First Trust BuyWrite Income ETF

As of 6/28/19

**Fund Description**

The First Trust BuyWrite Income ETF seeks to pursue its investment objectives by combining a stock portfolio with an index option strategy.

- The fund will invest primarily in U.S. equity securities of all market capitalizations, favoring high dividend-paying common stocks.
- The fund will also utilize an options strategy in which it will write (sell) U.S. exchange-traded covered call options on the S&P 500 Index seeking to generate additional cash flow in the form of premiums on the options that may be distributed to shareholders on a monthly basis. A premium is the income received by an investor who sells the option contract to another party.

Through the investment process, the advisor seeks to maximize returns through a portfolio that is tactical and transparent.

- The Advisor selects the equity portion from a universe of U.S. exchange-listed common stocks of all market capitalizations, American Depositary Receipts and Global Depositary Receipts.
- The Advisor will then apply a mathematical optimization process which uses market capitalization, liquidity, operating cash flow, dividend yield, share repurchases, and debt issuance factor constraints to produce a diversified portfolio favoring higher dividend-paying stocks that will seek to have an approximate tracking error of 300 - 500 basis points (3-5%) relative to the S&P 500 Index.
- The Advisor will apply a covered call strategy to potentially generate additional income and provide a degree of protection against short-term volatility.
- The equity portfolio will be rebalanced periodically at the discretion of the investment team. The option portfolio will be actively managed reflecting the underlying portfolio and market conditions and opportunities.

**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 Gamba, 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 (%)**

<table>
<thead>
<tr>
<th>Fund Performance*</th>
<th>Quarter</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value (NAV)</td>
<td>4.41</td>
<td>12.86</td>
<td>3.16</td>
<td>8.58</td>
<td>6.51</td>
<td>—</td>
<td>6.78</td>
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<tr>
<td>After Tax Held</td>
<td>3.94</td>
<td>11.85</td>
<td>1.34</td>
<td>6.63</td>
<td>4.46</td>
<td>—</td>
<td>4.78</td>
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<tr>
<td>After Tax Sold</td>
<td>2.60</td>
<td>7.59</td>
<td>1.83</td>
<td>5.73</td>
<td>4.05</td>
<td>—</td>
<td>4.30</td>
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<tr>
<td>Market Price</td>
<td>4.26</td>
<td>12.92</td>
<td>3.16</td>
<td>8.58</td>
<td>6.48</td>
<td>—</td>
<td>6.78</td>
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**Index Performance**

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<tbody>
<tr>
<td>CBOE S&amp;P 500 BuyWrite Monthly Index</td>
<td>3.28</td>
<td>10.27</td>
<td>3.18</td>
<td>7.44</td>
<td>5.98</td>
<td>—</td>
<td>6.52</td>
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<tr>
<td>S&amp;P 500 Index</td>
<td>4.30</td>
<td>18.54</td>
<td>10.42</td>
<td>14.19</td>
<td>10.71</td>
<td>—</td>
<td>11.35</td>
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**Calendar Year Total Returns (%)**

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</thead>
<tbody>
<tr>
<td>CBOE S&amp;P 500 BuyWrite Monthly Index</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5.24</td>
<td>7.07</td>
<td>13.00</td>
<td>-4.77</td>
<td>10.27</td>
</tr>
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</table>

**3-Year Statistics**

- **Standard Deviation (%)**
  - FHII: 9.78
  - CBOE S&P 500 BuyWrite Monthly Index: 7.90

- **Alpha**
  - FHII: 0.87
  - CBOE S&P 500 BuyWrite Monthly Index: —

- **Beta**
  - FHII: 1.06
  - CBOE S&P 500 BuyWrite Monthly Index: —

- **Sharpe Ratio**
  - FHII: 0.75
  - CBOE S&P 500 BuyWrite Monthly Index: 0.77

- **Correlation**
  - FHII: 1.00
  - CBOE S&P 500 BuyWrite Monthly Index: 1.00

**Overall Morningstar Rating™**

Among 95 funds in the Options-based category. This fund was rated 5 stars/95 funds (3 years), 5 stars/62 funds (5 years) based on risk adjusted returns.6

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1. 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.
2. 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.
3. The CBOE S&P 500 BuyWrite 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.

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.
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 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 objectives will be achieved. The fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies. An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency 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.

The use of options 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 manager uses derivatives to enhance the fund’s returns 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 option positions employed may present additional risk. When selling a call option, the fund will receive a premium; however, this premium may not be enough to offset a loss incurred by the fund if the index level at the expiration of the call option is above the strike price by an amount equal to or greater than the premium. The value of an option may be adversely affected if the market for the option becomes less liquid or smaller, and will be affected by changes in the value and dividend rates of the stock or the index subject to the option, an increase in interest rates, a change in the actual and perceived volatility of the stock market and the common stock or the index and the remaining time to expiration. Additionally, the value of an option does not increase or decrease at the same rate as the underlying stock(s) or the index.

ETF is 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.

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, the Internal Revenue Code or any other regulatory framework. Financial advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

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 CBOE S&P 500 BuyWrite Index is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. It is a passive total return index based on buying an S&P 500 stock index portfolio, and writing (or selling) the near-term S&P 500 Index covered call option. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value