MarketVector™ Token Terminal Fundamental Index Suite

The Next Innovation in Index Design

Changing Landscape: As digital assets evolve, so should our evaluation methods. Newer digital assets possess unique value propositions and economic mechanics, necessitating a comprehensive index that captures these dynamics.

Beyond hype: Assessing digital assets as productive assets on strong fundamentals, rather than narrative. Capturing crypto protocols with actual activity and usage by using a methodology that is scalable and easily understandable

Value of On-Chain Data: Transparent, immutable ledgers offer real-time insights into blockchain activity. This data, rich in clarity and depth, becomes essential for investors to make informed decisions.

token terminal_ ✕ ⟆ MarketVector™

Methodology

Starting Universe:

Large- and Mid-Cap Universe. The index amalgamates Token Terminal's fundamental data and MarketVector's Digital Assets 100 Large-Cap and Mid-Cap Index (MVDALC & MVDAMC), ensuring data-driven and market-validated investment choices.

Token Selection Criteria:

- **Focus:** On-chain data.

- **Key Metrics:** Emphasis on fees (economic value of a protocol) and active users (adoption and engagement).

- **Rolling 30-day Average:** To ensure consistent token performance representation.

- **Double Ranking System:** Combines the significance of both key metrics, with fees getting an 80% weight and active users 20%.

2 Weighting Schemes available:

- **Market Cap Weighting:** Reflects broader cryptocurrency market trends. A Cap & Floor ensures diversification.

- **Fundamental Weighting:**
  Reflects the economic footprint of a protocol. We apply a "Root-Weighted Index Methodology" to reduce concentration risk.

Key Benefits & Highlights

Enhanced Accuracy with On-Chain Data:
Utilizes fundamental on-chain metrics like fees and active user data for a more accurate and insightful analysis of digital assets, moving beyond traditional index methodologies.

Performance Insights:
The index's focus on fundamental on-chain data, such as fees and active user metrics, potentially offers our clients a significant edge,particularly during bull markets, by capturing the real economic activity and growth potential of emerging and established digital assets.

Customization Features

Custom Closing Time for Prices:
Tailored to investor's regional and trading preferences.

Comprehensive Use of Fundamental Ratio Suite from Token Terminal:
Options to refine selection criteria, weight adjustments.

Performance Insights

(2 Jan, 2021 - 30 Nov, 2023)

Key Ratios

(2 Jan, 2021 - 30 Nov, 2023)

Metric	MVBTC	MVDA10	MVTT10F	MVTT10M
Cumulative Return	26.87%	81.46%	116.92%	144.03%
CAGR%	5.81%	15.19%	20.17%	38.82%
Sharpe	0.39	0.59	0.68	0.72
Sortino	0.56	0.83	0.94	1.02
Max Drawdown	-76.63%	-78.53%	-78.72%	-77.26%
Volatility (ann.)	67.14%	75.52%	80.82%	77.15%

Components

30 Nov, 2023

Top 10 Fundamental Components		MVTT10F	MVTT10M
Ethereum	ETH	17.55%	30.51%
Bitcoin	BTC	16.89%	30.89%
BNB Chain	BNB	11.67%	16.17%
Tron	TRX	18.50%	4.28%
Lido Finance	LDO	6.14%	2.82%
Polygon	MATIC	7.31%	3.50%
OP Mainnet	OP	3.89%	2.79%
Uniswap	UNI	8.78%	2.92%
Arbitrum	ARB	5.88%	3.08%
Aave	AAVE	3.39%	3.03%

Key Index Features

MarketVector™ Token Terminal Fundamental Index (MVTT10F)

Number of Components: 10

Base Date: December 31, 2020

Base Value: 100

MarketVector™ Token Terminal Fundamental Cap-Weighted Strategy Index (MVTT10M)

Number of Components: 10

Base Date: December 31, 2020

Base Value: 100

Available metrics

Metric	What is this metric?	How is it calculated?	Why do we show it?
Market data	**Data relating to the protocol's governance token**		
Fully diluted market capitalization	Valuation of the protocol based on the maximum supply of its governance token	Maximum supply * token price, sourced from Coingecko	Shows the protocol's true valuation by taking into account all the tokens that have been issued
Circulating market capitalization	Valuation of the protocol based on the circulating supply of its governance token	Circulating supply * token price, sourced from Coingecko	When charted against the fully diluted market capitalization, it shows the magnitude of future unlocks that could potentially drive down the price
Token trading volume	Trading volume of the protocol's governance token across CEXs and DEXs	Trading volume on supported CEXs & DEXs, sourced from Coingecko	Shows if there's proper price discovery for the token
Tokenholders	Number of unique governance tokenholders	Number of unique addresses with a governance token balance greater than 0, sourced from onchain data	Shows if the protocol's ownership is concentrated or decentralized, often tied to the maturity of the protocol (concentrated ownership more common at the early stage)
GMV data	**Data relating to the usage of the protocol**		
Total value locked	User deposits to the protocol's smart contracts (these assets are not owned by the protocol)	Value of funds held across a protocol's smart contracts	Shows how much value users are willing to deposit to a protocol's contracts, i.e. if there is trust in the protocol's contracts (security-wise)
Transaction volume	Transaction volume on a blockchain (L1 / L2)	Transaction volume on a blockchain (L1 / L2)	Shows how much value users are willing to transact on a blockchain, i.e. if there is trust in the blockchain to transact at scale
Trading volume	Trading volume on a DEX / NFT marketplace	Value of tokens being exchanged at a DEX / NFT marketplace	Shows how much value traders are willing to trade on a DEX / NFT marketplace, i.e. if there is trust in the DEX / NFT marketplace to trade at scale
Active loans	Outstanding loans on a lending protocol	Value of funds owed by borrowers to lenders	Shows how much value borrowers are willing to borrow on a protocol, i.e. if there is trust in the lending protocol to lend & borrow at scale
Assets staked	User deposits staked by a liquid staking protocol	Value of funds staked across the protocol's smart contracts	Shows how much value stakers are willing to stake through a protocol, i.e. if there is trust in the liquid staking protocol to stake at scale
Capital deployed	Capital invested by an asset management protocol	Total value of funds deployed by the protocol's smart contracts	Shows how much investors are willing to invest through a protocol, i.e. if there is trust in the asset management protocol to invest at scale
Transfer volume	Tokens transferred through a cross-chain bridging protocol	Value of tokens transferred through a cross-chain bridge	Shows how much bridge users are willing to transfer through a bridging protocol, i.e. if there is trust in the bridging protocol to transfer at scale.
Financial data	**Data relating to the economic sustainability or profitability of the protocol**		
Fees	Fees paid by end users	Value of the aggregate fees paid by end users, sourced from onchain data	Shows if users are willing to pay to use a protocol, i.e. if there is product market fit (especially if there are no token incentives)
Supply-side fees	Portion of fees paid to service providers	Value of the fees paid to service providers (LPs, lenders, creators, etc.), sourced from onchain data	Shows what percentage of the fees the protocol passes on to service providers
Revenue	Portion of fees kept by the protocol (and its tokenholders)	Value of the fees kept by the protocol (and tokenholders), sourced from onchain data	Shows what percentage of the fees the protocol captures for itself
Token incentives	Governance tokens distributed to users (token-based compensation)	Value of a protocol's governance tokens that have been claimed by users, sourced from onchain data	Shows how much the protocol is subsidizing the use of the protocol by issuing tokens to its users, i.e. how much existing tokenholders are being diluted
Earnings	Net income of a protocol (excl. operating expenses)	Revenue - token incentives, sourced from onchain data	Shows how much the protocol earns after token incentives, i.e. if the protocol has an economically sustainable business or not
Valuation data	**Data relating to the valuation (over / undervalued) of the protocol**		
P/F ratio (fully diluted)	Valuation multiple, based on the fees paid by end users	Fully diluted market capitalization / annualized fees	Shows how many years it would take for the fees to "repay" the fully diluted valuation
P/F ratio (circulating)	Valuation multiple, based on the fees paid by end users	Circulating market capitalization / annualized fees	Shows how many years it would take for the fees to "repay" the circulating valuation
P/S ratio (fully diluted)	Valuation multiple, based on the revenue earned by the protocol	Fully diluted market capitalization / annualized revenue	Shows how many years it would take for the revenue to "repay" the fully diluted valuation
P/S ratio (circulating)	Valuation multiple, based on the revenue earned by the protocol	Circulating market capitalization / annualized revenue	Shows how many years it would take for the revenue to "repay" the circulating valuation
Cash management data	**Data relating to the treasury management of the protocol**		
Treasury	Assets in the protocol's treasury (incl. unallocated governance tokens)	Value of the tokens held across a protocol's treasury contracts, sourced from onchain data	Shows how much the protocol is generating in business income and how it manages its treasury over time
Alternative data	**Data relating to the non-financial metrics of the protocol**		
Daily active users	Unique addresses that use the protocol's service during a 24h period	Number of unique addresses interacting with the protocol's business relevant smart contracts, sourced from onchain data	Important to know if there are 3 vs. 300k users, gives a better understanding of the supply & demand-side dependencies
Active developers	Core developers that contribute to the protocol's public GitHub repositories	Number of distinct users that made 1+ commits to the protocol's public repositories during the past 30 days, sourced from GitHub	Important to know if there are 10 vs. 100 core developers, gives a better understanding of the contributor dependencies
Code commits	New commits to the protocol's public GitHub repositories	Number of commits to the protocol's public repositories, sourced from GitHub	Important to know if there are few vs. many regular commits, gives a better understanding of the pace of development

Disclaimer

About MarketVector

MarketVector Indexes™ ("MarketVector") is a regulated Benchmark Administrator in Europe, incorporated in Germany and registered with the Federal Financial Supervisory Authority (BaFin). MarketVector maintains indexes under the MarketVector™, MVIS®, and BlueStar® names. With a mission to accelerate index innovation globally, MarketVector is best known for its broad suite of Thematic indexes, long-running expertise in Hard Asset-linked Equity indexes, and its pioneering Digital Asset index family. MarketVector is proud to partner with more than 25 Exchange-Traded Product (ETP) issuers and index fund managers in markets worldwide, with more than USD 30 billion in assets under management.

About Token Terminal

Token Terminal is a full-stack on-chain data platform focused on standardizing financial and alternative data for the most widely used blockchains and decentralized applications. The platform is used by the leading investors and operators in the crypto market. Token Terminal ingests over 100k transactions per day from more than 15 blockchains and manages over 50TB of raw blockchain data to power its industry-leading standardized financial and alternative data sets.