

>> Fund Objective

This actively managed exchange-traded fund seeks to provide investors with long-term total return.

>> Fund Facts

Fund Ticker	FTLS
CUSIP	33739P103
Intraday NAV	FTLSIV
Fund Inception Date	9/8/14
Primary Listing	NYSE Arca

>> Fees and Expenses

Management Fees	0.95%
Acquired Fund Fees and Expenses	0.01%
Margin Interest Expense and Short Sale Fees	0.11%
Dividends on Short Sales	0.41%
Total Annual Expenses	1.48%

>> Fund Description

>> The First Trust Long/Short Equity ETF seeks to pursue its investment objective by investing in both a long and short portfolio consisting of at least 80% in U.S. exchange-listed equity securities of U.S. and foreign companies such as common stocks and ETFs. The fund may invest up to 20% of its net assets (plus the amount of any borrowing for investment purposes) in U.S. exchange-listed equity index futures contracts. These futures contracts will be used to gain long or short exposure to broad based equity indexes.

- The overall portfolio, under normal market conditions, will be 80 to 100% invested in long positions and 0% to 50% invested in short positions.
- >> Through the investment process, the Advisor follows a systematic portfolio construction process designed to balance the drivers of risk and return that exist between the long and short positions.
 - The investment process uses Sabrient/Gradient's Earnings Quality Rank (EQR) model ranking, which serves as a building block for potential holdings, both long and short. Additional proprietary research will be used to tactically manage both the overall percentage and composition of the long and short exposures in the portfolio.
 - The Advisor will then seek to manage risk and control exposures between the long and short portfolio.
 - The Advisor will apply quantitative and fundamental analysis to position the size and expected level of risk of the short portfolio.
 - The long and short portfolios are integrated and optimized to seek to balance the risk and return between the long and short positions relative to the general equity market. ^

>> Fund Advisor

- >> First Trust Advisors L.P. is the advisor to the fund and manages the fund's portfolio.
- >> Daily investment decisions are made by:
 - John Gambla, CFA, FRM, PRM, Senior Portfolio Manager, Alternatives Investment Team of First Trust
 - Rob A. Guttschow, CFA, Senior Portfolio Manager, Alternatives Investment Team of First Trust

>> Performance Summary (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
Net Asset Value (NAV)	-8.17	-4.79	-4.79	5.09	—	—	5.84
After Tax Held	-8.28	-5.11	-5.11	4.74	—	—	5.48
After Tax Sold	-4.83	-2.83	-2.83	3.76	—	—	4.37
Market Price	-8.07	-4.71	-4.71	5.08	—	—	5.86
Index Performance**							
S&P 500 Index	-13.52	-4.38	-4.38	9.26	—	—	7.55

>> Calendar Year Total Returns (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FTLS	—	—	—	—	—	—	—	5.19	6.84	14.10	-4.79
S&P 500 Index	—	—	—	—	—	—	—	1.38	11.96	21.83	-4.38

>> 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FTLS	7.82	-1.28	0.65	0.54	0.91
S&P 500 Index	10.95	—	1.00	0.77	1.00

Overall Morningstar Rating™



Among 199 funds in the Long-Short Equity category. This fund was rated 4 stars/199 funds (3 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.

*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 S&P 500 Index is the fund's benchmark. 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.

^^"Long" and "short" are investment terms used to describe ownership of securities. To buy securities is to "go long." The opposite of going long is "selling short." Short selling is an advanced trading strategy that involves selling a borrowed security. Short sellers make a profit if the price of the security goes down and they are able to buy the security at a lower amount than the price at which they sold the security short.

» Portfolio Information – Long Exposure

Number Of Holdings	138
Maximum Market Cap.	\$779.80 Billion
Median Market Cap.	\$18.14 Billion
Minimum Market Cap.	\$916 Million
Price/Earnings	16.62
Price/Book	2.65
Price/Cash Flow	11.93
Price/Sales	1.83

» Portfolio Information – Short Exposure

Number Of Holdings	107
Maximum Market Cap.	\$201.55 Billion
Median Market Cap.	\$9.36 Billion
Minimum Market Cap.	\$427 Million
Price/Earnings	18.73
Price/Book	2.48
Price/Cash Flow	12.17
Price/Sales	1.55

» Fund Exposure (%)

Long Exposure	91.35%
Short Exposure	-36.96%
Net Exposure	54.39%

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. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular security owned by the fund, fund shares or securities in general may fall in value. The fund is subject to management risk because it is an actively managed portfolio. In managing the fund's investment portfolio, the 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 objective will be achieved.

An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency

» Top Holdings (%) – Long Exposure

Berkshire Hathaway, Inc.	1.92
Alphabet, Inc.	1.82
Apple, Inc.	1.79
Amgen Inc.	1.74
Chubb Limited	1.70
Microsoft Corporation	1.70
The Boeing Company	1.67
Mid-America Apartment Communities, Inc.	1.66
AMETEK, Inc.	1.58
MFA Financial, Inc.	1.55

» Top Holdings (%) – Short Exposure

iShares Russell 2000 ETF	-3.34
S&P 500 Depositary Receipts (SPDR)	-3.24
The Madison Square Garden Company	-0.62
Salesforce.com, Inc.	-0.61
Teradata Corporation	-0.60
Baxter International, Inc.	-0.59
Air Products and Chemicals, Inc.	-0.58
Liberty Property Trust	-0.57
W.P. Carey Inc.	-0.57
Wolverine World Wide, Inc.	-0.57

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.

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.

Shorting may result in greater gains or greater losses. Short selling creates special risks which could result in increased volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

The fund may invest in the shares of other ETFs, and therefore, the fund's investment performance and risks may be related to the investment performance and risks of the underlying ETFs. In general, as a shareholder in other ETFs, the fund bears its ratable share of the underlying ETF's expenses, and would be subject to duplicative expenses to the extent the fund invests in other ETFs.

The use of futures and other 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.

» Top Sector (%) – Long Exposure

Information Technology	16.76
Health Care	12.39
Financials	12.35
Industrials	12.22
Consumer Discretionary	11.47
Real Estate	7.53
Consumer Staples	6.01
Energy	6.01
Communication Services	5.13
Materials	1.48

» Top Sector (%) – Short Exposure

Industrials	-6.68
Real Estate	-4.91
Health Care	-4.45
Information Technology	-4.18
Consumer Discretionary	-3.34
Communication Services	-1.69
Financials	-1.57
Materials	-1.49
Energy	-1.07
Consumer Staples	-1.00

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.

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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 **S&P 500 Index** is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

§The 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.