



The **First Trust EIP Power Solutions ETF** (the “fund”) is an actively managed exchange-traded fund (ETF) that seeks to achieve a competitive risk-adjusted total return balanced between dividends and capital appreciation by investing at least 80% of its net assets (including investment borrowings) in the equity securities of companies identified by the fund’s sub-advisor, Energy Income Partners, LLC (“EIP”), as power solutions companies.

### Investment Opportunities in the Electric Power System

Investment opportunities in and around the electric power system are being created by a return to demand growth for electricity and the need for that system to be more resilient, reliable, affordable and cleaner. Two significant shifts are contributing to this growth: the reversal of US manufacturing offshoring to a “re-shoring” trend, marked by a near tripling of manufacturing construction spending over the last few years (Chart 1), and the plateauing of efficiency gains in electricity consumption. Meanwhile, the ongoing electrification of home heating and transportation continue to drive demand upward (Chart 2). To address this growing demand, we believe investments in the power system will be necessary.

### Why FPWR?

For investors seeking to capitalize on this trend, the First Trust EIP Power Solutions ETF invests in a portfolio of companies that we believe may benefit from the growing demand for electricity. FPWR invests in “Power Solutions Companies” that provide technology, equipment, and services related to the production, transmission, storage, and delivery of electric power. These may include companies in the Utilities Sector, Electrical Equipment industry in the Industrials Sector, and other relevant sectors. By investing in **FPWR**, investors can gain exposure to a broad range of companies that are involved in meeting the demands of the electric power system.

### Fund Details

Fund Ticker	FPWR
CUSIP	33738D705
Fund Inception Date	8/19/2019
Investment Advisor	First Trust Advisors L.P.
Investment Sub-Advisor	Energy Income Partners, LLC
Primary Listing	NYSE Arca
Intraday NAV	FPWRIV

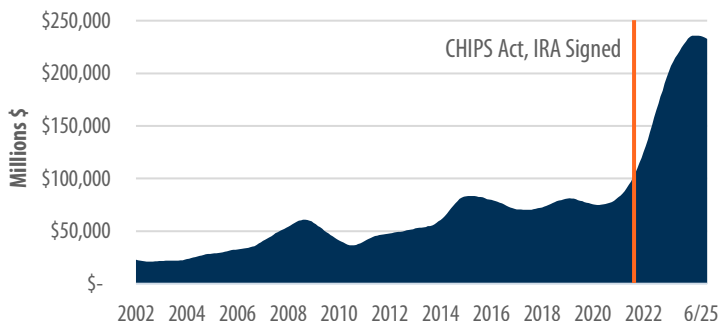
### FPWR Investment Focus

- Stable and growing earnings
- Historically attractive yield
- Regulated monopoly infrastructure
- Quality management, assets and balance sheet

\*Power Solutions Companies also include companies providing engineering, consulting and construction services that derive at least 50% of their revenues or profits from energy and utility-related activities, as determined by the Sub-Advisor. Power Solutions Companies may include publicly traded master limited partnerships or limited liability companies taxed as partnerships (“MLPs”) and MLP affiliates.

### Chart 1: U.S. Total Manufacturing Construction Spending

Construction spending for manufacturing has nearly tripled since 2021.

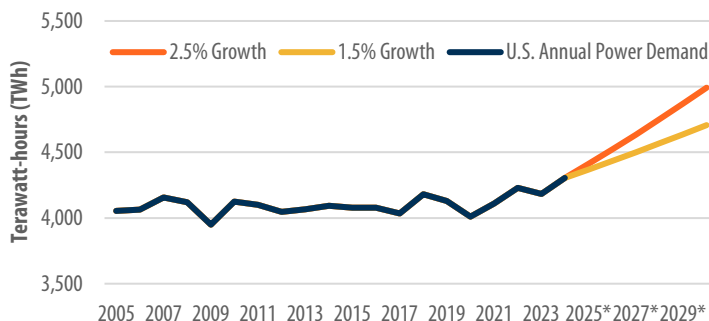


Source: U.S. Census Bureau, June 2025.

There can be no assurance past trends will continue or projections realized.

### Chart 2: U.S. Annual Power Demand

The base level of demand growth for power in the U.S. is around 1.5%, with industry forecasts projecting a trajectory of about 2.5%.



Source: EIA, SSR Research and EIP Estimates. \*Projected.

Base level refers to the underlying or historical rate of a particular metric, representing a foundational or normal condition, excluding extraordinary factors.

# Navigating the Evolving Electric Power Landscape

Growing demand and the transition to cleaner energy sources are driving changes that present both challenges and opportunities. Understanding the current dynamics is essential for grasping these developments and their implications.

## Power Supply and Demand: Challenges and Opportunities

Growing electricity demand is being met with investments in new power capacity. However, the decline of coal-fired generation due to aging infrastructure and environmental concerns has led to a reduction in “dispatchable generation” - the ability to generate electricity on demand (Chart 3), as opposed to intermittent sources like solar and wind that depend on weather conditions. EIP expects over 80% of new capacity additions over the next five to six years to be from these intermittent sources. This shift poses challenges for system reliability, particularly during peak demand periods in summer when air conditioning usage is highest.

## Solutions for a Reliable Power Future

While wind and solar continue to grow where economically viable, “vertically integrated utilities” - companies that own and operate the entire electricity supply chain from generation to transmission and distribution - must invest in dispatchable generation to ensure system reliability. Some potential advantages of vertically integrated utilities include:

- Ownership of transmission and distribution assets, including poles, wires, transformers, and substations, giving them control over the entire electricity delivery infrastructure.
- Conservative balance sheets and steady cash flows due to operating under a “cost-plus revenue model,” where utilities are allowed to recover their costs plus a predetermined return on investment, providing a stable financial foundation.
- Low-risk growth opportunities through investments in new power sources, as their regulated nature and allowed return on equity provide a predictable environment for investment.
- Well-positioned to bring new capacity online, supported by their existing infrastructure and financial stability.

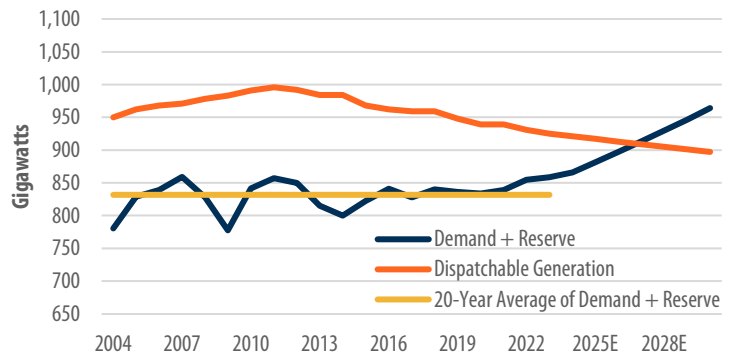
Given the environmental concerns of coal and long lead times for additional nuclear power, natural gas-fired generation has emerged as the primary viable source of new dispatchable power for the next five to six years (Chart 4). This creates opportunities in natural gas pipeline companies.

## Managing Uncertainty and Capitalizing on Opportunities

The power industry faces uncertainties, including potential government interventions to slow the retirement of coal-fired plants and technological advancements that could reduce the electricity demand growth outlook. EIP’s investment approach focuses on navigating these uncertainties while seeking to capitalize on lower-risk growth opportunities in the electric power sector.

## Chart 3: Electricity Demand & Reserve vs. Dispatchable Capacity

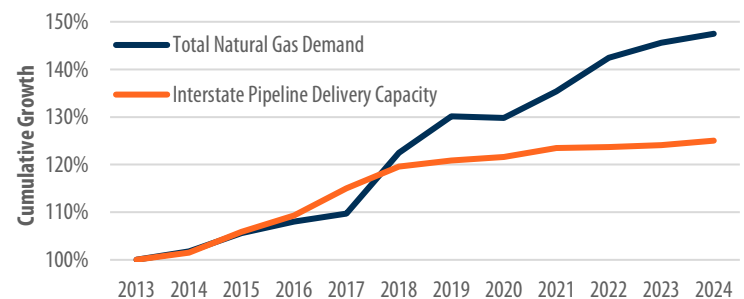
It is projected that peak demand for electricity will eventually surpass dispatchable supply (adjusted for a 15% cushion) in the coming years. U.S. electricity demand is forecast to grow at 2.2% per year from 2025 to 2030.



Source: EIA, SSR Research and EIP Estimates. The Demand + Reserve line represents the highest hour of electricity use on a stressful day plus a 15% safety cushion. The Dispatchable Generation line represents natural-gas, coal, nuclear, and hydro power plants that can be scheduled on demand. The 20-Year Average of Demand + Reserve line illustrates the shift from a relatively flat electric demand environment to one that is now forecasted to grow. EIP calculated the peak for 2004 – 2024 based on grossing up actual peak month demand provided by EIA by a factor of 1.26. Estimates from 2025 to 2030 are taking the 2024 peak demand and multiplying that by 2.2%. A reserve margin of 15%, the standard for the industry, is added to this peak demand number.

## Chart 4: U.S. Natural Gas Demand vs. Pipeline Capacity

New gas fired generation will require pipeline infrastructure as the demand growth for natural gas has outstripped investment in new natural gas pipelines.



Source: EIA, February 2024.

## EIP’s Energy Infrastructure Strategy: Key Differences vs. Peers

**Earnings Stability** | EIP concentrates its portfolio on natural and legal monopolies that operate under a cost-plus model where interest on debt and operating costs are passed through to customers along with an allowed or agreed return on equity.

**Broad Diversification Within Energy Infrastructure** | Unlike midstream/MLP-only strategies, or utility-only strategies, our strategy benefits from both pipeline infrastructure and power generation and transmission growth.

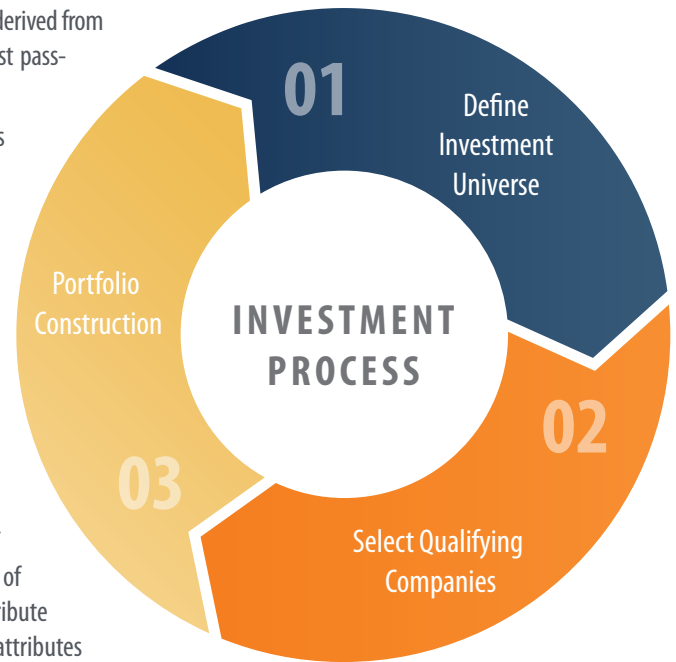
Through a professionally managed portfolio, the fund seeks to offer investors an attractive balance of income and growth while providing exposure to the opportunity in energy infrastructure due to growth in power demand.

**Universe** | Define a universe of potential investments from companies operating in the industries identified below, among others, which may exhibit higher than average payout ratios supported by stable cash flows derived from long-term contracts, a regulated cost-of-service pricing schemes with inflation adjustments or cost pass-through protections.

Companies include: utilities, natural gas pipeline companies, manufacturers, contracted developers and/or owners of renewable energy, contracted developers and/or owners of nuclear energy, and other companies that derive the majority of their earnings from manufacturing, operating, constructing or providing services in support of infrastructure assets and/or infrastructure activities such as electricity generating equipment, energy storage, carbon capture and sequestration, fugitive methane abatement and energy transmission and distribution equipment, such as pipelines, power transmission and voltage, and frequency control.

**Select Qualifying Companies** | EIP selects securities for the fund's portfolio based upon its holistic assessment of both quantitative and qualitative attributes. Such quantitative attributes include, but are not limited to, operating metrics and financial metrics, such as stability of cash flows and the strength of the balance sheet. Relevant qualitative attributes include, but are not limited to, EIP's confidence in the company's management team, the sustainability of a company's business model and the competitiveness of a company's assets. In its assessment of quality, EIP will not consider any measures of valuation. No one quantitative or qualitative attribute is dispositive in EIP's security selection process, but rather, when considered cumulatively, such attributes help inform EIP's investment decisions in light of market conditions and EIP's own experience. In determining security weights, EIP balances each position's expected rate of return against risks, position size and diversification considerations and the Fund's portfolio limitations.

**Portfolio Construction** | Manage risk through position sizes and diversification across business exposures, market cap, asset class and geography. Maximize drivers of total return: yield, growth and rise in valuation.



## EIP's Approach

EIP's investment philosophy is centered around identifying companies with strong fundamentals and a commitment to operational excellence. EIP prioritizes companies with robust financial management, a proven track record, and a focus on long-term stability. By investing in these companies, EIP aims to create a portfolio that can navigate the complexities of the energy landscape while delivering attractive returns.

In evaluating potential investments, EIP considers factors such as a company's management team, its competitive positioning within the industry, and its ability to generate stable cash flow. By taking a thoughtful and disciplined approach to investment selection, EIP seeks to build a portfolio that is well-positioned to capitalize on emerging trends and opportunities in power solutions companies.

## About EIP

Founded in 2003, EIP manages a portfolio of high quality, well managed publicly traded energy infrastructure companies that own natural or legal monopolies operating under state and federal cost-of-service regulation or long-term contracts. In EIP's view, its expertise covers the energy infrastructure sector as well as state and federal energy policy and utility regulation. EIP's approach, which in its view drives investment success over time, is a singular focus on the quality of the management teams of its portfolio companies.

## Portfolio Management Team

### James Murchie

Co-Founder, CEO, Co-Portfolio Manager and Principal of EIP

### Eva Pao

Co-Founder, Co-Portfolio Manager and Principal of EIP

### John Tysseland

Co-Portfolio Manager and Principal of EIP

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

## Risk Considerations

**You could lose money by investing in a fund. An investment in a fund is not a deposit of a bank and is not insured or guaranteed. There can be no assurance that a fund's objective(s) will be achieved. Investors buying or selling shares on the secondary market may incur customary brokerage commissions. Please refer to each fund's prospectus and Statement of Additional Information for additional details on a fund's risks. The order of the below risk factors does not indicate the significance of any particular risk factor.**

Unlike mutual funds, shares of the fund may only be redeemed directly from a fund by authorized participants in very large creation/redemption units. If a 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 premium or discount to a fund's net asset value and possibly face delisting and the bid/ask spread may widen.

A fund with significant exposure to a single asset class, country, region, industry, or sector may be more affected by an adverse economic or political development than a broadly diversified fund.

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.

Current market conditions risk is the risk that a particular investment, or shares of the fund in general, may fall in value due to current market conditions. For example, changes in governmental fiscal and regulatory policies, disruptions to banking and real estate markets, actual and threatened international armed conflicts and hostilities, and public health crises, among other significant events, could have a material impact on the value of the fund's investments.

A fund is susceptible to operational risks through breaches in cyber security. Such events could cause a fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

Depository receipts may be less liquid than the underlying shares in their primary trading market and distributions may be subject to a fee. Holders may have limited voting rights, and investment restrictions in certain countries may adversely impact their value.

Energy companies are subject to certain risks, including volatile fluctuations in price and supply of energy fuels, international politics, terrorist attacks, reduced demand, the success of exploration projects, natural disasters, clean-up and litigation costs relating to oil spills and environmental damage, and tax and other regulatory policies of various governments. Oil production and refining companies are subject to extensive federal, state and local environmental laws and regulations regarding air emissions and the disposal of hazardous materials and may be subject to tariffs. In addition, oil prices are generally subject to extreme volatility.

Energy infrastructure companies may be directly affected by energy commodity prices, especially those companies which own the underlying energy commodity. A decrease in the production or availability of commodities or a decrease in the volume of such commodities available for transportation, processing, storage or distribution may adversely impact the financial performance of energy infrastructure companies. In addition, energy infrastructure companies are subject to significant federal, state and local government regulation in virtually every aspect of their operations, which may negatively impact their financial performance.

Equity securities may decline significantly in price over short or extended periods of time, and such declines may occur in the equity market as a whole, or they may occur in only a particular country, company, industry or sector of the market.

A fund may be a constituent of one or more indices or models which could greatly affect a fund's trading activity, size and volatility.

As inflation increases, the present value of a fund's assets and distributions may decline.

Large capitalization companies may grow at a slower rate than the overall market.

Certain fund investments may be subject to restrictions on resale, trade over-the-counter or in limited volume, or lack an active trading market. Illiquid securities may trade at a discount and may be subject to wide fluctuations in market value.

The portfolio managers of an actively managed portfolio will apply investment techniques and risk analyses that may not have the desired result.

Market risk is the risk that a particular security, or shares of a fund in general may fall in value. Securities are subject to market fluctuations caused by such factors as general economic conditions, political events, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Shares of a fund could decline in value or underperform other investments as a result. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious disease or other public health issues, recessions, natural disasters or other events could have significant negative impact on a fund.

A fund faces numerous market trading risks, including the potential lack of an active market for fund shares due to a limited number of market makers. Decisions by market makers or authorized participants to reduce their role or step away in times of market stress could inhibit the effectiveness of the arbitrage process in maintaining the relationship between the underlying values of a fund's portfolio securities and a fund's market price.

Master limited partnerships ("MLPs") are subject to certain risks, including price and supply fluctuations caused by international politics, energy conservation, taxes, price controls, and other regulatory policies of various governments. In addition, there is the risk that MLPs could be taxed as corporations, resulting in decreased returns from such MLPs.

The benefit a fund derives from its investment in MLPs is largely dependent on their being treated as partnerships for U.S. federal income tax purposes. A change in current tax law or a change in the underlying business mix of a given MLP could result in an MLP being treated as a corporation for income tax purposes which would result in the MLP being required to pay income tax at the applicable corporate tax rate.

A fund that holds cash or invests in money market or short-term securities may be less likely to achieve its investment objective and could lose money.

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

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, lack of liquidity, lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers.

Nuclear power companies face significant risks from accidents, security breaches, terrorism, natural disasters, and mishandling of nuclear materials. Such events could have serious consequences for the general public, especially in the case of radioactive contamination and irradiation of the environment. Nuclear infrastructure companies are also exposed to competition from "cheaper" energy sources like natural gas and oil, which can affect revenues and earnings. Additionally, nuclear operations are heavily regulated, with strict safety, environmental, and security standards that may become more stringent, increasing costs and potentially making operations unprofitable.

A fund and a fund's advisor may seek to reduce various operational risks through controls and procedures, but it is not possible to completely protect against such risks. The fund also relies on third parties for a range of services, including custody, and any delay or failure related to those services may affect the fund's ability to meet its objective.

The market price of a fund's shares will generally fluctuate in accordance with changes in the fund's net asset value ("NAV") as well as the relative supply of and demand for shares on the exchange, and a fund's investment advisor cannot predict whether shares will trade below, at or above their NAV.

Renewable energy companies face risks tied to the energy sector, including fluctuations in energy prices or interest rates, reduced demand, construction slowdowns, extreme weather, environmental hazards, geopolitical events, and regulatory changes. These companies may also be impacted by competition, rapid technological change, reliance on subsidies, and short product cycles. As a result, renewable energy companies can be more volatile than firms in established industries, and valuation methods used for these companies may further contribute to price volatility.

Securities of small- and mid-capitalization companies may experience greater price volatility and be less liquid than larger, more established companies.

Trading on an exchange may be halted due to market conditions or other reasons. There can be no assurance that a fund's requirements to maintain the exchange listing will continue to be met or be unchanged.

Utilities companies are subject to imposition of rate caps, increased competition, difficulty in obtaining an adequate return on invested capital or in financing large construction projects, limitations on operations and increased costs attributable to environmental considerations and the capital market's ability to absorb utility debt. Utilities companies may also be affected by taxes, government regulation, international politics, price and supply fluctuations, volatile interest rates and energy conservation.

A fund may hold securities or other assets that may be valued on the basis of factors other than market quotations. This may occur because the asset or security does not trade on a centralized exchange, or in times of market turmoil or reduced liquidity. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" assets or securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. There is no assurance that a fund could sell or close out a portfolio position for the value established for it at any time.

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

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

## Definitions

**GICS** is a four-tiered, hierarchical industry classification system that consists of 11 sectors, 24 industry groups, 69 industries and 158 sub-industries. The GICS methodology is widely accepted as an industry analytical framework for investment research, portfolio management and asset allocation.