

Gen. M Partners

Tokenized Private Equity Fund Built On The XRPL

October 2023

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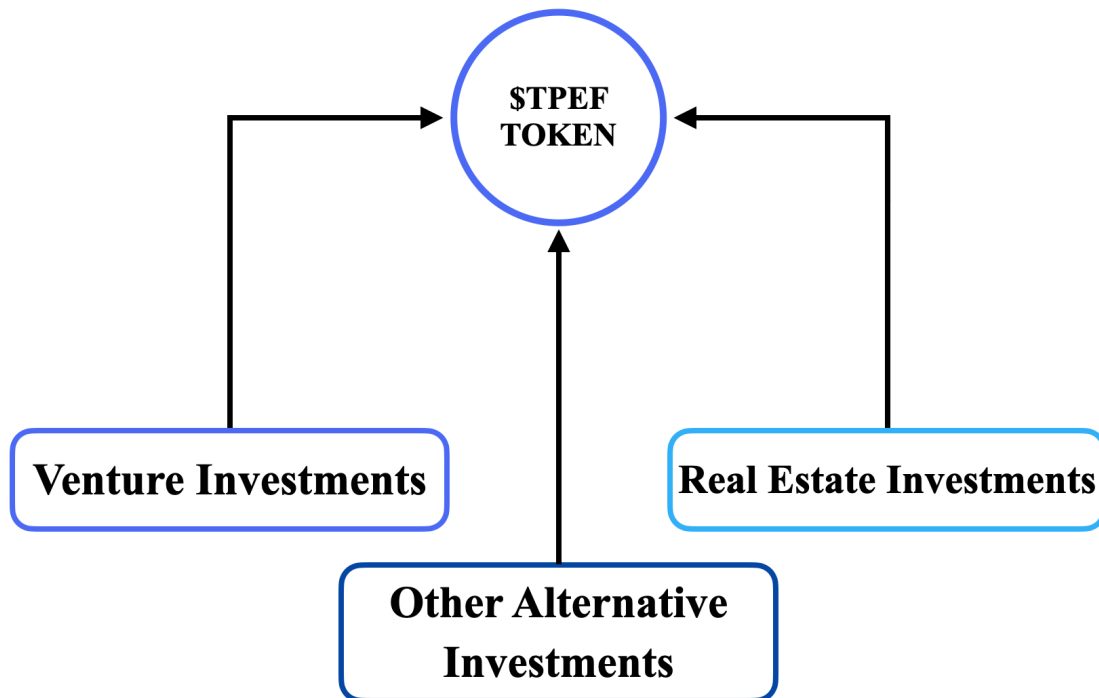
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Abstract: Gen. M Partners (“GMP”) is a WealthTech firm specializing in the issuance of yield-bearing Tokenized Real-World Assets (“RWAs”) in the form of Digital Securities through Security Token Offerings (“STOs”). GMP is issuing its first financial instrument — a Tokenized Private Equity Fund. As an issuer, our goal is to provide a wide range of various investment options that are transparent and easy to access, enabling investors of all levels to create personal wealth efficiently. By incorporating Distributed Ledger Technology (“DLT”) as well as Artificial Intelligence (“AI”) into traditional investment instruments, we aim to revolutionize asset management within the private equity sector. With the introduction of a tokenized PE fund, we’re democratizing access to a previously exclusive industry. Through this approach, investors gain the opportunity to engage in on-chain private market securities investments, granting them access to global liquidity and the opportunity to generate passive income. Our instruments are aimed at promoting financial inclusion, particularly in regions with a well-established digital asset framework.

Product Description — STO

With the introduction of a Tokenized PE Fund, we’re democratizing access to a previously exclusive multi-trillion-dollar industry. By holding **\$TPEF** you will be holding fractionalized ownership in a PE portfolio with a diverse investment strategy, with private placements in Decentralized Technology Infrastructure, AI Infrastructure, Renewable Energy, Advanced Computing Infrastructure as well as investments in Real Estate, Alternative Investments and On-chain Allocations.



Problems of Traditional P.E Funds

Traditional private equity has in the past been purposely structured to not be inclusive and always had a hard set of criteria for entry. Tokenization will play an influential role in the adoption of a new model that allows seamless accessibility in an otherwise closed-off industry.

Other issues that are frequent in the industry include:

Restricted Access: Traditional private equity ventures are generally tailored for high-net-worth investors (accredited), causing a problem for the average investor looking to invest in PE. Moreover, the high demand for private equity frequently results in oversubscription, meaning the interest from investors exceeds the available deal opportunities.

Limited Liquidity: Their positions are typically long-term investments, with a typical holding period of 5-7 years. This can make it hard for investors to liquidate their capital if they need it before the investment is sold or made public. Private equity funds often have long lock-up periods, which prevent investors from selling their shares for a certain period of time.

Limited Transparency: The funds often have limited transparency and a lack of accountability in investment decisions and operations, making it difficult to understand the underlying assets held by the fund and the performance of the portfolio. Private equity funds often have limited regulatory oversight, which can make it difficult for investors to see the risks involved in the investment.

High Minimums: Traditional PE funds can require upwards of millions in minimum investment. This causes most investors to not have access to any sort of private market offerings.

High Management Fees: Typical funds often have high fees associated with them, which can eat into the returns of the investor. These fees include management fees, carried interest, performance fees and other hidden expenses.

Lack of Secondary Market: Private equity investments are typically illiquid, meaning that they cannot be easily bought or sold on a secondary market. This can make it difficult for the investor to exit their investment if they need to. PE investments are often held by a small group of investors, which can make it difficult to find a buyer or seller for the shares.

Reputation Risk: They often have a reputation for being too aggressive, taking on a lot of debt and being exposed to over-leveraging. This can lead to negative perceptions of the industry, which can make it difficult for the investor to justify entering the market.

Our Solution

Democratizing Access to Private Markets: Access to on-chain private market securities via the XRPL facilitates the democratization of access to private market offerings for the public. The XRPL platform enables the historically exclusive domain of private equity to become more accessible to a wider spectrum of investors. Through the tokenization of assets on-chain, we are reducing the minimum investment threshold, enhancing transparency, giving investors real-time data, reducing intermediaries and fees, and guaranteeing a more equitable and inclusive financial ecosystem. This promotes a fairer and more transparent financial environment for all investors.

Instant Settlement: As an on-chain security is issued on the XRP Ledger, it enables instant settlement. Through XRPL's fast and efficient blockchain, transactions are processed rapidly. The fast settlement benefits investors by reducing counterparty risk, ensuring quicker access to assets and enhancing liquidity in the tokenized PE fund market.

Programmability: The programmability aspect of an on-chain fund offers several benefits; it enables smart contract capabilities and facilitates automated and trustless transactions, this enhances security, reduces operational costs and streamlines financial processes, especially in the distribution process.

Enhanced Efficiency in the Distribution Process: Tokenized PE funds on a DLT enhance distribution efficiency by eliminating intermediaries and streamlining the investment process. They enable direct peer-to-peer (“P2P”) transactions, reducing administrative overhead and enhancing transparency. Through smart contracts, tokenized private equity funds automate tasks like dividend distribution and asset management, ensuring a more efficient and cost-effective distribution process, ultimately benefiting both fund managers and token holders (“LPs”).

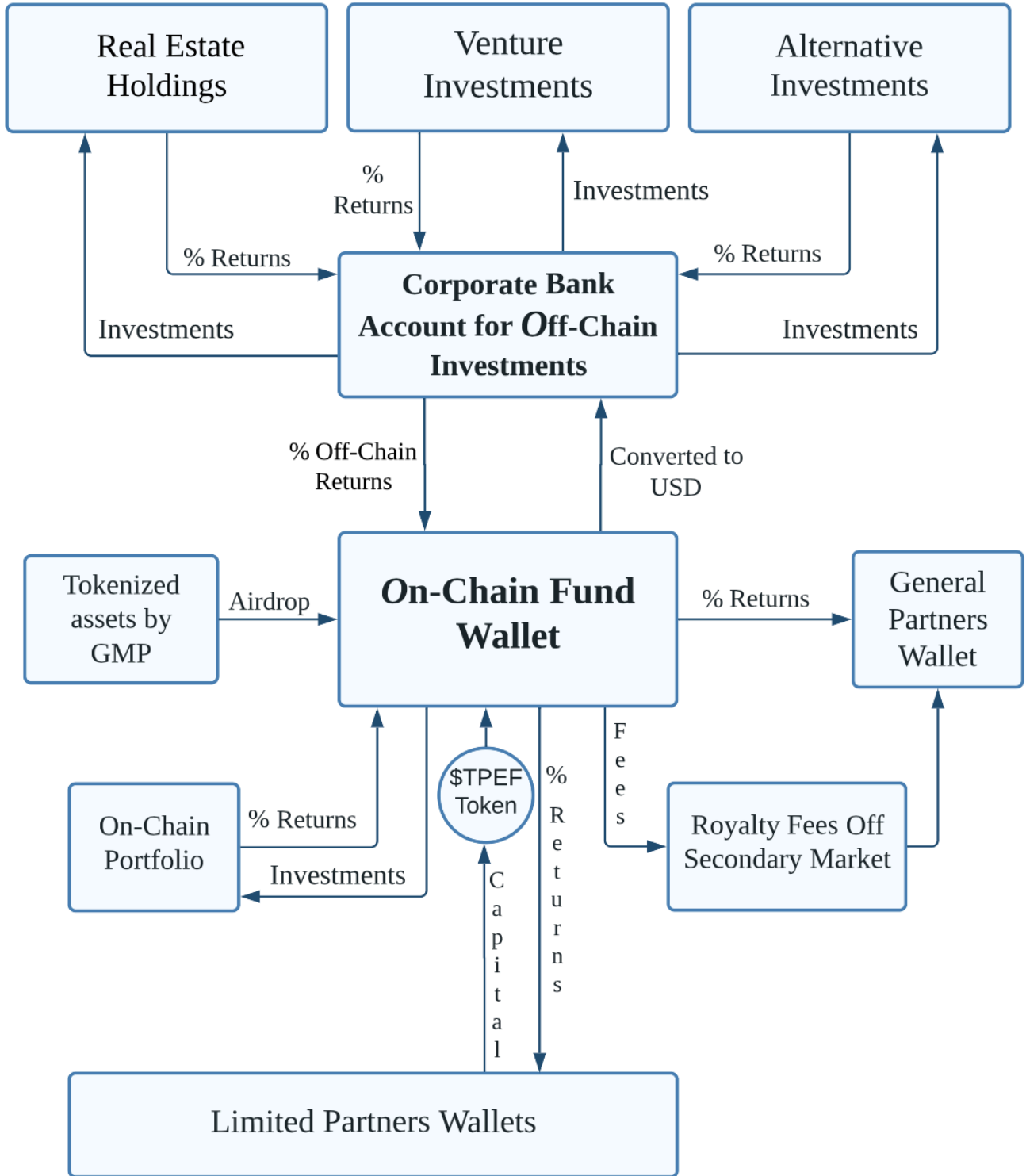
Secondary Market: We're providing a platform for investors to access secondary market liquidity as well as exchanges that **STPEF** will be listed on.

Management Fees: We are able to significantly reduce management fees by automating many of the funds' internal processes.

Industry Competitive Minimums: Traditional PE funds have investment minimums that require millions. Recently, other on-chain PE funds have lowered their minimums to as little as **\$50,000**. GMPs' private market security (on-chain PE fund) will require a minimum of only **\$1500**.

Transparency: All transactions will be tracked and audited in real-time as all transactions will be automatically logged on-chain and available to view at any time on our website's dashboard.

Fund Structure



Legal Structure

Gibraltar has established a robust DLT regulatory framework which has been in place since 2018. Our legal advisors based out of Gibraltar will help guide us through the process of Non-Security Token Issuance with the Gibraltar Financial Services Committee (“GFSC”) for registration of the fund, as well as each on-chain instrument offered by GMP.

Benefits from Registering with the GFSC under Non-Security token issuance law:

- Tax Benefits.
- GFSC is based and operates on the same principles as the UK FCA.
- Quick, efficient and provides comfort for investors and third-party service providers.
- A highly developed crypto ecosystem in Gibraltar.
- The DLT Framework has been in place since the first of January, 2018.

Gen. M Partners operates as a Limited Partnership, which allows for the issuance and offering of on-chain private market securities which represent tokenized equity in the fund. One or more partners called General Partners (“GPs”) manage the fund and assume all legal liabilities. A limited partnership will allow other partners (the investors) referred to as Limited Partners to provide capital and have limited liability. In the case of a tokenized PE fund, the LP structure allows for the company to raise capital from a variety of investors, through the sale of equity ownership through our security token.

Opportunity

We are pleased to present the opportunity to participate in Gen. M Partners’ first Security Token Offering (STO) — a tokenized private equity fund where ownership in the fund is represented by a security token **\$TPEF** with a focus on private placement investment in; Decentralized Technology Infrastructure, AI Infrastructure, Renewable Energy, Advanced Computing Infrastructure as well as investments in Real Estate and Alternative Investments.

Our goal is to change the way opportunities and multi-asset class exposure are brought to a broader range of investors. Through our platform and product line, we provide a more efficient way to access the same opportunities that have traditionally been available only to accredited investors. Our goal is to make these opportunities accessible to everyone by providing a transparent and fair process that allows anyone with an internet connection to participate.

Why We Chose the XRP Ledger

Our team believes the XRPL is the best protocol to bring Real World Assets (RWAs) on-chain as Ripple's positioning for mainstream adoption is strong. We believe that the XRPL will be the protocol of choice to scale innovative new models for financial instruments that utilize blockchain technology more than any other chain. The XRPL is one of the only carbon-neutral blockchains that is built to help scale blockchain solutions by improving the digital banking infrastructure. We aim to become the largest issuer of on-chain securities on the XRPL with an additional initiative to help decarbonize the capital markets by issuing carbon-neutral securities.

Off-Chain Capital Allocations

Once **30%** of the total capital is raised, it will be immediately directed towards establishing a stable source of income and facilitating the expansion of the fund.

Treasury: From the total capital raised, **75%** will be designated for off-chain investments & the remainder **25%** will be for on-chain. Using this hybrid model, we'll be able to achieve **100%** capital efficiency within the fund.

Off-chain capital allocations:

- **Private Placements:** Decentralized Technology Infrastructure, AI Infrastructure, Renewable Energy, Advanced Computing Infrastructure.
- **Real Estate:** The fund will be taking a multi-strategy approach to its real estate investments to bring exposure to single-family and commercial deals to LPs.
- **Alternative Investments:** The funds' strategic allocations in Fine Arts serve as a hedge against market volatility and currency fluctuations. By diversifying beyond conventional assets, we are enhancing risk-adjusted returns and preserving capital over the long term.

All off-chain capital raised when converted to USD will be dispersed in the following way:

$250,000 \times 1500 = \$375\text{m}$ // $\$375\text{m} \times .75 = \mathbf{\$281.25\text{m}}$ (Max. amount for off-chain investments)
(supply) (price) (split)

Art Portfolio: Physical pieces will be bought and then shipped to a third-party associate to be appropriately stored. Then an NFT will be minted representing the ownership of the piece that will be held in the funds' On-Chain Wallet which will be visible for viewing in real-time.

On-Chain Capital Allocations

On-chain capital allocations:

- Lending Platforms (~50% of all on-chain capital will be lent out through various lending platforms)
- Digital Securities (STOs)
- RWAs NFTs (Collectables)
- \$XRP, \$BTC, etc.

Management Transparency: Materials discussed in meetings amongst GPs will be summarized and published on a *Slack Channel* with viewing access to all LPs, with the exception of portfolio positioning decisions. A private channel will be available for all partners to read the methodology behind positions discussed and proposed in meetings as well as speak directly to the internal team through a feedback loop.

All on-chain capital when swapped from XRP will be dispersed in the following way:

$250,000 \times 1500 = \$375\text{m}$ // $\$375\text{m} \times .25 = \mathbf{\$93.75\text{m}}$ (Max. amount for on-chain investments)
(supply) (price) (split)

— ALL THE INVESTMENTS ABOVE WILL BE REPRESENTED FROM A SINGLE TOKEN —

(\$TPEF)

Who Can Invest

Investment eligibility is open to individuals who meet specific criteria, including possessing a wallet balance of at least one thousand five hundred dollars (“\$1500”), undergoing Know Your Customer (“KYC”) and Anti-Money Laundering (“AML”) registration, and belonging to our designated target market. Europe, the Middle East, Africa (“EMEA”), Asia Pacific, Asia Central (“APAC”), and Latin America (“LATAM”) regions.

Tokenomics - Utility of the \$TPEF Token

Investment Objective: The principal aim of Gen. M Partners is to realize sustained capital appreciation over the long term for our Limited Partners (“LPs”) through meticulously crafted strategic investments. Additionally, we seek to extend the opportunity for unaccredited investors within our targeted market to earn passive income by holding our on-chain private market security.

Supply: The initial offering of Gen. M Partners' first STO will have a maximum supply of **250,000** for a primary market price of **\$1500** per token. No new tokens will be created thereafter.

Percentage Distributions: After the **18-month lockup period**, the fund will begin to distribute returns to token holders in the form of distributions. Distributions will start once the liquidity pool reaches a threshold of **\$4m USD**. It will automatically distribute the fund profits to token holders via airdrop based on their proportionate ownership of the fund. Token holders can expect to receive a percentage of the fund's profits as a return relative to the number of tokens they own. Overall, the distribution structure for the fund is designed to provide investors with a steady stream of returns. Additionally, it allows them to exit their investment if they so desire via a secondary market.

Token Value: The value of each token is derived from the assets held under the funds, including both on-chain and off-chain accounts.

Token Liquidity: Tokens can be sold on our secondary exchange as well as other multi-asset exchanges where **\$TPEF** will be listed.

Fees and Expenses: Token holders (“LPs”) will be subject to management fees, performance fees, and other expenses. The fees and expenses associated with the fund are structured to ensure fair and transparent management of resources, under the regulatory standards. The GPs will receive **10%** of the initial capital raised as fixed profit to cover the costs of the funds' administration, investment management, and other operational expenses as well as a two percent **2%** royalty fee from secondary sales on our platforms. Performance fees are calculated based on predefined benchmarks and are designed to align the interests of the fund managers with those of token holders. All fees and expenses shall be disclosed to token holders and detailed in periodic reports. The fund managers shall strive to maintain competitive fee structures while upholding the fund's financial integrity and responsibilities.

Atomic Swap Function: Token holders (“LPs”) will be able to choose to receive their distributions in Cryptocurrency, Stablecoins or Fiat Currency.

Token Holder Rights and Benefits: Each individual token holder is recognized as an LP in the fund. An additional entitlement is that the token holders (“LPs”) of **\$TPEF** collectively will be retaining **3%** of the

total supply of the launch of each future issuance from Gen. M Partners issuing vehicle. This will help incentivize LPs to remain invested in the fund long term to benefit from revenue expansion and value creation that will take place from future product issuances.

With the \$TPEF product, token holders will have exposure in:

- Private Placements
- Real Estate
- Alternative Investments

Future Issuance: For the first fund offered by Gen. M Partners, the supply is locked at **250,000**. Other on-chain instruments offered by GMP will be publicly announced before issuance.

• **Airdrops**

- Distributions will be airdropped to token holders.
- Other airdrops that will take place will be from Gen. M Partners tokenizing other alternative assets acquired such as physical fine art, gemstones, etc. Items will then be shipped and held by a trusted third-party service that will then mint an NFT representing the item. A digital ownership stake can be airdropped into the on-chain wallet and recognized as a collective asset held by the fund.

Value Creation Plan

By strategically structuring ourselves as an issuer of private and public market blockchain-based financial products whilst acting as GP of the fund, the **\$TPEF** product will provide exposure to the best-performing asset class of private equity to investors. These private placement opportunities in Decentralized Technology Infrastructure, AI Infrastructure, Renewable Energy, and Advanced Computing Infrastructure are all sectors with a total addressable market exceeding **\$10 trillion**. These sectors' combined Total Addressable Market (“**TAM**”) presents a huge opportunity for our fund to capture a great deal of that value created. With each future issuance through Security Token Offerings as an alternative to IPOs, we can encourage passive flows into our other funds which will allow for the sound growth of our platform as well as the funds' AUM.

— *END* —