**Fund Description**

The First Trust Managed Municipal 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. The investment process practices 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 trend. 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, sector, and state. We can compare a portfolio’s performance to various benchmarks and discuss portfolio rebalancing/adjustments.

**Fund Facts**

<table>
<thead>
<tr>
<th>Fund Ticker</th>
<th>FMB</th>
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<tbody>
<tr>
<td>CUSIP</td>
<td>3379N108</td>
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<tr>
<td>Intraday NAV</td>
<td>FMBIV</td>
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<tr>
<td><em>Fund Inception Date</em></td>
<td>5/13/14</td>
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<tr>
<td>Gross Expense Ratio *</td>
<td>0.65%</td>
</tr>
<tr>
<td>Net Expense Ratio</td>
<td>0.50%</td>
</tr>
<tr>
<td>30-Day SEC Yield†</td>
<td>1.77%</td>
</tr>
<tr>
<td>Unsubsidized 30-Day SEC Yield*</td>
<td>1.62%</td>
</tr>
<tr>
<td>Taxable Equivalent 30-Day SEC Yield†</td>
<td>2.29%</td>
</tr>
<tr>
<td>Primary Listing</td>
<td>Nasdaq</td>
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</table>

**Performance Summary (%)**

<table>
<thead>
<tr>
<th>Fund</th>
<th>3 Month</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>Since Fund Inception</th>
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</thead>
<tbody>
<tr>
<td>FMB</td>
<td>0.61</td>
<td>8.26</td>
<td>8.26</td>
<td>5.47</td>
<td>4.33</td>
<td>—</td>
<td>4.66</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>0.37</td>
<td>7.16</td>
<td>7.16</td>
<td>4.36</td>
<td>3.14</td>
<td>—</td>
<td>3.46</td>
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<tr>
<td>After Tax Sold</td>
<td>0.36</td>
<td>4.87</td>
<td>4.87</td>
<td>3.70</td>
<td>2.78</td>
<td>—</td>
<td>3.05</td>
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<tr>
<td>Market Price</td>
<td>0.59</td>
<td>8.17</td>
<td>8.17</td>
<td>5.47</td>
<td>4.35</td>
<td>—</td>
<td>4.68</td>
</tr>
</tbody>
</table>

**Index Performance**

Bloomberg Barclays Revenue 10 Year (8-12) Index | 0.79 | 7.68 | 7.68 | 4.97 | 3.74 | — | 3.97 |

**Calendar Year Total Returns (%)**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>FMB</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Bloomberg Barclays Revenue 10 Year (8-12) Index</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3.84</td>
<td>1.46</td>
<td>7.40</td>
<td>0.89</td>
<td>8.26</td>
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</table>

**3-Year Statistics**

<table>
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<tr>
<th>Fund</th>
<th>Standard Deviation (%)</th>
<th>Alpha</th>
<th>Beta</th>
<th>Sharpe Ratio</th>
<th>Correlation</th>
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<tr>
<td>FMB</td>
<td>2.45</td>
<td>0.88</td>
<td>0.87</td>
<td>1.51</td>
<td>0.96</td>
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<tr>
<td>Bloomberg Barclays Revenue 10 Year (8-12) Index</td>
<td>2.69</td>
<td>—</td>
<td>1.00</td>
<td>1.20</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Overall Morningstar Rating™**

Among 239 funds in the Muni National Interm category. This fund was rated 5 stars/239 funds (3 years), 5 stars/215 funds (5 years) based on risk adjusted returns.

*First Trust has contractually agreed to waive management fees of 0.15% of average daily net assets until March 1, 2020.

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.

2The unsubsidized 30-day SEC yield is calculated the same as the 30-day SEC yield, however it excludes contractual fee waivers and expense reimbursements.

330-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.

4The 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 tax bracket 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 personal income tax.

5NAV 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 Municipal 10 Year Revenue 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.
First Trust Managed Municipal ETF

As of 12/31/19

Portfolio Information
Number Of Holdings 952
Net Weighted Average Effective Duration 5.68 Years
(Includes Short Positions)² 5.62 Years
Weighted Average Effective Duration 6.02 Years
(Long Positions)²
Short Position - US Treasury Futures -3.24%

Top Holdings (%)³
CAPITAL CITY CT ECON DEV AUTH Variable rate, due 09/01/2040 0.86
PEFA INC IA GAS PROJ REVENUE Variable rate, due 09/01/2036 0.60
ORANGE CNTRY FL HLNH FACS AUTH REV 5%, due 09/01/2029 0.57
CENTRAL PLAINS ENERGY PROJ NE GAS REV 5%, due 09/01/2029 0.54
KANSAS CITY MO INDL DEV AUTH 5%, due 03/01/2049 0.53
NEW YORK CITY NY TRANSITIONAL 5%, due 06/15/2040 0.52
NEW YORK NY Variable rate, due 04/01/2036 0.52
ROSS CNTRY OH HOSP REV 5%, due 12/01/2039 0.52
TOBACCO SETTLEMENT FING CORP NJ 5%, due 06/01/2046 0.51
BLACK BELT ENERGY GAS DIST AL Variable rate, due 12/01/2049 0.50

Top Sector Exposure (%)³
Hospitals 12.65
General Obligation-Unlimited 10.03
Continuing Care Retirement Communities 8.94
Insured 8.54
Water & Sewer 7.84
GAS 5.79
Dedicated Tax 5.45
Certificates of Participation 5.39
Higher Education 5.13
Airport 4.46

Credit Quality (%)³
Cash 1.00
AAA 10.42
AA 28.87
A 34.31
BBB 10.83
BB 3.77
B 0.47
NR 10.33

Maturity Exposure (%)³
0 - 0.99 Years 3.27
1 - 1.99 Years 0.87
2 - 2.99 Years 1.21
3 - 3.99 Years 1.39
4 - 4.99 Years 1.77
5 - 5.99 Years 4.57
6 - 6.99 Years 3.87
7 - 7.99 Years 2.08
8 - 8.99 Years 3.07
9 - 9.99 Years 3.33
10 - 14.99 Years 30.36
15 - 19.99 Years 26.97
20 - 24.99 Years 10.86
25 - 29.99 Years 4.51
30 Years & Over 0.87
Cash 1.00

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 or visit www.ftportfolios.com 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 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 brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be repurchased directly from the fund by authorized participants, in large volume and with creation/redeemption orders. The fund’s authorized participants are unable to proceed with creation/redeemption 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’s shares will change in value and you could lose money by investing in the fund. The fund is subject to management risk because it is an actively managed portfolio. In managing the fund’s investment portfolio, the advisor will apply investment techniques and risk analyses that may not have the desired result. There can be no assurance that the fund’s investment objectives will be achieved.

The fund is subject to market risk. Market risk is the risk that a particular security owned by the fund or shares of the fund in general may fall in value. The values of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments.

Municipal bonds are subject to numerous additional risks, including credit risk, income risk, interest rate risk, call risk and zero coupon bond risk. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and/or principal payments when due and that the value of a security may decline as a result. Income risk is the risk that income from the fund’s fixed income investments could decline during periods of falling interest rates. Interest rate risk is the risk that the value of the securities in the fund will decline because of rising market interest rates. Call risk is the risk that performance could be adversely impacted if the issuer calls higher-yielding debt instruments held by the fund. Zero coupon bond risk is the risk that zero coupon bonds may be highly volatile as interest rates rise or fall because they do not pay interest on a current basis. Income from municipal bonds held by the fund could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliance of the bond issuer.

The fund may invest in high yield securities, “junk” or “high-yield” bonds, which are subject to greater market fluctuations and risk of loss than lower-rated bonds with higher ratings, and therefore, may be highly speculative. The market for high yield securities is smaller and less liquid than that for investment grade securities.

Participation interests in municipal leases pose special risks because many leases and contracts contain “non-appropriation” clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for this purpose by the appropriate legislative body.

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

The fund is classified as “non-diversified” and may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the fund 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.

Top 5 Sector Exposures (%)³
Hospitals 12.65
General Obligation-Unlimited 10.03
Continuing Care Retirement Communities 8.94
Insured 8.54
Water & Sewer 7.84

¹A measure of a bond’s sensitivity to interest rate changes that reflects the change in a bond’s price given a change in yield.
²The credit quality information presented reflects the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor’s Ratings Group, a division of the McGraw Hill Companies, Inc., Moody’s Investors Service, Inc., Fitch Ratings or a comparably rated NRSRO. For situations in which a security is rated by more than one NRSRO and ratings are not equivalent, the highest ratings are used. Sub-investment grade ratings are those rated BB+ or lower. Investment-grade ratings are those rated BBB-/Ba3 or higher. The credit ratings shown relate to the creditworthiness of the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Credit ratings are subject to change.
³Top 5 Credit Quality (%)³
Cash 1.00
AAA 10.42
AA 28.87
A 34.31
BBB 10.83
BB 3.77
B 0.47
NR 10.33

Alpha
Standard Deviation
Top Sector Exposure (%)³
Hospitals
General Obligation-Unlimited
Continuing Care Retirement Communities
Insured
Water & Sewer
GAS
Dedicated Tax
Certificates of Participation
Higher Education
Airport

The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for volatility of Morningstar-rated funds. It does not represent performance of any specific investment. The Morningstar Rating is an opinion of Morningstar, Inc. and should not be considered to be a recommendation to purchase, sell, or hold any security or to among any of the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Credit ratings are subject to change.