

MFDX

PIMCO RAFI Dynamic Multi-Factor International Equity ETF

Fund Description

MFDX tracks an international, developed-market equity index that selects securities according to a combination of fundamental and technical factors.

FactSet Analyst Report

MFDX's RAFI index aims for increased exposure to outperforming investment factors. The methodology calculates a fundamental weight a stand-in for market cap for each security in its universe, using four metrics: current book value, and the past five years of de-levered sales, cash flow, and dividends plus buybacks. Each security is also scored on five investment factors: value, low volatility, quality, momentum, and size. After screening out the smallest firms by fundamental weight, the index generates a sub-portfolio for each factor. For the value, quality, and low volatility portfolios, stocks are ranked by the factor score and the top 25% by fundamental weight are selected. The momentum portfolio selects the top 50%. The size portfolio includes all of the small-cap firms from other four portfolios. All sub-portfolios are weighted by fundamental weight. The factor portfolios are equally weighted, with subsequent adjustments made according to each factor's momentum and long-term reversal signals. The index uses a rolling rebalance, only rebalancing 25% of each sub-portfolio every quarter. MFDX offers a distinctive take on factor investing.

