Victory Free Cash Flow Growth BRI Index Methodology

- Victory Free Cash Flow Growth BRI Index GBFLW

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Introduction

Index Objective

The Victory Free Cash Flow Growth BRI Index measures the performance of biblically responsible, profitable companies that generate high free cash flow from invested capital and display higher growth characteristics. The index is subject to sector and security weight constraints. The constituents are weighted by modified absolute momentum.

Index & Highlights

The strategy focuses on high quality profitable companies that display a positive free cash flow trend. It selects larger cap companies with the highest free cash flow relative to invested capital that also exhibit higher growth. The higher free cash flow of these companies enables them to reinvest cash, pay dividends, or repay debts.

Dates

Reference Dates: The last business day of the month prior to the rebalancing month.

Reconstitution Dates: The index is reconstituted semi-annually on the third Friday of April and October

Weight Date: The first business day prior to the 2nd Friday of the rebalancing month.

Rebalance Dates: The index is rebalanced quarterly on the third Friday of Jan, April, Jul, and October

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein.

The list of the main supplemental documents for this methodology can be found in the Methodologies and Governance tabs on the Index Resources page as follows:

Supporting Documents
Index Maintenance Policy
Index Governance
Index Policies
Methodology Policies
Glossary
Index Change and Consultation Policy

Eligibility Criteria and Index Construction

Universe

Index	Index Universe[1]
Victory Free Cash Flow Growth BRI Index	SNVVBX– Victory US Large/Mid Cap Volatility Weighted BRI Index

Eligibility Criteria

At each quarterly rebalancing, a company must satisfy the following requirements, as of the rebalancing reference date, to be eligible for index inclusion:

- Have ICE sector other than Financials, REITS and Quasi Government.
- Have positive average of forward 1-year and last 12-month historical Free Cash Flow.[2]
- Have positive average of forward 2-year and last 12-month historical EPS.[3]
- Have positive Free Cash Flow trend.
- Have non null one year momentum

Multiple Share Classes and Dual Listed Companies

Each company is represented once by the listing with the highest liquidity subject to meeting the eligibility criteria. The market capitalization of all traded common stock listings is combined for the purposes of ranking.

Index Construction

Constituent Selection

Victory Free Cash Flow Growth Index

The selection of index constituents is done from the eligible companies as follows:

[1] As of Rebalance/Reconstitution date.
[2] Forward one-year period is defined as next 12 months (Profitability screen)
[3] Forward two-year period is defined as next 12 months and second next 12 months (Profitability screen)
Please see Appendix for details

- Select top 400 companies (N) by float market capitalization from the eligible companies defined under eligibility criteria[4].
- Calculate Free Cash Flow over Invested Capital for all N companies.
- Calculate growth score for all N companies.

$$Growth\ Score = average(Sales\ trend\ Z\ score,\ Ebitda\ trend\ Z\ score, EPS\ Long\ term\ growth\ Z\ score) \quad (1)$$

- Select the top 75 companies (P) with the highest free cash flow over invested capital that have a growth score.
- Select the top 50 companies with the highest growth score from P.

For more details on the profitability, growth score and z-score calculations/ winsorization, please see Appendix.

Constituent Weightings & Constraints

The steps are as follows:

a. Calculate absolute momentum for the selected securities.
b. Set initial constituent weight as follows:

$$\mathrm{wi,t} = \frac{\text{abs mom}_{\text{multiplier}}\text{i,t}*\text{fcf,i,t}*\text{ mdv\_multiplieri,t}}{\sum\text{abs mom}_{\text{multiplier}}\text{i,t}*\text{fcf,i,t}*\text{ mdv\_multiplieri,t}}$$

where:

$w_{i,t}$ = weight of stock i at the close of day t
abs $mom_{i,t}$ = risk adjusted absolute momentum of stock i at the close of day t
$fcf_{i,t}$ = free cash flow of stock i at the close of day t
$mdv\_multiplier_{i,t}$[5] = liquidity adjustment of stock i at the close of day t
abs mom_multiplier[6] $_{i,t}$ = adjustment of risk adjusted absolute momentum of stock i at the close of day t.

c. Cap the constituent weight at 4%.

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[4] If less than 400 companies meet eligibility criteria, all companies meeting the eligibility criteria will be included.
[5] For GBFLW the mdv_multiplier = 1

[6] Multiplier is a cumulative normal distribution of z score of absolute momentum (CDF)

d. The sum of the constituent weights of each sector cannot exceed the minimum of 45% or 20% more than the weight of the Sector in the Starting Universe. Weights in each sector over this cap are reduced pro-rata until the constraint is met. This weight is then distributed pro-rata to all other securities not part of a capped sector that are under the maximum constituent weight of 4%.
e. The last two steps are repeated iteratively until all the constraints are satisfied.

Index Maintenance

Rebalancing

The Indexes are rebalanced on the “Rebalance Date” and additionally reconstituted on the “Reconstitution Date”. Pricing used in share weights used for reconstitutions are as of the “Weight Date”. Share weights for the rebalanced Indexes are computed as of the “Weight Date”. Changes to the Indexes related to the rebalances are as of the “Rebalance Date”. Additions are only made on reconstitution dates.

Corporate Actions

Please refer to the Index Maintenance Policy document for information on Corporate Action processing.

Index Information

Index history availability, base dates and base values are shown in the table below.

Index	Price Index	Base Date	Base Value	Total Return Index	Base Date	Base Value
Victory Free Cash Flow Growth Index	GBFLW	10/17/2008	1000	GBFLWT	10/17/2008	1000

Methodology Updates and Changes

Date	Version	Previous	New
Mar 2026	1.0.0		Initial version of index.

Index Calculation

Please refer to the Index Maintenance Policy document for information on index calculations.

Index Governance

The index is governed and managed by a VettaFi Index Committee for the purpose of meeting the goals of the index. For more information, please refer to the Index Governance document.

Index Policies

Please refer to the Index Policies document for information regarding Announcements, Holiday Schedules, Unexpected Exchange Closures, and Recalculation Policy.

Contact Information

For any questions regarding an index, please contact: index.production@vettafi.com

Appendix

Profitability Screen:

Time weighted consensus estimates for the next 12 months and second set of 12 months from the reference date as well as trailing 12 months from the reference date are used to calculate average FCF as well as EPS described under eligibility section. Priority is given for the estimated trailing 12-month data over actual data when available. The average is calculated based on the available observations.

Growth Score:

Sales Trend: Slope of two forward years of sales and five years of trailing sales divided by the average of those years.

EBITDA Trend: Slope of two forward years of EBITDA and five years of trailing EBITDA divided by the average of those years.

Long-term growth (LTG): EPS Consensus Estimates of 3-5 Year Long Term Growth Rate

Z score and Winsorization:

The z-score for each of the fundamental variables ((Sales trend, EBITDA trend and LTG) for each security is calculated [7]using the mean and standard deviation of the relevant variable within each of the index universes (equation 1) The z-score above +3 is capped at +3 and z-score below -3 is capped at -3.

Final Growth Score:

Each security's Final Growth Score is the average of available z scores. Note: If EBITDA Trend Z-Score is not available, EPS Trend Z-Score is used in its place.

Modifications

[7] If less than 50% of the eligible securities have trend value, then the corresponding z score does not contribute to the final growth score.

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