

SKYY

First Trust Cloud Computing ETF

Analyst Report

SKYY is the first ETF to offer exposure to the cloud computing industry, a narrow segment of the technology sector that involves a fast-growing application. SKYY is one of the most targeted sector funds on the market, making it a tool for fine tuning portfolio exposure. This ETF can be useful for making short-term tactical plays, but could also have appeal as a minor complementary holding in a longer-term buy-and-hold portfolio. Some investors might consider a small position in SKYY as a means of adding opportunity for alpha to a portfolio that otherwise consists of broad based "plain vanilla" funds.

The index methodology used by SKYY is worth reviewing and understanding before investing. In addition to smaller pure play cloud computing companies, this ETF makes allocations to larger firms that are involved in the cloud computing space but derive the majority of their revenues from other operations. This feature may diminish the relationship between the growth of the cloud computing space and the performance of the cloud computing ETF. Creating an investment product that successfully taps into a broader theme or industry can be challenging when there is a limited number of public companies that maintain focused operations on the niche in question. SKYY is an innovative and creative product, but investors should be aware of the nature of the underlying assets and the limitations that the index methodology may encounter.

Investors seeking leveraged exposure to cloud computing stocks have LSKY as an option; that ETN offers 2x monthly leveraged exposure to the same underlying index.

ESG Themes and Scores

7.18/10

ESG Rate

76.61%

Global Percentile

80.4%

Peer Percentile

Performance Data

	SKYY	ETF Database Category Average	Factset Segment Average
1 Month	-13.09%	-7.15%	-8.60%
3 Month	22.23%	28.39%	22.63%
YTD Return	3.67%	22.73%	-2.10%
1 Year Return	11.66%	32.36%	-0.82%
3 Year Return	21.10%	18.36%	10.94%
5 Year Return	5.16%	5.00%	-1.30%

Top 5 Holdings

Symbol	Holding	% Assets
ANET	Arista Networks Inc	3.92%
NTNX	Nutanix, Inc. Class A	3.85%
IBM	International Business Machines Corporation	3.80%
GOOGL	Alphabet Inc. Class A	3.70%
P	Everpure, Inc. Class A	3.58%

Vitals

Issuer	First Trust
Brand	First Trust
Structure	ETF
Expense Ratio	0.60%
Inception	Jul 05, 2011
Index Tracked	ISE Cloud Computing Index

ETF Database Themes

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

FactSet Classifications

Segment	Equity: U.S. Software & Services
Category	Sector
Focus	Information Technology
Niche	Software & Services
Strategy	Equal
Weighting	Equal

