

# VTRUST TOKEN

CARGO SHIPS + CRYPTO = VTRUST TOKEN



+



**VTRUST a digital Token for your portfolio**

<b>DISCLAIMER</b>	<b>3</b>
<b>1. PURPOSE</b>	<b>4</b>
<b>2. PROBLEM</b>	<b>5</b>
Recurring Problems:	5
<b>3. THE SOLUTION</b>	<b>6</b>
Highlights:	6
<b>4. OPPORTUNITY</b>	<b>7</b>
<b>5. ABOUT VTRUST</b>	<b>8</b>
Quick view of VTRUST token:	9
<b>6. VTRUST ADVANTAGES</b>	<b>10</b>
<b>7. STRATEGY</b>	<b>11</b>
<b>8. MARKETPLACE</b>	<b>13</b>
<b>9. USER GROWTH</b>	<b>15</b>
<b>10. ICO DETAILS</b>	<b>16</b>
<b>11. USE OF FUNDS</b>	<b>17</b>
<b>12. ROADMAP</b>	<b>19</b>
<b>13. ICO Disclaimer</b>	<b>20</b>

# DISCLAIMER

This draft white paper is for discussion and information purposes only and should be supplemented with independent research and factual verification. The information contained herein is subject to change without notice. No part of this draft document is legally binding or enforceable. There is no guarantee as to the accuracy of or the conclusions reached in this white paper, and this white paper is provided “as is”. VTRUST does not make and expressly disclaims all representations and warranties, express, implied, statutory or otherwise, whatsoever, including, but not limited to: (i) warranties of merchantability, fitness for a particular purpose, suitability, usage, title or non-infringement; (ii) that the contents of this white paper are free from error; and (iii) that such contents will not infringe third-party rights. VTRUST and its affiliates shall have no liability for damages of any kind arising out of the use, reference to, or reliance on this white paper or any of the content contained herein, even if advised of the possibility of such damages. In no event will VTRUST or its affiliates be liable to any person or entity for any damages, losses, liabilities, costs or expenses of any kind, whether direct or indirect, consequential, compensatory, incidental, actual, exemplary, punitive or special for the use of, reference to, or reliance on this white paper or any of the content contained herein, including, without limitation, any loss of business, revenues, profits, data, use, goodwill or other intangible Losses.

You will find important additional legal information in ICO Disclaimer section of this White Paper.

Please do not copy or disseminate any part of this document without including this disclaimer.

## **1. PURPOSE**

To offer global channel to anyone interested in owning maritime assets including cargo ships, watercraft engaged in domestic and/or international commerce, research and exploration that power global trade, knowledge of oceans and to benefit from such activities.

## 2. PROBLEM

Shipping and broadly maritime asset markets, consisting of several sub-segments, are extremely capital intensive, highly technical, splintered and not sizeable enough for global traditional banking institutions.

### Recurring Problems:

- Shipping and maritime asset markets are cyclical
- Each cycle presents its own threats and opportunities
- When replacing old ships with new tonnage, companies cannot always “buy low and sell high”.
- Excess capacity created during boom times prolong pressure on ship charter / rental rates
- Renters / Charterers cannot always plan freight levels based on historical charter rates due to volatility and influence of extraneous factors
- Post credit crisis - availability and cost of capital became challenging and unpredictable
- Many shipping sector expert banks closed doors and remaining lenders increased loan loss provisions

Examples – March 2013:

- \* DVB Bank reported grim outlook for traditional ship financing markets for 2013 and 2014
- \* HSH Nord Bank, Deutsche Bank and other banks in Germany increased their loan loss provisions and decided not to foreclose on shipping loans as they themselves were getting bailed out by governments
- \* German KG system which funded container & bulker fleet for 40 years is essentially non existent
- \* Norwegian KS system also experienced similar predicament

Under funding in certain segments, geographic concentration of lending sources, extensive government incentive programs in some regions and chasing hot sectors continue to exacerbate the pain. This deprives permanency and longevity of financing solutions.

### **3. THE SOLUTION**

VTRUST token. When used on vitadvisors.com platform, VTRUST token makes it easy, efficient and convenient for anyone to participate in maritime asset markets.

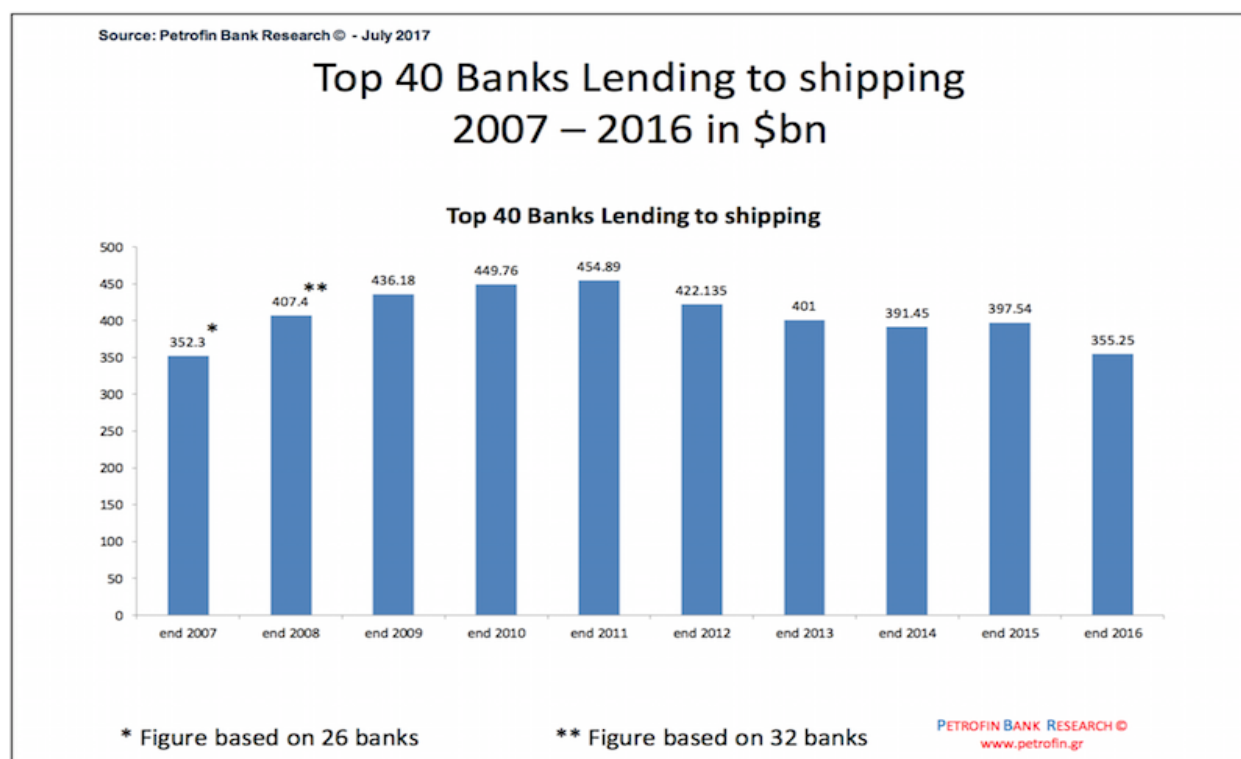
#### **Highlights:**

- Access to global markets
- Efficient way to participate
- Attractive market outlook
- Seasoned advisory board
- Focus on Value
- Conservative and proven strategies
- Recognized experience and commitment to the business
- Focus on intelligence and strategic project development
- Unique growth proposition across all major segments of shipping and marine assets
- Stable long term macroeconomic trends contribute to global trade expansion

## 4. OPPORTUNITY

- \* Huge demand for alternative investment vehicles and new sources of ship financing
- \* Need for new flexible funding models to tackle increasingly complex projects and transactions
- \* Traditional bank funding sources are tapped
- \* Door is wide open for others who can offer long term solutions

Maritime shipping markets are complex structures with many companies operating in both public and private domains. Publicly traded entities cover only few areas of opportunities while private companies cover vast array of deals. We strive hard to decipher the full depth of activities to achieve a macro view while we focus on opportunities that represent right fit for our operating model and audience. Size of Ship lending in 2016 as represented by the activities of top 40 banks is estimated to be over \$350billion as presented below:



Typical equity commitment requirements can be up to 50% per deal or per ship depending on various technical, lifecycle or other financial profile of the ship buyer.

## 5. ABOUT VTRUST

VTRUST is a digital token designed to be used within vitadvisors.com platform. The platform enables qualified players to conduct transactions such as buying, selling and refinancing of ships with or through Vessel Investment Trust (VIT). VTRUST token gives access to VIT which in turn, through various subsidiaries acquires, owns, manages and divests maritime shipping assets.

### Token potentially serves two functions:

- offers access to vitadvisors.com platform when its built
- A utility token that potentially converts into proof-of-asset ownership claim to interests in specific ships purchased via VIT platform activities when allocated and as permitted by law

### Introduction to Vessel Investment Trust (VIT):

- VIT – Vessel Investment Trust invests, acquires, charters out, disposes physical ships and maritime assets. It also trades in listed equity, debt and other tradable instruments for own or managed account
- Physical Assets participation includes cargo vessels, other types of marine equipment including offshore supply vessels (OSV) such as Anchor Handling Tugs (AHTS), Platform Supply Vessels (PSV), Crane Barges, Crew boats, Deck barges and Jack up rigs. The marine equipment is typically utilized in global trade, offshore drilling exploration projects and domestic cabotage trades.
- Listed instruments include equities, debt and other types of securities that typically trade on various stock exchanges and maritime centers around the globe.
- As of January 2017, there were 93,161 seagoing commercial vessels in service that represented approximately 1.85 Billion dwt and carried over 10 Billion tons of cargo.

### Main Objectives:

VIT's goal is to bridge the disconnect between capital markets and capital intensive shipping markets by offering a flexible, sustainable longer term alternative financial structure that allows investor and shipping groups achieve their core objectives

### Vessel Investment Trust Entity(s) Do's and Don'ts

#### **Do's**

- Acquire, Invest, co-invest, refinance, charter out and dispose physical ships for own account
- Aggregate ship titles as equity owner. Divests equity interest to lock in capital gains
- Be the mortgagor / mortgagee depending on the deal structure
- Engage in "triple net" type contracts known as Bareboat charters



- Trade listed equity, debt, preferreds and first mortgages for trust account
- Partner with other entities for deal evaluation/execution in order to secure target returns

***Dont's***

- Does not physically operate vessels in wholesale or retail rental / charter markets
- Does not put out research or daily commentary
- Does not recruit ship's onboard or shore side personnel for cargo operations
- Does not act as financial planner / adviser or Registered Investment adviser
- Does not recommend stocks, bonds, commodities or other regulated products to retail clients

**Quick view of VTRUST token:**

Does NOT grant:

- Equity or Debt Ownership interest in vitadvisors.com or any of its affiliates
- Equity or Debt Ownership interest in Vessel Investment Trust

Does grant:

- Platform access to vitadvisors.com or affiliate site when built
- Ability to redeem, where legally permissible, via conversion / exchange process at the end of which, token holder may apply for a claim in specific maritime asset as allocated. Until that event occurs the token remains a utility token and token holder does not hold any security interest in any maritimes holdings of VIT or its subsidiaries.

For example:

- Joe buys 10,000 tokens in January
- In August, VIT via its new subsidiary xyz ltd. acquires a cargo ship for \$15,000,000
- In that process VIT invites indications of interest to allocate / assign some or all of its ownership interests to currently existing token holders
- Joe responds to circular by checking his legal eligibility in own country to redeem his tokens to convert into proof-of-ownership
- Joe confirms his interest to exchange and converts on vitadvisors.com platform

This is just one scenario. In all cases, it is token buyer's responsibility to confirm if his country allows such transaction.

## 6. VTRUST ADVANTAGES

- a strategic plan that puts our users and token holders first
- plans to develop cutting edge platform
- superior user experience and customer support for the users in our ecosystem
- systems will be designed for scalability
- an experienced support network that can manage complex technologies and business challenges

Globally it is estimated that there are over 95,000 ships and water transport craft in service at anytime. VIT Advisors classified them into six (6) broad categories for convenience. To give quick reference for investors who are unfamiliar with this sector they are Bulk, Specialized, Liner, Passenger, Offshore Supply and Other Transport.

Vessel Investment Trust (VIT) concept creator Mr. Iswara views each ship as a small or medium size business. Depending on other details, each ship may also be viewed as micro-cap, small-cap or mid-cap company with cash flows, employees, customers and operations. Many such vessels are in private markets and thus unavailable to mainstream investors. The few public channels available are either too risky in their current form or too thinly traded for a serious investor to engage.

## 7. STRATEGY

Our philosophy is guided by portfolio asset allocation, research, asset selection in a tax and transaction cost efficient structure. Our activities are identifying rewarding opportunities, preserving and growing available capital. Our aim is to run a lean operation and achieve efficiency with the use of web technology.

*Approach:* Our asset allocation expertise and knowledge

*Process:* Our research and our ability to get to the core

*Execution:* Our access to global deal flow opportunities

### VIT Portfolio Allocation:

Current VIT portfolio allocation guideline for instance suggests acquisition of physical ships (65%), listed securities (30%) and cash (5%). As market dynamics dictate, these allocation levels may be revised and updated without notice. Trust assets may be generally deployed according to this broad guideline. Portfolio allocation revisions may take place at regular intervals as dictated by market dynamics.

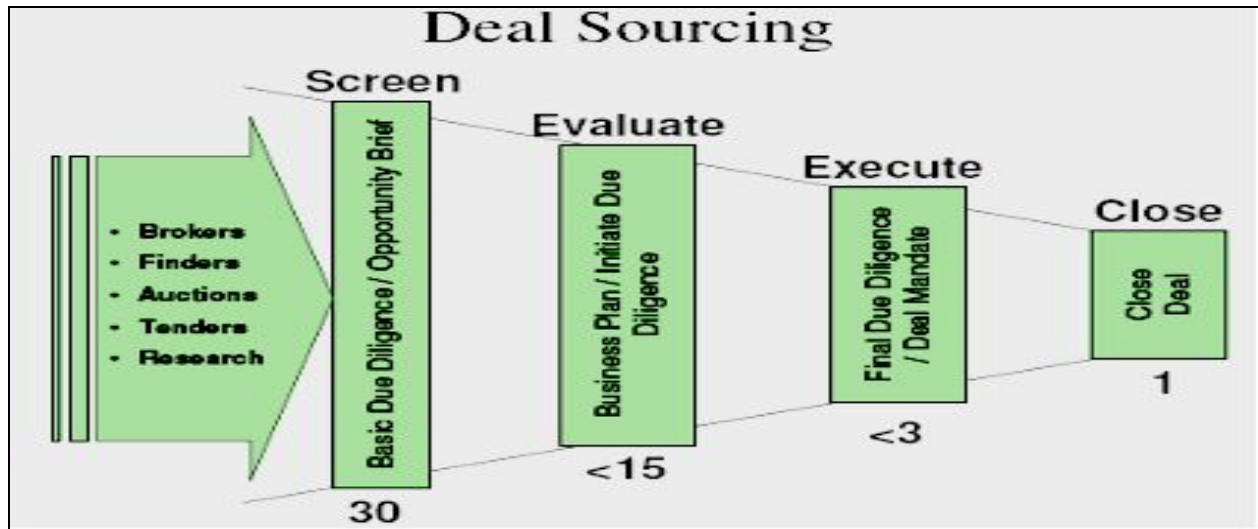
### Main components:

- Physical Assets are actual ship holdings in the trust
- Trading in listed securities (equity/debt) as per the percentage of allocation determined
- Cash allocation to have sufficient liquidity on hand to engage in tactical opportunities

Most asset managers who run sizable institutional or private portfolios are intimately familiar with macroeconomic trends and main stream segments such as stock, bonds, commodities and real estate. In our view Maritime Asset markets are largely global in nature, influenced by geopolitical dynamics, gyrations in energy / natural resource complex and supply / demand imbalances of specific equipment segments that offer interesting opportunities. To bring such opportunities to wider public we are developing Vessel Investment Trust as a new channel.

### Deal Sourcing:

In the screening process projects are evaluated based on projected ROI, ROE, IRR and counterparty risks. Only deals where VIT can add value and perceived benefits exist for the token holders are pursued. Screening process, global research, market knowledge and efficient financing process allows VIT to progress with deal opportunities very quickly without increasing risk.



Process:

Deals sourced through various market screening processes will be plugged into proprietary financial models with pre-established metrics and those deals that meet minimum ROI expectations will be acted upon.

Our observation of shipping and maritime asset markets suggest achieving uncorrelated yield is possible with this sector. Pockets of opportunities exist in the universe of water transportation and offshore industries that can be developed for long term benefit. "Maritime asset" is a broad term for many varieties of vessels and watercraft that are work horses of global trade, offshore and other activities that assist or facilitate human existence.

For an investor (institutional or individual or a family office, or pension fund) who has a goal of capital preservation, protected yield, consistent stable long term returns on deployed capital, non-mainstream uncorrelated risk and potential capital appreciation, maritime asset markets offer an additional channel.

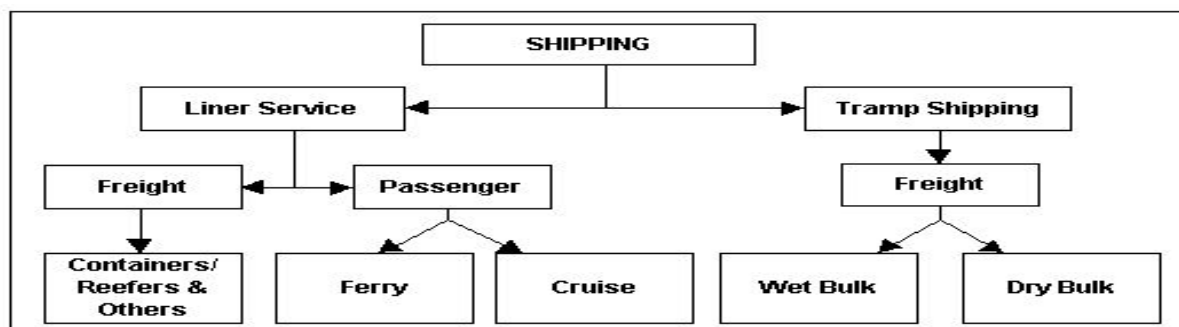
Our goal is to scale-up investment opportunities available to us and present them to global audience for an ongoing participation while eventually building it as an efficient fintech platform nexus for ship financing markets. Operational efficiency is essential in our complex interconnected world.

## 8. MARKETPLACE

The VTRUST token enhances our platform's important features. The portal allows users to gain platform access and offers eligibility to acquire fleet ownership interests by converting their VTRUST tokens.

Shipping and marine asset markets are controlled by “Freight Markets”, “Charter Markets”, “Sale & Purchase Markets” and “New Building Markets”. Variations in such markets determine strength and direction of specific segment's cash cycles. Such cycles also provide opportunities for deals.

Quick view of components of Shipping Industry:



World fleet:

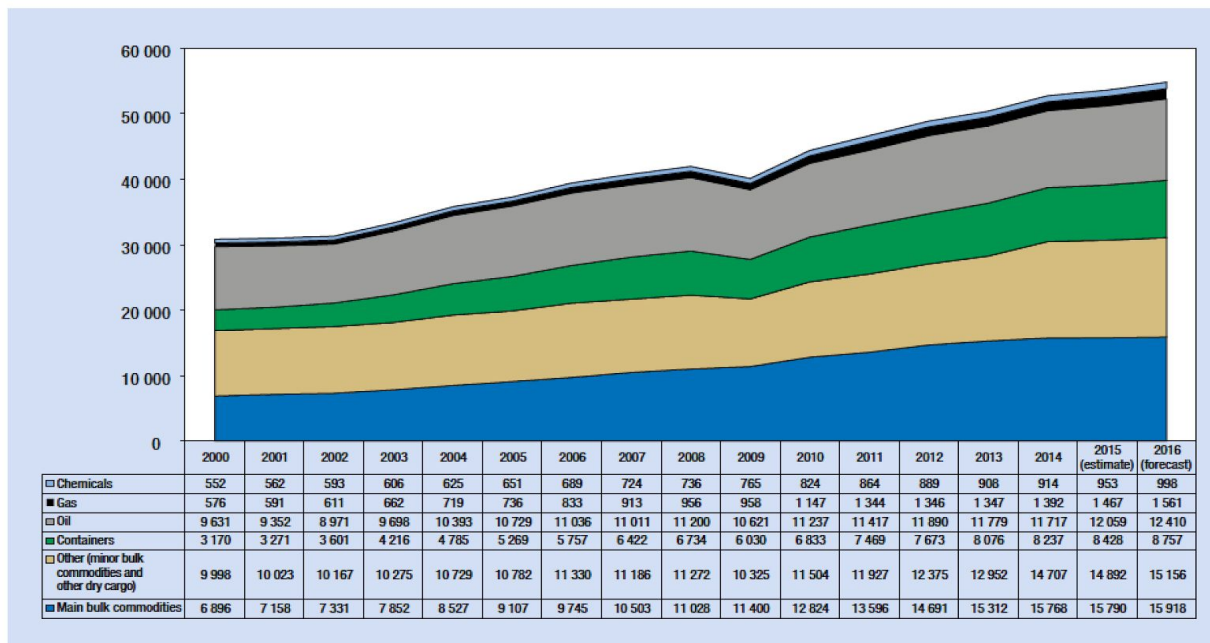
**Table 1 - World fleet : total number of ships, by type and size**

Ship Type	Small <sup>(1)</sup>		Medium <sup>(2)</sup>		Large <sup>(3)</sup>		Very Large <sup>(4)</sup>		Total	
General Cargo Ships	4,367	13.6%	11,729	30.6%	222	2.0%			16,318	18.7%
Specialized Cargo Ships	8	0.0%	211	0.6%	65	0.6%	3	0.1%	287	0.3%
Container Ships	16	0.0%	2,269	5.9%	1,605	14.2%	1,284	23.6%	5,174	5.9%
Ro-Ro Cargo Ships	30	0.1%	645	1.7%	613	5.4%	201	3.7%	1,489	1.7%
Bulk Carriers	310	1.0%	3,770	9.8%	5,596	49.5%	1,613	29.7%	11,289	12.9%
Oil and Chemical Tankers	1,854	5.8%	6,749	17.6%	2,517	22.3%	1,601	29.4%	12,721	14.6%
Gas Tankers	39	0.1%	1,096	2.9%	275	2.4%	397	7.3%	1,807	2.1%
Other Tankers	318	1.0%	538	1.4%	7	0.1%			863	1.0%
Passenger Ships	3,729	11.6%	2,577	6.7%	272	2.4%	163	3.0%	6,741	7.7%
Offshore Vessels	2,612	8.1%	5,339	13.9%	112	1.0%	169	3.1%	8,232	9.4%
Service Ships	2,466	7.7%	2,441	6.4%	25	0.2%	6	0.1%	4,938	5.7%
Tugs	16,387	51.0%	987	2.6%					17,374	19.9%
<b>Total</b>	<b>32,136</b>	<b>100%</b>	<b>38,351</b>	<b>100%</b>	<b>11,309</b>	<b>100%</b>	<b>5,437</b>	<b>100%</b>	<b>87,233</b>	<b>100%</b>

Source: Equasis <sup>(1)</sup> GT<500 - <sup>(2)</sup> 500≤GT<25,000 - <sup>(3)</sup> 25,000≤GT<60,000 - <sup>(4)</sup> GT≥60,000

*World Seaborne Trade expressed in Metric Ton-miles:*

**Figure 1.3 World seaborne trade by cargo type, 2000–2016 (Estimated billions of ton-miles)**



Source: UNCTAD secretariat calculations, based on Clarksons Research, 2016a.

## 9. USER GROWTH

VTRUST is result of years of research. It allows highly complex shipping market investments to achieve financial liquidity while facilitating easy way to manage ongoing global fleet dynamics. Our user growth is expected to come from broad range of groups that can benefit from predictable, long term, uncorrelated yields including the following categories of market participants.

- private retail / individuals
- businesses
- family offices
- pension programs
- Institutional Investors
- Sovereign Wealth Funds
- Governments
- Corporate Treasury Programs
- Endowments
- Foundations
- Municipalities
- Unions
- 3rd party money managers looking to diversify
- Intermediaries and
- Other institutions

## 10. ICO DETAILS

VTRUST Crowdsale

Name of token: Vessel Investment Trust

Symbol: VTRUST

Token Standard: ERC20 Standard

Decimals: 5

Role of Token: Use it to access the platform and gain ability to convert into ownership interest in ship / fleet of ships portfolio as available on VIT platform

Total supply: 50,000,000,000 VTRUST

Available token for sale: 500,000,000 (1% of supply)

Period of Sale: Ongoing. Initially 1% of the supply. Then 'top-up' every quarter up to 5% to 10% of supply.

Cost of 1 VTRUST: USD \$10.00

Softcap/Minimum Goal: USD \$50 million

Hardcap/Maximum Goal: USD \$500 million

Accepted currencies: Ethereum, Litecoin, Fiat

Tokens may be emitted, burnt or managed at management discretion according to existing market.

Treatment of Cryptocurrencies or coins or tokens is quite different in various jurisdictions globally. Some jurisdictions consider tokens, coins and most forms of cryptocurrencies as commodities while other jurisdictions view them as potential securities while others either actively promote or impose a ban. Please check your local jurisdictions for applicable law prior to acquiring any tokens. We are not liable for any legal discrepancies related to treatment of tokens under applicable law.

It must be noted here that substantial portion of shipping and maritime asset values are currently expressed and traded in USD. For that reason, in the short to medium term VTRUST Tokens may be pegged to USD for maintaining value correlation between crypto and real markets. Token itself never expires. However the value may change depending on value of USD in relation to when the token was purchased and when it is exchanged in to VIT shares. For this reason initially we may convert all tokens into USD.



## 11. USE OF FUNDS

All tokens grant access to our platform. They expire only when tokens are redeemed as described in “How to Redeem” section below.

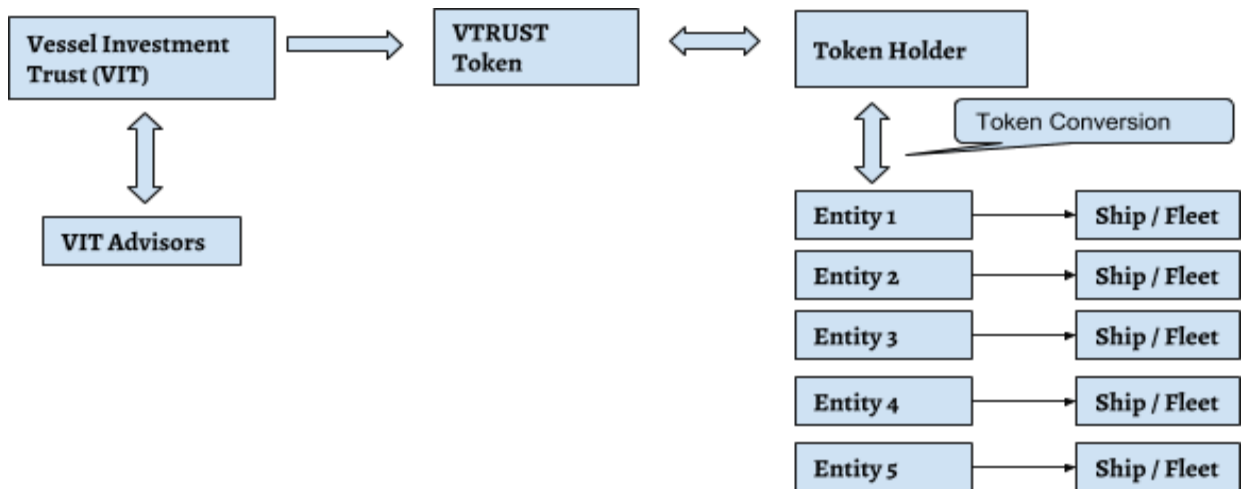
### How to Redeem Tokens

- Register with the platform to submit your token information
- Receive conversion / exchange event notice where applicable and apply for allocation of claim interest in sub-entities as explained here

### Note:

For simplicity of implementation Vessel Investment Trust (VIT) is the master entity 100% owned by our sponsor group. Token holders do not own any claims in this entity. Trust in turn plans to hold several sub-entities depending on deal constraints and tactical moves. So token owner may get allocation in one of the deal specific entities. After allocation, the tokens may be subject to conversion process which may translate into proportional equity / debt claim attributable to a specific ship held by that subsidiary.

### **Proposed Structure (subject to revision):**



Funds raised from the ICO will be utilized as follows:

### **(a) Use of funds up to softcap:**

The budget allocations outlined below presumes a scenario where our soft/minimum cap of \$50 million has been reached. Additional funds raised after the minimum cap will be used for more asset acquisitions, to add more features to the platform, API development, research and marketing.

Platform Development: 5%

Company development: 3%

Research & Deal development: 5%

Asset acquisitions: 87%

- Various types of cargo ships and maritime asset equipment
- Participation may be in the form of equity or providing debt or preferred note in asset acquisition process

***(b) Use of funds post softcap:***

Platform maintenance, Corporate, administrative & legal fees : 5%

Research & Deal development fees & 3rd party expenses: 5%

Asset acquisitions: 90%

- Various types of cargo ships and maritime asset equipment
- Participation may be in the form of equity or providing debt or preferred note in asset acquisition process
- Goal is to achieve sustainable yield by reaching certain critical mass

Due to global nature of the industry and complexities associated with various deal execution operations in such environment, above allocations are for broad indications only and may be revised or fine tuned according to periodic assessment.

## **12. ROADMAP**

Q3 2018 - Research, Explore ICO, blockchain and smart contracts

Q4 2018 - ICO pre-sale

Q1 2019 - Platform development + Asset acquisitions Phase 1

Q2 2019 - Asset acquisitions Phase 1 fleet completion (subject to market dynamics)

Q3 2019 - Asset acquisitions Phase 2 fleet completion (subject to market dynamics)

Q4 2019 - Final phase asset acquisitions to reach initial critical mass (subject to market dynamics)

Q2 2020 and beyond - Expand administrative and operations to improve customer outreach

## 13. ICO Disclaimer

Please read the following notification properly before taking part in VTRUST token sale. This notice applies to all persons who read this document. Please note this notification may be changed or updated without notice.

VTRUST token sale is carried out by vitadvisors.com, a site owned by Deep Sea Logistics, Inc. company incorporated and existing under the laws of United States (hereinafter – the «Seller»). We also draw your attention, that the VTRUST White paper (hereinafter – «WP») does not constitute any relations between you (hereinafter – «you» or the «Buyer») and the Seller. Purchasing of VTRUST tokens is available only after accepting the Terms and Conditions (hereinafter – «T&C») and Privacy Policy.

Purchasing of VTRUST tokens does not present an exchange of cryptocurrencies or conventional currencies for any form of ordinary shares of the Seller and the Buyer of VTRUST tokens is not entitled to any guaranteed form of dividend. The Buyer is only entitled to certain rights within the T&C. VTRUST tokens are not intended to constitute securities in any jurisdiction.

WP does not constitute a prospectus or offer document of any sort, and is not intended to constitute an offer of securities or a solicitation for investments in securities in any jurisdiction. WP is posted for information purposes only. The content of WP is not a financial promotion. Therefore, none of the content parts of WP should be considered an invitation or inducement to engage in any sort of investment activity. The Buyer should carefully consider and evaluate all risks associated with cryptocurrencies, operations with them, ICO and respective business activities. Before purchasing VTRUST tokens read carefully all the information set out in this Disclaimer, WP, T&C and Privacy Policy and ensure that you are aware of all potential risks. The section «Risk Statement» details all potential risks that you should consider. We strongly recommend you to seek out independent financial and legal advice before engaging in any sort of business endeavor.

### Risk Statement

No regulatory authority has examined or approved any of the information set out in WP. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of WP does not imply that the applicable laws of any jurisdiction, regulatory requirements, or rules have been complied. To the maximum extent permitted by the applicable laws, regulations and rules, the Seller and its affiliates and respective officers, employees or agents, in relation to the website (<https://www.vitadvisors.com>), VTRUST tokens, VTRUST

products and services will not be liable for any damages of any kind, including, but not limited to, direct, consequential, incidental, special or indirect damages (including but not limited to lost profits, loss of revenue or third party loss whether foreseeable or otherwise, trading losses or damages that result from use or loss of use of the website, VTRUST tokens, VTRUST products and services). For the avoidance of doubt, the Seller 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 document, (ii) any error, omission or inaccuracy in any such information, (iii) any action resulting therefrom, or (iv) usage or acquisition of VTRUST products and services, available on the website and other electronic platforms.

You confirm and agree that you are not purchasing VTRUST tokens for purposes of investment, speculation for immediate resale or other financial purposes. Some of the statements in WP include forward-looking statements which reflect the Seller's current views with respect to execution roadmap, financial performance, business strategy and future plans, both with respect to the Seller and the sectors and industries where the Seller operates. Statements which include the words «expects», «plans», «believes», «projects», «anticipates», «will», «aims», «may», «would», «could», «continue» and similar statements are of a future or forward-looking nature. All forward-looking statements concern the matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Seller's actual results to differ significantly from those indicated in these statements. These factors include but are not limited to those described in T&C, which should be read before purchasing of VTRUST tokens.

Any forward-looking statements in WP reflect the Seller's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Seller's operations, results of operations and growth strategy. These forward-looking statements are valid only on the date of WP publication. The Buyer should specifically consider the factors identified in WP and T&C which could cause actual results to differ before making a purchase decision. No statement in WP is intended as a profit forecast and no statement in WP should be interpreted to mean that the earnings of the Seller for the current or future years would be as may be implied in WP.

#### Restricted areas

As VTRUST token is utility token by its nature, there are no restrictions to sell them. It is YOUR responsibility to ensure if your / buyer country prohibits citizens of that country to buy digital assets of any kind. WP or any part thereof, as well as any copies, must not be taken or transmitted to any country where distribution or dissemination of such information is prohibited or restricted.

--End of document--