ROBOTICS
The branch of technology that deals with the design, construction, operation and application of robots.

ARTIFICIAL INTELLIGENCE
The theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision making and translation between languages.

Artificial intelligence (AI) and robotics are revolutionizing business and transforming our everyday lives. AI allows machines to complete various ‘human’ tasks, such as driving automobiles, virtual assistance and playing games. It is enabling robots to solve problems and interact with their surroundings. Robots are currently being used across numerous industries and their impact is projected to spread throughout the consumer market for years to come.

Together, AI and robotics are changing the way we live and work. They are disrupting a range of industries and have the potential to address problems caused by an aging workforce and rising labor costs while making the workforce more efficient and productive.

AI AND ROBOTICS MARKET GROWTH
- AI is projected to add up to $15.7 trillion in global GDP by 2030.1
- Worldwide spending on robotics and related services was anticipated to total $97.2 billion in 2017, an increase of 17.9% over 2016. Robotics spending is expected to accelerate over the 2016-2021 forecast period, reaching approximately $230.7 billion in 2021 with an annual growth rate of 22.8%.2
- Worldwide spending on cognitive and AI systems was anticipated to reach $12 billion in 2017, an increase of 59.1% over 2016. Global spending on cognitive and AI solutions is estimated to reach a compound annual growth rate of 50.1% over the 2016-2021 forecast period with spending expected to reach over $57.6 billion.2

There is no guarantee that past trends will continue, projections will be realized, or that they will benefit the fund.

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 CTA Artificial Intelligence and Robotics Index. Securities 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 a fund by authorized participants, in very large creation/redemption units. If a 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.

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.
INDEX CONSTRUCTION PROCESS

The Nasdaq CTA Artificial Intelligence and Robotics Index is designed to track the performance of companies engaged in AI, robotics and automation.

Universe: Begin with the companies listed on an index-eligible global stock exchange which are classified as AI or robotics engagers, enablers or enhancers, as determined by the Consumer Technology Association.

- Enablers are companies that develop the building block components for robotics or AI, such as advanced machinery, autonomous systems/self-driving vehicles, semiconductors, and databases used for machine learning.
- Engagers are companies that design, create, integrate, or deliver robotics and/or AI in the form of products, software, or systems.
- Enhancers are companies that provide their own value-added services within the AI and robotics ecosystem, but which are not core to their product or service offering.

Eligibility Criteria: Each security must have a minimum market capitalization of $250 million, three-month average daily dollar trading volume of at least $3 million and a minimum free float of 20%.

Security Classification: All eligible securities are ranked by a score, which measures each company’s involvement within its respective engager, enabler or enhancer category. The top 30 companies within each category are selected.

Weighting: Each category is assigned an overall portfolio weight with engagers receiving 60%, enablers receiving 25% and enhancers receiving 15%. Companies are then equally weighted within each category.

Rebalance and Reconstitution: The index is rebalanced quarterly and reconstituted semi-annually.

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, fund shares or securities in general may fall in value. There can be no assurance that the fund’s investment objective will be achieved.

The fund may invest in securities issued by companies concentrated in a particular industry, sector or country which involves additional risks including limited diversification. The fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

If the fund has lower average daily trading volumes, it may rely on a small number of third-party market makers to provide a market for the purchase and sale of shares.

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 fund 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 will affect the value of the fund’s investment and the value of fund shares.

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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 invests in robotics and artificial intelligence companies, which may have limited product lines, markets, financial resources or personnel and are subject to the risks of changes in business cycles, world economic growth, technological progress, and government regulation. These companies are also heavily dependent on intellectual property rights, and challenges to or misappropriation of such rights could have a material adverse effect on such companies. Securities of robotics and artificial intelligence companies may have greater volatility than securities of companies that rely less heavily on technology. Robotics and artificial intelligence companies may be subject to the risks of limited diversification. If the fund invests in securities issued by companies concentrated in a particular industry, sector or country which involves additional risks including limited diversification.

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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 is classified as “non-diversified” and may invest in 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 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, 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.

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