Jensen Quality Index

JQUI

April 2026

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Introduction

Index Objective

Jensen U.S. Quality Index measures the performance of the largest 100 US companies that demonstrate consistently high ROE for the past 10 years. The index screens with Jensen ROE and gives preference to Non-GAAP data. Constituents are weighted by modified company market cap.

Highlights

The strategy gives priority to Non-GAAP Earnings Per Share data over GAAP data, when available. It applies screening criteria on profitability over the past 10 years for index selection.

Dates

Reference Dates: Close of last business day of May and November

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

Weight Date: 6 business days prior to Rebalance Date.

Rebalance Dates: Indexes rebalance 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

Eligibility Criteria and Index Construction

Universe

The starting universe for each index is as follows:

Index	Index Universe

Jensen Quality Index	VettaFi US Equity 3000 Index

Multiple Share Classes and Dual Listed Companies

Each company is represented once by the listing with the highest liquidity subject to meeting eligibility criteria. Ranking is by company market cap and weighting is by eligible company float market cap.

Index Construction

Constituent Selection

The selection of index constituents from the starting universe is as follows:

- Calculate Jensen ROE for each stock for the most recent year as follows

  [1]Jensen ROE = (Final EPS * Diluted Shares)/(average Common Equity) (1)

  Where:

  Final EPS = Adjusted EPS excluding stock compensation, if available (2)
  Final EPS = Adjusted EPS, when (2) is not available (3)
  Final EPS = Reported GAAP diluted EPS, when (3) is not available (4)
  Average Common Equity = Average of Common equity of the most recent year and Common Equity of the preceding year.

- Calculate Jensen ROE for each of the preceding 9 years using formula in equation 1.
- Stocks with Jensen ROE >= 15% for each of the past 10 years become eligible.
- Select top 100 stocks by company market cap from the eligible universe, to form the index.

Constituent Weightings & Constraints

The steps are as follows:

a. Final constituent weight is calculated as follows:
b. $w_{i,t} = \frac{\text{modified market cap i,t}}{\sum \text{modified market cap i,t}}$

   where:

   $w_{i,t}$ = weight of stock i at the close of day t
   modified market cap $_{I,t}$ = Square root of the company market cap of stock i at the close of day t

[1] Equation 2 and equation 3 refer to Non GAAP data items. Please refer to Appendix section for details.

Index Maintenance

Rebalancing and Reconstitution

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.

Index Information

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
Jensen Quality Growth Index	JNQGRO	12/17/99	1000	JNQGROG	12/17/99	1000

Methodology Updates and Changes

Date	Version	Previous	New
Apr 2026	1.0.0		Initial version of index.

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

When average common equity < 0 and Final EPS < 0 then:
Jensen ROE = -1 * (Final EPS * Diluted Shares)/(average Common Equity)

When average common equity < 0 and Final EPS > 0 then:
Jensen ROE = +1

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