

EMDM

First Trust Bloomberg Emerging Market Democracies ETF

Fund Description

EMDM follows a principles-based index of large- and mid-cap companies located in emerging market countries considered to have electoral democracy. Holdings are weighted based on a combination of governance score and market capitalization.

FactSet Analyst Report

EMDM tracks an index of stocks providing exposure to emerging market countries that Freedom House designates as electoral democracies. Freedom House is a non-profit, US organization that conducts research and advocacy on democracy, political freedom, and human rights. Countries that are able to meet high standards for political rights and civil liberties, are considered to be electoral democracies. The standards require respect for the rule of law and civil liberties such as, the right to assemble, fair voting practices, and basic political competition. The top 100 companies by market cap from countries meeting these standards are selected for the index. Components are weighted based on the sum of their market cap and overall electoral democracy score. As a result, the portfolio favors large-cap companies from nations with higher democracy scores. The index is reconstituted annually in April and rebalanced semi-annually in April and October.