



VALUE COIN

Value Coin – White Paper

August 28, 2017

Value Coin

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World's First Value Investing Crypto Fund

Backed By Real Assets



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ICO SUMMARY

About Value Coin

The token creation process will be organized around the smart contract running on Ethereum blockchain using ERC223 standard.

Total supply

Only 100,000,000 (one hundred million) tokens will be issued. The supply is locked.

Price per coin

To be determined based on the capital raised.

Use of proceeds

90% of capital raised will go directly to the fund. 10% will be used to create the platform, pay developers and most importantly, provide initial liquidity of Value Coin tokens.

Dates

From September 15, 2017 till October 31, 2017 or when the cap is reached.

ICO goal

Minimum USD 750,000 equivalent. Cap at USD 50,000,000 (fifty million).



Value Coin Introduction

Given the increasingly complex and speculative ICOs environment, we decided to create a simple to understand new ICO. **Our objective is to create an investment fund in which we invest the ICO proceeds in the stock market with the goal to generate double-digit returns for you.**

Investment Philosophy

Our fund will invest following the principles of Value Investing, purchasing small to mid-size company shares to obtain superior returns. The basic principles of value investing involves doing a fundamental analysis of the company, buying its shares at a significant discount to its intrinsic value and let the time and magic of compounding do its work to generate superior returns.

Therefore, our fund will usually hold between 30 and 50 different stock positions that we consider undervalued, diversified across different industries, sectors and countries. We are long-term investors and on average we hold each position from 3 to 5 years.

We will also dedicate some of the funds to special situations investing. Special situations investing is purchasing shares of companies that have an element of distress, that is not as usual and materially impacting in a company's value. These opportunities are tied to some specific corporate action or event and are expected to generate returns in the near future with lower risk. These events includes restructuring, spin-offs, share repurchases or other catalyst oriented situations.

ICO Details

Value Coin plans to launch the ICO on September 15th, 2017 and end on October 31st, 2017. In the case that we reach our cap of \$50,000,000 we may end the offering early.

10% of the ICO capital raised will be used for the operations of the fund (technology infrastructure, initial registration, legal fees, marketing, salaries and so on) and to provide initial liquidity to Value Coin tokens. 90% of the funds will be used to build the investing portfolio.

Value Coin plans to issue a total of 100 million tokens, 90 million tokens are available to the public and 10 million tokens are held by pre-ICO investors. The initial Value Coin token price will be determined after the ICO by dividing the total capital raised by the amount of tokens issued (100 million). Thereafter, Value Coin token price will be set by the market and may or may not be correlated to the underlining share of the funds.

Our planning assumes Value Coin ICO ends on October 31st, 2017 and we expect to begin operations by mid-November.



Why Participate In Value Coin ICO?

We believe there are many reasons to join Value Coin, including but not limited to:

✓ **Aim to generate returns.**

- Contrary to many ICOs, our main and sole goal is to generate double-digit returns for you. We have no other additional purpose. When you participate in Value Coin, you know you are placing your assets to create a fund that will work daily to make your tokens' value grow for years to come.

✓ **Backed by real assets.**

- Each Value Coin token is valued as a portion of the total funds in the fund upon launch. This creates a floor on the value of your tokens while not limiting its upside potential.
- For example, let's suppose your Value Coin tokens represent \$1,000 invested on the Value Coin fund upon the ICO. This means that those \$1,000 have underlying value of a real asset (it could be a combination of investments on Amazon stock, Gold mining companies, and so on). The value of those assets are publicly and readily available to anyone. In fact, we display the daily value of the fund on our own website.
- You can trade your Value Coin tokens freely and the price will move accordingly to the offer/demand of the tokens. In fact, as with any other cryptocurrency, the value of Value Coin tokens could go up significantly without any correlation with the value of the fund. But it would have a hard time to go under those \$1,000 that represent the value of the real assets of those tokens. The reason is simple: if the real value of the assets under management for your Value Coin tokens is \$1,000 and your tokens fall to let's say, \$800, anyone would be able to purchase those tokens at a 20% discount. In fact, we ourselves, would probably step in and purchase those tokens until it goes back to \$1,000. Therefore, there is a reasonable floor to how much your tokens could fall in value but not a limit on your potential returns. That's what makes Value Coin unique.

✓ **Diversification.**

- There is a lot of talk about how cryptocurrencies are a bubble and how ICOs themselves are entering bubble territory. We don't get involved in the discussion but we certainly agree that it is smart to diversify your investments among different assets. People who made a nice profit on cryptocurrencies or other investments, may desire to place some of the proceeds into a new coin linked to real assets. We believe Value Coin is a smart choice to protect those proceeds.

✓ **Fiscal benefits.**

- In most countries, purchasing and selling cryptocurrencies is free of taxation as long as you don't convert them into fiat currency. This is a clear advantage



over placing directly your cash into an investment fund. Therefore, placing your cryptocurrencies into Value Coin would have no fiscal impact. This benefits can be extended indefinitely, trading Value Coin tokens among different cryptocurrencies and as long as you don't convert tokens into cash. Every country has different regulations so make sure this is the case for yours as we can't make any guarantees neither be held liable for this information. Talk to a professional about your individual case and country laws.

✓ **Lower transaction costs.**

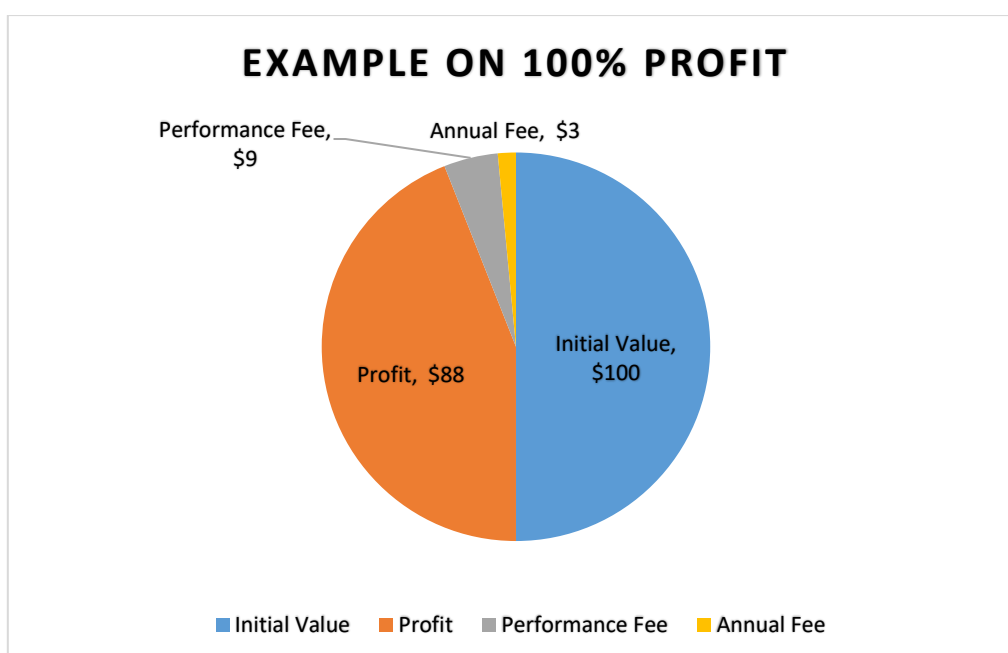
- Since you will be exchanging Value Coin tokens without the need to convert to fiat, it allows for even small amounts to benefit from trading the tokens without exorbitant transaction costs typical on the financial world.

Operations Fee

Value Coin Fund will charge an upfront annual operations fee of 1.5% on the fund's net asset value (NAV) and not at the market price of the token. Value Coin Fund will charge an annual performance fee of 9% on the net profits made on the investments. This performance fee will be used to pay for performance base salaries and to provide liquidity and repurchases of the Value Coin cryptocurrency.

Value Coin shall have the right but not the obligation to repurchase all or some of the tokens at any time. We will most certain do so when the price of the token falls under its underlining value (net asset value or NAV) and we will announce so publicly on our web site. The intention is to provide liquidity while helping existing Value Coin token holders retain value.

For the sake of clarity, let's provide an example. Suppose that the underlining value of your Value Coin tokens began the year at \$100. Let's imagine that we had an extraordinary performance and we were able to double the funds value after one year (100% return). This is how the end result after operational fees would look like.





\$3 (or 1.5%) were charged upfront as our annual operations fee. \$9 on performance fee (9% of the \$100 we were able to achieve as profits). Your Value Coin tokens underlining value would be \$188 after all fees (a total 88% return after all fees were applied).

Transparency and Alignment of Interests

A central tenet of our fund's philosophy is to ensure that interests among participants and management are optimally aligned. Every employee of our fund is required to have a minimum of 70% of his/her liquid assets invested in the fund. Hence, employees co-invest alongside all participants and are collectively exposed to the same risks and share the same outcomes.

This emphasis on co-investment ensures that all stakeholders are motivated to grow and enhance the funds value through the generation of superior risk-adjusted returns.

In addition, we've put in place a performance-based incentive compensation: Consistent with industry practice, investment professionals participate in programs whereby a certain variable portion of the funds profits are shared with the investment professionals, provided that a certain pre-established minimum performance is exceeded.

We also advocate transparency. Companies have a strong motivation to provide disclosure, as transparency is generally rewarded through the stock's performance. We feel equally about our fund. Every three months we will make public all our fund positions and holdings. We will also publish daily the total net asset value (NAV) of our fund and update our web site with any additional material information on a timely manner.

Closing the Fund

We have no intention of stopping operations any time soon, but in the unforeseeable event that we were to do so, we would return the funds minus fees to the token's owners as permitted by the law. We would proceed by first selling all positions in the portfolio. We would then purchase Ethereum with those funds after fees, and distribute the Ethereum tokens among the existing holders of Value Coin tokens. In this event, we expect the Value Coin tokens would continue to exist although they wouldn't have an underlining asset, making them similar to any other cryptocurrency.

Value Investing and Performance

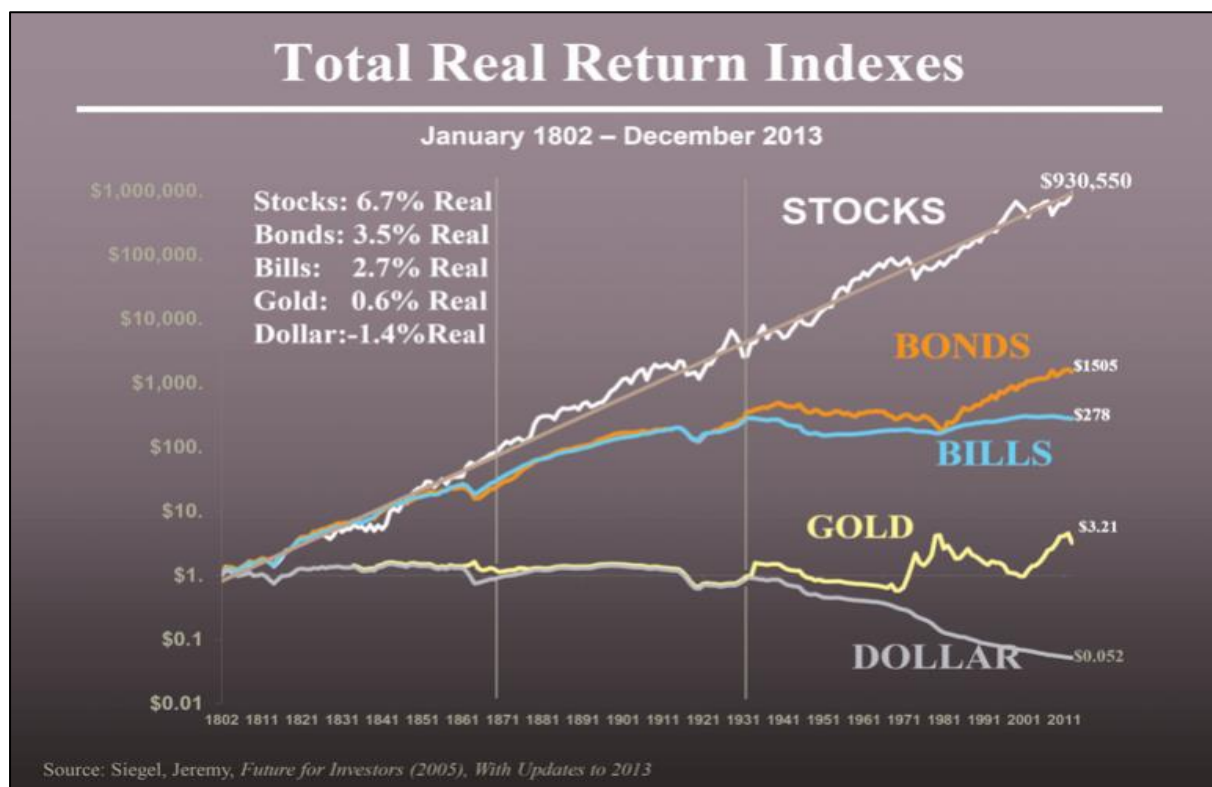
The Value Coin team has over 15 years of experience as private investors. We think it's important to explain why we invest the way we do and why we follow the Value Investing principles.

The greatest and most famous investors of all time are value investors. The list includes Benjamin Graham, Warren Buffett, Charlie Munger, Seth Klarman, Walter Schloss, Irving Kahn and many more. They've all made a fortune by following the principles of Benjamin Graham, considered the father of Value Investing.

We'll follow their footsteps and invest in the stock market. Therefore, the first question that may arise would be why we don't invest in other assets such as bonds or gold. The reason is



because the stock market has been the greatest wealth creating instrument in history. Check the following comparison between different asset classes since 1802.



Adjusted for inflation, \$1 invested in gold would be worth \$3.21. That's after 200 years! Not nearly as horrible as just keeping cash, which would have deteriorated your \$1 to mere cents: \$0.052. Still, investing in gold would have been a very bad investment. You would be happy to see your \$1 be worth over a thousand times more if invested in bonds, but only until you compared it with the stock market. And keep in mind that these numbers are after inflation. If you ignored inflation, you would need to multiply by 20 all numbers on the graph!

It's an impressive feat by itself, but thanks to the compounding power of the stock market, the difference accelerates the longer you hold your investment. If you bought the SP500 during the great depression, you would have multiplied by 10,000 your investment (1,000 after inflation), or by 10 if you bought during the 80s. Looking at the graph, World War I, World War II, the great depression and the great financial crisis of 2008 are slight dips compared to the long-term performance of the stock market.

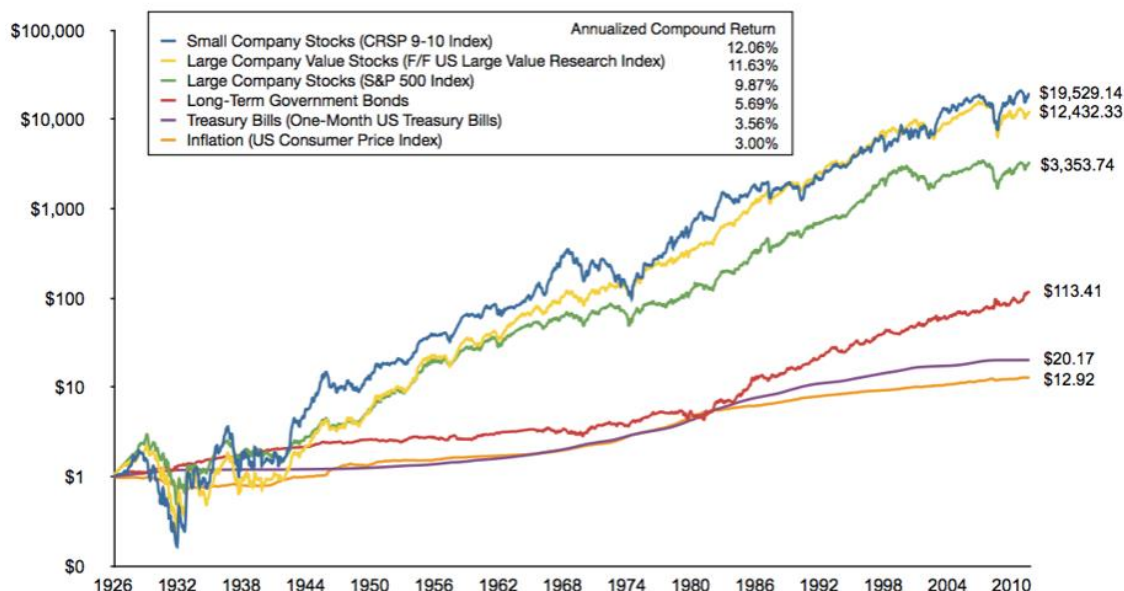
This is the reason we mostly invest in stocks and rarely into any other asset class. It's also the reason why we invest long-term and hold to our investment ideas for years.

Now that we've figured out that the best long-term investment assets are stocks and bonds, we need to identify the best among them. The following graph helps us with the task at hand.



Stocks, Bonds, Bills and Inflation Yearbook

Growth of \$1
July 1926 - February 2012



Sources: CRSP data provided by the Center for Research in Security Prices, University of Chicago; S&P data are provided by Standard & Poor's Index Services Group; Fama/French and multifactor data provided by Fama/French; US long-term bonds, bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

We see again that from 1926 stocks beat bonds by a large margin. What's interesting though, is what kind of stocks does better than the market as a whole.

US bonds as of today, are out of the question, they rarely provide more than 1% on return of investment. If you picked all large companies from the S&P 500 index, you would have turned \$1 into \$3,353 by the year 2012. But what's interesting is that if you picked only the large companies following a Value philosophy, you would have multiplied your return nearly fourfold! And if you chose small/mid-caps companies, as we intent to do, the results would have been even more spectacular.

So how has the Value Coin team performed as private investors?

Following the Value Investing principles, we've been able to multiply tenfold our investments since 2008. That translates to around 29.5% annual returns. Between 2008 and 2009, at the peak of the financial crisis, our investments fell considerably. Having doubted our principles and sold under panic, we would had never been able to achieve those results. Sticking through trouble times and investing for the long-term, pays out fantastically.

We hope that after seeing these graphs, it became clear why the best investors in the world made their fortunes following the Value Investing principles in the stock market. We can't guarantee that future returns will be nearly as good as in the past, but our aim is to continue generating double-digit returns over the long-term.



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OUR JOURNEY



VALUE COIN

www.valuecofund.com