

### SKYY Fund Description

The First Trust Cloud Computing ETF tracks a tiered equal-weighted index of companies involved in the cloud computing industry.

### SKYY FactSet Analytics Insight

“ highlights the difficulty of capturing this particular space ”

and weights each type of company equally within its category. SKYY allocates 10% of its portfolio to technology conglomerates that simply make use of cloud computing, and weights non-pure-play companies by their capitalization as a share of the overall market capitalization. The remainder of its portfolio covers pure-play companies. This takes SKYY far afield from our broader technology segment benchmark, tilting to midcaps with significant sector biases. SKYY can be traded safely with a bit of care, though occasionally significant spreads make limit orders advisable. Excellent primary liquidity should keep creations costs low. While SKYY isn't cheap, its fee is about average for a niche fund with a unique methodology and approach, and tracking is generally good.

SKYY is the only ETF on the market that focuses on cloud computing, but its complex methodology highlights the difficulty of capturing this particular space. It holds a mix of pure-play, non-pure-play and technology-conglomerate cloud computing companies,

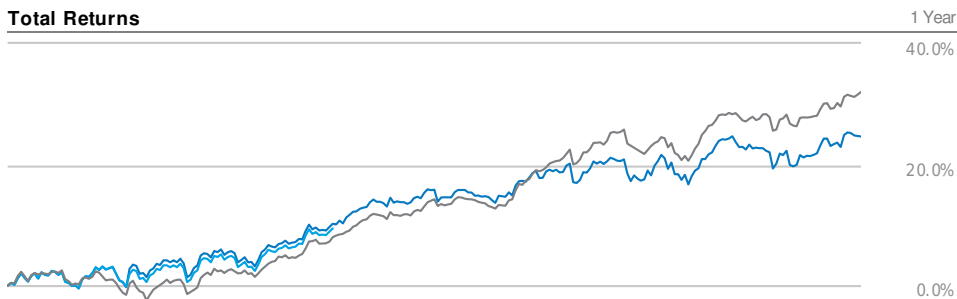
### SKYY Index Data

|                             |                                   |
|-----------------------------|-----------------------------------|
| Index Tracked               | ISE Cloud Computing Index         |
| Index Weighting Methodology | Tiered                            |
| Index Selection Methodology | Market Cap                        |
| Segment Benchmark           | Thomson Reuters Global Technology |

### EFFICIENCY



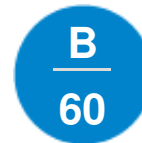
### Total Returns



|                                   | Nov | Jan 2017 | Mar     | May    | Jul    | Sep     |         |          |
|-----------------------------------|-----|----------|---------|--------|--------|---------|---------|----------|
| Performance                       |     | 1 Month  | 3 Month | YTD    | 1 Year | 3 Years | 5 Years | 10 Years |
| SKYY                              |     | 4.11%    | 6.04%   | 20.85% | 24.72% | 14.46%  | 15.78%  | --       |
| SKYY (NAV)                        |     | 4.12%    | 6.04%   | 20.83% | 24.69% | 14.46%  | 15.77%  | --       |
| ISE Cloud Computing Index         |     | --       | --      | --     | --     | --      | --      | --       |
| Thomson Reuters Global Technology |     | 4.41%    | 8.44%   | 30.16% | 32.06% | 14.93%  | 15.37%  | --       |

All returns over 1 year are annualized. All returns are total returns unless otherwise stated.

### Overall Rating



### SKYY Summary Data

|                         |                 |
|-------------------------|-----------------|
| Issuer                  | First Trust     |
| Inception Date          | 07/05/11        |
| Legal Structure         | Open-Ended Fund |
| Expense Ratio           | 0.60%           |
| Assets Under Management | \$964.68 M      |
| Average Daily \$ Volume | \$3.78 M        |

### SKYY Portfolio Data

|                        |          |
|------------------------|----------|
| Price / Earnings Ratio | 29.20    |
| Price / Book Ratio     | 3.93     |
| Distribution Yield     | 0.33%    |
| Next Ex-Dividend Date  | 09/21/17 |

### Related ETFs to SKYY

Top Competing ETFs: **HACK, PRNT, FINQ, IXN, SOCL**

### SKYY Portfolio Management

|                                    |        |
|------------------------------------|--------|
| Expense Ratio                      | 0.60%  |
| Median Tracking Difference (12 Mo) | -0.78% |
| Max. Upside Deviation (12 Mo)      | 0.34%  |
| Max. Downside Deviation (12 Mo)    | -1.04% |

### SKYY Tax Exposures

|                                      |                     |
|--------------------------------------|---------------------|
| Max LT/ST Capital Gains Rate         | 20.00% / 39.60%     |
| Capital Gains Distributions (3 Year) | --                  |
| Tax on Distributions                 | Qualified dividends |
| Distributes K1                       | No                  |

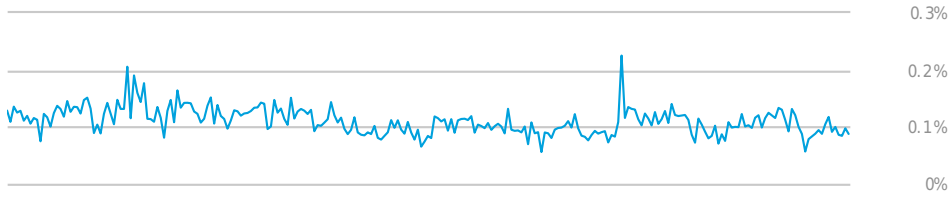
### SKYY Fund Structure

|  |                 |
|--|-----------------|
| Legal Structure                        | Open-Ended Fund |
| OTC Derivative Use                     | No              |
| Securities Lending Active              | Yes             |
| Securities Lending Split (Fund/Issuer) | 100% / 0%       |
| ETN Counterparty                       | N/A             |
| ETN Counterparty Risk                  | N/A             |
| Fund Closure Risk                      | Low             |
| Portfolio Disclosure                   | Daily           |

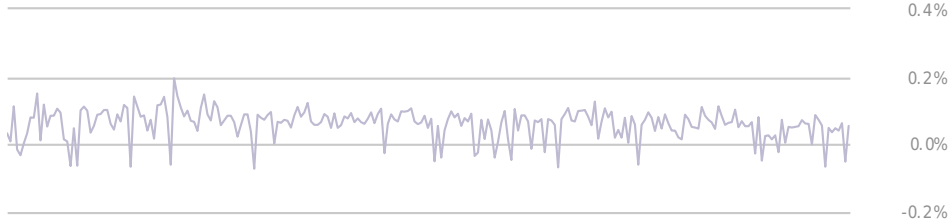
## TRADABILITY

96

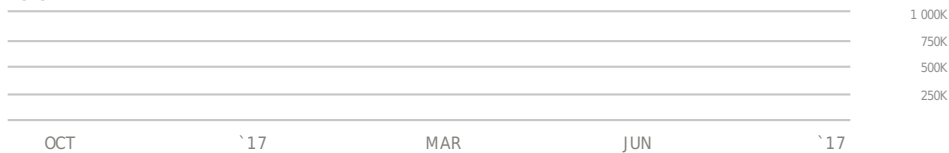
### DAILY SPREAD



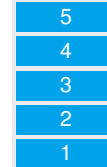
### PREMIUM/DISCOUNT



### VOLUME



## SKYY FactSet Analytics Block Liquidity



This measurement shows how easy it is to trade 25,000 shares of SKYY. SKYY is rated a 5 out of 5.

## SKYY Tradability

|                                    |                |
|------------------------------------|----------------|
| Avg. Daily Share Volume            | 92,335         |
| Average Daily \$ Volume            | \$3.78 M       |
| Median Daily Share Volume          | 83,684         |
| Median Daily Volume (\$)           | \$3.47 M       |
| Average Spread (%)                 | 0.10%          |
| Average Spread (\$)                | \$0.04         |
| Median Premium / Discount (12 Mo)  | 0.07%          |
| Max. Premium / Discount (12 Mo)    | 0.20% / -0.07% |
| Impediment to Creations            | None           |
| Market Hours Overlap               | 100.00%        |
| Creation Unit Size (Shares)        | 50,000         |
| Creation Unit/Day (45 Day Average) | 1.67           |
| Creation Unit Cost (%)             | 0.02%          |
| Underlying Volume / Unit           | 0.10%          |
| Open Interest on ETF Options       | 548            |
| Net Asset Value (Yesterday)        | \$41.58        |
| ETF.com Implied Liquidity          | 5              |

## FIT

60

### SKYY Sector/Industry Breakdown

| Sector                                    | SKYY   | Benchmark |
|---|--------|-----------|
| Software & IT Services                    | 72.16% | 54.70%    |
| Computers, Phones & Household Electronics | 9.32%  | 19.07%    |
| Communications & Networking               | 8.55%  | 5.29%     |
| Residential & Commercial REITs            | 4.46%  | --        |
| Diversified Retail                        | 4.35%  | --        |
| Telecommunications Services               | 1.16%  | --        |

### SKYY Geographic Exposure

| Countries     | SKYY   | Benchmark |
|---------------|--------|-----------|
| United States | 89.79% | 69.39%    |
| Canada        | 4.52%  | 0.61%     |
| Germany       | 4.32%  | 2.18%     |
| India         | 1.36%  | 1.19%     |
| Argentina     | --     | 0.14%     |
| Australia     | --     | 0.26%     |
| Austria       | --     | 0.02%     |
| Belgium       | --     | 0.05%     |
| Brazil        | --     | 0.03%     |
| Other         | 26.13% | 0.00%     |

### SKYY Top 10 Holdings

|                        |        |
|------------------------|--------|
| Red Hat, Inc.          | 5.22%  |
| Oracle Corporation     | 4.96%  |
| Facebook, Inc. Class A | 4.92%  |
| Teradata Corporation   | 4.92%  |
| VMware, Inc. Class A   | 4.76%  |
| Netflix, Inc.          | 4.72%  |
| salesforce.com, inc.   | 4.69%  |
| Equinix, Inc.          | 4.57%  |
| Zynga Inc. Class A     | 4.56%  |
| SAP SE Sponsored ADR   | 4.39%  |
| Total Top 10 Weighting | 47.71% |

| Regions                    | SKYY           | Benchmark      |
|----------------------------|----------------|----------------|
| North America              | 94.31%         | 70.00%         |
| Europe                     | 4.32%          | 6.87%          |
| Asia-Pacific               | 1.36%          | 21.62%         |
| Middle East & Africa       | --             | 1.34%          |
| Latin America              | --             | 0.17%          |
| Developed / Emerging Split | 97.14% / 2.86% | 98.64% / 1.36% |

## SKYY Benchmark Comparison

| SKYY                        | Benchmark         |           |
|-----------------------------|-------------------|-----------|
| 30 Holdings                 | 1179 Constituents |           |
| Shared Holdings             | 25.52% (Weight)   |           |
| 27 (Count)                  | SKYY              | Benchmark |
| Weighted Average Market Cap | 139.30 B          | 248.07 B  |
| Size Split                  |                   |           |
| Large (>12.9B)              | 62.10%            | 80.88%    |
| Mid (>2.7B)                 | 37.90%            | 12.60%    |
| Small (>600M)               | 0.00%             | 5.13%     |
| Micro (<600M)               | 0.00%             | 1.39%     |
| Price / Earnings Ratio      | 29.20             | 25.54     |
| Price / Book Ratio          | 3.93              | 3.87      |
| Dividend Yield              | 0.85%             | 1.33%     |
| Number Of Holdings          | 30                | 1179      |
| Concentration               | Medium            | NA        |

## SKYY Performance Statistics

|                             |                                   |
|-----------------------------|-----------------------------------|
| Goodness of Fit (R2)        | 0.78                              |
| Beta                        | 1.09                              |
| Up Beta                     | 1.19                              |
| Down Beta                   | 1.12                              |
| Downside Standard Deviation | 0.35%                             |
| Segment Benchmark           | Thomson Reuters Global Technology |



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