

FXN

First Trust Energy AlphaDEX Fund

Analyst Report

This ETF offers exposure to the U.S. energy sector, seeking to replicate an index that employs a unique strategy designed to generate excess returns relative to traditional cap-weighted benchmarks. As such, FXN is probably too targeted for some investors, but can be a useful tool in sector rotation strategies and an efficient means of tilting exposure towards the energy sector (it may also be useful in long/short pairs trades). The underlying AlphaDEX Index employs a quant-based screening methodology designed to identify stocks poised for outperformance relative to a broader universe consisting of oil and gas stocks. In return for exposure to this strategy, which has historically delivered impressive returns across the entire suite, investors can expect to pay a bit more; FXN's expense ratio is about 50 basis points higher than low cost options for financial exposure such as FEG and XLE. The unique index construction methodology has some other potential advantages; FXN maintains much lower concentration of top holdings than do cap-weighted funds such as XLE. As such, performance isn't as dependent on a handful of large cap stocks, potentially giving a better way to access financials. For those who believe in the merits of the AlphaDEX methodology and willing to pay a little extra for a shot at alpha, FXG can be an excellent way to gain exposure to the energy sector.

ESG Themes and Scores

7.1/10 ESG Rate 75.27% Global Percentile 93.26% Peer Percentile

Performance Data

	FXN	ETF Database Category Average	Factset Segment Average
1 Month	-1.57%	-0.62%	-0.11%
3 Month	-0.22%	-1.13%	-0.38%
YTD Return	9.34%	7.86%	7.60%
1 Year Return	20.93%	18.24%	17.12%
3 Year Return	18.94%	15.23%	16.22%
5 Year Return	13.16%	8.75%	10.28%

Top 5 Holdings

Symbol	Holding	% Assets
MRO	Marathon Oil Corporation	4.93%
EQT	EQT Corporation	4.92%
NOV	NOV Inc.	4.73%
CHK	Chesapeake Energy Corporation	4.54%
VLO	Valero Energy Corporation	4.41%

Vitals

Issuer	First Trust
Brand	First Trust
Structure	ETF
Expense Ratio	0.62%
Inception	May 08, 2007
Index Tracked	StrataQuant Energy Index

ETF Database Themes

Category	Energy Equities
Asset Class	Equity
Asset Class Size	Multi-Cap
Asset Class Style	Blend
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

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

