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. Please see the Fees and Expenses of the Fund section in the fund's prospectus for more details.

The EquityCompass Tactical Risk Manager ETF is an actively managed exchange-traded fund. The fund's strategy seeks to avoid large, prolonged market losses and to reduce volatility. Under normal market conditions, the fund will seek to achieve its investment objectives by investing in equity securities of U.S. companies.

EquityCompass Investment Management, LLC (EquityCompass or the sub-advisor) uses an investment approach focused on bottom-up stock selection, diversified by sector, assets, and risk levels, which includes the following steps:

- **Fundamental Screen**: EquityCompass considers two or more consecutive months of declining earnings expectations for the S&P 500 Index to be unfavorable and increases the risk of large market losses, while two or more consecutive months of increasing expectations is considered favorable.
- **Technical Screen**: This screen determines market favorability based on the current level of the Dow Jones Industrial Average.
- **Assess Market Conditions**: EquityCompass will allocate assets based on their determination of market favorability.

During periods when the U.S. equity market is determined to be favorable by EquityCompass, the fund may be fully invested in equity securities. When conditions are deemed unfavorable, the sub-advisor may invest all or a portion of the fund's assets in cash, cash equivalents, money market funds and/or short-term fixed income ETFs, or the sub-advisor may invest all or a portion of the fund's assets in a single short-term fixed income ETF, the First Trust Enhanced Short Maturity ETF (FTSM). The sub-advisor may also invest a significant portion of the fund's assets in securities designed to provide short exposure to broad U.S. market indexes.

**EquityCompass Sub-Advisor**

- EquityCompass is the sub-advisor to the fund and will manage the fund's portfolio.
- EquityCompass is an equity investment management firm and a wholly owned subsidiary of Stifel Financial Corp.
- EquityCompass offers a broad range of portfolio strategies based on their systematic, research-driven investment process. Their investment strategies are based on the fundamental, technical and behavioral insights gleaned from years of empirical research.

**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>0.50</td>
<td>-10.33</td>
<td>-22.60</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-3.29</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>0.25</td>
<td>-10.83</td>
<td>-23.22</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-3.89</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>0.30</td>
<td>-6.12</td>
<td>-13.37</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-2.71</td>
</tr>
<tr>
<td>Market Price</td>
<td>0.62</td>
<td>-10.38</td>
<td>-22.68</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-3.31</td>
</tr>
</tbody>
</table>

**Index Performance**

| Hedge Fund Research HFRI Equity Hedge Index | - | - | - | - | - | - | - |
| S&P 500 Index | 1.70 | 20.55 | 4.25 | - | - | - | 12.09 |

*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.*

**Fund Description**

- Net Asset Value (NAV) represents the fund's net asset value, which is calculated by deducting the fund's liabilities from its assets.
- After Tax Held returns represent the return after taxes on distributions.
- 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 and trading at the time that the fund's NAV is calculated.
- 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 Sold 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.
- **Unsubsidized 30-Day SEC Yield** is calculated as the yield to the next redemption date, assuming a constant level of net assets between now and the redemption date. This yield excludes any fee waivers or expense reimbursements.

**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 April 10, 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.**

**Unsubsidized 30-Day SEC Yield** is calculated as the yield to the next redemption date, assuming a constant level of net assets between now and the redemption date. This yield excludes any fee waivers or expense reimbursements.

**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 and includes the effects of fee waivers and expense reimbursements.**

**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 and trading at 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.**

**Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the index performance shown. Indexes are unmanaged and an investor cannot invest directly in an index. The Hedge Fund Research HFRI Equity Hedge Index returns are published as estimates and updated three times per month, therefore returns shown are subject to change. Returns for the index are not available since the fund’s inception as the index is calculated monthly. Unlike most asset class indexes, the Hedge Fund Research HFRI Equity Hedge Index returns reflect the fees and expenses of the funds it tracks, but the index itself does not assess a fee.**
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/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. 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 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 otherwise purchase 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 investing 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-backed securities and such securities exhibit additional volatility. Prepayments can reduce the returns of an ETF because the ETF may have to reinvest that money 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 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. Credit risk may be heightened for senior loans because companies that issue loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy.

High-yield securities, or “junk” bonds, are subject to greater market fluctuations and risk of loss than securities with higher ratings, 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 at maturity. 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.