

Multi-Asset Diversified Income Index Fund

The **Multi-Asset Diversified Income Index Fund** is an exchange-traded fund that seeks investment results that correspond generally to the price and yield (before the fund's fees and expenses) of an index called the NASDAQ US Multi-Asset Diversified Income IndexSM.

Seeking Income and Diversification Using a Multi-Asset Approach

The Multi-Asset Diversified Income Index Fund offers a disciplined and transparent solution for income investors by providing exposure to a diversified mix of asset classes in a single investment portfolio.

- » The fund provides the potential for a lower-risk total return alternative to investing solely in one asset class. The portfolio is further diversified within each asset class. However, diversification does not guarantee a profit or protect against loss.
- » The fund may provide less interest rate sensitivity than traditional fixed income securities due to income being generated from multiple sources.
- » The index methodology includes volatility screens designed to limit securities that have high yields strictly because of poor price performance.

With interest rates at historically low levels, these are challenging times to invest for income. Due to the declining yields in the traditional bond markets, investors have been continuously looking to find yield from other sources.

Multi-asset income investing is one way to potentially provide:

- » Income generation
- » Diversification
- » Reduced volatility

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 US Multi-Asset Diversified Income IndexSM. 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 security owned by the fund, fund shares or securities 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.

REITs are subject to certain risks, including changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession.

MLPs are subject to certain risks, including price and supply fluctuations caused by international politics, energy conservation, taxes, price controls, and other regulatory policies of various governments. In addition, there is the risk that a MLP could be taxed as a corporation resulting in decreased returns from such MLP.

Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred securities are typically subordinated to bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments. Preferred securities are also subject to interest rate risk and income risk.

High-yield securities, or "junk" bonds, are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, may be highly speculative. These securities are issued by companies that may have limited operating history, narrowly focused operations, and/or other impediments to the timely payment of periodic interest and principal at maturity. The market for high-yield securities is smaller and less liquid than that for investment grade securities.

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.

» Fund Facts

Fund Ticker:	MDIV
Fund Inception Date:	8/13/12
CUSIP:	33738R100
Intraday NAV:	MDIVV
Rebalance Frequency:	Quarterly
Primary Listing:	Nasdaq

» Index Facts

Index Ticker:	NQMAUSX
Index Inception Date:	6/20/12

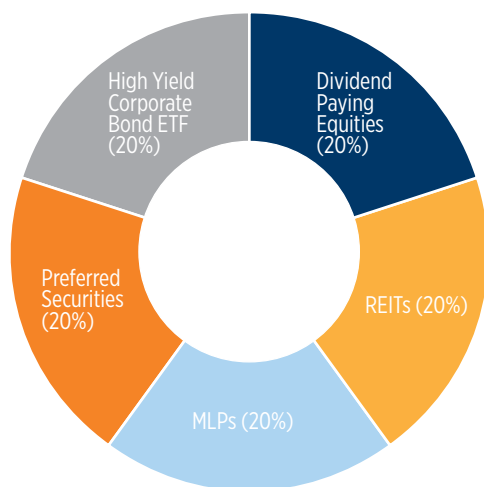
NASDAQ US Multi-Asset Diversified Income IndexSM Construction Process

- » Comprised of domestic and international dividend-paying stocks, Real Estate Investment Trusts (REITs), master limited partnerships (MLPs), preferred securities and an exchange-traded fund that invests in high yield corporate bonds.
- » Each segment has its own set of eligibility criteria. If eligible securities are not available within a segment, components will be selected based on alternative screens and criteria.
- » Every security in the index is U.S.-listed and meets stringent eligibility criteria based on liquidity, size, volatility and yield.
- » The index is rebalanced quarterly.

Seeking to Limit Volatility

Limiting volatility is fundamental to multi-asset investing. Yield is the main driver behind the index; however, in an effort to ensure consistent high yields without the negative drag due to inconsistent security price performance, a maximum volatility cap is used.

Index Weights at Each Rebalance



■ Dividend Paying Equities (20%)

- Member of NASDAQ US Benchmark Index and not classified as a REIT by Industry Classification Benchmark (ICB).
- Minimum market capitalization of \$1 billion and minimum three month average daily dollar trading value of \$5 million.
- Paid a regular dividend for each of the last three consecutive years and have positive total earnings over the trailing 12 month period.
- Dividend payout ratio less than or equal to 80%.
- 1-year realized volatility less than the NASDAQ US Benchmark Index's one year realized volatility +15%.
- The top 50 eligible securities are selected and weighted by yield.

■ REITs (20%)

- Member of NASDAQ US Benchmark Index and classified as a REIT by ICB.
- Minimum market capitalization of \$1 billion and minimum three month average daily dollar trading value of \$5 million.
- Paid a regular dividend for each of the last three consecutive years and have positive total earnings over the trailing 12 month period.
- Dividend payout ratio of less than or equal to 150%.
- 1-year realized volatility less than the NASDAQ US Real Estate Investment Trust Benchmark Index's one year realized volatility +15%.
- The top 25 eligible securities are selected and weighted by yield.

■ MLPs (20%)

- Classified as a limited partnership and classified as Oil & Gas or Industrials by ICB.
- Minimum market capitalization of \$500 million and a minimum three month average daily dollar trading value of \$500,000.
- 1-year realized volatility less than the DWA MLP Index's one year realized volatility +15%.
- The top 25 eligible securities are selected based on a combined score of the lowest volatility and highest yield. Components are weighted by yield.

■ Preferred Securities (20%)

- Member of the NASDAQ US Preferred Security Index.
- Minimum market capitalization of \$250 million and a minimum three month average daily dollar trading value of \$250,000.
- 1-year realized volatility less than the NASDAQ US Preferred Security Index's one year realized volatility +15%.
- All components of the NASDAQ US Preferred Security Index classified as equity will be selected. The top 25 eligible securities are selected based on a combined score of the lowest volatility and highest yield. Components are weighted by yield.

■ High Yield Corporate Bond ETF (20%)

- Must be a U.S.-listed ETF sponsored by First Trust that tracks a high yield corporate debt strategy.

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 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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