

FBZ

First Trust Brazil AlphaDEX Fund

Analyst Report

This ETF offers investors the chance to buy into the Brazilian equity market, making FBZ one of a handful of products offering exposure to one of the world's largest and most strategically important emerging markets. FBZ could potentially be included in a long-term portfolio, though the inclusion of Brazilian equities in most broad based emerging market or Latin America ETFs may result in duplication of exposure. This ETF might be most useful for investors with a bullish outlook on Brazil's stock market looking to establish a tactical tilt towards the South American economy. FBZ is somewhat unique as a result of the methodology used to construct and maintain the underlying index; this ETF is part of the AlphaDEX suite from First Trust that seek to replicate "enhanced" indexes. Instead of simply owning the market, the index to which FBZ is linked employs a quant-based screen designed to identify stocks with the greatest potential for capital appreciation. In return for this enhanced strategy and chance to generate alpha, investors will pay a bit more; FBZ maintains an expense ratio that is a bit higher than other Brazil ETFs such as EWZ. If you believe the AlphaDEX methodology has the ability to generate excess returns over the long run, FBZ might be the preferred means of gaining exposure to Brazilian stock markets. Those who prefer to own the market and avoid more expensive quant-based techniques may prefer EWZ for large cap exposure or BRAZ for mid cap exposure (EWZS and BRF are available to those looking to bet on small caps). It should also be noted that the AlphaDEX methodology has a unique impact on the portfolio of FBZ compared to cap-weighted products such as EWZ; the AlphaDEX product avoids big concentrations in any one name, while the cap-weighted fund affords hefty weights to a couple of mega cap companies. As such, FBZ may offer more balanced exposure to the Brazilian economy and minimize the impact of any company-specific developments on the ETF's performance. Investors seeking broader exposure to Latin American stocks may want to take a



ESG Themes and Scores

5.11/10

ESG Rate

21.54%

Global Percentile

54.85%

Peer Percentile

Performance Data

	FBZ	ETF Database Category Average	Factset Segment Average
1 Month	1.33%	0.61%	1.33%
3 Month	18.71%	15.96%	14.80%
YTD Return	30.45%	26.77%	25.47%
1 Year Return	9.76%	7.59%	3.64%
3 Year Return	12.79%	12.62%	7.59%
5 Year Return	7.04%	9.50%	4.74%

Top 5 Holdings

Symbol	Holding	% Assets
Other	EQUITY OTHER	5.30%
PSSA3	Porto Seguro S.A.	4.25%
MRFG3	Marfrig Global Foods SA	4.13%
EMBR3	Embraer S.A.	3.93%
SAPR11	Companhia de Saneamento do Parana - Sanepar Units	3.80%

Vitals

Issuer	First Trust
Brand	First Trust
Structure	ETF
Expense Ratio	0.80%
Inception	Apr 18, 2011
Index Tracked	NASDAQ AlphaDEX Brazil Index

ETF Database Themes

Category	Latin America Equities
Asset Class	Equity
Asset Class Size	Multi-Cap
Asset Class Style	Blend
Region (General)	Latin America
Region (Specific)	Brazil

FactSet Classifications

Segment	Equity: Brazil - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	Multi-factor
Weighting	Tiered