

ACTIVE

Risk Adjusted Coin (RAC)

Automated DeFi Portfolio Optimization
with democratic risk management



by Adjusted Finance

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

Unless otherwise stated, Performance, Portfolio Breakdowns and Net Assets information as of: 06-Mar-2026. Live performance data begins 15-Sep-2024. This document is marketing material. For users in the United States, and other heavily regulated jurisdictions, refer to your local laws for your ability to participate.

Overview

- Risk Adjusted Coin (RAC) is an open access DeFi index that delivers asymmetric returns over an extended period of time.
- Its mission is to deliver the highest return, in the most accessible and tax-efficient package. Since inception, RAC returns 80.5%, following crypto markets in upturns, and avoiding volatility in downturns.
- RAC rebalances daily with the allocation determined by novel quantitative methods inspired by Markowitz portfolio theory and a democratic voting system.

Sharpe Ratio Scale



Risk

RAC breaks the traditional correlation of higher risk leading to higher rewards – the system consistently shows low risk with high rewards. This makes it an attractive investment vehicle. However, there is always risk involved.

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

- The basket is not immune to stark changes in politics and economics.
- Smart contracts bear intrinsic risk. No code is perfect.
- Counterparty Risk: third parties, such as Circle, play an important role in the tokenization of certain assets.

Key Facts

Asset Class:	Digital Assets
Smart Contracts:	Arbitrum One
Net Assets of Fund:	\$57K
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	80.5%
1y Return	29.5%
3m Return	2.0%
1m Return	0.7%
Beta (BTC)	0.12
Sharpe Ratio	1.82

Fees and Charges

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

Dealing Information

Dealing Frequency	Continuous
Settlement	Instant

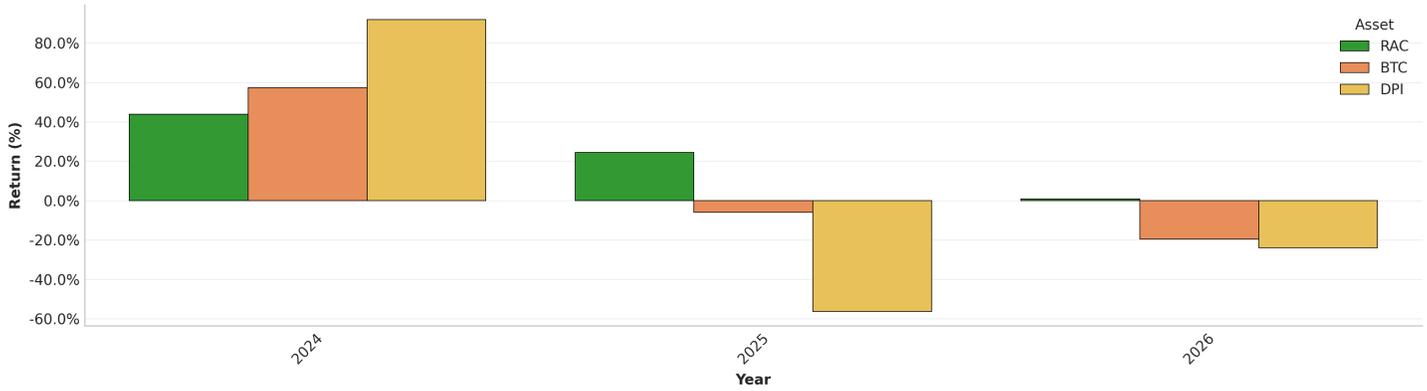
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All data shown is from live trading (from 15-Sep-2024)

Calendar Year Performance (%)



Year	RAC	BTC	DPI
2024	43.8%	57.3%	91.9%
2025	24.4%	-6.0%	-56.3%
2026	0.9%	-19.6%	-23.9%

Percentage Change over Time



Cumulative & Annualized Performance

Period	RAC Cumulative	BTC Cumulative	DPI Cumulative	RAC Annualized	BTC Annualized	DPI Annualized
1m	0.7%	2.1%	-1.1%	10.5%	32.7%	-13.4%
3m	2.0%	-21.2%	-32.7%	8.5%	-61.9%	-79.9%
YTD	0.9%	-19.6%	-23.9%	5.1%	-71.3%	-79.0%
1y	29.5%	-22.0%	-48.7%	29.5%	-22.0%	-48.7%
Since Inception	80.5%	18.6%	-39.8%	49.4%	12.3%	-29.2%

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 2026-03-06.

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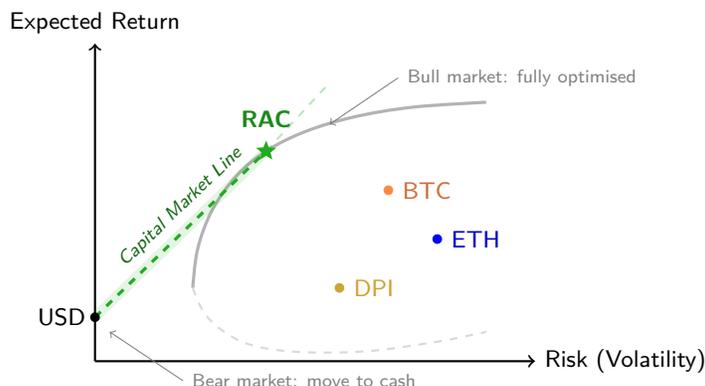
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How Does It Work?

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 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

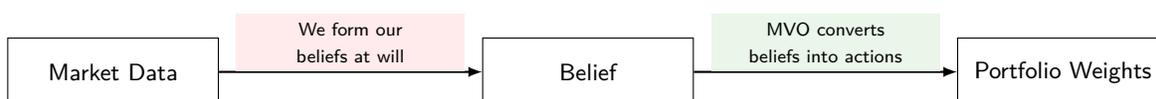
Token Standard	ERC20 on Arbitrum One
Vault	ERC721 compatible
Governance	OpenZeppelin Governor, voting power by RAC holdings
Rebalancing	Daily, automated via smart contracts
Execution	Solver network (CoW Protocol)
AI Agents	Open API at the Governor contract level

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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