

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

7.59/10

ESG Rate

88.06%

Global Percentile

97.62%

Peer Percentile

Performance Data

	FXN	ETF Database Category Average	Factset Segment Average
1 Month	-7.34%	-6.16%	-4.25%
3 Month	-7.21%	-6.83%	-5.50%
YTD Return	23.16%	21.28%	16.44%
1 Year Return	31.00%	26.81%	19.23%
3 Year Return	11.25%	9.84%	7.48%
5 Year Return	14.36%	10.10%	9.15%

Top 5 Holdings

Symbol	Holding	% Assets
DINO	HF Sinclair Corporation	4.94%
FSLR	First Solar, Inc.	4.83%
OVV	Ovintiv Inc	4.74%
LNG	Cheniere Energy, Inc.	4.61%
PR	Permian Resources Corporation Class A	4.54%

Vitals

Issuer	First Trust
Brand	First Trust
Structure	ETF
Expense Ratio	0.63%
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

