



T3 Crypto-X Power Index Calculation Guide

December 17, 2020

Cryptocurrency market index T3 Crypto-X Power (Crypto-XP) serves to illustrate potential returns from investing in a basket of ten largest cryptocurrencies. In order to diversify the investment portfolio and reduce the extent to which Bitcoin dominates the field, the weights are distributed according to Zipf's law. That is, cryptocurrencies are ordered by their respective market capitalization and then n th currency is assigned weight proportional to $1/n$.

The index is initiated on the 8th of January 2014 and represents an investment of \$1 in a basket of top ten cryptocurrencies, each assigned with $\$1/(n \sum_i 1/i)$ respectively. Afterwards, the current portfolio value is redistributed monthly in the same fashion according to the updated market capitalizations at midnight UTC, on the second Wednesday of every month. So, at any given time t the index can be calculated as follows¹:

$$I(t) = \frac{I(T)}{\sum_{i=1}^{10} i^{-1}} \sum_{n=1}^{10} \frac{p_n(t)}{np_n(T)}$$

Here p_n is the price of n th cryptocurrency and $T < t$ is the time of the latest rebalance.

¹Note that the formula is recursive and requires the knowledge of the index value on all previous rebalancing days.

1. DISCLAIMER

This material is for informational purposes only and should not be construed as an offer or solicitation to sell or buy any options, securities or futures products and should not be used to form the basis of any investment decision.

The material contained in this document is not intended to be directed to any person in any jurisdiction where the publication or availability of the document is prohibited. The information and opinions that are contained in this document have been compiled by Triple3 Partners (ABN 20135656236) from sources that are believed to be reliable.

Although the information contained herein has been obtained from sources Triple3 Partners believes to be reliable, its accuracy and completeness is not expressly or implicitly guaranteed by this representation. Nothing in this document should be construed as a solicitation or offer, nor advice or a recommendation, to acquire or dispose of any investment or to engage in any other transaction.

Triple3 Partners holds an Australian Financial Services License (AFSL 337236). However, United States investors should be aware that Triple3 Partners is not registered with any United States financial regulatory authorities, including the Securities and Exchange Commission and Commodity Futures Trading Commission. The services and products available on this document are offered only to those who are financially sophisticated, capable of evaluating the risks and merits of investing in any of the services and products and can afford the loss of their entire investment.

The risk of securities trading can be substantial and each investor must consider whether these are suitable investments in light of their investment objectives. Only capital that an investor can afford to lose should be invested. Past performance is not indicative of future results. Futures trading involve substantial risk of loss and may not be suitable for all individuals. Before investing in any futures contract, please consult your financial advisor to determine whether trading futures is appropriate for you. Only risk capital should be used when trading futures. Past performance is not necessarily indicative of future results.

Transactions in both securities and futures options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Purchasing options may result in a loss of the premium paid plus any commissions or transaction costs. Selling an option generally entails considerably greater risk than purchasing options and requires a margin deposit. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the premium amount. Please read the Options Clearing Corporation's risk document, which can be found at: <http://www.optionclearing.com/about/publications/character-risks.jsp>.

The information provided in this document is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Triple 3 Partners to any registration requirement within such jurisdiction or country.

This material is confidential and intended solely for the information of the person to whom it has been delivered. Recipients may not reproduce or transmit this material to third parties. If you are unsure about any of the material contained in this document, you should consult with a professional financial adviser.