

NIXT

Research Affiliates Deletions ETF

Fund Description

NIXT tracks an index of US small-cap value equities comprised of recently deleted stocks from a market cap-weighted index. The investment premise is that depreciated stock prices will revert to their average levels.

FactSet Analyst Report

NIXT tracks an index of recently deleted US small- and mid-cap stocks screened for quality. The portfolio aims to benefit from a potential long-term reversal in the performance of these deleted stocks. The index is constructed from a pool of the top 1000 and top 500 US companies in the RAFI Global Equity Investable Universe (GEIU), which are maintained in two benchmark indices, the Cap-Weight 500 and Cap-Weight 1000. Using a five-year look-back period, the smallest stocks or those that have fallen out of the benchmark indices are identified, scored, and ranked for quality using the following metrics: debt coverage ratio, equity issuance, debt issuance, change in leverage, total payout, and net payout. The top 80% are added to the index and are equally weighted. Companies in the index have a 5-year holding period and are removed if their market cap has risen enough to re-qualify for the benchmark indexes. The index is reconstituted annually in April and rebalanced in May.