


FAMILY OFFICE INSIGHTS
facilitated by The Bavelas Group

Peer Insights

R E P O R T

Q&A with Daniel Wolfe

CEO of Tradingene.

Principle Series:

Please join Family Office Insights for this luncheon on Tuesday, May 15th at 12PM. If you care to join us, please email admin@familyofficeinsights.com.

Family Office Insights sits down with Daniel Wolfe, CEO of Tradingene, to discuss the marketplace for trading algorithms. Over the last three years, the team has successfully built a platform that allows algorithm creators to build and test algorithms. This summer we will add a marketplace, allowing investors to select and add algorithms to their portfolios, paying a success fee for the profits they generate. We have attracted investment of \$1.8 million to date, and we expect to complete our raise with \$12-15 million in the coming months as we release the alpha and beta versions of our marketplace.



Family Office Insights is a voluntary, “opt-in” collaborative peer-to-peer community of single family offices, qualified investors and institutional investors. If you care to learn more, and perhaps join the community, you are welcome to visit us here at FamilyOfficeInsights.com.

Q: Tell us about your background and your company, Tradingene.

A: I've been in emerging asset classes and financial services for most of my career. I moved to Russia in 1992—right after the collapse of the Soviet Union—to work as an attorney and entrepreneur. In 1996, I became Chief Operating Officer of Troika Dialog Investment Bank, where I managed the bank through the Russian financial crisis of 1998 and the tremendous growth that preceded it, and opened Troika's New York broker-dealer. After running Russia's largest broker-dealer until 1999, I moved to San Francisco to be VP of Business and Corporate Development at a fintech startup, BarterTrust, which raised \$65M in six months. After two years in Silicon Valley, I moved back to Russia as Senior Managing Director and General Counsel for Alfa Capital Partners, a private equity business my partner and I founded at the largest privately-owned bank in Russia, helping to raise 3 funds with over \$600M for private equity investments for the former Soviet Union. After that, I spent 8 years managing assets at Onexim Group, the holding company of billionaire Mikhail Prokhorov. Among those assets, I managed Renaissance Capital, the largest investment bank in sub-Saharan Africa with offices in the Middle East, Europe and New York. At Onexim I was Deputy CEO, working on a number of assets, including the Brooklyn Nets and Barclays Center. I decided last year to take a look around and see what else I could get into in returning to my entrepreneurial roots, and I became interested in cryptocurrency and blockchain. Last October, I met my partners at Tradingene and thought what they were doing was very powerful: simply put, Tradingene is Uber for trading algorithms, which I thought (and think) will be a path to building a large business in the emerging business of trading algorithms. So when they asked me to help them run it and join as Chief Executive Officer, I gladly accepted.

One of Tradingene's co-founders, Roman Burtsev, is a successful businessman and one of the 3 shareholders of Knight Frank, the global real estate firm in Moscow. About a decade ago he moved out into the suburbs and realized that he would be spending 4 hours of his day commuting in a car. In order to not let that precious time go to waste, he began day-trading during his commute, and he ended up doing pretty well for himself. Then 4 years ago, he realized he had a good strategy that worked really well, but only when he was actively trading. He decided to create an algorithm-based platform that would be able to continue trading his strategy, even when he wasn't able to be by his phone or computer. So he recruited creators and coders in Moscow and built a platform for algorithm creators that allow the creation of algorithms on both traditional and crypto markets. Today, Tradingene has over 300 creators on the platform today.

Tradingene is the marketplace for trading algorithms. It's functionality and artificial intelligence provides state-of-the-art backtesting and analysis of algorithms, allowing both creators and the platform to ensure that quality algorithms are sold to investors. The AI also allows us to provide investors with the information required to evaluate algorithms and determine if they meet their risk-return and other criteria.

Last year when the crypto craze was happening, Roman and his co-founder, Sergey Kuzmin, realized that that crypto investment community would benefit from this algorithm platform, as they love technological solutions and many of them have technical backgrounds. They are also faced with volatile markets that trade 24/7. We realized it was a natural market for them and started soliciting algorithms for cryptocurrency. This year, we have been traveling around the world and pitching this all over Asia, Europe, and North America with great reception for our ICO that ends on May 16th.

Q: Who is your target audience?

A: Our initial target audience includes Family Offices and smaller hedge funds that don't have the ability to put a room of creators together to generate trading algorithms for them. Sophisticated investors will understand why this is interesting and beneficial. We will then move into retail markets for the regular investor looking to broaden their portfolio of mutual funds and stocks. We also think that the entire crypto community, including retail investors, can benefit from Tradingene. We expect to popularize the algorithm as an investment product and believe that in the next few years, it will be as common for investors to add an algorithm to their portfolio as it is for them to add an ETF today.

Q: What are some of the challenges you face in this market?

A: A part of the challenge is getting people comfortable with this novel idea because it's always challenging to bring new products to investors. It's always hard, too, to get financial institutions and Family Offices to be comfortable with fintech startups, but we are confident in the strategic partners we are talking to. The second challenge is to continue to develop the AI so that the platform stays really robust, and to recruit more algorithm creators because the more creators we have, the more likely we will have exceptional algorithms. We will also have to create a product investment algorithm to understand what information is important for investors. For more sophisticated investors, we can show them value at-risk and other elements of risk, but for the broader market, we will have to think about how to introduce them to algorithms. We believe that we can use our AI to suggest which algorithms should be of interest to them, given the investments they already make.

Q: How are you different from your key competitors? Who are your key competitors?

A: If you look at the algorithmic businesses out there, there are 3 different kinds. The first are like Quantopian and Numeria, in which fund managers solicit algorithms to the community and if selected, gives an offer to the creator. Generally, the performance for Quantopian's funds is poor; it's a bad deal for creators as well. We went into Reddit chat rooms and the consensus is that creators don't trust what's happening in these businesses. For investors, they can invest only in these set funds without ever choosing or understanding what the algorithm is. Tradingene provides the algorithm creators with the ability to attract capital to make a living off of it, allowing investors to choose which algorithms they like and to pay a success fee if the algorithm works.

The second kind of algorithmic business in this space is the platform that lets people create their own algorithms, including those which try to make algorithm creation easy – like a lego set for algorithms. We don't view this as competition because most people don't want to create their own algos, they want to leave it to the people who know and are most equipped to design and backtest algorithms.

The third is social following and other following sites such as, eToro and Tradingview, which allow investors to follow other investors. There are two fundamental problems with these social following platforms. First, investors receive signals and have to take action on them, whereas on Tradingene investors don't have to do anything since the algorithm is trading on investors' brokerage or exchange accounts. The

second issue is that these sites run on subscription-based models. For creators, you tend to only care about how many subscribers you have and it becomes less important to be making money for your investors. Our model provides the proper alignment for both the creators and investors.

Q: What are some of the challenges you face in your industry?

A: A part of the challenge is getting people comfortable with this novel idea because it's always challenging to bring new products to investors. It's always hard, too, to get financial institutions and Family Offices to be comfortable with fintech startups, but we are confident in the strategic partners we are talking to. The second challenge is to continue to develop the AI so that the platform stays really robust, and to recruit more algorithm creators because the more creators we have, the more likely we will have exceptional algorithms. We will also have to create a product investment algorithm to understand what information is important for investors. For more sophisticated investors, we can show them value at-risk and other elements of risk, but for the broader market, we will have to think about how to introduce them to algorithms. We believe that we can use our AI to suggest which algorithms should be of interest to them, given the investments they already make.

Q: How much are you looking to raise and who is your ideal investor?

A: The ICO we are currently raising has a hard cap of \$12M, and we are in conversation with some strategic investors who want to invest in equity, which may bring additional \$3M, making the ICO cap between \$12-15M.

The perfect investor for us is an investor that not only believes in the business, but also anticipates using trading algorithms in the future. Ideally, it would be a Family Office who has a great deal of exposure to the market and is interested in broadening their portfolio. We are also doing Reg D and Reg S, which means this token sale is for accredited investors only with a \$100K minimum in the US.

Q: What's your mission?

A: Tradingene's mission is to bring algorithms to the broader investment community all over the world.

Q: What's next for you?

A: In the immediate future, we are focused on our crowdsale, which begins May 16th.

We already have investors using our algorithms on a manual basis, and we will be releasing the alpha version of our marketplace (without the blockchain) in July. By the end of the year, we expect to launch the blockchain version of the marketplace. We also have Sasha Ivanov, CEO of the Waves Platform, on our Board. We are working with Waves developers and our development team to make the first smart contract on Waves.

We are already working with a lot of exchanges in Asia and North America to get exchanges and clearinghouses hooked up to our algorithms. Upon finishing up our ICO, we will be setting up our New York office, and working with lawyers to ensure we have the appropriate regulatory questions answered for our investors.



Daniel is an entrepreneur, executive and board member with broad experience in financial markets. He is the Co-founder of the Simoleon Long-Term Value fund, which invests in cryptocurrencies and other blockchain-related securities. Daniel is also the CEO and Co-Founder of Tradingene, a fintech company with an ICO beginning May 16, 2017. He serves on the Boards of Directors of Uralkali and PAO Quadra.

From 2010 to July 2017, Daniel worked at Russia's Onexim Group, the holding and management company of Mikhail Prokhorov. Working most recently as Deputy CEO, Daniel focused on a number of Onexim's assets:

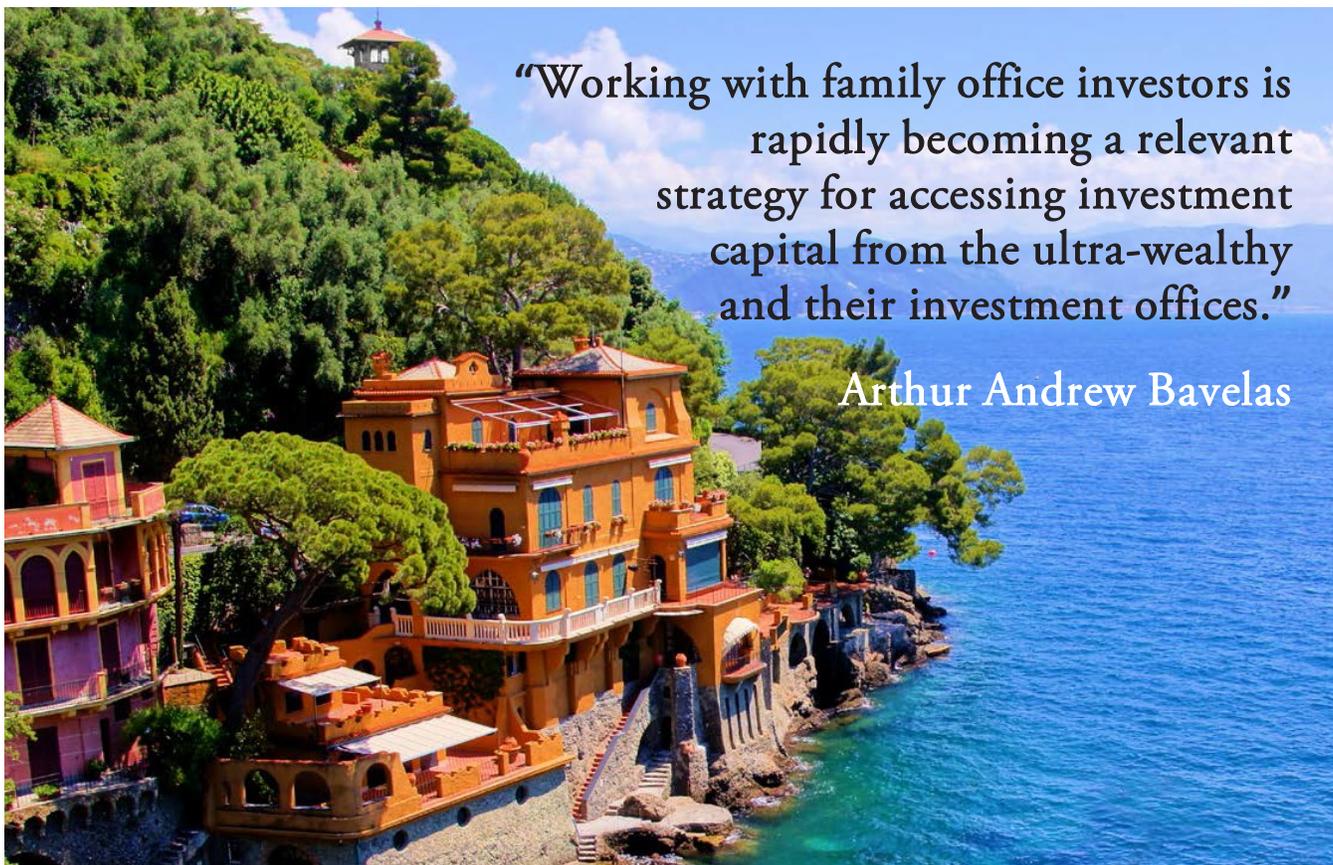
- Leading frontier markets investment bank Renaissance Capital
- Global-leading, HK-listed integrated aluminium producer UC Rusal
- Regional heat and electricity producer PAO Quadra
- Intergeo, owner of copper and nickel deposits
- The Brooklyn Nets and the Barclays Center

Mr. Wolfe was a board member for Renaissance Capital, PAO Quadra, UC Rusal and The Brooklyn Nets and the Barclays Center. His board service for UC Rusal and PAO Quadra continued after July 2017.

Mr. Wolfe began his professional career in 1991. Initially working at law firms Chadbourne & Parke and Clifford Chance, Mr. Wolfe began working in finance in 1994, including four years as COO of Troika Dialog Investment Bank. At Troika Dialog, Russia's largest brokerage house, he was also a member of the board of directors as well as a member of the RTS Trading Committee, where he played a role in building Russia's capital markets after the collapse of the Soviet Union. He also led the team that created Troika's private banking unit and was acting president of Troika Dialog Asset Management. From 2004 to 2008, Mr. Wolfe was the senior managing director at Alfa Capital Partners, a private equity fund manager which raised over US\$600 million for investment in Russia and the former Soviet Union.

Mr. Wolfe graduated cum laude from Dartmouth College, receiving a Bachelor of Arts degree in 1987 with a double major in Government and Russian Language and Literature. In 1991, he received a Juris Doctor from Columbia University.

If you have any questions, please contact Daniel at d.wolfe@tradingene.com.



“Working with family office investors is rapidly becoming a relevant strategy for accessing investment capital from the ultra-wealthy and their investment offices.”

Arthur Andrew Bavelas