

Rise.eco

Rating: **C+**

View

Non-Investment
Grade

Ticker

RSE

Cap (USD)

\$156m

Raising Date:	TBA
Total Tokens:	170m
Type:	Dividend
Bonus:	30%
Contract:	Erc20
Category:	Finance
Domicile:	Germany

Resources

- [Website](#)
- [Whitepaper](#)
- [Twitter](#)
- [Telegram](#)

Innovative Trading Algorithms Utilizing AI and Machine Learning to Generate Alpha

Rise is incorporated in Germany and develops state of the art A.I. based innovative trading strategies for investors. The primary goal is to level the playing field of each investor by allowing access to the most efficient trading algorithms to maximize profits regardless of the amount of investment capital.

Rise history dates back to 2012 and is part of Quantumrock Capital GmbH, a Germany based hedge fund. The firm also has a track record of outperformance in traditional markets like equities, commodities, and FX currencies with its automated trading algorithms.

The Product

Rise aims to create a flexible yet accessible platform for all categories of investors ranging from casual retail investors to professional fund managers via a series of Rise trading algorithms. The algorithms are developed with Rise's proprietary system named "ÜBER AI", which takes short and medium-term positions, able to adapt to market conditions and trades round the clock.

These algorithms will be integrated across various Rise CTFs (Crypto-traded funds), allowing users to invest in.

Rise algorithms boast several features:

- Developed utilizing AI and machine learning capabilities that constantly learn, find, produce, test and refine investment strategies (thousands per month)
- Run with Rise automated trading robots (RIBOs) that provides quick trade execution, optimize trading parameters, advance data sources, and real time risk management
- The entire engine is developed by a team of professionals including traders, researchers, scientists, mathematicians, and tech-experts
- Detailed algorithm development process that includes data cleansing, strategy generator, back testing, risk management, portfolio optimization

On top of that, Rise will launch a mobile application connecting 20+ exchanges across 2,000 crypto assets to create an all-in-one wallet and trading platform. The app will also allow users to execute trades across different exchanges, invest into CTFs, manage their portfolio and autopilot strategies, track their RSE tokens, earn dividends and get pay-outs.

Birds-eye view

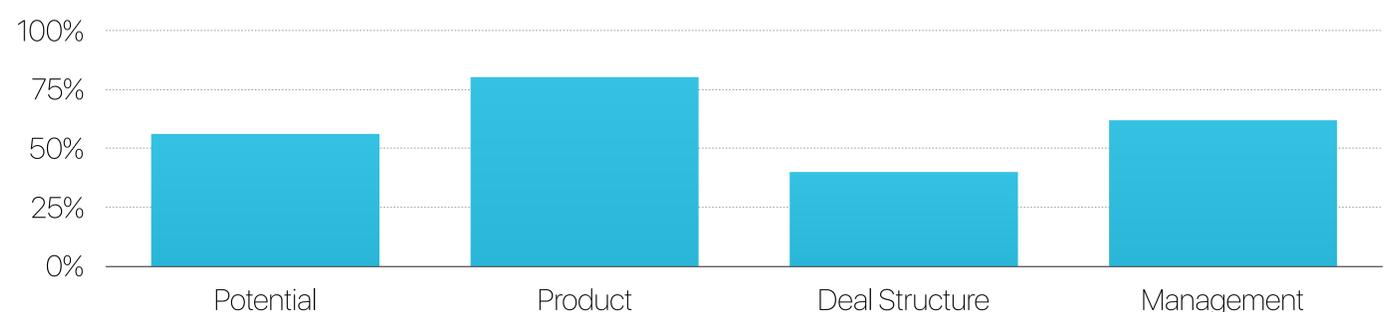


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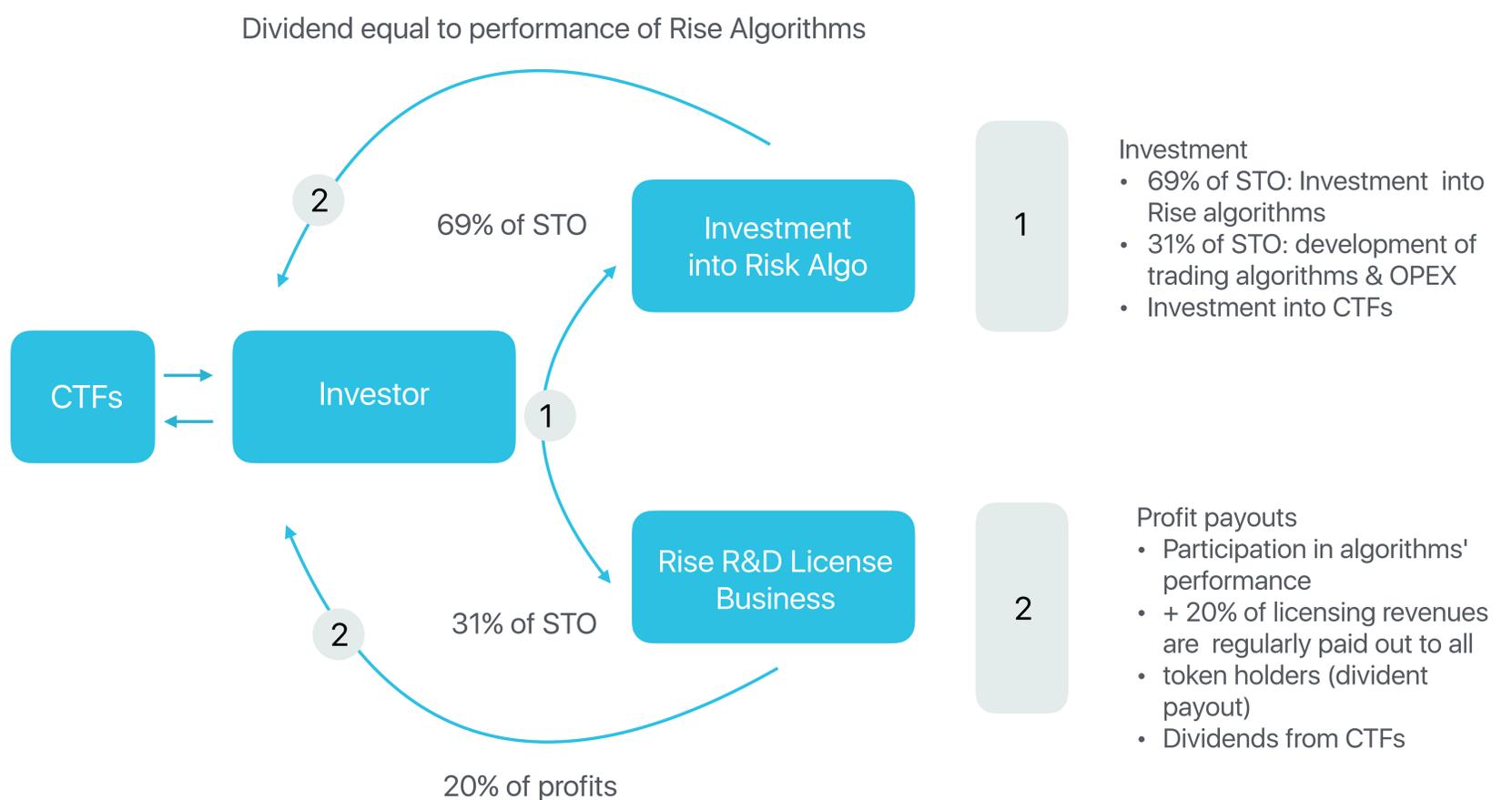
Revenue Model

The company has several revenue streams, which in turn will benefit token holders.

- Returns from fund's performance utilizing Rise algorithmic trading strategies
- Licensing fees from trading APIs (management and performance fees) to third-party institutional clients such as Banks, hedge funds, and family offices
- Profits generated from CTFs through margin lending as investors will have to lock up RSE tokens to be invested

The above mentioned is specific to the overall revenues that could be generated by the company in its entirety. Specific token attributes will be listed in another segment below.

Figure 1.0: Revenue Flow Chart



CONCLUDING REMARKS

Rise has a well-thought of product for its ecosystem, covering end users' applications with operational and back-end engines. Furthermore, they have a 5-year track record in building algorithmic trading strategies with Quantumrock and have managed funds in excess of \$50m AUM, with a proven licensing model that generates revenues.

The end user application, which will be based on UpTick, a trading app that has over 100k downloads and average store rating of 4.6. The app, however, is only available on the IOS store and not on Google Play store.

Overall, the main product is still under development and the project is still in conceptual phase. Rise application was supposed to launch on mid Nov 2018, however, this has been delayed. Even though Rise is leveraging from experience in traditional markets, trading in cryptocurrency markets differ significantly and it takes time to build an algorithm to trade successfully in this space.

Furthermore, specific details with regards to the amount of licensing fee, performance and management fees for CTFs are not mentioned, and profits generated are highly subjected to the performance of the algorithm strategies, which exposes investors to additional risks in the market. Nevertheless, it just takes a couple of successful algorithms to ignite RISE to become a hit among investors, displaying huge potential for this project.

STO Structure

The company will conduct a Security Token Offering (STO) to allow token-holders to participate in the success of Rise ecosystem. The token will be fully compliant with Germany's BaFin.

Figure 2.0: Sale Details

TOKEN BRIEF

Token Symbol	RSE
Token Type	Security
Issuance Platform	Ethereum (ERC20)
Total No. of Tokens	170m
Price per Token	\$1.00
Bonuses	0-30% (Private), \$0.70 - \$1.00 (Public)
Softcap	NA
Hardcap	USD 156m (Investors own 90% if Hard Cap reached)
Market Cap Valuation	USD 170m (Fully Diluted basis assuming hard cap reached)
Token Lockup (Investors)	NA
Token Lockup (Team)	6 months
Private-sale Date	Sep – Oct 2018
Public sale Date	TBC – Tentative Q1 2019
Regulation	Germany BaFin

SALE METRICS

Figure 3.0: Token Sale Distribution



Figure 4.0: Use of Proceeds



TOKEN HOLDER BENEFITS

RSE token holders are entitled several benefits:

- Profits from Rise algorithms to be paid out quarterly as dividends for a minimum of 10 years.
 - 20% of revenues from licensing fees will be paid out quarterly as dividends to token holders, remaining 80% to be re-invested in Rise algorithms and paid out after 3 years
 - RSE to be used as collateral for investments into CTFs
- Dividends are being paid out in RSE tokens.

CONCLUDING REMARKS

It is great that 90% of the tokens are allocated to investors (20% private, 70% public), which maintains the team objective to allow everyone the access to their trading technology. 69% of the funds will be allocated into Rise algorithms as an investment with the remaining 14% (~\$21m) and 17% (~\$26m) allocated into financing and R&D respectively should the fund reach its hardcap.

Even after breaking it down, Rise's capital funding still seems relatively large as compared to similar projects.

In addition, the lack of information on the bonuses given to seed stage and private sale investors could result in greater dilution to future investors as anticipated. The whitepaper also mentioned that "investors profit twice" when dividends are paid back in the form of RSE tokens, which might not be an appropriate claim as this creates price volatility and could result in investors cashing out their dividends at a much lower price as compared to receiving dividends in a stable coin.

On the brighter note, utilizing RSE tokens as a collateral to subscribe to CTFs do create limited circulating supply of RSE, which in turn put upward pressure on the token price.

Roadmap

COMMERCIAL PROGRESS

Date	Developments	Status
2012	Start of Quantumrock	Completed
Q3 2014	First Algorithms go live	Completed
Q4 2017	First Crypto Algorithms go live	Completed
2018	Quantumrock renames into Rise Wealth Technologies GmbH	Completed
Sep 2018	Start of Private sale / Website / Marketing Campaign	Completed
Q1 2019	Launch Rise application including trading features	In Progress
Q2 2019	Scale neural networks / AI updates for crypto signals	-
Q3 2019	Integrate complex blockchain trading signals	-
Q4 2019	Launch more complex statistical trading methods	-
2020	Adding "telegraphy signals" and game theory approaches	-

ROADMAP COMMENTARY

The roadmap is rather brief and laid out in a quarterly basis. More details could have been included such as specific technical upgrades and features that are to be completed in the coming months. Business development plans with regards to third-party licensing and marketing could have been included together with specific targets such as expected number of users to be onboarded by 1H 2019.

The Team and Advisors

C-SUITE EXECUTIVES

Name	Position	Experience	Prior Experience	LinkedIn Connections	Education
Stefan Tittel	CEO	24+	Masterpayment AG, Crossgate AG (Sold to SAP), Agamus Consult, Siemens AG	500+	NA
Michael Morsh	CFO	18+	Masterpayment, Crossgate AG, T-systems	500+	Bachelor in BA, Julius-Maximilian University
Victor Bremer	CIO	14+	BP Oil International, JP Morgan Chase, Financial.com	500+	Bachelor in BA, Henley Business School
Robert Gold	CTO	12+	Easymarketing AG, Financial.com,	395	NA

PRODUCT PERSONNEL

Name	Position	Experience	Prior Experience	LinkedIn	Education
Dr. Roman Gorbunov	Head of AI Systems	17+	Amazon, GfK, Blue Yonder GmbH	258	PhD Data mining in behavioural game theory, Eindhoven University of Technology
Maximilian von Wallenberg	Head of Product	13+	Uptick, StyleSets, Monitor Deloitte, Lehman Brothers	500+	MBA, Harvard Business School
Koung Tran	Software Development	19+	Masterpayment, financial.com, xinfinit, PlanetHome, HypVereinsbank, NSE Software AG	500+	NA
Simon von Poschinger-Bray	Platform Architect	19+	Uptick, Family office, a few other private companies	127	Cass Business School, London Business School
Benedict Frauen	Program Manager & Authorized Director	10+	Kever Genever, Masterpayment, Bosch, Netvise	500+	Master's in Entrepreneurship, Lund University
Nikolay Nadirashvili	Head of Algorithmic Trading	7+	GfK, BMW Group, Itinvest, NetTrader.ru	498	Master's in computational science
Felix Buchert	DLT Specialist	1+	ITMP	149	Msc Data Engineering and Analytics, Technical University Munich
Michael Zeller	Head of Institutional Strategies	20+	Bayerninvest, CM Equity, Corebot GmbH, Lupus Alpha, Credit Suisse	No LinkedIn	Bachelor in BA and Finance, Fachhochschule Augsburg

ADVISORY
BOARD

Name	Position	Experience	Prior Experience	LinkedIn Connections
Andreas Perreiter	19+	<ul style="list-style-type: none"> Co-Founder @ Amaysim Australia Managing Director @ Ampage Ventures & Consulting COO & Partner @ Shark Holdings GmbH 	500+	Telecommunications, Digital Strategy
Urs Kelelr	20+	<ul style="list-style-type: none"> CEO @ b2abc new media Founder @ billiger.de Founder @ iwant2 GmbH Major investors @ 12 other companies 	500+	Entrepreneur
Volker Rofalski	21+	<ul style="list-style-type: none"> CEO @ Vaeon Protocol Board Chairman @ Heliad Equity Partners Board Member @ 6 other companies Founder @ Webstock (exited) 	500+	Business Development
Markus Rinderer	16+	<ul style="list-style-type: none"> Founding Partner @ Current Managing Partner @ Banian Partners Non-Executive Director @ Payworks CEO @ Pay.On (exited in 2015) 	500+	Fintech, Marketing
Christoph Bockle	20+	<ul style="list-style-type: none"> CEO @ The prosperity Company Managing Director @ Studio alpinisti 	500+	Entrepreneur
Mark Cummins	18+	<ul style="list-style-type: none"> Professor of Finance @ Dublin City University Head of Economics @ Dublin City University 	500+	Quantitative Finance and Economics
Dr. Albert Wahl	20+	<ul style="list-style-type: none"> Founder @ UMT AG 	No LinkedIn	-
Carsten Erdt	25+	<ul style="list-style-type: none"> Founder @ Erdt Group Investor of 20 companies 	No LinkedIn	Logistic, Serial Entrepreneur

CONCLUDING
REMARKS

The team consists of 18 people with a good mix of technical and business development personnel. Most members have 10+ years of experience, with varying field of expertise. We note that the firm has been active in its hiring process with new additions to the team even after the release of whitepaper. Overall, the team is well placed to develop the stated product.

On the advisory front, the project has 8 advisors. However, with the exception of Mark Cummins and Markus Rinderer, our analysts are unsure how much value could other advisors provide to the project.

Investors

There are no prominent investors listed in any of the publicly available material.

Partnerships

To date, Rise has established a total of 3 partnerships (2 of which is related to licensing and the other for business efficiency). More information on the partnership are listed below.

Galaxy Digital – To access OTC trading capabilities to optimize trading operations

BayWa AG – BayWa will utilize data produced by RISE to get a better understanding of price fluctuations in agricultural derivatives to develop a competitive edge for their core products such as soy beans, corn and wheat.

Liechtenstein Life Assurance AG – Rise to develop a specific tailored solution for Liechtenstein Life's clients based on AI and machine learning

Competitor Analysis

COMPETITOR MATRIX

Project Name	Rise.eco	Lucre	CountingHouse
Industry	Finance – Algorithm Trading	Finance – Algorithm Trading	Algorithm Trading Fund
Symbol	RSE	LCR	CHT
Token Type	Security Token	Utility Token	Security Token
Token Attributes	Quarterly Dividends, Profit Sharing from licensing fees,	Quarterly dividends, Capital appreciation, purchase trading	Capital appreciation from
Hardcap	\$156m (~\$107.6m to the fund,	\$7m (\$2.8m to the fund, \$4.2m to R&D	22,000 ETH (~\$10m)
% Profits distributed to investor	100% (may use STO proceeds for	75% distributed quarterly, 25% re-invested into fund	93% (Fund takes 7% monthly
Product Stage	Concept	MVP	Mainnet
Initiation Year	2017	2017	2017
Issued Price	\$1.00	\$1.00	~\$0.49
Current Token Price	NA	NA	\$1.98
Market Cap Valuation	NA	NA	NA

CONCLUDING REMARKS

Rise has entered a competitive space where crypto algorithmic trading funds are increasing. There are a handful of projects out there that either sell the platform as a product or utilize the algorithm strategies through a fund. We noted 2 closest competitors and one important factor to highlight is the significant difference in hardcap across the projects.

Our analysts find it hard to justify a \$156m raise given that other projects could work with one-tenth of that value. On the brighter note, Rise will be distributing 100% of the profits, which provide investors the option to re-invest (by using dividends to buy more RSE tokens) should they want to.

Overall Project Analysis

STRENGTHS

- Rise's history dates back to 2012, and has a good track record with QuantumRock in developing Algorithm trading strategies that outperform the markets
- Able to leverage on existing app Uptick to create Rise trading mobile application
- A broad revenue model that targets both retail consumers institutional clients
- 100% of profits are distributed, providing investors the option of re-investment
- An experienced team across different fields increase the probability of quality product delivery

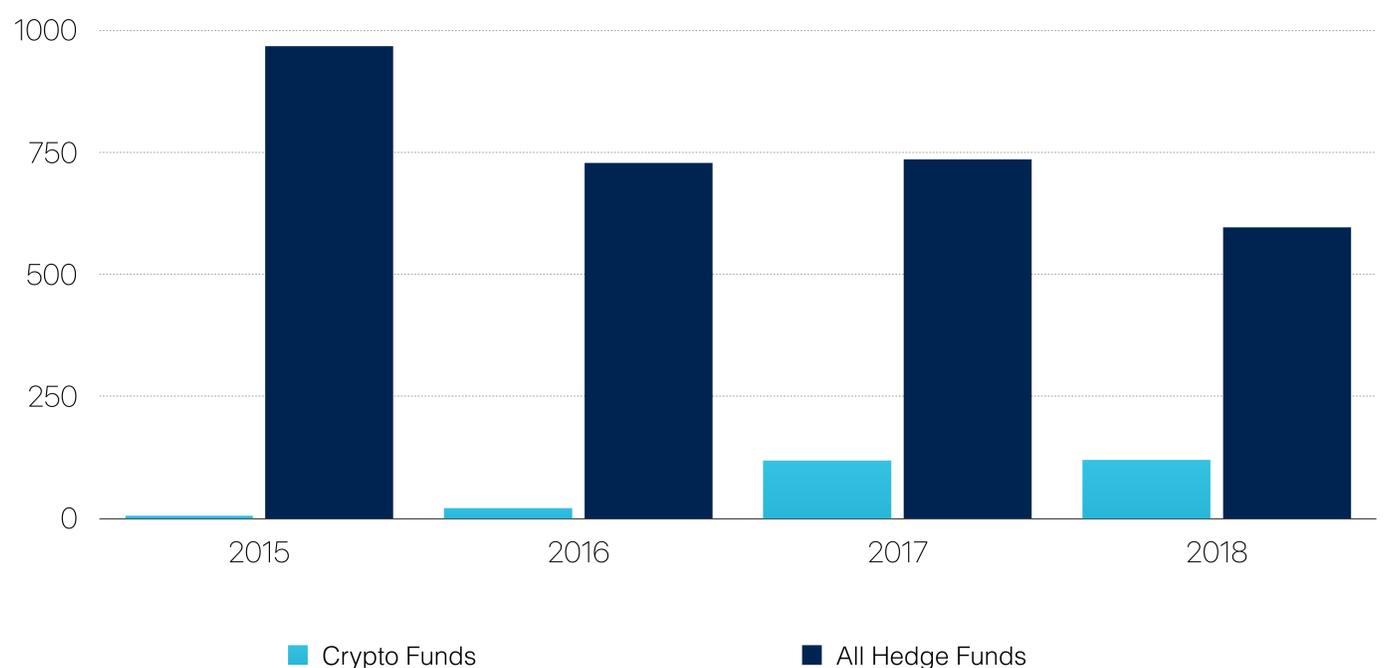
WEAKNESSES

- Product is currently in conceptual phase with no release of MVP yet
- Results that are backtested and are not based on actual figures. A caveat to note is that past performance is not representative of future performance
- STO was re-scheduled twice and it is now delayed to Q1 2019
- High hardcap and valuation of deal structure not justifiable relative to competitors
- Brief roadmap lacking significant business developments and objectives

OPPORTUNITIES

- Global Algorithmic Trading Market Share – Research and Markets published a report stating that the algorithm trading market is expected to grow from \$8.8b to \$18.16b by 2025 with a CAGR of 8.7%. North America remains the dominant region for algorithm trading, whereas Asia-Pacific (APAC) is rapidly catching up as it is forecasted to have the highest CAGR during this period. Hence, there is potential opportunity for the development of algorithmic trading strategies going forward.
- Shift in Alpha from traditional markets to crypto – Albeit equities (~80%) being the prominent asset class that account for the largest share of algorithm trading, it is important to note that most managers have cite difficult conditions to generate alpha as opportunities dries up. Having said that, fund managers are shifting their attention towards the cryptocurrency as inefficiencies in this market provides great value for algorithm traders to create alpha. This is further emphasized by Crypto Fund Research, as they cite that crypto hedge funds now constitutes a greater proportion of total hedge funds launched throughout the past few years.

Figure 4.0 - Crypto Fund Comparison (Crypto Fund Research)



- The power of AI integration – Funds that have integrated AI or Machine Learning have outperform the markets. One good example is an AI powered ETF that outperform both the S&P 500 and Russell 2000 in the past year. In addition, AI maximizes trading profits as it minimizes missed opportunities. One example is an AI detecting an unusual spike in social sentiment indicator before BTC crashed in Sep last year. Having this information would allow a trader to profit from a trade, therefore, this proves AI's value to trading strategies.

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Figure 5.0 - ETF powered by A.I. vs S&P 500 and Russell 2000 (Bloomberg)



THREATS

- Black swan events could cause massive losses as algorithmic trading is vulnerable to flash crash, amplifying systemic risk
- Regulatory restrictions vary across regions and could create headwinds for market integration of algorithms

Conclusion

In conclusion, Rise is entering a market with potential growth, creating a product that is catered to both retail and institutional investors. The project boasts an experienced team who had developed similar products in the past, which could be carried forward in developing Rise. However, after taking into consideration the findings made during our review, STO Rating analysts eventually assigns a "C+" rating to Rise.eco.

We highlight several key factors in our analysis to substantiate our rating:

- Product for Rise is still currently in concept and not tested even though similar trading algorithms have been developed by an affiliated company
- High hardcap and valuation of STO is not justifiable especially during current market conditions
- Regulatory uncertainties could impede developments and cause a delay in launching the product

In light of the preceding, even though Rise has continued with its developments having postponed their STO Sale date, it is still difficult to disregard the concerns that have surfaced from our research. Hence, STO Rating affirms its "C+" rating on Rise.

Ratings Definitions

A	The project's capacity to fulfil its commitments on its initial stated obligations (as inscribed in its whitepaper, technical paper, official social media platforms) is strong.
B	The project exhibits sufficient critical capacity to fulfil its commitments on its initial stated obligations (as inscribed in its whitepaper, technical paper, official social media platforms). The project is also less vulnerable to adverse business and market conditions.
C	The project displays speculative characteristics , and adverse business and market conditions are more likely to weaken the project's ability to fulfil deliverables.
D	The project faces major uncertainties on fulfilling its obligations and is not likely to deliver its initial stated obligations
NR	Not Rated. To continue observation until clarity of information is provided

*The ratings 'A' to 'C' may include the modification of a plus (+) or minus (-) to show minor deviations within the major rating categories

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