



Essential Metals Diversified Index

Benchmark Statement

November 30th, 2022

Table of Contents

1	General Information	2
2	Index Description Objective	2
3	Regulatory Information	2
4	Index Methodology	2
4.1	Index Mechanism	2
4.2	Underlying Component Index Level Computation $UCIL_t$	3
4.3	Underlying Component Disruption Event	3
4.4	Exceptional Circumstances	4
5	Amendment to the Index methodology	4
6	Cessation of the Index	4
7	Disclaimer	5

1 General Information

Index Name : Essential Metals Diversified Index

Initial Date of Publication : December 1st, 2022

Index Owner : Compass Financial Technologies SA

Index Administrator : Compass Financial Technologies (France)

Index Calculation Agent : Compass Financial Technologies (France)

2 Index Description Objective

The Essential Metals Diversified Index (the *ESSMETAL* or the *Index*) is a diversified equally weighted excess return index designed with the objective to offer a representative exposure to the most liquid precious and industrials metals while respecting the following diversification rules: only one constituent can represent more than 20% with a strict maximum at 35%.

The Index is composed of a basket of Compass mono commodity indices tracking the main liquid futures contracts whose underlying are precious metals or industrial metals. It is rebalanced monthly on the last Index Business Day of the month towards its Target Weights.

3 Regulatory Information

The Essential Metals Diversified Index is a 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 investments 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

The Essential Metals Diversified Index is composed of a basket of Compass mono commodity excess return indices, the *Underlying Component Indices* or *UCI*. Each *UCI* represents a rolling futures contracts position linked to the corresponding Underlying Component.

4.1 Index Mechanism

Index composition - Target Weights

The *ESSMETAL* is based on an equally weighted basket of industrials and precious metals Underlying Component Indices (weights are called the *Target Weights*).

As of December 1st 2022, the Underlying Components included in the *ESSMETAL* are the following:

Essential Metals Diversified Index			
Commodity	Underlying Component	Target Weight	Currency
Gold	COMEX Gold futures contract	12.5%	USD
Silver	COMEX Silver futures contract	12.5%	USD
Palladium	NYMEX Palladium futures contract	12.5%	USD
Platinum	NYMEX Platinum futures contract	12.5%	USD
Aluminium	LME Aluminium futures contract	12.5%	USD
Copper	COMEX Copper futures contract	12.5%	USD
Zinc	LME Zinc futures contract	12.5%	USD
Nickel	LME Nickel futures contract	12.5%	USD

Table 1: Underlying Components and Target Weights

Index Rebalancing - Diversification rules control

Outside of exceptional circumstances and Index Disrupted Day, the Index rebalances toward the Target Weights every month, on the last Index Business Day of the month ($R(t)$).

On each Index Business Day t , current index weights are computed to make sure the diversification constraints are still satisfied.

If at least the weight of one Underlying Component exceeds 35% or if more than two Underlying Components have a current weight between 20% and 35% on the close of an Index Business Day t strictly preceding the 3rd to last Index Business Day of any month, then the second Index Business Day following such day will be a Rebalancing Determination Date. The Index will then rebalance towards the Target Weights on the following Index Business Day.

4.2 Underlying Component Index Level Computation $UCIL_t$

With respect to each Underlying Component i , an Underlying Component Index UCI_i is computed. It represents a long only portfolio of futures contracts as described in the roll matrix in the Appendix of the Index methodology.

Each Underlying Component Index rolls futures contracts positions from the 4th Underlying Business Day of the month to the 9th Underlying Business Day of the month.

4.3 Underlying Component Disruption Event

With respect to Underlying Component Index i , an Underlying Component Disruption Event will be defined as any Index Business Day or Underlying Business Day upon which the trading of a futures contract involved in the calculation of the Underlying Component Index Level $UCIL_i$ is disrupted or the fair determination of its price is interfered.

If an Underlying Component Disruption Event occurs during the Roll Period for one or more Underlying Component Index futures contracts, such day is considered as an Index Disrupted Day for the related Underlying Component Index. The specific contracts involved are not rolled on that day. For those contracts, the roll weights (RW) remain identical to the values they had on the Underlying Business Day immediately preceding the Underlying Component Disruption Event day and the amount to be rolled will be carried forward until the next Underlying Business Day. The Roll Period may be extended for this or these particular Underlying Components Indices only until the next available Underlying Business Day upon which no Underlying Component Disruption Event occurs for that or those contracts.

If an Underlying Component Disruption Event occurs on a Rebalancing Date, such day is considered as an Index Disrupted Day for the related Underlying Component Indices. The Underlying Component Indices involved are not rebalanced. The rebalancing for the involved constituents will be postponed until the next

available Index Business Day upon which no Underlying Component Disruption Event affecting the related Underlying Component Indices occurs.

If an Index Disrupted Day has been continuing with respect to the same Underlying Component Index for 10 consecutive Index Business Days (or for 10 consecutive Underlying Business Days), the Committee governing the Index may adjust the Index Methodology to preserve the economic characteristics of the Index.

The existence of an Underlying Component Disruption Event shall be determined by the Index Committee.

4.4 Exceptional Circumstances

In cases of exceptional circumstances making the calculation or the replication of the Index impossible or too complex, the Committee governing the Index can take any appropriate action.

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 the Essential Metals Diversified Index. Any termination of the Index must be approved in advance by the Index Committee. A notice to licensees will be published in advance of the termination. Before deactivating the 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.



Compass Financial Technologies SA

Chemin de Mornex 6
1003 Lausanne, Switzerland

Compass Financial Technologies (France)

8, Rue Henner
75009 Paris, France

info@compass-ft.com