

# SQLV

## Royce Quant Small-Cap Quality Value ETF

### Fund Description

SQLV is an actively managed fund that uses a multi-factor scoring system to select US small-cap stocks that are weighted based on fundamental composite scores.

### FactSet Analyst Report

SQLV selects small-cap stocks based on both value and quality factors. The fund defines quality as high, stable profitability (high return on invested capital and low variance of return on assets) and strong debt coverage (cash flow-to-debt) compared to companies in the same sector. For value factors, the fund focuses on free cash flow-to-enterprise value. After stocks are scored by quality and value factors, the fund assigns each company a momentum score (based on price performance over 30 days) to determine when a stock can be bought or sold. Holdings are weighted by a fundamental composite score (including book value, revenue, free cash flow, and dividends paid). As an actively managed fund, the portfolio managers have full discretion to make investment decisions to meet their objectives. Prior to May 10, 2022, the fund was called Legg Mason SmallCap Quality Value ETF that tracked the Royce Small-Cap Quality Value Index.

