First Trust

First Trust BuyWrite Income ETF
First Trust Hedged BuyWrite Income ETF

In a persistently low interest rate environment and with the potential for high equity market volatility, investors are faced with the challenge of generating income while protecting their portfolios from unpredictable market swings. Utilizing covered call strategies which seek higher levels of portfolio income and protection against short-term volatility may help investors achieve those goals. The **First Trust BuyWrite Income ETF** is an actively managed exchange-traded fund that seeks to provide current income, with a secondary investment objective of capital appreciation. The **First Trust Hedged BuyWrite Income ETF** is an actively managed exchange-traded fund that seeks to provide current income. There can be no guarantee that either of the funds will meet its investment objectives.

The funds will pursue their investment objectives by combining a stock portfolio with an index option strategy. The funds will invest in equities listed on U.S. exchanges of all market capitalizations, favoring high dividend-paying common stocks. The funds will also utilize an options strategy in which they will write (sell) U.S. exchange-traded covered call options with expirations of less than one year on the S&P 500 Index seeking to generate additional cash flow in the form of premiums on the options that may be distributed to shareholders on a monthly basis. A premium is the income received by an investor who sells the option contract to another party. The First Trust Hedged BuyWrite Income ETF may use a portion of the options premiums to purchase U.S. exchange-traded put options on the S&P 500 Index. This hedging strategy will seek to provide this fund downside protection and reduce the fund's price sensitivity to declining markets. The funds seek to provide the following:

- U.S. equity securities of all market capitalizations, favoring dividend-paying common stocks.
- An equity portfolio that is focused on dividend-paying common stocks combined with an index option strategy to provide an overall portfolio that is tactical, transparent and actively managed.
- Attractive level of income from a combination of dividends paid on the equities in the portfolio and call option premium income.
- The First Trust Hedged BuyWrite Income ETF also uses a hedging strategy to seek to partially cushion portfolio downside by buying U.S. exchange-traded puts on the S&P 500 Index.
- Lower portfolio beta[1] relative to the S&P 500 Index.
- Attractive risk-adjusted returns.

[1]Beta is a measure of price variability relative to the market.

First Trust BuyWrite Income ETF

Fund Ticker	FTHI
Fund Inception Date	1/06/14
CUSIP	33738R308
Intraday NAV	FTHIIV
Primary Listing	Nasdaq

First Trust Hedged BuyWrite Income ETF

Fund Ticker	FTLB
Fund Inception Date	1/06/14
CUSIP	33738R407
Intraday NAV	FTLBIV
Primary Listing	Nasdaq

Risk Considerations

The funds' shares will change in value, and you could lose money by investing in the funds. One of the principal risks of investing in a fund is market risk. Market risk is the risk that a particular security owned by a fund, fund shares or securities in general may fall in value. The funds are subject to management risk because they are actively managed portfolios. In managing the funds' investment portfolios, the advisor will apply investment techniques and risk analyses that may not have the desired result. There can be no assurance that the funds' investment objectives will be achieved.

The use of options and other derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the funds' portfolio managers use derivatives to enhance the funds' returns or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the funds.

The option positions employed may present additional risk. When selling a call option, the funds will receive a premium; however, this premium may not be enough to offset a loss incurred by the funds if the index level at the expiration of the call option is above the strike price by an amount equal to or greater than the premium. The value of an option may be adversely affected if the market for the option becomes less liquid or smaller, and will be affected by changes in the value and dividend rates of the stock or the index subject to the option, an increase in interest rates, a change in the actual and perceived volatility of the stock market and the common stock or the index and the remaining time to expiration. Additionally, the value of an option does not increase or decrease at the same rate as the underlying stock(s) or the index.

Please see the back for additional risk considerations of an investment in the funds.

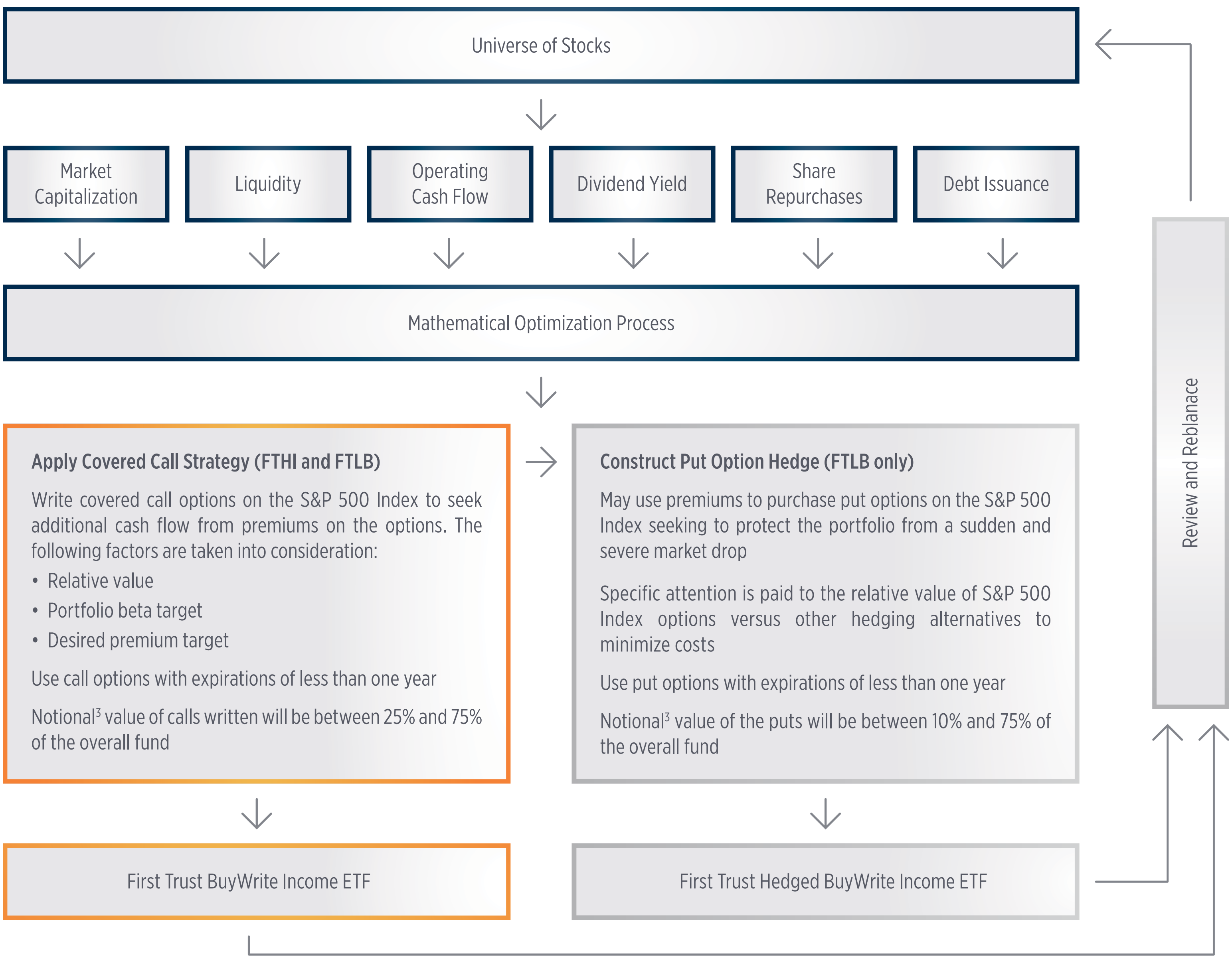
Investment Process

The investment process for the equity portion of the portfolios is identical for both funds. The team selects the equity portion from a universe of U.S. exchange-listed common stocks, American Depositary Receipts and Global Depositary Receipts.

The portfolio managers then apply a mathematical optimization process which uses market capitalization, liquidity, operating cash flow, dividend yield, share repurchases, and debt issuance factor constraints to produce a diversified portfolio favoring higher dividend-paying stocks that will seek to have an approximate tracking error of 300 - 500 basis points (3-5%) relative to the S&P 500 Index.[2]

Both funds will seek to generate additional income with a tactical index option strategy. The portfolio managers will apply a covered call strategy for the First Trust BuyWrite Income ETF, while the First Trust Hedged BuyWrite Income ETF will utilize a covered call strategy and an options hedging strategy using index put options.

The equity portfolio will be rebalanced periodically at the discretion of the investment team. The option portfolio will be actively managed reflecting the underlying portfolio and market conditions and opportunities. Attribution analysis is conducted on the realized performance of the equity and option portfolios separately and collectively.



[2]Tracking error is the amount by which the performance of the ETF portfolios differs from the index. The tracking error of the portfolios is managed to maintain a consistent relationship between the expected gains and losses on the equity portfolio versus the gains and losses on the covered call option obligations, while also avoiding tax straddles. A tax straddle is an investment technique used in options trading that seeks to create tax benefits whereby the gain on one investment is offset by the loss on another investment. By avoiding tax straddles, the tax efficiency of the funds will be maintained.

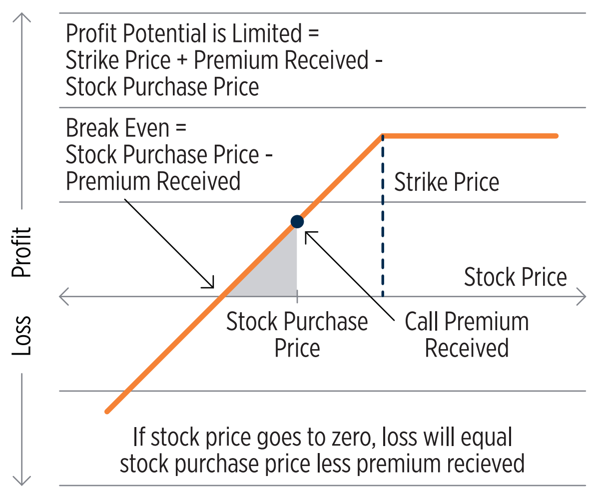
[3]The equivalent value of the option based on the number of contracts owned multiplied by the price for immediate delivery of the underlying asset (spot price).

An option is a contractual obligation between a buyer and a seller. There are two types of options known as "calls" and "puts." The buyer of a call option has the right, but not the obligation, to purchase an agreed upon quantity of an underlying asset from the writer (seller) of the option at a predetermined price (the strike price) within a certain window of time (until the option's expiration). A put option is the opposite of a call option and gives the buyer the right to sell to the writer (seller) the underlying asset at the strike price until the option's expiration. If the strike price is reached, the buyer has the right to exercise the option. For this right, the buyer pays a fee to the seller, called a premium.

COVERED CALLS

Covered call strategies seek to enhance income while reducing volatility. The covered call strategy utilized by FTHI and FTLB generates option premiums by writing (selling) S&P 500 Index call options, while taking a long position in a stock portfolio with an approximate tracking error of 3%-5%, relative to the S&P 500 Index. Index call option premiums received by the writer generate an additional source of income, alongside dividends paid by the underlying stock portfolio. Unlike most options on individual stocks, S&P 500 Index call options settle in cash. If stock prices move higher, and the level of the S&P 500 Index exceeds the strike price of the index call option, the writer of the call option may experience losses. However, in a covered call strategy, these losses are offset by appreciation from the long stock portfolio. On the other hand, if stock prices remain relatively stable, and the level of the S&P 500 Index does not exceed the strike price of the index call option, the option will expire worthless and the writer of the option keeps the option premium received. Finally, if stock prices decline, index call option premiums received by the writer will help to offset losses from the stock portfolio, with a break-even value equivalent to the initial portfolio value less the option premiums received. (see Exhibit 1)

Exhibit 1: Covered Call Hypothetical Profit and Loss



This example is for illustrative purposes only and not indicative of any fund or investment.

HEDGING WITH PUT OPTIONS

Put options are commonly used by equity investors who want to hedge against a large market decline. The hedging strategy utilized by FTLB uses S&P 500 Index puts, alongside the covered call strategy described above. In this strategy, "out of the money" S&P 500 Index puts are purchased to help insure against losses from the stock portfolio. If the stock market decreases, and the level of the S&P 500 Index drops below the put options' strike price, gains from the put option (less the put option premium) should help offset losses in the stock portfolio. On the other hand, if stock prices remain stable or move higher, and the level of the S&P 500 Index stays above the strike price, the option will expire worthless and the purchaser of the put option has lost the option premium paid. The break-even point for this strategy is the initial value of the portfolio plus the premiums paid to purchase the S&P 500 Index put options.

Options Strategy	Potential Advantages	Potential Drawbacks
Covered Call – Sell S&P 500 Index call options against long stock portfolio	• Can make money in flat markets • Income generation from option premium received • Provides limited downside hedge	• Limited upside potential • If stock price goes to zero, loss will equal stock purchase price less premium received
Buy out of the money S&P 500 Index puts (The put option is "out of the money" if its strike price is below the price of the index. This strategy is used in the First Trust Hedged BuyWrite Income ETF only.)	• Can protect against large losses as the value of the put options rise and may offset the losses taken by the long stock portion of the portfolio • Potential for long stock portfolio to appreciate in a rising market and may offset the cost to purchase the puts • Risk is limited to the premium paid for the option	• Upfront cost (options premium)

"Long" is an investment term used to describe ownership of the securities.

Additional Considerations

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.

ETF Characteristics

The funds list and principally trade their 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 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 funds 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 and possibly face delisting.

Risk Considerations

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. The funds may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market.

The funds may effect a portion of creations and redemptions for cash, rather than in-kind securities. As a result, the funds may be less tax-efficient.

The funds currently have fewer assets than larger funds, and like other relatively new funds, large inflows and outflows may impact the funds' market exposure for limited periods of time.

The funds are classified as "non-diversified" and may invest a relatively high percentage of their assets in a limited number of issuers. As a result, the funds may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

First Trust Advisors L.P. is the adviser to the funds. First Trust Advisors L.P. is an affiliate of First Trust Portfolios L.P., the funds' distributor.

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