Truflation Hedge Index (TruHedge)

Methodology

April 15, 2026

Contents

1. Executive Summary

The Truflation Hedge Index is a rules-based investment benchmark designed to help mitigate the impact of inflation and rising costs of goods and services on investor portfolios. Structured to function as an insurance-like strategy, the index seeks to offset inflation-driven losses and volatility that may affect traditional investment allocations.

The index tracks price movements across five core asset classes, including equities, precious metals, commodities, and digital assets, selected for their historical ability to preserve purchasing power and perform in inflationary or uncertain macroeconomic environments. By aggregating these diverse exposures into a single framework, the Truflation Hedge Index provides broad-based protection against inflation risk while reducing reliance on any single asset class.

Index values fluctuate daily reflecting real-time price movements of the underlying constituents and their respective weighting contributions. A transparent, rules-based methodology governs asset selection and weighting, ensuring consistency, diversification, and disciplined risk management.

Serving both as an investable reference and a performance benchmark, the Truflation Hedge Index offers investors a structured and accessible tool for managing inflation risk and enhancing portfolio resilience in an evolving economic landscape.

2. Truflation Hedge Index Framework

The primary objective of the Truflation Hedge Index is to reduce the impact of inflation on investor portfolios by preserving purchasing power and mitigating real losses caused by rising prices of goods and services.

The index is designed to function as a systematic inflation hedge, providing diversified exposure to asset classes that historically perform well during inflationary and macroeconomic stress periods. By tracking price movements across equities, precious metals, commodities, and digital assets, the index aims to offset inflation driven erosion of value in traditional investments, enhance portfolio resilience, and offer a transparent benchmark for evaluating inflation hedging strategies.

The Truflation Hedge Index seeks to deliver a rules-based, diversified, and continuously updated measure of inflation protection, enabling investors to manage inflation risk more effectively within a single, cohesive index framework.

The Truflation Hedge Index is built by adopting the following steps:

Step 1: Data Collection
The value of the Truflation Hedge Index is composed of 5 core asset classes each representing a distinct inflation hedging characteristic. Constituents are selected to provide a diversified exposure across commodities, precious metals, digital assets and equities. The five (5) asset classes are Gold, Silver, WTI Crude Oil, Bitcoin and the S&P 500 weighted index.

Step 2: Data Weighting
At inception, each asset is assigned an equal base weight which is 20% per asset. These base weights serve as the long run structural anchor of the index.

Truflation Hedge Index accumulates weight changes over time which means that weights do not reset to base values at each rebalance. This allows the index to reflect past and current performance of each particular asset.

In order to prevent uncontrolled drift and long term concentration, a Mean Reversion mechanism is introduced and applied at each rebalance prior to any new tilt. Mean reversion factor is set at 0.25.

For each asset *i:* $w_i^{MR} = (1-0.25) * w_i + 0.25 * 20\%$

Where: - w_i is the incoming weight, 0.25 is Mean reversion factor and
- 20% is the base weight

At each rebalance, assets are evaluated relative to inflation. This signal measures the effectiveness of each asset as an inflation hedge.

Tilt budget
The index applies a fixed tilt budget of 10% at each quarterly rebalance. The tilt budget is applied regardless of whether all constituents outperform or underperform inflation. Constituents with stronger inflation relative performance receive positive weight adjustments while constituents with weaker inflation relative performance fund these adjustments. Tilt allocation and funding are performed proportionally based on the magnitude of inflation relative performance.

Tilt adjustments are applied after mean reversion and accumulate over time.

To avoid over concentration or under-representation, each asset's weight is kept within predefined limits:
- A maximum weight (cap) is 30%
- A minimum weight (floor) is 10%

If any asset's weight moves outside these limits after the adjustment, it is capped or floored accordingly. Any remaining weight is then redistributed across the other assets so that the index still sums to 100%. The current weighting of each of the assets is outlined in exhibit 1.

Exhibit 1: Truflation Hedge Index Current Weighting

Asset Class	Previous Weighting	Mean Reversion	Tilt Weights (Before Cap)	Tilt Weights (After Cap)	Final Weights
Bitcoin	30.00%	27.50%	-1.42%	-1.43%	26.07%
Gold	23.08%	22.31%	2.24%	2.24%	24.56%
Silver	20.08%	20.06%	3.82%	3.82%	23.88%
S&P 500	16.84%	17.63%	-2.14%	-2.14%	15.49%
WTI Crude Oil Futures	10.00%	12.50%	-2.50%	-2.50%	10.00%

Step 3: Index Calculation

To create the index, Truflation firstly converts each of the asset 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:

$$\begin{aligned}\text{TruHedge Index} = \; & (\text{Normalized index}_{\text{GOLD}} \times \text{Weight}_{\text{GOLD}}) + \\ & (\text{Normalized index}_{\text{SILVER}} \times \text{Weight}_{\text{SILVER}}) + \\ & (\text{Normalized index}_{\text{BTC}} \times \text{Weight}_{\text{BTC}}) + \\ & (\text{Normalized index}_{\text{S\&P 500}} \times \text{Weight}_{\text{S\&P 500}}) + \\ & (\text{Normalized index}_{\text{WTI Crude Oil}} \times \text{Weight}_{\text{WTI Crude Oil}})\end{aligned}$$

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 asset are used directly, rather than normalized values. The USD index is calculated using the same constituent weights:

$$\begin{aligned}\text{TruHedge Index (USD)} = \; & (\text{Price}_{\text{GOLD}} \times \text{Weight}_{\text{GOLD}}) + \\ & (\text{Price}_{\text{SILVER}} \times \text{Weight}_{\text{SILVER}}) + \\ & (\text{Price}_{\text{BTC}} \times \text{Weight}_{\text{BTC}}) + \\ & (\text{Price}_{\text{S\&P 500}} \times \text{Weight}_{\text{S\&P 500}}) + \\ & (\text{Price}_{\text{WTI Crude Oil}} \times \text{Weight}_{\text{WTI Crude Oil}})\end{aligned}$$

Step 4: 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 performance of each asset compared to inflation. At each rebalance date, asset weights are updated in proportion to their performance compared to inflation as of the rebalance reference date. No constituent additions or removals are made as part of the quarterly rebalance; only weights are adjusted.

Step 5: 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:
Scaling Factor = Old Weighted Sum / New Weighted Sum

The index level is calculated as:
Index Level = Weighted Sum × 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.

Historical Quarterly Weights
Historical weights are maintained and published in tabular form (Exhibit 2) to ensure transparency and enable longitudinal analysis of structural shifts within the Truflation Hedge Index ecosystem.

Exhibit 2 - Historical Weights Index

Date	Bitcoin	Gold	Silver	S&P	WTI Crude Oil
2019-01-01	20.00%	20.00%	20.00%	20.00%	20.00%
2019-04-01	10.00%	23.25%	22.18%	23.56%	21.01%
2019-07-01	11.24%	25.38%	17.90%	29.73%	15.75%
2019-10-01	21.33%	25.53%	18.19%	24.95%	10.00%
2020-01-01	26.10%	24.39%	18.39%	21.12%	10.00%
2020-04-01	29.71%	22.86%	17.58%	19.85%	10.00%

2020-07-01	28.06%	23.49%	18.63%	19.82%	10.00%
2020-10-01	24.05%	24.18%	21.90%	19.87%	10.00%
2021-01-01	27.80%	22.02%	21.99%	18.19%	10.00%
2021-04-01	30.00%	20.25%	20.77%	17.55%	11.43%
2021-07-01	30.00%	19.10%	19.95%	17.38%	13.57%
2021-10-01	30.00%	18.35%	19.03%	17.51%	15.11%
2022-01-01	30.00%	17.45%	17.97%	17.44%	17.14%
2022-04-01	23.29%	16.42%	14.36%	18.43%	27.50%
2022-07-01	20.01%	17.24%	14.34%	18.41%	30.00%
2022-10-01	16.88%	19.32%	14.89%	18.91%	30.00%
2023-01-01	10.16%	22.36%	18.00%	19.48%	30.00%
2023-04-01	10.00%	23.80%	19.70%	20.31%	26.19%
2023-07-01	10.19%	26.38%	23.73%	22.75%	16.95%
2023-10-01	18.37%	24.18%	25.99%	21.46%	10.00%
2024-01-01	26.91%	21.40%	22.10%	19.59%	10.00%
2024-04-01	30.00%	19.83%	20.07%	19.19%	10.91%
2024-07-01	30.00%	19.24%	19.46%	18.94%	12.36%
2024-10-01	30.00%	19.15%	19.19%	18.79%	12.87%
2025-01-01	30.00%	19.08%	19.11%	18.74%	13.07%
2025-04-01	30.00%	20.42%	20.33%	17.84%	11.41%
2025-07-01	30.00%	22.97%	19.87%	17.16%	10.00%
2025-10-01	30.00%	23.08%	20.08%	16.84%	10.00%
2026-01-01	26.07%	24.56%	23.88%	15.49%	10.00%
2026-04-01	20.21%	25.05%	30.00%	14.60%	10.14%

3. The Output Metrics

The Truflation Hedge Index is updated on a daily basis and produces the following indexes:

1. Truflation Hedge Index and in USD
2. Truflation Hedge year on year percentage change
3. Each constituents index and USD
4. Each constituents year on year percentage change
5. Historical time series

The index is reporting in USD as well as an Index that is normalised to allow for comparability across time and against other benchmarks. The TruHedge index inception was on January 1, 2019.

4. Truflation Hedge Index Benefits

Hedging is a fundamental financial strategy used by investors and traders to reduce exposure to various forms of risk. At its core, a hedge involves taking an offsetting position that is designed to move in the opposite direction of a primary investment, helping to limit losses during adverse market conditions.

The Truflation Hedge Index applies this concept in a structured and systematic way, functioning much like an insurance policy for a portfolio. By incorporating assets that historically respond differently to inflation, market volatility and economic uncertainty, the index seeks to offset potential losses in traditional investments while preserving purchasing power. Rather than relying on a single hedge, the TruHedge Index achieves risk mitigation through diversification across multiple asset classes. The index delivers several key benefits:

- ***Inflation Protection:*** The Index is designed to help preserve purchasing power by tracking assets that historically perform well during periods of rising inflation and increasing costs of goods and services.
- ***Diversified Risk Mitigation:*** Exposure is spread across multiple asset classes; including precious metals, commodities, equities, and digital assets, reducing reliance on any single hedge and lowering overall portfolio risk.
- ***Simplified Access to Hedging Assets:*** Rather than managing multiple individual hedging positions, investors gain consolidated exposure through a single index, reducing complexity and operational burden.
- ***Benchmarking and Performance Evaluation:*** The index serves as a reliable benchmark for evaluating hedging strategies, inflation-linked products, and portfolio resilience against rising prices.
- ***Transparent and Rules-Based Methodology:*** With clearly defined constituents, fixed weightings, and a straightforward calculation process, the index offers full transparency and predictability, making performance easy to understand and analyze.
- ***Real-Time Market Relevance:*** Updated daily, the index reflects current market conditions and provides timely insights into the performance of inflation-sensitive assets.

The versatility of the index means that there are many use cases that are suitable for portfolio construction, risk management, etc.

The Truflation Hedge Index supports both institutional and sophisticated retail investors seeking disciplined inflation protection with there being many use case applications for portfolio construction, risk management, research etc. Two key applications are:

- ***Investment Strategy:*** Portfolio managers and investors can use the Truflation Hedge Index as a strategic tool to design, evaluate, and refine inflation-aware investment allocations. The index provides a clear reference point for assessing how hedging assets perform relative to broader market conditions, supporting more resilient portfolio construction.
- ***Market Analysis:*** Analysts, researchers, and market participants can leverage the index to monitor macroeconomic trends, study the behavior of inflation-sensitive assets, and identify emerging market dynamics. By offering a consolidated view of key hedging instruments, the index enables more informed, data-driven insights into market movements and risk conditions.

5. Summary

The Truflation Hedge Index is a powerful tool for understanding and navigating financial markets during periods of heightened volatility. By delivering transparent, accurate, and timely market data, Truflation empowers users to make informed decisions and identify opportunities with greater confidence. Whether you are an investor, developer, or market analyst, the Hedge Index provides valuable insights and serves as a reliable benchmark for evaluating performance within an ever-evolving market landscape.

6. Version History

Version	Date Released	Notes
1.0	May 1, 2025	Genesis of the Truflation Hedge Index
2.0	February 16, 2026	Added Quarterly rebalancing
2.1	April 15, 2026	Quarterly rebalance for Q2 2026