

Last Updated June 2021

1.0 Index Overview and Description

The O'Neil Growth Index™ [referred to as "the Index"] was developed by O'Neil Global Advisors, Inc. (OGA). The Index is comprised of mid- and large-cap companies that provide exposure to high growth and momentum U.S. exchange-listed companies. The Index seeks to achieve this objective by focusing on a combination of technical and fundamental factors such as: (1) pullbacks – measurement of a stock's long-term momentum and short-term mean reversion characteristics; (2) volatility – measurement of the standard deviation of returns over a one-year period; (3) Datagraph™ – composite rating of growth characteristics based on a formula; and (4) hotness – measurement of a stock's recent change in volume compared to historical averages. The Index then selects the top 50–100 stocks as determined by each company's score received across the factor mix.

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 calculated in U.S. dollars.

2.0 Key Features

2.1 Membership Criteria

To be eligible for inclusion in the Index, component companies must be under coverage by the market management team of a third-party independent calculation agent. Common stocks, REITs, tracking stocks, holding companies, ADRs, GDRs, and EDRs are eligible for inclusion. Preferred stocks, closed-end funds, passive foreign investment companies, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. In the event a component company issues multiple classes of shares of common stock, the shares with the highest average daily volume will be included.

Companies that have pending acquisitions or mergers are excluded from the initial universe. Companies must rank in the top 20% of liquidity as measured by a formula for trailing average daily dollar volume.

To be eligible for inclusion in the Index, a company must also meet the following criteria as of the Index screening date (after the close of trading on the Thursday prior to the second Tuesday of the month): (i) market capitalization of at least \$250 million; and (ii) have an average daily volume of at least \$1 million for each of the preceding three months.

The Index then selects the top 50–100 stocks as determined by each company's score received across the following four factors on the screening date:

- (1) pullback – measurement of a stock's long-term momentum and short-term mean reversion characteristics.
- (2) volatility – measurement of the standard deviation of returns over a one-year period.
- (3) Datagraph – composite rating of growth characteristics based on a formula.
- (4) hotness – measurement of a stock's recent change in volume compared with historical averages.

2.2 Weighting

The Index is a factor-weighted index. Constituent weights are determined by the alpha streams that the stock appears in. The number of stocks within the alpha stream determine the individual contribution of that stream to the overall target weight. Each stock's target weight is the sum of the four alpha stream weights for that stock. If a stock falls out of an alpha stream, then the contribution from that stream for that stock is zero. The result is an approximately equal weighted portfolio with a position weight range ratio of approximately 2:1.

2.3 Rebalancing Frequency, Market Holidays, Market Closures

The Index is reconstituted and rebalanced monthly following the close of trading on the second Tuesday of the month, except in the case of a market holiday or a market closure. If the market is closed on the second Tuesday or the two weekdays preceding the second Tuesday, then the Index rebalance will be delayed to the next day the market is open.

2.4 Base Date and Base Value

The Index will be established with a base value of 100 on June 24, 2021.

3.0 Index Calculation

The Index's calculation uses a divisor driven methodology. The value of the Index equals the aggregate market value of all Index securities¹ divided by the divisor of the Index. The divisor is an arbitrary number chosen at the inception of the Index to fix the starting value of the Index. The divisor serves the purpose of scaling such aggregate value to a lower magnitude which is more desirable for reporting purposes. In the event of any corporate action affecting the market value of the Index, the divisor is adjusted to offset the change in the market value of the Index so that the Index value does not jump up or down drastically.

The Index will be presented in U.S. dollars.

3.1 Price Return

The price return Index is calculated without considering the cash dividends on Index securities. With respect to the mathematical manipulations, the computation is:

$$\mathbf{Index\ Price}_t = \frac{\sum_{i=1}^n p_{i,t} q_{i,t} r_{i,t}}{\mathbf{Divisor}_t}$$

where:

$p_{i,t}$ = price of equity $i = 1, 2, \dots, n$, at time $t = 0, 1, 2, \dots, T$

n = the number of equities in the index

$q_{i,t}$ = float adjusted shares outstanding for equity i at time t

$r_{i,t}$ = exchange rate from local currency to index currency for equity i at time t

¹ Aggregated market value = total of number of shares of each of the Index securities multiplied by each such security's close price.

3.2 Total Return

The total return is a quantity that adjusts the price for issuance of dividends. When a company issues a dividend, the price of the equity drops in the exact amount of the per share dividend amount. Leaving aside subsequent market movements of the equity price, the impact of a constituent equity dividend upon an index is a drop in the price of the index. A companion index that is based on the total return adjusts the price-only index for the issuance of dividends by its constituents. The total return Index is computed as follows:

$$\mathbf{Index\ Price}_t = \frac{\sum_{i=1}^n (\mathbf{p}_{i,t} \mathbf{q}_{i,t} \mathbf{r}_{i,t}) + (\mathbf{Div}_{i,t} \mathbf{q}_{i,t} \mathbf{r}_{i,t})}{\mathbf{Divisor}_t}$$

Where:

$p_{i,t}$ = price of equity $i = 1, 2, \dots, n$, at time $t = 0, 1, 2, \dots, T$

n = the number of equities in the index

$q_{i,t}$ = float adjusted shares outstanding for equity i at time t

$r_{i,t}$ = exchange rate from local currency to index currency for equity i at time t

$Div_{i,t}$ = per share dividend on ex – date

All quantities in the equation above are end-of-day quantities. The numerator is computed as per the ex-date for any dividends. The divisor is also adjusted for the total return Index on the day following the dividend ex-date. This is done to ensure that the Index does not fall back down to previous levels (prior to dividend ex-date). This adjustment is done by calculating an adjusted market cap for the total return Index immediately after dividend ex-date. The adjusted market cap is the price only market cap as on the dividend ex-date (i.e., excluding Index dividend). Once divided by the total return Index value as on dividend ex-date, we get an adjusted divisor that is used for calculations from the next day onward.

3.3 Dividend Treatment

Normal dividend payments are not taken into account in the price of the Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends that are not reinvested in the total return index require index divisor adjustments to prevent the distribution from distorting the price index.

3.4 Calendar

The Index follows the U.S. calendar, observing only U.S. market holidays. On a market holiday, no prices are calculated.

The Index is calculated every 15 seconds from 9:00am to 4:30pm, U.S. Eastern. The Index closes shortly after the close of the U.S. markets.

4.0 Index Maintenance

Index maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings, require changes in the Index shares and the stock prices of the component companies in the Index. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the Index shares or the stock prices of the component companies in the Index. Other corporate actions, such as special dividends and entitlements, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions.

4.1 Component Changes

- Additions

Additions to the Index are made at the reconstitution according to the inclusion criteria defined above. Changes are implemented following the close of trading on the second Tuesday of the month. No additions are made to the Index between reconstitutions, except in the cases of certain spin-off companies defined below.

- Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date. Component companies that reclassify their shares (i.e., that convert multiple share classes into a single share class) remain in the Index, although Index shares are adjusted to reflect the reclassification.

4.2 Spin-Offs and IPOs

Should a company be spun-off from an existing component company, it is allowed to stay in the Index that its parent company is in until the next reconstitution. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an initial public offering (IPO) and that meet all other Index inclusion requirements must wait until the next reconstitution to be included in the Index.

5.0 Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting, or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, OGA reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, or reincorporate outside of a defined domicile in the intervening weeks between the screening date and the reconstitution date are not included in the Index, and the weights of the remaining components are adjusted accordingly.

General Disclosures

It is not possible to invest directly in an index. Allocation to a sector represented by an index is available through investable instruments or products based on that index. The performance of the index does not reflect transaction costs, management fees, or other expenses. O'Neil Global Advisors, Inc. (OGA) does not sponsor, endorse, sell, promote, or manage any investment fund or other financial product that is offered by third parties and that seeks to provide an investment return based on the performance of an OGA index. There is no assurance that a financial product based on an OGA index will accurately track the index performance or provide positive investment returns.

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