

# BMAX Token Litepaper

*Introducing BMAX*

***BMAX Asset Management Token: Maximizing Yield Farming at Bittrue***

**Disclaimer:** This introductory document should not be seen as a roadmap, promise, or any kind of guarantee of product or timeline. This letter elaborates on the grand vision of the Bittrue team in developing a system to better accommodate the needs of our platform users. The utility and scope of the BMAX token will constantly evolve and improve as our team iterates on feedback with an ultimate goal of developing the best features to reach our goals.

## **Foreword**

The emergence of blockchain technology has brought to us a new wave of financial services, breaking the boundaries of the traditional financial systems. While mechanisms such as lending, trading derivatives, and fund management have long existed, decentralized finance (DeFi) has opened the doorway to a new means of investing. Through blockchain technology, we are introduced to staking and liquidity pools. Although both mechanisms create significant opportunities within the investing community, the potential for innovation does not end there. Various protocols were developed in an attempt to bring a faster, more secure, and efficient investment process. Despite continuous effort in the industry, many protocols are still lacking in these criteria, we believe that development in the DeFi space is still at an early stage, and that plenty can be done to further improve the currently available protocols.

At Bittrue, our team of professionals are determined to test the limits of decentralized finance, and have been working hard to provide Bittrue customers with better ways to invest their funds, so that higher yields can be achieved without compromising security or efficiency. This philosophy is the foundation of the BMAX token. The new Bittrue investment protocol is designed to simplify the process of investing while aiming for the highest possible returns that can be achieved, with BMAX tokens as the rewards. **BMAX will be the ideal reward token as it is deflationary in nature.**

Bittrue is not just an exchange, we aspire to create an ecosystem that provides the best trading experience with the highest returns in the market.

## **The DeFi Space and its Challenges**

Decentralized finance (DeFi) has been around for quite some time now. With the establishment of a new technology, a new method of monetization naturally comes along with it. In DeFi, investors can participate in various activities built on the blockchain in order to generate passive income. Some of the DeFi staples that crypto enthusiasts will be familiar with include staking, liquidity pools, and lending. As a continuation of the three protocols mentioned before, numerous supplementary protocols have been designed around them to create new opportunities in DeFi, however implementation is still far from perfect. While staking and liquidity pools are easily found on exchanges, and lending was popularized by platforms such as Aave and Compound, the potential in DeFi remains far from being fully untapped.

Some problems encountered by existing DeFi protocols include returns that are deemed too bland for the level of risk investors are willing to bear. Although returns derived from normal staking are considered good enough for people who are not yet accustomed to cryptocurrencies, there is not a sufficient number of protocols that facilitate high yielding investing for the crypto go-getters.

One way to earn money in DeFi is by staking. Staking originally required users to pledge a certain amount of their token to be locked for a designated duration, in order to participate in the network of nodes that PoS coins use to validate transactions on the blockchain. However, when tokens are locked away for staking, it is not possible to unbond the funds at any time, causing investors to suffer from opportunity costs should the market undergo changes. While synthetic assets introduced by platforms such as Lido and Yearn Finance can be a solution for this, these platforms are still too much of a hassle for the average crypto investor, as users will have to find a platform to reinvest the synthetic tokens. Not to mention, constantly moving the funds from one platform to another leaves the funds vulnerable to hacks. Moving funds across different blockchains layers also impose a risk of security breaches. Another issue that lies within the existing synthetic asset protocols is that the investment of the assets derived from liquidity providing is very limited to only the investment vehicles that are available on the platform, or partner platforms.

Aside from problems that arise due to staking, lockup periods in some yield farming/liquidity pools can cause the funds to be constrained, in some cases leading to impermanent losses, where the automated market maker's rebalancing protocol causes a divergence in the price of the token inside the pool to its real value. Impermanent losses are the biggest adversary of liquidity providing, therefore minimizing the risk of impermanent loss has been the top priority for most DeFi liquidity pools. Since the risk of impermanent loss itself is inevitable, investors will have to develop a way around it, such as by implementing portfolio hedging to ensure proper risk management.

To summarize the above points, at the present moment, there are several issues that makes investing in DeFi (including staking, liquidity providing, and lending) challenging:

- **Smart contract risks (theft, hacks)**
- **Impermanent losses in liquidity pools**
- **Confirming credibility of site and project team**
- **Inflexible lockup periods**
- **Returns that are not proportional to risks taken**
- **Time and transaction fees on fund transfers**

Although Bitrue has long accommodated its users with staking and yield farming, we find our current methods still too rigid, they do not allow for bigger returns, and there is still a risk of impermanent loss. After learning from the experience of other DeFi protocols as well as digesting feedback from our users, we are proud to present to you our brand new investment management protocol along with the BMAX token, native to Bitrue.

## **Enter BMAX - Bitrue's Asset Management Token**

Utilizing BMAX as rewards, Bitrue attempts to solve the problems previously encountered by existing staking mechanisms & DeFi protocols. First of all, staking and yield farming would not be limited to only several pools, but will be invested in a wide variety of pools, without forgoing the need for proper risk management beforehand.

Secondly, one of the many reasons why crypto has amassed a big following over the years is due to the nascent nature of the industry that allows for higher returns as compared to traditional finance. Speculation is what keeps cryptocurrencies attractive to the mainstream market. This new generation of investors seek the highest return possible, and are willing to take the risk for it. However, as tokens go through a growth phase and volatility subsides, so do the returns. While appetite for high yields remains strong, very few protocols have managed to keep up with the demand. This is where innovation comes in. Inspired by Lido and Osmosis' double reward generating protocol, Bitrue aims to generate higher yield for its users through the reinvestment of the deposited assets.

Although many investors sought to earn high gains in the crypto space, fear of impermanent loss is common, and many investors, even those who are no longer new to the space, are still concerned about the security of DeFi protocols. The Bitrue team noticed this early on, and thus advocated for the creation of a new system to counter these issues, with the goal of giving investors peace of mind. Bitrue's asset management protocol would significantly reduce the risk of impermanent losses, as tokens do not have to be only pledged to pools. With the reinvestment protocol, Bitrue customers will have the opportunity to maximize their returns while only having their funds invested on Bitrue's platform, hence the simplicity. This also eliminates the tedious process of moving funds from one platform to another, and is less prone to attack by hackers.

To take this to a higher level, the investments will be automated, so in essence, Bitrue's BMAX token is a utility token for Bitrue's very own investment management protocol. This makes investing much simpler for those who are new to the space or do not have the time to manually arrange these investments.

To sum up, Bitrue's Asset Management hub will provide solutions for

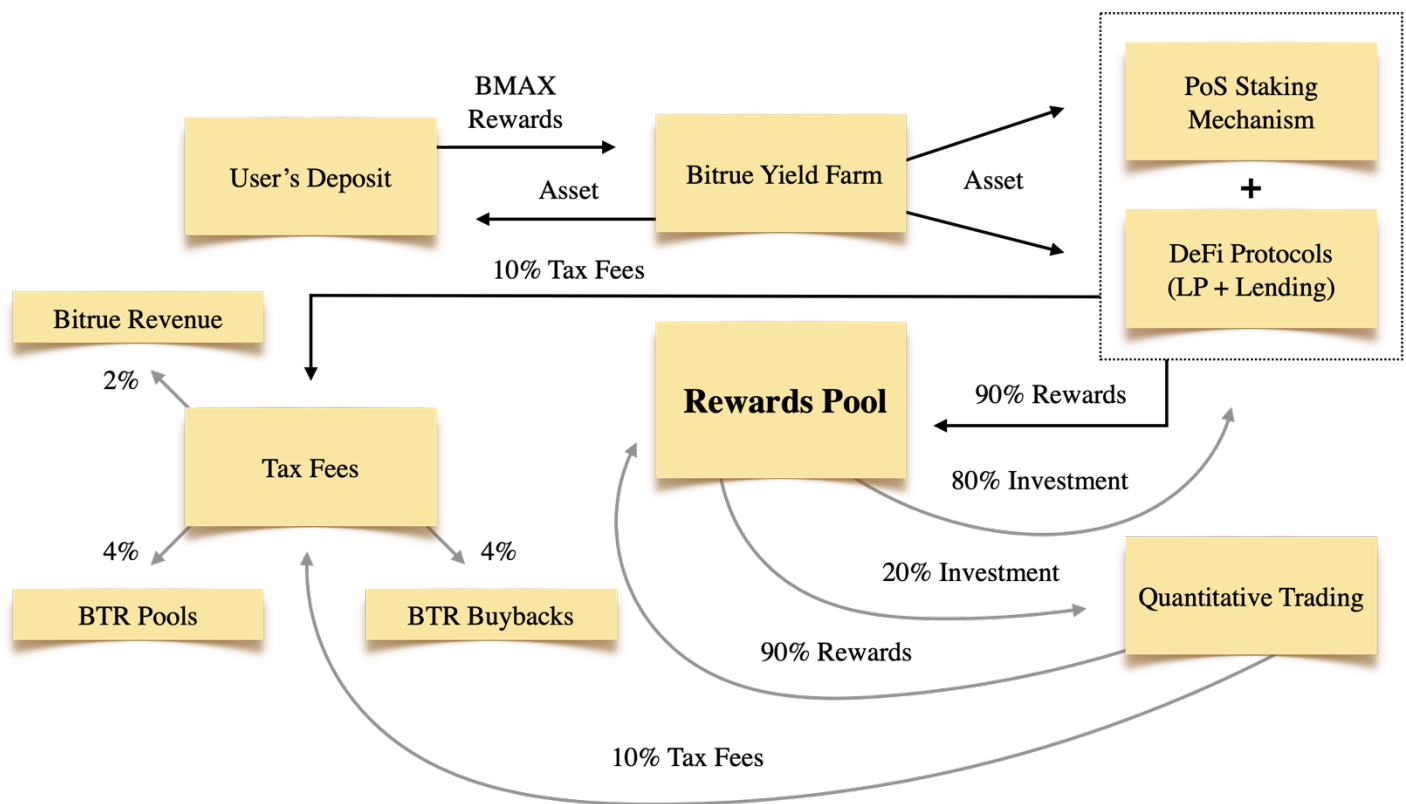
- **Smart contract risk:** by reducing the number of times an asset is moved from one platform to another
- **Impermanent loss:** by hedging the funds into several different investments to cover for the possible loss caused by liquidity providing
- **Project credibility:** having a user base of 6 million users, Bitrue is a highly trustworthy player in the industry
- **Inflexible locking periods:** at our asset management hub, deposits can be unstaked anytime with a maximum pending time of one day
- **Lower returns:** returns are maximized compared to only investing in one protocol
- **Time and transaction fees:** significantly reduced due to automation

## **Business Model**

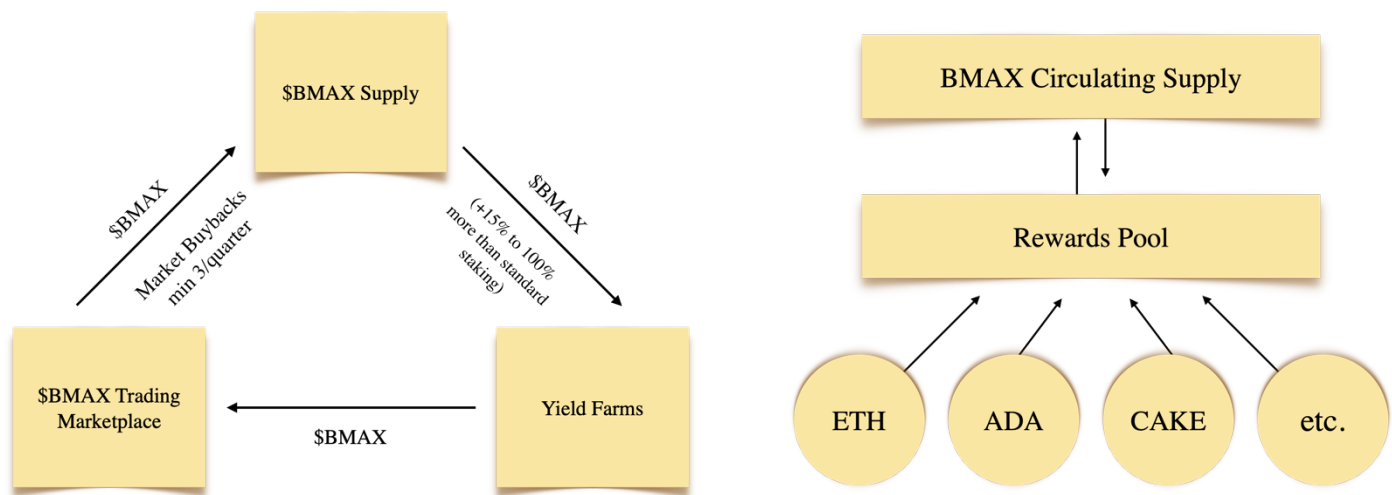
The concept for BMAX aims to fulfill the need for a more flexible staking and liquidity service, while prioritizing convenience and accessibility to all. When users deposit into our yield farming pools, the tokens will be managed by the Bitrue team in order to optimize yield. The key difference that makes this project stand out from the rest is that these tokens will be available to invest into various investment vehicles, rather than just one other pool simultaneously. Bitrue's investment management will involve three types of investment vehicles, including staking, liquidity pools, and quantitative trading, all of these features accessible under one roof and can be done with just one click. In the future, other investment methods might be added into the system.

The initial investing process will require users to deposit a certain amount of any tokens to any of the yield farming pools. After depositing, the underlying asset will be both staked and farmed at the same time. Doing these two activities at the same time will generate double the returns, users will receive the rewards which are automatically invested back to the staking and yield farming protocols, and be distributed for trading. The whole process after the initial deposit will be automated to simplify the re-investment procedure, so that it will be beginner friendly and easy to use for the general public.

To give a clearer perspective, 90% of the tokens derived from the both staking and DeFi protocols will go into the rewards pool to where it will be further allocated in an 80/20 ratio to passive investing (liquidity providing, staking, and lending) and quantitative trading. The remaining 10% will be divided into 4% as rewards for BTR (Bitrue exchange's other utility token) yield farming pools, 4% for BTR buybacks, and 2% will be collected by Bitrue as a transaction fee. The final reward will be denominated in BMAX tokens, proportional to the real value of the investment rewards, with an added value of 15%-100%.



**Figure 1: BMAX Asset Management System**



**Figure 2: BMAX Underlying Asset Mechanism**

The above graph depicts why BMAX is on another level when compared to other yield aggregator tokens, as it is always going to be backed by an underlying asset.

## **Bitrue Investment Management Allocation Channels**

Bitrue's automated investment protocol will reinvest the user's deposits into three types of investment vehicles, which includes staking of Proof of Stake tokens, investment to DeFi protocols including liquidity pools and lending, and lastly quantitative trading. Rewards earned will be in the form of BMAX tokens. The rewards earned will be much higher than what has generally been available on the platform previously, with a goal of setting the average APY to 15-100% above the existing vehicles.

To be involved in Bitrue's investment management program, Bitrue users are required to provide liquidity through the yield farming feature, from there funds are distributed to three investment vehicles so that users will get to enjoy much bigger returns as opposed to only doing one investment activity at a time.

- **Staking**

The first form of investment of which users' funds will be directed to is Proof of Stake token staking. With the existing amount of layer-1 blockchain protocols, the users' funds can be lent out as a validator in exchange for a stable passive income. Some examples of supported blockchains include Ethereum (ETH) and Cardano (ADA), two blockchains that Bitrue has supported significantly in its history. Staking on these blockchains usually allows for up to 25% APY. As these coins have been around for quite some time their legitimacy is established, and their price is less volatile compared to newer crypto tokens.

- **Other DeFi Protocols**

The second channel for depositor's funds will be DeFi protocols that comprise liquidity pools as well as lending protocols. DeFi protocols usually provide higher returns when compared to staking. At Bitrue, we refer to the liquidity pools as yield farms. Yield farms play an essential role in Bitrue's investment mechanism, apart from the initial yield farm at the outset, deposits will also be allocated to various liquidity pools at our yield farming hub. Yield farms usually come with APYs above 50%, and can sometimes be close to 100%. As yield farms naturally come with a risk of impermanent loss, the other investment vehicles will act as a hedge in the event of losses occurring due to price fluctuations in the farms. Lending in DeFi protocols such as Aave and Compound also allow for 5-20% APY, this is also another source of income that the Bitrue investment management system will take advantage of.

- **Quantitative Trading**

In addition to the deposits being able to be used for staking and liquidity providing, assets deposited can be used to trade on the platform. The token will be available for both spot and eventually futures trading, with various trading pairs. Trading on Bitrue is simple and efficient. It should be noted that trading will incur a 10% transaction fee, whereas 90% of the returns from trading will be redistributed to the rewards pool.

To make sure our protocol is adaptable to unexpected situations, unlocking of deposited assets can be done almost immediately, with a maximum pending time of one day. However, canceling an investment before its maturity date will prohibit users from claiming the rewards.

In addition to the channels mentioned above, Bittrue may experiment with new ideas to expand the ecosystem, including the idea of having funds allocated to the NFT market, considering the huge market cap.

## **Tokenomics**

What makes BMAX a much better asset to hold as compared to existing yield aggregator tokens, is that as we promised: **BMAX is deflationary.**

The mechanism of BMAX is designed to keep the value going up, so that it will be a valuable reward token for our community members to hold in the long term.

BMAX will have a total fixed supply of 5 billion tokens, with 0 supply to the team or early investors. Unlike most reward tokens, BMAX is backed by an underlying asset pool consisting of the tokens that the investors originally deposited. BMAX tokens are not created out of thin air. BMAX is used as rewards to replace the rewards denominated in the underlying token, as this way, we will be able to provide a 15%-100% increase in yield.

Apart from the fixed supply, regular market buybacks of BMAX tokens will be executed periodically at a minimum of three times per quarter. The tokens derived from buybacks will be treated as locked tokens, further reducing the circulating supply. This adds even more deflationary pressure to BMAX.

The specific dates and details of the market buybacks would not be disclosed, as to prevent market speculation. The team at Bittrue is working hard to produce a truly high yielding, deflationary asset management token, free from manipulations, with the ability to reflect its intrinsic value.

The initial circulation will be derived from an airdrop of **5 million BMAX** that will be held for existing holders of the BTR token. Further tokens will be distributed via yield farming pools.

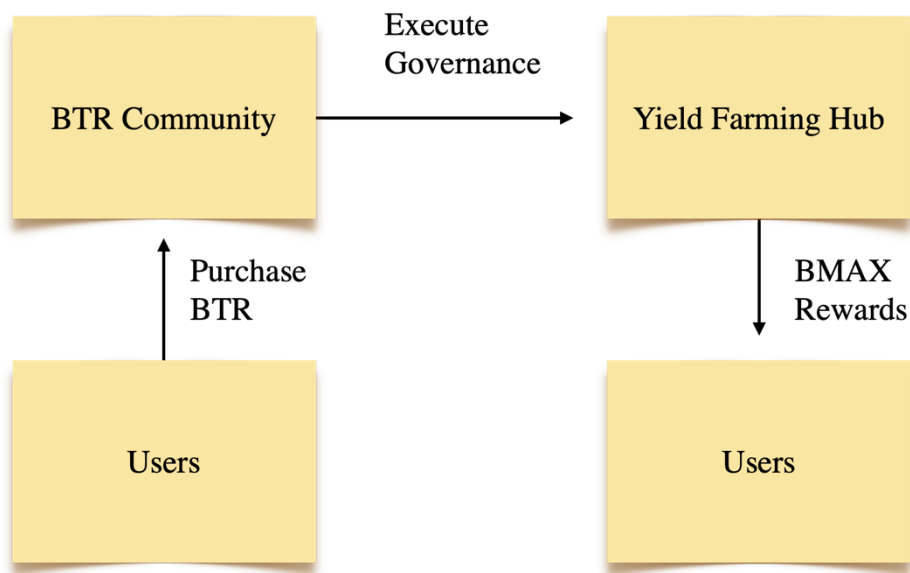
Airdrop	%	Token Distribution
1	10%	500,000
2	25%	1,250,000
3	25%	1,250,000
4	40%	2,000,000

**Figure 3: Airdrop Token Distribution**

BMAX tokens are only receivable via the yield farming pools on the asset management system, and not from other investment vehicles.

Users can choose to hold the BMAX token for as long as they want to earn, as taking the deflationary pressures into consideration, the tokens might be worth a lot more in the future. Bittrue also plans on enabling BMAX-BMAX yield farms, and listing BMAX trading pairs in the future. This way other than only having the funds reinvested as a part of the automated investment management, users will also have the choice to hold, stake, or trade their BMAX tokens manually. This adds yet another reason to hold BMAX.

The Bittrue team will not have a share of the total BMAX token supply, all of the BMAX tokens will eventually be distributed to the public, accompanied with regular market buybacks to control circulation. This decision is aligned with the core value of the Bittrue team to prioritize customer satisfaction at all times.



**Figure 4: BTR-BMAX Relationship**

As the diagram above shows, BTR holders will have governance over the BMAX yield farming hub, in which BTR holders can vote on which pools to open, modify the interest rate for the pools, and decide on the amount of funds allocated to buybacks. While BTR is a governance token, BMAX is a rewards token, we designed both of them to complement one another, so that both will have their own utility, while at the same time keeping circulating supply in check to ensure each of them are deflationary in nature.



A little important detail that we know our customers would love: on our platform, there will be a live dashboard displaying the total numbers of tokens both locked and in circulation as of the moment.

Lastly, the BMAX asset management hub will actually remove the number of BTR tokens in circulation, as it is no longer used as reward tokens. We hope that in the future BTR will fully be a utility token that constantly increases in value, with it being used as the currency of the platform, whereas BMAX has its utility focused on the asset management hub. Not to mention, 4% of the tax fees collected from the asset management hub will be dedicated to BTR buybacks, with the goal of keeping the total circulating supply in check.

## **Risks**

As with every high return investment, both in the DeFi and traditional finance world, it is no secret there is also a consequential increase in risk. One popular way that experienced traders use to mitigate these risks is by maintaining a well-diversified hedged portfolio. To keep hedging in check most traders require a significant amount of time to constantly readjust their trading strategies, as for people who are relatively new to investing, this can be a rather time-consuming task. This is where Bitrue investment management comes into play, as our developers are designing an algorithm to ensure subsequent rebalancing of the depositors' portfolio, as to reduce the downside while still aiming for the highest returns possible.

As for impermanent losses usually associated with liquidity pools, Bitrue's auto-reinvestments will naturally cover the opportunity cost that most investors are worried about, so risk of impermanent loss is minimized.

The Bitrue team values integrity highly, therefore we would like to fully disclose the risk associated with the BMAX auto-investment protocol, which is that due to fluctuations in price of cryptocurrencies, there is still a possibility of loss, especially on the trading platform. What we can do is to limit the chances of losses happening through the structuring of our system, maintaining a perfectly hedged portfolio.

## **FAQ**

- **What makes BMAX different from BTR?**

BTR is Bitrue's utility token, used for various purposes on the platform. BMAX is a rewards token specifically for Bitrue's asset management/yield farming hub. The tokens serve different purposes, as BTR functions as a membership token to grant access to various features within the platform, whereas BMAX are used to incentivize activities specifically on the yield farming hub.

BTR utilities will not be impacted in any way, BTR will remain as the core utility token for the features on the exchange. This new project will also benefit BTR holders as it can be more deflationary in the future as a result of it being substituted as a reward token for the yield farms. Also, the project will add an additional use-case for BTR

through the creation of a BTR-BMAX yield farming pool. Lastly, BTR holders can also benefit from BMAX's initial airdrops.

- **Why would people want to hold BMAX?**

BMAX is deflationary in nature, so as the yield farming hub expands, funds from the rewards pool will support buybacks of the token that allows it to reflect the market value.

- **Can I invest both my BTR and BMAX in the investment management system simultaneously?**

Investors already holding BTR are allowed to participate in this new yield farming hub with their BTR, however rewards will still be in BMAX tokens, and staking will be available for it.

- **What blockchain will BMAX use?**

BMAX will be built on Ethereum. The reason for choosing Ethereum is our belief in network effect (Metcalfe's Law), as the best indicator of a good blockchain. Given the number of dApps on Ethereum's chain, it is very unlikely that it will be replaced by other blockchains in the short term. Furthermore, the launch of Ethereum's Beacon chain will introduce Proof-of-Stake to their mainnet, dissipating the problem of high gas fees.

- **Will YF in its current form remain and run alongside this new investment management system? Or will the new three vehicle investment system be used for all future YF?**

The current yield farming pools will still be running along this new yield farming hub, however slight changes have been made to accommodate the new BMAX features. Firstly, the existing BTR pools run by Bittrue including but not limited to ETH and ADA pools, will be paired with BMAX instead (as a reward token). Secondly, new pools for projects who wish to enter a long term collaboration with Bittrue will not be removed, this way projects can still attract investors by providing incentive rewards, so that users can still allocate the project's token in the yield farms. The farms consist of two types: project token-project token and BTR- project token. In fact the Bittrue yield farming hub also acts as a "staking as a service" for those startups/new projects. Lastly, new BTR-BMAX and BMAX-BMAX pools will be enabled.

## **Closing Remarks**

At Bitrue, we hope to give our customers the best service, considering the amount of interest in the DeFi space, especially on staking and other high yield procedures, the team behind Bitrue is committed to making this project successful. Other than the ambitious idea that we are going to move forward with, the Bitrue team will focus on providing a smooth operating interface, and a secure and reliable automated investing protocol. We would like to thank the community for supporting Bitrue and we hope to continue improving and contributing to this industry.

**Regards**

**The Bitrue Team**