First Trust Horizon Managed Volatility Domestic ETF

As of 9/30/19

**Fund Description**

The First Trust Horizon Managed Volatility Domestic ETF is an actively managed exchange-traded fund. Under normal market conditions, the fund invests at least 80% of its net assets (including investment borrowings) in common stocks of domestic companies listed and traded on U.S. national securities exchanges that the sub-advisor, Horizon Investments, LLC (“Horizon”), believes exhibit low future expected volatility.

- The investment process begins with a universe of large-cap U.S. equity securities.
- Historical price returns are used to conduct volatility forecasts of the securities over multiple time frames to determine market volatility cycle and volatility scoring.
- The securities are then ranked from low to high based on their volatility forecasts. 50-200 securities with the lowest forecasted volatility score are targeted for inclusion in the portfolio.
- Once the final portfolio is selected, larger weights are given to those securities with lower future expected volatility subject to constraints. Sector and position constraints may be applied to enhance diversification.

**Fund Sub-Advisor**

Horizon Investments, LLC is the sub-advisor to the fund and will manage the fund’s portfolio.

- Founded in 1995, Horizon is based in Charlotte, NC, and works in partnership with financial advisors to deliver investment strategies that align clients’ wealth with their life goals.
- Horizon implements its global and active investment strategies through model accounts, collective investment funds, mutual funds and ETFs.
- Horizon was recognized in 2018 as Asset Manager of the Year (< $25B AUM) by Money Management Institute and Barron’s, and 2018 Manager of the Year and Strategist of the Year by Envestnet and Investment Advisor Magazine. Horizon has also received numerous other industry commendations for its investment management expertise.

### 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>4.22</td>
<td>25.04</td>
<td>16.09</td>
<td>13.20</td>
<td>—</td>
<td>—</td>
<td>12.38</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>4.02</td>
<td>24.54</td>
<td>15.33</td>
<td>12.55</td>
<td>—</td>
<td>—</td>
<td>11.75</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>2.50</td>
<td>14.81</td>
<td>9.48</td>
<td>10.00</td>
<td>—</td>
<td>—</td>
<td>9.36</td>
</tr>
<tr>
<td>Market Price</td>
<td>4.25</td>
<td>25.15</td>
<td>16.09</td>
<td>13.20</td>
<td>—</td>
<td>—</td>
<td>12.38</td>
</tr>
</tbody>
</table>

**Index Performance**


**Calendar Year Total Returns (%)**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HUSV</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>16.16</td>
<td>—</td>
<td>—</td>
<td>25.04</td>
</tr>
</tbody>
</table>

**3-Year Statistics**

<table>
<thead>
<tr>
<th>Standard Deviation (%)</th>
<th>Alpha</th>
<th>Beta</th>
<th>Sharpe Ratio</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUSV</td>
<td>9.36</td>
<td>3.43</td>
<td>0.67</td>
<td>1.21</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>12.18</td>
<td>—</td>
<td>1.00</td>
<td>0.97</td>
</tr>
</tbody>
</table>

**Overall Morningstar Rating™**

Among 1222 funds in the Large Blend category. This fund was rated 4 stars/1222 funds (3 years) based on risk adjusted returns.

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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1 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.

2 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.

3 The S&P 500 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.
ETF Characteristics

The fund lists and principally trades its shares on the NYSE Arca, Inc. 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.

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 a fund or shares of a fund in general may fall in value. 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. Any trading halt or other problem relating to the trading activity of these market makers could result in a dramatic change in the spread between a fund's net asset value and the price at which a fund's shares are trading on NYSE Arca which could result in a decrease in value of the fund's shares.

The fund invests in equity securities and the value of the shares will fluctuate with changes in the value of these equity securities. Equity securities prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market.

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. Such events could cause the fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. High portfolio turnover may result in a fund paying higher levels of transaction costs and generating greater tax liabilities for shareholders. Portfolio turnover risk may cause a fund's performance to be less than expected.

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 adviser 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, 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.

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. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

ETF Characteristics:

<table>
<thead>
<tr>
<th>Price/Cash Flow</th>
<th>14.51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price/Sales</td>
<td>2.82</td>
</tr>
<tr>
<td>Price/Book</td>
<td>3.33</td>
</tr>
<tr>
<td>Minimum Market Cap.</td>
<td>$9.68 Billion</td>
</tr>
<tr>
<td>Median Market Cap.</td>
<td>$37.90 Billion</td>
</tr>
<tr>
<td>Maximum Market Cap.</td>
<td>$509.73 Billion</td>
</tr>
</tbody>
</table>

Top Holdings (%):

- Citrix Systems, Inc. 1.66
- PepsiCo, Inc. 1.43
- Waste Management, Inc. 1.42
- AvalonBay Communities, Inc. 1.37
- Yum! Brands, Inc. 1.35
- The Western Union Company 1.30
- Mid-America Apartment Communities, Inc. 1.29
- Arthur J. Gallagher & Co. 1.28
- The Coca-Cola Company 1.26
- The Procter & Gamble Company 1.26

Top Sector Exposure (%):

- Utilities 14.95
- Industrials 13.89
- Financials 13.56
- Information Technology 11.48
- Health Care 10.61
- Consumer Discretionary 9.79
- Real Estate 7.13
- Consumer Staples 6.23
- Materials 4.73
- Communication Services 4.67
- Energy 2.96

Portfolio Information:

- Number Of Holdings 100
- Price/Earnings 23.44
- Price/Cash Flow 14.51
- Price/Sales 2.82
- Minimum Market Cap. $9.68 Billion
- Median Market Cap. $37.90 Billion
- Maximum Market Cap. $509.73 Billion

Top Sector Exposure (%):

- Energy 13.89
- Communication Services 13.56
- Consumer Staples 10.61
- Materials 9.79
- Real Estate 7.13
- Health Care 6.23
- Consumer Discretionary 4.73
- Manufacturing 4.67
- Energy 2.96

Top Holdings (%):

- The Procter & Gamble Company 1.35
- PepsiCo, Inc. 1.30
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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.