**ISHARES PHLX SEMICONDUCTOR ETF (SOXX)**

$251.32 USD

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Technology ETFs</th>
<th>Issuer</th>
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<tbody>
<tr>
<td>Benchmark Index</td>
<td>PHLX SOX SEMICONDUCTOR SECTOR INDEX</td>
<td>BLACKROCK</td>
</tr>
<tr>
<td>Date of Inception</td>
<td>07/10/2001</td>
<td></td>
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<tr>
<td>AUM (million)</td>
<td>$2,337.28</td>
<td></td>
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<tr>
<td>Number of holdings in the ETF</td>
<td>35</td>
<td></td>
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<tr>
<td>Assets in top ten holdings</td>
<td>61.28%</td>
<td></td>
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<tr>
<td>Expense Ratio</td>
<td>0.46%</td>
<td></td>
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<tr>
<td>Dividend Yield</td>
<td>1.23%</td>
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**Price Fundamentals of SOXX**

- **Current Price**: $251.32
- **52-Week High**: $251.32
- **52-Week Low**: $145.00
- **NAV (11/30/2019)**: $233.36
- **1Yr ETF Ret (12/20/2019)**: 67.42%

**Risk Statistics**

- **Beta (against S&P 500)**: 1.44
- **Standard Deviation**: 24.28%
- **R²**: 57.53%

**Zacks Opinion**

The ETF gives exposure to the semiconductor industry which serves as the spine for global technological advancement. In the broad-based technology space, a specified corner, semiconductors, is viewed as value-centric traditional tech area. Advanced technologies, rising of cloud computing, big data, Internet of Things, smartphone upgrades, and new gadgets are fueling demand for chips and other semiconductor products and this rising momentum is expected to continue in the days to come. However, any slump in the cryptocurrency market may weigh on semiconductor ETFs like SMH as the mining of cryptocurrencies needs the usage of semiconductors. Also, supply and pricing issues weighing on memory chipmakers could deteriorate in 2019. US-China trade tensions and global growth worries are added tensions.

**Key Points**

- Offers exposure to the semiconductor space
- High company specific concentration risks
- Reasonable expense ratio

**Reasons to Buy**

- Increased usage of semiconductors in tablets and smartphones

**Reasons to Sell**

- Volatility in the crypto space, supply and pricing issues for memory chipmakers

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The data on the front page and all the charts in the report represent market data as of 12/20/2019, while the report's text is as of 11/12/2019.
Holdings Breakdown
The product holds a basket of 35 securities and offers limited diversification across individual holdings. The product puts as much as 60.83% of its total assets in the top 10 holdings, suggesting pretty high company-specific risk. Hence, any positive/negative headline hit by top holdings will heavily impact the fund. Capitalization-wise, the fund is most exposed to large caps (about 68%) followed by mid (27%) and small cap (5%) stocks. The fund offers a nice mix of growth (54%) and blend (44%) stocks.

Performance
After suffering in the first quarter of 2018 from Facebook data debacle and Nvidia’s suspension of self-driving car tests on public roads, this semiconductor ETF remained volatile in 2018. U.S.-China trade war tensions and rising rate worries kept on posing threats to the fund. Overall, the fund has added about 51.1% this year (as of Nov 8, 2019) on improved market sentiments stemming from occasional signs of improving U.S.-Sino trade relations and a dovish Fed. However, renewed trade tensions in the May-August period have been bothering the fund in recent times. The fund was up 42.4% past year.

SOXX Top 5 Holdings

<table>
<thead>
<tr>
<th>Stock Name</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>NVIDIA CORP</td>
<td>8.92%</td>
</tr>
<tr>
<td>INTEL CORPORATION CORP</td>
<td>8.68%</td>
</tr>
<tr>
<td>BROADCOM INC</td>
<td>7.85%</td>
</tr>
<tr>
<td>QUALCOMM INC</td>
<td>7.57%</td>
</tr>
<tr>
<td>TEXAS INSTRUMENT INC</td>
<td>6.85%</td>
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</table>

Investment Objective
This ETF provides exposure to the semiconductor segment of the broader U.S. technology sector by tracking the PHLX Semiconductor Sector Index which is a modified market capitalization weighted index composed of companies primarily involved in the design, distribution, manufacture, and sale of semiconductors.

Analysis
The fund has so far amassed an asset base of about $2.09 billion and thus represents a popular choice in the technology ETFs space. Its average daily trading volume is moderate as it trades at levels of about 250,000 shares that result in a tight bid/ask spread and low trading costs. SOXX charges 46 bps in expenses per year which is reasonable in the technology equities ETF space.

Description
Launched in July 2001, iShares PHLX Semiconductor ETF (SOXX) is a passively managed exchange traded fund designed to track the performance of the PHLX Semiconductor Sector Index.
Glossary

ACTIVE MANAGEMENT: A portfolio management strategy where the manager uses variety of skills and attributes (like top-down approach, bottom-up approach, value investing, growth investing or absolute returns strategy) in the portfolio so that the fund outperforms the benchmark index.

ALPHA: A measure of outperformance that can be calculated as the return of the fund minus the benchmark’s return. A positive alpha indicates the fund has outperformed the benchmark index whereas negative alpha means underperformance.

AMERICAN DEPOSITORY RECEIPT: A negotiable non-US security that trades in the US financial market.

AUTHORIZED PARTICIPANTS: An entity chosen by an ETF sponsor to undertake the responsibility of obtaining the underlying assets needed to create an ETF. Authorized participants are typically large institutional organizations, such as market makers or specialists.

AVERAGE YIELD TO MATURITY: The expected rate of return on a fund’s portfolio if it is held until the maturity while reinvesting all coupon payments at the bond yield.

BASKET: A portfolio of several stocks or securities that are selected for the inclusion in the fund with different weightings.

BETA: A measure of risk compared to the market benchmark. A beta of less than 1 indicates that the fund is less volatile than the market and vice versa.

BID/ASK SPREAD: The difference between the highest price that a buyer is willing to pay (often called bid price) for the underlying assets of securities of the fund and the lowest price that a seller is willing to accept (often called as offer or ask price) for it.

CONTRARIAN: An investment style that goes against prevailing market trends (i.e. against the thinking of many) by buying assets that are performing poorly and then selling when they perform well.

CREATION UNIT: A set of securities or underlying assets that can be created or redeemed by Authorized Participants for a certain number of ETF shares with the fund or trust. The creation units can vary in size ranging from 25,000 to 600,000 shares each.

DIVIDEND YIELD: A financial ratio that measures how much a company pays out in dividends each year relative to its share price. It can be calculated as annual dividend per share divided by price per share.

EFFECTIVE DURATION: A measure of a fund’s interest-rate sensitivity. The longer the duration, the more sensitive is the fund to the changes in interest rates.

ENHANCED INDEXING: An investment idea that attempts to amplify the returns of an underlying asset or the fund with lower tracking error. Enhanced indexing combines elements of both passive and active management.

EXCHANGE TRADED FUND: The fund represents a basket of securities (that typically track an index), and is listed and trades like stocks on an exchange. ETFs can be traded throughout the day in amounts as little as one share.

EXCHANGE-TRADED NOTE: The note is a senior, unsecured, unsubordinated debt issued by a major bank. It has a maturity date and is backed only by the credit of the issuer. The ETN however, do not actually hold any security, instead an issuing bank promises to pay to investors the amount reflected by the index’s performance (minus fees).

EXPENSE RATIO: An annual fee that the fund or ETF charge from the investors in order to provide exposure to the underlying asset.

FUND OF FUNDS: A fund that invests in other funds instead of investing directly in stocks, bonds or other securities.

FUNDAMENTAL INDEXING: A type of equity index in which stocks or securities are selected based on fundamental metrics such as revenue, dividend rates, earnings or book value.

INDEX: An imaginary portfolio of securities representing a particular market or a portion of it.

INVERSE ETF: An ETF that provides opposite (inverse) exposure in the underlying index though use of various financial and money market instruments over a specified period of time. This ETF is similar to holding a short position in order to take profit from the falling prices.

INVESTMENT STYLE: A different style of investing such as growth, value and blend in a basket of asset.

LEVERAGED ETF: An ETF that uses various financial instruments to amplify the returns (up to 3 times) of the underlying index over a specified period of time.
LIQUIDITY: The degree to which an asset or security can be bought or sold in the market without affecting the asset’s price. Liquidity is characterized by a high level of trading activity.

MARKET CAPITALIZATION: Represents the aggregate value of the fund or underlying asset.

NET ASSET VALUE: Value of an ETF on per share basis and is calculated as total asset minus total liabilities divided by number of shares.

PASSIVE MANAGEMENT: A portfolio management strategy where the fund is the mirror image of the performance of the benchmark index.

PORTFOLIO TURNOVER: A percentage of underlying assets bought and sold in a given year.

R-SQUARED: A measure of correlation with the market benchmark. An R-Squared of 100 indicates perfect correlation of the fund that of market while an R-Squared of 0 indicates no correlation.

SECTOR ROTATION: A strategy that involves moving from one sector to another by selling the underlying assets or securities of a sector and purchasing securities or assets in another.

SEC YIELD: A standard yield that the bond funds must pay to its shareholders based on the most recent 30-day period covered by the fund’s filings with the SEC.

SHORT ETF: An investment strategy that offers to take short position in the underlying index through various financial instruments.

STYLE BOX: A visual representation of the fund, created by Morningstar, to determine risk-return structures of the portfolio. A style box is comprised of nine squares, or categories, that classify securities by size (small, mid and large cap) along the vertical axis and by value, growth and blend characteristics along the horizontal axis.

TARGET DATE FUND: A fund that invests exclusively in the assets or securities with a certain defined maturity.

TRACKING ERROR: A measure of how closely a portfolio follows the benchmark index. It is calculated as the difference between the returns of fund portfolio and the benchmark index.

TREASURY INFLATION PROTECTED SECURITIES: The bonds that are issued by the U.S. Treasury to protect against inflation. These securities pay interest on an inflated-principal amount (principal rises with inflation) and when the securities mature, investors get either the inflation-adjusted principal or the original principal, whichever is greater.

VOLATILITY: A measure of risk calculated by the annualized daily movement in the fund price. The lower the volatility of the fund the better it is.

VOLUME: The number of shares traded in the market during a given period of time.

YIELD CURVE: A line that plots the interest rates of bonds having equal credit quality but differing maturity dates. The yield curve provides an idea of future interest rate change and economic activity. It generally compares the three-month, two-year, five-year and 30-year U.S. Treasury debt.

WEIGHTED MATURITY: The remaining time to maturity of the underlying securities in a portfolio. A fund with a short average maturity is more sensitive to current interest rate fluctuations than one with longer average maturity.

Disclosure
This material is being provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. All information is current as of the date of herein and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Please read the prospectus carefully.

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