MSCI Global Digital Assets Index Methodology

November 2022
1 Introduction

The MSCI Global Digital Assets Index ("the Index") aims to represent the performance of a digital assets investment strategy that represent the top 30 digital assets\(^1\), measured by their full market capitalization.

The Index is constructed by selecting and weighting underlying Indexes that represent individual digital assets.

\(^1\) As provided by Compass Financial Technologies. Please refer to 2.1 Applicable Universe for further details.
2 Constructing the MSCI Global Digital Assets Index

2.1 Applicable Universe

All² individual digital assets benchmarks (herein, “Crypto Reference Indexes”) published by Compass Financial Technologies³ (herein, “Component Index Administrator”).

2.2 Eligible Universe

Crypto Reference Indexes from the Applicable Universe satisfying following criteria are not eligible for selection in the Index⁴:

- Indexes representing digital assets identified as Stable coins/Pegged coins/Privacy coins
- Indexes representing digital assets placed in the bottom 5% of the Applicable Universe when ranked in the descending order of volume⁵ in US Dollar at the time of rebalance.

2.3 Final Universe

At each Quarterly Index Review, digital assets corresponding to Crypto Reference Indexes in the Eligible Universe are ranked in the descending order of their full market capitalization⁶ and the top 30 digital assets are identified. Crypto Reference Indexes representing these 30 digital assets are included in the Final Universe. If the Eligible Universe consists of fewer than 30 Crypto Reference Indexes, all constituents of the Eligible Universe are included in the Final Universe.

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² Crypto Reference Indexes published by Compass Financial Technologies at least 60 days prior to the Index Review date. Refer to “Compas Crypto Reference Indices - Codes - Rounding” section for a detailed list of available Indexes.


³ Refer to Compass Crypto Reference Indexes methodology for details on the index construction, at https://www.compassft.com/wp-content/uploads/CCRI_Methodology.pdf

⁴ Data provided by CryptoCompare (https://data.cryptocompare.com/)

⁵ Amount in US Dollar of a digital asset traded over the course of a day for a set of exchanges as defined by CryptoCompare (https://data.cryptocompare.com/)

⁶ Calculated as the product of the price of the digital asset, represented by the corresponding Crypto Reference Index level, and Circulating Supply. Prices as of the previous day and Circulating Supply as of end of previous month prior to the rebalancing date are used for the calculation.
2.4 Index Weighting Scheme

The Crypto Reference Indexes included in the Final Universe (herein, “Component Indexes”) are assigned weights in proportion of the full market capitalization of their corresponding digital assets.

2.5 Index Calculation

The Index daily price returns are calculated as weighted-average daily price returns in US Dollar (USD) of the Component Indexes. The latest available daily index returns of the Component Indexes will be used for calculation of the returns of the Index. The Index is available in price variant calculated as per the MSCI Index Calculation Methodology\(^7\).

\(^7\) MSCI Index Calculation Methodology available at [https://www.msci.com/index-methodology](https://www.msci.com/index-methodology)
3 Maintaining the MSCI Global Digital Assets Index

3.1 Quarterly Index Reviews

The Index follows a quarterly rebalance schedule, effective as of the first business day of March, June, September, and December.

The weights of Component Indexes constituting the Index will be announced five business days prior to the effective date of each Quarterly Index Review (QIR). In between the quarterly reviews, the weights of the Component Indexes in the Index will evolve based on the relative daily return performance in USD of the Component Indexes.

3.2 Ongoing Event-Related Maintenance

There will be no addition to the Component Indexes between two successive Index Reviews. If any Component Index is terminated by the Component Index Administrator, it will be deleted from the Index on the day of termination with an advance notification of two days.

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8 Please refer to Compass Crypto Reference Indexes methodology (specifically, "Index Calculation" and "Methodology Changes - Maintenance" sections) for details on component index termination, at https://www.compassft.com/wp-content/uploads/CCRI_Methodology.pdf
Appendix 1 – Digital Assets Terminology

- Circulating Supply: Quantity of a digital asset that is publicly available for trading and circulating on the market.
- Full Market Capitalization: Calculated as the product of the price of the digital asset, represented by the product of the corresponding Crypto Reference Index level and Circulating Supply.
- Pegged Coins: Digital assets that are linked to the specific value of an asset or commodity, not necessarily a stable reserve one, as is the case for Stable Coins (see definition below).
- Privacy Coins: Digital assets that preserve anonymity by obscuring the flow of money across their networks.
- Stable Coins: Digital asset that is pegged to a stable reserve asset like the U.S. dollar. Are designed to reduce volatility relative to unpegged digital assets.
Methodology Book Tracked Changes

First version reviewed and published in July 2022.

The following modifications are effective from November 2022.

Section 2.1 – Applicable Universe
- Clarification regarding the treatment of staking rewards added as footnote
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The process for submitting a formal index complaint can be found on the index regulation page of MSCI’s website at: https://www.msci.com/index-regulation.

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