



## When the Wind Blows...

Wind turbines use their propeller-like blades to capture the wind's energy and generate electricity.

The bigger the wind turbine, the more wind it reaches and the more electricity it produces. To capture the most energy, wind turbines are mounted on a tower at 100 feet or more above ground where the wind is faster and less turbulent. The largest wind turbine in the world is located in Hawaii and stands 20 stories tall. Its blades span the length of a football field!

For widespread distribution, utility companies build "wind farms" where two or more turbines can be connected to an electricity grid. Small stand-alone turbines can be used to produce electricity for a single home or building, particularly in remote areas.

Wind turbines can be used in conjunction with a battery bank and backup generator so that power is always available, even when the wind doesn't blow.

<sup>1</sup>Source: Alliant Energy

***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, which contains this and other information about the fund. Read it carefully before you invest.***

1001 Warrenville Road ■ Lisle, Illinois 60532 ■ 1-866-848-9727 ■ [www.ftportfolios.com](http://www.ftportfolios.com)

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.

**Not FDIC Insured • Not Bank Guaranteed • May Lose Value**

# Wind Powering a Cleaner World

Since early recorded history wind energy has been used for many purposes. Today there is a growing demand for the same technology that was used over 5000 years ago to push boats along the Nile River. By 200 B.C. wind energy was used for pumping water in China and grinding grain in ancient Persia. In the years to follow, this technology spread around the world.

For centuries, windmills have been used to convert the energy of the wind into more useful forms. Industrialization in the twentieth century triggered the development of larger windmills. Today, wind turbines are the modern equivalent of the windmill. Wind farms are now operating in many areas of the world.<sup>2</sup>

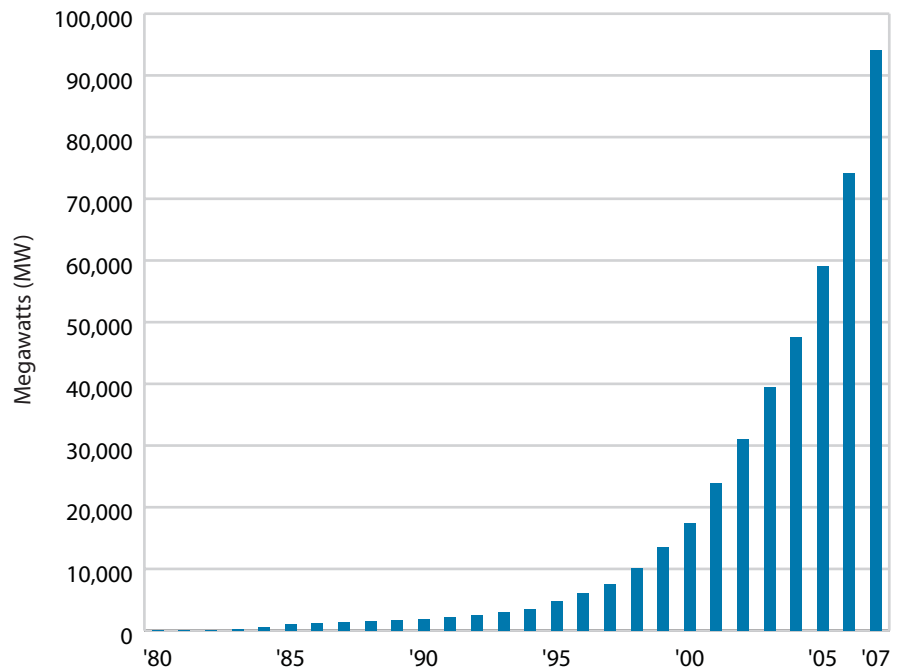
Driven by growing environmental concerns, wind power has gained interest as a renewable energy source. The environmental, economic, and ethical debates that surround our world's natural resources have moved beyond political rhetoric and into our everyday lives. Along with environmental concerns, high energy prices and supply uncertainties are also driving the world to rethink its energy mix and to develop various sources of clean, renewable energy. Wind energy is one of the world's fastest-growing energy sources and is expected to provide clean, renewable electricity for many years to come.<sup>2</sup>

Installed global wind power capacity has increased by an average growth rate of over 28% in the past 10 years.

Source: Global Wind Energy Council (GWEC)

Total World Cumulative Installed Capacity: 94,000 MW

World Cumulative Installed Wind Power Capacity  
1980 – 2007

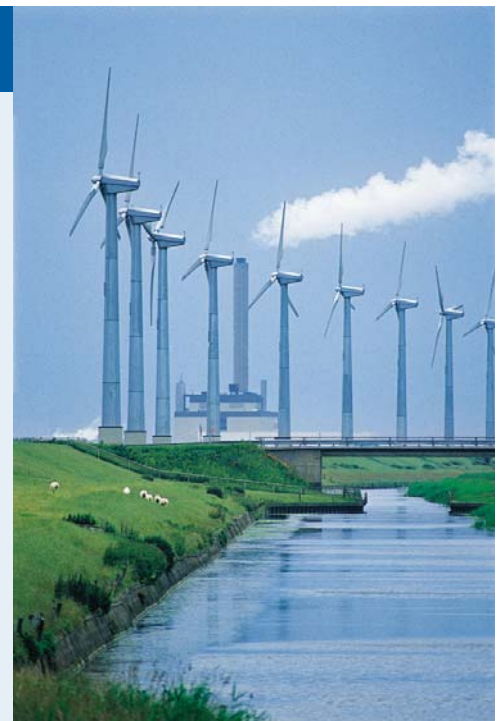


## The Power of Wind...

- is comparatively affordable and the cost is expected to remain stable over time.<sup>2</sup>
- delivers electricity in large amounts and meets the electricity needs of more than 25 million households worldwide.<sup>3</sup>
- is generally abundant and readily available.
- reduces air pollution.<sup>3</sup>
- operates without emitting any greenhouse gases (GHG) and has one of the lowest GHG lifecycle emissions of any power technology.<sup>2</sup>
- has created 66% more jobs than a nuclear power plant and 30% more jobs than a coal plant per unit of energy generated.<sup>4</sup>
- in the U.S. during the next 20 years is expected to provide farmers and rural landowners with \$1.2 billion in new income, \$60 billion in capital investment to rural America, and 80,000 new jobs.<sup>5</sup>
- can help to meet growing energy demand without an increase in fossil fuel consumption.<sup>3</sup>

<sup>2</sup>American Wind Energy Association  
<sup>4</sup>Wind industry.org

<sup>3</sup>Global Wind Energy Council  
<sup>5</sup>UCSUSA.org

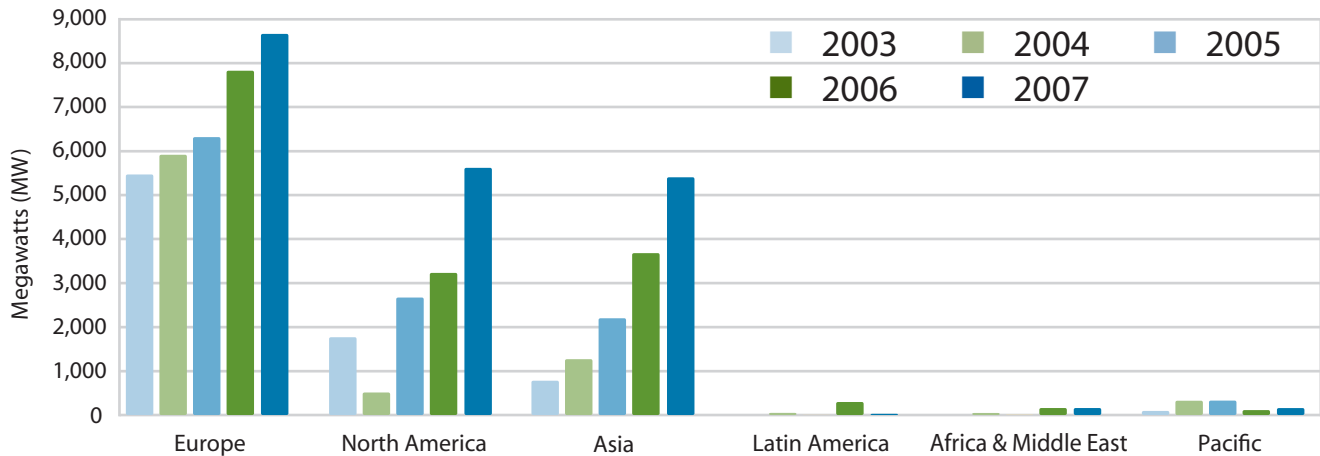


# The Global Wind Energy Industry

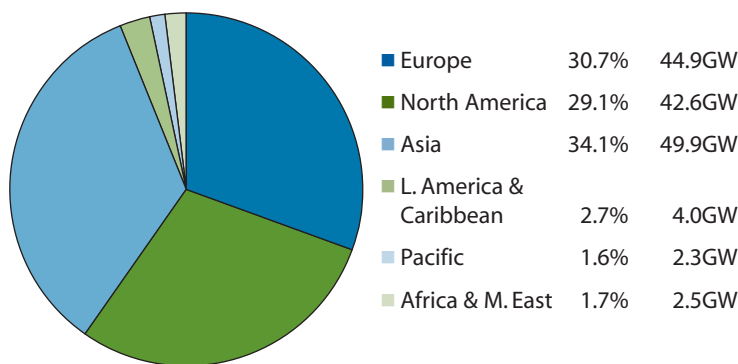
Wind is increasingly becoming more useful and sufficient in providing energy for many areas of the world. The global wind energy industry has experienced record breaking growth over the last few years and is now a contributing source of energy in more than 70 countries around the world. By 2012, the GWEC is predicting that the global wind energy market will grow by over 155% to reach 240 gigawatts (GW) of total installed capacity.

The new yearly additions to global installed capacity are predicted to grow from 20 GW in 2007 to 36.1 GW in 2012, an average growth rate of 12.4% over this period. The GWEC expects North America and Asia, and more specifically the U.S. and China, to lead the growth for the next five years.

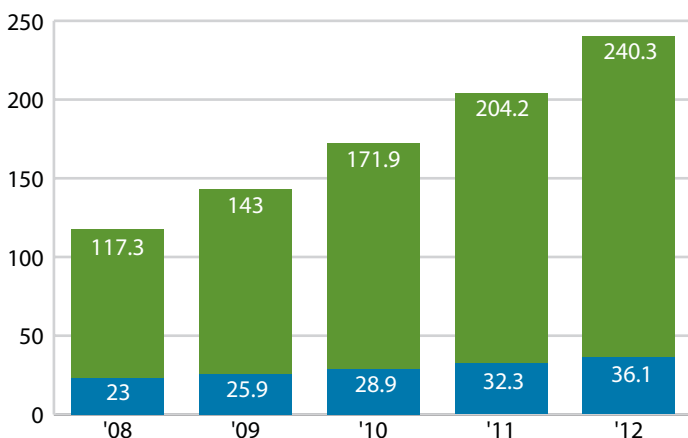
Annual Installed Capacity By Region 2003 – 2007\*



New Installed Capacity 2008 – 2012\*



■ Annual Installed Capacity 2008 – 2012 (GW)\*  
■ Cumulative Capacity 2008 – 2012 (GW)\*



## Global Wind Energy Facts

- According to the GWEC, the global market related to wind power development was valued at \$36 billion in 2007.
- According to a March 2008 report, one in every three countries now generates a portion of its electricity from wind, driven in part by uncertainties regarding climate change and energy security. Thirteen countries each surpass 1,000 MW of installed wind electricity generating capacity.<sup>6</sup>
- At its current growth rate, global installed wind power capacity will have exceeded 100,000 MW in March 2008, according to Earth Policy Institute.
- In 2007, wind provided enough power to satisfy the residential electricity needs of 150 million people. Capacity increased by a record-breaking 20,000 MW, which puts the world total at 94,100 MW.<sup>6</sup>
- According to the U.S. Department of Energy, wind energy could produce 20 percent of U.S. electricity by 2030.
- Approximately \$9 billion was invested by the U.S. wind energy industry for new generating capacity in 2007. The U.S. industry has experienced a 30 percent annual growth rate in the last 5 years.<sup>7</sup>
- Wind is the second largest source of new power generation in the U.S., surpassed only by natural gas.<sup>7</sup>
- Since 1980, the cost of producing wind power has declined by as much as 90 percent. According to the U.S. Department of Energy, electricity from new wind power projects will be cheaper than electricity from new conventional power plants by 2010.<sup>8</sup>

<sup>6</sup>Earth Policy Institute; <sup>7</sup>National Renewable Energy Laboratory; <sup>8</sup>UCSUSA.org

\*Source: Global Wind Energy Report 2007 - GWEC

# First Trust ISE Global Wind Energy Index Fund

## 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 the ISE Global Wind Energy Index. The index is constructed as follows:

- Companies in the index universe that are identified as providing goods and services exclusively to the wind energy industry are given an aggregate weight of 66.67% of the index. Those companies determined to be significant participants in the wind energy industry despite not being exclusive to such industry are given an aggregate weight of 33.33% of the index. This weighting is done to ensure that companies that are exclusive to the wind energy industry, which generally have smaller market capitalizations relative to their multi-industry counterparts, are adequately represented in the index.
- The index uses a modified market capitalization weighted methodology for each group of companies. The methodology organizes the companies into quintiles based upon their market capitalization. The quintiles containing larger market capitalization companies receive a higher weight than those quintiles containing small market capitalization companies. The resulting weight distribution prevents a few large companies from dominating the index while allowing smaller companies to adequately influence index performance. The companies are equally-weighted within each quintile.
- The component security must be actively engaged in some aspect of the wind energy industry such as the development or management of a wind farm, the production or distribution of electricity generated by wind power, involvement in the design, manufacture or distribution of machinery or materials designed specifically for the wind energy industry.
- Each component security must have a market capitalization of at least \$100 million and meet certain investability requirements.
- The index is reconstituted and rebalanced semi-annually.

## Details

Fund Ticker	FAN
CUSIP	33736G106
Intraday NAV	FANIV
Index Ticker	GWE
Index Inception Date	6/6/08
Fund Inception Date	6/16/08
Estimated Gross Expense Ratio	0.87%
Net Expense Ratio	0.60%
Rebalance Frequency	Semi-Annual
Primary Listing	NYSE Arca
Marginable	YES
Options	NO
Short Sell	YES

**Pursuant to contract, First Trust has agreed to waive fees and/or pay fund expenses to prevent the net expense ratio of the fund from exceeding 0.60% per year, at least until June 18, 2010.**

## 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.

The fund's return may not match the return of the ISE Global Wind Energy Index. The fund may not be fully invested at times. Securities held by the fund will generally not be bought or sold in response to market fluctuations. The fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. 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, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units.

The fund is expected to contain the securities of companies in the wind energy, utility and industrial sectors, among others.

Companies in the industrials sector face risks that arise from the general state of the economy, intense competition, consolidation, domestic and international politics, excess capacity and consumer demand, spending trends in that they may be significantly affected by overall capital spending levels, economic cycles, technical obsolescence, delays in modernization, labor relations and government regulations.

Companies in the utilities sector may face the imposition of rate caps, increased competition due to deregulation, 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 risks associated with capital market's ability to absorb utility debt, taxes, government regulation, international politics, price and supply fluctuations and volatile interest rates.

Companies in the wind energy business 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. Shares of the companies involved in the wind energy business have been significantly more volatile than shares of companies operating in other more established businesses. This sector is relatively nascent and under-researched in comparison to more established and mature sectors, and should therefore be regarded as having greater investment risk. Because many wind energy companies have been newly created and are unseasoned, the shares of these companies may be considered to be speculative and subject to extreme volatility and a greatly increased risk of loss.

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

The fund is classified as "non-diversified." A non-diversified fund generally may invest a larger percentage of its assets in the securities of a smaller number of issuers. As a result, the fund may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

The First Trust ISE Global Wind Energy 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 trade names of the ISE and of the ISE Global Wind Energy Index which is determined, composed and calculated by ISE without regard to First Trust or the fund.