

DVOL

First Trust Dorsey Wright Momentum & Low Volatility ETF

Fund Description

DVOL tracks an index of 50 large- and mid-cap, low-volatility stocks exhibiting relative strength. Holdings are weighted by the inverse of their volatility.

FactSet Analyst Report

DVOL combines two technical strategies: momentum and low volatility. The index initially whittles down its large- and mid-cap universe by conducting a relative strength analysis. A point and figure chart is created for each security, comparing the stocks daily performance to that of the broader universe. Each stock is classified as a buy or a sell using this method, and the sells are filtered out. From this short list, DVOL selects the 50 securities with the lowest trailing 1-year volatility. Holdings are weighted by the inverse of volatility, such that low-vol holdings get more weight. DVOL is rebalanced quarterly.