First Trust Hedged BuyWrite Income ETF

As of 12/31/19

**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 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 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 Fact**
- 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>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>1.10</td>
<td>13.44</td>
<td>13.44</td>
<td>5.18</td>
<td>5.19</td>
<td>—</td>
<td>5.23</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>0.80</td>
<td>12.06</td>
<td>12.06</td>
<td>3.89</td>
<td>3.82</td>
<td>—</td>
<td>3.82</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>0.65</td>
<td>7.93</td>
<td>7.93</td>
<td>3.40</td>
<td>3.37</td>
<td>—</td>
<td>3.39</td>
</tr>
<tr>
<td>Market Price</td>
<td>1.06</td>
<td>13.29</td>
<td>13.29</td>
<td>5.15</td>
<td>5.18</td>
<td>—</td>
<td>5.21</td>
</tr>
</tbody>
</table>

**Index Performance**
- CBOE S&P 500 95-110 Collar Index™: 7.12
- S&P 500 Index: 9.07

**Calendar Year Total Returns (%)**

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>FTLB</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.94</td>
<td>9.67</td>
<td>12.69</td>
<td>—8.98</td>
<td>13.44</td>
</tr>
</tbody>
</table>

**3-Year Statistics**

<table>
<thead>
<tr>
<th>Standard Deviation (%)</th>
<th>Alpha</th>
<th>Beta</th>
<th>Sharpe Ratio</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTLB</td>
<td>8.04</td>
<td>—</td>
<td>0.64</td>
<td>0.46</td>
</tr>
<tr>
<td>CBOE S&amp;P 500 95-110 Collar Index™</td>
<td>8.96</td>
<td>—</td>
<td>1.00</td>
<td>1.40</td>
</tr>
</tbody>
</table>

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.

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130-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™ 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.
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**Portfolio Information¹**

- **Number Of Holdings**: 172
- **Maximum Market Cap.**: $1,304.76 Billion
- **Median Market Cap.**: $43.23 Billion
- **Minimum Market Cap.**: $1.19 Billion
- **Price/Earnings**: 20.33
- **Price/Book**: 3.00
- **Price/Cash Flow**: 12.16
- **Price/Sales**: 2.01

**Top Holdings (%)**

- Alphabet, Inc. (Class A): 2.63
- Booking Holdings Inc.: 2.62
- Apple, Inc.: 2.30
- Microsoft Corporation: 2.21
- Starbucks Corporation: 1.95
- Alphabet Inc. (Class C): 1.71
- The Boeing Company: 1.59
- Amgen Inc.: 1.58
- Two Harbors Investment Corp.: 1.56
- Accenture Plc: 1.54

**Top Sector Exposure (%)**

- **Health Care**: 15.88
- **Financials**: 15.43
- **Information Technology**: 14.48
- **Industrials**: 13.86
- **Consumer Discretionary**: 12.53
- **Communication Services**: 8.80
- **Real Estate**: 7.01
- **Materials**: 4.78
- **Consumer Staples**: 4.12
- **Energy**: 3.70
- **Utilities**: 1.26

¹Portfolio information statistics exclude cash and options.

²Moneyness 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.

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**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.

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 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.

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 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.

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**Correlation**

Correlation is a measure of the similarity of returns on two investments. A positive correlation indicates that the returns on the two investments move in the same direction. A negative correlation indicates that the returns on the two investments move in opposite directions. A correlation of 0 indicates that there is no linear relationship between the returns on the two investments.

**Beta**

Beta is a measure of a stock's or portfolio's volatility relative to the market. It is often used as a measure of systematic risk. A beta of 1 indicates that the stock's or portfolio's volatility is the same as the market. A beta greater than 1 indicates that the stock's or portfolio's volatility is greater than the market, while a beta less than 1 indicates that the stock's or portfolio's volatility is less than the market.

**Sharpe Ratio**

Sharpe Ratio is a measure of potential return relative to risk. It is calculated by subtracting the risk-free rate from the return of the portfolio and dividing the result by the standard deviation of the portfolio's excess returns.

**Alpha**

Alpha is a measure of a stock's or portfolio's performance relative to the market. It is calculated by subtracting the risk-free rate from the return of the portfolio and dividing the result by the standard deviation of the portfolio's excess returns.

**S&P 500 Index**

The S&P 500 Index is a capitalization-weighted index of 500 stocks chosen for market leadership and price stability. It is intended to be representative of the stock market as a whole.

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