



# Compass Crypto Volatility Target Indices

## THE COMPASS CRYPTO VOLATILITY TARGET INDICES

A smart and dynamic risk control exposure to digital assets



### ABOUT THE INDICES

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

CCVT indices **combine expertise in cryptocurrency and index engineering to offer investors a risk controlled exposure** to the highly volatile crypto asset class.

CCTV indices are **compliant with the EU Benchmark Regulation (EU BMR)**.

### BENEFITS OF THE COMPASS CRYPTO VOLATILITY TARGET INDICES:

- provides a smart and dynamic exposure to digital assets through Compass proprietary mechanisms
- decreases exposure if environment becomes too volatile and maximize exposure in less volatility conditions
- based on a fixed risk budget
- daily adjustment of the exposure to the underlying digital asset
- methodology and governance in line with the most constraining financial indices regulation, the European Benchmark Regulation (EU BMR)
- full historical data available
- higher Sharpe ratio and lower drawdown



**COMPASS**  
Financial Technologies

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### SMART MECANISMS

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

- Target Volatility ("TV")
- historical volatility of the digital asset
- historical volatility of the Compass Crypto Volatility Target Index

The resulting Compass Crypto Volatility Target Index is such that:

- when the historical volatility of the digital asset exceeds the Target Volatility, the weight allocated to the digital asset will be less than 100%
- when the historical volatility of the digital asset falls below the Target Volatility, the weight allocated to the digital asset will be equal or above 100% (and below the maximum exposure allowed).

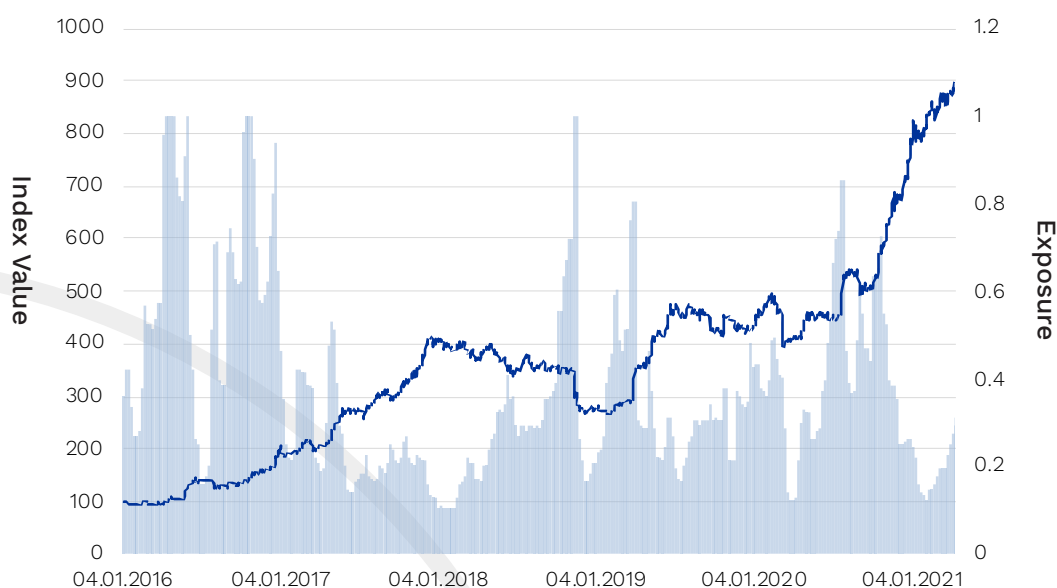


### EXAMPLE ON BITCOIN

#### The case for Bitcoin with a volatility target set at 20%

The Compass Crypto Volatility Target Index Bitcoin - 20%, through its **proprietary smart volatility target mechanisms**, readjusts its exposure to the underlying digital asset, here Bitcoin, on a daily basis according to the historical volatility.

**Custom indices can be created** on multiple volatility target objectives and digital assets.



#### Key metrics comparison\*

INDEX	ANN. VOLATILITY	ANN. RETURN	SHARPE RATIO	WDD**
Reference Index Bitcoin	75.25%	156.72%	2.08	-83.63%
Volatility Target Index Bitcoin - 20%	<b>21.73%</b>	51.49%	<b>2.37</b>	<b>-36.26%</b>

\* As of April 14th, 2021 \*\* Worst Drawdown

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### AVAILABLE INDICES

INDEX	BLOOMBERG CODE	REFINITIV CODE
Compass Crypto Volatility Target Index Bitcoin - 20%	CVTBTC20 Index	.CVTBTC20
Compass Crypto Volatility Target Index Bitcoin-cash - 20%	Coming soon	.CVTBCH20
Compass Crypto Volatility Target Index Bitcoin-sv - 20%	Coming soon	.CVTBSV20
Compass Crypto Volatility Target Index Cardano - 20%	CVTADA20 Index	.CVTADA20
Compass Crypto Volatility Target Index Dash - 20%	Coming soon	.CVTDAS20
Compass Crypto Volatility Target Index Dogecoin - 20%	Coming soon	.CVTDOG20
Compass Crypto Volatility Target Index Eos - 20%	Coming soon	.CVTEOS20
Compass Crypto Volatility Target Index Ethereum - 20%	CVTETH20 Index	.CVTETH20
Compass Crypto Volatility Target Index Ethereum Classic - 20%	Coming soon	.CVTETC20
Compass Crypto Volatility Target Index Litecoin - 20%	CVTLTC20 Index	.CVTLTC20
Compass Crypto Volatility Target Index Polkadot - 20%	CVTDOT20 Index	.CVTDOT20
Compass Crypto Volatility Target Index Ripple - 20%	CVTXRP20 Index	.CVTXRP20
Compass Crypto Volatility Target Index Stellar - 20%	Coming soon	.CVTXLM20
Compass Crypto Volatility Target Index Tezos - 20%	Coming soon	.CVTXTZ20
Compass Crypto Volatility Target Index Tron - 20%	Coming soon	.CVTTRX20
Compass Crypto Volatility Target Index Uniswap - 20%	Coming soon	.CVTUNI20
Compass Crypto Volatility Target Index Chainlink - 20%	Coming soon	.CVTLINK20
Compass Crypto Volatility Target Index Cosmos - 20%	Coming soon	.CVTATOM20



### ABOUT COMPASS

Compass is a swiss-based company focused on the design, calculation and publication of market benchmarks, financial indices and tailor-made quantitative investment strategies.

The company was created in 2017 with our head office in Lausanne, Switzerland. Compass team provides its clients with innovative indices and accompanies them in each step of their index business development.

Based on the unique experience of our team, we are one of the most innovative and reactive index service providers.

We manage hundreds of financial indices with several billion USD of investment products linked to those indices.

COMPASS Financial Technologies (France) is **registered as Benchmarks Administrator by the french regulator (AMF) under the EU Benchmarks Regulation (EU BMR)**.

### FIND OUT MORE

To find out more about the Compass Crypto Volatility Target Indices, please visit our website [www.compass-ft.com](http://www.compass-ft.com) or contact us at:

[info@compass-ft.com](mailto:info@compass-ft.com)

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