

>> 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 ISE Cloud Computing™ Index.

>> Fund Facts

Fund Ticker	SKYY
CUSIP	33734X192
Intraday NAV	SKYYIV
Fund Inception Date	7/5/11
Expense Ratio	0.60%
Rebalance Frequency	Semi-Annual
Primary Listing	NASDAQ

>> Index Facts

Index Ticker	CPJ
Index Inception Date	5/27/11

>> Index Description

- >> The index is a modified equal dollar weighted index designed to track the performance of companies actively involved in the cloud computing industry. To be included in the index, a security must be engaged in a business activity supporting or utilizing the cloud computing space, listed on an index-eligible global stock exchange and have a market capitalization of at least \$100 million.
- >> All securities are then classified according to the following three business segments:
 - Pure Play Cloud Computing Companies: Companies that are direct service providers for “the cloud” (network hardware/software, storage, cloud computing services) or companies that deliver goods and services that utilize cloud computing technology.
 - Non Pure Play Cloud Computing Companies: Companies that focus outside the cloud computing space but provide goods and services in support of the cloud computing space.
 - Technology Conglomerate Cloud Computing Companies: Large broad-based companies that indirectly utilize or support the use of cloud computing technology.
- >> The overall weight for each of the three business segments is calculated as follows:
 - 10% of the index weight is allocated to technology conglomerate companies.
 - The index weight that is allocated to non pure play companies is calculated by dividing the non pure play companies' market capitalization by the sum of the pure play, non pure play and technology conglomerate market capitalizations.
 - The remainder of the index weight is allocated to pure play companies.
- >> Stocks are equally weighted within each of the three classifications.
- >> The index is reconstituted and rebalanced semi-annually.

>> Performance Summary (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
NAV	2.92	2.92	8.67	11.13	—	—	10.55
After Tax Held	2.90	2.90	8.58	11.09	—	—	10.52
After Tax Sold	1.65	1.65	4.91	8.66	—	—	8.27
Market Price	2.81	2.81	8.71	11.13	—	—	10.55
Index Performance							
ISE Cloud Computing™ Index**	3.08	3.08	9.35	11.84	—	—	11.23
S&P Composite 1500 Information Technology Index	1.11	1.11	17.72	13.69	—	—	15.71
S&P 500 Index	0.95	0.95	12.73	16.11	—	—	14.81

>> Calendar Year Total Returns (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD
SKYY	—	—	—	—	—	—	—	15.53	33.35	7.42	2.92
S&P Composite 1500 Information Technology Index	—	—	—	—	—	—	—	14.75	28.99	18.95	1.11
S&P 500 Index	—	—	—	—	—	—	—	16.00	32.39	13.69	0.95

>> 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
SKYY	16.02	-8.13	1.30	0.72	0.78
S&P Composite 1500 Information Technology Index	11.87	-3.25	1.09	1.12	0.88
S&P 500 Index	9.59	—	1.00	1.59	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 ftportfolios.com.

***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. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

****Performance information for the ISE Cloud Computing™ Index is for illustrative purposes only and does not represent actual fund performance.** The Index does 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	39
Maximum Market Cap.	\$733.98 Billion
Median Market Cap.	\$15.44 Billion
Minimum Market Cap.	\$230 Million
Price/Earnings	25.90
Price/Book	4.09
Price/Cash Flow	16.05
Price/Sales	3.24

>> Top Holdings (%)

Red Hat, Inc.	4.12
Aruba Networks, Inc.	3.95
Netflix, Inc.	3.92
Salesforce.com, Inc.	3.82
Amazon.com, Inc.	3.81
Informatica Corporation	3.69
Akamai Technologies, Inc.	3.68
Brightcove, Inc.	3.68
Zynga, Inc.	3.59
Rackspace Hosting, Inc.	3.58

>> Top Industry Exposure (%)

Software	38.55
Internet Software & Services	21.77
Communications Equipment	15.09
Technology Hardware, Storage & Peripherals	10.13
Internet & Catalog Retail	7.73
IT Services	6.73

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 ISE Cloud Computing™ Index. Securities held by the fund will generally not be bought or sold in response to market fluctuations. Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units.

Risk Considerations

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

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

An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers.

The fund 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 risks related to investing in cloud computing companies include interruptions or delays in service, security breaches involving sensitive, proprietary and confidential information, privacy concerns and laws, and other regulations that may limit or otherwise affect the operations of such companies.

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

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

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 **S&P Composite 1500 Information Technology Index** is a capitalization-weighted index of companies classified by GICS as information technology within the S&P Composite 1500 Index. The **S&P 500 Index** is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

The First Trust ISE Cloud Computing Index Fund is not sponsored, endorsed, sold or promoted by the International Securities Exchange (ISE). ISE makes no representation or warranty, express or implied, to the owners of the fund or any member of the public regarding the advisability of trading in the fund. ISE's only relationship to First Trust is the licensing of certain trademarks and trade names of the ISE and of the ISE Cloud Computing™ Index which is determined, composed and calculated by ISE without regard to First Trust or the fund.