

AVANTGARDE RATINGS

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DISCLAIMER

IMPORTANT LEGAL DISCLAIMER

THIS WHITE PAPER IS INTENDED TO PRESENT RELEVANT INFORMATION TO POTENTIAL AVG TOKENS PURCHASERS (PURCHASER) IN CONNECTION WITH THE PROPOSED GENERATION AND SALE OF AVG (TOKEN ISSUANCE), INCLUDING INFORMATION ABOUT THE UNDERLYING SOFTWARE APPLICATION AND BLOCKCHAIN PROTOCOL USED TO CREATE AND DISTRIBUTE AVG (AVG SMART CONTRACT) AND THE AVG ECOSYSTEM (TOGETHER WITH THE AVG SMART CONTRACT, THE AVG PLATFORM). THE INFORMATION CONTAINED IN THIS WHITE PAPER IS NOT INTENDED TO BE EXHAUSTIVE AND THE STATEMENTS INCLUDED IN THIS WHITE PAPER ARE NOT INTENDED TO CREATE A CONTRACTUAL RELATIONSHIP. NOTHING IN THIS WHITE PAPER SHALL BE DEEMED TO CONSTITUTE A PROSPECTUS OF ANY SORT OR A SOLICITATION FOR INVESTMENT, NOR DOES IT IN ANY WAY PERTAIN TO AN OFFERING OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THIS DOCUMENT IS NOT COMPOSED IN ACCORDANCE WITH, AND IS NOT SUBJECT TO, LAWS OR REGULATIONS OF ANY JURISDICTION WHICH ARE DESIGNED TO PROTECT INVESTORS. CERTAIN STATEMENTS, ESTIMATES AND FINANCIAL INFORMATION CONTAINED IN THIS WHITE PAPER CONSTITUTE FORWARD-LOOKING STATEMENTS OR INFORMATION. SUCH FORWARD-LOOKING STATEMENTS OR INFORMATION INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES WHICH MAY CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THE ESTIMATES OR THE RESULTS IMPLIED OR EXPRESSED IN SUCH

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Abstract

Chapter 1 should serve as a quick summary of the full whitepaper document. For a full elaboration of each of the points mentioned here, please refer to the next chapters. Chapter 2 covers the current state of the cryptocurrency market and some of the available investment solutions. Chapter 3 showcases our portfolio AVG 50. The main topics discussed there are the portfolio construction methodology, rationale behind every choice, a full display of the portfolio's inner workings as well as performance. Chapter 4 describes our full business plan along with the tokenholder benefits, value proposition and expansion plans. Finally, chapter 5 and 6 cover the members of our team and the crowdsale details respectively.

Since AVG 50 is currently free to use and replicate, please refer to Chapter 3 to find out exactly how to invest in it.

Chapter 1: Introduction

The growth of cryptocurrencies has been exponential since their creation in 2009, with the total cryptocurrency market capitalization currently standing at over \$366 billion. While growth has been strong, the market capitalization of cryptocurrencies as a whole is still only a fraction of that of the S&P 500 index - which is itself only a fraction of the global stock investment market. There is still room for considerable growth.

There are now thousands of cryptocurrencies to choose from with more being created each day. Choice paralyzes - choice adds cost, complexity and the need for advice. High risk, extreme volatility and practical difficulty compound to render buying and safely storing an effective and diverse portfolio of coins (cryptocurrencies) a complex problem. AVG50 is the world's best cryptocurrency-only tokenized index portfolio, and aims to provide a solution to this problem.

AVG 50 portfolio is a market cap weighted portfolio comprising of 50 cryptocurrencies/tokens. We look at fundamental value drivers from each asset such as trading volume, size, company stability, management and more to decide whether a given token should be a part of the index. We then weigh each asset according to its total market capitalization contribution before constructing the portfolio. AVG50'S asset portfolio is adjusted regularly in a process called rebalancing to keep up with the market fluctuations. Our index has consistently outperformed actively alternative products in the same sphere since their inception. AVG 50 is fully diversified with regards to the cryptocurrency market. The correlation coefficient showcases our main hedging mechanic of utilizing USDT and DGD to balance a synchronous exposure to bitcoin. Furthermore, the AVG 50 is highly liquid due to the overemphasis on trading volume as opposed to sheer market capitalization.

The initial tokens can only be acquired during the token offering process which is a one off, closed cap offering. AVG is an ERC20 token based upon the Ethereum blockchain. Operating on

the blockchain allows for global accessibility, 24/7 trading, transparency, public verification of AvantGarde Ratings' holdings and no expensive legacy banking fees. Token holders are free to sell or exchange their tokens at any time and pay no exit fees, broker fees or advice fees. The only opportunity for future participants to buy these tokens post-sale will be from crowdsale participants on exchange – no further tokens will be sold or minted. 37.3% of the token distribution funds will go towards market intelligence platform and its ratings, due diligence, analysis and index products. A full breakdown of funds utilization and token distribution is available in Chapter 4. The index hyperparameters for the portfolio and rebalancing methodology were carefully determined via a structured data science approach. A trading strategy was put in place to mitigate the risk of front-running and a viability study was conducted to confirm that a portfolio at the maximum raise size would be able to effectively acquire sufficient coins without paying a large premium. A public crowdsale event will be held from the 9th of April 2018 20:00 GMT+2 to the 30th of April 2018 in 3 stages for 7 days each. The coin is expected to be listed on exchange in the first week of May 2018.

Chapter 2: Problems and Current Solutions

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In this chapter we are going to state and define the main problems faced by the cryptocurrency market and the proposed solutions by some of our competitors.

Market Maturity

While the blockchain technology has been around for around 10 years now, the majority of recent projects have been completed within the last year. This period coincides with the impressive bullish explosion of Bitcoin as well as other cryptocurrencies piggybacking on its success. This is a major problem for statisticians and investors alike as historical data is generally scarce and database pooling is currently unevolved. One has to utilize nontraditional methods of statistical and regression analysis to come up with somewhat reliable data in this situation. While many established industry professionals are preaching the blockchain technology and its role as a decentralized financial system, we cannot yet be sure how and when exactly this will be true.

Volatility

The cryptocurrency market is extremely volatile with double digit swings (in percent) not being uncommon on a daily basis. Finance theory suggests that high risk would equal high reward and

in most cases we have found this to be true. Unfortunately due to the instability and uncertainty in the market many institutions decide to stay away from the products as a rule. Not only that, but some high profile figures tend to express public opinions that have the effect of sending the market into a downward spiral before bouncing back. As a result of these market characteristics it can prove very difficult to construct a stable portfolio that mitigates risk.

Market Capitalization

Market capitalization can be a sound indicator of performance in the stock market. In the cryptocurrency space, however, it is not always a great estimator. The aforementioned problems with market maturity and volatility contribute immensely to the devaluation of this otherwise good indicator. We observed that many tokens such as DRGN or VERI are less than 6 months old and yet have an enormous market capitalization. This can be very dangerous for untested and immature projects such as these since the high market capitalization number tends to trick investors into thinking that they are stable and successful projects. As an example, let's take a look at Bitconnect. It used to be a top 10 blockchain company and their coin was among the top in market capitalization. However, after a closer look, when it was discovered that the company is operating in a malicious manner, the price tanked all the way down to rock bottom and erased any semblance of market value.

Liquidity

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Again, market capitalization can be very misleading as a quality estimator. If one looks at DRGN and VERI one will notice that even though they are showing great performance and are among the top 50 highest market capitalization companies, their trading volumes are very low compared to the industry. An investor may end up in a situation where he makes a profit and wishes to cash out only to find out that it is impossible to do so due to the low trading volume. Many cryptocurrency index/portfolio managers fail to take into account liquidity into consideration and instead only rely on market capitalization as an indicator on whether an asset should be part of their portfolio.

Correlation

During our research and analysis we found that almost all top cryptocurrencies are highly correlated with Bitcoin. This means that essentially Bitcoin dictates the whole market's movements by itself.

Corr Matrix	BTC		Corr Matrix	BTC
BTC	100%		DGD	14%
ETH	76%		STEEM	67%
XRP	67%		STRAT	71%
BCH	81%		PPT	51%
LTC	78%		XVG	72%
ADA	72%		BCN	69%
NEO	66%		WAVES	82%
XLM	68%		RHOC	62%
EOS	73%		SC	68%
XMR	80%		SNT	69%
MIOTA	80%		DOGE	76%
DASH	83%		MKR	57%
XEM	73%		BTS	74%
TRX	64%		DCR	79%
ETC	71%		AE	71%
VEN	63%		REP	66%
USDT	-3%		WTC	60%
NANO	53%		ETN	64%
QTUM	74%		ZRX	54%
LSK	75%		KMD	78%
BTG	57%		BTM	76%
OMG	69%		ARDR	48%
ICX	66%		ARK	73%
ZEC	66%		DRGN	63%
BNB	62%		VERI	68%

Figure 1

As can be seen on Figure 1, almost every cryptocurrency is highly correlated with Bitcoin. In fact the average correlation in the spreadsheet above is 67%. This means that most of these coins follow Bitcoin's movements closely. There is thus no diversification of non-systematic risk.

Instead whatever portfolio or index or weights one creates with a top 30, 50 or even 100 cryptocurrencies by market cap one takes most of Bitcoin's risk as well as a small portion of other currencies' risks (e.g trading volume).

Greed

While some might say that greed has always been present in the financial markets, we believe that the cryptocurrency market takes this vice to a whole new level. Fund managers, motivated by greed, lie to their investors with no regard for repercussions. Empty promises are being promised and investments are being erased. We encourage our readers to take a hard look at companies like Bitconnect promising abnormal returns and demanding high fees.

Current Solutions

There are several companies that attempt to create portfolios or indices in the cryptocurrency market. Their business models generally include a promise of highly diversified assets, extraordinary returns and a showcase of a portfolio always created out of top 50 market capitalization cryptocurrencies. In exchange for this, a management fee is paid to them in the amount of about 3% on average. We have encountered companies claiming to have created an S&P 500 index in the cryptocurrency space whilst still demanding a management fee. Furthermore, once will struggle to find 50 good blockchain assets let alone 500. In addition, S&P 500 is simply a stock market index developed by Standard & Poors, not a mutual fund replicating the index itself and charging premium for it.

We already observed the shortcomings of having a portfolio comprised of top 50 market capitalization cryptocurrencies. All claims of such portfolios or indexes that are also highly diversified should be disregarded and never looked at again. For a comparison between such portfolios and AVG 50 please refer to Chapter 3.

Chapter 3: AVG 50

The AVG 50 is a portfolio that aims to maximize returns while minimizing risk. We approached the portfolio problem in a different way. In this section you can find out all the details about our current solution and the methods through which it was achieved. If you wish to replicate the AVG 50 in its current state (as of 04.03.2018) you need only invest your money into the assets in Figure 2 by accounting for the weights. For example if I wanted to invest \$100 I would put 25 in USDT, 25 in DGD, 22.63% in BTC, 9.77% in ETH and so on.

Characteristics

The AVG 50 constitutes of 50 blockchain assets.

Name	Weight		Name	Weight
USDT	25.00%		BNB	0.12%
DGD	25.00%		STEEM	0.11%
BTC	22.63%		STRAT	0.10%
ETH	9.77%		NXT	0.02%
XRP	4.13%		XVG	0.10%
BCH	2.51%		ELF	0.04%
LTC	1.36%		WAVES	0.08%
ADA	0.90%		NAS	0.03%
NEO	0.92%		SC	0.08%
XLM	0.76%		SNT	0.07%
EOS	0.66%		DOGE	0.07%
XMR	0.65%		GNT	0.04%
MIOTA	0.60%		BTS	0.07%
DASH	0.56%		KNC	0.03%
XEM	0.40%		DGB	0.04%
TRX	0.37%		REP	0.06%
ETC	0.34%		WTC	0.06%
VEN	0.25%		NEBL	0.03%
NANO	0.23%		ZRX	0.06%
QTUM	0.22%		KMD	0.06%
LSK	0.23%		BTM	0.05%
BTG	0.22%		ARDR	0.05%
OMG	0.21%		HSR	0.05%
ICX	0.16%		SRN	0.01%
ZEC	0.15%		RDD	0.03%

Figure 2

The portfolio uses a 50% **hedging mechanism** by placing half of the assets in DGD and USDT. USDT or also known as “Tether” is pegged to the United States dollar which is, of course, backed by the US economy. Each DGD, or “DigixDAO” on the other hand is linked to one gram of gold. We have established that USDT moves in the opposite direction of BTC (and the rest of the cryptocurrency market) and since cryptocurrencies’ value appreciate and depreciate with regards to the dollar, it acts as a natural hedge. Our simulations yielded a somewhat sweet spot of the 50% hedging mechanism split - 25% in USDT and 25% in DGD. It is important to note that these values are true as of the 4th of March 2018 and are subject to change. We intend to rebalance and reweight the portfolio on a monthly basis until more resources are available.

Criteria for Selection and Computation

We already established the 50% hedging mechanism allocation in the paragraph above. As to the rest of the 50%, the weights have been computed by the market capitalization weighting method

$$\omega_i = \frac{\xi_i}{\sum_{j=1}^{48} \xi_j}$$

Where

ω_i - Weight of i -th coin

$\xi_{i,j}$ - Market capitalization of i -th or j -th coin



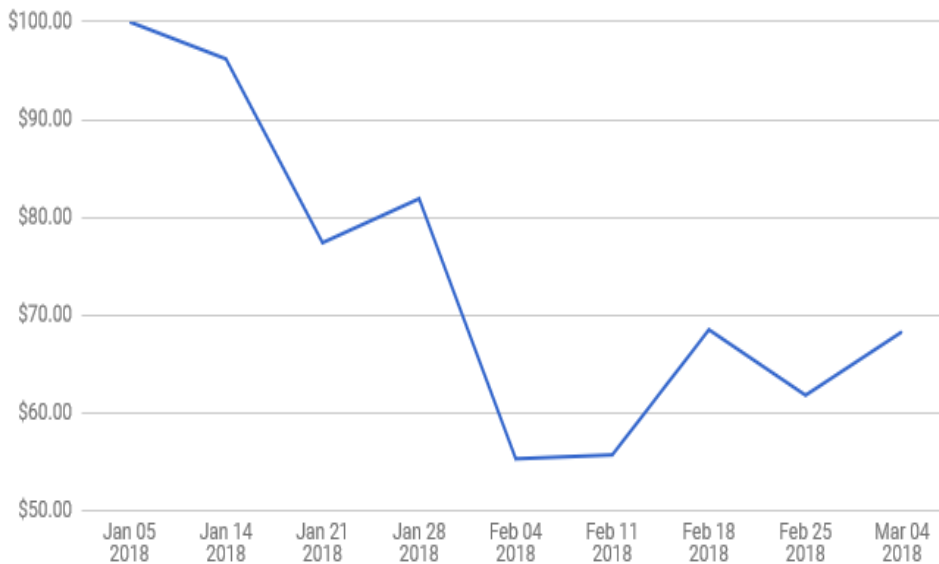
We have employed a highly rigorous and time consuming methodology to select the best constituents for this part of our portfolio. We scrutinized every token in detail before making the decision to include it in AVG 50. As discussed before, we believe that average trading volume plays a central part in the value of a blockchain asset and have therefore decided to put a strong emphasis on components that have a high average trading volume number. We believe that being able to cash out from this market ripe with uncertainty and instability should be a main priority. However, we included many other parameters of valuation such as maturity of the token, market capitalization, management behind the company who created the coin and more.

Reasoning and Performance

As we realized that most of the cryptocurrency market is highly correlated we decided to come up with a way to mitigate exposure to Bitcoin by employing the aforementioned hedging

mechanic. After stress testing it became apparent that by placing 50% of our investment in secure risk-free, yet still diversified between them assets (gold and USD), we were able to net more than half of the traditional highest market capitalization cryptocurrencies portfolios' returns while also achieving solid performance when the market was underperforming due to turbulent times.

Top 50 Market Weighted Cryptocurrencies Index



This table (Figure 3) showcases \$100 invested over 2 months in a regular top market capitalization cryptocurrencies portfolio that is weighted by market cap.

Returns are down -32%

Figure 3

AVG 50



Figure 4 showcases AVG 50's performance in the same period, again for a \$100 investment.

Returns are up 20.1%

Figure 4

AVG 50 passes the diversification test by showcasing that there is value to be found even when BTC is underperforming. Our simulations showed similar results for different time periods. The same cannot be said by the allegedly diversified highest market capitalization portfolios that some fund managers claim to have concocted. Another point can be made about claims made by competitors who state that their portfolios are industry diversified. If one were to check every cryptocurrency in Figure 1 and the industry the business behind it operates in (financial, AI, etc.), one will reach the same conclusion as us - this statement about industry diversification of idiosyncratic risk does not hold in the current cryptocurrency market.

The logo for Avantgarde Ratings, featuring the word "AVANTGARDE" in a light blue, sans-serif font above the word "RATINGS" in a teal, sans-serif font, separated by a thin horizontal line. The text is centered within a light blue rectangular border.

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Chapter 4: Business plan and benefits

AvantGarde Ratings' profit

We do not seek huge returns as greed is not our motive and vast money making is not our goal. Our main goal is to expand to the point that we are used as a symbol of trust and transparency. We aim to become a byword for professionalism and pinpoint accuracy in financial analysis.

However, in today's world we need fuel to keep the engine up and running. In order for us to do that, in the future we will charge a fee for the portfolio replication service. This will come in effect once the crowdsale event has concluded and we implement the product within the big financial institutions and large funds. In addition, the market intelligence platform will use either AVG token, or will charge small fees for detailed industry performance statistics, due diligence and compound analysis.

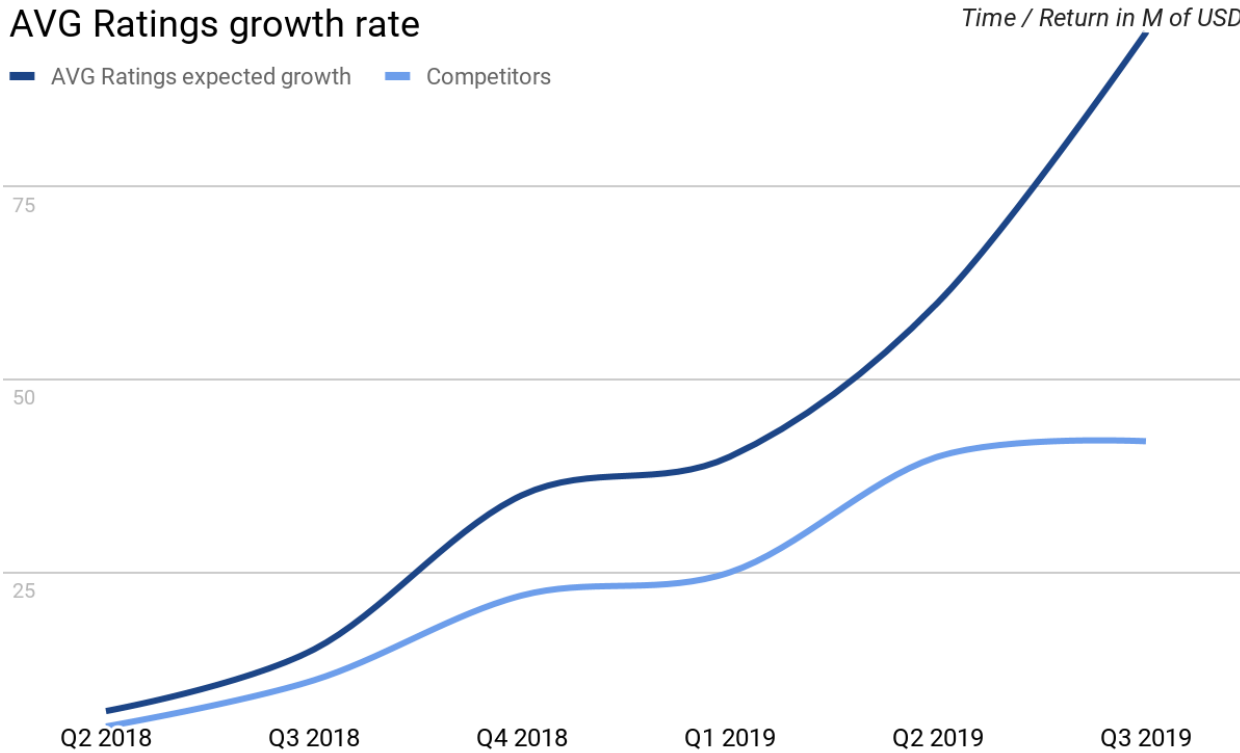


figure 5

As shown in figure 5, our company will consistently outperform existing products on the market and will reach the level of S&P Global in terms of reputable, reliable and best performance gauge of the market.

Token Holder benefits

Having AVG coins is owning tokenized shares of the company. According to our auditors and financial advisors, the guaranteed expected company growth within the next 6 months is 500% to 2000%. A huge advantage of holding AVG coins will be in their future utility on the platforms. In addition, AVG coins will be able to get traded in the biggest and most used cryptocurrency exchanges like Binance, Bittrex and Bitifinex.

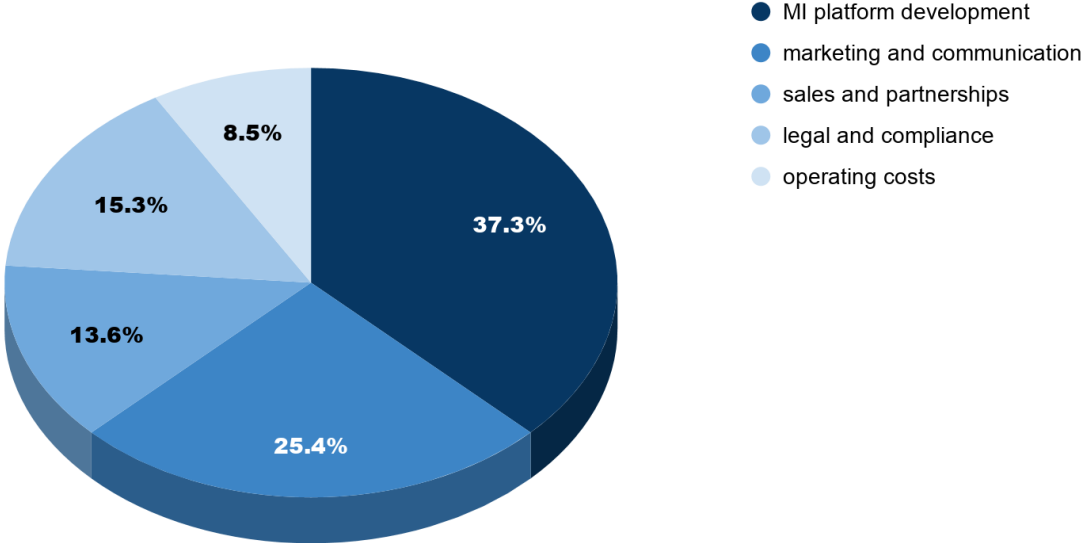
To ensure investor's protection, the small amount of token reserved for the team will be locked until perfect stability of the project is established. AVG coins will be also usable in our market intelligence platform for all our financial products and will be 50% of the amount paid in US dollars.



How we use the funds

The funds gathered from the token distribution event will be utilized in accordance with the information in the graph below:

Funds Usage



We plan to expand the team by hiring highly-qualified people with great experience and proven track record. AvantGarde Ratings has already taken steps by hiring the best professionals in the head-hunting world. By expanding our research and analytical team, we will ensure daily vetting, live data coverage and advisory services on investment decisions.

However, our main priority is finalizing of the market intelligence platform, which is expected to be live by the end of August 2019.

We are also currently negotiating licenses and arranging details towards establishing the biggest and most stable digital asset fund - The AvG Capital Holdings. All procedures should be concluded and the fund fully operational until February 2019. We received several offers from investors which we are currently reviewing and on later stage will be posted and publicly announced on our official communication channels.

24.1% of the collected funds will be used covering the initial investment with great contribution from successful venture capital funds and angel investors. Thanks to their continuous support we have been granted with the opportunity to develop a fully functional platform. They have

also performed additional test of the AVG50 index and will help towards institutional incorporation.

Token Allocation

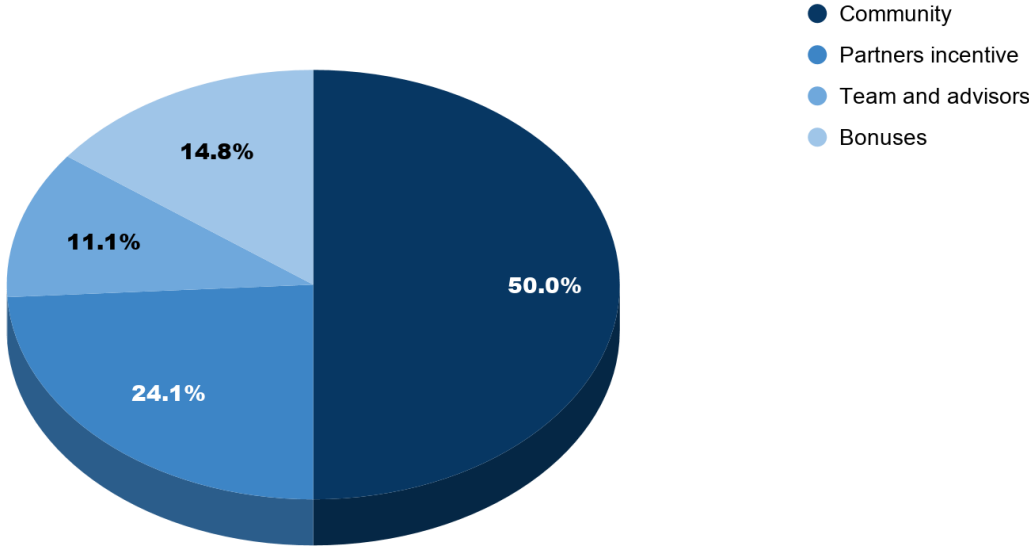


figure 6

To ensure the fairest distribution, we will allocate 50% of the AVG tokens to the community (figure 6). Our tokens will be premined, non-mintable and will be sold only within the three crowdsale stages explained in the token sale information section (Chapter 6).

After a successful completion of the whole event the bonus round will be announced and tokens will be distributed among early participants.

Chapter 5: Token sale information

Start date: April 9, 2018 20:00 GMT+2

End date: April 30, 2018 20:00 GMT+2

Payments received: ETH

Token price: 1 ETH = 3000 AVG

Maximum cap: \$7 000 000

Limits:

Minimum - 0.05 ETH

Maximum - No limit

Tokens for sale: 150 000 000

Total tokens: 300 000 000



Stages:

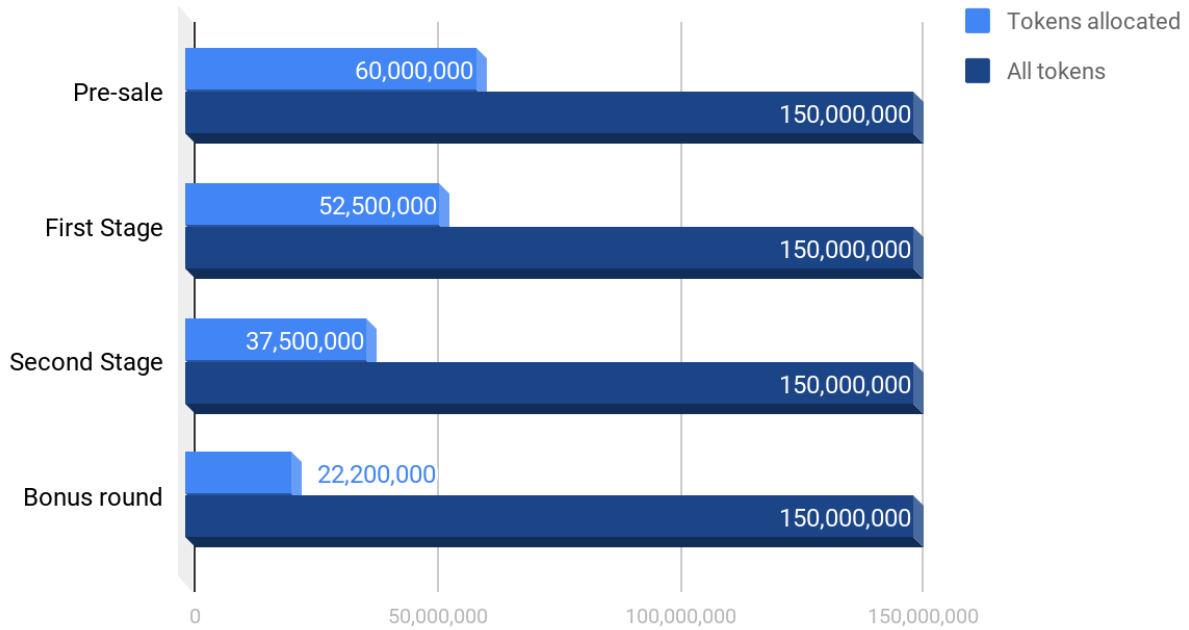
- 1) April 9, 2018 - 40% of the AVG tokens
- 2) April 16, 2018 - 35% of the AVG tokens
- 3) May 23, 2018 - 25% of the AVG tokens

Token Distribution: Immediate (requires Metamask) ; Bonus round/Airdrop after regular event concluded

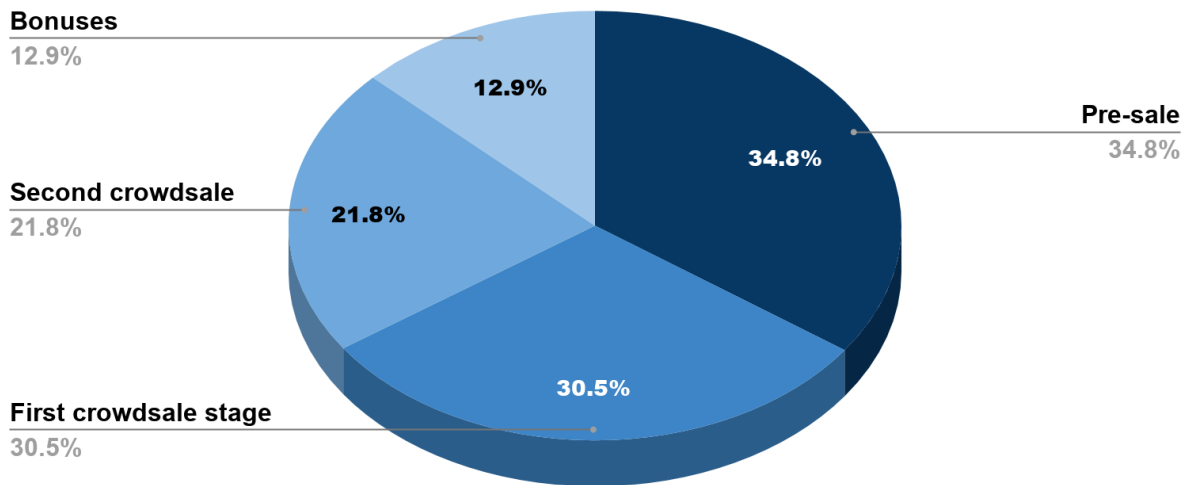
Exchange listing: Within 2 weeks after the sale ends

Dates	Pre-Sale	First Stage	Second Stage
April 9 until April 15	40% (60 000 000)		
April 16 until April 22		35% (52 500 000)	
April 23 until April 30			25% (37 500 000)

Token Distribution



Total token distribution (incl. Bonuses)



How to participate

Prerequisites:

To follow this guide, you will need:

1. A web browser.
2. A certain amount of ether in the account that you control. Please notice, only ETH will be accepted for the AvantGarde Ratings tokensale event.

Getting Started

If you don't have a ERC20-compatible address to send from, or ether (ETH) to contribute, start from Step 1. Otherwise, go to Step 4.

Step 1: Creating an account

First type "metamask chrome extension" in to Google, and click the link that begins with <https://chrome.google.com>. You will be taken to the install page, where you can click "Add to Chrome".

Now you will see the Metamask fox in your browser tab.

Click it to open your wallet.

You will be prompted to create a secure password for your Metamask account. Make sure that the Ethereum Main Net network is selected (on the top left corner).

Step 2: Importing an Account

If you have a private key or JSON file for a wallet already, you can import that wallet in to Metamask. Simply click "☰" at the top right, choose "Import Account".

You will need to input your raw private key into the "private" key field, or the typical JSON keystore file. Otherwise, you can select Create Account to generate a new one.

Step 3: Getting Ether

To be able to participate in the ICO, you will need to have some ether (ETH) in an account that you control. You can buy ETH from different [cryptocurrency exchanges](#).

Important Security Reminders

- DO NOT send ETH directly from an exchange, otherwise your tokens might never be recovered.
- There is no need to increase default gas price (or the value you are used to). Unless there is an unusual traffic in the Ethereum network, 30 GWEI should be enough to get the transaction confirmed in a few minutes.

Step 4: Buying AVG Tokens

The event is open from the 9th of April 2018 20:00 GMT+2 to the 30th of April 2018 in 3 stages for 7 days each (or you may find more information in the Chapter 5), or whenever the supply of tokens reaches zero.

This is the main page of <https://www.avantgarderatings.com/>. You'll see the "Participate" button. Click it, and you'll be taken to our registration page.

This is the beginning of the contribution process. Please enter your details and click on 'Register' or 'Login' if you have already created an account with our platform.

Once done, you will be redirected to your home page and tokensale platform. Please note that using Metamask from Chrome browser on a computer will be the only technical possibility for participation. Now please select the amount you would like to buy and click "Buy now".

MetaMask has made it easy for all of us, by filling in the information automatically. This means that after you log in on the MetaMask chrome extension, you won't need to fill in any of the information, as it will be automatically added based on the information you provided on previous steps. Metamask will be opened automatically so just click "Send".

One last step is to add the token to your MetaMask, so you can see your balance. Click "Add Token", and paste in the following information:

Address: **0xAEC2ec0f4dc32d4658bB23D13aB2069eDc7C423B**

Decimals: 18

Token Symbol: AVG

And that's it! Thank you for your support and belief in our project!

Chapter 6: Conclusion

In conclusion, AVG50 is fully diversified with regards to the cryptocurrency market. The correlation coefficient showcases our main hedging mechanic of utilizing USDT and DGD to balance a synchronous exposure to bitcoin. Furthermore, the AVG 50 is highly liquid due to the overemphasis on trading volume as opposed to sheer market capitalization.

"Don't look for the needle in the haystack. Just buy the haystack!" – John C. Bogle, founder of the Vanguard Group and inventor of the index fund.

The logo for AVANTGARDE RATINGS is centered on the page. It consists of the word "AVANTGARDE" in a light blue, sans-serif font, positioned above a thin horizontal line. Below the line, the word "RATINGS" is written in a slightly darker blue, sans-serif font.