



# Diaman Bitcoin & Gold Index

## Methodology

January 15<sup>th</sup>, 2025

## Version History

Readers can access other versions of the methodology for the Diaman Bitcoin & Gold Index online when they become available on Compass Financial Technologies website ([www.compass-ft.com](http://www.compass-ft.com)).

Date	Version	Change
January 15 <sup>th</sup> , 2025	1.0	Methodology Publication

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## 1 Introduction

*Diaman Bitcoin & Gold Index* (the *BTCG*, the *Indices* or the *Index*) is a strategy that merges the enduring and historical reliability of gold to protect purchasing power over time, with Bitcoin's rising prominence as a store of value and inflation hedge, AKA "Digital Gold". By monthly and actively rebalancing exposure between the two assets, with an allocation inversely proportional to their Ulcer Index, that is a more dynamic indicator than volatility when taking into account drawdowns and time to recovery of investable assets. The strategy takes opportunity of cyclical trends and temporary depreciation of an asset versus the other and can be an efficient contributor to a long-term diversified portfolio, being able to stand out in inflation scenarios where typically other asset classes struggles.

The *BTCG* can be accessed online on the Compass Financial Technologies website ([www.compass-ft.com](http://www.compass-ft.com)) or on Bloomberg or Refinitiv.

The Index is owned by Compass Financial Technologies. The Index Administrator and Calculation Agent is Compass Financial Technologies.

Diaman Bitcoin & Gold Index		
Index	Bloomberg Code	Refinitiv Code
Diaman Bitcoin & Gold Index	BTCG Index	.BTCG

Table 1: Diaman Bitcoin & Gold Index - Publication Codes

## 1.1 Underlying Component

The Underlying Components of the Index are the following indices:

<b>Underlying Component</b>	<b>Bloomberg Code</b>	<b>Refinitiv Code</b>
Compass Crypto Reference Index Bitcoin	CCRIBTC Index	.CCRIBTC
Compass Stablecoin Commodity Reference Index PAX Gold	CSCRIPAXG Index	.CSCRIPAXG

Table 2: Diaman Bitcoin & Gold Index - Allocation - Underlying Component

Levels of the Underlying Component used in the determination of the Index are the hourly Compass Crypto Reference Indices and Compass Stablecoin Currency Reference Indices fixing at 4pm London Time, noted  $Ref_{LD}^{4pm}(t)$ .

Compass Crypto Reference Indices and Compass Stablecoin Currency Reference Indices have been designed to provide institutional investors with independent and robust cryptocurrency Reference prices. Based on a resilient and BMR-ready compliant methodology, they serve as independent and transparent prices to value cryptocurrency portfolio or as benchmarks for investors willing to issue investment products tracking cryptocurrencies prices.

More details on the Compass Crypto Reference Indices and Compass Stablecoin Currency Reference Indices including the methodology are available on the Compass website ([www.compass-ft.com](http://www.compass-ft.com))

## 2 Index Calculation

### 2.1 Definition

- $ACT(t_1, t_2)$  is the number of calendar days between  $t_1$  and  $t_2$
- $Q_t^{BTC}$  is the quantity of CCRIBTC invested at 4pm London time on  $t$  as defined in section 3.2.5
- $Q_t^{PAXG}$  is the quantity of CSCRIPAXG invested at 4pm London time on  $t$  as defined in section 3.2.5
- $UCL_t^{BTC}$  is the Underlying Component Level of the CCRIBTC on  $t$
- $UCL_t^{PAXG}$  is:
  - before December 13<sup>th</sup> 2021 the official closing price on  $t$  of the Invesco Physical Gold ETC whose Refinitiv code is SGLD.LN
  - from December 13<sup>th</sup> 2021 the Underlying Component Level of CSCRIPAXG on  $t$
- $t_{CB}$  is with respect to an underlying component the Underlying Component Base Date
- $IL(t)$  is the official Index Level on  $t$
- *Rebalancing Date* is any last Business Day of the month
- $MF$  is the strategy management fee and is equal to 1.40%
- *Index currency* : USD
- $t_0$  is the index start date equal to January 28<sup>th</sup>, 2015
- $W_t^{BTC}$  is the new Bitcoin target exposure implemented on each *Rebalancing Date*
- $W_t^{PAXG}$  is the new Bitcoin target exposure implemented on each *Rebalancing Date*

### 2.2 Index Calculation formula

#### Basket Level computation

On each *Business Day*  $t$ , the Basket level  $BL(t)$  is computed using the formula below:

If  $t = t_0$ ,

$$BL_{t_0} = 100$$

Else,

$$BL_t = \max(0, BL_{t-1} + Q_{t-1}^{BTC} \times (UCL_t^{BTC} - UCL_{t-1}^{BTC}) + Q_{t-1}^{PAXG} \times (UCL_t^{PAXG} - UCL_{t-1}^{PAXG}))$$

#### Index Level computation

The Index price level on *Business Day*  $t$  from its base date onwards is calculated as:

$$IL_t = IL_{t-1} \times \left( \frac{BL_t}{BL_{t-1}} - MF \times \frac{ACT(t-1, t)}{360} \right)$$

If  $t \leq t_0$ ,  $IL_t = 100$

### $Q_t$ computation

If  $t$  is a Rebalancing Date,

$$Q_t^{BTC} = \frac{IL_{t-1}}{UCL_{t-1}^{BTC}} \times W_{t-1}^{BTC}$$

$$Q_t^{PAXG} = \frac{IL_{t-1}}{UCL_{t-1}^{PAXG}} \times W_{t-1}^{PAXG}$$

Otherwise,

$$Q_t^{BTC} = Q_{t-1}^{BTC}$$

$$Q_t^{PAXG} = Q_{t-1}^{PAXG}$$

### $W_t$ computation

If  $t > t_0$ ,

$$W_t^{BTC} = \frac{wdd_{BTC,t}^{Inv}}{wdd_{BTC,t}^{Inv} + wdd_{PAXG,t}^{Inv}}$$

$$W_t^{PAXG} = \frac{wdd_{PAXG,t}^{Inv}}{wdd_{BTC,t}^{Inv} + wdd_{PAXG,t}^{Inv}}$$

Where,

$$x^{Inv} = \frac{1}{x}$$

$$wdd_{x,t} = \sqrt{\frac{1}{90} \times \sum_{s=t-89}^t \left( \frac{x_s}{\max_{u=t-89}^{u=s} (x_u)} - 1 \right)^2}$$

## 2.3 Business Day

A Business Day means any day other than a Saturday, a Sunday which is not a bank holiday in UK.

## 2.4 Rounding of Data

Indices values are computed with all decimals available and are published with 2 decimals.

## 2.5 Calculation frequency and dissemination

The Index is calculated and published once a day on every Business Day.

Index levels are published on the Compass Financial Technologies website ([www.compass-ft.com](http://www.compass-ft.com)) and are distributed to Bloomberg and Refinitiv under the ticker symbols listed in table 1.

## 3 Index Governance

### 3.1 Index Administrator

Compass Financial Technologies (France) is the Administrator of the Index ("the Index Administrator"). The Index Administrator is responsible for the day-to-day management of the Index and is also responsible for decisions regarding the interpretation of these rules.

### 3.2 Index Calculation Agent

Compass Financial Technologies is the Calculation Agent of the Diaman Bitcoin & Gold Index. It is responsible for the day-to-day management of the Index computation according to this methodology.

### 3.3 Index Committees – Supervisor

Compass Financial Technologies has established governance functions to review and provide challenges on all aspects of the Index determination process. Governance functions are managed by the Compass Oversight Committee and by the Index Steering Committee.

#### **Compass Oversight Committee:**

The Compass Oversight Committee oversees all areas of the benchmark determination processes. It is responsible for supervising and controlling the Index operations team on all Compass indices. It is also responsible for:

1. Periodic review of incidents
2. Making final decisions in case the Index operations team are not capable or allowed to take decisions
3. Defining and implementing organisation procedures for the Index operations team
4. Defining and overseeing measures that allow for mitigation of operational risks
5. Supervising internal or external audit results
6. The implementation and supervision of the potential codes of conduct that have to be implemented

The Committee is comprised of senior representatives of Compass Financial Technologies and external industry experts.

#### **Index Steering Committee (the Steering Committee):**

The Steering Committee is responsible for:

1. Determining the calculation methodology and the rules governing the publication of the Index
2. Making periodic reviews of the Index to validate the robustness of the methodology and to analyse the impact of methodology changes
3. Organising consultation with Index stakeholders if necessary
4. Ensuring that Index offers a reliable and representative view of the market

The Steering Committee is composed of members from Compass and from other entities. The Steering Committee may include individuals or representatives of companies, academics, external counsels, or market participants.

The Steering Committee assembles once a year in November. However, at the request of a member of the committee, the Steering Committee may meet on any other day of the year to discuss potential "market emergency" and "force majeure" events or any other situation, which makes an extraordinary meeting necessary.

All Committee decisions will be published without delay following the Committee decision.

The Steering Committee members as of January 2025 are:



- Edouard Mouton, Compass Financial Technologies
- Guillaume Le Fur, Compass Financial Technologies

As of January 15<sup>th</sup>, 2025, Guillaume Le Fur chairs the Steering Committee.

## 4 Methodology applicable

The Index is computed and maintained in accordance with this Methodology and the *Index Adjustment and Disruption Policy* ([www.compassft.com/Index\\_Adjustment\\_and\\_Disruption\\_Policy.pdf](http://www.compassft.com/Index_Adjustment_and_Disruption_Policy.pdf)). In the event of any inconsistency between the *Index Adjustment and Disruption Policy* and the Index Methodology, the Index Methodology shall prevail.

## 5 Methodology Changes - Maintenance

This methodology may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the Index is compiled or calculated or affect the Index in another way.

In the absence of exceptional circumstances affecting the Index calculation or methodology, this Methodology is reviewed annually. The review will include, inter alia, the following points:

1. Verify if the methodology and computation are still in line with the original purpose of the Index
2. Make sure the quality and quantity of the input data remain sufficient

Changes made to this methodology are published after the review date and implemented on a reasonable time horizon.

Compass Financial Technologies may terminate the Index due to certain extraordinary market circumstances.

Changes or termination will be subject to the review and approval of the Steering Committee which will receive all the information related to the change or termination. In case of material changes, a notice will be provided at least two weeks in advance.

The results of the Steering Committee meetings will be published in a press release on Compass Financial Technologies website and distributed timely to data vendors and major news sources.

## 6 Expert Judgment

The Index is based on written and transparent rules and procedures with the purpose of minimising as much as possible the exercise of discretion and expert judgment.

The Index is built from input data that is not interpolated, extrapolated or adjusted. In case of lack of data, the last available data is employed.

Nevertheless, the exercise of expert judgment may become necessary in case of errors and Index restatements, delayed and missing data, hard forks, airdrops, or unexpected situations arising from market stress.

In the event that expert judgment is exercised, this will be done by resorting to the written procedures reported in the methodology and by communicating the decisions taken to the Steering Committee and the Internal Compliance Function in order to prevent conflicts of interest and to protect the integrity and the independence of the Index determinations. In addition, the interest of the Index users and the market integrity will be taken into account.

## 7 Cases not covered in rules

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of every Index. Operational adjustments may also take place if, in the opinion of the Index Administrator, it is desirable to do so to maintain a fair and orderly market in derivatives on the Index and/or this is in the best interests of the investors in products based on the Index and/or the proper functioning of

the markets. The Index Administrator will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

## **8 Liability**

The Index Administrator and the Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for every Index. The Administrator will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the Index in accordance with relevant rules. However, neither the Index Administrator, nor the Supervisor are liable for any inaccuracy in the Index composition, calculation and the publication of the Index levels, the information used for making adjustments to the Index and the actual adjustments. Furthermore, the Index Administrator and the Supervisor do not guarantee the continuity of the composition of any of the Index, the continuity of the method of calculation of the Index, the continuity of the dissemination of the Index levels, and the continuity of the calculation of the Index.

## 9 Disclaimer

Nothing contained herein shall constitute or shall be deemed to constitute a financial, legal, tax or other advice of any kind, or a solicitation to purchase, sell or invest in any financial products or to engage in any financial strategy. Compass Financial Technologies SA or any of its affiliates (“Compass”) (i) does not guarantee the adequacy, the accuracy, the timeliness, the completeness, the evolution and/or the movements of its indices or any data included therein (the “Indices” or the “Index”), (ii) shall not have any liability for any errors, omissions, delays or interruptions therein and (iii) makes no warranty, express or implied, as to results to be obtained by owners of any securities, or by any other person or entity from the use of the Indices. Compass does not make any express or implied warranties, and expressly disclaims, all warranties of merchantability or fitness for a particular purpose or use with respect to the Indices. Without limiting any of the foregoing, in no event shall Compass have any liability for any lost profits or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof.



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