



**Digital**DevelopersFund

## How to Profit From ICOs

Michael Marcovici, Tobias Ratschiller

# Here's What You Will Learn

## 01 **The ICO Model**

The meaning of history and how they came to the current gold rush, bringing returns of thousands of percent to savvy investors.

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## 02 **The Six Step Process to Identify Promising ICOs**

How to find the most promising ICOs and better judge potential returns.

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## 03 **How Not To Loose Your Investment**

The four things to avoid if you don't want to loose your funds to hackers, scammers, and the crypto nirvana.

# Who We Are



## Michael Marcovici

*Managing Director*

Michael's expertise in the Internet business stretches back to 1991 when there was no WWW or domains. Michael is the founder of the Austria Börsenbrief, a financial investment magazine, and was a private equity fund manager for five years.

Michael became involved with domains in 2002 when he started to register, buy and sell valuable domains. With more than 20 years of experience in business and expertise in the financial markets, Michael is in charge of the strategic orientation and asset allocation of the fund.



## Tobias Ratschiller

*Advisor*

Tobias has been active in the Internet industry for the past 20 years as entrepreneur, advisor and investor. Through his company Senza Limiti, he invests in digital assets such as domains and websites, and has realized several seven figure exits. Tobias is an active crypto currency investor since 2012.

**DDF invests in digital assets.**

Registered in 2010 on the Cayman Islands, the fund invests in domain names, crypto currencies, crypto mining, and other digital assets.

# House Rules

## No “get rich quick”

Investing requires research, dedication, diligence. ICOs are no exception to that.

## No “magic”

In the dot-com bubble, people thought traditional economics don't apply anymore. But it did – companies failed, stocks tanked.



## “Results are not typical”

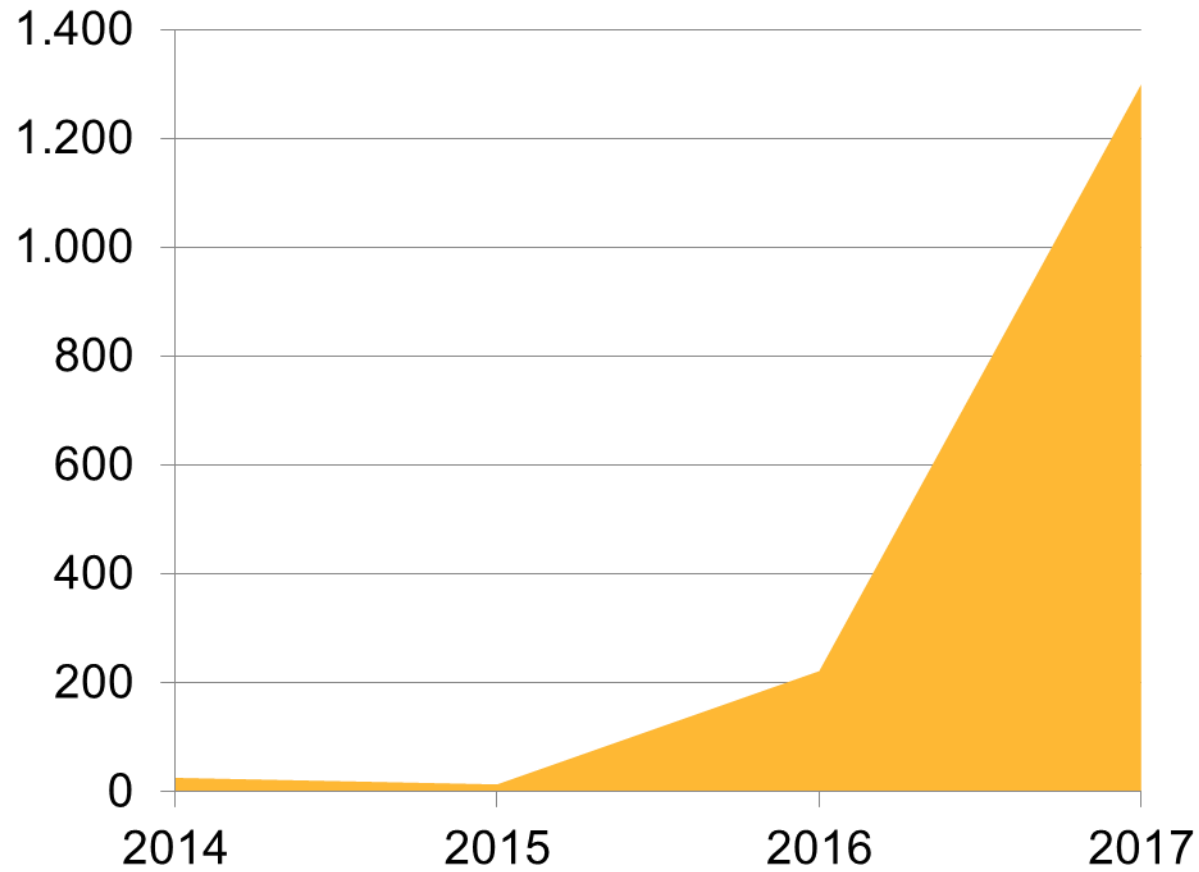
***We have been investing in crypto for a long time.***

We have an advantage over most. We have studied crypto, technology, digital assets for years.

Also, this is not investment advice.



# Funds Raised With ICOs



Total Raised by ICOs in Million USD

2017

**\$1.3bn Raised**

Bancor: \$153m

Status: \$102m

Tezos: \$200m

EOS: \$200m

# Astronomical Returns



ROI since ICO, as of July 19, 2017

# What Are Initial Coin Offerings

## 01 Fundraising

ICOs mimic the proverbial IPO successful tech companies go through to raise money and get a public valuation.

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## 02 ... On the Blockchain

Instead of shares, the ICO issues tokens. A popular way is to build these tokens on top of Ethereum.

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## 03 ... With Benefits

Tokens are usually listed on crypto exchanges after the ICO and immediately liquid. Investors hope that successful projects will cause then tokens' value to rise.

**Kickstarter  
+ Blockchain  
+ NASDAQ  
= ICO**

# How To Participate in an ICO



## 1. Choose ICO

Depending on the ICO, the participation method can be very different.



## 2. Prepare Funds

In most ICOs, you invest with Bitcoin or Ethereum. **Buy crypto on exchange**; assume 2-3 weeks to get crypto due to KYC verification at exchanges.



## 3. Be Ready

The ICO starts at a certain time. The most popular ICOs sell out quickly.



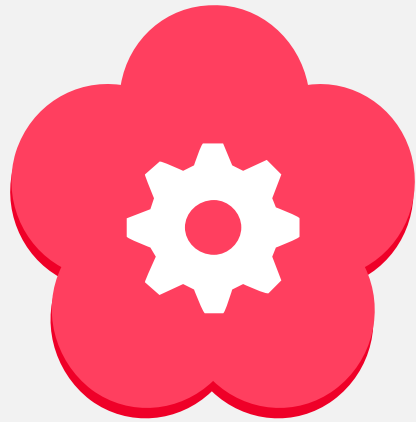
## 4. Get Tokens

**Send funds to the ICO.** You get tokens in return, either immediately or after a certain waiting period.





# Disruptive Model



## Investor Access

Everyone who has access to crypto currencies can invest; usually there is no minimum investment.

## Technology Driven

Smart contracts can control significant parts of the business.

## Replacing VC

Traditional venture capital may be replaced with ICOs, may be reduced to validation agents.

## Revolutionizing Payments

Token transfers are effortless, permissionless, not restricted to geographical boundaries.

# Party Like it's '99



- ✓ Goldrush comparable to dot com boom of '99.
- ✓ 86% of those tech companies disappeared within a decade.
- ✓ But out came winners like Amazon and Netflix.

**“It feels as if the TCP/IP or HTTP protocol are being reinvented. And with it the whole digital ecosystem from the ground up.”**

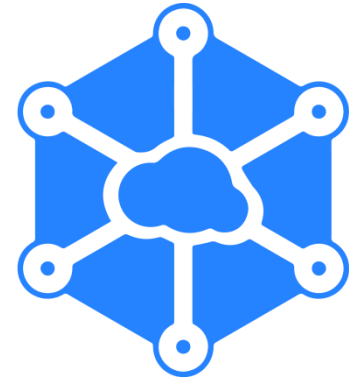
*Ouriel Ohayon*

# But...

-96.39%

## **ChronoBank**

ROI since ICO: +98.56%  
But compared to ETH, it's  
underperforming!



**STORJ**

-93.96%

## **Storj**

ROI since ICO: +4,607.26%  
But compared to ETH, it's  
underperforming!

# The Problems

## **(No) Regulations**

There are currently few regulations specifically for ICOs.



## **No Accountability**

No standards for investor participations, company governance.



**ICO**

## **Scams**

Beware of hackers and obvious frauds.



## **Venture Risk**

Many ICOs fund project with unproven technology, in unproven markets, with unproven teams.



# (No) Regulations



## **Most ICOs Exclude US Citizen**

ICOs resemble equity offerings; heavily regulated in the US and permitted only to accredited investors.



## **No Definitive Agreement on Tokens**

Currencies, commodities, assets, securities?



## **Incorporation Varies**

Even if ICOs say they are building a company, sometimes there is no legal entity behind. Jurisdiction shopping to Switzerland, Singapore.

# No Accountability



## **No Shares**

Tokens do not represent actual company shares, therefore limiting investor influence in the business.



## **No Governance Rules**

Most ICOs don't even mention the word "corporate governance"; in most cases there are no explanations what happens when key people leave.



## **Funds Released At Once**

Most ICOs release all raised funds at once to the team; if there is escrow, it is usually so vague to be ineffective.

# Venture Risk



## Too Much Funding

“More money is not generally a good thing. In my experience, the startups that are careful and raise modest amounts of capital outperform the startups that raise crazy amounts of capital and are overly aggressive.” (Fred Wilson)



## Unproven Market

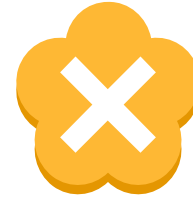
Almost no ICO start with traction in a market outside crypto currency.



## Unproven Team

Many ICOs have decent technical teams, but lack on business and industry experience.

# Scams



## Even Clear Scams Are Hard to Detect

Some ICOs copy existing ones and look legit.



## Hackers Target ICOs

Websites get hacked, funds get stolen.



## Kinda Scam

Intentions may not be bad, but what limits the team of abandoning a project once it gets difficult?

# Where to Find ICOs



## ICO Websites

- [icoAlert.com](http://icoAlert.com)
- [icoCountdown.com](http://icoCountdown.com)
- [icoTimeline.com](http://icoTimeline.com)
- [icoRating.com](http://icoRating.com)
- [CoinSchedule.com](http://CoinSchedule.com)



## Crypto Websites

- [CoinDesk.com](http://CoinDesk.com)
- [CryptoNews.com](http://CryptoNews.com)
- [CryptoInsider.com](http://CryptoInsider.com)



## Reddit

- [/r/ethtrader](https://www.reddit.com/r/ethtrader)
- [/r/CryptoCurrency](https://www.reddit.com/r/CryptoCurrency)
- [/r/icoCrypto](https://www.reddit.com/r/icoCrypto)



## BitCoinTalk

Crypto forum that most ICOs use for announcements.

# 6 Steps to Identify Promising ICOs

## 01 **Crypto-Compatibility**

Blockchain technology? Escrow? Vesting schedule? Multi-sig wallets?

How appealing is the project to the crypto community?

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## 02 **Valuation**

What is the value of the token? How much is raised? Is there a pre-sale? Multiple rounds? What happens to unsold tokens? How many tokens are allocated to team, insiders?

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## 03 **Market**

What is the market size? Is there real potential to penetrate? Is there product-market fit? Growth rate? Partnerships? Competitors?





# 6 Steps to Identify Promising ICOs

**04 Technology**  
Technology risks? How difficult is it to copy existing technology?  
Patents, trademarks? IP ownership? Realistic roadmap?

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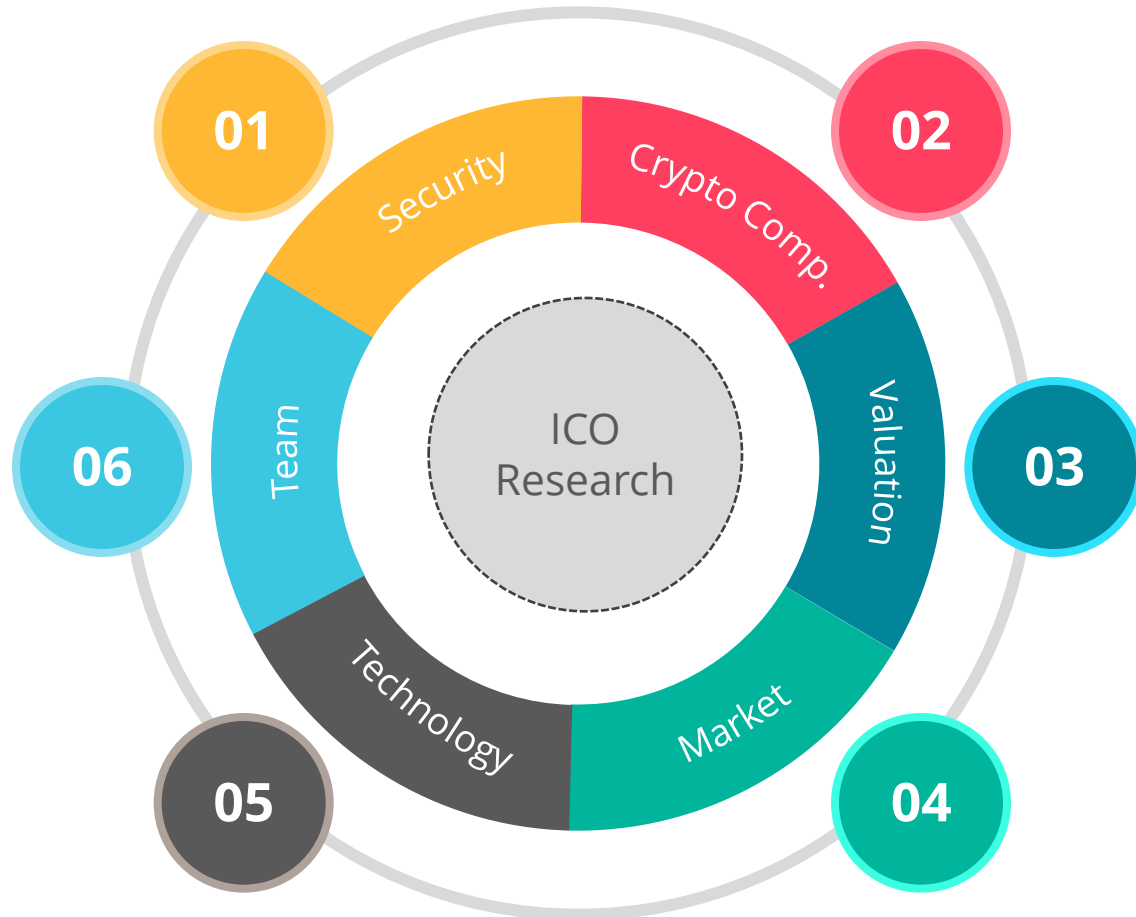
**05 Team**  
Industry experience? Crypto experience? Projected head count?  
Employee retention?

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**06 Avoid Scams**  
Buzz on Bitcointalk.org, Reddit, Telegram? Reputable founders?  
Code audits? Security measures?



# DDF Evaluation Criteria

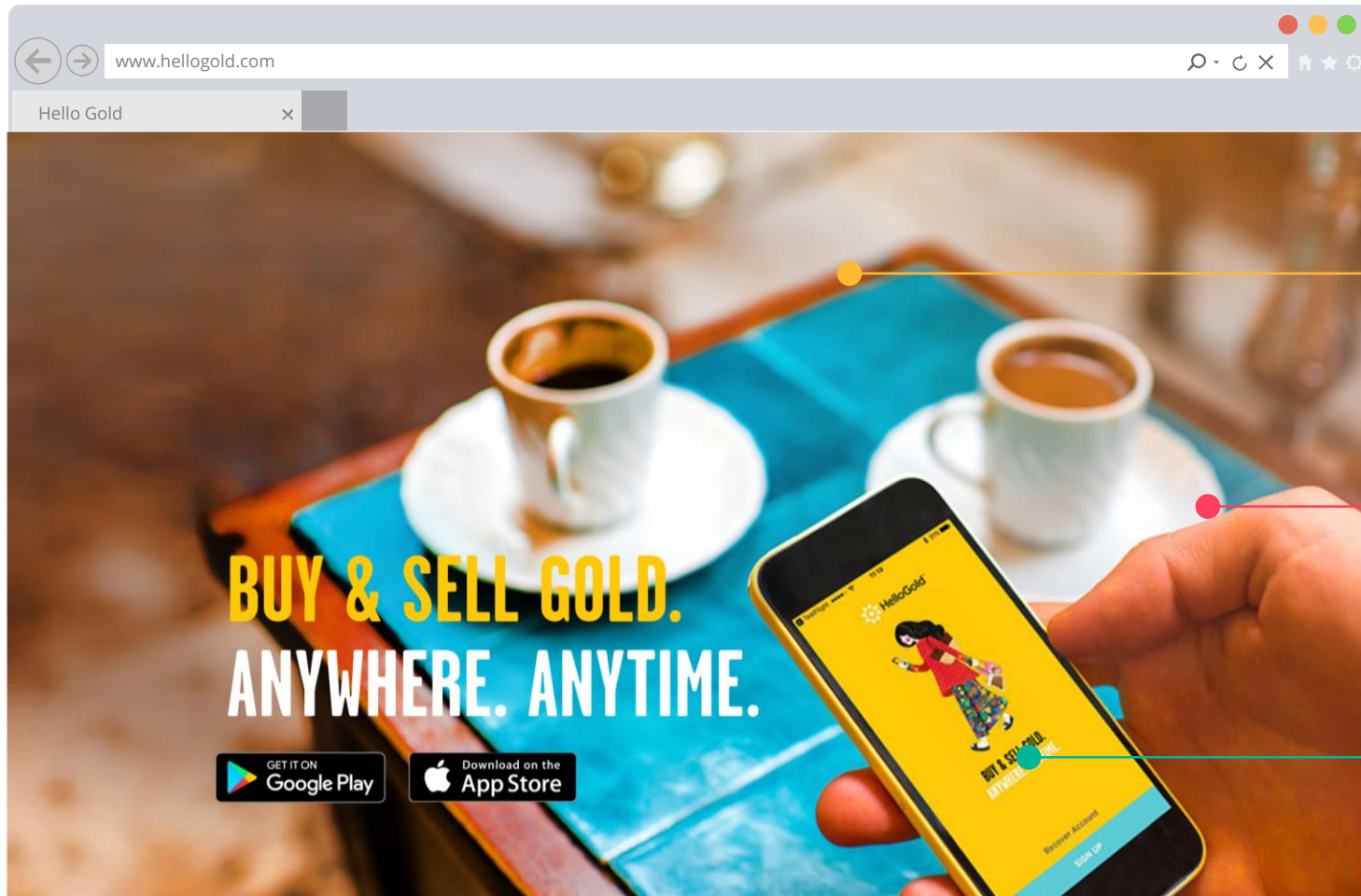


## ICO Evaluation Process

DDF has a team of researchers looking at ICO and doing deep audits.

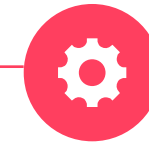
- Identify ICOs through research team
- Approach founders & interview
- Due diligence on founders, technology
- Background research on technology
- Rate token using MIDAS – Multi Input Digital Asset Screening
- Consult and confirm with DDF Advisory Board
- Recommend for investment

# Example: Hello Gold



## Existing Business

Operating since 2015, reputable team.



## Solid Technology

Little technology risk; fundamental technology developed already.



## Blockchain Compatible

Asset backed crypto currencies are a valid use case.

# What Doesn't Work



## **Rely on “ICO Audits”**

Many audits are paid for, often with tokens sold in the ICO; conflicts of interest.



## **Trust the Buzz**

Much “buzz” is paid for. Standard marketing is giving out “bounties” for promotion.



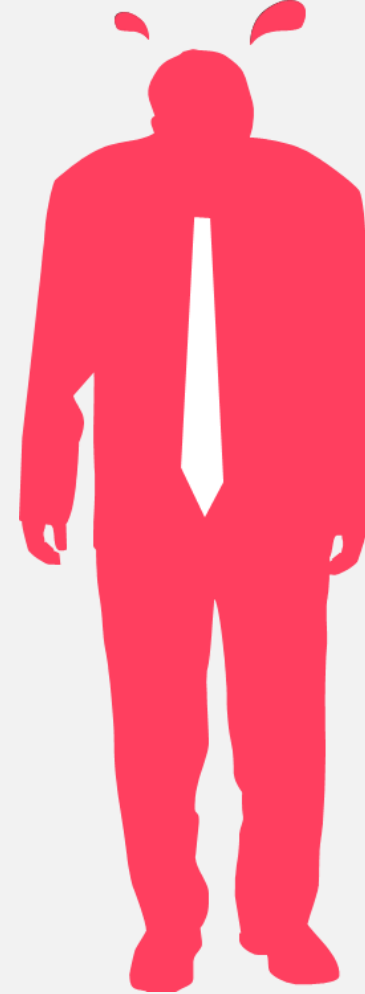
## **Be Optimistic**

Most ICOs sell a best-case scenario. Most start-ups fail, though. Take the profits and don't...



## **Be Greedy**

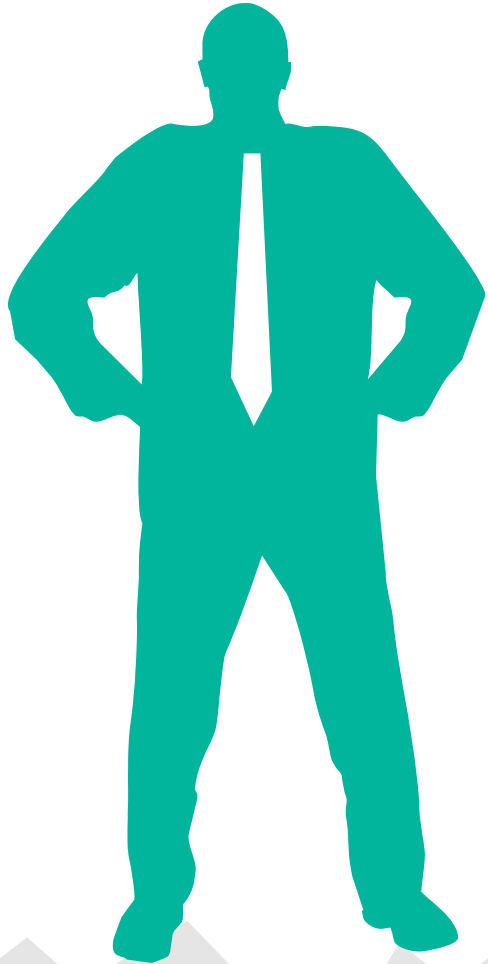
Don't put all of your assets into one ICO, or even all of your assets into crypto.



## **Conclusion**

“Spray and pray” or be ready to invest a lot of time in due diligence.

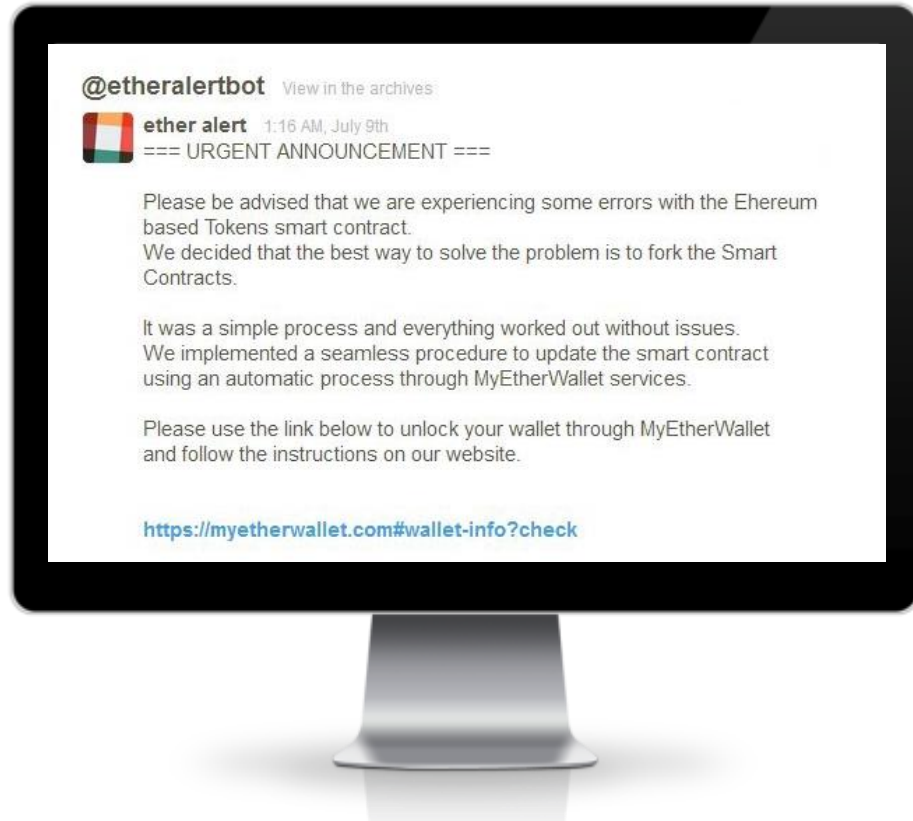
# Avoid Scams and Hackers



## Types of Scams

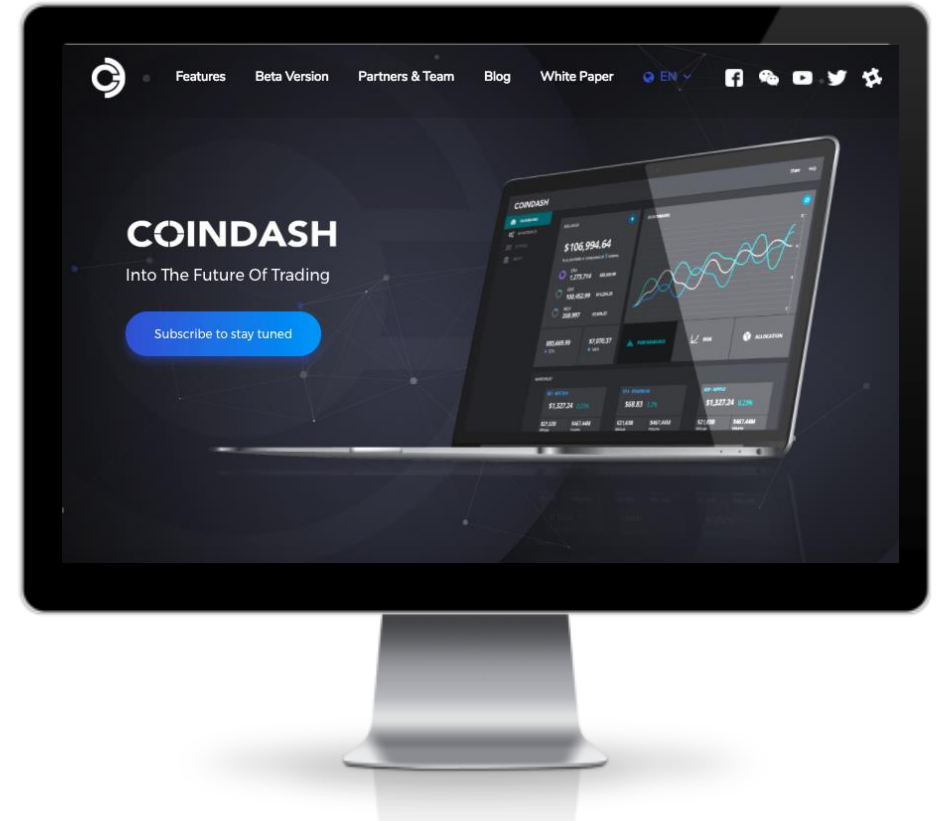
- ✓ Fraud.
- ✓ Hacked website.
- ✓ Spam with fake ICO addresses.
- ✓ Fake ICO sites.
- ✓ Fake crypto sites.
- ✓ Stolen funds.

# Examples



## Fake Wallet

On a slack channel, the bot was hacked to send this message to participants. The MyEtherWallet address led to a phishing site.



## Hacked Website

The CoinDash ICO website was hacked and the smart contract address replaced. \$7.5m lost.

# How to Avoid



## Don't trust links

Scammers send links like myetherwallet.com.de that are phishing sites. Do not trust links in mails, private messages, Twitter – type in the ICO website yourself.



## Use EtherAddressLookup

Use this chrome extensions. It has a black list of known scamming sites and lets you quickly check Ethereum address on Etherscan.



## Use a hardware wallet

Don't store large funds on exchanges or on desktop PC wallets; use paper or hardware wallets.



## Backup

Make sure your wallet private key is stored safely. Store passwords safely.

## Useful links

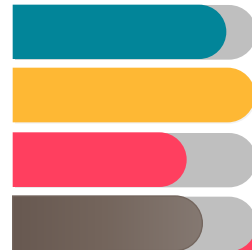
- Protect yourself from phishing sites:  
[https://medium.com/@Dave\\_Appleton/protect-yourself-from-phishing-sites-d3a24f9970b6](https://medium.com/@Dave_Appleton/protect-yourself-from-phishing-sites-d3a24f9970b6)
- Beare of fake ICO sites:  
<https://medium.com/helloGold/beware-of-fake-ico-sites-b13754b027e8>
- Beware of scammers:  
<https://www.digitaldevelopersfund.com/beware-of-scammers/>
- Hardware wallet:  
Ledger Wallet  
<https://www.ledgerwallet.com/r/3a92>

# Top Upcoming ICOs

2017

## September

Hello Gold  
Asset-bucket crypto token.



## December

Kin by KIK.  
Chat app.



## August

Coss.io  
Singapore-based crypto currency exchange.



## November

FileCoin  
Peer to peer storage.



Technology

Team

Market

Crypto Comp

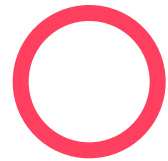


# About DDF



## **Vision**

DDF is a fund to invest in digital assets, designed to reduce risks and profit from extraordinary growth in the space.



## **Digital Assets**

Domain names and crypto currencies have high barriers to entry and risks due to lack of regulations, technical hurdles and lack of investment instruments.



## **Proven Model, Team**

DDF was established in 2010 as “Domain Developers Fund” and has a solid track record in domain investing. To expand, we are adding crypto currencies and other digital assets to our portfolio.



## **Initial Coin Offering**

Currently ongoing, ends August 9<sup>th</sup>.



# Our Offer



## **Professional Asset Management**

We work as your “personal asset managers”, doing the heavy work in asset allocation and due diligence.



## **Risk Diversification**

DDF invests in the best ICOs but also in major crypto currencies, domain names and other digital assets.



## **Value Upside**

As one of the few dividend-bearing tokens, the DDF token itself has growing value.

DDF ICO continues until August 9<sup>th</sup>:  
<https://www.digitaldevelopersfund.com/ico/>

Leading blockchain funds TAAS, Monkey Capital  
already invested.



## Contact

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