

DSTX

Distillate International Fundamental Stability & Value ETF

Fund Description

DSTX tracks an index of global ex-US large- and midcap stocks that score favourably for financial indebtedness, fundamental stability, and valuation. The portfolio is equally weighted, modified by free cash flow.

FactSet Analyst Report

DSTX's index construction starts by creating an Equity Universe of global, non-US companies that: meet market-cap and liquidity criteria, have a minimum five years of cash flow data available, and have sufficiently low minimum-lot requirements. Next, companies in the Equity Universe are scored based on three fundamental measures: financial indebtedness (a proprietary debt-to-income metric), fundamental stability (volatility of historical and projected cash flows), and valuation (free cash flow-to-enterprise value). Finally, DSTX holds the 100 most undervalued, highest-scoring firms. The index caps weighting on a regional level, also on an individual level, each security receiving a minimum weight of 2/3%, with the remaining 1/3 of the portfolio weight apportioned according to free cash flow. The portfolio is reconstituted quarterly.

