



SUMMARY

The AG Dillon Pre-IPO Stock Vintage Index seeks to offer investors a benchmark on how the largest late stage venture backed private companies by valuation have performed. The Index aims to be investable and allow portfolio managers the ability to minimize tracking error. The Index's distributed to paid-in capital (DPI), residual value to paid-in capital (RVPI), and total value to paid-in capital (TVPI) are published weekly.

INDEX REQUIREMENTS FOR INVESTABILITY AND MINIMIZING TRACKING ERROR

Investability for late stage venture backed private companies is unique and different from buying and selling public market stocks. These difference are considered in the Index's methodology and include;

Liquidity. The Index has a liquidity screen. Most late state venture backed private companies are available for purchase in the private secondary market. Liquidity in these stocks mirrors the bond market, i.e. an over the counter market. Liquidity includes transactions directly in the private company's stock (purchaser is listed on the private company's cap table) or transactions in special purpose vehicles (SPVs) where the only asset in the SPV is the private company stock (this is very similar to how ADRs work for foreign stocks being bought off a US stock exchange). If ApeVue data has no bids/asks for a specific private company stock that stock is considered illiquid and is eliminated from the investment universe.

Tracking Error. The Index does not rebalance or reconstitute to empower portfolio managers to minimize tracking error. Transacting in the private stock market is expensive and time consuming. Transactions often take 3 to 4 months creating natural tracking error in a real world portfolio compared to the Index which can add a position instantly. Each real world private market stock transaction is unique and requires fund counsel to review transaction agreements to allow fund portfolio managers to understand transaction risks. Legal expense is often material and adds to tracking error.

Reinvestment. The Index does not reinvest after a liquidity event; e.g. IPO or M&A. The Index assumes that portfolio managers will immediately distribute capital to investors after a liquidity event.

PERFORMANCE REPORTING

The Index is calculated on company valuation data. Valuation data does not include dilution and therefore performance data will be overstated. Index data should be used for illustrative purposes only.

Entry market valuation. Prior to Jan 1, 2022, all private company valuations are based on the last primary round valuation. After Jan 1, 2022, all private company valuations are based on the current implied valuation. This formula is used;

$$\text{Current Implied Valuation} = \text{Last Primary Round Valuation} \times (1 + (\text{Current 2ndary Price} / \text{2ndary Price at Last Primary Round}) - 1))$$

Exit valuation. The valuation at exit is assumes to be the final valuation for the private company stock when calculating performance.

Current market valuations. Current market valuation for private market companies that have secondary market liquidity use the Current Implied Valuation formula above. For private market companies that do not have secondary market liquidity, AG Dillon & Co determines the company's current market valuation. (Note: AG Dillon & Co is only valuing 6 companies as of Mar 2024. All other companies have had an exit or have secondary market liquidity)

DATA SOURCES

- Pitchbook for primary market round valuation data
- ApeVue for secondary market data from Jan 1, 2021 and after
- AG Dillon & Co for primary market round valuation data and secondary market data if (a) not available from Pitchbook or ApeVue or (b) if Pitchbook or ApeVue data is known to be inaccurate

VINTAGES, INCEPTION DATES, & HISTORY

- Vintages. The Index starts a new vintage each year.
- Inception Date. New vintage indexes incept on Jan 1.
- History. 20 vintage indexes have been created; 2005 to 2024.

PUBLICATION FREQUENCY

Index data is published weekly.

NUMBER OF CONSTITUENTS

There are 10 constituents in each vintage index.

GEOGRAPHIC EXPOSURE

The Index includes private companies located in the North America, Europe, and Oceania. These regions include the following countries;

- North America: US, Canada
- Europe: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom
- Oceania: Australia, New Zealand

CONSTITUENT WEIGHTING

Index constituents are equally weighted.

INDEX CONSTRUCTION

The initial investment universe leverages the following screen using Pitchbook data;

Prior to Jan 1, 2022.

- Backing Status: VC backed, Accelerator/Incubator-backed, Angel-backed, Formerly VC backed, Formerly Accelerator/Incubator-backed, Formerly Angel-backed
- Deal Type: All VC States, All Round Numbers, All Series

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- Deal Date: A company that has raised a primary round in the trailing 24 months from Dec 31 of vintage's prior year; e.g. 2024 vintage considers Dec 31, 2021 to Dec 31, 2023. The Index seeks to avoid "zombie" private market companies, or private market companies that are no longer growing and do not require additional capital.
- Exclusions: S-1 filed for IPO, acquisition announced but not yet completed, negative news as determined by AG Dillon & Co

The 10 largest private market companies by post-money valuation are selected for inclusion in that year's vintage index.

After Jan 1, 2022.

The index construction approach used prior to Jan 1, 2022 is used for vintages constructed after Jan 1, 2022 however two additional criteria are included;

Secondary Market Liquidity Screen. ApeVue data is leveraged to determine a private market stock's liquidity as detailed above in the Index Requirements for Investability and Minimizing Tracking Error section.

Secondary Market Price Impact on Valuation. Current market valuations are used to select the top 10 largest private market companies as detailed above in the Performance Reporting section.