

# OMEGANODE

The Dynamic Tokenized Index Fund on Masternodes

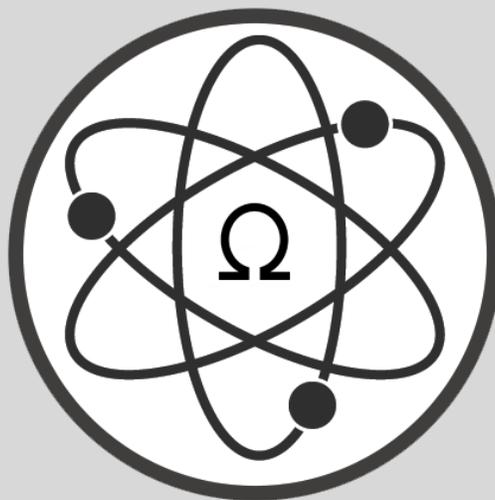


# OmegaNode

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## 1. OMEGANODE IN A FEW WORDS

The OmegaNode index aims to replicate the return on investments of selected masternodes, by giving an easier and safer way for investors to participate.

The main incentive for running a masternode is the supposed stable and passive income it generates. However, as every masternode holder will experience, it's incorrect to talk about a truly passive income. The management complexity will increase with the number of masternodes in a given portfolio because of the different wallet updates, server reboots or rewards reinvestment. Moreover, the actual return on investment depends mainly on the value of the coin which could drop significantly. Finally, the required collateral sometimes really might stop a lot of investors who would like to participate.

OmegaNode aims to give a new and easier way to invest in masternode coins, resolving the issues stated above.

By holding OmegaNode tokens, the investor is able to benefit from the rewards of multiple masternode coins, maximizing the diversification of risks, without having to set them up, update the wallets when needed, nor having the sufficient collateral.

Our team selects, sets up and manages masternodes using the OmegaNode funds. At any time the value of an OmegaNode token represents a percentage of the total value of the fund. All the net rewards generated by the masternodes of the OmegaNode index are reinjected, thus increasing the token's value.



## 2. WHAT IS A MASTERNODE?

### 2.1. DEFINITION

Masternode is simply a cryptocurrency full node or computer wallet that keeps the full copy of the blockchain in real-time, just like there are Bitcoin full nodes always up and running.

However masternodes are considerably different in their functionality than normal nodes.

They are different because they perform several other functions apart from just keeping the full blockchain and relaying blocks/transactions as a full node does in Bitcoin.

Some of the special functions that these nodes perform are:

- Increasing privacy of transactions
- Doing instant transactions
- Participating in governance and voting
- Enable budgeting and treasury system in cryptocurrencies

These masternodes are not standalone but they are always communicating with other such nodes to make a decentralized network and are often referred in short form as MN.

### 2.2. WHAT DOES IT TAKE TO RUN A MASTERNODE?

There are several barriers for running a masternode

- A minimum amount (called the collateral) of coins. This minimum number varies depending on the cryptocurrency.
- A virtual private server (VPS) or some place to host that wallet 24x7
- A dedicated IP address
- Storage space to save the blockchain



### 2.3. HOW ARE MASTERNODES USEFUL TO INVESTORS?

Investors are incentivized with rewards for running a masternode. The system is really close to classical mining for other cryptocurrencies (the new coins are created through time), but there is no competition on who has the highest computing power, every owner of a masternode has the same dedicated power on the blockchain, which makes the process less energy consuming.

All masternode coins have different rewards systems inducing different expected returns on investments. The team and the project behind the coin will greatly impact the value and the rewards of the masternode.

## 3. CURRENT PROBLEMS WITH MASTERNODES AND THE OMEGANODE SOLUTIONS

At first sight, running masternodes appears to be a great way to build a passive income out of cryptocurrencies, however, it exists numerous barriers for investors.

We deeply believe in the masternode technology and came up with a solution allowing any investors to bypass the different barriers to a good passive income.

We are giving the opportunity to a large group of investors that don't have the required time, technical skills or investment capacity to invest in this great technology while minimizing the risks.



### 3.1. THE DIVERSITY OF COINS

If this point is really good for building a balanced portfolio by picking the desired coins with good expected return on investment, it's virtually impossible to have a good insight on every project behind these coins.

A single investor might miss a good opportunity because of the lack of time to do its due diligence on every other new masternode coin. On the other hand, the investor has to be confident with its picks as a lot of current masternode coins represent in fact hollow projects only promising high rewards.

Our team is working on the analysis of masternode coins in order to have the best possible insight on the existing and new coming masternodes, with the objective of running the safest masternodes as well as being early adopters in the next promising coins to attract the most stable and secure rewards of the market.

An investor in the OmegaNode index therefore benefits from hours of strict analysis without investing personal and valuable time in the discovery of projects.

### 3.2. SETTING UP MASTERNODES

There are different ways to run masternodes, but due to technical requirements (fixed IP address, connected 24x7), the most common way is to rent a virtual private server (VPS) and remotely set up the masternode there.

Even if there is a lot of documentation on how to set up a masternode, some investors might not have (or think they don't have) the technical capacities to run masternodes. Moreover, setting up a masternode takes time in comparison with classical investment.

The OmegaNode team is taking in charge all the technical actions usually necessary to setup a masternode portfolio, giving the investor the simplest way to benefit from the masternode system without having the required technical skills or free time.



### 3.3. MANAGING SERVERS, UPDATING WALLETS, REINVESTING REWARDS

Even if after correctly setting a masternode up, the rewards can be considered as passive income, there are still a lot of actions required from the investor that can be time consuming.

As the masternode usually runs on a virtual private server, the investor frequently has to control the status of the masternode, as the provider of the service might face technical issues.

Masternode coins are usually young projects still in development and frequent updates or coin swaps are to be expected. In such cases, the investor has to stay aware of the coin's development and install new updates in time when necessary.

Finally, to generate the best return on investment possible, it's necessary to sell and/or reinvest daily rewards to not suffer the opportunity cost.

Our team is setting up and monitoring the VPS, as well as closely following all of the projects to keep the wallets updated. The generated rewards are directly reinvested by setting up new masternodes to increase the fund's value overtime.

### 3.4. MARKET RISK

The market of altcoins is extremely volatile and it's not rare to see coin losing most of their value over the course of just a few days. This is the greatest risk for a masternode investor.

Even if the masternode keeps generating the same rewards, its value and the value of the rewards might drop significantly.

The OmegaNode index is the best way to minimize this risk through diversification. Although most of the current coins are highly correlated, which implies a general decrease in the case of a bear market, it is expected for a diverse portfolio reinvesting rewards to beat the market.



### 3.5. HYPER INFLATION

Depending on the algorithm and configuration of the coin, the generation of new coins can be extremely fast, resulting in an imbalance between supply and demand, making investors aggressively sell their rewards on the market and thus making the value of the coin crumble over time.

The selection of coins with a great demand, as well as the constant reinvestment of rewards to ensure that the fund is keeping a significant percentage of all masternodes is the key to beat the inflation, specific to the masternode market.

### 3.6. COLLATERAL

To run a masternode, an investor needs a certain amount of the currency called the collateral. The value of this reserve that needs to be locked in the masternode, ranges between a few dollars to a few hundred thousand, making it impossible for the majority of investors to choose from every masternodes as well as building a true diversified portfolio.

Investing in the OmegaNode token allows an investor to virtually acquire a part of each of the fund's masternodes without minimum investment.



## 4. MODE OF OPERATION OF THE FUND

The OmegaNode token has a Net Asset Value (NAV) which is calculated periodically. The value of the total circulating OmegaNode tokens is strictly equal to the total value of the fund.

$$\text{Net Asset Value} = \frac{\text{Fund's Value}}{\text{Circulating supply}}$$

Our team is providing liquidity for the token, to ensure it's always traded at its fair price.

- When new investors want to enter the fund:

If the necessary liquidity is not available on the market (there is no supply for the token at its NAV), new tokens are sold at their NAV for bitcoins that are directly invested into the fund. The total circulating supply increases proportionally with the total value of the fund, the NAV of the token is not impacted.

- When existing investors want to leave the fund:

If the necessary liquidity is not available on the market (there is no demand for the token at its NAV), existing tokens are bought back at their NAV using available bitcoins of the fund. The total circulating supply decreases proportionally with the total value of the fund, the NAV of the token is not impacted. If there is no available bitcoins from the sale of the last rewards, some masternodes have to be sold, to ensure at any time that an investor can leave the fund.

By acting on supply and demand we are ensuring that no investor is buying or selling the OmegaNode token at an unfair value.



A public report is periodically published with the fund's value, the current circulating supply of the token, its NAV, the expected rewards of the masternodes and the impact on the future NAV.

A daily fee of 0.1% of the fund is taken to cover the functioning costs. This fee includes server costs, labor costs, referral rewards and exchange listing fees. It can be lowered in the future, permanently or temporarily during special events.

Occasionally, when funds are needed for an action related to the growth of the fund, an asset buffer can be created and added to the total value of the fund in order to insure that the OMGN token keeps a fair value for anyone at any time. Afterwards, instead of taking the daily fee out of the fund to pay for expenses, it's used to reduce this buffer over the course of few days. The buffer is discounted from the NAV when the fund is buying back its own tokens.

An asset buffer is for example created to cover the early investor bonus.

## 5. WHAT ARE THE BENEFITS?

Here is a summary of the multiple benefits in investing in the OmegaNode Index Fund:

- Benefiting from the masternode reward system without having the specific technical knowledge to setup masternodes
- Saving time and reducing risks with the masternodes elected by our team of analysts
- Saving time on setting up, managing, updating the masternodes and reinvesting the rewards
- Reducing market risk with great diversification
- Directly investing in various masternodes without minimum capital requirements



## 6. WHAT ARE THE RISKS?

The value of the OmegaNode token is expected to grow with the reinvestment of masternode rewards and trading activities based on the fundamental and technical analysis of the selected coins.

However, the cryptocurrency market is extremely volatile and a variety of events can influence the value of the underlying coins of the OmegaNode fund. Even though our team's objective is to create a safe environment for the fund by always ensuring the viability of every investment, the movements of the market are unpredictable.

Finally, past performances of the fund might not be indicative of future results.



## 7. DIFFERENCES WITH SIMILAR PROJECTS

### 7.1. INDEX FUND TOKENS

An index fund token represent the value of the top x cryptocurrencies in the market. It is a great way to diversify a portfolio, however it suffers from multiple problems.

Its actual price doesn't always represent its NAV and investors might buy it with a premium that is not guaranteed to stay. Moreover, the underlying coins are static and will not change regarding the fluctuation of the market, implying important loss in a bear market. Finally, coins with proof of stake or masternodes might not be generating rewards depending on the availability of cold wallet staking.

The OmegaNode token's value is always close to its NAV and we never let investors buy it with a premium by always providing liquidity in both ways. The OmegaNode index composition dynamically changes to avoid staying with a dead coin reducing the performance of the global portfolio. Finally, as we only focus on masternode coins, the fund is getting a great boost from the generated rewards.



## 7.2. SHARED MASTERNODES SERVICES

Shared masternode services allow investors without the cash requirements for the collateral of the masternode to invest into the project and benefit from the rewards. However, there are some limitations, if a masternode is divided between multiple investors and one decides to leave without a new investor taking his place, the masternode has to be sold resulting in the loss of potential rewards for the remaining investors.

In the OmegaNode index fund, all the masternodes are pooled together. If a masternode is sold to allow investors to leave the fund, the remaining masternodes keep generating rewards in the same proportion as before. Moreover, as an index made of different underlying masternodes, the market risk is reduced due to diversification.