

QFRD

Pacer S&P 500 Quality FCF R&D Leaders

Fund Description

QFRD is passive, tracking an index of 50 large-cap US companies with high research and development spending, cash generation, and capital efficiency. The fund excludes securities from the real estate and financial sectors.

FactSet Analyst Report

QFRD targets large-cap companies in the US with the highest expenditure on research and development (R&D) and maintains above average free cash flow (FCF) margin and FCF return on invested capital (ROIC). It tracks an index comprising the components of the S&P 500, screened to identify companies in the top 50% by FCF score based on FCF margin and FCF ROIC. Companies in the real estate and financial sectors are excluded from the selection. Qualified securities are then ranked by their R&D intensity score with the top 50 highest scoring companies included in the index. Constituents are then weighted in descending order in the same manner, with individual capping at 4.5%. The index is reconstituted and rebalanced semi-annually with reviews every January and July. The fund will typically use a replication strategy, aiming to invest in all index components in the same approximate proportion as in the index.