First Trust CEF Income Opportunity ETF

As of 12/31/19

» Fund Objective
This actively managed exchange-traded fund seeks to provide current income with a secondary emphasis on total return.

» Fund Facts
Fund Ticker: FCEF
CUSIP: 33740F409
Intraday NAV: FCEFIV
Fund Inception Date: 9/27/16
30-Day SEC Yield: 6.26%
Primary Listing: Nasdaq

» Fees and Expenses
Management Fees: 0.85%
Acquired Fund Fees and Expenses: 2.36%
Total Annual Expenses: 3.21%

» Fund Description
The First Trust CEF Income Opportunity ETF is an actively managed exchange-traded fund. 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 a portfolio of closed-end investment companies that are listed and traded in the United States on registered exchanges (CEFs).

The investment process begins by sorting the entire universe of CEFs by category–taxable fixed-income and equity.

The CEFs are then ordered by sector, strategy and size.

Funds within the investable universe are scored based on fundamental and performance factors.

Fund scores are reviewed and analyzed via a proprietary model which takes into account more than just yield and discount. The portfolio manager seeks to avoid small, illiquid funds and unproven fund managers, while also considering tactical opportunities such as corporate actions, market pricing and calendar events. The model is reviewed and overlaid with a top-down macroeconomic outlook to determine what the portfolio manager believes to be the most opportunistic areas in which to invest.

The output of fundamental and performance scoring is combined with the proprietary investment model and economic outlook. From the results, the investment portfolio is assembled.

» 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:
• Ken Fincher; Senior Vice President and Portfolio Manager
• Jordan Ramsland, Portfolio Manager

The portfolio managers have an extensive background of investing in CEFs and ETFs, and seek to capitalize on a wide range of opportunities, providing the potential to outperform benchmarks.

» Performance Summary (%)

<table>
<thead>
<tr>
<th>Fund Performance*</th>
<th>3 Month</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>Since Fund Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value (NAV)</td>
<td>4.95</td>
<td>28.12</td>
<td>28.12</td>
<td>10.53</td>
<td>—</td>
<td>—</td>
<td>9.98</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>4.40</td>
<td>25.46</td>
<td>25.46</td>
<td>8.27</td>
<td>—</td>
<td>—</td>
<td>7.68</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>2.92</td>
<td>16.62</td>
<td>16.62</td>
<td>7.40</td>
<td>—</td>
<td>—</td>
<td>6.69</td>
</tr>
<tr>
<td>Market Price</td>
<td>5.18</td>
<td>28.71</td>
<td>28.71</td>
<td>10.36</td>
<td>—</td>
<td>—</td>
<td>10.00</td>
</tr>
<tr>
<td>Index Performance**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russell 3000® Index</td>
<td>9.10</td>
<td>31.02</td>
<td>31.02</td>
<td>14.57</td>
<td>—</td>
<td>—</td>
<td>14.92</td>
</tr>
</tbody>
</table>

» Calendar Year Total Returns (%)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Blended Benchmark</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>16.90</td>
<td>-10.57</td>
<td>26.74</td>
<td></td>
</tr>
<tr>
<td>Russell 3000® Index</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>21.13</td>
<td>-5.24</td>
<td>31.02</td>
<td></td>
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</table>

» 3-Year Statistics

<table>
<thead>
<tr>
<th></th>
<th>Standard Deviation (%)</th>
<th>Alpha</th>
<th>Beta</th>
<th>Sharpe Ratio</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCEF</td>
<td>10.57</td>
<td>-0.76</td>
<td>0.76</td>
<td>0.85</td>
<td>0.90</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>10.16</td>
<td>-0.81</td>
<td>0.72</td>
<td>0.82</td>
<td>0.87</td>
</tr>
<tr>
<td>Russell 3000® Index</td>
<td>12.38</td>
<td>—</td>
<td>1.00</td>
<td>1.03</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Overall Morningstar Rating™ ★★★★★
Among 379 funds in the World Allocation category.
This fund was rated 5 stars/379 funds (3 years) based on risk adjusted returns.

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 Blended Benchmark consists of the following two indexes: 60% of the First Trust Equity Closed-End Fund Index which is a cap weighted index (based on NAV) designed to provide a broad representation of the equity based closed-end fund universe; and 40% of the First Trust Taxable Fixed Income Closed-End Fund Index which is a cap weighted index (based on NAV) designed to provide a broad representation of the taxable fixed income closed-end fund universe. Funds included in the indexes trade on an U.S. Stock Exchange and have a market cap of at least $100 million. Prior to August 2019, the Blended Benchmark consisted of the following two indexes: 60% of the Morningstar US All Equity CEF Index and 40% of the Morningstar US All Taxable Fixed Income CEF Index. The prior Blended Benchmark is no longer shown because the Morningstar Indexes used in the Blended Benchmark were closed in August 2019. Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the index performance shown. Indexes are unmanaged and an investor cannot invest directly in an index.
ETF Characteristics

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

Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices of shares of the fund often will fluctuate at a level above or below the net asset value per share due to changes in the market value of the fund’s underlying holdings. The shares are not individually redeemable from the fund, but shares of the fund may be created or redeemed in cash only by or with the consent of the fund for large orders. In addition, the fund may, under certain 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.

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.

An investment in this fund should be made with an understanding of the risks associated with an investment in a portfolio of closed-end funds which invest in common stocks and debt securities.

An underlying fund may invest in small and/or mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

Because the shares of CEFs cannot be redeemed upon demand, ordinary investors will trade on exchanges at market prices rather than at net asset value, which may cause the shares to trade at a price greater than NAV (premium) or less than NAV (discount).

There can be no assurance that the fund’s investment objectives will be achieved.

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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 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 objectives will be achieved.

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The fund may be subject to covered call risk which is the risk that the fund may sell call options on its shares at any time. The fund may have the opportunity to profit from increases in the market value of the related shares by writing these options. If the exercise price of the call option is lower than the market price of the shares, the fund may retain the difference between the market price of the shares and the exercise price of the call option. The fund will incur a loss on these options if the market price of the shares declines and the exercise price of the call option is higher than the market price of the shares.

The use of leverage by the fund may increase the volatility of the price of the fund’s shares and may affect the fund’s performance.

The use of options or other derivatives can lead to losses because of adverse movements in the price or value of the underlying instrument. For example, if the value of the underlying instrument falls, the fund may lose money if the option it holds is out-of-the-money or if the underlying instrument becomes delisted.

The use of various financial instruments or borrowed capital to increase the potential return of an investment. The use of such instruments or techniques involves additional risks and costs. The fund may use financial instruments such as futures contracts, options, swaps, options on futures contracts, and forwards.

You should consider the fund’s investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Portfolios LP at 1-800-621-6765 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.

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