



Stonebridge Arbitrage Fund

Stonebridge Arbitrage Fund (SMAF) is a [mutual fund](#)¹ that takes advantage of [arbitrage](#)² in Eve Online to grow assets for Eve corps or players (Investors). Investors invest ISK in return for fund shares whose value is tracked based on the price of assets owned by the fund.

Issuing Corporation	Stonebridge Capital Holdings
Issuing Corporation CEO	Claire Ishibashi
Fund Manager	Claire Ishibashi
Fees	3% monthly, 1% of sale (See Shareholder Fees)
Strategy	Growth. Arbitrage between commodity buy and sell markets. See Management & Investment Strategy
Risks	<ul style="list-style-type: none">• Fund shares non-collateralized• Market volatility• Scalability• Illness or Death of management See Risks & Mitigation
Liquidity	The fund aims to maintain above 25% liquidity in order to meet near-term shareholder redemptions. See Management & Investment Strategy
Performance	12.51% average monthly growth (Q4 2021) The fund publishes quarterly financial reports. The fund aims for at least 10% returns per month. See Fund Performance .
Update Log	October 27, 2021 - Updated the Fees section to clarify how prorated monthly fees are

¹ "Mutual Fund Definition - Investopedia." 24 Feb. 2020, <https://www.investopedia.com/terms/m/mutualfund.asp>. Accessed 25 Apr. 2020.

² "Arbitrage - Wikipedia." <https://en.wikipedia.org/wiki/Arbitrage>. Accessed 25 Apr. 2020.

	<p>applied. November 15, 2021 - Added Code of Conduct information. Jan 2, 2022 - Added FAQ Jan 22, 2022 - Added link to fund dashboard. Added clarifications to fees. Added section on fund performance. Apr 23, 2022 - Updated performance, and FAQ</p>
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Why Stonebridge Mutual Funds?

Many investments in Eve provide low fixed interest rates which are essentially loans to the investment corp. While these provide lower-risk investments to customers because of their guaranteed returns, their low rates provide returns far below their potential. Investment companies typically make much larger returns but those returns are retained by the investment corp and not returned to you.

For example, a typical Eve investment account may have an interest rate of 2%. If the investment corp makes 10% returns on your money, they keep the 8% difference. You never see **80%** of the returns.

Investments in Stonebridge Mutual Funds are true investments with a non-fixed interest rate. Instead of low, fixed interest rates, where investment companies reap the returns, your investment grows with the market. Stonebridge funds simply charge a fixed rate fee per month.

Management & Investment Strategy

SAMF is an actively managed, [open-end fund](#)³. The fund buys in-game commodities which are housed in local trade hubs. The fund aims to exploit market volatility where buy prices for commodities are low and sell prices are high. The fund will aim to have high liquidity by putting acquired commodities up for sale quickly.

The fund will diversify in multiple commodities in order to lower risk and make higher returns. The fund does not focus on any specific commodity types.

Share price for the previous day is determined by [net asset value](#)⁴ and is calculated once each day after server downtime at 12:30 Eve Time. The share price is equal to the sum prices of all commodities owned by the fund divided by the total number of shares. Commodity prices are

³ "Open-end fund - Wikipedia." https://en.wikipedia.org/wiki/Open-end_fund. Accessed 25 Apr. 2020.

⁴ "Net asset value - Wikipedia." https://en.wikipedia.org/wiki/Net_asset_value. Accessed 25 Apr. 2020.

defined as the commodity's 5 day historical moving average in the region where the asset is located.

Accountability

A **fund dashboard**⁵ is provided which shows current share price, share price performance over time, and a general breakdown of fund holdings. **Monthly valuations** for the previous month will be sent via Eve mail to shareholders at the beginning of each month.

Shareholder Fees

A 1% **sales fee** is also applied to all sales of shares. The sale fee is calculated as 1% of the value in ISK of the shares sold (rounded up to the nearest share)

A 3% **management fee** is taken from share owners on the 1st of each month. The management fee calculated as **3%** of currently owned shares (rounded up to the nearest share). If the performance of the fund for a given month does not exceed **3%**, the fees for that month are waived.

A prorated management fee is also applied when shares are sold. This means that a portion of the 3% monthly fee will be applied based on the day of the month. For example, if shares are sold on the 15th of the month then a monthly fee of $3\% * 15/30 = 1.5\%$ fee will be applied to the sold amount on top of the 1% sales fee (for a month with 30 days).

Share Purchase & Sale

Shares can be bought and sold through **Stonebridge Capital Holdings**. Shares are sold in whole numbers. Fractional shares are not sold.

Share Purchases can be made to the account at any time. Share purchases can be made by creating a private item exchange contract to **Stonebridge Capital Holdings** for the ISK amount you wish to purchase. The number of shares equal to that amount will be sold to you.

Share Sales can be requested by sending an EVE mail to the fund manager. The shares will be sold at the current share price as of when the mail was sent.

⁵ SMAF Fund Dashboard: <https://stonebridge.app/a/p/fund/SMAF>

Risks & Mitigation

Share purchases are **non-collateralized**. This means that collateral is not provided to investors. In order to mitigate that the fund aims to provide as much transparency as possible in order to gain investor trust (See [Accountability](#)).

Fund asset prices are determined by average prices and therefore could be subject to **market volatility**. A 5 day historical moving average is chosen to minimize the effect of market volatility, but investors should be prepared to accept a certain amount of risk and price volatility. Stonebridge will advise clients if it observes sustained volatility or price manipulation.

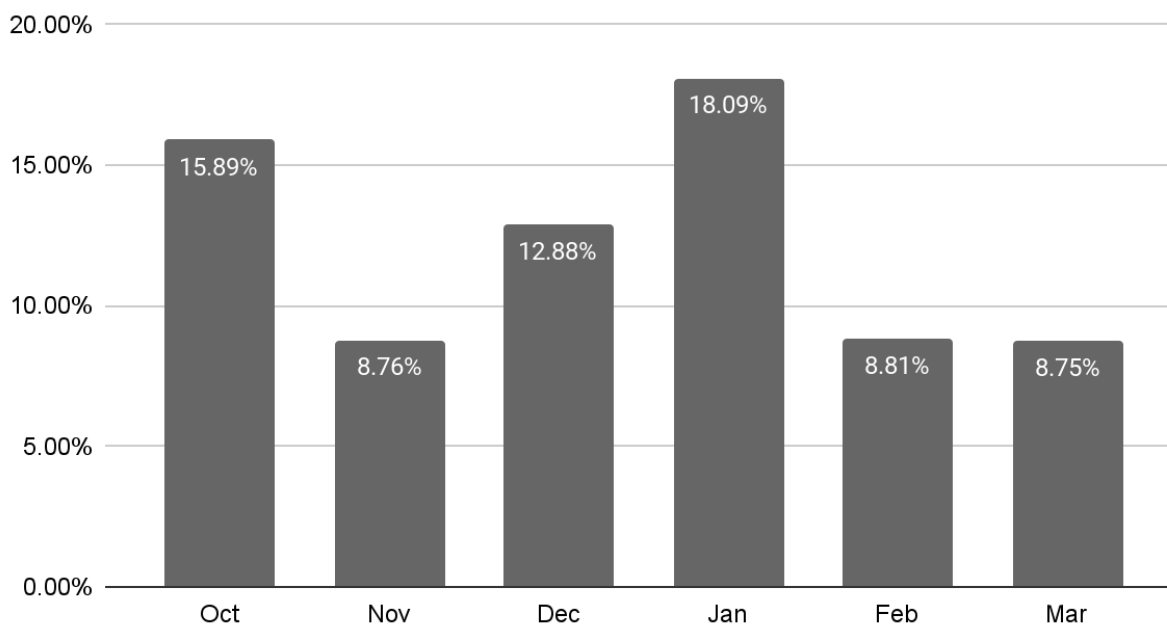
The fund expects relatively low risk returns. However, there is a risk that returns will be **unpredictable** and **may not scale** with the size of the fund.

Fund management may not be able to continue due to **changes in life priorities** which may include illness or sudden death. Eve Online is a game, and other priorities may get in the way. There is currently no concrete mitigation in place. However, in the event that management cannot continue operating the fund, steps will be taken to diversify management or close out the fund. In the worst case of sudden death all funds may be lost, and, while unlikely, investors should prepare for this possibility. However, as the fund grows, the fund will look to diversify fund management so that others can take over.

Fund Performance

The following bar chart shows the monthly fund performance of the fund and is intended to help investors understand the risks and potential benefits of investing in the fund. In percentage terms, the bar chart indicates how much an investment made at the start of the month would have grown by the end of the month before any fees are applied.

Monthly Performance



The fund aims for 10% growth per month but makes no guarantees on monthly growth.

Quarterly financial reports are published on the fund website⁶ and include more details on growth and make up of the fund.

Code of Conduct

Investors are expected to adhere to a Code of Conduct⁷ when interacting with other investors in forums (such as Discord) provided by Stonebridge Capital Holdings or otherwise. Violations may, in extreme cases, may result in the confiscation of invested funds.

FAQ

Are dividends paid to investors?

SMAF does not pay dividends to investors. Increases to the invested amount comes in the form of share prices increases.

⁶ SMAF website: <https://stonebridge.holdings/services/smaf/>

⁷ Stonebridge Capital Holdings Code of Conduct: http://stonebridge.holdings/code_of_conduct/

Is there a minimum deposit amount?

The minimum deposit amount is the price of one share. However, in order to achieve reasonable returns a deposit over 100 million ISK is recommended.

Is there a maximum deposit amount?

In order to grow the fund at a healthy speed, the fund aims to keep the investments of individual investors from exceeding 10% of the total fund size. This generally means that investments of 5 billion ISK or more will be considered on a case by case basis.

Does interest compound?

Yes. Interest earned via changes in share price [compounds](#) over time.

Are there limits on when or how much I can withdraw?

No. You can sell the entire balance of your shares at any time. Withdrawal requests will generally be handled within 24-48 hours.

How much interest do I earn?

Interest is not fixed and is based on share price growth. The fund aims to grow the share price by 10% per month however this may vary from month to month. Please see the fund [dashboard](#) and quarterly reports for information on past performance.

Are there any guarantees that my ISK is safe?

EVE does not have legal or in-game enforcement mechanisms to guarantee safe ISK investing. As with other investment services in EVE, investments are non-collateralized and cannot be 100% secure. SMAF aims to provide a proven track record of transparency to gain the trust of investors. Please see [Accountability](#) and [Risks & Mitigation](#) for more information.