



VettaFi Factor Definitions

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Introduction

Objective

This document contains VettaFi factor definitions and details on the multi-factor calculation process. This document should be used in conjunction with the factor indices methodology.

Factor definitions

Factor	Category	Metric	Description
Quality	Profitability	ROE	One year current and one year forward looking
Quality	Solvency	Debt Coverage Ratio	One year current and one year forward looking
Quality	Solvency	Interest Coverage Ratio	One year current
Value	Book to Price	B/P	One year current and one year forward looking
Value	Earnings to Price	E/P	One year current and one year forward looking
Value	Sales to Price	S/P	One year current and one year forward looking
Value	Dividend to Price	D/P	One year current and one year forward looking
Value	Free Cash Flow to Enterprise Value	FCF Yield	One year historical and one year forward looking
Momentum	Momentum	Price momentum	One year risk adjusted time weighted price momentum
Volatility	Volatility	Price volatility	One year of daily data
Income	Dividend Yield	Historical Yield	Historical 12-month div yield
Growth	Earnings growth	EPS growth	Historical 3 year and long-term forward-looking growth
Growth	Free Cash Flow growth	FCF PS growth	Historical 3 year
Quality with volatility tilt	Profitability	ROE	One year current and one year forward looking
Quality with volatility tilt	Solvency	Debt Coverage Ratio	One year current and one year forward looking
Quality with volatility tilt	Solvency	Interest Coverage Ratio	One year current
Quality with volatility tilt	Volatility	Price volatility	One year of daily data

Winsorization

The standard practice is to winsorize the factor values at 5% on both sides, unless otherwise specified in the index methodology.

Z scores

The z-score for each of the underlying factors, for each security is calculated using the mean and standard deviation of the relevant variable within each of the index universes. The z-score is capped at +3 and -3 for each factor. Polarity of each factor is considered while calculating the relevant z score.

Composite Scores

Based on the index strategy, a series of composite scores may be calculated by taking the weighted average of the underlying z scores of the component factors.

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