

GBI - Galactic Blue Index



Construction & Methodology

<https://scifi.finance/galacticblueindex>

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1. Introduction

1.1 Galactic Blue Index

The Galactic Blue Index (“GBI”) provides holistic exposure to projects driving the cryptocurrency ecosystem, combined in a single ERC-20 token. The blue-chip coverage is designed as a representative, transparent and rules-based investment index for investors looking to get exposure to the broader cryptocurrency market in a single investment.

Investor Benefits

- The Galactic Blue Index provides exposure of the equal potential for each constituent, making up the index irrespective of the market capitalization, size of the firm.
- The equal-weighted indices focus on value investing, which is considered by many market analysts and investors to be a superior investing strategy.
- The equal-weighted Galactic Blue Index is more diversified than market capitalization-weighted indexes, and, therefore, may carry less risk.
- Transparency – open-source NAV publication. Rules based, non-discretionary investment strategy with full disclosure to investors.
- Easy access – the Galactic Blue Index will initially be offered as an ERC-20 smart contract tradable on Uniswap and other DEXes, to provide easy access for traditional investors. No need for investors to set up any crypto specific infrastructure for different tokens.
- SPICE governance and community token included in index as fixed constituent for DAO governance and DeFi ecosystem integration.
- No issuer risk – Net assets are held in an open-source, audited index smart contract.

2. Portfolio Construction

2.1 Constituent Assets

In order to determine the 7 blue-chip constituents, Mission Control evaluates, shortlists and reviews the assets by market capitalization, duration of project existence and reputation, business continuity planning and safety/audits, as well as on-chain and user activity, to reflect exposure to the main divers of the cryptocurrency market.

SPICE is a permanent constituent asset and has a fixed weighting of minimum 2.5% in order to foster the inclusion of the DeFi ecosystem and enable decentral index maintenance and governance inclusion.

3. Methodology

3.1 Calculating the Index Level

The index level for Galactic Blue Index is calculated by dividing the sum of the current USD price and weightings of all constituent assets by the Divisor and multiplying the result by 100. This calculation can be expressed as follows:

$$\text{Galactic Blue} = \left(\frac{\sum(P_i * W_i)}{D} \right) * 100$$

Where:

$i, ii,$	=	Each constituent asset
P	=	Last Price of the asset as defined in 3.4
W	=	The weighting of the constituent in the basket as defined in 3.2
D	=	The base value, after adjustment for all previous reconstitutions

3.2 Weighting

Each constituent of the Galactic Blue Index is weighted equally weighted, with the price of the constituent divided by the total number of constituents in the index.

$$W_i = \left(\frac{P_i}{N} \right) - \left(\frac{W_{SPICE}}{N} \right)$$

$i, ii,$	=	Each constituent asset
N	=	Number of constituents in basket
W_{spice}	=	SPICE is a permanent constituent asset and has a fixed part of 2.5% in the basket and relative weightings are adjusted respectively.

3.3 Reconstituting the Index

The Galactic Blue Index will be reconstituted each time that a new asset is listed on the Galactic Blue Index, in order to allocate the correct weight to each constituent asset and to prevent an artificial increase in the index level. Each reconstitution will occur between the first and the fifth day that the new asset is traded on the Galactic Blue Index. This is designed to reduce the effect of any temporary price volatility in the new asset in the first few trading days after its listing.

The index level can be calculated upon reconstitution by including the new asset when calculating the index level (see above), and updating the Divisor according to the following formula:

$$D_{t+1} = D_t \left(1 + \frac{VWAP_x \times Q_x}{\sum_i (P_i \times Q_i)} \right)$$

Where:

i, ii, \dots = Each constituent asset before the reconstitution

x = The new asset

P = Last Price of the asset as defined in 3.3

$VWAP$ = Volume-weighted average price on available order book for the asset for the 120 hours ending immediately prior to reconstitution

Q = Total number of units of the asset that have been created on the asset's blockchain since the first block as defined in 3.4

D_t = Existing Divisor

$D(t+1)$ = New Divisor

3.4 Asset Price

For the purpose of portfolio construction, the price for each asset is defined as the moving average price of the last 2 minutes provided by data provider DIA. Prices will be sourced from a variety of crypto asset exchanges as detailed in section 5.

If trading is suspended for any reason, the Galactic Blue Index will continue to be calculated based on the last traded price before trading was suspended. The Galactic Blue Index will be calculated based on new traded prices once trading commences again.

3.4 Asset Supply

The supply of each constituent asset is defined as the total number of units that have been created since the first block on the asset's blockchain, adjusted by stated and/or validated burned, frozen or non-spendable coins/tokens and free-float adjustments.

Supply is mostly measured directly by querying a full node running on the blockchain of each constituent asset, maintained by our data. Further details can be found in section 5.

Unlike traditional assets, for digital assets it is difficult to objectively determine the number of units actually available for purchase by investors, because there is no record of identity of the owners or holders of each asset. Therefore, it is difficult to determine whether or not any particular unit of an asset is available for trading. For example, the private keys corresponding to the public address of those units could be lost or destroyed, meaning that these units are not available for trading. Therefore, Galactic Blue Index ("GBI") reflects total circulating supply with verifiable, published adjustments.

3.5 Divisor and Base Value

The Divisor is the USD market capitalization of all constituent assets as at February, 11 2021, subject to all previous divisor adjustments.

The index start date is February, 11 2021. This date represents the launch of Galactic Blue Index ("GBI"). The base value is equal to the market capitalization of the initial constituents at that time , 09:30 UTC, February, 11 2021, meaning that the index level on that date was 100.

3.6 Publication

Free Galactic Blue Index live and historical pricing will be calculated and published at <https://scifi.finance/galacticblueindex>

4. Reconstitution & Methodology Change

4.1 Normal Reconstitution and Rebalance

The Galactic Blue Index is reconstituted and rebalanced monthly on the first business day following the 10th of each month. The period of one month has been chosen to ensure that developments in the fast-moving global crypto currency market are being captured timely and accurately.

The rebalancing operation of the SPICE governance token will be capped at a maximum price impact of 2,5% on the SPICE price, defined in line with 3.4 at the time of rebalancing. This aims to mitigate potentially high volatility and price impact arising from on-chain rebalancing operations, and help the SPICE community to grow long-term sustainable value. This might lead to a short to mid-term overallocation of SPICE in the index, that is reduced in the long-term with growing AUM and indices based on SPICE.

4.2 Rebalance in case of fork or other exceptional events

Should a hard/soft fork event occur which affects a constituent of the Galactic Blue Index, then the strategy will be reconstituted 7 calendar days after the initial listing of the forked currency, if it fulfils the Galactic Blue Index inclusion criteria of market capitalisation.

If a digital asset ceases to exist while it is a constituent of the Galactic Blue Index, then the Galactic Blue Index will use the latest available price for this constituent until the next rebalance date.

In case of unscheduled, broader market events, Mission Control reserves the right to protect investor interest with specific, ad-hoc decision making, transparently reported and reverted to the community (see 7.2 for more details).

5. Current Constituent Assets and Data Sources ¹

Rank	Asset	Ticker	Weighting ²	Price Data	Supply Data
1	Wrapped Bitcoin	WBTC	13,93%	https://api.diadata.org/v1/quotation/WBTC	https://api.diadata.org/v1/supply/WBTC
2	Wrapped ETH	WETH*	13,93%	https://api.diadata.org/v1/quotation/WETH	https://api.diadata.org/v1/supply/WETH
3	Yearn Finance	YFI	13,93%	https://api.diadata.org/v1/quotation/YFI	https://api.diadata.org/v1/supply/YFI
4	Uniswap	UNI	13,93%	https://api.diadata.org/v1/quotation/UNI	https://api.diadata.org/v1/supply/UNI
5	Compound	COMP	13,93%	https://api.diadata.org/v1/quotation/COMP	https://api.diadata.org/v1/supply/COMP
6	Maker DAO	MKR*	13,93%	https://api.diadata.org/v1/quotation/MKR	https://api.diadata.org/v1/supply/MKR
7	Chainlink	LINK	13,93%	https://api.diadata.org/v1/quotation/LINK	https://api.diadata.org/v1/supply/LINK
8	SPICE	SPICE	2,50%	https://api.diadata.org/v1/quotation/SPICE	https://api.diadata.org/v1/supply/SPICE

¹ As of Feb-11-2021

² 0,01% rounding error due to 2 decimals

* Disclaimer: These coin have an implemented stop/pause admin functionality, with may lead to a potential exceptional action in line with 7.2

6. Divisor History

Date Added	Divisor
Feb-11-2021	1

7. Index Committee Oversight

7.1 Membership

The Galactic Blue Index Index Committee consists of SPICE Mission Control who is experienced in index creation and oversight and has already launched [SCIFI](#), an expert curated crypto fund. Further members will be onboarded depending on qualification and value addition for the maintenance of the index, from central parties as well as the [SPICE DAO organisation](#).

The Galactic Blue Index Index Committee meets once per quarter (and additionally if required in exceptional circumstances) via audio and video conferencing.

7.2 Responsibilities

The Galactic Blue Index Index Committee is responsible for:

- Reviewing the accuracy and availability of data sources once per quarter.
- Reviewing calculations of the index level for anomalies once per quarter.
- Determining whether, in exceptional circumstances, the index level will be calculated or recalculated from different data sources. For example, if one or more data sources is unavailable for an extended period. In that case, the Committee will, if possible, use the USD-based spot exchange with the most volume over the past 30 days on the USD order book for each constituent asset.
- Determining whether, in exceptional circumstances, it is necessary to recalculate the index level for a particular period - for example, if one or more data sources is discovered to be inaccurate.
- Determining whether, in exceptional circumstances, a change to the index methodology is required.

7.3 Changes to Index Methodology

If the Galactic Blue Index Index Committee determines that a change to the index methodology is required, a detailed explanation of the reason for the determination, the date of change, and the updated index will be published at <https://scifi.finance>.

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