QMIT

QuantZ Machine Intelligence Technologies

QLBO
- QMIT Sizzling 50 LBOs Index

April 2026

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Introduction

Index Objective

The QMIT Sizzling 50 LBOs Index (QLBO) tracks the performance of a market neutral portfolio whose holdings are comprised of approximately 50 machine learning based leveraged buyout (LBO) candidates hedged by a dollar neutral short position in the IWN ETF (Russell 2000 Value) which also score highly on the QMIT Sizzling Seven composite signal. The index is rebalanced and reconstituted weekly.

Highlights

The index is owned and managed by QuantZ Machine Intelligence Technologies, a pioneer in the application of ML/AI to Hedge Funds and is calculated by VettaFi, a leader in the Index Business.

The Sizzling 50 LBOs Index tracks approximately 50 machine learning based leveraged buyout predictions based on a spanning set of 18 ML enhanced smart betas (see the appendix). Portfolio names are selected subject to constraints reflecting the feasibility of LBO financing from a universe of the smallest approximately 2,500 US stocks with minimum liquidity constraints. The constituents are listed on major exchanges and selected based on minimum liquidity, price & market cap constraints. The index is inclusive of short rebates. This hedged strategy tends to outperform in both boom & bust cycles. The model is not specifically designed to anticipate strategic buyer interest, but many targets may yield to strategic buyers or such stocks may also be propelled by activist interest, buybacks, dividend hikes and related catalysts. The additional "Sizzling" criterion requires intersecting the top LBO candidates with QMIT's Sizzling Seven multi-factor composite signal resulting in approximately 50 stocks.

Dates

Reference Dates: Weekly, Trading date prior to Reconstitution Date.

Reconstitution Dates: Index reconstituted weekly at the Friday close (or previous trading date if Friday is a closed or partial trading date).

Weight Date: Weekly, Trading date prior to Reconstitution Date.

Rebalance Dates: Index is rebalanced weekly as part of its reconstitution to its target weights.

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 VettaFi's policies, where applicable, can be found in the Methodologies and Governance tabs on the Index Resources page as follows:

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

Eligibility Criteria and Index Construction

Universe

1. The Index universe includes the 2,500 smallest U.S. domiciled common stocks listed on NYSE, NASDAQ or PHLX. The universe is subject to the following constraints:

A. Minimum Market Capitalization: US $250 million, based on the closing share price from the previous exchange trading day, before any stock split adjustments.
B. Minimum Price: USD $4.00 based on the closing share price from the previous exchange trading day before any stock split adjustments.
C. Minimum Liquidity: minimum average daily volume of USD $1.5 million shares traded on the applicable primary U.S. exchange.
D. Biotech, Biopharma, Bioscience, Biomedical and REITs sectors are excluded from the Index.
E. American Depositary Receipts (ADRs), non-primary share classes, ETFs, mutual funds, closed end funds, pooled vehicles are excluded from the Index.
F. 100% of the Short Portfolio is represented by the iShares Russell 2000 Value ETF (Ticker: IWN). The Index Committee reserves the right to substitute the IWN ETF with the IWM ETF or a similar index or ETF vehicle as the hedge.

2. Short positions in the IWN ETF (Russell 2000 Value). The Index Committee reserves the right to substitute the IWN index short with IWM or similar index ETFs in the event of unforeseen circumstances which may result in the inability to execute a short position in the IWN (Russell 2000 Value) ETF.

Index Construction

Constituent Selection

The Index is market-neutral and consists of a Long Portfolio of approximately 50 LBO candidates hedged with a Short Portfolio of 100% iShares Russell 2000 Value ETF to neutralize market risk.

The long LBO candidates are selected by QMIT using their Optimization and Machine Learning models. The models construct LBO candidate profiles using a spanning set of 18 ML enhanced smart betas. The 18 ESBs are derived via QMIT's ML ensemble learners.

Constituent Weightings & Constraints

The Long Portfolio is comprised of approximately 50 leveraged buyout (LBO) candidates, selected by QMIT's machine learning based models. The Short Portfolio is comprised 100% of iShares Russell 2000 Value ETF.

[1] Occasionally the count may vary with partial weights on some names.

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/ deletions are only made on reconstitution dates.

Corporate Actions

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

Base Date and History Availability

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
QMIT Sizzling 50 LBOs	QLBOE	12/31/18	1000	QLBOT	12/31/18	1000

Index Calculation

Equity indices of the long and short positions are calculated and maintained following VettaFi's Index Maintenance Policy.

Long and short total return indices are combined into a Long/Short basket where an Excess Return Index and Total Return Index are computed. The Total Return is inclusive of short funding rebates which assumes Overnight Bank Funding Rate (OBFR) reduced by a spread of 75bps.

Excess Return Index $_{t}$ (ER) = ER $_{t-1}$ + Total Daily Increment (TDI)

TDI = [(Long TR $_{t}$ - Long TR $_{t-1}$) * Long Units $_{t-1}$] + [(Short TR $_{t}$ - Short TR $_{t-1}$) * Short Units $_{t-1}$]

Total Return Index $_{t}$ (TR) = TR $_{t-1}$ * ((1 + (ER $_{t}$/ER $_{t-1}$)-1) + ((OBFR $_{t-1}$ - Spread) * (Days/365)))

Days = number of days between T and T-1

The Long Index is rebalanced to 100% and the short index is rebalanced to -100% weekly and as a part of that rebalance, Units are recalculated based on those target weights:

Units $_{rebalance}$ = (ER $_{rebalance}$ * Target Weight (TW))/ Underlying Index Level $_{rebalance}$ (Long TR or Short TR)

[2] VettaFi, as the calculation agent, is calculating the index from its base date and base level and has been tracking it live since January 1, 2026

Index Committee

The index is governed by QMIT for the purpose of meeting the goals of the index. The Index Committee ("The Committee") will be composed of not less than three members including the firm CIO, CTO & Head of Research. The Committee is responsible for managing & maintaining the index methodology.

Index Policies

Index calculation is governed by VettaFi's calculation policies.

Contact Information

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

Methodology Updates and Changes

Date	Version	Previous	New
Apr 2026	1.0.0		Initial Version

Appendix – ESB catalog:

No	QMIT ESBs	Acronym	Description
1	Deep Value	DV	Captures excess returns to value stocks based on intrinsic value metrics
2	Relative Value	RV	Captures excess returns to value stocks based on relative valuation metrics
3	Dividends	DIV	Captures excess returns to stocks that pay higher-than-average dividends
4	Reversals	REV	Captures excess returns to stocks displaying mean reversion
5	Price Momentum	MOM	Captures excess returns to stocks experiencing trend continuation
6	Enhanced Momentum	ENMOM	Captures excess returns to stocks experiencing trend continuation enhanced to adjust for shorts vulnerable to short covering rallies
7	Analyst Revisions	ARS	Captures excess returns to stocks due to earnings momentum resulting from analyst revisions & consensus change.
8	Analyst Ratings & Targets	ART	Captures excess returns to stocks due to revisions in analyst recommendations and target prices

9	Growth Historical	GROH	Captures excess returns to stocks that have higher-than-average historical growth
10	Earnings Quality	EQ	Captures excess returns to stocks that are characterized by low accruals.
11	Quality – Leverage	LEV	Captures excess returns to stocks with low leverage & related credit metrics
12	Quality – Profitability	PROF	Captures excess returns to stocks with high profitability related metrics
13	Quality - Capital Structure/ Usage	CSU	Captures excess returns to firms owing to better capital structure and capital usage decisions
14	Quality – Stability	STAB	Captures excess returns to stocks with more stable financial ratios
15	Quality – Efficiency	EFF	Captures excess returns to stocks characterized by better operating efficiency metrics
16	Size	SIZE	Captures excess returns to smaller firms
17	Short Interest	SIRF	Captures excess returns to stocks with lower Short Interest related metrics
18	Safety/Risk	RISK	Captures excess returns to stocks with lower than average volatility, beta, and/ or idiosyncratic risk

Disclaimers

VettaFi Disclaimer: VettaFi is the calculation agent for QMIT. VettaFi is not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. In no event shall VettaFi be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content.

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