

Risk Assessment Analysis

Military.Finance \$MIL ERC20

An investment analysis of Military.Finance's \$MIL ERC20 Ethereum Token as a moderate risk digital asset in the bearish financial climate of Q2 and possibly Q3. This analysis will discuss the factors concerning the nature and future of Ethereum(\$ETH) and the Ethereum Network's \$MIL ERC20 token, it will discuss Military.Finance's successful vested Private Sale and its implications, and it will address the antiquated spheres with which Military.Finance challenges. The analysis of these factors should contribute to both retail and institutional investor confidence as very valuable investment positions will be taken during the challenging market climate at the end of Q2, and Q3 in anticipation of the next bull run.

Ethereum

The Cost of Doing Business and the Rising Tide of Market Dominance

An amateur perception of the fees associated with trading and interacting with Ethereum's native currency, tokens, NFTs, and otherwise is that the fees are too high and create a financial barrier of entry into its ecosystem, and that this represents an inability of the Ethereum network to scale in proportion to increased demand. An examination of Ethereum's market dominance, its prevalence in both centralized and decentralized sectors, convincingly argues otherwise- with Ethereum seeing a market dominance of anywhere from 19-31% depending on market conditions, and being consistently second to only Bitcoin. Additionally, total market capitalization even in the downturn of Q2 boasts an impressive \$250 billion dollars with an average daily volume of \$10 billion in Ethereum alone, again second only to Bitcoin.

The emergence of additional Layer 1 Smart Contract Chains were birthed to be in direct competition to Ethereum's Network, taking advantage of the encumbered shoulders of cryptocurrencies' largest layer 1 giant. Individually they have posed very little threat to Ethereum's dominance, and with their combined force, market cap, and metrics are maybe 1/3rd of Ethereum's total market capitalization. However, Ethereum's Development Team is nearing a major shift in its consensus algorithm where it will be moving from Proof of Work to Proof of Stake. Any challenge leveled against Ethereum by a layer one competitor centers around this consensus mechanism which resulted in Ethereum's higher transaction fees, scalability concerns- and a its 'non environmentally friendly' perception that while a popular sentiment- has not been cogently substantiated in any meaningful way. Nevertheless, Ethereum's developers know that in order to retain and expand its market dominance- it must move to this new consensus protocol to drive fees down, and future proof itself for the mass adoption it will see in the coming years. Coincidentally, this shift will see an even more

deflationary Ethereum as mining will come to an end, and demand will increase exponentially as the Web3 is built.

Therefore, it can be reasonably assumed that while some investors are deterred by the transaction fees, a large quantity of investors merely see this as a cost of doing business and this may well reflect the attitudes of investing as they tread the line between traditionally retail and institutional perceptions of risk in the digital assets being acquired, that is- that higher transaction fees are justified when doing risk analysis. This is because positions taken on Ethereum and ERC20 tokens are typically medium to long term investments, the Ethereum pairing to the token acquired minimizes risk of an uncorrelated market drop, and the transaction fees serve as a convenient yet inadvertent deterrent to high frequency automated trading that plagues networks with lower or negligible transaction fees. Notwithstanding, the network with the most successful assets whether NFTs, tokens, or otherwise that have seen the most prominent adoption on centralized exchanges and platforms is Ethereum.

Additionally, Ethereum's slow and calculated internal movement to Proof of Stake is signaling a new age of deflationary metrics which when coupled with the already outstanding demand of Ethereum, its providing of necessary conditions to facilitate mass adoption, and its compliance with environmentally friendly sentiment- we are poised to potentially see a very healthy and parabolic growth in Ethereum's value in the long term- which will reverberate across all its paired tokens. A rising tide lifts all ships, and the very same virtue that sees Ethereum's market capitalization giving baseline stability and protection to one of its tokens, will be the same virtue that sees that tokens value increase in proportion with Ethereum's own success and mass adoption. This provides a very bullish sentiment in risk calculation across Ethereum Tokens as investing in quality projects during the markets downturn will potentially see that tokens growth in accordance with the success of its project on an individual basis, but will also see it benefit from the increased value and growth of Ethereum and its network at large.

Disadvantages

- Ethereum's transaction fees in the short term may serve as a barrier of entry for some retail investors.
- Ethereum's First Mover status has necessitated its shift to proof of stake consensus in retaining its market dominance, and that shift has not been fully implemented yet.

Advantages

- Ethereum and its ERC20 Tokens are more in line with traditionally institutional perceptions of risk management in medium to long term digital asset investing.
- Ethereum's shift to Proof of Stake consensus will potentially see a long term parabolic growth in Ethereum's value which will be reflected in the ERC20 digital tokens built and paired to it through the Ethereum Network.

- Ethereum's trade pairing to its ERC20 tokens reduces risk of uncorrelated market conditions pushing the assets value down outside of the project's token's own successes or shortcomings, while also forecasting the tokens's growth in value in proportion with the native Ethereum's growth and adoption.
- Ethereum's transaction fees in the short term serve as an inadvertent deterrent against high frequency automated trading and artificial chart movement.
- Ethereum's ERC20 Tokens have the highest adoption on centralized exchanges and platforms which reflects the overall sector's confidence in the legitimacy and longevity of these particular digital tokens and assets.

The Vested Private Sale as an Indication of Investor Confidence and the Basis of a Public Offering Price Floor

Military.Finance's successful private sale of its Ethereum Token saw one of the most stringent and restrictive vesting schedules of any comparable Ethereum Token. This was done to reward the foresight of early investors in taking an initial and relatively long position in the project by providing them with a fixed and favorable entry point relative to the trading price once it's available to the public, but it also served to build a very stable price floor upon its public offering.

The vesting schedule will see no tokens released to investors until 8 weeks after launch where they will receive 5% of their total investment unlocked, and then the remainder will be unlocked on a weekly schedule over the next two and a half years. In the context of traditional finance, a three year vesting schedule may not appear out of the ordinary or significant, however in the context of cryptocurrency and ERC20 projects, it is quite remarkable. This successful private sale reflects investor confidence in the long term aspects and applications of Military.Finance as made evident by their willingness to accept the vesting schedule. As this applies to the public offering of the Military.Finance Ethereum Token, it will see a very unique condition where it will launch with a modest market capitalization that will have a cemented price floor for at least 8 weeks, which means that MIL's market cap or trading price will not be able to fall beneath that price floor for that duration, and will have continued floor support for the remaining duration of the vesting period.

Advantages

- Demonstrable investor confidence in Military.Finance's long term potential and application
- A concrete market capitalization and trading price floor up to 8 weeks after public release, and support for a stable floor afterwards as vested funds are slowly released.
- First Mover status as Military.Finance is the founding project utilizing the incentivized philanthropy model in cryptocurrency to begin bridging the gap between traditional NPO & Foundation models and blockchain enhanced charitable investing in this particular sphere.

Correlation to Existing Spheres and their Potential Value

In the US, charitable giving to 501c3 and adjacent Non Profit Organizations and Foundations has grown from approximately \$400 billion in 2017 to \$471 billion in 2020 as classified under general philanthropy. as reported by the National Philanthropic Trust Organization. As charitable giving has increased there has also come a higher demand for accountability from these organizations who lack fundamental transparency in the disclosure of fund allocation and internal spending. The process of auditing and reporting on these institutions is enduring and difficult, and popular sentiment- especially in the active service, veterans, and first responder spheres is that many of these initiatives are not only extremely inefficient, but also ineffective.

These organizations' prevalence and enduring status is mostly a result of exhausting spending on advertising, fundraising, and grant writing which also acts in a gatekeeping capacity as it suppresses other adjacent charitable organizations who simply cannot allocate those funds to compete and remain solvent. The early nature of blockchain and cryptocurrency has made an educational barrier of entry for the majority of people that interact with these organizations, but as the mass adoption of blockchain and cryptocurrency accelerates- this barrier of entry will diminish rapidly, and people adopting the Web3 will innately seek out communities that align with their interests.

It is reasonable when accessing blockchain's transparency via an immutable ledger, and the ability to incentivize philanthropic giving through the issuance of tokens that can appreciate in value- that blockchain and cryptocurrency represents the evolution of these institutions as we approach the first iterations of the Web3. Not only will Military.Finance offer transparency through the crowd sourced funds it raises in its ecosystem, it will offer community governance through the staking of its MIL Ethereum Utility Token, and in effect- fundamentally challenge the structure and composition of the antiquated and bloated entities that currently dominate the sphere. Additionally, Military.Finance has already established itself, over a year ago, as the first mover in this niche with the creation and issuance of its \$MIL BEP20 Binance Smart Chain token that now remains just one aspect of its robust ecosystem. Military.Finance's core team, and advisors represent an unchallenged presence in this particular sphere and will ultimately serve as the standard for future projects with similar ambitions.

Disadvantages

- Removing the barrier of entry for the millions of people that share the same values and interest of the Military.Finance community so that they can participate and grow the project. Removing this barrier is relative to the mass adoption and public trust in blockchain, cryptocurrency, and Web3 entities.

Advantages

- Military.Finance already has a robust and supportive community of both crypto experts and crypto amateurs, and is now ready for tremendous growth, and is also building the tools necessary to facilitate exponential community growth and governance in the future.
- Military.Finance utilizes tip of the spear blockchain technology that inherently addresses and solves fundamental flaws of transparency, accountability, over-head, and community governance that endures in the off chain sectors occupied by antiquated NPO's and Foundations.
- Military.Finance's Token incentivizes philanthropy while offering utility and governance to community members and participants.
- Military.Finance is building its foundation as the first active service, veteran, and first responder oriented project of its type- and through the release of its Ethereum Token is building the bones of the first Decentralized Autonomous Organization(DAO) that will eventually guide the operations of the project as a whole- giving autonomy and decision making over to the community that powers it.

In summation, when exploring various long term investment strategies and applying them to digital assets- particularly cryptocurrencies, an investor should consider both the climate of the market and the project they're investing in with an emphasis on long term goals. The downturn of Q2 represents a good timing for long positions to be taken in lower risk projects that have already seen mass adoption relative to their space, but the potential ROI will inevitably meet a meaningful roof relevant to total market capitalization of cryptocurrency at large, that is- lower risk cryptocurrencies- say in the top 20 by market capitalization require multiple billions of dollars in investment for substantial growth. Moderate risk digital tokens like Military.Finance are in a very opportune position to offer substantial ROI in the long term as it has tremendous opportunity to expand to multiple exchanges, chains, and decentralized applications. The unlocking of availability in the expansion of CEX/DEX listings has been measured to offer bursts of exponential growth as witnessed recently with the meteoric rise of DOGE and Shiba Inu- that while being projects of very little repute and utility, exploded exponentially just on the basis of availability. In taking all these various factors into account, Military.Finances ERC20 Token represents a solid moderate risk long term investment position for any retail or institutional investment portfolio that diversifies across risk and project types. Please note that this is not a financial recommendation, and all purchases of cryptocurrency contain some inherent risk, but this new model of charitable investing is very intriguing and it will be interesting to see its impact on charities as well as the future of crypto as the project expands and cryptocurrency sees adoption at large.