

# Compass SESAMm Crypto Sentiment Index

The first-ever index to weight the top  
cryptocurrencies with a sentiment tilt

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## Background

The **COMPASS SESAMm Crypto Sentiment Index** aims to provide investors exposure to the crypto market with a sentiment tilt to determine the selection and weights of underlying coins.

The index selects coins based on financial filters such as average trading volume and market capitalization. The use of NLP-based sentiment scores in the weighting mechanism allows the index to efficiently rebalance towards the coins with the best sentiment scores and therefore those with the highest expected relative returns.

While traditional benchmarks calculate asset weights based only on market cap and/or volume, the Crypto Sentiment Index incorporates Sesamm's state-of-the-art Natural Language Processing (NLP) technology in order to include sentiment as a third calculation component.

## Key Features and Benefits

- Offers the first diversified sentiment-driven beta exposure to the crypto asset class

- Underlying coins selection based on rigorous constraints (tokenomics, sentiment, custody, security, liquidity), facilitating index replicability

- Monthly review to adapt to the fast-moving crypto ecosystem and capture up-to-date/representative sentiment for each coin

- Unique weighting scheme aims to overweight coins with the highest sentiment while providing a diversified exposure to the crypto market

- Covers more than 80% of the digital asset market capitalization by investing in 20 most important coins

- Methodology and governance complies with most strict financial indices regulation (European Benchmark Regulation)

## Methodology

- **Starting Universe:**

- » The 50 most liquid coins for which a Compass Crypto Reference Index exists

- **Components Selection:**

- » Last minimum market capitalization is above 250 million
- » 30 days rolling average is above 250 million
- » 30 days rolling median USD traded volume is above 1 million USD
- » Keep the 20 components with the highest rolling average market capitalization

- **Weighting Definition:**

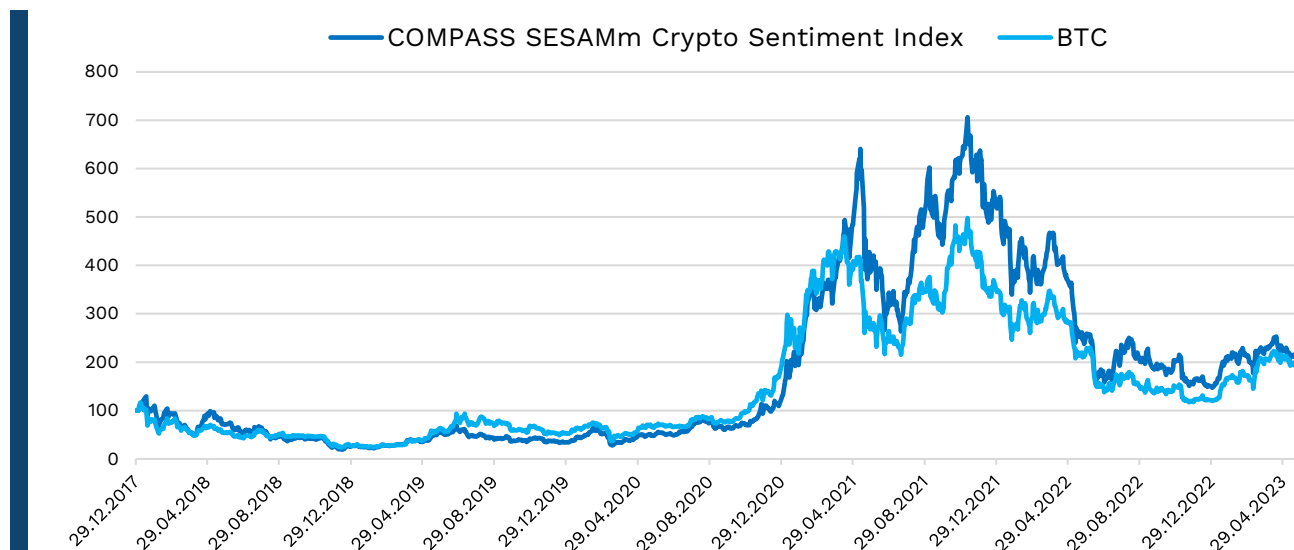
- » For BTC & ETH, weights are defined as: 2/3 Market Cap Weights and 1/3 Volume-traded Weights
- » The remaining weight is allocated to the other coins based on their Sentiments weights
- » Weights are capped at 30%

- **Rebalancing:**

- » The index is rebalanced monthly on the first calculation of each month

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## Performance \*



## Key Indicators \*

STATISTICS	COMPASS SESAMM CRYPTO SENTIMENT INDEX	S&P 500	US AGGREGATE BOND	COMMODITY	BTC
Return since inception	164.9%	55.0%	2.9%	10.8%	96.5%
Annualized Return	20.4%	8.4%	0.5%	1.9%	13.3%
Annualized Volatility	80.6%	21.4%	5.0%	15.8%	70.6%
Worst daily drawdown	-85%	-34%	-18%	-35%	-80%
Annualized Sharpe Ratio	0.19	0.17	0.86	0.18	0.12
1 year return	-49.2%	1.2%	-2.1%	-25.4%	-14.3%
3 year return	584.4%	37.3%	-10.6%	54.2%	185.9%
5 year return	327.3%	52.8%	4.5%	8.3%	263.8%
Year to date	56.0%	8.9%	2.5%	-13.2%	63.7%

\* As of May 31st, 2023

## About Compass and SESAMm

**Compass Financial Technologies SA** is an independent Swiss-based company focused on the design, calculation and administration of market benchmarks and tailor-made quantitative investment strategies. Founded in 2017, Compass has locations in Lausanne, Paris and New York. For more than 20 years, the team at Compass has been developing recognized benchmarks ranging from simple vanilla indices to complex index strategies based on quantitative models and market intelligence. Compass calculates nearly 1,500 indices for institutional clients, from investment banks and pension funds to asset managers related to all asset classes. Compass Financial Technologies (France) is a registered Benchmarks Administrator by the Autorité des Marchés Financiers (AMF) under the EU Benchmarks Regulations (EU BMR).

[www.compassft.com](http://www.compassft.com)

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