

HUSV

First Trust Horizon Managed Volatility Domestic ETF

Fund Description

HUSV is an actively-managed fund that uses volatility forecasting to select and weight large-cap US stocks.

FactSet Analyst Report

HUSV takes an active approach in providing capital appreciation with reduced volatility. It aims to capture into a concentrated portfolio, the upside price movements in bull markets and reduce downside risk in bear ones. Starting with large-cap domestic companies listed on US exchanges, HUSV's fund manager uses a proprietary model to forecast the future volatility of individual stocks. Then the fund manager selects and weights the 50 to 70 stocks with the lowest expected volatility. The manager has discretion in deciding portfolio rebalancing frequency. Due to its active management mandate, HUSV may have higher portfolio turnover which can lead to higher trading costs and capital gains distributions, creating a drag on returns.