

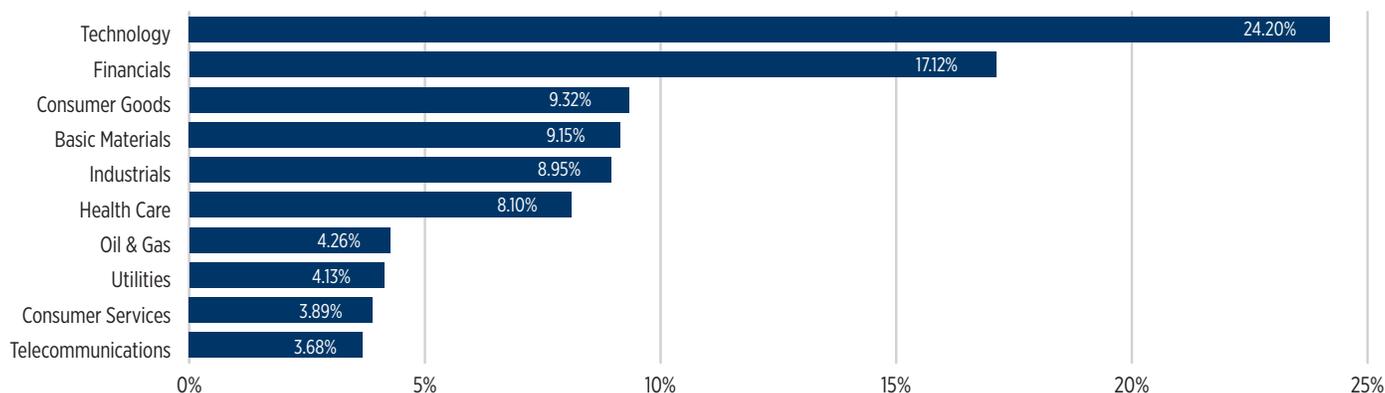
# First Trust NASDAQ Technology Dividend Index Fund (TDIV)

## Dividends from a Maturing Industry

Technology stocks have historically been thought of as growth stocks, until recently. During the internet boom, many companies in the sector were new businesses, committing capital to research and development and merger and acquisition efforts. A decade after the tech bubble burst, many of those companies have matured into companies with strong balance sheets and financial flexibility and are paying dividends, while continuing to reinvest in their businesses. In recent years many technology companies have introduced dividend policies. As a result, this industry has rapidly evolved into a dividend growth story. As you can see in the chart below, the dividend growth from the technology sector has exceeded other sectors over the past five years.

The technology sector has offered a robust rate of dividend growth in recent years, and we believe many of these companies are well positioned to further increase dividends in the years ahead. There is, however, no guarantee that companies will declare dividends in the future or that, if declared, they will either remain at current levels or increase over time.

**The NASDAQ US All Market Index: Growth in Dividends Paid**  
Annualized from 12/31/09 - 12/31/14



Source: NASDAQ OMX®. Past performance is no guarantee of future results. The NASDAQ US All Market Index is designed to represent the performance of the US equity market. Unmanaged index returns do not reflect any fees, expenses, or sales charges. The index cannot be purchased directly by investors. Sectors are subject to sector risk and non-diversification risk, which generally will result in greater price fluctuations than the overall market.

## Other Facts that Support Our Positive Outlook for the Technology Sector

- » According to Gartner, worldwide IT spending is forecast to total approximately \$3.8 trillion in 2015, a growth of 2.4% from 2014. Gartner believes that by 2018, spending is forecast to exceed \$4.1 trillion.
- » Worldwide sales of semiconductors reached \$28.5 billion for the month of January 2015, the industry's highest-ever January total and an increase of 8.7% from January 2014 when sales were \$26.3 billion, according to the Semiconductor Industry Association.
- » According to We Are Social's Digital, Social & Mobile in 2015 report, half a billion new users got connected to the web in 2014, an increase of 20% bringing the total number of web surfers to 3 billion worldwide. At the start of January 2014, just 35% of the world had access to the internet – but this figure increased to 42% in January 2015.
- » Worldwide sales of smartphones to end users had a record fourth quarter of 2014 with an increase of 29.9% from the fourth quarter of 2013 to reach 367.5 million units, according to Gartner, Inc. In 2014, sales of smartphones to end users totaled 1.2 billion units, up 28.4% from 2013 and represented two-thirds of global mobile phone sales.

## Why consider the First Trust NASDAQ Technology Dividend Index Fund?

The First Trust NASDAQ Technology Dividend Index Fund is an exchange-traded fund which 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 Technology Dividend Index™.

- » The fund offers a simplified way to gain targeted access to dividend-paying technology companies.
- » The dividend growth rate of the technology sector has outpaced all other sectors over the past five years and we believe the outlook for continued dividend growth is good. There is, however, no guarantee that the issuers of the securities included in the fund will declare dividends in the future or that, if declared, they will either remain at current levels or increase over time.
- » Technology has become an indispensable part of our lives. Internet usage continues to grow at a rapid pace. Demand is rising for products such as mobile phones, wireless, computer devices, semiconductors, and cloud computing.

# First Trust NASDAQ Technology Dividend Index Fund (TDIV)

## 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 Technology Dividend Index<sup>SM</sup>.

- » To be included in the index, the security must be listed on The NASDAQ Stock Market, the New York Stock Exchange, or the NYSE Amex and classified as a technology or telecommunications company according to Industry Classification Benchmark (ICB).
- » Each security must have a minimum market capitalization of \$500 million, have a minimum three-month average daily dollar trading volume of \$1 million, have paid a regular or common dividend within the past 12 months; have a yield of at least 0.5%; have not had a decrease in common dividends per share paid within past 12 months; and may not be issued by an issuer currently in bankruptcy proceedings.
- » The index is evaluated semi-annually in March and September, but if at any time during the year other than the evaluation, an index security no longer meets the eligibility criteria, or is otherwise determined to have become ineligible for inclusion in the index, the security is removed from the Index and is not replaced.
- » The index employs a modified dividend value weighting methodology. At each evaluation, the index securities are classified as technology or telecommunications based on their ICB classification. The technology securities are given a collective weight of 80% and the telecommunications securities are given a collective weight of 20% in the index. The index weighting methodology includes caps to prevent high concentrations among larger stocks.
- » The index is rebalanced quarterly.

## 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 Technology Dividend Index<sup>SM</sup>. 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.

## Risks

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.

The fund invests in telecommunications companies which are subject to certain risks, including a market characterized by increasing competition and regulation, the need to commit substantial capital to meet increasing competition and technological innovations that may make various products and services obsolete.

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

***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.***

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