

### >> Fund Objective

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

### >> Fund Facts

Fund Ticker	FTLB
CUSIP	33738R407
Intraday NAV	FTLBIV
Fund Inception Date	1/6/14
Expense Ratio	0.85%
30-Day SEC Yield†	0.84%
Primary Listing	Nasdaq

### >> Fund Description

- >> The First Trust Hedged BuyWrite Income ETF seeks to pursue its investment objective 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.
  - The fund may use a portion of the option premiums to purchase U.S. exchange-traded put options on the S&P 500 Index. This hedging strategy will seek to provide this fund downside protection and reduce the fund's price sensitivity to declining markets.
- >> 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 also utilize an options hedging strategy using index put options. This hedging strategy will seek to provide the fund downside protection and reduce the fund's sensitivity to declining markets.
  - 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 Gambla, 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 (%)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>Fund Performance*</b>							
Net Asset Value (NAV)	2.96	-1.24	7.10	6.82	—	—	5.98
After Tax Held	2.62	-1.87	5.77	5.39	—	—	4.52
After Tax Sold	1.67	-0.71	4.01	4.57	—	—	3.91
Market Price	3.00	-1.19	7.04	6.91	—	—	6.03

### Index Performance\*\*

CBOE S&P 500 95-110 Collar Index <sup>SM</sup>	2.64	1.15	10.81	6.05	—	—	6.09
S&P 500 Index	3.43	2.65	14.37	11.93	—	—	11.56

### >> Calendar Year Total Returns (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD
FTLB	—	—	—	—	—	—	—	0.94	9.67	12.69	-1.24
CBOE S&P 500 95-110 Collar Index <sup>SM</sup>	—	—	—	—	—	—	—	-3.98	4.14	16.67	1.15
S&P 500 Index	—	—	—	—	—	—	—	1.38	11.96	21.83	2.65

### >> 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FTLB	7.78	1.93	0.78	0.81	0.82
CBOE S&P 500 95-110 Collar Index <sup>SM</sup>	8.16	—	1.00	0.68	1.00

Overall Morningstar Rating™



Among 80 funds in the Options-based category.  
This fund was rated 4 stars/80 funds (3 years).§

*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](http://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.  
\*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 CBOE S&P 500 95-110 Collar Index<sup>SM</sup> 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<sup>1</sup>

Number Of Holdings	112
Maximum Market Cap.	\$909.84 Billion
Median Market Cap.	\$10.80 Billion
Minimum Market Cap.	\$1.48 Billion
Price/Earnings	17.64
Price/Book	2.96
Price/Cash Flow	12.58
Price/Sales	1.35

## » Portfolio Options Information

% Portfolio with Call Options	64.80%
Average Time Until Expiration of Calls	72 Days
Average Call Moneyness (OTM) <sup>2</sup>	1.74%
% Portfolio with Put Options	38.45%
Average Time Until Expiration of Puts	173 Days
Average Put Moneyness (OTM) <sup>2</sup>	9.48%

<sup>1</sup>Portfolio information statistics exclude cash and options.

<sup>2</sup>Moneyness is how much an option contract's strike price is in-the-money (ITM) or out-of-the-money (OTM) expressed as a percentage of the price of the option contract's underlying asset.

*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](http://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. 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 depository 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 managers use 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

## » Top Holdings (%)

Facebook, Inc.	3.14
Exxon Mobil Corporation	2.81
Chevron Corporation	2.52
Apple, Inc.	2.13
Premier, Inc.	1.96
The TJX Companies, Inc.	1.91
Brinker International, Inc.	1.87
HD Supply Holdings, Inc.	1.85
Amgen Inc.	1.84
The Procter & Gamble Company	1.84

## » Top Sector Exposure (%)

Information Technology	21.06
Consumer Discretionary	18.43
Health Care	13.70
Energy	12.85
Consumer Staples	9.94
Industrials	8.82
Financials	6.13
Real Estate	3.22
Telecommunication Services	3.19
Materials	2.68
Utilities	0.30

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.

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 advisor 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

**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 95-110 Collar Index<sup>SM</sup>** is a benchmark index designed to provide investors with insights as to how one might protect an investment in S&P 500 stocks against market declines at a reduced cost. This strategy accepts a ceiling or cap on S&P 500 gains in return for a floor on S&P 500 losses by holding the stocks in the S&P 500 Index, buying three-month S&P 500 put options to protect this S&P 500 portfolio from market decreases and selling one-month S&P 500 call options to help finance the cost of the put options. The **S&P 500 Index** is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

<sup>3</sup>The Morningstar Rating<sup>™</sup> for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. ©2018 Morningstar, Inc. All Rights Reserved. The Morningstar Rating<sup>™</sup> information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.