

SFLO

VictoryShares Small Cap Free Cash Flow ETF

Fund Description

SFLO tracks an index composed of 200 small-cap US companies based on profit that are perceived to have strong free cash flow yields and high growth metrics.

FactSet Analyst Report

SFLO utilizes a rules-based methodology to construct its stock portfolio of profitable small-cap US companies. To be considered small-cap, a company's market capitalization must be within 120% of the capitalization of the largest company in the Russell 2000. The index initially screens out companies with negative free cash flows or earnings, using both historical and projected measures. Eligible stocks are ranked based on free cash flow yield, and the top 300 stocks are selected. Remaining stocks are scored based on growth metrics, such as revenue and earnings, and the 200 highest scoring are included in the portfolio. The resulting portfolio is weighted using a modified free cash flow yield methodology. Weights are tilted in favor of stocks with high total free cash flow and free cash flow yield. The index caps single issuer weights at 4% and sector weights at 45%. The portfolio is rebalanced and reconstituted quarterly.

