

FTXL

First Trust Nasdaq Semiconductor ETF

Fund Description

FTXL tracks an index of the most liquid US semiconductor companies, weighted according to factors related to value, volatility and growth.

FactSet Analyst Report

FTXL tracks an index of highly liquid semiconductor stocks weighted according to various factors. While many funds perform a basic liquidity screen as part of their index construction and rebalancing, FTXL is noteworthy because it goes beyond the basic screen and uses liquidity selection. The 30 most liquid semiconductor stocks in the US are chosen for inclusion in the index as determined by the average daily traded volume over three months. The securities are then ranked and weighed according to value, volatility, and growth factors. Value is measured using a cash flow to price metric. The trailing one- year volatility provides another factor. Growth is considered using the average of the 3, 6, 9, and 12-month price return. The five highest ranking securities will be capped at 8% and the remaining securities will be capped at 4%. The index is reconstituted annually and rebalanced quarterly.

