First Trust offers a range of ETFs that are based on the Nasdaq US Smart Sector Indexes. The indexes are modified factor-weighted indexes created and administered by Nasdaq, Inc. ("Nasdaq") designed to provide exposure to US economic sectors. Securities are selected for each sector based upon liquidity and then ranked based on a three factor methodology incorporating volatility, value and growth.

FTXO — First Trust Nasdaq Bank ETF
FTGX — First Trust Nasdaq Food & Beverage ETF
FTXN — First Trust Nasdaq Oil & Gas ETF
FTXH — First Trust Nasdaq Pharmaceuticals ETF
FTXD — First Trust Nasdaq Retail ETF
FTXL — First Trust Nasdaq Semiconductor ETF
FTXR — First Trust Nasdaq Transportation ETF

**NASDAQ US SMART SECTOR INDEX™ METHODOLOGY**

- The most liquid eligible securities within a specific sector are selected by Nasdaq from the Nasdaq US Benchmark Index.
- Nasdaq then ranks those securities based on three factors:
  - Volatility — trailing 12-month price fluctuation.
  - Value — cash flow to price.
  - Growth — the average of the 3-, 6-, 9-, and 12-month price appreciation.
- The securities that are selected for the indexes are weighted based on their combined score of the three factors. The weighting methodology includes caps to prevent high concentrations among single stocks.
- The indexes are reconstituted annually and rebalanced quarterly.

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 funds list and principally trade their shares on The Nasdaq Stock Market LLC. A fund’s return may not match the return of the applicable index. Securities held by a 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 a 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**

A fund’s shares will change in value, and you could lose money by investing in a fund. One of the principal risks of investing in a fund is market risk. Market risk is the risk that a particular stock owned by a fund, fund shares or stocks in general may fall in value.

The funds invest in securities issued by companies concentrated in a particular industry or sector, which involves additional risks, including limited diversification. A fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

The funds currently have fewer assets than larger funds, and like other relatively new funds, large inflows and outflows may impact a fund’s market exposure for limited periods of time.

The funds are classified as “non-diversified” and may invest a relatively high percentage of their assets in a limited number of issuers. As a result, the funds 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.