

SVAL

iShares US Small Cap Value Factor ETF

Fund Description

SVAL tracks an equally-weighted index of small-cap value companies selected by multiple factors.

FactSet Analyst Report

SVAL targets 250 small-cap stocks with value characteristics. Portfolio construction starts by screening Russell 2000 stocks for liquidity, volatility, and leverage. This screening process excludes 20% of the least liquid stocks, another 20% are excluded based on 12-month trailing realized volatility and another 20% are removed that have the highest leverage. Then additional exclusion applies to stocks with a negative sentiment score - stocks with more EPS downgrades than upgrades. The final portfolio - the Target Index - is composed of the remaining companies ranked based on a weighted composite score of price-to-book, price-to-earnings, and price-to-cash flow from operations. The Underlying Index is equally-weighted and undergoes monthly review, while rebalance only occurs if the Underlying Index composite score is less than 90% of the Target Index composite or if the Underlying Index has fewer than 200 securities.