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ANX Whitepaper - Access for All

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Disclaimer:

The ANX token sale is not open to persons in any jurisdiction where such an offering would be contrary to relevant local law, including, but not limited to, retail investors residing in the United States, Australia, New Zealand, Hong Kong or Ontario (Canada).

ANX tokens are issued by ANOX GROUP LTD and represent investor shares in ANOX CAPITAL LTD, a closed-end fund structure pending incorporation in the Bahamas. Closed-end funds are not regulated by the Securities Commission of the Bahamas (SCB) and do not require licensing. ANOX GROUP LTD makes no claim of regulation, licensing or endorsement by the SCB, or any other regulatory body.

ANX tokens are a form of cryptocurrency and are a highly speculative investment. The value of ANX tokens will be determined on the open market and are subject to extreme volatility. It is possible to lose all of your investment. ANOX GROUP LTD makes no guarantees whatsoever regarding fund performance or token price.

Prospective investors should do their own due diligence and seek independent financial advice before purchasing ANX tokens. For high net worth individuals with the financial means to do so, investing in hedge funds directly is a more cost effective way of gaining exposure to this asset class. ANOX GROUP LTD will need to raise a minimum of 1.5 million USD in order to deliver on the vision outlined in this whitepaper.

By participating in the token sale, or purchasing ANX tokens on the open market, you agree that a) you understand the risks involved in speculative investment in cryptocurrency and/or pre-seed ventures and b) that neither ANOX GROUP LTD, ANOX CAPITAL LTD, or any other related persons shall be held liable for any loss you incur, financial or otherwise, as a result of your decision to purchase ANX tokens.

Everything contained herein was written in good faith and is, to the best of our knowledge, true and correct at the time of publishing. Terms of sale and token mechanics are subject to change.

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1 - Introduction

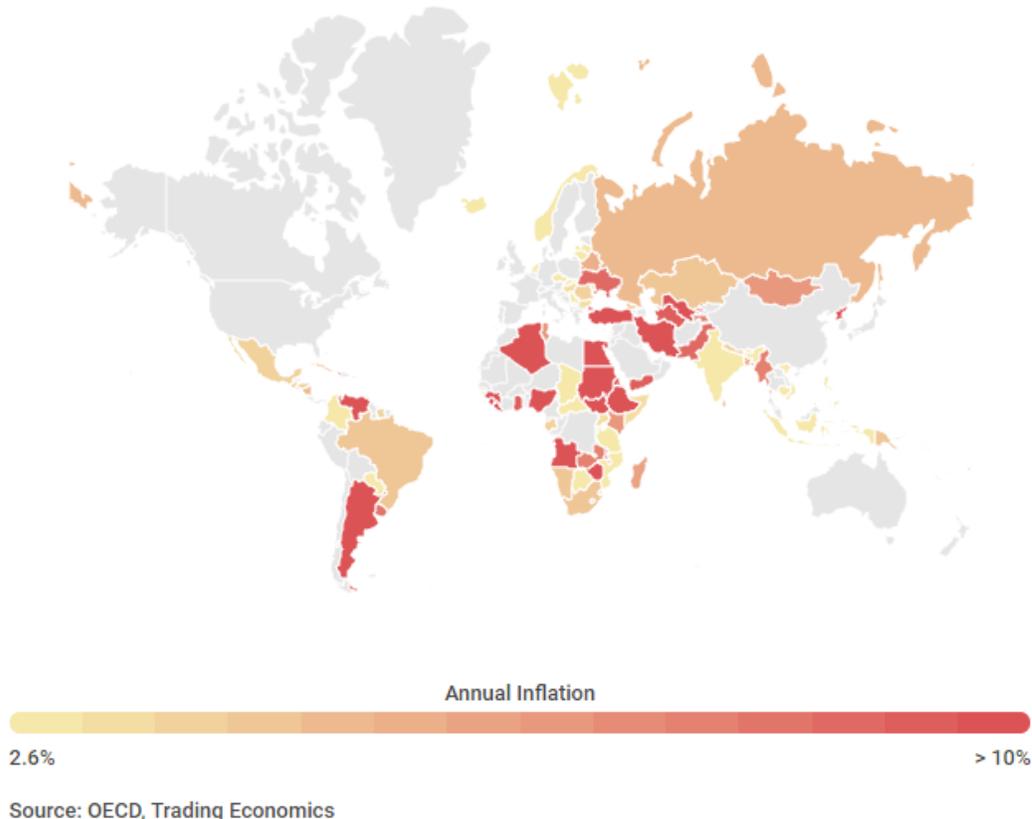
1.1 - Barriers to Access

Access to high-yielding alternative investments, such as hedge funds, has traditionally been reserved for high net worth individuals and institutions. The standard one million USD minimum investment excludes 99.8% of the world's population. As a result, those who are most in need of market-beating returns have limited or no access to such investments.

From Venezuela to Nigeria, Turkey to the Ukraine, approximately one billion people worldwide are struggling with inflation rates exceeding 10% per annum. Local investment options are generally denominated in volatile local currencies and/or co-integrated with struggling local economies. When facing excessive inflation, there is little incentive for you to save, as your money will buy you substantially more today than it would in one year's time.

Annual Inflation Heatmap

Nations reporting annual inflation rates exceeding the OECD average of 2.59% as of March, 2019.



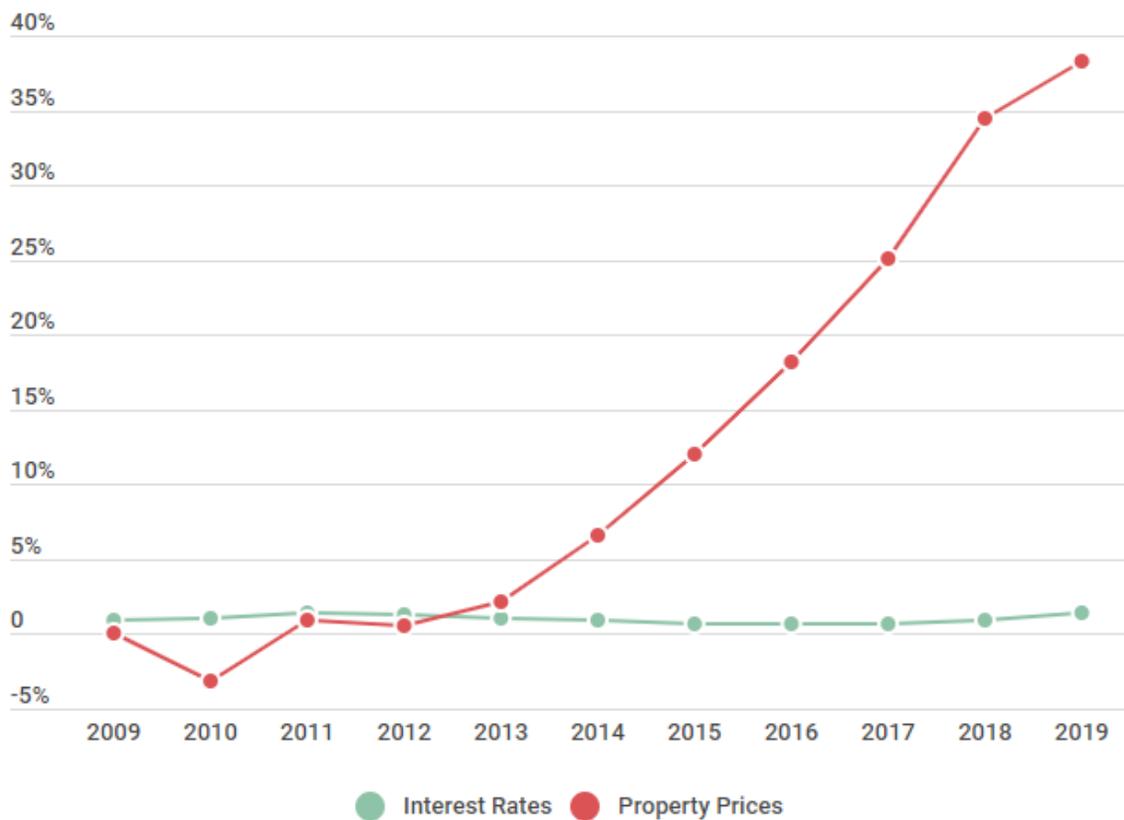
Cross over to the developed world and people face a different set of economic barriers, but the same lack of access to market-beating alternatives. In the years following the global financial crisis of 2008, central banks cut interest rates to record lows and expanded the money supply in an effort to stave off the worst of the crisis and spur recovery.

These attempts to stimulate the global economy appeared successful, leading to positive headline numbers, the longest bull market of all time and substantial gains for equity and property investors. However, not everyone benefited; people attempting to save for their first

home faced pitiful rates of return at their local banks, while house prices in New York, Vancouver, Sydney and Tokyo posted double-digit returns. More than 10 years on, savers are still struggling, with very few options available to the average person seeking market-beating yield.

The Easing Effect

Average property price growth in Australia, Canada, Japan and the United States vs average official interest rates, 2009 - 2019.



Source: Global Rates, OECD

1.2 - Access for All

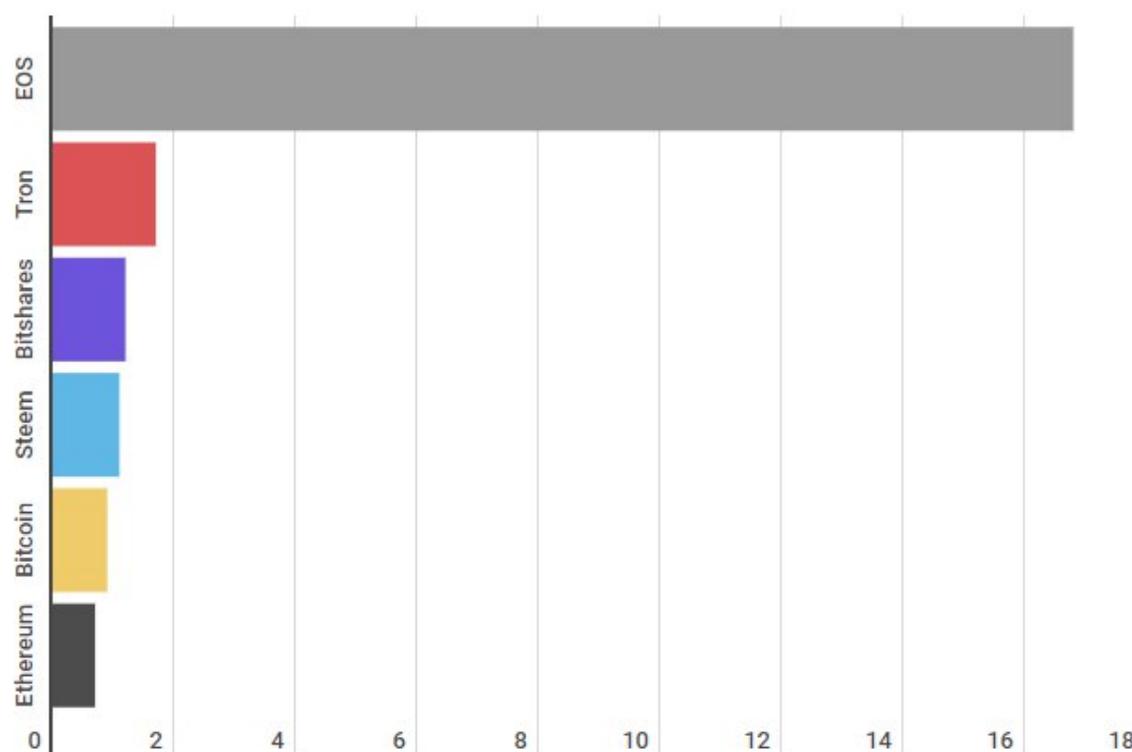
ANX tokens will serve as a gateway between everyday people and exclusive hedge funds, delivering professional fund management to the masses. The infinitely divisible and borderless nature of cryptographic tokens facilitates access for all, lowering minimum investment thresholds to fractions of a cent.

The ANX closed-end/fund-of-funds hybrid is a novel fusion of traditional fund structures: readily accessible, yet fully compliant. ANX tokens will represent investor shares in this fund structure and will be backed by the fund's net asset value (NAV) via token buybacks. At the same time, ANX tokens will be freely traded on the open market, giving access to people unable to participate directly in the security token offering (STO) and providing an avenue for speculative investment.

ANX is the first security token leveraging the power of the cutting edge EOS Delegated Proof-of-Stake (DPoS) blockchain. The EOS blockchain allows for instantaneous transfer of wealth without the burden of transaction fees and currently processes more than 16 million transactions per day at just 15% capacity.

Most Active Blockchains

Most active blockchains as of May 8, 2019 (Millions of operations per day, 7 day average)



Source: Block'tivity

The technological advantages of the eos.io blockchain have given rise to a new breed of decentralised exchange (dex), featuring instant-order matching and a frictionless user experience. This advanced dex ecosystem provides the perfect home for a freely traded security token such as ANX.

2 - Fund Structure

2.1 - Closed-end Fund

ANX tokens will be issued by ANOX GROUP LTD. (*Anox, herein the Company*), a Bahamas International Business Company (IBC) and will represent investor shares in ANOX CAPITAL LTD. (*Anox Capital, herein the Fund*), a Bahamas closed-end fund structure, pending incorporation.

Closed-end funds issue a fixed amount of shares in a public offering and then become closed to new investment. Fund shares then trade freely on exchanges, with price determined by market forces. Unlike the standard open-end structure, closed-end shares are not redeemed directly with the fund, but are instead divested on the open market. Likewise, after the initial issuance, new investors cannot purchase shares directly from the fund, but instead purchase shares from other participants in the secondary market.

Closed-end funds allow managers to focus on investing a fixed amount of capital for the best possible return, without worrying about capital outflows and scaling issues which may arise from new investment.

2.1.1 - Voluntary Licensing

Bahamas closed-end funds and their managers are not regulated by the Securities Commission of the Bahamas under the *The Investment Funds Act (2003)* and do not require licensing. Closed-end funds can apply for regulation and licensing on a voluntary basis if they so wish and Anox may opt to do so at its discretion following fund launch.

Despite closed-end fund structures being unregulated entities, Bahamian companies are still subject to strict laws and regulations protecting both them and their customers. Investors in ANX will be protected by the Bahamas *Consumer Protection Act (2006)* and Anox will be subject to the rulings and regulations of the Consumer Protection Commission of the Bahamas.

The unregulated status of Bahamas closed-end funds gives Anox the freedom to innovate in the rapidly developing STO space, delivering a best-in-class product, free from excessive regulatory burdens, whilst still providing investors with the extensive protections available to them under Bahamian common law.

2.1.2 - Administered and Audited

As Anox Capital is an unregulated Bahamian closed-end fund, third-party administrators or auditors are not legally required. Despite this, Anox is committed to industry best practices and shall appoint licensed third-parties to administer and audit the Fund.

Anox has a range of options available when it comes to Bahamian licensed administrators and auditing partners and these appointments will be made and announced prior to fund launch. Full audits of fund holdings and performance data will be conducted on an annual basis, commencing one year following fund launch.

Our commitment to third-party administration and auditing, provides investors with transparency, whilst reducing administrative overheads, meeting industry standards and exceeding our obligations under Bahamian law. Additionally, administration and auditing paves the way for meeting key requirements of voluntary licensing procedures.

2.2 - Fund of Funds

Anox Capital will operate exclusively as a fund of funds, also termed a multi-manager investment fund. This means that Anox Capital will not invest in bonds, stocks, or other assets directly, but will instead hold a portfolio of other external investment funds through an unfettered structure.

A fund of funds structure allows Anox Capital to offer its investors a broad diversification of assets, whilst minimising risk. Hedge funds tend to be actively managed and take measures to limit drawdown periods (peak-to-trough declines), often out performing a simple buy-and-hold or index tracking strategy in risk-adjusted terms. These benefits are subsequently passed on to ANX investors.

In line with Anox’s vision of becoming a gateway between everyday investors and otherwise inaccessible hedge funds, even those investors with limited capital will have the unique opportunity to access a diversified portfolio of hedge fund investments through their holding of ANX tokens.

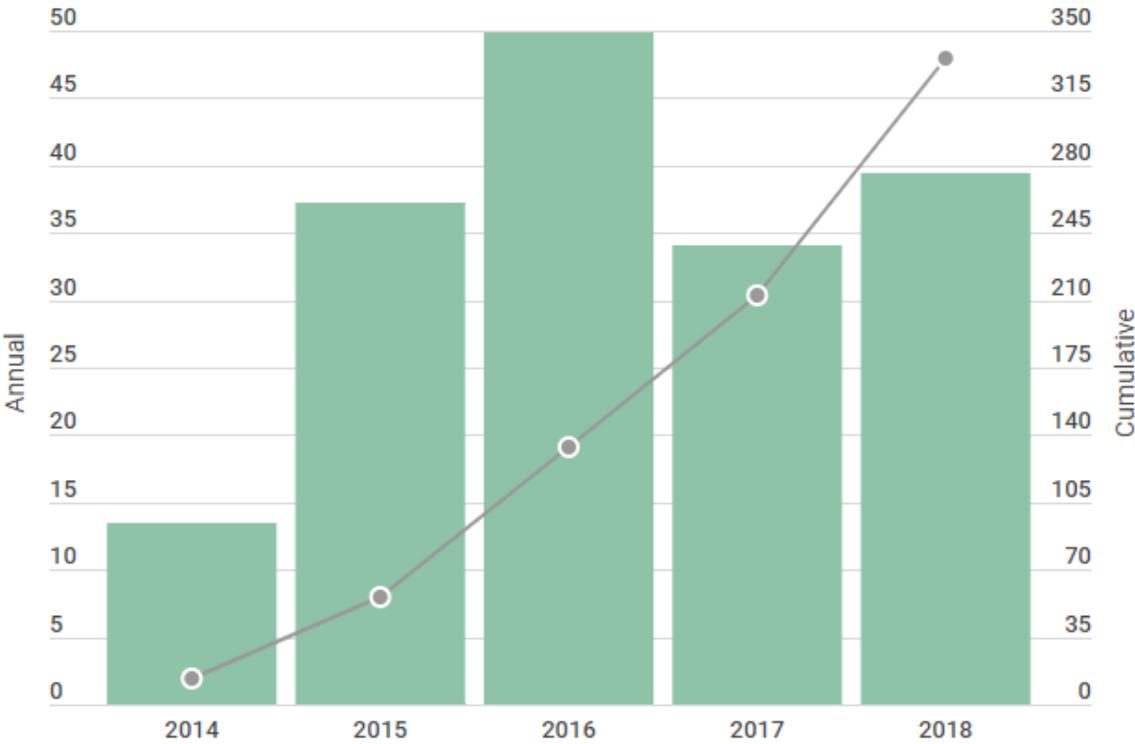
Anox Capital will target net annual returns of 25% or higher, aiming to outperform the wider market on a risk-adjusted basis. To achieve this, Anox will only invest in external hedge funds which have consistently returned in excess of 30% per annum and boast favourable return/drawdown profiles.

2.2.1 - First Partner Fund

Anox Capital’s first partner fund is an award winning Bahamian automated FX fund, which is fully regulated and licenced by the Securities Commission of the Bahamas (SCB). Likewise, the fund is administered by Sterling Bahamas, and audited by Grant Thornton.

Partner Fund Performance

Net performance of partner fund, 2014 - 2018.



Source: Partner Fund

Our first partner fund has achieved an average annual return in excess of 39%, and total net return of 335% since June 2014. Additionally, the fund has delivered 98% positive months, with a single losing month yielding a net loss of just -0.12%. The fund has an average drawdown of 3-4% on a rolling basis, with a maximum historical drawdown of 17%.

Our first partner fund is indicative of the quality and performance standard Anox Capital will seek in future fund partnerships.

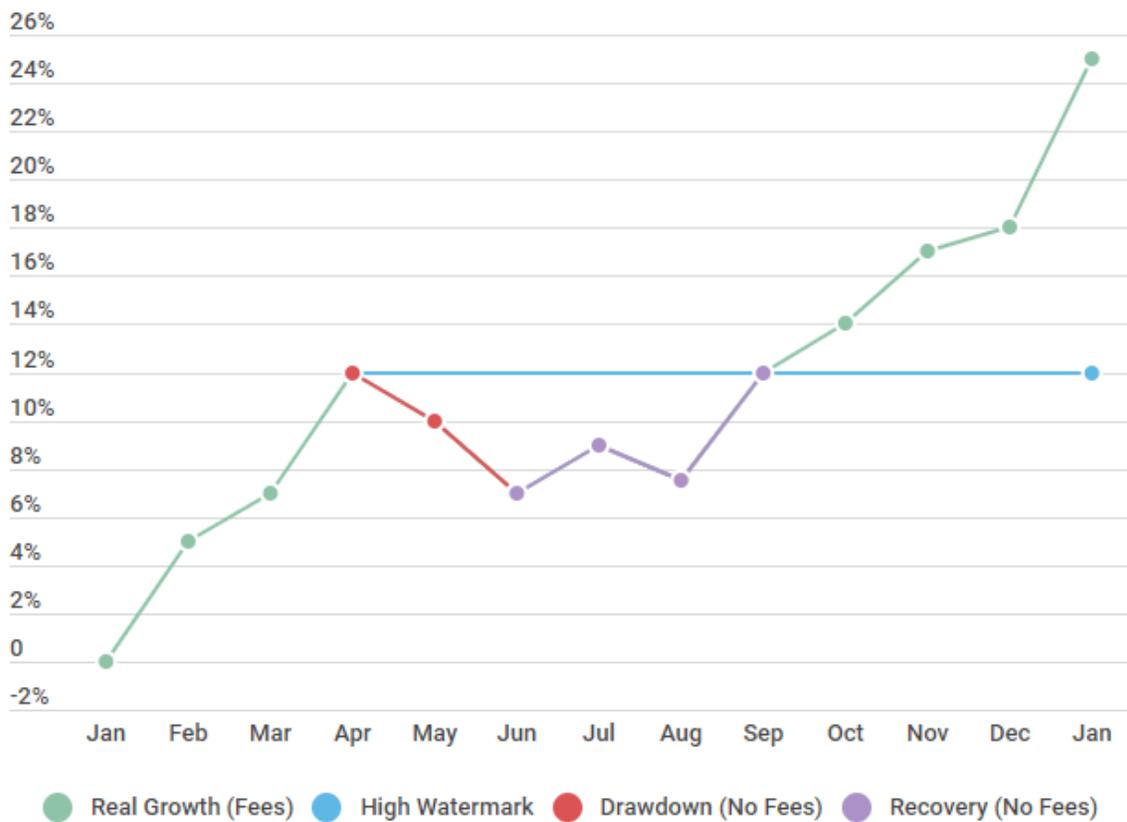
2.3 - Performance Fee

Anox Capital's performance fee will be set at 20% of the returns generated and will be charged monthly on a high-water mark basis.

The high-water mark relates to the peak performance level at which fees were levied during the previous month. In the event of a subsequent drawdown and recovery phase, no further fees are levied until the high-water mark level has been exceeded. Fees are then only calculated on returns generated in excess of that level.

High Watermark Fees Illustrated

With a high watermark performance fee structure, fund managers only earn a performance fee when they deliver real growth. No fees are levied during drawdown or recovery phases.



Charging a performance fee based on the high-water mark principle ensures the interests of investors and the fund manager are aligned, with the fund manager only earning a fee when they deliver real returns for investors.

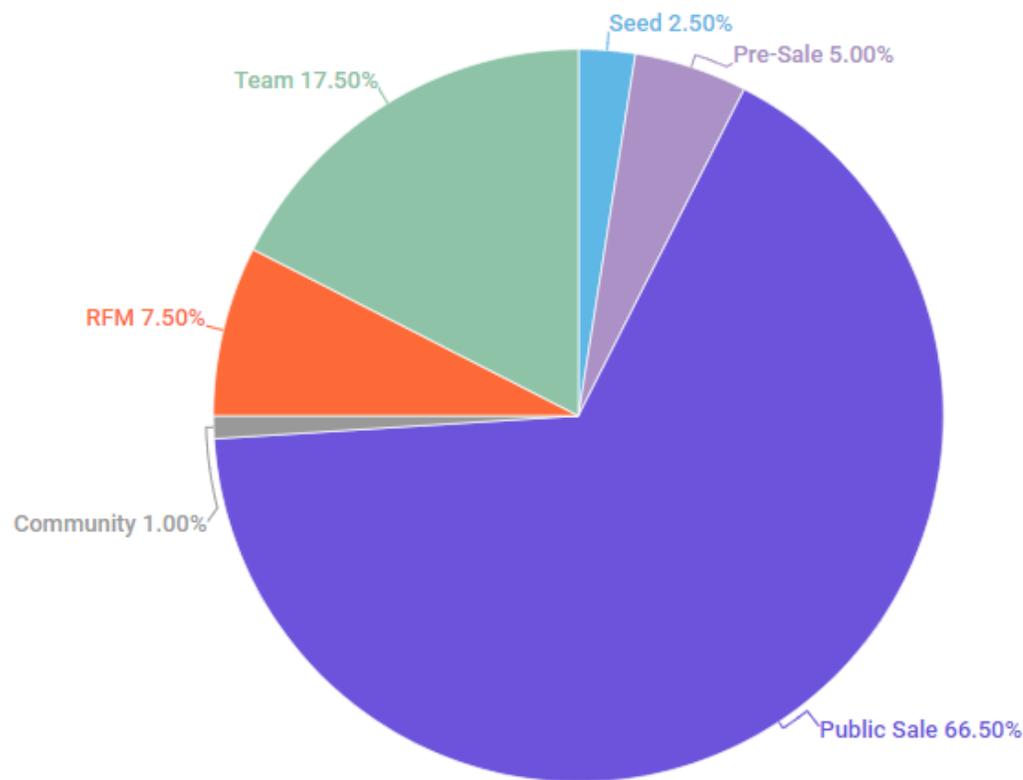
3 - Token Sale

3.1 - Token Distribution

The maximum supply of ANX tokens (fund shares) issued by Anox will be 90 million, with a final public sale price of \$1.00. The ANX smart contract account is *anoxanoxanox*.

Token Distribution

A maximum of 90 million ANX tokens will be distributed during the STO.



Tokens will be distributed in the following manner:

- **900,000 community tokens (1%)** - Issued to *anxcommunity* to fund airdrops and community giveaways prior to the token sale, with any tokens that remain following fund launch allocated via community governance.
- **2,250,000 seed tokens (2.5%)** - Issued to *anoxanoxanox*, and will be offered to seed investors at 67 cents on the dollar (minimum investment of \$1000), with bespoke pricing requests encouraged from investors wishing to contribute \$5000 or more.
- **4,500,000 pre-sale tokens (2.5%)** - Offered in the pre-sale at 75 cents on the dollar, with a minimum investment requirement of \$500.
- **59,850,000 public sale tokens (66.5%)** - Offered in the public sale (hard cap) at the full price of \$1.00. Any tokens issued for the public sale which are not subscribed to will be sold over the counter to new investors after the sale has concluded, or burnt at the Company's discretion.
- **6,750,000 RFM tokens (7.5%)** - Issued to the Rational Feedback Mechanism (maximum), with the actual figure determined relative to other issuance (7.5 RFM tokens out of every 100 tokens issued).
- **15,750,000 team tokens (7.5%)** - Issued to the Anox team (maximum) over 4 years, with the actual figure determined relative to other issuance (17.5 team tokens out of every 100 tokens issued).

Irrespective of other issuance, a minimum of 4 500 000 ANX will be made available to the Anox team and have been issued to *anoxteamanox*. Any remaining team issuance will become available to the Anox team in 36 monthly installments, commencing 1 year from fund launch.

3.2 - Use of funds

80% of funds raised during the STO shall be invested in Anox Capital and our partner funds for the benefit of ANX holders. The remaining 20% will be used to meet operational expenses including legal and regulatory compliance, marketing and development costs, advisor fees and team remuneration.

3.3 - KYC/AML

All investors in the ANX token sale must pass basic KYC/AML checks in line with Bahamian and international law. Contributors must provide proof of address, National ID (e.g. driver's licence, passport), and indicate the source of contribution funds.

Investors who do not wish to participate in KYC/AML checks will still be able to buy and sell ANX tokens on the secondary market, speculating on NAV growth and subsequent capital gain potential, however, they will be unable to reap the full benefits of holding ANX, such as inflation rewards, dividends and incentivised participation in network governance. Eligible ANX holders who purchase their tokens on the secondary market following the token sale will have the option to complete the KYC/AML process separately.

Investors who successfully complete KYC/AML shall have their personal data kept in the strictest confidence by Anox and our third party KYC provider, with white-listed EOS account names and personally identifiable information stored by Anox in a secure and segregated fashion.

4 - Token Mechanics

4.1 - Net Asset Value

ANX tokens will be backed by the Fund's net asset value (NAV). Net asset value will be calculated as the value of assets under management (AUM), divided by the total number of ANX tokens outstanding.

Example:

<i>Assets Under Management</i>	<i>= 90 000 000</i>	<i>USD</i>
<i>Outstanding ANX Supply</i>	<i>= 90 000 000</i>	<i>ANX</i>
<i>Net Asset Value</i>	<i>= 1.00</i>	<i>USD</i>

Although ANX tokens will be backed by NAV, they will simultaneously trade freely on the open market, with supply and demand determining price. NAV will be calculated and reported by the fund administrator on a monthly basis, dictating with confidence the minimum price ANX

should trade at in a given month. In a rational market, ANX tokens should trade at a sensible premium to NAV, in anticipation of future growth.

Example:

Joe sees ANX trading on Newdex at \$1.05 USD. Joe sees that NAV was last reported at \$1.00 USD and has grown by 25% over the past 12 months.

Joe is happy to purchase ANX at \$1.05 today, hoping to realise a capital gain of 20% in 12 months time if the trend in NAV growth continues.

In 12 months time, NAV has grown to \$1.25 and Joe is proven correct. Meanwhile, other investors have taken the same trade as Joe, driving up the price on the open market and ANX is now trading at \$1.35.

Joe sells the ANX he purchased at \$1.05 for \$1.35 on Newdex, realising a capital gain of 28.6% on his investment.

4.1.1 - Buybacks

Though ANX should always trade at or above NAV in anticipation of future growth, absent a buyback mechanism, this may not always be the case. Therefore, Anox will act as a buyer of last resort, providing buy-side liquidity on the open market and absorbing excess supply offered below NAV.

Each month following NAV reporting, Anox will place buy-limit orders on the open market at one standard deviation below NAV. This process will be semi-automated, providing verifiable baseline liquidity on a single decentralised exchange, with further manual operations conducted as necessary according to market demand.

Enforcing causality between NAV and token price, the NAV buyback mechanism means ANX tokens will be free to appreciate above and beyond NAV, whilst downside risk is limited to the buyback level. This limited risk, unlimited reward profile makes an extremely attractive proposition for speculative investors.

4.1.2 - RFM

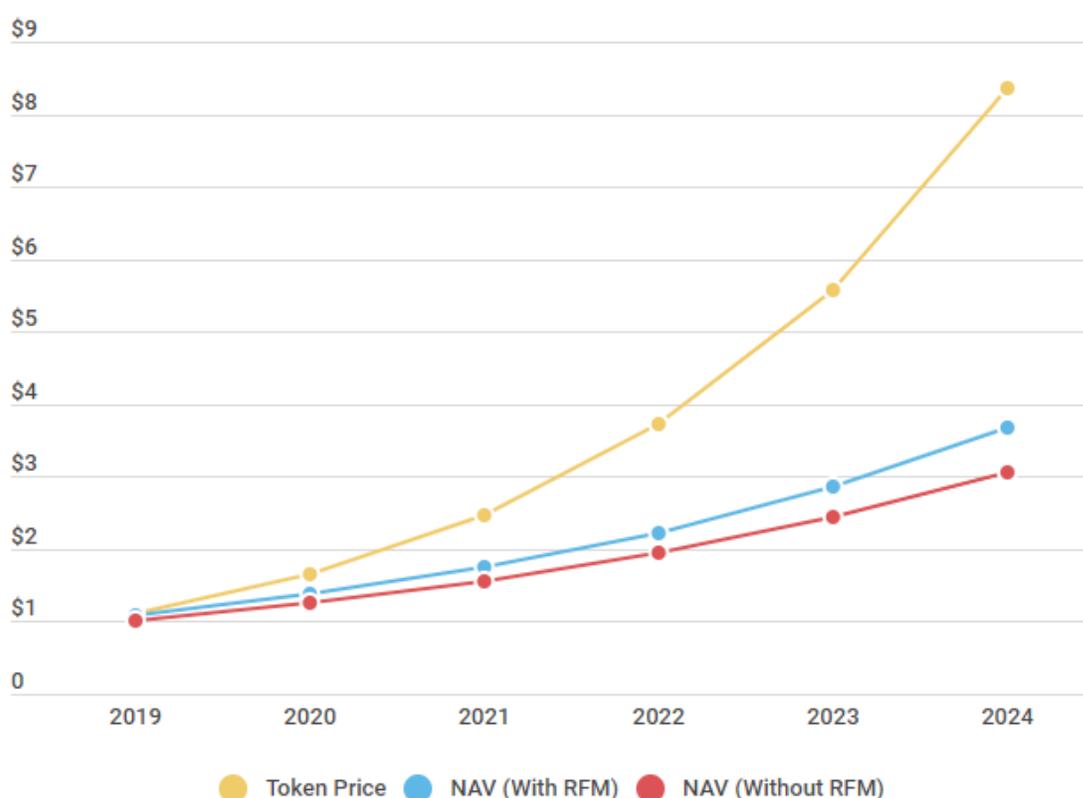
On completion of the STO, an amount equal to 7.5% of tokens issued will be allocated to the Fund's rational feedback mechanism (RFM). In a rational market, the ANX token would trade at a sensible premium to NAV. However, episodes of mania are commonplace in cryptocurrency markets and ANX may trade at a potentially dangerous multiple of NAV.

By holding 7.5% of the token supply as assets, the Fund can enforce a correlation between token price and fund performance. All price movements in the ANX token, whether rational or irrational, will be partially justified by matching, yet smaller changes in fund performance.

As the mechanism is capped at 7.5%, fluctuations in the token price will only have a limited effect on fund performance, averting potentially harmful self-reinforcing cycles, whilst still applying subtle compression to any NAV premium.

Token Price, the RFM and Net Asset Value

Token price and NAV over 5 years, with and without the rational feedback mechanism.



Note that the RFM dampens the premium between token price and NAV, but does not eliminate it entirely.

As the RFM tokens are held by the Fund as assets and can not be redeemed, they are not considered outstanding tokens when calculating NAV, hence the RFM issuance does not dilute, but adds to the Fund's holdings and therefore NAV. The RFM balance can be adjusted as necessary through open market operations.

4.2 - Staking

Staking ANX tokens will allow investors who have completed KYC/AML checks to participate in community governance and earn rewards in the form of inflation and quarterly dividend payments. The ANX staking process will be identical to the EOS mainnet, with an unstaking period of 3 days and holders retaining full custody of their tokens.

Inflation and dividend rewards will be calculated on a pro-rata basis, giving investors the greatest flexibility, whilst averting the cyclical market distortions witnessed in Proof-of-Stake coins subject to extended lock-up periods and strict eligibility dates.

A Scatter integrated user dashboard will be made available on the anox.io website prior to fund launch, allowing holders to stake and unstake tokens, participate in community governance and track key performance metrics.

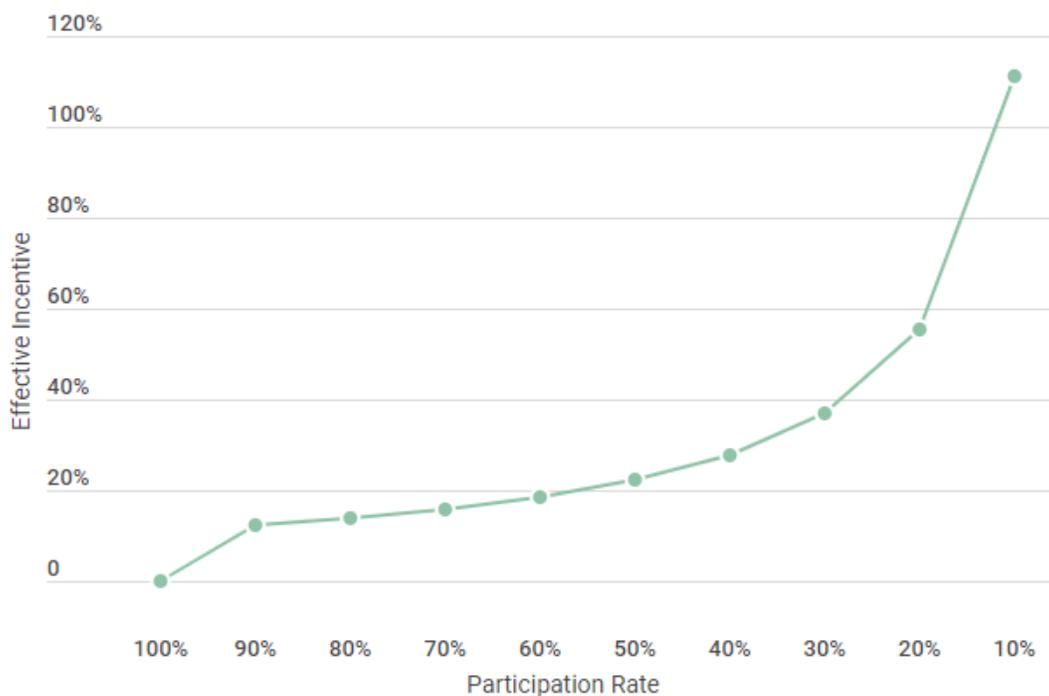
4.2.1 - Governance

The ANX network will be governed by its stakeholders. Stakeholders will be able to vote on the rate of inflation, how inflation is allocated, what percentage of capital gains should be paid out as dividends and other matters pertaining to the smooth and successful operation of the ANX network. Stakeholders will be required to register to vote each quarter, with a simple majority of registered tokens determining the results of a given referendum.

ANX governance will be incentivised to encourage participation. Stakeholders who have registered to vote and who have voted in at least one referenda in a given quarter will be eligible to receive a slightly larger portion of staking and dividend rewards vs passive stakeholders.

Governance Participation Incentive

Effective participation incentive at varying levels of participation



Note that the effective participation incentive adjusts naturally to changes in the participation rate, with progressively larger incentives paid as participation falls, rising in a parabolic fashion as participation approaches zero.

The raw participation incentive will be set at 10% of the dividend and inflation pool for a given quarter, with the effective rate fluctuating based on participation levels. The raw participation incentive can be reduced or increased by community vote as necessary.

4.2.2 - Inflation and Dividends

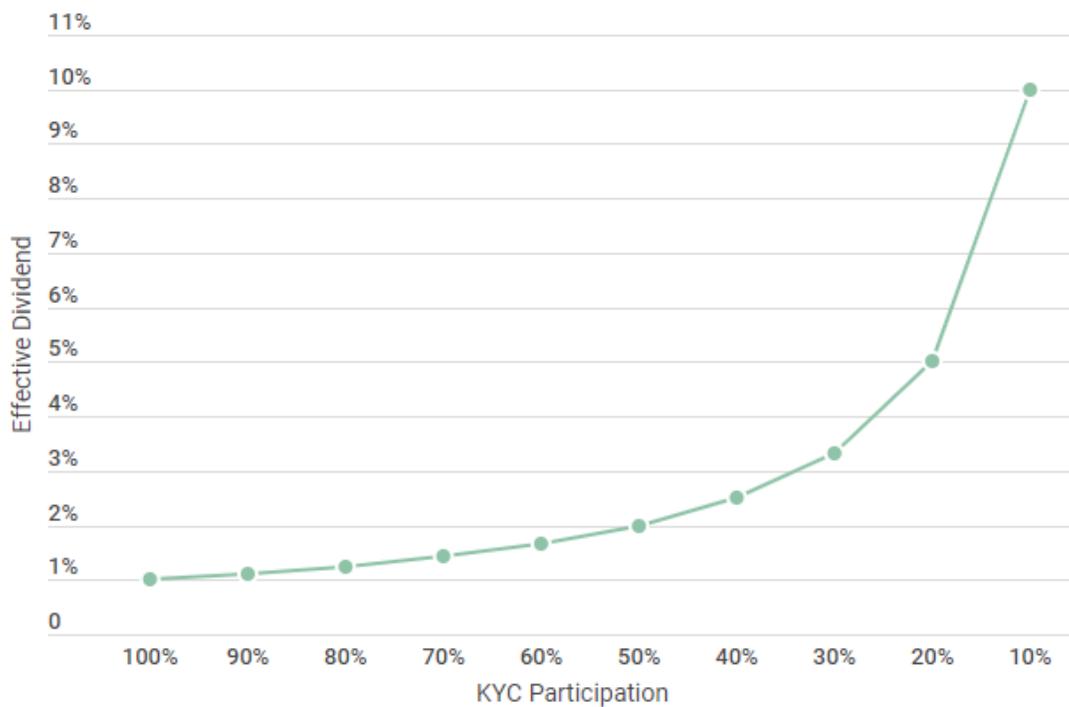
Network inflation will initially be set at 0.1% per annum and will be allocated to stakeholders. The rate of inflation and its allocation will thereafter be determined by community vote.

Dividend payments will initially be set at 10% of quarterly returns, paid in EOS, distributed to stakeholders' whitelisted accounts each quarter. Adjustments to the dividend rate can be proposed and voted on by the community.

The annual percentage rates yielded from inflation and dividend rewards will always be larger than they appear at face value and could be quite substantial, as these payments will be restricted to ANX holders who have completed KYC/AML checks.

KYC/AML Incentive

Effective dividend at varying levels of KYC participation given a nominal dividend of 1%.



Note that a nominal dividend payment of 1% becomes progressively larger as KYC participation falls, with effective dividends rising in a parabolic fashion as KYC participation approaches zero.

5 - In Summary

ANX is the first security token issued on the cutting-edge eos.io blockchain. Investors in ANX tokens will be in the unique position of realizing the accessibility, liquidity and price discovery benefits of a digital security; whilst gaining unparalleled access to otherwise inaccessible investment options.

For the billions of people around the world struggling to save in the face of excessive inflation, run-away property prices and lack lustre wage growth; ANX provides a readily accessible, USD denominated, store of wealth and high yielding growth vehicle. Infinite divisibility renders million dollar minimum investment thresholds a thing of the past, opening up hedge fund investment to anyone with an internet connection and a few dollars of investment capital.

Backed by high yielding alternative assets, yet free to appreciate above and beyond the value of those assets on the open market, the ANX security token features an attractive value proposition for both speculative and long term investment. Speculators can trade ANX on the open market, knowing their risk is limited to the value of the underlying assets, whilst long term investors stand to earn substantial passive income from Anox's twin yield streams: controlled inflation in the native token and dividend payments in EOS. In this sense, ANX stands in stark and welcome

contrast to traditional Proof-of-Stake coins, which are not backed by anything tangible and only yield more of the same fundamental flaw.



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