICO funding for product development, legal expenses, negotiating and securing partnerships, and marketing expenses.

### B. Professional Due Diligence

Hyperion's fund managers aim to provide peace of mind through professional due diligence and reporting, removing the burden from investors.

Due diligence on investments will be supported by custom-built machine learning analysis tools (such as the Titan AI) to quickly narrow down investment opportunities and detect scams.

A drawback of the ICO fundraising protocol is the limited degree to which investors are able to engage with, and scrutinize the people they are investing in. The Hyperion Fund managers will act with aligned interests to those of fund participants and the community by engaging with pre-ICO projects.

### C. Supporting Blockchain Visionaries

The key attributes of blockchain technology provide a basis for transforming many sectors of our society, such as finance, communications, logistics, healthcare, entertainment and education to name a few. The value of the improvements brought to these sectors underpins the returns on early stage investments in blockchain technology projects.

Entrepreneurs with the vision, and unique ability to capitalize on these attributes require financial backing and support to develop their projects to the stage where they can conduct a successful public pre-sale and ICO.

This is especially true for entrepreneurs in countries lacking the presence of angel investors and the communities they foster. The Hyperion Fund aims to support these entrepreneurs.

With the large number of dubious projects, scams and frauds present within the ICO space, legitimate projects require partners whose investments represent more than simply financial support. Investments by reputed funds in well-vetted projects imbue these projects with credibility, distinguishing them from amongst the rest.

## IV. Improving Odds of Partner ICO Success

Invictus Capital successfully launched CRYPTO20, which was the 22nd largest ICO of all time at its conclusion<sup>4</sup>. Invictus Capital will leverage its experience and expertise in support of projects it invests in through the Hyperion Fund, increasing their prospects of success. Further, the team behind Invictus Capital (the "Hyperion Fund Team") are experienced developers, providing an edge over traditional VCs when it comes to the evaluation of projects.

Invictus Capital will issue thorough reports that include salient due diligence considerations for projects that it chooses to invest in. These reports will go a long way towards promoting and legitimizing a project, as they will be distributed via well established marketing channels.

Invictus Capital will endeavour to further projects it is partnered with. It will provide, amongst other benefits:

- A public ICO report
- Direct market reach via social channels
- Assistance in listing tokens on exchanges
- Introductions to a powerful network of marketers and advisors in specific geographies (Korea, Japan, Russia, etc.)
- Smart contract review
- Guidance and strategy

## V. Value of Syndication

The Hyperion Fund is an example of syndication. Through the Hyperion ICO, participants will effectively pool their investments to create a venture fund of size sufficient to unlock access to the larger bonus structures of private pre-sales, attract the attention of entrepreneurs and produce bargaining power for negotiating the terms of investment.

Entrepreneurs will preferentially seek out funding from VCs with expertise in their technological area. Invictus Capital, through the Hyperion Fund, is capable of understanding the potential impact of projects and attracting entrepreneurs.

Knowledge that their application will be evaluated by informed professionals and that the Hyperion Fund has the resources to support them in line with the quality of their project, is highly attractive to entrepreneurs requiring support.

## VI. Tokenized Investment Funds

Tokenized investment funds represent a new paradigm in the investment space. In a tokenized investment fund, no third party is needed to keep track of investors and their investment amounts - the Ethereum blockchain removes this intermediary, providing a trustless and transparent platform upon which tokens can be transferred.

Each token represents a portion of the underlying assets within the Fund. Token holders can freely trade and transfer these tokens with no exit or entry fees beyond the typical Ethereum network transfer fees.

### Definitions:

#### Open-end mutual fund:

An open-end fund is a mutual fund issuing unlimited shares of investments in stocks and/or bonds. Investing creates more shares, whereas selling shares takes them out of circulation. Shares are bought and sold on demand at their NAVs, which is based on the value of the fund's underlying securities and is calculated at the end of the trading day. When a large number of shares are redeemed, the fund may sell some of its investments to pay the investor. Shares are bought directly from the fund administrators.

#### Exchange Traded Fund (ETF):

An ETF is like an open-end mutual fund but instead trades as a common stock on a stock exchange. It is not purchased directly from fund administrators. An ETF may trade at a premium or discount to the NAV but this is often very short-lived due to arbitrage by institutional investors.

#### Closed-End Fund (CEF):

A CEF is seeded once-off via an IPO and then traded on exchange thereafter. No further shares are issued and CEFs may trade above NAV as buying and selling the shares on exchange has no effect on the underlying assets.

The structure of the Hyperion Fund is similar to a tokenized CEF:

- The Fund acts as a once-off seeded venture capital fund. Total Fund value is managed through buy-and-burns of tokens by the Fund.
- Post IHF ICO investors will only be able to purchase IHF on exchange from IHF ICO participants.
- There is no liquidation option, the exchange value is determined by the Fund's performance, and supply and demand.

## VII. Investment Insight and ML Augmented Due Diligence

### A. Investment Insight

The sheer amount of information that needs to be processed to identify promising early stage investments presents a significant challenge to investors. Thousands of ICOs have already taken place, with dozens more launching every month. Invictus Capital has developed, and will continue to develop, analysis and insight tools to help process this

data. The intent is to provide high-level market insight, and to generate indicators that will help identify profitable investment opportunities.



Fig. 3. Illustration of the number of projects in USD per ICO sector. (source: ICOwatchlist.com<sup>5</sup>)

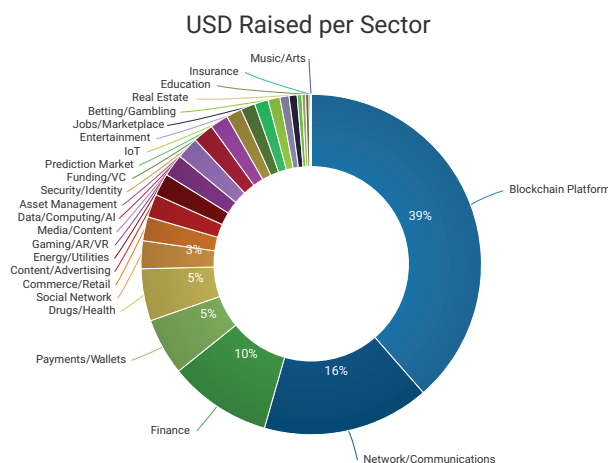


Fig. 4. Illustration of the amount raised per ICO sector. (source: ICOwatchlist.com<sup>5</sup>)

Fig. 3 and 4 demonstrate that despite a relatively even distribution between sectors, some sectors have experienced significantly larger raises than others. This indicates that sector-level insight is essential for investing.

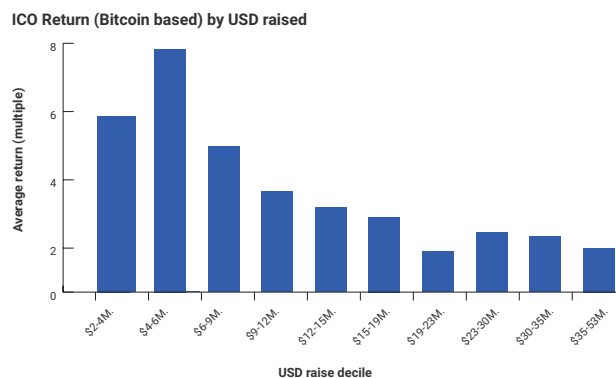


Fig. 5. Bar graph showing the Bitcoin-based returns for increasing ICO raise amounts in USD, indicating that smaller ICO raises have historically resulted in larger returns.

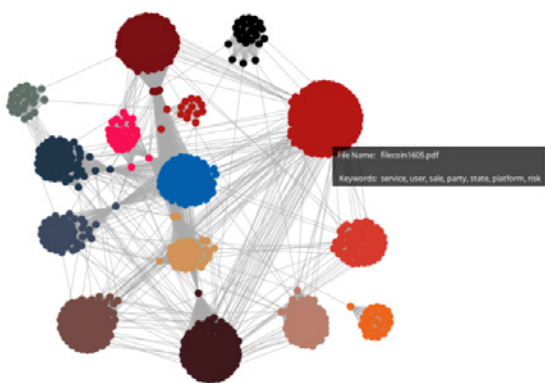
\*Returns expressed as multiples, outliers removed. (source: Invictus Capital and tokendata.io<sup>6</sup>)



### Market Insight via Similarity and Clustering

An investor’s ability to navigate markets, making wise investment decisions along the way can be significantly enhanced by gaining a high-level perspective of the structure and behavior of a market. Invictus Capital has developed the Titan AI tool that utilizes its large, and continuously growing corpus of white papers to gain an overview of the ICO landscape - including the trends and sub-sectors that exist within it.

In this tool, Latent Dirichlet Allocation (LDA)<sup>7</sup> is applied to the text extracted from each white paper within the corpus to generate a set of topics. Each of these topics has a probability of having certain keywords associated with it. Each document is then assigned a mixture of the topics most strongly associated with them and as such can be used to cluster documents based on their topic mix.



**Fig. 6.** Interactive clustering screen of the Titan AI Tool, showing a particular node (document) with its associated keywords (topics) (source: Invictus Capital<sup>8</sup>)

This clustering allows for the making of investment decisions in a faster and more informed way by giving us the information required to diversify our investments across sectors and compare projects to their competitors.

Additionally, word and paragraph embedding unsupervised learning algorithms<sup>9</sup> are used to create a vector representation of each document. These vector representations can then be compared to each other and a quantitative measure of similarity established. This is used to ascertain the three most similar projects to one chosen for research by subject matter (not textual similarity as in the plagiarism detector - although these can sometimes coincide when a project is highly plagiarised). These similarity scores are then used along with the topic information gained from LDA to create an informative tree representation.

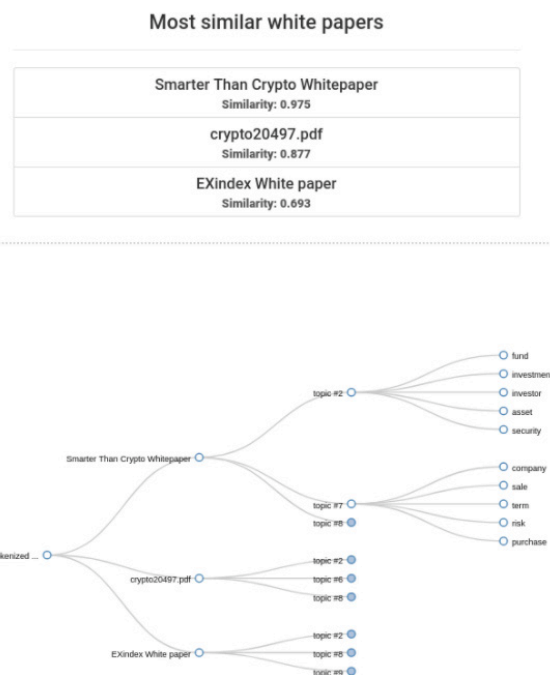
#### Predictive Feature Discovery and Analysis

The number of projects available and the rate at which new projects are being founded necessitates some form of autonomous screening process to initially review available early stage ICOs and flag them as potentially promising projects. This flagging process will not be a necessity for investment and projects may even request funding directly via a form. Instead, this will allow for more projects to be surveyed than would otherwise have been possible.

Research<sup>11,12</sup> has been conducted on the predictors of success of new technology companies. Although this research was not conducted on the ICO space, there should be analogous predictive features. Several metrics indicating promise in research are:

- completeness of the founding team
- technical superiority of the product
- expected time for product development
- buyer concentration
- perceived risk of the market

These metrics will help guide model feature construction.



**Fig. 7.** Interactive document comparison by similarity screen of the Titan AI Tool. Note that the topics are abstract concepts and the words associated with them are the words those topics are most likely to contain. (source: Invictus Capital<sup>10</sup>)

In order to accomplish this, data has been recorded regarding both the details and the performance of past ICOs. These details include information about the team extracted from LinkedIn, information about the project itself from the white paper and any publicly available code repositories (including code we can extract from the website directly). Performance information about the ICO raise size and the token’s performance over time is then appended to the other scraped information. This information will be used to construct predictive models using techniques such as Random Forest regression<sup>15</sup> to attempt to predict how successful an ICO is likely to be.

The web will then be continuously scraped for new ICO projects and the data inputted into the predictive model. The predictions will then be stored and the Hyperion Fund Team will be alerted of any potentially promising ICOs for further investigation.

### B. ML Augmented Due Diligence

Early stage investing is a particularly challenging investment landscape to navigate as the amount of information available about potential investment prospects is limited. Ventures are in their infancy and their future performance is difficult to predict. However, due to the huge returns on investment that early stage investing offers, it is still an attractive landscape provided caution is used and extensive due diligence undertaken. Additionally, many investors lack high-level market insight and simply do not know which startups to invest in, or are even aware of the existence of many. Both

of the difficulties mentioned above are exacerbated in the crypto-space where technologies and business models are new and start-ups abundant.

Acutely aware of the above challenges, Invictus Capital has decided to leverage their scientists' and engineers' expertise in data science and machine learning to aid our experienced VC investors and finance professionals in the early stage investing process. Machine learning will be used to both help identify promising investment opportunities as well as assist with due diligence once a start-up has been selected for further consideration. These tools will help our analysts make more accurate decisions and also improve scalability of the Fund moving forward.

### **Plagiarism Detection**

The massive wave of interest in blockchain technology and cryptocurrencies has led to huge investment cash inflows and correspondingly, unscrupulous businesses and scammers have entered the space attempting to take advantage of this inflow.

In many cases, it is easy to determine that these projects are not worthy of investment, largely due to their poor quality and hasty construction. However, occasionally these unscrupulous projects can appear to be of high quality, often because they have plagiarized content from reputable projects. The number of projects in this space means that it would be difficult for even a crypto veteran to recognise plagiarism in every case.

It is this concern, along with Invictus's drive to increase integrity in the crypto-community and support the ordinary crypto-investor, that formed the impetus for the development of the Titan AI Plagiarism Tool. This tool analyzes ICO white papers and is capable of identifying plagiarized content - even where word substitutions and re-orderings have been used in an attempt to obfuscate the plagiarism.

Titan already contains thousands of white papers in its corpus, which grows automatically as the community submits papers for review. The Hyperion Fund Team has also developed tools that autonomously scrape the web for ICO whitepapers to update the corpus periodically.

When a PDF is uploaded, it is pre-processed and the text extracted. The text of the document is then inputted to a hash function to generate a unique ID for duplicate detection and caching purposes. Natural Language Processing (NLP) techniques are then used to break up the document into sentences and group sentences into paragraphs. Each paragraph is then queried against a distributed Elasticsearch cluster containing the corpus of previously indexed white papers and candidate results are returned. The Elasticsearch cluster allows for scalability and strong performance over a large search-space. Word frequency vectors are then constructed on a sentence by sentence basis and cosine similarity<sup>14</sup> performed between the candidate sentences and the sentences from the document being analysed.

Results below a certain similarity threshold are discarded and then grouped by their source (origin document). Additionally, these final results are cached to allow for faster processing time for users querying the same document.

This tool has already been developed and will become more comprehensive over time, forming a key part of Invictus's due diligence processes.

### **Code Quality Analysis**

Once a team has applied for investment and a due diligence process has begun, as applicable Invictus will request access to the code that the team has produced (usually only limited items such as relatively uninteresting smart contracts are

made publicly available). When appropriate, Invictus's engineers will perform simple validations on the software made available to us (ensuring that the software does what the owners claim it can do). Full code reviews for many large projects will be far too labour intensive to perform. For this reason, we are developing and curating tools to give an indication of the code quality of large projects autonomously.

Invictus is developing an AI tool based on a formal symbolic logic system known as separation logic<sup>15</sup> to perform comprehensive static analyses on bodies of code. This tool is based on a recently open-sourced project by Facebook known as Infer<sup>16</sup>. While under development it is already capable of automatically identifying many common bugs, and even violations of coding conventions, in a number of popular languages. Invictus will tailor Infer to the ICO space—including development of support for Solidity to review smart contracts, and support popular web technologies.

If there is enough publicly available code for a project without us having to first approach targets, Invictus will use the outputs from the code quality AI tool as inputs for our predictive models discussed in Section VII B as well.

## **C. Development Roadmap**

Development on all of the features mentioned in Sections VII A and B have either begun or have been completed.

### **Plagiarism Detection**

The plagiarism detection tool has already been developed and is available for public use<sup>10</sup>.

### **Market Insight via Similarity and Clustering**

The market insight tools have already been developed and are publicly available. Similarity trees are displayed after a paper is uploaded<sup>10</sup>, and the clustering tool is also publicly accessible<sup>8</sup>.

### **Predictive Feature Discovery and Analysis**

The predictive feature discovery and analysis tools are currently under development and should be completed in April 2018. These will be internal tools not made available to the public, but Invictus Capital will make key results produced by these tools available when finalized.

# **VIII. Investment Strategy**

The Hyperion Fund will function as a venture capital fund and will exclusively invest in early stage blockchain and cryptocurrency based projects and companies. Investments will be undertaken with a view to constructing a diversified portfolio consisting of holdings from a wide array of sectors (such as currencies, platforms, finance, communication, computing, logistics, energy etc.), this strategy aims to minimize risk and exposure to a single sector.

## **A. Minimum Investment Requirements**

To navigate this risk of early stage investing, the Hyperion Fund will only invest in projects that satisfy a list of predetermined criteria. The Fund will not invest in projects based on promising ideas alone.

A non-exhaustive list of investment requirements has been constructed to capture this investment philosophy.

### **Requirements:**

- A cohesive team with a track record of achievement
- Presence of technical and business development aptitudes within the team

- A minimum viable product (MVP)
- Indication of personal commitment to develop the project
- A well-defined token vesting strategy

Hyperion Fund managers will evaluate projects in terms of their originality, value proposition and potential market capitalization, differentiation from competition, and knowledge of the industry of application. Learnings and insights from Section VII, inclusive of identified optimal raises and sectors, will also be leveraged.

The application form shown in Appendix A will be used to source and filter potential projects.

## B. Investment Horizon

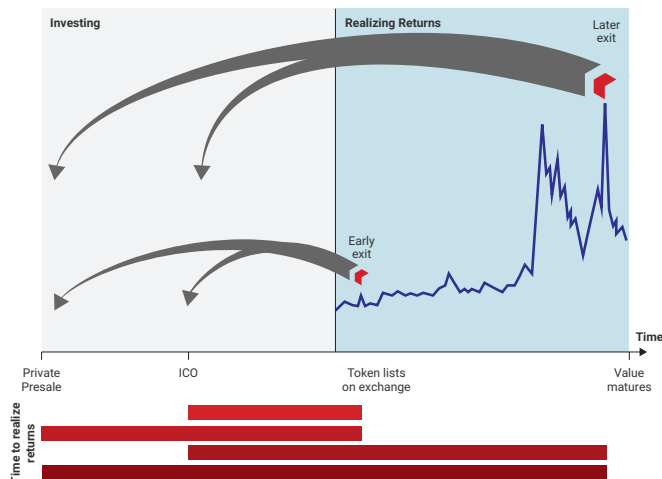
Many early stage investments are structured such that the purchased tokens vest over time. In these cases, there is a minimum commitment term based on when assets can be sold and returns realized. This, together with strategies aiming to realize long term growth, define the investment horizon. Typical vesting structures range between three months and one year.

The Hyperion Fund will view each exchange listing as a key opportunity for the realization of return. The magnitude of realization will naturally depend on the investment strategy and whether the listing is in fact the optimal time to liquidate.

In the past, early investors with the ability to contribute significantly have occasionally used exchange listings too aggressively and liquidated large volumes of tokens, thus causing severe negative price actions. Changes to vesting procedures and other strategies are, however, mitigating these outcomes. The nature of the technology and distribution agreements also help in ensuring that the interests of all parties are catered for.

Syndication creates the opportunity to communicate investment goals, ensuring the token distribution and listing processes align with the Fund's investment horizon objectives. Providing enough vesting tokens to recover the initial investment at first listing will be a priority. This however does not preclude the holding of assets in longer term partnerships with projects depending on their fundamentals and the initial strategy of the investment. Long term involvement would be based on a deeper partnering by way of support and advisory services, increasing the odds of future success.

The diagram below provides an example of potential exit strategies. An initial realization of return may take place at exchange listing, which may be full or partial.



**Fig. 8.** Illustration depicting the time-scales associated with investing in through pre-sales and ICOs, and realizing the returns on these investments after a token lists on exchanges, and later after value maturation. Returns realized can be reinvested in new projects. (source: *Invictus Capital*)

## C. Risk and Hedging

Traditional Initial Public Offerings (IPOs) are a useful analogue for considering the external factors affecting the realization of returns on investments in ICOs. IPO prices of shares are set through extended processes of due diligence and thorough analyses of the existing business. These prices, however, can also be heavily influenced by prevailing market conditions. Peer benchmark valuations frequently serve as key determinants of IPO prices. These prices are typically highest when equities are overpriced, which happens in times of optimism or irrational exuberance.

The analogy is relevant, but not entirely appropriate given that IPOs are conducted for established businesses and that tokens do not represent shares in a company. The ICO landscape is characterized by offerings of tokens related to the value proposition of significantly younger entities that often simply possess a MVP.

Consequently, token valuations rely far more heavily on projections than IPOs do. Returns on investments contingent on the token exchange prices are highly subject to market behavior in the short and medium terms. It is crucial to consider that the tokens' prices offered during ICOs, and the number of tokens to be minted over a project's lifetime, are often predetermined. The market capitalizations that can be calculated from these inputs provide initial, and highly speculative valuations of projects. These valuations must be carefully considered before any investments in presales or ICOs are made.

For many projects it is highly unlikely that these initial valuations will be realized. In these cases, the token's values will eventually decline to below the purchase price at ICO.

Favourable market conditions at the time of an ICO will likely have positive effects on the project's speculative valuation. However, given the timeframe over which investments mature it is prudent to plan for changes in market conditions, given their influence on token pricing. The strategies developed should not seek to predict the market in any way, but rather, to establish a convex payoff whereby the downside associated with market risk is mitigated but upside is unlimited.

The management of market risk associated with pre-sales and ICO investments is a priority, but more directly and immediately relevant is the risk associated with the uninvested funds held in liquid cryptocurrencies. A method for the management of this risk could be the utilization of contingent claims. Contingent claims are contracts whose payoff is determined by the occurrence of a future event. Call options are common examples in finance where the purchaser has the right, but not the obligation, to purchase a stock at a pre-agreed strike price, thus making the payoff equal to the stock price at option maturity less the strike price. If this value is negative, the option is worth nothing, and only the price of the option is lost. The option price is the expected value of the payoff discounted from the future date to the present at the risk free rate (usually referencing treasury bills). The pricing of options is non-trivial and employs advanced models of the underlying return distributions.

As of the beginning of 2018, contingent claims on cryptocurrencies have not been widely available, but plans for increasing the diversity of instruments are being made



public by existing market makers. The Chicago Board Options Exchange, for example, has communicated its plans to increase its product offering beyond bitcoin futures<sup>17</sup>.

Call and put options on cryptocurrencies or cryptocurrency indices are likely to become increasingly available in the near future given their established popularity in financial markets and their relative tractability, as compared with the rest of the contingent claims market.

### Mathematical illustration of the underlying market dynamics

Chen et al.<sup>18</sup> attempted the pricing of Bitcoin and CRIX (a Cryptocurrency Index) call options. Their analysis concluded that it would be appropriate to use a Stochastic Volatility with Correlated Jumps (SVCJ) model with development based on the publication by Duffie et al.<sup>19</sup>, in order to account for observed non-Gaussian, fat-tailed distributions. This is to say that prices exhibit a far greater probability of extreme movements than would be captured by traditional models (like Black-Scholes) assuming a lognormal distribution.

The SVCJ model is described:

$$d \log S_t = \mu dt + \sqrt{V_t} dW_t^{(S)} + Z_t^y dN_t \quad 1$$

$$dV_t = \kappa(\theta - V_t)dt + \sigma_V \sqrt{V_t} dW_t^{(V)} + Z_t^y dN_t \quad 2$$

$$\text{Cov}(dW_t^{(S)}, dW_t^{(V)}) = \rho dt \quad 3$$

$$P(dN_t = 1) = \lambda dt \quad 4$$

Where  $S_t$  is the price process. The first term in [eq 1],  $\mu$ , represents a drift and the second  $\sqrt{V_t} dW_t^{(S)}$  a wiener process adjusted by the volatility (described by [eq 2]). The final term  $Z_t^y dN_t$  is the jump, with  $N_t$  the jump process, and  $Z_t^y$  the magnitude. The goal of including this description is to point out the constituents necessary to produce a mathematical model with similar properties to a cryptocurrency price.

The picture of the price process painted by the model is a rich one, and it serves well to show how movements could be interpreted as a random process. It is important to note the addition of significant unpredictable jumps in order to improve the model. This is good guidance for intuition on the evolution of cryptocurrency prices in that large, unexpected movements are characteristic responses to the fundamental drivers. Ultimately, the SVCJ model is unlikely to capture the complete nature of the underlying process which is non ergodic, but it does imply caution. It is not reasonable to assume market risk if it is not specifically part of the investment strategy.

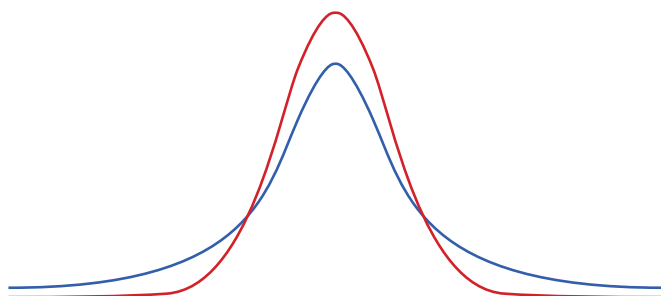


Fig. 9. Fat-tailed (blue) vs normal distribution (red), illustrating the differences in the probability of extreme events (source: Invictus Capital)

The Fund therefore will seek, as far as is possible, to accept only upside exposure to the market and buy protection against possible adverse actions. For example, hedging a market downside risk could be accomplished by selling futures. This however does not limit the losses if the market moves upward. The approach could instead move to the utilization of options which limit loss to the option price and deliver exposure to the upside. Options are an appropriate strategy under extreme movements.

## IX. Portfolio Valuation

### A. Importance of Portfolio Valuation

The valuation of the assets held affect, among other things, a fund's Net Asset Value (NAV) and financial and performance reporting. Invictus Capital will implement principles to mitigate challenges that arise when valuing illiquid or complex financial instruments. This ensures that these values are not distorted to the disadvantage of Fund investors.

Whilst the IHF Tokens do not have a contractual right of redemption/payment from the Invictus Hyperion at NAV, management believes that the IHF tokens will be correlated to the value of the underlying assets on secondary markets.

The following principles will apply:

**Liquid investment pool:** The liquid investment pool would consist partially of BTC and ETH, for which market data and pricing is readily available. The price will be updated regularly to accurately reflect the value of the underlying cryptocurrency assets.

**Pre ICO & SAFTs:** Investments at cost in SAFTs less any impairment in value recognized by the Company's investment committee. Impairments will not be partial. When appropriate, an investment will be impaired in full.

Tokens held for projects listed on an exchange will be priced according to live market feeds.

Table 1. Breakdown of Hyperion Fund NAV constituents. (source: Invictus Capital)

Asset	Basis of Valuation	Frequency
A) Liquid investment pool	Market prices of the underlying currency	Live feed
B) SAFTs	Investment at cost, less any impairment recognized by the investment committee	Updated after each investment committee meeting
C) Tokens held for projects pre-listing on crypto exchanges	Investment at cost less any impairment recognized by the investment committee	Updated after each investment committee meeting
D) Tokens for projects listed on exchange, but not yet realized	Market prices of the underlying currency	Live feed
<b>Fund NAV</b>	<b>SUM (A+B+C+D)</b>	

### B. Impairment Assessment

Impairment of assets ensures that assets held are correctly valued and adjusted for should more information become available for use in the valuation of holdings<sup>20</sup>.

Invictus Capital will hold Investment Committee Meetings approximately every two weeks to assess each asset and

identify any possible indicators of impairment. Investments will only be impaired in full in the event that Invictus Capital has determined, with confidence, that a return will not be realized on the investment.

## X. Hyperion Fund Initial Coin Offering

There will be no token creation, minting or mining after the IHF ICO period. Tokens will be transferable and tradable once the IHF ICO is successfully completed. Investment can be made in ETH or BTC. The USD equivalent amount of any ETH or BTC invested will be locked in at the time of investment according to market rates, and this will be considered the participant's contribution.

### A. ICO Details

The Token Issuer is Invictus Hyperion, an exempted company incorporated in the Cayman Islands. The Hyperion ICO will **open to the public after a short initial phase** dedicated to the below two groups. For priority access to new funds you will need:

- To be an investor in the CRYPTO20 ICO; **or**
- demonstrate ownership of more than 500 C20 tokens using Invictus Capital's verification tool. This amount is the approximate median investment in the CRYPTO20 ICO.

The verification tool asks a user to sign a message using their private key which proves ownership of an address. This address is then used to confirm that the user currently owns more than 500 C20.

Token type	ERC20
Hard Cap:	15,000,000 USD
Price per token:	~0.10 USD
Minimum ICO Contribution:	50 USD
Minimum Raise:	2 000 000 USD

### B. ICO Token Pricing

#### Priority ICO Begins (30th April 2018)

Days 1-3	0.095 USD
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#### Open ICO Begins (3rd May 2018)

Day 1-4	0.097 USD
Day 5-7	0.099 USD
Week 2	0.100 USD
Week 3	0.105 USD
Week 4	0.110 USD

### C. Token Distribution

ICO Participants	97.5%
Hyperion Fund Team	1.5%
Invictus Hyperion (legal, security & marketing)	1.0%

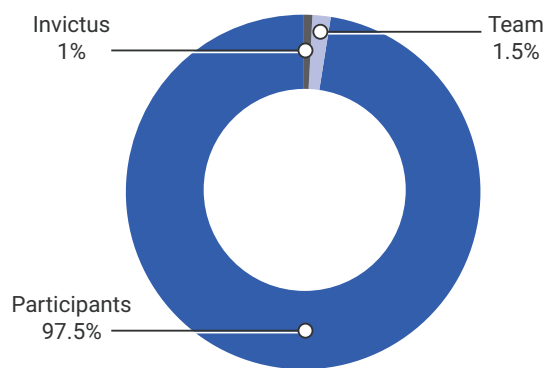


Fig. 10. Token distribution breakdown (source: Invictus Capital)

The Hyperion Fund Team's Tokens will vest over two years to ensure that team incentives are aligned with IHF ICO participants. This is ensured via a public smart contract vesting mechanism.

### D. ICO Funds Utilization

The IHF ICO funds (98%) will be dedicated to investing in projects which intend to have a public token sale or ICO.

A small allocation (0.5%) is reserved for legal fees in connection with exchange trading.

All unused funds from the 2% operating expense allocation will be utilized in a discretionary capacity once the Hyperion Fund has commenced on-going trading.

The 2% operational expense allocation is a once-time allocation. After the Fund is established, there are no annual management fees paid to Invictus Capital for managing the Fund.

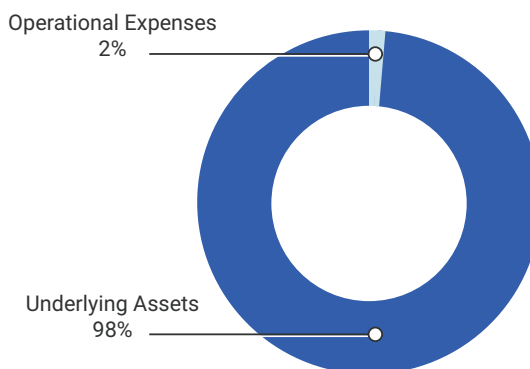


Fig. 11. Fund utilization breakdown (source: Invictus Capital)

## XI. Post ICO Fee Structure and Token buy-and-burn

Fees to Invictus Capital for the management of Hyperion are purely performance based. This fee structure has been established to ensure that the incentives of Invictus Capital and the Fund managers are aligned with Fund participants.

### A. Performance Fee

The Hyperion Fund performance fee is calculated as 12.5% of the Fund performance for the quarter, where performance is defined as the realized gain in the Fund value from a USD perspective. The fee is only applicable if the closing balance is greater than the opening balance adjusted for unrealized gains, buy-and-burns and performance fees paid in respect of the previous quarter.



## B. Token Buy-and-Burn Activation Threshold

The hard cap on the IHF ICO is 15M USD. Once the Fund has reached an Adjusted Net Asset Valuation (ANAV) of 30M USD (the token buy-and-burn threshold), token buy-and-burns will be initiated.

**Table 2.** Example of calculation of Adjusted NAV for token buy-and-burns and performance fee purposes.

Description	USD
L Liquidity Pool -market pricing	10 M.
S SAFTs - <b>historical cost</b> less <b>impairment</b> if applicable	20 M.
UT Unlisted tokens - <b>historical cost</b> less <b>impairment</b> if <b>applicable</b>	2 M.
LT Listed Tokens -market pricing	2 M.
<b>NAV</b> - as shown on fund website	34 M. (NAV= L+ S + UT + LT)
<b>UG</b> Unrealized gains - <b>market price</b> less <b>historical cost of investment</b> of listed tokens not yet sold. *	1 M. (UG = LT- Historical Cost of Investment)
<b>Adjusted NAV</b>	33 M. (ANAV = NAV - UG)

\*Unrealized losses remain and are not adjusted for in calculating the adjusted NAV

**Table 3.** Example of quarterly performance calculation for buy-and-burn and performance fee purposes.

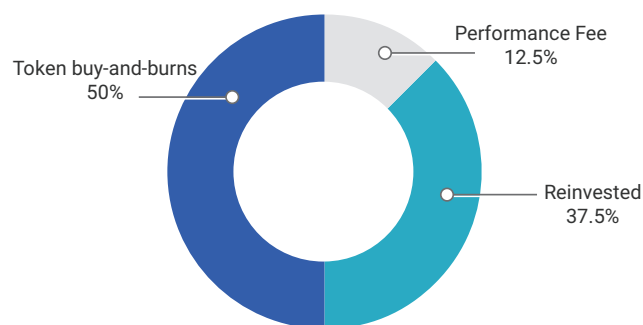
Description	USD
Q2 adjusted NAV	33 M.
Add: buy-and-burn i.r.o. Q1	2 M.
Add: performance fee paid i.r.o. Q1	0.5 M.
Less: Q1 adjusted NAV	(31 M.)
<b>Q2 fund performance</b>	<b>4.5 M.</b>
Q2 buy-and-burn @ 50% of Q2 fund performance	2.25 M.
Q2 performance fee (rounded) @12.5% of Q2 fund performance	0.56 M.

## C. Token Buy-and-Burns, and Performance Fee

As long as the token buy-and-burn threshold is satisfied, quarterly token buy-and-burns utilize funds from the returns realized on investments within each quarter. These are calculated using the ANAV.

### Distribution of quarterly returns realized

Token buy-and-burns:	50.0%
Rolled forward into new investments:	37.5%
Performance fee to Invictus Capital:	12.5%



**Fig. 12.** Utilization of quarterly returns, assuming Fund size over 30M. USD (source: Invictus Capital)

The 37.5% of quarterly returns marked for reinvestment may alternatively be used for additional buy-and-burns in order to manage the total Fund size.

## D. Custodial Fees

Present regulations do not require custodial services to be outsourced to an independent body. However, as is common within the regulated branches of the financial services sector, funds exceeding a certain size must be held by independent custodians. Should laws later require external custodial services, the fees associated with these services will be deducted from the Fund on the same frequency that they are paid.

## E. Comparison of Fees to Other Funds

The Hyperion Fund Team managing the Hyperion Fund prioritize the development of the proposed investment projects (pre-sales and ICOs), and the mitigation of investor risks, by assigning just 2.5% of the tokens created to the Hyperion Fund Team and Company.

This distribution is envisaged to accelerate the commencement of the token buy-and-burn provision, when compared with token distribution by competitors<sup>21,22</sup>.

Similarly, the Hyperion Fund is preferential to the interests of investors when compared to the DeHedge Funds that implement a different token placement strategy. The DeHedge token placement strategy allocates 20% of all 2.5 billion tokens invested in pre-sales and ICO for the project team and co-founders, as well as operation services<sup>23</sup>.

In the Token Fund<sup>21</sup>, investors pay 5% of their tokens during either entry or exit to reward the Fund managers and technical support team. An investor also pays, on average, 2.5% of the amount of issued asset tokens as creation fees; pays management fees of 2% per annum daily; pays an average of 20% of the funds performance as exit fees; as well as an unspecified redemption fee in the funds<sup>22</sup>. However, the Hyperion Fund charges no additional entry, exit or management fees.

The Funds' performance distribution is designed to financially empower the investors on a long-term basis through the reinvestment of 37.5% of returns and buy-and-burns of 50% of returns. The IHF Fund's distribution is expected to yield higher capital returns compared to other crypto-token investment projects that reinvest 25% of the income; share 50% of the income to token holders; and receive 25% of income as performance fees for example<sup>22</sup>.

## XII. Smart Contract Specification

The IHF ICO and certain und administration, from a user's perspective, will be enabled through a custom smart contract that adheres to the ERC20 standard<sup>24</sup>. This ensures that token ownership and transfer of tokens is transparent and immutable.

The smart contract enforces an ICO period by specifying an end block that restricts the minting of tokens to occur only within a pre-defined period. This guarantees that the Fund is closed-end. Dilutive token allocation (for Invictus Capital and the Hyperion Fund Team, see Section X) is pre-defined in code and verifiable by all parties.

### **Reasons for choosing the Ethereum Blockchain:**

- Security and predictability (as opposed to, for example, having to run a separate blockchain),
- Well-established codebase and development tools,
- Higher liquidity - easier listing on exchanges with infrastructure already in place, and
- Allows for real time tracking of token-holders. See Section XI and XIV for more information.

In addition to the custom ERC20 compliant contract, there is a vesting contract that locks up Invictus Capital and the Hyperion Fund Team's tokens for 2 years with vesting periods every 6 months. This aligns the Hyperion Fund Team and Invictus Capital with token holders. The contract utilized is a slightly modified version of the CRYPTO20 vesting contract which can be viewed on Etherscan<sup>25</sup>.

Invictus Hyperion reserves the right to terminate the Hyperion Fund. In the event that the Fund scales down or closes, this will be announced in advance and a blockchain snapshot of Token holdings will be taken at the following quarter. All Fund holdings - or an amount specified - will then be liquidated for ETH, the sum total of which will be dispersed to token holders shown in the snapshot in accordance with their percentage share of the Fund.

## XIII. Security

### **A. General Control Environment**

Invictus Capital has implemented security industry best practices for defense against Sybil attacks and bad actors. Strong identity verification and authentication procedures are in place to ensure secure operations.

Invictus Capital also implements a risk-based approach to segregation of duties. This includes internal controls which ensure that more than one person is required to complete critical tasks. This intends to prevent fraud and error potentially impacting the Fund's performance.

Invictus Capital has previously, and successfully, launched an ICO (CRYPTO20) that has had its holdings and security verified by a third party auditor (KPMG). The smart contract and cyber-security were also externally audited. No security breaches occurred during the ICO, or to date. The Hyperion Fund Team will continue to enforce best practices for security.

### **B. Cold Storage**

All currencies will be stored in cold wallets within a secure vault together with the SAFTs. The vault is independently managed with secure access to pre-registered representatives, and at pre-arranged times only. The location of the cold storage vault is not disclosed for security purposes. Withdrawals and

deposits from cold storage are executed in order to limit Fund assets held on exchange.

### **C. Exchange Accounts**

All exchange accounts are secured by two factor authentication and email verifications for any withdrawals. Trades will be executed over multiple exchanges at varying times to mitigate the risk of front-running once funds are moved from cold storage.

### **D. Hardware Wallets**

Ledger Nano S hardware wallets will be used for the storage of all supported cryptocurrencies. For all cryptocurrencies not supported, encrypted storage drives will be utilized. These storage devices will be held in secure safe deposit boxes with back-up paper-wallets, which are engraved on brass plates, and also stored at a secure location. Locations are undisclosed due to security considerations.

## XIV. Asset Transparency

The Fund aims to have a minimum of 80% of funds invested at any given time, with liquid funds and returns retained in pool, as a 50% split between the most supported currency pairs, such as BTC and ETH, and 50% cash in USD. This provides increased stability and liquidity and easily facilitates further investment as the majority of ICOs accept the most supported coins. In heavy bear markets, Fund managers will aim to open leveraged short positions on the most supported currency pairs to reduce the drawdown of holding BTC and ETH in the liquidity pool.

Transparency in Hyperion's holdings will be enabled through the use of view-only wallet addresses. Where possible, this enables investors to view real-time holdings of the Hyperion Fund. For investments in projects pre-ICO Invictus Capital will disclose the name of the project and the amount invested.

Due diligence reports and the Fund's holdings will be published as soon as the project has an appropriate public-facing presence and the token is listed on exchange with a verifiable market value.

Proof of ownership of crypto-assets is easily fulfilled through the use of a public blockchain explorer and public key cryptography. The Hyperion Fund Team will sign a verifiable message, or send a token transfer, to prove control of a particular address. This address can then be seen on a blockchain explorer to observe the stated holdings.

This real-time viewership ensures transparency without compromising the integrity of the Fund. The Hyperion Fund does not actively trade or follow a deterministic fund strategy - this means that the Fund is not at significant risk of front-running or market manipulation, and traditional obfuscation of trades and transfers will further mitigate either of those risks.

## XV. Marketing and Investor Relations

The Hyperion Fund Team will invest significant time and effort into post-ICO marketing targeted towards potential IHF investors in the traditional financial sector via the production of information sheets, explainer videos and planning documents that are easily understandable. Token holders will be able to view detailed information on their holdings and portfolio composition on the Invictus Capital website. Invictus Capital will focus marketing efforts solely on non-regulated

markets. Promotion and solicitation will be limited where participation is forbidden or likely to be forbidden in the near future, in order to remain compliant with local legislation.

## XVI. Accounting and Reporting

Accounting standards for cryptocurrencies remain unclear. The International Accounting Standards Board (IASB) will either create a new standard or change existing standards to address accounting for investments in intangible assets, including digital currencies. They are known to set standards based on successful businesses leading the way in how to account for their investments, for example in the case of commodity broker-traders. The IASB may take years to develop and implement a new standard.

### A. Relevant Reporting Standards

#### **IAS 38 (Intangible Assets)**

IAS 38 Intangible Assets outlines the accounting requirements for intangible assets, which are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortized on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortized).

#### **IFRS 9 (Financial Instruments)**

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. It requires an entity to recognize a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument.

At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

#### **IAS 36 (Impairment of assets)**

IAS 36 Impairment of Assets seeks to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use).

With the exception of goodwill and certain intangible assets for which an annual impairment test is required, entities are required to conduct impairment tests where there is an indication of impairment of an asset. The test may be conducted for a 'cash-generating unit' where an asset does not generate cash inflows that are largely independent of those from other assets.

#### **IFRS 13 (Fair value measurement)**

IFRS 13 Fair Value Measurement applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement.

Invictus Capital has chosen, at this stage, to report

cryptocurrencies and the exposure to SAFTs as intangible assets as opposed to financial instruments. Initial recognition will be recorded at cost; subsequent measurement can be at cost or fair value, less amortization (amortization will only be calculated when the assets have a finite life). Tokens traded on exchange will be reported at fair value. SAFTs will be reported at cost less any recognized impairment in value. All fair value gains will be taken through other comprehensive income whilst losses will be taken through the profit and loss and there will be no need for amortization as described above.

### B. Treatment of Impaired Assets

At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). IAS 36 has a list of external and internal indicators of impairment. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated.

Due to the nature of cryptocurrencies and the volatility associated with these assets, annual assessments will not be sufficient. Invictus Capital will therefore hold regular Investment Committee Meetings to assess each asset and identify any possible indicators of impairment. Investments will only be impaired in the event that Invictus Capital has determined, with confidence, that a return will not be realized on the investment such as the ICO being hacked, funds being lost during ICO, and the ICO being cancelled.

#### **Invictus Hyperion will report via the following mechanisms:**

- The Fund NAV will be updated on the Fund website, comprising live market data for market traded assets and investments at cost in SAFTs, less any impairment in value recognized by the investment committee.
- Quarterly reports will include information on governmental risk and legislation, risk/return analysis and portfolio performance.
- Annual reports will be made available on the investor portal of the Invictus Capital website comprising:
  - » Statement of financial position at the end of the period.
  - » Statement of profit or loss and other comprehensive income for the period.
  - » Summary of significant accounting policies and other explanatory notes.

## XVII. Fund Timeline

**Private ICO** (Whitelisted Individuals) - 30th April

**Public ICO** (Open to all) - 2nd May

**End of ICO** (Should ICO not sell out in previous phases) - 30th May

**First Investments** - by June

**End of First Quarter** - August

## XVIII. Conclusion

The Hyperion Fund is a tokenized, closed-end fund focused on early stage investment in projects involving blockchain technology. The fund provides investors with diversified exposure to the high returns and risks characteristic of these opportunities.

Invictus Capital administers the Fund, utilizing a wide range of machine learning and data-science tools to assist in both the analysis of potential investments, and in the analysis of



market trends.

The Fund will buy-and-burn IHF tokens quarterly once the Fund has grown to 30M USD. IHF tokens can be easily transferred across the Ethereum blockchain and sold on exchange, providing access to liquidity .

[contact@invictuscapital.com](mailto:contact@invictuscapital.com)

<https://www.invictuscapital.com/hyperion>

## XIX. Glossary

**Amortization:** The process of allocating the cost of an intangible asset over a period of time. It also refers to the repayment of loan over a period of time

**Blockchain:** A digitized, decentralized, public ledger of cryptocurrency transactions

**Buy-and-burn:** The purchase of tokens on the open market with the intention of destroying them (burning). A burn is achieved by sending tokens to the ethereum zero address.

**Contingent Claims:** A claim that may be made only if certain specified outcomes occur. In finance: a derivative whose future payoff depends on the value of another asset.

**Data Science:** An interdisciplinary field including Mathematics, Statistics and Probability, employed with the purpose of extracting information and insight from data.

**ERC20:** A set of methods and their functioning that must be met in order for a smart contract to be called an 'ERC20 Token'.

**Ethereum:** A cryptocurrency and decentralized platform that enables Smart Contracts and Distributed Applications to be built and run without any downtime, fraud, control or inference from a third party.

**Initial Coin Offering (ICO):** An unregulated means by which funds are raised for a new cryptocurrency venture.

**Machine Learning:** A branch of artificial intelligence whereby computer programs "learn" (improve performance on some specific task) from data without being explicitly programmed. Machine learning is frequently used to construct predictive models in many industries.

**Random Forest Regression:** A predictive algorithm in the machine learning domain that aggregates the results of many individual decision trees and produces a continuous numeric output.

**Simple Agreement for Future Tokens (SAFTs):** A contractual agreement created to help new cryptocurrency ventures raise money without breaking financial regulations relating to securities.

**Smart Contract:** An atomic contract with the terms of agreement written into lines of code that execute across a distributed and decentralized blockchain network.

**Titan Artificial Intelligence (AI) Tool:** Computer software developed by Invictus Capital for analysis of ICO white papers and plagiarism detection.

**Venture Capital:** Capital invested in a project in which there is a substantial element of risk, typically a new or expanding business.

**Volatility:** A statistical measure of the dispersion of returns for a given security or market index.

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# XXI. Appendices

## A. Funding Application Form

A known and sizable venture fund focused on ICO and pre-ICO, administered by a reputable cryptocurrency investment company can be expected to garner attention from entrepreneurs requiring support. An application portal has already been established on the Invictus Capital website to facilitate these applications. The application is not short, and has been intentionally designed to be time consuming to serve both the entrepreneur and the fund managers. The length of the application aims to filter out uncommitted applicants. Applicants with confidence in their projects will invest the time required to complete the application process, and submit themselves to Invictus Capital's rigorous vetting procedures.

The application process requires submission of the following information:

### Full personal details of point contact

#### Team members

- Previous employment/engagements
- Expertise
- Achievements

#### Advisors

#### Names

#### Titles

#### Affiliations

#### Project details

- Name
- Problem to address
- Enablement of product
- Total value of market
- Share of market aiming to achieve in 1, 5, 10 yrs
- Competitors
- Why blockchain is required for this project
- Attributes of blockchain specifically necessary

#### Blockchain technicals

- Consensus method
- Coding language of blockchain
- Other details

#### Tokenization

- Distinct tokens within project
- Token Kind (eg ERC20)
- Token Type and Function (utility etc)
- Token hard cap
- Token creation (mined, premined)
- Token burnability
- Inflation rate
- Token allocation
- Token vesting and lockup
- Token distribution (ICO, airdrop etc)

#### Project timeline and maturity

- Project initiation
- Company/foundation registration
- Fundraising timeline and goals
- Raise to date

Round by round tokenomics

#### Legal

- Issuer group owners / structure
- Issuer company jurisdiction
- Offering geography / limitations
- Legal advisors
- ICO Terms & Conditions
- Pre-ICO financing terms
- IP registrations / ownership

#### Links and Uploads

- ICO Terms & Conditions
- Issuer company charter docs
- Pitch-deck
- Website
- Github
- Testnet
- Team Resumes

# XXII. Legal

## A. Disclaimer Of Liability

To the maximum extent permitted by the applicable laws, regulations and rules, neither the Company nor the Hyperion Fund Team shall be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this White Paper or any part thereof by you.

## B. No Representations And Warranties

The Company does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this White Paper.

## C. Representations And Warranties By You

By accessing and/or accepting possession of any information in this White Paper or such part thereof (as the case may be), you represent and warrant to the Company as follows:

- you agree and acknowledge that the IHF tokens do not constitute securities in any relevant jurisdiction;
- you agree and acknowledge that this White Paper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities in any jurisdiction or a solicitation for investment in securities and you are not bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this White Paper;
- you agree and acknowledge that no regulatory authority has examined or approved of the information set out in this White Paper, no action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction and the publication, distribution or dissemination of this White Paper to you does not imply that the applicable laws, regulatory requirements or rules have been complied with;
- you agree and acknowledge that this White Paper, the undertaking and/or the completion of the Token sale, or

future trading of the Tokens on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of the Company, the IHF tokens, the IHF token sale and the underlying assets (each as referred to in this White Paper);

(e) the distribution or dissemination of this White Paper, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to the Company;

(f) you agree and acknowledge that in the case where you wish to purchase any IHF tokens, the IHF tokens are not to be construed, interpreted, classified or treated as:

- (i) any kind of currency other than cryptocurrency;
- (ii) debentures, stocks or shares issued by any person or entity;
- (i) rights, options or derivatives in respect of such debentures, stocks or shares;
- (ii) rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;
- (iii) units in a collective investment scheme;
- (iv) units in a business trust;
- (v) derivatives of units in a business trust; or
- (vi) any other security or class of securities.

(g) you are fully aware of and understand that you are not eligible to purchase any IHF tokens if you are a citizen, resident (tax or otherwise) or green card holder of the United States of America or a citizen or resident of the Republic of South Africa or the Cayman Islands;

(h) you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;

(i) you are fully aware and understand that in the case where you wish to purchase any IHF tokens, there are risks associated with the Company and its respective business and operations, the IHF tokens, IHF token sale and the underlying assets (each as referred to in the White Paper);

(j) you agree and acknowledge that the Company or any of the Hyperion Fund Team is not liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this White Paper or any part thereof by you; and

(k) all of the above representations and warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession this White Paper or such part thereof (as the case may be).

#### ***D. Cautionary Note On Forward-looking Statements***

All statements contained in this White Paper, statements made in press releases or in any place accessible by the public and oral statements that may be made by the Company or any

of the Hyperion Fund Team on behalf of the Company, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “aim”, “target”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “would”, “will” or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding the Company’s financial position, business strategies, plans and prospects and the future prospects of the industry which the Company is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Company’s revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this White Paper regarding the Hyperion Fund are matters that are not historic facts, but only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of funds, cryptocurrencies, or the Company to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

(a) changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which the Company and/or target assets of the Fund conducts its respective businesses and operations;

(b) the risk that the Company may be unable or execute or implement their respective business strategies and future plans;

(c) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;

(d) changes in the anticipated growth strategies and expected internal growth of the Fund and/ or the Company;

(e) changes in the availability and fees payable to the Company in connection with their respective businesses and operations;

(f) changes in the availability and salaries of employees who are required by the Company to operate their respective businesses and operations;

(g) changes in preferences of IHF ICO participants;

(h) changes in competitive conditions under which the Fund and/or the Company operate, and the ability of the Fund and Company to compete under such conditions;

(i) changes in the future capital needs of the Fund and/or the Company and the availability of financing and capital to fund such needs;

(j) war or acts of international or domestic terrorism;

(k) occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of the Company;

(l) other factors beyond the control of the Company; and

(m) any risk and uncertainties associated with the Fund, and/ or the Company and its business and operations, the IHF tokens, the IHF token sale and the underlying assets (each as referred to in the White Paper).

All forward-looking statements made by or attributable to the Company and of the Hyperion Fund Team or other persons

acting on behalf of the Company are expressly qualified in their entirety by such factors. Given that risks and uncertainties that may cause the actual future results, performance or achievements of the Fund and/ or the Company to be materially different from that expected, expressed or implied by the forward-looking statements in this White Paper, undue reliance must not be placed on these statements. These forward-looking statements are applicable only as of the date of this White Paper.

Neither the Company nor any other person represents, warrants and/or undertakes that the actual future results, performance or achievements of the Company will be as discussed in those forward-looking statements. The actual results, performance or achievements of the Hyperion Fund may differ materially from those anticipated in these forward-looking statements.

Nothing contained in this White Paper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the Fund and/or the Company.

Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

### ***E. Market And Industry Information And No Consent Of Other Persons***

This White Paper includes market and industry information and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Such surveys, reports, studies, market research, publicly available information and publications generally state that the information that they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

Save for the Company and its respective directors, executive officers and employees, no person has provided his or her consent to the inclusion of his or her name and/or other information attributed or perceived to be attributed to such person in connection therewith in this White Paper and no representation, warranty or undertaking is or purported to be provided as to the accuracy or completeness of such information by such person and such persons shall not be obliged to provide any updates on the same.

Neither the Company nor any of the Hyperion Fund Team has conducted any independent review of the information extracted from third party sources, verified the accuracy or completeness of such information or ascertained the underlying economic assumptions relied upon therein. Consequently, neither Invictus Hyperion nor its directors, executive officers, agents and employees acting on its behalf makes any representation or warranty as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

### ***F. Terms Used***

To facilitate a better understanding of the IHF tokens being offered for purchase by the Company, and the businesses and operations of the Fund and the Company, certain technical terms and abbreviations, as well as, in certain instances, their descriptions, have been used in this White Paper. These

descriptions and assigned meanings should not be treated as being definitive of their meanings and may not correspond to standard industry meanings or usage.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

### ***G. No Advice***

No information in this White Paper should be considered to be business, legal, financial or tax advice regarding the Company, the Fund, the IHF tokens and IHF token sale and the underlying assets (each as referred to in the White Paper). You should consult your own legal, financial, tax or other professional adviser regarding the Fund, the Company and its business and operations, the IHF tokens, the IHF token sale and the underlying assets (each as referred to in the White Paper). You should be aware that you may be required to bear the financial risk of any purchase of IHF tokens for an indefinite period of time.

### ***H. No Further Information Or Update***

No person has been or is authorized to give any information or representation not contained in this White Paper in connection with the Company and its business and operations, the IHF tokens, the IHF token sale and the underlying assets (each as referred to in the White Paper) and, if given, such information or representation must not be relied upon as having been authorized by or on behalf of the Company. IHF ICO shall not, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a material change in the affairs, conditions and prospects of the Fund, the Company, IHF or in any statement of fact or information contained in this White Paper since the date hereof.

### ***I. Restrictions On Distribution And Dissemination***

The distribution or dissemination of this White Paper or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, and to observe, any restrictions which are applicable to your possession of this White Paper or such part thereof (as the case may be) at your own expense and without liability to the Company or any member of the Hyperion Fund Team.

Persons to whom a copy of this White Paper has been distributed or disseminated, provided access to or who otherwise have the White Paper in their possession shall not circulate it to any other persons, reproduce or otherwise distribute this White Paper or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

### ***J. No Offer Of Securities Or Registration***

This White Paper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction. No person is bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this White Paper. Any agreement in relation to any sale and purchase of IHF tokens (as referred to in this White Paper) is to be governed by only the T&Cs of such agreement and no



other document. In the event of any inconsistencies between the T&Cs and this White Paper, the former shall prevail.

No regulatory authority has examined or approved of any of the information set out in this White Paper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this White Paper does not imply that the applicable laws, regulatory requirements or rules have been complied with.

## **K. Modifications**

The Company reserves the right to amend and revise this White Paper without notice.

## **L. Mutual Fund Regulation**

Invictus Hyperion is not regulated as a mutual fund for the purpose of the Cayman Islands Mutual Funds Law (Revised) because Invictus Hyperion is not issuing equity interests to IHF purchasers within the meaning of the Mutual Funds Law. Although the Tokens carry a contractual right against Invictus Hyperion, a IHF does not represent a share of Invictus Hyperion's authorised and issued share capital, a token-holder is not entitled to be included on the register of members of Invictus Hyperion and does not have capital at risk in the way a shareholder does. Therefore Invictus Hyperion is not subject to the Mutual Funds Law and the potential registration or licensing requirements that would otherwise apply if equity interests were being offered and Invictus Hyperion was subject to the Mutual Funds Law. Specifically this White Paper will not be filed with the Cayman Islands Monetary Authority (CIMA), Invictus Hyperion is not subject to the supervision of CIMA and Invictus Hyperion is not required to have its accounts audited nor submit such accounts to CIMA.

## **M. The Cayman Islands and the Foreign Account Tax Compliance Act**

### **US Requirements**

The Foreign Account Tax Compliance Act (FATCA) provisions of the Hiring Incentives to Restore Employment Act (HIRE Act) provide that Invictus Hyperion must disclose the name, address and taxpayer identification number of certain United States persons that own, directly or indirectly, an interest in Invictus Hyperion, as well as certain other information relating to any such interest, pursuant to the terms of the intergovernmental agreement between the United States and the Cayman Islands (US IGA) and implementing legislation and regulations which have been adopted by the Cayman Islands. If Invictus Hyperion fails to comply with these requirements, then a 30% withholding tax will be imposed on payments to Invictus Hyperion of United States source income and proceeds from the sale of property that could give rise to United States source interest or dividends. The withholding tax provisions of FATCA took effect on July 1, 2014 other than in relation to proceeds from the sale of property, in which case they have been postponed to January 1, 2019.

Although Invictus Hyperion will attempt to satisfy the obligations imposed on them to avoid the imposition of this withholding tax, no assurance can be given that Invictus Hyperion will be able to satisfy these obligations. In this regard, Invictus Hyperion may require investors to provide any documentation or other information regarding the investors and their beneficial owners that Token Generator determines is necessary or desirable for Invictus Hyperion to avoid the withholding tax and otherwise comply with the HIRE Act. If Invictus Hyperion becomes subject to a withholding tax

as a result of the HIRE Act, the value of Tokens held by all Investors may be materially affected. The Cayman Islands legislation requires Invictus Hyperion to make an annual report to the Cayman Islands Tax Information Exchange Authority (Cayman TIA). Any information provided by Token Generator to the Cayman TIA will be shared with the Internal Revenue Service of the United States.

### **Other Intergovernmental Agreements**

It is possible that further inter-governmental agreements (future IGAs) similar to the US IGA may be entered into with other third countries by the Cayman Islands Government to introduce similar regimes for reporting to such third countries fiscal authorities.

### **OECD Multilateral Competent Authority Agreement**

Over 90 countries have signed the OECD Multilateral Competent Authority Agreement and Common Reporting Standard (CRS) for the implementation of the automatic exchange of tax information based on the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The CRS is similar in form and substance to the US IGA and applies in respect of each "participating jurisdiction" (as identified in a list published by the Cayman TIA). On 16 October 2015, the Cayman Islands passed into law the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015, as amended (CRS Regulations). As a result of this, Cayman Islands financial institutions, including Invictus Hyperion, have substantially expanded international tax compliance obligations and will have substantially expanded reporting obligations from 2017, with the first reporting deadline under the CRS Regulations being 31 May 2018. By investing (or continuing to invest) in Invictus Hyperion, Investors shall be deemed to acknowledge that: (i) Invictus Hyperion (or its agent) may be required to disclose to the Cayman TIA certain confidential information in relation to the investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment; (ii) the Cayman TIA may be required to automatically exchange information as outlined above with the IRS, HM Revenue & Customs, the United Kingdom tax authority (HMRC) and other fiscal authorities (Competent Authorities) of CRS "participating jurisdictions"; (iii) Invictus Hyperion (or its agent or delegate) may be required to disclose to the IRS, HMRC and other Competent Authorities certain confidential information when registering with such authorities and if such authorities contact Invictus Hyperion (or its agent or delegate directly) with further enquiries; (iv) Invictus Hyperion may require the investor to provide additional information and/or documentation which Invictus Hyperion may be required to disclose to the Cayman TIA; (v) in the event a Token purchaser does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements, whether or not that actually leads to compliance failures by Invictus Hyperion, or a risk of Invictus Hyperion or its investors being subject to withholding tax under the relevant legislative or inter-governmental regime, Invictus Hyperion reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, compulsory Token return of the investor concerned; and (vi) no investor affected by any such action or remedy shall have any claim against Invictus Hyperion (or its agent or delegate) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of Invictus Hyperion in order to comply with any of the US IGA, the CRS Regulations or any future IGAs or agreements, laws or regulations entered into

or implemented by the Cayman Islands for the purpose of ensuring and/or enhancing international tax transparency.

#### **Other jurisdictions**

It is possible that certain dividends, interest and other income received by Invictus Hyperion from sources within certain countries may be subject to withholding taxes imposed by such countries. Invictus Hyperion may also be subject to capital gains taxes or other taxes in some of the countries where it purchases and sells securities or otherwise conducts business. It is impossible to predict in advance the rate of tax that will be paid since the amount of the assets of Invictus Hyperion to be invested in various countries is uncertain.

#### ***N. Risks And Uncertainties***

Prospective purchasers of IHF tokens (as referred to in this White Paper) should carefully consider and evaluate all risks and uncertainties associated with the Fund, the Company and its business and operations, the IHF tokens, the IHF token sale and the underlying assets (each as referred to in the White Paper), and all information set out in this White Paper and the T&Cs prior to any purchase of IHF tokens. If any of such risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of the Fund, the Tokens, and/or the Company could be materially and adversely affected. In such cases, you may lose all or part of the value of the IHF Tokens.