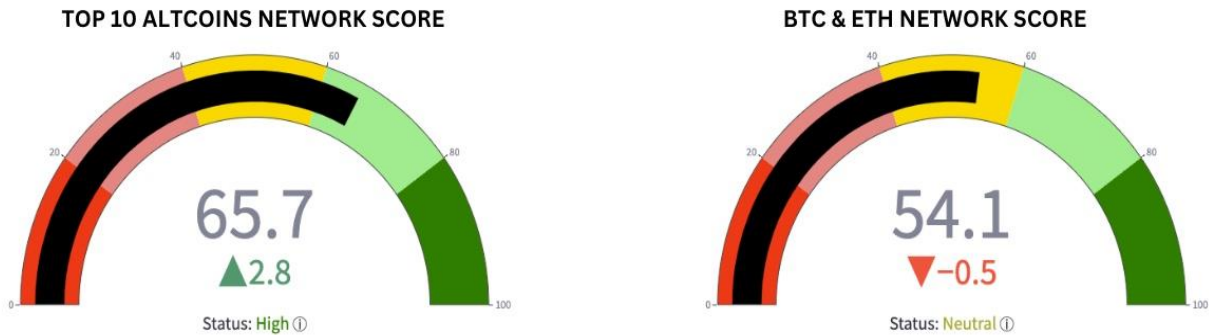


# Digital Pulse Report: The Coinbase Broad Index

## FUNDAMENTAL PULSE – WEEKLY NETWORK PERFORMANCE



## WEEKLY NETWORK PERFORMANCE OF THE TOP 10 ASSETS

TOTAL USERS	ACTIVE USERS	TRANSFERS	MARKET CAP	ONCHAIN VOLUME
218,741,772.0	2,387,060.0	4,426,988.0	1,283,831,392,950.8	41,653,307,553.32
↓ -0.47%	↓ -4.55%	↓ -9.0%	↓ -0.96%	↑ 10.83%

Digital assets are taking a breather from the recent surge in activity. Nonetheless, activity still remains in a strong position. Altcoins have now risen to the high regions, with Cardano driving this surge. Among the majors (BTC & ETH), organic capital flows are increasing as onchain volume continues to push past its yearly average.

ASSETS	ASSET SCORE	7D CHANGE	30D CHANGE	VOLUME	TRANSFERS	ACTIVE USERS	USER GROWTH	VALUATION	VELOCITY	NETWORK DISTRIBUTION
Top 10 Altcoins	66	3	6	72	79	66	53	81	26	83
BTC & ETH	54	0	2	60	69	46	53	90	9	52
Bitcoin	59	-3	-4	57	78	32	42	99	3	99
Ethereum	50	2	8	62	60	60	64	81	15	4
XRP	59	1	8	46	81	33	89	63	2	100
Cardano	79	14	21	88	93	68	14	97	100	96
Dogecoin	80	5	12	87	90	98	86	90	8	100
Chainlink	83	-4	-8	76	85	91	61	88	93	88
Polygon	45	5	-4	67	53	50	33	69	2	38
Litecoin	68	5	3	91	95	96	10	76	12	97
Bitcoin Cash	45	-12	-7	59	59	56	46	94	2	3
Uniswap	59	5	8	75	72	77	28	85	1	75
Stellar	67	0	7	76	86	80	41	85	6	99
Ethereum Classic	61	3	12	79	49	39	73	80	8	100

\*Snapshot from the Coinbase Asset Management Pulse on 12/13/2023. The Pulse Report table includes the top twelve assets by market capitalization sourced from Coin Metrics. More than 70 assets and risk management tools are available for demonstration on request.

Notes: The Scores are 12-month trailing percentile values. Changes on the gauge chart represent the seven-day change. "Top 10 Altcoins" are size-tilt weighted, the square root of market capitalization. "BTC & ETH" are equally weighted. High > 60, Neutral 40 to 60, Low < 40. A score of 41.8 means the score is better than 41.8% of its values in the past 365 days. Asset Scores are unique and sensitive to changes in a particular asset. Readers should not compare Asset Scores across assets.

Please see metric descriptions endpoints for details.

**The Coinbase Broad Index:** Satoshi put the first bold dot on the canvas of the digital economy. Now, the ecosystem spans over [two million](#) cryptocurrencies. It's an overwhelming number – there are fewer than 60,000 listed public companies in the world for context. Filtering for fundamentally sound assets out of the two million is an essential task. Earlier this month, Coinbase Asset Management and [Market Vector Indexes](#) launched the Coinbase Broad Index ([COINB](#)). At 81 assets, it's a small subset of the ecosystem, yet larger than the existing six assets at the Coinbase [Core](#) and [Size Tilt](#) Indices. The Broad Index focuses exclusively on fundamental screening, not the readiness to scale to institutional investors. Examining the 81 constituents, a few themes emerge. Creativity in digital is an undervalued metric. Once a world of only payment currencies, the digital ecosystem now flourishes across smart contracts, currencies, decentralized finance, computing platforms, and even entertainment. The Coinbase Broad Index is your picture of the digital universe – diverse and rich in color with heavy influence from its original artist, Satoshi. Bitcoin's command in capital flows and market capitalization stands out. The result is a 96% <sup>1</sup> correlation between the COINB and Bitcoin since 2022. Still, it is built for the future, evident in specific periods of dispersion. The 2021 bull market showcased COINB, outperforming the Core Index by 25%<sup>2</sup>. Compare that to the start of the 2022 bear market, where COINB materially underperformed as investors moved to safer crypto assets. But every stroke of the brush adds to a richer digital future. The Coinbase Broad Index is our window into that future. Use it.

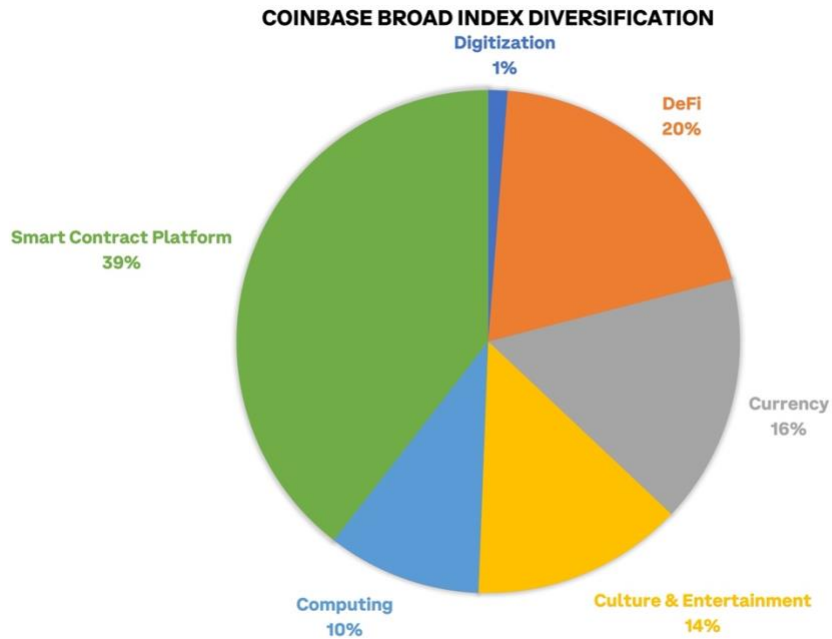
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<sup>1</sup> Coinbase Asset Management Calculations.

<sup>2</sup> Coinbase Asset Management Calculations.

## COINBASE BROAD INDEX DIVERSIFICATION

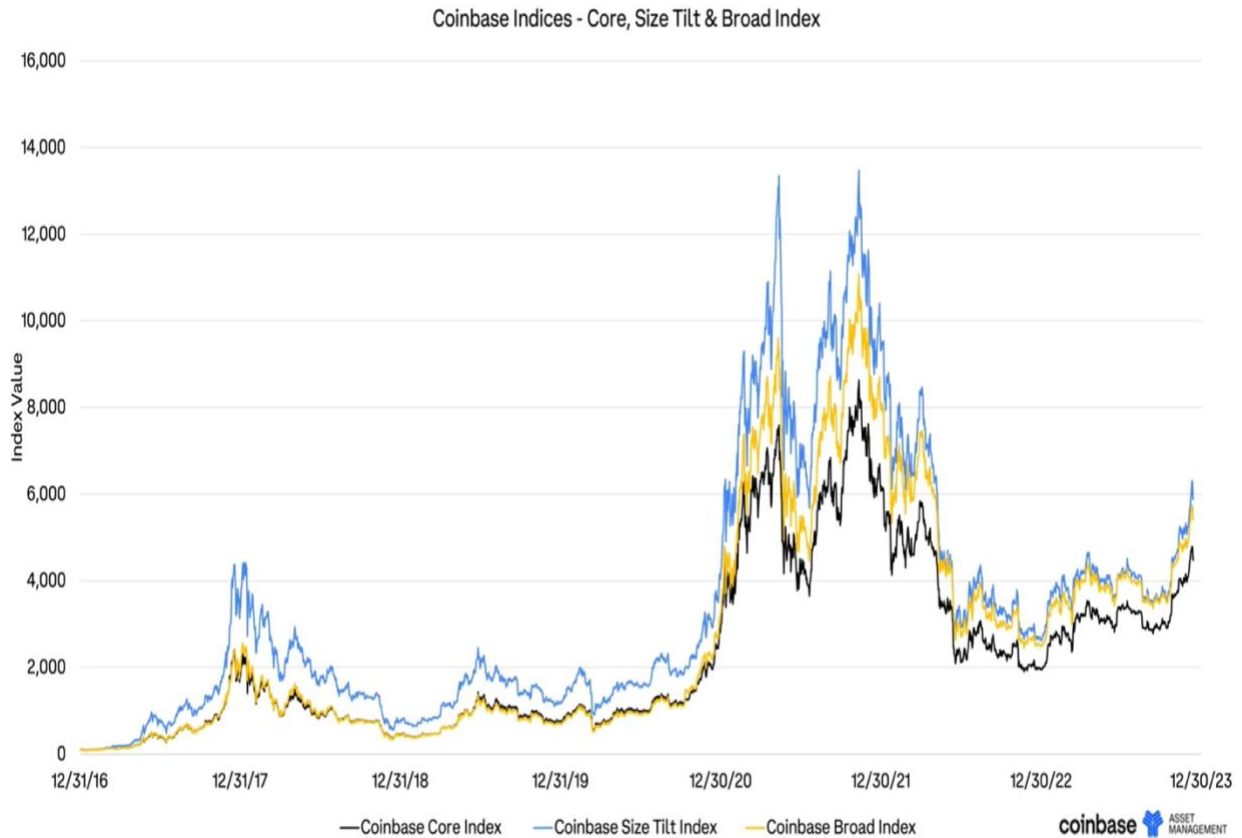
The Coinbase Broad Index (COINB) gives an expansive look into the digital ecosystem with 81 assets compared to the six assets on the COINCORE & COINTILT. COINB's focuses exclusively on fundamental criteria.



Source: CoinDesk Digital Asset Classification Standard. Coinbase Asset Management Calculations.

## COINBASE BROAD INDEX AND ITS PEERS

Asset diversification is showcased across cycles on the Broad Index. During the 2021 bull market, the Coinbase Size Tilt and Broad Indices performed better than the Bitcoin-heavy COINCORE Index.



Source: MarketVector Indexes.

## Metric Definitions

1. Volume – The aggregated value of native units transferred between addresses on-chain.
2. Transfer Count – The sum count of transfers between addresses. It becomes more valuable when used in conjunction with Volume.
  - 2.1 Low Transfer Count & High Volume: High volume but transferred by a few addresses.
  - 2.2 High Transfer Count & Lower Volume: Indicates higher retail activity or exchanges amongst small accounts.
  - 2.3 Lower Transfer Count & Lower Volume: Indicates slower network usage and low network demand.
  - 2.4 High Transfer Count & Higher Volume: Indicates high network usage. A persistent trend is substantial.
3. Active Users: Number of addresses active in the network as recipients or originators of ledger change. This includes value transfers, signing blocks, and other forms of ledger change activity.
  - 3.1 High Value: High network usage and high demand.
  - 3.2 Low Value: Low network usage and low demand.
4. User Growth Rate: The rate at which new addresses with non-zero balances are added to the network.
  - 4.1 High Value: Indicates users being added to the network at an increasing rate.
  - 4.2 Low Value: Indicates users being added to the network at a slower pace.
5. Valuation: This metric compares the on-chain volume to the realized capitalization representing the value of the network. Realized capitalization is a revised form of market capitalization that accounts for the value of the coin at the time the coin was last spent. A lower volume compared to the high value of the network indicates the network could be overvalued and vice versa.
  - 5.1 High Value: Indicates the network is closer to its real value based on the on-chain volume.
  - 5.2 Low Value: Indicates the network is very close to being overvalued considering the activity on the network.
  - 5.3 Medium value: Asset is reasonably valued—sustainable demand for transactions.
6. Velocity: This indicator shows the turnover of coins in the network as measured by on-chain volume divided by active supply. The primary use of this metric in this instance is to help assess an asset's market-relevant supply.
  - 6.1 High Value: There is greater circulation of coins in the network and use for payments.
  - 6.2 Lower Value: There is lower circulation of coins in the network and use for payments.
7. Network distribution: The metric used, the SER ratio, compares the smallest accounts (sum held by accounts with a balance less than 0.00001% of the supply) against the richest accounts (sum held by the top 1% addresses).
  - 7.1 High Value: Signifies high distribution of supply and higher decentralization.
  - 7.2 Low Value: Low supply distribution and heavy concentration amongst a few wallets.

# Disclaimer

One River Digital Asset Management has been acquired by Coinbase and is now Coinbase Asset Management. Additional details on the transaction may be found on the [Coinbase blog](#). References to One River Asset Management and One River Digital Asset Management may be contained herein during the transition period but are subject to change.

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