



### 1. Disclaimers

VALR (Pty) Ltd (“**VALR**”) and its affiliates operate a digital-asset trading platform that enables eligible account holders to buy, sell, store, and directly own specified crypto assets through proprietary bundle technology (“**Crypto Bundles**” or a “**Bundle**”).

Crypto Bundles should not be misconstrued as collective investment schemes, mutual funds, ETFs, or ETNs. They are a mechanism for providing exposure to underlying crypto assets as defined by this methodology (“**Methodology**”) document and subject to VALR’s operational and custody framework.

This Methodology document and any related material do not constitute an offer, solicitation, or recommendation to buy or sell crypto assets, securities, or any other financial instrument, nor do they constitute an invitation to invest in any collective investment scheme or other regulated product. The information provided herein:

- Is for informational purposes only and does not constitute financial, legal, tax, or investment advice. You are solely responsible for evaluating whether Crypto Bundles are suitable for your financial situation, risk tolerance, and investment goals;
- Is not intended to form the basis of any investment decision and should not be construed as, or constitute, investment advice or an offering to purchase financial instruments; and
- Includes the proprietary information of VALR. Accordingly, all information, data, and analyses contained in this Methodology document are proprietary to VALR (Pty) Ltd and are protected by copyright and other intellectual property laws. No part of this document may be copied, reproduced, distributed, or transmitted in any form without VALR’s prior written consent.

Participation in Crypto Bundles is governed by VALR’s Terms of Service, including the Crypto Bundle Terms set out therein.

VALR makes no representation, warranty, or guarantee, whether express or implied, regarding the accuracy, completeness, or reliability of any information or data contained in this Methodology document. All information is provided “as is” and “as available,” without any warranties of merchantability, fitness for a particular purpose, or non-infringement.

VALR does not guarantee returns, profits, or the preservation of capital. Past performance is not indicative of future results. The value of Crypto Bundles and the crypto assets comprising them may fluctuate significantly due to market volatility, liquidity conditions, or other factors beyond VALR’s control.

Trading or investing in Crypto Bundles involves a high degree of risk, including the potential for total loss of capital. Crypto Bundles are subject to a variety of market, liquidity, custody, regulatory, and operational risks as described in VALR’s Risk Disclosures.

Crypto Bundles may experience tracking error relative to their intended methodology or asset composition due to transaction costs, rebalancing fees, liquidity constraints, regulatory restrictions, or other factors. VALR does not guarantee that a Crypto Bundle will perfectly replicate its intended structure or methodology.

Crypto Bundle composition and weighting may change frequently due to rebalancing. Pricing discrepancies, execution timing, or constituent asset behaviour may also contribute to tracking variance.

VALR shall not be liable for any direct, indirect, incidental, special, or consequential losses or damages arising from or related to the use of its Crypto Bundle Services (as defined in VALR's Terms of Service).

VALR may, at any time and in its sole discretion, modify, suspend, or discontinue the offering of any Crypto Bundle or amend its composition, this Methodology document, or operational parameters where required by law, market conditions, or internal risk considerations.

**Users are responsible for ensuring compliance with all applicable laws, including tax reporting, exchange control, and regulatory requirements in their jurisdiction.** Crypto Bundles may be subject to geographic or jurisdictional restrictions, and VALR reserves the right to restrict or discontinue access to its services where required by law. VALR recommends that all users conduct their own due diligence and seek independent professional financial, legal, and tax advice before engaging in any Crypto Bundle transaction. Nothing in this Methodology document is intended to create a contract for investment into Crypto Bundles, and each investor acknowledges that VALR will rely on this assertion of Crypto Bundle holders' statements with respect to compliance with the laws of their jurisdiction.

## 2. Introduction

VALR is a global crypto exchange offering a comprehensive suite of products including Spot Trading, Spot Margin, Perpetual Futures, Staking, Lending, Borrowing, OTC services, VALR Invest, and VALR Pay. Licensed by South Africa's FSCA, with regulatory approval in Europe, VALR serves over 1.5 million users and 1,800 corporate and institutional clients worldwide. The exchange is dedicated to advancing a just financial future that upholds human dignity and the unity of mankind. For more information, visit [valr.com](https://valr.com).

VALR (Pty) Ltd is a company incorporated in South Africa and is a licensed Financial Services Provider (FSP No. 53308).

## 3. Bundles and Bundling Approach

### *VALR Top 10 Bundle*

This Bundle aims to offer investors exposure to the top 10 cryptocurrencies available on VALR by market capitalisation. This provides investors with exposure to the broader cryptocurrency market while achieving diversification and maintaining high liquidity.

This Bundle is free-float (circulating) Market Capitalisation weighted, with no single constituent allowed to exceed 40% or contribute less than 1% to the Bundle weight.

The Bundle shall maintain a small cash-equivalent allocation in order to facilitate fees and flows.

### **Selection of constituents**

The Bundle programmatically determines a constituent's eligibility based on the following:

1. Should have free floating prices i.e. should not be a stablecoin (e.g. USDC), pegged to the value of another asset (e.g. XAUT) or a derivative of another cryptocurrency (e.g. stETH)
2. Should be available on valr.com for purchase, sale and custody
3. Should have a reliable mark price source as published by VALR
4. There is a minimum global liquidity and volume requirement to prevent inclusion of low liquidity assets
5. Universe: targeting the top 10 assets that according to coingecko.com meeting the selection criteria
6. There is a 2 month inclusion buffer in and out, with the exception of a constituent dropping out of the top 20, in which case the asset will be immediately removed on rebalancing. This means that there can be more/less than 10 constituents during some periods.
7. Hard forks/airdrops will be credited to the fund in cases where valr.com supports distribution

#### **4. Rebalancing and Weighting**

##### **Targeted weighting scheme**

A cash component roughly equivalent to the management fees expected to be incurred for the month is allocated to the fund denominated currency (USDT). This is a nominal amount expected to be less than 3bps at all times.

Thereafter constituents are weighted by their circulating market capitalisations (as determined by coingecko.com). The maximum weight of 40% (cap) and minimum weight of 1% (floor) is applied to the weighting of individual constituents.

If a constituent exceeds the cap, the weight will be reduced to the cap and excess weight proportionally distributed across remaining constituents. Thereafter, if any constituents have a weight below the floor, the weight is increased to the floor and the increase in weight is removed from the balance of constituents (excluding constituents at the cap). This process is repeated until no constituents have weights above the cap or below the floor.

Weights are calculated using the 8am UTC prices and circulating supply figures on the first business day of the month (rebalance time). It should be noted that cap and floor weights are only applied at rebalancing and it is possible for constituent weights to be higher than cap or lower than floor between rebalancing dates due to market movements.

The above details the calculation of the targeted weightings of the Bundle. The actual weightings of constituents may differ slightly from the target due to flows and fees. VALR, as the administrator, reserves the right to rebalance the fund earlier than the targeted rebalance date should the weights deviate beyond reasonable levels.

##### **Rebalance schedule**

The Bundle is rebalanced monthly to align with the new targeted constituent weights. Trading for the rebalancing of the Bundle will be done soon after the rebalance time.

At this point, constituents that no longer meet the requirements will be dropped from the Bundle (apart from currencies that are still in the top 20 who receive a 1 month grace period). Constituents that have begun to meet the top 10 criteria will be included in the Bundle after meeting the criteria for 2 consecutive months.

No new constituents will be added or existing constituents removed from the Bundle intra-month apart from under extreme circumstances. These extreme circumstances include scenarios where the Bundle is no longer able to trade/custody the constituent.

Given the above methodology it is important to note that the performance of a Crypto Bundle may deviate from its target composition or Crypto Bundle Methodology due to transaction costs, rebalancing fees, liquidity constraints, market volatility, or regulatory restrictions. VALR does not guarantee that a Crypto Bundle will perfectly replicate its intended structure or the methodology set out in this Methodology document. Pricing discrepancies, execution delays, or changes in constituent asset behavior may contribute to tracking error relative to the intended allocation.

## 5. Bundle pricing

The Bundle unit price is calculated as:

$$\frac{\sum[\text{Bundle quantity of constituent } i \times \text{Mark price of constituent } i]}{\text{number of units in issue}}$$

The mark price of a constituent is the latest available mark price provided by [valr.com](https://valr.com). VALR mark price methodology can be accessed here:

<https://support.valr.com/hc/en-us/articles/12616208965532-Index-price-sources>

## 6. Risk Disclosures and Additional Terms

For further detail on the risks and terms applicable to VALR's Crypto Bundles please refer to VALR's Terms of Service found [here](#).

As well as VALR's risk disclosure document found [here](#).