

>> Fund Objective

This exchange-traded fund seeks investment results that correspond generally to the price and yield (before the fund's fees and expenses) of an equity index called the Nasdaq CTA Smartphone IndexSM.

>> Fund Facts

Fund Ticker	FONE
CUSIP	33737K106
Intraday NAV	FONEIV
Fund Inception Date	2/17/11
Expense Ratio	0.70%
Rebalance Frequency	Quarterly
Primary Listing	Nasdaq

>> Index Facts

Index Ticker	QFNX
Index Inception Date	4/12/10

>> Index Description

- >> The index is designed to track the performance of companies engaged in the smartphone segment of the telecom and technology sectors. To be eligible for the index, issuers of the securities must be classified as a smartphone company as determined by the Consumer Technology Association.
- >> Component securities must be listed on an index-eligible global stock exchange, as determined by Nasdaq, have a minimum worldwide market capitalization of \$250 million, have a minimum free float of 20%, and have a minimum three-month average daily dollar trading volume of \$1 million.
- >> All securities are then classified according to the following three business segments:
 - Handsets: Companies primarily engaged in the manufacturing of wireless equipment, specifically of smartphone handheld devices.
 - Software Applications and Hardware Components: Companies primarily engaged in the support of smartphones through creation of operating systems, processor chips, network hardware and software, and other elements to support the operations of a smartphone.
 - Network Providers: Companies engaged in providing the wireless network access for use by smartphones.
- >> 45% of the index weight is allocated to Handsets, 45% of the index weight is allocated to Software Applications and Hardware Components, and 10% of the index weight is allocated to Network Providers.
- >> Index components are equally weighted within each business segment.
- >> Index components are reconstituted semi-annually and rebalanced quarterly.

>> Performance Summary (%)¹

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
Net Asset Value (NAV)	2.61	-4.14	0.20	14.01	10.49	—	8.08
After Tax Held	2.36	-4.52	-0.63	13.33	9.89	—	7.54
After Tax Sold	1.55	-2.45	0.10	10.65	8.02	—	6.19
Market Price	2.24	-4.56	-0.30	14.01	10.44	—	8.01
Index Performance**							
Nasdaq CTA Smartphone Index SM	3.03	-3.35	1.22	15.12	11.51	—	9.08
MSCI All Country World Information Technology Index	6.05	13.64	22.84	25.19	19.05	—	14.53
MSCI World Index	4.98	5.43	11.24	13.54	9.28	—	8.64

>> Calendar Year Total Returns (%)¹

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD
FONE	—	—	—	—	7.44	33.64	14.57	-2.98	14.71	29.10	-4.14
MSCI All Country World Information Technology Index	—	—	—	—	15.32	26.51	15.20	3.20	12.20	41.77	13.64
MSCI World Index	—	—	—	—	15.83	26.68	4.94	-0.87	7.51	22.40	5.43

>> 3-Year Statistics¹

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FONE	10.74	1.94	0.89	1.20	0.75
MSCI All Country World Information Technology Index	13.23	8.58	1.14	1.72	0.79
MSCI World Index	9.16	—	1.00	1.35	1.00

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

¹Following the close of trading on December 18, 2015, the name of the fund's underlying index changed from the Nasdaq OMX CEA Smartphone IndexSM to the Nasdaq CTA Smartphone IndexSM.

*NAV returns are based on the fund's net asset value which represents the fund's net assets (assets less liabilities) divided by the fund's outstanding shares. **After Tax Held** returns represent return after taxes on distributions. Assumes shares have not been sold. **After Tax Sold** returns represent the return after taxes on distributions and the sale of fund shares. Returns do not represent the returns you would receive if you traded shares at other times. **Market Price** returns are based on the midpoint of the bid/ask spread on the stock exchange on which shares of the fund are listed for trading as of the time that the fund's NAV is calculated. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

**Performance information for the Nasdaq CTA Smartphone IndexSM is for illustrative purposes only and does not represent actual fund performance. Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indexes are unmanaged and an investor cannot invest directly in an index.

>> Portfolio Information

Number Of Holdings	48
Maximum Market Cap.	\$1,090.31 Billion
Median Market Cap.	\$29.25 Billion
Minimum Market Cap.	\$633 Million
Price/Earnings	14.06
Price/Book	1.55
Price/Cash Flow	8.40
Price/Sales	0.41

>> Top Country Exposure (%)

United States	39.22
Taiwan	12.19
Japan	11.93
China	8.06
South Korea	6.30
Singapore	3.15
Finland	3.05
Canada	2.87
Sweden	2.46
Guernsey	2.05

>> Top Holdings (%)

Lenovo Group Limited	3.97
Apple, Inc.	3.93
Sony Corporation	3.88
Inventec Corporation	3.57
Kyocera Corporation	3.41
Pegatron Corporation	3.29
Flex, Ltd.	3.20
Wistron Corporation	3.12
Nokia Oyj	3.09
Samsung Electronics Co., Ltd.	2.98

>> Top Industry Exposure (%)

Computer Hardware	22.99
Semiconductors	22.94
Telecommunications Equipment	18.39
Electrical Components & Equipment	6.51
Consumer Electronics	6.38
Mobile Telecommunications	5.33
Fixed Line Telecommunications	4.44
Specialty REITs	4.40
Internet	2.38
Diversified Industrials	2.26

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

ETF Characteristics

The fund lists and principally trades its shares on The Nasdaq Stock Market LLC. The fund's return may not match the return of the Nasdaq CTA Smartphone IndexSM. Securities held by the fund will generally not be bought or sold in response to market fluctuations. Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units. If the fund's authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a discount to the fund's net asset value and possibly face delisting.

Risk Considerations

The fund's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular stock owned by the fund, fund shares or stocks in general may fall in value. There can be no assurance that the fund's investment objective will be achieved.

The fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

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

The fund invests in information technology companies, which are subject to certain risks, including rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. Certain companies may be smaller and less experienced companies, with limited product lines, markets or financial resources. Information technology company stocks, especially those which are Internet related, have experienced extreme price and volume fluctuations that are often unrelated to their operating performance.

The smartphone industry is characterized by intense competition and new market entrants, which could negatively impact profit margins and overall revenues. The smartphone industry is in the early stages of development and can be extremely volatile.

Changes in currency exchange rates and the relative value of non-US currencies may affect the value of a fund's investments and the value of a fund's shares.

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

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Definitions

Standard Deviation is a measure of price variability (risk). **Alpha** is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. **Beta** is a measure of price variability relative to the market. **Sharpe Ratio** is a measure of excess reward per unit of volatility. **Correlation** is a measure of the similarity of performance. The **MSCI All Country World Information Technology Index** is a free float-adjusted market capitalization weighted index that is designed to measure the information technology sector performance of developed and emerging markets. The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed markets around the world.

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