

FNDA

Schwab Fundamental US Small Co. Index ETF

Fund Description

FNDA tracks a fundamentally selected and weighted Russell index of small firms based on adjusted sales, retained operation cash flow, and dividends plus buybacks.

FactSet Analyst Report

FNDA offers a slightly different take on small-caps. Instead of a traditional cap-weighted approach, FNDA selects and weights securities based on 5-year averages of retained operation cash flow, adjusted sales, and dividends plus buybacks. As a 'small-cap' index, it selects the bottom 12.5% of the eligibility list. Weights of the Index constituents are further determined annually and are partially reconstituted quarterly, such that the Index is equally split into four segments and each segment is rebalanced on a rolling quarterly basis. Despite its non-vanilla methodology, the fund aligns reasonably well with its cap-weighted benchmark, avoiding major sector and size biases.