



Andra Capital

Silicon Valley Coin

THE WHITEPAPER 2018



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1. Executive Summary

Andra Fund (the “Fund”) aims to be the first tokenized technology growth fund focused on private late-stage investments. The Fund is tokenized through a regulatory compliant, asset-backed, and tradeable security token to provide access to global investors. Secure token custody services will be provided to traditional investors. The Fund plans to target companies in their hyper growth phase and will aim to provide permitted investors with higher returns and lower risks over a shorter investment period than traditional venture capital (“VC”) funds.

The Fund plans to target companies that generally meet the following criteria:

- (i) raised at least two rounds of institutional funding from established venture capital firms;
- (ii) has an enterprise value of at least \$500 million dollars; and
- (iii) has a potential for a near-term exit (e.g., the ability to monetize the investment through an initial public offering, merger or acquisition event, or re-sell within thirty six months).

Our objective is to provide permitted investors with significant capital appreciation over the course of thirty six to sixty months, the timeframe our research has concluded maximizes return on investment (“ROI”) for late-stage (defined via the above (i) and (ii) criteria) investments.

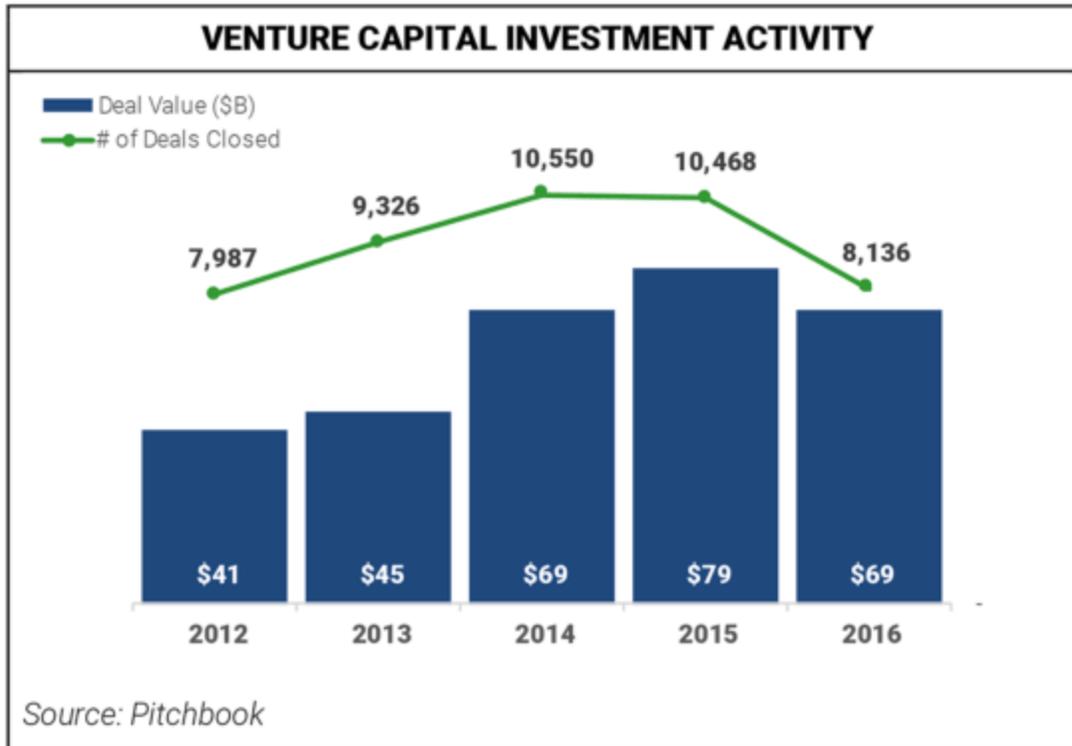
The Fund aims to outperform traditional VC funds by investing alongside top-tier VCs in top-performing companies. Opportunities for investors to participate in top-tier funds are limited. The Fund intends to use blockchain technology to open this opportunity to permitted investors globally and to democratize the venture capital space through the **Silicon Valley Coin** (“SVC” or the “Coin”). We believe the Fund combines a proprietary investment strategy, world-class service providers, a perpetual VC structure with tradeable interests, and the latest blockchain technology to achieve our objective.

This White Paper summarizes the details of our strategy, deal flow ecosystem, security token details, token custody options, compliance and legal support, and partners.



2. Traditional Venture Fund Market

A. Venture Capital Market Overview



The amount of funding and the number of deals have been steadily rising throughout the past five years. However, most returns are derived from 20% of investments in a typical VC portfolio. In other words, out of ten investments, two typically generate returns. The respective investment formula has allowed the top performing VCs to achieve 40%+ internal rate of returns (“IRR”) over eight to twelve years. VC funds generally performed exceptionally well in the last two decades, even as most other funds floundered due to immense risk associated with investing across early stage startups. As of 2016, the U.S. VC’s average twenty year rate of return was 35.4%, compared to 13.5% for private equity and the aforementioned 7.7% for S&P 500 indices. While VCs, especially top-tier ones, surpass the market consistently, top-tier funds are extremely exclusive and mostly limited to the well-connected and wealthy.



Challenges for Traditional Fund Investors

Several key problems prevent traditional fund investors from taking advantage of opportunities to buy into late-stage, high-growth tech ventures. The most important ones are:

Limited Availability of Opportunities: Many of the best financial opportunities today are digital and limited to the affluent, limited partners (“LPs”), and an exclusive network of family offices. In fact, most LPs do not have access to top-tier VCs. Unfortunately, unless an investor represents a large fund, works for a major bank, or actively cooperates with startups, most investors are uninformed about the promising ventures until the opportunity has passed.

Long Holding Periods and Limited Liquidity: The average fund life of traditional VCs range from eight to twelve years. When a fund is invested, there is no system to determine the period in which the capital will be available. While certain funds pledge a hard-cap, such as ten years, exit events are unpredictable. An investor may be required to hold onto an asset for far longer than initially expected, without the ability to exit at will; an undesirable outcome.

Foreign Investor Restrictions: Typically, investing in a VC means transferring money across borders and into a different regulatory regime. Investors have to cover their personal costs, including taxes/fees, regulatory fund fees, and other costs. Combined with the opportunity cost of, and time lost to, trading across borders, these inefficiencies diminish the appeal of investing. As a result, foreign investors experience restricted participation in Silicon Valley technology investment opportunities.



B. Introducing Security Tokens

i. What are security tokens? What do they have to do with investing?

A security token (or blockchain token) is a digital asset that can be exchanged between individuals via the blockchain platform. Unlike fiat currency, which is issued and controlled by a central bank, tokens can be obtained through decentralized means. Unlike fiat currency, tokens can be purchased and sold relatively quickly, transferred across borders, and generally lack a broker, banker, or other transaction fee. As a result of these three qualities, there are two important applications that tokens have for investors.

ii. Two Ways Investors Use Blockchain Tokens

First, tokens can be used *as a currency*. Specifically, Bitcoin and Ether are frequently used as a proxy for fiat currency, assuming the risk of holding and trading them is bearable. The advantage is that transferring these digital assets is generally cheaper and faster compared to fiat currency.

Secondly, security tokens can be used as an investment backed by securities, which makes it a noteworthy option for both traditional and crypto investors. The Fund's goal is to combine blockchain applications to match high-ROI, late-stage companies with permitted investors globally.

iii. How The Fund Will Utilize Security Tokens

Most cryptocurrencies are highly volatile, and therefore risky to hold. The Fund intends to reduce risks associated with holding crypto assets by linking the SVC's value with the Fund's assets, primarily the equity of private late-stage technology companies.

We envision the SVC, built on the Ethereum blockchain, will be secure and legally compliant. We believe this simple and dynamic platform allows for expeditious transactions, purchase, sale, and investment in a tokenized asset.



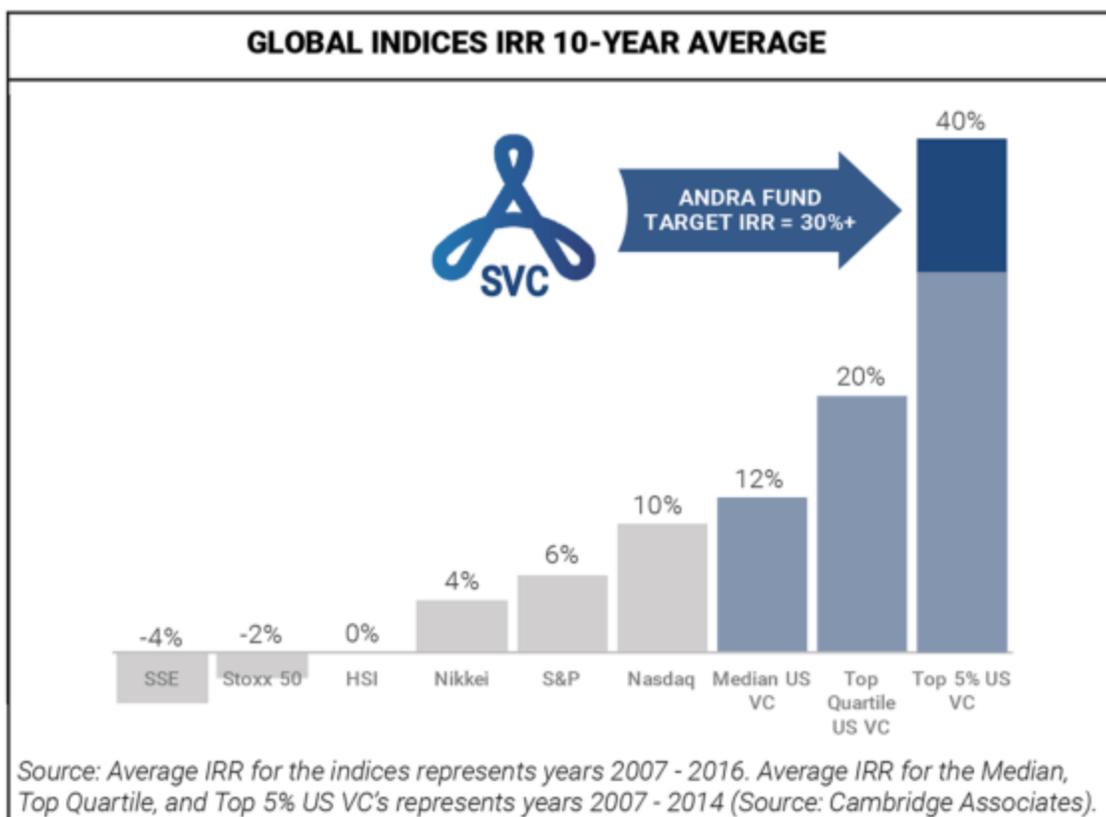
C. Differentiating the Silicon Valley Coin from Other Tokens

The value of a token is generally determined by its scarcity, utility, and supply and demand, among others. This generates a significant problem because most tokens lack ascertainable value, and the tokens are generally tied to an ecosystem driven by supply and demand.

The SVC intends to offer a sound alternative by providing permitted investors with a tokenized asset that represents ownership in the Fund's assets, primarily private late-stage technology companies.

D. How We Differ from Traditional Venture Funds

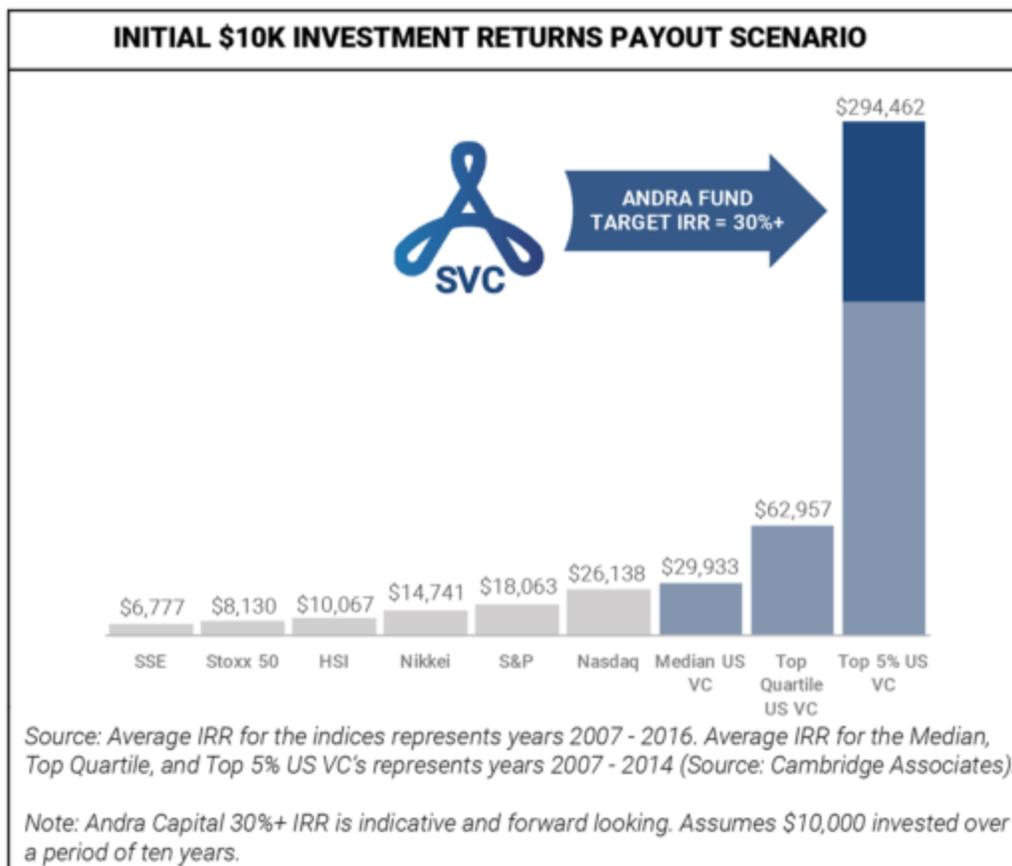
Our founders and professionals have spent over twenty years in the technology and VC space and participated in many private equity transactions, including Facebook, LinkedIn, and Twitter, and realized superior returns to investors.



As demonstrated by the graph above, the average IRR thresholds for the median and top quartile VCs over the past ten years are 12% and 20%, respectively. The returns



are relatively low with respect to the amount of risk assumed with venture capital. Top-tier VCs, or the top 5%, achieved a ten year average IRR 40%. As you may expect, most investors lack access to the top-tier VCs given the lucrative and highly sought-after returns.



The investment returns scenario above assumes an initial investment of \$10,000 across various indices, VCs, and Andra Capital over a ten year period. As indicated, investing \$10,000 with a top-tier VC at 40% annual IRR over ten years would result in a payout of nearly \$300,000. Similarly, investing \$10,000 with Andra Capital at the anticipated 30%+ IRR would result in a payout range of \$138,000 to \$300,000. On the other hand, the top quartile VC and S&P would only yield a payout of \$63,000 and \$18,000, respectively. We anticipate that the Fund will be a top alternative for investors looking for top-tier VC returns.

Another unique value proposition is the adoption of blockchain technology, which creates an open opportunity for investors globally. The Fund intends to utilize blockchain technology to naturally democratize the Fund.



Because the Fund will be tokenized, investors maintain the flexibility to transfer SVCs, subject to applicable laws and applicable transfer restrictions. In other words, SVCs may be immediately re-sellable following the initial issuance, in lieu of investors potentially waiting up to eight to twelve years to exit from a typical fund.



3. Introduction to The Fund

We seek to offer permitted investors a superior capital appreciation opportunity that transcends regional borders. The Fund's target annual rate of return is 30%+ with significant capital appreciation expected over a shorter period of time, as opposed to eight to twelve years from a traditional VCs. Andra Capital aims to disrupt the venture capital space through blockchain technology by tokenizing the Fund and generally making access to the Fund available to permitted investors.

The Fund's investment thesis consists of the following:

- **Approximately 80% in Late-Stage Private Companies.** Approximately 80% of the investment funds will be used to make investments in leading late-stage technology companies. Specifically, the Fund will target Series C and Series D+ companies based on a proprietary selection criteria and investment process.
- **Approximately 20% in Early-Stage Private Companies.** Approximately 20% of the investment funds will be used to make investments in early stage companies that have demonstrated the potential to become an outbreak success, which results in higher returns for the overall portfolio of the Fund.

The 80/20 mix of late-stage and early-stage investments leverages our expertise to deliver results while minimizing the risks of large investments. In short, our investment strategy prioritizes reliable, late-stage technology ventures, in which it maintains preferential access (or expert knowledge). This protects the Fund from losses and eliminates the need to take big risks in the mold of the typical VC.



A. The Fund's Goals

The Fund's primary goal is to deliver annualized returns that exceed the IRR offered by top-tier VCs¹. The Fund will be tokenized with the SVC, which represents an indirect fractional non-voting economic interest in the Fund. This means your investment in the Fund is generally transferable, subject to applicable laws and transfer restrictions. There is no need to wait for eight to twelve years to exit. This is a key advantage of using blockchain technology.

Another advantage is that the SVC is a security token, backed by real, legally registered securities in private companies. Tokenizing the Fund decentralizes venture funds and connects more technology companies with permitted investors than previously possible.

We have a differentiated and proven strategy, an experienced team, and world-class partners. Our team members have previously closed over three hundred deals, processed \$10+ billion in private investments, and managed numerous large funds and venture-backed private companies. Our world-class partners include DLA Piper (legal counsel), Deloitte (auditor), Duff & Phelps (compliance and valuation firm), and Apex (fund admin). In short, SVC enables access to stakes in leading, private technology companies in Silicon Valley and abroad.

The Fund is relevant to traditional investors (individuals, family offices, institutions, hedge funds), token holders, and alternative investors seeking to maximize returns or hedge their cryptocurrency holdings. It represents an opportunity to invest in potentially high-ROI assets of technology companies in hyper growth mode.

B. Tokenized Venture Capital Innovation

The Fund essentially encompasses two elements: a technology growth fund that invests in private technology companies and the Silicon Valley Coin that represents an indirect fractional non-voting economic interest in the Fund. This breakthrough innovation represents the first vehicle in which a security token is backed by real

¹ Any IRR estimates contained in this offering are not based on historical facts and are based on the current expectations, estimates, projections and beliefs of the management team, coupled with their past experiences in the market. The rate of return is not a guarantee and such investment involves risks and associated uncertainties within the market.

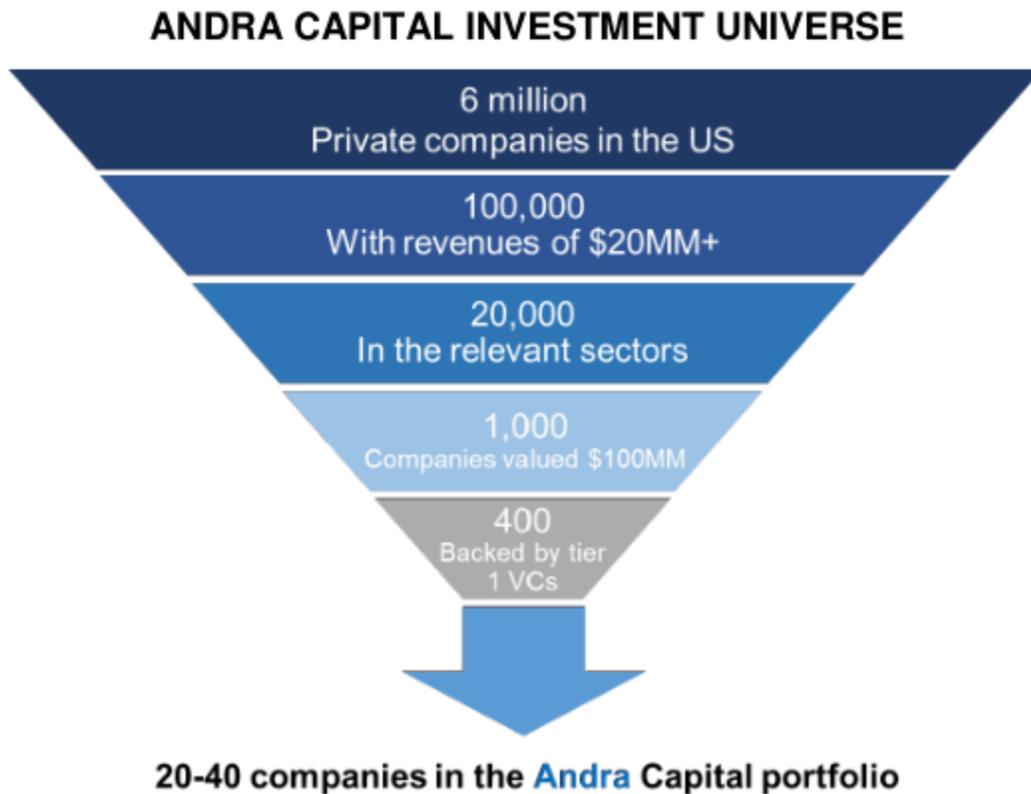


Silicon Valley assets. Unlike other tokens, the SVC's value will be derived from the performance of the Fund.

C. Our Proprietary Deal Flow Ecosystem

The Andra Capital network consists of top-tier VCs, company executives, entrepreneurs, investors, lawyers, accountants, and bankers, which grants the Company access to a steady deal flow of top-tier investments. This is essential, as the declining number of IPOs per year necessitates a consistent deal flow of potentially high-ROI opportunities. Our proprietary strategy and stakeholder ecosystem provides 30%+ IRR returns from investing in primarily late-stage technology ventures.

The Fund selects a number of companies that meet its investment prerequisites. Currently, the investment universe consists of approximately four hundred qualified ventures, of which 20 to 40 fundamentally meet our portfolio standards.



PROPRIETARY DEAL FLOW ECOSYSTEM

Successful Entrepreneur	Founders and early company employees with substantial equity positions	Service Providers	M&A and IPO attorneys, CPAs, payroll, tax and benefits consultants
Early Stage Venture Funds	Looking to liquidate or pare down outsized appreciated positions	Corporate Retirement Plan Clients	Companies looking to fund share buyback to facilitate employee liquidity
Key Angel Investors	Late-stage investments that mature outside their investment thesis	Advisory Board Members	Key strategic partners with contacts within target companies
Private Wealth Management Clients	Entrepreneurs who wish to diversify out of a concentrated position	Private Secondary Brokers	Contacts that are active in trading or sourcing private stock

Our proprietary deal flow ecosystem and emphasis on late-stage companies allow for delivery of superior results while maintaining a steady deal flow. Rather than investing in progressive stages (Series A, B, C, D, E...IPO), the Fund intends to invest at the hyper growth mode, starting at Series B+ when the company is approaching liquidity. This later stage investment strategy differentiates the Fund and allows for higher returns and lower risks over a shorter investment period.

D. Investment & Risk Mitigation Strategy

Our investment strategy is simple: to invest in the next wave of multi-billion dollar technology companies by top tier VCs before they go public (or get acquired), delivering a 30%+ IRR to permitted investors:





As demonstrated in the graphic above, the companies below the dotted line meet our selection criteria. The companies above the dotted line are approaching hyper growth and would qualify as our target investments. Out of the 400 identified deals, Andra Capital selects 20 to 40 companies to invest in.

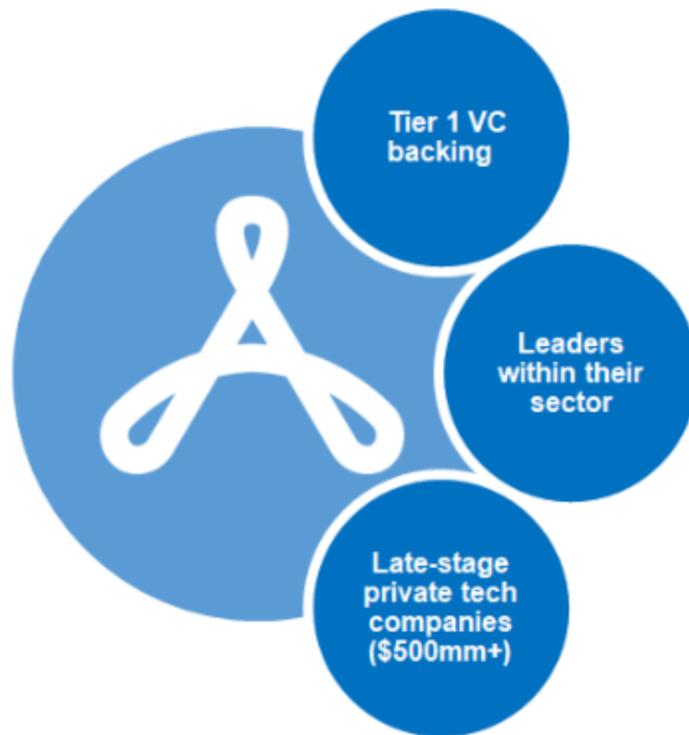
It is important to understand the key strategic elements that make this approach possible.

Identifying Top Ventures in the Market. Top technology VCs represent the top ten percentile of all invested capital but return >60% of exit distributions. Andra Capital monitors the investment activities of the leading VCs to identify and only acquire stakes in companies entering hyper growth mode.

Proprietary Selection Criteria. Having short-listed the investment opportunities defined above, each company is further screened for:



TRIPLE APPEAL IN DEAL SELECTION



Seeking Purchase Opportunities. Our goal is to invest alongside the top global venture investors at the same terms and preferences, or when special opportunities become available. This allows Andra Capital to buy in at attractive prices (e.g., via outbidding seed investors) or to invest alongside major funds, minimizing the risk exposure.

Andra Capital's process is to monitor elite venture funds, employ its team to identify low-risk, high-payoff opportunities, and transact at the best possible time. By primarily targeting later stage, established and proven companies, Andra Capital significantly reduces the overall investment risk of typical venture capital. This strategy has high scalability, works for a large multi-billion dollar fund, and delivers higher returns while maintaining the critical advantage of de-risking venture capital on the following fronts:



DE-RISKING TRADITIONAL VENTURE CAPITAL

Risks	Traditional VC Firms	ANDRA Capital
Team	⊘ High Risk	○ Low Risk
Business Model	⊘ High Risk	○ Low Risk
Industry	⊘ High Risk	○ Low Risk
Competitive	⊘ High Risk	○ Low Risk
Technology	⊘ High Risk	○ Low Risk
Pricing	⊘ High Risk	○ Moderate Risk
Timing	⊘ High Risk	○ Moderate Risk
Macro	⊘ High Risk	○ Moderate Risk

E. Internal Due Diligence and Underwriting Process

Andra Capital maintains a deal screening process and collaborates with top-tier VCs during the evaluation of companies. In addition to a comprehensive review of the lead VC's diligence, our in-house due diligence process evaluates investment opportunities based on the Fund's investment strategy, return to investment, and careful understanding of risk. Investments will require approval by the Investment Committee.

Andra Capital's proprietary investment process and unique investment approach aims to achieve high returns with a low risk profile. Upon identifying a suitable investment opportunity for the Fund's portfolio, the investment undergoes a thorough due diligence process to evaluate all potential risks as well as returns to investment, and a comprehensive review of the transaction terms, financial data, litigation, and legal structure. Investments will require approval by the Investment Committee, which will comprise of the three managing partners, and up to two additional members.



Investment Committee meetings will be held on a weekly and as needed basis. Andra Capital will maintain internal memoranda and executive summaries for investment opportunities, which will include the deal structure and transaction overview. Andra Capital's proprietary investment process allows the Fund to:

- Identify the most attractive investment opportunities that fit our strategy;
- Evaluate all potential risks;
- Maintain a transparent and disciplined underwriting practice;
- Perform a comprehensive business appraisal prior to investment;
- Gather and evaluate the company's financial condition, legal environment, labor, tax, information technology, commercial potential, and all other relevant information; and
- Ensure that each deal is strictly vetted and meets all legal guidelines to maintain integrity for our shareholders and investors.

We plan to provide holders of SVCs with (i) annual audited reports (including annual financial statements) within one hundred and twenty (120) days after the end of each fiscal year; (ii) quarterly reports (including quarterly financial statements) within sixty days after each fiscal quarter; and (iii) a semi-annual independent net asset value report. In addition, we plan to conduct an annual informational meeting.



4. The Opportunity

The Fund is an opportunity to invest alongside the world's leading VC fund managers with reputable track records. In the past, opportunities to invest in such funds were limited; but as a result of the proliferation of blockchain technology, we intend to connect a new category of investors to profitable technology investment opportunities.

The Fund is an opportunity to access investments in Silicon Valley, formerly exclusive to a select few. Even today, pre-IPO deals are generally open to top-tier VCs and unavailable to new LPs and investors.

A. The Silicon Valley Coin

The Fund's goal with the SVC is to create the first security token that derives its value from primarily late-stage private company securities. The SVC is essentially:

- An asset whose value is derived from an evergreen technology growth fund's ownership stake in its underlying portfolio;
- A re-sellable security whose value is tied to the Fund's investments; and
- A blockchain token that can be generally traded quickly, securely, and cost effectively.

SVC decentralizes venture capital by offering its far-reaching product to more people globally on the blockchain. This makes the Fund unique, and we intend to make this global offering possible by executing the fund tokenization model.

B. Blockchain Technology Platform

Andra Capital will launch its token sale platform and integrated custody solution for its security offering. The platform will be built on a fully-automated and containerized microservices architecture that provides reliable key models and operational security standards. The SVC token sale engine will provide our permitted investors with a comprehensive suite of solutions:



Investor Accreditation. Purchasers in the United States will have to be “qualified purchasers”. Andra Capital will require potential purchasers from the United States to provide the necessary information to assess the accreditation status of such purchasers. International accreditation procedures will be unique per jurisdiction and will be in compliance with such jurisdiction’s laws.

KYC and AML Checks. Andra Capital will obtain the necessary information to ensure that purchasers of SVCs are adhering to applicable KYC/AML guidelines.

Bitcoin, Ethereum, and Fiat Currency Support. The Andra Capital platform will provide funding support for Bitcoin, Ethereum, and U.S. wire transfers. Funds transferred through this mechanism will go directly to the Fund for capital deployment.

Auditing & Reporting. Users and associated payment information submitted will be immediately reviewed and audited.

Crowdsale and Token Smart Contracts. Crowdsale and token smart contracts are designed in-house. Smart contracts are developed with features that mimic real world contracts. The crowdsale contract facilitates incoming payments with an auto-forwarding feature that will provide a transfer of funds directly to the Fund. This reinforces the security of the funds and restricts access to users with authorized keys.

Multi-Signature Wallets (Cold Storage/Hardware). SVCs can be stored in cold storage multi-signature wallets. The machines used to create transactions will be air-gapped and offline. The transactions will be signed in coordination with the offline machines using Ledger hardware wallets.

Token Distribution. After the auditing procedure, Andra Capital will mint and distribute tokens to purchasers of SVC.



Token Sale Platform Flow



Blockchain Exchange Platforms

Andra Capital's innovative SVC uses blockchain technology to enhance liquidity of its token by trading on multiple platforms and democratizing venture capital by allowing permitted investors to participate in top-tier, growth-stage (defined as Series C and later) Silicon Valley investments.

We envision that SVCs will be sold, offered as collateral, and treated as a security on permitted cryptocurrency and security exchanges worldwide, including Nasdaq's forthcoming digital exchange.

Token Custody Solutions

Investors who do not possess blockchain wallets may elect to opt in Andra Capital's courtesy custody solution at no additional charge. SVCs will be stored in cold storage multi-signature wallets through our token sale platform. Investors may submit the SVC redemption form to redeem the tokens at a later date. Additionally, Andra Capital will offer a secure and regulated third-party Trust Company to provide optional token custodial services to investors. Investors will be subject to a third-party custodian fee under this option. SVCs will be stored in hierarchical deterministic multi-signature, cold storage vaults and readily available to meet investor redemption and verification requirements. Investors electing the Fund's custodial service will receive the following:

- Asset Protection – 100% cold storage ensures that token assets remain secure and offline, protected from a hacker attack.
- Custodian Regulation – SVCs deposited will be subject to strict regulatory oversight and backed by mandatory capital reserves.



- Account Verification – Investors will maintain unrestricted access to view account balance and holdings at any time.

C. Timeline and Offerings

I. Simple Agreements for Future Tokens

The launch of the Fund will likely be preceded by an initial capital raise pursuant to a sale and issuance of Simple Agreement for Future Tokens (“SAFTs”).

Upon determination by the Andra Capital that additional funds are required to continue development and operation of the Fund, the Fund will launch its security token offering (“STO”), which will simultaneously trigger the conversion of all issued and outstanding SAFTs to SVC. The Fund intends to partner with multiple security exchanges that will list the SVC.



II. Security Token Offering and SVC Distribution

Below are the details of the initial emission and sale of SVC in the STO.

SILICON VALLEY COINS	
Purpose	Raise capital to build the Fund's portfolio
Use of Proceeds	Investments in U.S. technology companies and management fee/operating expenses
Initial Token Issuance	Up to 1 billion
Distribution	On the Initial Token Generation Date
Initial Price per SVC	\$1.00 USD
Minimum Investment Amount (STO)	\$50,000 USD
Fund Transfer	Funds may be transferred via USD or Bitcoin/Ethereum. Bitcoin and Ethereum tokens will be converted to USD based on the latest exchange price.
Additional Coin Issuance	Andra Capital may issue additional SVC at the current market price after deploying its initial capital for subsequent investments to maintain price stabilization and prevent market manipulation.
Market Regulation	Andra Capital will maintain the right to redeem or exchange individual investor tokens in compliance with regulatory changes for each country.
Token Distribution	100% of the SVCs issued will be distributed to permitted investors. All tokens will be asset-backed. To prevent dilution and to maintain one-to-one parity, SVCs will not be distributed as compensation to founders, advisors, or employees.



D. The Fund

The Fund exists to invest in, hold, and/or sell securities in private technology companies.

Post-Purchase Actions & Token Buyback

Once the SVC is purchased, it is treated as a security token, meaning it can be held, exchanged for fiat currency, or traded with eligible purchasers.

Andra Capital will allocate up to 50% of the Fund's earnings towards the repurchase of SVCs. We strongly believe in the scaling potential of not only the investments, but also SVCs themselves, and that is why we dedicate 50% of our earnings to repurchasing the SVCs. Re-purchased tokens will be withdrawn from the market, thus increasing the value of each SVC that our permitted investors hold.

E. Management Team

Haydar Haba, *Managing Partner*, is our technology enterprise expert. Recognized for his technological vision and expertise in the Internet and Telecom industries, Mr. Haba is a serial entrepreneur with over 20 years of experience building a string of successful companies with disruptive technologies that have generated billions of dollars in revenue. Mr. Haba founded and built IntelPeer, Telco 214, and others from inception to exit, raising millions of dollars in Venture Capital.

Mr. Haba is known internationally as an innovative and revolutionary force within the Internet and Communications industries. His deep knowledge and opinions on global cloud-based platforms and technologies have been featured in print and broadcast media. Mr. Haba has completed Ph.D coursework in Electrical Engineering and holds Bachelor of Science and Master's degrees from Florida Institute of Technology. He has several patents to his name.

Specialties: Entrepreneurship, Technological vision and strategy, General management, Business strategy, IPO, S-1, Venture Capital, Growth Capital, Technical innovation and leadership, Business development, VoIP technologies, IP communications and networks and Voice peering.



Dr. Hermann Liu, *Managing Partner*, our asset management expert, previously co-founded Arbor Ventures, a technology venture fund. He has been investing in financial technology, blockchain, artificial intelligence, and other disruptive innovations. Now, with the new opportunities brought about by the blockchain technology, Dr. Liu is set to innovate the VC investment and create values for the Fund investors. Dr. Liu co-founded Global Financial Technology in China, which was invested by the same VC firm that backed Mr. Haba's IntelePeer. He also served in various technology and management positions at Charles Schwab and Morgan Stanley. Mr. Liu holds an MPA degree from Harvard Kennedy School, PhD degree from Northeastern University, and BS degree from Tsinghua University.

Ting Louie, *Managing Partner*, is our late-stage investment expert. Having invested over numerous late-stage technology companies, Mr. Louie has a proven track record of successful investment decisions and structuring complex transactions. Additionally, Mr. Louie has taken dozens of technology companies public through initial public offerings (IPOs) and other financings and advised on numerous M&A transactions.

Previously, he was the Sr. Director of Investments and M&A at PwC; a partner at Seed Equity Ventures; founding member of the NASDAQ Private Market, the leading marketplace for private investment transactions. Mr. Louie was an investment banker with Deutsche Bank and Jefferies & Company. Mr. Louie has an MBA from the University of Southern California - Marshall School of Business and a Bachelor's Degree from Occidental College.



5. Conclusion

The Fund's goal is to create a new way to invest: one that minimizes risks while providing attractive results by investing in primarily late-stage private technology companies. The Fund's innovative SVC is intended to democratize venture capital by allowing global investors to participate in top-tier, growth-stage Silicon Valley investments. In addition, the Fund's innovation is that our SVC is backed by tangible assets, and unlike other tokens, carries value derived from the performance of the Fund. Therefore, the SVC represents an opportunity for investors to gain access to primarily late-stage private technology companies typically limited to select accredited investors. We believe global relationships represent value to both investors and companies in today's inherently-globalized technology economy.

