First Trust Short Duration Managed Municipal ETF

As of 6/28/19

**Fund Objectives**
This actively managed exchange-traded fund seeks to provide federally tax-exempt income consistent with capital preservation.

**Fund Facts**
- **Fund Ticker**: FSMB
- **CUSIP**: 33739P830
- **Intraday NAV**: FSMBIV
- **Fund Inception Date**: 11/1/18
- **Net Expense Ratio**: 0.45%
- **30-Day SEC Yield**: 1.63%
- **Unsubsidized 30-Day SEC Yield**: 1.53%
- **Taxable Equivalent 30-Day SEC Yield**: 2.75%
- **Primary Listing**: NYSE Arca

**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>1.22</td>
<td>2.46</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3.48</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>0.98</td>
<td>1.98</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2.91</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>0.72</td>
<td>1.45</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2.05</td>
</tr>
<tr>
<td>Market Price</td>
<td>1.22</td>
<td>2.31</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3.38</td>
</tr>
</tbody>
</table>

**Index Performance**

| Bloomberg Barclays Capital 1-5 Year Municipal Bond Index | 1.12 | 2.46 | — | — | — | — | 3.67 |

*First Trust has contractually agreed to waive management fees of 0.10% of average daily net assets until November 1, 2020.

1-866-848-9727 • www.ftportfolios.com
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 significantly higher or lower prices than the next NAV, due to market fluctuations. 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 a creation/redemption order 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. There can be no assurance that the fund's investment objectives will be achieved.

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 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. In addition, the value of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. Income from municipal bonds held by the fund could be declared taxable in some of those cases due, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliance of a bond issuer with the terms of the bond. The fund also has no limit as to the amount that can be invested in alternative minimum tax bonds. All or a portion of the fund's short-term interest- and/or dividend-income may be taxable to those shareholders subject to the federal alternative minimum tax. Inventories of municipal securities have decreased in recent years, lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease the fund's ability to sell all municipal securities, and increase price volatility and trading costs. The fund invests in inverse floater securities in which the fund may invest. Inverse floater securities may be leveraged and their market values may be more volatile than other types of fixed-income instruments. In addition, distributions paid to the fund on its inverse floaters will be reduced or eliminated as short-term municipal interest rates rise and will increase as short-term municipal interest rates fall. As the use of Internet technology has become more prevalent in the course of business, the fund has become more reliant on third parties. These third parties may not have the desired result. There can be no assurance that the fund's investment objectives will be achieved.

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 significantly higher or lower prices than the next NAV, due to market fluctuations. 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 a creation/redemption order 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. There can be no assurance that the fund's investment objectives will be achieved.

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 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. In addition, the value of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. Income from municipal bonds held by the fund could be declared taxable in some of those cases due, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliance of a bond issuer with the terms of the bond. The fund also has no limit as to the amount that can be invested in alternative minimum tax bonds. All or a portion of the fund’s short-term interest- and/or dividend-income may be taxable to those shareholders subject to the federal alternative minimum tax. Inventories of municipal securities have decreased in recent years, lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease the fund’s ability to sell all municipal securities, and increase price volatility and trading costs. The fund invests in inverse floater securities in which the fund may invest. Inverse floater securities may be leveraged and their market values may be more volatile than other types of fixed-income instruments. In addition, distributions paid to the fund on its inverse floaters will be reduced or eliminated as short-term municipal interest rates rise and will increase as short-term municipal interest rates fall. As the use of Internet technology has become more prevalent in the course of business, the fund has become more reliant on third parties. These third parties may not have the desired result. There can be no assurance that the fund’s investment objectives will be achieved.

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 significantly higher or lower prices than the next NAV, due to market fluctuations. 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 a creation/redemption order 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. There can be no assurance that the fund’s investment objectives will be achieved.

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 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. In addition, the value of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. Income from municipal bonds held by the fund could be declared taxable in some of those cases due, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliance of a bond issuer with the terms of the bond. The fund also has no limit as to the amount that can be invested in alternative minimum tax bonds. All or a portion of the fund’s short-term interest- and/or dividend-income may be taxable to those shareholders subject to the federal alternative minimum tax. Inventories of municipal securities have decreased in recent years, lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease the fund’s ability to sell all municipal securities, and increase price volatility and trading costs. The fund invests in inverse floater securities in which the fund may invest. Inverse floater securities may be leveraged and their market values may be more volatile than other types of fixed-income instruments. In addition, distributions paid to the fund on its inverse floaters will be reduced or eliminated as short-term municipal interest rates rise and will increase as short-term municipal interest rates fall. As the use of Internet technology has become more prevalent in the course of business, the fund has become more reliant on third parties. These third parties may not have the desired result. There can be no assurance that the fund’s investment objectives will be achieved.

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 significantly higher or lower prices than the next NAV, due to market fluctuations. 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 a creation/redemption order 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. There can be no assurance that the fund’s investment objectives will be achieved.

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 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. In addition, the value of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. Income from municipal bonds held by the fund could be declared taxable in some of those cases due, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliance of a bond issuer with the terms of the bond. The fund also has no limit as to the amount that can be invested in alternative minimum tax bonds. All or a portion of the fund’s short-term interest- and/or dividend-income may be taxable to those shareholders subject to the federal alternative minimum tax. Inventories of municipal securities have decreased in recent years, lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease the fund’s ability to sell all municipal securities, and increase price volatility and trading costs. The fund invests in inverse floater securities in which the fund may invest. Inverse floater securities may be leveraged and their market values may be more volatile than other types of fixed-income instruments. In addition, distributions paid to the fund on its inverse floaters will be reduced or eliminated as short-term municipal interest rates rise and will increase as short-term municipal interest rates fall. As the use of Internet technology has become more prevalent in the course of business, the fund has become more reliant on third parties. These third parties may not have the desired result. There can be no assurance that the fund’s investment objectives will be achieved.

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 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. In addition, the value of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. Income from municipal bonds held by the fund could be declared taxable in some of those cases due, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliance of a bond issuer with the terms of the bond. The fund also has no limit as to the amount that can be invested in alternative minimum tax bonds. All or a portion of the fund’s short-term interest- and/or dividend-income may be taxable to those shareholders subject to the federal alternative minimum tax. Inventories of municipal securities have decreased in recent years, lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease the fund’s ability to sell all municipal securities, and increase price volatility and trading costs. The fund invests in inverse floater securities in which the fund may invest. Inverse floater securities may be leveraged and their market values may be more volatile than other types of fixed-income instruments. In addition, distributions paid to the fund on its inverse floaters will be reduced or eliminated as short-term municipal interest rates rise and will increase as short-term municipal interest rates fall. As the use of Internet technology has become more prevalent in the course of business, the fund has become more reliant on third parties. These third parties may not have the desired result. There can be no assurance that the fund’s investment objectives will be achieved.