As of 12/31/19

**Fund Objective**

This actively managed exchange-traded fund seeks to generate current income with a focus on preservation of capital.

**Fund Description**

Under normal 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 investment grade debt securities that are issued or guaranteed by the U.S. government, its agencies or government-sponsored entities, including publicly-issued U.S. Treasury securities and mortgage-related securities tied to residential and commercial mortgages.

An investment in the fund may offer the following potential advantages:

- Attractive level of current income with a weighted average effective duration target of eight or more years;
- Low correlation to equity markets;
- High asset credit quality with at least 80% of assets in government securities;
- Large and liquid asset class effectively accommodates efficient portfolio rebalancing.

**Fund Facts**

- **Fund Ticker**: LGOV
- **CUSIP**: 33738D606
- **Intraday NAV**: LGOVIV
- **Fund Inception Date**: 1/22/19
- **Expense Ratio**: 0.65%
- **30-Day SEC Yield**: 3.33%
- **Primary Listing**: NYSE Arca

**Fund Advisor**

- The portfolio is selected and managed by First Trust Advisors L.P.
  - The portfolio management team uses top-down research focused on the global economy, macro trends in the fixed income market as well as evolving trends in government and mortgage-backed securities sectors.
  - The portfolio managers believe thorough and continuous monitoring of housing market fundamentals, quantitative portfolio modeling, and the ability to rebalance the portfolio to stay above the fund's weighted average effective duration target, of eight years or more, is critical to achieving higher risk-adjusted returns.

**Portfolio Managers**:

- Jim Snyder, Senior Portfolio Manager, Senior Vice President, Securitized Products Group
- Jeremiah Charles, Senior Portfolio Manager, Senior Vice President, Securitized Products Group

**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>-2.20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.66</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>-2.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10.30</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>-1.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.89</td>
</tr>
<tr>
<td>Market Price</td>
<td>-2.02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.70</td>
</tr>
</tbody>
</table>

**Index Performance**

**ICE BofA 5+ Year US Treasury Index**

| 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 ICE BofA 5+ Year US Treasury 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.**
ETF Characteristics

The fund lists and principally trades its shares on the NYSE Arca, Inc. 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.

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. Actively managed funds are 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 guarantee that the fund will meet its investment objective.

The fund is subject to call risk, credit risk, income risk, inflation risk, interest rate risk and prepayment risk. Call risk is the risk that performance could be adversely impacted if an issuer calls higher-yielding debt instruments held by the fund. 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. Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. 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.

Non-agency debt, including asset-backed securities, 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.

ETF may purchase securities in “to-be-announced” (“TBA Transactions”) which may give rise to investment leverage and increase the fund’s volatility. In addition, default by, or failure to perform by, one or more issuers 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.

An investment in swap agreements may involve greater risks than a direct investment in securities as they may be leveraged and are subject to credit risk, counterparty risk and valuation risk.

ETF may purchase securities in “to-be-announced” (“TBA Transactions”) which may give rise to investment leverage and increase the fund’s volatility. In addition, default by, or bankruptcy of, a counterparty to a TBA Transaction would expose the fund to possible losses.

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

Correlation is a measure of the similarity of performance. The ICE BofAML 5-Year US Treasury Index is a subset of ICE BofAML US Treasury Index including all securities with a remaining term to final maturity greater than or equal to 5 years.