



SUMMARY OF WHITE PAPER

For references and technical details see full version of white paper.

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1. Introduction

For most middle-class Americans personal financial planning is boring, overwhelming, and does not offer any immediate rewards. The solution isn't more planning, but automation. Sisu is creating an automated financial planning platform via channels that the average American banking client is already using. Our solution automatically and continually implements financial planning recommendations most appropriate for a specific individual client.

2. Today's typical financial planning process

This is how today's typical financial planning process works: an advisor gathers all relevant personal information from the client, some of which might be in non-digital format. The information is entered into a financial planning software, which then produces a financial plan with a variety of charts and projections, alongside a plethora of recommendations. The advisor meets with the clients (typically an active, working couple) and presents the findings. The clients feel reassured about having their financial situation analyzed in such detail. The advisor then sells the couple an in-house mutual fund and an expensive life insurance policy. At this point the actual implementation stops because the advisor has no monetary incentive to assist the client with the other financial plan suggestions. Hence, this lack of implementation is where the financial planning process fails the client and is a major reason why so few people reach their financial goals.

3. Shortcomings of the financial planning process

We have identified four major shortcomings:

- A. **Disorganized** and **uninformed** financial situations. Most people have their financial information spread out over various banks, insurance companies, 401(k) providers, etc. Tax returns, credit card statements, and loan accounts, can't be accessed in one central location.

- B. There is no automated financial planning and implementation solution available today. Although fintech firms, such as Wealthfront™ , Acorns™ , and Mint™ , do provide various solutions, as do some large banks, there is no single platform that seamlessly takes care of all aspects of financial planning and implementation in one place.
- C. Traditional financial planning is static. Each person's financial situation is unique and life situations are ever-changing. Financial and tax regulations as well as the financial markets are constantly in flux. Financial planning needs to be agile and take into consideration such changes.
- D. There is a conflict of interest between the incentives of the client to increase net worth and the incentives of the advisor to generate commissions.

These shortcomings lead to inefficient financial situations in where middle-class Americans leave money on the table and have retirement outlooks with a decreased standard of living.

4. Solution

The solution isn't more planning, but automation. Sisu is creating an automated financial planning and implementation platform. This platform addresses the four major shortcomings in the financial planning process mentioned in chapter 3 as follows:

- A. Organized: the client's financial affairs are organized in one central place. Personal and market's financial data is automatically aggregated and updated daily. Non-quantifiable data is collected over time in bite-sized pieces.
- B. User-friendly: the platform learns from the client's behavior, interacts based on the client's profile and needs, and is accessible via existing channels and tools that the client already utilizes.
- C. Dynamic: Life changes frequently (marriage, pay raise, house purchase, retirement, etc.). Such changes may impact what "low hanging fruit" should be picked first. Static financial planning is obsolete at the moment the plan is written. The platform takes changes in life situations into consideration and adjusts the financial plan and imple-

mentation if necessary.

- D. Trust: conflict of interest between the advisor and the client is eliminated by charging only for measurable value added. This means that the client pays Sisu only if their household net worth increases (subject to financial regulations). The byproduct of this is a transparent, and therefore more trusting, relationship between the client and Sisu.

We apply lean startup principles, which means that we are creating a minimum viable product (MVP) that can be used by the client right away. The MVP grows to the ultimate financial planning and implementation tool based on client's feedback and use. Most Americans log into their checking account at least once a week. The checking account is the landing page for the client and the portal for our platform where all of the client's financial data is aggregated. Examples of such financial data are: 401(k) accounts, investment accounts, tax returns, insurance policies, mortgage accounts, and credit cards.

The platform automatically implements the "lowest hanging fruit". These are actions that lead to immediate returns or tax and cost savings. Other suggestions are automatically implemented based on:

- Saving: Impact on expenses (eliminate unnecessary taxes, automatically pay down high interest debt, replace expensive insurance policies with cheaper ones, etc.).
- Growing: Long term impact on client's household net worth (increase return on assets, maximize retirement plan contributions, etc.)
- Protecting: Protect current and retirement assets (relevant insurance, open IRA account, dollar-cost averaging over lump sum investing, etc.)

The overall benefit of our automated solution is a faster long-term increase in net worth. In most financial planning situations, unless the client gives instructions, makes choices, and signs on the dotted line, little financial planning implementation happens. The main differentiation to similar service providers is that the client does not have to engage in the planning process and no pro-active decisions have to be made to derive an immediate benefit.

5. The role of blockchain in our solution

Blockchain technology has the potential to cause unprecedented changes in financial services and monetary systems. Sisu believes in disintermediation to create a secure, transparent, and efficient system. Middle men will become obsolete and trust will become instantaneous through transactions with smart contracts. As this technology becomes more user-friendly, applicable, and integrated, we are incorporating it in all aspects of our business, provided the blockchain solution is superior. Three immediate uses of blockchain technology at Sisu are:

1. Facilitating the initial coin offering (ICO)
2. Governing the distribution of ICO funds through smart contracts
3. Investing assets in cryptocurrencies and ICOs for our asset management clients

Four future uses of blockchain technology at Sisu are:

1. Insurance: Offer block insurance policies through companies like Etherisc™. Insurance is offered purely through blockchain. No humans are involved in handling the policy, nor the payout, in case of loss.
2. Trading: Trading of traditional securities, such as stocks, bonds, and options through blockchain enabled trading venues such as Lykke™ exchange will be used (already approved in Switzerland, pending US SEC approval).
3. Lending: Collateralizing assets or portions of assets is made seamless by having others put up collateral or portions of loans for varying periods of time and for varying tranches.
4. Hedge fund: As asset managers we are starting a crypto hedge fund in Q4, 2017.

Other examples of planned blockchain uses at Sisu are:

- Escrow services
- Loyalty and rewards
- Data management
- Identity management
- Execute transactions and agreements through smart contracts

6. Sisu's initial coin offering (ICO)

Sisu will launch an initial coin offering (ICO) to expedite the development of our automated financial planning and implementation platform. Sisu's ICO is the tokenization of Sisu Capital LLC. The Sisu token is a stake token (aka equity token) and represents ownership in Sisu Capital LLC. Sisu is offering 40% of the company, raising \$10 million. One Sisu token is issued at \$0.01, having a total token float of one billion Sisu tokens after the initial coin offering.

The token has a built in smart contract that allows token holders to vote on the distribution of proceeds and issues important to the token holders. After the initial coin offering, 10% of the proceeds will immediately be available to Sisu. The remaining 90% is locked up in a smart contract and will be made available to Sisu upon majority vote in favor of payout proposal. Token holders are thus involved in decision-making processes, ensuring proceeds are used in best interest of both the token holder, platform user, and Sisu.

Sign up for updates on Sisu's ICO via www.sisutoken.io
or send an email to marketing@sisucapital.io

About Sisu

Sisu Capital LLC is a small, rapidly growing, profitable asset manager in Mill Valley, California, with five full-time employees and three part-time employees on the asset management side and another rapidly growing team of about a dozen people that are working on our digital financial planning platform. Through our client interactions we have "real live experience" regarding the above-described financial planning issues that middle class Americans face. We believe we can provide solutions that are uncluttered from legacy and compliance issues that the established integrated financial service providers have to deal with on a daily basis.