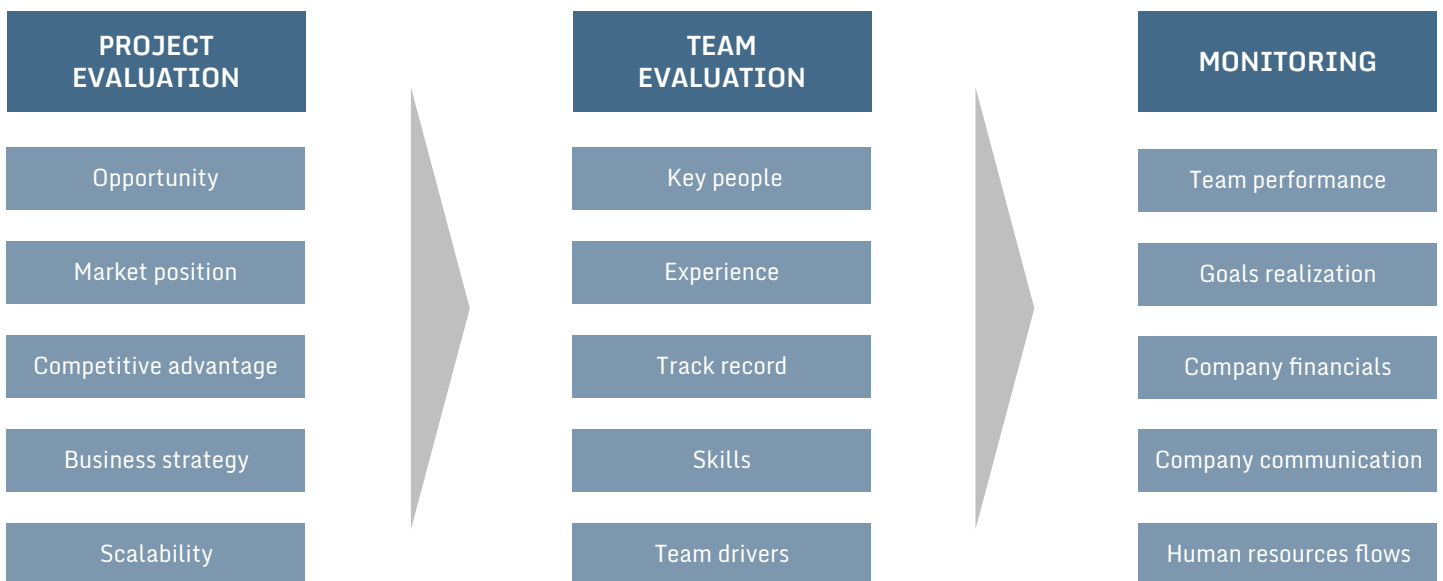


INTRODUCTION

Investing in the digital economy is investing in crypto startups. Therefore, when deciding to invest in a particular crypto project, it makes sense to apply investment processes of venture capital firms. We have developed a three-step investment process: project evaluation, team evaluation, and monitoring.

A THREE-STEP INVESTMENT PROCESS



PROJECT EVALUATION

We look for projects that provide a distinct solution for an existing problem or preferably for projects that create new markets. We look for innovators and market disruptors. They should have an exact picture of their potential customers, market size, and competitive advantages. The team should have a clearly defined and viable business strategy. Each presented solution must have an evident value proposition and low barriers to adoption. We don't invest in opportunities with heavy competition or ones without a market (timing factor). The project must demonstrate a clear path to a scalable, sustainable and profitable business.

TEAM EVALUATION

Just because the opportunity exists, it doesn't mean it will succeed. A great project without a strong team has no perspective. We make a thorough check of key people involved. Emphasis is on their experience and track record in the business world. All team members must possess the necessary knowledge, experience, and skills to operate and grow the business. We want to know what drives the team to succeed and how robust is their business organization.

MONITORING

We hold weekly Investment committee meetings where we evaluate the progress of our investments. We continuously track team performance and realization of their set business and technical goals. We keep a close watch on company financials. We regularly follow all company official communication channels and measure the level of their engagement with the community. We closely monitor human resources fluctuations, especially the potential departures of key personnel.

INTRODUCTION

As the world's first equal weight crypto fund, Solidum Prime provides investors with a broad exposure to the crypto market, eliminating the large-cap bias of market capitalization-weighted crypto funds. Equal weight investment strategy reduces concentration risk and provides more exposure to smaller assets with a higher growth potential.

EQUAL WEIGHT ADVANTAGES

BETTER DIVERSIFICATION

Equal exposure to all crypto assets reduces concentration risk. Provides stability and results in a more balanced and diversified allocation.

HIGHER RETURN

Creates an opportunity for all crypto assets to contribute to performance equally and provides more exposure to smaller assets with a higher growth potential.

DISCIPLINED REBALANCING

Systematic reallocation from outperforming to underperforming crypto assets provides the opportunity to capture long-term market performance.

EQUAL WEIGHT VS. MARKET CAP WEIGHT

The equal weight investment strategy has historically outperformed market cap-weighted investment strategies in all major stock markets. We have developed two indices to examine if the advantages of equal weight investment strategy also apply to the crypto market.

Solidum 20 Market Cap Weight Index is a market capitalization weighted index whose components are weighted according to the total market value of their circulating supply. The index measures the performance of 20 digital assets with the highest market capitalization. Each asset is assigned a weight corresponding to its market capitalization, and there are no limits on the weight of any individual constituent. The index is rebalanced on a monthly basis.

Solidum 20 Equal Weight Index is an equal-weighted index composed of the same constituents as the Solidum 20 Market Cap Weight Index but each digital asset in the Solidum 20 Equal Weight Index is allocated a fixed weight of 5%. The index is rebalanced on a monthly basis.

EQUAL WEIGHT vs. MARKET CAP WEIGHT | 01.01.2017 - 15.04.2018



CONCLUSION

The advantages of equal weight investment strategy undeniably apply to the crypto market. The equal weight investment strategy strongly outperforms the market cap weight strategy. The impact of equal weighting on the portfolio allocation is quite impressive. The top 5 crypto assets in the Solidum 20 Market Cap Weight index currently represent 84.9 percent of the index, versus just 25 percent in the Solidum 20 Equal Weight Index.

Solidum Capital Indices

Definitions and comparative analysis | 31.03.2018



INDEX DESCRIPTIONS

Solidum 20 Market Cap Weight Index is a market capitalization weighted index whose components are weighted according to the total market value of their circulating supply. The index measures the performance of 20 digital assets with the highest market capitalization. Each asset is assigned a weight corresponding to its market capitalization, and there are no limits on the weight of any individual constituent. The index is rebalanced on a monthly basis.

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INDEX METHODOLOGY

Solidum Capital indices are constructed to measure the risk and return characteristics of the crypto market in an objective manner. Eligible digital assets are required to pass screens for liquidity and free float. Only assets which are listed on Kraken, Bittrex, Poloniex or Bitfinex are included. Digital assets that meet all index inclusion rules and eligibility criteria at the beginning of a given month will remain in the index for purposes of return calculations until the following month-end when index composition is next reset. Eligible digital assets issued on or before the month-end rebalancing date will qualify for inclusion in the following month's index. Index returns are calculated using digital asset level returns and weights that are reset at each index rebalancing.

CUMULATIVE RETURNS (%)

Index	1 Month	3 Months	6 Months	9 Months	12 Months
Solidum 20 Equal Weight Index	-45.72	-59.33	112.23	142.37	1,430.41
Solidum 20 Market Cap Weight Index	-41.49	-58.78	60.24	113.02	626.45

PORTFOLIO CONCENTRATION TOP 5 ASSETS (%)

Solidum 20 Equal Weight Index	25.00
Solidum 20 Market Cap Weight Index	84.85

PERFORMANCE ANALYSIS (%)

Index	Average daily return	Average monthly return	Maximum drawdown
Solidum 20 Equal Weight Index	0.98	43.97	-73.66
Solidum 20 Market Cap Weight Index	0.64	23.87	-68.83

SOLIDUM 20 EQUAL WEIGHT INDEX CHARACTERISTICS

Standard Deviation (monthly)	28.48
R-Squared	0.74
Beta	1.50
Sharpe Ratio	1.74

Standard deviation is a statistical measure of the historical volatility of Solidum 20 Equal Weight Index (S20EWI), computed using 01.01.2017 to date daily returns. **R-Squared** is the percentage of the S20EWI's movements that can be explained by the movements of the Solidum 20 Market Cap Weight Index (S20MWI). **Beta** represents the systematic risk of S20EWI and measures its sensitivity to S20MWI. It is computed using 01.01.2017 to date monthly returns. **Sharpe ratio** is a measure of historical adjusted performance calculated by dividing the S20EWI's return minus the risk-free rate (Germany 10-Year Bond Yield) by the standard deviation of S20EWI's return.

EQUAL WEIGHT vs. MARKET CAP WEIGHT PERFORMANCE

