



 **zestfund**<sup>TM</sup>

## Zest Fund Whitepaper

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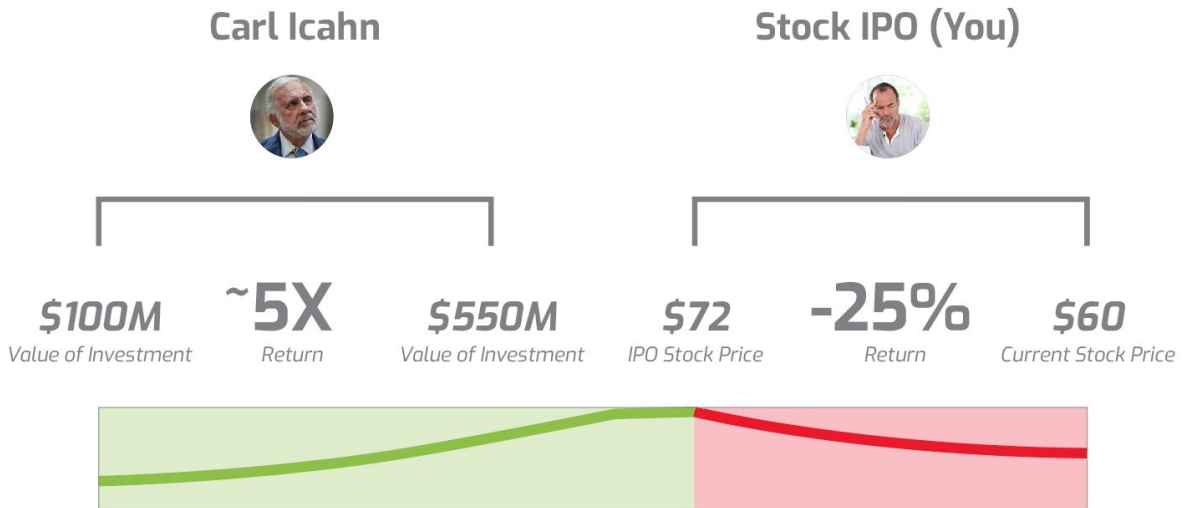
## Problem

Since the Dotcom era tech companies have continuously skyrocketed in valuation, with many approaching (even surpassing) a one trillion dollar valuation. These companies, coined as "Unicorns", stand out among their peers; they often showcase world-changing technology and innovation, early in their inception.

While many people are able to recognize these outliers, only a select few are able to contribute to their early growth. Deal flow is a privatized business and only the most elite of the Silicon Valley financiers will be able to access them. Established market-makers use their heavy wallets to guide the sector in their favor. It's a self-fulfilling prophecy where the wealthy choose what company they think will make it big and in turn actually make the company succeed; they reap all the rewards while locking others out. In general, younger and less experienced individuals have neither had enough time to meet the requirements of large funds nor build the network necessary to participate.



The public only has one option: to wait for the IPO to purchase stock in the company. Unfortunately, this the first major liquidation event for people who have funded the company prior to the IPO, and unsuspecting individuals may find this out the hard way. A recent example of this behavior was during the Lyft IPO. Carl Icahn was able to make five times his return versus the public losing 25%.



Recent example of losses from Carl Ichan vs IPO price of Lyft

### Controlled By The Market Elite

Any individual fund may have its own minimum requirements, without any influence from an overseeing body. These internal standards act as a major barrier of entry, increasing requirements to unreachable realms for even the upper middle class. In turn, the market elite of the finance and tech worlds have created a monopolization of the best performing growth avenues.

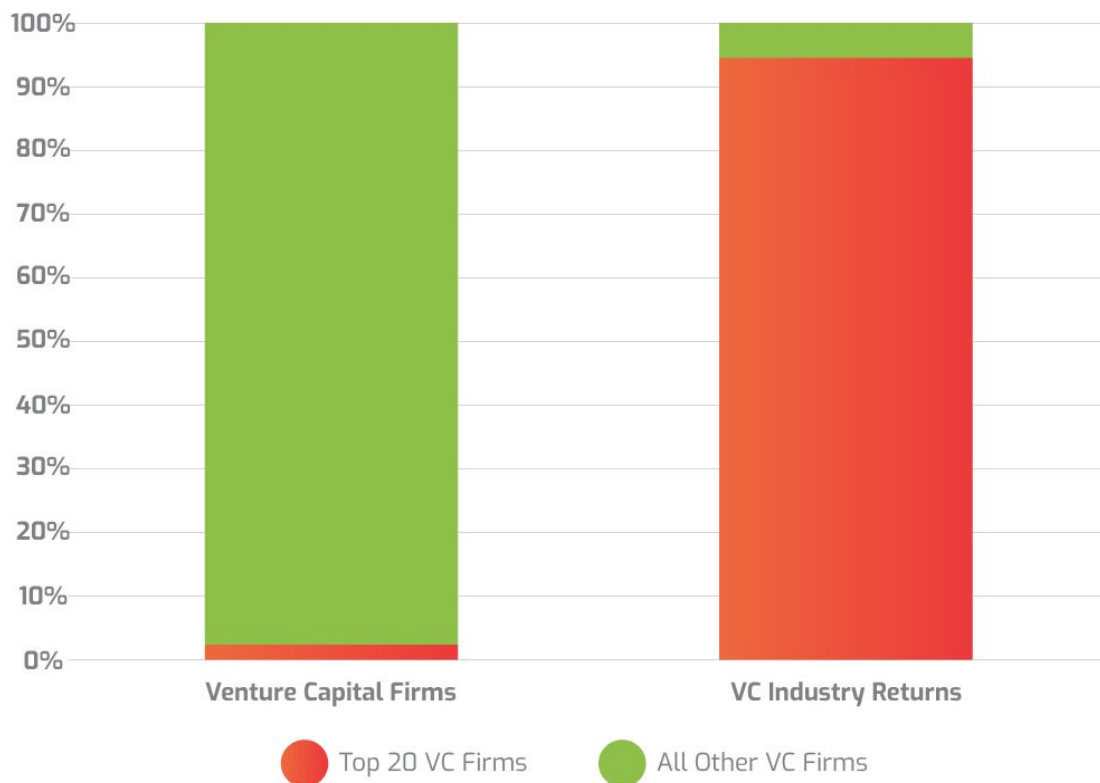
Minimum Major Fund Buy In Amount

 <b>SEQUOIA</b>	 <b>ALTITUDE</b>	 <b>GREYLOCK CAPITAL</b> <small>MANAGEMENT LLC</small>
Sequoia Growth Fund <b>\$250M Minimum</b>	Altitude Cannabis Fund <b>Average \$3.7M Per Investor</b>	Greylock Management <b>\$200K Minimum</b>

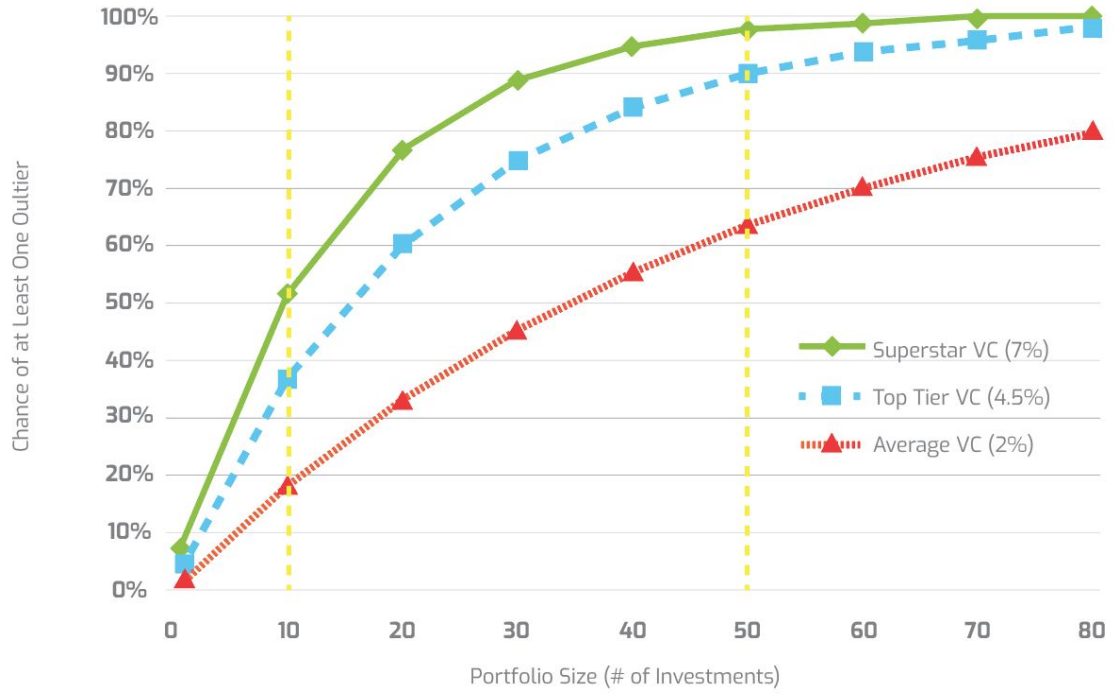
Examples of minimum buy in amounts for VC funds

## The Power Law & Outlier Chance

The odds that your money finds its way into a quality fund is slim to none. The power law states that the majority of a fund's return is actually based on a very small portion of their portfolios, led almost entirely by outliers. Lower-end VC funds do not have access to the high quality deal flow needed to pinpoint these standout businesses. The fact is only some of the highest quality funds provide large return because they have the reach necessary to find outliers on a consistent basis. Of course, these funds are equipped with excessive requirements, keeping them as exclusive as possible. We've all heard the age old adage of "you need money to make money", but this is a prime example of it actually being willfully enforced (by the wealthy).



*Outliers control the success of a fund - and they are not easy to come by.*



	Portfolio Size = 10	Portfolio Size = 50
<b>Superstar VC</b>	50%	96%
<b>Top Tier VC</b>	37%	90%
<b>Average VC</b>	18%	63%

*It takes a superstar VC, to create superstar returns.*

## Solution

To bypass these issues, some people form '**syndicates**' to pool their capital together and meet the given requirements. This is acceptable behavior in many jurisdictions, but most successful syndicates will still involve a network of high-net worth individuals, who are generally small in numbers and protective of their social circles. For the general individual this is not a valid option and up until now there was no other direction.

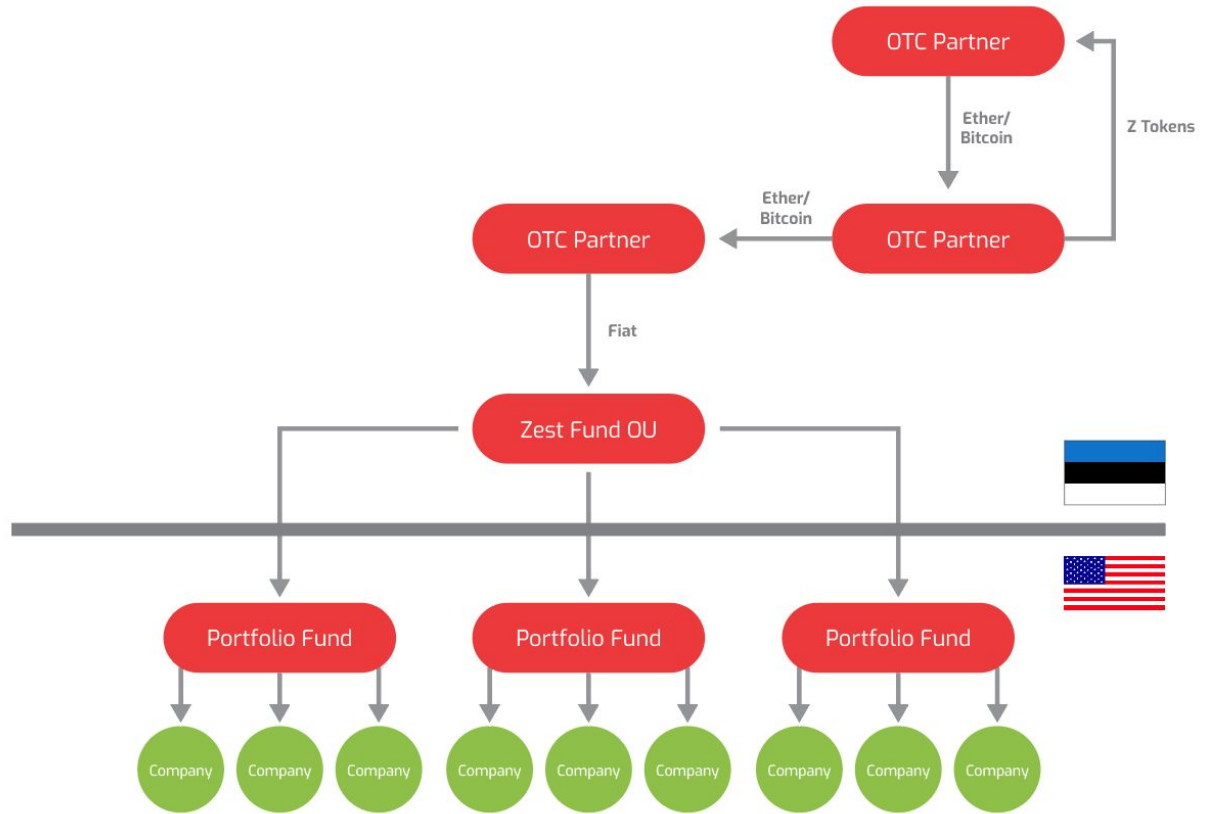


Zest proposes the first 'decentralized syndicate' which aims to break through these walls of inaccessibility. Zest disrupts the traditional boundaries by using a cryptocurrency as a medium of exchange into a venture capital fund. The project is structured as a syndicate where token holders gain access to some of the most exclusive deal flow that exists, all the while adhering to the general syndication frameworks that have existed prior. By pooling capital together, Zest is able to access these funds as a single participant.



We have partnered with LATOKEN to offer a public Initial Exchange Offering (IEO) in order to distribute these tokens both fairly and efficiently. Each Zest token (Z) potentially represents an individual's partial stake in the syndication. The cryptocurrency gathered during the offering is turned into fiat currency and put into several different high-end funds. For quality assurance the fund allocation can be easily altered as seen necessary by the in-house comptroller (see below).

The flow of funding can be demonstrated as such:

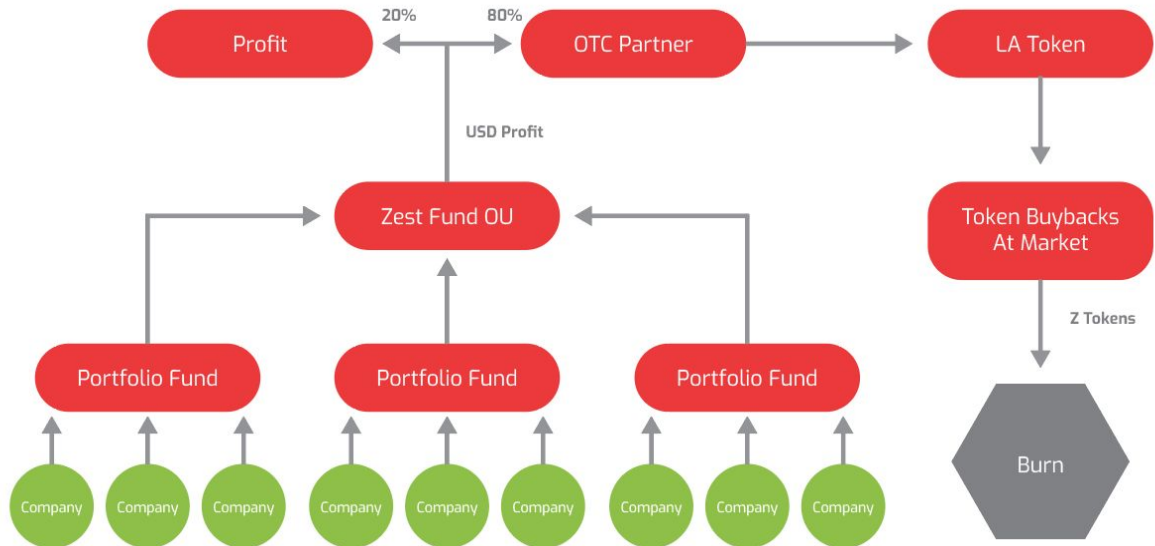


*Zest Fund flow of funding diagram*

## Buyback and Burn

When a portfolio company succeeds in performance, resulting in either a higher series of fundraising or an IPO, the parent fund will often shed profit to their limited partners. When this occurs, Zest is given back fiat currency which is traded back into cryptocurrency and sent to the exchange partner (LATOKEN). Zest will then initiate a mass purchase of market priced Zest Token followed by a burn of all the tokens collected in this way. This means the total amount of Zest tokens available is continuously diminishing and, theoretically, could actually disappear from the market entirely.

In the case a total buyback event occurs the first iteration of Zest is deemed a success and the next crowdfund syndication is created (if not already created). Reasonably, with any level of success, Zest will continue to create similar syndicated offerings, which are not only larger, but also delve into new market territories.



*Zest Fund Token buyback diagram*

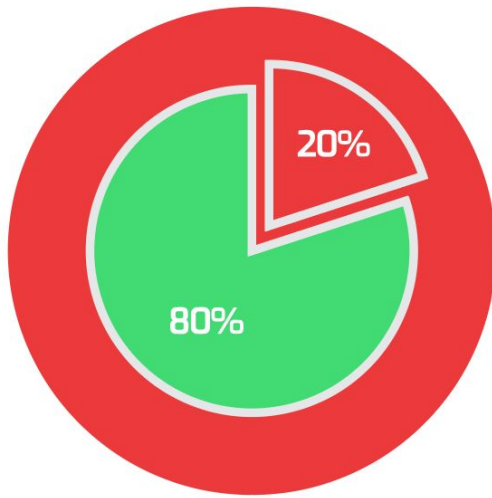


## Sale Info & Tokenomics

300 BTC Tranches are allocated each with the number of tokens being pegged to a single satoshi value. Satoshi value is rounded to about 2.5% per tranche. The number of Z tokens per tranche varies and is rounded below. The exact amount of Z tokens per tranche may vary. However, the volume of BTC per tranche is stable.

#	Tranche Volume	Satoshi per Z Token	Tokens Available (rounded)
1	300 BTC	150 Satoshis	200,000,000 Z
2	300 BTC	155 Satoshis	194,000,000 Z
3	300 BTC	160 Satoshis	187,000,000 Z
4	300 BTC	165 Satoshis	182,000,000 Z
5	300 BTC	170 Satoshis	176,000,000 Z
6	300 BTC	175 Satoshis	171,000,000 Z
7	300 BTC	180 Satoshis	167,000,000 Z
8	300 BTC	185 Satoshis	162,000,000 Z
9	300 BTC	190 Satoshis	158,000,000 Z
10	300 BTC	195 Satoshis	154,000,000 Z

*\*If the fundraising exceeds the tranches listed above, more tranches will be issued at a similar rate. View these tranches in the Appendix.*



## Z Token Distribution:

**80%** Distributed to buyers

**20%** Distributed to Team\*, Marketing, Advisory, Incentives, Bounties

*\*Internal team tokens are on 1 year lockup period*

## Fund Return and Carry Economics:

Zest employs a "Fund of Funds" model, operating with a 20% "carry". A carry is a split of the profits for services rendered. The following scenario illustrates how and when the carry actuates:

*If \$100 is deployed in Zest Fund and a \$300 profit is returned:*

**\$260** is returned back to Zest Fund backers via market purchases of Z tokens.

**\$40** is designated to the Zest Fund operation to satisfy the **20%** carry.

The **\$100** principle can either:

- 1) Remain in the fund
- 2) Be reallocated



## Management of Zest Fund

Part of what makes Zest unique is our connections with other venture funds, our ability to negotiate terms, and commitment to ongoing due diligence. An in house financial comptroller will be placed on site of the funds which have Zest capital deployed. The comptroller will make sure capital is deployed to top-tier, tech-focused funds, while actively ensuring that funds are being put to use in a proper manner. Furthermore, this person will report to our community on how the portfolio is performing in regards to Fair Market Value, IRR, ROI, Startup Updates, etc. Capital deployment will mostly be done as a sidecar strategy; meaning the Zest team analysts will collaborate with the venture funds to dictate allocation. What this does is give the access to the deal flow but also ensures everything is done in the best interest of the Z token holders.

Our strategy includes assigning analysts on the business side and technical side of due diligence.

The following management fees are applied at the completion of fundraising.

Total Funds Raised in IEO	Fixed Management Fee
<b>\$10 mm</b>	<b>\$3mm - 30%</b>
<b>\$20 mm</b>	<b>\$6 mm - 30%</b>
<b>\$50 mm</b>	<b>\$10 mm - 20%</b>
<b>\$100 mm</b>	<b>\$15 mm - 15%</b>

## ZEST CROWDSALE TERMS

PLEASE READ THESE TERMS OF INITIAL EXCHANGE OFFERING ("TOKEN SALE") CAREFULLY. NOTE THAT SECTION 12 CONTAINS A BINDING ARBITRATION CLAUSE AND CLASS ACTION WAIVER, WHICH, IF APPLICABLE TO YOU, AFFECT YOUR LEGAL RIGHTS.

Your purchase of ERC20-based Z tokens ("Tokens") during the Token sale period ("Sale Period") from LATOKEN ("Broker"), offering on behalf of Cannavest OU ("Company") DBA Zest Fund, is subject to these Terms of Sale ("Terms"). Each of you and Company is a "Party," and together the "Parties."

By participating in the Token sale you will be bound by these Terms and all terms incorporated by reference.

You and Company agree as follows:

- 1. Purpose:** Ownership of Tokens carries no rights, express or implied, and they do not represent or confer any ownership right or stake, share or security or equivalent rights, or any right to receive future revenue shares, intellectual property rights or any other form of participation in or relating to the Company and its corporate affiliates. The Tokens are not intended to be a security.
- 2. Scope of Terms:** Unless otherwise stated herein, these Terms govern only your purchase of Tokens from Broker during the Sale Period. Any other use of Tokens will be governed primarily by other applicable Zest Terms of Service. We may add new terms or policies at our sole discretion, and may update each of them from time to time.
- 3. Cancellation, Refusal of Purchase Requests:** Your purchase of Tokens from Broker during the Sale Period is final, and there are no refunds or cancellations except as may be required by applicable law or regulation. Broker and Company reserve the right to refuse or cancel Token purchase requests at any time in our sole discretion.
- 4. Acknowledgment and Assumption of Risks:** You acknowledge and agree that there are risks associated with purchasing Tokens, holding Tokens, and using Tokens, as disclosed and explained in Exhibit A. BY PURCHASING TOKENS, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME THESE RISKS.
- 5. Security:** You are responsible for implementing reasonable measures for securing the wallet, vault or other storage mechanism you use to receive and hold Tokens you purchase from us, including any requisite private key(s) or other credentials necessary to access such storage mechanism(s). If your private key(s) or other access credentials are lost, you may lose access to your Tokens. We are not responsible for any such losses.
- 6. Taxes:** The purchase price that you pay for Tokens is exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your purchase of Tokens, including, for example, sales, use, value added, and similar taxes. It is also your responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities. We are not responsible for withholding, collecting, reporting, or remitting any sales, use, value added, or similar tax arising from your purchase of Tokens.
- 7. Representations and Warranties:** By purchasing Tokens, you represent and warrant that: (a) You have read and understand these Terms (including all Exhibits); (b) You have sufficient understanding of the functionality, usage, storage, transmission mechanisms and other material characteristics of cryptographic tokens, token storage mechanisms (such as token wallets), blockchain technology and blockchain-based software systems to understand these Terms and to appreciate the risks and implications of purchasing the Tokens; (c) You have obtained sufficient information about the Tokens to make an informed decision to participate in our sale; (d) You are not participating in the sale for any other uses or purposes, including, but not limited to, any investment, speculative or other financial purposes; (e) Your purchase of Tokens complies with applicable law and regulation in your jurisdiction, including, but not limited to, (i) legal capacity and any other threshold requirements in your jurisdiction for purchasing the Tokens, using the Tokens on the Broker's exchange, and entering into contracts with us, (ii) any foreign exchange or regulatory restrictions applicable to such purchase, and (iii) any governmental or other consents that may need to be obtained; (f) You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of Tokens; (g) If you are purchasing Tokens on behalf of any entity, you are authorized to accept these Terms on such entity's behalf and that such entity will be responsible for breach of these Terms by you or any other employee or agent of such entity (references to "you" in these Terms refer to you and such entity, jointly).
- 8. Limitation of Liability:** (A) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: (I) IN NO EVENT WILL COMPANY OR ANY OF THE COMPANY PARTIES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES OF ANY KIND (INCLUDING, BUT NOT LIMITED TO, WHERE RELATED TO LOSS OF REVENUE, INCOME OR PROFITS, LOSS OF USE OR DATA, OR DAMAGES FOR BUSINESS INTERRUPTION) ARISING OUT OF OR IN ANY WAY RELATED TO THE SALE OR USE OF THE TOKENS OR OTHERWISE RELATED TO THESE TERMS, REGARDLESS OF THE FORM OF ACTION, WHETHER BASED IN CONTRACT, TORT (INCLUDING, BUT NOT LIMITED TO, SIMPLE NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR ANY OTHER LEGAL OR EQUITABLE THEORY (EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE); AND (II) IN NO EVENT WILL THE AGGREGATE LIABILITY OF COMPANY AND THE COMPANY PARTIES (JOINTLY), WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR OTHER THEORY, ARISING OUT OF OR RELATING TO THESE TERMS OR THE USE OF OR INABILITY TO USE THE TOKENS, EXCEED THE AMOUNT YOU PAY TO US FOR THE TOKENS. (B) THE LIMITATIONS SET FORTH IN SECTION 11(A) WILL NOT LIMIT OR EXCLUDE LIABILITY FOR THE GROSS NEGLIGENCE, FRAUD OR INTENTIONAL,

WILLFUL OR RECKLESS MISCONDUCT OF COMPANY. (C) Some jurisdictions do not allow the limitation or exclusion of liability for incidental or consequential damages. Accordingly, some of the limitations of this section may not apply to you.

9. Release: To the fullest extent permitted by applicable law, you release Company and the other Company Parties from responsibility, liability, claims, demands and/or damages (actual and consequential) of every kind and nature, known and unknown (including, but not limited to, claims of negligence), arising out of or related to disputes between users and the acts or omissions of third parties. You expressly waive any rights you may have under Estonian law as well as any other statute or common law principles that would otherwise limit the coverage of this release to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release.

10. Governing Law and Venue: These Terms will be governed by and construed and enforced in accordance with the laws of Estonia, without regard to conflict of law rules or principles (whether of Estonia or any other jurisdiction) that would cause the application of the laws of any other jurisdiction. Any Dispute between the Parties arising out or relating to these Terms or its subject matter or formation (including non-contractual Disputes of claims) that is not subject to arbitration will be resolved in the courts of Estonia.

11. Severability: If any term, clause or provision of these Terms is held unlawful, void or unenforceable, then that term, clause or provision will be severable from these Terms and will not affect the validity or enforceability of any remaining part of that term, clause or provision, or any other term, clause or provision of these Terms.

12. Miscellaneous: These Terms constitute the entire agreement between you and us relating to your purchase of Tokens from Broker. We may make changes to these Terms from time to time as reasonably required to comply with applicable law or regulation. If we make changes, we will post the amended Terms at [zest.fund](https://zest.fund). The amended Terms will be effective immediately. We may assign our rights and obligations under these Terms. Our failure to exercise or enforce any right or provision of these Terms will not operate as a waiver of such right or provision. We will not be liable for any delay or failure to perform any obligation under these Terms where the delay or failure results from any cause beyond our reasonable control. Purchasing Tokens from Broker does not create any form of partnership, joint venture or any other similar relationship between you and us. Except as otherwise provided in herein, these Terms are intended solely for the benefit of you and us and are not intended to confer third-party beneficiary rights upon any other person or entity. You agree and acknowledge that all agreements, notices, disclosures, and other communications that we provide to you, including these Terms, will be provided in electronic form.

## Exhibit A

### Certain Risks Relating to Purchase, Sale and Use of Tokens

*Important Note: As noted elsewhere in these Terms, the Tokens are not being structured or sold as any form of investment product. Accordingly, none of the information presented in this Exhibit is intended to form the basis for any investment decision, and no specific recommendations are intended. Company expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this Exhibit A, (ii) any error, omission or inaccuracy in any such information, or (iii) any action resulting from such information.*

By purchasing, holding and using Tokens, you expressly acknowledge and assume the following risks:

1. **Risk of Losing Access to Tokens Due to Loss of Private Key(s):** A private key, or a combination of private keys, is necessary to control and dispose of Tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing Tokens will result in loss of such Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your Tokens.
2. **Risks Associated with the Ethereum Protocol:** Because Tokens are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol or other technological difficulties may have a material adverse effect on or prevent access to or use of the platform or Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the Tokens and the platform by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol. Transactions involving Tokens on the blockchain may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable.
3. **Risk of Hacking and Security Weaknesses:** Hackers or other malicious groups or organizations may attempt to interfere with the platform or the Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing.
4. **Risks Associated with Markets for Tokens:** If trading of Tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. Tokens are not legal tender and are not backed by the government, and to the extent that third parties do ascribe an external exchange value to Tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero. There is no assurance that a person or company who accepts a Token as payment today will continue to do so in the future.
5. **Risk of Uninsured Losses:** Unlike bank accounts or accounts at some other financial institutions, Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer, such as the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation, or private insurance arranged by us, to offer recourse to you.
6. **Risks Arising from Taxation:** The tax characterization of Tokens is uncertain. You must seek your own tax advice in connection with purchasing Tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.
7. **Risks Arising from Lack of Governance Rights:** Because Tokens confer no governance rights of any kind with respect to the platform or Company or its corporate affiliates, all decisions involving the platform or Company will be made by Company at its sole discretion, including, but not limited to, decisions to discontinue the platform, to create and sell more Tokens, or to sell or liquidate the Company.
8. **Unanticipated Risks:** Cryptographic tokens such as the Tokens are a new and untested technology. In addition to the risks included in this Exhibit A, there are other risks associated with your purchase, holding and use of Tokens, including those that the Company cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this Exhibit **A**

**Hypothetical Tranche Structure. Additional Tranches will be produced if needed.**

#	Tranche Volume	Satoshi per Z token	Tokens Available (rounded)
11	300 BTC	200 satoshis	150,000,000 Z
12	300 BTC	205 satoshis	146,000,000 Z
13	300 BTC	210 satoshis	143,000,000 Z
14	300 BTC	215 satoshis	140,000,000 Z
15	300 BTC	220 satoshis	136,000,000 Z
16	300 BTC	225 satoshis	130,000,000 Z
17	300 BTC	230 satoshis	127,000,000 Z
18	300 BTC	237 satoshis	123,000,000 Z
19	300 BTC	243 satoshis	120,000,000 Z
16	300 BTC	250 satoshis	118,000,000 Z
17	300 BTC	255 satoshis	115,000,000 Z
18	300 BTC	262 satoshis	112,000,000 Z
19	300 BTC	275 satoshis	109,000,000 Z
20	300 BTC	282 satoshis	106,000,000 Z
21	300 BTC	290 satoshis	103,000,000 Z
22	300 BTC	297 satoshis	101,000,000 Z
23	300 BTC	304 satoshis	99,000,000 Z
24	300 BTC	311 satoshis	96,000,000 Z
25	300 BTC	319 satoshis	94,000,000 Z
26	300 BTC	328 satoshis	91,000,000 Z
27	300 BTC	336 satoshis	89,000,000 Z
28	300 BTC	344 satoshis	87,000,000 Z
29	300 BTC	354 satoshis	84,000,000 Z
30	300 BTC	362 satoshis	82,000,000 Z

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