

TESSERACT BTC STAKING

(1) Product Overview & Features

Tesseract BTC Staking is a specialized product designed to generate native yield in BTC for BTC holders. It allows investors to maintain their exposure to Bitcoin while earning additional yields through a diversified staking strategy. This product is ideal for BTC holders seeking passive income without compromising their long-term Bitcoin position.

- **Preserve your BTC Exposure:** Users can keep their Bitcoin holdings intact while earning yield from staking other coins, ensuring they don't miss out on potential BTC price appreciation.
- **Multi-Strategy Approach:** The staking process employs a combination of traditional staking, liquid staking, leveraged looping, and restaking to maximize yield generation.
- **Optimized Liquidity:** The platform is designed to ensure users have optimized access to their funds, allowing them to participate in staking without losing liquidity when they need it most.
- **Dynamic Hedging Strategy:** To adapt to market conditions, Tesseract implements a dynamic hedging strategy that adjusts to market volatility, protecting users' assets while optimizing returns.
- **Battle-Tested and Reputable Partners:** We collaborate with battle-tested and reputable staking partners and protocols, ensuring the highest standards of security, reliability, and performance.
- **Professional Management:** Managed by a team of experts who utilize advanced strategies, this product ensures that staking is optimized for both returns and risk management.

(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 BTC 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 the staking process.
 - **Risk Mitigation:** We partner with battle-tested and reputable blockchains and staking protocols that have undergone rigorous security audits. Continuous monitoring and updates are conducted to ensure the integrity and security of the smart contracts.
- **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 staked assets might not be easily accessible when needed, either due to lock-up periods or unfavorable market conditions.

- Risk Mitigation: Tesseract's strategy includes optimized liquidity management, offering options like liquid staking to provide users with greater flexibility and access to their assets when needed.
- **Operational Risk:** The risk of human error, process failures, or system malfunctions in managing the staking strategy, 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.