

### >> 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 NASDAQ OMX® Clean Edge® Smart Grid Infrastructure Index<sup>SM</sup>.

### >> Fund Facts

Fund Ticker	GRID
CUSIP	33737A108
Intraday NAV	GRIDIV
Fund Inception Date	11/16/09
Gross Expense Ratio <sup>^</sup>	1.07%
Net Expense Ratio	0.70%
Rebalance Frequency	Quarterly
Primary Listing	Nasdaq

### >> Index Facts

Index Ticker	QGDX
Index Inception Date	9/22/09

### >> Index Description

- >> The index is designed to track the performance of common stocks in the grid and electric energy infrastructure sector. The index includes companies that are primarily engaged and involved in electric grid, electric meters and devices, networks, energy storage and management, and enabling software used by the smart grid infrastructure sector.
- >> To be included in the index, a security must meet certain criteria including being classified as a smart grid, electric infrastructure and/or other grid-related activities company according to Clean Edge, have a minimum worldwide market capitalization of \$100 million, have a minimum free float of 20%, and have a minimum three-month average daily dollar trading volume of \$500 thousand.
- >> The index employs a float-adjusted modified market-capitalization weighting methodology. At each evaluation, the index securities are classified as Pure Play or Diversified. The Pure Play securities are given a collective weight of 80% and the Diversified securities are given a collective weight of 20% in the index.
- >> The index is rebalanced quarterly and reconstituted semi-annually.

### >> Performance Summary (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>Fund Performance*</b>							
Net Asset Value (NAV)	4.35	8.78	25.17	6.16	11.65	—	6.11
After Tax Held	3.94	8.36	24.38	5.62	11.03	—	5.63
After Tax Sold	2.46	4.97	14.23	4.48	8.96	—	4.60
Market Price	5.28	9.07	26.22	6.31	11.86	—	6.17

### Index Performance\*\*

NASDAQ Clean Edge® Smart Grid Infrastructure Index <sup>SM</sup>	4.46	8.99	26.21	6.90	12.54	—	6.96
MSCI World Industrials Index	5.64	12.86	22.47	6.74	12.91	—	10.62
S&P Composite 1500 Industrials Index	4.45	8.85	22.97	9.94	16.28	—	14.81
Russell 3000® Index	3.02	8.93	18.51	9.10	14.58	—	13.27

### >> Calendar Year Total Returns (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD
GRID	—	—	—	-0.20	-20.90	19.69	24.41	-0.73	-6.88	24.78	8.78
MSCI World Industrials Index	—	—	—	23.35	-8.20	16.02	32.10	0.42	-2.06	12.88	12.86
S&P Composite 1500 Industrials Index	—	—	—	27.24	-0.88	16.46	41.19	8.48	-2.71	20.41	8.85
Russell 3000® Index	—	—	—	16.93	1.03	16.42	33.55	12.56	0.48	12.74	8.93

### >> 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
GRID	13.14	-2.73	1.03	0.48	0.83
MSCI World Industrials Index	11.36	-2.14	1.00	0.59	0.94
S&P Composite 1500 Industrials Index	12.51	0.16	1.09	0.78	0.93
Russell 3000® Index	10.63	—	1.00	0.83	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](http://www.ftportfolios.com).

<sup>^</sup>Expenses are capped contractually at 0.70% per year, at least until January 31, 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 NASDAQ OMX® Clean Edge® Smart Grid Infrastructure Index<sup>SM</sup> 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.	\$234.55 Billion
Median Market Cap.	\$3.38 Billion
Minimum Market Cap.	\$73 Million
Price/Earnings	21.68
Price/Book	2.29
Price/Cash Flow	14.20
Price/Sales	0.87

## >> Top Holdings (%)

Quanta Services, Inc.	8.46
Prysmian SpA	8.32
Schneider Electric SE	7.86
ABB, Ltd.	7.74
Red Electrica Corporacion S.A.	7.33
SolarEdge Technologies, Inc.	4.24
SMA Solar Technology AG	4.03
Badger Meter, Inc.	4.01
ltron, Inc.	3.95
General Cable Corporation	3.89

## >> Top Sector Exposure (%)

Industrials	70.86
Utilities	10.81
Oil & Gas	8.80
Technology	7.44
Consumer Goods	2.09

*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](http://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 Nasdaq Stock Market LLC.

The fund's return may not match the return of the NASDAQ OMX® Clean Edge® Smart Grid Infrastructure 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 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. The fund may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market.

The fund invests in industrials companies, which are subject to certain risks, including include the general state of the economy, intense competition, consolidation, domestic and international politics, excess capacity and consumer demand and spending trends. They may also be significantly affected by overall capital spending levels, economic cycles, technical obsolescence, delays in modernization, labor relations, and government regulations.

Smart grid companies can be negatively affected by high costs of research and development, high capital requirements for implementation, government regulations, limited ability of industrial and utility companies to implement new technologies and uncertainty of the ability of new products to penetrate established industries.

The fund is classified as "non-diversified" and may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

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.

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## 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 **MSCI World Industrials Index** is a free float-adjusted market capitalization weighted index that is designed to measure the industrials sector performance of 23 developed markets around the world. The **S&P Composite 1500 Industrials Index** is a capitalization-weighted index of companies classified by GICS as industrials within the S&P Composite 1500 Index. The **Russell 3000® Index** is comprised of the 3000 largest and most liquid stocks based and traded in the U.S.

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