**First Trust TCW Unconstrained Plus Bond ETF**

As of 12/31/19

**Fund Description**
The First Trust TCW Unconstrained Plus Bond ETF is an actively managed exchange-traded fund.

Under normal market conditions, the fund intends to invest at least 80% of its net assets (including investment borrowings) in a portfolio of fixed income securities. The fund may invest in fixed income securities of any type or credit quality, including up to 70% in high yield (or “junk”) securities, up to 60% in emerging market securities and up to 50% in securities denominated in foreign currencies.

The fund’s sub-advisor, TCW Investment Management Company LLC (“TCW”) intends to employ a flexible approach that allocates the fund’s investments across a range of global investment opportunities while actively managing exposure to interest rates, credit sectors and currencies to identify securities that they believe are undervalued and offer a superior risk/return profile.

The investment process uses a combination of top-down business cycle analysis and bottom-up fundamental research, focusing on these strategies:

- **Duration**: At the core of the investment process is TCW’s long-term economic outlook, which drives the duration strategy.
- **Yield Curve**: Yield curve positioning is based on TCW’s fundamental outlook, evaluation of yield spread relationships and total return analysis.
- **Sector Allocation**: The portfolio is allocated across domestic and international fixed income sectors. Shifts in sector allocations are based on relative value decisions, allocating to the most attractive sectors at pronounced, though generally infrequent, turning points in market cycles.
- **Issue Selection**: Security selection involves evaluation of credit discipline and intensive fundamental credit analysis considering factors such as cash flow consistency, liquidity, collateral coverage, capital structure analysis and management quality.
- **Trading**: Diligent pursuit of best execution and opportunistic trading opportunities are essential to the investment process.

**Fund Sub-Advisor**
TCW Investment Management Company LLC is the sub-advisor to the fund and will manage the fund’s portfolio.

- TCW is a wholly owned subsidiary of The TCW Group, Inc. (“TCW Group”), which is a leading global asset management firm with nearly five decades of investment experience.
- TCW Group manages a broad range of products across fixed income, equities, emerging markets and alternative investments.
- Through the TCW and MetWest Fund Families, TCW manages one of the largest mutual fund complexes in the U.S.

**Performance Summary (%)**

<table>
<thead>
<tr>
<th>Performance Summary (%)</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>0.87</td>
<td>6.73</td>
<td>6.73</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.22</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>0.51</td>
<td>5.31</td>
<td>5.31</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.87</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>0.51</td>
<td>3.97</td>
<td>3.97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.42</td>
</tr>
<tr>
<td>Market Price</td>
<td>1.18</td>
<td>7.40</td>
<td>7.40</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.51</td>
</tr>
</tbody>
</table>

**Index Performance**

| Index Performance** | ICE BofA US Dollar 3-Month Deposit Offered Rate Average Index | 0.52 | 2.49 | 2.49 | - | - | 2.47 |

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.

*First Trust has contractually agreed to waive management fees of 0.10% of average daily net assets until December 31, 2020.

†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 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.

The fund’s performance reflects fee waivers and expense reimbursements, absent which performance would have been lower. 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 performance shown. Indexes are unmanaged and an investor cannot invest directly in an index.
ETF Characteristics
The fund invests primarily to trade 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. Shares may be sold throughout the day on the exchange through a 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/redemptions and no order to purchase authorized participants securities to keep these securities. The market price of the fund’s shares may fluctuate between the net asset value at the time of purchase and the price at which investors can sell their shares in the secondary market.

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, which is the risk that a fund will lose money if its investments fall in value. The fund’s investment in municipal securities subjects them to municipal obligations risk. Issuers, including those that the fund holds, may not be able to raise sufficient funds for their payment obligations. Municipal obligations may be very illiquid, and the market prices of these obligations may be volatile. The fund may invest in derivatives, which may involve additional risks. Derivatives can be complex and are not readily marketable. The fund may have an interest in the index, the value of which may decline. The manager of the fund may have more control over the fund’s investments than an index fund manager.