

LCOW

Pacer S&P 500 Quality FCF Aristocrats ETF

Fund Description

LCOW is passively managed, seeking to provide exposure to the largest companies in the US with consistent positive cash flow-based financial strength.

FactSet Analyst Report

LCOW tracks an index of US large-cap equities of companies with constant positive free cash flow (FCF). These securities are also determined as having high FCF margins and return on invested capital (ROIC). Selection begins with the initial index universe comprised of the 500 largest companies in the US equity market. Each company is screened to identify those with positive FCF for at least 10 consecutive years, with the exclusion of the real estate sector and certain financial sector industries. Qualified securities are then given an FCF score based on their five-year average FCF margin and ROIC and ranked accordingly. The top 100 companies with the highest scores are selected for inclusion in the index. Weighting is done based on float-adjusted market-cap along with the respective FCF score. Each constituent weighting is capped at 5% max and floored at 0.05%. Sector weighting is also capped at 40% each. The index is reconstituted and rebalanced on a semi-annual basis.