

EQLT

iShares MSCI Emerging Markets Quality Factor ETF

Fund Description

EQLT tracks an index of large- and mid-cap stocks from emerging markets selected for their high quality scores. The portfolio is market cap-weighted, with tilts based on the quality scores derived from fundamental factors.

FactSet Analyst Report

EQLT tracks an index of emerging market stocks perceived to be higher quality. The starting universe begins with large- and mid-cap stocks from the MSCI Emerging Markets Index. The fund calculates a Quality Score for each security using three fundamental metrics: high return on equity, stable year-over-year earnings growth, and low financial leverage. The fund selects securities with higher quality scores until it covers about half of the market-cap within each country in the parent index. The fund then assigns weights by multiplying each security's market-cap weight in the parent index by a Tilt Score. The Tilt Score accounts for the security's quality score and relative market-cap position. The resulting weights are normalized to build the portfolio. Issuers are capped at 5%, along with other country and sector weight limits. The fund may invest in derivatives or engage in securities lending. The index is reviewed and rebalanced semi-annually.