



# PMV Downside Defender Indices

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## INTRODUCTION

This document (the “Index Methodology”) is to be used as a methodology regarding the composition, calculation and maintenance of the PMV Downside Defender Index, the PMV Downside Defender Index – 50% Participation, the PMV Downside Defender Index – 150% Participation, and the PMV Downside Defender Index – 200% Participation (together the “Indices”).

The number of components in the Indices will vary from time-to-time depending on PMV’s proprietary methodology. The Indices represent a theoretical portfolio with zero tax, transaction costs, management fees, or slippage. The Indices’ Components are exchange traded products and the performance of each component is net of the internal fees and expenses of the components. Indices’ values are denominated in USD.

Any index values or components dated prior to the index launch date are backtested and are therefore considered more error prone due to a number of potential biases or errors in the available data.

Any changes made to the Index Methodology are initiated by the Committee specified in Section 1.6.

The Indices are calculated and published by Index One. Index One is the trading name of Index One Limited. Index One offers indexing solutions for a variety of financial and non-financial use cases. Index One is the administrator, Index Calculator, and primary disseminator of the Indices.

The Index Methodology contains the underlying principles and rules regarding the structure and operation of the Indices. Index One shall make every effort to implement the applicable regulations. Index One does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Indices nor the Indices’ values at any certain point in time nor in any other respect. The Indices are merely calculated and published by Index One and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Index One – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Indices. The publication of the Indices by Index One does not constitute a recommendation for capital investment and does not contain any assurance or opinion of Index One regarding a possible investment in a financial instrument based on these Indices.



## 1. INDEX SPECIFICATIONS

- The PMV Downside Defender Index, the PMV Downside Defender Index – 50% Participation, the PMV Downside Defender Index – 150% Participation, and the PMV Downside Defender Index – 200% Participation (together the “Indices”) are Indices of PMV Capital Advisers, LLC and are calculated and distributed by Index One.
- The Indices are rules-based, with the components comprised of ETFs.
- The Indices are shown before brokerage commissions or other transactional costs (gross), include the reinvestment of dividends and interest (total return), but net of the internal fees and expenses of the underlying components.
- The Indices are published in USD, and were created on the following launch dates:
 

○ PMV Downside Defender Index	February 29, 2024
○ PMV Downside Defender Index – 50% Participation	March 4, 2024
○ PMV Downside Defender Index - 150% Participation	March 4, 2024
○ PMV Downside Defender Index - 200% Participation	March 4, 2024

### 1.1 Short Name and ISIN

The Indices are not currently distributed under another name.

### 1.2 Initial Value

The Indices are based on 1,000 at the close of trading on the start date. The inception dates for the Indices are as follows:

- |  |                  |
|--|------------------|
| • PMV Downside Defender Index                      | April 2, 2007    |
| • PMV Downside Defender Index – 50% Participation  | April 2, 2007    |
| • PMV Downside Defender Index - 150% Participation | February 1, 2010 |
| • PMV Downside Defender Index - 200% Participation | February 1, 2010 |

### 1.3 Distribution

The Indices are available via Index One.

### 1.4 Prices and Calculation Frequency

The prices of the Indices are calculated using real-time data for each updated component price over a 1-second rolling window. Values are rounded to a maximum of 18 decimal places. The most recent prices of all Index Components are used.

## 1.5 Weighting

At the market close on each Rebalance Day, the Index Components of the Indices are weighted according to a proprietary weighting methodology, which contains both core (static) and tactical (active) weightings to the following asset classes:

1. Global equities (U.S., non-U.S. developed, emerging markets),
2. Commodities (broad commodity futures and gold),
3. U.S. dollar currency (bullish U.S. dollar),
4. U.S. treasuries (T-bills and long-term U.S. treasuries).

Except at market close on each Rebalance day, the Weight of the Index Component of the Indices on a Business Day for each point in time is calculated as follows:

$$W_{i,t} = \frac{W_{i,t-1} * \left\{ \left( \frac{P_{i,t}}{P_{i,t-1}} + R_{i,t} \right) \right\}}{\sum_{i=1}^n W_{i,t-1} * \left\{ \left( \frac{P_{i,t}}{P_{i,t-1}} + R_{i,t} \right) \right\}}$$

Where:

$W_{i,t}$  = current index weight of component i at time t.

$W_{i,t-1}$  = prior index weight of component i at time t-1.

$P_{i,t}$  = current price of component i at time t.

$P_{i,t-1}$  = prior price of component i at time t.

$R_{i,t}$  = adjustment factor for dividends, and corporate actions.

## 1.6 Oversight

A Committee composed of staff from PMV Capital Advisers, LLC (the “Committee” or the “Index Committee”) is responsible for decisions regarding any amendments to the rules of the index.

Changes to the Index Methodology are submitted to the Committee for approval.

## 1.7 Publication

All specifications and information relevant for calculating the Index are made available on the following sites:



- PMV Downside Defender Index:  
<https://indexone.io/index/b4a068f3-4af9-4095-8e1b-a36b1e5bef14-0/overview>
- PMV Downside Defender Index – 50% Participation:  
<https://indexone.io/index/7819a614-6d55-4e7f-9a53-f04c24bf23ee-0/overview>
- PMV Downside Defender Index - 150% Participation:  
<https://indexone.io/index/83aa8dd4-192d-4449-b8a3-2af44c3cdad8-0/overview>
- PMV Downside Defender Index - 200% Participation  
<https://indexone.io/index/d4813166-caaa-4362-b153-f8971356df58-0/overview>

## 1.8 Historical Data

Historical data will be maintained from the launch of the Indices.

## 2. COMPOSITION OF THE INDEX

### 2.1 Selection of the Index Components

The initial components of the Index, as well as any ongoing adjustments, are based on the following rules:

Each Index includes a core weighting to U.S. large cap equity, long-term U.S. treasuries, and gold. Additionally, tactical weightings are made using a quantitative process that identifies momentum trends in the following asset classes: U.S. large cap equity, international developed equity, emerging markets equity, U.S. T-bills, long-term U.S. treasuries, gold, commodities, and bullish U.S. dollar currency.

The tactical weighting process has three primary steps. First, a universe of asset classes is identified in order to gain exposure to the primary factors that drive asset class returns: economic growth and inflation. Second, the risk, return, and correlations of the asset classes are measured over various lookback windows, with the goal of identifying broad momentum trends. Momentum trends in various asset classes are measured with the assumption that assets that have performed relatively well in the recent past are expected to continue to perform well in the near future, and assets that have performed relatively poorly in the recent past are expected to continue to perform poorly in the near future. Third, a selection of assets is constructed using these characteristics. Generally, assets that are exhibiting positive momentum trends may receive a higher weighting during the weighting process.

The components of the Indices are selected from a security pool of exchange traded funds (ETFs) and/or exchange traded notes (ETNs). Each Index targets the same asset class exposure as the PMV Downside Defender Index but with varying participation rates. Components and the weights of each component vary based on the target participation rate.

On the Rebalance Days, prior to market close, PMV Capital Advisers, LLC provides the components and the new weightings to the components to the Index Calculator.

### 2.2 Ordinary Adjustment

The components of the Indices are adjusted monthly, except in the case of an Extraordinary Event.

### 2.3 Extraordinary Adjustment

An Extraordinary Event, if applicable, is triggered and can be applied by the Committee on any Business Day.

## 3. CALCULATION OF THE INDEX

### 3.1 Index Formula

Values for each point in time for the Index are obtained by multiplying the price and weight and dividing by the index divisor, for each component in the Index.

$$IV_t = \sum_{i=1}^n IV_{t-1} * W_{i,t-1} * \left\{ \left( \frac{P_{i,t}}{P_{i,t-1}} + R_{i,t} \right) \right\}$$

Where:

$IV_{i,t-1}$  = prior Index value at time t-1.

$IV_{i,t}$  = new Index value at time t.

$W_{i,t-1}$  = prior Index weight of component i at time t-1.

$P_{i,t}$  = current price of component i at time t.

$P_{i,t-1}$  = prior price of component i at time t.

$R_{i,t}$  = adjustment factor for dividends, and corporate actions.

### 3.2 Accuracy

Values are rounded to a maximum of 18 decimal places.

### 3.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. The Index Components, values, or specifications may change as a result of corporate actions undertaken by component or non-component companies. This is adjusted in accordance with relevant actions in order to best follow the Index Methodology. The performance adjustment calculation is as follows:

$$R_{i,t} = DA_{i,t} - SS_{i,t} + RS_{i,t}$$

Where:

$R_{i,t}$  = the adjustment factor for dividends, corporate actions, and changes in capital of component i at time t.

$DA_{i,t}$  = the performance adjustment for the ex-date dividend of component i at time t.

$SS_{i,t}$  = the performance adjustment for a stock split of component i at time t.



$RS_{i,t}$  = the performance adjustment for a reverse stock split of component i at time t.

## 3.4 Dividends and Other Distributions

### 3.4.1 Ex-date Adjustment

Dividend payments and other distributions are included in the Index. They cause an adjustment to the performance calculation. Upon the ex-dividend date, the performance adjustment is calculated as follows:

$$DA_{i,t} = \begin{cases} D_{i,t} > 0, & \left( \frac{P_{i,t-1}}{P_{i,t-1} - D_{i,t}} \right) - 1 \\ D_{i,t} \leq 0, & 0 \end{cases}$$

Where:

$DA_{i,t}$  = the performance adjustment for the ex-date dividend of component i at time t.

$P_{i,t}$  = current price of component i at time t.

$P_{i,t-1}$  = prior price of component i at time t.

$D_{i,t}$  = the dividend amount per share of component i at time t.

## 3.5 Corporate Actions

### 3.5.1 Capital increases and decreases

The Indices' Components are ETFs and any increase or decrease in the outstanding number of shares will be via an Authorized Participant's creation and redemption mechanism, which, in theory, should not impact the price of the shares of the ETF.

### 3.5.2 Share splits and reverse splits

In the case of share splits or reverse splits it is assumed that the price change is a ratio to the number of shares issued in the split, or redeemed in the reverse split, and the current shares outstanding. The performance adjustment to the Index is calculated as follows:

Share split:

$$SS_{i,t} = \begin{cases} \text{split} = \text{true}, & \left( \frac{P_{i,t} - P_{i,t-1}}{P_{i,t}} \right) \\ \text{split} = \text{false}, & 0 \end{cases}$$

Reverse split:

$$RS_{i,t} = \begin{cases} \text{split} = \text{true}, & \left( \frac{P_{i,t-1} - P_{i,t}}{P_{i,t}} \right) \\ \text{split} = \text{false}, & 0 \end{cases}$$

Where:

$SS_{i,t}$  = the performance adjustment for a stock split of component i at time t.

$RS_{i,t}$  = the performance adjustment for a reverse stock split of component i at time t.

$P_{i,t}$  = post-split, price of component i at time t.

$P_{i,t-1}$  = pre-split, price of component i at time t.



## 4. MISCELLANEOUS

### 4.1 Recalculation

Index One aims to calculate and distribute Index values on a timely basis according to the Index Methodology. Under circumstances where either Index One or a user of the Index detects errors in values or delivery, Index One may issue a correction to the Index values, components, or corporate action adjustments.

As a general rule, Index One will issue a correction in cases where the price impact of the error is larger than 1 basis point. Index One will also consider the impact of component changes on stakeholders as a result of corrections.

## 5. DEFINITIONS

A “**Business Day**” is any day on which the New York Stock Exchange is open for trading.

The “**Exchange**” is, in respect of the Index and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Committee may decide to declare a different exchange the Exchange for trading reasons, even if the company is only listed there via a Stock Substitute.

An “**Extraordinary Event**” is a Merger, a Takeover Bid, a Delisting, the Nationalization of a company, Insolvency, or any other event that the committee deems extraordinary.

An Index Component is “**Delisted**” if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in, or the issuing of public quotes on the Index Component at the Exchange. The Exchange may cease immediately or will cease at a later date, for whatever reason (provided the Delisting is not because of a Merger or a Takeover Bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator.

“**Insolvency**” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

A “**Takeover Bid**” is a bid to acquire, an exchange offer, or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

With regard to an Index Component, a “**Merger**” is

1. a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
2. a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index



- Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
3. a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares that are held and controlled by the legal person), or
  4. a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

The “**Merger Date**” is the date on which a Merger is concluded or the date specified by the Index Calculator if such a date cannot be determined under the law applicable to the Merger.

“**Nationalization**” is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalized or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

A “**Stock Substitute**” includes in particular, American Depository Receipts (ADR) and Global Depository Receipts (GDR).

With regard to an Index Component (subject to the provisions given above under “Extraordinary Events”) the “Trading Price” in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to it.

The “**Index or Indices**” means the:

PMV Downside Defender Index  
PMV Downside Defender Index – 50% Participation  
PMV Downside Defender Index - 150% Participation  
PMV Downside Defender Index - 200% Participation

The “**Index Calculator**” is Index One or any other appropriately appointed successor in this function.

The “**Index Component**” is each ETF currently included in the Index.

The “**Index Currency**” is USD.

The “**Index Methodology**” is this document.

A “**Market Disruption Event**” occurs if:

1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:
  - a. trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):
    - i. across the whole Exchange; or
    - ii. in options or futures contracts on or with regard to an Index Component or an Index Component that is quoted on an Affiliated Exchange; or
    - iii. on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or
  - b. an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a share included in the Index or to determine market values for a share included in the Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts.
2. trading on the Exchange or an Affiliated Exchange is ceased prior to the “**Normal Exchange Closing Time**”, which is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours. An exception to this classification as a Market Disruption Event is where the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before
  - a. the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question or, if earlier.
  - b. the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.
3. a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes its decision based on those circumstances that it considers reasonable and appropriate.

The “**Rebalance Day**” is the first Business Day of each month.

A “**Trading Day**” is in relation to the Index or an Index Component a Trading Day on the Exchange (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the normal Exchange closing time. The



Index Calculator is ultimately responsible as to whether a certain day is a Trading Day with regard to the Index or an Index Component or in any other connection relating to this document.

The “**Weight of the Index Component**”: are in respect of an Index Component and any given Business Day the weight of the component included in the Index. It is calculated for any Index Component as the ratio of (A) the Percentage Weight of an Index Component adjusted by performance and (B) the sum of the weights of the index adjusted for performance.



## 6. APPENDIX

### 6.1 Contact Information

#### **Index One**

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