

FDG

American Century Focused Dynamic Growth ETF Analyst Report

The American Century Focused Dynamic Growth ETF, which debuted in March 2020, is part of the first wave of active, non-transparent ETFs to reach the market. This means the fund's stock pickers don't have to disclose their holdings every day, unlike most ETFs. The fund's objective is to invest in large- and mid-cap U.S. companies that have the potential for rapid growth and high profitability. For years, many active managers resisted launching ETFs because of fears that the daily portfolio transparency would give away their trade secrets. The Securities and Exchange Commission finally approved non-transparent funds in 2019. Whether active non-transparent will pay off remains to be seen. While other active money managers can close their funds to new investors if they believe their trade is getting too crowded, ETF managers can't. An active ETF must continue to accept new money, and therefore must be mindful of the capacity constraints of the underlying market. In practice, this means many active equity ETFs, transparent or not, may lean heavily on large cap U.S. equities. The biggest U.S. stocks are highly liquid, but they've also proven a challenging market for active managers and very few consistently beat their benchmarks. Moreover, some active non-transparent ETFs target the same investment strategies pursued by factor funds. Money managers have long recognized that certain factors, when deployed during certain market conditions, have consistently rewarded investors. There are plenty of other growth ETFs on the market, including index-tracking funds, factor ETFs, and active funds like FDG. FDG's fees are competitive for active management, though significantly higher than low-cost index funds. With a limited real-world performance history, it remains to be seen whether FDG will beat its indexed rivals over the long haul. Investors should compare price, liquidity, and performance to other active and passive value ETFs, including plain-vanilla funds and factor ETFs focused on growth.

ESG Themes and Scores

6.15/10

ESG Rate

36.0%

Global Percentile

11.85%

Peer Percentile

Performance Data

	FDG	ETF Database Category Average	Factset Segment Average
1 Month	-2.07%	2.39%	2.01%
3 Month	12.35%	12.30%	10.48%
YTD Return	6.07%	9.80%	6.68%
1 Year Return	29.75%	24.04%	14.10%
3 Year Return	27.10%	17.57%	8.04%
5 Year Return	11.30%	8.90%	2.77%

Top 5 Holdings

Symbol	Holding	% Assets
NVDA	NVIDIA Corporation	17.62%
GOOG	Alphabet Inc. Class C	15.08%
AMZN	Amazon.com, Inc.	8.62%
TSLA	Tesla, Inc.	6.64%
MSFT	Microsoft Corporation	4.52%

Vitals

Issuer	American Century Investments
Brand	American Century
Structure	ETF
Expense Ratio	0.45%
Inception	Mar 31, 2020
Index Tracked	N/A

ETF Database Themes

Category	Large Cap Growth Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Growth
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

Segment	Equity: U.S. - Total Market Growth
Category	Size and Style
Focus	Total Market
Niche	Growth
Strategy	Active
Weighting	Proprietary

