First Trust Hedged BuyWrite Income ETF

As of 9/30/19

**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 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.

**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>1.06</td>
<td>12.20</td>
<td>0.29</td>
<td>6.15</td>
<td>5.26</td>
<td>—</td>
<td>5.26</td>
</tr>
<tr>
<td>After Tax Held</td>
<td>0.76</td>
<td>11.17</td>
<td>-0.94</td>
<td>4.84</td>
<td>3.86</td>
<td>—</td>
<td>3.85</td>
</tr>
<tr>
<td>After Tax Sold</td>
<td>0.63</td>
<td>7.20</td>
<td>0.14</td>
<td>4.14</td>
<td>3.40</td>
<td>—</td>
<td>3.40</td>
</tr>
<tr>
<td>Market Price</td>
<td>1.25</td>
<td>12.10</td>
<td>0.20</td>
<td>6.89</td>
<td>5.16</td>
<td>—</td>
<td>5.25</td>
</tr>
</tbody>
</table>

**Index Performance**

- CBOE S&P 500 95-110 Collar Index™: 0.72/16.92/12.55/13.19/7.78 — 8.02
- S&P 500 Index: 1.70/20.55/4.25/13.39/10.84 — 11.15

**Calendar Year Total Returns (%)**

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIB</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>12.20</td>
</tr>
</tbody>
</table>

**3-Year Statistics**

<table>
<thead>
<tr>
<th>3-Year Statistics</th>
<th>Standard Deviation (%)</th>
<th>Alpha</th>
<th>Beta</th>
<th>Sharpe Ratio</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIB</td>
<td>8.74</td>
<td>-3.19</td>
<td>0.71</td>
<td>0.55</td>
<td>0.73</td>
</tr>
<tr>
<td>CBOE S&amp;P 500 95-110 Collar Index™</td>
<td>9.05</td>
<td>—</td>
<td>1.00</td>
<td>1.25</td>
<td>1.00</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 up to the most recent month-end by visiting www.ftportfolios.com.

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103-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 Sold returns represent return after taxes on distributions. Assumes shares have not been sold. After Tax Held 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.

First Trust

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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.

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 emerging markets, which may be more volatile and less liquid than developed foreign markets.

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.

ETFs provide investors with insights as to how one might protect an investment in S&P 500 stocks from 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.

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™ 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.

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As of 9/30/19

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