First Trust has contractually agreed to reduce management fees earned by the fund for management fees due to be paid to the underlying investment companies advised by First Trust. The agreement is expected to remain in place until at least January 3, 2020, or until its termination at the direction of the Trust's Board of Trustees, or the termination of the Investment Management Agreement. Please see the Fees and Expenses of the Fund section in the fund's prospectus for more details.
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 the fund by authorized participants; in very large creation/redeemption units. If the fund’s authorized participants are unable to proceed with creation/redeemption 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 sub-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 the fund or shares of the fund in general may fall in value.

The fund may invest in small or mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies. The fund may invest in ETFs that are subject to credit risk, income risk, interest rate risk and call 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. Income risk is the risk that income from an ETF’s fixed-income investments could decline during periods of falling interest rates. Interest rate risk is the risk that the value of the fixed-income securities in an ETF’s portfolio will decline because of rising market interest rates. Call risk is the risk that if an issuer calls higher-yielding debt instruments held by an ETF, performance could be adversely impacted.

To the extent that the fund or an underlying ETF engages in derivatives transactions, the fund bears the risk that the counterparty to the derivative or other contract with a third party may default on its obligations or otherwise fail to honor its obligations. If a counterparty defaults on its payment obligations the fund will lose money and the value of the fund’s shares may decrease.

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. 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’s investment in ETFs is restricted by the Investment Company Act of 1940, as amended, and the fund’s associated exemptive relief which limits the amount of any single ETF that can be owned by the fund, individually and in the aggregate with all other registered investment companies and private investment pools advised by First Trust and its affiliates. This limitation may prevent the fund from purchasing shares of an ETF that it may have otherwise purchased pursuant to its investment objectives and principal investment strategy.

The fund may invest in inverse ETFs which would subject the fund to the risks of a short sales. The underlying ETF will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the fund purchases the security to replace the borrowed security. In a rising stock market, the underlying ETF’s short positions may significantly impact the ETF’s overall performance or cause it to sustain losses, particularly in a sharply rising market. The use of short sales may also cause the underlying ETF to have higher expenses than other funds.

The fund may invest in ETFs that are subject to the risk of invest in mortgage-related and other asset-backed securities, including interest rate risk, extension risk and prepayment risk. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. Extension risk is prevalent when in a period of rising interest rates, an ETF holds mortgage-related securities and such securities exhibit additional volatility. Prepayments can reduce the returns of an ETF because the ETF may have to reinvest at the lower prevailing interest rates. An ETF’s investments in asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. Certain of the fixed-income securities in an underlying ETF may not have the benefit of covenants which could reduce the ability of the issuer to meet its payment obligations and might result in increased credit risk.

Senior floating-rate loans are usually rated below investment grade and, therefore, may be highly speculative. These securities are issued by companies that may have limited operating history, narrowly focused operations, and/or other impediments to the timely payment of periodic interest and principal on a timely basis. The fund may invest in the shares of other investment companies, and therefore, the fund’s investment performance and risks may be related to the investment performance and risks of the underlying funds.

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.

The fund may invest in ETFs that invest in sovereign debt. Investments in sovereign bonds involve special risks because the governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt obligations or of other government debt obligations.

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 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 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
The Hedge Fund Research HFR Equity Hedge Index tracks the performance of equity hedge strategies that maintain positions both long and short in primarily equity and equity derivative securities. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The Dow Jones Industrial Average is a price-weighted average of 30 U.S. blue-chip companies.

Long and short are investment terms used to describe ownership of securities. To buy securities is to “go long.” The opposite of going long is “selling short.” Short selling is an advanced trading strategy that involves selling a borrowed security. Short sellers make a profit if the price of the security goes down and they are able to buy the security at a lower amount than the price at which they sold the short security.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value