



### Liquidity

24/7 tradable on Trakx.io  
Third party liquidity providers



### Safety

Institutional grade  
Secure storage



### Diversification

Low correlation to  
other asset classes



### 100% Asset-backed

Fully auditable  
Collateralised assets

For professional investors only

# Trakx Digital Inflation Hedge

as of 01 Mar 2024

## About Trakx

Trakx is a global fintech company creating new standards for digital asset investments. Through our trading platform, we offer thematic Crypto Tradable Indices (CTIs) and customised solutions, providing sophisticated investors a high degree of compliance, custody and liquidity. Trakx is registered with the French regulator (AMF).

## About the CTI

This instrument is designed to hedge against inflation through digital assets. Trakx has built an equally-weighted basket composed of Pax Gold and a dynamic exposure to Bitcoin:

- Pax Gold (PAXG) is a digital asset, backed by physical gold. Each token is backed by one fine troy ounce (t oz) of a 400 oz London Good Delivery gold bar, stored in Brink's vaults. Investing in Pax Gold is similar to investing in physical Gold, held in custody at Paxos Trust Company AXG, regulated by the New York State Department of Financial Services.

- Controlled Bitcoin: Bitcoin is the most mature crypto-asset. It enjoys the highest trading volumes and has the largest market capitalization. Investors are typically attracted by bitcoin's high historical returns, though some are rather uncomfortable about its extreme price volatility. To address this concern, this CTI's exposure to bitcoin is controlled to lower its volatility while retaining part of its potential upside. The volatility is reduced by increasing the amount of cash (USDc) held during periods of higher risks. This volatility control mechanism (detailed in page 2), decreases bitcoin's risk exposure to levels similar to gold's long term volatility (around 15%). This process helps create more consistent potential returns in the long run.

## Key Benefits

### - Historical inflation hedge

Gold: Investors traditionally consider gold as a safehaven in market uncertainty, and a hedge against inflation. Still today, central banks store massive amounts of gold.

Bitcoin is also often seen as a hedge against inflation and systemic risks as there is no centralised management and its supply is capped.

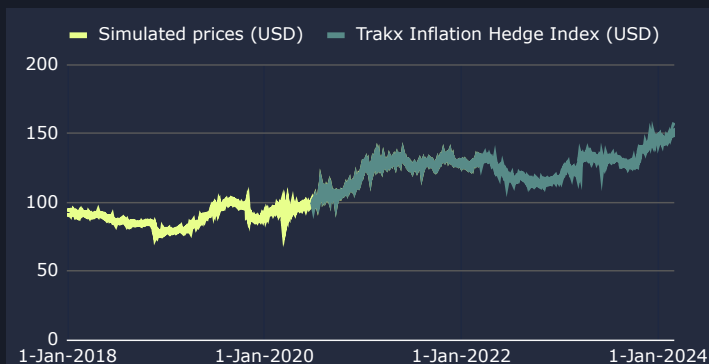
- **Controlled volatility:** As Bitcoin's volatility may hold back some investors, Trakx built a volatility mechanism to maintain Bitcoin's risk exposure around 15%, which is also Gold's long term historical volatility.

- **Enhanced risk adjusted returns:** As Gold and Bitcoin have a low correlation to each others as well as to traditional assets, combining both assets enhances risks adjusted returns of the overall portfolio in the long run.

## Historical Performances

Index returns and statistics are for illustration only. All data were calculated from the historical data of the constituents. Index returns do not reflect any transaction costs or expenses. Past performance does not guarantee future results.

Source: CryptoCompare



	1 month	Since 30 Jun 2020	Since ** 31 Dec 2017
Index Returns (USD)	7%	57%	70%
Annualized Volatility	8%	13%	11%
Index Sharpe Ratio	9.77	0.99	0.85
Bitcoin Sharpe Ratio	11.85	2.50	0.40
Max. drawdown	-1%	-17%	-19%
Correlation to S&P 500	-0.09	0.07	0.11
Correlation to a 60/40 pfi*	-0.12	0.04	0.11

\*simulated portfolio of 60% Equities (S&P500) and 40% of bonds (Long Term US Treasury bonds ETF)  
\*\*includes simulated performances

## Key Facts

### CTI (investment instrument)

Sponsor	Trakx SAS
Product Ticker	LIVBTC15GOL
Investment Objective	Capture the evolution of inflation hedge through resilient digital assets
Eligible Investors	Professional investors in EEA and Switzerland Not to be offered to US clients or in the US
Currency	USDc
Management Fee	2%
Performance Fee	0%
Inception Date	30 June 2020
Expiry Date	Open-Ended

### Underlying Index

Name	Trakx Digital Inflation Hedge Index
Nb of constituents	Pax Gold and volatility controlled BTC
Leverage	1
Rebalancing	Monthly
Weighting	Equally-weighted
Bloomberg ticker - FIGI	TRXINFL - BBG0169XQYM6
Data source	CryptoCompare, Coingecko
Custodians	Coinbase Custody, Fireblocks



## Risk Factors of the Product

Prospective investors should ensure they fully understand the nature of this product and the extent of their exposure to certain risks. They should consider the suitability of this product as an investment based on their own personal circumstances and financial situation, investment experience, and investment objectives. This product could involve a high degree of risk. Potential investors should be prepared, in certain circumstances, to sustain a total loss of their invested capital. Prospective investors should also consider the following important risk factors below and discuss this investment with their trusted advisors to help verify this product is suitable for their portfolio. Note, the terms and conditions of this product are subject to change during the lifetime of the product.

### Market Risks

The general market performance of this instrument is dependent on various endogenous and exogenous factors. Market disruptions such as trading or exchange interruptions, the discontinuation of trading, or other unforeseeable occurrences concerning the respective instrument and/or its underlying assets, the exchanges, market participants, and other factors may take place during the life of this product. Such occurrences can influence the timing of redemption and/or on the market value of this product. Past performance is not a reliable indicator of future performance.

### No Dividend Payment

Investors should have no expectation of influence over Trakx's shareholders' general meetings as well as no rights to Trakx's earnings nor other interests in the company, such as dividends.

### Termination Risk

Trakx may terminate the product if it doesn't meet the requirements of our clients. In any case, Trakx will announce the delisting thirty (30) days prior to the end date. On the last day, all relevant customer positions on "to-be" delisted CTI will be sold at their NAVs and converted to USDc onto the customers' wallets.

### Liquidity Risk

At rebalancing, Trakx only includes constituents that meet minimum liquidity requirements. Trakx is not responsible for the liquidity shortage on the platform, if there is insufficient liquidity on certain constituents, customers may choose to redeem their CTI at a lower price than the NAV. Digital assets may have limited liquidity which may make it difficult or impossible for you to sell or exit a position when you wish to do so. This may occur at any time, including at times of rapid price movements.

### Tax Implication

There may be a tax implication on investing in this product. Trakx does not provide any tax opinion. Any Investors should consult with their own tax advisor prior to investing in the product. In addition, investors should be aware that taxation, with respect to the underlying(s) and therefore this product, may (adversely) change over the lifetime of this product.

### Foreign Exchange Risk

The investor in the product is exposed to foreign exchange rate risk if the currency of the underlying and settlement currency are not identical.

#### Volatility of Crypto-Assets

The value of crypto-assets may change significantly, even on an intraday basis. As the volatility of crypto-assets may currently be higher than traditional assets, changes and advances in technology, increases/decreases in fraud, theft, cyberattacks, regulatory changes, and other factors, further stress the potential of exaggerated investment gains or losses in this product. In addition, crypto-assets lack the historical track record of other traditional financial assets, thus increasing performance uncertainty.

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Investment in digital currency carries a high degree of risk and volatility and is not suitable for every investor; therefore, you should not risk the capital you cannot afford to lose.

Risks include loss of all capital, liquidity, absence of regulations, execution, counterparty and many more as these are still very experimental technologies. Please consult an independent professional financial or legal advisor to ensure the product meets your objectives before you decide to invest.

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