This exchange-traded fund (ETF) seeks investment results that correspond generally to the price and yield (before the fund’s fees and expenses) of an index called the Dorsey Wright Dynamic Focus Five Index (the “index”). The First Trust Dorsey Wright Dynamic Focus 5 ETF (FVC) will invest in First Trust ETFs and 1- to 3-month U.S. Treasury-bills.

**DORSEY, WRIGHT & ASSOCIATES**

Dorsey, Wright & Associates (DWA) is a registered investment advisory firm whose business includes two areas:

- Professional management of equity portfolios for investors.
- Investment research services for numerous broker/dealers and large institutions around the world.

The cornerstone of their approach is technical analysis, and in particular, the law of supply and demand, which gives them the discipline to make timely investment decisions. In their analysis, relative strength plays a very important role.

**RELATIVE STRENGTH**

To put it simply, relative strength is a ranking system used to measure a security’s price momentum relative to its peers. DWA believes it has refined its relative strength investment approach, creating a valuable and robust tool for portfolio selection that relies on unbiased, unemotional and objective data. When evaluating an ETF, DWA does not pay particular attention to its intraday net asset value (NAV) or bid/ask spread. Instead, they focus on its relative strength, or how its price is performing versus other ETFs within the universe. If an ETF’s price consistently rises faster than its peers, DWA believes that the trend could continue.

**DORSEY WRIGHT DYNAMIC FOCUS FIVE INDEX**

The index begins with the universe of First Trust sector and industry ETFs and the Nasdaq US T-Bill Index, a 1- to 3-month U.S. Treasury-bills index (the “cash index”). Using the DWA proprietary relative strength methodology, the ETFs are compared to each other to determine inclusion by measuring each ETF’s price momentum relative to other ETFs in the universe. Each ETF is given a score that allows the index to objectively determine where it ranks relative to all other ETFs in the universe and five ETFs that satisfy certain trading volume and liquidity requirements are selected for inclusion. The design of the index seeks to identify major themes in the market, have exposure to those sectors whose price action is superior to others in the universe and eliminate exposure to those sectors whose price action is subpar to others in the universe. In instances where relative strength diminishes across equity sectors, the index can gain varying amounts of exposure to the cash index to position defensively as a risk management tool. Based upon its rank relative to the selection universe of First Trust ETFs, the cash index may constitute between 0% and 95% of the index, but is limited to an increase or decrease of no more than 33% per evaluation.

**INDEX CONSTRUCTION PROCESS**

The universe of ETFs eligible for the index provides a diversity of investments that is potentially advantageous to trend-based tactical rotation strategies. The dispersion of returns within the universe creates the opportunity for a relative strength evaluation process to identify and attempt to capture the strongest trends, while avoiding the weakest trends.

- Begin with the universe of First Trust sector and industry ETFs and the cash index.
- Using the DWA proprietary relative strength methodology, the ETFs are compared to each other to determine inclusion. Each ETF is given a score that allows the index to objectively determine where it ranks relative to all other ETFs in the universe and five ETFs are selected for inclusion.
- The relative strength analysis is conducted twice monthly. ETFs are replaced when they fall sufficiently out of favor, based on their relative strength, versus the other ETFs within the universe. When an ETF is added or removed, the index is rebalanced so each ETF position is equally weighted.
- The cash index is evaluated twice monthly. The index allocates to the cash index when the relative strength of more than one-third of the universe of First Trust ETFs begins to diminish relative to the cash index.
One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular ETF owned by the fund, fund shares or stocks in general may fall in value. There can be no assurance that the fund’s investment objective will be achieved.

ETF Characteristics

The fund lists and principally trades its shares on The Nasdaq Stock Market LLC. The fund’s return may not match the return of the Dorsey Wright Dynamic Focus Five Index. The ETFs held by the fund will generally not be bought or sold in response to market fluctuations.

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. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular ETF owned by the fund, fund shares or stocks in general may fall in value. There can be no assurance that the fund’s investment objective will be achieved.

ETFs in which the fund invests in equity securities and the value of the fund’s shares will fluctuate with changes in the value of these equity securities. The ETFs in which the fund invests are likely to be concentrated in a single industry or sector. An ETF concentrated in a single industry or sector presents more risks than a fund that is broadly diversified over several industries or sectors.

The fund may be subject to interest rate risk and income risk. Interest rate risk is the risk that the value of the cash equivalents 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 ETFs in which the fund invests may invest in securities of non-U.S. issuers which are 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. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries. The ETFs in which the fund invests may invest in deposits which may be less liquid than the underlying shares in their primary trading market.

The index employs a “momentum” style methodology that emphasizes selecting ETFs that have had higher recent price performance compared to other ETFs. Momentum can turn quickly and cause significant variation from other types of investments.

Pursuant to the methodology that the index employs, the fund may own a significant portion of the First Trust ETFs included in the index. Any such ETF may be removed from the index in the event that it does not comply with the eligibility requirements of the index. As a result, the fund may be forced to sell shares of certain First Trust ETFs at inopportune times or for prices other than at current market values or may elect not to sell such shares on the day that they are removed from the index, due to market conditions or otherwise.

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.