First Trust California Municipal High Income ETF

As of 6/28/19

>> Fund Objectives
This actively managed exchange-traded fund seeks to provide income that is exempt from regular federal income taxes and California income taxes. Long-term capital appreciation is a secondary objective.

>> Fund Facts
| Fund Ticker | FCAL |
| Intraday NAV | FCALIV |
| Fund Inception Date | 6/20/17 |
| Gross Expense Ratio | 0.65% |
| Net Expense Ratio* | 0.50% |
| 30-Day SEC Yield| 2.09% |
| Unsubsidized 30-Day SEC Yield| 1.94% |
| Taxable Equivalent 30-Day SEC Yield| 4.55% |
| Primary Listing | Nasdaq |

>> Fund Advisor
First Trust Advisors L.P. is the advisor to the fund and manages the fund’s portfolio:
- The portfolio managers use a disciplined approach that focuses on a combination of quantitative analysis and fundamental research.
- They actively managed approach applies extensive research on each individual bond selection.
- They seek to take advantage of the inefficiencies within the municipal market to find higher-yielding undervalued bonds.

Daily investment decisions are made by:
- Tom Futrell, CFA; Senior Vice President, Senior Portfolio Manager
- Johnathan N. Wilhelm, Senior Vice President, Senior Portfolio Manager

>> Fund Description
The First Trust California Municipal High Income ETF is an actively managed exchange-traded fund. Under normal market conditions, the fund will seek to achieve its investment objectives by investing at least 80% of its net assets (including investment borrowings) in municipal debt securities that pay interest that is exempt from regular federal income taxes and California income taxes.

The portfolio managers practice rigorous credit analysis of individual issuers coupled with a thorough understanding of the major opportunities and risks within municipal sectors.

The investment process focuses on each of the following components:
- **Total Return Scenario Analysis**: Evaluate individual bonds and portfolios of securities that are quantitatively exposed to interest rate, yield curve, and credit spread movements or “shocks”.
- **Sector Analysis**: Perform a top-down review of core sectors based on bottom-up analysis of individual credits to determine which municipal sectors to overweight, neutral weight, and underweight.
- **New Issue Credit Analysis**: Evaluate new bond offerings to determine portfolio suitability based on fundamental credit research on each borrower and individual bond security features.
- **Trading**: Analysis of how a bond might trade in the secondary market. Review includes total bond issuance size, underwriter willingness to make secondary markets, along with bond structural features such as coupon, maturity, call dates, and sinking fund payments.
- **Surveillance**: Analyze holdings on a systematic basis to monitor any changes in credit trends. Credit rating momentum is monitored for each bond.
- **Performance Attribution**: Perform a granular total return analysis by reviewing key portfolio attributes such as duration, credit rating and sector.

>> Performance Summary (%)

<table>
<thead>
<tr>
<th>Fund Performance*</th>
<th>Quarter</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value (NAV)</td>
<td>2.89</td>
<td>6.26</td>
<td>7.61</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5.24</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>2.58</td>
<td>5.63</td>
<td>6.32</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4.01</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>1.71</td>
<td>3.70</td>
<td>4.47</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3.46</td>
</tr>
<tr>
<td>Market Price</td>
<td>2.98</td>
<td>6.17</td>
<td>7.50</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5.32</td>
</tr>
<tr>
<td>Bloomberg Barclays 10 Year California Exempt Index</td>
<td>2.05</td>
<td>5.06</td>
<td>6.98</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3.58</td>
</tr>
</tbody>
</table>

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 www.ftportfolios.com.

*First Trust has contractually agreed to waive management fees of 0.15% of average daily net assets until November 30, 2019.
130-day SEC yield is calculated by dividing the net investment income per share earned during the most recent 30-day period by the maximum offering price per share on the last day of the period and includes the effects of fee waivers and expense reimbursements.
*The unsubsidized 30-day SEC yield is calculated the same as the 30-day SEC yield, however it excludes contractual fee waivers and expense reimbursements.
*The taxable equivalent yield is for illustrative purposes only. This information illustrates approximately what you would have to earn on taxable investments to equal the tax-exempt yield using the highest federal and California state tax brackets for 2019. This information is based on present law as of the date of publication and does not account for any proposed changes in tax rates. This information does not account for limitations on deductions, the alternative minimum tax or taxes other than Federal and California state personal income tax.
*NAV returns are based on the fund’s net asset value which represents the fund’s net assets (assets less liabilities) divided by the fund’s outstanding shares. 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 on the stock exchange on which shares of the fund are listed for trading as of the time that the fund’s NAV is calculated. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. The fund’s performance reflects fee waivers and expense reimbursements, absent which performance would have been lower. 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.
**The Bloomberg Barclays 10 Year California Exempt Index is the fund’s benchmark. 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.
ETF Characteristics

The fund lists and principally trades its shares on The Nasdaq Stock Market LLC. 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 shares' 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. If the fund's authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a discount to the fund's net asset value.

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The fund is subject to market risk. Market risk is the risk that a particular security owned by the fund could lose money because of changes in the market value of the security, the market value of the issuer of the security, or changes in the market as a whole. Market risk may be caused by changes in the overall economic outlook, events in any one or more geographic regions, or a change in the business conditions or asset values of the issuer of the security.

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