

FTEC

Fidelity MSCI Information Technology Index ETF Analyst Report

The Fidelity MSCI Information Technology ETF is one of the cheaper broad-based tech ETFs on the market but it hasn't enjoyed the same popularity as pricier rivals offered by State Street and Vanguard.

For a management fee of 8 basis points, FTEC offers broad exposure to more than 300 tech firms, dominated by giants like Apple, Microsoft and Intel. Like rivals including State Street's popular Technology Select Sector SPDR Fund (XLK) and the Vanguard Information Technology ETF (VGT), FTEC also owns sizable slugs of Visa and Mastercard.

Launched in 2013, FTEC has amassed less than \$3 billion in assets while its pricier rivals XLK and VGT manage more than \$500 billion apiece. The divergence is even more surprising given FTEC's cheaper price tag: XLK charges 13 basis points and VGT charges 10 basis points.

The lack of popularity isn't due to any particular defect of FTEC; rather, it's largely due to a dearth of marketing by Fidelity, which has a long-standing arrangement with BlackRock's iShares funds, which are offered commission free on Fidelity's platform. FTEC might appeal most to existing Fidelity brokerage customers who want a commission-free fund that offers broad and inexpensive exposure to the technology sector.

Investors should note that that FTEC, like XLK and VGT, doesn't invest in popular stocks often thought of as technology firms, including Facebook, Twitter and Google-parent Alphabet Inc. This is due to a global shift in index taxonomy reclassified those firms as "communications services." And for sophisticated traders, XLK is still the preferred tool because of its size, liquidity and active options market.

ESG Themes and Scores

6.97/10

ESG Rate

68.4%

Global Percentile

69.76%

Peer Percentile

Performance Data

	FTEC	ETF Database Category Average	Factset Segment Average
1 Month	17.27%	15.58%	12.23%
3 Month	36.14%	33.90%	27.65%
YTD Return	30.73%	30.95%	25.95%
1 Year Return	59.04%	51.71%	37.60%
3 Year Return	33.54%	23.13%	19.50%
5 Year Return	22.74%	6.21%	10.19%

Top 5 Holdings

Symbol	Holding	% Assets
NVDA	NVIDIA Corporation	16.70%
AAPL	Apple Inc.	14.86%
MSFT	Microsoft Corporation	9.18%
AVGO	Broadcom Inc.	4.71%
MU	Micron Technology, Inc.	4.57%

Vitals

Issuer	Fidelity
Brand	Fidelity
Structure	ETF
Expense Ratio	0.08%
Inception	Oct 21, 2013
Index Tracked	MSCI USA IMI Information Technology 25/50 Index

ETF Database Themes

Category	Technology 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. Information Technology
Category	Sector
Focus	Information Technology
Niche	Broad-based
Strategy	Vanilla
Weighting	Market Cap

