First Trust offers six exchange-traded funds (ETFs) based on the Nasdaq Riskalyze Indexes, which are designed to provide diversified, value-added exposure to broad equity market categories. The indexes seek to outperform their cap-weighted benchmarks, while maintaining low tracking error by neutralizing sector and/or country exposures versus the benchmark. Each of the indexes include additional screens which are described below.

**NASDAQ RISKALYZE INDEX METHODOLOGY**

**BROAD-BASED INDEX**

**US LARGE CAP INDEX**
- US Large Cap US Equity Select ETF
- RNLC | Large Cap US Equity Select ETF

**US MID CAP INDEX**
- US Mid Cap US Equity Select ETF
- RNMC | Mid Cap US Equity Select ETF

**US SMALL CAP INDEX**
- US Small Cap US Equity Select ETF
- RNSC | Small Cap US Equity Select ETF

**Screen for Dividends**
- Each security must have paid a dividend in the trailing twelve months.

**Assign Sector Neutral Weights**
- Assign sector weights that are equal to the sector weights within the broad based index.

**Volatility Screen**
- Rank companies by trailing twelve month volatility within their respective countries.
- Select 25 securities with the lowest volatility from each country (or all securities if less than 25 qualify).

**US LARGE CAP SELECT DIVIDEND INDEX**
- US Large Cap Select Dividend ETF
- RNDV | US Equity Dividend Select ETF

**Screen for Dividends**
- Each security must have paid a dividend in the trailing twelve months.
- Each security must have a trailing twelve month dividend yield higher than the broad based benchmark index yield.

**Assign Sector Neutral Weights**
- Securities within each sector are equally weighted.

**Volatility Screen**
- Securities within each sector are weighted by dividend yield.

**DEVELOPED MARKETS INDEX**

**EMERGING MARKETS INDEX**
- Developed Markets Equity Select ETF
- RNEM | Emerging Markets Equity Select ETF
- Emerging Markets Equity Select ETF
- RNDM | Developed International Equity Select ETF

**Screen for Liquidity**
- Each security must have a minimum three-month average daily dollar trading volume of $5 million.
- Each security must have traded on an eligible exchange for at least one calendar year.

**Volatility Screen**
- Rank companies by trailing twelve month volatility within their respective countries.
- Select 25 securities with the lowest volatility from each country (or all securities if less than 25 qualify).

**Assign Country-Sector Neutral Weights**
- Assign country/sector weights that are equal to the country/sector weights within broad-based index. The index weighting methodology includes a maximum weight cap of 3% to prevent high concentrations among larger stocks.

**Rebalance Quarterly**

**Rebalance Semi-Annually**

**Not FDIC Insured | Not Bank Guaranteed | May Lose Value**
You should consider a 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 a 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.
A fund’s return may not match the return of the applicable index. Securities held by a fund will generally not be bought or sold in response to market fluctuations.
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 a 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
A fund’s shares will change in value, and you could lose money by investing in a fund. One of the principal risks of investing in a fund is market risk. Market risk is the risk that a particular stock owned by a fund, fund shares or stocks in general may fall in value. There can be no assurance that a fund’s investment objective will be achieved.

The funds may invest in securities issued by companies concentrated in a particular industry or sector, which involves additional risks, including limited diversification. A 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. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries. The funds may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market.

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

As the use of Internet technology has become more prevalent in the course of business, the funds have become more susceptible to potential operational risks through breaches in cyber security. Such events could cause the funds to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

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.

There is no guarantee that any issuer will declare dividends in the future, or that, if declared, they will remain at current levels or increase over time.

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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