USDT Strategy Backtesting

Additional Prior Investigation:

Plot of Tether trade volume/day vs total MCAP/day.

Rebalancing based on total volume traded is a potentially interesting concept because tether trade volume is a huge component in bear markets and a small component in bull markets, so it might be a natural way to do the USDT trade % instead of increasing and decreasing by a ruleset; we could for example just do weekly Tether allocation as a function of (MCap/Total Tether Trade Volume).

Invesigate this first – if there is a strong correlation we could implement it as one of the possible ways

Initial Variables:
C10 with USDT/USD (11 coins)
USDT fixed at 10% of total fund value to start
Cap USDT at 50% of fund value
Increase by fixed increments of 2.5% every week the market cap increases
Decrease by fixed increments of 2.5% every week the market cap decreases

Variations to test:
Vary initialization USDT % of total fund value (5-25%)
Vary 2.5% fixed increments (Integers 1-10%)
Vary USDT Cap (20-75%, increments of 5%)
Test whether increasing by a relative amount is more appropriate than fixed increment (i.e. test a weekly increase/decrease of 25% on the USDT allocation, for e.g. 2.5%*1.25)

Purpose/Challenge: Optimize to reduce volatility and try to find a combination that beats C10/C20's retained value at the end of the period.