First Trust SMID Cap Rising Dividend Achievers ETF

**As of 9/30/19**

**Fund Objective**
This exchange-traded fund seeks investment results that correspond generally to the price and yield (before the fund's fees and expenses) of an equity index called the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index.

**Fund Facts**
- **Fund Ticker**: SDVY
- **CUSIP**: 33741X102
- **Intraday NAV**: SDVYIV
- **Fund Inception Date**: 11/1/17
- **Expense Ratio**: 0.60%
- **30-Day SEC Yield**: 1.48%
- **Rebalance Frequency**: Quarterly
- **Primary Listing**: Nasdaq

**Index Facts**
- **Index Ticker**: NQDVSMRT
- **Index Inception Date**: 9/18/17
- **Index Yield**: 2.80%

**Index Description**
The index begins with the stocks in the Nasdaq US Mid Cap Index and the Nasdaq US Small Cap Index and eliminates those companies classified as a Real Estate Investment Trust by the Industry Classification Benchmark.

To be eligible for inclusion in the index, companies must have:
- a minimum three-month average daily dollar trading volume of $2 million.
- a minimum market cap of $500 million.
- paid a dividend in the trailing twelve-month period greater than the dividend paid in the trailing twelve-month period three and five years prior.
- positive earnings per share in the most recent fiscal year greater than the earnings per share three fiscal years prior.
- a cash to debt ratio greater than 25%.
- a trailing twelve-month period payout ratio no greater than 65%.

Eligible securities are ranked by a combined factor of dollar dividend increase over the previous five year period, current dividend yield, and payout ratio.

The 100 eligible securities with the lowest aggregated rank are selected for inclusion in the index, subject to a maximum of 30% from any one sector and 75% from the mid cap or small cap size classification.

The index stocks are equally weighted initially and on each rebalancing effective date. The index is reconstituted annually and rebalanced quarterly.

**Performance Summary (%)**

<table>
<thead>
<tr>
<th>Fund Performance*</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>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value (NAV)</td>
<td>-0.34</td>
<td>16.31</td>
<td>-2.59</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.65</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>-0.46</td>
<td>15.76</td>
<td>-3.28</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.02</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>-0.20</td>
<td>9.65</td>
<td>-1.55</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.75</td>
</tr>
<tr>
<td>Market Price</td>
<td>-0.34</td>
<td>16.38</td>
<td>-2.59</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.65</td>
</tr>
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</thead>
<tbody>
<tr>
<td>Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index</td>
<td>-0.22</td>
<td>16.86</td>
<td>-2.08</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.28</td>
</tr>
<tr>
<td>S&amp;P 1000 Index</td>
<td>-0.12</td>
<td>16.51</td>
<td>-4.66</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.46</td>
</tr>
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</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.

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*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.

**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. 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.

**Performance information for the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index is for illustrative purposes only and does not represent actual fund performance. 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.**
The fund currently has fewer assets than larger funds, and like other relatively new funds, large may experience greater price volatility than larger, more established companies. The fund may invest in small capitalization and mid capitalization companies. Such companies inflows and outflows may impact the fund's market exposure for limited periods of time. Market volatility, or when political or economic events affecting the issuers occur. Participants are unable to proceed with creation/redemption orders and no other authorized authorized participants, in very large creation/redemption units. If the fund's 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.

ETF Participants
The fund lists and principally trades its shares on The Nasdaq Stock Market LLC. The fund's return may not match the return of the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index. Securities held by the fund will generally not be bought or sold in response to market fluctuations.

Risk Considerations
The fund's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular stock owned by the fund, fund shares or stocks in general may fall in value. There is no guarantee that the issuers of the securities in the portfolio will declare dividends in the future or that, if declared, they will either remain at current levels or increase over time.

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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.

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