DALI

As of 9/28/18

First Trust Dorsey Wright DALI 1 ETF

» 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 an index called the Nasdaq Dorsey Wright DALI 1 Index.

» Fund Facts

Fund Ticker	DALI
CUSIP	33738R712
Intraday NAV	DALIIV
Fund Inception Date	5/14/18
Rebalance Frequency	Quarterly
Primary Listing	Nasdaq

» Fees and Expenses

Management Fees	0.30%
Acquired Fund Fees and Expenses‡	0.62%
Total Annual Expenses	0.92%

» Index Facts

Index Ticker	NQDALIT
Index Inception Date	4/24/18

» Index Description

- The Nasdaq Dorsey Wright DALI 1 Index is designed to provide exposure to the asset class that Dorsey, Wright & Associates (DWA) believes may outperform using their Dynamic Asset Level Investing (DALI) process.
- To construct the index, DWA evaluates four broad asset classes: Domestic Equity, International Equity, Fixed Income and Commodities.
- A roster of investments is established to provide diversified exposure to each asset class and a relative strength calculation is compiled for each member of the roster versus every other member.
- After all individual calculations are computed, the number of times a component exhibited stronger relative strength compared to the components of the other asset classes are added together to get a composite strength score for the entire asset class.
- The asset class with the highest relative strength score is selected for inclusion in the index and the fund's assets will be allocated among certain ETFs that provide exposure to the asset class, as follows:
  - Domestic Equity Securities – 65% Dorsey Wright Focus Five Index constituents, 35% First Trust U.S. large and small capitalization ETFs
  - International Equity Securities – 65% Dorsey Wright International Focus Five Index constituents, 35% First Trust international ETFs
  - Fixed Income Securities – 65% U.S. investment-grade fixed income ETFs, 35% Dorsey Wright Fixed Income Model constituents
  - Commodities – 100% First Trust Global Tactical Commodity Strategy Fund
- The relative strength analysis to determine the top asset class is performed bi-weekly.
  - If applicable, the 65% and 35% target model weights for the Domestic Equity, International Equity and Fixed Income asset classes described above will be rebalanced quarterly. If the Commodities asset class is selected as the top scoring asset class, no rebalancing is necessary since the commodities asset class is represented by only a single ETF.
  - Additionally, if Domestic Equity, International Equity, or Fixed Income is selected as the top scoring asset class, rebalancing of the underlying ETF components varies depending on the asset class selected.

» Performance Summary (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
Net Asset Value (NAV)	5.77	–	–	–	–	–	5.87
After Tax Held	5.75	–	–	–	–	–	5.80
After Tax Sold	3.27	–	–	–	–	–	3.32
Market Price	5.93	–	–	–	–	–	5.97
Index Performance**							
Nasdaq Dorsey Wright DALI1 Index	5.88	–	–	–	–	–	5.98
Bloomberg Barclays U.S. Aggregate Bond Index	0.02	–	–	–	–	–	0.76
S&P 500 Index	7.71	–	–	–	–	–	7.53

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.

‡Acquired fund fees and expenses reflect the fund's pro rata share of the indirect fees and expenses incurred by investing in one or more acquired funds.

*__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 Dorsey Wright DALI 1 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.

First Trust Dorsey Wright DALI 1 ETF

As of 9/28/18

» Portfolio Information

Number Of Holdings	7
Maximum Market Cap.	$9.60 Billion
Median Market Cap.	$1.69 Billion
Minimum Market Cap.	$481 Million

» Top Holdings

First Trust Small Cap Growth AlphaDEX® Fund	FYC
First Trust Large Cap Growth AlphaDEX® Fund	FTC
First Trust Dow Jones Internet Index Fund	FDN
First Trust Technology AlphaDEX® Fund	FXL
First Trust Industrials/Producer Durables AlphaDEX® Fund	FXR
First Trust NASDAQ-100-Technology Sector Index Fund	QTEC
First Trust Nasdaq Bank ETF	FTXO

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.

The fund's return may not match the return of the Nasdaq Dorsey Wright DALI 1 Index. The ETFs held by the 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 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. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular security owned by the fund or fund shares in general may fall in value. There can be no assurance that the fund's investment objective will be achieved.

The fund may be concentrated in a small number of ETFs (including a single ETF). The ETFs may invest in securities issued by companies concentrated in a particular industry or sector which involves additional risks including limited diversification.

Certain ETFs invest in volatile securities. Frequent or significant short-term price movement may adversely impact the performance of the fund.

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.

The fund may own a significant portion of the ETFs included in the index. Any such ETF may be removed from the index in the event that it does not comply with the eligibility requirements of the index. As a result, the fund may be forced to sell shares of certain ETFs at inopportune times or for prices other than at current market values or may elect not to sell such shares on the day that they are removed from the index, due to market conditions or otherwise.

The risks of owning an ETF generally reflect the risks of owning the underlying securities, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. The fund invests in securities of affiliated ETFs, which involves additional expenses that would not be present in a direct investment in such affiliated ETFs.

The ETFs in which the fund invests may invest in equity securities and the value of the fund's shares will fluctuate with changes in the value of these equity securities.

The ETFs in which the fund invests may invest in small capitalization and mid capitalization companies. Such companies may experience greater volatility than larger, more established companies.

Certain securities held by the underlying ETFs may be subject to credit risk, call risk, income risk, interest rate risk, prepayment risk, and extension 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. Call risk is the risk that performance could be adversely impacted if an issuer calls higher-yielding debt instruments held by the fund. Income risk is the risk that income from the fund's portfolio could decline if interest rates fall. Interest rate risk is the risk that the value of fixed-income securities will decline because of rising market interest rates. Prepayment risk is the risk that the fund may not be able to reinvest proceeds received on terms as favorable as the prepaid security. Extension risk is the risk that, when interest rates rise, certain obligations will be paid off by the issuer more slowly than anticipated, causing the value of these securities to fall.

Underlying ETFs that invest in fixed income securities are subject to the risk that such securities generally trade "over-the-counter" and have no fixed market price.

High yield securities, or "junk" bonds, are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, are considered to be highly speculative.

Companies that issue bank loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy. Senior floating rate loans are usually rated below investment grade but may also be unrated. As a result, the risks associated with these loans are similar to the risks of high-yield fixed income instruments.

Income from municipal bonds could be declared taxable and all or a portion of the fund's otherwise exempt interest dividends may be taxable to investors subject to the federal alternative minimum tax.

Convertible securities have characteristics of both equity and debt securities and, as a result, are exposed to certain additional risks.

Preferred securities combine some of the characteristics of both common stocks and bonds and are typically subordinated to bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments.

Mortgage-related securities, including mortgage-backed securities, are more susceptible to adverse economic, political or regulatory events that affect the value of real estate.

Certain ETFs in which the fund may invest have exposure to commodities through investments in commodity futures contracts and exchange-traded commodity linked instruments. The value of commodities instruments typically is based upon the price movements of a physical commodity or an economic variable linked to such price movements. The prices of commodities instruments may fluctuate quickly and dramatically and may not correlate to price movements in other asset classes. An active trading market may not exist for certain commodities. Commodities instruments are also subject to the risk that a counterparty to a commodities instrument may default on its obligations. Each of these factors and events could have a significant negative impact on the fund. Futures and futures-related products can be highly volatile.

The ETFs in which the fund invests may invest in securities of non-U.S. issuers which are 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 ETFs in which the fund invests may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market. Changes in currency exchange rates and the relative value of non-U.S. currencies may affect the value of the fund's investments and the value of the fund's shares.

The index employs a "momentum" style methodology that emphasizes selecting ETFs that have had higher recent price performance compared to other ETFs. Momentum can turn quickly and cause significant variation from other types of investments.

As the use of Internet technology has become more prevalent in the course of business, the fund has become more susceptible to potential operational risks through breaches in cyber security.

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

The fund is subject to additional risks, as described in the fund's prospectus and summary prospectus, including, but not limited to, market maker risk, portfolio turnover risk and trading issues risk.

First Trust Advisors L.P. is registered as a commodity pool operator and commodity trading advisor and is also a member of the National Futures Association.

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

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Definitions

The **Bloomberg Barclays U.S. Aggregate Bond Index** covers the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS, and CMBS. The **S&P 500 Index** is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.