

ACTIVE

Risk Adjusted Coin (RAC)

A risk-adjusted crypto index



April 2026 — Arbitrum One — <https://adjusted.finance>

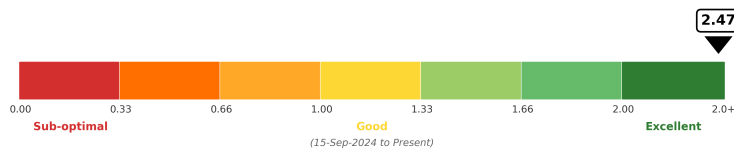
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Unless otherwise stated, Performance, Portfolio Breakdowns and Net Assets information as of: 12-Apr-2026. Live performance data begins 15-Sep-2024. This document is marketing material. For accredited investors only, or the equivalent accreditation in your local jurisdiction.

Overview

- **Risk Adjusted Coin (RAC)** is a systematic crypto index that seeks to optimise risk-adjusted returns across market cycles.
- Typical indices are weighted by market cap. RAC weights assets by their expected contribution to risk-adjusted returns.
- Since inception, RAC has returned 80.4%, participating in market upturns while mitigating downside volatility.
- RAC rebalances daily using Mean-Variance Optimisation with the ability to allocate to cash when risky assets do not offer a favourable risk-return profile. A governance veto layer provides additional oversight.

Sharpe Ratio Scale



Risk

RAC's systematic cash allocation reduces drawdowns relative to fully-invested crypto portfolios. The trade-off is that the strategy may lag during sustained rallies when the model favours defensive positioning. Avoiding large drawdowns preserves capital for compounding, which over time can outweigh the cost of missed upside. Risks remain inherent in any investment.

Capital at Risk

The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Key Risks

- No basket of assets is immune to black swan events.
- Systematic allocation to cash may result in underperformance relative to benchmarks during sustained market rallies.
- Smart contracts bear intrinsic risk. No code is perfect.
- Counterparty Risk: Circle, Chainlink, and Arbitrum (among others).

Key Facts

Asset Class:	Digital Assets
Smart Contracts:	Arbitrum One
Net Assets of Fund:	\$39K
Rebalance Frequency	Daily
DAO Asset Control	100.00%
Launch Date	15-Sep-2024
Benchmarks:	Bitcoin DeFi Pulse Index
Security:	Access controlled

Portfolio Characteristics

Inception Return	80.4%
1y Return	30.6%
3m Return	0.8%
1m Return	0.0%
Beta (BTC)	0.11
Sharpe Ratio	2.47

Fees and Charges

Purchase	0.75%
Sale	1.50%
Annual Management Fee	0.00%
Performance Fee	0.00%

The protocol sustains itself by holding yield-bearing forms of allocated assets rather than charging management fees.

Dealing Information

Dealing Frequency	Continuous
Settlement	Instant

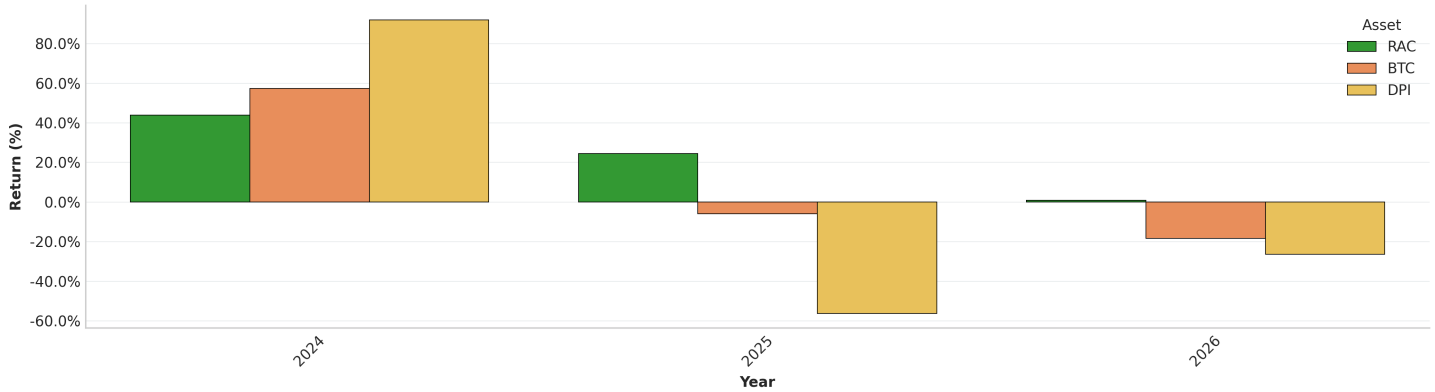
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All data shown is from live trading (from 15-Sep-2024)

Calendar Year Performance (%)



Year	RAC	BTC	DPI
2024	43.8%	57.3%	91.9%
2025	24.4%	-6.0%	-56.3%
2026	0.8%	-18.4%	-26.4%

Percentage Change over Time



Cumulative & Annualized Performance

Period	RAC Cumulative	BTC Cumulative	DPI Cumulative	RAC Annualized	BTC Annualized	DPI Annualized
1m	0.0%	2.5%	-8.0%	0.1%	33.1%	-62.5%
3m	0.8%	-21.4%	-31.5%	3.1%	-62.4%	-78.4%
YTD	0.8%	-18.4%	-26.4%	3.1%	-52.0%	-67.0%
1y	30.6%	-14.7%	-32.7%	30.6%	-14.7%	-32.7%
Since Inception	80.4%	20.5%	-41.8%	45.5%	12.6%	-29.1%

Benchmarks: Risk Adjusted Coin (RAC) is benchmarked to Bitcoin (BTC) and the DeFi Pulse Index (DPI). Data shown is for period 2024-09-15 to 2026-04-12.

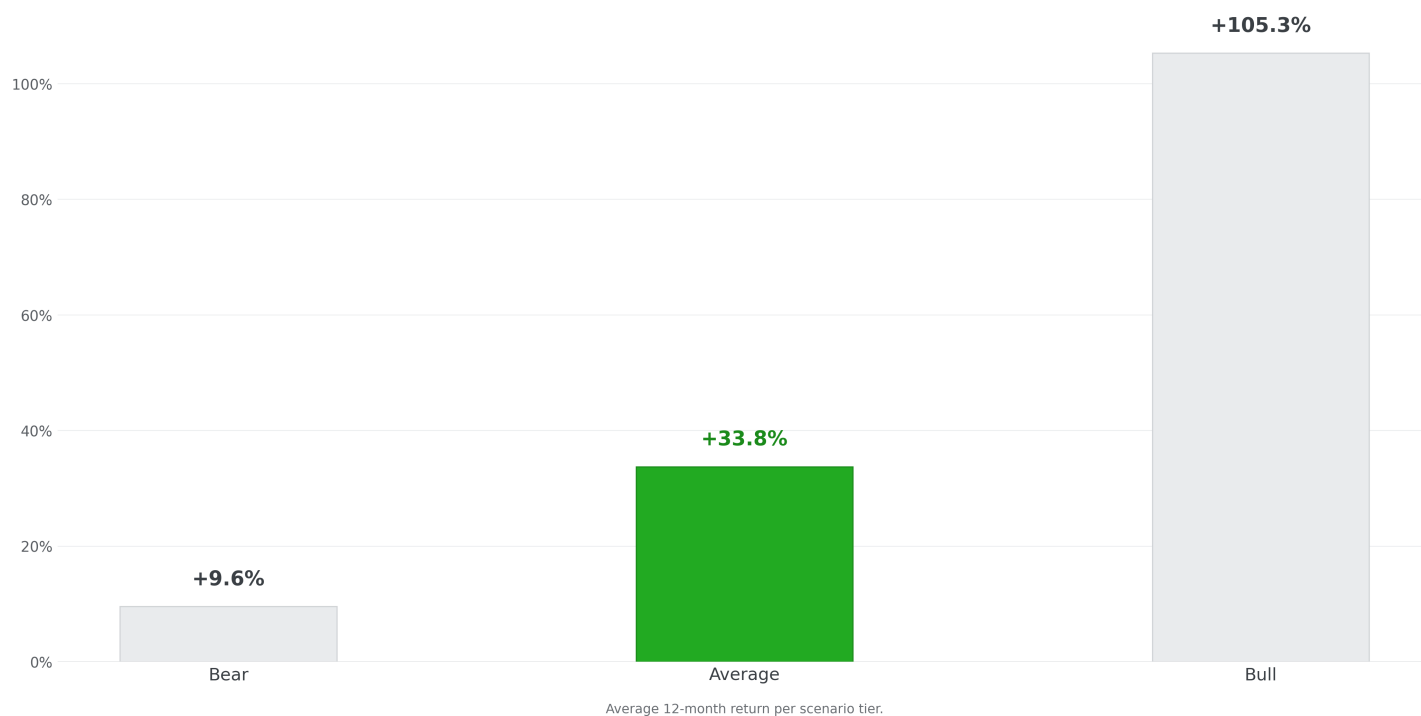
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What to Expect from RAC

To estimate RAC's range of outcomes, we applied its optimisation algorithm to historical price data and measured every rolling 12-month window. Each window uses real market prices and simulates daily rebalancing with the same Mean-Variance Optimisation model that runs in production, including transaction fees. The 15 resulting windows are sorted by RAC return and grouped into thirds: the worst 5 (Bear), the middle 5 (Average), and the best 5 (Bull).



Outcome	Avg Return	Range	Max Drawdown	Sharpe	Windows
Bear	+9.6%	-1.6% to +23.0%	-20.8%	0.31	5
Average	+33.8%	+26.0% to +46.2%	-21.6%	0.73	5
Bull	+105.3%	+53.1% to +189.1%	-21.6%	1.23	5

In every backtested 12-month window, RAC's worst outcome was -1.6%. The typical (median) outcome was +33.1%.

What \$10,000 Becomes Over 12 Months

Outcome	\$10,000 becomes
Bear	\$10,956
Average	\$13,376
Bull	\$20,529

Based on backtested simulations using historical price data. Past performance does not guarantee future results. All returns are net of simulated rebalancing fees (0.075% per trade), purchase fee (0.75%), and sale fee (1.50%).

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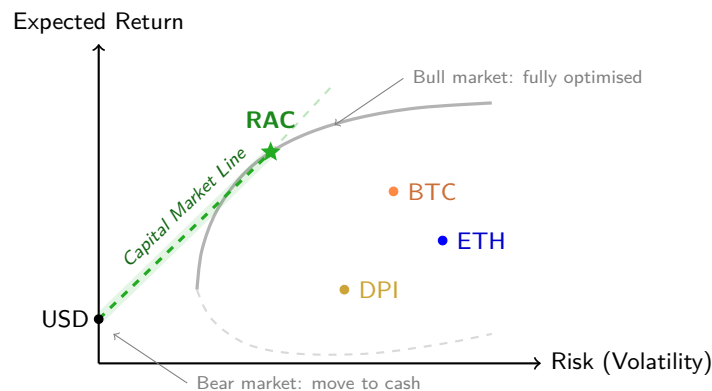
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How Does It Work?

RAC is best understood as a risk-adjusted index. Where traditional crypto indices weight assets by market capitalisation, RAC weights assets by their expected contribution to risk-adjusted returns. It does this using **Mean-Variance Optimization (MVO)**, the mathematical framework at the core of Modern Portfolio Theory (Nobel Prize, 1990). Each day, the protocol evaluates expected returns and covariances across its asset universe and computes the portfolio with the highest risk-adjusted return – the tangency portfolio on the efficient frontier.

A key feature of RAC's extended framework is the ability to allocate to cash. Classical MVO cannot incorporate a zero-variance asset without producing unstable results. RAC solves this: when the model determines that no combination of risky assets offers a favourable risk-return profile, it allocates to USDC. The portfolio can range from fully invested to 100% cash – driven entirely by the optimisation, not by discretionary intervention.



What Makes RAC Different?

Quantitative models rely on historical correlations that can break during regime shifts, liquidity crises, and black swan events. RAC addresses this with a **governance veto layer**: token holders can vote to exclude individual assets from the algorithm's proposal. If quorum is reached, the vetoed weight reallocates to USDC.

The veto mechanism is incentive-aligned. Voters who correctly identify declining assets are rewarded; incorrect vetoes incur penalties. This filters for informed conviction – only participants with genuine edge profit over time. The penalty structure is designed such that random or adversarial voting is unprofitable, making governance manipulation economically irrational. The result is a system where the algorithm handles normal market conditions and human oversight catches tail risk.

RAC's Edge: 1. Dynamic cash allocation – when the optimisation favours zero exposure, the portfolio moves entirely to cash 2. Governance overlay – an incentive-aligned veto mechanism where only informed participants profit

Network Effects

As AUM grows, governance participation deepens, voting quality improves, and the veto system becomes a more effective filter against tail risk. Better governance produces better risk-adjusted returns, which attracts more capital. This flywheel – more holders, better governance, better returns – is RAC's structural advantage.

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Technical Infrastructure

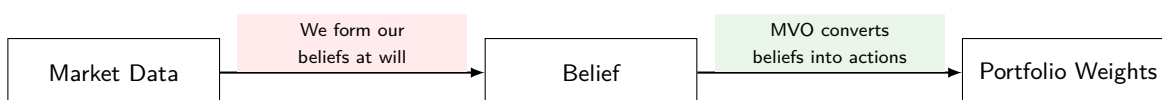
Token Standard	ERC20 on Arbitrum One
Vault	ERC721 compatible
Governance	OpenZeppelin Governor, voting power by RAC holdings
Rebalancing	Daily, automated via smart contracts
Execution	Solver network (CoW Protocol)
AI Agents	Open API at the Governor contract level

Assets

Bitcoin	First and largest cryptocurrency, designed as peer-to-peer digital cash
Ethereum	Programmable blockchain platform enabling smart contracts and decentralized applications
Chainlink	Decentralized network connecting smart contracts with real-world data
Arbitrum	Ethereum scaling solution providing lower fees while maintaining security
Pendle	Protocol for trading yield and tokenized future yield

Quantitative Model

RAC implements an extension to Modern Portfolio Theory that solves a fundamental problem: how to include cash in portfolio optimisation without the mathematics breaking down. The framework uses a two-step process – first finding the optimal return target across risky assets, then ensuring the portfolio achieves that return with minimum risk, with cash as a first-class allocation. When the model determines that the best risk-adjusted position is cash, it allocates accordingly. The complete mathematical framework is available at adjusted.finance.



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