**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 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.
- Their 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, Portfolio Manager
  - Johnathan N. Wilhelm, Senior Vice President, Portfolio Manager

**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>2.41</td>
<td>5.52</td>
<td>6.70</td>
<td>3.09</td>
<td>4.63</td>
<td>–</td>
<td>4.60</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>2.14</td>
<td>4.96</td>
<td>5.57</td>
<td>1.94</td>
<td>3.42</td>
<td>–</td>
<td>3.39</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>1.42</td>
<td>3.26</td>
<td>3.94</td>
<td>1.84</td>
<td>3.01</td>
<td>–</td>
<td>2.99</td>
</tr>
<tr>
<td>Market Price</td>
<td>2.41</td>
<td>5.36</td>
<td>6.77</td>
<td>3.22</td>
<td>4.72</td>
<td>–</td>
<td>4.62</td>
</tr>
</tbody>
</table>

**Index Performance**

| Bloomberg Barclays Revenue 10 Year (8-12) Index | 2.14 | 5.36 | 7.58 | 2.66 | 3.90 | – | 3.92 |

**Calendar Year Total Returns (%)**

| FMB | 2009 | – | – | – | – | – | – | – | 3.84 | 1.46 | 7.40 | 0.89 | 5.52 |
| Bloomber Barclays Revenue 10 Year (8-12) Index | – | – | – | – | – | – | – | – | 3.87 | 0.03 | 5.86 | 1.45 | 5.36 |

**3-Year Statistics**

<table>
<thead>
<tr>
<th>Standard Deviation (%)</th>
<th>Alpha</th>
<th>Beta</th>
<th>Sharpe Ratio</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMB</td>
<td>3.55</td>
<td>0.57</td>
<td>0.87</td>
<td>0.49</td>
</tr>
<tr>
<td>Bloomberg Barclays Revenue 10 Year (8-12) Index</td>
<td>3.94</td>
<td>–</td>
<td>1.00</td>
<td>0.34</td>
</tr>
</tbody>
</table>

**Overall Morningstar Rating™**

Among 242 funds in the Muni National Interm category. This fund was rated 5 stars/242 funds (3 years), 5 stars/217 funds (5 years) based on risk adjusted returns.6

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

2 30-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.

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

4 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 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.

5 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 fees 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.

6 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.
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 fund issuer calls higher-yielding debt instruments held by the fund. Zero coupon bond risk is the risk that zero coupon bonds may be less attractive 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 with the terms of a bond issuer. All or a portion of the fund’s otherwise exempt-interest dividends may be taxable to those shareholders subject to the federal alternative minimum tax.

The fund may invest in high yield securities, or “junk” bonds, which are subject to greater market fluctuations and risk than lower grade securities. The market for high yield securities is smaller and less liquid than that for investment grade securities.

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

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 offer 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/redeemption units. If 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.

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The fund is classified as “non-diversified” and may invest in one or more issuers to the extent that such investments are consistent with its investment objective. The fund may invest in one or more issuers in an amount that is greater than the percentage limits or any other limits set for diversified funds. The fund’s investments may be highly concentrated in one or more issuers. The fund’s portfolio may be highly concentrated in certain issuers.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not recommending or offering advice concerning any particular investment. Within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework, financial advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

Definitions
Standard Deviation is a measure of price variability (risk). Alpha is a measure of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. Sharpe Ratio is a measure of excess return per unit of volatility. Correlation is a measure of the similarity of performance. The Bloomberg Barclays Municipal 10 Year Revenue Index is a benchmark for the performance of revenue bond funds.