



VettaFi FACTOR Indices Methodology

- VettaFi Pure Quality Index VFPQ
- VettaFi Quality Growth Index VFQG
- VettaFi Quality Low Volatility Index VFQLV

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Introduction

Index Objective

The VettaFi Pure Quality index measures the performance of US companies from their respective starting universes that exhibit the highest quality scores. The indices are subject to sector, security weight and turnover constraints.

The VettaFi Quality Growth index measures the performance of US companies from their starting universe that exhibit highest quality-growth multi factor composite scores. The index is subject to sector, security weight and turnover constraints.

The VettaFi Quality Low Volatility index measures the performance of US companies from their starting universe that exhibit highest quality-low volatility multi factor composite score. The index is subject to sector, security weight and turnover constraints. Sector constraints for Low Vol is based on universe sector weight and sector inverse volatility weights.

Index Family & Highlights

The quality factor is a common factor for security selection within the index family. The VettaFi Pure Quality only uses the quality factor for selection, whereas VettaFi Quality Growth and VettaFi Quality Low Volatility also employ growth and low volatility in their multi-factor approaches.

Dates

Cut off Dates: Last business day of May and November.

Reconstitution Dates: Indexes reconstituted semi-annually on the third Friday of June and December.

Weight Date: Six business days prior to rebalance effective date.

Rebalance Dates: Indexes are rebalanced semi-annually on the third Friday of June and December.

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
VettaFi Factor Scores
VettaFi Generic Factor Algorithm Weighting Methodology Rulebook

Eligibility Criteria and Index Construction

Universe

Index	Index Universe ¹
VettaFi Pure Quality Index	VettaFi 1000 US Large Cap Index
VettaFi Quality Growth Index	VettaFi 1000 US Large Cap Index
VettaFi Low Volatility Core Index	VettaFi 1000 US Large Cap Index

Eligibility Criteria

At each semi-annual 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 Quasi Government.

Index Construction

Applicable Factors

Index	Factors
VettaFi Pure Quality Index	Quality
VettaFi Quality Growth Index	Quality, Growth
VettaFi Quality Low Volatility Index	Quality, Volatility

Selection and Weightings

Constituents are selected based on factor ranking to meet sector minimum and maximum weights and 100% portfolio weight. In initial construction minimum sector weights are achieved by selecting top ranked securities, targeting their maximum weights. Constituent maximum weights are a function of a global maximum and a multiple of their weight in the underlying universe. After initial construction, current constituents are automatically included if they maintain a minimum score ranking. Once current

¹ As of Rebalance/Reconstitution date.

sectors have been adjusted to meet sector weight constraints, the highest ranked securities are adjusted or added to bring portfolio weight to 100%.

Sector weight ranges are based on the sector weights of the underlying universe. The Quality Low Volatility Index sector weight range is based on an average of the underlying universe sector weights and sector weights based on inverse volatility.

For more details on factors and scores, please refer to “VettaFi Factor Scores” document.

For more details on selection and weighting, please refer to the “VettaFi Generic Factor Algorithm Weighting Methodology Rulebook”. Index parameter values are listed in the appendix.

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 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
VettaFi Pure Quality Index	VFPQP	12/17/99	1000	VFPQT	12/17/99	1000
VettaFi Quality Growth Index	VFQGP	12/17/99	1000	VFQGT	12/17/99	1000
VettaFi Quality Low Volatility Index	VFQLVP	12/17/99	1000	VFQLVT	12/17/99	1000

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

Top Level Composite Score:

Top level composite score is used for constituent selection process.

VettaFi Pure Quality Index: The composite score consists of the quality factor.

VettaFi Quality Growth Index: The composite score consists of quality and growth factors.

VettaFi Quality Low Volatility Index: The composite score consists of quality and low volatility factors.

Parameter Values:

Index	Drop bottom %	Max Multiple	Max Stock Weight %	Max Sector Variance %
VettaFi Pure Quality Index	40	5	7	10
VettaFi Quality Growth Index	60	3	7	10
VettaFi Quality Low Volatility Index	40	5	7	5

Modifications

Disclaimer

The Indices are proprietary to VettaFi. No use or publication may be made of an Index, or any of its provisions or values, without the prior written consent of VettaFi. 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.