

MDIV

Multi-Asset Diversified Income Index Fund

Fund Description

MDIV tracks an index of equal-weighted US-listed securities, comprised of dividend-paying equities, REITs, preferred securities, MLPs, and a high-yield bond ETF.

FactSet Analyst Report

The fund offers exposure to a diverse range of income-producing asset types. Like some peer funds, MDIV has a preset allocation target to various cap-weighted asset buckets, targeting a weight of 20% apiece to REITs, preferred stock, MLPs, stocks and depository receipts, and high-yield bonds in the form of First Trust's own junk-bond ETF, HYLS. Each component in the underlying index is US-listed and meets stringent eligibility criteria based on liquidity, size, volatility and yield. This overall structure reduces diversity somewhat within each bucket and emphasizes bottom-up security selection rather than top-down allocation. That said, MDIV may have the diversification edge in the context of an investors portfolio, thanks to its sizeable allocations to non-traditional assets (MLPs, REITs). As with all income-focused products, be sure to check the total return as well as yield. The index is rebalanced quarterly.

