



# First Trust Global Equity Income Investment Overview Q3 2019

The First Trust Global Equity Income UCITS ETF (the "Fund") launched in August 2015 and seeks to provide investors with investment results that correspond generally to the price and yield of an equity index called the NASDAQ Global High Equity Income Index (the "Index").

The Index employs a rules-based stock selection methodology which uses fundamental screens and a plough-back based weighting methodology to objectively select dividend-paying stocks from the NASDAQ Global Index.

As of 30 September 2019 the NASDAQ Global High Equity Income Index had a trailing 12-month weighted average index yield of 5.38%.

Fund Information	London Stock Exchange	London Stock Exchange	Euronext Paris
ISIN	IE00BYTH6121	IE00BD842Y21	IE00BYTH6121
TICKER	FGBL LN	GINC LN	FGBL FP
Trading Currency	GBP	GBP	EUR
TER <sup>1</sup>	0.60%	0.60%	0.60%
Income Treatment	Accumulating	Distributing	Accumulating

<sup>1</sup>The Investment Manager has undertaken to waive 0.10% of its annual management fee of 0.70% until 18 May 2020.



Although dividend-paying stocks are a very attractive option for investors, not all of them are created equal. Simply looking at the size of the dividend may not be the most prudent approach to dividend investing. Investors may be attracted to high dividend-paying stocks, only to be disappointed later by a substantial dividend reduction in which case the stock's price may take a hit.

- » The NASDAQ Global High Equity Income Index does not simply select the highest yielding stocks, but rather screens them to ensure the fundamentals first support the dividend.
- » The Index weights the stocks that pass the fundamental screens by the highest level of earnings after paying dividends, which they can either "plough back" into internal projects or pay out to shareholders.

## NASDAQ Global High Equity Income Index Security Selection Methodology

### Identify the Universe

Begin with the eligible companies in the NASDAQ Global Index, excluding mortgage REITs. Companies are selected based on factors such as liquidity, dividend yield and quality screen.

### Screen for Quality

Every security must meet stringent eligibility criteria and exhibit the ability to increase dividends:

- » Exclude stocks in the bottom quintile by return on assets.
- » Long term debt to assets less than 75%.
- » Three-year dividend payout ratio less than 90%.
- » Positive free cash flow.
- » One security per issuer is permitted.

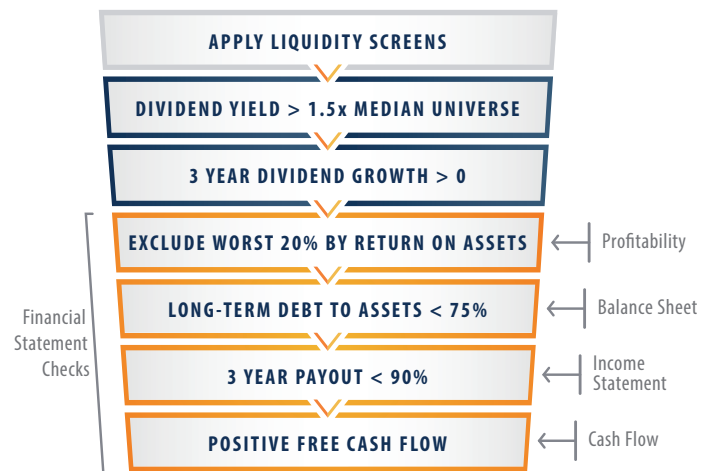
### Weight Companies by Plough-Back

The securities that pass the above screens are selected for inclusion and are weighted by "net income minus dividends paid" or "plough-back", subject to a maximum weight of 3% for developed stocks and 1% for emerging stocks.

### Index Rebalancing

The Index stocks are rebalanced and reconstituted semi-annually.\*

### Eligible Companies from NASDAQ Global Index



### Weighting Methodology: Net Income – Dividends (Plough-Back)

## In Search of Dividends, Fundamentals Matter

We believe the best dividend-paying stocks are not companies that pay out the highest percentage of earnings, but rather those that can fundamentally afford to increase their dividend. Dividend-paying companies that exhibit the ability and willingness to increase dividends typically have faster dividend growth than companies with higher payout ratios and, more importantly, have higher total returns.

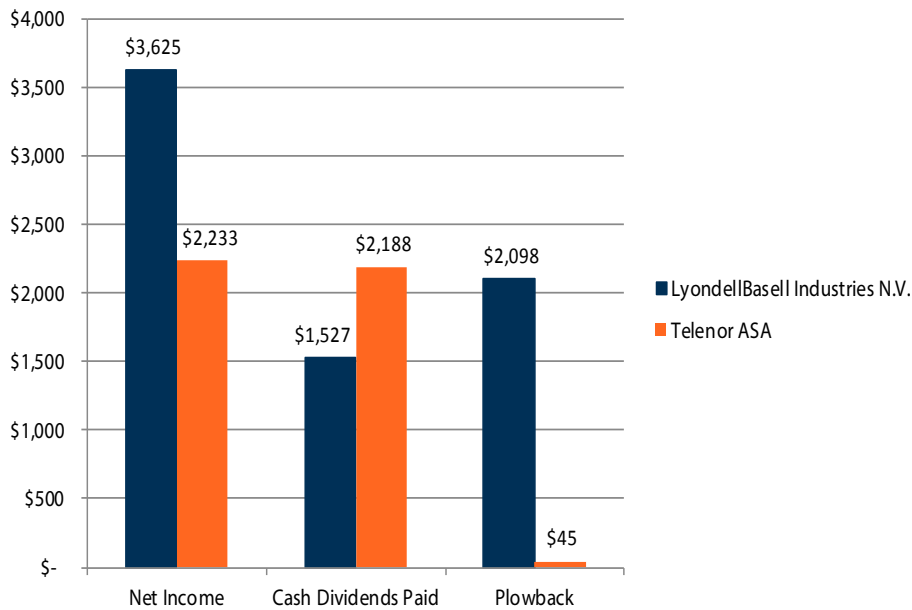
### Index Screening Quality Factors Explained:

- » **Return on Assets:** More profitable companies have a greater ability to fund internal projects while also sustaining the current dividend policy. Highly profitable firms are less likely to be in decline.
- » **Long-term debt to assets:** Avoid unstable companies that are overleveraged and carry significant debt obligations on their balance sheet. Highly leveraged firms have a higher cost of capital. Instead of paying a dividend, leveraged firms should focus on reducing debt.
- » **Payout ratio:** Demonstrates the ability to offer sustainable dividend despite fluctuating business cycles. Lower payout levels leaves room for future dividend growth.
- » **Free cash flow:** Positive values indicate that a company has adequate cash to cover working capital and capital expenditures. The dividend is paid out of cash flow. If a firm does not have adequate cash flow, the dividend must be funded by new debt, new equity or cash on the balance sheet, all unsuitable sources over the long-term.

\*The Index is divided into six separate sub-portfolios, each of which receives 16.67% of the total Index weight. Each sub-portfolio is rebalanced and reconstituted on a separate semi-annual schedule so that one sub-portfolio is rebalanced each calendar month. The sub-portfolios are rebalanced to their ideal weights of 16.67% once a year in December.

The NASDAQ Global High Equity Income Index is a trademark of Nasdaq, Inc. ("Nasdaq") and has been licensed for use by First Trust Portfolios L.P., and sub-licensed for use by First Trust Global Funds PLC. The ETF is not sponsored, endorsed, sold or promoted by Nasdaq and Nasdaq makes no representation or warranty regarding the advisability of investing in the ETF or as to the result to be obtained by any person from use of the Index in connection with the trading of the ETF.

## Plough-Back Factor Example



» **The more earnings a company retains, the more growth it can foster.**

» **Companies with higher plough-back ratios have more room to increase dividends.**

Chart source: FactSet as at 28 June 2019 Past performance is not a reliable indicator of future results. This example is for illustrative purposes only and does not represent any actual investment. Reference to a specific security cannot be construed as a recommendation to buy or sell or assumed profitable.

## NASDAQ Global High Equity Income Index vs. MSCI ACWI Index

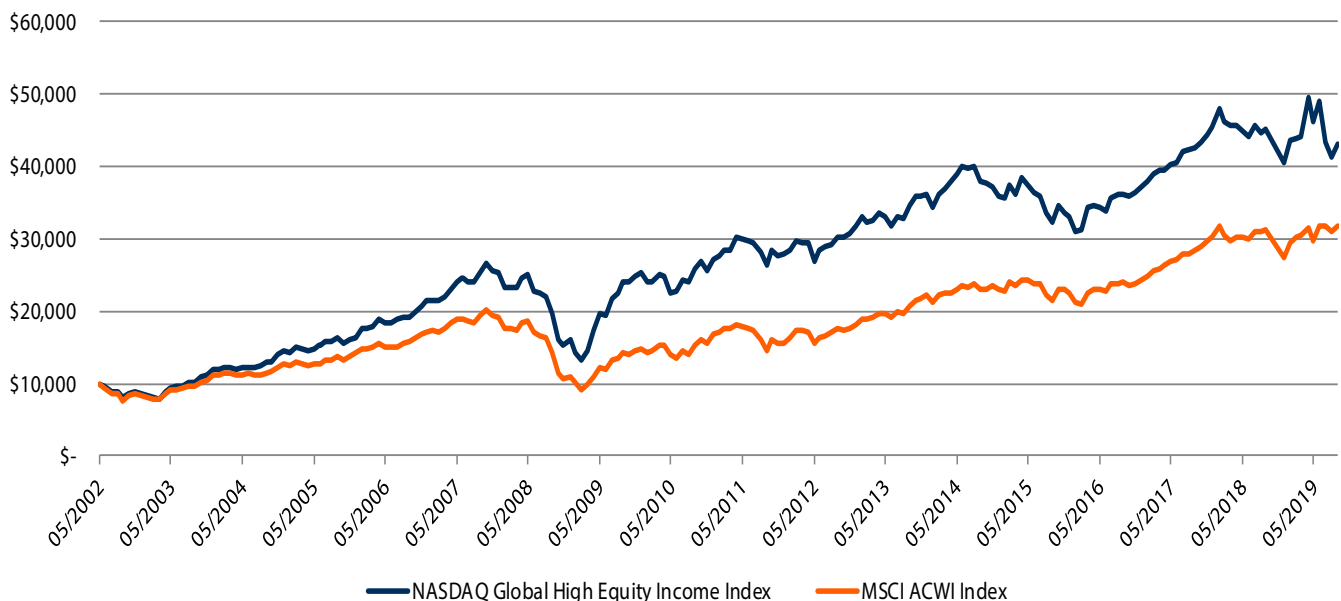
### Simulated Growth of \$10,000

31/05/02 – 30/09/19

- NASDAQ Global High Equity Income Index
- MSCI ACWI Index

\$43,139

\$31,665



## Simulated Index Performance (%)

	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years	Since 31/05/02
NASDAQ Global High Equity Income Index	4.84	-2.71	-4.27	6.00	2.64	6.07	8.80
MSCI ACWI Index	2.10	-0.03	1.38	9.71	6.65	8.35	6.88

	Standard Deviation (%)	Alpha (%)	Beta	Sharpe Ratio	Correlation	Upside Capture	Downside Capture
<b>3-Year Statistics</b>							
NASDAQ Global High Equity Income Index	11.54	-3.01	0.95	0.43	0.93	0.80	0.98
MSCI ACWI Index	11.33	-	1.00	0.74	1.00	1.00	1.00
<b>5-Year Statistics</b>							
NASDAQ Global High Equity Income Index	12.94	-3.86	1.02	0.19	0.93	0.86	1.10
MSCI ACWI Index	11.71	-	1.00	0.53	1.00	1.00	1.00
<b>10-Year Statistics</b>							
NASDAQ Global High Equity Income Index	13.02	-1.44	0.91	0.48	0.93	0.86	0.97
MSCI ACWI Index	13.22	-	1.00	0.63	1.00	1.00	1.00

## Important Information Regarding Simulated Back-Tested Performance.

Past performance is not a reliable indicator of future results.

This material contains simulated performance information for the NASDAQ Global High Equity Income Index (the "Index") for periods prior to the inception of the Index. The Index has an inception date of 20 January 2016. The information in this document has been prepared on behalf of First Trust Global Portfolios Limited ("FTGP") by First Trust Advisors L.P. ("FTA"), a U.S. SEC registered investment advisor. FTA is the advisor to a series of exchange-traded funds ("ETFs"), including ETFs based on the Index.

In evaluating the performance information for the Index, a reader should consider the following:

- The Index methodology (as described in this document) was applied to the applicable universe of stocks as of various dates.
- The Index methodology was followed to rebalance and reconstitute the Index at pre-defined intervals as described in this document.
- Dividends on the underlying stocks were assumed to have been reinvested when they may have been received.
- The performance results do not reflect the impact that material market or economic events might have had on the Index's performance results, had it existed during the entire period presented.
- The performance results reflect the deduction of an expense ratio of 0.60%, but not trading costs, or any other costs. It is not possible to invest directly in the Index. Therefore, the returns to an investor from any investment vehicle based on the Index could be lower than the results presented.
- Certain assumptions have been made for modeling purposes and are unlikely to be realised. Changes in these assumptions may have a material impact on the back-tested returns presented. No representations and warranties are made as to the reasonableness of the assumptions. This information is provided for illustrative purposes only.
- Simulated back-tested performance information is subject to inherent limitations. The performance results do not represent the results of any actual trading; therefore no investor received the performance results presented herein. Accordingly, the performance results should not be considered indicative of the competence or skill of FTA. FTA offers many strategies to its clients in addition to those based on the Index, and FTA's clients have received investment results materially different from the results portrayed in this presentation. No representation is being made that any investment will achieve performance similar to that presented herein.
- This information is provided for illustrative purposes only and does not represent actual fund performance. Indexes do 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.

**Standard Deviation** is a measure of price variability (risk). The higher the Standard Deviation, the greater has been the price variability. **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. **Upside and Downside Capture** measure performance relative to an index during periods of market strength and weakness. An upside capture ratio over 100 indicates general outperformance versus the benchmark during periods of positive returns for the benchmark. Meanwhile, a downside capture ratio of less than 100 indicates that an investment has lost less than its benchmark in periods when the benchmark has been negative.

The **MSCI ACWI Index** is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.

## Characteristics

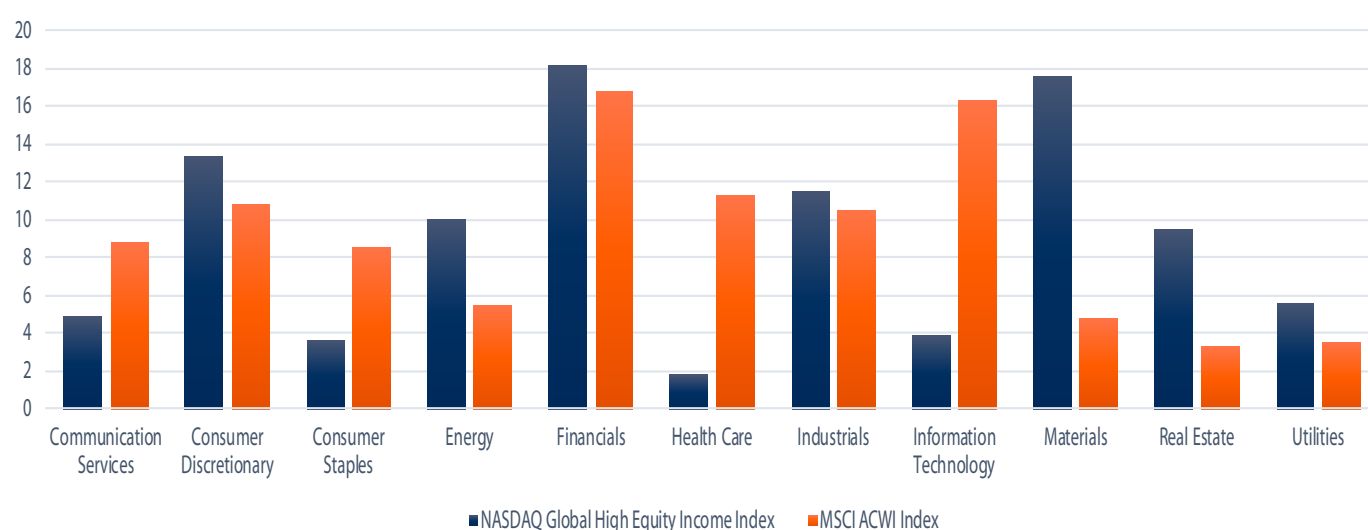
	NASDAQ Global High Equity Income Index	MSCI ACWI Index
Number of Holdings	290	2,852
Maximum Market Cap. (millions)	298,751	1,062,606
Median Market Cap. (millions)	12,257	9,633
Minimum Market Cap. (millions)	4,092	480
Price/Earnings	10.36	17.53
Price/Book	1.30	2.18
Price/Cash Flow	6.45	11.16
Price/Sales	0.82	1.60

## Top 10 Holdings (%)\*

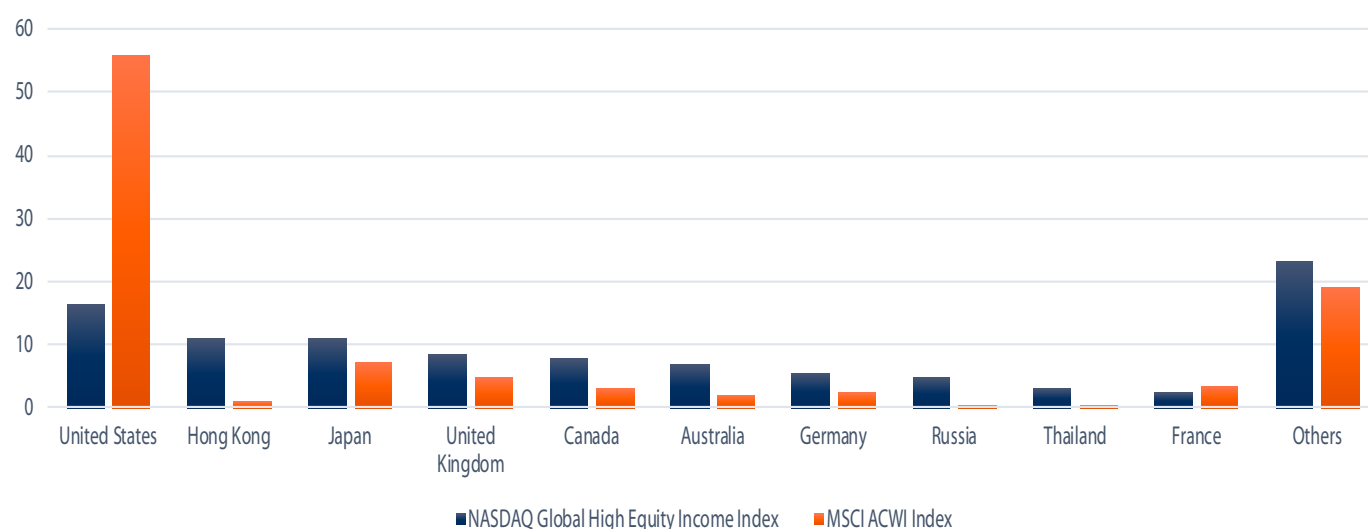
NASDAQ Global High Equity Income Index	%	MSCI ACWI Index	%
Bank of Nova Scotia	2.87	Apple Inc.	2.21
Macy's Inc	2.67	Microsoft Corporation	2.17
Autoliv Inc Shs Swedish DR	2.45	Amazon.com, Inc.	1.56
Inter Pipeline Ltd.	2.30	Facebook, Inc. Class A	0.92
Randstad NV	2.26	Alphabet Inc. Class C	0.82
DS Smith Plc	2.18	JPMorgan Chase & Co.	0.82
PTT Exploration & Production Plc	2.09	Alphabet Inc. Class A	0.78
BASF SE	1.96	Johnson & Johnson	0.74
Mitsubishi Chemical Holdings Corporation	1.93	Nestle S.A.	0.71
Hang Seng Bank, Limited	1.48	Procter & Gamble Company	0.67
<b>Total</b>	<b>22.19</b>	<b>Total</b>	<b>11.40</b>

\*Top 10 holdings as a percentage of Total Net Assets. Portfolio Holdings are subject to change at any time. References to specific securities should not be construed as a recommendation to buy or sell and should not be assumed profitable. Index information is provided for illustrative purposes only. Actual Fund holdings may vary. Source: FactSet

## Sector Allocation Weight (%)



## Country Allocation Weight (%)



## Risks & Important Information

**The Fund's shares may change in value and may go down as well as up. You could lose money by investing in the Fund. You may not get back all of the money you invest.**

The Fund is subject to market risk, which means that shares of the Fund may fall in value due to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices.

There may be tracking difference between the Fund and the underlying index due to the impact of annual fund management fees. Therefore the Fund's return may not match the return of the NASDAQ Global High Equity Income Index.

The Fund's holdings may be issued by companies concentrated in a particular industry or country.

As the Fund's investments may be denominated in currencies other than the Fund's currency, an investment in this Fund may expose you to currency risk.

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

This Fund's Net Asset Value (NAV) is likely to have high volatility due to the portfolio composition and/or the index replication technique. As such, potential investors should be aware that the Fund's shares will change in value, and may do so in a volatile fashion; potential investors could lose money by investing in the Fund.

Neither FTGP nor any of its affiliates, guarantees the performance or the future returns of the Fund.

For more details relating to risks of investing in the Fund, please refer to the "Risk Factors" section of the Fund's prospectus.

There is no guarantee that the Fund will declare dividends.

## Important Information

This financial promotion is issued by FTGP of 8 Angel Court, London, EC2R7HJ. FTGP is authorised and regulated by the UK Financial Conduct Authority ("FCA") (FRN: 583261). The Fund is not regulated by the FCA.

Nothing contained herein constitutes investment, legal, tax or other advice and it is not to be solely relied on in making an investment or other decision, nor does the document implicitly or explicitly recommend or suggest an investment strategy, reach conclusions in relation to an investment strategy for the reader, or provide any opinions as to the present or future value or price of any fund. It is not an invitation, offer, or solicitation to engage in any investment activity, including making an investment in the Fund, nor does the information, recommendations or opinions expressed herein constitute an offer for sale of the Fund.

The Fund is an open-ended sub-fund of the First Trust Global Funds PLC (the "Company"), an umbrella UCITS fund with segregated liability between sub-funds, incorporated with limited liability as an investment company with variable capital under the laws of Ireland with UCITS registered number 514357.

The material in this document is not comprehensive and must therefore be read in conjunction with the Fund's prospectus, which contains material information not contained herein, including the terms of investment and information regarding investment risks and restrictions, fees and expenses and conflicts of interests. Potential investors should pay particular attention to the risk disclosures in the "Risk Factors" section of the Fund's prospectus. No assurance can be given that the Fund's investment objective will be achieved or that the Fund will generate a positive return. Contact FTGP or visit [www.ftglobalportfolios.com](http://www.ftglobalportfolios.com) to obtain a Prospectus and/or Key Investor Information Document (available in English).

Shares of the Fund are not available for sale in any state or jurisdiction in which such sale would be prohibited. The shares of the Fund have not been registered under the US Securities Act of 1933, as amended, and the Fund is not registered under the US Investment Company Act of 1940, as amended. Neither this material nor the Fund's shares are available to or suitable for US persons.

UCITS ETF's units / shares purchased on the secondary market cannot usually be sold directly back to UCITS ETF. Investors must buy and sell units / shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying units / shares and may receive less than the current net asset value when selling them.

### Portfolio Holdings Disclosure Policy:

The Company's portfolio holdings policy is designed to be transparent, whilst being in the best interest of the Funds and protecting the confidentiality of each Fund's portfolio holdings. The full portfolio holdings for the Fund shall generally be available daily, with a one-day lag, on [www.ftglobalportfolios.com](http://www.ftglobalportfolios.com). Any portfolio holdings information which may otherwise be provided on request shall be provided on a confidential basis.

### For Investors in the UK

This document is only for, or directed at persons who are professional clients or eligible counterparties for the purposes of the FCA's Conduct of Business Sourcebook. This document is exempt from the scheme promotion restriction (in Section 238 of the Financial Services and Markets Act 2000 ("FSMA") on the communication of invitations or inducements to engage in investment activity) on the grounds that it is a recognised collective investment scheme (a "recognised scheme") for the purposes of section 264 of the FSMA of the United Kingdom. Most of the protections provided by the UK regulatory system do not apply to the operation of the Fund and compensation will not be available under the UK Financial Services Compensation Scheme on its default.

### For Investors in Austria

The Fund is registered for public offer in Austria. The Prospectus, Key Investor Information Document ("KIID") and other documents, as well as the annual and semi-annual reports have been published in Austria and are available free of charge from Erste Bank der österreichischen Sparkassen AG, Graben 21, A-1010 Wien, the Austrian paying and information agent.

### For Investors in Belgium

The offering of shares has not been and will not be notified to the Belgian Financial Services and Markets Authority (Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers) nor has this document been, nor will it be, approved by the Financial Services and Markets Authority. Shares may be offered in Belgium only to professional investors, in reliance of article 5, §1 of the Law of August 3, 2012 on collective investment undertakings that satisfy the conditions of Directive 2009/65/EC and undertakings for investments in receivables (the "Law of August 3, 2012"), such investors acting for their own account and subject to them complying with the resale condition as set forth in that article 5, §1 of the Law of August 3, 2012.

### For Investors in Denmark

This document is only for the attention of "Professional" investors as defined in Directive 2004/39/EC dated 21 April 2004 on Markets in Financial Instruments (MIFID), to investment services providers and any other professional of the financial industry. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. The Fund has been registered with the Financial Supervisory Authority of Denmark (Finanstilsynet) in order to market its shares for sale to professional investors only in Denmark in accordance with the Danish Investment Associations Act and Executive Order on the Marketing of Foreign UCITS in Denmark, each as amended from time to time.

### For Investors in Finland

This document is only for the attention of "Professional" investors as defined in Finnish law implementing Directive 2004/39/EC dated 21 April 2004 on Markets in Financial Instruments (MIFID), to investment services providers and any other professional of the financial industry. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. The Fund has been registered with the Financial Supervisory Authority of Finland (Finanssivalvonta) in order to market its shares for sale to professional investors only in Finland in accordance with the Finnish Act on Common Funds (48/1999) as amended from time to time.

### For Investors in Germany

This document is only for the attention of "Professional" investors as defined in Directive 2004/39/EC dated 21 April 2004 on Markets in Financial Instruments ("MIFID"), to investment services providers and any other professional of the financial industry. The offering of the First Trust UCITS ETFs by the Company has been notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in accordance with Section 310 of the German Investment Code (KAGB). Prospective investors may obtain the KIID in German and the current Prospectus, the articles of incorporation, as well as the latest annual and semi-annual report, in English, free of charge from FinCo Financial Communications GmbH, Großer Burstah 42, 20457 Hamburg.

### For Investors in Iceland

This document has been issued to you for your use only and exclusively for the purpose of the described investment opportunities. Accordingly, this document and relevant information may not be used for any other purpose or passed on to any other person in Iceland. The investment described in this document has been registered for public distribution in Iceland with the Financial Supervisory Authority pursuant to the Icelandic Act on Undertakings for Collective Investment in Transferable Securities (UCITS) and Investment Funds and Institutional Investment Funds No. 128/2011 and supplementary regulations. The Investment may not be offered or sold by means of this document or in any way later resold otherwise than in accordance with the ACT No. 128/2011.

### For Investors in Italy

This information document is addressed to professional investors only, as defined in Directive 2004/39/EC of 21 April 2004 (MiFID). The present document does not constitute in any way an offer or recommendation to make investments in the Fund or to execute other transactions in relation to the latter. The investors shall consult with their investment consultants in order to analyse the legal, fiscal and accounting aspects of the investment or other transactions concerning the investment in the Fund and evaluate whether such investment or transaction is suitable to their own risk profile, financial status and investment objectives. The Fund has been registered with the Commissione Nazionale per le Società e la Borsa (CONSOB) for the offer in Italy towards professional investors only. Before taking any investment decisions, the prospected investors should read carefully the KIID (available in Italian) and the Prospectus on the following website [www.ftglobalportfolios.com](http://www.ftglobalportfolios.com).

## Important Information

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### For Investors in Luxembourg

The Fund is registered for public offer in Luxembourg. The Prospectus, Key Investor Information Document ("KIID") and other documents as well as the annual and semi-annual reports are available in English free of charge from CACEIS Bank Luxembourg, 5, allée Scheffer, L-2520 Luxembourg.

### For Investors in the Netherlands

This information document is addressed to "Professional" investors as defined in Directive 2004/39/EC dated 21 April 2004 on Markets in Financial Instruments ("MIFID"), to investment services providers and any other professional of the financial industry. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. The Company has completed its notification to the Authority Financial Markets (Stichting Autoriteit Financiële Markten) in the Netherlands in order to market its shares for sale to the public in the Netherlands according to Section 2:72 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) as amended from time to time.

### For Investors in Norway

This document is only for the attention of "Professional" investors as defined in Directive 2004/39/EC dated 21 April 2004 on Markets in Financial Instruments (MIFID). The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. The Fund has been registered with the Financial Supervisory Authority of Norway (Finanstilsynet) in accordance with the Norwegian Securities Funds Act section 9-3, in order to market its shares for sale to professional investors only in Norway.

### For Investors in Portugal

This information document is addressed to professional investors only, as defined in Directive 2004/39/EC of 21 April 2004 (MiFID). The present document does not constitute in any way an offer or recommendation to make investments in the Fund or to execute other transactions in relation to the latter. The investors shall consult with their investment consultants in order to analyse the legal, fiscal and accounting aspects of the investment or other transactions concerning the investment in the Fund and evaluate whether such investment or transaction is suitable to their own risk profile, financial status and investment objectives. The offering of the First Trust UCITS ETFs in Portugal has been notified to the Portuguese Securities Market Commission (Comissão do Mercado dos Valores Mobiliários) for the purposes of Article 196 of the Portuguese General Framework on Collective Investment Schemes (Regime Geral dos Organismos de Investimento Colectivo). Prospective investors may obtain the KIID in Portuguese and the current Prospectus, the articles of incorporation, as well as the latest annual and semi-annual report, in English, free of charge from [www.ftglobalportfolios.com](http://www.ftglobalportfolios.com).

### For Investors in Spain

This document is only for, or direct at persons who, are "professional clients" for the purposes of Article 205 of the Royal Legislative Decree 4/2015, of 23 October, which approves the recast text of the Securities Market Law. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. The Fund has been registered with the Comisión Nacional del Mercado de Valores (CNMV) in Spain with registration number 1545. Any investment decision must be based solely on the basis of a careful consideration and understanding of all information contained in the latest Fund's prospectus and key investor information document (KIID). All mandatory official documentation (including the prospectus and the KIID) shall be available through the relevant distributors in Spain, in hard copy or by electronic means, and also available free of charge upon request by dialling +44(0)203 195 7121, writing to [EuroSales@ftgportfolios.com](mailto:EuroSales@ftgportfolios.com) or consulting [www.ftgportfolios.com](http://www.ftgportfolios.com), where you may also obtain updated information on the net asset value of the relevant shares. It is advisable to obtain further information and request professional advice before taking an investment decision.

### For Investors in Sweden

This document is only for the attention of "Professional" investors as defined in the Swedish Securities Markets Act (Sw. lag (2007:528) om värdepappersmarknaden), implementing Directive 2004/39/EC dated 21 April 2004 on Markets in Financial Instruments (MIFID) into Swedish law, to investment services providers and any other professional of the financial industry. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. The Fund has been registered with the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) in accordance with Chapter 1, Section 7 of the Swedish Securities Funds Act (Sw. lag (2004:46) om värdepappersfonder), as amended from time to time. Prospective investors may obtain the KIID in Swedish and the current Prospectus, the articles of incorporation, as well as the latest annual and semi-annual report, in English, free of charge from [www.ftgportfolios.com](http://www.ftgportfolios.com).

### For Investors in Switzerland

The distribution of shares in Switzerland will be exclusively made to, and directed at, qualified investors (the "Qualified Investors"), as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("CISA") and its implementing ordinance. Accordingly, the Fund is not registered, and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). This document and/or any other offering materials relating to the Fund may be made available in Switzerland solely to Qualified Investors. For this, the Fund has appointed as Swiss Representative Oligo Swiss Fund Services SA, Av. Villamont 17, 1005 Lausanne, Switzerland, Tel: +41 21 311 17 77, email: [info@oligofunds.ch](mailto:info@oligofunds.ch). The Fund's paying agent is Banque Cantonale de Genève. Any Fund Documentation may be obtained free of charge from the Swiss Representative in Lausanne. The information provided here is for general information only and historical performance is not a guide to current or future performance. The performance data does not take account of commissions and costs incurred on the issue and redemption of shares.