



Executive Summary

88 Public Index Custody Wallet

88 PUBLIC INDEX

The 88 Public Index is derived from the high-performing 88 Quant Fund model powered by Bittensor Subnet 88 miner intelligence. It's a broad-based index with smart and dynamic asset selection. The quant fund model parameters are continuously trained and adjusted to support a much larger AUM. The emphasis is diversification, low risk, and long-term growth. Execution is done via the TrustedStake staking proxy platform. The index was launched on March 31 with strong demand and an AUM cap. Despite the initial success, a few challenges emerged.

KEY CHALLENGES

1. Impact of transactions fees on small wallets. This was anticipated before the launch. The Bittensor chain was updated shortly before the launch with a 10x increase in transaction fees. Due to broad-based nature of the index with anywhere between 50 to 100 subnets allocated and rebalanced, fees come out roughly at fixed 0.1 Tao per rebalancing per wallet, or 36 Tao annually if daily rebalancing is considered. For the minimum required balance of a 20 Tao wallet, that's 180% APR erased by fees.
2. Allocation weight accuracy. The quant fund model frequently allocates a small fraction of the AUM into small subnets, in anticipation of oversized returns. Precision allocation is crucial to performance in such cases. In a small wallet, the allocated amount essentially becomes dust, causing negative impact on performance.
3. AUM fee collection. The tokenomics or business model of Subnet 88 is supported by AUM fees in the form of 88 alpha buybacks. It's reflected in a fixed 15% to 20% allocation of Subnet 88 in the client's wallet. Due to the nature of the staking proxy, client can freely unstake 88 alpha, introducing selling pressure and volatility.

SOLUTION: CUSTODY WALLET

A single aggregated custody wallet solves all these problems. The fixed transaction fees become negligible at scale (e.g. trivial on a 10k wallet). Allocation weights become highly accurate. AUM fee allocation into Subnet 88 can't be altered by clients.

Custody is commonplace in TradFi, where a brokerage firm acts as the Qualified Custodian for a hedge fund or investment adviser, taking custody of client funds for the fund manager to manage, who can execute trades on client's behalf. Similarly, Investing88 currently executes trades on client's behalf via the TrustedStake staking proxy, but without custody.

A TAO brokerage or exchange simply combines all client funds into one custody wallet at the backend. Execution – staking TAO into subnets can be done either internally at the exchange, or via the same TrustedStake staking proxy that Investing88 partners with. In either case, Investing88 provides allocation weights via an automated API. The exchange will be client facing. Client signs an additional agreement for their TAO to be managed by Investing88, as well as TrustedStake if their staking proxy is involved.