

Porcupine LLC, Firm Brochure

Item 1. Cover Page

This brochure provides information about the qualifications and business practices of Porcupine LLC. If you have any questions about the contents of this brochure, please contact us at (305) 913-6290 or tuomas.karjalainen@porcupinecapitalmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Porcupine LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Porcupine LLC is a registered investment adviser. This registration does not imply a certain level of skill or training.

December 26, 2017

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CEO
Porcupine LLC

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Item 4. Advisory Business

Porcupine LLC \DBA Porcupine Capital Management

The Firm has been founded on June 20th 2013. The parent company, Hedgehog Ltd (Foreign Business Id 1920825-8, Finland) owns 50% and Tuomas J Karjalainen owns 50% of the shares (units) of the firm. Because Mr. Karjalainen owns 50% of the shares of Hedgehog Ltd together with Mr. Kalle O. Rönkkö in a 50%/ 50% ratio, Mr. Kalle O. Rönkkö and Mr. Karjalainen are the two principal owners of Porcupine LLC.

Porcupine LLC (“we”, “Porcupine LLC”) is registered in Florida and works solely as a manager of hedge funds. Porcupine LLC is not currently involved in any other lines of business. In the future we may offer portfolio management services and financial data mining services to other parties if that is found to be appropriate and will not act against or produce any conflicts of interest with our fund management business.

Client Asset Management

We are specialized in the management of customer assets through our client, MultiFire Token Fund (Porcupine MultiFire LP, Delaware). This fund provides investment opportunities in the cryptocurrencies and blockchain technology.

The current amount of discretionary managed assets is \$210,000 (non-audited statement of our ledger on 19th of December, 2017). The portfolio manager of MultiFire Token Fund is Mr. Tuomas J. Karjalainen. He owns a \$114,000 share of those pooled investment assets himself, calculated before the deduction of performance and management fees (see item 5).

Currently Porcupine LLC only engages in the management of client assets in MultiFire Token Fund and performing the administrative functions of this fund. At this moment, Porcupine LLC does not engage in any other lines of business.

Item 5. Fees and Compensation

Porcupine LLC only has one client, MultiFire Token Fund. It is the fund managed by Porcupine LLC. Porcupine MultiFire LP holds the assets under management of the fund. This legal entity is a limited partnership registered in Delaware. All of the following discussion about the fees and compensation relates to this particular fund.

Transaction Costs

In addition to the fees discussed below, clients will incur transaction costs that are deducted from client assets before any other fees are deducted. The transaction costs originate from trading of cryptoassets and also from the transfers of cryptoassets between fund's wallets and exchange accounts. For more information about transaction costs, see Item 12, Brokerage Practices.

Definitions

Base Currency

The base currency will be chosen to be the **unit of the Fund's net asset value**. The base currency of MultiFire Token Fund is U.S. dollar.

Total Net Asset Value ("NAV")

The Net Asset Value of the Fund is expressed in the Base Currency. It comprises all assets held by the Fund, minus any liabilities of the Fund. To get the value, values of all assets held in the Fund are first converted to the Base Currency by using publicly available exchange rates. After that they are summed together. Finally, the amount of current liabilities is subtracted. These liabilities include any unpaid redemptions as well as accrued management and performance fees.

After the Fund is in full operation, Porcupine LLC computes NAV every 24 hours, Monday through Sunday, using in-house developed software. The software will be publicly available for review and download. The value of NAV is published in the smart contract and also on the Fund's website. Before that, we may publish the NAV on our website on a quarterly or monthly basis.

MFT Token Value

The value of one MFT token is based on the total NAV of the Fund. It is obtained by dividing the total NAV by the total amount of MFT tokens outstanding. The Token Value is used in computations of subscription and redemption amounts.

How Fees Are Charged

Porcupine LLC determines the management fee and the performance fee, based on in-house calculations. The amounts of these fees are made public through the smart contract and also published on the Fund's website. The fees are charged by issuing an amount of MFT tokens and transferring them to holders of the PCP token. Thus, the fees are deducted from the clients' assets. The PCP token exists for this purpose only. Porcupine LLC holds 50% of the total PCP tokens outstanding, and the other 50% will be distributed during the ICO to registered clients. The fees will be charged by the PCP token holders in the above manner automatically by the smart contract.

Management Fee

Management fee rate is 2% yearly. The fee will be computed on a daily basis and the amount that has accrued will be paid monthly to PCP token holders as MFT tokens. The computation is done based on the current total net asset value of the Fund.

Early Redemption Fee

Porcupine LLC will charge a 1% early redemption fee from Fund investors during the first 6 months following a subscription. This fee is charged in the form of ether, and transferred directly to an Ethereum account held by Porcupine LLC.

Finders Fee

We may impose a program whereby a fund subscriber (the referee) will receive MFT tokens as a compensation for referring a new client to us. The amount that the referee will be compensated is determined from the amount the new client's subscription.

Item 6. Performance-Based fees

As in the discussion about fees and compensation in item 5, above, Porcupine LLC only has one client, MultiFire Token Fund. It is the fund managed by Porcupine LLC. Porcupine MultiFire LP holds the assets under management of the fund. This legal

entity is a limited partnership registered in Delaware. All of the following discussion about the performance-based fees relates to this particular fund.

Performance Fee

The PCP token holders charge a 30% performance fee from the Fund's assets. The recent performance of the fund's MFT token value determines the fee. The period used in the calculation of this fee is one day. At the end of this period, the fee is charged if the token value has reached a new all-time high, called a new "high water mark". The amount of the fee per each token is obtained by computing

$$30\% * (\text{Token Value} - \text{High Water Mark}).$$

In the case that the token value exceeds the previous high water mark, the high water mark used in assessing the next fee, is updated to the current token value:

$$\text{High Water Mark} = \text{Token Value}.$$

Conversely, if the token value does not exceed the previous high water mark, there will be no performance fee and the high water mark stays the same.

The total amount of the performance fee is obtained by multiplying the amount per token by the total number of tokens outstanding.

The high water mark is published in the smart contract and also on the Fund's website.

When we calculate the performance fee based on the Token Value, the result will reflect the *net profit* of the fund, void of any previously accrued fees. Also, both the management fee and performance fee are accrued daily. The management fee is calculated first, and the same day's performance fee will be positive only if there is any profit after the management fee.

Current Implementation Status

Currently, at this point in time the fund has only been in a seed phase and the administrative mechanisms of the fund have yet to take their final technical form. So far, we have calculated the performance fee in a Microsoft Excel spreadsheet using the same principles that are delineated above. Current manual calculations have been performed by the fund manager Mr. Tuomas Karjalainen. We plan to implement the methods described in the above paragraphs in the future.

Currently there is no hourly or flat management fee, but if such kind of conduct were to take place, an hourly or a flat fee will be deducted first, and only after that, a possible performance fee.

Conflicts of Interest

Porcupine Token (PCP) holders receive the charged management and performance fees of the Fund. There are not any other parties entitled to receive any management or performance-based fees. All of the fund's investors will be paying the fees by the same principles and computations. Therefore, there are no such conflicts of interest that would put clients in an unequal position with regards to the fees.

Item 7. Types of Clients

Porcupine LLC has only one client, Porcupine MultiFire LP, which is the legal entity that MultiFire Token Fund operates on. Porcupine LLC provides all administrative and asset management functions that Porcupine MultiFire LP requires.

Item 8. Methods of Analysis

The discussion below refers to the only client of Porcupine LLC, Porcupine MultiFire LP, which operates the MultiFire Token Fund.

Multi-Strategy Fund

The Fund's investment strategies consist of a number of different sub-strategies. At any instant, these strategies are used for collectively managing the fund's portfolio. Each sub-strategy is used to manage a sub-portfolio.

Each sub-strategy is analyzed separately and then these strategies are assessed combined.

Sub-Strategy Analysis

The exact nature of in-depth analysis for each strategy is different because the strategies vary widely in their nature of operation and expected outcome. The

following variables are nevertheless applicable to any sub-strategy and are determined for each one of them.

- Implicit Leverage: The amount of leverage in the strategy related to a base investment object (cryptocurrency, company, project)
- Risk Corrected Return: Return of investment corrected by implicit leverage
- Historical Volatility: The standard deviation of returns of the sub-portfolio that the sub-strategy manages
- Liquidity: The rate at which the sub-portfolio can be converted to Base Currency

Top-Level Portfolio Management

Based on the recent performance of each sub-strategy, we make decisions about which sub-strategy should be included in the portfolio management and to what extent. The exact amount of the total Fund's portfolio allocated to each strategy is based on the measures mentioned above and on the in-depth sub-strategy analysis. We follow a few top-level master rules, which decide whether a sub-strategy is allowed to function at all. The rules include a lower limit of recent absolute risk-corrected return and a lower limit of recent absolute risk-corrected return related to total fund return during the same time interval.

The Sub-Strategies

Here you will find short descriptions of the sub-strategies that are used in the management of the Fund's portfolio.

Arbitrage

Arbitrage trading works by taking advantage of the pricing differences of any specific exchange-traded asset on two different exchanges. For example, if we notice that bitcoin – U.S. dollar currency pair is cheaper on one exchange than on the other we may, depending on the specifics of the situation, buy it on the cheaper exchange and later sell it on the more expensive exchange. This produces usually a small profit. Arbitrage is riskless in theory but in practice, timing issues make it a bit risky. Still, it remains one of the least risky strategies that exist.

Market-Making

Cryptoassets are quoted as buy and sell orders (bids and asks, respectively) on various exchanges. We can post our own orders and make offers on these markets for other market participants to trade on. The difference in the buy and sell prices of the assets in question will determine the outcome of these trades. In order to generate significant profits, the volume of trading needs to average high because the bid-ask price differences (spreads) tend to be quite narrow in efficient markets. This high frequency of trading also entails the risk that when exchange trading costs increase, the profitability of market making will go down. High trading commission costs may even lend market making unprofitable.

Mining

This is a unique method to generate profit in the cryptoasset world. Most cryptocurrencies are designed in a way that a process called mining generates the monetary supply. Anyone can, in theory, take part in the collective process of generating new lots of some cryptocurrency. In order to do this in a practical manner, you will need to devote significant amounts of computing resources. The exact resources that are needed will depend on whichever cryptocurrency is being mined. The profitability of mining varies over time as mining 'difficulty' changes. There is an on-going race of developing ever more efficient equipment. This in turn will result the net effect of rendering old equipment less and less profitable as the network operating the blockchain will increase the mining difficulty parameter's value in response to the increased computing resources that become available.

To access mining profits, we may engage in existing businesses operating mining farms by buying shares of the companies. We may also rent mining power from mining power service agents and use it for mining. We may also start a separate business to hold our own mining venture and use the Fund's assets to finance it. The Fund will own the shares in this business.

With mining, there are some unique risks. The mining profitability is suspect to many variables, most of which are outside of the scope of this document. The risks involve the difficulty-parameter's unpredictable changes, changes in the Fiat currency notational value of the mined cryptocurrency, changes in the mining algorithm that are implemented in the nodes of the blockchain, increases in the price of electricity, general risks of running physical computing equipment etc. There is no one predominant risk. Instead, all the risks contribute to the total by varying amounts. Risk management of mining requires a knowledgeable mining professional.

Cryptocurrency Value

When anticipating that a cryptocurrency will increase in its market value in the future, we will buy and hold it. The risks of the cryptocurrency holding strategy

depend on the validity of the view and whether it has true predicting value. There is a risk of the human error and of unforeseen events. Also, as the cryptocurrencies may have a very volatile price with respect to a stable fiat currency, the volatility of this strategy can be very high.

Cryptoasset Lending

We can earn profits with lending our cryptoassets. This is currently possible at Poloniex exchange. This way, we will receive interest income. The risks of this strategy involve losses in cases when the assets that have been lent are stolen as the consequence of a hacking incident or other unforeseen illicit action.

Project Token Value

The tokens that are issued in order to finance various projects can provide opportunities for profitable investments. There are hundreds of different projects and tokens that have been issued in the respective ICO's. The tokens are mostly traded in cryptoasset exchanges. The prices tend to be quite volatile as these projects are typically business start-ups. Sometimes the tokens lose all their value when the project is seen not to contain any promise of future success.

ICO Participation

The values of the project tokens will oftentimes exceed their subscription price when the tokens are brought to trading in the cryptoasset exchanges. This phenomenon can be taken advantage of by acquiring the tokens at the ICO and later, if the exchange-quoted price is much higher, selling the tokens. Care must be taken to not make a too high impact on the market when doing this. We will limit our participation rate at the ICO's to around 10% maximum. The risk of holding the tokens is the same as with "Project Token Value" – strategy described above.

Prediction Algorithms

Based on observations of market behavior of various cryptoassets, we can develop specialized algorithms that attempt to predict market price action based on input data. These algorithms are used either in 'trading bots' that send orders autonomously to exchanges or as tools for decision making in manual trading. We will develop some algorithms in-house but we will also be using third party algorithm developers, "data scientists", to provide profitable trading algorithms. To make this arrangement work, we have developed a sophisticated system to support risk management. This involves automated return analysis and other supervisory mechanisms that produce signals when the strategy performs in a statistically unlikely fashion. The risks involved in prediction algorithms varies with the asset(s)

the algorithm is attempting to predict and with the frequency of trading that the algorithm results in.

War Chest

This strategy involves keeping assets in USD cash or USDT tokens or otherwise completely hedged with respect to a stable Fiat currency (USD, EUR, CHF for example). This limits the risk of loss during unpredictable market conditions in which any of other sub-strategy does not yield an appropriate profit. The war chest is a fallback strategy when top-level portfolio management shuts down all other strategies.

Risk of Loss

There is a risk of loss involved with investing in any securities. Investing in MultiFire Token Fund involves a risk of loss. We work to reduce the risk involved in investing in the Fund but it will not remove all of the risk of loss. There will always exist a risk that some or even all of client assets are lost.

Unusual Risks

The centralized cryptocurrency exchanges control the private keys of their wallets that hold the exchange's client assets. From time to time, hacking or some other unlawful event takes place, which usually results a partial or complete loss of assets.

Furthermore, from time to time, perpetrators accomplish domain name server attacks in which unsuspecting users of decentralized peer-to-peer exchanges will be forwarded to phishing websites where their wallets' private keys will be intercepted and funds stolen accordingly.

There are also heightened legal risks relating to the current loosely regulated state of the cryptocurrency sphere. For example, governmental authorities may freeze assets of a particular exchange or project as a part of an operation to forcefully attempt to restore legal compliance to the exchange.

Item 9. Disciplinary Information

Based on state and SEC guidelines there is not any disciplinary information regarding the legal entities in this brochure.

Item 10. Other Financial Industry

Affiliations

We are not affiliated with any other financial industry participants.

Other Financial Industry Activities

Porcupine LLC engages currently only in setting up the client MultiFire Token Fund and providing necessary functions for its proper operation. In the future, we may enter into management of another, external cryptoasset fund client. This would be possible when we are in full operation and find that we can offer services similar to our established internal processes. Also we may provide data mining services.

Item 11. Code of Ethics

Porcupine LLC will provide a copy of our code of ethics to any client or prospective client upon request.

Our Guidelines For Ethical Practices

In the absence of an established code of ethics in the cryptocurrency world, we believe that it's important to base our general code of ethics practices from equity markets and to use common sense. Our main ethical principle is that we put our customers' interest above our own interest. This means that the supervised persons (owners, employees and advisors) sign an obligation that states that they will not take advantage of any private information related to the any of our clients' operations they have access to, nor reveal it to any outside parties. Another core principle is the equality of clients. This means that every client is treated the same way regardless of the client's status, the amount of money the client has invested etc. In this spirit, our client policies are the same for everyone.

Board Of Ethics

Should we suspect that someone is violating the rules, the Board of Ethics will meet and give the person an opportunity to give an account of his actions. If the Board comes to the conclusion that the person has violated the rules, his employment status will be terminated and Fund's investors are informed about the situation. The Board will also determine whether the Porcupine LLC is obliged to report about the violation to the SEC or State. Porcupine LLC's board will elect the CCO and members of the Board of Ethics annually.

Transparency Promotes Ethical Behavior

The goal of Porcupine LLC's advisory business in the cryptocurrency and tokens field is to be as transparent as possible. This means that we can publish client funds' holdings in almost real time on our web portal if the client decides to do so. All transactions are publicly visible in public blockchains that do not have privacy features. These include the Ethereum and the bitcoin. By investigating these transactions it is possible to discover traits of unethical trading activity. This also works in favor of minimizing the chance of fraudulent and unethical behavior by our employees.

Obligations Of Access Persons

We require our access persons (supervised persons who have access to non-public information) to report their personal cryptocurrency securities transactions and holdings to our CCO at the time they first become an access person and once a year after that. Most cryptoassets, however, are not considered securities. If any of our client funds are advised to invest in a project through an ICO and an access person wants to make an investment in the same project on his own account, he is required to obtain an approval from the CCO prior to the investment.

Our supervised persons are required to report any violations of our code of ethics to the CCO who is obliged to maintain a record of these breaches. The CCO is also responsible for providing each supervised person with a copy of the code of ethics.

Client Representative For The MultiFire Token Fund

One of our Board Members is an elected client representative who brings forth ideas and issues on behalf of all the MultiFire Token Fund investors. This person cannot be an owner, employee or advisor of Porcupine LLC. He is elected annually on the

MultiFire Token Fund's web portal where all the investors are able to vote for their candidate. The candidates are self-elected Fund investors.

About Market Practices

There is a lot of unethical behavior like the so-called pump and dump schemes in the cryptocurrency ecosystem. We will not engage in this kind of unethical behavior and we work to minimize the footprint that we leave in the market. We also try to promote integrity and foster growth in the cryptocurrency ecosystem in other ways. These include for example providing liquidity to small cryptocurrency assets (market making strategies) and long-term investing in fundamentally sound projects via the ICOs. We have faith that these ethical guidelines will work in favor of every actor of the market.

Item 12. Brokerage Practices

Cryptocurrency Exchanges

We engage in trading of cryptocurrencies and project tokens in the so-called cryptocurrency exchanges. These exchanges are located around the world and operated by various counterparties. Trading with the exchanges incur clients with transaction costs. Typically, these amount to from 0.05% to 1.00%. Holding assets on the exchange accounts involves a risk of loss through theft or various other mechanisms. To manage this risk, we avoid concentrating our clients' holdings to any particular exchange's accounts.

Brokerages

We do not use cryptocurrency brokerages on the marketplace, because according to our internal tests and lack of their regulation there is no guarantee that those would not self-deal, front run or use other malicious practices.

Item 13. Review of Accounts

We will review the accounts of MultiFire Token Fund (Porcupine MultiFire LP, "Fund"). A review will initially be performed at least quarterly. Eventually a daily informal review of Fund's accounts will take place. The informal review's purpose is to verify that there is nothing unexpected going on at the accounts. These reviews will be conducted by Kalle O. Rönkkö. We will also provide portfolio allocation

information and also some other more detailed information for the Fund's investors via the Fund's client web portal. We plan to eventually have this information available so that it is as current as possible. We do not provide review reports on paper. See below for further information about our transparency policy.

The Asset Mix

The Fund contains both cryptoassets and to a lesser degree, traditional assets. The traditional assets are fiat currency savings on checking account at Wells Fargo bank and possibly other relatively liquid assets, like exchange-traded stocks and other liquid instruments. We may also engage in cryptocurrency mining operations. Mining operations will be carried out in separate corporate entities, which will receive their funding from the Fund. We will make the valuation of these operations ourselves based on commonly used business valuation principles, using the project entities' bookkeeping to achieve that.

Transparency of The Fund

We plan to publish as much of what goes on within the Fund as practically feasible. In the world of the blockchain and cryptoassets, transparency is the norm in the open blockchains like the Ethereum and bitcoin. We can only try to extend this to include the other constituents of the Fund. All actions related to the MFT tokens are public by their nature of existing inside the Ethereum blockchain. With transparent book records, we aim to later de-centralize and out-crowd the review of the Fund's accounts.

Item 14. Client Referrals and Other Compensation

We only have one client, Porcupine MultiFire LP. The following text relates to the practices with regards to that entity.

There will be a perpetual referral in the form of token bonuses. The investor will get 6% of the amount of the purchase of the tokens that his/her referee purchases. The bonus will be in the form of the same MFT tokens as the purchase.

If we decide to use sub-contractor services, such as external portfolio managers, we will split to profit. We have a stringent zero-knowledge proof requirement to qualify the historical performance of external portfolio managers.

Item 15. Custody

Cryptoassets

We do not employ any third party custody. The Fund's assets that exist in any blockchain will be predominantly held behind multi-signature wallets. We will hold only those cryptoassets, which will be needed for trading purposes, on exchange accounts.

Non-blockchain assets

The MultiFire Token Fund's assets consist mainly of blockchain assets. Still, the Fund will remain a bank account for U.S. dollars. This account will be held at Wells Fargo Bank. The account statements will be provided directly to Porcupine MultiFire LP by the bank. Our client (the Fund) should carefully review the bank account statements. We currently have no plans to acquire common stocks or other traditional assets at the Fund, but if we decide to do so, we may open a brokerage account at a prime broker of our choice.

Item 16. Investment Discretion

Porcupine LLC is the general partner of Porcupine MultiFire LP (which entity is the legal operator of MultiFire Token Fund) and has authority to manage securities accounts of Porcupine MultiFire LP.

Item 17. Voting Client Securities

Most of the assets that Porcupine LLC manages on behalf of its client, Porcupine MultiFire LP, are not deemed as securities. Some project tokens and even cryptocurrencies carry rights to vote. Irrespective of whether a voting-right carrying token is deemed a security or not, we will implement the same principles when it comes to voting rights and methods of voting. Porcupine LLC will initially vote on behalf of its clients in a way that will be in the best interest of its clients. The Board of Porcupine LLC (including the member chosen among the Porcupine MultiFire Token Fund's investors) may at a later time decide to implement a proxy voting system.

Item 18. Financial Information

We do not have anything to disclose here according to the guidelines.

Item 19. Requirement for State-Registered Advisers

Principal Executive Officers and Management Persons

Mr. Tuomas Karjalainen

Portfolio Manager, Fund Manager, Co-founder of Hedgehog Ltd and the Founder of Porcupine LLC

The principal executive officer of Porcupine LLC is Tuomas Karjalainen. His formal education is some college courses and various examinations completed in Finland and the United States. These examinations include the following:

- Series 65 exam administered by FINRA in 2016
- Diploma of Insurance for providing insurance broker services in Finland in 2002
- General Securities Examination (APV1) in Finland in 2000
- A number of commercial DB2 database administration courses at HQ of IBM in Finland
- A number of commercial SQL language courses
- A number of commercial data mining courses (SAS)
- A number of software developing courses (Cobol, JCL)

Tuomas Karjalainen has a long-term background acting as a fiduciary, CEO and the fund manager of a small hedge fund domiciled in Finland. More specifically, he has run Hedgehog Ltd from 2004, first as a part-time job aside his main job as a software engineer and a database administrator at a financial software-developing firm. See the attachment relating to his resume and performance.

Tuomas Karjalainen has developed rules for fully automatic machine-driven algorithmic trading software that has been running from 2004 to 2011 yielding constant high returns in terms of risk corrected returns. The investment instruments in the strategy were mostly NYSE, AMEX and NASDAQ listed preferred stocks, hybrids and bonds. The average return was multiple times higher than the return of the benchmark indices of preferred shares. These preferred stock investment strategies were long/short equity strategies using a relatively market neutral long/short ratio.

Mr. Kalle Rönkkö

MSc - Helsinki University of Technology, Co-founder of Hedgehog Ltd, Portfolio Valuation Analyst, Trading System Architect, CTO at Porcupine LLC, Chairman of Board / Hedgehog Ltd

Kalle Rönkkö has a long-term experience in developing real-time trading, back testing and simulation software. With Tuomas Karjalainen, Kalle Rönkkö has developed several valuation models for publicly listed preferred shares. These models were used for generating trading profits at Hedgehog Ltd. He has also engineered the custom hedge fund administration software and developed a customer portal for hedge fund clients at Hedgehog Ltd.

Kalle Rönkkö has been the Chairman of Board of Hedgehog Ltd since when it was formed in 2004. In 2015, Kalle Rönkkö applied for the registration of Hedgehog as an AIF in Finland. The process of registration also included developing the KYC and AT processes for the AIF.

Compensation

In addition to the fees described in Item 5 of this document, Tuomas Karjalainen is compensated, besides of his base salary, on a pro-rata ratio of the performance-based fees based on his work. If a given strategy or pool of strategies are executed manually by Tuomas Karjalainen, he earns all the performance fees minus his small base salary. If other people are involved performing his manually-driven strategies, they will be paid, depending on the nature of work, either hourly wages in USD, MFT or PCP tokens or hourly based pro-rata ratio from the net profit of a given strategy.

In addition to the description of the fees in item 5 of this document, Kalle Rönkkö is compensated, besides of his base salary, on a pro-rata ratio of 33% of the returns of machine-driven strategies, if the net profit is more than his small base salary. In other words Kalle Rönkkö's salary is the maximum of: his base salary and pro-rata returns.

Tuomas Karjalainen can, in theory, have an incentive to raise the risk level of the Fund, but to combat that, he has invested his personal assets in the same investment pool where clients assets are.

GLOSSARY

Blockchain

A method of storing digital transaction history so that it cannot be tampered with. Blockchain technology provides mechanisms for two parties transacting without the need for a third party as a trustee. See more in Wikipedia:
<https://en.wikipedia.org/wiki/Blockchain>

Cryptocurrency

A form of digital virtual currency. It uses cryptography to secure transactions and storage, hence the 'crypto-' prefix. Examples of cryptocurrencies are: bitcoin, ether, monero.

Cryptoasset

An asset that exists in the blockchain. Uses the same technology as a cryptocurrency. The project tokens are one example of a cryptoasset.

Ether

The cryptocurrency that is transferred in payments in the Ethereum blockchain.

Ethereum

Ethereum is a public blockchain that stores and transmits payments denominated in the cryptocurrency, ether. Ethereum blockchain offers also the functionality of smart contracts. Ethereum is also the name of the associated software project. See <https://en.wikipedia.org/wiki/Ethereum> for more information.

ICO, Initial Coin Offering

A new form of sourcing funds for projects. In an ICO, people are receiving tokens in exchange for their contribution in the project. The contributions are usually collected as cryptocurrency transactions to the project. The project may later give meaning and use for the tokens as a part of the software product they are developing.

Smart Contract

A digital contract, which is a computer program stored in blockchain. The network that operates the blockchain will execute the contract based on the rules that have been programmed into it. The smart contract can be used to create vastly different kinds of contracts. Smart contracts may contain various functionalities such as voting, transfer of cryptocurrency and storage of information. The contract works so that the pre-programmed rules are obeyed to initiate these functionalities.

Token

A token is a certificate that belongs to its holders. Token holders are listed in a smart contract's data storage. Tokens can represent ownership or a voting right in a virtual community or corporation. They can be transferred between parties in a manner similar to transfers of cryptocurrencies.