Mosaic Alpha

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Contents

LitePaper

This document was named LitePaper as changes may still be made to the details of the platform's functionality and solutions. The defining elements will not change, but the details of the solutions may still transform until the launch of the official WhitePaper.
Present version: 1.3

Mosaic Alpha opens doors

In the past few years, hundreds of millions of people have turned their attention towards crypto and this tendency is growing, but still, only a tiny percentage of the global population was brave enough to open positions for themselves. As a newcomer, innumerable challenges to be faced in this world. **The use of the solutions available on the market requires too much knowledge**, we often need more than one application to complete just one transaction. It's easy to make a mistake. The logic of the systems is unusual and strange for the average internet user. While millions of people search for the way to the crypto market, **decentralized services are still only well-operable for highly qualified users.**

Mosaic Alpha answers a growing need and fills the market niche, according to which, inside a platform, **offers services from the best of the crypto market comprehensible to an average internet user,** without involving a third party. The transactions of Mosaic Alpha happen on-chain, all of them are transparent and verifiable.

Planning strategies

Through the token baskets, we may realize a great number of different possibilities, which will provide answers to the investors' long- and short-term investments during different life events. A characteristic of the market is that the rising bull periods are very intense and last for shorter times. In these time periods, it's easy to obtain spectacular profits, but most participants only open positions towards the end of these, and when the trend changes, they close their positions by realizing losses. The bear market usually lasts longer, as long as 2-2.5 years, which keeps the average investor away from the market, and this is the reason they are left out of the best buying opportunities. The key to success is to buy low and sell high, thus the bear market is the best time period for accumulation since this is the time we may acquire many more assets.

By choosing the Token Basket most fitted to our goals and strategies, the platform also offers a number of solutions to these situations.

Future

Blockchain technology and the community-based decision-making type of economy are still new to humanity. Like everything so new, it changes and forms very fast. The invention of the blockchain has started a cultural and financial revolution, which is a milestone in history. In the past years, demands and interests have changed so much in the crypto market, and it would be right to assume that other changes will also occur in the years to come. **The Mosaic Alpha platform will be created in the spirit of being able to adapt to all kinds of market demands and interests and to make the market's best solutions available in the shortest time possible.** This is assured by the fact that over time, the opportunity for professional specialists all over the world to create their managed Token Basket using the best assets and solutions according to them and put them on offer for the users of Mosaic Alpha.

Evolutionary Steps

Change might be the only common element in most aspects of our lives. Our cities, institutions, and even our language and culture participate in the world's process of continuous transformation. As we open a century-old book, we instantly notice how that time's use of words has by now become archaic, and when we glance out the window, we are met with a different view than what we saw as children. Though change has always been present throughout the history of mankind, over time, the events to catalyze change have also become different. The evolution of our species was once inspired by the terror of war, and these days, that motivation became the hope for a better life. The predecessors of today's communication technologies – among others, the internet and a number of other digital and analog encryption procedures – were mostly developed to be tools of warfare and components of government programs and using them for anything other than what they had been intended for was limited by laws for a long time. But in the present, these technologies are what serve the many needs of our world, a number of which result in economic growth, and make our everyday lives more efficient and comfortable.

We might already have grown used to the fact that we can organize and deal with our finances through digital banks and financial services from the comfort of our home, via a computer, or on the internet. Less than a decade ago, we would have thought it impossible to use our bank information on an online platform. The dangers of the then-new technological innovation known as electronic banking and online commerce have – in some instances, at very high prices - been mapped and patched to such a degree that in 2022, we may all take part in e-commerce and the use of online financial services with confidence in the safety of our assets.

In the upcoming chapter about technological progress, the third parties trusted with our finances are replaced by protocols and systems utilizing distributed open blockchain technologies. Through these, the trust involved in using the services is no longer built on the surrounding legal framework but instead secured by the protocols' built-in automated mechanisms.

In the traditional financial sector, ETFs have long ensured the simple, atomized (risk-diversified), widely available opportunity of the sector- or market-specific investing. The different securities and investment products that make up the contents of index-based composite ETFs characteristically follow a similar market dynamic, thus, in a bull market, investing in such assets may easily become profitable. Despite this, the announcements influencing the existence of the partaking companies cause the exchange rate of certain assets to diverge from the market's mutual dynamic, but because the value of composite ETFs is defined by more than one market participant, the effect of a specific individual asset losing value is decreased while their potential of increasing in value continues to prevail throughout the whole basket. For example, the ETF following the most well-known index, S&P500, is made up of the shares of 500 American corporations, thus, investing in one asset, provides buyers fleeing inflation or searching for low-risk American securities with an easier choice.

All similar indexes are compiled by their managers monitoring participants independent of the market dynamic, thus, in a bear market, actively managed funds may yield much more profitably if the professionals trusted with combining the components take the current market trends into account. The performance of these funds is frequently measured by their relative performance of the larger indexes. They are subject to customer identification and in most of the best cases are realized by using a centralized trading platform or a different trusted third party.

The crypto alternatives of full, regional, or sector-specific ETFs are still not available to investors in the traditional financial sector. In the last years, similarly to ETFs, financial assets containing crypto assets have made an appearance, but the uncertainty surrounding regulations and the dependence upon them have rendered most of the authorization processes and applications for approval unsuccessful. There have been a number of times when the approval of ETFs containing crypto assets was attained by different derivative tricks, as a result of which it can be said that even though certain „crypto ETFs", similarly to indexes, do follow the exchange rates of Bitcoin or Ethereum for example, these financial products are still not equal to their traditional equity or currency composite index ETF equivalents since the exchange rate is not guaranteed by literally owning the assets, but rather by traditional market mechanism of futures trading the issuer making it possible by transactions which usually have a deadline.

Similarly to the services available in the world of traditional finance, crypto assets also have a great number of alternatives to providers for investors with opportunities to maximize the profits and yields of actively managed funds and trading through experts. But these solutions and services deprive the technology-based financial assets promising independence of their revolutionary advantages by wrapping the services built upon them in the tools of old mechanisms.

Mosaic Alpha platform

Mosaic Alpha is a decentralized application, the functionality of which is secured by smart contracts. The goal of the platform is to, through the framework of applicable technology and incentives, open the opportunity of creating complex crypto-products which aren't yet available on traditional financial markets due to regulations lagging behind the development.

Mosaic Baskets serve as decentralized alternatives to ETFs designed for the crypto sector and actively managed funds. These smart-contract-enabled crypto products represent baskets of crypto assets, and the system guarantees their tracking of the exchange rates by actually buying the components of the represented asset basket upon the opening of the position and selling them upon closing the position. Thus the Platform's most important role is to allow market participants to buy into and sell out of Baskets based on stablecoins, and to handle the trading of the Baskets' assets so that the user has no need to use any other platform.

Alternatives to sector-specific ETFs are Thematic Baskets, which enable the user to invest in certain thematically specified segments of the crypto sector, while Managed Baskets, following the logic of actively managed funds, serve the purpose of replicating the transactions of the platform's Basket Managers'.

As an Investor, utilizing the platform's functions only requires a suitable crypto wallet. Recently - thanks to the platform's decentralized nature - the use of it does not require client identification or the sharing of personal information. For the Basket Manager, KYC is compulsory.

Interaction with the platform's smart contracts, or use of the platform's functions, happens through blockchain transactions. In the early period, these contracts will be running on Binance Smart-chain (BSC). In order to send the transactions to the Binance chain, we need Binance Coin (BNB), the currency with which the user pays BSC validators for validating the transactions.

Buying into or selling out of a Mosaic Basket is currently stablecoin-based. Upon the opening of a Basket position, the user sends the USDT equivalent of the Basket's value to the Basket's contract address. The amount of USDT associated with the opened position is then exchanged for the assets the Basket contains by the platform's smart contracts on decentralized trading platforms. Upon opening the Basket position, the Investor will receive a token that is named after the basket in question, representing the proportion of the basket assets.

Exchanging assets within the Baskets is carried out on decentralized, third-party platforms, which, similarly to Mosaic Alpha, also allow blockchain-based trading through smart contracts with paying gas fees. The gas fees tied to transactions occurring upon the opening and closing of Basket positions are paid by the Mosaic Alpha users also in BNB.

Kodexa (KDX) holders can earn more benefits by staking their KDX tokens. Kodexa (KDX) tokens can be bought on the Mosaic Alpha platform. The exchange rate of the KDX token is free-floating, thus after its release, is not tied to any other cryptocurrency.

Mosaic Alpha swap

Mosaic Alpha swap is the platform's marketplace, which allows the decentralized trading of the Binance smart-chain's wrapped assets through smart contracts, LP (Liquidity Pool) Baskets, and Liquidity Providers. While using the Mosaic Alpha swap function, the Basket Manager pays a Swap fee for transactions, which increases the funds of the Baskets ensuring liquidity.

Thematic Baskets

Since Bitcoin's launch in 2009, the cryptocurrency sector has grown from nothing to a more than 1.5 trillion-dollar (May 2022) market, which by now is spoken of in the same way as the gold and silver market, and its market capitalization rivals the total value of currently circulating physical dollar notes and coins.

By now, the crypto sector's current phase goes well beyond the achievements of financial technology. On the list of crypto assets, apart from e-currencies similar to Bitcoin, we may find stablecoins, utility tokens, non-fungible tokens, and a number of decentralized blockchains' governance tokens.

The last technological rally to the crypto market's rise might have been the dot-com bubble, which proved to the world again that - during new markets' race for expansion - there will always be losers alongside the winners.

Basket manager

The baskets created on the Mosaic Alpha platform are managed by specialists chosen by Mosaic Alpha, based on different aspects discussed later. There is a person, who (basket manager) is responsible for each basket. The description of the baskets contains the basket's set of rules, investment policy, thematics, classification of risk and indicates the manager. It contains further information about the manager, in which they introduce themselves. This information serves to acquaint the user with all the details before making the choice to invest.

Before the launch of the system, the creators of the Mosaic Alpha created four-six baskets as managers, to which, in the future, experienced specialists from all over the world may add their own variations of investment baskets.

The thematic baskets assembled by our Team at Mosaic Alpha are Blue Cryptos, Good Hope, Underrated, Gold, and Metaverse. Due to the market changes the below-mentioned crypto baskets may vary.

1. Blue Cryptos

This token basket contains well-known crypto assets with the largest market capitalization. It is meant for investors who are characteristically long-run holders of Bitcoin, Ethereum, and a few other big assets, but also see the benefits of a specialist's rebalancing portfolio from time to time, based on fundamental and technical analyses in hopes of maximizing profits.

2. Good Hope

This token basket contains mostly, but not solely the tokens of young, recently launched projects. After their detailed analysis, it can be ascertained that their goals are marketable, the development is technologically above average, their codes are high-quality and the team behind is made up of experienced professionals with applicable backgrounds. Outstanding performance may be more expected of tokens of such projects.

3. Underrated

In the Underrated token basket, we have the tokens of projects already on the market that, after a detailed analysis, have proved that their exchange rate and the current market status are not in accordance with each other, thus the token is undervalued. In these cases, the token's value may be expected to rise to a realistic amount. When that happens, the given token will partly or in full be exchanged for another undervalued token.

4. Gold

The basket contains stablecoins tied to gold, their value follows the gold's exchange rate. The basket may serve well as an escape asset in the time of a bear market, and also targets investors who would want to keep precious gold assets in their portfolio.

5. Metaverse

Despite it only just starting to take root, it is obvious that the Metaverse is one of the future's most significant industries. In a few years, billions of people will be living a significant amount of their lives in a virtual reality inside the Metaverse. Hundreds of new Metaverse projects are starting currently and it seems like this tendency will only strengthen over the years. As of today, it is still very hard to know which projects will survive and which will be the winners of this race. The time period before us will presumably result in a great number of sudden highs and lows. The object of the basket is to purchase the tokens of the strongest projects in time and if necessary, liquidate them from the basket based on attentive observation of the changes of the market.

Managed Baskets

Managed Baskets allow users to invest exactly the same asset portfolio that is in the basket in question increasing the value of the basket. This is performed through smart contracts, without the requirement for trust. Thus, active asset management and trading transactions happen in a decentralized environment. The assets kept in the Managed baskets by the users are available to them throughout the holding of the position, moreover, the asset basket's components are always transparent.

Users of the platform may withdraw their proportion of the basket at any time and the platform sends them the funds from liquidating the position almost immediately, without the involvement of a third party.

The components of the Token baskets must be picked from the crypto assets indicated on the Whitelist. The crypto assets on the Whitelist are legitimated by the platform and possess enough liquidity for the platform to be able to sell them upon the closing of its position. The Whitelist also serves the safety of the users, since, through the fact that the components of the Baskets assembled on the platform shall be chosen from a list, we may avoid, for example, a basket Manager's malicious intent to add their own, in itself a valueless asset to the Baskets.

Whitelist

Assets are added to the list after multi-criteria filtering. All assets go through fundamental and technical assessments to make sure the token baskets (Baskets) only contain thoroughly examined crypto assets.

Two methods may determine the distribution of the Whitelisted assets in the baskets, according to their relationship to exchange rates. In relation to the varying exchange rates, a Basket can be Standard, (thus static) independent of the varying exchange rates, or Rebalancing, which is dynamic in relation to the exchange rates.

Standard Mosaic Alpha Basket

In the case of a Standard model, the components and the way the chosen assets are distributed can be set by the Basket Manager as exact nominal amounts, so the relative nominal composition of the basket remains a fixed number of units, so the value of the Basket per unit is determined.

For example, the distribution of a Basket containing BITCOIN, ETHER, and DOT tokens may be given by setting the sub-nominal amount of BITCOIN, ETHER, and DOT tokens per unit.

With Standard Baskets, the distribution of the contents is independent of the market's direction and when the exchange rates for the individual components of the contents change, the distribution doesn't. In the case of the Standard basket, the contents per unit and their distribution only change if the Basket Manager managing the Baskets changes them through trading transactions in order to make the assets in the Basket more profitable. In this way, the contents of the Basket can be changed by the Basket Manager by modifying the Basket's per-unit contents and their distribution. The fees for the use of the network will be paid as projected upon

the whole of the Basket and are subtracted from the sum value of the assets of users with Basket positions.

Standard Mosaic Alpha Basket example				
Components	Exchange rate 1	Distribution	Exchange rate 2	Distribution
BITCOIN	42000 USD	0.01 BTC	25000 USD	0.01 BTC
ETHEREUM	2500 USD	0.1 ETH	2000 USD	0.1 ETH
POLKADOT	15 USD	10 DOT	10 USD	10 DOT
Unit value		820 USD		650 USD

Rebalancing Mosaic Alpha Basket

In the rebalancing model, the distribution of the components is determined by the Basket Manager based on the percent distribution of the assets' value in stablecoin.

In the case of the Rebalancing Baskets, the percentage value-weighted distribution is constant, but the actual nominal per-unit crypto asset components change in relation to the exchange rates. Due to the fluctuation of the exchange rate of elements of the Basket contents, the actual cryptocurrency content given by the Basket Manager loses its value-weighted proportions, and to restore this, the system's smart contracts will use the appropriate DEX to exchange currencies and rebalance the managed assets.

For example, the distribution of a Basket containing BITCOIN, ETHER, and DOT may be given by the basket manager by setting the per-unit percentage for BITCOIN, ETHER, and DOT. In the event of BITCOIN's exchange rate rising, while ETHER's and DOT's stay the same, to keep the correct distribution, the SYSTEM will sell some BITCOIN and buy ETHER and DOT.

In the case of the Rebalancing Basket, the value-weighted distribution of its components only changes if the basket manager modifies it themselves for a higher yield on the Basket's contents. The gas fees associated with changing the contents are fractionalized and charged to the whole of the Basket

Rebalancing Mosaic Alpha Basket example					
Component	Distribution of value	Exchange rate 1	Actual content 1	Exchange rate 2	Actual content 2
BITCOIN	20,00%	42000 USD	0.0039047619	25000 USD	0,00656
ETHEREUM	30,00%	2500 USD	0.0984	2000 USD	0,123
POLKADOT	50,00%	15 USD	27.33333333	10 USD	41
Unit value			820 USD		820 USD

Staking in general

Staking is a source of income which, after depositing your crypto, generates crypto income from the workings of the given ecosystem or the given blockchain's newly launched coins. Simplified, this means that in the case of the rising of the chosen crypto asset's exchange rate, the value of our investment rises in itself and after staking, it also produces extra yield.

Kodexa staking

The Kodexa (KDX) token ensures several types of advantages on the Mosaic Alpha platform. Staking KDX allows earning some rewards, which can be a lesser paid fee, faster upgrading in the affiliate system, and getting more commission. The details and future options can be found on the platform. The main rule is to stake more to earn more. In case you don't have KDX yet, you can buy it at our swap.

Profit share and fee system

The goal of the basket manager - who manages the Basket and the distribution of its components - is to make sure the Baskets grow in value and win the trust of the most possible users. For managing the Baskets, the basket manager is entitled to some fees, which are made up of two components, the Performance Fee, dependent on the Basket's performance, and the Trailing fee, which is projected onto the totality of managed assets.

There are three types of fees that motivate the whole ecosystem and cover the costs of maintaining and developing the Mosaic Alpha platform.

The fees cover
- the commissions paid in the affiliate system
- maintaining and developing the platform
- motivating the basket managers

Types of fees

BUY FEE (initial cost): An initial fee that is charged immediately after investing.

PERFORMANCE FEE (profit sharing cost): This fee is deducted only in the case of an increase in the value of the baskets. The platform monitors the basket value continuously and the performance fee is applicable when the current basket value is higher than at any time before. The performance fee is counted from the difference between the previous highest value and the current value.

TRAILING FEE (operation, maintenance, and development fee). This fee is being continuously deducted to contribute to the costs of operation.

Change in the actual cost: actual costs may vary over a fixed interval. The basket manager has the right and the opportunity to adjust the costs of the baskets to align with the market situation and the composition of the basket.

The goal of Mosaic Alpha with the Fee structure is to create attractive conditions to basket managers providing high-quality services. The fees specified by the basket manager are divided between the Platform and the basket manager depending on the KDX holdings of the basket manager.

Below we see an example of the performance fee in action. In practice, these fees are separated on a constant basis, thus won't result in a jump in the exchange rates.

Example (Standard) Basket 25% Performance Fee				
Period	Portfolio value at starting period	Portfolio value Period end	Surplus from all-time high-value	Performance Fee (25%)
1.	100	120	120-100 → 20	20*0.25 = 5
2.	115	110	110-120 → 0	0
3.	115	125	125-120→ 5	5*0.25 = 1.25
4.	118	130	130-125→ 5	5 * 0.25 = 1,25

Affiliate system

Mosaic Alpha operates an affiliate system similar to other financial market participants.

The basis of the affiliate system and computing commission
- There are two levels of depth you can get a commission.
- You can get a commission from users that used your affiliate link and invested some amount as well.
- You can only get commission after staking the required amount of KDX
- The more your affiliates are, the more they invest, and the more you stake the higher your rank is and your commission is closer to the maximum reachable.

Levels

Mosaic Alpha determined 6 levels for the users. The higher the level the more advantages the user can get. There are 4 requirements that should be fulfilled in order to reach the next level. At every level, there are five types of advantages that motivate the user to reach the next level.

The levels are the following
- level 1: Quokka
- level 2: Fennec Fox
- level 3: Eagle
- level 4: Wolf
- level 5: Shark
- level 6: Whale

Requirements by level

Level	Number of affiliates	Amount of staked KDX	Sum of investments with affiliates ($)	Investor's investments ($)
Quokka	-	>0	-	0
Fennec Fox	3	3 000	-	>0
Eagle	5	5 000	-	>500
Wolf	5	20 000	10 000	>2 000
Shark	7	100 000	20 000	>5 000
Whale	10	500 000	100 000	>20 000

Advantages by level

Level	Max claimable commission	Max commission /month (%)	Eligible levels of commission	Staking %! (yield)	Buy fee discount from inviting to invited person (%)
Quokka	20	20	1	0	0
Fennec Fox	50	30	1	0	5%
Eagle	100	40	1	0,5	10%
Wolf	-	50	2	0,7	10%
Shark	-	70	2	1	20%
Whale	-	100	2	2	20%

Due to test results and market conditions these numbers may vary. These numbers are only to show the deployed disciplines.

Mosaic Alpha's mission

The mission of Mosaic Alpha is to provide decentralized technologies to all users with security and convenience. Our crypto fanatic team has decided to prove that the crypto world can be and will be as user-friendly as the common traditional financial world.

Our goal is to create an innovative solution that is similar to the online interfaces of the traditional banking world, so users do not need special knowledge to manage their crypto investment.

In other words, the most important goal of the Mosaic Alpha is to, despite the decentralized environment, make it operable in a user-friendly way thus far only seen with centralized service providers. An average user should be able to complete transactions confidently.

The most important service of the Mosaic Alpha is that it combines different crypto assets based on different thematics in the Mosaic Baskets for its users. The Baskets are managed by highly experienced Managers. This way, investors benefit from the knowledge of experts and needn't spend months or even years acquiring high-level knowledge to build their crypto portfolio.