

FCTR

First Trust Lunt U.S. Factor Rotation ETF

Fund Description

FCTR tracks an index of US large-cap stocks. Exposure rotates among four investment factors, selected by a risk-adjusted relative strength score. The fund aims to outperform the broad market over time.

FactSet Analyst Report

FCTR tracks an index that tactically rotates exposure among either the highest or lowest scoring stocks for four separate investment factors: momentum, value, quality, and volatility. The index maintains two sub-indexes for each factor high and low. Each month, it selects one of the two sub-indexes based on 12-month risk-adjusted relative strength. The four factors each received 25% weight at inception, but are only rebalanced back to equal weight in months when all four sub-indexes change. Each sub-index is composed of 50 securities from a universe of 500 US large-cap firms, selected and weighted by their factor scores. The momentum, value and volatility sub-indices are rebalanced semi-annually, and the quality sub-index is rebalanced annually.