

# Blockchain!

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# Reality Shares Nasdaq Blockchain Economy Index

# WHAT IS THE RSBLCN INDEX?

- The Reality Shares Nasdaq Blockchain Economy Index (RSBLCN) is designed to measure the returns of companies that are committing material resources to developing, researching, supporting, innovating or utilizing blockchain technology for their proprietary use or for use by others.



# WHAT GOES INTO THE INDEX?

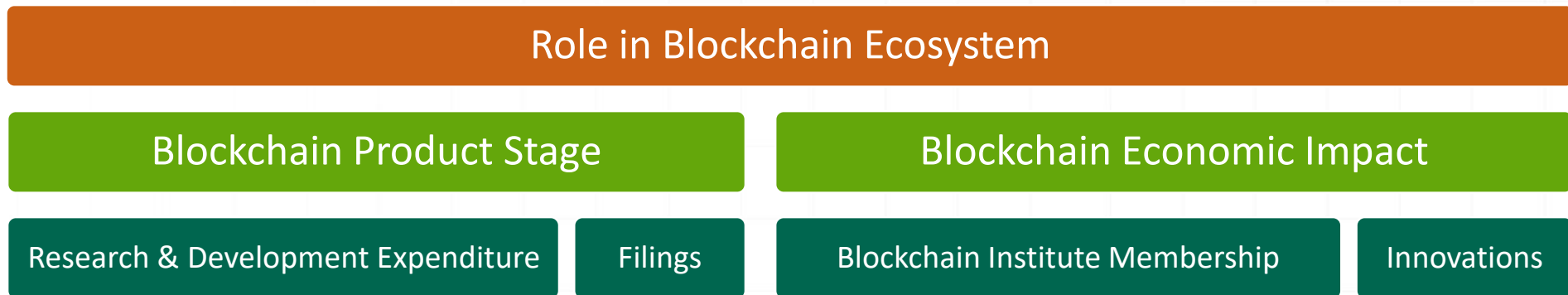
A security must meet the following criteria for index selection:

- be classified as a company in the Blockchain Economy as determined by the Reality Shares Index Committee and with a Blockchain Score <sup>SM</sup>  $\geq 50$ ;
- have a minimum worldwide market capitalization of \$200 million;
- have a minimum six-month average daily dollar trading volume of \$1 million;
- be listed on an Index-Eligible Global Stock Exchange;
- one security per issuer is permitted;
- may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible; and
- may not be issued by an issuer currently in bankruptcy proceedings.

***The Index will have between 50 and 100 constituents. If more than 100 constituents meet the selection criteria, the top 100 based on Blockchain Score <sup>SM</sup> are selected.***

# WHAT IS THE BLOCKCHAIN SCORE <sup>SM</sup>?

- The Blockchain Score <sup>SM</sup> is calculated using seven factor component scores, assigned based on Index methodology rules that stipulate a maximum value for each factor, and weight each factor based on its relative importance to the other factors. The Blockchain Score <sup>SM</sup> for a potential constituent is the weighted sum of the individual factor scores.



# THE SEVEN BLOCKCHAIN FACTORS

## 1. Role in Blockchain Ecosystem:

Potential constituents are awarded scores commensurate with their level of active effort in the blockchain economy, categorized as one of the following: Investor; Adopter; Advisor; Supplier; and Developer.

## 2. Blockchain Product Stage:

Potential constituents are assigned scores based on their stage of blockchain product development or utilization, categorized as one of the following: Planning stage; Testing stage; and Growth stage.

## 3. Blockchain Economic Impact:

Potential constituents are assigned scores based on the expected economic impact of their blockchain utilization/involvement, categorized as one of the following: Cost reduction; Revenue maximization; and Improved productivity.

# THE SEVEN BLOCKCHAIN FACTORS (CNT'D)

## 4. Blockchain Institute Membership:

Potential constituents are assigned scores based on membership in blockchain institutes and consortiums (including Hyperledger, R3, and the Enterprise Ethereum Alliance).

## 5. Research & Development Expenditure:

Potential constituents are assigned scores based on the level of R&D expenditure as a percentage of total revenue.

## 6. Filings:

Potential constituents are assigned scores based on the number of public filings and announcements made in reference to blockchain technology.

## 7. Innovations:

Potential constituents are assigned scores based on their level of blockchain innovation, including the number of patent applications related to blockchain development.

# HOW IS THE INDEX CALCULATED?

- Indicative starting weights are calculated using the Blockchain Score <sup>SM</sup> as follows:

$$W_i = \left( B_i / \sum_{i=1}^n B_i \right)$$

*W<sub>i</sub>* = Weighting of constituent *i*

*n* = Number of constituents

*B<sub>i</sub>* = Blockchain Score of constituent *i*

- No single constituent can represent more than 15% of the total weight. Any excess weighting will be redistributed.
- Weights for all securities  $\geq 5\%$  cannot exceed 50% of the total weight.



# HOW OFTEN DOES THE INDEX NEED TO BE REBALANCED?

- The index is evaluated semi-annually using market data after the close of trading on the third Friday in March and September (reference date).
- For the March evaluation, if new securities are added, the index weights are rebalanced. Otherwise, no changes are made to the securities in the index.
- For the September evaluation, whether or not new securities are added to the index, weights are rebalanced.
- Security additions and deletions are made effective after the close of trading on the fifth trading day following the reference date in March and September.

# WHAT DOES THE INDEX COMPOSITION LOOK LIKE?

# TOP 10 HOLDINGS

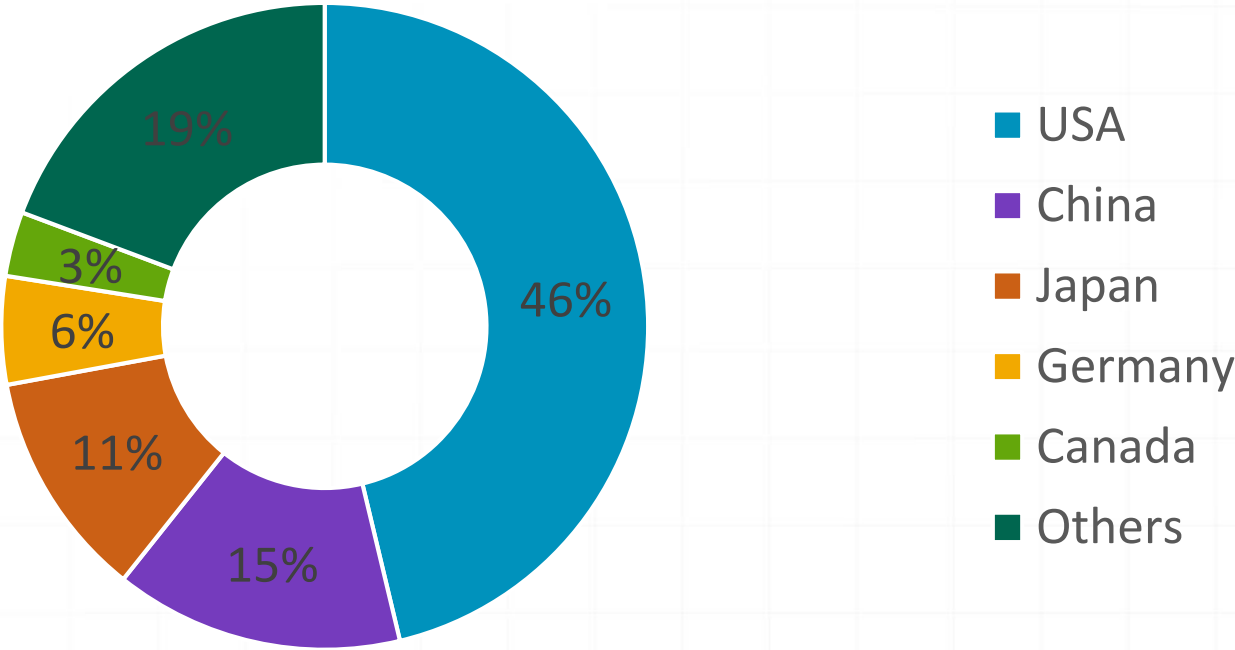
- As of November 30, 2020

Company Name	Symbol	Index Weight
CANAAN	CAN	3.15
Galaxy Digital	GLXY	2.18
SQUARE	SQ	2.16
Daimler N	DAI	1.86
BARCLAYS	BCS	1.86
Smg Ele Sp	SMSN	1.75
XILINX	XLNX	1.75
JP MORGAN CHASE	JPM	1.73
JD.COM	JD	1.72
IBM	IBM	1.69
<b>Top 20 Total</b>		<b>19.86</b>

Source: Nasdaq

# TOP 5 COUNTRIES

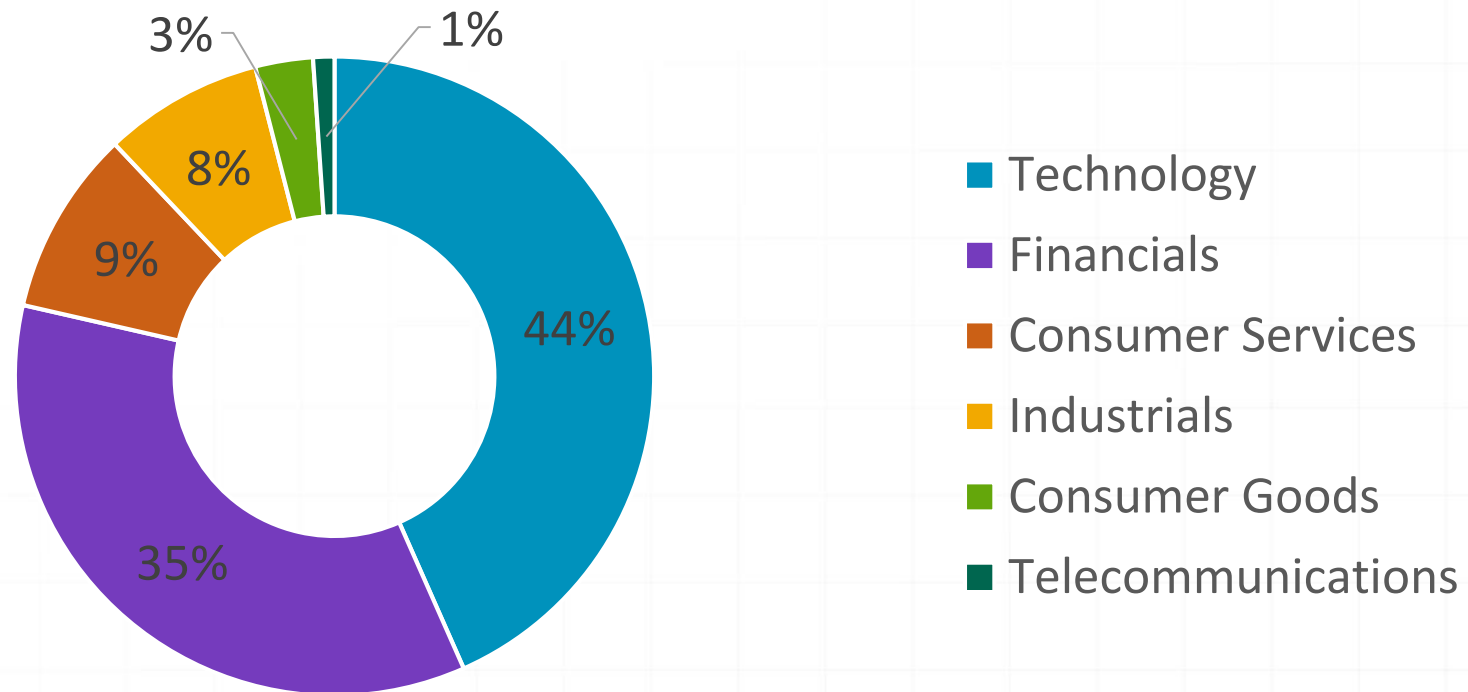
- As of November 30, 2020



Source: Nasdaq

# ICB INDUSTRY BREAKDOWN

- As of November 30, 2020

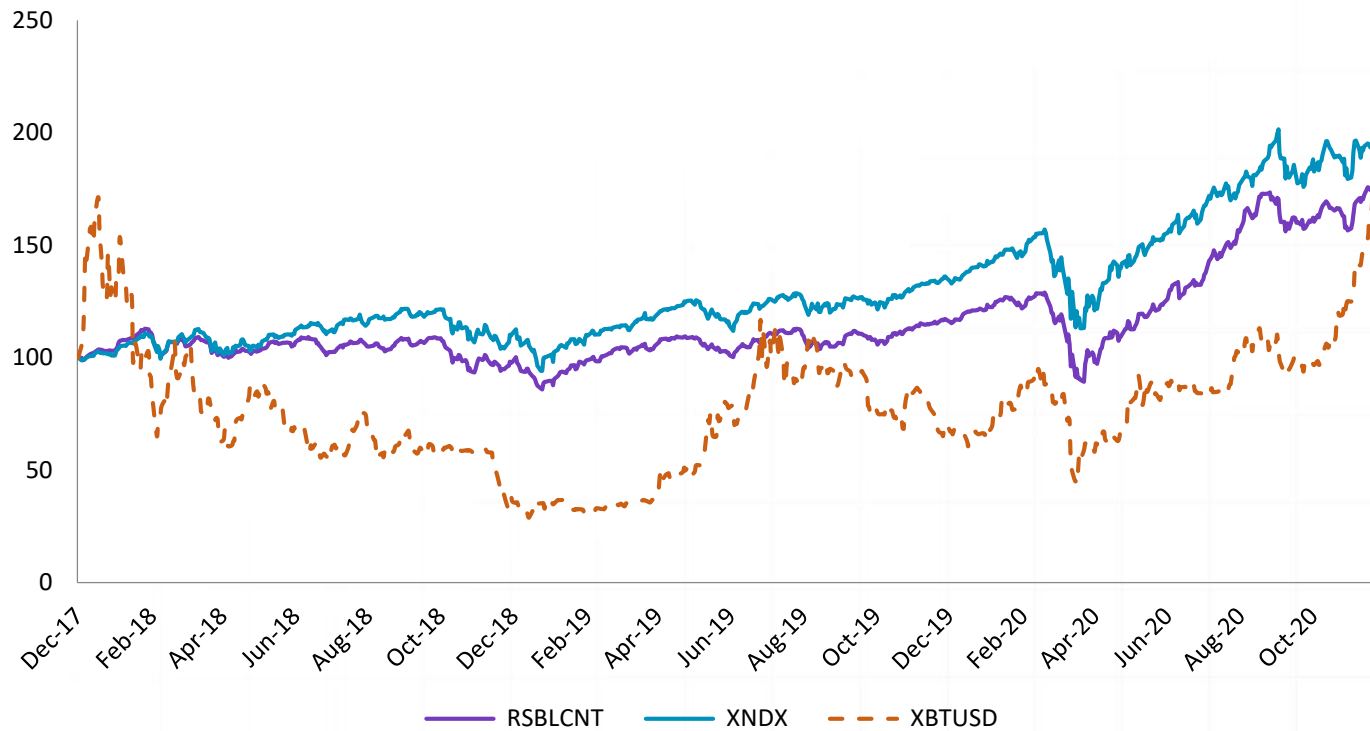


Source: Nasdaq

# HOW HAS THE INDEX PERFORMED?

# HISTORICAL PERFORMANCE

- Since the index launch at Dec. 1, 2017



- RSBLCNT  
*Reality Shares Nasdaq Blockchain Economy Total Return Index*
- XNDX  
*Nasdaq-100 Total Return Index*
- XBTUSD  
*Bitcoin USD Price*

Source: Nasdaq, Bloomberg

# PERFORMANCE SUMMARY

- From December 1, 2017 to November 30, 2020

	RSBLCNT	XNDX	SPXT	XBTUSD
<b>2020 YTD TR</b>	50.5%	41.6%	14.0%	170.7%
<b>1 Year TR</b>	56.0%	47.0%	17.4%	150.1%
<b>Ann TR</b>	22.2%	25.9%	13.2%	21.1%
<b>Volatility</b>	21.2%	26.0%	22.9%	73.6%
<b>Best Month</b>	16.6%	15.2%	12.8%	62.3%
<b>Worst Month</b>	-12.1%	-8.8%	-12.4%	-37.6%
<b>Corr. (RSBLCNT)</b>		0.93	0.93	0.34
<b>Index Est. D/Y</b>	1.64	0.71	1.60	-

Source: Nasdaq, Bloomberg



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