

The First Trust ISE Water Index Fund is based on the ISE Water Index™. The index is a modified market capitalization-weighted index comprised of 36 stocks that derive a substantial portion of their revenues from the potable and wastewater industries. To meet index eligibility, a stock must satisfy certain market capitalization, liquidity and weighting concentration requirements.

Quarter End Performance	Quarter	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Fund Inception	Fund Details
Fund Performance¹								Fund Ticker
NAV	-11.48%	-5.60%	10.05%	-6.18%	N/A	N/A	-3.33%	FIW
After Tax Held	-11.65%	-5.78%	9.69%	-6.46%	N/A	N/A	-3.61%	CUSIP
After Tax Sold	-7.47%	-3.64%	6.54%	-5.36%	N/A	N/A	-2.97%	Intraday NAV
Market Price	-11.59%	-5.66%	9.78%	-6.16%	N/A	N/A	-3.37%	Index Ticker
								HHO
								Fund Inception Date
								5/8/07
								Index Inception Date
								11/20/06
								Gross Expense Ratio (12/31/09)
								0.72%
								Net Expense Ratio
								0.60%
								Rebalance Frequency
								Semi-Annual
								Dividend Frequency
								Semi-Annual
								Primary Listing
								NYSE Arca
								Marginable
								YES
								Options
								YES
								Short Sell
								YES

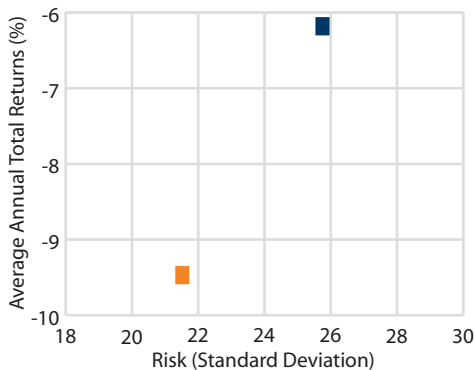
Performance data quoted represents past performance. Past performance is not a guarantee of future results and current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares when sold or redeemed, may be worth more or less than their original cost. You can obtain performance information which is current through the most recent month-end by visiting ftportfolios.com.

3-Year Statistics

	Standard Deviation	Alpha	Beta	Sharpe Ratio	Correlation
■ First Trust ISE Water Index Fund	25.75%	5.79	1.11	-0.23	0.93
■ Russell 3000® Index	21.52%	—	1.00	-0.48	1.00

Pursuant to contract, First Trust has agreed to waive fees and/or pay fund expenses to prevent the net expense ratio of the fund from exceeding 0.60% per year, at least until May 15, 2011.

3-Year Risk/Return Comparison



¹After Tax Held returns represent return after taxes on distributions. Assumes shares have not been sold. After Tax Sold returns represent the return after taxes on distributions and the sale of fund shares. Returns do not represent the returns you would receive if you traded shares at other times. Market Price returns are based on the midpoint of the bid/ask spread. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. The fund's performance reflects fee waivers and expense reimbursements, absent which performance would have been lower.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

²**Past performance is not a guarantee of future results. Performance information for the ISE Water Index™ is for illustrative purposes only and does not represent actual fund performance.** No representation is being made that any investment will achieve performance similar to that shown. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indexes are unmanaged and an investor cannot invest directly in an index. All index returns assume that dividends are reinvested when they are received.

Performance History

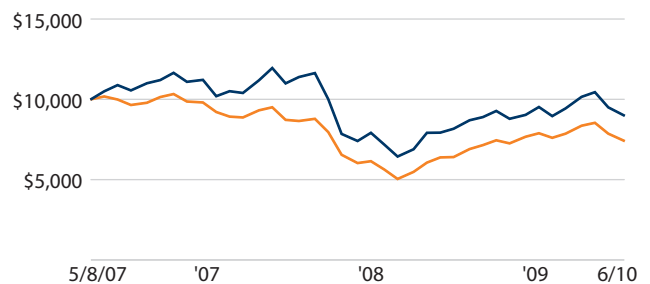
Annual Total Returns

Year	First Trust ISE Water Index Fund	Russell 3000® Index
2008	-29.40%	-37.31%
2009	20.29%	28.34%
6/30/10	-5.60%	-6.05%

Growth of \$10,000

5/8/07 – 6/30/10

■ First Trust ISE Water Index Fund	\$8,988
■ Russell 3000® Index	\$7,411



Fund Objective

This exchange-traded fund seeks investment results that correspond generally to the price and yield (before the fund's fees and expenses) of an equity index called the ISE Water Index™.

- The ISE Water Index™ is a modified market capitalization-weighted index comprised of stocks that derive a substantial portion of their revenues from the potable and wastewater industry.
- The Index begins by ranking all of the publicly-traded companies in the potable and wastewater industry by their unadjusted market capitalization and eliminates stocks which do not meet the Index's baseline eligibility requirements.
- To meet Index eligibility, a stock must satisfy market capitalization, liquidity and weighting concentration requirements.
- The Index selects the top 36 stocks remaining by market capitalization and assigns weightings based on ranking.
- The Index is rebalanced on the application of the above model on a semi-annual basis.

Fund Data

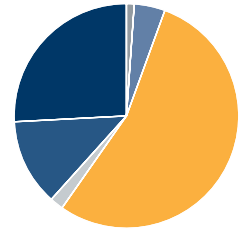
Number of Holdings	37
Maximum Market Cap.	\$24.10 Billion
Median Market Cap.	\$1.56 Billion
Minimum Market Cap.	\$111 Million
Price/Earnings	16.97
Price/Book	1.55
Price/Cash Flow	7.20
Price/Sales	0.93

Top 10 Holdings

Energy Recovery, Inc.	ERII	5.07%
Companhia de Saneamento Basico do Estado de Sao Paulo-SABESP	SBS	4.36%
Aqua America Inc.	WTR	4.27%
American Water Works Company, Inc.	AWK	4.22%
California Water Service Group	CWT	4.22%
Pentair, Inc.	PNR	3.96%
ITT Corp.	ITT	3.96%
Nalco Holding Co.	NLC	3.87%
Watts Water Technologies, Inc.	WTS	3.78%
Lindsay Corporation	LNN	3.71%

Sector Breakdown

Financials	1.27%
Health Care	4.31%
Industrials	54.40%
Information Technology	1.93%
Materials	12.44%
Utilities	25.65%



RISKS

The fund's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular stock owned by the fund, fund shares or stocks in general may fall in value.

The fund's return may not match the return of the ISE Water Index™. The fund may not be fully invested at times. Securities held by the fund will generally not be bought or sold in response to market fluctuations. The fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units.

You should be aware that the portfolio is concentrated in the water industry making it subject to additional risks, including limited diversification. The companies engaged in the water industry are subject to certain risks, including price and supply fluctuations caused by international politics, energy conservation, taxes, and other regulatory policies of various governments. Adverse developments in the potable water and wastewater industries may significantly affect the value of the fund's shares.

The fund is classified as "non-diversified." A non-diversified fund generally may invest a larger percentage of its assets in the securities of a smaller number of issuers. As a result, the fund may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

The First Trust ISE Water Index Fund is not sponsored, endorsed, sold or promoted by the International Securities Exchange (ISE). ISE makes no representation or warranty, express or implied, to the owners of the fund or any member of the public regarding the advisability of trading in the fund. ISE's only relationship to First Trust is the licensing of certain trademarks and trade names of the ISE and of the ISE Water Index™ which is determined, composed and calculated by ISE without regard to First Trust or the fund.

Standard Deviation is a measure of price variability (risk). **Alpha** is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. **Beta** is a measure of price variability relative to the market. **Sharpe Ratio** is a measure of excess reward per unit of volatility. **Correlation** is a measure of the similarity of performance.

The Russell 3000® Index is comprised of the 3000 largest and most liquid stocks based and traded in the U.S.

You should consider the fund's investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Portfolios L.P. at 1-800-621-1675 or visit www.ftportfolios.com to obtain a prospectus or summary prospectus which contains this and other information about the fund. The prospectus or summary prospectus should be read carefully before investing.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value

1-866-848-9727
www.ftportfolios.com

First Trust Advisors L.P. is the adviser to the fund. First Trust Advisors L.P. is an affiliate of First Trust Portfolios L.P., the fund's distributor.