



# VettaFi Decrement Index Methodology

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## Introduction

This document describes the methodology used to calculate VettaFi Decrement Indexes (the "Indexes").

A Decrement Index is a strategy that tracks the performance of a specific "Base Index" (or "Underlying Index") while applying a constant, annualized markdown (the "Decrement"). The Decrement is accrued daily and subtracted from the daily performance of the Base Index.

## Definitions and Parameters

Each Index subject to this methodology is defined by specific parameters outlined in its specific index rulebook.

Parameter	Description
Base Index	The underlying index or fund whose performance is being tracked.
Decrement Rate	The fixed annualized percentage rate to be deducted from the Base Index performance.
Day Count Convention	The standard used for annualizing the daily deduction (Default is Actual/360).

## Calculation Methodology

### Overview

The Index is calculated on every Business Day. The calculation reflects the percentage change of the Base Index from the previous Business Day, minus the daily portion of the annualized Decrement Rate.

## Calculation Formula

The Index Value on any given Business Day  $t$  ( $IV_t$ ) is calculated as follows:

$$IV_t = IV_{t-1} \times \left( \frac{U_t}{U_{t-1}} - D \times \frac{Days_{t-1,t}}{Basis} \right)$$

Where:

- $IV_t$  = The Decrement Index Value on Business Day  $t$ .
- $IV_{t-1}$  = The Decrement Index Value on Day  $t - 1$ .
- $U_t$  = The Closing Level of the Base Index on Day  $t$ .
- $U_{t-1}$  = The Closing Level of the Base Index on day  $t - 1$ .
- $D$  = The Decrement Rate.
- $Days_{t-1,t}$  = The number of calendar days between Business Day  $t-1$  and Business Day  $t$ .
- $Basis$  = The Day Count denominator.

## Rounding

The Index Value is calculated to unlimited precision but is disseminated rounded to two (2) decimal places.

## Market Disruption and Data Correction

### Base Index Unavailability

If the Base Index is not published on a scheduled Business Day (due to a holiday or market disruption affecting the Base Index), the Index will generally not be calculated or published for that day. The calculation will resume on the next day the Base Index is published, accounting for the elapsed days in the Day Count fraction ( $Days_{t-1,t}$ ).

## Document History

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1.0.0	Jan 2026	Moshe Greenberg	Policy Creation

## Contact Information

For any questions regarding an index, please contact: [indexgovernance@vettafi.com](mailto:indexgovernance@vettafi.com)

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