Victory Free Cash Flow BRI Index Methodology

- Victory Free Cash Flow BRI Index VBFLO

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Introduction

Index Objective

The Victory Free Cash Flow BRI Index measures the performance of biblically responsible , profitable companies that exhibit high free cash flow yield and higher growth characteristics. The indices are subject to sector and individual security weight constraints. The constituents are weighted by modified free cash flow yield.

Index Family & Highlights

The strategy aims to select high quality companies from the universe by applying profitability screens. It then selects companies with the strongest free cash flow yield that exhibit higher growth. Higher free cash flow gives companies the ability to reinvest cash, pay dividends, or repay debts. The index is rebalanced quarterly.

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

The starting universe for each index is as follows:

Index	Index Universe
Victory Free Cash Flow 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 (Footnote to reference historical exclusion)
- Have positive average of forward 1-year and last 12-month historical Free Cash Flow.[1]
- Have positive average of forward 2-year and last 12-month historical EPS.[2]

Multiple Share Classes and Dual Listed Companies

Each company is represented once by the listing with the highest liquidity subject to meeting 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 BRI Index

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

- Select top 400 companies (N) by float market capitalization from the eligible companies defined under eligibility criteria[3].
- Calculate free cash flow yield for all N companies.

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[1] Forward one-year period is defined as next 12 months (Profitability screen)
[2] Forward two-year period is defined as next 12 months and second next 12 months (Profitability screen)
Please see Appendix I for details

[3] If less than 400 companies meet eligibility criteria, all companies meeting the eligibility criteria will be included.

$$Free\ Cash\ Flow\ Yield\ = \frac{AVERAGE(forward\ 12\ month\ free\ cash\ flow, trailing\ 12\ month\ free\ cash\ flow)}{EV}$$ (1)

$$Enterprise\ Value\ (EV) = Diluted\ Shares\ Outstanding * Share\ Price + Preferred\ Stock + Total\ debt + Accumulated\ minority\ interest - Cash\ \&\ cash\ equivalents$$

- Calculate growth score for all N companies.

$$Growth\ Score = average(Sales\ trend\ Z\ score, Ebitda\ trend\ Z\ score, EPS\ Long\ term\ growth\ Z\ score)$$ (2)

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

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

Constituent Weightings & Constraints

The steps are as follows:

a. Cap the free cash flow yield at 15%
b. Set initial constituent weight as follows:

Victory Free Cash Flow BRI Index

c. $wi,t = \frac{fcfyi,t * fcfi,t * mdv\_multiplieri,t}{\sum fcfyi,t * fcfi,t}$ (3)

where:

$w_{i,t}$ = weight of stock i at the close of day t
$fcfy_{i,t}$ = free cash flow yield of stock i at the close of day t
$fcf_{i,t}$ = free cash flow used to calculate free cash flow yield of stock i at the close of day t
$mdv\_multiplier_{i,t}$[4] = multiplier of stock i at the close of day t

d. Cap the constituent weight at 4%.
e. 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 each in each sector over

[4] VBFLO - mdv_multiplier = 1

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%.

f. The last two steps are repeated iteratively until all the constraints are satisfied.

Index Maintenance

Rebalancing

Date	Schedule
Reference date for universe	Pro-Forma weights of Starting Universe as of Weight Date.
Reference date for factors	Last business day of the month prior to the rebalancing month
Rebalance effective date	After close of third Friday of April and October
Weight date	The first business day prior to the 2nd Friday of the rebalancing month

Corporate Actions

Please refer to the Index Maintenance Policy document for information on Corporate Action processing. Conversions are handled using Policy 2 (I 5.2).

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	Launch Date
Victory Free Cash Flow BRI Index	VBFLO	10/17/08	1000	VBFLOT	10/17/08	1000	3/23/2026

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.

Free Cash Flow and Free Cash Flow Yield:

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 [5]using the mean and standard deviation of the relevant variable within each of the index universes (equation 2) 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.

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

Disclaimer