

Aether Index (AEI) Shortpaper

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The decentralized, algorithmic Top-20 + Stablecoin index token

Adryn Savin

aetherindex.onepage.me
clarus.onepage.me

Abstract

Aether Index (AEI) is a decentralized token that tracks a diversified basket of the top 20 cryptocurrencies combined with stablecoins like USDC and USDT. AEI uses automated rebalancing and decentralized oracles to maintain portfolio weights, ensuring transparency, efficiency, and predictable exposure to crypto assets.

Token Mechanics

Asset Basket: AEI holds 20 top cryptocurrencies and two stablecoins, with weights of 5% for each crypto and 10% for each stablecoin.

Net Asset Value: (NAV): $NAV_t = \sum (weight_i \times Price_i) + \sum (weight_j \times Price_j)$

Oracles: Decentralized oracles provide real-time pricing for accuracy and reliability

Quantities are rebalanced regularly: $Quantity_i = (weight_i \times NAV_t) / Price_i$.

Risk Management

AEI identifies key risks including oracle errors, smart contract issues, market volatility, liquidity constraints, and regulatory uncertainty. Mitigation strategies include multiple oracle feeds, audits, and decentralized governance.

Long-Term Vision

AEI aims to set a new standard for decentralized crypto indices by combining transparency, diversification, and algorithmic governance. Future goals include cross-chain expansion, integration with DeFi platforms, and continued community-driven governance. The vision is to simplify and stabilize crypto exposure while maintaining resilience and accessibility for all users.

Conclusion

Aether Index (AEI) provides a transparent, decentralized, and algorithmically managed way to access a diversified basket of top cryptocurrencies and stablecoins. By combining automation, smart contracts, and decentralized oracles, AEI ensures stability, clarity, and predictable portfolio exposure. With its long-term vision focused on cross-chain expansion, DeFi integration, and community-driven governance, AEI offers a reliable and adaptable solution for both new and experienced users seeking efficient crypto investment