Alpha Vee US Select Growth Index methodology

Methodology Guide for Alpha Vee US Select Growth Index.

Revision History		
Published	**Description**	**Effective Date**
2021-08-19	Initial Version	
2022-05-10	Adjusted handling of dividends in calculation	2022-05-31
2025-07-25	Renamed “US Mega Cap” to “US Select Growth”	2025-07-31

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1. Introduction

This document is to be used as a methodology description with regard to the composition, calculation and maintenance of the Index. Any changes made to the methodology are initiated by the Committee specified in Section 1.4. The Index is calculated and published by Alpha Vee Solutions. Alpha Vee Solutions shall make every effort to implement the applicable regulations. Alpha Vee Solutions does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index value at any certain point in time nor in any other respect. The Index is merely calculated and published by Alpha Vee Solutions and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Alpha Vee Solutions – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by Alpha Vee Solutions does not constitute a recommendation for capital investment and does not contain any assurance or opinion of Alpha Vee Solutions regarding a possible investment in a financial instrument based on this Index.

1.1 Initial Value

The Index is based on 100 at the close of trading on the start date, 31st December 2006.

1.2 Distribution

The Index is published via the price marketing services of the CBOE and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute/display the Index via its information systems.

1.3 Prices & calculation frequency

The price of the Index is calculated after the end of each Business Day based on the prices on the respective Exchanges on which the Index Components are listed. The EOD prices of all Index Components are used. The Index is calculated once every day between 9-10AM GMT the next day.

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1.4 Oversight

A Committee composed of staff from Alpha Vee Solutions (the "Committee" or the "Index Committee") is responsible for decisions regarding the composition of the Index as well as any amendments to the rules. Members of the Committee can recommend changes to the Methodology and submit them to the Committee for approval.

1.5 Licensing

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2. Index Overview and Description

The Alpha Vee US Select Growth index uses a systematic rules-based institutional caliber approach that seeks improved performance of the large cap segment of the US equity universe. It includes the top 15 graded securities based on a combination of fundamental factors.

The index seeks to invest in top graded large cap companies with stable revenue and net income growth, low leverage and high momentum. The companies selected typically have good fundamental results in all economic regimes and are favored for investors most of the time. In downturn periods, companies in this index are expected to perform better than the benchmark.

The Index is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The Index is calculated using primary market prices and are generally calculated in U.S. dollars.

3. Stock Selection:

Only stocks traded in US exchanges with market capitalization above $50B and minimum price of $3 are eligible to be included in the index.

15 stocks are selected from the investible universe based on a scoring system that measures stable revenue and income growth factors as well as low leverage and high momentum factors.

Stocks are weighted by free-float market capitalization. The index is re-balanced quarterly.

4. Portfolio Construction

Between the close of the last day of the quarter and the open of the next business day, the portfolio is reconstituted and rebalanced.

All equities in the index that are not in the new selection list will be removed from the index, new stocks will be added, and the portfolio rebalanced based on free-float market capitalization.

5. Calculation of the Index

5.1 Index formula

The Index Value on a Business Day at the relevant time is calculated in accordance with the following formula:

$$Index_t = \frac{\sum_{i=1}^{n}(x_{i,t} \times p_{i,t} \times f_{i,t}) + Cash_t}{D_0}$$

With:

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$p_{i,t}$ = Price of Index Component i on Trading Day t

$f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency

D_0 = Divisor on first Trading Day

$Cash_t$ = Cash amount in the Index Currency on Trading Day t

The initial Divisor on the Start Date is calculated according to the following formula:

$$D_0 = \frac{\sum_{i=1}^{n}\left(p_{i,t} \times f_{i,t} \times x_{i,t}\right) + Cash_t}{100}$$

5.2 Accuracy

- The value of the Index will be rounded to 2 decimal places.
- Divisors will be rounded to six decimal places.

5.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. This requires the new Number of Index Shares of the affected Index Component to be calculated on an ex-ante basis.

Following the Committee’s decision, the Index is adjusted for distributions, capital increases and stock splits.

This procedure ensures that the first ex quote can be properly reflected in the calculation of the Index. This ex-ante procedure assumes the general acceptance of the Index calculation formula as well as open access to the parameter values used. The calculation parameters are provided by the Index Calculator.

5.4 Dividends and other distributions

Dividend payments and other distributions are included in the Index, they are added to the ***Cash*** component of the index on their pay-date. The cash gets distributed to shares in the next scheduled rebalance.

5.5 Corporate actions

Principles

Following the announcement by an issuer of Index Components of the terms and conditions of a corporate action, the Index Calculator determines whether such corporate action has a dilutive, concentrative or similar effect on the price of the respective Index Component.

If this should be the case, the Index Calculator shall make the necessary adjustments that are deemed appropriate in order to take into account the dilutive, concentrative or similar effect and shall determine the date on which this adjustment shall come into effect.

Amongst other things, the Index Calculator can take into account the adjustment made by an Affiliated Exchange as a result of the corporate action with regard to option and futures contracts on the respective share traded on this Affiliated Exchange.

Capital increases

In the case of capital increases with ex-date $t+1$, the Index is adjusted as follows:

$$x_{i,t+1} = x_{i,t} \times (1 + \mathrm{B})$$

With:

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$x_{i,t+1}$ = Number of Index Shares of the Index Component i on Trading Day $t+1$

B = Shares received for every share held

$$p_{i,t+1} = \frac{p_{i,t} + s \times B}{1 + \mathrm{B}}$$

With:

$p_{i,t}$ = Price of Index Component i on Trading Day t

$p_{i,t+1}$ = Hypothetical price of Index Component i on Trading Day $t+1$

s = Subscription Price in the Index Component currency

B = Shares received for every share held

Share splits

In the case of share splits with ex-date on Trading Day $t+1$, it is assumed that the prices change in ratio of the terms of the split. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} \times \mathrm{B}$$

With:

$x_{i,t}$ = Number of Index Shares of the affected Index Component on Trading Day t

$x_{i,t+1}$ = Number of Index Shares of the affected Index Component on Trading Day $t+1$

B = Shares after the share split for every share held before the split

Stock distributions

In the case of stock distributions with ex-date on Trading Day $t+1$, it is assumed that the prices change according to the terms of the distribution. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} \times (1 + \mathrm{B})$$

With:

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$x_{i,t+1}$ = Number of Index Shares of the Index Component i on Trading Day $t+1$

B = Shares received for every share held

5.6 Miscellaneous

Recalculation

Alpha Vee Solutions makes the greatest possible efforts to accurately calculate and maintain its indices. However, the occurrence of errors in the index determination process cannot be ruled out.

6. Changes in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator shall apply the method described above for the composition and calculation of the Index. However, it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

7. Disclosure

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