

» Fund Objectives

This actively managed exchange-traded fund seeks to generate current income that is exempt from regular federal income taxes. Long-term capital appreciation is a secondary objective.

» Fund Facts

Fund Ticker	FMB
CUSIP	33739N108
Intraday NAV	FMBIV
Fund Inception Date	5/13/14
Gross Expense Ratio [^]	0.65%
Net Expense Ratio	0.50%
30-Day SEC Yield [†]	2.60%
Unsubsidized 30-Day SEC Yield [#]	2.45%
Taxable Equivalent 30-Day SEC Yield [‡]	4.39%
Primary Listing	Nasdaq

» 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 (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
Net Asset Value (NAV)	0.85	-0.22	2.50	3.93	—	—	4.10
After Tax Held	0.57	-0.78	1.37	2.69	—	—	2.86
After Tax Sold	0.48	-0.13	1.41	2.44	—	—	2.58
Market Price	0.76	-0.28	2.48	3.86	—	—	4.10

Index Performance**

Bloomberg Barclays Municipal 10 Year Revenue Index	0.88	-0.63	0.87	2.93	—	—	3.06
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» Calendar Year Total Returns (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD
FMB	—	—	—	—	—	—	—	3.84	1.46	7.40	-0.22
Bloomberg Barclays Municipal 10 Year Revenue Index	—	—	—	—	—	—	—	3.87	0.03	5.86	-0.63

» 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FMB	3.48	1.25	0.88	0.94	0.97
Bloomberg Barclays Municipal 10 Year Revenue Index	3.85	—	1.00	0.60	1.00

Overall Morningstar Rating™



Among 261 funds in the Muni National Interm category.
This fund was rated 5 stars/261 funds (3 years).§

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 March 1, 2019.

[†]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.

[#]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 tax bracket for 2018. 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.

[§]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 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.

>> Portfolio Information

Number Of Holdings	482
Net Weighted Average Effective Duration ¹ (Includes Short Positions)	6.17 Years
Weighted Average Effective Duration ¹ (Long Positions)	6.26 Years
Net Weighted Average Modified Duration ¹	5.47 Years
Net Weighted Average Maturity	12.03 Years
Weighted Average Price	\$109.23
Short Position - US Treasury Futures	-1.46%

>> Credit Quality (%)²

Cash	2.60
AAA	6.96
AA	24.48
A	27.66
BBB	16.67
BB	6.89
NR	14.74

>> Top State Exposure (%)

Texas	11.34
California	9.06
Florida	8.67
Pennsylvania	7.31
Colorado	4.88
Wisconsin	4.37
Washington	3.85
Illinois	3.70
Maryland	3.09
Oregon	3.07

>> Top Holdings (%)

ORANGE CNTY FL HLTH FACS AUTH REV 5%, due 10/01/2036	1.18
WASHINGTON ST 5%, due 02/01/2036	1.15
MASSACHUSETTS ST 5%, due 03/01/2041	0.98
BUILD NYC RESOURCE CORP NY SOL 5%, due 01/01/2035	0.94
DIST OF COLUMBIA WTR & SWR AUTH 5%, due 10/01/2036	0.88
UNIV OF HOUSTON TX UNIV REVENUES 5%, due 02/15/2031	0.88
TEXAS ST MUNI GAS ACQUISITION 5%, due 12/15/2030	0.79
NEVADA ST HIGHWAY IMPT REVENUE 5%, due 12/01/2024	0.77
CALIFORNIA ST N/C, 5%, due 10/01/2025	0.76
WESTMORELAND CNTY PA MUNI AUTH 5%, due 08/15/2042	0.76

>> Top Sector Exposure (%)

Continuing Care Retirement Communities	11.62
Hospital	10.65
Higher Education	7.38
Insured	7.31
Education	6.08
Dedicated Tax	6.00
General Obligation-Unlimited	5.94
Water & Sewer	5.77
Certificates of Participation	5.32
General Obligation-Limited	5.27

>> Maturity Exposure (%)

1 - 1.99 Years	0.34
2 - 2.99 Years	1.34
3 - 3.99 Years	3.82
4 - 4.99 Years	3.67
5 - 5.99 Years	3.22
6 - 6.99 Years	6.81
7 - 7.99 Years	8.53
8 - 8.99 Years	4.04
9 - 9.99 Years	3.28
10 - 14.99 Years	30.29
15 - 19.99 Years	23.99
20 - 24.99 Years	5.33
25 - 29.99 Years	2.52
30 Years & Over	0.22
Cash	2.60

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+/Ba1 or lower. Investment grade ratings are those rated BBB-/Baa3 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.

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 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. 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'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 an 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 noncompliant conduct 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 of loss than securities 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. 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.

First Trust Advisors L.P. is the advisor to the fund. First Trust Advisors L.P. is an affiliate of First Trust Portfolios L.P., the fund's distributor.

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 undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.

Definitions

Standard Deviation is a measure of price variability (risk). **Alpha** is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. **Beta** is a measure of price variability relative to the market. **Sharpe Ratio** is a measure of excess reward per unit of volatility. **Correlation** is a measure of the similarity of performance. **Bloomberg Barclays Municipal 10 Year Revenue Index** is a subset of the Barclays Municipal Bond Index that measures the performance of investment-grade revenue bond issues with remaining maturities of 8 to 12 years.

§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 variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. ©2018 Morningstar, Inc. All Rights Reserved. The Morningstar Rating™ information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.