

# ICOrating

AWARE Rating Review (<https://www.aware.bi/>)

ICO dates (05.01.2018 - TBA)



I C O R A T I N G

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# 1. Rating

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**We assign the AWARE project a "Risky" rating. We believe that investors should obtain as much information about the product and the forthcoming token sale as possible in order to make a decision on the purchase of AWR tokens, as this information is not adequately disclosed by the founders.**

The AWARE project is a hedge fund for venture capital investment, targeting the growing crypto assets market. Trends in the industry could contribute to the development of the project. However, this is perhaps the only positive moment that we were able to note in the course of writing this review.

Submitted information on almost all areas of the project is low in quality, starting with the disclosure of token sale parameters. If the founders really want to succeed with crowdfunding, elaboration of this information should be more thorough, and be submitted to investors in a higher quality and more easily understandable form. Currently, when most ICOs are facing difficulties in raising funds, only those who are able to get all the benefits of their product across to investors will survive; they of course need a comprehensible idea, a working model and other positive moments.

We also believe that the closed attitude of the project's management, manifesting itself primarily in a lack of communication channels with the community, could scare off a large number of potential investors.

In addition to the above, we are concerned about the management team's reaction to the questions posed by us during writing of the review. Virtually all questions remained unanswered.

A lack of transparency in the preparation of the documentation, and the level of reporting important information to investors according to evaluation methodology, currently precludes the AWARE project being rated more highly.

All the risks for the project and an assessment of the prospects for growth of the token's exchange value are discussed in the relevant chapters in more detail.

## 2. General Information about the Project and ICO

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AWARE is a decentralized platform for the management of investments in digital assets, based on Qtum blockchain technology, the purpose of which is to increase the liquidity of innovative assets as well as attracting entrepreneurs and investors in blockchain projects to participate in start-ups in China, and subsequently in start-ups worldwide.

The AWARE project will provide the following facilities on its platform:

- All investment operations conducted via smart contract.
- Disclosure of the AWARE product portfolio's transaction procedures and investment efficiency to investors.
- The ability to purchase, hold and exit AWR at any time.
- The opportunity to be a member of the community or a user of its public services.

[Website](#)

[White paper](#)

[Twitter](#) (+3834)

[Telegram](#) (+1188)

[Facebook](#) (the page is currently unavailable)

**Bitcointalk:** No information

[GitHub](#)

**Reddit:** No information

[Medium](#)

**YouTube:** No information

The total number of tokens emitted will be 1,000,000,000, with no further issue.

Ratio	Use	Explanation
20%	Incentive for existing core members and future teams	A lock-up period since listing and unlocking 3% on a monthly basis
6%	Angel investors	Used for preliminary launch of investment (completed)
24%	Development fund	Used for Foundation governance, community incentive and the introduction of external strategic partners
50%	Private Placement	Facing every ecology and bringing in global strategic cooperative resources
	Public offerings outside China and U.S.	Investment in and incubation of China's blockchain start-up projects; providing global launch services

**Smart contract platform:** Qtum blockchain

**Contract type:** QRC20

**Token:** AWR

**ICO:**

**Start date:** January 5th, 2018

**End date:** No information

**Token price:** 1 ETH = 13,000 AWR, 1 QTUM = 950 AWR

**Soft cap:** 5000 ETH

**Hard cap:** \$20 mln

**Accepted payment:** No information

**Number of tokens per person:** No information

**Maximum transaction amount:** No information

**Minimum transaction amount:** No information

**Bonus:** not provided

The distribution of funds received will take place as follows:

Ratio	Use
15%	building an investment team and creating the Innovative Ecological System (IES)
15%	building a technical team and developing the token investment service (TIS)
70%	the investment of the first token investment product AWI to build a portfolio

Tokens allocated for remuneration of the team will be frozen for four years at 3% monthly, starting from the second year.

Other details of the upcoming ICO are not present in the documentation or on the website; we did not receive any additional information from the founders during our discussions with them.

### 3. Description of the Services and Scope of the Project

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**AWARE** is a decentralized token investment-management community (TIC).

This community includes 3 service blocks; each block has its own function:

Block title	Function
TIP (token investment product)	Launch of investment products by investment managers
TIS (tokenized investment service) and IES (innovative ecology service)	<p>1. TIS – a token investment service system and smart contracts class library, used for:</p> <ul style="list-style-type: none"> <li>● Registration</li> <li>● Launch</li> <li>● Investment</li> <li>● Withdrawal</li> <li>● Repurchase</li> <li>● Information disclosure</li> <li>● Co-investment</li> </ul> <p>2. IES offers services for start-up entrepreneurs including:</p> <ul style="list-style-type: none"> <li>● Strategy planning</li> <li>● Resource integration</li> <li>● PR</li> <li>● Legal and financial affairs</li> <li>● Overseas crowdfunding</li> </ul>
ESC (economic system of the community)	ESC provides interaction between TIP, TPS and IES.

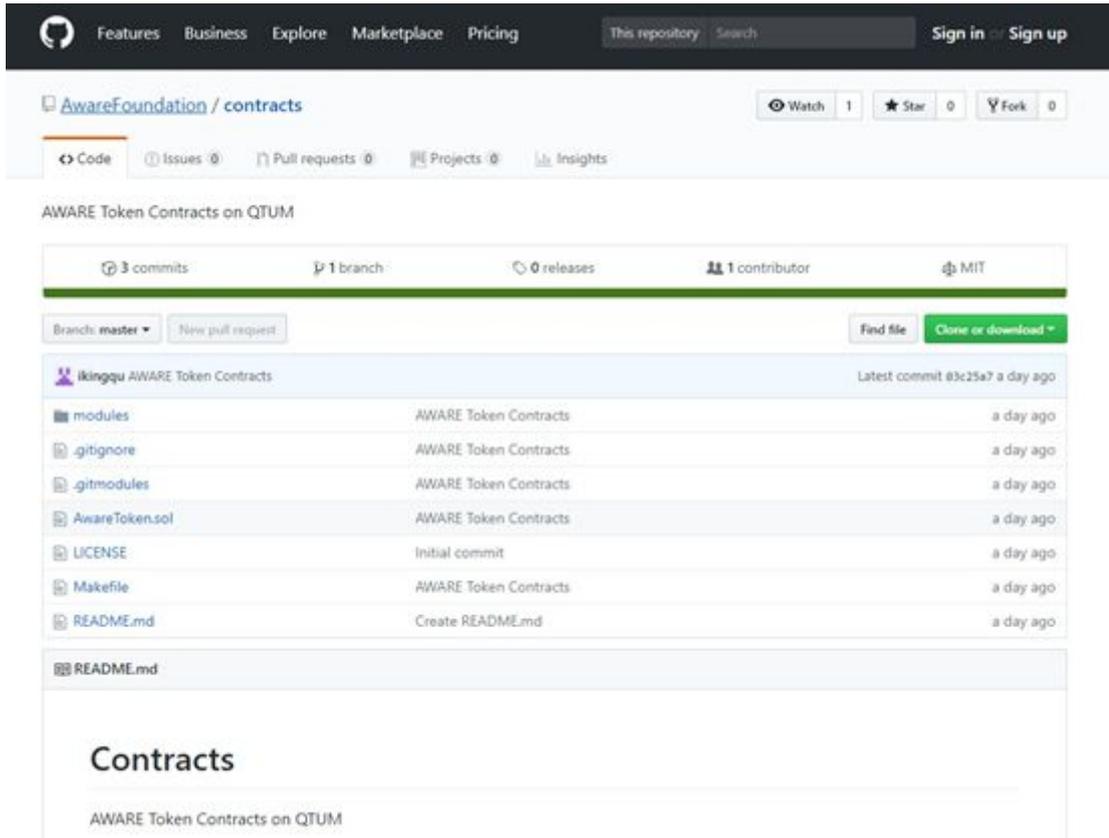
**AWARE Innovation (AWI)** – This is the first TIP from the AWARE platform. It is a fund focused on Chinese blockchain projects and investments in the primary market.

Later, another fund is planned – **AWARE Growth (AWG)**, aimed at long-term investments in the secondary market.

Information about possibilities for using the AWR token is presented in a superficial manner; no detailed information on how customers interact with the platform is presented in the White Paper.

## 4. Engineering Features of the Project

There are 11 repositories available on the GitHub website, including a smart contract repository:



The AWARE token smart contract is written in the Pragma Solidity programming language. OpenZeppelin framework modules are used – the token is burnable (BurnableToken) and also contains a function for issuing new tokens (MintableToken)

:

```
1 pragma solidity ^0.4.18;
2
3 import "modules/zeppelin-solidity/contracts/token/MintableToken.sol";
4 import "modules/zeppelin-solidity/contracts/token/BurnableToken.sol";
5
```

AWR is a cryptographic token of the QRC20 standard, based on the hybrid Qtum blockchain.

Token name - AWARE token

Symbol - AWR

Decimals - 8

## 5. Market Review

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[Autonomous Next](#), a leading analyst in the financial technology industry, states that 124 hedge funds are currently investing in cryptocurrency. The dynamics of growth of the most popular cryptocurrency, Bitcoin, pushes portfolio managers to invest in it, which has already led to more than \$2 bln BTC in funds under management.

More than 90 funds targeting digital assets were launched in 2017. 37% of such funds used venture investment strategies, having \$1.1 bln of assets in management.



The total amount of assets managed by crypto hedge funds is approximately \$2.3 bln.



However, the total amount of assets managed by crypto funds seems very modest compared to the \$3.15 trln managed by traditional hedge funds (according to data for the third quarter of 2017).

The advantage of crypto hedge funds is that they offer a ready solution to those who cannot or do not want to create a portfolio and buy cryptocurrency, but want to make money on digital assets.

The current aggregate capitalization of all cryptocurrencies represented on [Coinmarketcap](https://coinmarketcap.com) is \$769.1 bln.

### Cryptocurrency Market Capitalizations

Market Cap - Trade Volume - Trending - Tools -								Search Currencies	Q
All	Coins	Tokens	USD					Next 100	View All
#	Name	Market Cap	Price	Volume (24h)	Circulating Supply	Change (24h)	Price Graph (7d)		
1	Bitcoin	\$276 232 601 582	\$16 458,30	\$22 477 900 000	16 783 787 BTC	10,01%			
2	Ripple	\$120 963 754 568	\$3,12	\$6 770 780 000	38 739 144 847 XRP *	-14,71%			
3	Ethereum	\$97 792 313 505	\$1 010,37	\$6 844 650 000	96 788 616 ETH	-2,25%			
4	Bitcoin Cash	\$43 375 989 865	\$2 567,39	\$2 482 590 000	16 894 975 BCH	5,61%			
5	Cardano	\$25 661 525 482	\$0,989758	\$479 422 000	25 927 070 538 ADA *	-15,61%			

Bitcoin is still the growth leader of the top 10 currencies on Coinmarketcap. Recently, many altcoins have demonstrated rapid growth, and aggregate daily trading volume for cryptocurrency has reached record values (\$61 bln).

In early 2017, the market capitalization of cryptocurrency barely exceeded the \$18 bln mark. In less than a year, this market has grown more than forty times.

Digital assets are characterized by increased volatility and unpredictability. The reputation of cryptocurrency and uncertainty regarding its regulation in most countries remains one of the main issues that regulators and participants in this market have yet to solve. Not every hedge fund can boast of well-known founders, substantial assets and a reliable history but experts agree on one thing: while digital currencies break one record after another, more and more new crypto funds will appear on the market.

In our opinion, the AWARE project is planning to operate in a very actively growing market which certainly could increase chances for its successful launch and a subsequent expansion of the business. The rapid growth in popularity of crypto assets does not pass unnoticed to anyone who is interested in preserving and multiplying their own savings, and more and more participants are transferring their assets from the classical to the crypto market; this trend is only increasing.

## 6. Team

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Currently, 30 people are involved in the project. In the future, it is planned to expand the staff to 80 people. 10 further people are involved as advisors. Key positions are occupied as follows:

**Hao Yu** - Director of Investment Community, with more than 10 years' experience working for investment banks, including senior positions. Investor in dozens of blockchain projects. Master of Business Administration at the University of Chicago Booth School of Business, has bachelor's degree from the School of Economics and Management and the Department of Foreign Languages of Tsinghua University. Has a CFA certificate.

**Jacob Sun** - Head of Community Development Strategy and Investment. Entrepreneur with a decade of online business experience, as well as co-founder of several online projects, including J & F, Yicah, ReKoo. Has bachelor's degree from the Department of Information Management of Peking University.

**Steven Ormond-Smith** - member of the AWARE Board, co-founder of Tokenpartners and member of the Association of Chartered Certified Accountants (ACCA) with more than 20 years' experience in fund management.

The team includes advisors who have experience in blockchain development (Harry Xiao), risk management (Lee Hills) and fund management (William Qiu).

There is no further detailed information about the team's specialists available via open sources.

We believe that the AWARE team includes a sufficient number of specialists capable of implementing the entire conceived functionality and solving the assigned tasks. We are alarmed by the lack of any opportunity to verify the qualifications of team members, as links to personal profiles were not provided to us. We also highlight their brief period of collaboration.

## 7. Competitive features of the project

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Generally speaking, all hedge funds are competitors to the AWARE project. As already described in the "Market review" chapter, there are currently more than 120 hedge funds; for this reason we will not consider them in detail, we will only focus on the most interesting current projects:

[BlockTower](#) was founded by a former investment manager of the University of Chicago Endowment Fund and a former vice-president of Goldman Sachs. The fund, launched in August 2017 with \$50 mln., adheres to the following strategy:

- The fund will trade on the occasion of announcements of events (conferences and sales of new tokens).
- Identifying "activists" investing in smaller cryptocurrencies and help them grow by gaining experience from developers.
- Invest in selected business activities.

[The Token Fund](#) — an investment fund working with crypto assets which enables individual investors to invest in the decentralized economy. The founders are Vladimir Smerkis and Viktor Shpakovsky. Token Fund members receive a share in a balanced portfolio of crypto assets - projects created on decentralized platforms: Bitcoin, Ethereum, Dash, Monero, Zcash, Ripple, Waves, Humaniq and others. A constantly updated list of currencies, tokens and other technological solutions included in the portfolio of the Token Fund is provided in a publicly available Google document. It is important to note that there is no minimum amount for investment or a minimum period of participation - investors can enter with any amount and exit at any time.

According to AWARE's founders, their platform has advantages over competitors such as the following:

- Ensuring a comprehensive relationship between investors and the constituent group on an individual basis, developing such communication via long-term close interaction, in order to provide an objective assessment of the long-term development potential of projects.
- High liquidity of all AWARE investment products.
- Provision of a number of services for early entrepreneurs in terms of strategic planning, resource integration, PR, legal and financial issues, international crowdfunding, etc. to help entrepreneurs engage in innovative ecology and achieve faster and more stable growth.

AWARE's founders are betting on a focus on the primary token market, and exploring and investing in the highest-potential blockchain startups in China, promoting Chinese values of online innovation and entrepreneurship.

The documentation does not say anything about active commissions on the platform or the minimum deposit amount for investment, which prevents assessing the competitive advantages of the platform in terms of economic indicators.

Despite the fact that the AWARE platform has advantages according to the founders, its competitiveness does not look at all convincing. We were unable to discover any obvious competitive advantages for the product.

In tandem with the growth of the crypto market, the number of funds is also increasing. Therefore, new specialized platforms will appear before too long, enabling the management of investors' funds both on the primary and secondary crypto markets. We believe that competition for AWARE will only grow in the near future.

## 8. Risks

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In addition to traditional risks inherent in the crypto industry, and strong competition in the hedge fund market, we believe it is important to draw investors' attention to the fact that the AWARE project contains a large number of additional risks that threaten the token sale and subsequent development of the project itself.

We think that the preparation of documentation for the upcoming token sale has not been performed well enough. An investor who decides to study the materials before buying AWR tokens will simply not find answers to the most important questions. A number of reasons why we consider this project to be in the risky category are listed below:

- Lack of a clear and understandable description for investors of what the AWR token is, and what the economic benefits for its holders will be. The documentation poses more questions than it answers.
- Lack of an understandable economic component for the project, including any explanation of the costs of platform services, calculations, or financial indicators.
- Lack of any information regarding a strategy for promoting the product in the future.
- Impossibility to confirm team experience via open sources of information.
- Poor quality of preparation of the documentation (a number of token sale parameters are simply missing).
- Absence of any motivation and bonus programs for early participants who could help the project to raise the necessary minimum amount of funds.
- Insufficient marketing of the token sale itself.
- Lack of the necessary level of openness and interaction with the community.

We are confused by the fact that during the compiling of this review we could not get answers to any of these questions from company representatives.

Thus, there is a high risk that when studying the documentation, investors will be deterred by the poor quality of information provided and the management's lack of openness.

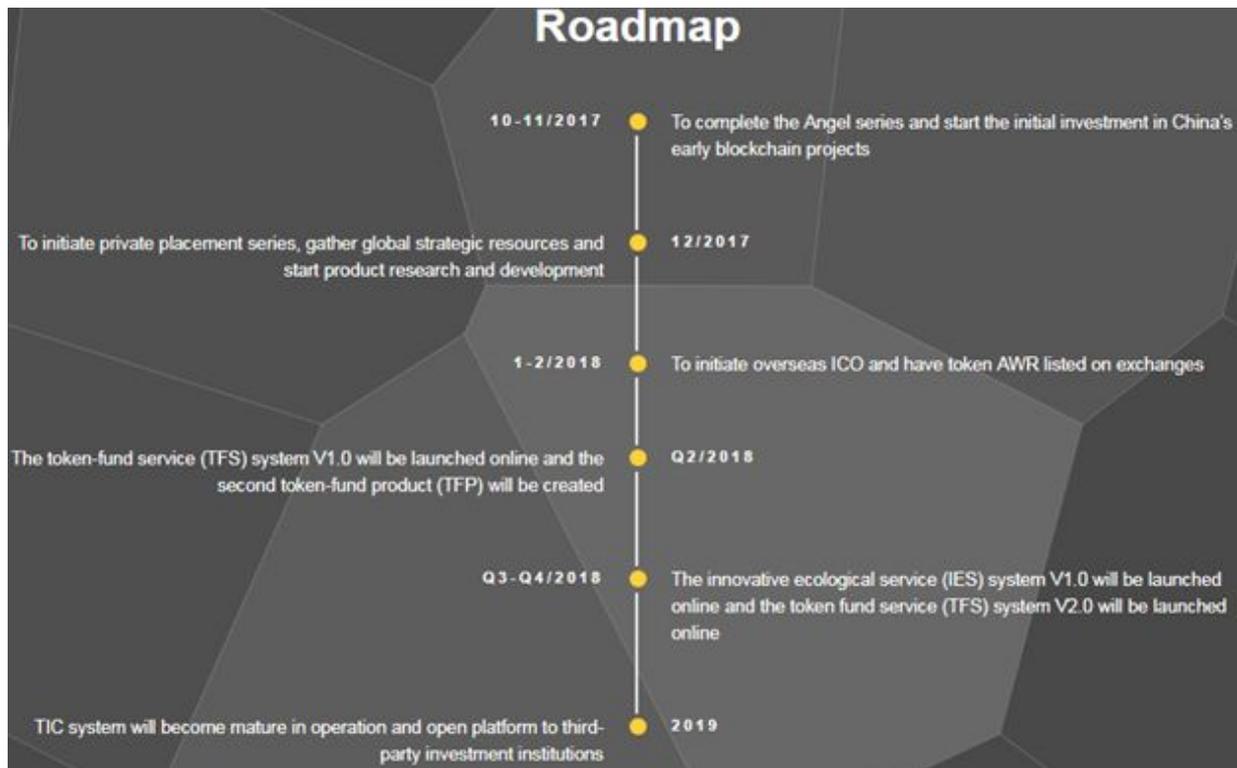
Given that the minimum amount of information required to make an investment decision is not available, we believe that the project may have other significant risks.

## 9. Development Strategy and Roadmap

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The main goal for the company is to attract investors in crypto assets and increase investors' confidence in managing these assets.

All information about AWARE's development plans is presented exclusively in the roadmap. No further explanation was provided.



After the token sale, AWARE plans to invest in blockchain projects both in China and worldwide.

After the launch of the AWI fund, focused on blockchain start-ups, the next step will be release of another AWARE Growth (AWG) product to create long-term investment in the secondary market.

There is no information on further prospects for the development of the project.

## 10. Marketing Strategy

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There is no information about the global marketing strategy for the AWARE project in the white paper or on the website.

It is known that during the ICO, no funds are allocated to marketing strategy or platform promotion.

Details of how the AWARE platform is to be advanced in the market the are not disclosed to potential investors. A bounty program is not provided.

Currently, the AWARE platform is drawing the community's attention to the project and the forthcoming token sale via the following methods:

- Interaction with the community on [Medium](#) and [AWARECn](#) forums on Telegram (1188 participants at the time of writing) and via Wechat.
- Social media: Twitter, Facebook and LinkedIn.
- Project partners: [Inblockchain](#), [Qtum](#), [Ink](#), [CyberMiles](#), [Achain](#), [Genaro Network](#), [Smartmesh](#).

We believe that this is not sufficient for a successful token sale outcome.

We did not find any review articles about the project or the forthcoming token sale published on online resources.

Also, we could not obtain any more information from the founders on what the marketing strategy will ultimately be, how the project will attract new sponsors and partners, or how the project will develop if all the tokens are not sold.

In our opinion, this platform, like any new project, must necessarily have a strategy for future progress. It is not clear why this is not described on public sources.

The AWARE project and the upcoming token sale needs advertising and the community needs to be made aware of it.

Low activity in forums and lack of accounts on popular social media gives reason to believe that the founders have almost no interaction with the community and do not approach this issue as seriously as required for a successful token sale.

# 11. Project Economy

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The economic aspect of the project is presented in the documentation simply as a description of options for using the token. Figures and calculations are completely absent.

It is stated that the AWR token can be used to connect to the platform's services, as well as to receive incentives, contributing to community ecology.

Several options for using the AWR token for obtaining services are given below:

## 1. Senior Investor service:

- Instant push for investment performance.
- sharing of investment research reports.
- training of blockchain investment and participation in co-investment at private placement prices.

## 2. High-grade entrepreneurship services:

- acquisition of PR services.
- overseas issuance service.

3. System utilization service - AWR tokens would be spent if a traditional investment institution uses the TIS system or builds an independent TIC, etc. in the future.

Regarding remuneration in AWR tokens, the White Paper specifies that anyone who makes an outstanding contribution to the community could be rewarded AWR in real time. Any details of the level of remuneration are not disclosed.

There is no information about pricing, commissions or any form of monetization on the platform in the White Paper. Through our discussions with the founders, we could not find out any details of the economic aspect of the AWARE project either. We did not receive an affirmative answer to the question of the availability of a financial model.

We think that the 'Economy' section of the documentation does not justify its title. There is no minimum necessary information; everything is described in general terms which are insufficient to make any conclusions about the economic viability of the project.

However, the documentation makes some important points regarding the disclosure of information and audit that investors should pay attention to:

- On the official [website](#), AWARE will disclose information in a timely manner on all significant events relating to the progress of the token sale, the use of funds, the development of the product, changes in management structure, community action plans and other.
- AWARE will provide transparent financial management via the joint management of passwords.
- Reputable external audit agencies will be invited to inspect and evaluate the structure and costs of the fund as well as to disclose unconditional audit results to investors, on an annual basis.

Due to the fact that information on the economic aspect of the project is not disclosed, it is not possible to offer an opinion on the demand for its services from a financial point of view, nor on future project viability.

## 12. Investment Attractiveness of the Token

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Study of the documentation and communication with the founders did not provide clear understanding of the essence of the AWR token.

If we consider the token as an analogue of an investment fund unit in classical investment, its price would primarily depend on the value of assets included in the portfolio. In this case, regarding the investment attractiveness of AWR tokens, some explanations should be given regarding the strategy as well as evaluations of the effectiveness of the fund's management.

Thus, the documentation provides an explanation that the indicators measuring the effectiveness of AWARE products are annual net income and the growth rate of net profit for investment portfolios over a certain period.

Managing assets in the fund, managers focus on maintaining high liquidity.

The investment strategy for the fund implies the following main points:

- Over 50% invested in Chinese blockchain start-ups.
- AWI will not make any short-term investments. All positions for the fund are created in the expectation of long-term retention.
- The investment limit in any one project will not exceed 10% of all available funds intended for investment.
- Professional due diligence, which includes:
  - Evaluation of global trends.
  - Cooperation with leading entrepreneurs in every field.
  - Evaluating the prospects for industries, products and services, profit models, competitive environment and many other factors, using traditional methods of venture capital investment.

Each investment is implemented in accordance with the investment principles of AWARE.

Based on available data, an investor can conduct a market valuation of AWR in real time and then decide whether to buy, hold or sell the AWR token.

As at October 2017, AWARE Innovation already made initial investments in around 10 blockchain projects, most of which are managed by teams from China, with 4 of them listed on exchanges:

- Wax
- SmartMesh
- Cybermiles
- Ink

In this case, the token price will directly depend on the effectiveness of the fund's management; in order to draw a conclusion regarding the purchase of AWR, an investor should first of all take into account the experience of the founders, evaluate

results of their previous work and understand the high risks involved in venture investments.

However, if we consider the token as an analogue of an investment fund unit, the question arises - why do the founders limit the emission? After all, growth in the value of the fund's net assets is directly related to the number of units sold. There is nothing that states that this is a type of closed-end fund; on the contrary, the documentation often emphasizes expansion of the community of investors and entrepreneurs.

If the token is not an analogue of a fund unit, but is instead an ordinary utility token, a number of new questions arise; in particular what the token provides for its holders, how many tokens should be held to become an investor in the fund and many others. In the process of writing this rating review, company representatives would only comment on options for using the token, without specifying any details: "The token has many attributes. For investors, it could be a fund to be invested in excellent blockchain projects; For entrepreneurs, it could be a currency to be used to purchase a series of services like PR and overseas issuance etc.; For community members, it's the incentive that could motivate members to provide resource services, high-quality project source clues for the community, and create collaboration effects for AWARE's ecology etc."

The documentation describes a mechanism for the buyback of tokens as well as measures to maintain the exchange value in the event of a significant decrease: "Whenever there is an augmentation of 50% (adjustable according to future volume of assets) in the community's total assets, the smart contract will buy back AWR for destruction with 20% of the increased asset. Meanwhile, in the eventuality that AWR's price is far lower than its value, the community may initiate temporary repurchase measures". This mechanism for the purchase and burning of a portion of the tokens under certain conditions contributes to the growth of its exchange rate in most situations. In this case, to assess the impact of this mechanism on the token price, investors should first of all understand the nature of the token.

We believe that the information provided does not give investors a clear enough understanding for making a decision as to whether to participate in the AWARE token sale.

The information contained in the document is for informational purposes only. The views expressed in this document are solely personal stance of the *ICOrating* Team, based on data from open access and information that developers provided to the team through Skype, email or other means of communication.

Our goal is to increase the transparency and reliability of the young ICO market and to minimize the risk of fraud.

We appreciate feedback with constructive comments, suggestions and ideas on how to make the analysis more comprehensive and informative.