

JOINING THE DAO

As a first step, you may find it useful to join CypherTrust Discord server where you can find support, relevant info, chats, and guides. Keep in mind the server is community managed and, for this reason, the information in the server is not to be regarded as investment advice and does not represent definitive information related to Cyphertrust DAO's on-chain activities.

Although not strictly necessary, we strongly recommend you use a hardware wallet in conjunction with Metamask to add a layer of security and protect the funds in your Metamask hot wallet with a signing mechanism facilitated by your hardware wallet. However, you can use any wallet you wish as long as it connects to Uniswap v3 on the Ethereum network. The wallet will also need to connect to the Avalanche network in order to receive any future airdrop distributions of BONUS tokens you may be eligible for. Metamask wallet supports both Ethereum and Avalanche networks as well as others networks the DAO may expand on to in the future, which is another reason we highly suggest its use. Whichever wallet you choose to use please exercise best practices with regards to operational security and management of passwords, PIN numbers and seed phrases.

At the moment, the only place to obtain TRUST and acquire a share of ownership in the DAO's asset portfolio is the TRUST-DAI pool on Uniswap v3 on the Ethereum network.

First, you want to import the TRUST token into your wallet on the Ethereum network.

If you are using Metamask, ensure you are connected to the Ethereum network, then go to the bottom of the asset page and click "Import Tokens", then click "Custom Token", and enter the token contract address below in the "Token Contract Address" field:

0xf77DA5C50725379DD33C93f8a4e12c693bC06C6a

Next, click on "Add Custom Token". You should now see TRUST as an asset in your wallet.

To obtain the TRUST token by swapping it for DAI, go to the Uniswap v3 swap page for the DAO's liquidity provision:

[https://app.uniswap.org/#/swap?
inputCurrency=0x6b175474e89094c44da98b954eedeac495271d0f&outputCurrency=0xf77da5c50725
379dd33c93f8a4e12c693bc06c6a](https://app.uniswap.org/#/swap?inputCurrency=0x6b175474e89094c44da98b954eedeac495271d0f&outputCurrency=0xf77da5c50725379dd33c93f8a4e12c693bc06c6a)

Ensure your wallet and the account you choose to use for the swap is connected to Uniswap v3 on the Ethereum network. Make sure you have DAI in you wallet before proceeding.

Next, all you you need to do is swap the desired amount of DAI for the corresponding amount of TRUST, after a few minutes the TRUST should show up in your wallet.

TRUST TOKEN

The TRUST token is currently only available as an ERC-20 token on the Ethereum network and is backed by all the funds held by the following DAO portfolio address:

0xbAeD5A2E8a9c3f2DaA7332a90FEa69F775Ba9C80

The TRUST token is the mechanism by which ownership of the assets controlled by the DAO is proven. Each token represents a percentage of all assets. TRUST is only minted when the DAO chooses to do so and all newly minted TRUST tokens are deposited into the TRUST-DAI liquidity pool on Uniswap v3. This is the primary path of entry into the fund and any other method of TRUST acquisition will involve a holder of TRUST selling their tokens in whatever markets exist for them or through peer to peer transactions.

In the Uniswap v3 TRUST-DAI pool, users can swap not only their DAI for TRUST, but also many other ERC-20 tokens can be swapped for TRUST thanks to Uniswaps auto-routing mechanism, though this may create additional slippage in the swap rate. Any token swapped for TRUST ends up as DAI in the pool which in turn is used to allow TRUST holders to exit the fund by swapping their TRUST back to DAI, should they wish to do so. The price limit functions available when creating a new liquidity provision for a newly minted batch of TRUST on Uniswap v3 allows distribution of the minted TRUST to take place within a specifically chosen price range, which is defined by the DAO each time an “Investment proposal” for providing TRUST to the pool, is approved by a DAO vote. This price range is currently calculated based on the total value of the DAO and the total number of TRUST tokens in circulation at the time of minting, but in the future, should the DAO choose to do so, can be provided to the pool at a premium that creates a profit for TRUST holders. This concentrated liquidity mechanism, unique to Uniswap v3, allows the DAO to put a floor under the price of TRUST, preventing people from obtaining shares in the DAO at levels below their inherent value. However, in the future, the DAO may create additional pools with no concentrated liquidity features, known as v2 AMM pools, on Ethereum or other networks that will have their liquidity supplied by holders of TRUST who choose to do so or via Investment proposals in which the DAO votes to supply liquidity into the pools. In these v2 AMM pools, the price of TRUST can vary wildly depending on the various liquidity conditions that exist in the pool at any given moment. Having TRUST available as an asset in these other networks also allows investors with less capital to be able to obtain TRUST without losing an unreasonable percentage of their investment capital to fees.

In addition to the pure proof-of-ownership function, holding TRUST allows one to influence the direction of the DAO’s decision making in an ownership proportionate manner, the more TRUST you hold, the more weight your votes are given. All holders of TRUST collectively represent the decision making power of the DAO, however, any TRUST that is in DAO owned liquidity provisions at any given time has no voting rights until it is purchased by investors and removed from the pool. This is because a pool is not representing an investor and the TRUST within is technically “owned” by the smart contract that governs the pool. The TRUST in a pool can be considered as separate from the total supply of TRUST and isn’t used for snapshots or airdrops of any type.

BONUS TOKEN

TRUST holders are entitled to any airdrops of BONUS tokens, which occur on a quarterly basis and are currently airdropped to all TRUST holding addresses on the Ethereum network, and potentially other

networks in the future. This is possible because the Avalanche chain is an EVM that mirrors all Ethereum addresses and enables airdrops of BONUS tokens to Avalanche addresses, that are identical to TRUST holding Ethereum addresses, in a fee efficient manner, using the Avalanche network. If, in the future, lower fees permit this operation to be done entirely on the ETH network, the community can vote to do so.

This is the procedure to add the BONUS token to your wallet if you are using Metamask. First, switch the network to which your wallet is connected to Avalanche using the drop down Network selector at the top of your Metamask wallet interface, you may have to add the Avalanche network if you don't see it. Once connected to the correct network, ensure you have the same account selected which holds your TRUST(or will hold your TRUST if you haven't yet purchased any) on the Ethereum network, then go to the bottom of the asset page and click "Import Tokens", then click "Custom Token", and enter the token contract address below in the "Token Contract Address" field.

0x0b834Fc7C563F5Dd9BAa0bc573251c7E0208dbF7

Next, click on "Add Custom Token". You should now see BONUS as an asset in your wallet.

These BONUS tokens can be used to claim the correct proportion of profits that each holder of TRUST is entitled to and prevents users from jumping into TRUST just prior to each profit distribution, and immediately back out again after claiming the profits. The BONUS token acts as a cumulative ownership proof that rewards investors not only for the amount of TRUST they hold but for how long they hold it as well. The snapshots of TRUST token ownership that each airdrop of BONUS will be based on will take place at regular intervals, thereby serving as a proof of continuous ownership of TRUST tokens. BONUS tokens will be airdropped at a scheduled rate defined by Constitutional proposal #8, please refer to it for specifics. The rate is designed to incentivize early adoption by TRUST holders being airdropped less and less BONUS for the TRUST they hold with each passing year. The distributed profits that BONUS holders can claim will be released only via Distribution proposals that are voted on by all holders of TRUST. These profits will be distributed in whatever cryptocurrency that is specified in the Distribution proposal. When BONUS is redeemed for profits the BONUS token is burned, which provides a slight deflationary effect to counter the inflationary effect of regular BONUS airdrops. No one is obligated to claim profits and may instead choose to hold onto their BONUS tokens, allowing them to claim a larger share of the profits during the next profit distribution. BONUS will also eventually be able to be sold on the open market if the DAO or private users choose to create the liquidity pools to do so. The BONUS token is similar to a dividend in that it facilitates equitable profit distribution to investors of TRUST, but differs in that, unlike traditional corporate dividends, BONUS airdrops are not immediately taxable and taxes on the profits they represent can be deferred until the BONUS is burned and the actual profit is claimed. This may not be the case in all jurisdictions and it is up to each individual to make this assessment for themselves.

PROPOSALS

Any holder of more than 1000 TRUST can create and submit proposals using templates available on the DAO website, <https://cyphertrust.fi>. If a user with less than 1000 TRUST wishes to submit a proposal they can do so with the assistance of a user with more than 1000 TRUST. This limit is in place to prevent proposal spamming and spurious submissions from occurring. Before submitting a proposal,

it is a good idea to first discuss it with the Cyphertrust community to assess the chances of it passing. If you still wish to submit a proposal, use this website to do so: <https://snapshot.org/#/cyphertrust.eth>. You will need to connect your wallet and sign the proposal submission with an account holding in excess of 1000 TRUST.

Prior to the DAO being open to public investment, the founding members agreed upon, through the same on-chain voting system used by the DAO today, a set of what are called “Constitutional proposals”, which are proposals they believed to be absolutely essential in guaranteeing continued operation of the DAO and safeguarding, as much as possible, the value of the funds deposited by investors. In addition to Constitutional proposals, “Structural proposals” are able to be submitted that seek to modify some aspect of the DAO’s design and function that isn’t absolutely critical to the function of the DAO but improve its efficiency or decentralization in some manner. There are also “Petition proposals” that can be put forth to allow the holders of TRUST to vote on removal of specific trustees as well as “Nomination proposals” that must be done immediately after removal of a specific trustee in order to fill the empty trustee position, and preserve the operational integrity of the fund. In situations like this, the removal and replacement of a trustee will likely be done in one transaction despite having to be approved by the DAO with two separate proposals, this is to minimize the gas expenditure required to carry out replacement of a trustee. “Distribution proposals” are also voted on by TRUST holders and, if passed, mandate that profits be distributed to anyone who chooses to burn their BONUS tokens in exchange for claiming them. “Minting proposals” are used to open the fund for new investors by creating a batch of TRUST to be swapped for DAI in the TRUST-DAI pool. “Investment proposals” are used to submit investment ideas to the trustees and DAO holders for review and a vote. “Amendment proposals” were implemented by the DAO via the passed Constitutional Proposal #10: Proposal Amendment. There are two versions of Amendment proposals, Structural Amendment proposals and Constitutional Amendment proposals. No other type of proposals need to be amended because they are essentially single-use and do not persist as standing rules that govern DAO operations. The goal is to allow the DAO to be directed by stakeholders of the DAO to the highest possible degree. Even the Constitutional proposals of the DAO, established by the founders with the goal of ensuring the DAO’s continued operation and success, are open to modification, albeit through a difficult process requiring not only a very high vote in favour of modification but also a very high degree of participation in the vote, ensuring that only true consensus can change these fundamentally imperative guiding rules. After the TRUST holders vote to open up a proposal to amendment, the vote will need to be followed up with another vote on the nature of the amendment. Finally, “Burn proposals” allow TRUST holders to vote to burn and eliminate from the supply, an amount of TRUST specified by the proposal. The voters could desire to implement such a proposal for a variety of reasons, and burned TRUST would only ever come directly from DAO assets. Once a proposal is submitted, providing it isn’t vetoed by trustees and doesn’t violate any of the Constitutional proposals put in place by the founders of the DAO, it will be voted on by all holders of TRUST. Voted in proposals of all types will be displayed and kept up-to-date on the website, <https://cyphertrust.fi> and the actual voting results for each proposals will be viewable on the website, <https://snapshot.org/#/cyphertrust.eth>.

DAO PORTFOLIO DESIGN

As previously mentioned, the fund uses specific Constitutional proposals in an attempt to design an investment fund that preserves and increases the USD value of the TRUST token. Mandating that the funds investment portfolio must maintain 60% of the all assets in stable assets that are easily liquidated is central to achieving this goal. It mitigates the effects of crypto and DeFi market downturns and is designed to ensure that all holders of TRUST will have to ability to sell their tokens for DAI or other cryptos at all times. Because one of the primary investments of the DAO is liquidity provision in the TRUST-DAI pool on Uniswap V3, any exit from or entry into the fund creates fees at a rate of 1% that are earned by the DAO and ultimately become profits for all TRUST and BONUS holders. This fee also has the effect of incentivizing longer periods of investment in the TRUST token. Although the TRUST-DAI pool is the mechanism by which the DAO distributes newly minted TRUST, anyone can choose to supply liquidity to the pool in any price band they wish, harvesting fees when the price moves within the limits of the price band selected. Another Constitutional proposal that is designed to ensure the funds value stability is the rule than no single, non-stablecoin investment can ever be initiated with more than 10% of the funds total value. This is to prevent extreme, unpredictable volatility from destroying the DAO's continued operational capacity and the ability to fulfill its financial obligations. The other exception to the percentage limit on single investments is the asset Ethereum, since it is used to pay fees for DAO investments.

DISCLAIMER: By purchasing TRUST tokens you are able to participate on the DAO's governance but should have no expectation of profit, only that your TRUST tokens represent a share of the DAO's portfolio and voting power, regardless of its value. One inherent property of a DAO is that they include no centralized entities that assume responsibility, as such, no one is responsible for the accuracy and completeness of any of the information contained in this document. The information contained is not to be construed as investment advice and merely represents the best knowledge and opinions of the TRUST holder(s) who contributed to it. Do your own research and realize that the success of this decentralized investment fund relies solely on the actions of the community of TRUST holders. True decentralization requires total self responsibility.