

SCOW

Pacer S&P SmallCap 600 Quality FCF Aristocrats ETF

Fund Description

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

FactSet Analyst Report

SCOW tracks an index of US small-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 600 smallest companies in the US equity market. Each company is screened to identify those with positive FCF for at least seven consecutive years, with the exclusion of the real estate sector and certain financial sector industries. The 160 most qualified securities are then given an FCF score based on their five-year average FCF margin and ROIC and ranked accordingly. The top 80 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.

