

Token: **COMPOUND FINANCE (COMP)**

Website: <https://compound.finance/>

Whitepaper: <https://compound.finance/documents/Compound.Whitepaper.pdf>



# COMPOUND

(COMP)

## Market Cap of Compound Finance

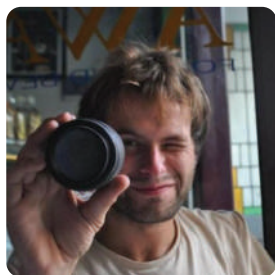
Market Cap of COMP is \$2,753,471,886, 0.15 % of Total Market Cap (\$1,785,784,407,498) as of 21 May 2021

\*References of CoinMarketCap\*

## The Team



**Robert Leshner**



**Geoffrey Hayes**

Compound started as a company founded by Robert Leshner and Geoffrey Hayes. Their goals are to improve the traditional financial system including transactions, inefficiency and centralized system. Then, they co-founded a software company named "Compound Labs" which is an open-source software building compound protocol.

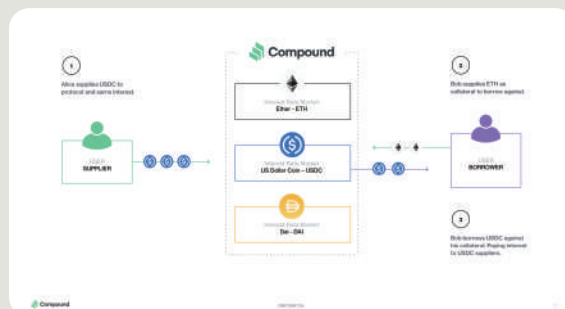
**Total Supply 10,000,000 COMP**  
**Circulating Supply 5,177,392 COMP**

## The Purpose of Compound Finance

Compound Finance token is a Governance token that allows holders vote on system improvement's proposals or update other policies such as Collateral Factor (increasing cToken volume), liquidation incentives (updating interest rate) and listing a new token in the pool etc.

## Insight

- Compound protocol is a protocol on the Ethereum blockchain that enables users to borrow and lend various digital cryptocurrencies in pools of assets with algorithmically derived interest rates, based on the supply and demand for the asset.
- Lending  
Users deposit cryptocurrency to the Compound protocol to use it as loan collateral, users simultaneously become a lender. Then it is staked in the Compound pool, the coins would change into cTokens, a medium currency in Compound protocol. If users deposit Ethereum, they will receive cETH. When users deposit their cryptocurrencies within a period, they will receive their asset and interest.
- Borrowing  
Compound allows users to frictionlessly borrow from the protocol, using cTokens as collateral, for use anywhere in the Ethereum ecosystem. After that the system approves the Borrow Balance for borrowing assets. The borrow balance borrows cryptocurrencies from the pool and the pool will transfer tokens to the borrower, and borrower needs to pay the interest to the pool. In case, users need their collateral back, they need to pay the assets that they borrowed and to be charged a fee. Thus, the borrower must make a decision carefully before borrowing. If a user's borrowing balance exceeds their total borrowing capacity due to the value of collateral falling, or borrowed assets increasing in value, the public function liquidate will sell all user's collateral immediately.



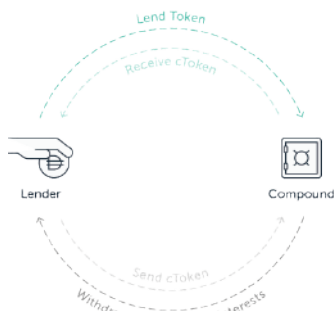
### Insight

● **Functions**

Assets held by the protocol (represented by ownership of a cToken) are used as collateral to borrow from the protocol. Each market has a collateral factor that represents the portion of the underlying asset value that can be borrowed. Small-cap assets have low collateral factors so they do not make good collateral, while high-cap assets have high collateral factors. The sum of the value of an account underlying token balances, multiplied by the collateral factors. Users are able to borrow up to, but not exceeding their borrowing capacity that would raise the total value of borrowed assets above their borrowing capacity; this protects the protocol from default risk.

### Compound Finance News

- Mark Cuban recommended, Defi Lending protocol like Compound, AAVE will recreate traditional financial instruments with cryptocurrency without third parties in order to reduce process and cost.
- MakerDAO and Compound are two emerged cryptocurrency services that have the potential to become a key infrastructure for the open financial system. The MakerDAO system provides a collateralised cryptocurrency, or a "stablecoin", DAI. DAI is staked as cDai for earning DAI Saving Rate.
- Ledger company has partnered with Compound Finance to launch Ledger Live that users can lend stable coins like USDT, USDC and DAI via Ledger to Compound in order to earn interest securely.

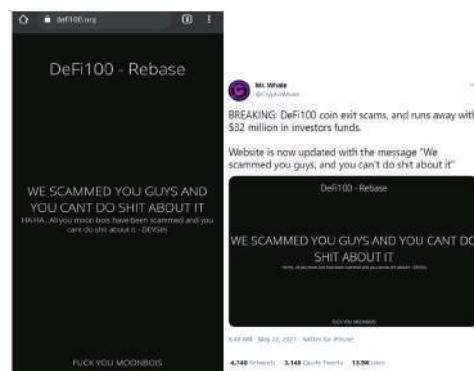


### Compound Finance Risks

- Users can exceed the borrowing capacity because there are no exceeding capacity notifications so users may lose their collateral.
- The interest rate has always changed, users should keep tracking the crypto price and interest rate.

- Some bugs of smart contract will cause the error of information flow.

Defi provides high interest rates, users deposit or stake their money or digital assets therefore, scams can hack the Defi project and take the money and assets. For instance, DeFi100, a decentralized finance (DeFi) protocol built on the Binance Smart Chain. The website has been hacked by scammers, having taken investor's funds around 32 million USD.



### Net Asset Value Return

1 month -8.87%  
 3 month 2.79%  
 6 month 272%

\*\*\*As of 21 May 2021\*\*\*

#### Price Performance



COMP Total Market Cap Set Index

All COMP's price performance from 2020 till 21 May 2021

#### Net Asset Value Performance from 2020 till 21 May 2021

អត្រាប្រាក់ចំណូល COMP ចំនួន		អត្រាប្រាក់ចំណូល Total Market Cap		អត្រាប្រាក់ចំណូល SET Index	
Year	NAV (%)	Year	NAV (%)	Year	NAV (%)
2020	46.80%	2020	310.27%	2020	-8.52%
2021	267.64%	2021	130.96%	2021	8.82%
Return per Year	157.22%	Return per Year	218.77%	Return per Year	0.15%

COMP Total Market Cap SET Index

Net Asset Value Performance of COMP, Total Market Cap and SET Index from 2020 till 21 May 2021

#### Disclaimer

All investments carry risk and all investment decisions of an individual remain the responsibility of that individual. There is no guarantee that systems, indicators or signals will result in profits or that they will not result in losses. All investors are advised to fully understand all risks associated with any kind of investing they choose to do.