The Uncapped Accelerator: A New Era of Target Growth Strategies

Authors: **Karan Sood,** Founder and CEO, & **Samuel Moore**, Associate Vice President of Product Management

Introducing a better way to pursue growth—without limits.

Financial advisors know that chasing returns is a continuous challenge—cycling between trends, reacting to short-term performance, and second-guessing strategies. But what if there was a better way to potentially deliver growth—without the guesswork?

The Uncapped Accelerator is part of Vest's Target Outcome Strategies®—a suite of solutions designed to deliver clear outcomes across three strategic pillars: protection, income, and growth. Each pillar is built to address a core investor need—whether it's protecting against losses, generating steady income, or capturing growth. Together, they form a toolkit for building portfolios around clear outcomes rather than uncertain exposures.

As the latest evolution in the Target Growth category, the Uncapped Accelerator offers the potential for amplified upside with defined risk—offering a disciplined alternative to traditional growth methods like active stock-picking or factor-based investing.

How it Works:

- Investors accept a small deductible in flat or modestly rising markets.
- Once growth exceeds a preset threshold, returns are magnified—without any upper limit.

I. Why the Uncapped Accelerator?

Equities are a cornerstone of long-term financial planning—supporting retirement income, capital preservation, and future spending goals. Yet the drive to "beat the market" often undermines that mission, prompting investors to chase trends, react to short-term movements, or abandon strategies at the worst possible times.

The Uncapped Accelerator offers a disciplined, systematic approach to growth—eliminating the need for market timing or reactive decisions. Advisors can guide clients to capture equity growth without constant adjustments.

The Evolution of Target Growth Strategies

Vest's original Target Growth Strategies are based on a 2x-up-to-a-cap model—doubling market returns up to a defined ceiling while exposing the investor to 1x downside. This approach served those with modest growth expectations but revealed a critical limitation for investors with stronger growth bias—it capped returns during strong market rallies.

In high-growth years like 2020 or 2023, when equity gains were driven by a few concentrated surges, capped strategies often left growth-oriented investors underexposed.

These investors didn't want unlimited risk—they wanted uncapped opportunity with defined risk parameters.

The Uncapped Accelerator was designed to address this specific need, offering uncapped growth potential without arbitrary limits.

The Innovation—Uncapped with a Deductible

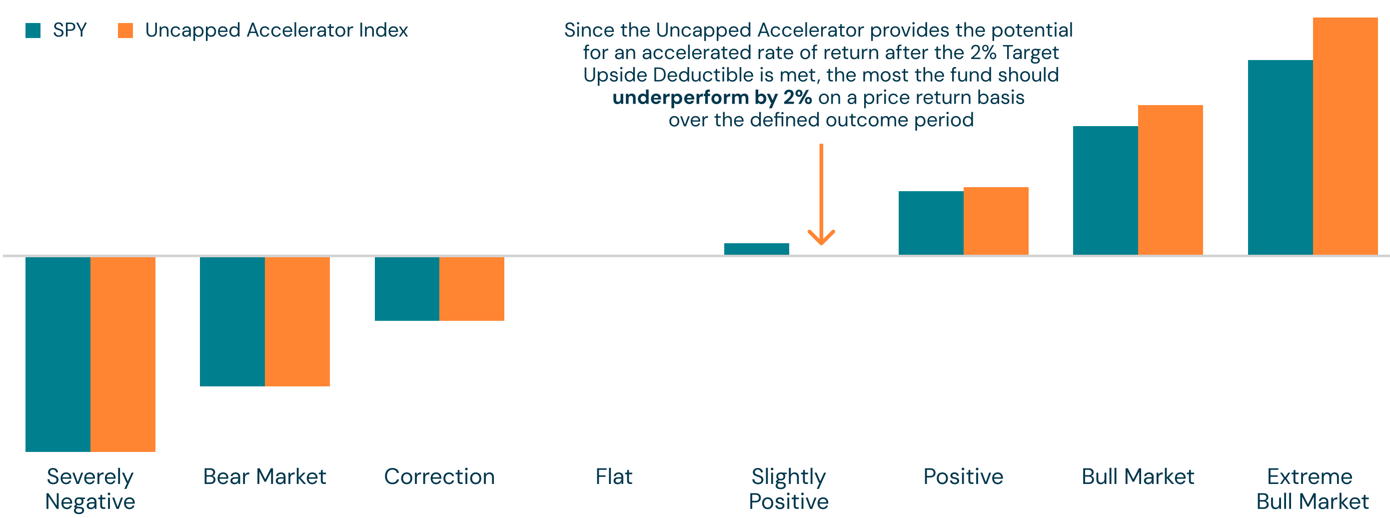
At the heart of the Uncapped Accelerator is a simple, practical trade-off: rather than capping gains, investors forgo a narrow "deductible" band—say, the first 2% of return—in exchange for unlimited, enhanced participation above that threshold, measured from the beginning to the end of the defined outcome period.

How it works:

- Down markets (<0%): losses pass through one-for-one, with no downside enhancement.
- Flat to modest gains (0% – 2%): returns are absorbed by the deductible, resulting in limited or zero growth.
- Beyond the deductible (>2%): returns are amplified by a preset acceleration factor, with no ceiling.

Think of it as a toll booth on the road to growth—pay a small fee to access the highway of potentially amplified returns.

Figure 1: Hypothetical Total Return Uncapped Accelerator vs. SPY



Source: Vest Financial. These examples illustrate potential outcomes at the end of each Target Outcome Period based on hypothetical reference-asset returns. They are provided for illustrative purposes only; actual results may vary.

II. Predictability with Purpose

Structured Growth with Clarity

Traditional growth strategies often rely on stock picking, sector allocations, factor section, or market-timing decisions—each introducing subjective elements and unpredictability.

The Uncapped Accelerator seeks to remove uncertainty with a clear, outcome-focused design:

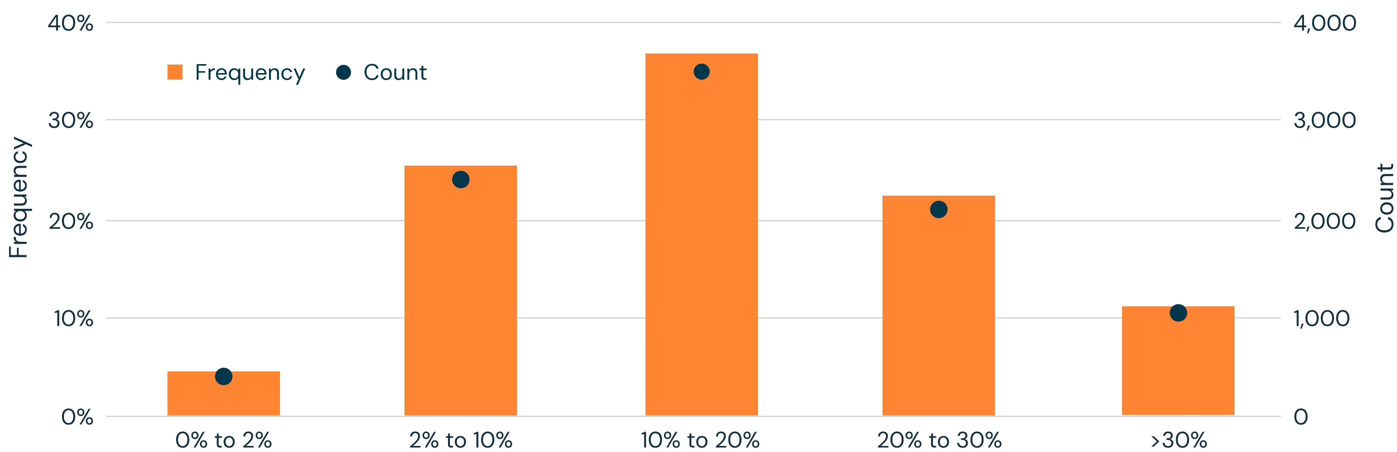
- **Worst-Case Scenario:** The strategy may lag the reference asset on a price return basis by a known amount (the deductible).
- **Best-Case Scenario:** The strategy outperforms the reference without an upper limit.

This is more than a clever structure—it's clarity you can plan around. Advisors can model, project, and build portfolios with confidence, knowing exactly how the strategy is designed to behave: no black boxes, no behavioral traps.

Minimal Exposure to the "Dead Zone"

The Uncapped Accelerator's unique advantage is its limited exposure to the "dead zone"—the narrow band of flat returns between 0% and +2%, where the strategy does not participate in the upside of the reference asset over the 12-month outcome period. Since 1974, the S&P 500 has occupied this range in only about 4.4% of rolling positive 12-month periods. Most positive years delivered double-digit gains—where the Accelerator's enhanced upside shines.

Figure 2: History Favors the Bold: 10%+ Rallies Dominate the Tape



Source: Bloomberg. Data shows daily rolling price returns of 12-month periods from 12/31/1974 – 12/31/2024 for the S&P 500® Index. Past performance is no guarantee of future results. For illustrative purposes only and not indicative of any actual investment. It is not possible to invest directly in an index.

III. A Historical Analysis

Historical Performance of an Uncapped Accelerator Index

Empirical evidence underscores the Uncapped Accelerator's advantage: a historical analysis of the MerQube US Large Cap January Uncapped Accelerator Index (MQU1802F)—referred to as the "Uncapped Accelerator Index"—demonstrates how this strategy offers the potential for accelerated equity growth while maintaining clear, rules-based risk controls.

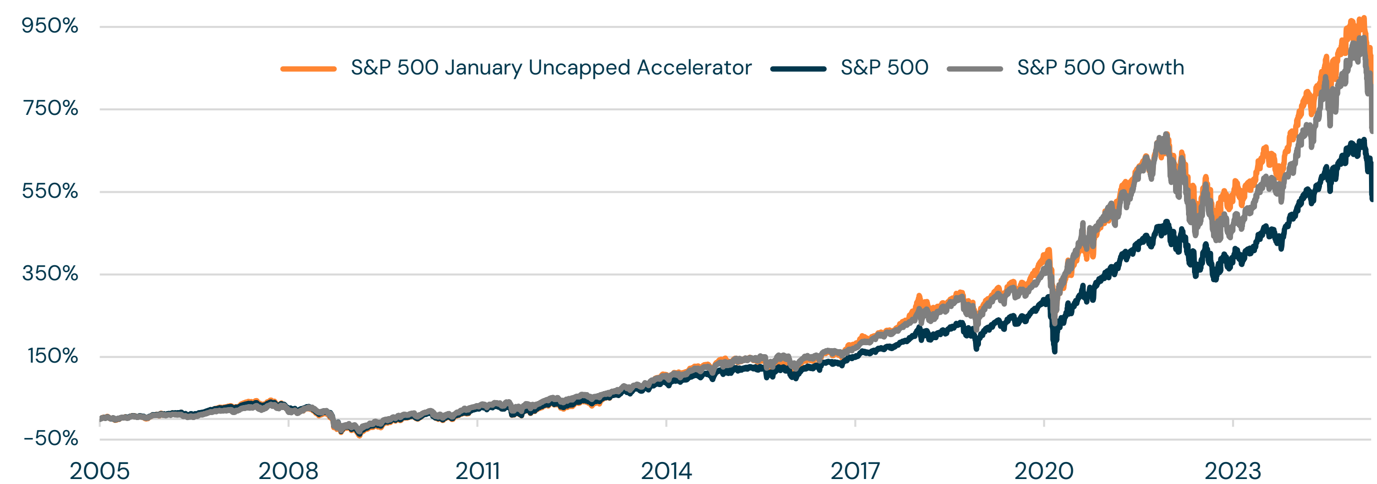
The Uncapped Accelerator Index is calculated and disseminated by MerQube, Inc. It resets annually on the third Friday in January, using the S&P 500 as its underlying asset. The acceleration feature activates only after the index achieves a 2% price return over the defined outcome period.

Although the Uncapped Accelerator Index was officially launched in January 2025, a historical analysis of its backtested, hypothetical performance from January 2005 to April 2025 reveals a consistent pattern. During each 12-month roll-to-roll period, the index closely tracked the S&P 500's price returns during market declines, while shifting to a growth-oriented profile during stronger rallies—delivering accelerated gains without the deeper drawdowns or tracking error spikes typical of traditional growth benchmarks.

Over the full backtested period, from January 2005 through April 2025, the Uncapped Accelerator index delivered:

1. A cumulative excess return of +255% over the S&P 500 Total Return Index.
2. +50% over the S&P 500 Growth Total Return Index.
3. It closely mirrors the S&P 500's downside in bear markets (on an ex-dividend basis).

Figure 3: Compounding Edge - Accelerator vs. S&P 500 & Growth Since 2005



Jan 2005 to April 2025 (Annualized)	Jan Uncapped Accelerator	S&P 500	S&P 500 Growth
Cumulative Return	861.3%	606.3%	811.3%
+/-	255.0%	0.0%	205.1%
Annualized Return	11.8%	10.1%	11.5%
+/-	1.7%	0.0%	1.4%

Source: Bloomberg. Data from 1/21/2005 to 4/30/2025. S&P 500 January Uncapped Accelerator is represented by the MerQube US Large Cap January Uncapped Accelerator Index.

Important Disclosure on Back-Tested Performance: The performance shown for the MerQube US Large Cap January Uncapped Accelerator Index (MQU1802F) from January 2005 through January 2025 is hypothetical, based on back-tested data generated before the index was launched. Back-tested results are produced with the benefit of hindsight and reflect assumptions that may have favored performance. They are presented for illustrative purposes only, do not represent actual trading, and do not guarantee future results. Actual returns of any investment vehicle designed to track the Index could differ materially. Investors cannot invest directly in an index.

Consistent Performance Across Market Cycles

The Uncapped Accelerator Index's edge isn't confined to decade-long bull runs; in this analysis, its advantage persists through full contraction-and-rebound phases, measured from one January reset to the next.

2022–2024: Inflation Shock to AI-Led Rally

- **Defense:** During the inflation-driven sell-off of 2022—and aligning performance with the indices' reset dates (Jan 21, 2022–Jan 20, 2023)—the S&P 500 fell -8.2%, and the S&P 500 Growth Index tumbled -17.6%. The Uncapped Accelerator Index declined -9.6%, essentially matching the broad market (ex-dividends) while cutting the Growth Index's drawdown nearly in half.
- **Offense:** From Jan 20, 2023, to Jan 19, 2024, robust mega-cap earnings and sustained AI enthusiasm propelled the Accelerator Index +26.8%, outpacing the S&P 500's +23.8% and narrowing the gap with the Growth Index's +30.5%. Over the full 24-month window, the Uncapped Accelerator Index finished ahead of both benchmark indices—softening the downturn and magnifying the rebound.

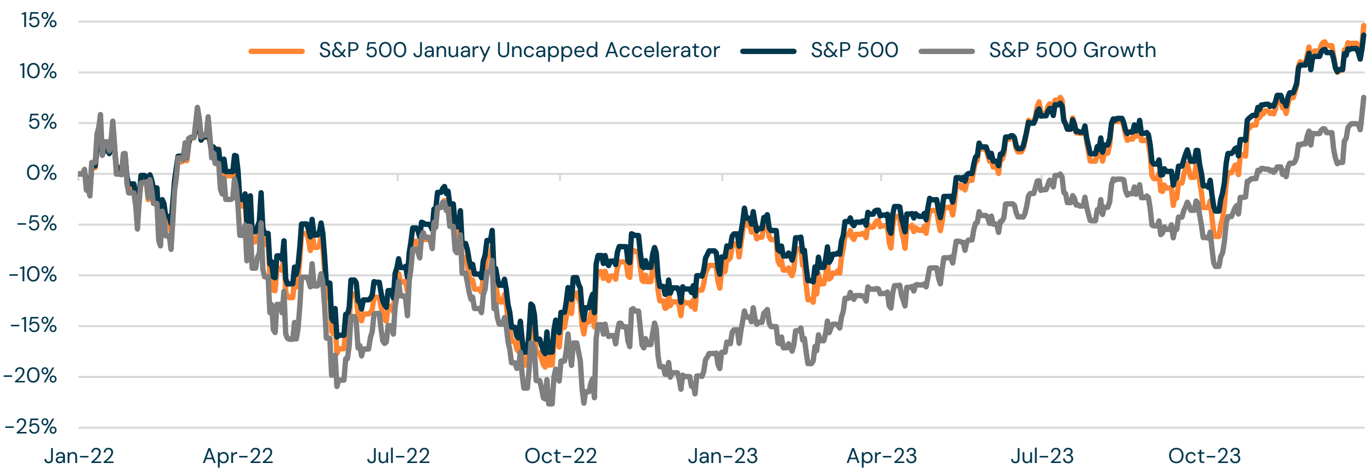
2018–2020: Volatility Spike and Recovery

- After mirroring the S&P 500's late-2018 slide, the Accelerator Index surged through 2019, ending the Jan 2018 – Jan 2020 period 5.2% ahead of the S&P 500 Total Return Index.

2008–2010: Global-Financial-Crisis Bust-and-Bounce

- During the crisis drawdown, the Accelerator Index tracked the benchmark lower, then outpaced it in the rebound—demonstrating how its built-in convexity rewards patience even when sentiment is bleak.

Figure 4: Bear-to-Bull Proof: Outrunning Benchmarks in the 2022–2024 Reset



2022-2024 (Annualized)	Jan Uncapped Accelerator	S&P 500	S&P 500 Growth
2022 (Bear)	-9.61%	-8.18%	-17.57%
2023 (Bull)	26.97%	23.95%	30.65%
Combined	7.08%	6.64%	3.71%

Source: Bloomberg. Data from 1/21/2022 to 1/19/2024. S&P 500 January Uncapped Accelerator is represented by the MerQube US Large Cap January Uncapped Accelerator Index.

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IV. Comparative Certainty: Structured Growth vs. Guesswork

Not all growth strategies are built alike. The Uncapped Accelerator combines deliberate growth with clear, rules-based outcomes—setting it apart from unsystematic approaches that rely on shifting factor bets or discretionary stock selection.

Figure 5: How The Uncapped Accelerator Compares

Strategy Type	Potential for Outperformance	Risk of Underperformance	Predictability
Uncapped Accelerator	High, via uncapped amplified upside	Capped at deductible (e.g., 2%)	High
Active Stock Selection	Unbounded, dependent on manager	Unbounded, may significantly lag	Low
Factor-Based Investing	Moderate, based on historical factors	May underperform in certain cycles	Medium-Low

The Shortcomings of Active Stock Selection

Active stock selection is often presented as a way to beat the market—driven by stock picking, market timing, or tactical adjustments to generate outperformance. But the reality is far less reliable.

Among the 538 actively managed mutual funds classified as U.S. Equity Large Cap Blend by their Morningstar Global Category:

- Only 16.8% beat the S&P 500 over the past year (5/1/2024 - 4/30/2025).
- Even across a three-year period, the success rate is only modestly better, with 22.3% ahead of the benchmark (period ending 4/30/2025).
- Just 5% of managers outperformed across back-to-back three-year periods (2019–2022 and 2022–2025, each period ending April 30).

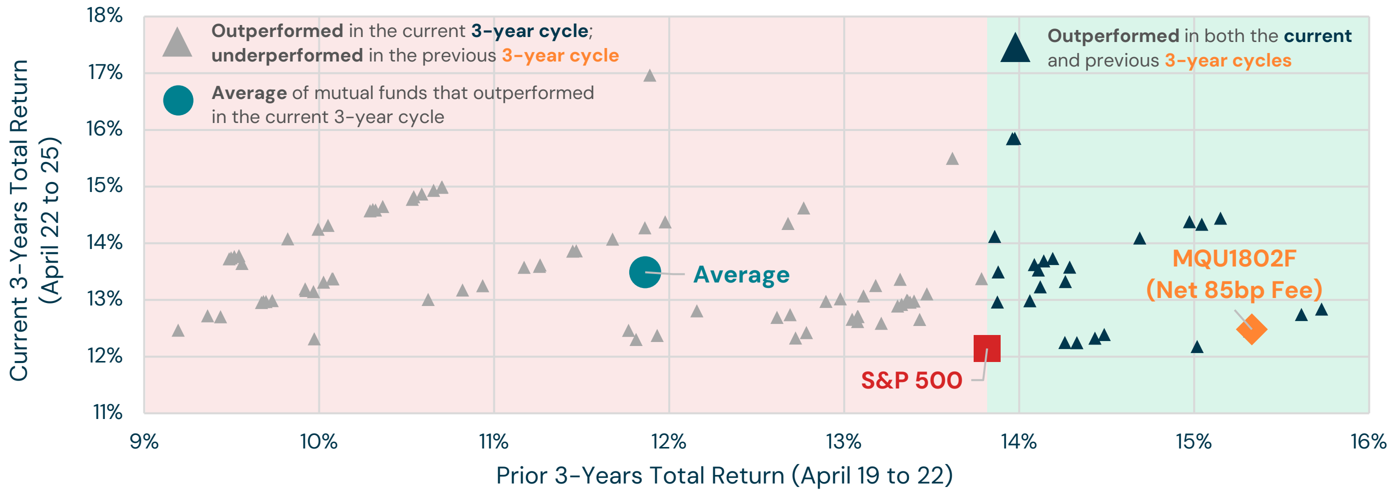
For an apples-to-apples comparison, we apply a hypothetical 0.85% annual expense ratio—roughly in line with peer funds—to the January Uncapped Accelerator Index. Even after this fee drag, the index still outperformed the S&P 500 in both periods, placing it squarely within the elite 5% cohort.

Figure 6: Percentage of Active U.S. Large Cap Blend Equities MF Outperforming the S&P 500

Performance Comparison	1-Year	3-Year	5-Year
Outperforming	16.79%	22.28%	18.39%
Underperforming	83.21%	77.72%	81.61%

Source: Morningstar Direct, data as of 4/30/2025. Universe includes all active mutual funds that Morningstar classifies in the Global Category— Large Cap Blend Global Category.

Figure 7: Manager Reality Check: Repeat Outperformance Is Scarce



Source: Morningstar Direct. Data as of 4/30/2025. Universe includes all active mutual funds that Morningstar classifies in the Global Category- US Fund Large Cap Blend.

Important Disclosure on Back-Tested Performance: The performance shown for the MerQube US Large Cap January Uncapped Accelerator Index (MQU1802F) from April 2019 through April 2025 is hypothetical, based on back-tested data generated before the index was launched. Back-tested results are produced with the benefit of hindsight and reflect assumptions that may have favored performance. They are presented for illustrative purposes only, do not represent actual trading, and do not guarantee future results. Actual returns of any investment vehicle designed to track the Index could differ materially. Investors cannot invest directly in an index.

The Key Takeaway: Growth with Guardrails

The Uncapped Accelerator isn't attempting to outperform through stock picking or factor timing. Instead, it succeeds by focusing on outcomes. Unlike active management or factor investing—which depend on manager skill or market predictions—the Uncapped Accelerator is contractually structured to deliver results according to its predefined rules.

Simply put: It's growth with guardrails.

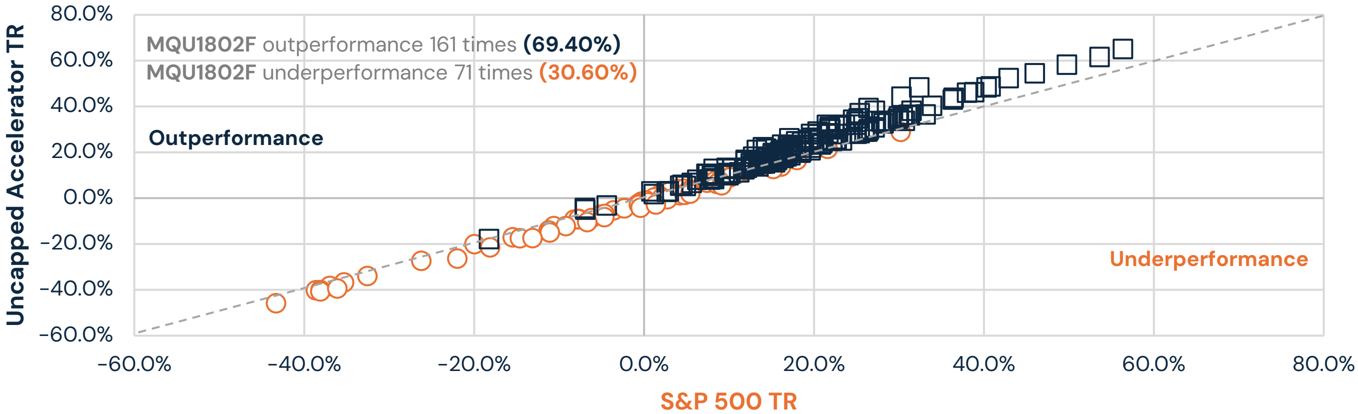
- Risk is not eliminated, but it is clearly defined (the deductible).
- Reward is not guaranteed, but it is transparently amplified.

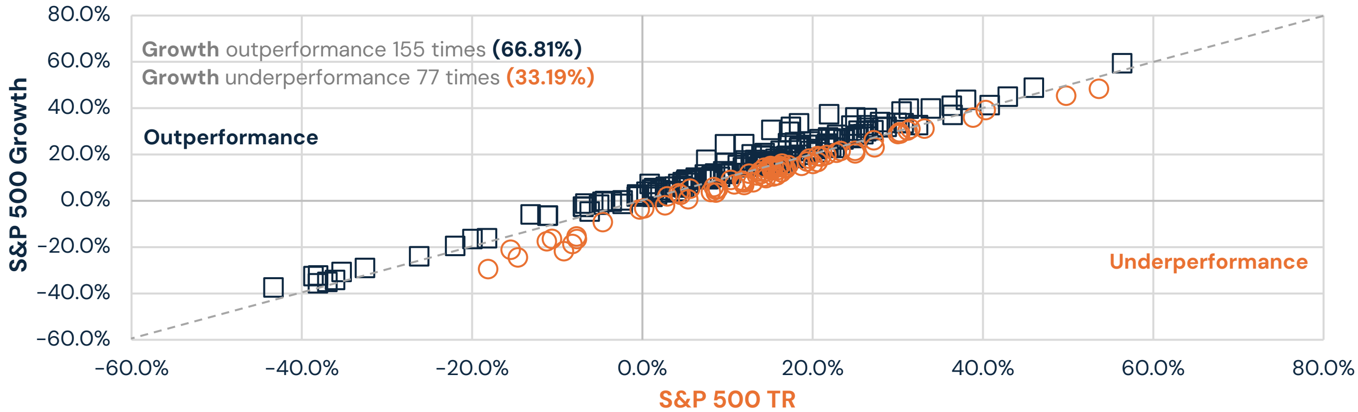
Reliable Performance: Consistent Outperformance

Since back-testing began in January 2005, the Uncapped Accelerator Index has demonstrated a level of performance that is both evident and measurable. Across rolling three-year periods, it outpaced the S&P 500 in approximately 82% of observations. Even over rolling 12-month periods, it outperformed roughly 69% of the time—slightly ahead of the S&P 500 Growth Index's 67% success rate.

But consistency isn't just about frequency—it's about how those gains are achieved. Traditional growth strategies often produce returns that scatter widely, swinging above and below the market with significant volatility and tracking error. By contrast, the Uncapped Accelerator Index delivers a more disciplined pattern: its data points cluster tightly during muted market conditions and maintain alignment with the S&P 500. As markets strengthen, the index's returns fan upward—delivering enhanced gains without the erratic swings that can disrupt portfolios.

Figure 8: Reliability You Can See — Uncapped Accelerator's Steadier, More Frequent Outperformance





Source: Bloomberg. Data from 1/21/2005 to 4/30/2025.

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Reliability Across Multiple Factors: The Factor League Table

The Uncapped Accelerator Index's consistency extends beyond broad market benchmarks to the S&P 500's traditional factor indices. In an analysis of 12-month rolling periods since January 2014, only two approaches—the Uncapped Accelerator Index and the S&P 500 High Dividend Index—topped the annual league table three times. But the similarity ends there.

High Dividend's wins came at a cost: it landed in last place in 45% of periods, reflecting the boom-and-bust profile also seen in strategies like Momentum and Multi-Factor. These approaches experienced sharp swings—often leading in one year and lagging the next.

By contrast, the Uncapped Accelerator Index never finished last over the same 11-year period. The only other factor with a perfect record of avoiding last place—Quality—still underperformed the S&P 500 in 73% of periods.

Figure 9: 12-Month Factor League Table (Jan 2014 – Jan 2025)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Uncapped Accelerator 38.5%	High Dividend 25.6%	Momentum 1.6%	High Dividend 30.5%	Uncapped Accelerator 38.5%	Low Vol 2.9%	Uncapped Accelerator 35.1%	Growth 31.0%	High Dividend 27.2%	Multi Factor 3.3%	Growth 30.5%	Momentum 45.3%
Multi Factor 28.7%	Low Vol 20.1%	Growth 0.1%	Value 26.9%	Momentum 35.6%	Momentum 0.7%	Quality 30.3%	Momentum 27.4%	Multi Factor 19.7%	High Dividend 2.5%	Uncapped Accelerator 26.8%	Growth 34.6%
Momentum 28.0%	Growth 13.9%	Low Vol -1.3%	Uncapped Accelerator 26.9%	Multi Factor 33.7%	Growth 0.1%	Growth 29.3%	Uncapped Accelerator 21.1%	Value 18.9%	Value 1.8%	Momentum 24.3%	Multi Factor 29.9%
Growth 27.8%	Uncapped Accelerator 13.1%	S&P 500 -3.6%	S&P 500 21.7%	Growth 32.0%	High Dividend -0.6%	S&P 500 27.2%	S&P 500 17.5%	Low Vol 17.8%	Low Vol -0.9%	Quality 24.1%	Uncapped Accelerator 28.9%
S&P 500 26.4%	S&P 500 12.1%	Multi Factor -3.9%	Multi Factor 19.1%	S&P 500 26.2%	S&P 500 -3.1%	Low Vol 26.5%	Quality 16.3%	Uncapped Accelerator 17.1%	Momentum -3.7%	S&P 500 23.8%	S&P 500 25.6%
Value 24.9%	Multi Factor 10.9%	Uncapped Accelerator -5.6%	Quality 19.0%	Quality 23.7%	Uncapped Accelerator -5.0%	Value 24.9%	Multi Factor 11.0%	Quality 16.8%	Quality -6.3%	Value 16.7%	Quality 24.5%
Quality 24.9%	Quality 10.6%	Quality -5.8%	Growth 16.8%	Value 19.6%	Quality -6.2%	Multi Factor 22.4%	Value 1.8%	S&P 500 16.1%	S&P 500 -8.2%	Multi Factor 9.8%	High Dividend 19.4%
High Dividend 22.4%	Value 10.1%	Value -7.5%	Low Vol 15.9%	Low Vol 18.3%	Value -6.5%	Momentum 21.4%	Low Vol -3.2%	Growth 13.2%	Uncapped Accelerator -9.6%	Low Vol 2.6%	Low Vol 15.1%
Low Vol 18.0%	Momentum 9.0%	High Dividend -8.0%	Momentum 13.2%	High Dividend 13.7%	Multi Factor -7.3%	High Dividend 16.2%	High Dividend -8.6%	Momentum 9.1%	Growth -17.6%	High Dividend -1.7%	Value 14.8%

Source: Bloomberg, 1/18/2013 – 1/17/2025. Performance is assessed over 11 consecutive "outcome periods," each running from one January roll date of the MerQube US Large Cap January Uncapped Accelerator Index (MQU1802F) to the next. Results for the Uncapped Accelerator (MQU1802F) are compared with key S&P 500 factor benchmarks—Growth (SGX), Value (SVX), Momentum (SP500MUP), Low Volatility (SP5LVI), High Dividend (SPXHDUT), Quality (SPXQUP), and Multi-Factor (SPXQVMUT)—providing an apples-to-apples view of relative performance across each period. Past performance is not indicative of future results.

V. Strategic Applications: Making the Uncapped Accelerator Work for You

The Uncapped Accelerator isn't just a powerful growth strategy—it's a versatile tool that can enhance portfolios in multiple ways. Financial advisors can leverage it to solve a range of client needs, from core growth to targeted diversification.

Three Strategic Roles:

1. **Amplify Core Growth:** Use the Uncapped Accelerator as a growth engine within a broader equity portfolio. It can replace a portion of traditional market exposure (like S&P 500) for the potential of higher compounded returns.
2. **A Better Alternative to Active Management:** Swap high-cost active strategies for a systematic, transparent approach. The Uncapped Accelerator avoids the unpredictability of stock-picking and reduces management expenses.
3. **Complement to Target Buffer® and Target Income:** Integrate the Uncapped Accelerator alongside Target Buffer® and Target Income strategies, creating a balanced solution that addresses growth, protection, and income.

This strategy allows advisors to allocate with confidence—leveraging a clear, rules-based approach that requires minimal ongoing management while offering significant growth potential.

VI. Conclusion: Defined Growth with Control

The Uncapped Accelerator represents a breakthrough in growth strategy design—offering the potential for amplified, uncapped upside in exchange for a small, clearly defined deductible. It redefines what it means to pursue equity returns responsibly—balancing ambition with prudence, and innovation with transparency.

This strategy embodies the core promise of Target Outcome Strategies®: delivering structured exposure, defined risk, and clear expectations across known time horizons. It empowers investors to grow their wealth with confidence—free from the uncertainty of predictions or the distractions of passing fads.

In an unpredictable market landscape, the Uncapped Accelerator delivers what investors truly value: clarity, control, and the confidence to grow.

Disclosures

The MerQube US Large Cap January Uncapped Accelerator Index (MQU1802F) seeks to offer enhanced upside participation in the SPDR® S&P 500® ETF Trust (SPY). It is designed to accelerate upside performance whenever SPY records a positive price return exceeding a 2% deductible during the defined outcome period. The index delivers uncapped exposure to SPY's gains—allowing investors to potentially amplify returns in bullish markets—while tracking SPY one-for-one on the downside, on a price-return basis, from one January roll to the next. Its parameters reset at the end of each outcome period.

The S&P 500 Index (SPX) seeks to track the market-capitalization-weighted performance of 500 large-cap U.S. companies, providing a broad barometer of the U.S. equity market.

The S&P 500 Growth Index (SGX) seeks to measure the returns of S&P 500 constituents that exhibit strong growth characteristics—high sales growth, accelerating earnings-to-price ratios, and positive momentum—offering investors a pure-growth style benchmark.

The S&P 500 Value Index (SVX) seeks to capture the performance of S&P 500 stocks with attractive value attributes, as defined by style scores that emphasize low price-to-book, low price-to-earnings, and high dividend yield metrics.

The S&P 500 Momentum U.S. Dollar Index (SP500MUP) seeks to isolate the S&P 500 names displaying the strongest recent price momentum, rewarding securities with persistent outperformance relative to their peers.

The S&P 500 Low Volatility Index (SP5LVI) seeks to represent the 100 least-volatile stocks in the S&P 500, weighting them inversely by their past 12-month price volatility to provide a lower-risk equity profile.

The S&P 500 High Dividend Total Return Index (SPXHDUT) seeks to track 80 equally weighted S&P 500 companies with the highest dividend yields, offering a benchmark for income-oriented equity strategies that includes dividend reinvestment.

The S&P 500 Quality U.S. Dollar Index (SPXQUP) seeks to highlight S&P 500 constituents scoring highest on quality factors—superior return on equity, low accruals, and prudent financial leverage—creating a portfolio of fundamentally strong companies.

As with any investment strategy, there is the risk of losing some or all of your investment. Past performance is not a guarantee of future results, and current performance may be higher or lower than the performance quoted. Investment returns and principal value will fluctuate, and shares, when sold or redeemed, may be worth more or less than their original cost. It is not possible to invest directly in an index.

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The performance shown for the Index includes hypothetical backtested data. The backtested performance was derived from the retroactive application of a model over the period indicated. Hypothetical back tested performance does not guarantee future results and is for illustrative purposes only. The actual performance of investment vehicles that seek to deliver the performance of the Index can be significantly lower than that of the Index. There are inherent limitations of data derived from the retroactive application of a model, particularly that model returns do not reflect actual trading.

Backtested performance information is purely hypothetical and is provided solely for informational purposes. Backtested performance does not represent actual performance and should not be interpreted as an indication of actual performance. The trading strategies retroactively applied were not available during the periods presented.