PrimeRating

Fundamental Report

Prime Rating Report V2.1

Protocol: PeakDeFi
Version: 1
Date: 28/02/2022
Previous Report: Link to previous report

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Season/competition: Season 2

Instructions

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	2 / 15
b) Market fit/demand	2 / 15
c) Target Market Size	8 / 10
d) Competitiveness within market sector(s)	2 / 10
e) Integrations & Partnerships	2 / 15
Total Points - Value Proposition	**16 / 65**
2. Tokeneconomics	**Points**
a) Is the token sufficiently distributed?	3 / 15
b) What is the extent of the token's capabilities?	2 / 10
c) Is the issuance model able to improve the coordination of the protocol?	3 / 10
d) Is the value capture model able to accrue and distribute value?	0 / 10
e) Is the token sufficiently liquid to enable active use and trade?	2 / 5
f) Are there any extrinsic productivity use cases?	1 / 10
Total Points - Tokenomics	**11 / 60**
3. Team	**Points**
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	5 / 15
b) Does the team have relevant experience?	4 / 10
c) Does the team participate and help shape the public debate?	0 / 5

d) Is the team able to effectively attract and coordinate resources?	**3 / 10**
Total Points - Team	**12 / 40**
4. Governance	**Points**
a) Admin Keys	**4 / 20**
b) Extent of Governance capabilities	**3 / 15**
c) Active Governance contributors	**0 / 5**
d) Governance infrastructure	**1 /10**
e) Robustness of Governance process	**0 / 10**
Total Points - Governance	**8 / 60**
5. Regulatory	**Points**
a) Does the protocol have any legal accountability?	**15 / 15**
b) What is the quality of the legal jurisdiction?	**7 / 10**
Total Points - Regulatory	**22 / 25**
Total	**69 / 250**

1. Value Proposition

The Value Proposition section describes the value a protocol delivers to its users. Based on the proportion of the problem the protocol aims to solve and the potential of the protocol to effectively solve the problem - better than other industry solutions - a Value Proposition rating is created.

a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any new innovations that help solve user's problems more efficiently? Is the project a fork? To what extent did they copy/fork the original?

Answer: PeakDefi was started in April 2020 as [MarketPeak](#) as an investment platform, trying to democratize investing in crypto projects, make opportunities accessible to retail investors and offer an education hub to appeal to a broader audience. MarketPeak was rebranded to [PeakDeFi](#) in October 2020, which is also the current name of the protocol. With the new name, they also introduced a new Token which cut the total supply of the token by 80% (2b total supply of previously 10b total supply). Currently, the protocol offers 2 managed funds a "Global Fund" and an "NFT fund" with ~$500k in assets under management. There is no real innovation in the protocol technology nor in the protocol organization as this service is something that is also provided by other protocols, SetProtocol for example, which offers the platform to create or invest in funds permissionless. While the website mentions the possibility for people becoming fund managers and publishing their funds, there are no such funds to be found in the dApp.

Score: 2

b) Market fit/demand (15 points)

This score evaluates the degree to which the protocol satisfies a strong market demand. The market fit evaluates if the protocol is able to satisfy the needs of a specific market (can also be measured by user adoption/ #of users). To what extent has the protocol proven to meet the demand of a specific market? Is the timing of the product right for the market? Is the protocol targeting the right market?

Answer: The primary product of the protocol is a managed fund that is open to retail investors claiming to enable investors profit from their highly experienced fund managers. Currently the protocol has roughly $500k in assets under management according to DeFi Pulse with the maximum being about more than $1m for a brief period in the protocols history:

Currently the PeakDefiFund has 354 shareholders and the NFT fund has 33 shareholders so roughly 400 ppl use the protocol, on tokensets the Eth 2x Flexible Leverage Index alone has 10x the holders. There is definitely demand for a tokenized managed fund in DeFi but the demand is better captured by the competitors of the protocol.

Score: 2

c) Target market size? (10 points)

The target market size evaluates the current and future size of the problem the protocol is aiming to solve. The category of the Open Finance solution can be used as a reference to the target market (for example: Lending). Because Open Finance is by definition global, the global market for a specific problem equals the target market size.

Answer: Index funds in TradFi are a $4tr market (in the US alone) since their inception they have been growing steadily their competitors, actively managed funds, have much higher fees, and failed to deliver better or even the same

returns. In DeFi currently the market for index funds is >$400m (Setprotocol & Indexcoop combined are ~$400m, the biggest Indexfund providers currently). So the market is currently much smaller than in TradFi and shows potential to grow, with DeFi becoming more and more mainstream the author's opinion is that index funds will become more and more important.

Score: 8

d) Competitiveness within market sector(s) (10 points)

This score evaluates the competitiveness of the protocol within the market sector(s) it operates in. This score offers a relative comparison of the protocol and other protocols operating in the same market sector(s). To evaluate this, metrics to directly compare with the competition can be used (e.g. TVL, trading volume, number of users).

Answer: As mentioned in b) currently the protocol has roughly $500k in assets under management according to DeFi Pulse with the maximum being about more than $1m for a brief period in the protocols history, currently the PeakDefiFund has 354 shareholders and the NFT fund has 33 shareholders so roughly 400 ppl use the protocol, on tokensets the Eth 2x Flexible Leverage Index alone has 10x the holders. Aside from tokensets and the indexes created with their protocol there are also other index providers like PieDAO (though much smaller than setprotocol it currently has ~$1.2m in assets under management). There is definitely demand for a tokenized managed fund in DeFi but the demand is better captured by the competitors of the protocol. Which shows the protocol is not competitive within it's market sector.

Score: 2

e) Integrations & Partnerships (15 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents a piece of "unforkable value". Some indicators to look at are the number of applications built on top of the protocol (vertical integration), other entities integrating the protocol's services (horizontal integration) or the number of relevant partnerships (be careful of logo collections/ partnerships without much purpose).

Answer: The author was unable to find any protocol that has built on top of PeakDeFi. PeakDeFi has integrated or built on top of the kyber network, Uniswap, 1inch, Compound, the graph:
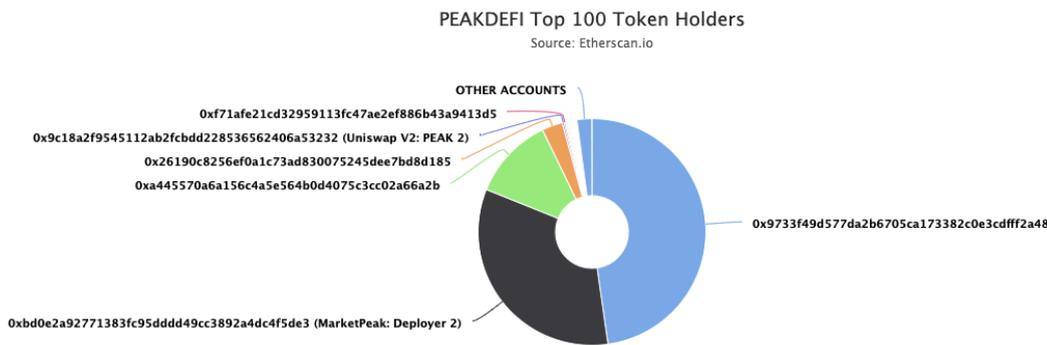

Score: 2

2. Tokeneconomics
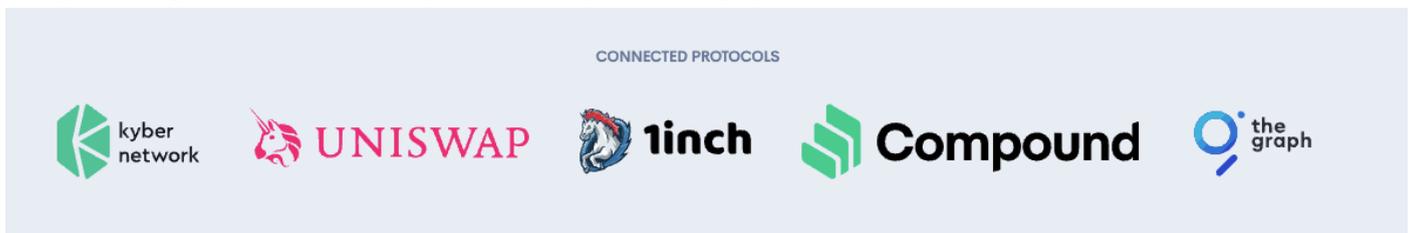
The Tokeneonomics section assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behaviour in the protocol, and the ability of the token to capture a portion of the value created.

a) Is the token sufficiently distributed? (15 points)

The token distribution can be an indicator of a healthy protocol. When the protocol tokens are widely distributed among different stakeholder groups and contributors, this genuinely improves the coordinating capability of the token and strengthens the resiliency of the protocol. Was the initial distribution balanced between relevant stakeholders? Are the tokens distributed over sufficient participants (10, 25, 100 largest addresses)?

Answer: The token is currently held by 9,597 addresses and was transferred 174,293 times. And the top 100 Addresses hold 97.88% of the tokens supply. Although 47% is controlled by the staking contract the concentration of the token with the top 100 addresses is very high even considering this. In comparison to the market leader in the same category and a much more established DeFi protocol Aave governance token (Holders: 106,743, transfers: 1,356,516, top 100 addresses control 86.35 % of the total supply) the protocol is very centralized.

PEAKDEFI Top 100 Token Holders
Source: Etherscan.io

Score: 3

b) What is the extent of the token's capabilities? (10 points)

Is the token useful within the protocol? Does the token allow the holders to participate in governance or influence the protocol in any way? Does it serve any other purposes?

Answer: The token can mainly be used for staking on the protocol platform, which rewards the staker with additional tokens for reducing the circulating supply of the token. Only very recently governance capabilities were introduced. The token is not used for revenue share of the protocol. The whitepaper further specifies the token utility as follows:

This token is required for

To manage assets as a Trader	Incentivizing the Community Growth through Rewards System	Rewarding Liquidity Providers

Stimulating the Fund through Protection Staking	Compensating Development of the platform

Going into a lot of detail on how community incentives are supposedly working but no expanding on how the token helps "manage assets as a trader" or the "Compensating Developmet of the platform" is exactly realized. The author would also like to note that 3 of the 5 listed utilities are different shades of community incentives and 1 team compensation which leaves one utility which is not further specified, therefor the author awards a very low score.

Score: 2

c) Is the issuance/distribution model able to improve the coordination of the protocol? (10 points)

To what extent does the issuance of the token support the advancement and function of the protocol? Are the tokens justifiably being issued? Does the issuance model incentivize the right behaviour? Are all relevant stakeholders benefiting from the issuance model?

Answer: The issuance model is very heavily focusing on staking of the token on the native platform 50% of the total

supply are intended to be distributed as staking rewards:
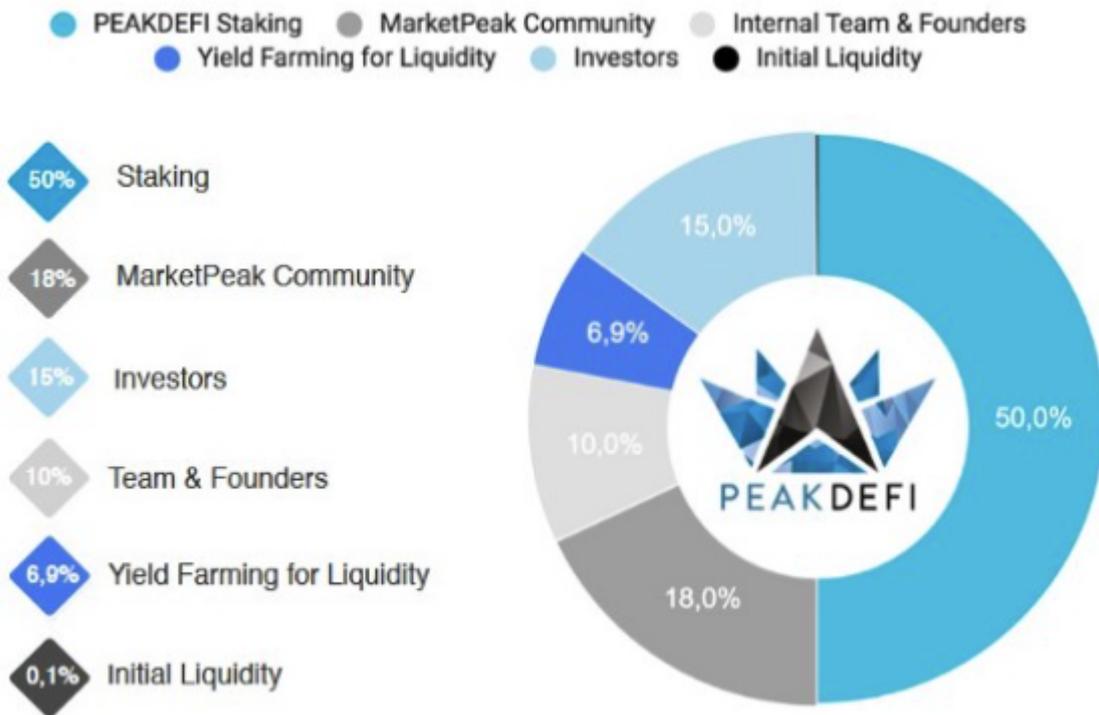
With a total of 25% of the initial supply are distributed to team and investors and 18% initially intended for the community the distribution skews already heavily towards investors and the team, even with the 7% dedicated to yield farming rewards counted toward the community portion this would put it at 50/50 which is a very high allocation for team and investors.

Something also very interesting is that there is no treasury allocation, the 50% of the supply reserved for staking is solely reserved for that, which prevents the protocol from repurposing these funds and continually increasing the supply.

The liquidity program is limited and has already ended, with it the liquidity of the protocol has dropped off as well.

Score: 3

d) Is the value capture model able to accrue and distribute value? (10 points)

A value accrual and distribution mechanism can help improve the utility of a token and its ability to be used as an effective coordination mechanism. Does the protocol have mechanisms to distribute some of the value created to the token holders?

Answer: There is no value capture model for the token, the protocol developers and the fund managers earn the fees accrued by the assets under management, but they are not in any way redistributed to token holders.

Score: 0

e) Is the token sufficiently liquid to enable active use and trade? (5 points)

Is the token widely available and is there sufficient liquidity available to facilitate all protocol functionalities?

Answer: The token has very limited liquidity, the most liquid trading pair is PEAK/WETH on uniswap V2 with a 2% depth of ~$14,000.

PEAKDEFI Markets

Affiliate disclosures

☐ Display Unconverted Data

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume	Volume %	Last Traded	Trust Score
*	eToroX Sponsored									✕
*	Crypto.com Sponsored									✕
1	Uniswap (v2)	PEAK/USDC Live Chart	$0.079701	0.61%	$809	$807	$754	0.82%	Recently	🟢
2	Bibox	PEAK/USDT	$0.079240	2.34%	$0	$274	$47,912	52.11%	Recently	🟢
3	Uniswap (v2)	PEAK/WETH Live Chart	$0.080885	0.6%	$14,058	$14,016	$8,106	8.82%	**3 hours ago	🟠
4	Uniswap (v2)	WBTC/PEAK Live Chart	$0.080687	0.6%	$3,612	$3,602	$791	0.86%	**6 hours ago	🟠
5	Sushiswap	PEAK/WETH Live Chart	$0.081437	0.61%	$2,276	$2,269	$930	1.01%	**6 hours ago	🟠

Score: 2

f) Are there any extrinsic productivity use cases for the token? (10 points)

Besides the protocol's value distribution model as described in 2. d), can the token be used productively on other protocols (e.g. as collateral, for lending, LPing, yield farming, etc.)?

Answer: Other than LPing there are no extrinsic use cases for the protocol token.

Score: 1

3. Team

The Team section describes the quality of the team behind the protocol. The current version of Prime Rating favours

teams that are publicly identifiable. In the case of an anon team, the track record of the specific anons involved can be taken into account

a) Is the team credible and public? (15 points)

Are the identities of the core contributors and team publicly identified? In the case of anon team members, is there any way to track their background/record?

Answer: The [team](#) is very public, listed on the [whitepaper (page 32-33)](#) The founder [Sergej Heck](#) has some relevant experience, founded several companies within the Blockchain space mainly revolving around Blockchain News and PeakDeFi is the first DeFi venture, as they are all still ongoing the question of focus could be raised. Further the self bestowed title of Germany's most famous and most successful "network marketer" does not instill confidence in the author. [Ben Bendig CTO](#) has relevant experience as a developer for blockchain/crypto ventures since 2016 (Bitwala), and prior software developer experience since 2014. [Jonas Mehmood](#) Head of Social Media, formerly in the German Army. The credentials of the mentioned solidity engineer Ararat Tonoyan cannot be verified, no public profile could be found by the author. The iOS developer [Oksana Pylypenko](#) has been in iOS development since 2014 but does not list PeakDeFi in her experiences on LinkedIn. The other mentioned engineer, (Android) can also not be found, the [LinkedIn profile](#) of the Company lists 56 employees, many of which still list MarketPeak as their employer. Most of the employees have no other working experience listed on LinkedIn.

Score: 5

b) Does the team have relevant experience? (10 points)

Are there any documents or trails available to showcase the track record of the team? Do the team members have relevant backgrounds and skillsets?

Answer: The team listed on the whitepaper seems to have some experience in their respected field, some of the team members don't have any credentials or verifiable experience. The available information on the team's experience and specialties is heavily focused on marketing and sales, in the opinion of the author lacking the necessary experience in technical or financial areas, in addition, the success of the protocol is limited, therefore the author is only awarding a limited score to the teams experience.

Score: 4

c) Does the team participate and help shape the public debate? (5 points)

To what extent do the protocol contributors participate in the public debate around open finance? Are the team members giving presentations, sharing their thoughts and opinions, and do they help raise the collective intelligence of the industry?

Answer: The team does not take part in the public debate other than promoting their company/product

Score: 0

d) Is the team able to effectively attract and coordinate resources? (10 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Has the team raised sufficient funding or are there mechanisms in place to attract resources when needed?

Answer: The team was able to raise and coordinate resources for the past 3 years, which points at their capabilities, the company is not only focusing on the DeFi project but also on a proprietary wallet and an investment community. The team gathered though seems very distribution heavy focusing on marketing and gaining traction without meaningful resources in development or engineering (or at least not to be found by the author), therefore the low score.

Score: 3

4. Governance

The Governance section evaluates how the protocol is governed and who the governors are. The different governance functionalities and processes are evaluated to determine to what extent the Protocol will be able to self-govern in a way that ensures the development of the protocols while respecting the needs of all current and future stakeholders.

a) Admin Keys (20 points)

Admin Keys allow some critical functionalities of a protocol to be controlled by an admin. This allows the developers to react to potential bugs, but also creates a risk as the developers could potentially misuse the admin keys to exploit the protocol. Does the protocol have admin keys and how are they managed?

Answer: There is no documentation on the capabilities of the admin keys, the contracts of the two currently available funds "Global" and "NFT" are not verified on etherscan, and therefore any analytics by the author are impossible. As this blog post indicates that governance was introduced 6 days ago (as of 28.02.2022), which leads the author to believe that the contracts currently have admin functionalities built-in which have been controlled up until now, by the discretion of the team.

Score: 4

b) Extent of Governance capabilities (15 points)

Distributed governance allows the token holders to participate in the governance of open finance protocols. How much influence does the governance mechanism have? Are the votes affecting on-chain changes or do they function solely as signals to the team?

Answer: There was only one governance vote to this date, from January 26. 2022 together with the blog post announcing the governance this is all the available information about the governance, there is no mention of what the capabilities of the governance are. The one passed proposal was to award new PEAK distribution for new MarketPeak Members. This does not instill confidence in the author about the governance capabilities therefor a very low score.

Score: 3

c) Active Governance contributors (5 points)

Governance is a process that can be rather resource-intensive if executed well. To ensure good governance is practiced by the protocol, it's important to have a sufficient number of governors allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters?

Answer: There is no forum or snapshot, the discord server has only ~1000 members, with only about 20 online, which are very few in comparison, this with the lack of a standard governance infrastructure leads to no points awarded for this question.

Score: 0

d) Governance technology/infrastructure (10 points)

The Governance infrastructure relates to the technology, software, and models used by the protocol's governance. Does the protocol have a reliable and usable voting mechanism? Are there channels for governance debate? Is there sufficient documentation available?

Answer: As mentioned there is no snapshot nor forum, and the discord server is not highly frequented, the governance platform published by the protocol is propriatary, in addition the lack of documentation of the governance process or describing the extent of its responsibilities leads to the low score.

Score: 1

e) Robustness of Governance process (10 points)

This score requires documentation specifically on the governance process that sets the basic framework in terms of agreements, norms, and language for governing the protocol and to create social consensus. Does the protocol have a formal governance process? How robust is the governance process and does it promote good governance?

Answer: As there is no documented process and only 1 vote in the almost 2 year history of the protocol this does not point to a governance process at all.

Score: 0

5. Regulatory

The Regulatory section describes the extent and quality of the regulatory environment that affects the Protocol. To be

able to guarantee functionality, security, and legality the protocol should comply with regulatory requirements, or limit itself to facilitating services to users who are willing to operate outside of the traditional regulatory environment.

a) Does the protocol have any legal accountability? (15 points)

Does the protocol have any form of legal accountability? Can users and partners hold the protocol accountable in case of a breach of the agreement?

Answer: Incorporated in [Dubai, UAE](#) [Peak Tech - FZCO](#)

Score: 15

b) What is the quality of the legal jurisdiction? (10 points)

If the protocol has a legal entity, what is the quality of the jurisdiction the entity is established in? Will the jurisdiction be able to facilitate the legal framework for the protocol to expand while remaining accountable.

Answer: Dubai UAE

Score: 7

About the Author: Valp