First Trust Municipal High Income ETF

As of 6/28/19

**Fund Description**
- 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 municipal debt securities that pay interest that is exempt from regular federal income taxes. At least 50% of the fund’s net assets are allocated to below investment-grade and unrated municipal securities, with an allocation of no more than 50% to investment grade rated municipal securities.
- First Trust Advisors L.P. is the advisor to the fund and manages the fund’s portfolio. Daily investment decisions are made by Tom Futrell, CFA, Senior Vice President, Portfolio Manager and Johnathan N. Wilhelm, Senior Vice President, Portfolio Manager.
- The investment process practices rigorous credit analysis of individual issuers coupled with a thorough understanding of the major opportunities and risks within municipal sectors.
  - The portfolio managers use a disciplined approach that focuses on a combination of quantitative analysis and fundamental research.
  - Their actively managed approach applies extensive research on each individual bond selection.
  - They seek to take advantage of the inefficiencies within the municipal market to find higher-yielding undervalued bonds.

**Performance Summary (%)**

<table>
<thead>
<tr>
<th>Period</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>NAV</td>
<td>2.88</td>
<td>6.61</td>
<td>7.74</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>6.12</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>2.52</td>
<td>5.85</td>
<td>6.19</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4.69</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>1.70</td>
<td>3.90</td>
<td>4.54</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4.05</td>
</tr>
<tr>
<td>Market Price</td>
<td>2.87</td>
<td>6.55</td>
<td>7.87</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>6.22</td>
</tr>
</tbody>
</table>

**Index Performance**

- **Blended Benchmark**
  - 2.17
  - 5.45
  - 7.88
- **Bloomberg Barclays Municipal Bond Index**
  - 2.14
  - 5.09
  - 6.71

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.

*First Trust has contractually agreed to waive management fees of 0.15% of average daily net assets until November 30, 2019.

†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 and includes the effects of fee waivers and expense reimbursements.

‡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 2019. 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.

*Net asset value (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 Sold 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. The fund’s performance reflects fee waivers and expense reimbursements, absent which performance would have been lower. 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: 50% of the Bloomberg Barclays High Yield 10-Year Municipal Index (8-12 years) which is comprised of bonds with a final maturity between 8 and 12 years that are part of the Bloomberg Barclays Municipal Bond High Yield Index; and 50% of the Bloomberg Barclays Revenue 10-Year Municipal Index (8-12 years) which is comprised of revenue bonds that have a final maturity between 8 and 12 years that are part of the Bloomberg Barclays Municipal Bond Index. 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.
The 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 comparatively rated NRSRO, in which such a rating is obtained through one or more NRSROs and the ratings are not equivalent, the highest ratings are used. Sub-investment grade ratings, which are those rated BB- and lower, investment grade ratings are those BBB- and 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.

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 may be adversely affected by local political and economic conditions and developments.

The fund’s shares will change in value and you could lose money by investing in the fund. The fund is subject to financial leverage that may not have the desired result. There can be no assurance that the fund’s investment objectives will be achieved.

ETF Characteristics

Investors buying or selling fund shares on the secondary market may pay 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 shares’ 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, who may be large investment companies or other institutions. If the fund’s authorized participants are unable to proceed with creating or redeeming shares in normal trading orders and may be unwilling or unable to do so, a 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.

Top Sector Exposure (%)³

- Continuing Care Retirement Communities: 12.11
- IDD: 10.66
- Special Assessment: 10.65
- Hospital: 9.75
- Education: 9.03
- General Obligation-Limited: 7.31
- General Obligation-Unlimited: 7.14
- Student Housing: 3.78
- Dedicated Tax: 3.49
- Insured: 3.39
- Maturity Exposure (%)

- 0 - 0.99 Years: 0.88
- 1 - 1.99 Years: 0.22
- 2 - 2.99 Years: 0.54
- 3 - 3.99 Years: 2.08
- 4 - 4.99 Years: 3.77
- 5 - 5.99 Years: 3.08
- 6 - 6.99 Years: 4.25
- 7 - 7.99 Years: 5.74
- 8 - 8.99 Years: 6.30
- 9 - 9.99 Years: 9.97
- 10 - 14.99 Years: 25.26
- 15 - 19.99 Years: 23.95
- 20 - 24.99 Years: 9.77
- 25 - 29.99 Years: 0.90
- 30 Years & Over: 2.82
- Cash: 0.47

ETF trading and principally trades its shares on The Nasdaq Stock Market LLC.

An investment in inverse floaters typically will involve greater risk than an investment in a fixed rate municipal bond. Investments in inverse floaters create effective leverage. In general, the fund will use inverse floaters to increase its exposure to interest rate increases. The fund may use inverse floaters in connection with strategies designed to take advantage of anticipated increases in interest rates and as an add-on investment to the fund’s normal investment strategies. 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.

The fund will, under most 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 information presented is not intended to constitute an investment recommendation for, or advice to, any specific person, fund, or account, nor is it intended to constitute an incubator in a limited number of issues. 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.

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.

The fund will, under most 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 will, under most 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.