

## How MBT works?

Date	Price(Adani)	Price(Reliance)	
2/2/2024	3157.45	2915.4	
2/5/2024	3173.45	2878.05	
2/6/2024	3203.75	2855.6	
2/7/2024	3229.85	2884.3	
2/8/2024	3168.6	2900.25	

Consider a very simple example of two assets, AdaniPower and Reliance

Calculate the returns

$$R_i = \frac{x_i - x_{i-1}}{x_{i-1}}$$

Assume  $x_{i-1} = 0$  For  $i = 1$

Date	Price(Adani)	Price(Reliance)	R(A)	R(R)
2/2/2024	3157.45	2915.4	0	0
2/5/2024	3173.45	2878.05	0.51	-1.28
2/6/2024	3203.75	2855.6	0.95	-0.78
2/7/2024	3229.85	2884.3	0.81	1.01
2/8/2024	3168.6	2900.25	-1.9	0.55

These are the values we're going to end up with