

>> 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 Clean Edge Water Index.

>> Fund Facts

Fund Ticker	FIW
CUSIP	33733B100
Intraday NAV	FIWIV
Fund Inception Date	5/8/07
Gross Expense Ratio [^]	0.57%
Net Expense Ratio	0.57%
Rebalance Frequency	Semi-Annual
Primary Listing	NYSE Arca

>> Index Facts

Index Ticker	HHOTR
Index Inception Date	11/20/06

>> Index Description

- >> The ISE Clean Edge 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.

>> Performance Summary (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
Net Asset Value (NAV)	6.00	15.73	21.87	13.64	14.12	8.23	9.08
After Tax Held	5.94	15.18	21.23	13.22	13.72	7.87	8.74
After Tax Sold	3.40	8.88	12.35	10.46	11.13	6.50	7.27
Market Price	6.02	15.72	21.92	13.63	14.13	8.23	9.09
Index Performance**							
ISE Clean Edge Water Index	6.17	15.97	22.33	14.26	14.79	8.92	9.78
Russell 3000® Index	4.57	13.91	18.71	10.74	14.23	7.57	7.42

>> Calendar Year Total Returns (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD
FIW	—	-29.40	20.29	19.49	-5.62	26.83	30.91	0.36	-9.81	32.21	15.73
Russell 3000® Index	—	-37.31	28.34	16.93	1.03	16.42	33.55	12.56	0.48	12.74	13.91

>> 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FIW	13.99	2.17	1.09	0.95	0.79
Russell 3000® Index	10.24	—	1.00	1.00	1.00

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 www.ftportfolios.com.

[^]Expenses are capped contractually at 0.60% per year, at least until April 30, 2018.

*NAV returns are based on the fund's net asset value which represents the fund's net assets (assets less liabilities) divided by the fund's outstanding shares. **After 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 on the stock exchange on which shares of the fund are listed for trading as of the time that the fund's NAV is calculated. 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.

**Performance information for the ISE Clean Edge Water Index is for illustrative purposes only and does not represent actual fund performance. Indexes do 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.

>> Portfolio Information

Number Of Holdings	37
Maximum Market Cap.	\$59.59 Billion
Median Market Cap.	\$2.50 Billion
Minimum Market Cap.	\$289 Million
Price/Earnings	29.36
Price/Book	3.01
Price/Cash Flow	19.74
Price/Sales	1.57

>> Top Holdings (%)

Pentair Plc	4.13
A.O. Smith Corporation	4.03
Roper Technologies, Inc.	3.98
IDEX Corporation	3.90
Danaher Corporation	3.88
Xylem, Inc.	3.81
American Water Works Company, Inc.	3.77
IDEXX Laboratories, Inc.	3.77
Agilent Technologies, Inc.	3.74
Ecolab, Inc.	3.64

>> Top Sector Exposure (%)

Industrials	54.37
Utilities	21.40
Health Care	11.39
Materials	7.31
Information Technology	5.53

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.

ETF Characteristics

The fund lists and principally trades its shares on the NYSE Arca, Inc.

The fund's return may not match the return of the ISE Clean Edge Water Index. Securities held by the fund will generally not be bought or sold in response to market fluctuations.

Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. 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, unlike mutual funds, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units. If the fund's authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a discount to the fund's net asset value and possibly face delisting.

Risk Considerations

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. There can be no assurance that the fund's investment objective will be achieved.

The fund may invest in securities issued by companies concentrated in a particular industry. The fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries. The fund may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market.

Adverse developments in the potable water and wastewater business may significantly affect the value of the shares of the fund. Companies involved in the potable water and wastewater business are subject to environmental considerations, taxes, government regulation, price and supply fluctuations, competition and conservation.

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.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.

Definitions

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.

The First Trust Water ETF 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 Clean Edge Water Index which is determined, composed and calculated by ISE without regard to First Trust or the fund.