

>> Fund Objective

This exchange-traded fund seeks total return and current income.

>> Fund Facts

Fund Ticker	FPE
CUSIP	33739E108
Intraday NAV	FPEIV
Fund Inception Date	2/11/13
Expense Ratio	0.85%
30-Day SEC Yield†	5.55%
Primary Listing	NYSE Arca

>> Fund Description

>> The First Trust Preferred Securities and Income 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 preferred securities and income-producing debt securities, including corporate bonds, high yield securities and convertible securities.

- Preferred securities offer diversification and low correlation to other asset classes, which may reduce portfolio volatility.
- Preferred securities may produce a relatively high income stream without taking on significantly more risk, as yields may be higher than other investment-grade products.
- Preferred securities have historically proven to be a more reliable source of income than common stocks as they are senior in the capital structure, have produced a more stable stream of income and have been less volatile.

>> Fund Sub-Advisor

>> Stonebridge Advisors LLC is the sub-advisor to the fund and will manage the fund's portfolio.

- Stonebridge is a niche asset management firm that provides highly specialized expertise in preferred and hybrid securities for institutional investors and high net worth individuals. Through years of experience, the Stonebridge team has developed a disciplined approach to managing portfolios of preferred securities.
- The cornerstone of Stonebridge's investment philosophy is built on the premise that investors must diversify their holdings in order to maintain an appropriate level of risk through all market cycles.
- By specializing in the management of preferred securities and adhering to a conservative, disciplined approach, they believe they can deliver superior returns for their clients. Their goal is to obtain an attractive total return through a diversified investment in high quality preferred securities.
- Their investment management team does not believe in market timing. Instead, Stonebridge adds value by taking advantage of market inefficiencies with an active management style. Stonebridge's conservative investment style is fundamental to their success as a provider of preferred securities management.

>> Performance Summary (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
Net Asset Value (NAV)	-4.31	-4.71	-4.71	4.15	5.88	—	3.89
After Tax Held	-4.92	-6.93	-6.93	1.65	3.32	—	1.42
After Tax Sold	-2.55	-2.75	-2.75	2.09	3.38	—	1.84
Market Price	-4.72	-5.07	-5.07	3.98	5.83	—	3.83
Index Performance**							
ICE BofAML Fixed Rate Preferred Securities Index	-4.55	-4.34	-4.34	2.67	6.09	—	4.23
ICE BofAML U.S. Capital Securities Index	-2.52	-3.56	-3.56	3.60	4.09	—	4.20
Blended Benchmark	-3.54	-3.93	-3.93	3.15	5.10	—	4.23

>> Calendar Year Total Returns (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FPE	—	—	—	—	—	—	10.93	6.18	6.46	11.37	-4.71
ICE BofAML Fixed Rate Preferred Securities Index	—	—	—	—	—	—	15.44	7.58	2.32	10.58	-4.34
ICE BofAML U.S. Capital Securities Index	—	—	—	—	—	—	8.93	0.86	5.20	9.61	-3.56
Blended Benchmark	—	—	—	—	—	—	12.15	4.18	3.76	10.10	-3.93

>> 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FPE	4.14	0.88	1.04	0.74	0.95
ICE BofAML Fixed Rate Preferred Securities Index	4.27	-0.57	1.06	0.40	0.94
ICE BofAML U.S. Capital Securities Index	3.87	0.57	0.94	0.66	0.92
Blended Benchmark	3.78	—	1.00	0.56	1.00

Overall Morningstar Rating™



Among 51 funds in the Preferred Stock category.
This fund was rated 5 stars/51 funds (3 years), 4 stars/39 funds (5 years).§

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.

†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.

*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.

**The ICE BofAML Fixed Rate Preferred Securities Index is the fund's benchmark. The Blended Benchmark consists of a 50/50 blend of the ICE BofAML Fixed Rate Preferred Securities Index and the ICE BofAML U.S. Capital Securities Index. The Blended Benchmark was added to reflect the diverse allocation of institutional preferred and hybrid securities in the fund's portfolio. 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.

» Portfolio Information

Number Of Holdings	225
Weighted Average Effective Duration ¹	4.17 Years
% Institutional Securities (e.g. \$1000 par) ²	73.97%
% Retail Securities (e.g. \$25 par) ³	26.03%

» Security Type (%)

Fixed-to-Floating Rate and Fixed-to-Variable Rate Securities	70.44
Fixed Rate Securities	16.87
Floating Rate Securities	12.54
Step-up Rate Securities	0.15

» Credit Quality (%)⁴

A-	2.70
BBB+	8.62
BBB	13.42
BBB-	28.62
BB+	26.28
BB	9.16
BB-	2.26
B+	4.26
B	0.08
NR	4.60

» Top Holdings (%)

ENEL SPA, Variable Rate, Due 09/24/2073	2.07
Enbridge Energy Partners, 8.05%, Due 10/01/2037	1.99
GMAC Capital Trust I, Series 2, Variable Rate, Due 02/15/2040	1.88
Barclays plc, Variable Rate	1.78
EMERA Inc., Variable Rate, Due 06/15/2076	1.73
BHP BILLITON FIN USA LTD., Variable Rate, Due 10/19/2075	1.68
Crédit Agricole SA, Variable Rate, BJ4FPL9	1.57
Catlin Insurance Co., Ltd., Preferred, Variable Rate	1.52
Farm Credit Bank of Texas, Series 1, 10%	1.46
Wells Fargo & Company, Series K, Preferred, Variable Rate	1.40

» Top Industry Exposure (%)

Banks	40.99
Insurance	14.77
Capital Markets	8.47
Oil, Gas & Consumable Fuels	6.90
Electric Utilities	5.49
Food Products	3.88
Consumer Finance	2.95
Equity Real Estate Investment Trusts (REITs)	2.64
Diversified Financial Services	2.51
Diversified Telecommunication Services	2.26

¹A measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield.

²Institutional Securities are predominantly \$1000 par securities and only trade over-the-counter.

³Retail Securities are predominantly \$25 par securities but also include exchange-traded \$20, \$50, and \$100 par securities.

⁴The credit quality and ratings information presented reflect the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's Rating Group, a division of the McGraw Hill Companies, Inc., Moody's Investors Service, Inc., Fitch Ratings, or a comparably rated NRSRO. For situations in which a security is rated by more than one NRSRO and the ratings are not equivalent, the highest ratings are used. Sub-investment grade ratings are those rated BB+/Ba1 or lower. Investment grade ratings are those rated BBB-/Baa3 or higher. The credit ratings shown relate to the creditworthiness of the issuers of the underlying securities in the fund, and not to the fund or its shares. Credit ratings are subject to change.

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.

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. Some of the securities held by the fund may be illiquid.

Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred securities are typically subordinated to bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments. Preferred securities are also subject to credit risk, call risk, interest rate risk and income 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. Call risk is the risk that performance could be adversely impacted if an issuer calls higher-yielding debt instruments held by the fund. Interest rate risk is the risk that the value of fixed-income securities in the fund will decline because of rising market interest rates. Income risk is the risk that income from the fund's portfolio could decline if interest rates fall.

The fund may invest in high yield securities, or "junk" bonds, which are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, may be highly speculative. The market for high yield securities is smaller and less liquid than that for investment grade securities.

The fund is concentrated in securities of companies in the financial sector which involves additional risks, including limited diversification. Financial companies are especially subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentrations in geographic markets and in commercial and residential real estate loans, and competition from new entrants in their fields of business.

The fund may invest in Real Estate Investment Trusts (REITs). Companies involved in the real estate industry are subject to changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession.

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 depositary receipts which may be less liquid than the underlying shares in their primary trading market. The fund may, under most circumstances, effect a portion of creations and redemptions for cash, rather than in-kind securities. As a result, the fund may be less tax-efficient.

Changes in currency exchange rates and the relative value of non-US currencies may affect the

value of a fund's investments and the value of a fund's shares.

Contingent convertible securities ("CoCos") may provide for mandatory conversion into common stock of the issuer under certain circumstances. Since the common stock of the issuer may not pay a dividend, investors in these instruments could experience a reduced income rate, potentially to zero; and conversion would deepen the subordination of the investor, hence worsening standing in a bankruptcy.

The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the fund's portfolio managers use derivatives to enhance the fund's return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the fund.

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 and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan 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 **ICE BofAML Fixed Rate Preferred Securities Index** tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. The **ICE BofAML U.S. Capital Securities Index** is a subset of the ICE BofAML U.S. Corporate Index including all fixed-to-floating rate, perpetual callable and capital securities.

⁵The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. ©2019 Morningstar, Inc. All Rights Reserved. The Morningstar Rating™ information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.