The **First Trust Low Duration Opportunities ETF** is an actively managed exchange-traded fund (ETF) that primarily seeks to generate current income with a secondary objective of capital appreciation.

Under normal market conditions, the fund will seek to achieve its investment objectives by investing at least 80% of its net assets (including investment borrowings) in investment grade, mortgage-related debt securities and other mortgage-related instruments tied to residential and commercial mortgages. We believe mortgage-backed securities (MBS) offer attractive income generating potential relative to other high quality fixed income assets. An investment in the fund may offer the following advantages:

- Attractive level of current income with an effective duration target of 3 years or less;
- Limited price sensitivity due to a focus on managing and limiting the average portfolio duration;
- High asset credit quality with at least 60% of assets in the government-sponsored mortgage sector and less expected price sensitivity to the credit cycle;
- Large and liquid asset class effectively accommodates efficient portfolio rebalancing.

Fund Details

Fund Ticker	LMBS
Fund Inception Date	11/4/14
CUSIP	33739Q200
Intraday NAV	LMBSIV
Primary Listing	Nasdaq

DURATION AS A TOOL TO HELP MANAGE RISK

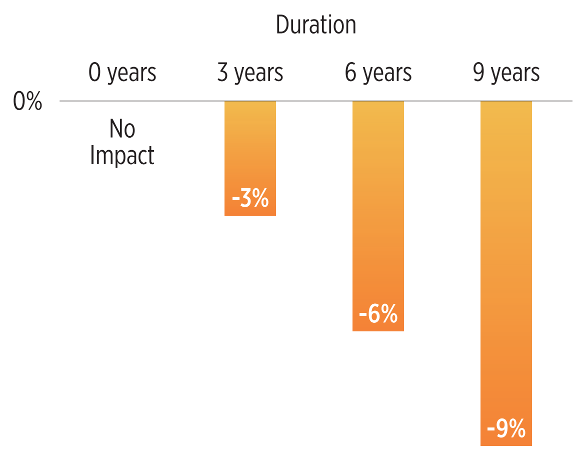
Some securities have greater sensitivity to changes in interest rates. By using duration as an estimate of interest rate sensitivity, investors don't have to guess at this exposure. A security's duration is a measure of its price sensitivity to interest rate movements. In other words, it tells the investor how the security's price is likely to change when market interest rates go up or down.

In general, each year of duration represents an expected 1% change in the value of a security for every 1% change in interest rates. For example, if a portfolio of securities has an average duration of three years, its value can be expected to fall about 3% if interest rates rise by 1%. Conversely, the portfolio's value can be expected to rise about 3% if interest rates fall by 1%.

Prices of securities with lower durations tend to be less sensitive to interest rate changes than securities with higher durations. As a result, lower duration securities tend to hold up better in rising interest rate environments than those with longer durations.

With interest rates at the current low levels, it is likely that they will eventually begin to rise. Active portfolio management, which includes managing duration, may help mitigate the impact that rising rates may have on returns.

Changes in Bond Prices if Interest Rates Rise 1%



This hypothetical illustration of the effects of rising interest rates on returns is for illustrative purposes only and does not account for all factors that may potentially impact returns.

WHY ACTIVE PORTFOLIO MANAGEMENT?

Typically, ETFs that follow an indexing approach invest a higher percentage of the fund's assets in securities within the index with the largest current market issuance, which exposes investors to potentially overvalued or poorly structured market sectors. Most index ETFs that invest in mortgage-backed securities are currently trading with longer durations, leading to greater sensitivity to longer-term interest rate movements. In contrast, an actively managed ETF can be managed to stay within lower duration targets.

When selecting the portfolio for the First Trust Low Duration Opportunities ETF, the portfolio management team uses top-down research focused on the global economy, macro trends in the fixed income market as well as ongoing valuations and trends of core MBS sectors. The portfolio managers believe thorough and continuous monitoring of overall housing market fundamentals, quantitative portfolio modeling, and the ability to rebalance the portfolio to stay within the fund's three-year duration target is critical to achieving higher risk-adjusted returns. Quantitative portfolio modeling is used to evaluate expected relative portfolio performance and optimally create an efficient strategy based on the following variables:

- Interest rates
- Yield volatility
- Security structural transformation
- Defaults and severities
- Mortgage prepayments
- MBS spread
- Housing market fundamentals
- Government and regulatory policy

The portfolio is managed by First Trust Advisors L.P. Day-to-day management decisions are made by:

Jim Snyder, Portfolio Manager | First Trust Mortgage Securities Team

Mr. Snyder has 27 years of investment experience and joined First Trust in 2013. Prior to joining First Trust, he worked as a Senior Portfolio Manager at Fort Sheridan Advisors. In his career, Mr. Snyder has led several mortgage trading and portfolio groups at Deerfield Capital, Spyglass Capital & Trading and American Express Financial Advisors. Mr. Snyder managed AXP Federal Income Fund and developed mortgage trading strategies for Spyglass Capital and Deerfield's Mortgage REIT and Opportunity Fund. Mr. Snyder holds a B.S. and M.A. in Economics from DePaul University and an MBA from University of Chicago Booth School of Business.

Jeremiah Charles, Portfolio Manager | First Trust Mortgage Securities Team

Mr. Charles has 14 years of investment experience and joined First Trust in 2013. Prior to joining First Trust, he worked as a Vice President of MBS at CRT Capital. Before joining CRT in 2011, Mr. Charles spent 6 years with Deerfield Capital Management LLC as a Senior Vice President and Senior Portfolio Manager for the Mortgage Trading team. He began his professional career as an Analyst at Piper Jaffray. Mr. Charles holds a B.S. in Finance from the Leeds School of Business at the University of Colorado, and a M.S. in Real Estate Finance with Honors from the Charles H. Kellstadt Graduate School of Business at DePaul University.

You should consider a 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 funds. The prospectus or summary prospectus should be read carefully before investing.

ETF Characteristics

The fund lists and principally trades its shares on The Nasdaq Stock Market LLC.

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 guarantee that the fund will meet its investment objective.

The fund is subject to credit risk, income risk, interest rate risk and prepayment 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. Income risk is the risk that income from the fund's fixed-income investments could decline during periods of falling interest rates. Interest rate risk is the risk that the value of the fixed-income securities in the fund will decline because of rising market interest rates. Prepayment risk is the risk that the fund may not be able to reinvest proceeds received on terms as favorable as the prepaid security.

Mortgage-related securities, including mortgage-backed securities, are more susceptible to adverse economic, political or regulatory events that affect the value of real estate. Mortgage-related securities are subject to the risk that the rate of mortgage prepayments decreases, which extends the average life of a security and increases the interest rate exposure.

Securities issued or guaranteed by federal agencies and U.S. government sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government.

If a counterparty defaults on its payment obligations, the fund will lose money and the value of fund shares may decrease. The fund's investment in repurchase agreements may be subject to market and credit risk with respect to the collateral securing the agreements.

High-yield securities, or "junk" bonds, are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, may be highly speculative.

Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the fund or at prices approximately the value at which the fund is carrying the securities on its books.

The fund may effect a portion of creations and redemptions for cash rather than in-kind securities. As a result, the fund may be less tax-efficient.

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

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 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.

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.

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.