

SQLT

iShares MSCI USA Small-Cap Quality Factor ETF

Fund Description

SQLT tracks an index of US small-cap stocks, selected and weighted by high ROE, low earnings fluctuations, and low leverage, relative to peers in each sector.

FactSet Analyst Report

SQLT is an index-tracking fund with exposure to the small-cap segment of the US equity market. It seeks to capture higher quality stocks within GICS sectors, selected from a small-cap MSCI parent index, by considering three fundamental factors: high ROE, low earnings fluctuations, and low leverage. The fund selects constituents by identifying securities with the highest quality scores and weights them by multiplying their scores with their respective market-caps in the parent index, with individual capping is at 5%. It may also hold certain futures, options and swap contracts, cash and cash equivalents up to 20% of its assets. The fund uses a sampling indexing strategy, which gives the fund liberty to hold only a majority of the components of the underlying index. The index is rebalanced semi-annually.