

# **Afro.Fund Tokenomics**

The purpose of this document is to define the tokenomics for the \$AFRO token:

- The number of \$AFRO tokens issued
- The number of tokens issued per project
- The financial functionality of the \$AFRO token
- The utility of the \$AFRO token
- The \$AFRO token distribution plan

Afro.Fund's tokenomics is designed with simplicity in mind. First-gen blockchain projects dedicate swaths of their white papers to exhaustively defining the PHD-level game theoretical economics of their token issuance. This plague of engineers over-engineering ends up seeding confusion, dissuading mainstream adoption, and all but guaranteeing exploitation of the crypto-curious by the crypto elite.

We're not going to do that. Afro.Fund is a common-sense, self-sustaining smart contract-powered economy. We will issue \$AFRO tokens, incentivize creators to organically build Afro.Fund one promising new project at a time, and rely on the grander global crypto market to rationalize the value of \$AFRO. Simplicity will be our strength.

## **The Number of \$AFRO Tokens**

Afro.Fund will issue a hard cap of 1,000,000,000 (1 Billion) pre-mined \$AFRO tokens at launch. No additional \$AFRO tokens will be created. Ever.

Whether \$AFRO ends up worth \$100 or \$.001 apiece we will never manipulate token issuance to manipulate the price. This isn't just a promise - it will be hard coded into the platform. The price will be and can only be what the market says it is.

Because of this hard-capped pre-mine, there will be no direct Proof of Work mining or Proof of Stake validating rewards for holding \$AFRO. As such, "governance" of Afro.Fund will not devolve into online factions forming cabals to bust the platform.

Additionally, there will never be any concern over Byzantine, double-spend, or 51% attacks. Afro.Fund will not have to contend with the problems that sink other blockchain projects because Afro.Fund is not a blockchain, it is a decentralized smart economy run on blockchain.

## **The Number of Project Tokens**

When a new project is launched on Afro.Fund's platform via the Afro Fund Smart Contract Tool, they will be issued 10 million tokens. We will use the same issuance process as Afro.Fund's

pre-mine - there will never be additional project tokens created, no mining nor proof of stake, no opportunity for manipulation.

Project creators will be entirely free to distribute tokens as they see fit via Afro.Fund's Global Smart Contract Tool (GSCT). For instance, if Joshua were to launch his Youmee dating app project on the Afro.Fund platform, 10,000,000 \$YUMI tokens would be immediately mined for him to distribute to his key builders (devs, designers), stakeholders (marketers, lawyers, partnerships), and investors via a full or partial ICO (Initial Coin Offering, crypto's primary decentralized fundraising mechanism).

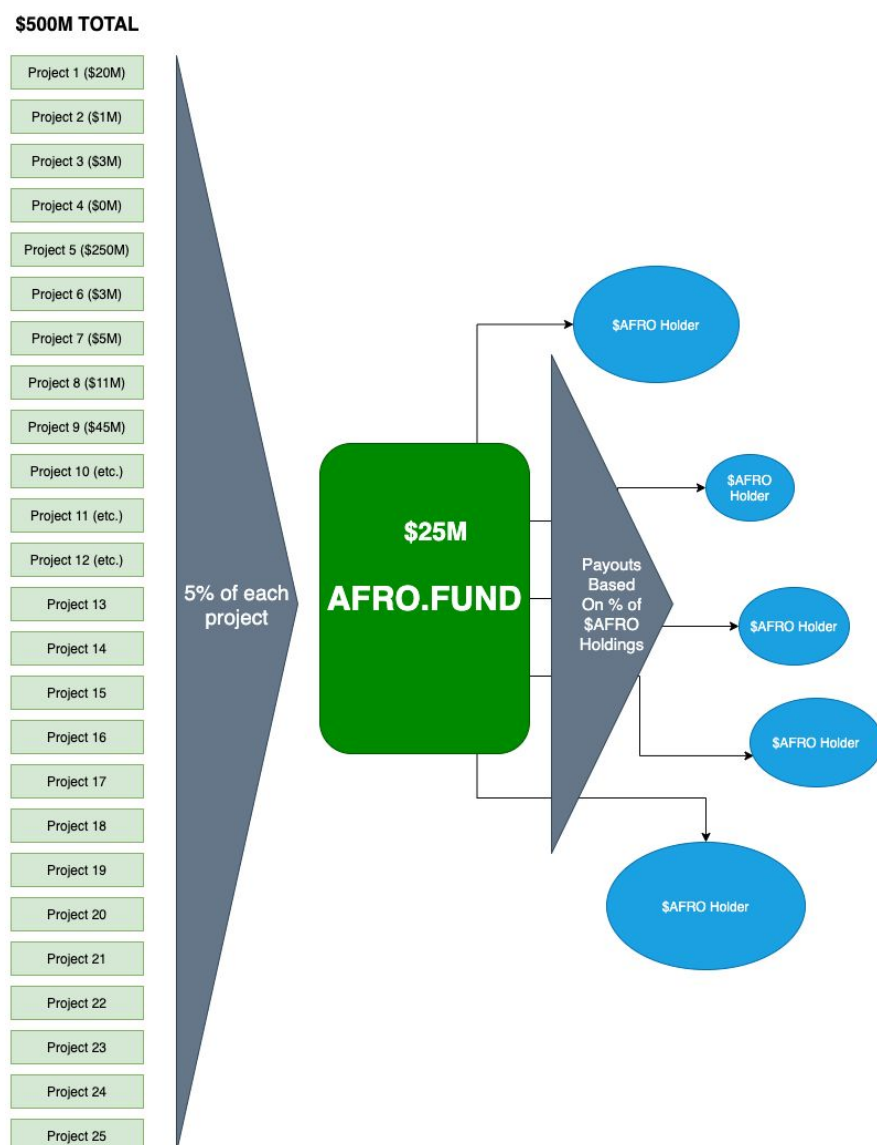
To fuel the upkeep and continued growth of the platform, Afro.Fund receives 5% (500,000 tokens) of each project's mine. This does not go solely to the founders, but rather all \$AFRO holders as described via the stakeholder capitalism model below.

### **The Financial Functionality of Tokens On The Afro.Fund Platform**

Afro.Fund's functionality is right in its name - purchasing or earning \$AFRO token is the equivalent of 1) buying into a fund that collectivizes every startup project on the Afro.Fund platform and 2) pays proportional "digital dividends" to token holders the moment profits hit the project's account. Thus, Afro.Fund can be considered a Creative Capitalist Collective (CCC) operating on a stakeholder capitalism model, all linked together by Digital Profit Sharing (DPS).

Imagine there are 25 projects on Afro.Fund. The payout structure is illustrated as follows:

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Because Afro.Fund holds 5% of each project's token allocation, Afro.Fund receives 5% of all net profits from projects created on the platform. All \$AFRO token holders receive payouts from this 5% in proportion to how much \$AFRO they hold.

Example: Let's say "Jane" owns 100,000,000 \$AFRO tokens, and therefore 10% of Afro.Fund's 1,000,000,000 total issuance. Thus her DPS would payout 10% of the 5% of all Afro.Fund's net profits. In the example above in which Afro.Fund's 25 projects have amassed \$500M in total net profits, she would receive a 10% slice of Afro.Fund's 5% slice of the \$500M (\$25M). Her 10% would net her \$2.5M in profits *in addition* to the appreciation of her \$AFRO tokens...

And in addition to her proportional ownership of any projects she invested in via the Afro.Fund platform. If Jane invested in the Yoomie dating app through the Afro.Fund platform she would earn quadruple profits: 1) the Digital Dividends from her \$YUMI holdings 2) the appreciation of

her \$YUMI tokens 3) the DPS from her \$AFRO holdings 3) the appreciation of her \$AFRO tokens.

It bears repeating - gains from DPS are immediately deposited into Afro.Fund investor accounts. Our smart contracts will execute via Ethereum or Avalanche protocol - all accounting resolves within seconds. In the above example, when the Yoomee master wallet registers a net profit, Afro.Fund's fair, transparent, and fast smart contract code disperses payouts to Jane (in an industry standard token of her choosing) proportionate to her \$YUMI and \$AFRO token holdings. DPS leverages blockchain to pay instantaneous digital dividends.

This requires that all projects on Afro.Fund link their company's "master wallet" to any receiving accounts for their business. Blockchain accounting is transparent by design; sunlight disinfects bad actors. Afro.Fund will have a zero-tolerance policy for projects that hide profits - the project will be removed from the site, its online account liquidated, invested funds immediately returned to their investors, the founders' holdings will be returned to the Afro.Fund community as a whole, all contractors associated with the project will receive a penalty on their "Afro Score" (the platform's talent ranking system), and the founders will be permanently banned from the site. Afro.Fund intends to be 100 fraud-free by operating with a zero tolerance policy and "financial death penalty" style enforcement.

### **The Utility of the \$AFRO Token**

The \$AFRO token serves two utilities on the Afro.Fund platform:

- 1) *In order to use the Afro.Fund platform for investing, hiring, or job seeking, you must hold \$AFRO.*

Everybody's free to browse the site, ala a "freemium" model. However, if you want to use it, you must create a login, including a wallet that holds \$AFRO. For job postings we will charge a small fee in \$AFRO and for project posting we will charge a larger, but still reasonable, fee in \$AFRO. We will set these prices in the smart contract to be pegged in low proportion to an African GDP figure so that access to economic betterment via Afro.Fund will always be affordable.

- 2) *When investing during a new project's ICO, funding with \$AFRO boosts you up an auction's pecking order.*

During a new project's ICO, new projects can be funded with \$AFRO, BTC, ETH, stablecoins, and fiat (or truly, any coin that can be atomic swapped). However, preferential priority will be granted to those who fund projects with \$AFRO.

This becomes a critical incentive to use \$AFRO to fund hotly anticipated projects. ICOs will be conducted on the Afro.Fund exchange with a dynamic pricing auction, essentially flex pricing dependent on # of tokens remaining/auction time remaining (more on this in a separate doc).

For instance, let's say Jane wants to invest in Yoomee's ICO, but she's concerned that if she waits, the price of \$YUMI will increase from its initial \$.50 a token to \$2.00 and thus net her 1/4th as many tokens with her \$100k investment. She then has to make a decision: should she

1. Fund her \$YUMI investment solely with \$AFRO tokens?
2. Fund it with a mix of \$AFRO and \$BTC?
3. Or roll the dice by funding solely with \$BTC and risk others jumping ahead of her in the auction with their \$AFRO and inflating the price?

When investors fund with \$AFRO (and when \$AFRO is spent to post new jobs or projects) the \$AFRO returns to the on-platform pool and is immediately available for purchase via the on-platform exchange.

This funding model incentivizes a high "velocity of wealth" liquidity of \$AFRO, standing in stark contrast to the "HODL" prevalent in the crypto community. This transforms \$AFRO from merely a store of value (such as \$BTC's "digital gold") into the high throughput growth engine of our African tech platform.

It should be noted that holding either \$AFRO or project tokens issues *no governance* rights. If investors lose faith in a Afro.Fund or a project, they will "vote" by selling their tokens, just like in every other normal, healthy market. Projects launched on Afro.Fund are privately held entities funded by decentralized investment, aka Creative Capitalist Collectives. Their responsibility is to their company's stakeholders, not "shareholders", and as such can focus on prioritizing long-term value creation rather than mad dashes towards quarterly KPI goals.

## **The Token Distribution Plan**

As previously stated, we intend to make comprehension of Afro.Fund's economic ecosystem as simple to grasp as possible - this is a project for the people. Towards that end, the 1 billion \$AFRO tokens will be split into the following tranches:

Afro.Fund Presale - 100 million tokens issued to investors to fund the project's Year 1 development at \$.002 a token, raising \$200k.

Founder Team - 300 million tokens to be divided equally between the three co-founders. Because Afro.Fund is closer to a traditional startup running on blockchain than a blockchain protocol, the 30% of total token distribution is actually a small amount of equity for a founding team to self-allocate at the outset. These tokens will be in a lock-up that unwinds at 25% per year starting two years after launch.

Afro.Fund Employee/Partnership Pool - 100 million tokens allocated to reward the current team or remain on hand to reward future hires or secure key partnerships.

The Launch - The first tranche of 100 million of the remaining 500 million \$AFRO tokens will come up for sale on 12/3 (March 12th, 2021), at 4:56 PM, Lagos time, on the Afro.Fund exchange. This will be unalterably coded into the smart contract.

Yearly Sale - For the next four years after launch, 100 million of the remaining 400 million \$AFRO tokens will come up for sale on “Afro Day”, the same date and time of 12/3 4:56. This will be unalterably coded into the smart contract.

## **Conclusion**

While the \$AFRO token distribution is subject to change based on the input of the founding team, strategic partners, and expert advisors, the intention remains the same--

The \$AFRO token's value and use are designed with simplicity in mind in order to drive adoption, investment, and value creation on the Afro.Fund platform. By building our market to be universally intuitively simple, it creates a fair playing field where rewards accrue to the talented stakeholders who build the future.