

FXH

First Trust Health Care AlphaDEX Fund

Analyst Report

This ETF offers exposure to the U.S. health care sector, making it one of many options for accessing a corner of the market that is generally stable and can offer attractive dividends. Given the sector-specific focus, FXH likely doesn't deserve a core allocation, but may be useful as a means of implementing a tactical tilt towards the health care sector. FXH seeks to replicate an index that employs a unique strategy designed to generate excess returns relative to traditional cap-weighted benchmarks. The underlying AlphaDEX Index employs a quant-based screening methodology designed to identify stocks poised for outperformance. In return for exposure to this strategy, which has historically delivered impressive returns, investors can expect to pay a bit more; FXH's expense ratio is about 50 basis points higher than low cost options for health care exposure such as FHC and XLV. The unique index construction methodology has some other potential advantages; FXH maintains a much lower concentration of top holdings than do cap-weighted funds such as XLF. That means that performance isn't as dependent on a handful of large cap stocks, potentially giving a better way to access health care stocks. For those who believe in the merits of the AlphaDEX methodology and are willing to pay a little extra for a shot at alpha, FXH might be worth a closer look. Those looking to keep a cap on expenses and simply own the broader market have cheaper options available to them.

ESG Themes and Scores

6.24/10

ESG Rate

38.29%

Global Percentile

33.78%

Peer Percentile

Performance Data

	FXH	ETF Database Category Average	Factset Segment Average
1 Month	3.68%	3.56%	3.51%
3 Month	6.24%	3.73%	2.90%
YTD Return	3.31%	2.81%	1.05%
1 Year Return	15.56%	26.42%	9.74%
3 Year Return	4.29%	7.04%	3.77%
5 Year Return	0.37%	0.44%	0.96%

Top 5 Holdings

Symbol	Holding	% Assets
HUM	Humana Inc.	4.50%
OGN	Organon & Co.	3.80%
ELV	Elevance Health, Inc.	2.88%
DVA	DaVita Inc.	2.80%
EXEL	Exelixis, Inc.	2.64%

Vitals

Issuer	First Trust
Brand	First Trust
Structure	ETF
Expense Ratio	0.61%
Inception	May 08, 2007
Index Tracked	StrataQuant Health Care Index

ETF Database Themes

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

FactSet Classifications

Segment	Equity: U.S. Health Care
Category	Sector
Focus	Health Care
Niche	Broad-based
Strategy	Multi-factor
Weighting	Tiered

