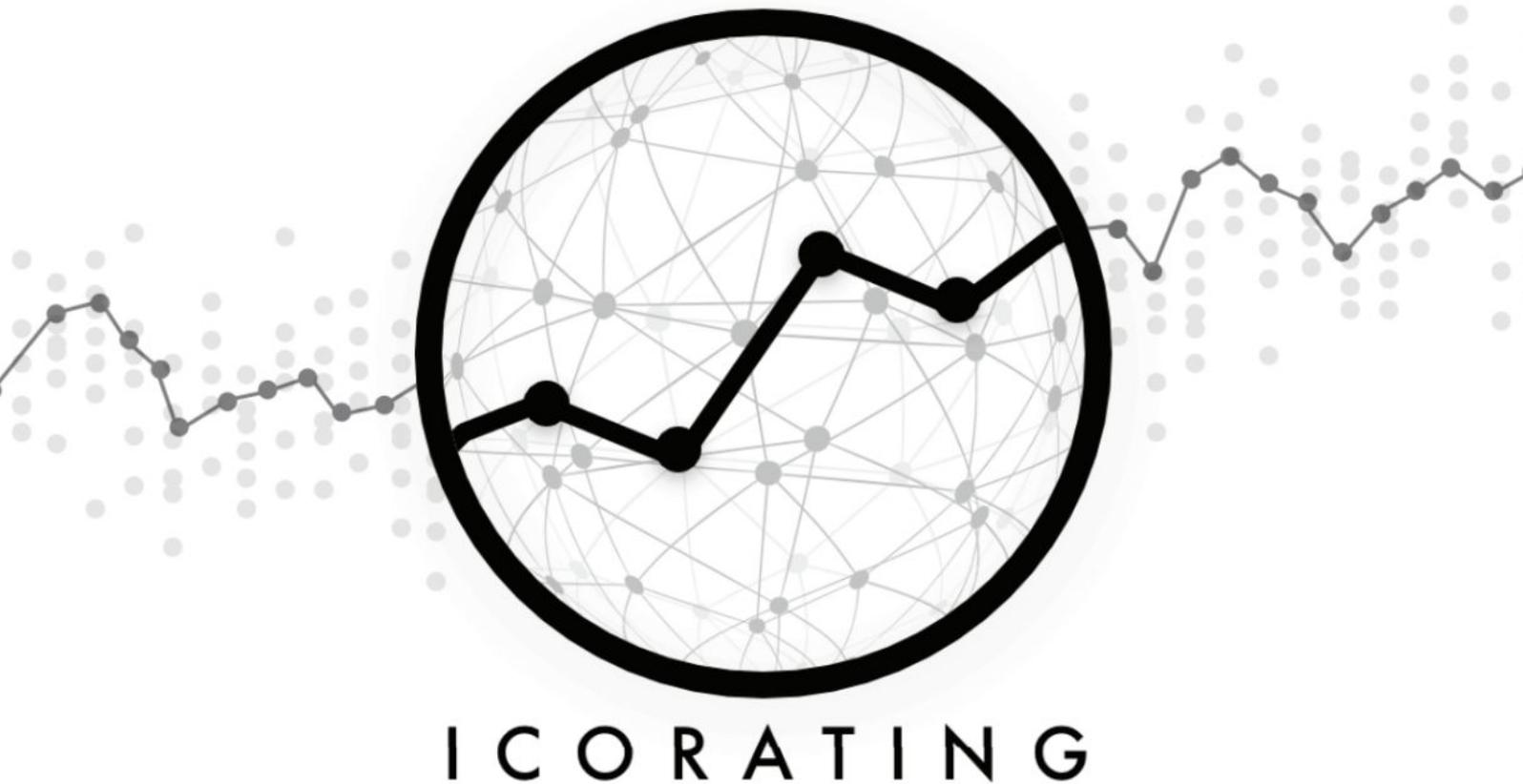


ICOrating

COVESTING Rating Review (<https://covesting.io>)

ICO dates (24.11.2017 — 24.12.2017)



Web: icorating.com

Email: info@icorating.com

Twitter: [@IcoRating](https://twitter.com/IcoRating)

1. Ratings	3
2. General information about the Project and ICO	4
3. Description of the services and scope of the project	10
4. Market Review	12
5. Team	14
6. Marketing strategy	16
7. Competitors and competitive advantages of the project	18
8. Development strategy and Roadmap	20
9. Economy of the project	21
10. Risks	23
11. Token investment attractiveness	24

1. Ratings

We assign the Covesting project a "Stable +" rating and recommend participation in the ICO to two categories of investors:

- **Long-term crypto investors with diversified portfolios of crypto assets;**
- **Those planning to use the COV token in the future in accordance with its utility function.**

Covesting is a financial project which is a P2P platform for managing investments via copy trading on crypto exchanges. The project is managed by an experienced team of personnel from international investment banks and broker companies. An MVP is available before the ICO, which enables familiarization with the future platform's interface.

It should be noted that the documentation provided contains a number of significant deficiencies; during our communication with the project team, most of these issues were eliminated but we recommend taking this risk into account when deciding whether to deal with COV tokens.

The tokens themselves will be used as an internal currency in the Covesting infrastructure. A portion of service commissions will be charged in COV tokens and a certain proportion of them will be repaid, which will ensure the growth of the token price in the long term, provided there is an increase in the number of users and their average cheque.

2. General information about the Project and ICO

Covesting is a project for a P2P platform for managing investments via copy trading on crypto exchanges.

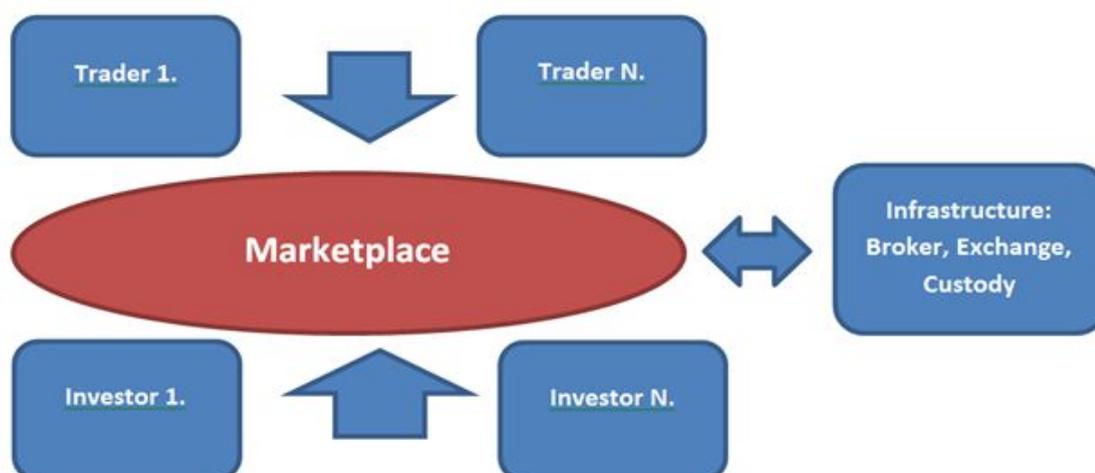
P2P is a common variant of a system architecture based on a peer-to-peer network where each node (peer) is both a client and a customer. Examples of significant P2P projects are open-source software, BitTorrent, AirBnB, Uber, and eBay.

Copy trading (or auto trading) has gained popularity on the Forex market in recent years. It involves copying of the strategies and trades of other traders. The mechanism for auto trading is quite simple; the investor registers on a special system, chooses the most successful trader (traders) in his opinion and starts copying his strategy.

There are special platforms for copying transactions. The investor registers on such a platform, chooses the signal provider trader and subscribes to his trading signals. After this, the trader's transactions are automatically repeated on his own trading account.

The investor can copy all the provider's transactions in full, or certain restrictions can be set, for example on the number of transactions per day or the share of the deposit involved. If some transaction does not satisfy the investor, he can close it.

On the other hand, the system or trader takes a certain percentage of the profits or fix the cost of services per month. The scheme of cooperation looks the following:



Advantages of copy trading include:

- Profit without knowledge. The investor receives profit from transactions regardless of his level of skill. Decisions for the investor are made by professional traders.
- Style of trade. The investor chooses the signal provider whose style of trading suits him.
- More free time. The investor does not need to spend a lot of time monitoring the market.
- Multi-trading. The investor can choose as many signal providers as he wants. This is how the risks are diversified. Loss on one signal can be compensated by profit on others. The aggregate profit may decrease but the risk control is worth it.
- Saving time. This option is great for those who trade for the purpose of obtaining additional income, having a main source of income.
- The human factor. The skills of a real trader, rather than a bot, are at the disposal of the copy trader. This is much better than fully trusting trading robots that work solely on the given algorithms and cannot 'think' outside the pattern, which is sometimes very important in trading.

Disadvantages of copy trading apply to the investment market in general:

- High risks. Despite good indicators and profitable trades, a trader may at some point make a mistake and go into the red. Therefore, an investor should be aware of all the risks of copy trading.
- Professional degradation. When a highly qualified investor begins to copy other people's transactions he loses his own flair.
- Technical shortcomings. The trading platform (terminal) should be constantly on.
- Low qualification of the trader: good results in the past do not guarantee profits in the future. In addition, it is often impossible to verify the reality of a trader's performance. Therefore, a trader whose profitability strategy seems to be successful for previous periods may lose both his assets and the assets of his investors in the future.
- Trader's evil intent: there are many ways for an intruder to enrich themselves at the expense of investors. Whereas the actions of traders are monitored by regulators in traditional financial markets, there is no control in the crypto market. Covesting is planning to reduce this risk via the introduction of technological solutions.

For the professional trader, copy trading is an opportunity to receive additional earnings from the commission received from investors who copy his strategy. The

more successful a trader is, the more commission he receives from investors copying his strategy.

How signals are copied: a successful trader registers on the platform for auto trading and publishes his profile with signals for subscription. He becomes a signal provider. The subscriber chooses the supplier on a copy trading website or on a broker website and subscribes to his signals. The supplier concludes transactions in his broker's trading account; transactions are transferred to the subscriber broker's server and then to his trading account.

Trade is conducted with money on the investor's trading account. In the classical case, it is necessary that the amount on the investor account be approximately equal to the provider balance. So, for example, if a trader has a deposit of \$10,000 and the investor has only \$100, trade will be impossible. A trader can open a lot that will be equal to the whole deposit. On the other hand, some services scale the volume of transactions depending on provider and subscriber balances. In the case of Covesting, only the percentage allocation will be tracked which will allow overlooking this problem provided that there are minimum lots on the crypto markets.

The forerunner of copy trading was known as a PAMM-account. A PAMM-account (Percent Allocation Management Module) is a specific mechanism for trading account functioning which technically simplifies the process of transferring funds on a trading account to the trust management of a selected manager for conducting operations in the financial markets.

Quite often copy trading is confused with social trading, but these concepts are not synonymous. Copy trading is one of the elements of social commerce. Social trading is realized via special services resembling social media for traders where users exchange information with other members of the community online. Traders lay out their strategies, chat and click the likes. Beginners observe the actions of professionals and repeat their transactions.

In copy trading the rating mechanism is quite widespread. The higher the trader rating, the more expensive the subscription to his signals is.

Thus, copy trading requires registration on a special platform or service. There are many such platforms; the most popular are the following: Signals MQL5, ZuluTrade, Mirror Trader, Signal Trader, eTorro and xSocial. Each platform has its own advantages, disadvantages and conditions for copying. We will talk about them in the 'Competitive Advantages of the Project' section.

Covesting is a platform for copy trading, accessible to investors and traders in cryptocurrencies. The platform allows searching and comparing of the performance of hundreds of traders on the digital assets market and copying their trades automatically. Traders receive additional income from their profitable trade from the commission of investors.

As specialists in the investment market, the Covesting team paid particular attention to the legal issues for the project; a disclaimer and description of the risk factors were compiled at the level of the investment memorandum for the issue of Eurobonds by the largest issuers.

Covesting is registered in Gibraltar - a jurisdiction offering legal and a fintech/blockchain start-up framework as well as crypto exchanges. Legal support is provided by Hassans¹.

The Covesting MVP prototype is currently being launched; the launch of a beta version of the platform is planned for the first quarter of 2018. In other words, the project is in its initial stages; however, significant investments have already been made.

In general, the legal component of the project looks good; however, the team should give investors a clear indication of the legal entity that will be the beneficiary of the ICO.

Covesting Limited, Gibraltar REG 116500

Website Covesting: <https://covesting.io>

Website Covesting ICO: <https://covesting.io>

White paper: https://covesting.io/Covesting_White_Paper.pdf

Legal disclaimer: http://covesting.io/legal_disclaimer.pdf

Telegram: <https://t.me/covesting>

GitHub: <https://github.com/covesting/covesting-io>

Facebook: <https://www.facebook.com/covesting>

Kakaotalk: <https://open.kakao.com/o/g4lXnTB>

Twitter: <https://twitter.com/covesting>

Medium: <https://medium.com/@Covesting>

BitcoinTalk: <https://bitcointalk.org/index.php?topic=2216847.0>

1

<https://medium.com/@Covesting/the-worlds-most-friendly-ico-host-countries-e8710dd2a2d2>

ICO

Covesting has introduced COV token to its investors - a utility token which is used within the system. Using COV, the investor is able to subscribe to a trader's trading strategy. The investor allocates a certain amount of COV to the trading model that interests him, and the platform automatically begins to repeat the trading activity of the selected trader.

Pre-ICO: completed, attracted more than \$1 million (1,700 participants)

ICO start date: November 24, 13:00 GMT (13:00 UTC)

ICO end date: December 24, 13:00 GMT (13:00 UTC)

Hard cap: 25,000 ETH

Soft cap: has been achieved during the pre-ICO

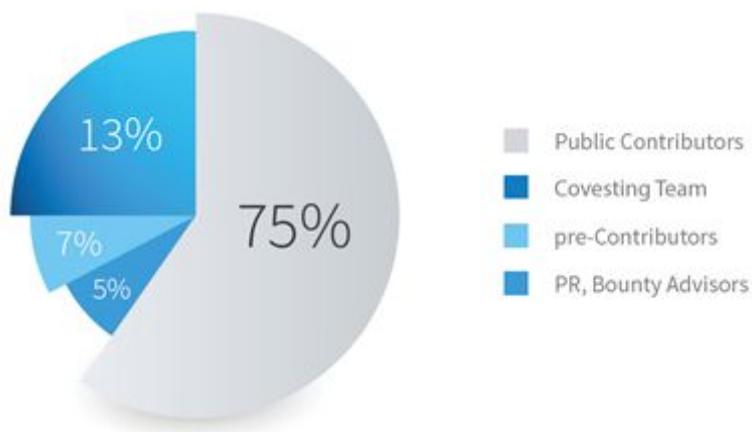
Token: COV, standard ERC-20

ICO price: 1 COV = 0.005 ETH

Accepted payment: ETH

Total emission: 20,000,000 COV

Distribution:



Tokens on sale: 16,500,000 COV (15kk for the ICO + 1.5kk for the pre-ICO)

Distribution of funds:

- 40% R&D. (Development team with approximately 15-20 engineers. Platform development, new features, data-testing for HFT operations, mobile app development).
- 25% Marketing expenses, PR and Customer (Acquisition, presentations and region-specific roadshows. Digital currency trading exhibitions participations etc. There are natural network effects built into the product around the P2P

asset management model, which will lower the average customer acquisition cost (CAC) substantially).

- 30% Initial Capex. (Substantial costs largely associated with b2b API integration from multiple partners/exchanges. Costs of necessary Licensing. Latency optimization. Operational spends, employees (excl. developers), office etc.
- 5% Legal, compliance fees.

Bonus system:

CUMULATIVE NUMBER OF ETH COMMITTED	COV PER 1 ETH RATE
0 - 5,000	200
5,000 - 10,000	180
10,000 - 20,000	170
20,000 - 40,000	160
40,000 - 60,000	150
60,000 - 100,000	130
100,000 ETH	15.000.000 COV
Total: 100,000 ETH	Total: 15,000,000 COV

Minimum investment: 0.1 ETH.

Listing on exchanges:

BITFINEX

C2CX

BITTREX

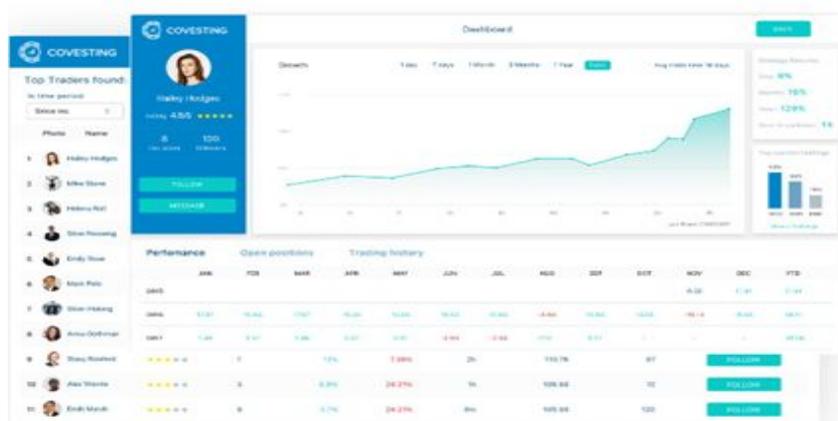
HIBTC

According to the team, tokens unsold in the ICO will be destroyed. In addition, Covesting intends to buy a portion of the tokens back from the open market in the future in order to burn them.

3. Description of the services and scope of the project

In this section we discuss the scope of the existing and planned services of the project as well as its technical component.

Currently, the Covesting project offers a service with limited functionality, where registration is available for gaining access to the interface and some functions of the main service.



Profits made via Covesting's service will be distributed as follows:

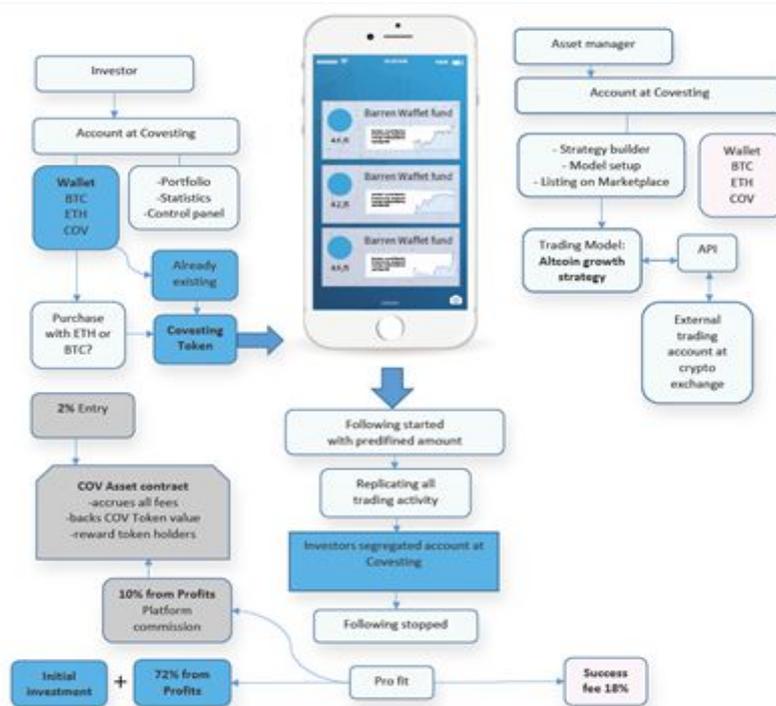
- 18% - trader commission from the profit of all successful transactions of investors copying trading activity.
- 10% - platform commission for process organization.

Thus, the investor will receive only 72% of earned profit.

This distribution of profits looks quite unfair from the point of view of the conventional investment market. Traditional brokerage commissions for copy trading are much lower. Nevertheless, the commission is quite acceptable for the crypto market, where the cost of examination is very high.

An important fact is the entry commission of 2% - the commission that platform participants will pay for each deposit is quite expensive and comparable to a two-year management fee for a trust manager. However, given the high transaction costs in the crypto market, this rate can be considered acceptable.

In general, the architecture of the platform looks as follows:



Another important platform service is the API, which is the link between the platform and an account on an external crypto exchange (Poloniex, Bittrex, Bitfinex). The API allows transferring data related to trading from the exchange account to the Covesting trading model. Using the API, dynamics can be monitored and trading activity can be replicated to investor accounts.

4. Market Review

In its analysis of the potential target market, the team cites the main milestones of the crypto market since the Covesting service addresses the entire market simultaneously.

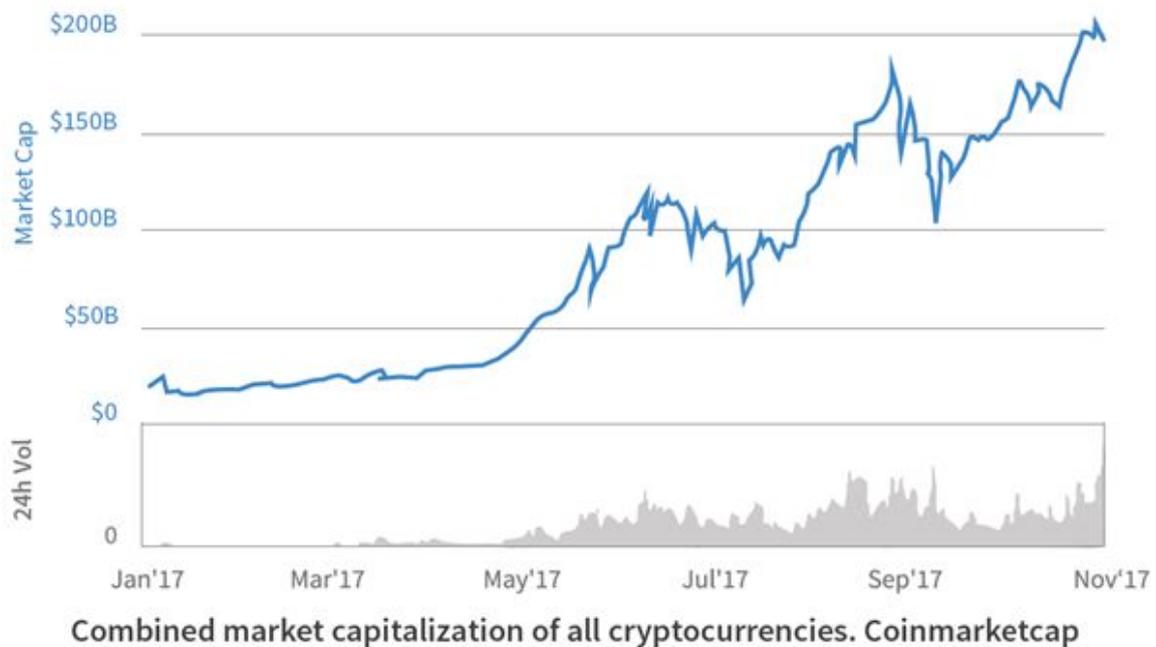
According to Coinmarketcap, the aggregator of trade information from exchanges, capitalization of the digital currency market as of November 24 is \$261 billion: <https://coinmarketcap.com/> - up-to-date information.

The daily turnover of trade in some key coins is presented in the table below:

#	Name	Market Cap	Price	Volume (24h)	Circulating Supply	Change (24h)	Price Graph (7d)
1	 Bitcoin	\$137 207 951 175	\$8216.66	\$4 973 170 000	16 698 750 BTC	0.13%	
2	 Ethereum	\$43 036 637 494	\$448.64	\$1 964 930 000	95 926 029 ETH	9.86%	
3	 Bitcoin Cash	\$27 904 509 023	\$1659.02	\$3 335 130 000	16 819 875 BCH	10.21%	
4	 Ripple	\$9 310 931 239	\$0.241073	\$275 721 000	38 622 870 411 XRP *	-0.86%	
5	 Dash	\$4 322 082 648	\$560.74	\$137 578 000	7 707 806 DASH	-1.69%	
6	 Litecoin	\$4 104 768 828	\$76.06	\$303 222 000	53 971 058 LTC	1.21%	
7	 Monero	\$2 416 528 406	\$156.98	\$73 179 500	15 393 764 XMR	-3.86%	
8	 NEO	\$2 280 330 000	\$35.08	\$75 428 800	65 000 000 NEO *	0.38%	
9	 IOTA	\$2 017 466 465	\$0.725830	\$108 350 000	2 779 530 283 MIOTA *	-18.16%	
10	 NEM	\$1 826 649 000	\$0.202961	\$6 865 890	8 999 999 999 XEM *	0.08%	

Source: *Coinmarketcap*

According to the realistic estimates of Juniper research, the total trade turnover of cryptocurrencies will reach \$1 trillion by 2022.



Covesting does not yet have 100% analogs in the crypto market, so we return to analogies from the stock and Forex market. Thus, the share of copy trading for the largest Forex brokers is between 5 to 20% of daily turnover. The current potential of the copy trading market on crypto exchange platforms is \$16.25-65.00 billion in volume terms (according to the volume of trading for the 1st quarter of 2017) but it could potentially increase to \$50-200 billion by 2022.

As a result, Covesting enters a market with almost no other players in it; we will take a closer look at this point in the "Competitive advantages of the project" section.

5. Team

The Covesting team are specialists with a background in trading, investment banking, blockchain, alternative investments and financial technologies based on working for such financial market leaders as JP Morgan, Zurich Insurance and Saxo Bank.

Dmitry Pruglo - Founder, CEO. More than 12 years of trading experience in stocks, derivatives and foreign exchange market. Deep knowledge of financial markets, brokerage industry and trade terminal infrastructure. SEB Bank, Saxo Bank, General Director of Wisdom Bay Holding.

Timothy Voronin - Co-founder, COO. More than 12 years of online trading experience with different asset classes. Experienced trader with experience in finance. Saxo Bank, Orion Securities, Argo Traders, Swedbank.

Dinis Guarda – Co-founder. An influencer, specializing in business development strategy and blockchain, as well as an ICO Evangelist. For three consecutive years he has been ranked in the top 10-50 influencers worldwide in blockchain, fintech, and social media. Dinis is the founder/CEO of LifeSci - a P2P, blockchain, PAAS with a Nobel of Medicine. He works with the UN, several governments, the European Space Agency, Saxo Bank, Mastercard, Barclays, and Oanda.

Peter Kristensen - Head of Markets and Investor Relations. Paul has accumulated over 30 years of experience in financial markets. He was the Head of Sales Trading and Technical Analysis at Saxo Bank.

Paul Hinrichsen - Director of Business Development. He worked for JP Morgan Chase for over 4 years, then moved on to Citibank where he continued his career in Treasury Services.

Zeeshan Mallick - Chief Marketing Officer. He is an international digital thought leader and professional with experience in business development, digital marketing, trading, ICOs, blockchain and strategy.

Ivan Klykov - Investment Product Development. He is an expert in portfolio management and investment products development. Ivan has 10 years of experience in the asset management industry. He has worked as a portfolio

manager for the Agana AM Company (\$1B AUM), and later developed a retail investment product line from scratch at Alpari – one of the leading FX-brokers.

Sergey Sevanshtan - CIO, CTO. More than 20 years in the IT industry, co-founder of IBW, cryptographic fund consultant, project manager in several ICOs, Blockchain evangelist, senior IT for Nokia.

Andrey Nenadov - Project Manager. Andrey worked for over five years at the Big4 companies KPMG and Ernst & Young, providing assurance and consulting services for the largest global and Russian companies in oil & gas, construction, FMCG, and telecom industries. He also worked for one year in the business development department of Rosneft – the 8th largest global oil & gas company.

Alexander Strakh - Smart Contract Developer. More than 10 years in the field of development and testing of software. Developer at MASIW, Linux DDV Project.

Konstantin Zherebtsov - Information Security. More than 11 years in the field of software development and IT security. Former head of information security at Zurich Insurance, Swisscom.

Max Saiganov - the head of digital marketing. More than 15 years of experience in marketing with an emphasis on projects in the field of exchange trade and investments. Participated in international marketing companies for Saxo Bank, Mediagroup London, Marketing Lion

In general, the team is experienced in terms of the investment market. The trader aspect outweighs the IT aspect. On the other hand, the team is balanced by experts in the field of marketing and information security which is important. Few startups can boast of such a strong player in the field of security.

The team of advisors should also be noted; there are several high-profile people among them, including Philipp Kallerhoff.

6. Marketing strategy

Covesting is well-covered in the media, and the team has focused on the professional press. A number of articles in top publications is worth noting:

- <https://finance.yahoo.com/news/covesting-presents-revolutionary-peer-2-164800006.html>
- <https://www.financemagnates.com/thought-leadership/covesting-introduces-new-crypto-intelligence-portal/>
- https://www.huffingtonpost.com/entry/covesting-an-overview-of-the-new-age-trading-platform_us_5a12d5e4e4b0e30a958508e9
- <https://themerkle.com/covesting-incorporates-in-gibraltar-one-of-the-most-ico-friendly-jurisdictions/>
- <https://www.cnbc.com/2017/11/22/pr-newswire-leading-blockchain-personality-dinis-guarda-joins-covesting-a-revolutionary-p2p-asset-management-platform.html>
- <https://www.thestreet.com/story/14382932/1/covesting-presents-its-revolutionary-peer-2-peer-asset-management-platform-for-cryptocurrency.html>

This is the right decision; at the ICO stage it is necessary to provide institutional investors and market professionals with the fullest possible information.

Communications with potential investors are implemented via Telegram (2,491 followers), Facebook (9,280 followers) and Twitter (2,725 followers). These are quite good indicators. The team also maintains channels on Medium and Github. Nevertheless, they are not very popular. There is an official thread on Bitcointalk, its activity consists of 11,165 views.

Bounty program:



After the completion of the ICO the marketing budget will be 25% of collected funds or about \$7-8 million - this figure is very serious even for the traditional investment market.

Thus, due to the presence of a strong team, the social marketing for the project can be characterized as moderate. The project offers a good bounty program. However, the team should disclose the marketing strategy planned for implementation after the ICO; this issue is not covered in the documentation.

7. Competitors and competitive advantages of the project

According to the founders, Covesting should take the leading position in the market of copy trading on crypto exchanges with the potential of \$16.25-65 billion revenue. Nevertheless, there are competitors for the project. Given the development of copy trading on forex and the high adaptability of forex brokers to changes in the investment market, forex companies will become such competitors.

Cryptocurrency is actively used by many companies in the online Forex industry as a means of payment or as an object for investment. Primarily, it is the platforms with a developed system of copy trading that will be Covesting's competitors. Here are some of them and their features:

№	Company	Description
1	Robox	This system operates in accordance with the Markets in Financial Instruments Directive standard which operates in 27 EU countries and has CIF 169/12 license. Another feature of the system is a strict selection of traders whose strategies are copied: registered users can only trade on FSA brokers.
2	CopyFX	Implemented using the popular MT4 platform. Its unique offering is the opportunity to start copy trading using as little as 100 dollars for investment. Very informative rating of traders deserves separate attention - an opportunity to assess risks and pick up a suitable trader for investment.
3	Share4you	This is an auto trade Forex service that is perfect for beginners. Its main feature is the absence of any minimum threshold for investment. You can select a trader from the leaderboard, see his statistics where the recommended amount of investment is displayed and select him: everything is very simple. The only difficulty is with the slightly confusing statistics for users, which can cause some difficulties for novice investors.

4	ForexCopy	ForexCopy from InstaForex is a service that enables copying the transactions of successful Forex traders with a given copy scale in real time.
5	Digitrade	Flexible settings for copying transactions are the main feature of this resource. The approach for calculating commission charged to investors also attracts attention. There is a chat room where copied traders or other members of the system can be quickly contacted. Profitability can be very high - 10-50% per month, having set up everything once.

Thus, as soon as the market is created and the first player appears, many companies with serious financial and intellectual resources will rush into it. On the other hand, Covesting will have a handicap; time will show whether the project participants will be able to take this advantage.

Several projects working in related areas which have completed their ICO should also be noted.

Genesis Vision - a platform for the private trust management market, built on blockchain technology and smart contracts. They will unite exchanges, brokers, traders, and investors into a decentralized, open and fair network, making the financial market even more global. This will allow successful traders to rapidly scale their trading strategies by attracting investments from around the world. Genesis Vision attracted only \$2.8 million²; currently the project is estimated at \$17.2 million according to Coinmarketcap.

Another example is [Cindicator](#), a project that is developing a hybrid intelligence platform for capital management. Cindicator attracted \$15 million during its crowdsale and now is estimated at \$28.3 million according to Coinmarketcap.

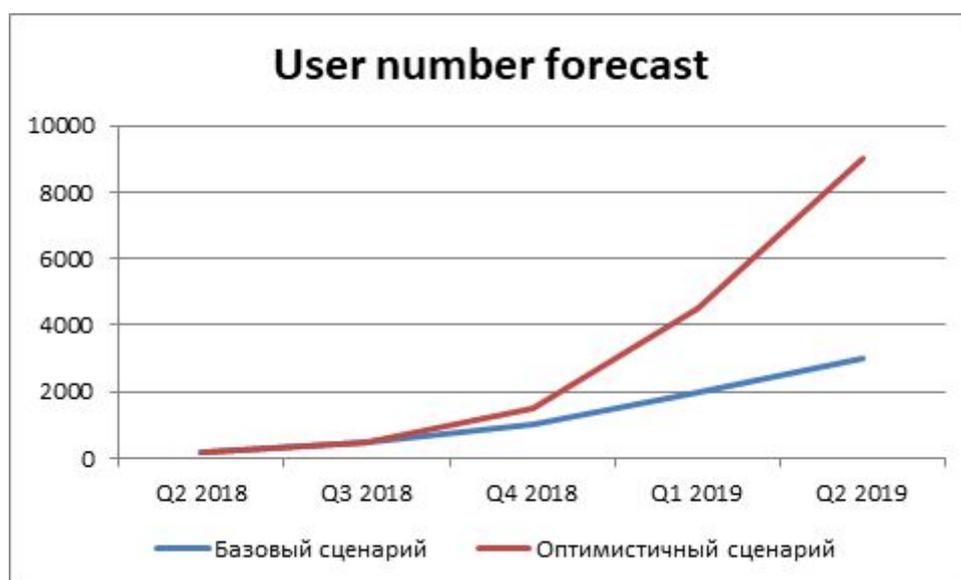
² <https://genesis.vision/>

8. Development strategy and Roadmap

A development roadmap is presented on the [website](#) as well as in the white paper. Information is presented more fully in the white paper. Key milestones from our point of view are the following:

- January 2018: listing the token on exchanges. In the white paper, the team states that the token will be listed on BitFinex, C2CX, BITTREX, and HitBTC.
- Q1 2018: release of beta version of the platform, aggregator of liquidity.
- May 2018: mobile application.
- Q2 2018: integration of risk management systems.
- July 2018: beta version of trading terminal.
- Q3 2018: integration of modules for trading derivatives and HFT.

By the end of 2018, the project expects to receive at least 1,000 users with an average cheque of \$10,000.



The roadmap is certainly ambitious and optimistic both in terms of the pace of development and growth forecasts for the client base, but this is only if we consider it in isolation from potential market growth. At the same time, the development period will not be delayed, which is positive for the token holder since the time when there will be infrastructure token demand is approaching.

9. Economy of the project

Covesting will charge two types of commission:

- Entry commission: 2% of investors assets will be held for any asset entry operation;
- Commission from success: 10% of trader profit received on the investor account will be held in favor of the platform.

Thus, the commission will provide both a minimum revenue for the platform, directly independent of the success of traders and market dynamics, and a potentially unlimited (or rather limited by the ability of traders to increase profits) additional revenue.

The white paper presents two scenarios - conservative and optimistic. The entries for the scenarios were taken from the forecasts of client base growth indicated by us in "Development strategy and the roadmap". Also, forecasts suggest that only 70% of platform users will actively work with their assets. Market profitability is expected at 60% per quarter in the conservative scenario and 80% per quarter in the optimistic scenario.

Conservative scenario:

	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
Customers	200	500	1,000	2,000	3,000
AUM	2,000,000	5,000,000	10,000,000	20,000,000	30,000,000
Average profit	60%	60%	60%	60%	60%
Commissions 2% entry + 10% from all profits	\$40,000+ \$84,000 USD	\$60,000+ \$210,000 USD	\$100,000+ \$420,000 USD	\$200,000+ \$840,000 USD	\$200,000+ \$126,000 USD
Total Value in Asset Contract	\$124,000 USD	\$394,000 USD	\$914,000 USD	\$1,954,000 USD	\$3,414,000 USD

Optimistic scenario:

	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
Customers	200	500	1,500	4,500	9,000
AUM	2,000,000	5,000,000	15,000,000	45,000,000	90,000,000
Average profit	0.8	0.8	0.8	0.8	0.8
Commissions 2% entry + 10% from all profits	\$512,000	\$880,000	\$2,840,000	\$8,520,000	\$14,040,000
Market making profits	0	\$44,000	\$142,000	\$426,000	\$702,000
Trading Terminal commissions	0	0	\$85,200	\$255,600	\$421,200
Total Value in Asset Contract	\$512,000	\$924,000	\$3,067,200	\$9,201,600	\$15,163,200

In addition to the ambitious forecasts for client base growth, we note the very aggressive expectations for market yield. 60% per quarter is less than the yield of BTC or altcoins in 2017; however, as we know, the results for previous periods do not guarantee repetition in the future. We believe that 2018 will be very difficult for altcoin, as for many projects that have collected money in 2017; it will be time to report on the implementation of their roadmaps. There is a high degree of probability that not everyone will be able to boast the results that investors had hoped for.

As a result, if the market yield is lower than it is in Covesting's financial calculations, a chain reaction of the following negative events may arise:

- less yields -> less success fees;
- less returns -> fewer customers;
- fewer customers -> fewer entry commissions.

In the medium term, this chain determines too high a dependence of financial results and, accordingly, the stability of the business model both on the dynamics of the crypto market and on the skills of crypto traders.

In addition, it should be noted that the commission rates set by Covesting are very large in comparison with traditional financial markets. Sooner or later, rates will begin to equalize along with the increase in quality of expertise and competition on crypto market. The financial model of Covesting could then be revised.

10. Risks

The substantial dependence of Covesting revenues on the performance of the market from our point of view is a significant risk to the platform. However, it must be emphasized that this risk is typical for any project related to brokerage / asset management in the crypto market. This risk is assumed by any crypto investor either by buying altcoin on exchanges or by investing in COV tokens in the ICO.

For the platform's reputation, any serious misconduct of traders will be a serious risk. We have discussed with the team measures to protect investors from low skills or malicious intent of traders. We note the following:

- Marginal operations will be banned: on the one hand, this will reduce the risk to portfolios; on the other hand, it will not allow traders to register several accounts and trade on opposite sides, thereby "drawing" a positive performance for themselves on one of the accounts.
- Transactions with illiquid instruments will be limited to exclude the risks of implementing pump and dump strategies.

And of course we should mention the risks in the technical implementation of the project. Currently, there are not many published technical details. There is an MVP but it is more of a shell, not a working prototype. A beta version according to the roadmap will be ready in the next quarter, but so far no technical details of the development have been submitted.

In general, the project has risks, but they do not differ from the risks for the average project in this segment of the crypto industry. We can say that we did not identify specific risks and the majority of the doubts that arose during the analysis of the project, the team managed to dispel in personal communication.

11. Token investment attractiveness

COV is a utility token which will be used as the currency in the Covesting system. Success fees and profit distribution will be nominated in COV. COV tokens are also needed to connect investor accounts to the accounts of selected traders.

50% of earnings will be sent for the redemption of tokens. Redeemable tokens will be burned.

Thus, the fact that the COV token is used as a means of payment in the Covesting infrastructure is a factor in coin liquidity, and burning is the driver of the growth of its price relative to other basic cryptocurrencies.

The uncertainty is in the amount that will be spent on redemption and burning of tokens. The white paper states the above definition - 50% of the earnings. We clarified this point with the team. The team declares its plans to use 50% of commissions accumulated in the asset contract for redemption. That is 50% of the platform's revenue. This confusion in the definition of revenue and earnings of investors should be borne in mind when deciding whether to buy COV tokens.

The price of the COV token will increase as accumulated commissions increase and the number of tokens in circulation decreases. Growth will be exponential, according to the financial calculations given in the white paper. However, we do not have fundamental grounds for assuming a 60% quarterly increase in the price of the COV token (equal to the profitability of the platform projected by the founders) in 2018-2019. Thus, if we believe the team's figures, it is more profitable to invest in a diversified portfolio of crypto assets than in COV tokens.

Nevertheless, we consider COV a successful investment. Participation in the crowdsale will allow buying tokens of a high-quality project with a discount on the weighted average price. We recommend participation in the Covesting ICO for long-term crypto investors, as well as for individuals planning to use the services offered by Covesting in the medium term.

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.