

# Piccolo Research

Independent research on blockchain startups and ICO's

## An independent review of Centaur (CNTR)

11 September 2020 - Lennard Neo

*\*with assistance from Travis Chua*

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# CENTAUR (CNTR)

**A premier C-Defi platform empowering real-world asset usage with Defi via cross-chain liquidity staking pools for unsecured lending & remittance**

## Summary

Centaur is building a hybrid C-Defi (semi-decentralized) solution to bridge the gap between real-world assets utilization and decentralized finance. Inculcating the best practices of both systems, the team seeks to create a revolutionary ecosystem that enables cross-border remittance and unsecured lending. The Centaur protocol enables liquidity staking pools to be deployed across multiple blockchains, with an embedded privacy layer. The project has rolled out its testnet and mainnet to be expected in early 2021.

Concept

MVP

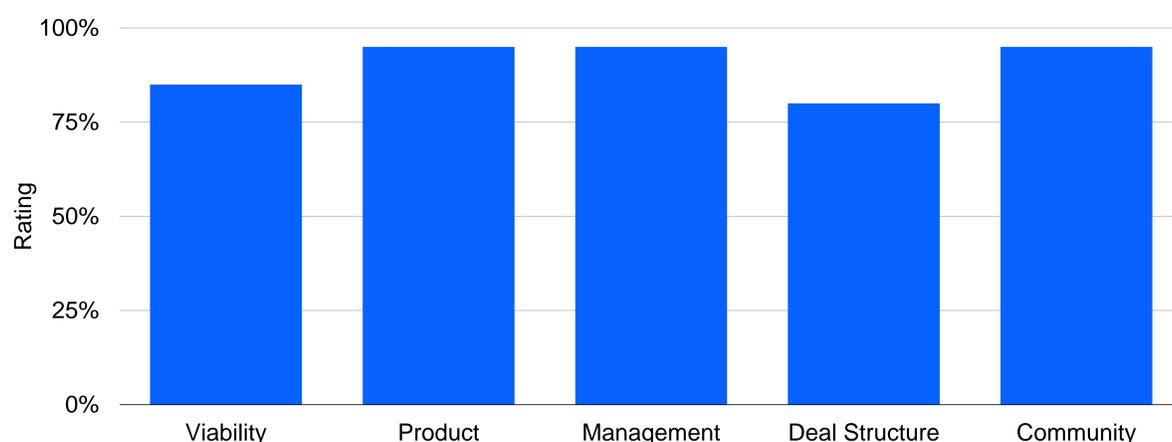
Established

## Company Overview

The company is incorporated early 2019 in Singapore to build a solution based upon best practices inculcated within decentralized finance (Defi) and centralised finance. The state-of-the-art ecosystem will act as a bridge, with Centaur deploying a **native blockchain** integrated with their lending **liquidity pools** and **data oracles** to adopt seamless **cross-chain** asset staking. Here are several issues the project seeks to resolve:

- Closing the market value gap between traditional and decentralised finance, and banking the unbanked
- Resolve limited functionality in liquidity pools such as privacy and smart contract features
- Interoperability across various chains vs most platform using only ERC20
- Over-collateralised lending in Defi that increases inefficiencies; Centaur platform enabling unsecured or under collateralized loans
- Significant regulatory and legislative uncertainties in Defi leading to limited enforcement of legal claims; Centaur to partner with credit unions and judicial law firms to pursue recourse actions
- User-friendly mobile and web-based interfaces

## Birds-Eye View



Buy



### General

Ticker: CNTR

Website: [Click here](#)

Sale Period: Sep 2020

White Paper: [Click here](#)

### Sale info

Pricing: \$0.006

Accepted: ETH

Min Goal: NA

Cap: \$0.5m

Market Cap: \$36m (diluted basis)

Token Sale %: 1.4%

Initial Circulating Supply: 3.4%

### Checklist

Management: ✓

Product: ✓

Commercial: ✓

Interest: ✓

Fulfilment: ⚠



## Phase 2

In phase 2, the project will deploy a native blockchain. The Centaur chain seeks to function as a communication layer across multiple blockchains, which will be partially supported by its own network of data oracles. These oracles will propagate data from different chains onto the Centaur chain, which will act as the final settlement layer for resulting transactions. The project currently has a [testnet deployed](#) with 4.2m transactions executed.

The Centaur blockchain and oracles will incorporate these features:

- Centaur blockchain will be built using Tendermint Core – enabling high throughput and finality
- Partially synchronous Byzantine Fault Tolerant (BFT) consensus engine with an Application blockchain interface (ABCI)
- Proof-of-stake structure
- Native data oracles to read transactions across multiple blockchains supported by liquidity pools in phase 1
- Admin node implementation to veto transaction to reduce risks of possible cross-chain attacks

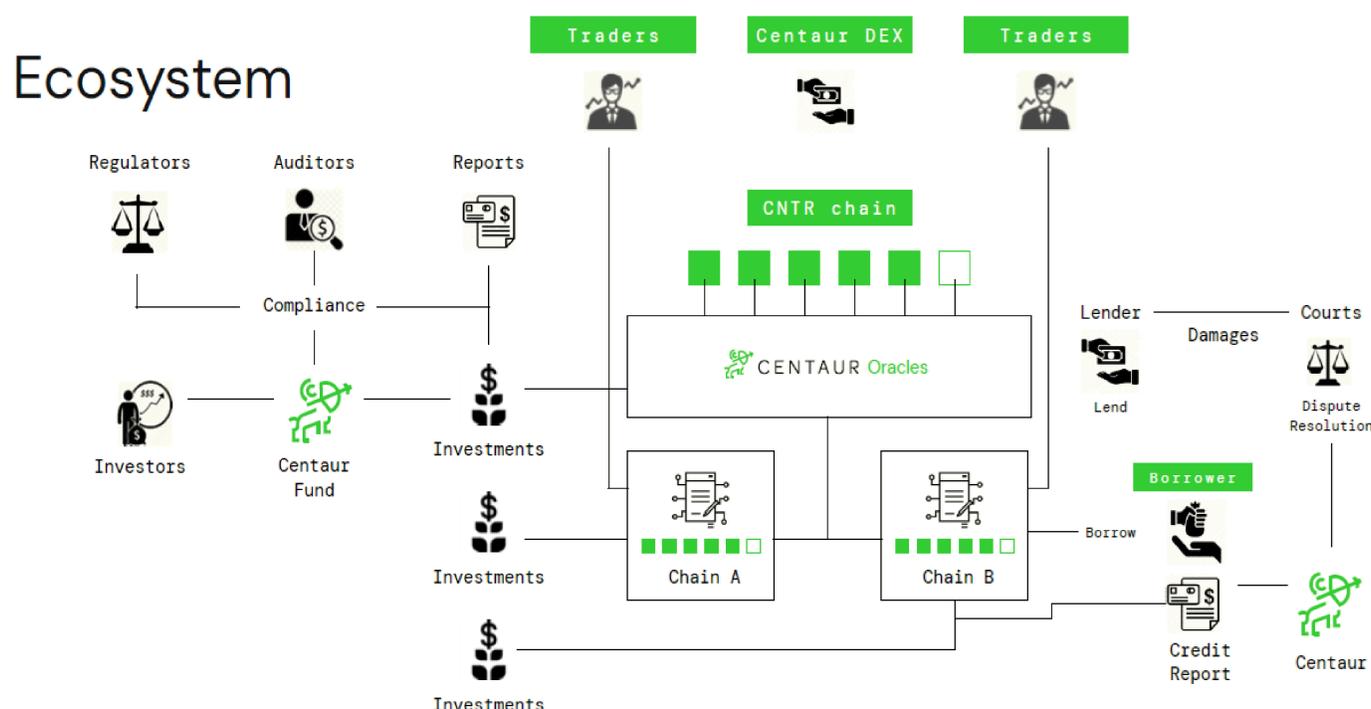


Figure: Centaur Ecosystem

## Phase 3

For the final phase, the team will build dApps with user-friendly interfaces to reduce friction for onboarding of users onto the network. The objective is to build an open and inclusive ecosystem benefitting both real-world and crypto communities. The adoption will begin in these key areas:

- Integrated wallet on mobile (prototype ready)
- Lending & Borrowing (includes unsecured / under-collateralised borrowing)
- Cross-border remittance, Capital mobility & banking the unbanked
- Asset management

## Roadmap

Centaur has mostly been on schedule with their very detailed roadmap (even ahead on schedule on some fronts). However, there are slight delays with the developments of the Centaur wallet and our communications with the team conveyed that the prototype is ready but not deployed. Furthermore, their current focus is on making improvements to their underlying technical infrastructure, testnet as well as increasing participation with community members and corporate partners.

Roadmap	Developments	Status
Q1 2019	Conceptualization of idea	<i>Completed</i>
Q1 2019	Initial Feasibility Testing for Relevant Technologies	<i>Completed</i>
Q1 2019	Start Seed Round	<i>Completed</i>
Q2 2019	Development of Liquidity Pools	<i>Completed</i>
Q2 2019	Development of Wallet	<i>Completed</i>
Q2 2019	Conclude Seed Round	<i>Completed</i>
Q3 2019	Development of Testnet V1 (Consensus Algorithm)	<i>Completed</i>
Q3 2019	Sourcing of Strategic Partners	<i>Completed</i>
Q4 2019	Development of Testnet V1 (Node Configurations, Oracle Data Feeds)	<i>Completed</i>
Q4 2019	Start Private Sale	<i>Completed</i>
Q1 2020	Launch of V1 Testnet	<i>Completed</i>
Q1 2020	Launch of Centaur Wallet	<i>In Progress</i>
Q1 2020	Start Community Building, Marketing, PR	<i>Completed</i>
Q2 2020	Development of Testnet V2 (ABCI)	<i>Completed</i>
Q3 2020	Development of Testnet V2 (Zero-Knowledge Module)	<i>In Progress</i>
Q3 2020	Development of Lending Platform	<i>In Progress</i>
Q3 2020	Integration of UK and EU Partners	<i>In Progress</i>
Q3 2020	Public Sale	<i>In Progress</i>
Q4 2020	<b>Launch of V2 Testnet</b>	
Q4 2020	Onboarding of Third-Party DeFi Dapps	
Q4 2020	Acquire Partnerships and Licenses in SEA	
Q1 2021	<b>Launch of Mainnet</b>	
Q1 2021	Launch of Lending Platform (UK and EU)	
Q2 2021	Integration of Cross-chain transactions	
Q2 2021	Integration of SEA entities	
Q3 2021	Launch of Lending Platform (SEA)	

## Team

James Hong (Co-Founder) – James has experiences serving in many local communities and non-profit organizations in Singapore, prior to entering the blockchain industry, James was the global distributor for Hyundai Heavy Industries, he brings with him 15 years of experience when it comes to successful ventures and has since been actively contributing to the digitalization and implementation of new technologies in traditional industries.

Mark Harris (Co-Founder) – Mark has 20+ years of financial services experience he has a good track record for managing and delivering large projects such as hyperWALLET and Travelex. Prior to founding Centaur he was a director at Ezybonds Partners, Principal Shareholder of Valtuus and Founder and CEO of Market Access.

Dhanraj Dadhich (Co-Founder) – Dhanraj has 20 years of experience in the technology sector. His experience in the technology sector ranges from machine learning, big data analytics, distributed ledgers, cybersecurity and cryptography. He also has experiences building decentralised applications on Ethereum, Hyperledger and has integrated other blockchains such as Bitcoin and OmniCore into consumer-facing products. Prior to founding Centaur, he was a Co-Founder of IntelOra Resources & Developments and D FROZEN SOFT.

Kor Kiang Sean (Co-Founder) – Sean has 5 years of blockchain-related experience. His projects range from mining rig configuration to smart contract and blockchain development. Prior to founding Centaur, Sean was a Co-Founder at Trinide and a business development manager at Talenta both of which are blockchain-related companies.

Xane Au (Core Developer) – Xane has over 10 years of full-stack and 4 years of blockchain development experience. Prior to being a core developer for Centaur, Xane was the founder and lead developer of Techknow IT solutions and Co-Founder of Trinide.

Low Jianhui (General Counsel) – Jianhui has 5+ years of legal and courtroom experience, he was also practising as a litigator previously. Prior to being a general counsel for Centaur, he was in Trinide and Talenta where he was in charge of legal matters for both blockchain-related companies.

Lum Jun Chi (Regional Operations) – Jun Chi is a blockchain advocate with a background in engineering. He has experience performing critiques on technical whitepapers and was the Co-Founder of Trinide and the project manager of Talenta prior his journey with Centaur.

Christopher Makolski (Business Development) – Christopher is an experienced director at both M3 Market Access and RDM Trading with a demonstrated history of working in the financial services industry. He has a Bachelor's Degree in International Finance and Capital Markets from the University of Brighton and a Master's Degree in Quantitative Finance from Cass Business School.

Additional team members include:

- 4 back end developers
- 2 front end developers
- 2 smart contract / blockchain developers

### **Community Engagement / Social Media**

Centaur has leveraged several social media platforms, mainly Telegram and Twitter, for community engagement. A Centaur blog on Medium was also incorporated to provide updates on the project's developments.

As the project just recently got onto the radar, it is relatively new in public eyes, and the priority is to generate awareness of their platform. The Centaur team has done AMAs and interviews with most of the transcripts posted on their Medium.

Here are the project social media statistics as per the report date:

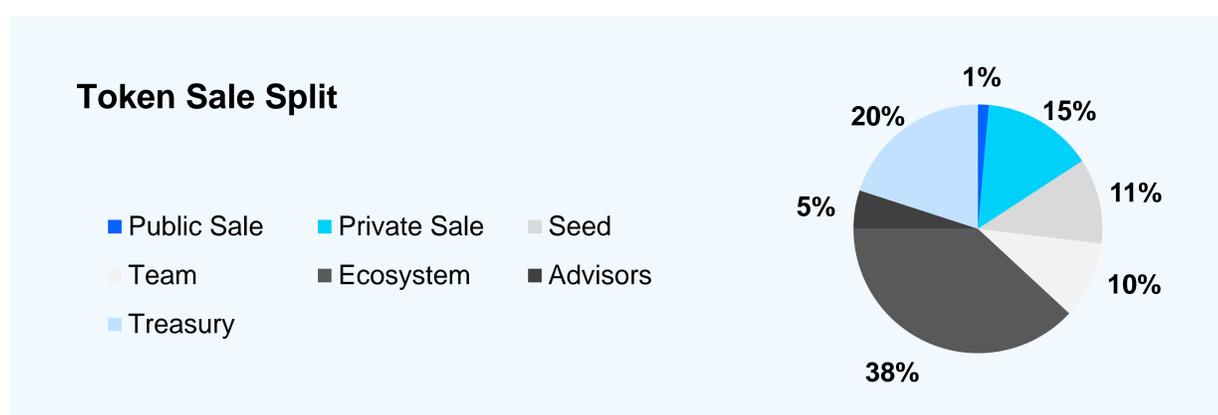
- Telegram (English) – 5,900+ members
- Twitter – 4,200+ followers
- WeChat – In Progress

## Token Sale

Token Details	Details
Public Sale Date	End Sep
Sale Platform	TBC (follow their <a href="#">telegram channel</a> for latest updates)
Token Symbol	CNTR
Token Type	Utility
Issuance Platform	ERC 20
Total No. of Tokens	6,000,000,000
Price per Token (Public)	\$0.006
Price per Token (Private)	\$0.0052 (Private)
Accepted Tokens	ETH
Softcap	NA
Hardcap	USD 0.5m (Investors own 1.4% if Hard Cap reached)
Market Cap Valuation	USD 36m (Fully Diluted basis assuming hard cap reached)
Market Cap (Based on Initial Cir. Supply)	USD 1.2m
Token Lockup (Investors)	10% unlocked, with 1-year vesting (10% unlock at T+3m, 20% unlock at T+6m, and 10% monthly thereafter) (Private)
Token Lockup (Team)	9m lock, with vesting across 3y

The main token functionalities of CNTR are of 5 folds:

- Staking – Users will be able to earn yields when staking tokens (~80% of liquidity pool fees to be distributed)
- Governance – CNTR holders have designated voting power to participate in decision-making process and propose changes to network parameters
- Collateral – Can be used as collateral for loans
- Operating nodes – Node validators require tokens; will be able to earn block rewards to maintain consensus on Centaur’s blockchain
- Currency & transaction – A medium of transfer of fees and gas for transactions



## Partnerships

Elrond – A blockchain platform for distributed apps (DApps). With the partnership, Centaur states that they seek to bring DeFi solutions to the Elrond chain with this partnership, improving their scalability together with higher throughput.

IOST – A decentralized blockchain network based on “Proof of Believability” and Efficient Distributed Sharding (EDS). The partnership aims to provide Centaur network with community expansion, technical support, marketing resources and facilitate cross-chain transactions across one or more protocols within the IOST network, making it easier for users of both chains to send and receive money globally.

iMillion – iMillion provides multicurrency account and remittance anywhere in the world with cost-effective transfer costs. The company generates \$200m notional volumes per month for its users and has been working with Centaur’s development team with regards to their testnet. **More importantly, the company intends to deploy 10% of its total remittance volumes (~\$20m per month) via Centaur’s liquidity pools.**

LabMoneta - LabMonetaTM is a decentralized global payment system based on blockchain technology to unify professional traders, companies and individuals wishing to use cryptocurrencies without the risk of volatility on a single platform.

Dify – Dify provides solutions and possibilities for their clients across Public Relations, Social Media and the Event scene.

Perception - Perception is the first unified TV CDN platform for OTT and IPTV operators is the first to unify the content distribution network with the advanced feature set necessary for a full-service internet TV experience.

QGen group – Qgen is a global provider of AML solutions that specialises in risk management and all related BPO services, mainly focusing on customer acquisition.

Valtuus – Valtuus specialises in working with businesses looking for solutions to finance their needs. They offer banking, acquiring, asset management and solutions services. Valtuus has been helping Centaur’s team develop team on their testnet.

Allanite Capital – Allanite Capital manages a collective investment fund and advises on financial products in respect of units of Qualified Investor Funds.

M3 Market Access – M3 Market Access is a financial technology company specialising in solutions for the world of FX and treasury management.

## Competitor Analysis

Among the liquidity pools platforms, Centaur displays distinguishable objectives against its peers, namely AAVE and Compound. Centaur aims to use a semi-decentralized approach to bridge DeFi and traditional finance by leveraging on cross-chain liquidity pools with an added privacy layer that includes zero knowledge proofs.

With access to financial licenses, Centaur will also be able to provide under collateralized lending as well as remittance services in the UK, South Africa, and South East Asia to garner real-world adoption.

Project Name	Centaur	AAVE	Compound
<b>Sector</b>	DeFi – Credit Markets & Remittance	DeFi – Credit Markets	DeFi – Credit Markets
<b>Infrastructure Type</b>	Inter-blockchain smart-contract liquidity pools	Single-blockchain (ERC-20) smart-contract lending pools	Single-blockchain (ERC-20) smart-contract lending pools
<b>Symbol</b>	CNTR	AAVE	COMP
<b>Blockchain Platform</b>	Cosmos	Ethereum	Ethereum
<b>Interoperable features</b>	Focus on cross-chain interoperability across different blockchain protocols	Focus on Ethereum (ERC20) & Stablecoins Swaps	Focus on Ethereum (ERC20) & Stablecoins Swaps
<b>Protocol Agnostic (Congestion Safeguard)</b>	Y	N	N
<b>Price Oracle</b>	Combination of 3 <sup>rd</sup> party and self-developed native oracles	Chainlink / Uniswap	Top 10 exchanges
<b>Peg Mechanics</b>	Txn Vouchers (Utilize txn hash vouchers enabling assets locked across multiple protocols)	Derivative token (aToken - bond & peg to underlying asset)	Derivative token (cToken - bond & peg to underlying asset)
<b>Token Attributes</b>	Staking (80% of fees), Medium of Transfer, Governance, Operating Nodes, Token burnt	Governance & Staking	Governance & Staking
<b>Product Stage</b>	Testnet	Mainnet	Mainnet
<b>Rates Determinant</b>	Choice between community vote or based on supply & demand of loans	Adjust algorithmically based on Supply & Demand of loans	Adjust algorithmically based on Supply & Demand of loans
<b>Privacy Layers</b>	Zero-knowledge proofs using Elliptic Curve Cryptography	Not applicable	Not applicable
<b>Governance</b>	Stakeholder control with initial appointment of admin node before transitioning to full decentralization	Initial stakeholder control based on DAOStack framework before transitioning to fully autonomous stakeholder control	Centralized control initially before transitioning to stakeholder control
<b>Initiation Year</b>	2019	2017	2018
<b>Team</b>	Singapore	United Kingdom	US
<b>Current Token Price</b>	\$0.006 (Public Sale Price)	\$0.68	\$172
<b>Market Cap Valuation</b>	\$1.2m	\$851m	\$587m

Figures as of 10 Sep 2020, Source: CoinGecko

## Strengths

- A strong C-Defi project with best elements from both centralized and decentralized systems,
- Centaur embraces segments across all value chain, from back-end to front-end with focus on user experience and interaction on their platform
- [Smart contract liquidity pools](#) (with privacy layer) accessible across multiple blockchains (Bitcoin, Ethereum, Cosmos, Binance, etc) and not limited to only ERC 20
- Feature cheaper remittance and under-collateralized / unsecured loans compared to most lending projects that utilize over-collateralizes loans
- Enabling real-world adoption as Centaur has ready access to financial licenses in the UK and potentially South Africa and South East Asia
- Partnership with iMillion (a company generating \$200m volumes per month) intends to have 10% of its total notional (~\$20m per month) executed via Centaur liquidity pools for its remittance service
- Low initial market cap (\$1.2m) as compared to its peers having current valuations above \$500m
- Significant upside potential with AAVE and COMP performing 610% and 126% in the past 3 months



Source: Coingecko

## Weaknesses

- The recent Defi boom has overcrowded the lending space, strong competition and ability to deliver the niche is needed to compete with leading projects to garner market share.
- Centaur is offering a suite of solution, which on a whole might seem large-scale or considered too ambitious, increasing the difficulty of implementation. However, maintaining focus with proper phase management will enable them to deliver their product.
- dApp dependency as user-friendly interfaces are to be created linking across multiple blockchains, which in turn will determine Centaur platform adoption

## Opportunities

**Harnessing additional potential in Defi Lending** – The total USD value locked (TVL) in Defi has increased exponentially since mid-2020, with TVL locked in the entire Defi space reaching shy of \$10b in early Sep. Half that value is attributed to lending platforms, which is currently valued at \$3.3b. This value tripled alone in the past 60 days as more investors contribute their assets in return for higher yields as compared to traditional markets.

On the other hand, the amount borrowed, or debt outstanding is at \$1.5b – 42% of the total lending supply. This should come as no surprise given the overcollateralized nature of the sector. Hence, a project like Centaur that is able to undercollateralize or provide unsecured lending, will be able to tap into this additional \$2b notional value, unlocking another potential segment in this market.

**Real-World Adoption with Defi (RWAD)** – Defi is the crypto buzzword of 2020. The idea of taking away the middleman in traditional financial markets certainly sounds enticing, backed by permission-less and significant fee reduction. However, how much value in Defi is attributed to real-world utilization?

Current TVL in Defi is at \$8.1b, which is approximately 45% of the entire stablecoin market. Our analysts estimate that more than 90% of this value comes from existing crypto users through recycled capital. On the other hand, the M2 money supply for South-East Asia (SEA) and South Africa, the regions that Centaur is targeting, stands at \$3.05 trillion – significantly much larger than the crypto sector. A project with the ability to bridge this gap and channel volumes from Cefi into Defi is poised to capture this additional value.

Having secured partnerships for remittance (\$20m volumes passing through their liquidity pools) and establishing strong legal and partnerships with credit bureaus, Centaur has laid the foundation to become this bridge. That being said, we believe C-Defi projects like Centaur could play out well to be the next macro thematic opportunity bridging real-world adoption and Defi.

## Threats

- Similar to other liquidity platforms, locking assets require the bridge or cross-chain pools to be stable, any interference on either side (e.g. a mass exit on one chain) could pose a high risk to the network
- Potential vulnerabilities of elliptic curves include side-channel attacks and twist-security attacks; threatening the security provided to private keys. However, the risk nature here is relatively small.
- Several services roll-out by the project rely on licenses and regulations; global uncertainties and political turmoil could impact regulations in various jurisdictions

## Total Value Locked (USD) in Lending



Source: Defi Pulse

## Debt Outstanding (USD)



Source: Defi Pulse

## M2 Money Supply

Countries	USD (\$ billions)
<b>South East Asia</b>	<b>2,849.3</b>
Singapore	502.8
Malaysia	475.0
Philippines	255.1
Indonesia	450.4
Thailand	717.7
Vietnam	448.3
<b>South Africa</b>	<b>199.8</b>

Source: CEIC

## Conclusion

In conclusion, Picolo Research presents a **'Buy'** with **4.5 stars** rating on Centaur. Amidst the noise in the Defi sector, the project seeks to provide a competitive advantage which is not seen in most projects – real-world partnerships and adoption coupled with access to licenses in various jurisdiction.

Overall, for the reasons listed, Picolo highlights several reasons that affirm our rating:

- A simple yet novel platform that bridges centralised and decentralised systems (C-Defi) to accelerate adoption in both systems
- Interoperable liquidity pools with integrated native data oracles that allow staking of assets on multiple blockchains
- Unlocking opportunities with real-world volumes flowing from traditional markets through their partnerships, and into Centaur ecosystem for remittance, lending and borrowing
- Enabling low-cost remittance and under-collateralised / unsecured lending
- Great depth in team experience balancing both traditional markets, blockchain and cryptocurrency industries.
- Strong organic growth of telegram / community followers (5.9k) prior to rebranding and marketing push versus most new Defi projects having less than 2k followers
- Low initial market cap (\$1.2m) providing favourable upside potential for investors

Notwithstanding the above, Picolo acknowledges the ambitious roadmap and large product suite of the project, which could impede developments and focus. However, the team has laid out a clear roadmap with distinct development phases enabling them to reach their end goal. Furthermore, the team is tapping into a new segment for Defi – to increasing efficiency of lending supply outside of the crypto sector, which creates another potential opportunity for their C-Defi project.

Overall, in light of the preceding, Picolo Research affirms a **'Buy'** rating on Centaur.

## **About the Analyst**

Lennard specializes in fundamental and technical analysis in digital asset investments. He became acquainted with blockchain, cryptocurrency and ICOs in 2016, and recently decided to take a meaningful step away from traditional banking to join this industry. Previously, Lennard spent 3 years with an investment bank in Forex and Debt Capital Markets. Prior to this, he also had entrepreneurship experience working with an e-commerce startup and a local social enterprise. Lennard completed the CFA program and graduated with a master's degree in Applied Finance. He is fluent in English, Chinese with a basic in Korean.

## **Ratings Definition**

Monitor – Continue observation until clarity of information is provided

Sell/ Avoid – Investment is associated with high risk of losing capital

Hold/ Neutral – To maintain current levels of position until the next updated release

Spec Buy – A speculative opportunity for investors with higher risk tolerance

Buy – A high conviction buying opportunity

## **Disclaimer**

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