



First Trust Exchange-Traded Fund II

First Trust Dow Jones STOXX® European Select Dividend Index Fund

First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund

First Trust Dow Jones Global Select Dividend Index Fund

First Trust ISE Global Wind Energy Index Fund

First Trust ISE Global Engineering and Construction Index Fund

First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund

First Trust ISE Global Copper Index Fund

First Trust ISE Global Platinum Index Fund

Semi-Annual Report
March 31, 2010

First Trust Exchange-Traded Fund II

March 31, 2010

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Caution Regarding Forward-Looking Statements

This report contains certain forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of First Trust Advisors L.P. (“First Trust” or the “Advisor”) and its representatives, taking into account the information currently available to them. Forward-looking statements include all statements that do not relate solely to current or historical fact. For example, forward-looking statements include the use of words such as “anticipate,” “estimate,” “intend,” “expect,” “believe,” “plan,” “may,” “should,” “would” or other words that convey uncertainty of future events or outcomes.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of any series of First Trust Exchange-Traded Fund II (the “Trust”) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. When evaluating the information included in this report, you are cautioned not to place undue reliance on these forward-looking statements, which reflect the judgment of the Advisor and its representatives only as of the date hereof. We undertake no obligation to publicly revise or update these forward-looking statements to reflect events and circumstances that arise after the date hereof.

Performance and Risk Disclosure

There is no assurance that any series of the Trust described in this report (each such series is referred to as a “Fund” and collectively, the “Funds”) will achieve its investment objective. Each Fund is subject to market risk, which is the possibility that the market values of securities owned by the Fund will decline and that the value of the Fund shares may therefore be less than what you paid for them. Accordingly, you can lose money investing in a Fund. See “Risk Considerations” at the end of this report for a discussion of other risks of investing in the Funds.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit <http://www.ftportfolios.com> or speak with your financial advisor. Investment returns, net asset value and share price will fluctuate and Fund shares, when sold, may be worth more or less than their original cost.

How to Read This Report

This report contains information that may help you evaluate your investment. It includes details about each Fund’s portfolio and presents data and analysis that provide insight into each Fund’s performance and investment approach.

By reading the portfolio commentary by Robert F. Carey, Chief Investment Officer of the Advisor, you may obtain an understanding of how the market environment affected the performance of each Fund. The statistical information that follows may help you understand each Fund’s performance compared to that of relevant market benchmarks.

It is important to keep in mind that the opinions expressed by personnel of the Advisor are just that: informed opinions. They should not be considered to be promises or advice. The opinions, like the statistics, cover the period through the date on the cover of this report. The risks of investing in each Fund are spelled out in its prospectus, statement of additional information, this report and other Fund regulatory filings.

First Trust Exchange-Traded Fund II
Semi-Annual Report
March 31, 2010

Dear Shareholders:

I am pleased to present you with the semi-annual report for your investment in the series of First Trust Exchange-Traded Fund II.

First Trust Advisors L.P. ("First Trust") has always believed that staying invested in quality products and having a long-term horizon can help investors reach their financial goals. The past eighteen months have been challenging, but successful investors understand that the success they have achieved is typically because of their long-term investment perspective through all kinds of markets.

The report you hold contains detailed information about the semi-annual period for the Funds that comprise the First Trust Exchange-Traded Fund II. It also has each Fund's performance review and financial statements for the period. I encourage you to read this document and discuss it with your financial advisor.

First Trust offers a variety of products that can fit many financial plans to help those investors seeking long-term financial success.

At First Trust we continue to be committed to making available up-to-date information about your investments so you and your financial advisor have current information on your portfolio. We value our relationship with you, and we thank you for the opportunity to assist you in achieving your financial goals.

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Bowen", is written over a light gray rectangular background.

James A. Bowen
President of First Trust Exchange-Traded Fund II

**First Trust Exchange-Traded Fund II
Semi-Annual Report
March 31, 2010**



Robert F. Carey, CFA
Senior Vice President and Chief Investment Officer
First Trust Advisors L.P.

Mr. Carey is responsible for the overall management of research and analysis of the First Trust product line. Mr. Carey has 22 years of experience as an Equity and Fixed-Income Analyst and is a recipient of the Chartered Financial Analyst (“CFA”) designation. He is a graduate of the University of Illinois at Champaign-Urbana with a B.S. in Physics. He is also a member of the Investment Analysts Society of Chicago and the CFA Institute. Mr. Carey has appeared as a guest on such programs as Bloomberg TV, CNBC, and WBBM Radio, and has been quoted by several publications, including *The Wall Street Journal*, *The Wall Street Reporter*, *Bloomberg News Service*, and *Registered Rep.*

State of the Global Economy

While the recession has yet to be declared over by the National Bureau of Economic Research, the U.S. economy has expanded for three consecutive quarters. GDP grew by an annualized 3.2% in the first quarter of 2010. It grew by 2.2% in the third quarter of 2009 and 5.6% in the fourth quarter of 2009. The consumer is starting to spend again and Corporate America is flush with cash. U.S. non-financial companies alone were holding \$2.8 trillion in cash and equivalents at the start of 2010, according to Kiplinger. The last positive sign, in our opinion, is job growth. If nonfarm payrolls can exceed 200,000 per month for a 3-4 month stretch, confidence levels (businesses and consumers) should rebound.

Global growth is expected to approach 4.50% in both 2010 and 2011, according to the International Monetary Fund (IMF). While growth is expected to top 6.25% in emerging economies in 2010-11, the growth rate for developed nations is expected to be a more modest 2.25% in 2010, and 2.50% in 2011. The IMF’s optimistic outlook for growth is subject to change due to the sovereign debt crisis in Greece. Although this commentary only covers the six months ended March 31, 2010, it is being written subsequent to that period, and it is important to note that in the second week of May, a bailout package for Greece totaling nearly \$1 trillion (approximately 750 billion Euros) was consummated. Obviously, this package was built in an effort to stave off default and prevent a European contagion.

Global Markets

Retail investors overwhelmingly favored foreign stocks over U.S. stocks in 2009 and maintained this bias through the end of the first quarter of 2010. Investors poured a net \$100.8 billion into International/Global Equity funds and ETFs in 2009, while U.S. Equity funds and ETFs experienced net outflows totaling \$4.6 billion, according to Strategic Insight, LLC. In the first quarter of 2010, net inflows to International/Global Equity funds and ETFs totaled \$28.8 billion, vs. \$16.9 billion for U.S. Equity funds and ETFs.

For the six months ended March 31, 2010, the MSCI World (ex U.S.) Index and MSCI Emerging Markets Index were up 4.0% (USD) and 11.1% (USD), respectively. The S&P 500 posted a gain of 11.8%. With respect to the debt markets, the Barclays Capital Global Aggregate Index declined 1.1%, while the Barclays Capital Global Emerging Markets Index gained 5.9% (USD). The Barclays Capital U.S. Aggregate Index was up 2.0%. The U.S. dollar appreciated by 2.4% against a basket of major currencies.

Fund Performance Overview

FDD - First Trust Dow Jones STOXX® European Select Dividend Index Fund

First Trust Dow Jones STOXX® European Select Dividend Index Fund (the “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 STOXX® Europe Select Dividend 30 Index (the “Index”), formerly known as the Dow Jones STOXX® Select Dividend 30 Index. The shares of the Fund are listed and trade on the NYSE Arca, Inc. under the ticker symbol “FDD.” The Fund will normally invest at least 90% of its assets in non-U.S. common stocks that comprise the Index or in depositary receipts that may include American Depositary Receipts, Global Depositary Receipts, European Depositary Receipts, New York shares or global shares representing securities in the Index.

The Index consists of 30 high dividend-yielding securities selected from the STOXX® Europe 600 Index, formerly known as the Dow Jones STOXX® 600 Index, including secondary lines of those companies (where there are multiple lines of equity capital in a company). The STOXX® Europe 600 Index, covers 18 European countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. The Index is compiled and maintained by STOXX® Limited. Only dividend-paying companies in the STOXX® Europe 600 Index (including secondary lines of those companies) are considered for inclusion in the Index. In addition, a company must have a non-negative five-year dividend-per-share growth rate and a dividend-to-earnings ratio of 60% or less.

Performance as of March 31, 2010

	6 Months Ended 03/31/10	1 Year Ended 03/31/10	Average Annual Total Returns Inception (08/27/07) to 03/31/10	Cumulative Total Returns Inception (08/27/07) to 03/31/10
Fund Performance				
NAV	-2.48%	57.89%	-23.13%	-49.46%
Market Price	-2.91%	53.13%	-23.21%	-49.60%
Index Performance				
STOXX® Europe Select Dividend 30 Index ¹	-1.84%	58.66%	-22.43%	-48.23%
STOXX® Europe 600 Index ²	1.55%	57.14%	-10.05%	-24.00%
MSCI Europe Index	1.38%	56.10%	-10.21%	-24.35%

¹ Formerly known as the Dow Jones STOXX® Select Dividend 30 Index.

² Formerly known as the Dow Jones STOXX® 600 Index.

(See Notes to Fund Performance Overview on page 20.)

Performance Review

For the six months ended March 31, 2010, the Fund’s net asset value (“NAV”) return of -2.48% underperformed the benchmark MSCI Europe Index return of +1.38% by -3.86%. The currency effect related to holding assets denominated in foreign securities negatively impacted the performance of the Fund, as the exposure to foreign currencies detracted -5.8% from the Fund’s total return during the six-month period covered by this report. The U.S. dollar strengthened during the period, as economic prospects in the U.S. became brighter; conversely, foreign currencies (such as the Euro) weakened on Greek credit concerns. The Euro and the Danish Krone both dropped -7.7% against the U.S. dollar, while the British Pound Sterling lost -5.0% against the U.S. dollar. Industrials such as French-based steel tubing producer Vallourec (+24.3% local) and Finnish industrial supplier Metso (+22.1% local), were bright spots in the Fund’s portfolio, as they rose steadily during the period on optimism of a global economic recovery. On the other hand, financial companies such as Banco Santander (-9.7% local), the largest commercial Spanish bank, were hurt during the period, as concerns mounted around sovereign debt, including that of Portugal and Spain, in addition to Greece. On a relative basis, the Fund’s larger exposure to the Financials sector (average weight of 31.0% vs. 24.3%) also contributed to the Fund’s underperformance, as the sector underperformed amidst the European sovereign debt woes during the period.

Top Five and Bottom Five Performing Stocks

(by contribution to return over the six months ended March 31, 2010)

Top-Performing Stocks

Ratos AB
Vallourec S.A.
Metso Corp.
BASF SE
United Utilities Group PLC

Bottom-Performing Stocks

Koninklijke BAM Groep N.V.
Man Group PLC
Banco Santander S.A.
BRIT Insurance Holdings N.V.
H. Lundbeck A/S

“STOXX,” “STOXX® Europe 600 Index” and “STOXX® Europe Select Dividend 30 Index” are trademarks of STOXX® Limited (“STOXX”) and have been licensed for use for certain purposes by First Trust and the Fund. The Fund, based on the STOXX® Europe Select Dividend 30 Index, is not sponsored, endorsed, sold or promoted by STOXX and STOXX does not make any representation regarding the advisability of trading or investing in such product.

Fund Performance Overview (Continued)

FDD - First Trust Dow Jones STOXX® European Select Dividend Index Fund (Continued)

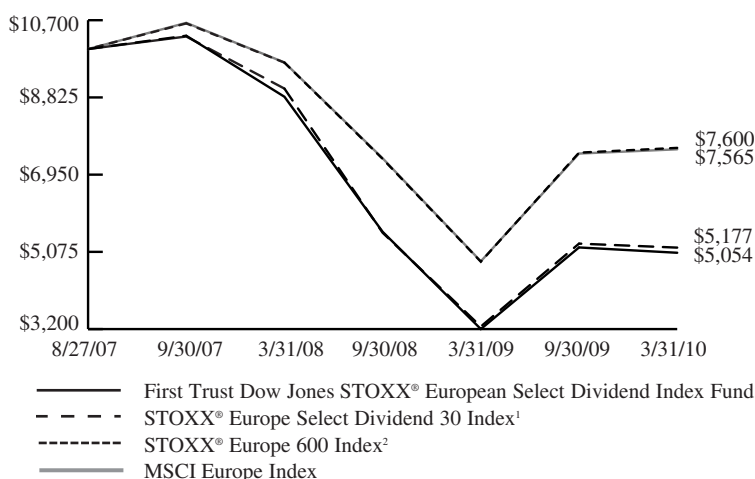
Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Financials	43.24%
Telecommunication Services	17.35
Utilities	14.48
Health Care	6.89
Industrials	6.49
Consumer Discretionary	5.26
Materials	4.07
Energy	2.22
Total	<u>100.00%</u>

Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
Man Group PLC	7.90%
Enel S.p.A.	4.64
Provident Financial PLC	4.49
Catlin Group Ltd.	4.38
RSA Insurance Group PLC	4.34
United Utilities Group PLC	4.06
Deutsche Telekom AG	4.02
France Telecom S.A.	3.97
Belgacom S.A.	3.80
Banco de Sabadell S.A.	3.79
Total	<u>45.39%</u>

**Performance of a \$10,000 Initial Investment
August 27, 2007 - March 31, 2010**



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

Frequency Distribution of Discounts and Premiums Bid/Ask Midpoint vs. NAV through March 31, 2010

The following Frequency Distribution of Discounts and Premiums charts are provided to show the frequency at which the bid/ask midpoint price for the Fund was at a discount or premium to the daily NAV. The following tables are for comparative purposes only and represent the period August 30, 2007 (commencement of trading) through March 31, 2010. Shareholders may pay more than NAV when they buy Fund shares and receive less than NAV when they sell those shares because shares are bought and sold at current market price. Data presented represents past performance and cannot be used to predict future results.

Number of Days Bid/Ask Midpoint At/Above NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
8/30/07 - 9/30/07	7	9	4	0
10/1/07 - 9/30/08	38	55	74	30
10/1/08 - 9/30/09	34	27	43	84
10/1/09 - 3/31/10	23	13	8	3

Number of Days Bid/Ask Midpoint Below NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
8/30/07 - 9/30/07	1	0	0	0
10/1/07 - 9/30/08	25	12	10	9
10/1/08 - 9/30/09	19	18	15	12
10/1/09 - 3/31/10	27	29	21	1

Fund Performance Overview (Continued)

FFR - First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund

First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund (the “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 FTSE EPRA/NAREIT Developed Index (the “FTSE Index”). The shares of the Fund are listed and trade on the NYSE Arca, Inc. under the ticker symbol “FFR.” The Fund will normally invest at least 90% of its assets in common stocks that comprise the FTSE Index or in depositary receipts that may include American Depositary Receipts, Global Depositary Receipts, European Depositary Receipts, New York shares or global shares representing securities in the FTSE Index.

The FTSE Index is compiled and maintained by FTSE International Limited. The FTSE Index is modified market cap weighted based on free float market capitalization and tracks the performance of listed real estate companies or real estate investment trusts (“REITs”) in North America, Europe and Asia. The FTSE Index is comprised of the FTSE EPRA/NAREIT North America Series, the FTSE EPRA/NAREIT Europe Series and the FTSE EPRA/NAREIT Asia Series.

Performance as of March 31, 2010

	6 Months Ended 03/31/10	1 Year Ended 03/31/10	Average Annual Total Returns Inception (08/27/07) to 03/31/10	Cumulative Total Returns Inception (08/27/07) to 03/31/10
Fund Performance				
NAV	8.03%	82.44%	-12.74%	-29.78%
Market Price	7.53%	84.74%	-12.60%	-29.49%
Index Performance				
FTSE EPRA/NAREIT Developed Index	8.54%	84.50%	-11.85%	-27.88%
S&P Global REIT Index	10.33%	88.28%	-11.83%	-27.83%
MSCI World REIT Index	8.09%	78.85%	-14.92%	-34.22%

(See Notes to Fund Performance Overview on page 20.)

Performance Review

For the six months ended March 31, 2010, the Fund’s NAV return of +8.03% underperformed the benchmark MSCI World REIT Index return of +8.09% by -0.06%. The currency effect related to holding assets denominated in foreign securities was somewhat muted, with a drop in the Euro and British Pound offset by a large exposure to the strengthening U.S. dollar, as well as the stronger Canadian dollar and Australian dollar. Stronger economic indicators during the six-month period covered by this report served to boost the performance of REITs, as economic indicators signaled that the global economy could be expanding. Office REITs and retail REITs were the best classes of REITs as U.S. REITs, in particular, benefited from strong employment numbers, increasing GDP figures, and much stronger than expected retail sales numbers. Simon Property Group (+22.8%) was the top-performing stock in the Fund, based on contribution to return. The mall operator benefited from increasing occupancy rates, particularly in the U.S., where the company is primarily focused. Due to the company’s focus on U.S. assets, it was able to outperform global peers as the U.S. recovery has outpaced Europe.

Top Five and Bottom Five Performing Stocks

(by contribution to return over the six months ended March 31, 2010)

Top-Performing Stocks

Simon Property Group, Inc.
Equity Residential
Public Storage
Vornado Realty Trust
Host Hotels & Resorts, Inc.

Bottom-Performing Stocks

Westfield Group
Segro PLC
New World Development Co., Ltd.
GPT Group
City Developments Ltd.

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Fund Performance Overview (Continued)

FFR - First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund (Continued)

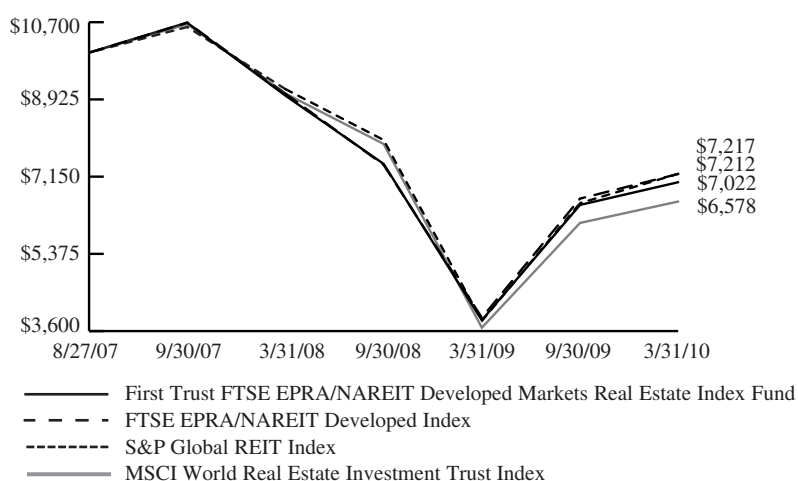
Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Financials	99.05%
Industrials	0.71
Consumer Discretionary	0.19
Health Care	0.05
Total	<u>100.00%</u>

Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
Sun Hung Kai Properties Ltd.	4.29%
Westfield Group	3.81
Simon Property Group, Inc.	3.63
Unibail-Rodamco S.A.	2.67
Mitsubishi Estate Co., Ltd.	2.57
Mitsui Fudosan Co., Ltd.	2.21
Vornado Realty Trust	2.03
Public Storage	1.75
Equity Residential	1.65
Boston Properties, Inc.	1.56
Total	<u>26.17%</u>

**Performance of a \$10,000 Initial Investment
August 27, 2007 - March 31, 2010**



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

Frequency Distribution of Discounts and Premiums Bid/Ask Midpoint vs. NAV through March 31, 2010

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Number of Days Bid/Ask Midpoint At/Above NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
8/30/07 - 9/30/07	9	10	1	0
10/1/07 - 9/30/08	58	63	48	11
10/1/08 - 9/30/09	44	48	40	49
10/1/09 - 3/31/10	39	39	9	1

Number of Days Bid/Ask Midpoint Below NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
8/30/07 - 9/30/07	1	0	0	0
10/1/07 - 9/30/08	35	21	12	5
10/1/08 - 9/30/09	16	17	12	26
10/1/09 - 3/31/10	16	19	2	0

Fund Performance Overview (Continued)

FGD - First Trust Dow Jones Global Select Dividend Index Fund

First Trust Dow Jones Global Select Dividend Index Fund (the “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 Dow Jones Global Select Dividend IndexSM (the “Select Dividend Index”). The shares of the Fund are listed and trade on the NYSE Arca, Inc. under the ticker symbol “FGD.” The Fund will normally invest at least 90% of its assets in common stocks that comprise the Select Dividend Index or in depositary receipts that may include American Depositary Receipts, Global Depositary Receipts, European Depositary Receipts, New York shares or global shares, representing securities in the Select Dividend Index.

The Select Dividend Index is an indicated annual dividend yield weighted index of 100 stocks selected from the developed-market portion of the Dow Jones World IndexSM. Indicated annual dividend yield is a stock’s unadjusted indicated annual dividend (not including any special dividends) divided by its unadjusted price.

Performance as of March 31, 2010

	6 Months Ended 03/31/10	1 Year Ended 03/31/10	Average Annual Total Returns Inception (11/21/07) to 03/31/10	Cumulative Total Returns Inception (11/21/07) to 03/31/10
Fund Performance				
NAV	3.86%	86.50%	-8.26%	-18.40%
Market Price	3.85%	86.52%	-8.24%	-18.35%
Index Performance				
Dow Jones Global Select Dividend Index SM	4.15%	87.23%	-8.08%	-18.00%
Dow Jones World Developed Markets Index SM	7.94%	54.76%	-7.22%	-16.19%
MSCI World Index	7.44%	52.37%	-8.06%	-17.96%

(See Notes to Fund Performance Overview on page 20.)

Performance Review

For the six months ended March 31, 2010, the Fund’s NAV return of +3.86% underperformed the benchmark MSCI World Index return of +7.44% by -3.58%. The currency effect related to holding assets denominated in foreign securities negatively impacted the performance of the Fund, as the exposure to foreign currencies detracted -1.7% from the Fund’s total return during the period covered by this report. The U.S. dollar strengthened during the six-month period, as economic prospects in the U.S. became brighter; conversely, foreign currencies (such as the Euro), weakened on Greek credit concerns. The Euro dropped -7.7% against the U.S. dollar, while the British Pound Sterling lost -5.0% against the U.S. dollar. Industrials such as the Finnish industrial supplier Metso (+22.1% local) were bright spots in the Fund’s portfolio, as they rose steadily during the period on optimism of a global economic recovery. Conversely, the Netherlands-based construction company Koninklijke BAM Groep was the weakest-performing stock in the Fund, returning (-27.0% local). The stock dropped amidst a lower profit outlook due to weaker European conditions, along with plans for a dilutive equity offering.

Top Five and Bottom Five Performing Stocks

(by contribution to return over the six months ended March 31, 2010)

Top-Performing Stocks

Russel Metals, Inc.
VTECH Holdings Ltd.
Metso Corp. Oyj
YIT Oyj
Orica Ltd.

Bottom-Performing Stocks

Koninklijke BAM Groep N.V.
Telecom Corp. of New Zealand Ltd.
Telekom Austria AG
David Jones Ltd.
HMV Group PLC

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Fund Performance Overview (Continued)

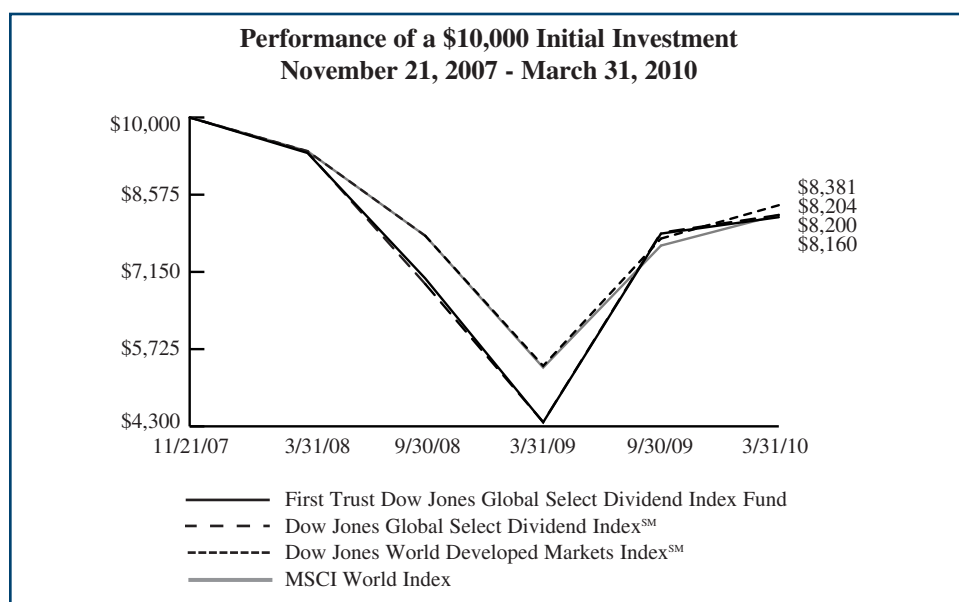
FGD - First Trust Dow Jones Global Select Dividend Index Fund (Continued)

Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Utilities	19.32%
Telecommunication Services	17.35
Industrials	15.71
Financials	14.05
Consumer Discretionary	8.45
Energy	8.36
Materials	6.64
Consumer Staples	5.18
Information Technology	3.32
Health Care	1.62
Total	<u>100.00%</u>

Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
MAp Group	2.03%
StarHub Ltd.	1.86
Bell Aliant Regional Communications Income Fund	1.86
Crescent Point Energy Corp.	1.75
Commonwealth Property Office Fund	1.60
Stockland	1.55
Telecom Corp. of New Zealand Ltd.	1.53
Westfield Group	1.50
Manitoba Telecom Services Inc.	1.44
France Telecom S.A.	1.40
Total	<u>16.52%</u>



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

Frequency Distribution of Discounts and Premiums Bid/Ask Midpoint vs. NAV through March 31, 2010

The following Frequency Distribution of Discounts and Premiums charts are provided to show the frequency at which the bid/ask midpoint price for the Fund was at a discount or premium to the daily NAV. The following tables are for comparative purposes only and represent the period November 27, 2007 (commencement of trading) through March 31, 2010. Shareholders may pay more than NAV when they buy Fund shares and receive less than NAV when they sell those shares because shares are bought and sold at current market price. Data presented represents past performance and cannot be used to predict future results.

Number of Days Bid/Ask Midpoint At/Above NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
11/27/07 - 9/30/08	21	22	54	69
10/1/08 - 9/30/09	22	33	59	71
10/1/09 - 3/31/10	58	28	7	1

Number of Days Bid/Ask Midpoint Below NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
11/27/07 - 9/30/08	17	6	12	12
10/1/08 - 9/30/09	17	12	22	16
10/1/09 - 3/31/10	25	5	1	0

Fund Performance Overview (Continued)

FAN - First Trust ISE Global Wind Energy Index Fund

First Trust ISE Global Wind Energy Index Fund (the “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 Global Wind Energy Index (the “ISE Index”). The shares of the Fund are listed and trade on the NYSE Arca, Inc. under the ticker symbol “FAN.” The Fund will normally invest at least 90% of its assets in common stocks that comprise the ISE Index or in depositary receipts that may include American Depositary Receipts, Global Depositary Receipts, European Depositary Receipts, New York shares or global shares representing securities in the ISE Index.

The ISE Index was developed and is owned by the International Securities Exchange, LLC, in consultation with Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc., which calculates and maintains the ISE Index. The ISE Index provides a benchmark for investors interested in tracking public companies throughout the world that are active in the wind energy industry based on analysis of the products and services offered by those companies.

Performance as of March 31, 2010

	6 Months Ended 03/31/10	1 Year Ended 03/31/10	Average Annual Total Returns Inception (06/16/08) to 03/31/10	Cumulative Total Returns Inception (06/16/08) to 03/31/10
Fund Performance				
NAV	-16.25%	30.63%	-35.42%	-54.26%
Market Price	-16.42%	28.73%	-35.60%	-54.50%
Index Performance				
ISE Global Wind Energy Index	-15.71%	32.19%	-34.85%	-53.54%
Russell 3000® Index	12.19%	52.44%	-5.65%	-9.88%
MSCI World Index	7.44%	52.37%	-8.66%	-14.95%

(See Notes to Fund Performance Overview on page 20.)

Performance Review

For the six months ended March 31, 2010, the Fund’s NAV return of -16.25% underperformed the benchmark MSCI World Index return of +7.44% by -23.69%. The effect of holding foreign currency during the six-month period covered by this report negatively impacted the total return of the Fund. The foreign currency effect was most noticeable in Euro-denominated assets, where the Euro dropped -7.7% against the U.S. dollar. The effect of holding foreign-currency denominated assets detracted -3.8% from the Fund’s total return. In addition to negative currency effect, the Greek credit crisis, along with mounting concerns around Spanish and Portuguese debt, hurt the performance of European-based wind companies and utilities such as Iberdrola (-8.5% local). Additionally, continued tightening of debt in the European nations has hindered large wind turbine manufacturers such as Nordex (-29.2% local) and Clipper Windpower (-42.7% local). The companies are highly dependent on fiscal policy initiatives, low interest rates, and free-flowing credit. From a policy perspective, Germany announced a cut to its feed-in tariff, which sent a ripple through clean energy companies serving the country, while Spain announced that it was going to require utilities to burn a set amount of locally-mined coal. While interest rates remained low, concerns of increasing rates and a general freezing of credit among European countries hindered performance among the Fund’s wind companies.

Top Five and Bottom Five Performing Stocks

(by contribution to return over the six months ended March 31, 2010)

Top-Performing Stocks

Repower Systems AG
Deere & Co.
Allegheny Technologies, Inc.
Centrais Eletricas Brasileiras S.A., ADR
Mitsui & Co., Ltd.

Bottom-Performing Stocks

Gamesa Corporacion Tecnologica S.A.
EDP Renovaveis S.A.
Hansen Transmissions International
Broadwind Energy Inc.
Vestas Wind Systems A/S

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Fund Performance Overview (Continued)

FAN - First Trust ISE Global Wind Energy Index Fund (Continued)

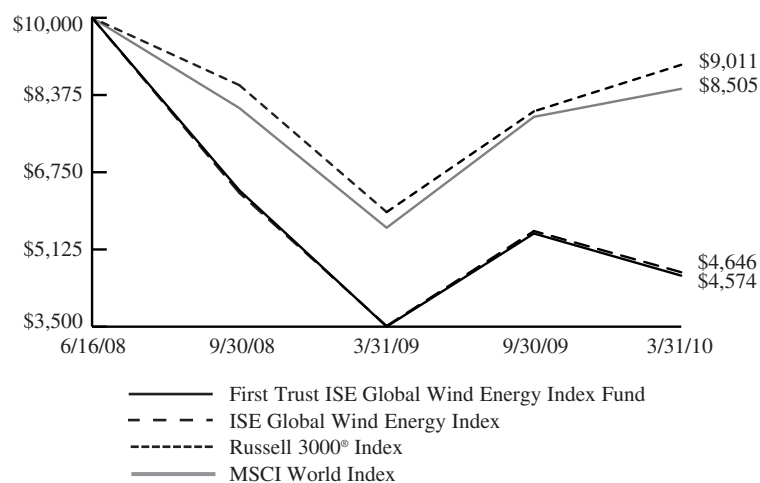
Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Utilities	46.56%
Industrials	44.73
Energy	5.98
Materials	1.92
Consumer Discretionary	0.81
Total	<u>100.00%</u>

Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
Iberdrola Renovables S.A.	7.29%
EDP Renovaveis S.A.	7.16
Vestas Wind Systems A/S	7.12
Repower Systems AG	6.63
Hansen Transmissions International	5.29
Gamesa Corporacion Tecnologica S.A.	5.24
Infigen Energy	4.90
Nordex AG	3.80
Japan Wind Development Co., Ltd.	3.63
Fersa Energias Renovables S.A.	2.85
Total	<u>53.91%</u>

**Performance of a \$10,000 Initial Investment
June 16, 2008 - March 31, 2010**



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

Frequency Distribution of Discounts and Premiums Bid/Ask Midpoint vs. NAV through March 31, 2010

The following Frequency Distribution of Discounts and Premiums charts are provided to show the frequency at which the bid/ask midpoint price for the Fund was at a discount or premium to the daily NAV. The following tables are for comparative purposes only and represent the period June 18, 2008 (commencement of trading) through March 31, 2010. Shareholders may pay more than NAV when they buy Fund shares and receive less than NAV when they sell those shares because shares are bought and sold at current market price. Data presented represents past performance and cannot be used to predict future results.

Number of Days Bid/Ask Midpoint At/Above NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
6/18/08 - 9/30/08	24	17	13	2
10/1/08 - 9/30/09	57	52	40	11
10/1/09 - 3/31/10	33	3	0	0

Number of Days Bid/Ask Midpoint Below NAV

For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
6/18/08 - 9/30/08	6	1	8	2
10/1/08 - 9/30/09	41	30	17	4
10/1/09 - 3/31/10	56	28	5	0

Fund Performance Overview (Continued)

FLM - First Trust ISE Global Engineering and Construction Index Fund

First Trust ISE Global Engineering and Construction Index Fund (the “Fund”) seeks investment results that correspond generally to the price and yield (before the Fund’s fees and expenses) of the ISE Global Engineering and Construction Index (the “Index”). The shares of the Fund are listed and trade on the NYSE Arca, Inc. under the ticker symbol “FLM.” The Fund will normally invest in all of the securities (including applicable depositary receipts) comprising the Index in proportion to their weightings in the Index.

The Index was developed and is owned by the International Securities Exchange, LLC, in consultation with Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc., which calculates and maintains the Index. The Index provides a benchmark for investors interested in tracking public companies throughout the world that are active in the engineering and construction industries, based on analysis of the products and services offered by those companies.

Performance as of March 31, 2010

	6 Months Ended 03/31/10	1 Year Ended 03/31/10	Average Annual Total Returns Inception (10/13/08) to 03/31/10	Cumulative Total Returns Inception (10/13/08) to 03/31/10
Fund Performance				
NAV	0.65%	49.90%	22.59%	34.71%
Market Price	1.05%	49.27%	23.01%	35.38%
Index Performance				
ISE Global Engineering and Construction Index	1.13%	51.93%	27.47%	42.63%
Russell 3000® Index	12.19%	52.44%	15.00%	22.69%
MSCI World Industrials Index	12.58%	67.45%	19.40%	29.62%

(See Notes to Fund Performance Overview on page 20.)

Performance Review

For the six months ended March 31, 2010, the Fund’s NAV return of +0.65% underperformed the benchmark MSCI World Industrials Index return of +12.58% by -11.93%. The effect of holding foreign currency during the period was detrimental to the total return of the U.S. dollar-based Fund. The foreign currency effect was most noticeable in Euro-denominated assets, where the Euro dropped -7.7% against the U.S. dollar. The effect of holding foreign currency-denominated assets detracted -3.0% from the Fund’s total return. As government stimulus funds began to flow into the private sector in the first quarter of 2010, contracting giants such as Chicago Bridge & Iron (+24.5%) led the construction sector higher during the quarter, making up for the fourth quarter of 2009, when the industry lagged. Conversely, the Netherlands-based construction company Koninklijke BAM Groep was one of the weakest-performing stocks in the Fund, returning (-27.0% local). The stock dropped amid a lower profit outlook due to weaker European conditions, along with plans for a dilutive equity offering. Underperformance in the Fund is primarily related to the Fund’s concentration in the Construction & Engineering industry, one that lagged other industries in the Industrials sector, such as Aerospace & Defense (+20.2% local) and Machinery (+19.8% local).

Top Five and Bottom Five Performing Stocks

(by contribution to return over the approximately six months ended March 31, 2010)

Top-Performing Stocks

Aker Solutions ASA
Skanska AB
Chicago Bridge & Iron Co. N.V.
Chiyoda Corp.
Imtech N.V.

Bottom-Performing Stocks

Sacyr-Vallehermoso S.A.
Koninklijke BAM Groep N.V.
Foster Wheeler AG
JGC Corp.
Eiffage S.A.

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Fund Performance Overview (Continued)

FLM - First Trust ISE Global Engineering and Construction Index Fund (Continued)

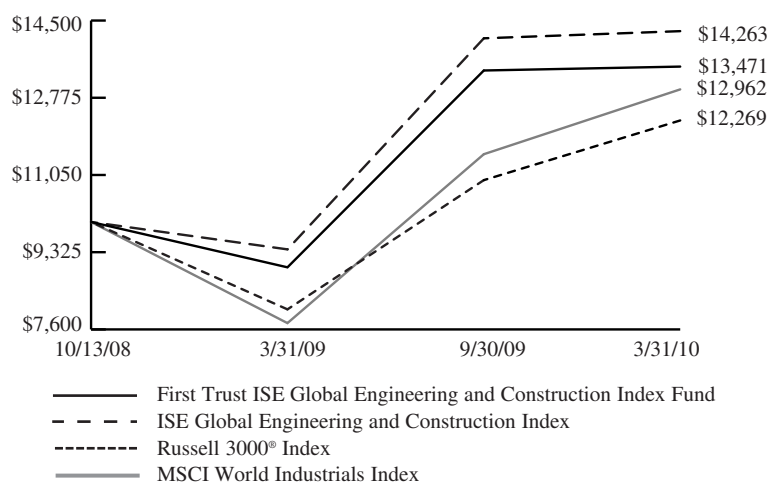
Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Industrials	93.04%
Energy	6.96
Total	<u>100.00%</u>

Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
Jacobs Engineering Group, Inc.	3.44%
Fluor Corp.	3.17
McDermott International, Inc.	3.06
Vinci S.A.	2.88
Hochtief AG	2.87
Bouygues S.A.	2.76
KBR, Inc.	2.70
Aker Solutions ASA	2.68
Skanska AB	2.68
URS Corp.	2.66
Total	<u>28.90%</u>

**Performance of a \$10,000 Initial Investment
October 13, 2008 - March 31, 2010**



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

Frequency Distribution of Discounts and Premiums Bid/Ask Midpoint vs. NAV through March 31, 2010

The following Frequency Distribution of Discounts and Premiums charts are provided to show the frequency at which the bid/ask midpoint price for the Fund was at a discount or premium to the daily NAV. The following tables are for comparative purposes only and represent the period October 15, 2008 (commencement of trading) through March 31, 2010. Shareholders may pay more than NAV when they buy Fund shares and receive less than NAV when they sell those shares because shares are bought and sold at current market price. Data presented represents past performance and cannot be used to predict future results.

Number of Days Bid/Ask Midpoint At/Above NAV

For the Period	0.00% - 0.49%	0.50% - 0.99%	1.00% - 1.99%	>= 2.00%
10/15/08 - 9/30/09	79	44	32	26
10/1/09 - 3/31/10	65	19	1	0

Number of Days Bid/Ask Midpoint Below NAV

For the Period	0.00% - 0.49%	0.50% - 0.99%	1.00% - 1.99%	>= 2.00%
10/15/08 - 9/30/09	36	12	8	5
10/1/09 - 3/31/10	31	7	2	0

Fund Performance Overview (Continued)

GRID - First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund

The First Trust ISE Global Engineering and Construction Index Fund (the “Fund”) (inception 11/16/2009) 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 IndexSM (the “Index”). The shares of the Fund are listed and trade on The NASDAQ® Stock Market under the ticker symbol “GRID.” The Fund will normally invest at least 90% of its net assets in common stocks that comprise the Index or in depositary receipts that may include American Depositary Receipts, Global Depositary Receipts, European Depositary Receipts or other depositary receipts representing securities in the Index. The Fund, using an “indexing” investment approach, attempts to replicate, before fees and expenses, the performance of the Index.

The Index is designed to act as a transparent and liquid benchmark for 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.

Performance as of March 31, 2010

	Cumulative Total Returns Inception (11/16/09) to 03/31/10
Fund Performance	
NAV	2.57%
Market Price	2.67%
Index Performance	
NASDAQ OMX® Clean Edge® Smart Grid Infrastructure Index SM	2.97%
S&P 1500 Industrials Index	12.05%
Russell 3000® Index	7.31%
MSCI World Industrials Index ¹	8.14%

¹ The broad-based securities market index is changing from S&P 500 Industrials Index to MSCI World Industrials Index because the MSCI World Industrials Index better reflects the composition of the fund.
(See Notes to Fund Performance Overview on page 20.)

Performance Review

For the period November 16, 2009 (Fund inception) through March 31, 2010, the Fund’s NAV return of +2.57% underperformed the benchmark MSCI World Industrials Index return of +8.14% by -5.57%. The effect of holding foreign currency during the period negatively impacted the total return of the U.S. dollar-based Fund. The foreign currency effect was most noticeable in Euro-denominated assets, where the Euro dropped -9.8% against the U.S. dollar. The effect of holding foreign currency-denominated assets detracted -2.4% from the Fund’s total return, over the period covered. Holdings of smart grid companies, General Cable (-18.8%), American Superconductor (-10.2%) and Echelon (-28.4%) were the main drag on the Fund’s portfolio performance, as all companies suffered from analyst downgrades during the period. Additionally, American Superconductor traded lower on concerns about the lack of diversification of its sales, and subsequent reliance on Chinese-based customers. Smaller producers such as Wesco International (+21.7%), Cooper Industries (+11.1%) and Digi International (+35.4%), however, boosted returns in the Fund during the period.

Top Five and Bottom Five Performing Stocks

(by contribution to return over the period November 16, 2009 (Fund inception) through March 31, 2010)

Top-Performing Stocks

SMA Solar Technology AG
ITC Holdings Corp.
Jinpan International Ltd.
Itron, Inc.
Power-One Inc.

Bottom-Performing Stocks

Echelon Corp.
General Cable Corp.
NGK Insulators Ltd.
Quanta Services, Inc.
American Superconductor Corp.

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Fund Performance Overview (Continued)

GRID - First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund (Continued)

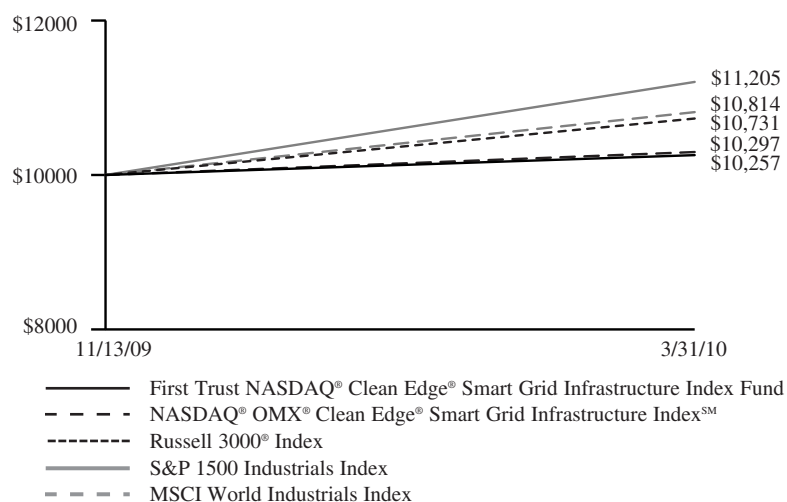
Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Industrials	79.49%
Information Technology	14.82
Utilities	5.69
Total	<u>100.00%</u>

Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
SMA Solar Technology AG	8.80%
Prysmian S.p.A.	8.52
Schneider Electric S.A.	8.21
Quanta Services, Inc.	7.55
NGK Insulators Ltd.	7.06
General Cable Corp.	4.14
Itron, Inc.	4.06
EnerNOC, Inc.	3.90
American Superconductor Corp.	3.86
ITC Holdings Corp.	3.86
Total	<u>59.96%</u>

**Performance of a \$10,000 Initial Investment
November 16, 2009 - March 31, 2010**



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

Frequency Distribution of Discounts and Premiums Bid/Ask Midpoint vs. NAV through March 31, 2010

The following Frequency Distribution of Discounts and Premiums charts are provided to show the frequency at which the bid/ask midpoint price for the Fund was at a discount or premium to the daily NAV. The following tables are for comparative purposes only and represent the period November 17, 2009 (commencement of trading) through March 31, 2010. Shareholders may pay more than NAV when they buy Fund shares and receive less than NAV when they sell those shares because shares are bought and sold at current market price. Data presented represents past performance and cannot be used to predict future results.

Number of Days Bid/Ask Midpoint At/Above NAV

For the Period	0.00% - 0.49%	0.50% - 0.99%	1.00% - 1.99%	>= 2.00%
11/17/09 - 3/31/10	76	3	4	1

Number of Days Bid/Ask Midpoint Below NAV

For the Period	0.00% - 0.49%	0.50% - 0.99%	1.00% - 1.99%	>= 2.00%
11/17/09 - 3/31/10	6	0	1	1

Fund Performance Overview (Continued)

CU - First Trust ISE Global Copper Index Fund

First Trust ISE Global Copper Index Fund (the “Fund”) (inception 3/11/2010) 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 Global Copper™ Index (the “Index”). The shares of the Fund are listed and trade on The NASDAQ® Stock Market under the ticker symbol “CU.” The Fund will normally invest at least 90% of its net assets in securities that comprise the Index or in depositary receipts representing foreign securities in the Index.

The Index is designed to provide a benchmark for investors interested in tracking public companies that are active in the copper mining business based on analysis of revenue derived from the sale of copper. Issuers of component securities must be actively engaged in some aspect of the copper mining business such as copper mining, refining or exploration. The Index has been created to provide investors with a product allowing them to quickly take advantage of both event-driven news and long-term trends as the need for copper continues to evolve.

Performance as of March 31, 2010

	Cumulative Total Returns Inception (03/11/10) to 03/31/10
Fund Performance	
NAV	2.97%
Market Price	3.37%
Index Performance	
ISE Global Copper™ Index	3.37%
MSCI All Country World Materials Index	2.91%
MSCI All Country World Index	1.72%

(See Notes to Fund Performance Overview on page 20.)

Performance Review

Though CU had only been in the market since 3/11/2010, its since inception return of +2.97% narrowly outperformed the benchmark MSCI All Country World Materials Index return of +2.91% by +0.06%. Copper prices, which increased +5.3% during this time, rose the most on 3/29/2010, as announced inventories were lower than expected. Falling inventories, combined with a relatively optimistic global economic outlook, benefited the shares of copper miners over the short three-week period covered by this report.

Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Materials	100.00%
Total	<u>100.00%</u>

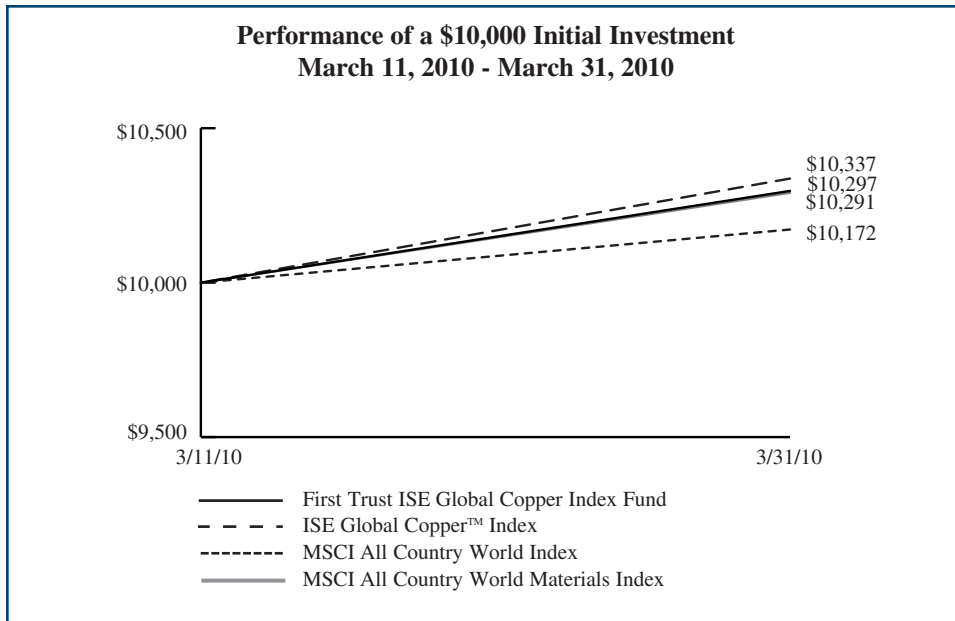
Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
Xstrata PLC	7.18%
Freeport-McMoRan Copper & Gold, Inc.	7.12
BHP Billiton Ltd.	6.99
Antofagasta PLC	6.91
Southern Copper Corp.	6.78
Ivanhoe Mines Ltd.	4.85
MMC Norilsk Nickel, ADR	4.80
Rio Tinto PLC, ADR	4.65
Vedanta Resources PLC	4.46
Kazakhmys PLC	4.44
Total	<u>58.18%</u>

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Fund Performance Overview (Continued)

CU - First Trust ISE Global Copper Index Fund (Continued)



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

**Frequency Distribution of Discounts and Premiums
Bid/Ask Midpoint vs. NAV through March 31, 2010**

The following Frequency Distribution of Discounts and Premiums charts are provided to show the frequency at which the bid/ask midpoint price for the Fund was at a discount or premium to the daily NAV. The following tables are for comparative purposes only and represent the period March 12, 2010 (commencement of trading) through March 31, 2010. Shareholders may pay more than NAV when they buy Fund shares and receive less than NAV when they sell those shares because shares are bought and sold at current market price. Data presented represents past performance and cannot be used to predict future results.

Number of Days Bid/Ask Midpoint At/Above NAV				
For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
3/12/10 - 3/31/10	7	5	0	0
Number of Days Bid/Ask Midpoint Below NAV				
For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
3/12/10 - 3/31/10	0	1	1	0

Fund Performance Overview (Continued)

PLTM - First Trust ISE Global Platinum Index Fund

First Trust ISE Global Platinum Index Fund (the “Fund”) (inception 3/11/2010) 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 Global Platinum™ Index (the “Index”). The shares of the Fund are listed and trade on The NASDAQ® Stock Market under the ticker symbol “PLTM.” The Fund will normally invest at least 90% of its net assets in securities that comprise the Index or in depositary receipts representing foreign securities in the Index.

The Index is designed to provide a benchmark for investors interested in tracking public companies that are active in platinum group metals (“PGM”) mining based on revenue analysis of those companies. PGMs collectively refer to six elements, platinum, palladium, osmium, iridium, ruthenium and rhodium, which have similar physical and chemical properties and tend to occur together in the same mineral deposits. Issuers of component securities must be actively engaged in some aspect of PGM mining such as mining, refining or exploration. The Index has been created to provide investors with a product allowing them to quickly take advantage of both event-driven news and long-term trends as the need for PGMs continues to evolve.

Performance as of March 31, 2010

	Cumulative Total Returns Inception (03/11/10) to 03/31/10
Fund Performance	
NAV	3.37%
Market Price	4.23%
Index Performance	
ISE Global Platinum™ Index	3.83%
MSCI All Country World Materials Index	2.91%
MSCI All Country World Index	1.72%

(See Notes to Fund Performance Overview on page 20)

Performance Review

Though PLTM had only been in the market since 3/11/2010, its since inception return of +3.37% narrowly outperformed the benchmark MSCI All Country World Materials Index return of +2.91% by +0.46%. Impala Platinum was the top-performing stock by contribution to return, as the stock rallied on expansion news, along with steadily increasing platinum prices (up +1.9% during this time period).

Portfolio Sector Allocation as of March 31, 2010

Sector	% of Total Long-Term Investments
Materials	96.95%
Information Technology	3.05
Total	<u>100.00%</u>

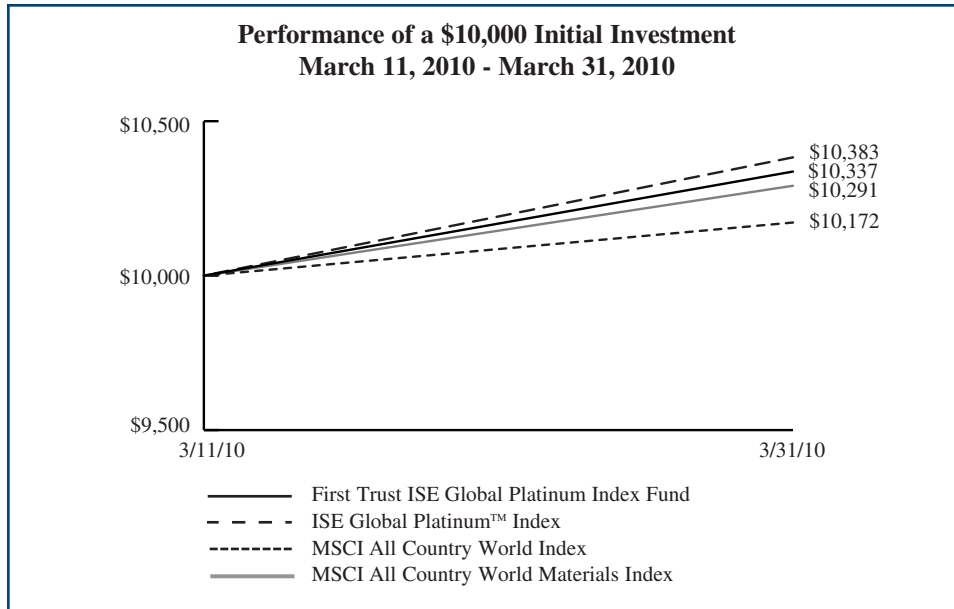
Top Ten Portfolio Holdings as of March 31, 2010

Security	% of Total Long-Term Investments
Impala Platinum Holdings Ltd.	7.56%
Aquarius Platinum Ltd.	7.55
MMC Norilsk Nickel, ADR	7.47
Anglo Platinum Ltd.	7.41
Lonmin PLC	7.03
Johnson Matthey PLC	6.93
Northam Platinum Ltd.	4.58
Eastern Platinum Ltd.	4.49
African Rainbow Minerals Ltd.	4.28
FNX Mining Co., Inc.	4.24
Total	<u>61.54%</u>

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Fund Performance Overview (Continued)

PLTM - First Trust ISE Global Platinum Index Fund (Continued)



Performance figures assume reinvestment of all dividend distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

Frequency Distribution of Discounts and Premiums Bid/Ask Midpoint vs. NAV through March 31, 2010

The following Frequency Distribution of Discounts and Premiums charts are provided to show the frequency at which the bid/ask midpoint price for the Fund was at a discount or premium to the daily NAV. The following tables are for comparative purposes only and represent the period March 12, 2010 (commencement of trading) through March 31, 2010. Shareholders may pay more than NAV when they buy Fund shares and receive less than NAV when they sell those shares because shares are bought and sold at current market price. Data presented represents past performance and cannot be used to predict future results.

Number of Days Bid/Ask Midpoint At/Above NAV				
For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
3/12/10 - 3/31/10	7	7	0	0
Number of Days Bid/Ask Midpoint Below NAV				
For the Period	0.00%-0.49%	0.50%-0.99%	1.00%-1.99%	>=2.00%
3/12/10 - 3/31/10	0	0	0	0

Notes to Fund Performance Overview

Total returns for the periods since inception are calculated from the inception date of each Fund. “Average annual total returns” represent the average annual change in value of an investment over the periods indicated. “Cumulative total returns” represent the total change in value of an investment over the periods indicated. The total returns would have been lower if certain fees had not been waived and expenses reimbursed by the Advisor.

Each Fund’s per share net asset value (“NAV”) is the value of one share of the Fund and is computed by dividing the value of all assets of the Fund (including accrued interest and dividends), less all liabilities (including accrued expenses and dividends declared but unpaid), by the total number of outstanding shares. The price used to calculate market return (“Market Price”) is determined by using the midpoint between the highest bid and the lowest offer on the the stock exchange on which shares of the Fund are listed for trading as of the time that the Fund’s NAV is calculated. Since shares of each Fund did not trade in the secondary market until after the Fund’s inception, for the period from inception to the first day of secondary market trading in shares of the Fund, the NAV of each Fund is used as a proxy for the secondary market trading price to calculate market returns. NAV and market returns assume that all dividend distributions have been reinvested in each Fund at NAV and Market Price, respectively.

An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, an index does not actually hold a portfolio of securities and therefore does not incur the expenses incurred by each Fund. These expenses negatively impact the performance of each Fund. Also, market returns do not include brokerage commissions that may be payable on secondary market transactions. If brokerage commissions were included, market returns would be lower. The total returns presented reflect the reinvestment of dividends on securities in the indices. The returns presented do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. The investment return and principal value of shares of the Fund will vary with changes in market conditions. Shares of the Fund may be worth more or less than their original cost when they are redeemed or sold in the market. Each Fund’s past performance is no guarantee of future results.

First Trust Exchange-Traded Fund II

Understanding Your Fund Expenses

March 31, 2010 (Unaudited)

As a shareholder of First Trust Dow Jones STOXX® European Select Dividend Index Fund, First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund, First Trust Dow Jones Global Select Dividend Index Fund, First Trust ISE Global Wind Energy Index Fund, First Trust ISE Global Engineering and Construction Index Fund, First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund, First Trust ISE Global Copper Index Fund or First Trust ISE Global Platinum Index Fund (each a “Fund” and collectively, the “Funds”), you incur two types of costs: (1) transaction costs; and (2) ongoing costs, including management fees, distribution and/or service fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in U.S. dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period (or since inception) and held through the six-month period (or shorter) ended March 31, 2010.

Actual Expenses

The first line in the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Six-Month Period” to estimate the expenses you paid on your account during this six-month period.

Hypothetical Example for Comparison Purposes

The second line in the following table provides information about hypothetical account values and hypothetical expenses based on each Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not each Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as brokerage commissions. Therefore, the second line in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value October 1, 2009	Ending Account Value March 31, 2010	Annualized Expense Ratio Based on the Six-Month Period (a)	Expenses Paid During the Six-Month Period (b)
First Trust Dow Jones STOXX® European Select Dividend Index Fund				
Actual	\$1,000.00	\$975.20	0.60%	\$2.95
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.94	0.60%	\$3.02
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund				
Actual	\$1,000.00	\$1,080.30	0.60%	\$3.11
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.94	0.60%	\$3.02
First Trust Dow Jones Global Select Dividend Index Fund				
Actual	\$1,000.00	\$1,038.60	0.60%	\$3.05
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.94	0.60%	\$3.02
First Trust ISE Global Wind Energy Index Fund				
Actual	\$1,000.00	\$837.50	0.60%	\$2.75
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.94	0.60%	\$3.02
First Trust ISE Global Engineering and Construction Index Fund				
Actual	\$1,000.00	\$1,006.50	0.70%	\$3.50
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.44	0.70%	\$3.53

First Trust Exchange-Traded Fund II

Understanding Your Fund Expenses (Continued)

March 31, 2010 (Unaudited)

	Beginning Account Value November 16, 2009 (c)	Ending Account Value March 31, 2010	Annualized Expense Ratio Based on the Number of Days in the Period (a)	Expenses Paid During the Period November 16, 2009 To March 31, 2010 (d)
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund				
Actual	\$1,000.00	\$1,025.70	0.70%	\$2.64
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.44	0.70%	\$3.53

	Beginning Account Value March 11, 2010 (c)	Ending Account Value March 31, 2010	Annualized Expense Ratio Based on the Number of Days in the Period (a)	Expenses Paid During the Period March 11, 2010 To March 31, 2010 (e)
First Trust ISE Global Copper Index Fund				
Actual	\$1,000.00	\$1,029.70	0.70%	\$0.41
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.44	0.70%	\$3.53
First Trust ISE Global Platinum Index Fund				
Actual	\$1,000.00	\$1,033.70	0.70%	\$0.41
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.44	0.70%	\$3.53

(a) These expense ratios reflect expense caps.

(b) Expenses are equal to the annualized expense ratio as indicated in the table, multiplied by the average account value over the period (October 1, 2009 through March 31, 2010), multiplied by 182/365 (to reflect the one-half year period).

(c) Inception date.

(d) Actual expenses are equal to the annualized expense ratio as indicated in the table, multiplied by the average account value over the period (November 16, 2009 through March 31, 2010), multiplied by 136/365. Hypothetical expenses are assumed for the most recent half-year period.

(e) Actual expenses are equal to the annualized expense ratio as indicated in the table, multiplied by the average account value over the period (March 11, 2010 through March 31, 2010), multiplied by 21/365. Hypothetical expenses are assumed for the most recent half-year period.

First Trust Dow Jones STOXX® European Select Dividend Index Fund

Portfolio of Investments (a) March 31, 2010 (Unaudited)

Shares	Description	Value
Common Stocks (b) — 100.1%		
Belgium — 3.8%		
7,217	Belgacom S.A.	\$ 281,903
Bermuda — 4.4%		
59,456	Catlin Group Ltd.	324,988
France — 9.3%		
12,326	France Telecom S.A.	294,923
4,944	Lagardere S.C.A.	200,063
7,847	SCOR SE	198,194
		693,180
Germany — 11.5%		
2,462	BASF SE	152,699
22,014	Deutsche Telekom AG	298,374
1,143	Muenchener Rueckversicherungs- Gesellschaft AG	185,488
2,635	RWE AG	216,706
		853,267
Ireland — 2.0%		
5,974	CRH PLC	149,193
Italy — 7.5%		
61,550	Enel S.p.A	344,170
41,905	Snam Rete Gas S.p.A.	212,389
		556,559
Netherlands — 8.7%		
14,877	Koninklijke (Royal) KPN N.V.	235,699
5,644	Koninklijke Boskalis Westminster N.V.	216,306
8,786	Wolters Kluwer N.V.	190,523
		642,528
Norway — 2.2%		
7,120	StatoilHydro ASA	164,846
Spain — 7.0%		
50,932	Banco de Sabadell S.A.	281,221
17,679	Banco Santander S.A.	234,962
		516,183
Sweden — 2.1%		
4,651	Ratos AB	154,269
Switzerland — 7.2%		
1,755	Baloise Holding AG	155,626
485	Swisscom AG	176,999
795	Zurich Financial Services AG	203,802
		536,427
United Kingdom — 34.4%		
39,106	Amlin PLC	230,311
5,826	AstraZeneca PLC	259,835
53,545	Carillion PLC	265,539
13,110	GlaxoSmithKline PLC	251,763
160,066	Man Group PLC	586,603
25,307	Provident Financial PLC	333,149

Shares	Description	Value
United Kingdom (Continued)		
166,360	RSA Insurance Group PLC	\$ 321,875
35,577	United Utilities PLC	301,793
		2,550,868
	Total Investments — 100.1%	7,424,211
	(Cost \$7,318,968) (c)	
	Net Other Assets and Liabilities — (0.1)%	(6,622)
	Net Assets — 100.0%	\$ 7,417,589

(a) All percentages shown in the Portfolio of Investments are based on net assets.

(b) Portfolio securities are categorized based upon their country of incorporation.

(c) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$319,519 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$214,276.

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

Level 1 - Quoted Prices
Level 2 - Other Significant Observable Inputs
Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	\$ 7,424,211	\$ —	\$ —

* See Portfolio of Investments for country breakout.

First Trust Dow Jones STOXX® European Select Dividend Index Fund**Portfolio of Investments (a) (Continued)****March 31, 2010 (Unaudited)**

Industry	% of Net Assets
Insurance	21.8%
Diversified Telecommunication Services	17.4
Capital Markets	10.0
Multi-Utilities	7.0
Commercial Banks	7.0
Pharmaceuticals	6.9
Construction & Engineering	6.5
Media	5.3
Electric Utilities	4.6
Consumer Finance	4.5
Gas Utilities	2.8
Oil, Gas & Consumable Fuels	2.2
Chemicals	2.1
Construction Materials	2.0
Total Investments	100.1
Net Other Assets and Liabilities	(0.1)
Total	100.0%

First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund

Portfolio of Investments (a) (Continued)

March 31, 2010 (Unaudited)

Shares	Description	Value	Shares	Description	Value
Common Stocks (b) (Continued)			Japan (Continued)		
Germany (Continued)			43,081	Mitsui Fudosan Co., Ltd.	\$ 731,303
1,611	TAG Immobilien AG (c)	\$ 9,248	4	MORI TRUST Sogo Reit, Inc.	35,084
		<u>166,029</u>	27	Nippon Building Fund, Inc.	232,485
Greece — 0.1%			3,800	Nomura Real Estate Holdings, Inc.	58,612
1,258	Babis Vovos International Construction S.A. (c)	6,525	15	Nomura Real Estate Office Fund, Inc.	84,234
904	Eurobank Properties Real Estate Investment Co.	8,632	65	NTT Urban Development Corp.	54,926
650	Lamda Development S.A. (c)	4,539	12	ORIX JREIT, Inc., Class A	54,359
		<u>19,696</u>	6	Premier Investment Co.	19,735
Guernsey — 0.2%			23,744	Sumitomo Realty & Development Co., Ltd.	451,819
13,455	FCPT Ltd.	18,805	16,375	Tokyo Tatemono Co., Ltd.	58,851
16,383	ING UK Real Estate Income Trust Ltd.	11,933	19,297	Tokyu Land Corp.	73,687
15,994	Invista Foundation Property Trust Ltd.	10,194	6	TOKYU REIT, Inc.	31,544
4,096	IRP Property Investments Ltd.	5,128	8	Top REIT, Inc., Class A	36,196
2,806	ISIS Property Trust Ltd.	3,832	10	United Urban Investment Corp., Class A	<u>57,546</u>
5,653	Standard Life Investment Property Income Trust PLC	5,125			<u>3,375,575</u>
17,572	UK Commercial Property Trust Ltd.	22,426	Luxembourg — 0.3%		
		<u>77,443</u>	4,449	Gagfah S.A.	39,810
Hong Kong — 12.3%			6,994	ProLogis European Properties (c)	49,245
119,050	Champion Real Estate Investment Trust	56,886			<u>89,055</u>
201,829	China Overseas Land & Investment Ltd.	455,946	Netherlands — 1.7%		
102,559	Hang Lung Properties Ltd.	413,446	3,771	Corio N.V.	251,789
52,853	Henderson Land Development Co., Ltd.	372,355	1,992	Eurocommercial Properties N.V.	80,043
38,705	Hysan Development Co., Ltd.	111,914	1,946	Nieuwe Steen Investments Funds N.V.	41,331
28,397	Kowloon Development Co., Ltd.	35,989	926	VastNed Offices/Industrial N.V.	16,822
107,542	Link (The) REIT	265,107	917	Vastned Retail N.V.	61,246
144,852	New World Development Co., Ltd.	283,575	1,051	Wereldhave N.V.	<u>100,731</u>
86,520	Shenzhen Investment Ltd.	32,093			<u>551,962</u>
120,997	Sino Land Co., Ltd.	237,186	New Zealand — 0.1%		
94,529	Sun Hung Kai Properties Ltd.	1,422,029	39,897	Kiwi Income Property Trust	28,341
67,848	Wharf (The) Holdings Ltd.	382,310	Norway — 0.1%		
		<u>4,068,836</u>	24,624	Norwegian Property ASA (c)	<u>51,376</u>
Italy — 0.1%			Singapore — 4.7%		
17,599	Beni Stabili S.p.A	17,043	39,000	Allgreen Properties Ltd.	33,175
5,897	Immobiliare Grande Distribuzione	11,940	92,400	Ascendas Real Estate Investment Trust	126,815
		<u>28,983</u>	102,890	CapitaCommercial Trust	79,432
Japan — 10.2%			156,530	Capitaland Ltd.	444,207
4,516	AEON Mall Co., Ltd.	95,208	116,883	CapitaMall Trust	147,884
2,837	DAIBIRU Corp.	23,912	77,000	CapitaMalls Asia Ltd. (c)	124,393
7,340	HEIWA Real Estate Co., Ltd.	22,062	34,000	City Developments Ltd.	257,622
35	Japan Prime Realty Investment Corp.	77,907	35,521	Keppel Land Ltd.	93,186
24	Japan Real Estate Investment Corp.	204,599	75,790	Mapletree Logistics Trust	46,050
76	Japan Retail Fund Investment Corp.	89,421	8,000	Singapore Land Ltd.	38,886
12	Kenedix Realty Investment Corp., Class A	32,230	89,197	Suntec Real Estate Investment Trust	85,438
51,930	Mitsubishi Estate Co., Ltd.	849,855	29,087	Wing Tai Holdings Ltd.	37,634
			29,000	Yanlord Land Group Ltd.	38,765
					<u>1,553,487</u>
			Sweden — 0.9%		
			8,105	Castellum AB	81,661

First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund

Portfolio of Investments (a) (Continued)

March 31, 2010 (Unaudited)

Shares	Description	Value	Shares	Description	Value
Common Stocks (b) (Continued)			United States (Continued)		
<i>Sweden (Continued)</i>			6,810	CBL & Associates Properties, Inc.	\$ 93,297
8,125	Fabege AB	\$ 54,912	2,947	Cedar Shopping Centers, Inc.	23,311
7,337	Hufvudstaden AB	62,745	2,100	Cogdell Spencer, Inc.	15,540
5,961	Klovern AB	21,630	3,276	Colonial Properties Trust	42,195
6,745	Kungsleden AB	53,012	2,865	Corporate Office Properties Trust	114,972
1,897	Wihlborgs Fastigheter AB	40,065	5,691	Corrections Corp. of America (c)	113,023
		<u>314,025</u>	4,934	Cousins Properties, Inc.	41,002
<i>Switzerland — 0.9%</i>			10,246	DCT Industrial Trust, Inc.	53,587
281	Allreal Holding AG	34,619	12,329	Developers Diversified Realty Corp.	150,044
2,316	PSP Swiss Property AG (c)	148,704	6,137	DiamondRock Hospitality Co. (c)	62,045
1,974	Swiss Prime Site AG (c)	123,468	3,748	Digital Realty Trust, Inc.	203,142
2,177	Zueblin Immobilien Holding AG (c)	9,848	4,495	Douglas Emmett, Inc.	69,088
		<u>316,639</u>	11,063	Duke Realty Corp.	137,181
<i>United Kingdom — 5.5%</i>			2,097	DuPont Fabros Technology, Inc.	45,274
1,184	A.J. Mucklow Group PLC	5,143	1,325	EastGroup Properties, Inc.	50,005
6,453	Big Yellow Group PLC (c)	33,294	2,621	Education Realty Trust, Inc.	15,045
42,656	British Land Co., PLC	311,418	2,113	Entertainment Properties Trust	86,908
1,189	CLS Holdings PLC (c)	9,292	1,497	Equity Lifestyle Properties, Inc.	80,658
244	Daejan Holdings PLC	8,705	2,126	Equity One, Inc.	40,160
4,972	Derwent London PLC	103,065	13,922	Equity Residential	545,046
4,067	Development Securities PLC	16,849	1,438	Essex Property Trust, Inc.	129,348
15,379	Grainger PLC	31,506	4,268	Extra Space Storage, Inc.	54,118
15,453	Great Portland Estates PLC	73,726	3,009	Federal Realty Investment Trust	219,085
34,425	Hammerson PLC	205,511	3,196	FelCor Lodging Trust, Inc. (c)	18,217
5,292	Helical Bar PLC	27,135	3,045	First Industrial Realty Trust, Inc. (c)	23,629
37,334	Land Securities Group PLC	384,116	1,831	First Potomac Realty Trust	27,520
30,710	Liberty International PLC	234,643	6,610	Forest City Enterprises, Inc., Class A (c)	95,250
7,964	Minerva PLC (c)	11,511	3,940	Franklin Street Properties Corp.	56,854
3,031	Primary Health Properties PLC	13,879	916	Getty Realty Corp.	21,434
25,576	Quintain Estates & Development PLC (c)	22,026	3,397	Glimcher Realty Trust	17,223
6,934	Safestore Holdings PLC	15,152	1,158	Government Properties Income Trust	30,120
36,288	Segro PLC	175,994	14,475	HCP, Inc.	477,675
11,135	Shaftesbury PLC	64,987	6,077	Health Care REIT, Inc.	274,863
7,428	St. Modwen Properties PLC (c)	21,811	3,032	Healthcare Realty Trust, Inc.	70,615
7,868	Unite Group PLC (c)	30,816	6,767	Hersha Hospitality Trust	35,053
56,716	Workspace Group PLC	20,656	3,502	Highwoods Properties, Inc.	111,118
		<u>1,821,235</u>	2,087	Hilltop Holdings, Inc. (c)	24,522
<i>United States — 38.5%</i>			1,727	Home Properties, Inc.	80,824
1,981	Acadia Realty Trust	35,381	6,096	Hospitality Properties Trust	145,999
404	Agree Realty Corp.	9,235	32,259	Host Hotels & Resorts, Inc.	472,594
100	Alexander's, Inc. (c)	29,913	12,750	HRPT Properties Trust	99,195
2,174	Alexandria Real Estate Equities, Inc.	146,962	4,222	Inland Real Estate Corp.	38,631
7,373	AMB Property Corp.	200,841	3,631	Investors Real Estate Trust	32,752
2,580	American Campus Communities, Inc.	71,363	2,134	Kilroy Realty Corp.	65,813
5,775	Apartment Investment & Management Co., Class A	106,318	19,841	Kimco Realty Corp.	310,313
2,652	Ashford Hospitality Trust (c)	19,015	3,111	Kite Realty Group Trust	14,715
1,108	Associated Estates Realty Corp.	15,279	3,409	LaSalle Hotel Properties	79,430
4,022	AvalonBay Communities, Inc.	347,300	6,022	Lexington Realty Trust	39,203
4,910	BioMed Realty Trust, Inc.	81,211	5,572	Liberty Property Trust	189,114
6,842	Boston Properties, Inc.	516,160	1,147	LTC Properties, Inc.	31,038
6,356	Brandywine Realty Trust	77,607	4,848	Macerich (The) Co.	185,727
2,723	BRE Properties, Inc.	97,347	3,912	Mack-Cali Realty Corp.	137,898
3,169	Camden Property Trust	131,925	3,962	Medical Properties Trust, Inc.	41,522
			1,425	Mid-America Apartment Communities, Inc.	73,801
			1,371	National Health Investors, Inc.	53,140

First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund

Portfolio of Investments (a) (Continued)

March 31, 2010 (Unaudited)

Shares	Description	Value
Common Stocks (b) (Continued)		
<i>United States (Continued)</i>		
505	National Healthcare Corp.	\$ 17,867
4,073	National Retail Properties, Inc.	92,987
5,546	Nationwide Health Properties, Inc.	194,942
4,386	OMEGA Healthcare Investors, Inc.	85,483
1,069	Parkway Properties, Inc.	20,076
2,203	Pennsylvania Real Estate Investment Trust	27,471
769	Piedmont Office Realty Trust, Inc., Class A	15,265
2,401	Post Properties, Inc.	52,870
23,370	ProLogis	308,484
904	PS Business Parks, Inc.	48,274
6,303	Public Storage	579,813
1,520	Ramco-Gershenson Properties Trust	17,115
5,152	Realty Income Corp.	158,115
4,031	Regency Centers Corp.	151,042
659	Saul Centers, Inc.	27,283
6,270	Senior Housing Properties Trust	138,880
14,321	Simon Property Group, Inc.	1,201,532
3,844	SL Green Realty Corp.	220,146
1,360	Sovran Self Storage, Inc.	47,410
921	Sun Communities, Inc.	23,209
4,851	Sunstone Hotel Investors, Inc. (c)	54,186
1,991	Tanger Factory Outlet Centers, Inc.	85,932
1,960	Taubman Centers, Inc.	78,243
7,684	UDR, Inc.	135,546
586	Universal Health Realty Income Trust	20,709
905	Urstadt Biddle Properties, Inc., Class A	14,308
4,591	U-Store-It Trust	33,055
7,730	Ventas, Inc.	367,020
8,877	Vornado Realty Trust	671,989
2,950	Washington Real Estate Investment Trust	90,122
5,909	Weingarten Realty Investors	127,398
755	Winthrop Realty Trust, Inc.	9,090
		<u>12,761,595</u>
	Total Common Stocks — 99.6% (Cost \$30,400,125)	32,996,408
	Money Market Fund — 0.4%	
120,490	Morgan Stanley Institutional Treasury Money Market Fund - 0.01% (f) (Cost \$120,490)	120,490
	Total Investments — 100.0% (Cost \$30,520,615) (g)	33,116,898
	Net Other Assets and Liabilities — 0.0%	(1,674)
	Net Assets — 100.0%	<u>\$ 33,115,224</u>

(a) All percentages shown in the Portfolio of Investments are based on net assets.

(b) Portfolio securities are categorized based upon their country of incorporation.

(c) Non-income producing security.

(d) This is a restricted security which cannot be traded as a result of the in-specie distribution. It was acquired on August 6, 2009 at a cost of \$0 and has a carrying value per share of \$0.

(e) This security is fair valued in accordance with valuation procedures adopted by the Trust's Board of Trustees.

(f) Represents annualized 7-day yield at March 31, 2010.

(g) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$2,877,066 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$280,783.

REIT – Real Estate Investment Trust

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

Level 1 - Quoted Prices

Level 2 - Other Significant Observable Inputs

Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	\$32,996,408	\$ —	\$ —
Money Market Fund	120,490	—	—
Total Investments	\$33,116,898	\$ —	\$ —

* See Portfolio of Investments for country breakout.

Industry	% of Net Assets
Real Estate Investment Trusts	67.8%
Real Estate Management & Development	31.1
Money Market Fund	0.4
Commercial Services & Supplies	0.3
Hotels, Restaurants & Leisure	0.2
Insurance	0.1
Health Care Providers & Services	0.1
Total Investments	100.0
Net Other Assets and Liabilities	0.0
Total	100.0%

First Trust Dow Jones Global Select Dividend Index Fund

Portfolio of Investments (a) March 31, 2010 (Unaudited)

Shares	Description	Value	Shares	Description	Value
Common Stocks (b) — 99.8%			France — 6.2%		
Australia — 19.3%			Germany — 3.1%		
109,966	Adelaide Brighton Ltd.	\$ 260,349	4,416	Bouygues S.A.	\$ 221,999
11,542	Australia & New Zealand Banking Group Ltd.	268,601	15,850	France Telecom S.A.	379,242
26,211	Billabong International Ltd.	271,794	3,823	Neopost S.A.	305,528
4,381	Commonwealth Bank of Australia	226,298	1,647	PPR	219,272
520,210	Commonwealth Property Office Fund	432,020	1,994	Schneider Electric S.A.	233,879
47,444	David Jones Ltd.	206,801	12,030	Vivendi S.A.	321,962
25,796	Felix Resources Ltd., In Specie (c) (d) (e)	0			1,681,882
193,960	MAp Group	549,981	Hong Kong — 3.4%		
62,800	Metcash Ltd.	238,582	3,691	BASF SE	228,924
9,711	National Australia Bank Ltd.	245,239	4,610	K+S AG	279,758
9,441	Orica Ltd.	232,096	3,717	RWE AG	329,338
114,686	Stockland	419,914			838,020
28,854	Suncorp-Metway Ltd.	226,121	34,106	CLP Holdings Ltd.	243,795
129,103	Telstra Corp. Ltd.	354,229	101,064	CNOOC Ltd.	166,352
19,064	United Group Ltd.	263,286	44,678	Hongkong Electric Holdings	264,986
6,833	Wesfarmers Ltd.	199,333	49,887	Television Broadcasts Ltd.	241,588
36,794	Westfield Group	407,194			916,721
10,766	Westpac Banking Corp.	275,043	Italy — 4.1%		
6,499	WorleyParsons Ltd.	151,779	152,073	Edison S.p.A	231,690
		5,228,660	13,211	ENI S.p.A	309,942
Austria — 2.4%			126,311	Milano Assicurazioni S.p.A	358,266
3,855	OMV AG	144,645	139,808	Telecom Italia S.p.A	201,296
20,546	Telekom Austria AG	287,219			1,101,194
5,465	Voestalpine AG	221,071	Japan — 1.6%		
		652,935	6,200	Eisai Co., Ltd.	221,168
Belgium — 0.7%			4,900	Ono Pharmaceutical Co., Ltd.	218,034
3,146	Mobistar S.A.	193,614			439,202
Bermuda — 2.1%			Jersey — 1.1%		
31,187	VTech Holdings Ltd.	337,407	36,276	United Business Media Ltd.	301,942
64,938	Yue Yuen Industrial Holdings Ltd.	225,820	Netherlands — 3.3%		
		563,227	3,299	Fugro N.V.	215,617
Canada — 10.2%			29,346	Koninklijke BAM Groep N.V.	228,306
20,100	Bell Aliant Regional Communications Income Fund	502,871	5,779	Koninklijke Boskalis Westminster N.V.	221,480
8,324	Canadian Oil Sands Trust	249,560	2,741	Smit Internationale N.V.	222,129
12,316	Crescent Point Energy Corp.	472,559			887,532
9,667	Emera, Inc.	233,478	New Zealand — 2.4%		
12,399	Manitoba Telecom Services, Inc.	389,433	42,545	Fletcher Building Ltd.	252,352
18,387	Russel Metals, Inc.	366,237	268,636	Telecom Corp. of New Zealand Ltd.	414,090
8,328	Telus Corp.	309,948			666,442
6,679	TransCanada Corp.	244,762	Portugal — 0.6%		
		2,768,848	22,623	CIMPOR Cimentos de Portugal SGPS S.A.	170,961
Finland — 3.1%			Singapore — 3.7%		
11,122	Fortum Oyj	272,049	12,504	Jardine Cycle & Carriage Ltd.	262,603
7,620	KCI Konecranes Oyj	225,086	36,000	Keppel Corp. Ltd.	234,690
4,407	Metso Oyj	142,321	308,000	StarHub Ltd.	504,178
8,284	YIT Oyj	191,329			1,001,471
		830,785			

First Trust Dow Jones Global Select Dividend Index Fund

Portfolio of Investments (a) (Continued)

March 31, 2010 (Unaudited)

Shares	Description	Value
Common Stocks (b) (Continued)		
<i>Spain — 0.8%</i>		
12,113	Gas Natural SDG S.A.	\$ 223,648
<i>Sweden — 2.7%</i>		
10,230	NCC AB, Class B	178,514
34,558	Peab AB	212,500
5,846	Svenska Handelsbanken AB	171,317
24,041	TeliaSonera AB	170,637
		<u>732,968</u>
<i>Switzerland — 0.8%</i>		
614	Swisscom AG	224,077
<i>United Kingdom — 11.2%</i>		
36,946	Amlin PLC	217,590
32,400	BP PLC	306,506
133,940	Cable & Wireless Communications PLC	112,501
174,221	Hays PLC	286,852
183,763	HMV Group PLC	235,776
23,842	IMI PLC	238,789
30,540	Jardine Lloyd Thompson Group PLC	257,211
22,603	Provident Financial PLC	297,552
19,799	Severn Trent PLC	359,037
53,300	Tate & Lyle PLC	367,369
41,603	United Utilities PLC	352,910
		<u>3,032,093</u>
<i>United States — 17.0%</i>		
17,848	Altria Group, Inc.	366,241
7,198	American Electric Power Co., Inc.	246,028
10,772	AT&T, Inc.	278,348
20,422	CenterPoint Energy, Inc.	293,260
10,615	CenturyTel, Inc.	376,408
6,078	Consolidated Edison, Inc.	270,714
5,968	DTE Energy Co.	266,173
5,568	FirstEnergy Corp.	217,653
3,066	Lorillard, Inc.	230,686
5,930	MeadWestvaco Corp.	151,512
9,071	Microchip Technology, Inc.	255,439
19,492	Pepco Holdings, Inc.	334,288
7,497	Progress Energy, Inc.	295,082
11,090	R.R. Donnelley & Sons Co.	236,771
7,105	SCANA Corp.	267,077
7,942	Southern Co.	263,357
16,788	TECO Energy, Inc.	266,761
		<u>4,615,798</u>
	Total Common Stocks — 99.8%	27,072,020
	(Cost \$26,259,857)	
Money Market Fund — 1.0%		
268,891	Morgan Stanley Institutional Treasury Money Market Fund - 0.01% (f)	268,891
	(Cost \$268,891)	

Description	Value
Total Investments — 100.8%	\$ 27,340,911
(Cost \$26,528,748) (g)	
Net Other Assets and Liabilities — (0.8)%	(207,852)
Net Assets — 100.0%	\$ 27,133,059

- (a) All percentages shown in the Portfolio of Investments are based on net assets.
- (b) Portfolio securities are categorized based upon their country of incorporation.
- (c) Non-income producing security.
- (d) This is a restricted security which cannot be traded as a result of the in-specie distribution. It was acquired on October 15, 2009, at a cost of \$1,887 and has a carrying value per share of \$0.
- (e) This security is fair valued in accordance with valuation procedures adopted by the Trust's Board of Trustees.
- (f) Represents annualized 7-day yield at March 31, 2010.
- (g) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$1,614,474 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$802,311.

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

- Level 1 - Quoted Prices
- Level 2 - Other Significant Observable Inputs
- Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	\$27,072,020	\$ —	\$ —
Money Market Fund	268,891	—	—
Total Investments	\$27,340,911	\$ —	\$ —

* See Portfolio of Investments for country breakout.

First Trust Dow Jones Global Select Dividend Index Fund

Portfolio of Investments (a) (Continued)

March 31, 2010 (Unaudited)

Industry	% of Net Assets
Diversified Telecommunication Services	14.7%
Electric Utilities	8.7
Multi-Utilities	7.6
Oil, Gas & Consumable Fuels	7.0
Construction & Engineering	5.6
Real Estate Investment Trusts	4.6
Commercial Banks	4.4
Insurance	3.9
Media	3.2
Transportation Infrastructure	2.8
Chemicals	2.7
Wireless Telecommunication Services	2.6
Construction Materials	2.5
Machinery	2.2
Tobacco	2.2
Textiles, Apparel & Luxury Goods	1.8
Pharmaceuticals	1.6
Food & Staples Retailing	1.6
Multiline Retail	1.6
Energy Equipment & Services	1.4
Food Products	1.4
Trading Companies & Distributors	1.3
Water Utilities	1.3
Communications Equipment	1.2
Office Electronics	1.1
Consumer Finance	1.1
Professional Services	1.1
Money Market Fund	1.0
Distributors	1.0
Semiconductors & Semiconductor Equipment	0.9
Commercial Services & Supplies	0.9
Specialty Retail	0.9
Industrial Conglomerates	0.9
Electrical Equipment	0.9
Independent Power Producers & Energy Traders	0.9
Gas Utilities	0.8
Metals & Mining	0.8
Paper & Forest Products	0.6
Total Investments	100.8
Net Other Assets and Liabilities	(0.8)
Total	100.0%

First Trust ISE Global Wind Energy Index Fund

Portfolio of Investments (a) March 31, 2010 (Unaudited)

Shares	Description	Value	Shares	Description	Value
Common Stocks (b) — 99.8%			South Korea — 0.3%		
<i>Australia — 5.9%</i>			21,604	Dongkuk Structures & Construction Co., Ltd.	\$ 195,714
53,806	AGL Energy Ltd.	\$ 742,108	Spain — 25.0%		
2,952,174	Infigen Energy	3,467,600	7,206	Acciona S.A.	799,163
		<u>4,209,708</u>	648,931	EDP Renovaveis S.A. (c)	5,070,458
Belgium — 5.3%			34,730	Endesa S.A.	992,581
2,724,477	Hansen Transmissions International (c)	3,743,686	796,913	Fersa Energias Renovables S.A.	2,018,169
Bermuda — 0.6%			270,724	Gamesa Corp. Tecnologica S.A.	3,711,403
3,971,253	China WindPower Group Ltd. (c)	460,331	1,242,894	Iberdrola Renovables S.A.	5,162,078
Brazil — 0.9%					<u>17,753,852</u>
41,028	Centrais Eletricas Brasileiras S.A., ADR	615,420	Sweden — 1.0%		
Canada — 1.0%			39,742	SKF AB	706,160
22,608	Boralex, Inc. (c)	236,175	Switzerland — 1.1%		
24,221	Brookfield Renewable Power Fund	500,803	8,745	BKW FMB Energie AG	649,821
		<u>736,978</u>	314	Gurit Holding AG	166,321
Cayman Islands — 0.9%					<u>816,142</u>
278,941	China High Speed Transmission Equipment Group Co., Ltd.	616,496	United Kingdom — 4.9%		
China — 0.2%			19,742	BP PLC, ADR	1,126,676
192,983	Harbin Power Equipment Co., Ltd.	159,323	830,029	Clipper Windpower PLC (c)	1,253,269
Denmark — 8.4%			18,798	Royal Dutch Shell PLC, ADR	1,087,652
259,636	Greentech Energy Systems A/S (c)	899,715			<u>3,467,597</u>
92,786	Vestas Wind Systems A/S (c)	5,041,802	United States — 16.9%		
		<u>5,941,517</u>	68,149	AES (The) Corp. (c)	749,639
France — 3.3%			18,380	Allegheny Technologies, Inc.	992,336
12,584	Alstom S.A.	784,737	21,942	Alliant Energy Corp.	729,791
12,699	EDF Energies Nouvelles S.A.	607,438	11,516	American Superconductor Corp. (c)	332,813
236,297	Theolia S.A. (c)	976,618	3,164	Ameron International Corp.	198,984
		<u>2,368,793</u>	423,481	Broadwind Energy, Inc. (c)	1,892,960
Germany — 15.8%			141,493	Capstone Turbine Corp. (c)	179,696
176,707	Conergy AG (c)	186,402	17,002	Deere & Co.	1,010,939
27,638	E. ON AG	1,020,401	50,053	Duke Energy Corp.	816,865
235,606	Nordex AG (c)	2,688,985	31,279	Federal Mogul Corp. (c)	574,283
508,028	PNE Wind AG (c)	1,392,929	15,849	FPL Group, Inc.	765,982
26,655	Repower Systems AG (c)	4,698,233	69,995	General Electric Co.	1,273,909
12,322	Siemens AG, ADR	1,231,830	12,402	Kaydon Corp.	466,315
		<u>11,218,780</u>	26,699	NRG Energy, Inc. (c)	558,009
Greece — 0.5%			7,551	Otter Tail Corp.	165,820
44,959	Terna Energy S.A.	327,304	24,067	Trinity Industries, Inc.	480,377
Japan — 5.5%			18,286	Woodward Governor Co.	584,786
860	Japan Wind Development Co., Ltd.	2,569,237	21,001	Zoltek Cos., Inc. (c)	202,450
79,300	Mitsui & Co., Ltd.	1,332,552			<u>11,975,954</u>
		<u>3,901,789</u>	Total Common Stocks — 99.8%		
Jersey — 1.2%					70,835,820
1,032,245	Renewable Energy Generation Ltd.	838,039	Warrant 0.0%		
Portugal — 1.1%			United States 0.0%		
196,790	EDP-Energias de Portugal S.A.	782,237	959	GreenHunter Energy, Inc., expiring 09/15/11 @ \$0 (c) (d)	0
				(Cost \$0)	

First Trust ISE Global Wind Energy Index Fund

Portfolio of Investments (a) (Continued)

March 31, 2010 (Unaudited)

Description	Value
Total Investments — 99.8% (Cost \$96,709,184) (e)	\$ 70,835,820
Net Other Assets and Liabilities — 0.2%	137,821
Net Assets — 100.0%	<u><u>\$ 70,973,641</u></u>

- (a) All percentages shown in the Portfolio of Investments are based on net assets.
- (b) Portfolio securities are categorized based upon their country of incorporation.
- (c) Non-income producing security.
- (d) This security is fair valued in accordance with valuation procedures adopted by the Trust's Board of Trustees.
- (e) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$2,917,833 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$28,791,197.

ADR – American Depositary Receipt

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

Level 1 - Quoted Prices

Level 2 - Other Significant Observable Inputs

Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	<u><u>\$ 70,835,820</u></u>	\$ —	\$ —

* See Portfolio of Investments for country breakout.

Industry	% of Net Assets
Independent Power Producers & Energy Traders	31.7%
Electrical Equipment	29.4
Electric Utilities	12.7
Machinery	9.0
Oil, Gas & Consumable Fuels	5.9
Industrial Conglomerates	3.8
Multi-Utilities	2.1
Trading Companies & Distributors	1.9
Metals & Mining	1.4
Auto Components	0.8
Chemicals	0.5
Building Products	0.3
Construction & Engineering	0.3
Total Investments	99.8
Net Other Assets and Liabilities	0.2
Total	<u><u>100.0%</u></u>

First Trust ISE Global Engineering and Construction Index Fund

Portfolio of Investments (a) March 31, 2010 (Unaudited)

Shares	Description	Value	Shares	Description	Value
Common Stocks (b) — 99.7%			Japan (Continued)		
Australia — 2.5%			24,000	Toshiba Plant Systems & Services Corp.	\$ 270,061
26,967	Leighton Holdings Ltd.	\$ 965,105	32,000	Toyo Engineering Corp.	122,879
Bermuda — 0.2%					6,063,715
778,040	HKC (Holdings) Ltd. (c)	68,141	Netherlands — 7.3%		
Canada — 3.4%			14,828	Arcadis N.V.	313,631
10,182	Aecon Group, Inc.	136,040	33,832	Chicago Bridge & Iron Co. N.V. (c)	786,932
17,880	SNC-Lavalin Group, Inc.	873,359	18,613	Imtech N.V.	596,065
11,455	Stantec, Inc. (c)	297,865	44,138	Koninklijke BAM Groep N.V.	343,384
		1,307,264	19,413	Koninklijke Boskalis Westminster N.V.	744,002
Cayman Islands — 0.6%					2,784,014
586,000	China State Construction International Holdings Ltd.	228,687	Norway — 3.2%		
China — 3.8%			64,826	Aker Solutions ASA	1,014,406
881,794	China Communications Construction Co., Ltd.	832,476	25,700	Veidekke ASA	209,727
851,707	China Railway Group Ltd. (c)	614,297			1,224,133
		1,446,773	Panama — 3.0%		
Egypt — 1.9%			42,964	McDermott International, Inc. (c)	1,156,591
15,132	Orascom Construction Industries, GDR	720,435	Portugal — 0.4%		
Finland — 1.6%			31,655	Mota-Engil SGPS S.A.	138,655
27,043	YIT Oyj	624,592	Spain — 7.9%		
France — 7.2%			21,091	ACS Actividades de Construcción y Servicios S.A.	973,106
20,812	Bouygues S.A.	1,046,250	23,886	Obrascon Huarte Lain S.A.	690,403
11,294	Eiffage S.A.	584,164	51,705	Sacyr Vallehermoso S.A. (c)	456,167
18,460	Vinci S.A.	1,087,958	13,677	Tecnicas Reunidas S.A.	859,916
		2,718,372			2,979,592
Germany — 2.9%			Sweden — 4.7%		
12,932	Hochtief AG	1,086,779	22,067	NCC AB, Class B	385,071
Italy — 3.6%			61,430	Peab AB	377,737
14,836	Astaldi S.p.A	112,916	55,788	Skanska AB	1,013,681
164,209	Impregilo S.p.A	567,228			1,776,489
105,211	Marie Tecnimont S.p.A	400,734	Switzerland — 2.4%		
16,828	Trevi Finanziaria S.p.A	288,657	33,410	Foster Wheeler AG (c)	906,747
		1,369,535	United Kingdom — 4.8%		
Japan — 16.0%			62,739	AMEC PLC	760,698
74,000	Chiyoda Corp.	734,538	169,152	Balfour Beatty PLC	750,041
38,500	COMSYS Holdings Corp.	372,687	3,216	Keller Group PLC	32,990
46,000	JGC Corp.	820,708	28,992	WS Atkins PLC	272,771
253,000	Kajima Corp.	619,713			1,816,500
37,000	Kandenko Co., Ltd.	235,084	United States — 22.3%		
46,000	Kinden Corp.	402,974	30,012	Aecom Technology Corp. (c)	851,440
22,600	Kyowa Exeo Corp.	186,621	17,240	EMCOR Group, Inc. (c)	424,621
11,000	Maeda Road Construction Co., Ltd.	89,657	25,796	Fluor Corp.	1,199,772
155,000	Obayashi Corp.	688,042	14,123	Granite Construction, Inc.	426,797
14,000	Okumura Corp.	48,968	28,813	Jacobs Engineering Group, Inc. (c)	1,302,059
173,000	Shimizu Corp.	721,681	46,156	KBR, Inc.	1,022,817
1,000	SHO-BOND Holdings Co., Ltd.	19,596	8,823	Orion Marine Group, Inc. (c)	159,255
271,000	Taisei Corp.	597,133	48,299	Quanta Services, Inc. (c)	925,409
37,000	Toda Corp.	133,373	25,528	Shaw Group (The), Inc. (c)	878,674

First Trust ISE Global Engineering and Construction Index Fund

Portfolio of Investments (a) (Continued)

March 31, 2010 (Unaudited)

Shares	Description	Value	Industry	% of Net Assets
Common Stocks (b) (Continued)				
<i>United States (Continued)</i>				
12,038	Tutor Perini Corp. (c)	\$ 261,827	Construction & Engineering	88.2%
20,298	URS Corp. (c)	1,006,984	Energy Equipment & Services	6.9
		8,459,655	Industrial Conglomerates	3.1
			Professional Services	1.5
	Total Investments — 99.7%	37,841,774	Total Investments	99.7
	(Cost \$32,280,634) (d)		Net Other Assets and Liabilities	0.3
	Net Other Assets and Liabilities — 0.3%	105,946	Total	100.0%
	Net Assets — 100.0%	\$ 37,947,720		

- (a) All percentages shown in the Portfolio of Investments are based on net assets.
- (b) Portfolio securities are categorized based upon their country of incorporation.
- (c) Non-income producing security.
- (d) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$6,481,641 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$920,501.

GDR – Global Depositary Receipt

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

Level 1 - Quoted Prices

Level 2 - Other Significant Observable Inputs

Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	\$37,841,774	\$ —	\$ —

* See Portfolio of Investments for country breakout.

First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund

Portfolio of Investments (a) March 31, 2010 (Unaudited)

Shares	Description	Value
Common Stocks (b) — 100.2%		
Canada — 1.2%		
21,468	RuggedCom, Inc. (c)	\$ 383,006
France — 8.2%		
22,648	Schneider Electric S.A.	2,656,409
Germany — 11.0%		
7,050	Siemens AG	706,067
23,229	SMA Solar Technology AG	2,847,229
Ireland — 2.0%		
13,361	Cooper Industries PLC, Class A	640,527
Italy — 8.5%		
140,422	Prysmian S.p.A	2,759,583
Japan — 7.1%		
112,000	NGK Insulators Ltd.	2,284,565
Spain — 1.9%		
21,453	Telvent GIT S.A.	616,988
Switzerland — 2.0%		
29,920	ABB Ltd. (c)	653,507
United Kingdom — 1.8%		
61,055	National Grid PLC	594,355
United States — 54.6%		
29,585	Advanced Energy Industries, Inc. (c)	489,928
43,288	American Superconductor Corp. (c)	1,251,023
21,803	AZZ, Inc.	738,032
43,812	Comverge, Inc. (c)	495,514
17,387	Digi International, Inc. (c)	184,998
72,647	Echelon Corp. (c)	651,644
42,505	EnerNOC, Inc. (c)	1,261,548
37,056	ESCO Technologies, Inc.	1,178,751
49,615	General Cable Corp. (c)	1,339,605
37,736	General Electric Co.	686,795
22,706	ITC Holdings Corp.	1,248,830
18,104	Itron, Inc. (c)	1,313,807
45,774	MasTec, Inc. (c)	577,210
35,103	MYR Group, Inc. (c)	572,530
59,319	Pike Electric Corp. (c)	552,853
156,332	Power-One, Inc. (c)	659,721
30,535	PowerSecure International, Inc. (c)	240,616
127,588	Quanta Services, Inc. (c)	2,444,586
124,589	Satcon Technology Corp. (c)	302,751
8,512	Valmont Industries, Inc.	705,049
20,978	WESCO International, Inc. (c)	728,146
		17,623,937
Virgin Islands (US) — 1.9%		
29,105	Jinpan International Ltd.	605,384
Total Investments — 100.2%		32,371,557
(Cost \$32,111,102) (d)		
Net Other Assets and Liabilities — (0.2)%		(71,487)
Net Assets — 100.0%		\$ 32,300,070

(a) All percentages shown in the Portfolio of Investments are based on net assets.

(b) Portfolio securities are categorized based upon their country of incorporation.

(c) Non-income producing security.

(d) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$1,431,005 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$1,170,550.

GDR – Global Depositary Receipt

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

Level 1 - Quoted Prices

Level 2 - Other Significant Observable Inputs

Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	\$32,371,557	\$ —	\$ —

* See Portfolio of Investments for country breakout.

Industry	% of Net Assets
Electrical Equipment	43.4%
Machinery	12.9
Construction & Engineering	12.8
Electronic Equipment & Instruments	9.7
Industrial Conglomerates	4.3
Commercial Services & Supplies	3.9
Electric Utilities	3.9
Trading Companies & Distributors	2.3
IT Services	1.9
Multi-Utilities	1.8
Communications Equipment	1.8
Semiconductors & Semiconductor Equipment	1.5
Total Investments	100.2
Net Other Assets and Liabilities	(0.2)
Total	100.0%

First Trust ISE Global Copper Index Fund

Portfolio of Investments (a) March 31, 2010 (Unaudited)

Shares	Description	Value
Common Stocks (b) — 100.0%		
<i>Australia — 7.0%</i>		
5,395	BHP Billiton Ltd.	\$ 215,802
<i>Bermuda — 3.5%</i>		
141,090	Katanga Mining Ltd. (c)	106,965
<i>Canada — 36.7%</i>		
10,951	Anvil Mining Ltd. (c)	41,835
14,307	Capstone Mining Corp. (c)	42,541
30,062	Equinox Minerals Ltd. (c)	113,363
1,573	First Quantum Minerals Ltd.	129,430
3,170	FNX Mining Co., Inc. (c)	42,354
3,370	HudBay Minerals, Inc. (c)	42,173
1,907	Inmet Mining Corp.	110,798
8,574	Ivanhoe Mines Ltd. (c)	149,844
21,721	Lundin Mining Corp. (c)	115,272
16,128	Mercator Minerals Ltd. (c)	40,493
9,705	New Gold, Inc. (c)	41,757
4,642	Northern Dynasty Minerals Ltd. (c)	44,517
6,655	Quadra Mining Ltd. (c)	101,891
22,360	Taseko Mines Ltd. (c)	115,825
		1,132,093
<i>Peru — 3.3%</i>		
4,269	Sociedad Minera Cerro Verde S.A.A.	103,224
<i>Russia — 4.8%</i>		
8,050	MMC Norilsk Nickel, ADR (c)	148,200
<i>South Africa — 1.6%</i>		
2,969	Palabora Mining Co., Ltd.	49,730
<i>Turkey — 1.6%</i>		
24,881	Park Elektrik Madencilik Tekstil Sanayi ve Ticaret A.S. (c)	49,180
<i>United Kingdom — 27.6%</i>		
13,510	Antofagasta PLC	213,214
5,917	Kazakhmys PLC	137,110
606	Rio Tinto PLC, ADR	143,458
3,267	Vedanta Resources PLC	137,625
11,698	Xstrata PLC	221,630
		853,037
<i>United States — 13.9%</i>		
2,630	Freeport-McMoRan Copper & Gold, Inc.	219,710
6,611	Southern Copper Corp.	209,371
		429,081
	Total Investments — 100.0%	3,087,312
	(Cost \$2,996,651) (d)	
	Net Other Assets and Liabilities — 0.0%	1,477
	Net Assets — 100.0%	\$ 3,088,789

(a) All percentages shown in the Portfolio of Investments are based on net assets.

(b) Portfolio securities are categorized based upon their country of incorporation.

(c) Non-income producing security.

(d) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$113,976 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$23,315.

ADR – American Depositary Receipt

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

Level 1 - Quoted Prices

Level 2 - Other Significant Observable Inputs

Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	\$ 3,087,312	\$ —	\$ —

* See Portfolio of Investments for country breakout.

Industry	% of Net Assets
Metals & Mining	100.0%
Total Investments	100.0
Net Other Assets and Liabilities	0.0
Total	100.0%

First Trust ISE Global Platinum Index Fund

Portfolio of Investments (a) March 31, 2010 (Unaudited)

Shares	Description	Value
Common Stocks (b) — 100.1%		
<i>Australia — 5.1%</i>		
130,390	Platinum Australia Ltd. (c)	\$ 113,071
61,115	Sylvania Resources Ltd. (c)	46,371
		<u>159,442</u>
<i>Bermuda — 11.5%</i>		
35,882	Aquarius Platinum Ltd.	234,520
242,883	Nkwe Platinum Ltd. (c)	121,470
		<u>355,990</u>
<i>Canada — 22.9%</i>		
82,703	Anooraq Resources Corp. (c)	123,228
95,720	Eastern Platinum Ltd. (c)	139,483
9,853	FNX Mining Co., Inc. (c)	131,645
37,775	Noront Resources Ltd. (c)	61,368
27,087	North American Palladium Ltd. (c)	110,515
25,810	Platinum Group Metals Ltd. (c)	49,808
34,887	Platmin Ltd. (c)	47,059
21,583	PolyMet Mining Corp. (c)	48,130
		<u>711,236</u>
<i>China — 1.8%</i>		
100,078	Xinjiang Xinxin Mining Industry Co., Ltd., Class H	55,683
<i>Hong Kong — 1.9%</i>		
145,444	Minmetals Resources Ltd. (c)	57,884
<i>Japan — 3.0%</i>		
1,400	Furuya Metal Co., Ltd.	94,791
<i>Russia — 7.5%</i>		
12,600	MMC Norilsk Nickel, ADR (c)	231,966
<i>South Africa — 24.6%</i>		
5,050	African Rainbow Minerals Ltd.	132,903
2,264	Anglo Platinum Ltd. (c)	230,013
7,993	Impala Platinum Holdings Ltd.	234,838
21,587	Northam Platinum Ltd.	142,259
65,212	Wesizwe Platinum Ltd. (c)	21,308
		<u>761,321</u>
<i>United Kingdom — 17.8%</i>		
8,119	Johnson Matthey PLC	215,117
7,054	Lonmin PLC (c)	218,156
6,268	Xstrata PLC	118,753
		<u>552,026</u>
<i>United States — 4.0%</i>		
9,550	Stillwater Mining Co. (c)	123,959
		<u>3,104,298</u>
	Total Investments — 100.1% (Cost \$2,996,412) (d)	
	Net Other Assets and Liabilities — (0.1)%	(3,665)
	Net Assets — 100.0%	<u>\$ 3,100,633</u>

(a) All percentages shown in the Portfolio of Investments are based on net assets.

(b) Portfolio securities are categorized based upon their country of incorporation.

(c) Non-income producing security.

(d) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of March 31, 2010, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$157,007 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$49,121.

ADR – American Depositary Receipt

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of March 31, 2010 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

Level 1 - Quoted Prices

Level 2 - Other Significant Observable Inputs

Level 3 - Significant Unobservable Inputs

Investments	Level 1	Level 2	Level 3
Common Stocks*	\$ 3,104,298	\$ —	\$ —

* See Portfolio of Investments for country breakout.

Industry	% of Net Assets
Metals & Mining	90.1%
Chemicals	6.9
Semiconductors & Semiconductor Equipment	3.1
Total Investments	100.1
Net Other Assets and Liabilities	(0.1)
Total	100.0%

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First Trust Exchange-Traded Fund II

Statements of Assets and Liabilities

March 31, 2010 (Unaudited)

	First Trust Dow Jones STOXX® European Select Dividend Index Fund	First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund
ASSETS:		
Investments at value	\$ 7,424,211	\$ 33,116,898
Cash	—	1,907
Foreign currency at value	962	4,860
Receivables:		
Investment securities sold	—	71,631
Foreign tax reclaims	55,212	3,117
From investment advisor	20,669	12,576
Dividends	6,154	113,502
Prepaid expenses	4,486	4,034
Total Assets	<u>7,511,694</u>	<u>33,328,525</u>
LIABILITIES:		
Due to Custodian	46,839	—
Payables:		
Capital shares purchased	—	—
Investment securities purchased	—	159,533
Audit and tax fees	18,561	20,869
Licensing fees	18,493	7,306
Investment advisory fees	—	—
Printing fees	—	8,490
Other liabilities	10,212	17,103
Total Liabilities	<u>94,105</u>	<u>213,301</u>
NET ASSETS	<u>\$ 7,417,589</u>	<u>\$ 33,115,224</u>
NET ASSETS consist of:		
Paid-in capital	\$ 17,210,042	\$ 33,907,199
Par value	5,533	10,500
Accumulated net investment income (loss)	296	(469,148)
Accumulated net realized gain (loss) on investments and foreign currency transactions	(9,899,642)	(2,929,372)
Net unrealized appreciation (depreciation) on investments and foreign currency translation	101,360	2,596,045
NET ASSETS	<u>\$ 7,417,589</u>	<u>\$ 33,115,224</u>
NET ASSET VALUE , per share	<u>\$ 13.41</u>	<u>\$ 31.54</u>
Number of shares outstanding (unlimited number of shares authorized, par value \$0.01 per share)	<u>553,334</u>	<u>1,050,002</u>
Investments at cost	<u>\$ 7,318,968</u>	<u>\$ 30,520,615</u>
Foreign currency at cost	<u>\$ 959</u>	<u>\$ 4,700</u>

First Trust Dow Jones Global Select Dividend Index Fund	First Trust ISE Global Wind Energy Index Fund	First Trust ISE Global Engineering and Construction Index Fund	First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	First Trust ISE Global Copper Index Fund	First Trust ISE Global Platinum Index Fund
\$ 27,340,911	\$ 70,835,820	\$ 37,841,774	\$ 32,371,557	\$ 3,087,312	\$ 3,104,298
—	—	20,314	—	2,632	—
18,313	—	17,029	—	—	540
180,756	2,007,875	—	—	—	—
3,292	40,992	12,947	1,114	—	—
11,210	—	673	2,371	—	—
107,728	255,573	103,789	19,791	—	—
38,892	5,504	4,448	—	—	—
<u>27,701,102</u>	<u>73,145,764</u>	<u>38,000,974</u>	<u>32,394,833</u>	<u>3,089,944</u>	<u>3,104,838</u>
302,629	64,025	—	58,133	—	3,045
—	2,008,687	—	—	—	—
205,774	—	—	—	—	—
20,981	18,561	18,561	12,067	—	—
16,104	20,726	8,827	5,918	—	—
—	6,162	—	—	1,155	1,160
6,548	26,307	9,633	4,884	—	—
16,007	27,655	16,233	13,761	—	—
<u>568,043</u>	<u>2,172,123</u>	<u>53,254</u>	<u>94,763</u>	<u>1,155</u>	<u>4,205</u>
<u>\$ 27,133,059</u>	<u>\$ 70,973,641</u>	<u>\$ 37,947,720</u>	<u>\$ 32,300,070</u>	<u>\$ 3,088,789</u>	<u>\$ 3,100,633</u>
\$ 25,466,606	\$ 120,724,171	\$ 31,225,121	\$ 32,201,856	\$ 2,999,060	\$ 2,999,060
12,500	53,000	9,500	10,500	1,000	1,000
(68,301)	(1,002,038)	68,992	(8,160)	(1,155)	(623)
909,568	(22,928,577)	1,083,846	(164,441)	(777)	(6,700)
812,686	(25,872,915)	5,560,261	260,315	90,661	107,896
<u>\$ 27,133,059</u>	<u>\$ 70,973,641</u>	<u>\$ 37,947,720</u>	<u>\$ 32,300,070</u>	<u>\$ 3,088,789</u>	<u>\$ 3,100,633</u>
<u>\$ 21.71</u>	<u>\$ 13.39</u>	<u>\$ 39.94</u>	<u>\$ 30.76</u>	<u>\$ 30.89</u>	<u>\$ 31.01</u>
<u>1,250,002</u>	<u>5,300,002</u>	<u>950,002</u>	<u>1,050,002</u>	<u>100,002</u>	<u>100,002</u>
<u>\$ 26,528,748</u>	<u>\$ 96,709,184</u>	<u>\$ 32,280,634</u>	<u>\$ 32,111,102</u>	<u>\$ 2,996,651</u>	<u>\$ 2,996,412</u>
<u>\$ 18,269</u>	<u>\$ —</u>	<u>\$ 16,822</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 531</u>

First Trust Exchange-Traded Fund II

Statements of Operations

	First Trust Dow Jones STOXX® European Select Dividend Index Fund	First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund
	For the Six Months Ended March 31, 2010 (Unaudited)	For the Six Months Ended March 31, 2010 (Unaudited)
INVESTMENT INCOME:		
Dividends	\$ 65,732	\$ 399,033
Foreign tax withholding	(2,639)	(17,220)
Interest	—	3
Total investment income	<u>63,093</u>	<u>381,816</u>
EXPENSES:		
Licensing fees	37,397	12,720
Investment advisory fees	16,591	42,401
Audit and tax fees	14,884	16,418
Listing fees	13,908	13,908
Accounting and administration fees	3,969	13,573
Legal fees	1,528	3,634
Trustees' fees and expenses	690	1,469
Registration and filing fees	368	76
Custodian fees	260	5,286
Transfer agent fees	207	530
Printing fees	(4,157)	4,148
Other expenses	1,651	8,743
Total expenses	<u>87,296</u>	<u>122,906</u>
Less fees waived and expenses reimbursed by the investment advisor	(62,408)	(59,304)
Net expenses	<u>24,888</u>	<u>63,602</u>
NET INVESTMENT INCOME (LOSS)	<u>38,205</u>	<u>318,214</u>
REALIZED AND UNREALIZED GAIN (LOSS):		
Net realized gain (loss) on:		
Investments	(273,925)	(1,044,285)
In-kind redemptions	1,246,510	—
Foreign currency transactions	(1,022)	1,482
Net realized gain (loss)	<u>971,563</u>	<u>(1,042,803)</u>
Net change in unrealized appreciation (depreciation) on:		
Investments	(1,286,732)	2,550,314
Foreign currency translation	(3,902)	(677)
Net change in unrealized appreciation (depreciation)	<u>(1,290,634)</u>	<u>2,549,637</u>
NET REALIZED AND UNREALIZED GAIN (LOSS)	<u>(319,071)</u>	<u>1,506,834</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (280,866)</u>	<u>\$ 1,825,048</u>

(a) Inception date.

First Trust Dow Jones Global Select Dividend Index Fund	First Trust ISE Global Wind Energy Index Fund	First Trust ISE Global Engineering and Construction Index Fund	First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	First Trust ISE Global Copper Index Fund	First Trust ISE Global Platinum Index Fund
For the Six Months Ended March 31, 2010 (Unaudited)	For the Six Months Ended March 31, 2010 (Unaudited)	For the Six Months Ended March 31, 2010 (Unaudited)	For the Period November 16, 2009 (a) through March 31, 2010 (Unaudited)	For the Period March 11, 2010 (a) through March 31, 2010 (Unaudited)	For the Period March 11, 2010 (a) through March 31, 2010 (Unaudited)
\$ 692,954 (33,181) 2	\$ 642,491 (20,507) 9	\$ 209,332 (12,934) —	\$ 58,111 (2,203) —	\$ — — —	\$ 537 — —
<u>659,775</u>	<u>621,993</u>	<u>196,398</u>	<u>55,908</u>	<u>—</u>	<u>537</u>
12,148	45,202	17,902	7,466	—	—
72,228	180,809	71,606	33,182	1,155	1,160
16,530	14,884	14,891	12,067	—	—
11,408	11,534	11,534	11,505	—	—
15,483	25,039	11,576	5,971	—	—
6,571	16,898	6,802	3,842	—	—
3,052	7,263	2,870	1,449	—	—
150	1,158	686	330	—	—
6,817	18,322	8,899	5,769	—	—
903	2,260	895	415	—	—
11,211	28,048	10,584	4,955	—	—
8,636	8,539	5,538	325	—	—
<u>165,137</u> (56,795)	<u>359,956</u> (88,743)	<u>163,783</u> (38,471)	<u>87,276</u> (29,208)	<u>1,155</u> —	<u>1,160</u> —
<u>108,342</u>	<u>271,213</u>	<u>125,312</u>	<u>58,068</u>	<u>1,155</u>	<u>1,160</u>
<u>551,433</u>	<u>350,780</u>	<u>71,086</u>	<u>(2,160)</u>	<u>(1,155)</u>	<u>(623)</u>
(409,527)	(6,071,917)	(135,123)	(324,616)	(777)	(6,694)
3,379,119	1,979,962	1,443,059	160,254	—	—
(531)	(2,703)	308	(79)	—	(6)
<u>2,969,061</u>	<u>(4,094,658)</u>	<u>1,308,244</u>	<u>(164,441)</u>	<u>(777)</u>	<u>(6,700)</u>
(2,935,328)	(12,410,301)	(1,186,004)	260,455	90,661	107,887
(619)	(1,738)	(1,929)	(140)	—	9
<u>(2,935,947)</u>	<u>(12,412,039)</u>	<u>(1,187,933)</u>	<u>260,315</u>	<u>90,661</u>	<u>107,896</u>
<u>33,114</u>	<u>(16,506,697)</u>	<u>120,311</u>	<u>95,874</u>	<u>89,884</u>	<u>101,196</u>
<u>\$ 584,547</u>	<u>\$ (16,155,917)</u>	<u>\$ 191,397</u>	<u>\$ 93,714</u>	<u>\$ 88,729</u>	<u>\$ 100,573</u>

First Trust Exchange-Traded Fund II
Statements of Changes in Net Assets

First Trust
Dow Jones STOXX®
European Select Dividend
Index Fund

	For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009
OPERATIONS:		
Net investment income (loss)	\$ 38,205	\$ 269,585
Net realized gain (loss)	971,563	(10,090,819)
Net change in unrealized appreciation (depreciation)	(1,290,634)	7,679,590
	(280,866)	(2,141,644)
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(36,200)	(254,857)
Net realized gain	—	—
	(36,200)	(254,857)
SHAREHOLDER TRANSACTIONS:		
Proceeds from shares sold	4,114,863	2,617,970
Cost of shares redeemed	(4,710,182)	(4,436,933)
	(595,319)	(1,818,963)
Total increase (decrease) in net assets	(912,385)	(4,215,464)
NET ASSETS:		
Beginning of period	8,329,974	12,545,438
End of period	\$ 7,417,589	\$ 8,329,974
Accumulated net investment income (loss) at end of period	\$ 296	\$ (1,709)
CHANGES IN SHARES OUTSTANDING:		
Shares outstanding, beginning of period	603,334	803,334
Shares sold	300,000	200,000
Shares redeemed	(350,000)	(400,000)
	553,334	603,334

First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund		First Trust Dow Jones Global Select Dividend Index Fund		First Trust ISE Global Wind Energy Index Fund	
For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009	For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009	For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009
\$ 318,214	\$ 318,839	\$ 551,433	\$ 293,322	\$ 350,780	\$ 783,536
(1,042,803)	(2,240,337)	2,969,061	(1,735,915)	(4,094,658)	(17,646,561)
2,549,637	2,460,142	(2,935,947)	4,796,196	(12,412,039)	16,610,154
<u>1,825,048</u>	<u>538,644</u>	<u>584,547</u>	<u>3,353,603</u>	<u>(16,155,917)</u>	<u>(252,871)</u>
(867,362)	(274,642)	(697,950)	(285,416)	(1,655,401)	(515,400)
—	(2,775)	—	—	—	—
<u>(867,362)</u>	<u>(277,417)</u>	<u>(697,950)</u>	<u>(285,416)</u>	<u>(1,655,401)</u>	<u>(515,400)</u>
16,919,392	9,825,531	22,755,148	22,706,498	9,207,542	42,372,151
—	(2,097,271)	(24,298,220)	(975,036)	(21,272,301)	(3,821,099)
<u>16,919,392</u>	<u>7,728,260</u>	<u>(1,543,072)</u>	<u>21,731,462</u>	<u>(12,064,759)</u>	<u>38,551,052</u>
17,877,078	7,989,487	(1,656,475)	24,799,649	(29,876,077)	37,782,781
15,238,146	7,248,659	28,789,534	3,989,885	100,849,718	63,066,937
<u>\$ 33,115,224</u>	<u>\$ 15,238,146</u>	<u>\$ 27,133,059</u>	<u>\$ 28,789,534</u>	<u>\$ 70,973,641</u>	<u>\$ 100,849,718</u>
<u>\$ (469,148)</u>	<u>\$ 80,000</u>	<u>\$ (68,301)</u>	<u>\$ 78,216</u>	<u>\$ (1,002,038)</u>	<u>\$ 302,583</u>
500,002	200,002	1,350,002	200,002	6,200,002	3,300,002
550,000	400,000	1,050,000	1,200,000	600,000	3,150,000
—	(100,000)	(1,150,000)	(50,000)	(1,500,000)	(250,000)
<u>1,050,002</u>	<u>500,002</u>	<u>1,250,002</u>	<u>1,350,002</u>	<u>5,300,002</u>	<u>6,200,002</u>

First Trust Exchange-Traded Fund II

Statements of Changes in Net Assets (Continued)

	First Trust ISE Global Engineering and Construction Index Fund	
	For the Six Months Ended March 31, 2010 (Unaudited)	For the Period October 13, 2008 (a) through September 30, 2009
OPERATIONS:		
Net investment income (loss)	\$ 71,086	\$ 329,580
Net realized gain (loss)	1,308,244	1,317,826
Net change in unrealized appreciation (depreciation)	(1,187,933)	6,748,194
Net increase (decrease) in net assets resulting from operations	<u>191,397</u>	<u>8,395,600</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(72,200)	(261,640)
Net realized gain	—	—
Total distributions to shareholders	<u>(72,200)</u>	<u>(261,640)</u>
SHAREHOLDER TRANSACTIONS:		
Proceeds from shares sold	5,855,365	33,995,273
Cost of shares redeemed	(3,811,093)	(6,344,982)
Net increase (decrease) in net assets resulting from shareholder transactions	<u>2,044,272</u>	<u>27,650,291</u>
Total increase (decrease) in net assets	2,163,469	35,784,251
NET ASSETS:		
Beginning of period	<u>35,784,251</u>	<u>—</u>
End of period	<u>\$ 37,947,720</u>	<u>\$ 35,784,251</u>
Accumulated net investment income (loss) at end of period	<u>\$ 68,992</u>	<u>\$ 70,106</u>
CHANGES IN SHARES OUTSTANDING:		
Shares outstanding, beginning of period	900,002	—
Shares sold	150,000	1,100,002
Shares redeemed	(100,000)	(200,000)
Shares outstanding, end of period	<u>950,002</u>	<u>900,002</u>

(a) Inception date.

First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	First Trust ISE Global Copper Index Fund	First Trust ISE Global Platinum Index Fund
For the Period November 16, 2009 (a) through March 31, 2010 (Unaudited)	For the Period March 11, 2010 (a) through March 31, 2010 (Unaudited)	For the Period March 11, 2010 (a) through March 31, 2010 (Unaudited)
\$ (2,160)	\$ (1,155)	\$ (623)
(164,441)	(777)	(6,700)
260,315	90,661	107,896
<u>93,714</u>	<u>88,729</u>	<u>100,573</u>
(6,000)	—	—
—	—	—
<u>(6,000)</u>	<u>—</u>	<u>—</u>
33,782,738	3,000,060	3,000,060
(1,570,382)	—	—
<u>32,212,356</u>	<u>3,000,060</u>	<u>3,000,060</u>
32,300,070	3,088,789	3,100,633
—	—	—
<u>\$ 32,300,070</u>	<u>\$ 3,088,789</u>	<u>\$ 3,100,633</u>
<u>\$ (8,160)</u>	<u>\$ (1,155)</u>	<u>\$ (623)</u>
—	—	—
1,100,002	100,002	100,002
(50,000)	—	—
<u>1,050,002</u>	<u>100,002</u>	<u>100,002</u>

First Trust Exchange-Traded Fund II

Financial Highlights

For a Share outstanding throughout each period

First Trust Dow Jones STOXX® European Select Dividend Index Fund

	For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009	For the Year Ended September 30, 2008	For the Period August 27, 2007 (a) through September 30, 2007
Net asset value, beginning of period	\$ 13.81	\$ 15.62	\$ 30.97	\$ 30.00
Income from investment operations:				
Net investment income (loss)	0.06	0.61	1.26	0.03 (b)
Net realized and unrealized gain (loss)	(0.40)	(1.83)	(15.32)	0.94
Total from investment operations	(0.34)	(1.22)	(14.06)	0.97
Distributions paid to shareholders from:				
Net investment income	(0.06)	(0.59)	(1.29)	—
Net asset value, end of period	\$ 13.41	\$ 13.81	\$ 15.62	\$ 30.97
TOTAL RETURN (c)	(2.48)%	(6.83)%	(46.12)%	3.23%
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period (in 000's)	\$ 7,418	\$ 8,330	\$ 12,545	\$ 3,200
Ratios to average net assets:				
Ratio of total expenses to average net assets	2.10% (d)	3.48%	1.95%	19.64% (d)
Ratio of net expenses to average net assets	0.60% (d)	0.60%	0.60%	0.60% (d)
Ratio of net investment income (loss) to average net assets	0.92% (d)	5.30%	6.43%	1.18% (d)
Portfolio turnover rate (e)	46%	82%	80%	0%

First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund

	For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009	For the Year Ended September 30, 2008	For the Period August 27, 2007 (a) through September 30, 2007
Net asset value, beginning of period	\$ 30.48	\$ 36.24	\$ 53.43	\$ 50.00
Income from investment operations:				
Net investment income (loss)	0.72	0.90	1.25	0.14 (b)
Net realized and unrealized gain (loss)	1.67	(5.74)	(17.25)	3.29
Total from investment operations	2.39	(4.84)	(16.00)	3.43
Distributions paid to shareholders from:				
Net investment income	(1.33)	(0.91)	(1.19)	—
Net realized gain	—	(0.01)	—	—
Total distributions	(1.33)	(0.92)	(1.19)	—
Net asset value, end of period	\$ 31.54	\$ 30.48	\$ 36.24	\$ 53.43
TOTAL RETURN (c)	8.03%	(12.66)%	(30.35)%	6.86%
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period (in 000's)	\$ 33,115	\$ 15,238	\$ 7,249	\$ 5,343
Ratios to average net assets:				
Ratio of total expenses to average net assets	1.16% (d)	2.09%	2.68%	11.51% (d)
Ratio of net expenses to average net assets	0.60% (d)	0.60%	0.60%	0.60% (d)
Ratio of net investment income (loss) to average net assets	3.00% (d)	4.08%	3.07%	3.22% (d)
Portfolio turnover rate (e)	8%	19%	7%	1%

(a) Inception date.

(b) Per share amounts have been calculated using the average share method.

(c) Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividend distributions at net asset value during the period, and redemption at net asset value on the last day of the period. The returns presented do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. Total return calculated for a period of less than one year is not annualized. The total returns would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor.

(d) Annualized.

(e) Portfolio turnover is not annualized and does not include securities received or delivered from processing creations or redemptions and in-kind transactions.

First Trust Exchange-Traded Fund II

Financial Highlights

For a Share outstanding throughout each period

First Trust Dow Jones Global Select Dividend Index Fund

	For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009	For the Period November 21, 2007 (a) through September 30, 2008
Net asset value, beginning of period	\$ 21.33	\$ 19.95	\$ 30.00
Income from investment operations:			
Net investment income (loss)	0.33	0.70 (b)	1.38
Net realized and unrealized gain (loss)	0.49	1.37	(10.10)
Total from investment operations	0.82	2.07	(8.72)
Distributions paid to shareholders from:			
Net investment income	(0.44)	(0.69)	(1.33)
Net asset value, end of period	\$ 21.71	\$ 21.33	\$ 19.95
TOTAL RETURN (c)	3.86%	11.80%	(29.72)%
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (in 000's)	\$ 27,133	\$ 28,790	\$ 3,990
Ratios to average net assets:			
Ratio of total expenses to average net assets	0.91% (d)	2.39%	4.79% (d)
Ratio of net expenses to average net assets	0.60% (d)	0.60%	0.60% (d)
Ratio of net investment income (loss) to average net assets	3.05% (d)	4.61%	6.33% (d)
Portfolio turnover rate (e)	44%	65%	42%

First Trust ISE Global Wind Energy Index Fund

	For the Six Months Ended March 31, 2010 (Unaudited)	For the Year Ended September 30, 2009	For the Period June 16, 2008 (a) through September 30, 2008
Net asset value, beginning of period	\$ 16.27	\$ 19.11	\$ 30.00
Income from investment operations:			
Net investment income (loss)	0.03	0.14	0.01
Net realized and unrealized gain (loss)	(2.64)	(2.88)	(10.90)
Total from investment operations	(2.61)	(2.74)	(10.89)
Distributions paid to shareholders from:			
Net investment income	(0.27)	(0.10)	—
Net asset value, end of period	\$ 13.39	\$ 16.27	\$ 19.11
TOTAL RETURN (c)	(16.25)%	(14.26)%	(36.30)%
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (in 000's)	\$ 70,974	\$ 100,850	\$ 63,067
Ratios to average net assets:			
Ratio of total expenses to average net assets	0.80% (d)	0.95%	0.98% (d)
Ratio of net expenses to average net assets	0.60% (d)	0.60%	0.60% (d)
Ratio of net investment income (loss) to average net assets	0.78% (d)	1.16%	0.24% (d)
Portfolio turnover rate (e)	10%	30%	13%

(a) Inception date.

(b) Per share amounts have been calculated using the average share method.

(c) Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividend distributions at net asset value during the period, and redemption at net asset value on the last day of the period. The returns presented do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. Total return calculated for a period of less than one year is not annualized. The total returns would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor.

(d) Annualized.

(e) Portfolio turnover is not annualized and does not include securities received or delivered from processing creations or redemptions and in-kind transactions.

First Trust Exchange-Traded Fund II

Financial Highlights

For a Share outstanding throughout each period

First Trust ISE Global Engineering and Construction Index Fund

	For the Six Months Ended March 31, 2010 (Unaudited)	For the Period October 13, 2008 (a) through September 30, 2009
Net asset value, beginning of period	\$ 39.76	\$ 30.00
Income from investment operations:		
Net investment income (loss)	0.07	0.42
Net realized and unrealized gain (loss)	0.19	9.68
Total from investment operations	0.26	10.10
Distributions paid to shareholders from:		
Net investment income	(0.08)	(0.34)
Net asset value, end of period	\$ 39.94	\$ 39.76
TOTAL RETURN (b)	0.65%	33.84%
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (in 000's)	\$ 37,948	\$ 35,784
Ratios to average net assets:		
Ratio of total expenses to average net assets	0.91% (c)	1.16% (c)
Ratio of net expenses to average net assets	0.70% (c)	0.70% (c)
Ratio of net investment income (loss) to average net assets	0.40% (c)	1.84% (c)
Portfolio turnover rate (d)	12%	19%

First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund

	For the Period November 16, 2009 (a) through March 31, 2010 (Unaudited)
Net asset value, beginning of period	\$ 30.00
Income from investment operations:	
Net investment income (loss)	(0.00) (e)
Net realized and unrealized gain (loss)	0.77
Total from investment operations	0.77
Distributions paid to shareholders from:	
Net investment income	(0.01)
Net asset value, end of period	\$ 30.76
TOTAL RETURN (b)	2.57%
RATIOS/SUPPLEMENTAL DATA:	
Net assets, end of period (in 000's)	\$ 32,300
Ratios to average net assets:	
Ratio of total expenses to average net assets	1.05% (c)
Ratio of net expenses to average net assets	0.70% (c)
Ratio of net investment income (loss) to average net assets	(0.03)% (c)
Portfolio turnover rate (d)	27%

(a) Inception date.

(b) Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividend distributions at net asset value during the period, and redemption at net asset value on the last day of the period. The return presented does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. Total return calculated for a period of less than one year is not annualized. The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor.

(c) Annualized.

(d) Portfolio turnover is not annualized and does not include securities received or delivered from processing creations or redemptions and in-kind transactions.

(e) Amount represents less than \$0.01 per share.

First Trust Exchange-Traded Fund II

Financial Highlights

For a Share outstanding throughout the period

First Trust ISE Global Copper Index Fund

	For the Period March 11, 2010 (a) through March 31, 2010 (Unaudited)
Net asset value, beginning of period	\$ 30.00
Income from investment operations:	
Net investment income (loss)	(0.01)
Net realized and unrealized gain (loss)	0.90
Total from investment operations	0.89
Net asset value, end of period	\$ 30.89
TOTAL RETURN (b)	2.97%
RATIOS/SUPPLEMENTAL DATA:	
Net assets, end of period (in 000's)	\$ 3,089
Ratios to average net assets:	
Ratio of total expenses to average net assets	0.70% (c)
Ratio of net expenses to average net assets	0.70% (c)
Ratio of net investment income (loss) to average net assets	(0.70)% (c)
Portfolio turnover rate (d)	3%

First Trust ISE Global Platinum Index Fund

	For the Period March 11, 2010 (a) through March 31, 2010 (Unaudited)
Net asset value, beginning of period	\$ 30.00
Income from investment operations:	
Net investment income (loss)	(0.01)
Net realized and unrealized gain (loss)	1.02
Total from investment operations	1.01
Net asset value, end of period	\$ 31.01
TOTAL RETURN (b)	3.37%
RATIOS/SUPPLEMENTAL DATA:	
Net assets, end of period (in 000's)	\$ 3,101
Ratios to average net assets:	
Ratio of total expenses to average net assets	0.70% (c)
Ratio of net expenses to average net assets	0.70% (c)
Ratio of net investment income (loss) to average net assets	(0.38)% (c)
Portfolio turnover rate (d)	8%

(a) Inception date.

(b) Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividend distributions at net asset value during the period, and redemption at net asset value on the last day of the period. The return presented does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. Total return calculated for a period of less than one year is not annualized.

(c) Annualized.

(d) Portfolio turnover is not annualized and does not include securities received or delivered from processing creations or redemptions and in-kind transactions.

First Trust Exchange-Traded Fund II
March 31, 2010 (Unaudited)

1. Organization

First Trust Exchange-Traded Fund II (the “Trust”) is an open-end management investment company organized as a Massachusetts business trust on July 20, 2006, and is registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”).

The Trust currently consists of eight funds (each a “Fund” and collectively, the “Funds”):

- First Trust Dow Jones STOXX® European Select Dividend Index Fund – (NYSE Arca, Inc. ticker “FDD”)
- First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund – (NYSE Arca, Inc. ticker “FFR”)
- First Trust Dow Jones Global Select Dividend Index Fund – (NYSE Arca, Inc. ticker “FGD”)
- First Trust ISE Global Wind Energy Index Fund – (NYSE Arca, Inc. ticker “FAN”)
- First Trust ISE Global Engineering and Construction Index Fund – (NYSE Arca, Inc. ticker “FLM”)
- First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund – (NASDAQ ticker “GRID”)
- First Trust ISE Global Copper Index Fund – (NASDAQ ticker “CU”)
- First Trust ISE Global Platinum Index Fund – (NASDAQ ticker “PLTM”)

Subsequent to March 31, 2010, the date of this semi-annual report, First Trust BICK Index Fund, an additional series of the Trust, began trading under the ticker symbol BICK on The NASDAQ® Stock Market, Inc.

Each Fund represents a separate series of shares of beneficial interest in the Trust. Each Fund’s shares currently are listed and traded on the NYSE Arca, Inc. (“NYSE Arca”) except for First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund, First Trust ISE Global Copper Index Fund, and the First Trust ISE Global Platinum Index Fund which are listed and traded on The NASDAQ Stock Market, Inc. (“NASDAQ”). Unlike conventional mutual funds, each Fund issues and redeems shares on a continuous basis, at net asset value (“NAV”), only in large specified blocks consisting of 50,000 shares called a “Creation Unit”. Creation Units are issued and redeemed principally in-kind for securities included in a Fund’s relevant index. Except when aggregated in Creation Units, shares are not redeemable securities of a Fund. The investment objective of each Fund is to seek investment results that correspond generally to the price and yield (before the Fund’s fees and expenses) of the following indices:

Fund	Index
First Trust Dow Jones STOXX® European Select Dividend Index Fund	STOXX® Europe Select Dividend 30 Index ⁽¹⁾
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	FTSE EPRA/NAREIT Developed Index
First Trust Dow Jones Global Select Dividend Index Fund	Dow Jones Global Select Dividend Index SM
First Trust ISE Global Wind Energy Index Fund	ISE Global Wind Energy Index
First Trust ISE Global Engineering and Construction Index Fund	ISE Global Engineering and Construction Index
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	NASDAQ OMX® Clean Edge® Smart Grid Infrastructure Index SM
First Trust ISE Global Copper Index Fund	ISE Global Copper TM Index
First Trust ISE Global Platinum Index Fund	ISE Global Platinum TM Index

⁽¹⁾ *The STOXX® Europe Select Dividend 30 Index was formerly known as the Dow Jones STOXX® Select Dividend 30 Index. The changes to the underlying index name had no effect on the investment strategies or risks of the Fund. The Fund’s name, ticker symbol and CUSIP number remain the same.*

2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of the financial statements. The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

A. Portfolio Valuation

Each Fund’s NAV is determined daily as of the close of regular trading on the New York Stock Exchange (“NYSE”), normally 4:00 p.m. Eastern time, on each day the NYSE is open for trading. The NAV is calculated by dividing the value of all assets of the Fund (including accrued interest and dividends), less all liabilities (including accrued expenses and dividends declared but unpaid), by the total number of shares outstanding.

Each Fund’s investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value in accordance with valuation procedures adopted by the Trust’s Board of Trustees and in accordance with the 1940 Act. Portfolio securities listed on any exchange other than the NASDAQ or the London Stock Exchange Alternative Investment Market (“AIM”) are valued at the last sale price on the business day as of which such value is being determined. Securities listed on the NASDAQ or the AIM are valued at the official closing price on the business day as of which such value is being determined. If there has been no sale on such day, or no official closing price in the case of securities traded on the NASDAQ or the AIM, the securities

**First Trust Exchange-Traded Fund II
March 31, 2010 (Unaudited)**

are valued at the mean of the most recent bid and asked prices on such day. Portfolio securities traded on more than one securities exchange are valued at the last sale price or official closing price, as applicable, on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities. Portfolio securities traded in the over-the-counter market, but excluding securities trading on the NASDAQ or the AIM, are valued at the closing bid prices. Short-term investments that mature in less than 60 days when purchased are valued at amortized cost.

Certain securities may not be able to be priced by pre-established pricing methods. Such securities may be valued by the Board of Trustees or its delegate at fair value. The use of fair value pricing by each Fund is governed by valuation procedures adopted by the Board of Trustees and is in accordance with the provisions of the 1940 Act. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund's NAV or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, does not reflect the security's "fair value." As a general principle, the current "fair value" of a security would appear to be the amount which the owner might reasonably expect to receive for the security upon its current sale. The use of fair value prices by a Fund generally results in prices used by the Fund that may differ from current market quotations or official closing prices on the applicable exchange. A variety of factors may be considered in determining the fair value of such securities. In addition, the use of fair value prices and certain current market quotations or official closing prices could result in a difference between the prices used to calculate a Fund's NAV and the prices used by such Fund's corresponding index, which, in turn, could result in a difference between a Fund's performance and the performance of its index.

Because foreign markets may be open on different days than the days during which investors may purchase the shares of each Fund, the value of each Fund's securities may change on the days when investors are not able to purchase the shares of the Fund. The value of securities denominated in foreign currencies is converted into U.S. dollars using exchange rates determined daily as of the close of regular trading on the NYSE. Any use of a different rate from the rates used by a relevant index may adversely affect the Fund's ability to track the index.

The Funds are subject to fair value accounting standards that define fair value, establish the framework for measuring fair value and provide a three-level hierarchy for fair valuation based upon the inputs to the valuation as of the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 - Level 1 inputs are quoted prices in active markets for identical securities. An active market is a market in which transactions for the security occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Level 2 inputs are observable inputs, either directly or indirectly, and include the following:
 - Quoted prices for similar securities in active markets.
 - Quoted prices for identical or similar securities in markets that are non-active. A non-active market is a market where there are few transactions for the security, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
 - Inputs other than quoted prices that are observable for the security (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Level 3 inputs are unobservable inputs. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the security.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. A summary of the inputs used to value each Fund's investments as of March 31, 2010 is included in each Fund's Portfolio of Investments.

B. Securities Transactions and Investment Income

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income, if any, is recorded on the accrual basis.

A Fund may hold publicly-traded master limited partnerships ("MLPs") and real estate investment trusts ("REITs"). Distributions from such investments may include a return of capital component from the MLP or REIT to the extent of the cost basis of such MLP or REIT investments. The actual character of amounts received during the year is not known until after the fiscal year end. A Fund records the character of distributions received from the MLPs or REITs during the year based on estimates available. A Fund's

First Trust Exchange-Traded Fund II
March 31, 2010 (Unaudited)

characterization may be subsequently revised based on information received from the MLPs or REITs after their tax reporting periods conclude.

C. Foreign Currency

The books and records of the Funds are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of investment securities and items of income and expense are translated on the respective dates of such transactions. Unrealized gains and losses on assets and liabilities, other than investments in securities, which result from changes in foreign currency exchange rates have been included in "Net change in unrealized appreciation (depreciation) on foreign currency translation" on the Statements of Operations. Unrealized gains and losses on investments in securities which result from changes in foreign exchange rates are included with fluctuations arising from changes in market price and are shown in "Net change in unrealized appreciation (depreciation) on investments" on the Statements of Operations. Net realized foreign currency gains and losses include the effect of changes in exchange rates between trade date and settlement date on investment security transactions, foreign currency transactions and interest and dividends received. The portion of foreign currency gains and losses related to fluctuations in exchange rates between the initial purchase trade date and subsequent sale trade date is included in "Net realized gain (loss) on foreign currency transactions" on the Statements of Operations.

D. Dividends and Distribution to Shareholders

Dividends from net investment income of the Funds, if any, are declared and paid quarterly by the First Trust Dow Jones STOXX® European Select Dividend Index Fund and the First Trust Dow Jones Global Select Dividend Index Fund and semi-annually by the First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund, the First Trust ISE Global Wind Energy Index Fund, the First Trust ISE Global Engineering and Construction Index Fund, the First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund, the First Trust ISE Global Copper Index Fund and the First Trust ISE Global Platinum Index Fund or as the Board of Trustees may determine from time to time. Distributions of net realized capital gains earned by each Fund, if any, are distributed at least annually.

Distributions from income and capital gains are determined in accordance with income tax regulations, which may differ from accounting principles generally accepted in the United States of America. These differences are primarily due to differing treatments of income and gains on various investment securities held by a Fund, timing differences and differing characterization of distributions made by a Fund.

The tax character of distributions paid by each Fund during the period ended September 30, 2009 was as follows:

	Distributions paid from Ordinary Income	Distributions paid from Capital Gains	Distributions paid from Return of Capital
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ 254,857	\$ —	\$ —
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	274,650	2,767	—
First Trust Dow Jones Global Select Dividend Index Fund	285,416	—	—
First Trust ISE Global Wind Energy Index Fund	515,400	—	—
First Trust ISE Global Engineering and Construction Index Fund	261,640	—	—

As of September 30, 2009, the components of distributable earnings on a tax basis for each Fund were as follows:

	Undistributed Ordinary Income	Accumulated Capital and Other Gain (Loss)	Net Unrealized Appreciation (Depreciation)
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ 6,213	\$(10,829,369)	\$ 1,342,217
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	854,415	(837,752)	(1,777,263)
First Trust Dow Jones Global Select Dividend Index Fund	189,234	(1,642,000)	3,218,979
First Trust ISE Global Wind Energy Index Fund	1,653,296	(8,644,179)	(25,003,516)
First Trust ISE Global Engineering and Construction Index Fund	71,975	(64,743)	6,585,619

E. Income Taxes

Each Fund intends to qualify or continue to qualify as a regulated investment company by complying with the requirements under Subchapter M of the Internal Revenue Code of 1986, as amended, which includes distributing substantially all of its net investment income and net realized gains to shareholders. Accordingly, no provision has been made for federal and state income taxes.

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The Funds are subject to tax accounting standards that establish a minimum threshold for recognizing, and a system for measuring, the benefits of a tax position taken or expected to be taken in a tax return. Taxable years ending 2007, 2008 and 2009 remain open to federal and state audit. As of March 31, 2010, management has evaluated the application of these standards to the Funds and has determined that no provision for income tax is required in the Funds' financial statements for uncertain tax positions.

At September 30, 2009 for federal income tax purposes, each Fund had capital loss carryforwards available that are shown in the table below, to the extent provided by regulations, to offset future capital gains through the years indicated. To the extent that these loss carryforwards are used to offset future capital gains, it is probable that the capital gains so offset will not be distributed to Fund shareholders. The Funds are subject to certain limitations, under U.S. tax rules, on the use of capital loss carryforwards and net unrealized built-in losses. These limitations apply when there has been a 50% change in ownership.

	Capital Loss Available through September 30, 2016	Capital Loss Available through September 30, 2017	Total Capital Loss Available
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ —	\$ 5,960,236	\$ 5,960,236
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	—	68,465	68,465
First Trust Dow Jones Global Select Dividend Index Fund	131,352	208,741	340,093
First Trust ISE Global Wind Energy Index Fund	174,186	30,175	204,361
First Trust ISE Global Engineering and Construction Index Fund	—	2,011	2,011

Capital losses incurred after October 31 ("Post-October Losses") within the taxable year can be deemed to arise on the first business day of each Fund's next taxable year.

During the taxable year ended September 30, 2009, the following Funds incurred and elected to defer net capital and currency losses as follows:

	Post-October Losses	
	Capital Losses	Currency Losses
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ 4,861,211	\$ 7,922
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	761,520	7,767
First Trust Dow Jones Global Select Dividend Index Fund	1,300,511	1,396
First Trust ISE Global Wind Energy Index Fund	8,439,818	—
First Trust ISE Global Engineering and Construction Index Fund	62,732	—

F. Expenses

Expenses that are directly related to one of the Funds are charged directly to the respective Fund, except for the First Trust ISE Global Copper Index Fund and the First Trust ISE Global Platinum Index Fund which are paid by First Trust Advisors L.P. ("First Trust" or the "Advisor"). General expenses of the Trust are allocated to all the Funds based upon the net assets of each Fund. The Advisor has entered into licensing agreements with each of the following "Licensors" for the respective Funds:

Funds	Licensors
First Trust Dow Jones STOXX® European Select Dividend Index Fund	STOXX Limited
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	FTSE International Limited
First Trust Dow Jones Global Select Dividend Index Fund	Dow Jones & Company, Inc.
First Trust ISE Global Wind Energy Index Fund	International Securities Exchange, LLC
First Trust ISE Global Engineering and Construction Index Fund	International Securities Exchange, LLC
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	The NASDAQ Stock Market, Inc.
First Trust ISE Global Copper Index Fund	International Securities Exchange, LLC
First Trust ISE Global Platinum Index Fund	International Securities Exchange, LLC

The respective license agreements allow for the use by First Trust of each Fund's respective index, certain trademarks and trade names of the respective Licensors. The Funds are sub-licensees to the applicable license agreements. The respective Funds are required to pay licensing fees, which are shown on the Statements of Operations.

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3. Investment Advisory Fee, Affiliated Transactions and Other Fee Arrangements

First Trust is a limited partnership with one limited partner, Grace Partners of DuPage L.P., and one general partner, The Charger Corporation. First Trust serves as investment advisor to the Funds pursuant to Investment Management Agreements. First Trust is responsible for the selection and ongoing monitoring of the securities in each Fund's portfolio and providing certain other services necessary for the management of the Funds.

For First Trust ISE Global Copper Index Fund and the First Trust ISE Global Platinum Index Fund, First Trust is paid an annual unitary management fee of 0.70% of such Fund's average daily net assets and is responsible for the expenses of such Fund including the cost of transfer agency, custody, fund administration, legal, audit and other services, and excluding advisory fees, distribution fees, if any, brokerage expense, taxes, interest, and other extraordinary expenses.

For First Trust Dow Jones STOXX® European Select Dividend Index Fund, First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund, First Trust Dow Jones Global Select Dividend Index Fund, First Trust ISE Global Wind Energy Index Fund, First Trust ISE Global Engineering and Construction Index Fund and First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund, First Trust is paid an annual management fee of 0.40% of such Fund's average daily net assets. For such Funds, the Trust and First Trust have entered into an Expense Reimbursement, Fee Waiver and Recovery Agreement ("Recovery Agreement") in which the Advisor has agreed to waive fees and/or reimburse Fund expenses to the extent that the operating expenses of each such Fund (excluding interest expense, brokerage commissions and other trading expenses, taxes and extraordinary expenses) exceed the below amount as a percentage of average daily net assets per year (the "Expense Cap") at least through the date listed.

	Expense Cap	Term
First Trust Dow Jones STOXX® European Select Dividend Index Fund	0.60%	May 15, 2011
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	0.60%	May 15, 2011
First Trust Dow Jones Global Select Dividend Index Fund	0.60%	May 15, 2011
First Trust ISE Global Wind Energy Index Fund	0.60%	May 15, 2011
First Trust ISE Global Engineering and Construction Index Fund	0.70%	May 15, 2011
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	0.70%	November 9, 2011

Pursuant to the Recovery Agreement, First Trust may recover from such Funds any fees waived or expenses reimbursed during the three year period after the date of the waiver or reimbursement to the extent that the actual expense ratio of a particular Fund is less than such Fund's applicable expense cap. First Trust may recover a portion of the previously waived or reimbursed amount equal to the amount that the expense cap exceeds the actual expense ratio. These amounts would be included in "Expenses previously waived or reimbursed" on the Statements of Operations.

The advisory fee waivers and expense reimbursements for the period ended March 31, 2010 and the expenses borne by the Advisor subject to reimbursement by each Fund for the periods indicated were as follows:

	Advisory Fee Waivers	Expense Reim- bursement	Expenses Borne by Advisor Subject to Reimbursement				Total
			Period Ended September 30, 2007	Period Ended September 30, 2008	Period Ended September 30, 2009	Period Ended March 31, 2010	
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ 16,591	\$ 45,817	\$ 52,139	\$ 186,036	\$ 146,295	\$ 62,408	\$ 446,878
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	42,401	16,903	48,855	123,776	116,416	59,304	348,351
First Trust Dow Jones Global Select Dividend Index Fund	56,795	—	—	115,376	114,202	56,795	286,373
First Trust ISE Global Wind Energy Index Fund	88,743	—	—	67,700	237,567	88,743	394,010
First Trust ISE Global Engineering and Construction Index Fund	38,471	—	—	—	81,714	38,471	120,185
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	29,208	—	—	—	—	29,208	29,208

The Trust has multiple service agreements with The Bank of New York Mellon ("BNYM"). Under the servicing agreements, BNYM performs custodial, fund accounting, certain administrative, and transfer agency services for the Trust. As custodian, BNYM is responsible for custody of the Trust's assets. As fund accountant and administrator, BNYM is responsible for maintaining the books

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and records of the Trust's securities and cash. As transfer agent, BNYM is responsible for performing transfer agency services for the Trust. BNYM is a subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), a financial holding company.

PNC Global Investment Servicing (U.S.) Inc., an indirect, wholly-owned subsidiary of the PNC Financial Services Group, Inc. ("PNC"), provides certain administrative services to the Trust and the Funds in connection with the Trust's Board of Trustees meetings and other related matters.

On February 2, 2010, PNC entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with BNY Mellon. Upon the terms and subject to the conditions set forth in the Stock Purchase Agreement, which has been approved by the board of directors of each company, PNC will sell to BNY Mellon (the "Stock Sale") 100% of the issued and outstanding shares of PNC Global Investment Services Inc. The Stock Sale includes PNC Global Investment Servicing (U.S.) Inc., PFPC Trust Company and PFPC Distributors, Inc. and is expected to close in the third quarter of 2010.

Each Trustee who is not an officer or employee of First Trust, any sub-advisor or any of their affiliates ("Independent Trustees") is paid an annual retainer of \$10,000 per trust for the first 14 trusts of the First Trust Fund Complex and an annual retainer of \$7,500 per trust for each subsequent trust in the First Trust Fund Complex. The annual retainer is allocated equally among each of the trusts. No additional meeting fees are paid in connection with board or committee meetings.

Additionally, the Lead Independent Trustee is paid \$10,000 annually, the Chairman of the Audit Committee is paid \$5,000 annually and each of the Chairmen of the Nominating and Governance Committee and Valuation Committee are paid \$2,500 annually to serve in such capacities, with such compensation paid by the trusts in the First Trust Fund Complex and allocated equally among those trusts. Trustees are also reimbursed by the trusts in the First Trust Fund Complex for travel and out-of-pocket expenses in connection with all meetings. The Lead Independent Trustee and each Committee chairman will serve two-year terms ending December 31, 2011, before rotating to serve as chairman of another Committee or as Lead Independent Trustee. The officers and "Interested" Trustee receive no compensation from the trusts for serving in such capacities.

4. Purchases and Sales of Securities

For the period ended March 31, 2010, the cost of purchases and proceeds from sales of investment securities for each Fund, excluding short-term investments and in-kind transactions, were as follows:

	Purchases	Sales
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ 3,788,107	\$ 3,756,440
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	1,751,849	2,262,383
First Trust Dow Jones Global Select Dividend Index Fund	15,033,366	15,491,765
First Trust ISE Global Wind Energy Index Fund	8,410,484	9,781,130
First Trust ISE Global Engineering and Construction Index Fund	4,143,544	4,170,656
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	6,241,312	6,330,230
First Trust ISE Global Copper Index Fund	102,182	102,188
First Trust ISE Global Platinum Index Fund	273,931	260,798

For the period ended March 31, 2010, the cost of in-kind purchases and proceeds from in-kind sales for each Fund were as follows:

	Purchases	Sales
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ 4,101,168	\$ 4,701,877
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	16,742,543	—
First Trust Dow Jones Global Select Dividend Index Fund	22,879,331	24,195,793
First Trust ISE Global Wind Energy Index Fund	9,186,900	21,213,788
First Trust ISE Global Engineering and Construction Index Fund	5,848,900	3,792,586
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	33,924,120	1,559,737
First Trust ISE Global Copper Index Fund	2,997,434	—
First Trust ISE Global Platinum Index Fund	2,989,973	—

5. Creations, Redemptions and Transaction Fees

Shares are created and redeemed by each Fund only in Creation Unit size aggregations of 50,000 shares. In order to purchase Creation Units of a Fund, an investor must deposit (i) cash in lieu of all or a portion of the Deposit Securities, as defined below, and/or (ii) a designated portfolio of equity securities determined by First Trust (the "Deposit Securities") and generally make a cash payment referred to as the "Cash Component." Purchasers of Creation Units must pay to BNYM, as transfer agent, a creation fee (the "Creation Transaction Fee"), regardless of the number of Creation Units purchased in the transaction. The Creation Transaction Fee may vary and is based on the composition of the securities included in each Fund's portfolio and the countries in which the

First Trust Exchange-Traded Fund II
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transactions are settled. The Creation Transaction Fee may increase or decrease as each Fund's portfolio is adjusted to conform to changes in the composition of its corresponding Index. The price for each Creation Unit will equal the daily NAV per share times the number of shares in a Creation Unit plus the fees described above and, if applicable, any operational processing and brokerage costs, transfer fees or stamp taxes. When a Fund permits an Authorized Participant to substitute cash or a different security in lieu of depositing one or more of the requisite Deposit Securities, the Authorized Participant may also be assessed an amount to cover the cost of purchasing the Deposit Securities and/or disposing of the substituted securities, including operational processing and brokerage costs, transfer fees, stamp taxes, and part or all of the spread between the expected bid and offer side of the market related to such Deposit Securities and/or substitute securities.

Parties redeeming Creation Units must pay to BNYM, as transfer agent, a redemption transaction fee (the "Redemption Transaction Fee"), regardless of the number of Creation Units redeemed in the transaction. The Redemption Transaction Fee may vary and is based on the composition of the securities included in each Fund's portfolio and the countries in which the transactions are settled. The Redemption Transaction Fee may increase or decrease as each Fund's portfolio is adjusted to conform to changes in the composition of its corresponding Index. Each Fund reserves the right to effect redemptions in cash. A shareholder may request a cash redemption in lieu of securities; however, each Fund may, in its discretion, reject any such request.

The Creation Transaction Fees and the Redemption Transaction Fees are as follows:

	Redemption Transaction Fees	Creation Transaction Fees
First Trust Dow Jones STOXX® European Select Dividend Index Fund	\$ 500	\$ 500
First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund	4,000	4,000
First Trust Dow Jones Global Select Dividend Index Fund	1,000	1,000
First Trust ISE Global Wind Energy Index Fund	1,000	1,000
First Trust ISE Global Engineering and Construction Index Fund	1,000	1,000
First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund	1,000	1,000
First Trust ISE Global Copper Index Fund	500	500
First Trust ISE Global Platinum Index Fund	500	500

6. Distribution Plan

The Board of Trustees adopted a Distribution and Service Plan pursuant to Rule 12b-1 under the 1940 Act. In accordance with the Rule 12b-1 plan, the Funds are authorized to pay an amount up to 0.25% of their average daily net assets each year to reimburse First Trust Portfolios L.P. ("FTP"), the distributor of the Funds, for amounts expended to finance activities primarily intended to result in the sale of Creation Units or the provision of investor services. FTP may also use this amount to compensate securities dealers or other persons that are Authorized Participants for providing distribution assistance, including broker-dealer and shareholder support and educational and promotional services.

No 12b-1 fees are currently paid by the Funds, and pursuant to a contractual arrangement, the Funds will not pay 12b-1 fees any time before March 31, 2011 except for First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund which will not pay 12b-1 fees at any time before November 9, 2011, and First Trust ISE Global Copper Index Fund and First Trust ISE Global Platinum Index Fund, which will not pay 12b-1 fees at any time before March 8, 2012.

7. Indemnification

The Trust, on behalf of the Funds, has a variety of indemnification obligations under contracts with its service providers. The Trust's maximum exposure under these arrangements is unknown. However, the Trust has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

8. Subsequent Events

Management has evaluated the impact of all subsequent events on the Funds through the date the financial statements were issued, and has determined there were no subsequent events requiring recognition or disclosure in the financial statements.

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Proxy Voting Policies and Procedures

A description of the policies and procedures that the Trust uses to determine how to vote proxies and information on how each Fund voted proxies relating to its portfolio securities during the 12-months ended June 30, 2009 is available (1) without charge, upon request, by calling (800) 988-5891; (2) on the Trust's website located at <http://www.ftportfolios.com>; and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Portfolio Holdings

The Trust files its complete schedule of each Fund's portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Trust's Forms N-Q are available (1) by calling (800) 988-5891; (2) on the Trust's website located at <http://www.ftportfolios.com>; (3) on the SEC's website at <http://www.sec.gov>; and (4) for review and copying at the SEC's Public Reference Room ("PRR") in Washington, DC. Information regarding the operation of the PRR may be obtained by calling (800) SEC-0330.

Investment Management Agreement

Board Considerations Regarding Investment Management Agreements

First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund

The Board of Trustees of the First Trust Exchange-Traded Fund II (the "Trust"), including the Independent Trustees, approved the Investment Management Agreement (the "Agreement") with First Trust Advisors L.P. ("First Trust") for the First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund (the "Fund") for an initial two-year term at a meeting held on August 24, 2009. The Board of Trustees determined that the Agreement is in the best interests of the Fund in light of the services, expenses and such other matters as the Board considered to be relevant in the exercise of its reasonable business judgment.

To reach this determination, the Board considered its duties under the Investment Company Act of 1940, as amended (the "1940 Act"), as well as under the general principles of state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; the fiduciary duty of investment advisors with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards have fulfilled their duties; and the factors to be considered by the Board in voting on such agreements. To assist the Board in its evaluation of the Agreement, the Independent Trustees received a report in advance of the Board meeting responding to a request for information from counsel to the Independent Trustees. The report, among other things, outlined the services to be provided by First Trust (including the relevant personnel responsible for these services and their experience); the proposed advisory fee as compared to fees charged by investment advisors to comparable exchange-traded funds ("ETFs") and as compared to fees charged by First Trust to other ETFs it manages; estimated expenses of the Fund as compared to those of comparable ETFs; the nature of expenses to be incurred in providing services to the Fund and the potential for economies of scale, if any; financial data on First Trust; fall out benefits to First Trust and First Trust Portfolios L.P.; and a summary of First Trust's compliance program. The Independent Trustees also met separately with their independent legal counsel to discuss the information provided by First Trust. The Board applied its business judgment to determine whether the arrangement between the Trust and First Trust is a reasonable business arrangement from the Fund's perspective as well as from the perspective of shareholders.

In evaluating whether to approve the Agreement, the Board considered the nature, extent and quality of services to be provided under the Agreement, and noted that First Trust employees provide management services to other series of the Trust and to other investment companies in the First Trust complex with diligence and care. The Board also considered the compliance program that had been developed by First Trust and the skills of its employees who would be working with the Fund. It also considered the efforts expended by First Trust in organizing the Trust and making arrangements for entities to provide services to the Fund. Since the Fund is newly organized, the Board did not consider investment performance of the Fund, but the Board did consider the one- and three-year performance of the applicable index. The Board concluded it was comfortable that First Trust had the capabilities and resources to oversee the operations of the Fund, including the services to be provided by other service providers.

The Trustees also reviewed information showing the advisory fee and estimated expense ratio of the Fund as compared to those of a peer group. They noted that the peer group for the Fund consisted solely of two other ETFs, one of which pays a unitary fee. The Board noted the small number of funds in the peer group and considered certain other limitations in the comparability of the funds in the peer group. The Board noted the services to be provided by First Trust for the annual advisory fee of 0.40% of the Fund's average daily net assets and compared the proposed advisory fee for the Fund to the advisory fees paid by the peer funds, noting that it was lower than the advisory fees paid by the peer funds. The Board also considered that First Trust has agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the annual operating expenses of the Fund (excluding interest expense, brokerage commissions, trading expenses, taxes and extraordinary expenses) from exceeding 0.70% of average daily net assets for two years. The Trustees noted that expenses borne by First Trust are proposed to be subject to reimbursement by the Fund for up to three years from the date the fee or expense was incurred, but no reimbursement payment would be made by the Fund if it would result in the Fund exceeding its expense cap, or if the expense cap is no longer in effect, would result in the Fund exceeding an expense ratio equal to its most recent expense cap. The Board considered the fees charged by First Trust to ETFs with investment objectives and policies

**First Trust Exchange-Traded Fund II
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similar to the Fund's, noting that those fees generally were the same as the fee to be charged to the Fund. In light of nature, extent and quality of services to be provided under the Agreement, and in light of First Trust's agreement to waive fees and/or pay Fund expenses as described above for at least two years, the Board determined that the investment advisory fee for the Fund was fair and reasonable.

The Board considered First Trust's representation that the proposed advisory fee was not structured to pass the benefits of any economies of scale on to shareholders as the Fund's assets grow, but that First Trust did not believe this was material to the Board's consideration of the proposed advisory fee due to the expense cap and anticipated asset levels for the Fund. The Board noted that First Trust has continued to invest in personnel and infrastructure for the First Trust complex. The Board took the costs to be borne by First Trust in connection with its services to be performed under the Agreement into consideration and noted that First Trust was unable to estimate the profitability of the Agreement to First Trust, but had agreed to cap the Fund's expenses for two years. The Board considered that First Trust had identified as a fall out benefit to First Trust and First Trust Portfolios L.P. their exposure to investors and brokers who, in the absence of the Fund or other funds of the Trust, may have had no dealings with First Trust. The Board also noted that First Trust would not utilize soft dollars in connection with its management of the Fund's portfolio.

After discussion, the Board of Trustees, including the Independent Trustees, concluded that First Trust had the capabilities, resources and personnel necessary to manage the Fund. Based upon such information as it considered necessary to the exercise of its reasonable business judgment, the Trustees concluded that it was in the best interests of the Fund to approve the Agreement. No single factor was determinative in the Board's analysis.

***First Trust ISE Global Copper Index Fund
First Trust ISE Global Platinum Index Fund***

The Board of Trustees of the First Trust Exchange-Traded Fund II (the "Trust"), including the Independent Trustees, approved the Investment Management Agreement (the "Agreement") with First Trust Advisors L.P. ("First Trust") for First Trust ISE Global Copper Index Fund and First Trust ISE Global Platinum Index Fund (each a "Fund" and collectively, the "Funds") for an initial two year term at a meeting held on January 21, 2010. The Board of Trustees determined for each Fund that the Agreement is in the best interests of the Fund in light of the services, expenses and such other matters as the Board considered to be relevant in the exercise of its reasonable business judgment.

To reach this determination for each Fund, the Board considered its duties under the Investment Company Act of 1940, as amended (the "1940 Act"), as well as under the general principles of state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; the fiduciary duty of investment advisors with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards have fulfilled their duties; and the factors to be considered by the Board in voting on such agreements. To assist the Board in its evaluation of the Agreement for each Fund, the Independent Trustees received a report in advance of the Board meeting responding to a request for information from counsel to the Independent Trustees. The report, among other things, outlined the services to be provided by First Trust to each Fund (including the relevant personnel responsible for these services and their experience); the proposed unitary fee structure for each Fund as compared to fees charged by investment advisors to comparable exchange-traded funds ("ETFs"), and as compared to fees charged to other First Trust clients with similar investment objectives, and to other ETFs managed by First Trust; the estimated expenses to be incurred in providing services to each Fund and the potential for economies of scale, if any; financial data on First Trust; fall out benefits to First Trust and First Trust Portfolios L.P.; and a summary of First Trust's compliance program. The Independent Trustees also met separately with their independent legal counsel to discuss the information provided by First Trust. The Board applied its business judgment to determine whether the arrangement between the Trust and First Trust is a reasonable business arrangement from each Fund's perspective as well as from the perspective of shareholders.

In evaluating whether to approve the Agreement for each Fund, the Board considered the nature, extent and quality of services to be provided by First Trust under the Agreement, and noted that First Trust employees provide management services to other ETFs and to other investment companies in the First Trust complex with diligence and care. The Board also considered the compliance program that had been developed by First Trust and the skills of its employees who would be working with the Funds. It also considered the efforts expended by First Trust in organizing the Trust and making arrangements for entities to provide services to the Funds. Since each Fund is newly organized, the Board did not consider the investment performance of the Funds but the Board did consider the hypothetical performance of the applicable index for each Fund. In light of the information presented and the considerations made, the Board concluded that the nature, quality and extent of services to be provided to the Funds by First Trust under the Agreement are expected to be satisfactory.

The Board reviewed information regarding the proposed unitary fee structure for each Fund. The Board noted that under the unitary fee arrangement, each Fund would pay First Trust a fee equal to an annual rate of 0.70% of its average daily net assets and that First Trust would be responsible for each Fund's expenses, including the cost of transfer agency, custody, fund administration, legal, audit, licensing and other services, but excluding interest, taxes, brokerage commissions and other expenses connected with the execution of portfolio transactions, service fees and distribution fees pursuant to a Rule 12b-1 plan, if any, and extraordinary expenses. The Board also considered information provided by First Trust and Lipper, Inc. ("Lipper") for each Fund on the advisory fees and other expenses paid by other comparable ETFs. The Board noted that the unitary fees for First Trust ISE Global Copper Index Fund and First Trust

**First Trust Exchange-Traded Fund II
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ISE Global Platinum Index Fund were generally higher than the total expense ratios of the peer funds provided by First Trust and Lipper for the Funds. The Board considered the limitations on the comparability of the funds in each of the First Trust and Lipper peer groups, including that not all peer funds charged a unitary fee and that none of the peer funds invested exclusively in issuers engaged in copper or platinum-related businesses. The Board considered the total expense ratios (after fee waivers) of other First Trust ETFs with investment objectives and policies similar to each Fund's investment objective and policies (including, in particular, the higher custody costs), noting that they were generally the same as the unitary fee proposed to be charged to each Fund. In light of the nature, extent and quality of services to be provided under the Agreement, the Board determined that the proposed unitary fee for each Fund was fair and reasonable.

The Board considered First Trust's representation that the proposed unitary fee for each Fund was not structured to pass the benefits of any economies of scale on to shareholders as each Fund's assets grow, but that First Trust did not believe this was material to the Board's consideration of the proposed unitary fees due to the anticipated asset levels for each Fund. The Trustees noted that any reduction in fixed costs associated with the management of the Funds would benefit First Trust, but that a unitary fee structure provides certainty in expenses for the Funds. The Board noted that First Trust has continued to invest in personnel and infrastructure for the First Trust complex. The Board took the costs to be borne by First Trust in connection with its services to be performed under the Agreement into consideration and noted that First Trust was unable to estimate the profitability of the Agreement to First Trust. The Board considered that First Trust had identified as a fall out benefit to First Trust and First Trust Portfolios L.P. their exposure to investors and brokers who, in the absence of the Funds, may have had no dealings with First Trust. The Board also noted that First Trust would not utilize soft dollars in connection with its management of the Funds' portfolios.

After discussion, the Board of Trustees, including the Independent Trustees, concluded that First Trust had the capabilities, resources and personnel necessary to manage each Fund. Based upon such information as it considered necessary to the exercise of its reasonable business judgment, the Board of Trustees concluded that it was in the best interests of each Fund to approve the Agreement. No single factor was determinative in the Board's analysis.

First Trust Dow Jones STOXX® European Select Dividend Index Fund
First Trust FTSE EPRA/NAREIT Global Real Estate Index Fund
First Trust Dow Jones Global Select Dividend Index Fund
First Trust ISE Global Engineering and Construction Index Fund
First Trust ISE Global Wind Energy Index Fund

The Board of Trustees of the First Trust Exchange-Traded Fund II (the "Trust"), including the Independent Trustees, unanimously approved the continuation of the Investment Management Agreement (the "Agreement") with First Trust Advisors L.P. (the "Advisor") on behalf of the following five series of the Trust (each a "Fund" and collectively, the "Funds"):

First Trust Dow Jones STOXX® European Select Dividend Index Fund
First Trust FTSE EPRA/NAREIT Global Real Estate Index Fund
First Trust Dow Jones Global Select Dividend Index Fund
First Trust ISE Global Engineering and Construction Index Fund
First Trust ISE Global Wind Energy Index Fund

The Board approved the continuation of the Agreement for a one-year period ending March 31, 2011 for each Fund at a meeting held on March 21-22, 2010. The Board of Trustees determined that the terms of the Agreement are fair and reasonable and that the Agreement continues to be in the best interests of the Trust and each Fund.

To reach this determination, the Board considered its duties under the Investment Company Act of 1940, as amended (the "1940 Act"), as well as under the general principles of state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; the fiduciary duty of investment advisors with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards have fulfilled their duties; and the factors to be considered by the Board in voting on such agreements. To assist the Board in its evaluation of the Agreement for each Fund, the Independent Trustees received a report in advance of the Board meeting responding to a request for information from counsel to the Independent Trustees. The report, among other things, outlined the services provided by the Advisor to each Fund (including the relevant personnel responsible for these services and their experience); the advisory fee for each Fund as compared to fees charged by investment advisors to comparable funds and as compared to fees charged to other clients of the Advisor; expenses of each Fund compared to expense ratios of comparable funds; the nature of expenses incurred in providing services to each Fund and the potential for economies of scale, if any; financial data on the Advisor; any fall-out benefits to the Advisor and its affiliate, First Trust Portfolios L.P.; and information on the Advisor's compliance program. The Independent Trustees also met separately with their independent legal counsel to discuss the information provided by the Advisor. The Board applied its business judgment to determine whether the arrangements between the Trust and the Advisor are reasonable business arrangements from each Fund's perspective as well as from the perspective of shareholders.

In reviewing the Agreement for each Fund, the Board considered the nature, extent and quality of services provided under the Agreement. The Board considered that the Advisor is responsible for the overall management and administration of the Trust and each

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Fund. The Board considered the compliance program that had been developed by the Advisor and noted the enhancements made by the Advisor to the compliance program in 2009. In light of the information presented and the considerations made, the Board concluded that the nature, quality and extent of services provided to the Trust and each Fund by the Advisor under the Agreement have been and are expected to remain satisfactory and that the Advisor has managed each Fund consistent with its investment objective and policies.

The Board considered the advisory fees payable by each Fund under the Agreement. The Board considered that the Advisor agreed to extend the current expense cap for each Fund through May 15, 2011. For each Fund, the Board noted that expenses borne by the Advisor are proposed to be subject to reimbursement by the Fund for up to three years from the date the fee or expense was incurred, but no reimbursement payment would be made by the Fund if it would result in the Fund exceeding its expense cap, or if the expense cap is no longer in effect, would result in the Fund exceeding an expense ratio equal to its most recent expense cap. The Board considered the fees charged by the Advisor to other exchange-traded funds ("ETFs") and other advisory clients with investment objectives and policies similar to the Funds', noting that those fees generally were similar to the fees charged to the Funds. In addition, the Board received data prepared by Lipper Inc. ("Lipper"), an independent source, showing the management fees and expense ratios of each Fund as compared to the management fees and expense ratios of a combined peer group selected by Lipper and the Advisor. The Board discussed with representatives of the Advisor the limitations in creating a relevant peer group for each Fund, including that (i) many of the Funds are unique in their composition which makes assembling peers with similar strategies and asset mix difficult, and (ii) many of the peer funds are larger than the Funds. The Board reviewed the Lipper materials, but based on its discussions with the Advisor, the Board determined that the Lipper data was of limited value for purposes of its consideration of the renewal of the Agreement.

The Board also considered performance information for each Fund, noting that the performance information included each Fund's quarterly performance report, which is part of the process that the Board has established for monitoring each Fund's performance on an ongoing basis. The Board determined that this process continues to be effective for reviewing each Fund's performance. The Board also considered the performance of each Fund's underlying index and reviewed the correlation between each Fund's underlying index and the Fund's performance and concluded that the correlation between each Fund's performance, before expenses, and its underlying index was appropriate. In addition to the Board's ongoing review of performance, the Board also received data prepared by Lipper comparing each Fund's performance to the combined peer group selected by Lipper and the Advisor, as well as to a larger group and to a broad-based benchmark. The Board reviewed the Lipper materials, but for similar reasons to those described above, the Board determined that the performance data provided by Lipper was of limited value.

On the basis of all the information provided on the fees, expenses and performance of each Fund, the Board concluded that the advisory fees for each Fund were reasonable and appropriate in light of the nature, quality and extent of services provided by the Advisor to each Fund under the Agreement.

The Board noted that the Advisor has continued to invest in personnel and infrastructure and considered whether fee levels reflect any economies of scale for the benefit of shareholders. The Board concluded that the advisory fee for each Fund reflects an appropriate level of sharing of any economies of scale at current asset levels. The Board also considered the costs of the services provided and profits realized by the Advisor from serving as investment advisor to each Fund for the twelve months ended December 31, 2009, as set forth in the materials provided to the Board, noting that the Advisor estimated that it incurred a loss in providing services to each Fund in 2009. The Board considered that the Advisor had identified as a fall-out benefit to the Advisor and First Trust Portfolios L.P. their exposure to investors and brokers who, in the absence of the Funds, may have had no dealings with the Advisor, and noted that the Advisor does not utilize soft dollars in connection with its management of the Funds' portfolios.

Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined that the terms of the Agreement continue to be fair and reasonable and that the continuation of the Agreement is in the best interests of Trust and each Fund. No single factor was determinative in the Board's analysis.

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Risks are inherent in all investing. You should consider each Fund's investment objective, risks, charges and expenses carefully before investing. You can download each Fund's prospectus at <http://www.ftportfolios.com> or contact First Trust Portfolios L.P. at (800) 621-1675 to request a prospectus, which contains this and other information about each Fund. For additional information about the risks associated with investing in the Funds, please see the Funds' statement of additional information, as well as other regulatory filings. Read these documents carefully before you invest. First Trust Portfolios L.P. is the distributor of the First Trust Exchange-Traded Fund II.

The following summarizes some of the risks that should be considered for the Funds.

Each Fund's shares will change in value, and you could lose money by investing in a Fund. An investment in a Fund involves risks similar to those of investing in any fund of equity securities traded on an exchange. Investors buying or selling Fund shares on the secondary market may incur brokerage commissions. In addition, investors who sell Fund shares may receive less than the shares' net asset value. Unlike shares of open-end funds, investors are generally not able to purchase shares directly from a Fund and individual shares are not redeemable. However, specified large blocks of shares called creation units can be purchased from, or redeemed to, the Fund.

Each Fund's shares are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in stock prices. Overall stock values could decline generally or could underperform other investments. In 2008 and early 2009, securities markets were significantly negatively affected by the financial crisis that initially resulted from the downturn in the subprime mortgage market in the United States.

You should anticipate that the value of each Fund's shares will decline, more or less, in correlation with any decline in the value of that Fund's corresponding index.

Each Fund's return may not match the return of its corresponding index for a number of reasons. For example, the Funds incur operating expenses not applicable to their corresponding indexes, and may incur costs in buying and selling securities, especially when rebalancing the Fund's portfolio holdings to reflect changes in the composition of its corresponding index. In addition, each Fund's portfolio holdings may not exactly replicate the securities included in its corresponding index or the ratios between the securities included in such index.

Each Fund is exposed to additional market risk due to its policy of investing principally in the securities included in its corresponding index. As a result of this policy, securities held by each Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry. Therefore, the Funds will generally not sell a stock because the stock's issuer is in financial trouble, unless that stock is removed or is anticipated to be removed from a Fund's corresponding index.

Each Fund relies on a license and related sublicense that permits it to use its corresponding index and associated trade names, trademarks and service marks in connection with the name and investment strategies of the Fund. Such license and related sublicense may be terminated by the index provider and, as a result, a Fund may lose its ability to use such intellectual property. There is also no guarantee that an index provider has all rights to lease intellectual property on behalf of a Fund. Accordingly, in the event the license is terminated or the index provider does not have rights to license such intellectual property, it may have a significant effect on the operation of the respective Fund.

The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Each Fund will be concentrated in the securities of a given industry if the Fund's corresponding index is concentrated in such individual industry. A concentration makes a Fund more susceptible to any single occurrence affecting the industry and may subject a Fund to greater market risk than less controlled funds.

The Funds are not actively managed. The Funds may be affected by a general decline in certain market segments relating to their corresponding index. The Funds invest in securities included in or representative of its index regardless of their investment merit. The Funds generally will not attempt to take defensive positions in declining markets.

Each Fund is classified as "non-diversified" under the Investment Company Act of 1940, as amended. As a result, each Fund is only limited as to the percentage of its assets which may be invested in the securities of any one issuer by the diversification requirements imposed by the Internal Revenue Code of 1986, as amended. Because the Funds may invest a relatively high percentage of their assets in a limited number of issuers, the Funds may be more susceptible to any single economic, political or regulatory occurrence and to the financial conditions of the issuers in which they invest.

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Each Fund invests in securities of non-U.S. issuers. Investing in securities of non-U.S. issuers, which are generally denominated in non-U.S. currencies, may involve certain risks not typically associated with investing in securities of U.S. issuers. Some of these risks may include, but are not limited to, the following: (i) there may be less publicly available information about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices; (ii) non-U.S. markets may be smaller, less liquid and more volatile than the U.S. market; (iii) potential adverse effects of fluctuations in currency exchange rates or controls on the value of a Fund's investments; (iv) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; (v) the impact of economic, political, social or diplomatic events; (vi) certain non-U.S. countries may impose restrictions on the ability of non-U.S. issuers to make distribution payments to investors located in the United States due to blockage of non-U.S. currency exchanges or otherwise; and (vii) withholding and other non-U.S. taxes may decrease a Fund's return. These risks may be more pronounced to the extent that the Fund invests a significant amount of its assets in companies located in one country.

Because each Fund's NAV is determined on the basis of U.S. dollars, you may lose money if the local currency of a foreign market depreciates against the U.S. dollar, even if the local currency value of a Fund's holdings goes up.

Each Fund may hold securities of certain non-U.S. and non-Canadian companies in the form of Depositary Receipts. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. The issuers of un-sponsored Depositary Receipts are not obligated to disclose material information in the United States; therefore, there may be less information available regarding such issuers and there may not be a correlation between such information and the market value of the Depositary Receipts.

Each Fund invests in small and/or mid capitalization companies. Such companies may be more vulnerable to adverse general market or economic developments, and their securities may be less liquid and may experience greater price volatility than larger, more established companies as a result of several factors, including limited trading volumes, products or financial resources, management inexperience and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger, more established companies.

Each Fund invests in companies that are considered to be PFICs, which are generally certain non-U.S. corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties or capital gains) or that hold at least 50% of their assets in investments producing such passive income. Therefore, such Funds could be subject to U.S. federal income tax and additional interest charges on gains and certain distributions with respect to those equity interests, even if all the income or gain is distributed to its shareholders in a timely manner. Such Fund will not be able to pass through to its shareholders any credit or deduction for such taxes.

Each Fund invests in securities issued by companies headquartered in Europe. Such Funds are therefore subject to certain risks associated specifically with Europe. A significant number of countries in Europe are member states in the EU, and the member states no longer control their own monetary policies by directing independent interest rates for their currencies. In these member states, the authority to direct monetary policies, including money supply and official interest rates for the Euro, is exercised by the European Central Bank. In addition, European corporations, and other entities with significant markets or operations in Europe (whether or not in the participating countries), face strategic challenges as these entities adapt to a single transnational currency. The Euro conversion may have a material impact on revenues, expenses or income from operations; increase competition due to the increased price transparency of EU markets; affect issuers' currency exchange rate risk and derivatives exposure; disrupt current contracts; cause issuers to increase spending on information technology updates required for the conversion; and result in potential adverse tax consequences.

The First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund invests in securities issued by companies headquartered in Asia and is therefore subject to certain risks associated specifically with Asia. For example, some of the currencies of these countries have experienced devaluations relative to the U.S. dollar, and adjustments have been made periodically in certain of such currencies. Certain countries, such as Indonesia, face serious exchange constraints. Jurisdictional disputes also exist, for example, between South Korea and North Korea. The Tokyo stock market, as measured by the Tokyo Stock Price Index, has been volatile. Declines in the Tokyo stock market have made the country's banks and financial institutions vulnerable because of their large share portfolios. Japanese banks have been left with large numbers of nonperforming loans. The Japanese economy labors under a heavy government budget deficit and historically low interest rates. As a result of these factors, several high-profile bankruptcies of Japanese banks, brokerage firms and insurance companies have occurred.

The First Trust Dow Jones Global Select Dividend Index Fund and the First Trust Dow Jones STOXX® European Select Dividend Index Fund invest in the securities of companies in the financials sector. Banks, thrifts and their holding companies are especially subject to the adverse effects of economic recession; volatile interest rates; portfolio concentrations in geographic markets and in commercial and residential real estate loans; and competition from new entrants in their fields of business. These industries are generally extensively regulated and may be adversely affected by increased regulations.

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The First Trust Dow Jones Global Select Dividend Index Fund and the First Trust Dow Jones STOXX® European Select Dividend Index Fund may invest in companies that may be significantly affected by the downturn in the U.S. and world economies that began with the significant decline in the subprime mortgage lending market in the United States. Due to the downturn, subprime mortgage loans have in recent periods experienced increased rates of delinquency, foreclosure, bankruptcy and loss, and are likely to continue to be subject to interest rates that are significantly higher than those experienced by mortgage loans underwritten in a traditional manner. The downturn in the subprime mortgage lending market and the resulting impact in the world's economies has had a significant adverse effect on the financials sector and the economy and may have far-reaching consequences into various aspects of the financials sector, and consequently, the value of the Fund may decline in response to such developments.

The First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund invests in companies in the real estate industry, including REITs and therefore, the Fund is subject to the risks associated with investing in real estate, which may include, but are not limited to, possible declines in the value of real estate, adverse general and local economic conditions, possible lack of availability of mortgage funds, overbuilding in a REIT's market, changes in interest rates and environmental problems. Because the Fund invests in REITs it is subject to certain other risks related to REIT structure and focus, which include, but are not limited to, dependency upon management skills, limited diversification, the risks of locating and managing financing for projects, heavy cash flow dependency, possible default by borrowers, the costs and potential losses of selfliquidation of one or more holdings, and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

The First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund is also subject to interest rate risk. Increases in interest rates typically lower the present value of a REIT's future earnings stream, and may make financing property purchases and improvements more costly. Because the market price of REIT stocks may change based upon investors' collective perceptions of future earnings, the value of the Fund will generally decline when investors anticipate or experience rising interest rates.

The First Trust FTSE EPRA/NAREIT Developed Markets Real Estate Index Fund may invest in real estate companies that may be affected by the downturn in the subprime mortgage lending market in the United States. Subprime loans have higher defaults and losses than prime loans. Subprime loans also have higher serious delinquency rates than prime loans. The downturn in the subprime mortgage lending market may have far-reaching consequences into many aspects and geographic regions of the real estate business, and consequently, the value of the Global Real Estate Index Fund may decline in response to such developments.

The First Trust ISE Global Wind Energy Index Fund invests in wind energy companies. Wind energy companies can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants and general economic conditions. This can be significantly affected by fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects and tax and other government regulations. Wind energy companies could be adversely affected by commodity price volatility, changes in exchange rates, imposition of import controls, increased competition, depletion of resources, technological developments and labor relations.

The First Trust ISE Global Wind Energy Index Fund invests in the securities of companies in the industrials sector. Many companies in this sector convert unfinished goods into finished durables used to manufacture other goods or provide services. Some industries included in this sector are electrical equipment and components, industrial products, manufactured housing and telecommunications equipment. General risks of these companies include the general state of the economy, intense competition, consolidation, domestic and international politics, excess capacity and consumer demand and spending trends. In addition, they may also be significantly affected by overall capital spending levels, economic cycles, technical obsolescence, delays in modernization, labor relations, government regulations and e-commerce initiatives.

The First Trust ISE Global Wind Energy Index Fund invests in the securities of companies in the utilities sector. General problems of issuers in the utilities sector include the imposition of rate caps, increased competition due to deregulation, the difficulty in obtaining an adequate return on invested capital or in financing large construction projects, the limitations on operations and increased costs and delays attributable to environmental considerations and the capital market's ability to absorb utility debt. In addition, taxes, government regulation, international politics, price and supply fluctuations, volatile interest rates and energy conservation may cause difficulties for utilities. All of such issuers have been experiencing certain of these problems in varying degrees.

The First Trust ISE Global Engineering and Construction Index Fund invests in the securities of companies in the industrials sector which includes companies in the engineering and construction business. General risks of these companies include the general state of the economy, intense competition, consolidation, domestic and international politics, excess capacity and consumer demand and spending trends. In addition, they may also be significantly affected by overall capital spending levels, economic cycles, technical obsolescence, delays in modernization, labor relations, government regulations and e-commerce initiatives.

The First Trust NASDAQ® Clean Edge® Smart Grid Infrastructure Index Fund invests in the securities of smart grid companies. Smart grid companies can be negatively affected by high costs of research and development, high capital requirements for implementation,

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uncertain government regulations and input, limited ability of industrial and utility companies to quickly transform their businesses in order to implement new technologies and uncertainty of the ability of new products to penetrate established industries. Smart grid companies are often reliant upon contracts with government and commercial customers which may expire from time to time. Such companies are also affected by the general business conditions within the industrial, utility, information technology and telecommunications sectors and the overall global economy.

The First Trust ISE Global Copper Index Fund and the First Trust ISE Global Platinum Index Fund invest in the securities of companies in the material sector. General risks of the materials sector include the general state of the economy, consolidation, domestic and international politics and excess capacity. In addition, basic materials companies may also be significantly affected by volatility of commodity prices, import controls, worldwide competition, liability for environmental damage, depletion of resources and mandated expenditures for safety and pollution control devices.

The First Trust ISE Global Copper Index Fund may be adversely affected by a decrease in the worldwide demand and price of copper. Various factors may lead to a decreased demand and price of copper. As an industrial metal, the demand for and price of copper may be negatively impacted by a decreased level of industrial activity using copper. Other factors include the availability of substitutes such as man-made or synthetic substitutes, disruptions in the supply chain, from mining to storage to smelting or refining, adjustments to inventory, variations in production costs, including storage, labor and energy costs, costs associated with regulatory compliance, including environmental regulations and changes in industrial, government and consumer demand, both in individual consuming nations and internationally.

The First Trust ISE Global Copper Index Fund may be significantly impacted by competitive pressures in the copper mining business and the price of copper. Because more than half of the world's copper production occurs in the United States, Chile, Canada, Russia and Zambia, the Fund's Share price may be particularly sensitive to any adverse political or economic developments affecting these countries. The Fund's Share price may experience volatility because the price of copper may fluctuate substantially over short periods of time. Moreover, the Index tracks companies involved in the copper mining business and not the price of copper. The securities of companies involved in the copper mining business may under- or over-perform the price of copper over the short term or the long term.

The First Trust ISE Global Copper Index Fund invests in the securities of companies that are domiciled in Canada. The Fund is particularly sensitive to political, economic and social conditions in that country. Canada is a major producer of metals and energy-related products. The Canadian economy is very dependent on the demand for, and supply and price of, natural resources, and the Canadian market is relatively concentrated in issuers involved in the production and distribution of natural resources. Any adverse events that affect Canada's major industries may have a negative impact on the overall Canadian economy and the Shares of the Fund.

The First Trust ISE Global Copper Index Fund invests in the securities of companies that are domiciled in the United Kingdom. The Fund is particularly sensitive to political, economic and social conditions in that country. The Fund may be affected unfavorably by political developments, social instability, changes in government policies and other political and economic developments in the United Kingdom.

The First Trust ISE Global Platinum Index Fund may be adversely affected by a decrease in the worldwide demand and price of PGMs. Various factors may lead to a decreased demand and price of PGMs. An increase in the level of hedge activity of PGM-producing companies could cause a decline in world PGM prices. A significant negative change in the attitude of speculators and investors towards PGMs could cause a decline in world PGM prices. A widening of interest rate differentials between the cost of money and the cost of PGMs could also negatively affect the price of PGMs which, in turn, could negatively affect the price of the Shares. In addition, automobile components that use PGMs account for a significant percentage of the global demand for PGMs. Because of the decline in demand and reduction in sales experienced by the global automotive industry, the price of PGMs may be negatively affected. PGM companies are also subject to risks associated with the exploration, development and production of PGMs, including competition for land, difficulties in obtaining required governmental approval to mine land, inability to raise adequate capital, increases in production costs and political unrest in nations where sources of PGMs are located, particularly Russia and South Africa.

The First Trust ISE Global Platinum Index Fund may be significantly impacted by competitive pressures in the PGM mining business and the price of PGMs. Because a vast majority of the world's PGM production occurs in Russia and South Africa, the Fund's Share price may be particularly sensitive to any adverse political or economic developments affecting these countries. The Fund's Share price may experience volatility because the price of PGMs may fluctuate substantially over short periods of time. Moreover, the Index tracks companies involved in the PGM mining business and not the price of PGMs. The securities of companies involved in the PGM mining business may under- or over-perform the price of PGMs over the short term or the long term.

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Because a significant percentage of the world's PGM mining takes place in South Africa, the First Trust ISE Global Platinum Index Fund is particularly sensitive to political and economic conditions in that country. South Africa has historically experienced acts of terrorism and strained international relations related to border disputes, historical animosities, racial tensions and other domestic concerns. These situations may cause uncertainty in the South African market and may adversely affect the performance of the South African economy.

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First Trust Exchange-Traded Fund II

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