TESSERACT MANAGED DEFI (USDC)

(1) Product Overview & Features

Managed DeFi (USDC) is a sophisticated investment product designed for USDC holders who wish to leverage the growing opportunities in decentralized finance (DeFi) without directly managing the complexities of DeFi protocols themselves. This product enables users to earn yield on their USDC holdings by participating in a curated selection of DeFi strategies, all while preserving their USD exposure.

- **Preserve your USD Exposure:** Users maintain full exposure to USD while gaining access to DeFi opportunities, allowing them to benefit from DeFi yields without exposure to volatile cypto assets.

  Multi-Strategy Approach: The product employs a diverse range of strategies within the DeFi space, including yield farming, liquidity provision, lending, staking, and arbitrage opportunities. This multi-strategy approach is designed to capture value across different DeFi activities, enhancing overall returns while spreading risk.

- **Curated DeFi Strategies:** The product includes a selection of well-researched and high-performing DeFi protocols and strategies, carefully chosen by Tesseract's expert team to optimize returns while managing risks.

- **Optimized Liquidity:** Managed DeFi (USDC) is designed to provide users with liquidity when needed, ensuring they can access their funds with minimal disruption, even when participating in DeFi protocols that traditionally involve lock-ups.

- **Dynamic Allocation:** Our approach involves dynamically allocating USDC into various DeFi protocols based on market conditions, ensuring that the portfolio adapts to changes in the DeFi landscape and maximizes potential returns.

- **Battle-Tested and Reputable DeFi Platforms**: We partner with only the most reputable and secure DeFi platforms, ensuring that users' assets are exposed to the highest standards of security and reliability within the decentralized finance ecosystem.

- **Professional Management:** Tesseract's team of DeFi experts actively manages the investment strategies, leveraging deep industry knowledge and advanced risk management techniques to optimize returns while minimizing exposure to risks associated with DeFi.

(2) Fee Structure

- Yield is paid on a performance basis with estimated ranges shown per product.

- A 30% performance fee is deducted from the total yield generated.

(3) Risk Disclosure

Tesseract USDC Staking involves several types of risks, which are carefully managed to protect investors' assets. These risks and their corresponding mitigation strategies are as follows:

- **Distributed Ledger Technology (DLT) Risk:** This encompasses risks associated with the underlying blockchain technology, including smart contract vulnerabilities, network attacks, or other technological failures that could impact the integrity of decentralized finance (DeFi) protocols.

    - Risk Mitigation: We only engage with established and reputable DeFi platforms that have undergone rigorous security audits and testing. Continuous monitoring is in place to detect and respond to any emerging vulnerabilities within the blockchain networks or smart contracts used in our strategies. Additionally, we employ secure, well-reviewed smart contracts to interact with DeFi protocols, ensuring a robust and reliable foundation for managing assets.
- **Custody/Wallet Risk**: The risk related to the security and stability of assets held by Tesseract or third-party custodians, including the possibility of loss due to custodian failure.
    - Risk Mitigation: We work exclusively with top-tier, custodians and wallet providers who are known for their robust security measures. Regular audits and ongoing monitoring ensure that assets are securely stored and managed.
- **Liquidity Risk:** The risk that assets managed within DeFi protocols might not be easily accessible due to market conditions, protocol lock-up periods, or liquidity shortages in the DeFi markets.
    - Risk Mitigation: Our DeFi strategies are designed with a focus on liquidity management, ensuring that assets are distributed across highly liquid platforms. We prioritize DeFi protocols with deep liquidity pools and offer flexibility in asset withdrawal, where possible, to mitigate liquidity constraints.
- **Operational Risk**: The risk of human error, process failures, or system malfunctions in managing DeFi strategies, which could lead to financial loss or inefficiencies.
    - Risk Mitigation: Our operational procedures are supported by automated systems and strong internal controls designed to minimize human error. These procedures are regularly reviewed and optimized to maintain the highest standards of accuracy and efficiency.
- **AML and KYC Compliance Risk**: The risk associated with lapses in Anti-Money Laundering (AML) and Know Your Customer (KYC) compliance, which could result in regulatory issues or exposure to fraudulent activities.
    - Risk Mitigation: As a regulated entity, Tesseract adheres to stringent AML and KYC protocols. We employ advanced technology and expert oversight to ensure thorough verification and ongoing monitoring of all participants in our staking ecosystem, reducing the risk of compliance issues.

(4) Notice of Potential Tax Liabilities

The ownership of crypto assets or transaction in crypto assets may have some tax consequences. Tax treatment may vary from country to country and is dependent on the Client's individual circumstances. Tesseract does not provide any tax advice nor withhold any taxes. Before making an investment decision, the Client should consult his/her tax advisor.

(5) Right to Withdrawal

Consumer clients have a right of withdrawal in distance selling. The right of withdrawal does not apply to products whose value varies according to changes taking place on the markets. There is also no right of withdrawal when a transaction conducted over the telephone or in an online service concerns an existing agreement, or if the agreement is fully completed at the express request of the consumer client before the expiry of the withdrawal period. There is also no right of withdrawal when making amendments to agreements. The right of withdrawal is valid for 14 days after the client has made a new crypto asset service agreement and has received or has had the possibility to receive the advance information and agreement terms and conditions.