

Bloomberg Galaxy DeFi Index

The Bloomberg Galaxy DeFi Index is a modified market cap-weighted benchmark tracking the largest decentralized finance (DeFi) protocols and apps that use smart contracts on blockchains to offer financial services such as lending, market-making and insurance, without a central financial intermediary. Index constituents are rebalanced monthly and have passed screens for pricing integrity and institutional liquidity/custody.

KEY FEATURES

- Tracking the performance of USD-traded DeFi assets
- Third-Party expert assessment on pricing sources for risk and suitability
- Calculated daily using [Digital Asset Research \(DAR\)](#) pricing methodology
- Rebalanced and reconstituted monthly

QUICK FACTS

Bloomberg Ticker	DEFI Index
Weighting	Cryptocurrency weightings are based on market capitalization (calculated as product of circulating supply and price), subject to weighting restrictions applied monthly such that no cryptocurrency constitutes more than 40% of the Index or constitutes less than 1%. Between rebalancings, weights may fluctuate to levels outside these limits.
Review Frequency	Reconstituted and rebalanced monthly
Launch Date	August 11, 2021
Inception	Deember 31, 2020
End-of-Day Index Level	Time-weighted average price (TWAP) derived from eligible, non-outlier trades that occur within a 30-minute window prior 4pm ET. Quoted currency is USD. Prices sources have passed all of DAR's quantitative and qualitative criteria and are the most trustworthy exchanges that are not known to report inflated volumes and have robust policies and practices in place to prevent manipulative behavior.
Index Calendar	Index levels are published Monday-Friday on New York Stock Exchange trading days.
Currency	USD

GUIDING PRINCIPLES

Bloomberg administers the benchmark according to four guiding principles:

1. Data Integrity	Eligible prices are sourced in accordance with DAR Exchange Vetting and Pricing methodology.
2. Diversification	No single constituent target weight can exceed 40% or contribute below 1% of the market capitalization of the Index.
3. Representative	The Index seeks to provide a proxy for the broader DeFi market.
4. Continuity	The Index is intended to be responsive to the changing nature of the market in a manner that does not completely reshape the character of the Index from year to year.

SELECTION OF CONSTITUENTS

Assets that meet all the following criteria are eligible for inclusion in the Index:

1. Digital asset classified as Decentralized Finance by Digital Asset Research.
2. Institutionally traded and custodied with US-based institutions.
3. Not deemed a security by the US Security and Exchange Commission (SEC).
4. Pricing available from a minimum of three sources vetted by Digital Asset Research.
5. Constituent has met the above eligibility requirements for three consecutive monthly rebalances.
6. Hard forks¹ are considered using the same criteria as any established digital asset.

INDEX CONSTITUENT WEIGHTS

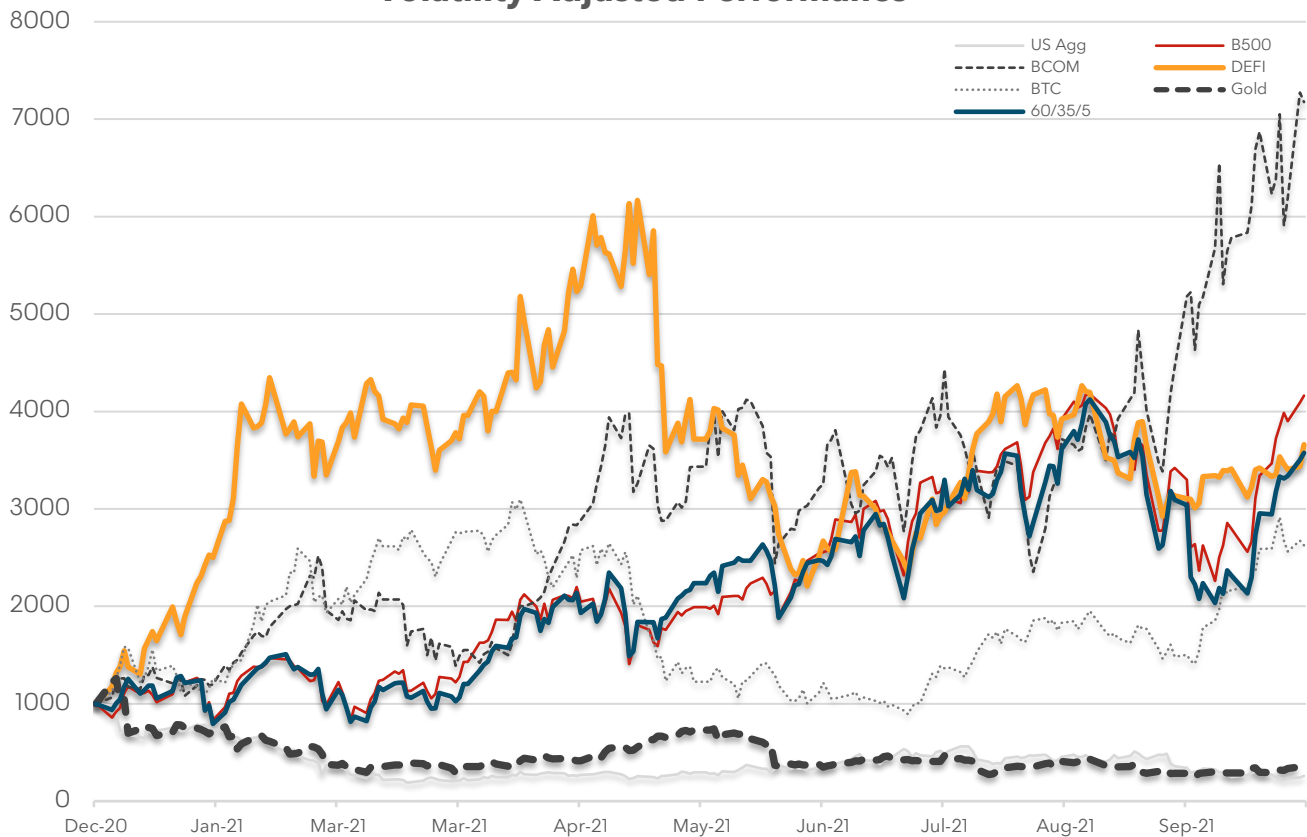
December 2021 Target Weights

Name	Symbol	Target Weight
Uniswap	UNI	40.000%
Aave Decentralized Lending Pools	AAVE	13.349%
MakerDao	MKR	11.719%
Curve	CRV	9.424%
Compound	COMP	6.483%
Yearn.finance	YFI	4.450%
SushiSwap	SUSHI	3.983%
Ox	ZRX	3.568%
Synthetix	SNX	3.555%
Universal Market Access	UMA	3.468%

¹ A hard fork occurs when a blockchain protocol is radically changed, such that it becomes incompatible with older versions. In effect, participants taking part in transactions on the old blockchain must upgrade to the new one in order to continue validating transactions.

PERFORMANCE

Volatility Adjusted Performance ²



² To compare indices across a wide range of volatilities, we first rebase all time-series to 1000 (DeFi's base), and then apply a scaling factor to daily changes so that the realized daily volatility for each time-series equals that of the benchmark (DeFi).

MULTI-ASSET CORRELATION MATRIX

November 24, 2019 - November 24, 2021

Name	Index Name	Ticker
BGCI	Bloomberg Galaxy Crypto Index	BGCI
BTC	Bloomberg Galaxy Bitcoin Index	BTC
ETH	Bloomberg Galaxy Ethereum Index	ETH
B500	Bloomberg US Large Cap Total Return Index	B500T
US Agg	Bloomberg US Agg Total Return Value Unhedged USD	LBUSTRUU
BCOM	Bloomberg Commodity Index Total Return	BCOMTR
Gold	Bloomberg Gold Subindex Total Return	BCOMGCTR
60/35/5	60% Bloomberg DM Large-Map Cap Index + 35% Global Agg Index + 5% Bloomberg Commodity Index	BMADM635

	BGCI	BTC	ETH	B500	US Agg	BCOM	Gold
BTC	0.90						
ETH	0.95	0.76					
B500	0.30	0.29	0.29				
US Agg	-0.01	-0.02	0.00	-0.11			
BCOM	0.29	0.28	0.27	0.42	-0.07		
Gold	0.18	0.19	0.18	0.16	0.28	0.40	
60/35/5	0.34	0.33	0.33	0.95	0.00	0.53	0.26

GOVERNANCE

The Index is calculated and distributed under the oversight of Bloomberg's Benchmark Oversight Committee and supervision of Bloomberg's Product, Risk and Operations Committee. Any material deviations or changes from established procedures are subject to review by Bloomberg's governance and oversight process.

CRYPTO INDEX FAMILY

Index	Ticker	Index Start Date	Index Launch Date
Bloomberg Galaxy Crypto Index	BGCI	Aug-2017	May-2018
Bloomberg Galaxy Bitcoin Index	BTC	Jul-2010	Nov-2020
Bloomberg Galaxy Ethereum Index	ETH	Aug-2017	Jan-2021
Bloomberg Galaxy DeFi Index	DEFI	Dec-2020	Aug-2021
Bloomberg Galaxy Solana Index	SOL	Dec-2020	Nov-2021

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