

FCFY

First Trust S&P 500 Diversified Free Cash Flow ETF

Fund Description

FCFY tracks an index composed of the largest U.S. companies that are perceived to have strong free cash flow yields in comparison to other firms within the same GICS sector.

FactSet Analyst Report

FCFY is designed to mirror a broad US sector-neutral index comprising of firms perceived to have strong free cash flow yields in their respective GICS sectors. The fund follows a model akin to the Pacer's Cash Cows line-up in screening for companies with the highest free cash flow yields, but includes those in Financials and Real Estate. Free cash flow yield, a measure of an organizations cash flow generated from operations after expenses, guides the selection process from the S&P 500, with the top 20% within each sector chosen. Non-positive yielding companies are excluded for diversity until sector count meets a threshold. Firms are then weighted by free cash flow yield, each capped between 0.25% and 5% within their sector. The index undergoes semi-annual rebalancing and reconstitution.