



BITUP.COM

# INTELLIGENT DIGITAL ASSET MANAGEMENT

Open the door to digital wealth

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## Chap.1 Overview

The world has been ablaze with talks about cryptocurrencies, which are based on blockchain technology. Blockchain, the core technology considered as the basis for cryptocurrencies, is disrupting the current centralized social organization structure. With the ideas of decentralization and fundamental technologies including smart contracts and P2P transmission, blockchain is changing the entire commercial society. The past Industrial Revolutions were mainly pushed forward by the minority, social elite classes, whereas this new revolution will involve all classes and everyone can be the participants and beneficiaries of this social revolution.

Nowadays, more and more people are including digital assets in their investment plans, expecting tremendous return. However, as a result of the lack of industry regulations, the market is flooded with exchange platforms that are unprofessional and digital assets that are not worth investing in. It is also very common to see people invest in digital assets without proper investment logic, merely following others. Quantitative trading led by computer programming still forms only a small portion of digital asset trading, compared to traditional finance areas such as the stock market. Currently, over 90% of all trading on digital currency exchange platforms is done manually by investors.

These problems are not specifically related to blockchain technology, but are related to the delay of fundamental infrastructure construction and industry regulation compared to the rapid revolution and disruption caused by innovative technology. Despite these problems, emerging digital asset investments are still changing the traditional financial investment industry.

First of all, blockchain-based digital asset investment remove the past geographic limitations of traditional investments, as the distributed systems empower instant global investments.

Secondly, blockchain technology has lowered the barrier of investment. People may invest in innovative startups even with just a few cents,

while the revenue distribution plan is already defined and enforced by smart contracts. Such investments were not possible in the era where large venture capital institutions dominate the early investment opportunities provided by firms with great potential such as Google and Alibaba.

The Foundation intends to introduce BitUP Intellectual Digital Wealth Management Platform, which aims to solve the existing problems of the digital asset investment industry and provide digital asset investors, professional investment managers and AI-based intelligence investment managers a transparent and open platform. BitUP intends to build an innovative business pattern based on blockchain technologies.



This project has the potential to tackle problems such as non-transparency, information asymmetry, low efficiency, high transaction cost and high credibility risk, and build a open, transparent, trusted, information secure, efficient and low cost exchange platform. BitUP intends to empower the application of blockchain technology to the financial investment industry, increase social investment efficiency and help revolutionize the new economy system.

The BitUP team is based in Silicon Valley, with rich internet and quantitative finance expertise. The team values innovation and responsibility. The Foundation had been registered in Singapore. The project to develop the BitUP Platform had been launched in 2017Q3 – the BitUP team had analyzed multiple quantitative trading algorithms and achieved impressive returns. In 2017Q4, the BitUP team finished the product design of PC and mobile platforms based on user needs. In 2018Q1, the Foundation will complete the development and construction of the BitUP Platform. In 2018Q2, members of the BitUP team (in its capacity as a user and asset manager on the BitUP Platform) will separately release the first BitUP investment fund.

The new economic era has arrived, and the Foundation would like to explore new investment patterns with all the investors. The Foundation's goal is to distribute investment gains fairly and openly to the whole world, alongside the rising trend of blockchain technology.

## Chap.2 Current Status of Digital Assets

### 2.1 Digital Asset

Blockchain technology advancements have greatly promoted the development of crypto digital currencies. According to Forbes, the global cryptocurrency market grew by 800% with a market capitalization of 150 billion US Dollars in August, 2017. In only 4 months, the market cap reached 700 billion US Dollars. Take Ripple as an example, Ripple's contract-based XRP grew by 35000% in the year of 2017, gaining a market cap of 129 billion US Dollars. Statistics from coinmarketcap.com showed that the current blockchain-based digital currency market has a total market cap of over 7.5 trillion US Dollars.

Considering the rapid speed of digital currency development, the global cryptocurrency market is expected to reach over 10 trillion US Dollars in market cap. Financial products utilizing blockchain technology and smart contracts are also broadly applied, indicating great potential in this area. In foreseeable future, there will be massive amounts of digital assets created.

### 2.2 Digital Asset Allocation

Digital Asset Allocation allocates blockchain-based crypto digital assets based on asset allocation theories and practices. Digital asset allocation requires proper asset allocation strategies and uses derivatives to hedge risks.

The investment portfolios are built with multiple assets and are dynamically adjusted the portfolio according to market conditions to lower trading losses and achieve higher returns for the investor.

Compared to traditional financial products, digital asset allocations that are based upon blockchain technologies such as smart contracts are more transparent. Digital currency holders face less trading fraud risk compared to traditional financial markets, and their lawful rights and interests are better protected. The 24/7 trading mechanism increases trading efficiency, introduces more operational possibilities, and provides higher potential returns. The decentralized mechanism removes middlemen and lowers the trading costs.

More people are starting to learn about Bitcoin and the underlying blockchain technology since the Bitcoin waves in 2013 and 2017. They now realize the value of digital assets and are entering this new field.

As the global economic growth slows, governments will enter interest rate raising cycle. For the general public, they will face slower wealth growth, higher trading cost and lower traditional wealth management returns. With the value of various digital assets including Bitcoin being recognized, there will be more people transferring their wealth into digital assets.



## Chap.3 Users and Challenges

### 3.1 Digital Asset Holder

Accenture's research reports have shown that of 4000 Americans, 8% already possess digital currencies, and the number is expected to rise to 18% by 2020. The majority of this crowd is born after 2000, with 30% already possessing digital currencies and 26% considering using digital currencies in the future. Among the wealthy, 19% are already using digital currencies and 32% intend to possess digital currencies by 2020.

In general, millennials and the rich are more likely to become digital currency holders. The former group represents future wealth creators, and the latter group represents the main wealth holders of the current society. Along with the rapid growth of Bitcoin in 2017, more people of the general public have become interested in Bitcoin and have made the choice to enter the digital asset world. The further appearance and rise of blockchain-based financial products will likely attract wealth managers in traditional areas of finance. One can visualize the growth trend of digital currency market participants through Coinbase's app downloads.

Coinbase is an exchange platform that provides digital currency trading and storage. As a result of the rapid growth of digital currency prices including Bitcoin, Coinbase's mobile app gained the most downloads in Apple App Store. Therefore, taking into account the growth rate, purchase potential and purchase incentive of digital currency adapters, the crowd entering the digital currency market will greatly expand.

## 3.2 Challenges

### 3.2.1 Digital Asset Complexity

Currently, there are two main categories of digital assets, one category consists of crypto digital currencies stored on distributed ledgers, and the other category includes financial derivatives based on smart contracts.

Statistics from [coinmarketcap.com](https://coinmarketcap.com) show that there are 1389 different kinds of digital currencies built upon blockchain technology and there are over 7000 exchange markets.

In the finance area, there are also various financial products being created as digital assets, including stocks that are automatically traded, smart bonds based on distributed ledgers, supply chain finance and real estate based on smart contracts.

Among these projects, many have great application value, but much more have no actual application value. It is extremely time consuming and complicated for an ordinary person to know each project's actual value. This is when professional institutions and teams are needed to analyze and evaluate each project.

### 3.2.2 Trading Price Volatility

Since there is no universal standard of valuation around the world, digital currencies face highly volatile prices. Taking Bitcoin as an example, the price plummeted in 2017 as certain countries announced restrictive rules, but still reached 2100% growth rate when the price floated back up. For ordinary wealth managers, the instability and unpredictability of digital assets are incomparable to those of traditional financial products. Without adequate professional knowledge, there will be great risks involved in asset allocation.

### 3.2.3 Lack of Basic Education

Asset allocation requires allocation strategies with various time spans and various levels of risk. People with different financial situations have different risk tolerance levels, and should use different asset allocation strategies. Some people prefer low-return but low-risk safe investments, and some people prefer high-risk but potentially high-return aggressive investments. Another issue with using traditional hedge fund investment practices for digital asset funds is that the information is less reliable and less valid because of the lack of proper regulation and validation.

Digital asset allocation is a very new industry, with limited online investment related resources. Most people don't have access to professional knowledge and advices. Therefore, individuals not working in the area of finance do not have the ability to make proper decisions, are unable to easily acquire professional knowledge, lack effective portfolio allocation rationale and practices, and eventually are unable to achieve satisfying returns on their asset allocations.



## Chap.4 Industry Trends

Currently, most participants of the digital currency exchange market are still individuals, and professional wealth management institutions face relatively high entry barriers. First of all, the lack of transparency of many digital assets' operations makes it hard to analyze using traditional asset allocation logics. Secondly, the performance of hedge funds is limited because of the lack of professionals and knowledge bases regarding this new area. Thirdly, the traditional technical structure is unsuitable for digital asset allocation and blockchain technology is needed to remove the limits of traditional hedge funds. These are all barriers towards entry for the area of digital asset allocation.

A document of Coinfund stated that the major Decentralized Asset Management Platforms (DAMP) for digital assets include Iconomi, Melonport, CoinDash, Etherplan, TaaS and more. Following is a brief overview of these major platforms.

**Iconomi:** Iconomi was launched in 2016 and has been the world's leading distributed digital asset management platform. It aims to provide opportunities for participating in early stages of digital currency insurance, which currently is not available in traditional economy.

*Melonport:* Melonport was founded by Mona Elisa, former Goldman Sachs vice president. The platform's goal is to provide a transparent, low-barrier and low-cost digital asset management platform for fund managers. It also lowers the entry barrier for fund investors.

*TaaS:* TaaS, or Token as a Service, is a tokenized closed-end fund dedicated to blockchain assets, and aims to lower the risk and barrier for entering the digital currency exchange market.

Overall, there are not enough professional digital asset management firms in the market, and the existing ones are mostly launched within 3 years. The digital asset market is rapidly growing, but the digital asset management industry is still developing and currently doesn't have much internal competition. In addition to these characteristics, digital asset management industry has great potential, as the digital asset market cap is expected to reach over 10 trillion US Dollars.

## Chap.5 Product Design

### 5.1 Management Platform

BitUP digital wealth management platform is intended to be the home to all investors with BUT as the circulating platform currency. Investors may make deposits, buy/sell products and withdraw tokens on the platform. They may also monitor each product's performance and return. The BitUP Platform will release asset allocation compositions named Digital Asset Combinations (DAC), different allocation ratios of digital assets can create different DACs. Investors can use BTC, ETH or BUT to make deposits and purchase DAC products, or withdraw the assets in terms of BTC, ETH or BUT.

The BitUP Platform is also open to other professional investors to create their own DACs while providing them with professional software and tools such as asset allocation tools, data analytics tools and AI trading analysis models to dynamically manage their DACs.

The BitUP Platform leverages the decentralized blockchain technology to remove geographic limitations and make 24/7 trading possible. The platform also utilizes smart contracts to remove procedures and qualification restrictions of traditional finance platforms, enabling everyone to participate in projects with great investment potentials. The distributed ledgers allows everyone to monitor the operation of the platform, and auto-triggered smart contracts are intended to ensure that all investors will receive fair investment returns.

Compared to traditional asset management patterns, the BitUP Platform intends to use blockchain technology to remove the middlemen, which will increase efficiency and lowers management costs. The BitUP Platform also intends to use cryptography, cold wallet and multi-signature technologies to protect investors' assets and prevent hacking.

The BitUP Platform will provide users with periodic investment analysis reports that contain detailed statistics of portfolio performance, including each DAC's composition, return and volatility. In addition to investment performance reports, BitUP Platform's investors will also receive comprehensive information such as project news, research progresses and industry trends to help them make better investment decisions.

## 5.2 Fund Categories

The BitUP Platform will support two categories of funds, Index Funds and Active Funds. Asset managers utilizing the BitUP Platform would be able to create multiple DACs for these two fund categories.

Index Funds, are intended to incorporate multiple exchange platforms' APIs to pull their index statistics with a predetermined index type, such as market index, new token index, fork token index, etc. The BitUP Platform will utilize AI's big data analytics abilities to create DACs through methods including stratified sampling and complete copying. DACs under the Index Funds category are more suitable for value investors who have lower risk tolerance and wish to hold the assets for longer periods.

Active Funds utilize investment managers' personal experience and AI's big data analytics to analyze the projects in order to obtain alpha through their investment strategies and operations. The Foundation's team members include professional managers from major Wall Street investment firms such as Morgan Stanley. They will use their experience from foreign mature digital currency markets to create and trade DACs. DACs under the Active Funds category are more suitable for investors aiming for high returns and have higher risk tolerance.

The BitUP Platform's revenue consists of three parts: annual management fee collected from DAC holders, exit fee collected from DAC sellers, and a certain percentage of return collected from the excess return of Active Funds compared to the market.



### 5.3 Investment Strategies

The DACs released on the BitUP Platform will be managed according to the individual investment managers' personal experience and AI analytics. The investment managers will create digital asset allocation models based on their individual investment experience, and these models will be inserted into AI systems. AI will be designed to make predictions taking into account all variables and the investment objectives. AI will apply techniques such as automatic trading based on reinforcement learning to adjust the ratios according to changes in the market and other related factors. The BitUP Platform would mainly use AI for the analysis of massive market data and text data (such as sentiment analysis through natural language processing) including news and regulations.

The BitUP Platform will use multiple hedging methods to diversify and lower the risk, such as hedging with main token and fork token, hedging with main token and new token, hedging with token and token futures, etc. The BitUP Platform will also use AI's analysis of the market to timely adjust asset allocation ratios. When the BitUP Platform finds a certain kind of undervalued digital currency, it will create a portfolio of digital currencies to diversify the risk and lock in profits through gain and loss breakeven, and eventually receive investment returns from the rise of the market and the growth of the investment project.

The BitUP Platform also intends to leverage on blockchain features such as globalized 24/7 trading, which enables the BitUP Platform to gain from arbitrage opportunities created by the price differences among exchanges.

## 5.4 Platform Differentiating Strengths

### 5.4.1 Wallet Street and Silicon Valley Manager Team

BitUP team includes professional managers from Wall Street major investment firms and prominent algorithm engineers from Silicon Valley. They will combine their rich personal experience and AI data analytics patterns to choose projects with the highest investment potentials, which will largely improve performance of the funds.

### 5.4.2 AI Intellectual Allocation

After BitUP Platform's management team inserts proper asset allocation models, AI will make predictions considering all variables and the investment objectives. AI will apply techniques such as automatic trading based on reinforcement learning to adjust the ratios according to changes of the market and related factors.

### 5.4.3 Safety

BitUP Platform intends to use multi-signature and cold wallet technologies to secure all virtual assets. The private key to the wallet will be physically distributed and stored, with strict processing procedures controlling inflows and outflows of assets. The BitUP Platform will be connected to exchanges through encrypted network channels, and will set up specific asset escrow accounts with external exchange platforms for trading and exchanging of different virtual assets.

### 5.4.4 Easy to Use

The activities of a user on the BitUP Platform mainly consists of the following four operations: deposit of investment funds, purchase of DACs, sale of DACs, and withdrawal of investment funds (for the avoidance of doubt, these activities are separate from the token sale of BUT). The BitUP Platform will set different asset allocation limits according to different levels of user verification.

## Chap.6 BitUP Tokens (BUT)

BitUp Token is the native ERC20-compatible cryptographic token of the BitUP Platform implemented on the public Ethereum blockchain ("BUT"). The development of the BitUP Platform would be supported by the sale proceeds of the distribution of BUT, which shall be distributed by an affiliate of the Foundation. BUT will be widely used in the BitUP Platform ecosystem as the main mode of payment and circulating platform currency.

## 6.1 BUT Launch

A fixed supply of 1 billion BUT tokens will be created and no further tokens will be created. Of the total supply of BUT, 45% will be allocated to the market through token sales, 15% will be held by the Foundation, 10% will be used for marketing, 10% will be used for community development, and 20% will be allocated to the developer team.

BUT's token sale process includes two phases, Angel Sale and Pre Sale.

1. Angel Sale will distribute 5% of the total BUT token supply for 2400 ETH. 60% of the BUT distributed during this event will be released one week after the sale ends, with the remaining 40% initially non-transferrable, and made transferrable monthly and evenly during a 3-month lock-up period.
2. Pre Sale will distribute 40% of the total BUT token supply for 30000 ETH. 60% of the BUT distributed during this event will be released one week after the sale ends, with the remaining 40% initially non-transferrable, and made transferrable monthly and evenly during a 3-month lock-up period.

Sale proceeds of the token sale events will be used for the roll-out and development of the BitUP Platform, including team recruitment, product development, project operations, market promotion, brand construction, community service, purchase and rental of infrastructure equipment such as servers.



To protect the security of funds and to maintain trust, the BitUP Platform will use third-party escrow. The raised funds will be transferred to a 2/3 multi-signature address, with only one of the three keys held by the representatives of the BitUP Platform, and two keys held by trusted third party individuals. The funds can only be accessed by representative of the BitUP Platform with the consent of at least one of the two third party key holders.

BUT allocated to the Foundation will be used for research into digital currency hedge funds and quantitative trading techniques. It will be used for supporting digital currency quantitative trading research projects, buying or collaborating on quantitative trading solutions, developing exchange systems, etc.

BUT allocated to community development will be used to incentivize outstanding investment managers and BUT holders who contributed to the community. Creating DACs with good performance, building good allocation models, providing quantitative trading solutions and promoting the community can all be recognized as contribution to the community.

BUT allocated to the developer team will be initially non-transferrable, and 25% of this amount will be made transferrable every 6 months. All BUT will be unlocked in two years.



## 6.2 BUT Use Cases

BUT is a major component of the ecosystem on the BitUP Platform. BUT is a non-refundable functional utility token which will be widely used in the BitUP Platform ecosystem as the unit of exchange between participants on the BitUP Platform and circulating platform currency. BUT is the core incentive mechanism on the BitUP wealth management platform, which will be rewarded to incentivize positive behaviors and motivate professional and regular investors to help improve the community ecosystem together. BUT does not in any way represent any shareholding, participation, right, title, or interest in the Foundation, its affiliates, or any other company, enterprise or undertaking, nor will BUT entitle token holders to any promise of fees, revenue, profits or investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. BUT may only be utilized on the BitUP Platform, and ownership of BUT carries no rights, express or implied, other than the right to use BUT as a means to enable usage of and interaction with the BitUP Platform. BitUP would have some specific functions:

1. BitUP Platform will charge asset managers a certain fee in BUT for the creation of DACs.
2. Annual management fee of purchased DACs (created by asset managers on the BitUP Platform) and exit fee of sold DACs will also be paid in terms of BUT.

3. BUT will be automatically given as incentives to investment managers and other third parties according to rules governed by smart contracts. The asset allocation combinations they created, along with all operations, will be transparent and open to all investors. All performance will be quantitatively evaluated.
4. BUT holders would obtain exclusive access to premium services (e.g. market intelligence and research reports) on the BitUP Platform by paying BUT.
5. Through DACs created by asset managers, BUT holders would get the opportunity to access opportunities which would otherwise not be available to the general public.

In particular, you understand and accept that BUT:

- (a) is non-refundable and cannot be exchanged for cash (or its equivalent value in any other virtual currency) or any payment obligation by the Foundation or any affiliate;
- (b) does not represent or confer on the token holder any right of any form with respect to the Foundation (or any of its affiliates) or its revenues or assets, including without limitation any right to receive future revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation,

proprietary (including all forms of intellectual property), or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to the BitUP Platform, the Foundation, the Distributor and/or their service providers;

(c) is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument or any other kind of financial instrument or investment;

(d) is not a loan to the Foundation or any of its affiliates, is not intended to represent a debt owed by the Foundation or any of its affiliates, and there is no expectation of profit; and

(e) does not provide the token holder with any ownership or other interest in the Foundation or any of its affiliates.

The contributions in the token sale will be held by the Distributor (or its affiliate) after the token sale, and contributors will have no economic or legal right over or beneficial interest in these contributions or the assets of that entity after the token sale.

To the extent a secondary market or exchange for trading BUT does develop, it would be run and operated wholly independently of the Foundation, the Distributor, the sale of BUT and the BitUP Platform. Neither the Foundation nor the Distributor will create such secondary markets nor will either entity act as an exchange for BUT.

## Chap.7 Vision

The traditional asset management industry has a market value of hundreds of trillions of US Dollars, whereas the digital currency market also reached a market cap of 700 billion US Dollars. Since 2018, the digital asset market will experience revolutionary changes, and its market cap is project to reach tens of trillions US Dollars. Despite such a gigantic asset management market, all digital asset management firms are still in their developing phase.

BitUP Platform plans to become the largest digital asset management platform in the world, on a similar scale as Berkshire Hathaway and Blackstone Group in the traditional markets. BitUP Platform will leverage on its professionalism and prominent performance to serve global digital asset managers and provide higher profits. It will push forward the development of its own community and focus on making the digital currency asset management industry more scientific and more standardized through related research. It also aims to help more people understand the true value of blockchain technology through promoting and educating people about blockchain and cryptocurrencies.

It is one of the Foundation's goals to promote the development of the entire blockchain ecosystem. The Foundation intends to support the growth of blockchain startups via technology and product collaborations, funding, etc.

Blockchain technology is currently mainly used in the area of digital currencies, but it can be applied in the areas of traditional finance such as stocks, futures and insurance, and in the area of social welfare such as real estate, e-commerce and social interactions. The Foundation wishes to promote the digitalization of financial assets and the decentralization of society to help build a fair, efficient and trusted commercial society.



## Chap.8 Risks

You acknowledge and agree that there are numerous risks associated with purchasing BUT, holding BUT, and using BUT for participation in the BitUP Platform.

### 1. Uncertain Regulations and Enforcement Actions

The regulatory status of BUT and distributed ledger technology is unclear or unsettled in many jurisdictions. It is impossible to predict how, when or whether regulatory agencies may apply existing regulations or create new regulations with respect to such technology and its applications, including BUT and/or the BitUP Platform. Regulatory actions could negatively impact BUT and/or the BitUP Platform in various ways. The Foundation (or its affiliates) may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

After consulting with a wide range of legal advisors and continuous analysis of the development and legal structure of virtual currencies, the Foundation will apply a cautious approach towards the sale of BUT. Therefore, for the crowdsale, the Foundation may constantly adjust the sale strategy in order to avoid relevant legal risks as much as possible. For the crowdsale, the Foundation is working with Tzedek Law LLC, a boutique corporate law firm in Singapore with a good reputation in the blockchain space.

## 2. Failure to develop

There is the risk that the development of the BitUP Platform will not be executed or implemented as planned, for a variety of reasons, including without limitation the event of a decline in the prices of any digital asset, virtual currency or BUT, unforeseen technical difficulties, and shortage of development funds for activities.

## 3. Security weaknesses

Hackers or other malicious groups or organizations may attempt to interfere with BUT and/or the BitUP Platform in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, there is a risk that a third party or a member of the Foundation or its affiliates may intentionally or unintentionally introduce weaknesses into the core infrastructure of BUT and/or the BitUP Platform, which could negatively affect BUT and/or the BitUP Platform.

## 4. Other risks

In addition to the aforementioned risks, there are other risks (as more particularly set out in the Terms and Conditions) associated with your purchase, holding and use of BUT, including those that the Foundation cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the aforementioned risks. You should conduct full due diligence on the Foundation, its affiliates and the BitUP team, as well as understand the overall framework and vision for the BitUP Platform prior to purchasing BUT.

## Chap.9 References

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