

Truflation AI & DePIN Index (TruAI)

Methodology

February 19, 2026

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1. Executive Summary

The Truflation AI & DePIN Index evaluates the performance of companies advancing generative artificial intelligence and the Decentralized Physical Infrastructure Networks (DePINs) that underpin its development and deployment. The Index provides a structured view of how compute infrastructure, data assets, energy resources and human capital shape the competitive landscape of generative artificial intelligence, using a market capitalization weighted framework that is rebalanced quarterly.

The Index demonstrates that company performance in generative AI is increasingly correlated with access to and control over critical DePINs. Firms with scaled compute capacity, proprietary data and reliable energy infrastructure consistently outperform peers in model capability, deployment speed and revenue generation.

There is a growing importance of energy and physical infrastructure as binding constraints on generative AI growth. Data center capacity, power availability and grid reliability have become key determinants of scalability, influencing the geographic concentration of AI investment and deployment. These factors are reshaping competitive dynamics and introducing new considerations related to sustainability, resilience, and regulatory oversight.

The Truflation AI & DePIN Index underscores that leadership in generative AI is no longer defined solely by algorithmic innovation. Competitive advantage increasingly depends on the ability to mobilize, scale, and manage real world assets effectively. As such, the Index serves as an essential tool for investors, policymakers, and industry participants seeking to understand and engage with the rapidly evolving AI ecosystem.

2. Truflation AI & DePIN Index Framework

The primary objective of the Truflation AI & DePIN Index is designed to track Artificial Intelligence company performance and the Decentralized Physical Infrastructure Networks (DePINs) driving generative AI.

It is positioned as a market intelligence and benchmarking tool for investors, policymakers and industry participants. It is designed to bridge the gap between traditional equity analysis and the physical digital and infrastructure

assets, such as compute, data, energy and data centers that are increasingly determining AI competitiveness.

The Index is positioned to:

- Benchmark AI company performance through the lens of asset ownership, access and scalability
- Identify structural advantages and constraints shaping generative AI leadership
- Inform capital allocation and risk assessment related to infrastructure intensive AI development
- Support product development for investable indexes, digital assets and analytics tied to AI and DePINs

By linking company performance with real world asset dependencies, the Truflation AI & DePIN Index offers a differentiated, forward looking perspective on generative AI positioning it as a foundational reference for understanding how physical and digital infrastructure drive long-term AI value creation.

The TruAI Index adopts a weighted methodology that is designed to ensure a balanced representation among constituents while limiting the concentration of any single entity. Constituent weights are reviewed and updated on a quarterly basis. This approach reflects relative market size while promoting diversification and index stability. The methodology involves the following steps:

Step 1: Market Capitalisation Based Weighting

Each constituent's weight is initially calculated based on its market capitalization. This ensures that larger companies exert proportionally greater influence on the indexes consistent with their market significance.

Step 2: Weight Calculation

Using the aggregate market capitalization of all constituents, preliminary weights are calculated by dividing each constituent market capitalization by the aggregated total market capitalization of the companies:

$$\text{Preliminary Weight} = \text{Constituent Market Capitalization} / \text{Aggregated Market Capitalization of the Companies.}$$

Step 3: Weight Capping

To prevent over concentration and enhance the diversification, a maximum weight cap of 25% is applied to any single constituent. This ensures that no individual entity dominates the TruAI Index and that performance remains representative of the broader AI ecosystem.

Step 4: Redistribution of Excess Weight

If a constituent's preliminary weight exceeds the 25% cap, the excess weight is redistributed proportionally among the remaining uncapped constituents. This redistribution maintains a total Index weight of 100% while enforcing the cap on larger entities.

Through this capping and redistribution process, the index balances the influence of leading companies while accurately reflecting their role within the AI industry.

The Truflation AI & DePIN Index is composed of six (6) constituents with the redistributed weights being highlighted in exhibit 1.

Exhibit 1 - Constituents & Weighting of the TruAI Index

Company Name	Ticker	Weighting
Artificial S-Intelligence Alliance	FET	25.00%
Render	RENDER	25.00%
Bittensor	TAO	25.00%
Grass	GRASS	11.20%
Akash Network	AKT	8.28%
Echelon Prime	PRIME	5.52%

Step 5: Index Calculation Formula

To create the index, Truflation firstly converts each of the constituent prices into a normalized index of 100 on the index base date. After this the index value is calculated as a weighted sum of constituent prices:

$$\text{Truflation AI \& DePIN Index} = (\text{Normalized index}_1 \times \text{Constituent Weight}_1) + (\text{Normalized index}_2 \times \text{Constituent Weight}_2) + \dots + (\text{Normalized index}_6 \times \text{Constituent Weight}_6)$$

In parallel, the index is also calculated in USD terms to support prediction markets and dollar-based performance analysis. In this version, the daily USD prices of each constituent token are used directly, rather than normalized values. The USD index is calculated using the same constituent weights:

$$\text{Truflation AI \& DePIN Index (USD)} = (\text{Price}_1 \times \text{Constituent Weight}_1) + (\text{Price}_2 \times \text{Constituent Weight}_2) + \dots + (\text{Price}_6 \times \text{Constituent Weight}_6)$$

Both versions use the same weighting, rebalancing, and scaling factor rules, ensuring that the normalized and USD series move consistently and remain fully comparable over time.

Step 6: Rebalancing Frequency

The Index is rebalanced quarterly (15th of the 1st month in the quarter (i.e. Jan, April, July & October) to reflect changes in the relative market capitalization of its constituents. At each rebalance date, constituent weights are updated in proportion to their market capitalization, calculated using the circulating supply and closing prices of each token as of the rebalance reference date.

Step 7: Scaling Factor (Divisor Adjustment)

A scaling factor is applied to maintain index continuity and prevent artificial changes in the index level resulting from structural events. Structural events include constituent additions or deletions, changes in index weights due to scheduled rebalancing, and other methodology driven adjustments.

The scaling factor is calculated as:

$$\text{Scaling Factor} = \text{Old Weighted Sum} / \text{New Weighted Sum}$$

The index level is calculated as:

$$\text{Index Level} = \text{Weighted Sum} \times \text{Scaling Factor}$$

Prior to a structural event, the scaling factor remains unchanged. On the effective date of a constituent change or weight rebalance, the scaling factor is recalculated so that the index level immediately before and after the event remains consistent. The recalculated scaling factor remains in effect until the next structural event requiring adjustment.

All scaling factor changes are documented with effective dates to ensure transparency, auditability, and historical consistency of the index series.

Exhibit 2 - Historical Scaling factor for TruAI Index (USD value)

Start date	End date	Scaling factor
2023-03-03	2025-02-28	1
2025-03-01	2025-03-31	1.000476609
2025-04-01		0.997536962

3. The Output Metrics

The Truflation AI & DePIN Index is updated on a daily basis and produces the following indexes:

1. TruAI Index & USD value today
2. TruAI Index & USD year on year percentage change
3. Each constituents value and year on year percentage change
4. Historical time series

The TruAI Index was officially launched on October 10, 2024 with historical data back to March 3, 2023.

4. Truflation AI & DePIN Index Benefits

The Truflation AI & DePIN Index (TruAI) is designed to track the performance of companies contributing to advancements in artificial intelligence and the Decentralized Physical Infrastructure Networks (DePINs) that underpin the development and deployment of generative AI technologies. As artificial intelligence continues to influence a broad range of industries, the index serves as a standardized benchmark for monitoring market trends, measuring sector growth and assessing risk within the AI ecosystem.

One of the Index's most significant use cases is its potential to become tradable, enabling investors to gain direct exposure to the performance of leading AI companies and infrastructure providers. In addition, the Index offers valuable insights for portfolio diversification and investment strategy development, making it a powerful resource for financial institutions and asset managers allocating capital in a rapidly evolving market.

By updating the Index on a daily basis, Truflation ensures it reflects current market conditions, providing users with a transparent, timely, and accurate snapshot of the generative AI ecosystem.

5. Summary

The Truflation AI & DePIN Index is an essential tool for understanding and engaging with the rapidly evolving AI sector. The index is designed to measure the performance of companies involved in the development and enablement of generative artificial intelligence, with an emphasis on the real-world assets that support AI infrastructure and deployment. The Index employs a market capitalization–based weighting framework with constituent weight caps to promote diversification and limit concentration risk. Index values are calculated as the weighted sum of constituent prices and are updated daily to reflect current market conditions. Together, these methodological elements provide a transparent, systematic, and repeatable framework for tracking performance within the AI sector.

6. Version History

Version	Date Released	Comments
1.0	October 10, 2024	Genesis of the Truflation AI & DePIN Index
1.1	August 6, 2025	Version history added
1.2	August 15, 2025	Added Rebalancing and Scaling factor
1.3	February 19, 2026	Adding quarterly rebalance schedule