

» Fund Objective

This actively managed exchange-traded fund seeks to provide current income.

» Fund Facts

Fund Ticker	MCEF
CUSIP	33740F508
Intraday NAV	MCEFIV
Fund Inception Date	9/27/16
30-Day SEC Yield [†]	3.53%
Taxable Equivalent 30-Day SEC Yield [‡]	5.96%
Primary Listing	Nasdaq

» Fees and Expenses

Management Fees	0.75%
Acquired Fund Fees and Expenses [‡]	1.36%
Total Annual Expenses	2.11%

» Fund Description

- » The First Trust Municipal CEF Income Opportunity ETF is an actively managed exchange-traded fund. Under normal market conditions, the fund will seek to achieve its investment objective 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) which invest primarily in municipal debt securities some or all of which pay interest that is exempt from regular federal income taxes.
- » The investment process begins by sorting the entire universe of exchange-traded municipal CEFs by category-national, state, and high yield.
- » 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
- » The portfolio manager has an extensive background of investing in CEFs and ETFs, and seeks to capitalize on a wide range of opportunities, providing the potential to outperform benchmarks.

» Performance Summary (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance*							
Net Asset Value (NAV)	1.54	-2.56	-1.52	—	—	—	-2.67
After Tax Held	1.16	-3.28	-3.04	—	—	—	-4.22
After Tax Sold	0.91	-1.52	-0.94	—	—	—	-2.70
Market Price	1.48	-2.50	-1.52	—	—	—	-2.65
Index Performance**							
Morningstar US National & High Yield Municipal CEF Index	1.71	-3.19	-1.30	—	—	—	-2.29

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.

[‡]The taxable equivalent yield is for illustrative purposes only. This information illustrates approximately what you would have to earn on taxable investments to equal the tax-exempt yield using the highest federal tax bracket for 2018. This information is based on present law as of the date of publication and does not account for any proposed changes in tax rates. This information does not account for limitations on deductions, the alternative minimum tax or taxes other than Federal personal income tax.

[‡]Acquired fund fees and expenses reflect the fund's pro rata share of the indirect fees and expenses incurred by investing in one or more acquired funds.

*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 Morningstar US National & High Yield Municipal CEF 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.

» Portfolio Information

Number Of Holdings	40
Weighted Average Option-Adjusted Duration ¹	5.20 Years
Weighted Average Leverage	7.71 Years
Option-Adjusted Duration ²	
Weighted Average Effective Maturity	6.20 Years
Weighted Average Leverage ³	26.40%
Weighted Average Premium/Discount ⁴	-6.57%

» Credit Quality (%)⁵

AAA	9.44
AA	29.01
A	27.52
BBB	17.38
BB	4.56
B	3.39
CCC-D	0.64
N/R	7.64
Other	0.42

» Top Holdings (%)

BlackRock Municipal 2030 Target Term Trust	4.99
PIMCO Short Term Municipal Bond Active ETF	4.44
PIMCO Intermediate Municipal Bond Active Exchange-Traded Fund	4.32
Nuveen Municipal Value Fund, Inc.	4.03
Nuveen Intermediate Duration Municipal Term Fund	3.99
BlackRock Muni Intermediate Duration Fund, Inc.	3.95
BlackRock MuniYield Quality Fund III, Inc.	3.70
Western Asset Municipal Partners Fund Inc.	3.40
Nuveen Enhanced Municipal Value Fund	3.34
BlackRock Long-Term Municipal Advantage Trust	3.27

» Fund Composition (%)

CEF	83.86
ETF	11.31
Cash	4.83

» Top Sector Exposure (%)

National Municipal Leveraged Term Fund	53.84
National Municipal ETF	23.98
National Municipal Non-Leveraged Cash	11.31
	5.31
	4.83

» Top State Exposure (%)

Illinois	11.20
California	11.07
New York	10.06
Texas	8.62
Florida	6.95

¹A measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield and is adjusted for option provisions.

²A measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield that is adjusted for option provisions and the leveraging process.

³The use of various financial instruments or borrowed capital to increase the potential return of an investment.

⁴A premium occurs when an underlying fund's market price is higher than its NAV, and a discount occurs when an underlying fund's market price is lower than its NAV.

⁵The credit quality information presented reflects the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's Ratings Group, a division of the McGraw Hill Companies, Inc., Moody's Investors Service, Inc., Fitch Ratings or a comparably rated NRSRO. For situations in which a security is rated by more than one NRSRO and ratings are not equivalent, the highest ratings are used. Sub-investment grade ratings are those rated BB+/Ba1 or lower. Investment grade ratings are those rated BBB-/Baa3 or higher. The credit ratings shown relate to the creditworthiness of the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Credit ratings are subject to change.

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 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. 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.

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.

Municipal Securities may be adversely affected by local political and economic conditions and developments. Municipal securities issuers may be unable to pay their obligations as they come due. Income from municipal bonds could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. All or a portion of the fund's otherwise exempt-interest dividends may be taxable to those shareholders subject to the federal alternative minimum tax.

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. The market for high yield securities is smaller and less liquid than that for investment grade securities. Distressed Municipal Securities

are speculative and involve substantial risks. Lower-quality debt tends to be less liquid than higher-quality debt.

Participation interests in municipal leases pose special risks because many leases and contracts contain "non-appropriation" clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for this purpose by the appropriate legislative body.

Because the shares of CEFs cannot be redeemed upon demand, shares of many CEFs will trade on exchanges at market prices rather than 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 market discount on shares of any CEF purchased by the fund will ever decrease or that when the fund seeks to sell shares of a CEF it can receive the NAV for those shares. The fund may also be exposed to higher volatility in the market due to indirect use of leverage through its investment in CEFs. CEFs may issue senior securities in an attempt to enhance returns.

The use of 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. If a counterparty defaults on its payment obligations, the fund will lose money and the value of fund shares may decrease.

Municipal bonds are subject to numerous additional risks, including credit risk, income risk, interest rate risk, call risk, and zero coupon bond 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 fixed income investments could decline during periods of falling interest rates. Interest rate risk is the risk that the value of the securities in the fund will decline because of rising market interest rates. Call risk is the risk that performance could be adversely impacted if an issuer calls higher-yielding debt instruments. Zero coupon bond risk is the risk that zero coupon bonds may be highly volatile as interest rates rise or fall because they do not pay interest on a current basis.

The risks of owning an ETF generally reflect the risks of owning the underlying securities, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs.

An underlying fund may invest in inverse floating rate securities which create effective leverage and thus, the value of the inverse floater will increase and decrease to a significantly greater extent. Custodial receipt trusts may issue inverse floater securities and if an underlying fund were to hold inverse floaters issued by custodial receipt trusts, the underlying fund would be subject to the risks of inverse floaters.

The fund may, under most circumstances, effect a significant 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.

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 fund's investment in CEFs is restricted by the Investment Company Act of 1940 and the fund's associated exemptive relief which limits the amount of any single CEF that can be owned by the fund.

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.

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.

Definitions

The Morningstar US National & High Yield Municipal CEF Index is a weighted average of the market price of closed-end funds which invest in U.S. National and High Yield municipals.