

FTIF

First Trust Bloomberg Inflation Sensitive Equity ETF

Fund Description

FTIF tracks an equal-weighted index of US large- and mid-cap stocks considered to benefit directly or indirectly from inflation increases. Selection of individual holdings are based on both fundamental and technical criteria.

FactSet Analyst Report

FTIF provides exposure to US equities within the energy, real estate, industrials, and materials sectors. These sectors tend to outperform in inflationary environments. The selection process begins with components of the Bloomberg US 3000 Index. The top 50 companies based on market capitalization from each of the four sectors are considered. A screen for highly levered companies removes the top 10% from the selection process. The remaining stocks are screened further using two inflationary metrics: high beta to 2-year inflation breakeven and high beta to Bloomberg Commodity Index. Within each sector, the top 50% based on their combined inflationary metric score are evaluated further. The top 50 companies with the highest free-cash-flow yield based on trailing 12-months are selected for the index, up to a cap of 20 stocks from a single sector. Stocks are equally weighted within the index. An index reconstitution and rebalance is conducted semi-annually, in January and July.

