

FLV

American Century Focused Large Cap Value ETF Analyst Report

The American Century Focused Large Cap Value 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 cap companies that are selling at a discount to their fair value. 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. So-called value stocks — defined as companies with low share prices relative to their fundamentals — have historically outperformed the market over the long-term. There are plenty of value funds on the market, including index-tracking funds, factor ETFs, and active funds like FLV. FLV's fees are competitive for active management, though significantly higher than low-cost value index funds. With a limited real-world performance history, it remains to be seen whether FLV will beat its indexed rivals over the long haul. Investors should compare price, liquidity, and performance to other active

ESG Themes and Scores

6.55/10

ESG Rate

51.35%

Global Percentile

28.7%

Peer Percentile

Performance Data

	FLV	ETF Database Category Average	Factset Segment Average
1 Month	4.71%	4.55%	3.73%
3 Month	6.74%	7.77%	6.43%
YTD Return	8.52%	11.07%	9.77%
1 Year Return	12.03%	16.23%	13.13%
3 Year Return	6.72%	6.25%	5.04%
5 Year Return	N/A	5.83%	4.74%

Top 5 Holdings

Symbol	Holding	% Assets
JNJ	Johnson & Johnson	6.89%
MDT	Medtronic Plc	5.45%
ZBH	Zimmer Biomet Holdings, Inc.	4.23%
DUK	Duke Energy Corporation	4.19%
ATO	Atmos Energy Corporation	3.76%

Vitals

Issuer	American Century Investments
Brand	American Century
Structure	ETF
Expense Ratio	0.42%
Inception	Mar 31, 2020
Index Tracked	Russell 1000 Value

ETF Database Themes

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

FactSet Classifications

Segment	Equity: U.S. - Large Cap Value
Category	Size and Style
Focus	Large Cap
Niche	Value
Strategy	Active
Weighting	Proprietary

