



Compass Crypto Volatility Target Indices

Benchmark Statement

April 22nd, 2021

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1 General Information

Index Family Name : Compass Crypto Volatility Target Indices

Initial Date of Publication : April 22nd, 2021

Index Owner : Compass Financial Technologies SA

Index Administrator : Compass Financial Technologies (France)

Index Calculation Agent : Compass Financial Technologies (France)

2 Index Description Objective

The Compass Crypto Volatility Target Indices (the *CCVT*) are a set of excess return indices created to provide exposure to cryptocurrencies while controlling the volatility of the strategy.

The Compass Crypto Volatility Target Indices combine expertise in cryptocurrency and index engineering to offer investors a risk controlled exposure to the highly volatile crypto asset class.

The Compass Crypto Volatility Target Indices can be accessed online on the Compass Financial Technologies website (www.compass-ft.com) or on Bloomberg or Refinitiv. The Compass Crypto Volatility Target Indices are computed and published at 4.30pm London Time on any day other than a Saturday, a Sunday, January 1st, Good Friday, Easter Monday or December 25th.

The Compass Crypto Volatility Target Indices are owned by Compass Financial Technologies S.A. The Index Administrator and Calculation Agent is Compass Financial Technologies (France).

3 Regulatory Information

The Compass Crypto Volatility Target Indices are non-significant benchmarks according to EU Regulation 2016/1011 given:

1. it is not used directly or indirectly within a combination of benchmarks as a reference for financial instruments or financial contracts or for measuring the performance of investment funds having a total average value of at least EUR 50 billion on the basis of all the range of maturities or tenors of the benchmark, where applicable, over a period of six months; and
2. it has market-led substitutes and, in the event that the benchmark ceases to be provided or is provided on the basis of input data no longer fully representative of the underlying market or economic reality or unreliable input data, the benchmark administrator do not anticipate a significant and adverse impact on market integrity, financial stability, consumers, the real economy or the financing of households or businesses in the EU.

4 Index Methodology

4.1 Underlying Component

The Compass Crypto Volatility Target Indices invest in single cryptocurrency index, called Underlying Component.

The prices of the Underlying Components used in the Compass Crypto Volatility Target Indices computation are the Underlying Component Levels corresponding to the 4pm London Time Compass Crypto Reference Index price (*CCRI*).

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

4.2 Index Mechanism

Each Compass Crypto Volatility Target Index is constructed in accordance with a daily volatility target algorithm where the weight allocated to the Underlying Component is computed such that the volatility of the Volatility Target Index is controlled. The process is based on a formula using the following parameters:

- Target Volatility (*TV*)
- historical volatility of the Underlying Component
- historical volatility of the Volatility Target Index

The resulting Compass Crypto Volatility Target Index is such that:

- when the historical volatility of the Underlying Component exceeds the Target Volatility, the weight allocated to the Underlying Component will be less than 100%. In this case, the portion that is not allocated to the Underlying Component does not generate any return.
- when the historical volatility of the Underlying Component falls below the Target Volatility, the weight allocated to the Underlying Component will be equal or above 100% (and below the maximum exposure allowed).

4.3 Index Disruption - Extraordinary events

“Index Disruption Event” or “Extraordinary Event” means, in the determination of the Index Administrator, the occurrence of any of the following events affecting the Index:

1. Temporary loss of sufficient data
2. The Underlying components are disrupted or unavailable

If an Index disruption or an Extraordinary event occurs, the Index Administrator will take any appropriate action to remedy the disruption.

5 Amendment to the Index methodology

The Index 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, the Index is reviewed annually. Changes in Index methodology decided during the annual review will be published on the Compass website (www.compass-ft.com).

The Index Administrator shall inform Index licensees of any amendment to the Index methodology with reasonable prior notice. The notification document shall provide Index licensees with the amendments, the reasons for making such amendment and the effective date of the changes.

6 Cessation of the Index

The Index Administrator has established procedures to be followed for termination of a Compass Crypto Volatility Target Index. Any termination of a Compass Crypto Volatility Target Index must be approved in advance by the Index Committee. A notice to licensees will be published in advance of the termination. Before disactivating an index, the Index Administrator always determines whether there are any listed financial products issued on that index as the underlying. The Index Administrator terminates indices only provided that:

- All existing commercial customers have been consulted, and commercial relationships have been terminated or transitioned accordingly.
- Consultations with stakeholders have not led to the decision to continue the index.

The Index Administrator is not responsible for determining or offering an alternative index to its subscribers or other stakeholders when the Index is terminated. However, the Index Administrator may recommend an alternative index if it considers, based on various criteria, that this alternative index could be a credible substitute index.

7 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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