

truVol® Risk Control Engine

Intelligent. Responsive. Dynamic.

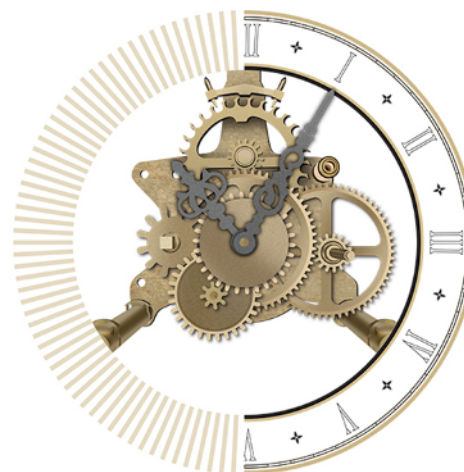
The **truVol Risk Control Engine** (RCE), from Salt Financial is a patent-pending technology adapted from prior academic research. Powered by higher frequency data for more accuracy and responsiveness, the RCE is designed to be more reactive than traditional risk control mechanisms using only daily closing prices. Suitable for a range of benchmark and cross-asset quantitative investment strategies, Salt Financial partners with investment banks, insurance carriers, asset managers, and benchmark index providers to embed the truVol RCE into their workflows.

Features

- Advanced realized volatility model using both historical intraday and daily returns
- Sophisticated detection of high versus low volatility environments
- Dynamic Risk Scalars designed to intelligently adjust equity participation
- Fully customizable with available parameters to adapt to nearly any index strategy

Benefits

- Leverages **historical intraday data** to help reduce risk and improve index stability
- Unlocks **more performance potential** with a limited options budget
- Powers **more competitive pricing** for fixed index annuities and structured products
- Adaptable to **multi-asset and global strategies** across a range of underlying assets



Performance

In a simulated multi-asset, risk-controlled strategy that allocates among stocks (SPDR S&P 500 ETF), bonds (iShares 7-10 Year Treasury ETF), and cash with daily rebalancing, truVol outperforms traditional volatility control.

12/31/2003 - 12/29/2023	Traditional Risk Control	truVol RCE
Volatility Target	5%	5%
Average Annualized Return	4.11%	5.12%
Annualized Volatility	5.09%	5.00%
Sharpe Ratio	0.81	1.02
Volatility of Volatility (22D)	1.30%	1.05%
Average Equity/Bond Exposure	35.3%/58.1%	35.9%/59.3%

EWMA volatility uses the higher of volatility computed from an exponentially-weighted moving average using daily returns with lambdas (decay factors) of 93 and 97. Annualized performance is based on arithmetic returns. Volatility of Volatility (22D) is the standard deviation of rolling 22 day annualized volatility over the entire sample period. All simulations assume returns in excess of Effective Federal Funds, 150% maximum leverage, and a 50 bp index fee.

Versatility

The truVol RCE is highly customizable and adaptable to multiple index strategies. The Salt Financial team provides extensive consulting with clients on integrating the truVol RCE, including coordination with third-party index providers, calculation agents, hedging partners, and end clients.

Single Asset

- Uses truVol estimates to dynamically target volatility
- Leverages data from index values, futures, or ETFs, depending on availability and liquidity
- Supports both well-known benchmarks and custom equity indices

Multi Asset

- Uses truVol for both cross-asset correlations and targeting volatility
- Leverages data from index values, futures, or ETFs, depending on availability and liquidity
- Supports multiple global asset classes and proprietary model integration



About Salt Financial

Salt Financial LLC is a leading provider of index solutions and risk analytics, powered by the patent-pending truVol Risk Control Engine (RCE). We leverage the rich information contained in intraday prices to better estimate volatility to develop index-based investment products for insurance carriers, investment banks, asset managers, ETF sponsors, and index providers. Salt is committed to collaborating with industry leaders to empower the pursuit of financial outperformance for investors worldwide. For more information, please visit saltfinancial.com

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