

FIRST TRUST EXCHANGE-TRADED ALPHADDEX® FUND  
 FIRST TRUST EXCHANGE-TRADED ALPHADDEX® FUND II  
 FIRST TRUST EXCHANGE-TRADED FUND II  
 FIRST TRUST EXCHANGE-TRADED FUND III  
 FIRST TRUST EXCHANGE-TRADED FUND IV  
 FIRST TRUST EXCHANGE-TRADED FUND V  
 FIRST TRUST EXCHANGE-TRADED FUND VI  
 FIRST TRUST EXCHANGE-TRADED FUND VII  
 FIRST TRUST EXCHANGE-TRADED FUND VIII  
 FIRST TRUST SERIES FUND  
 FIRST TRUST VARIABLE INSURANCE TRUST  
 (the “Trusts,” and each series of the Trusts, a “Fund”)

SUPPLEMENT TO EACH FUND'S STATEMENT OF ADDITIONAL INFORMATION

AUGUST 20, 2025

Notwithstanding anything to the contrary in each Fund's Statement of Additional Information, Mr. Thomas J. Driscoll serves as an Independent Trustee (as such term is defined below) of each Trust's Board of Trustees (collectively, the “Board”), and serves as a member of the following Board Committees: the Nominating and Governance Committee, the Valuation Committee and the Audit Committee. Accordingly, notwithstanding anything to the contrary in each Fund's Statement of Additional Information, there are eight Trustees of each Trust, seven of whom are Trustees who are not officers or employees of First Trust Advisors L.P. (“First Trust”), the Funds' investment advisor, or any of its affiliates (“Independent Trustees”).

The following is a statement of Mr. Driscoll's present position and principal occupations during the past five years, the number of portfolios he oversees and the other directorships he has held during the past five years. Mr. Driscoll has been appointed for an indefinite term.

| Name and Year of Birth     | Position and Offices with Trust | Term of Office and Year First Elected or Appointed                                      | Principal Occupations During Past 5 Years                                  | Number of Portfolios in the First Trust Fund Complex Overseen by Trustee | Other Trusteeships or Directorships Held by Trustee During the Past 5 Years |
|----------------------------|---------------------------------|---|--|--|---|
| Thomas J. Driscoll<br>1961 | Trustee                         | <ul style="list-style-type: none"> <li>•Indefinite term</li> <li>•Since 2025</li> </ul> | Retired; Partner, Deloitte LLP and Deloitte Tax LLP (1998 to January 2024) | 308 Portfolios   | None  |

Thomas J. Driscoll was previously a Partner at Deloitte LLP and Deloitte Tax LLP (collectively, “Deloitte”) from September 1998 to January 2024. As a Partner at Deloitte, Mr. Driscoll served in various roles including as lead client service partner, lead relationship partner and lead tax partner for various clients in the asset management, broker-dealer and financial services businesses. Mr. Driscoll also served as the Vice Chairman, Partner in Charge of Deloitte's international tax and transfer pricing (economics) business responsible for leading and managing Deloitte's international tax and transfer pricing practice with over 1,200 professionals in the United States and India. Finally, as a member of the Board of Deloitte Tax LLP, Mr. Driscoll was a part of the executive committee responsible for overseeing Deloitte's tax practice in the United States.

As noted above, Mr. Driscoll was previously a Partner at Deloitte LLP and Deloitte Tax LLP (previously defined, collectively, as “Deloitte”; for purposes of this paragraph, for the avoidance of doubt, “Deloitte” includes Deloitte affiliated partnerships) from September 1998 until his retirement in January 2024. Deloitte & Touche LLP and Deloitte Tax LLP serve as independent auditors and tax services provider, respectively, of the First Trust Funds (as defined below), First Trust and certain other affiliated entities of First Trust (collectively, “First Trust”). Prior to his retirement, Mr. Driscoll served as a tax partner, and for certain periods as Lead Client Service Partner, on various matters involving First Trust. During the period of his employment with Deloitte, Mr. Driscoll was, and Deloitte was and continues to be, subject to requirements to be independent with respect to First Trust in accordance with the U.S. federal securities laws and applicable rules and regulations of the U.S. SEC and the Public Company Accounting Oversight Board (United States). For the 2023 and 2024 calendar years, amounts paid by First Trust to Deloitte were in excess of \$11.8 million and \$12.6 million, respectively.

In addition, Deloitte provides tax services to The Bank of New York Mellon in connection with unit investment trusts sponsored by First Trust Portfolios L.P., an affiliate of First Trust. Further, in addition to providing the services described above, from time to time, Deloitte may engage in other business relationships with various affiliates of First Trust. Deloitte and Mr. Driscoll have severed all relationships, including settlement of capital accounts and retirement benefits in accordance with the requirements of the SEC's auditor independence rules.

As of December 31, 2024, Mr. Driscoll owned: \$10,001 - \$50,000 of equity securities of each of the First Trust Institutional Preferred Securities and Income ETF and First Trust Preferred Securities and Income ETF, each a series of First Trust Exchange-Traded Fund III; \$10,001 - \$50,000 of equity securities of the First Trust Senior Loan Fund, a series of First Trust Exchange-Traded Fund IV; \$10,001 - \$50,000 of equity securities of each of the First Trust Dorsey Wright Momentum & Dividend ETF, First Trust RBA American Industrial Renaissance<sup>®</sup> ETF and Multi-Asset Diversified Income Index Fund, each a series of First Trust Exchange-Traded Fund VI; and \$10,001 - \$50,000 of equity securities of each of the First Trust Mid Cap Growth AlphaDEX<sup>®</sup> Fund, First Trust Multi Cap Growth AlphaDEX<sup>®</sup> Fund and First Trust Multi Cap Value AlphaDEX<sup>®</sup> Fund, each a series of First Trust Exchange-Traded AlphaDEX<sup>®</sup> Fund. As of December 31, 2024, Mr. Driscoll owned over \$100,000 of equity securities of registered investment companies overseen by the Board.

Mr. Driscoll and his immediate family members do not own beneficially or of record any class of securities of an investment advisor or principal underwriter of the Funds or any person directly or indirectly controlling, controlled by or under common control with an investment advisor or principal underwriter of the Funds.

Additionally, the first paragraph of the section entitled "Unitary Board Leadership Structure" in each Fund's Statement of Additional Information is replaced in its entirety with the following:

Each Trustee serves (or will serve) as a trustee of all open-end and closed-end funds in the First Trust fund complex (each a "*First Trust Fund*" and collectively, the "*First Trust Fund Complex*"), which is known as a "unitary" board leadership structure. Ms. Wright also serves as director of First Trust Global Funds, a public limited company established in Ireland and an open-end umbrella fund representing exchange-traded funds and one or more mutual funds, and advised by First Trust (collectively, the "*First Trust UCITS*"). Ms. Wright had previously served on the board of directors of First Trust Global Portfolios Management Limited, the manager to the First Trust UCITS and an affiliate of First Trust, but resigned such position effective March 6, 2023. Except as noted above, none of the Independent Trustees nor their immediate family members has ever been a director, officer or employee of, or consultant to, First Trust, First Trust Portfolios L.P. or their affiliates.

# STATEMENT OF ADDITIONAL INFORMATION

INVESTMENT COMPANY ACT FILE NO. 811-22019

## FIRST TRUST EXCHANGE-TRADED ALPHADEX® FUND

| <u>FUND NAME</u>   | <u>TICKER SYMBOL</u> | <u>EXCHANGE</u> |
|--|----------------------|-----------------|
| <b>ALPHADEX® SECTOR FUNDS</b>                            |                      |                 |
| First Trust Consumer Discretionary AlphaDEX® Fund        | FXD                  | NYSE Arca       |
| First Trust Consumer Staples AlphaDEX® Fund              | FXG                  | NYSE Arca       |
| First Trust Energy AlphaDEX® Fund                        | FXN                  | NYSE Arca       |
| First Trust Financials AlphaDEX® Fund                    | FXO                  | NYSE Arca       |
| First Trust Health Care AlphaDEX® Fund                   | FXH                  | NYSE Arca       |
| First Trust Industrials/Producer Durables AlphaDEX® Fund | FXR                  | NYSE Arca       |
| First Trust Materials AlphaDEX® Fund                     | FXZ                  | NYSE Arca       |
| First Trust Technology AlphaDEX® Fund                    | FXL                  | NYSE Arca       |
| First Trust Utilities AlphaDEX® Fund                     | FXU                  | NYSE Arca       |
| <b>ALPHADEX® STYLE FUNDS</b>                             |                      |                 |
| First Trust Large Cap Core AlphaDEX® Fund                | FEX                  | Nasdaq          |
| First Trust Large Cap Growth AlphaDEX® Fund              | FTC                  | Nasdaq          |
| First Trust Large Cap Value AlphaDEX® Fund               | FTA                  | Nasdaq          |
| First Trust Mid Cap Core AlphaDEX® Fund                  | FNX                  | Nasdaq          |
| First Trust Mid Cap Growth AlphaDEX® Fund                | FNY                  | Nasdaq          |
| First Trust Mid Cap Value AlphaDEX® Fund                 | FNK                  | Nasdaq          |
| First Trust Multi Cap Growth AlphaDEX® Fund              | FAD                  | Nasdaq          |
| First Trust Multi Cap Value AlphaDEX® Fund               | FAB                  | Nasdaq          |
| First Trust Small Cap Core AlphaDEX® Fund                | FYX                  | Nasdaq          |
| First Trust Small Cap Growth AlphaDEX® Fund              | FYC                  | Nasdaq          |
| First Trust Small Cap Value AlphaDEX® Fund               | FYT                  | Nasdaq          |

**DATED DECEMBER 2, 2024**

This Statement of Additional Information ("SAI") is not a prospectus. It should be read in conjunction with the prospectus dated December 2, 2024, as it may be revised from time to time (the "Prospectus"), for each of the First Trust Consumer Discretionary AlphaDEX® Fund, First Trust Consumer Staples AlphaDEX® Fund, First Trust Energy AlphaDEX® Fund, First Trust Financials AlphaDEX® Fund, First Trust Health Care AlphaDEX® Fund, First Trust Industrials/Producer Durables AlphaDEX® Fund, First Trust Materials AlphaDEX® Fund, First Trust Technology AlphaDEX® Fund, First Trust Utilities AlphaDEX® Fund, First Trust Large Cap Core AlphaDEX® Fund, First Trust Large Cap Growth AlphaDEX® Fund, First Trust Large Cap Value AlphaDEX® Fund, First Trust Mid Cap Core AlphaDEX® Fund, First Trust Mid Cap Growth AlphaDEX® Fund, First Trust Mid Cap Value AlphaDEX® Fund, First Trust Multi Cap Growth AlphaDEX® Fund, First Trust Multi Cap Value AlphaDEX® Fund, First Trust Small Cap Core AlphaDEX® Fund, First Trust Small Cap Growth AlphaDEX® Fund and First Trust Small Cap Value AlphaDEX® Fund (each, a "Fund" and collectively, the "Funds"), each a series of the First Trust Exchange-Traded AlphaDEX® Fund (the "Trust"). Capitalized terms used herein that are not defined have the same meaning as in the Prospectus, unless otherwise noted. A copy of the Prospectus may be obtained without charge by writing to the Trust's distributor, First Trust Portfolios L.P., 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, or by calling toll free at (800) 621-1675.

The audited financial statements for the Funds' most recent fiscal year appear in the Funds' Form N-CSR dated July 31, 2024, which was filed with the Securities and Exchange Commission (the "SEC") on October 8, 2024. The financial statements from the Form N-CSR are incorporated herein by reference. The Form N-CSR is available without charge by calling (800) 621-1675 or by visiting the SEC's website at <http://www.sec.gov>.

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## GENERAL DESCRIPTION OF THE TRUST AND THE FUNDS

The Trust was organized as a Massachusetts business trust on December 6, 2006 and is authorized to issue an unlimited number of shares in one or more series. The Trust is an open-end management investment company, registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust currently offers shares in 20 series. This SAI relates to the Funds, which are diversified series.

Each Fund, as a series of the Trust, represents a beneficial interest in a separate portfolio of securities and other assets, with its own objective and policies.

The Board of Trustees of the Trust (the "*Board*," "*Board of Trustees*" or "*Trustees*") has the right to establish additional series in the future, to determine the preferences, voting powers, rights and privileges thereof and to modify such preferences, voting powers, rights and privileges without shareholder approval. Shares of any series may also be divided into one or more classes at the discretion of the Trustees.

The Trust or any series or class thereof may be terminated at any time by the Board of Trustees upon written notice to the shareholders.

Each share has one vote with respect to matters upon which a shareholder vote is required consistent with the requirements of the 1940 Act and the rules promulgated thereunder. Shares of all series of the Trust vote together as a single class except as otherwise required by the 1940 Act or if the matter being voted on affects only a particular series, and, if a matter affects a particular series differently from other series, the shares of that series will vote separately on such matter. The Trust's Declaration of Trust (the "*Declaration*") requires a shareholder vote only on those matters where the 1940 Act requires a vote of shareholders and otherwise permits the Trustees to take actions without seeking the consent of shareholders. For example, the Declaration gives the Trustees broad authority to approve reorganizations between a Fund and another entity, such as another exchange-traded fund, or the sale of all or substantially all of a Fund's assets, or the termination of the Trust or any Fund without shareholder approval if the 1940 Act would not require such approval.

The Declaration provides that by becoming a shareholder of a Fund, each shareholder shall be expressly held to have agreed to be bound by the provisions of the Declaration and to any By-laws adopted by the Trust. The Declaration provides that, except as set forth therein and authorized by the Trustees, shareholders have no rights, privileges, claims or remedies under any contract or agreement entered into by the Trust or a Fund with any service provider or other agent to or contractor with the Trust or a Fund including, without limitation, any third party beneficiary rights.

The Declaration may, except in limited circumstances, be amended by the Trustees in any respect without a shareholder vote. The Declaration provides that the Trustees may establish the number of Trustees and that vacancies on the Board of Trustees may be filled by the remaining Trustees, except when election of Trustees by the shareholders is required under the 1940 Act. Trustees are then elected by a plurality of votes cast by shareholders at a meeting at which a quorum is present. The Declaration also provides that Trustees may be removed, with or without cause, by a vote of shareholders holding at least two-thirds of the voting power of the Trust, or by a vote of two-thirds of the remaining Trustees. The provisions of the Declaration relating to the election and removal of Trustees may not be amended without the approval of two-thirds of the Trustees.

The holders of Fund shares are required to disclose information on direct or indirect ownership of Fund shares as may be required to comply with various laws applicable to the Funds or as the Trustees may determine, and ownership of Fund shares may be disclosed by the Funds if so required by law or regulation. In addition, pursuant to the Declaration, the Trustees may, in their discretion, require the Trust to redeem shares held by any shareholder for any reason under terms set by the Trustees.

The Declaration provides a detailed process for the bringing of derivative actions by shareholders in order to permit legitimate inquiries and claims while avoiding the time, expense, distraction and other harm that can be caused to a Fund or its shareholders as a result of spurious shareholder demands and derivative actions. In addition, the Declaration provides that actions that are derivative in nature may not be brought directly. Prior to bringing a derivative action, a demand must first be made on the Trustees. The Declaration details various information, certifications, undertakings and acknowledgements that must be included in the demand. Following receipt of the demand, the Trustees have a period of 90 days, which may be extended by an additional 60 days, to consider the demand. If a majority of the Trustees who are considered independent for the purposes of considering the demand determine that maintaining the suit would not be in the best interests of the Funds, the Trustees are required to reject the demand and the complaining shareholder may not proceed with the derivative action unless the shareholder is able to sustain the burden of proof to a court that the decision

of the Trustees not to pursue the requested action was not a good faith exercise of their business judgment on behalf of the Funds. In making such a determination, a Trustee is not considered to have a personal financial interest by virtue of being compensated for his or her services as a Trustee. If a demand is rejected, the complaining shareholder will be responsible for the costs and expenses (including attorneys' fees) incurred by the Funds in connection with the consideration of the demand under a number of circumstances. In addition, if a court determines that a derivative action was made without reasonable cause or for an improper purpose, or if a derivative or direct action is dismissed on the basis of a failure to comply with the procedural provisions relating to shareholder actions as set forth in the Declaration, or if a direct action is dismissed by a court for failure to state a claim, the shareholder bringing the action may be responsible for a Fund's costs, including attorneys' fees.

The provisions of the Declaration provide that any direct or derivative action commenced by a shareholder must be brought only in the U.S. District Court for the District of Massachusetts (Boston Division) or if any such action may not be brought in that court, then in the Business Litigation Session of Suffolk Superior Court in Massachusetts (the "*Chosen Courts*"). Except as prohibited by applicable law, if a shareholder commences an applicable action in a court other than a Chosen Court without the consent of a Fund, then such shareholder may be obligated to reimburse the Fund and any applicable Trustee or officer of the Fund made party to such proceeding for the costs and expenses (including attorneys' fees) incurred in connection with any successful motion to dismiss, stay or transfer of the action. The Declaration also provides that any shareholder bringing an action against a Fund waives the right to trial by jury to the fullest extent permitted by law.

The Trust is not required to and does not intend to hold annual meetings of shareholders.

Under Massachusetts law applicable to Massachusetts business trusts, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration contains an express disclaimer of shareholder liability for acts or obligations of the Trust and requires that notice of this disclaimer be given in each agreement, obligation or instrument entered into or executed by the Trust or the Trustees. The Declaration further provides for indemnification out of the assets and property of the Trust for all losses and expenses of any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance existed and the Trust or a Fund itself was unable to meet its obligations.

The Declaration provides that a Trustee acting in his or her capacity as Trustee is liable to the Trust for his or her own bad faith, willful misfeasance, gross negligence, or reckless disregard of his or her duties involved in the conduct of the individual's office, and for nothing else and shall not be liable for errors of judgment or mistakes of fact or law. The Declaration also provides that the Trustees of the Trust will be subject to the laws of the Commonwealth of Massachusetts relating to Massachusetts business trusts, but not to the laws of Massachusetts relating to the trustees of common law trusts, such as donative or probate type trusts. The Declaration further provides that a Trustee acting in his or her capacity as Trustee is not personally liable to any person other than the Trust, for any act, omission, or obligation of the Trust. The Declaration requires the Trust to indemnify any persons who are or who have been Trustees, officers or employees of the Trust for any liability for actions or failure to act except to the extent prohibited by applicable federal law. In making any determination as to whether any person is entitled to the advancement of expenses in connection with a claim for which indemnification is sought, such person is entitled to a rebuttable presumption that he or she did not engage in conduct for which indemnification is not available. The Declaration provides that any Trustee who serves as chair of the Board of Trustees or of a committee of the Board of Trustees, as lead independent Trustee or as audit committee financial expert, or in any other similar capacity will not be subject to any greater standard of care or liability because of such position.

These provisions are not intended to restrict any shareholder rights under the federal securities laws and the Declaration specifically provides that no provision of the Declaration shall be effective to require a waiver of compliance with any provision of, or restrict any shareholder rights expressly granted by, the Securities Act of 1933, as amended (the "*1933 Act*"), the Securities Exchange Act of 1934, as amended (the "*1934 Act*") or the 1940 Act, or any valid rule, regulation or order of the Securities Exchange Commission thereunder.

The Funds are advised by First Trust Advisors L.P. (the "*Advisor*" or "*First Trust*").

The shares of each Fund are principally listed and traded on NYSE Arca, Inc., ("*NYSE Arca*") or Nasdaq, Inc. ("*Nasdaq*"), (each an "*Exchange*"), as shown on the cover of this SAI. ETFs, such as the Funds, do not sell or redeem individual shares of a Fund. Instead, financial entities known as "Authorized Participants" (which are discussed in greater detail below) have contractual arrangements with each Fund or the Distributor to purchase and redeem Fund shares directly with a Fund

in large blocks of shares known as "Creation Units." An Authorized Participant that purchases a Creation Unit of Fund shares deposits with a Fund a "basket" of securities, cash and/or other assets identified by the Fund that day, and then receives the Creation Unit of Fund shares in return for those assets. The redemption process is the reverse of the purchase process: the Authorized Participant redeems a Creation Unit of Fund shares for a basket of securities, cash and/or other assets. The basket is generally representative of a Fund's portfolio, and together with a cash balancing amount, it is equal to the NAV of the Fund shares comprising the Creation Unit. Pursuant to Rule 6c-11 of the 1940 Act, the Funds may utilize baskets that are not representative of each Fund's portfolio. Such "custom baskets" are discussed in the section entitled "Creation and Redemption of Creation Units."

Fund shares may be issued in advance of receipt of deposit securities subject to various conditions including a requirement to maintain on deposit with the applicable Fund cash at least equal to 115% of the market value of the missing deposit securities. See the section entitled "Creation and Redemption of Creation Units." In each instance of such cash creations or redemptions, transaction fees may be imposed that will be higher than the transaction fees associated with in-kind creations or redemptions. In all cases, such fees will be limited in accordance with the requirements of the SEC applicable to management investment companies offering redeemable securities.

## EXCHANGE LISTING AND TRADING

There can be no assurance that the requirements of an Exchange necessary to maintain the listing of shares of a Fund will continue to be met. An Exchange may, but is not required to, remove the shares of a Fund from listing if (i) following the initial 12-month period beginning at the commencement of trading of a Fund, there are fewer than 50 beneficial owners of the shares of such Fund for 30 or more consecutive trading days; (ii) the value of such Fund's Index (as defined below) is no longer calculated or available; or (iii) such other event shall occur or condition exist that, in the opinion of an Exchange, makes further dealings on an Exchange inadvisable. Please note that NYSE Arca may have a conflict of interest with respect to the AlphaDEX® Sector Funds because the shares of such Funds are listed on NYSE Arca and NYSE Arca is an affiliate of ICE Data Indices, LLC ("*IDI*" or an "*Index Provider*"), the Index Provider of the AlphaDEX® Sector Funds. Additionally, Nasdaq may have a conflict of interest with respect to the AlphaDEX® Style Funds because the shares of such Funds are listed on Nasdaq and Nasdaq, along with IDI (the "*Index Providers*") are the Index Providers of the AlphaDEX® Style Funds. An Exchange will remove the shares of a Fund from listing and trading upon termination of such Fund.

As in the case of other stocks traded on an Exchange, brokers' commissions on transactions will be based on negotiated commission rates at customary levels.

The Funds reserve the right to adjust the price levels of shares in the future to help maintain convenient trading ranges for investors. Any adjustments would be accomplished through stock splits or reverse stock splits, which would have no effect on the net assets of each Fund.

## INVESTMENT OBJECTIVES AND POLICIES

The Prospectus describes the investment objectives and certain policies of the Funds. The following supplements the information contained in the Prospectus concerning the investment objectives and policies of the Funds.

Each Fund is subject to the following fundamental policies, which may not be changed without approval of the holders of a majority of the outstanding voting securities (as such term is defined in the 1940 Act) of a Fund:

- (1) A Fund may not issue senior securities, except as permitted under the 1940 Act.
- (2) A Fund may not borrow money, except that a Fund may (i) borrow money from banks for temporary or emergency purposes (but not for leverage or the purchase of investments) and (ii) engage in other transactions permissible under the 1940 Act that may involve a borrowing (such as obtaining short-term credits as are necessary for the clearance of transactions, engaging in delayed-delivery transactions, or purchasing certain futures, forward contracts and options), *provided* that the combination of (i) and (ii) shall not exceed 33⅓% of the value of a Fund's total assets (including the amount borrowed), less a Fund's liabilities (other than borrowings).
- (3) A Fund will not underwrite the securities of other issuers except to the extent a Fund may be considered an underwriter under the 1933 Act, in connection with the purchase and sale of portfolio securities.



- (4) A Fund will not purchase or sell real estate or interests therein, unless acquired as a result of ownership of securities or other instruments (but this shall not prohibit a Fund from purchasing or selling securities or other instruments backed by real estate or of issuers engaged in real estate activities).
- (5) A Fund may not make loans to other persons, except through (i) the purchase of debt securities permissible under a Fund's investment policies, (ii) repurchase agreements, or (iii) the lending of portfolio securities, *provided* that no such loan of portfolio securities may be made by a Fund if, as a result, the aggregate of such loans would exceed 33⅓% of the value of a Fund's total assets.
- (6) A Fund may not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent a Fund from purchasing or selling options, futures contracts, forward contracts or other derivative instruments, or from investing in securities or other instruments backed by physical commodities).
- (7) A Fund may not invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries, except to the extent that the Fund's Index is based on concentrations in an industry or a group of industries. This restriction does not apply to obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities.

For purposes of applying restriction (1) above, under the 1940 Act as currently in effect, the Funds are not permitted to issue senior securities, except that a Fund may borrow from any bank if, immediately after such borrowing, the value of such Fund's total assets is at least 300% of the principal amount of all of a Fund's borrowings (*i.e.*, the principal amount of the borrowings may not exceed 33⅓% of a Fund's total assets). In the event that such asset coverage shall at any time fall below 300% the applicable Fund shall, within three days thereafter (not including Sundays and holidays), reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%.

Except for restriction (2) above, if a percentage restriction is adhered to at the time of investment, a later increase in percentage resulting from a change in market value of the investment or the total assets will not constitute a violation of that restriction. With respect to restriction (2), if the limitations are exceeded as a result of a change in market value then the Fund will reduce the amount of borrowings within three days thereafter to the extent necessary to comply with the limitations (not including Sundays and holidays).

The fundamental investment limitations set forth above limit the Funds' ability to engage in certain investment practices and purchase securities or other instruments to the extent permitted by, or consistent with, applicable law. As such, these limitations will change as the statute, rules, regulations or orders (or, if applicable, interpretations) change, and no shareholder vote will be required or sought.

The foregoing fundamental policies of each Fund may not be changed without the affirmative vote of the majority of the outstanding voting securities of the respective Fund. The 1940 Act defines a majority vote as the vote of the lesser of (i) 67% or more of the voting securities represented at a meeting at which more than 50% of the outstanding securities are represented; or (ii) more than 50% of the outstanding voting securities. With respect to the submission of a change in an investment policy to the holders of outstanding voting securities of a Fund, such matter shall be deemed to have been effectively acted upon with respect to a Fund if a majority of the outstanding voting securities of a Fund vote for the approval of such matter, notwithstanding that such matter has not been approved by the holders of a majority of the outstanding voting securities of any other series of the Trust affected by such matter.

In addition to the foregoing fundamental policies, the Funds are also subject to strategies and policies discussed herein which, unless otherwise noted, are non-fundamental restrictions and policies and may be changed by the Board of Trustees.

## **INVESTMENT STRATEGIES**

The following information supplements the discussion of each Fund's investment objective, policies and strategies that appears in the Prospectus.

Under normal circumstances, each Fund will invest at least 90% of its net assets (including any investment borrowings) in the securities that comprise the index it seeks to track (each, an "*Index*" and collectively, the "*Indices*"). Fund shareholders are entitled to 60 days' notice prior to any change in this non-fundamental investment policy.

The Indices in the following table (the “*StrataQuant® Series*”) are a family of custom “enhanced” indices developed, maintained and owned by IDI and licensed to First Trust Portfolios L.P. (“*FTP*” or the “*Distributor*”) by IDI. IDI is a successor-in-interest to previous entities that maintained the Indices as part of NYSE Group, Inc. and American Stock Exchange LLC.

| <b>Fund</b>  | <b>Index</b>                              |
|--|---|
| First Trust Consumer Discretionary AlphaDEX® Fund        | StrataQuant® Consumer Discretionary Index |
| First Trust Consumer Staples AlphaDEX® Fund              | StrataQuant® Consumer Staples Index       |
| First Trust Energy AlphaDEX® Fund                        | StrataQuant® Energy Index                 |
| First Trust Financials AlphaDEX® Fund                    | StrataQuant® Financials Index             |
| First Trust Health Care AlphaDEX® Fund                   | StrataQuant® Health Care Index            |
| First Trust Industrials/Producer Durables AlphaDEX® Fund | StrataQuant® Industrials Index            |
| First Trust Materials AlphaDEX® Fund                     | StrataQuant® Materials Index              |
| First Trust Technology AlphaDEX® Fund                    | StrataQuant® Technology Index             |
| First Trust Utilities AlphaDEX® Fund                     | StrataQuant® Utilities Index              |

The Indices in the following table are a family of custom “enhanced” indices developed, maintained and sponsored by Nasdaq, Inc. and licensed to FTP by Nasdaq, Inc.

| <b>Fund</b>                                 | <b>Index</b>                            |
|---|---|
| First Trust Large Cap Core AlphaDEX® Fund   | Nasdaq AlphaDEX Large Cap Core™ Index   |
| First Trust Large Cap Growth AlphaDEX® Fund | Nasdaq AlphaDEX Large Cap Growth™ Index |
| First Trust Large Cap Value AlphaDEX® Fund  | Nasdaq AlphaDEX Large Cap Value™ Index  |
| First Trust Mid Cap Core AlphaDEX® Fund     | Nasdaq AlphaDEX Mid Cap Core™ Index     |
| First Trust Mid Cap Growth AlphaDEX® Fund   | Nasdaq AlphaDEX Mid Cap Growth™ Index   |
| First Trust Mid Cap Value AlphaDEX® Fund    | Nasdaq AlphaDEX Mid Cap Value™ Index    |
| First Trust Multi Cap Growth AlphaDEX® Fund | Nasdaq AlphaDEX Multi Cap Growth™ Index |
| First Trust Multi Cap Value AlphaDEX® Fund  | Nasdaq AlphaDEX Multi Cap Value™ Index  |
| First Trust Small Cap Core AlphaDEX® Fund   | Nasdaq AlphaDEX Small Cap Core™ Index   |
| First Trust Small Cap Growth AlphaDEX® Fund | Nasdaq AlphaDEX Small Cap Growth™ Index |
| First Trust Small Cap Value AlphaDEX® Fund  | Nasdaq AlphaDEX Small Cap Value™ Index  |

## Types of Investments

**Equities.** Equity securities represent an ownership position in a company. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic, and other conditions. Equity securities may include common and preferred stocks. Common stocks include the common stock of any class or series of a domestic or foreign corporation or any similar equity interest, such as a trust or partnership interest. These investments may or may not pay dividends and may or may not carry voting rights. Common stock occupies the most junior position in a company's capital structure.

**Fixed Income Investments and Cash Equivalents.** Normally, the Funds invest substantially all of their assets to meet their investment objectives. However, for temporary or defensive purposes, the Funds may invest in fixed income investments and cash equivalents in order to provide income, liquidity and preserve capital.

Fixed income investments and cash equivalents held by each Fund may include, without limitation, the types of investments set forth below.

- (1) A Fund may invest in U.S. government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. government agencies or instrumentalities. U.S. government securities include securities that are issued or guaranteed by the U.S. Treasury, by various agencies of the U.S. government, or by various instrumentalities that have been established or sponsored by the U.S. government. U.S. Treasury securities are backed by the “full faith and credit” of the United States. 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 United

States. Some of the U.S. government agencies that issue or guarantee securities include the Export-Import Bank of the United States, the Farmers Home Administration, the Federal Housing Administration, the Maritime Administration, the Small Business Administration and The Tennessee Valley Authority. An instrumentality of the U.S. government is a government agency organized under federal charter with government supervision. Instrumentalities issuing or guaranteeing securities include, among others, the Federal Home Loan Banks, the Federal Land Banks, the Central Bank for Cooperatives, Federal Intermediate Credit Banks and the FNMA. In the case of those U.S. government securities not backed by the full faith and credit of the United States, the investor must look principally to the agency or instrumentality issuing or guaranteeing the security for ultimate repayment and may not be able to assert a claim against the United States itself in the event that the agency or instrumentality does not meet its commitment. The U.S. government, its agencies and instrumentalities do not guarantee the market value of their securities; consequently, the value of such securities may fluctuate. In addition, each Fund may invest in sovereign debt obligations of non-U.S. countries. A sovereign debtor's willingness or ability to repay principal and interest in a timely manner may be affected by a number of factors, including its cash flow situation, the extent of its non-U.S. reserves, the availability of sufficient non-U.S. exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward principal international lenders and the political constraints to which it may be subject.

- (2) A Fund may invest in certificates of deposit issued against funds deposited in a bank or savings and loan association. Such certificates are for a definite period of time, earn a specified rate of return and are normally negotiable. If such certificates of deposit are non-negotiable, they will be considered illiquid investments and be subject to a Fund's 15% restriction on investments in illiquid investments. Pursuant to the certificate of deposit, the issuer agrees to pay the amount deposited plus interest to the bearer of the certificate on the date specified thereon. Under current FDIC regulations, the maximum insurance payable as to any one certificate of deposit is \$250,000; therefore, certificates of deposit purchased by a Fund may not be fully insured. A Fund may only invest in certificates of deposit issued by U.S. banks with at least \$1 billion in assets.
- (3) A Fund may invest in bankers' acceptances, which are short-term credit instruments used to finance commercial transactions. Generally, an acceptance is a time draft drawn on a bank by an exporter or an importer to obtain a stated amount of funds to pay for specific merchandise. The draft is then "accepted" by a bank that, in effect, unconditionally guarantees to pay the face value of the instrument on its maturity date. The acceptance may then be held by the accepting bank as an asset or it may be sold in the secondary market at the going rate of interest for a specific maturity.
- (4) A Fund may invest in repurchase agreements, which involve purchases of debt securities with counterparties that are deemed by First Trust to present acceptable credit risks. In such an action, at the time a Fund purchases the security, it simultaneously agrees to resell and redeliver the security to the seller, who also simultaneously agrees to buy back the security at a fixed price and time. This assures a predetermined yield for a Fund during its holding period since the resale price is always greater than the purchase price and reflects an agreed-upon market rate. Such actions afford an opportunity for a Fund to invest temporarily available cash. A Fund may enter into repurchase agreements only with respect to obligations of the U.S. government, its agencies or instrumentalities, certificates of deposit or bankers' acceptances in which a Fund may invest. Repurchase agreements may be considered loans to the seller, collateralized by the underlying securities. The risk to a Fund is limited to the ability of the seller to pay the agreed-upon sum on the repurchase date; in the event of default, the repurchase agreement provides that the affected Fund is entitled to sell the underlying collateral. If the value of the collateral declines after the agreement is entered into, however, and if the seller defaults under a repurchase agreement when the value of the underlying collateral is less than the repurchase price, a Fund could incur a loss of both principal and interest. The portfolio managers monitor the value of the collateral at the time the action is entered into and at all times during the term of the repurchase agreement. The portfolio managers do so in an effort to determine that the value of the collateral always equals or exceeds the agreed-upon repurchase price to be paid to a Fund. If the seller were to be subject to a federal bankruptcy proceeding, the ability of a Fund to liquidate the collateral could be delayed or impaired because of certain provisions of the bankruptcy laws.

- (5) A Fund may invest in bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest. There may be penalties for the early withdrawal of such time deposits, in which case the yields of these investments will be reduced.
- (6) A Fund may invest in commercial paper, which are short-term unsecured promissory notes, including variable rate master demand notes issued by corporations to finance their current operations. Master demand notes are direct lending arrangements between the Fund and a corporation. There is no secondary market for the notes. However, they are redeemable by a Fund at any time. The Investment Committee will consider the financial condition of the corporation (e.g., earning power, cash flow and other liquidity ratios) and will regularly monitor the corporation's ability to meet all of its financial obligations, because a Fund's liquidity might be impaired if the corporation were unable to pay principal and interest on demand. A Fund may invest in commercial paper only if it has received the highest rating from at least one nationally recognized statistical rating organization or, if unrated, judged by First Trust to be of comparable quality.
- (7) A Fund may invest in shares of money market funds, as consistent with its investment objective and policies. Shares of money market funds are subject to management fees and other expenses of those funds. Therefore, investments in money market funds will cause the Fund to bear proportionately the costs incurred by the money market funds' operations. At the same time, a Fund will continue to pay its own management fees and expenses with respect to all of its assets, including any portion invested in the shares of other investment companies. It is possible for the Fund to lose money by investing in money market funds.

**Illiquid Investments.** The Funds may invest in illiquid investments (*i.e.*, any investment that a Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment). For purposes of this restriction, illiquid investments may include, but are not limited to, certain restricted securities (securities the disposition of which is restricted under the federal securities laws), securities that may only be resold pursuant to Rule 144A under the 1933 Act, and repurchase agreements with maturities in excess of seven days, among others. However, a Fund will not acquire illiquid investments if, as a result, such investments would comprise more than 15% of the value of a Fund's net assets. The Advisor, subject to oversight by the Board of Trustees, has the ultimate authority to determine, to the extent permissible under the federal securities laws, which investments are liquid or illiquid for purposes of this 15% limitation under a Fund's liquidity risk management program, adopted pursuant to Rule 22e-4 under the 1940 Act.

Restricted securities may be sold only in privately negotiated transactions or in a public offering with respect to which a registration statement is in effect under the 1933 Act. Where registration is required, a Fund may be obligated to pay all or part of the registration expenses and a considerable period may elapse between the time of the decision to sell and the time a Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, a Fund might obtain a less favorable price than that which prevailed when it decided to sell. Illiquid investments will be priced at fair value as determined in good faith under procedures adopted by the Board of Trustees. If, through the appreciation of illiquid investments or the depreciation of liquid investments, a Fund should be in a position where more than 15% of the value of its net assets are invested in illiquid investments, including restricted securities which are not readily marketable, the Advisor will report such occurrence to the Board of Trustees and take such steps as are deemed advisable to protect liquidity in accordance with a Fund's liquidity risk management program.

**Real Estate Investment Trusts.** Real estate investment trusts ("*REITs*") are typically publicly traded corporations or trusts that invest in residential or commercial real estate. REITs generally can be divided into the following three types: (i) equity REITs which invest the majority of their assets directly in real property and derive their income primarily from rents and capital gains or real estate appreciation; (ii) mortgage REITs which invest the majority of their assets in real estate mortgage loans and derive their income primarily from interest payments; and (iii) hybrid REITs which combine the characteristics of equity REITs and mortgage REITs.

## Portfolio Turnover

The Funds buy and sell portfolio securities in the normal course of their investment activities. The proportion of a Fund's investment portfolio that is bought and sold during a year is known as a Fund's portfolio turnover rate. A portfolio turnover rate of 100% would occur, for example, if all of the portfolio securities (other than short-term securities) were replaced once during the fiscal year. A high portfolio turnover rate could result in the payment by a Fund of increased brokerage costs, expenses and taxes. The portfolio turnover rates for the specified periods are set forth in the table below.

Significant variations in portfolio turnover from year-to-year are generally the result of fluctuations in the size of a Fund or changes to a Fund's portfolio holdings.

### Portfolio Turnover Rate

| Fund   | Fiscal Year Ended July 31, |      |
|--|----------------------------|------|
|  | 2024                       | 2023 |
| First Trust Consumer Discretionary AlphaDEX® Fund        | 84%                        | 110% |
| First Trust Consumer Staples AlphaDEX® Fund              | 67%                        | 63%  |
| First Trust Energy AlphaDEX® Fund                        | 60%                        | 58%  |
| First Trust Financials AlphaDEX® Fund                    | 75%                        | 78%  |
| First Trust Health Care AlphaDEX® Fund                   | 98%                        | 94%  |
| First Trust Industrials/Producer Durables AlphaDEX® Fund | 78%                        | 81%  |
| First Trust Large Cap Core AlphaDEX® Fund                | 88%                        | 87%  |
| First Trust Large Cap Growth AlphaDEX® Fund              | 116%                       | 127% |
| First Trust Large Cap Value AlphaDEX® Fund               | 81%                        | 80%  |
| First Trust Materials AlphaDEX® Fund                     | 53%                        | 35%  |
| First Trust Mid Cap Core AlphaDEX® Fund                  | 103%                       | 106% |
| First Trust Mid Cap Growth AlphaDEX® Fund                | 134%                       | 142% |
| First Trust Mid Cap Value AlphaDEX® Fund                 | 98%                        | 102% |
| First Trust Multi Cap Growth AlphaDEX® Fund              | 115%                       | 125% |
| First Trust Multi Cap Value AlphaDEX® Fund               | 87%                        | 85%  |
| First Trust Small Cap Core AlphaDEX® Fund                | 112%                       | 109% |
| First Trust Small Cap Growth AlphaDEX® Fund              | 141%                       | 140% |
| First Trust Small Cap Value AlphaDEX® Fund               | 114%                       | 110% |
| First Trust Technology AlphaDEX® Fund                    | 119%                       | 104% |
| First Trust Utilities AlphaDEX® Fund                     | 53%                        | 46%  |

### Lending of Portfolio Securities

In order to generate additional income, as a non-principal investment strategy, First Trust is authorized to select certain First Trust Funds, including the Funds, with notice to the Board of Trustees, to lend portfolio securities representing up to 33⅓% of the value of their total assets to broker-dealers, banks or other institutional borrowers of securities. As with other extensions of credit, there may be risks of delay in recovery of the securities or even loss of rights in the collateral should the borrower of the securities fail financially. However, such First Trust Funds will only enter into loan arrangements with broker-dealers, banks or other institutions which First Trust has determined are creditworthy under guidelines approved by the Board of Trustees. The First Trust Funds will pay a portion of the income earned on the lending transaction to the placing broker and may pay administrative and custodial fees in connection with these loans. First Trust may select any First Trust Fund to participate in the securities lending program, at its discretion with notice to the Board of Trustees.

In these loan arrangements, the First Trust Funds will receive collateral in the form of cash, U.S. government securities or other high-grade debt obligations in an amount at least equal to the value of the borrowed securities, marked to market daily. This collateral must be valued daily by First Trust or the applicable First Trust Fund's lending agent and, if the market value of the loaned securities increases, the borrower must furnish additional collateral to the lending First Trust Fund. During the time portfolio securities are on loan, the borrower pays the lending First Trust Fund any dividends or interest paid on the securities. Loans are subject to termination at any time by the lending First Trust Fund or the borrower. While a First Trust Fund does not have the right to vote securities on loan, it would terminate the loan and regain the right to vote if that were considered important with respect to the investment. When a First Trust Fund lends portfolio securities to a borrower, payments in lieu of dividends made by the borrower to the First Trust Fund will not constitute "qualified dividends" taxable at the same rate as long-term capital gains, even if the actual dividends would have constituted qualified dividends had the First Trust Fund held the securities. Please see "Securities Lending Risk" below for a description of the risks associated with securities lending activities.

The following tables describe the securities lending activities of each Fund that engaged in securities lending activities during the fiscal year ended July 31, 2024:

| <b>FIRST TRUST CONSUMER DISCRETIONARY ALPHADEX® FUND</b>   |                    |
|--|--------------------|
| <b>Gross income from securities lending activities</b>   | <b>\$1,494,265</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                    |
| Fees paid to securities lending agent from a revenue split   | 146,040            |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 5,101              |
| Administrative fees not included in revenue split  | 0                  |
| Indemnification fee not included in revenue split  | 0                  |
| Rebate (paid to borrower)  | 64,868             |
| Other fees not included in revenue split (specify)   | 0                  |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>216,009</b>     |
| <b>Net income from securities lending activities</b>   | <b>\$1,278,256</b> |
| <b>FIRST TRUST ENERGY ALPHADEX® FUND</b>   |                    |
| <b>Gross income from securities lending activities</b>   | <b>\$ 519,875</b>  |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                    |
| Fees paid to securities lending agent from a revenue split   | 25,263             |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 7,390              |
| Administrative fees not included in revenue split  | 0                  |
| Indemnification fee not included in revenue split  | 0                  |
| Rebate (paid to borrower)  | 248,906            |
| Other fees not included in revenue split (specify)   | 0                  |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>281,559</b>     |
| <b>Net income from securities lending activities</b>   | <b>\$ 238,316</b>  |
| <b>FIRST TRUST FINANCIALS ALPHADEX® FUND</b>   |                    |
| <b>Gross income from securities lending activities</b>   | <b>\$ 142,627</b>  |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                    |
| Fees paid to securities lending agent from a revenue split   | 2,939              |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 2,329              |
| Administrative fees not included in revenue split  | 0                  |
| Indemnification fee not included in revenue split  | 0                  |
| Rebate (paid to borrower)  | 113,339            |
| Other fees not included in revenue split (specify)   | 0                  |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>118,607</b>     |
| <b>Net income from securities lending activities</b>   | <b>\$ 24,020</b>   |



| <b>FIRST TRUST HEALTH CARE ALPHADEX® FUND</b>  |                   |
|--|-------------------|
| <b>Gross income from securities lending activities</b>   | <b>\$ 6,057</b>   |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 367               |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 40                |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 2,347             |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>2,754</b>      |
| <b>Net income from securities lending activities</b>   | <b>\$ 3,303</b>   |
| <b>FIRST TRUST INDUSTRIALS/PRODUCER DURABLES ALPHADEX® FUND</b>  |                   |
| <b>Gross income from securities lending activities</b>   | <b>\$ 142,927</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 3,628             |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 1,858             |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 104,525           |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>110,011</b>    |
| <b>Net income from securities lending activities</b>   | <b>\$ 32,916</b>  |
| <b>FIRST TRUST MATERIALS ALPHADEX® FUND</b>  |                   |
| <b>Gross income from securities lending activities</b>   | <b>\$ 9,340</b>   |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 781               |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 47                |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 0                 |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>828</b>        |
| <b>Net income from securities lending activities</b>   | <b>\$ 8,512</b>   |

| <b>FIRST TRUST TECHNOLOGY ALPHADDEX® FUND</b>  |                    |
|--|--------------------|
| <b>Gross income from securities lending activities</b>   | <b>\$5,082,143</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                    |
| Fees paid to securities lending agent from a revenue split   | 431,998            |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 13,688             |
| Administrative fees not included in revenue split  | 0                  |
| Indemnification fee not included in revenue split  | 0                  |
| Rebate (paid to borrower)  | 748,714            |
| Other fees not included in revenue split (specify)   | 0                  |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>1,194,400</b>   |
| <b>Net income from securities lending activities</b>   | <b>\$3,887,743</b> |
| <b>FIRST TRUST LARGE CAP CORE ALPHADDEX® FUND</b>  |                    |
| <b>Gross income from securities lending activities</b>   | <b>\$ 48,531</b>   |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                    |
| Fees paid to securities lending agent from a revenue split   | 1,495              |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 633                |
| Administrative fees not included in revenue split  | 0                  |
| Indemnification fee not included in revenue split  | 0                  |
| Rebate (paid to borrower)  | 32,788             |
| Other fees not included in revenue split (specify)   | 0                  |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>34,916</b>      |
| <b>Net income from securities lending activities</b>   | <b>\$ 13,615</b>   |
| <b>FIRST TRUST LARGE CAP GROWTH ALPHADDEX® FUND</b>  |                    |
| <b>Gross income from securities lending activities</b>   | <b>\$ 7,130</b>    |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                    |
| Fees paid to securities lending agent from a revenue split   | 54                 |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 0                  |
| Administrative fees not included in revenue split  | 0                  |
| Indemnification fee not included in revenue split  | 0                  |
| Rebate (paid to borrower)  | 6,592              |
| Other fees not included in revenue split (specify)   | 0                  |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>6,646</b>       |
| <b>Net income from securities lending activities</b>   | <b>\$ 484</b>      |



| <b>FIRST TRUST LARGE CAP VALUE ALPHADEX® FUND</b>  |                   |
|--|-------------------|
| <b>Gross income from securities lending activities</b>   | <b>\$ 82,332</b>  |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 1,740             |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 1,166             |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 63,769            |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>66,675</b>     |
| <b>Net income from securities lending activities</b>   | <b>\$ 15,657</b>  |
| <b>FIRST TRUST MID CAP CORE ALPHADEX® FUND</b>   |                   |
| <b>Gross income from securities lending activities</b>   | <b>\$ 379,026</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 6,306             |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 6,264             |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 309,900           |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>322,470</b>    |
| <b>Net income from securities lending activities</b>   | <b>\$ 56,556</b>  |
| <b>FIRST TRUST MID CAP GROWTH ALPHADEX® FUND</b>   |                   |
| <b>Gross income from securities lending activities</b>   | <b>\$ 123,323</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 2,275             |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 1,931             |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 94,383            |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>98,589</b>     |
| <b>Net income from securities lending activities</b>   | <b>\$ 24,734</b>  |

| <b>FIRST TRUST MID CAP VALUE ALPHADEX® FUND</b>  |                  |
|--|------------------|
| <b>Gross income from securities lending activities</b>   | <b>\$ 67,720</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                  |
| Fees paid to securities lending agent from a revenue split   | 1,647            |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 1,082            |
| Administrative fees not included in revenue split  | 0                |
| Indemnification fee not included in revenue split  | 0                |
| Rebate (paid to borrower)  | 49,774           |
| Other fees not included in revenue split (specify)   | 0                |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>52,503</b>    |
| <b>Net income from securities lending activities</b>   | <b>\$ 15,217</b> |
| <b>FIRST TRUST MULTI CAP GROWTH ALPHADEX® FUND</b>   |                  |
| <b>Gross income from securities lending activities</b>   | <b>\$ 74,826</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                  |
| Fees paid to securities lending agent from a revenue split   | 4,055            |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 676              |
| Administrative fees not included in revenue split  | 0                |
| Indemnification fee not included in revenue split  | 0                |
| Rebate (paid to borrower)  | 22,229           |
| Other fees not included in revenue split (specify)   | 0                |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>26,960</b>    |
| <b>Net income from securities lending activities</b>   | <b>\$ 47,866</b> |
| <b>FIRST TRUST MULTI CAP VALUE ALPHADEX® FUND</b>  |                  |
| <b>Gross income from securities lending activities</b>   | <b>\$ 30,923</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                  |
| Fees paid to securities lending agent from a revenue split   | 946              |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 467              |
| Administrative fees not included in revenue split  | 0                |
| Indemnification fee not included in revenue split  | 0                |
| Rebate (paid to borrower)  | 20,321           |
| Other fees not included in revenue split (specify)   | 0                |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>21,734</b>    |
| <b>Net income from securities lending activities</b>   | <b>\$ 9,189</b>  |

| <b>FIRST TRUST SMALL CAP CORE ALPHADDEX® FUND</b>  |                   |
|--|-------------------|
| <b>Gross income from securities lending activities</b>   | <b>\$ 807,499</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 44,795            |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 6,749             |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 207,903           |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>259,447</b>    |
| <b>Net income from securities lending activities</b>   | <b>\$ 548,052</b> |
| <b>FIRST TRUST SMALL CAP GROWTH ALPHADDEX® FUND</b>  |                   |
| <b>Gross income from securities lending activities</b>   | <b>\$ 265,339</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 36,926            |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 0                 |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | (103,248)         |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>(66,322)</b>   |
| <b>Net income from securities lending activities</b>   | <b>\$ 331,661</b> |
| <b>FIRST TRUST SMALL CAP VALUE ALPHADDEX® FUND</b>   |                   |
| <b>Gross income from securities lending activities</b>   | <b>\$ 57,242</b>  |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                   |
| Fees paid to securities lending agent from a revenue split   | 2,678             |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 818               |
| Administrative fees not included in revenue split  | 0                 |
| Indemnification fee not included in revenue split  | 0                 |
| Rebate (paid to borrower)  | 24,141            |
| Other fees not included in revenue split (specify)   | 0                 |
| <b>Aggregate fees/compensation for securities lending activities</b>   | <b>27,637</b>     |
| <b>Net income from securities lending activities</b>   | <b>\$ 29,605</b>  |

| <b>FIRST TRUST UTILITIES ALPHADDEX® FUND</b>   |                  |
|--|------------------|
| <b>Gross income from securities lending activities</b>   | <b>\$ 94,436</b> |
| <i>Fees and/or compensation for securities lending activities and related services</i>   |                  |
| Fees paid to securities lending agent from a revenue split   | 2,905            |
| Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split | 1,498            |
| Administrative fees not included in revenue split  | 0                |
| Indemnification fee not included in revenue split  | 0                |
| Rebate (paid to borrower)  | 63,882           |
| Other fees not included in revenue split (specify)   | 0                |
| Aggregate fees/compensation for securities lending activities  | 68,285           |
| Net income from securities lending activities  | <b>\$ 26,151</b> |

The Bank of New York Mellon Corporation (the “*Securities Lending Agent*”) may serve as securities lending agent for the Funds. The services provided by the Securities Lending Agent include: the coordination and selection of securities to be loaned to approved borrowers; negotiating the terms of the loan; monitoring the value of securities loaned and corresponding collateral, marking to market daily; coordinating the investment of cash collateral in the Funds’ approved cash collateral reinvestment vehicle; monitoring dividends and coordinating material proxy votes relating to loaned securities; and transferring, recalling and arranging the return of loaned securities to the Funds upon termination of the loan.

## **SUBLICENSE AGREEMENTS**

The Trust, on behalf of each Fund, has entered into a sublicense agreement (each a “*Sublicense Agreement*”) with First Trust, FTP and each Fund’s corresponding Index Provider that grants each Fund and First Trust an exclusive and transferable sublicense to use certain intellectual property of such Index Provider in connection with the issuance, distribution, marketing and/or promotion of the applicable Fund. Pursuant to each Sublicense Agreement, the Trust, on behalf of each Fund, and First Trust have agreed to be bound by certain provisions of the product license agreement by and between the corresponding Index Provider and FTP (each a “*Product License Agreement*”).

## **INVESTMENT RISKS**

The following risk disclosure supplements the discussion of the Funds’ investment risks that appears in the Prospectus.

### **Overview**

An investment in a Fund should be made with an understanding of the risks that an investment in the Fund’s shares entails, including the risk that the financial condition of the issuers of the equity securities held by a Fund or the general condition of the securities market may worsen and the value of the equity securities and therefore the value of a Fund may decline. A Fund may not be an appropriate investment for those who are unable or unwilling to assume the risks involved generally with such an investment. The past market and earnings performance of any of the equity securities included in a Fund is not predictive of their future performance.

### **Additional Market Disruption Risk**

In February 2022, Russia commenced a military attack on Ukraine. In response, various countries, including the United States, issued broad-ranging sanctions on Russia and certain Russian companies and individuals. The hostilities between the two countries may escalate and any existing or future sanctions could have a severe adverse effect on Russia’s economy, currency, companies and region as well as negatively impact other regional and global economic markets of the world (including Europe and the United States), companies in such countries and various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. Accordingly, the hostilities and sanctions may have a negative effect on a Fund’s investments and performance beyond any direct exposure to Russian issuers or those of adjoining geographic regions. Russia may also take retaliatory actions or countermeasures, such as cyberattacks and espionage, which may negatively impact the countries and companies in which a Fund may invest. The extent and duration of the military action or future escalation of such hostilities; the extent and impact of existing and any future sanctions,

market disruptions and volatility; and the result of any diplomatic negotiations cannot be predicted. These and any related events could have a significant negative impact on certain of a Fund's investments as well as a Fund's performance, and the value or liquidity of certain securities held by a Fund may decline significantly.

### ***Common Stock Risk***

Equity securities are especially susceptible to general market movements and to volatile increases and decreases of value as market confidence in and perceptions of the issuers change. These perceptions are based on unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic or banking crises. First Trust cannot predict the direction or scope of any of these factors. Shareholders of common stocks have rights to receive payments from the issuers of those common stocks that are generally subordinate to those of creditors of, or holders of debt obligations or preferred stocks of, such issuers.

Shareholders of common stocks of the type held by the Funds have a right to receive dividends only when and if, and in the amounts, declared by the issuer's board of directors and have a right to participate in amounts available for distribution by the issuer only after all other claims on the issuer have been paid or otherwise been settled. Common stocks do not represent an obligation of the issuer and, therefore, do not offer any assurance of income or provide the same degree of protection of capital as do debt securities. The issuance of additional debt securities or preferred stock will create prior claims for payment of principal, interest and dividends which could adversely affect the ability and inclination of the issuer to declare or pay dividends on its common stock or the rights of holders of common stock with respect to assets of the issuer upon liquidation or bankruptcy. The value of common stocks is subject to market fluctuations for as long as the common stocks remain outstanding, and thus the value of the equity securities in the Funds will fluctuate over the life of the Funds and may be more or less than the price at which they were purchased by the Funds. The equity securities held in the Funds may appreciate or depreciate in value (or pay dividends) depending on the full range of economic and market influences affecting these securities, including the impact of a Fund's purchase and sale of the equity securities and other factors.

Holders of common stocks incur more risk than holders of preferred stocks and debt obligations because common stockholders, as owners of the entity, have generally inferior rights to receive payments from the issuer in comparison with the rights of creditors of, or holders of debt obligations or preferred stocks issued by the issuer. Cumulative preferred stock dividends must be paid before common stock dividends and any cumulative preferred stock dividend omitted is added to future dividends payable to the holders of cumulative preferred stock. Preferred stockholders are also generally entitled to rights on liquidation which are senior to those of common stockholders.

### ***Dividends Risk***

Shareholders of common stocks have rights to receive payments from the issuers of those common stocks that are generally subordinate to those of creditors of, or holders of debt obligations or preferred stocks of, such issuers. Shareholders of common stocks of the type held by the Funds have a right to receive dividends only when and if, and in the amounts, declared by the issuer's board of directors and have a right to participate in amounts available for distribution by the issuer only after all other claims on the issuer have been paid or have otherwise been settled. Common stocks do not represent an obligation of the issuer and, therefore, do not offer any assurance of income or provide the same degree of protection of capital as do debt securities. The issuance of additional debt securities or preferred stock will create prior claims for payment of principal, interest and dividends which could adversely affect the ability and inclination of the issuer to declare or pay dividends on its common stock or the rights of holders of common stock with respect to assets of the issuer upon liquidation or bankruptcy. Cumulative preferred stock dividends must be paid before common stock dividends, and any cumulative preferred stock dividend omitted is added to future dividends payable to the holders of cumulative preferred stock. Preferred stockholders are also generally entitled to rights on liquidation that are senior to those of common stockholders.

### ***Liquidity Risk***

Whether or not the equity securities held by the Funds are listed on a securities exchange, the principal trading market for certain of the equity securities in a Fund may be in the over-the-counter ("OTC") market. As a result, the existence of a liquid trading market for the equity securities may depend on whether dealers will make a market in the equity securities. Certain regions, countries or asset types may also suffer periods of relative illiquidity. There can be no assurance that a market will be made for any of the equity securities, that any market for the equity securities will be maintained or that there will be sufficient liquidity of the equity securities in any markets made. The price at which the equity securities are held by the Funds will be adversely affected if trading markets for the equity securities are limited or absent.

### ***Listing Standards Risk***

Each Fund is required to comply with listing requirements adopted by the Exchange. Non-compliance with such requirements may result in a Fund's shares being delisted by the Exchange. Any resulting liquidation of a Fund could cause the Fund to incur elevated transaction costs and could result in negative tax consequences for its shareholders.

### ***Litigation Risk***

At any time litigation may be instituted on a variety of grounds with respect to the common stocks held by the Funds. The Funds are unable to predict whether litigation that has been or will be instituted might have a material adverse effect on the Funds.

### ***Market Risk***

Market risk is the risk that a particular security, or shares of a Fund in general, may fall in value. Securities are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Shares of a Fund could decline in value or underperform other investments due to short-term market movements or any longer periods during more prolonged market downturns. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious diseases or other public health issues, recessions, natural disasters or other events could have a significant negative impact on a Fund and its investments. Such events may affect certain geographic regions, countries, sectors and industries more significantly than others. Such events could adversely affect the prices and liquidity of a Fund's portfolio securities or other instruments and could result in disruptions in the trading markets. Any of such circumstances could have a materially negative impact on the value of a Fund's shares and result in increased market volatility. During any such events, a Fund's shares may trade at increased premiums or discounts to their net asset value and the bid/ask spread on a Fund's shares may widen.

Health crises caused by the outbreak of infectious diseases or other public health issues, may exacerbate other pre-existing political, social, economic, market and financial risks. The impact of any such events, could negatively affect the global economy, as well as the economies of individual countries or regions, the financial performance of individual companies, sectors and industries, and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the prices and liquidity of the securities and other instruments in which a Fund invests and negatively impact a Fund's investment return. For example, an outbreak of a respiratory disease designated as COVID-19 was first detected in China in December 2019 and subsequently spread internationally. The ensuing policies enacted by governments and central banks have caused and may continue to cause significant volatility and uncertainty in global financial markets, negatively impacting global growth prospects. While vaccines have been developed, there is no guarantee that vaccines will be effective against future variants of the disease. The impact of the COVID-19 pandemic may be short term or may last for an extended period of time, and in either case could result in a substantial economic downturn or recession.

In addition, the operations of a Fund, the Advisor and a Fund's other service providers may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

### ***Real Estate Investment Trust Risk***

REITs are financial vehicles that pool investors' capital to purchase or finance real estate. REITs may concentrate their investments in specific geographic areas or in specific property types, e.g., hotels, shopping malls, residential complexes and office buildings. The market value of REIT shares and the ability of the REITs to distribute income may be adversely affected by several factors, including rising interest rates; changes in the national, state and local economic climate and real estate conditions; perceptions of prospective tenants of the safety, convenience and attractiveness of the properties; the ability of the owners to provide adequate management, maintenance and insurance; the cost of complying with the Americans with Disabilities Act; increased competition from new properties; the impact of present or future environmental legislation and compliance with environmental laws; changes in real estate taxes and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; and other factors beyond the control of the issuers of the REITs. In addition, distributions received by the Fund from REITs may consist of dividends, capital gains and/or return of capital. Many of these distributions however will not generally qualify for favorable treatment as qualified dividend income.



### ***Securities Lending Risk***

Securities lending involves exposure to certain risks, including counterparty risk, collateral risk and operational risk. Counterparty risk is the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a First Trust Fund engaged in securities lending transactions may suffer a loss and there may be a delay in recovering the lent securities. Any delay in the return of securities on loan may restrict the ability of a Fund to meet delivery or payment obligations. Collateral risk is the risk that the collateral received may be realized at a value lower than the value of the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements in the value of the collateral, intra-day increases in the value of the securities lent, a deterioration in the credit rating of the collateral issuer, or the illiquidity of the market in which the collateral is traded. Securities lending also entails operational risks, such as settlement failures or delays in the settlement of instructions. Such failures or delays may restrict the ability of a Fund to meet delivery or payment obligations. Lastly, securities lending activities may result in adverse tax consequences for a Fund and its shareholders. For instance, substitute payments for dividends received by a Fund for securities loaned out by the Fund will not be considered qualified dividend income. A Fund could lose money if its short-term investment of the collateral declines in value over the period of the loan.

### ***Small and Mid Capitalization Companies Risk***

Certain of the equity securities in certain Funds may be small and/or mid capitalization company stocks. While historically such company stocks have outperformed the stocks of large companies, the former have customarily involved more investment risk as well. Small and mid capitalization companies may have limited product lines, markets or financial resources; may lack management depth or experience; and may be more vulnerable to adverse general market or economic developments than large companies. Some of these companies may distribute, sell or produce products which have recently been brought to market and may be dependent on key personnel.

The prices of small and mid capitalization company securities are often more volatile than prices associated with large company issues, and can display abrupt or erratic movements at times, due to limited trading volumes and less publicly available information. Also, because small and mid capitalization companies normally have fewer shares outstanding and these shares trade less frequently than large companies, it may be more difficult for a Fund which contains these equity securities to buy and sell significant amounts of such shares without an unfavorable impact on prevailing market prices. The securities of small and mid capitalization companies are often traded OTC and may not be traded in the volumes typical of a national securities exchange.

### ***Variable Interest Entities Risk***

In order to gain exposure to certain Chinese companies that are included in a Fund's Index but are unavailable to direct investment by foreign investors, certain Funds invest significantly in non-Chinese shell companies that have created structures known as variable interest entities ("VIEs") in order to gain exposure to such Chinese companies. In China, direct ownership of companies in certain sectors by foreign individuals and entities is prohibited. In order to allow for foreign investment in these businesses, many Chinese companies have created VIE structures to enable indirect foreign ownership. In such an arrangement, a Chinese operating company typically establishes an offshore shell company in another jurisdiction, such as the Cayman Islands. That shell company enters into service and other contracts with the Chinese issuer or operating company to obtain economic exposure to the Chinese company, then issues shares on an exchange outside of mainland China, and U.S. investors hold stock in the non-Chinese shell company rather than directly in the Chinese issuer or operating company. This arrangement allows U.S. investors, such as the Fund, to obtain economic exposure to the Chinese issuer or operating company through contractual means rather than through formal equity ownership. Because neither the shell company nor the Fund owns actual equity interests in the Chinese operating company, they do not have the voting rights or other types of control that an equity holder would expect to benefit from. Although VIEs are a longstanding industry practice and well known to officials and regulators in China, VIEs are not formally recognized under Chinese law. Intervention by the Chinese government with respect to VIEs could significantly affect the Chinese company's performance and the enforceability of the VIE's contractual arrangements that establish the links between the Chinese company and the shell company in which the Fund invests. This could considerably impact the financial condition of the shell company in which the Fund invests by limiting its ability to consolidate the financial results of the Chinese operating company into its own financial statements, as well as make the value of the shares held by the Fund effectively worthless. Further, if Chinese officials prohibit the existence of VIEs, the market value of the Fund's associated holdings would likely suffer significant, and possibly permanent effects, which could negatively impact the Fund's net asset value and could result in substantial losses. Further, it is uncertain whether any new laws, rules or regulations relating to VIE structures will be adopted or, if adopted, what impact they would have on the value of the Fund's shares.

VIEs are also subject to the investment risks associated with the underlying Chinese issuer or operating company. Chinese companies are not subject to the same degree of regulatory requirements or accounting standards and oversight as companies in more developed countries. As a result, information about the Chinese securities and VIEs in which the Fund invests may be less reliable and incomplete. There also may be significant obstacles to obtaining information necessary for investigations into or litigation against Chinese companies and VIEs, and shareholders may have limited legal remedies, which could negatively impact the Fund. Additionally, U.S.-listed VIEs may be delisted if they do not meet U.S. accounting standards and auditor oversight requirements. Delisting would significantly decrease the liquidity and value of the securities, decrease the ability of the Fund to invest in such securities and may increase the cost of the Fund if required to seek alternative markets in which to invest in such securities.

## MANAGEMENT OF THE FUNDS

### Trustees and Officers

The general supervision of the duties performed for the Funds under the investment management agreement is the responsibility of the Board of Trustees. There are seven Trustees of the Trust, one of whom is an “interested person” (as the term is defined in the 1940 Act) and six of whom are Trustees who are not officers or employees of First Trust or any of its affiliates (“*Independent Trustees*”). The Trustees set broad policies for the Funds, choose the Trust’s officers and hire the Trust’s investment advisor. The officers of the Trust manage its day-to-day operations and are responsible to the Board of Trustees. The following is a list of the Trustees and executive officers of the Trust and a statement of their present positions and principal occupations during the past five years, the number of portfolios each Trustee oversees and the other directorships they have held during the past five years, if applicable. Each Trustee has been elected for an indefinite term. The officers of the Trust serve indefinite terms. Each Trustee, except for James A. Bowen, is an Independent Trustee. Mr. Bowen is deemed an “interested person” (as that term is defined in the 1940 Act) (“*Interested Trustee*”) of the Trust due to his position as Chief Executive Officer of First Trust, investment advisor to the Funds. The following table identifies the Trustees and Officers of the Trust. Unless otherwise indicated, the address of all persons below is c/o First Trust Advisors L.P., 120 East Liberty Drive, Suite 400, Wheaton, IL 60187.

| Name and Year of Birth                                  | Position and Offices with Trust   | Term of Office and Year First Elected or Appointed   | Principal Occupations During Past 5 Years   | Number of Portfolios in the First Trust Fund Complex Overseen by Trustee | Other Trusteeships or Directorships Held by Trustee During the Past 5 Years   |
|---|-----------------------------------|--|---|--|---|
| <b>TRUSTEE WHO IS AN INTERESTED PERSON OF THE TRUST</b> |                                   |  |   |  |   |
| James A. Bowen <sup>(1)</sup><br>1955                   | Chairman of the Board and Trustee | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul> | Chief Executive Officer, First Trust Advisors L.P. and First Trust Portfolios L.P.; Chairman of the Board of Directors, BondWave LLC (Software Development Company) and Stonebridge Advisors LLC (Investment Advisor) | 299 Portfolios   | None  |
| <b>INDEPENDENT TRUSTEES</b>                             |                                   |  |   |  |   |
| Richard E. Erickson<br>1951                             | Trustee                           | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul> | Retired; Physician, Edward-Elmhurst Medical Group (2021 to September 2023); Physician and Officer, Wheaton Orthopedics (1990 to 2021)   | 299 Portfolios   | None  |
| Thomas R. Kadlec<br>1957                                | Trustee                           | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul> | Retired; President, ADM Investor Services, Inc. (Futures Commission Merchant) (2010 to July 2022)   | 299 Portfolios   | Director, National Futures Association; formerly, Director of ADM Investor Services, Inc., ADM Investor Services International, ADMIS Hong Kong Ltd., ADMIS Singapore Ltd. and Futures Industry Association |



| Name and Year of Birth      | Position and Offices with Trust | Term of Office and Year First Elected or Appointed   | Principal Occupations During Past 5 Years   | Number of Portfolios in the First Trust Fund Complex Overseen by Trustee | Other Trusteeships or Directorships Held by Trustee During the Past 5 Years   |
|-----------------------------|---------------------------------|--|---|--|---|
| <b>INDEPENDENT TRUSTEES</b> |                                 |  |   |  |   |
| Denise M. Keefe<br>1964     | Trustee                         | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since 2021</li> </ul>      | Senior Vice President, Advocate Health, Continuing Health Division (Integrated Healthcare System) (2023 to present); Executive Vice President, Advocate Aurora Health (Integrated Healthcare System) (2018 to 2023)   | 299 Portfolios   | Director and Board Chair of Advocate Home Health Services, Advocate Home Care Products and Advocate Hospice; Director and Board Chair of Aurora At Home (since 2018); Director of Advocate Physician Partners Accountable Care Organization; Director of RML Long Term Acute Care Hospitals; Director of Senior Helpers (2021 to 2024); and Director of MobileHelp (2022 to 2024) |
| Robert F. Keith<br>1956     | Trustee                         | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul> | President, Hibs Enterprises (Financial and Management Consulting)   | 299 Portfolios   | Formerly, Director of Trust Company of Illinois   |
| Niel B. Nielson<br>1954     | Trustee                         | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul> | Senior Advisor (2018 to present), Managing Director and Chief Operating Officer (2015 to 2018), Pelita Harapan Educational Foundation (Educational Products and Services)   | 299 Portfolios   | None  |
| Bronwyn Wright<br>1971      | Trustee                         | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since 2023</li> </ul>      | Independent Director to a number of Irish collective investment funds (2009 to present); Various roles at international affiliates of Citibank (1994 to 2009), including Managing Director, Citibank Europe plc and Head of Securities and Fund Services, Citi Ireland (2007 to 2009) | 273 Portfolios   | None  |

| Name and Year of Birth       | Position and Offices with Trust                  | Term of Office and Length of Service  | Principal Occupations During Past 5 Years  |
|------------------------------|--|---|--|
| <b>OFFICERS OF THE TRUST</b> |  |   |  |
| James M. Dykas<br>1966       | President and Chief Executive Officer            | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since 2016</li> </ul>   | Managing Director and Chief Financial Officer, First Trust Advisors L.P. and First Trust Portfolios L.P.; Chief Financial Officer, BondWave LLC (Software Development Company) and Stonebridge Advisors LLC (Investment Advisor) |
| W. Scott Jardine<br>1960     | Secretary and Chief Legal Officer                | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul>  | General Counsel, First Trust Advisors L.P. and First Trust Portfolios L.P.; Secretary and General Counsel, BondWave LLC; and Secretary, Stonebridge Advisors LLC   |
| Daniel J. Lindquist<br>1970  | Vice President                                   | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul>  | Managing Director, First Trust Advisors L.P. and First Trust Portfolios L.P.   |
| Kristi A. Maher<br>1966      | Chief Compliance Officer and Assistant Secretary | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Chief Compliance Officer since January 2011</li> <li>Assistant Secretary since inception</li> </ul> | Deputy General Counsel, First Trust Advisors L.P. and First Trust Portfolios L.P.  |

| Name and Year of Birth   | Position and Offices with Trust                                 | Term of Office and Length of Service   | Principal Occupations During Past 5 Years  |
|--------------------------|---|--|--|
| Derek D. Maltbie<br>1972 | Treasurer, Chief Financial Officer and Chief Accounting Officer | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since 2023</li> </ul>      | Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P., July 2021 – present. Previously, Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P., 2014 – 2021. |
| Roger F. Testin<br>1966  | Vice President  | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul> | Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P.   |
| Stan Ueland<br>1970      | Vice President  | <ul style="list-style-type: none"> <li>Indefinite term</li> <li>Since inception</li> </ul> | Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P.   |

(1) Mr. Bowen is deemed an “interested person” of the Trust due to his position as Chief Executive Officer of First Trust, investment advisor of the Funds.

## Unitary Board Leadership Structure

Except in certain circumstances (as noted below) under which a Trustee is unable to sit on all the boards of all the funds in the First Trust Fund Complex (as defined below), each Trustee serves as a trustee of all open-end and closed-end funds in the First Trust Fund Complex (as defined below), which is known as a “unitary” board leadership structure. Each Trustee (except as noted below) currently serves as a trustee of First Trust Series Fund and First Trust Variable Insurance Trust, open-end funds with 12 portfolios advised by First Trust; First Trust Senior Floating Rate Income Fund II, First Trust Enhanced Equity Income Fund, First Trust Mortgage Income Fund, First Trust Specialty Finance and Financial Opportunities Fund, First Trust Intermediate Duration Preferred & Income Fund and First Trust High Yield Opportunities 2027 Term Fund, closed-end funds advised by First Trust; and First Trust Exchange-Traded Fund, First Trust Exchange-Traded Fund II, First Trust Exchange-Traded Fund III, First Trust Exchange-Traded Fund IV, First Trust Exchange-Traded Fund V, First Trust Exchange-Traded Fund VI, First Trust Exchange-Traded Fund VII, First Trust Exchange-Traded Fund VIII, First Trust Exchange-Traded AlphaDEX® Fund and First Trust Exchange-Traded AlphaDEX® Fund II, exchange-traded funds with 281 portfolios advised by First Trust (each a “*First Trust Fund*” and collectively, the “*First Trust Fund Complex*”). Ms. Wright also serves as director of First Trust Global Funds, a public limited company established in Ireland and an open-end umbrella fund representing 34 exchange-traded funds and one mutual fund, and advised by First Trust (collectively, the “*First Trust UCITS*”). In addition, Ms. Wright had previously served on the board of directors of First Trust Global Portfolios Management Limited, the manager to the First Trust UCITS and an affiliate of First Trust, but resigned such position effective March 6, 2023. Except as noted above, none of the Independent Trustees nor their immediate family members has ever been a director, officer or employee of, or consultant to, First Trust, First Trust Portfolios L.P. or their affiliates. Due to certain restrictions resulting from the 1940 Act, Ms. Wright does not serve as a Trustee of First Trust Exchange-Traded Fund, with, in the aggregate, 26 portfolios.

The management of the Funds, including general supervision of the duties performed for the Funds under the investment management agreement between the Trust, on behalf of the Funds, and the Advisor, is the responsibility of the Board of Trustees. The Trustees of the Trust set broad policies for the Funds, choose the Trust's officers and hire the Funds' investment advisor and other service providers. The officers of the Trust manage the day-to-day operations and are responsible to the Trust's Board. The Trust's Board is composed of six Independent Trustees and one Interested Trustee. The Interested Trustee, James A. Bowen, serves as the Chairman of the Board for each fund in the First Trust Fund Complex.

The unitary board structure was adopted for the First Trust Funds because of the efficiencies it achieves with respect to the governance and oversight of the First Trust Funds. Each First Trust Fund is subject to the rules and regulations of the 1940 Act (and other applicable securities laws), which means that many of the First Trust Funds face similar issues with respect to certain of their fundamental activities, including risk management, portfolio liquidity, portfolio valuation and financial reporting. Because of the similar and often overlapping issues facing the First Trust Funds, including among the First Trust exchange-traded funds, the Board of the First Trust Funds believes that maintaining a unitary board structure promotes efficiency and consistency in the governance and oversight of all First Trust Funds and reduces the costs, administrative burdens and possible conflicts that may result from having multiple boards. In adopting a unitary board structure, the Trustees seek to provide effective governance through establishing a board the overall composition of which will, as a body, possess the appropriate skills, diversity, independence and experience to oversee the Funds' business.

Annually, the Board reviews its governance structure and the committee structures, their performance and functions, and it reviews any processes that would enhance Board governance over the Funds' business. The Board has determined that its leadership structure, including the unitary board and committee structure, is appropriate based on the characteristics of the funds it serves and the characteristics of the First Trust Fund Complex as a whole.

In order to streamline communication between the Advisor and the Independent Trustees and create certain efficiencies, the Board has a Lead Independent Trustee who is responsible for: (i) coordinating activities of the Independent Trustees; (ii) working with the Advisor, Fund counsel and the independent legal counsel to the Independent Trustees to determine the agenda for Board meetings; (iii) serving as the principal contact for and facilitating communication between the Independent Trustees and the Funds' service providers, particularly the Advisor; and (iv) any other duties that the Independent Trustees may delegate to the Lead Independent Trustee. The Lead Independent Trustee is selected by the Independent Trustees and serves a three-year term or until his or her successor is selected.

The Board has established five standing committees (as described below) and has delegated certain of its responsibilities to those committees. The Board and its committees meet frequently throughout the year to oversee the Funds' activities, review contractual arrangements with and performance of service providers, oversee compliance with regulatory requirements and review Fund performance. The Independent Trustees are represented by independent legal counsel at all Board and committee meetings (other than meetings of the Dividend Committee). Generally, the Board acts by majority vote of all the Trustees, including a majority vote of the Independent Trustees if required by applicable law.

The four Committee Chairs and the Lead Independent Trustee rotate every three years in serving as Chair of the Audit Committee, the Nominating and Governance Committee, the Valuation Committee or the Dividend Committee, or as Lead Independent Trustee. The Lead Independent Trustee and immediate past Lead Independent Trustee also serve on the Executive Committee with the Interested Trustee.

The five standing committees of the First Trust Fund Complex are: the Executive Committee, the Nominating and Governance Committee, the Valuation Committee, the Audit Committee and the Dividend Committee. The Executive Committee, which meets between Board meetings, is authorized to exercise all powers of and to act in the place of the Board of Trustees to the extent permitted by the Trust's Declaration of Trust and By Laws. Mr. Nielson, Mr. Bowen and Dr. Erickson are members of the Executive Committee. During the last fiscal year, the Executive Committee did not hold any meetings.

The Nominating and Governance Committee is responsible for appointing and nominating non-interested persons to the Trust's Board of Trustees. Messrs. Erickson, Kadlec, Keith, Nielson and Ms. Keefe and Wright are members of the Nominating and Governance Committee. If there is no vacancy on the Board of Trustees, the Board will not actively seek recommendations from other parties, including shareholders. The Board of Trustees adopted a mandatory retirement age of 75 for Trustees, beyond which age Trustees are ineligible to serve. The Committee will not consider new trustee candidates who are 72 years of age or older. When a vacancy on the Board of Trustees occurs and nominations are sought to fill such vacancy, the Nominating and Governance Committee may seek nominations from those sources it deems appropriate in its discretion, including shareholders of the applicable Funds. To submit a recommendation for nomination as a candidate for a position on the Board of Trustees, shareholders of the applicable Funds should mail such recommendation to W. Scott Jardine, Secretary, at the Trust's address, 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187. Such recommendation shall include the following information: (i) evidence of Fund ownership of the person or entity recommending the candidate (if a Fund shareholder); (ii) a full description of the proposed candidate's background, including education, experience, current employment and date of birth; (iii) names and addresses of at least three professional references for the candidate; (iv) information as to whether the candidate is an "interested person" in relation to the Funds, as such term is defined in the 1940 Act, and such other information that may be considered to impair the candidate's independence; and (v) any other information that may be helpful to the Committee in evaluating the candidate. If a recommendation is received with satisfactorily completed information regarding a candidate during a time when a vacancy exists on the Board or during such other time as the Nominating and Governance Committee is accepting recommendations, the recommendation will be forwarded to the Chair of the Nominating and Governance Committee and to counsel to the Independent Trustees. Recommendations received at any other time will be kept on file until such time as the Nominating and Governance Committee is accepting recommendations, at which point they may be considered for nomination. During the last fiscal year, the Nominating and Governance Committee held four meetings.

The Valuation Committee is responsible for the oversight of the Advisor as the "Valuation Designee" under Rule 2a-5 of the 1940 Act and its implementation of the valuation of the securities held in the Funds' portfolios. Messrs. Erickson, Kadlec, Keith, Nielson and Ms. Keefe and Wright are members of the Valuation Committee. During the last fiscal year, the Valuation Committee held four meetings.

The Audit Committee is responsible for overseeing each Fund's accounting and financial reporting process, the system of internal controls and audit process and for evaluating and appointing independent auditors (subject also to Board approval). Messrs. Erickson, Kadlec, Keith, Nielson and Ms. Keefe and Wright serve on the Audit Committee. Ms. Keefe was

appointed to serve as the Vice Chair of the Audit Committee, effective March 12, 2024. During the last fiscal year, the Audit Committee held eight meetings.

The Dividend Committee is responsible for assisting the Board in, or assuming the authority and power of the Board with respect to, the declaration and setting of each Fund's dividends. Messrs. Keith and Nielson serve on the Dividend Committee. During the last fiscal year, the Dividend Committee did not hold any meetings.

## **Executive Officers**

The executive officers of the Trust hold the same positions with each fund in the First Trust Fund Complex (representing 299 portfolios) as they hold with the Trust.

## **Risk Oversight**

As part of the general oversight of the Funds, the Board is involved in the risk oversight of the Funds. The Board has adopted and periodically reviews policies and procedures designed to address each Fund's risks. Oversight of investment and compliance risk is performed primarily at the Board level in conjunction with the Advisor's investment oversight group and the Trust's Chief Compliance Officer ("CCO"). Oversight of other risks also occurs at the committee level. The Advisor's investment oversight group reports to the Board at quarterly meetings regarding, among other things, Fund performance and the various drivers of such performance. The Board reviews reports on the Funds' and the service providers' compliance policies and procedures at each quarterly Board meeting and receives an annual report from the CCO regarding the operations of the Funds' and the service providers' compliance programs. In addition, the Independent Trustees meet privately each quarter with the CCO. The Audit Committee reviews, with the Advisor and the Funds' independent auditors, each Fund's major financial risk exposures and the steps the Advisor has taken to monitor and control these exposures, including each Fund's risk assessment and risk management policies and guidelines. The Audit Committee also, as appropriate, reviews in a general manner the processes other Board committees have in place with respect to risk assessment and risk management. The Nominating and Governance Committee monitors all matters related to the corporate governance of the Trust. The Valuation Committee monitors valuation risk and oversees the Advisor's performance as Valuation Designee.

Not all risks that may affect the Funds can be identified nor can controls be developed to eliminate or mitigate their occurrence or effects. It may not be practical or cost effective to eliminate or mitigate certain risks, the processes and controls employed to address certain risks may be limited in their effectiveness, and some risks are simply beyond the reasonable control of the Funds or the Advisor or other service providers. For instance, as the use of Internet technology has become more prevalent, the Funds and their service providers have become more susceptible to potential operational risks through breaches in cyber security (generally, intentional and unintentional events that may cause a Fund or a service provider to lose proprietary information, suffer data corruption or lose operational capacity). There can be no guarantee that any risk management systems established by the Funds, their service providers, or issuers of the securities in which the Funds invest to reduce cyber security risks will succeed, and the Funds cannot control such systems put in place by service providers, issuers or other third parties whose operations may affect the Funds and/or their shareholders. Moreover, it is necessary to bear certain risks (such as investment-related risks) to achieve a Fund's goals. As a result of the foregoing and other factors, a Fund's ability to manage risk is subject to substantial limitations.

## **Board Diversification and Trustee Qualifications**

As described above, the Nominating and Governance Committee of the Board oversees matters related to the selection and nomination of Trustees. The Nominating and Governance Committee seeks to establish an effective Board with an appropriate range of skills and diversity, including, as appropriate, differences in background, professional experience, education, vocation, and other individual characteristics and traits in the aggregate. Each Trustee must meet certain basic requirements, including relevant skills and experience, time availability and, if qualifying as an Independent Trustee, independence from the Advisor, underwriters or other service providers, including any affiliates of these entities.

Listed below for each current Trustee are the experiences, qualifications and attributes that led to the conclusion, as of the date of this SAI, that each current Trustee should serve as a Trustee in light of the Trust's business and structure.

Richard E. Erickson, M.D., was previously an orthopedic surgeon with Edward-Elmhurst Medical Group from 2021 to September 2023. Prior thereto, he was President of Wheaton Orthopedics (from 1990 to 2021), a co-owner and director of a fitness center and a limited partner of two real estate companies. Dr. Erickson has served as a Trustee of each First Trust

Fund since its inception and of the First Trust Funds since 1999. Dr. Erickson has also served as the Lead Independent Trustee (2008 – 2009 and 2017 – 2019) and on the Executive Committee (2008 – 2009 and 2017 – 2022), Chairman of the Nominating and Governance Committee (2003 – 2007 and 2014 – 2016), Chairman of the Audit Committee (2012 – 2013) and Chairman of the Valuation Committee (June 2006 – 2007; 2010 – 2011 and 2020 – 2022) of the First Trust Funds. He currently serves as Chairman of the Audit Committee (since January 1, 2023) of the First Trust Funds.

Thomas R. Kadlec was previously President of ADM Investor Services Inc. (“ADMIS”), a futures commission merchant and wholly-owned subsidiary of the Archer Daniels Midland Company (“ADM”) from 2010 to July 2022. Mr. Kadlec was employed by ADMIS and its affiliates since 1990 in various accounting, financial, operations and risk management capacities. Mr. Kadlec served on the boards of several international affiliates of ADMIS until July 2022 and served as a member of ADM’s Integrated Risk Committee from 2008 – 2018, which was tasked with the duty of implementing and communicating enterprise-wide risk management. From 2014 to 2022, Mr. Kadlec was on the board of the Futures Industry Association. In 2017, Mr. Kadlec was elected to the board of the National Futures Association. Mr. Kadlec has served as a Trustee of each First Trust Fund since its inception. Mr. Kadlec also served on the Executive Committee from the organization of the first First Trust closed-end fund in 2003 through 2005 (and 2014 – 2019) until he was elected as the first Lead Independent Trustee in December 2005, serving as such through 2007 (and 2014 – 2016). He also served as Chairman of the Valuation Committee (2008 – 2009 and 2017 – 2019), Chairman of the Audit Committee (2010 – 2011 and 2020 – 2022) and Chairman of the Nominating and Governance Committee (2012 – 2013). He currently serves as Vice Lead Independent Trustee (since March 12, 2024), on the Executive Committee (since March 12, 2024), on the Dividend Committee (since March 12, 2024) and as Chairman of the Nominating and Governance Committee (since January 1, 2023) of the First Trust Funds.

Denise M. Keefe has been Senior Vice President of Advocate Health, Continuing Health Division since 2023, and from 2018 to 2023 was Executive Vice President of Advocate Aurora Health (together, with Advocate Health, “Advocate”). Advocate is one of the largest integrated healthcare systems in the U.S. serving Illinois and Wisconsin. Ms. Keefe has been employed by Advocate since 1993 and is responsible for the Continuing Health Division’s strategic direction, fiscal management, business development, revenue enhancement, operational efficiencies, and human resource management of 4,000 employees. Ms. Keefe also currently serves on the boards of several organizations within the Advocate Aurora Continuing Health Division and other health care organizations, including RML Long Term Acute Care Hospitals (since 2014). Prior thereto, Ms. Keefe was Corporate Vice President, Marketing and Business Development for the Visiting Nurse Association of Chicago (1989 – 1992) and a former Board Member of Sherman West Court Skilled Nursing Facility. Ms. Keefe has served as a Trustee of the First Trust Funds and on the Audit Committee, Nominating and Governance Committee and Valuation Committee of the First Trust Funds since November 1, 2021. In addition, she currently serves as Audit Committee Vice Chair (since March 12, 2024) of the First Trust Funds.

Robert F. Keith is President of Hibs Enterprises, a financial and management consulting firm. Mr. Keith has been with Hibs Enterprises since 2003. Prior thereto, Mr. Keith spent 18 years with ServiceMaster and Aramark, including three years as President and COO of ServiceMaster Consumer Services, where he led the initial expansion of certain products overseas; five years as President and COO of ServiceMaster Management Services; and two years as President of Aramark ServiceMaster Management Services. Mr. Keith is a certified public accountant and also has held the positions of Treasurer and Chief Financial Officer of ServiceMaster, at which time he oversaw the financial aspects of ServiceMaster’s expansion of its Management Services division into Europe, the Middle East and Asia. Mr. Keith has served as a Trustee of the First Trust Funds since 2006. Mr. Keith has also served as the Chairman of the Audit Committee (2008 – 2009 and 2017 – 2019), Chairman of the Nominating and Governance Committee (2010 – 2011 and 2020 – 2022) and Chairman of the Valuation Committee (2014 – 2016) of the First Trust Funds. He served as Lead Independent Trustee and on the Executive Committee (2012 – 2016). He currently serves as Lead Independent Trustee and on the Executive Committee (since January 1, 2023) and as Chairman of the Dividend Committee (since January 1, 2023) of the First Trust Funds.

Niel B. Nielson, Ph.D., has been the Senior Advisor of Pelita Harapan Educational Foundation, a global provider of educational products and services since 2018. Prior thereto, Mr. Nielson served as the Managing Director and Chief Operating Officer of Pelita Harapan Educational Foundation for three years. Mr. Nielson formerly served as the President and Chief Executive Officer of Dew Learning LLC from 2012 through 2014. Mr. Nielson formerly served as President of Covenant College (2002 – 2012), and as a partner and trader (of options and futures contracts for hedging options) for Ritchie Capital Markets Group (1996 – 1997), where he held an administrative management position at this proprietary derivatives trading company. He also held prior positions in new business development for ServiceMaster Management Services Company and in personnel and human resources for NationsBank of North Carolina, N.A. and Chicago Research and Trading Group, Ltd. (“CRT”). His international experience includes serving as a director of CRT Europe, Inc. for two years, directing out of London



all aspects of business conducted by the U.K. and European subsidiary of CRT. Prior to that, Mr. Nielson was a trader and manager at CRT in Chicago. Mr. Nielson has served as a Trustee of each First Trust Fund since its inception and of the First Trust Funds since 1999. Mr. Nielson has also served as Chairman of the Audit Committee (2003 - 2007 and 2014 - 2016), Chairman of the Valuation Committee (2012 - 2013), Chairman of the Nominating and Governance Committee (2008 - 2009 and 2017 - 2019), Chairman of the Dividend Committee (2020 - 2022), and Lead Independent Trustee (2010 - 2011 and 2020 - 2022) of the First Trust Funds. Further, he has served as a member of the Executive Committee (2010 - 2011 and January 1, 2020 - March 12, 2024) and the Dividend Committee (October 19, 2020 - March 12, 2024) of the First Trust Funds. He currently serves as Chairman of the Valuation Committee (since January 1, 2023) of the First Trust Funds.

Bronwyn Wright has acted as an independent director to a number of Irish collective investment funds since 2009. Ms. Wright is a former Managing Director of Citibank Europe plc and Head of Securities and Fund Services for Citi Ireland. In these positions, she was responsible for the management and strategic direction of Citi Ireland's securities and fund services business which included funds, custody, security finance/lending and global agency and trust. She also had responsibility for leading, managing and growing the Trustee, Custodian and Depositary business in Ireland, the United Kingdom, Luxembourg, Jersey and Cayman. Ms. Wright has served as a Trustee of the First Trust Funds and on the Audit Committee, Nominating and Governance Committee and Valuation Committee of the First Trust Funds since September 10, 2023.

James A. Bowen is Chief Executive Officer of First Trust Advisors L.P. and First Trust Portfolios L.P. Mr. Bowen is involved in the day-to-day management of the First Trust Funds and serves on the Executive Committee. He has over 35 years of experience in the investment company business in sales, sales management and executive management. Mr. Bowen has served as a Trustee of each First Trust Fund since its inception and of the First Trust Funds since 1999.

Effective January 1, 2024, the fixed annual retainer paid to the Independent Trustees is \$285,000 per year and an annual per fund fee of \$7,500 for each closed-end fund, \$2,000 for each actively managed fund, \$750 for each target outcome fund and \$500 for each index fund. The fixed annual retainer is allocated equally among each fund in the First Trust Fund Complex rather than being allocated pro rata based on each fund's net assets. Additionally, the Lead Independent Trustee is paid \$30,000 annually, the Vice Lead Independent Trustee is paid up to \$25,000 annually (effective March 12, 2024), the Chairman of the Audit Committee is paid \$25,000 annually, the Chairman of the Valuation Committee is paid \$20,000 annually, the Chairman of the Nominating and Governance Committee is paid \$20,000 annually and the Vice Chair of the Audit Committee is paid \$15,000 annually (effective March 12, 2024) to serve in such capacities with compensation allocated pro rata among each fund in the First Trust Fund Complex based on its net assets. Trustees are also reimbursed by the funds in the First Trust Fund Complex for travel and out-of-pocket expenses incurred in connection with all meetings. Each Committee Chair, the Audit Committee Vice Chair, the Lead Independent Trustee and the Vice Lead Independent Trustee rotate in accordance with the rotation periods established by the Board.

The following table sets forth the total compensation (including reimbursement for travel and out-of-pocket expenses) paid by the Funds and the First Trust Fund Complex to each of the Independent Trustees for the fiscal year ended July 31, 2024 and the calendar year ended December 31, 2023, respectively. The Trust has no retirement or pension plans. The officers and Trustee who are "interested persons" as designated above serve without any compensation from the Trust. The Trust has no employees. Its officers are compensated by First Trust.

| <b>Name of Trustee</b> | <b>Total Compensation from the Funds <sup>(1)</sup></b> | <b>Total Compensation from the First Trust Fund Complex <sup>(2)</sup></b> |
|------------------------|---|--|
| Richard E. Erickson    | \$31,950  | \$572,000  |
| Thomas R. Kadlec       | \$32,039  | \$567,000  |
| Denise M. Keefe        | \$29,920  | \$547,000  |
| Robert F. Keith        | \$32,424  | \$577,000  |
| Niel B. Nielson        | \$31,477  | \$567,000  |
| Bronwyn Wright         | \$31,924  | \$274,250  |

(1) The compensation paid by the Funds to the Independent Trustees for the fiscal year ended July 31, 2024 for services to the Funds.

(2) The total compensation paid to the Independent Trustees for the calendar year ended December 31, 2023 for services to the 262 portfolios existing in 2023, which consisted of 11 open-end mutual funds, 14 closed-end funds and 237 exchange-traded funds.

The following table sets forth the dollar range of equity securities beneficially owned by the Trustees in the Funds and in other funds overseen by the Trustees in the First Trust Fund Complex as of December 31, 2023:

### Dollar Range of Equity Securities in the Funds

|  | Interested<br>Trustee | Independent<br>Trustees |                     |                         |                         |                        |                   |
|--|-----------------------|-------------------------|---------------------|-------------------------|-------------------------|------------------------|-------------------|
|  | James A.<br>Bowen     | Richard E.<br>Erickson  | Thomas R.<br>Kadlec | Denise M.<br>Keefe      | Robert F.<br>Keith      | Niel B.<br>Nielson     | Bronwyn<br>Wright |
| First Trust<br>Energy<br>AlphaDEX®<br>Fund   | Over<br>\$100,000     | None                    | None                | None                    | None                    | None                   | None              |
| First Trust<br>Financials<br>AlphaDEX®<br>Fund   | Over<br>\$100,000     | None                    | None                | None                    | None                    | None                   | None              |
| First Trust<br>Health Care<br>AlphaDEX®<br>Fund  | None                  | None                    | None                | \$50,001 –<br>\$100,000 | None                    | None                   | None              |
| First Trust<br>Materials<br>AlphaDEX®<br>Fund  | None                  | None                    | None                | None                    | None                    | \$10,001 –<br>\$50,000 | None              |
| First Trust Large<br>Cap Core<br>AlphaDEX®<br>Fund   | Over<br>\$100,000     | None                    | None                | None                    | Over<br>\$100,000       | None                   | None              |
| First Trust Large<br>Cap Value<br>AlphaDEX®<br>Fund  | Over<br>\$100,000     | None                    | None                | None                    | None                    | None                   | None              |
| First Trust Mid<br>Cap Core<br>AlphaDEX®<br>Fund   | None                  | None                    | None                | None                    | \$10,001 –<br>\$50,000  | None                   | None              |
| First Trust Multi<br>Cap Growth<br>AlphaDEX®<br>Fund   | None                  | None                    | None                | None                    | \$50,001 –<br>\$100,000 | \$10,001 –<br>\$50,000 | None              |
| First Trust Multi<br>Cap Value<br>AlphaDEX®<br>Fund  | Over<br>\$100,000     | None                    | None                | \$10,001 –<br>\$50,000  | \$10,001 –<br>\$50,000  | None                   | None              |
| First Trust Small<br>Cap Core<br>AlphaDEX®<br>Fund   | Over<br>\$100,000     | None                    | None                | None                    | \$10,001 –<br>\$50,000  | None                   | None              |
| First Trust Small<br>Cap Growth<br>AlphaDEX®<br>Fund   | None                  | None                    | None                | None                    | None                    | \$10,001 –<br>\$50,000 | None              |
| Aggregate<br>Dollar Range<br>of Equity<br>Securities in<br>All Registered<br>Investment<br>Companies<br>Overseen by<br>Trustee in<br>First Trust<br>Fund Complex | Over<br>\$100,000     | Over<br>\$100,000       | Over<br>\$100,000   | Over<br>\$100,000       | Over<br>\$100,000       | Over<br>\$100,000      | None              |

As of October 31, 2024, the Independent Trustees of the Trust and their immediate family members did not own beneficially or of record any class of securities of an investment advisor or principal underwriter of the Funds or any person directly or indirectly controlling, controlled by or under common control with an investment advisor or principal underwriter of the Funds.

As of October 31, 2024, the officers and Trustees, in the aggregate, owned less than 1% of the shares of each Fund.

The table set forth in *Exhibit A* shows the percentage ownership of each shareholder or "group" (as that term is used in Section 13(d) of the 1934 Act) who, based on the securities position listing reports as of October 31, 2024, owned of record, or is known by the Trust to have owned of record or beneficially, 5% or more of the shares of a Fund (the "*Principal Holders*"). A control person is one who owns, either directly or indirectly, more than 25% of the voting securities of a Fund or acknowledges the existence of control. A party that controls a Fund may be able to significantly influence the outcome of any item presented to shareholders for approval. The Funds do not have any knowledge of who the ultimate beneficiaries are of the shares.

**Investment Advisor.** First Trust, 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, is the investment advisor to the Funds. First Trust is a limited partnership with one limited partner, Grace Partners of DuPage L.P., and one general partner, The Charger Corporation. Grace Partners of DuPage L.P. is a limited partnership with one general partner, The Charger Corporation, and a number of limited partners. The Charger Corporation is an Illinois corporation controlled by James A. Bowen, the Chief Executive Officer of First Trust. First Trust discharges its responsibilities to the Funds subject to the policies of the Funds.

First Trust provides investment tools and portfolios for advisors and investors. First Trust is committed to theoretically sound portfolio construction and empirically verifiable investment management approaches. Its asset management philosophy and investment discipline are deeply rooted in the application of intuitive factor analysis and model implementation to enhance investment decisions.

First Trust acts as investment advisor for the Funds and manages the investment and reinvestment of the assets of the Funds. First Trust also administers the Trust's business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and permits any of its officers or employees to serve without compensation as Trustees or officers of the Trust if elected to such positions.

Pursuant to an investment management agreement between First Trust and the Trust (the "*Expense Cap Investment Management Agreement*"), on behalf of First Trust Consumer Discretionary AlphaDEX® Fund, First Trust Consumer Staples AlphaDEX® Fund, First Trust Energy AlphaDEX® Fund, First Trust Financials AlphaDEX® Fund, First Trust Health Care AlphaDEX® Fund, First Trust Industrials/Producer Durables AlphaDEX® Fund, First Trust Materials AlphaDEX® Fund, First Trust Technology AlphaDEX® Fund, First Trust Utilities AlphaDEX® Fund, First Trust Large Cap Core AlphaDEX® Fund, First Trust Large Cap Growth AlphaDEX® Fund, First Trust Large Cap Value AlphaDEX® Fund, First Trust Mid Cap Core AlphaDEX® Fund, First Trust Multi Cap Growth AlphaDEX® Fund, First Trust Multi Cap Value AlphaDEX® Fund and First Trust Small Cap Core AlphaDEX® Fund (each an "*Expense Cap Fund*"), First Trust manages the investment of each Expense Cap Fund's assets and is paid an annual management fee equal to 0.50% of such Fund's average daily net assets.

Each Expense Cap Fund is responsible for all its expenses, including the investment advisory fees, costs of transfer agency, custody, fund administration, legal, audit and other services, interest, taxes, sublicensing fees, brokerage commissions and other expenses connected with executions of portfolio transactions, any distribution and service fees pursuant to a 12b-1 plan, if any, and extraordinary expenses. First Trust has agreed to waive fees and/or pay Expense Cap Fund expenses to the extent necessary to prevent the operating expenses of each Expense Cap Fund (excluding interest expense, brokerage commissions and other trading expenses, acquired fund fees and expenses, taxes and extraordinary expenses) from exceeding 0.70% of average daily net assets until November 30, 2025.

Pursuant to an investment management agreement between First Trust and the Trust (the "*Unitary Fee Investment Management Agreement*"), on behalf of First Trust Mid Cap Growth AlphaDEX® Fund, First Trust Mid Cap Value AlphaDEX® Fund, First Trust Small Cap Growth AlphaDEX® Fund and First Trust Small Cap Value AlphaDEX® Fund (each a "*Unitary Fee Fund*"), First Trust manages the investment of each Unitary Fee Fund's assets and is paid an annual unitary management fee of 0.70% of such Unitary Fee Fund's average daily net assets and is responsible for the expenses of such Unitary Fee Fund, including the cost of transfer agency, custody, fund administration, legal, audit and other services, and excluding fee payments under the Unitary Fee Investment Management Agreement, distribution and service fees pursuant to a 12b-1 plan, if any, brokerage expenses, acquired fund fees and expenses, taxes, interest and extraordinary expenses.



Under the Investment Management Agreements, First Trust shall not be liable for any loss sustained by reason of the purchase, sale or retention of any security, whether or not such purchase, sale or retention shall have been based upon the investigation and research made by any other individual, firm or corporation, if such recommendation shall have been selected with due care and in good faith, except loss resulting from willful misfeasance, bad faith, or gross negligence on the part of First Trust in the performance of its obligations and duties, or by reason of its reckless disregard of its obligations and duties. Each Investment Management Agreement terminates automatically upon assignment and is terminable at any time without penalty as to a Fund by the Board of Trustees, including a majority of the Independent Trustees, or by vote of the holders of a majority of the Fund's outstanding voting securities on 60 days' written notice to First Trust, or by First Trust on 60 days' written notice to the Fund.

As approved by the Trust's Board of Trustees, the management fee paid to the Advisor for each Expense Cap Fund will be reduced at certain levels of Fund net assets ("*breakpoints*") and calculated pursuant to the schedule below:

| Management Fee | Breakpoints   |
|----------------|---|
| 0.50000%       | Fund net assets up to and including \$2.5 billion                           |
| 0.48750%       | Fund net assets greater than \$2.5 billion up to and including \$5 billion  |
| 0.47500%       | Fund net assets greater than \$5 billion up to and including \$7.5 billion  |
| 0.46250%       | Fund net assets greater than \$7.5 billion up to and including \$10 billion |
| 0.45000%       | Fund net assets greater than \$10 billion up to and including \$15 billion  |
| 0.42500%       | Fund net assets greater than \$15 billion                                   |

As approved by the Trust's Board of Trustees, the management fee paid to the Advisor for each Unitary Fee Fund will be reduced at certain levels of Fund net assets ("*breakpoints*") and calculated pursuant to the schedule below:

| Management Fee | Breakpoints   |
|----------------|---|
| 0.70000%       | Fund net assets up to and including \$2.5 billion                           |
| 0.68250%       | Fund net assets greater than \$2.5 billion up to and including \$5 billion  |
| 0.66500%       | Fund net assets greater than \$5 billion up to and including \$7.5 billion  |
| 0.64750%       | Fund net assets greater than \$7.5 billion up to and including \$10 billion |
| 0.63000%       | Fund net assets greater than \$10 billion up to and including \$15 billion  |
| 0.59500%       | Fund net assets greater than \$15 billion                                   |

The following table sets forth the management fees (net of fee waivers and expense reimbursements, where applicable) paid by each Expense Cap Fund to First Trust, and the fees waived and expenses reimbursed by First Trust, for the specified periods. The second table sets forth the unitary management fee paid by each Unitary Fee Fund to First Trust for the specified periods.

| Fund  | Amount of Management Fees<br>(Net of Fee Waivers and<br>Expense Reimbursements by First Trust) |             |             | Amount of Fees Waived<br>and Expenses Reimbursed By First Trust |      |      |
|---|--|-------------|-------------|---|------|------|
|   | Fiscal Year Ended July 31,   |             |             | Fiscal Year Ended July 31,                                      |      |      |
|   | 2024   | 2023        | 2022        | 2024  | 2023 | 2022 |
| First Trust Consumer Discretionary AlphaDEX® Fund | \$7,143,614  | \$3,441,623 | \$7,308,183 | \$0   | \$0  | \$0  |
| First Trust Consumer Staples AlphaDEX® Fund       | \$2,425,698  | \$3,390,095 | \$1,930,852 | \$0   | \$0  | \$0  |
| First Trust Energy AlphaDEX® Fund                 | \$3,020,337  | \$6,597,347 | \$4,492,207 | \$0   | \$0  | \$0  |
| First Trust Financials AlphaDEX® Fund             | \$4,080,340  | \$5,933,523 | \$7,077,467 | \$0   | \$0  | \$0  |
| First Trust Health Care AlphaDEX® Fund            | \$6,420,544  | \$7,693,304 | \$7,523,292 | \$0   | \$0  | \$0  |

**Amount of Management Fees  
(Net of Fee Waivers and  
Expense Reimbursements by First  
Trust)**

**Amount of Fees Waived  
and Expenses Reimbursed By First Trust**

| <b>Fund</b>  | <b>Fiscal Year Ended July 31,</b> |             |             | <b>Fiscal Year Ended July 31,</b> |             |             |
|--|-----------------------------------|-------------|-------------|-----------------------------------|-------------|-------------|
|  | <b>2024</b>                       | <b>2023</b> | <b>2022</b> | <b>2024</b>                       | <b>2023</b> | <b>2022</b> |
| First Trust Industrials/Producer Durables AlphaDEX® Fund | \$8,842,921                       | \$7,881,258 | \$8,639,335 | \$0                               | \$0         | \$0         |
| First Trust Large Cap Core AlphaDEX® Fund                | \$5,707,633                       | \$5,576,924 | \$5,826,348 | \$0                               | \$0         | \$0         |
| First Trust Large Cap Growth AlphaDEX® Fund              | \$5,255,828                       | \$4,601,151 | \$5,582,229 | \$0                               | \$0         | \$0         |
| First Trust Large Cap Value AlphaDEX® Fund               | \$5,824,352                       | \$6,023,648 | \$5,745,159 | \$0                               | \$0         | \$0         |
| First Trust Materials AlphaDEX® Fund                     | \$2,245,029                       | \$7,037,988 | \$4,889,407 | \$0                               | \$0         | \$0         |
| First Trust Mid Cap Core AlphaDEX® Fund                  | \$5,485,317                       | \$4,914,374 | \$5,037,782 | \$0                               | \$0         | \$0         |
| First Trust Multi Cap Growth AlphaDEX® Fund              | \$ 899,049                        | \$ 845,931  | \$1,119,691 | \$0                               | \$0         | \$0         |
| First Trust Multi Cap Value AlphaDEX® Fund               | \$ 784,357                        | \$ 952,139  | \$ 819,696  | \$0                               | \$0         | \$0         |
| First Trust Small Cap Core AlphaDEX® Fund                | \$4,187,212                       | \$3,997,433 | \$4,500,595 | \$0                               | \$0         | \$0         |
| First Trust Technology AlphaDEX® Fund                    | \$6,422,504                       | \$5,286,169 | \$9,453,163 | \$0                               | \$0         | \$0         |
| First Trust Utilities AlphaDEX® Fund                     | \$1,188,606                       | \$1,840,420 | \$1,195,958 | \$0                               | \$0         | \$0         |

**Amount of Unitary Fees**

| <b>Fund</b>                                 | <b>Fiscal Year Ended July 31,</b> |             |             |
|---|-----------------------------------|-------------|-------------|
|   | <b>2024</b>                       | <b>2023</b> | <b>2022</b> |
| First Trust Mid Cap Growth AlphaDEX® Fund   | \$2,107,552                       | \$1,827,178 | \$2,582,890 |
| First Trust Mid Cap Value AlphaDEX® Fund    | \$1,554,255                       | \$1,654,492 | \$1,373,456 |
| First Trust Small Cap Growth AlphaDEX® Fund | \$1,745,212                       | \$1,484,647 | \$2,055,987 |
| First Trust Small Cap Value AlphaDEX® Fund  | \$1,234,173                       | \$1,309,156 | \$1,659,766 |

**Investment Committee.** The Investment Committee of First Trust (the “*Investment Committee*”) is jointly and primarily responsible for the day-to-day management of the Funds. There are currently seven members of the Investment Committee, as follows:

| <b>Name</b>         | <b>Position with First Trust</b>  | <b>Length of Service with First Trust</b> | <b>Principal Occupation During Past Five Years</b>   |
|---------------------|---|---|--|
| Daniel J. Lindquist | Chairman of the Investment Committee and Managing Director              | Since 2004                                | Managing Director, First Trust Advisors L.P. and First Trust Portfolios L.P.   |
| David G. McGarel    | Chief Operating Officer, Chief Investment Officer and Managing Director | Since 1997                                | Chief Operating Officer (2016 to present), Chief Investment Officer and Managing Director, First Trust Advisors L.P. and First Trust Portfolios L.P. |
| Jon C. Erickson     | Senior Vice President   | Since 1994                                | Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P.   |

| Name              | Position with First Trust | Length of Service with First Trust | Principal Occupation During Past Five Years                                      |
|-------------------|---------------------------|------------------------------------|--|
| Roger F. Testin   | Senior Vice President     | Since 2001                         | Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P. |
| Stan Ueland       | Senior Vice President     | Since 2005                         | Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P. |
| Chris A. Peterson | Senior Vice President     | Since 2000                         | Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P. |
| Erik Russo        | Vice President            | Since 2010                         | Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P.        |

**Daniel J. Lindquist, CFA:** Mr. Lindquist is Chairman of the Investment Committee and presides over Investment Committee meetings. Mr. Lindquist is also responsible for overseeing the implementation of the Funds' investment strategies.

**David G. McGarel, CFA:** As First Trust's Chief Investment Officer, Mr. McGarel consults with the Investment Committee on market conditions and First Trust's general investment philosophy. As Chief Operating Officer, Mr. McGarel is responsible for First Trust and FTP operations, including information systems, trust administration and First Trust administration.

**Jon C. Erickson, CFA:** As the head of First Trust's Equity Research Group, Mr. Erickson is responsible for determining the securities to be purchased and sold by funds that do not utilize quantitative investment strategies.

**Roger F. Testin, CFA:** As head of First Trust's Portfolio Management Group, Mr. Testin is responsible for executing the instructions of the Strategy Research Group and Equity Research Group.

**Stan Ueland:** Mr. Ueland is a Senior Vice President and is responsible for executing the investment strategies of the Funds.

**Chris A. Peterson, CFA:** Mr. Peterson is a Senior Vice President and head of the strategy research group at First Trust. Mr. Peterson is responsible for developing and implementing quantitative equity investment strategies.

**Erik Russo:** Mr. Russo is a Vice President of First Trust. He is responsible for implementing the investment strategies of each portfolio of exchange-traded funds advised by First Trust in his role as a portfolio manager.

As of July 31, 2024, Mr. Lindquist, Mr. McGarel, Mr. Testin, Mr. Ueland, Mr. Peterson and Mr. Russo each beneficially owned shares of a Fund. Mr. Lindquist owned shares of First Trust Energy AlphaDEX® Fund in the amount of \$50,001-\$100,000, shares of First Trust Health Care AlphaDEX® Fund in the amount of \$10,001 - \$50,000 and First Trust Large Cap Value AlphaDEX® Fund in the amount of \$10,001 - \$50,000. Mr. McGarel owned shares of First Trust Energy AlphaDEX® Fund in the amount of over \$100,000, shares of First Trust Financials AlphaDEX® Fund in the amount of \$50,001 - \$100,000, shares of First Trust Health Care AlphaDEX® Fund in the amount of over \$100,000, shares of First Trust Large Cap Core AlphaDEX® Fund in the amount of over \$100,000, shares of First Trust Large Cap Growth AlphaDEX® Fund in the amount of over \$100,000, shares of First Trust Large Cap Value AlphaDEX® Fund in the amount of over \$100,000 and shares of First Trust Multi Cap Value AlphaDEX® Fund in the amount of over \$100,000. Mr. Testin owned shares of First Trust Financials AlphaDEX® Fund in the amount of \$10,001 - \$50,000, shares of First Trust Health Care AlphaDEX® Fund in the amount of \$10,001 - \$50,000, shares of First Trust Mid Cap Core AlphaDEX® Fund in the amount of \$10,001 - \$50,000, shares of First Trust Large Cap Growth AlphaDEX® Fund in the amount of \$10,001 - \$50,000 and shares of First Trust Small Cap Core AlphaDEX® Fund in the amount of \$10,001 - \$50,000. Mr. Ueland owned shares of First Trust Health Care AlphaDEX® Fund in the amount of \$10,001 - \$50,000 and shares of First Trust Technology AlphaDEX® Fund in the amount of \$50,001 - \$100,000. Mr. Peterson owned shares of First Trust Industrials/Producer Durables AlphaDEX® Fund in the amount of \$10,001 - \$50,000, shares of First Trust Large Cap Core AlphaDEX® Fund in the amount of \$50,001 - \$100,000, shares of First Trust Mid Cap Core AlphaDEX® Fund in the amount of \$50,001 - \$100,000, shares of First Trust Large Cap Value AlphaDEX® Fund in the amount of over \$100,000 and shares of First Trust Multi Cap Growth AlphaDEX® Fund in the amount of \$10,001 - \$50,000. Mr. Russo owned shares of First Trust Energy AlphaDEX® Fund in the amount of \$1 - \$10,000, shares of First Trust Large Cap Value AlphaDEX® Fund in the amount of \$10,001 - \$50,000 and shares of First Trust Small Cap Value AlphaDEX® Fund in the amount of \$1 - \$10,000.

**Compensation.** The compensation structure for each member of the Investment Committee is based upon a fixed salary as well as a discretionary bonus determined by the management of First Trust. Salaries are determined by management and are based upon an individual's position and overall value to the firm. Bonuses are also determined by management and are based upon an individual's overall contribution to the success of the firm and the profitability of the firm. Salaries and bonuses for members of the Investment Committee are not based upon criteria such as performance of the Funds or the value of assets included in the Funds' portfolios. In addition Mr. Erickson, Mr. Lindquist, Mr. McGarel, Mr.

Peterson and Mr. Ueland also have an indirect ownership stake in the firm and will therefore receive their allocable share of ownership-related distributions.

### Accounts Managed by Investment Committee

The Investment Committee manages the investment vehicles (other than the Funds) with the number of accounts and assets, as of the fiscal year ended July 31, 2024, set forth in the table below:

| Investment Committee Member | Registered Investment Companies Number of Accounts (\$ Assets in Thousands) | Other Pooled Investment Vehicles Number of Accounts (\$ Assets in Thousands) | Other Accounts Number of Accounts (\$ Assets in Thousands) | Registered Investment Companies With Performance Fees Number of Accounts (\$ Assets in Thousands) | Other Pooled Investment Vehicles With Performance Fees Number of Accounts (\$ Assets in Thousands) | Other Accounts With Performance Fees Number of Accounts (\$ Assets in Thousands) |
|-----------------------------|---|--|--|---|--|--|
| Daniel J. Lindquist         | 104 (\$81,499,828)  | 50 (\$2,682,933)   | 1,136 (\$443,733)  | N/A   | N/A  | N/A  |
| David G. McGarel            | 105 (\$81,534,197)  | 50 (\$2,682,933)   | 1,136 (\$443,733)  | N/A   | N/A  | N/A  |
| Jon C. Erickson             | 101 (\$81,490,418)  | 50 (\$2,682,933)   | 1,136 (\$443,733)  | N/A   | N/A  | N/A  |
| Roger F. Testin             | 101 (\$81,490,418)  | 50 (\$2,682,933)   | 1,136 (\$443,733)  | N/A   | N/A  | N/A  |
| Stan Ueland                 | 95 (\$80,399,344)   | 43 (\$2,530,742)   | N/A  | N/A   | N/A  | N/A  |
| Chris A. Peterson           | 105 (\$81,534,197)  | 50 (\$2,682,933)   | 1,136 (\$443,733)  | N/A   | N/A  | N/A  |
| Erik Russo                  | 95 (\$80,399,344)   | 43 (\$2,530,742)   | N/A  | N/A   | N/A  | N/A  |

**Conflicts.** None of the accounts managed by the Investment Committee pay an advisory fee that is based upon the performance of the account. In addition, First Trust believes that there are no material conflicts of interest that may arise in connection with the Investment Committee's management of the Funds' investments and the investments of the other accounts managed by the Investment Committee. However, because the investment strategy of the Funds and the investment strategies of many of the other accounts managed by the Investment Committee are based on fairly mechanical investment processes, the Investment Committee may recommend that certain clients sell and other clients buy a given security at the same time. In addition, because the investment strategies of the Funds and other accounts managed by the Investment Committee generally result in the clients investing in readily available securities, First Trust believes that there should not be material conflicts in the allocation of investment opportunities between the Funds and other accounts managed by the Investment Committee.

### BROKERAGE ALLOCATIONS

First Trust is responsible for decisions to buy and sell securities for the Funds and for the placement of the Funds' securities business, the negotiation of the commissions to be paid on brokered transactions, the prices for principal trades in securities, and the allocation of portfolio brokerage and principal business. It is the policy of First Trust to seek the best execution at the best security price available with respect to each transaction, and with respect to brokered transactions in light of the overall quality of brokerage and research services provided to First Trust and its clients. The best price to a Fund means the best net price without regard to the mix between purchase or sale price and commission, if any. Purchases may be made from underwriters, dealers and, on occasion, the issuers. Commissions will be paid on a Fund's futures and options transactions, if any. The purchase price of portfolio securities purchased from an underwriter or dealer may include underwriting commissions and dealer spreads. The Funds may pay markups on principal transactions. In selecting broker-dealers and in negotiating commissions, First Trust considers, among other things, the firm's reliability, the quality of its execution services on a continuing basis and its financial condition. Fund portfolio transactions may be effected with broker-dealers who have assisted investors in the purchase of shares.

Section 28(e) of the 1934 Act permits an investment advisor, under certain circumstances, to cause an account to pay a broker or dealer who supplies brokerage and research services a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction. Brokerage and research services include (a) furnishing advice as to the value of securities, the advisability of investing, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts;

and (c) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement and custody). Such brokerage and research services are often referred to as “*soft dollars*.” First Trust has advised the Board of Trustees that it does not currently intend to use soft dollars.

Notwithstanding the foregoing, in selecting brokers, First Trust may in the future consider investment and market information and other research, such as economic, securities and performance measurement research, provided by such brokers, and the quality and reliability of brokerage services, including execution capability, performance and financial responsibility.

Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if First Trust determines in good faith that the amount of such commissions is reasonable in relation to the value of the research information and brokerage services provided by such broker to First Trust or the Trust. In addition, First Trust must determine that the research information received in this manner provides the Funds with benefits by supplementing the research otherwise available to the Funds. The Investment Management Agreements provide that such higher commissions will not be paid by the Funds unless the Advisor determines in good faith that the amount is reasonable in relation to the services provided. The investment advisory fees paid by the Funds to First Trust under the Investment Management Agreements would not be reduced as a result of receipt by First Trust of research services.

First Trust places portfolio transactions for other advisory accounts advised by it, and research services furnished by firms through which the Funds effect their securities transactions may be used by First Trust in servicing all of its accounts; not all of such services may be used by First Trust in connection with the Funds. First Trust believes it is not possible to measure separately the benefits from research services to each of the accounts (including the Funds) advised by it. Because the volume and nature of the trading activities of the accounts are not uniform, the amount of commissions in excess of those charged by another broker paid by each account for brokerage and research services will vary. However, First Trust believes such costs to the Funds will not be disproportionate to the benefits received by the Funds on a continuing basis. First Trust seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities by the Funds and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to the Funds. In making such allocations between the Funds and other advisory accounts, the main factors considered by First Trust are the respective investment objectives, the relative size of portfolio holding of the same or comparable securities, the availability of cash for investment and the size of investment commitments generally held.

## Brokerage Commissions

The following table sets forth the aggregate amount of brokerage commissions paid by each Fund for the specified periods. Significant variations in the amount a Fund paid in brokerage commissions from year-to-year are generally the result of fluctuations in the size of a Fund or changes to a Fund's portfolio holdings.

### Aggregate Amount of Brokerage Commissions

| Fund   | Fiscal Year Ended July 31, |           |           |
|--|----------------------------|-----------|-----------|
|  | 2024                       | 2023      | 2022      |
| First Trust Consumer Discretionary AlphaDEX® Fund        | \$656,221                  | \$423,135 | \$436,187 |
| First Trust Consumer Staples AlphaDEX® Fund              | \$115,351                  | \$140,359 | \$130,999 |
| First Trust Energy AlphaDEX® Fund                        | \$255,039                  | \$416,070 | \$452,188 |
| First Trust Financials AlphaDEX® Fund                    | \$312,737                  | \$445,821 | \$449,775 |
| First Trust Health Care AlphaDEX® Fund                   | \$462,855                  | \$528,885 | \$305,176 |
| First Trust Industrials/Producer Durables AlphaDEX® Fund | \$368,757                  | \$423,653 | \$345,149 |
| First Trust Large Cap Core AlphaDEX® Fund                | \$278,800                  | \$276,462 | \$230,191 |
| First Trust Large Cap Growth AlphaDEX® Fund              | \$262,035                  | \$269,341 | \$239,523 |
| First Trust Large Cap Value AlphaDEX® Fund               | \$350,461                  | \$370,448 | \$271,761 |
| First Trust Materials AlphaDEX® Fund                     | \$129,955                  | \$175,344 | \$263,277 |
| First Trust Mid Cap Core AlphaDEX® Fund                  | \$604,929                  | \$564,941 | \$420,344 |
| First Trust Mid Cap Growth AlphaDEX® Fund                | \$176,923                  | \$175,066 | \$199,563 |

### Aggregate Amount of Brokerage Commissions

| Fund  | Fiscal Year Ended July 31, |           |           |
|---|----------------------------|-----------|-----------|
|   | 2024                       | 2023      | 2022      |
| First Trust Mid Cap Value AlphaDEX® Fund    | \$ 140,801                 | \$149,936 | \$ 87,878 |
| First Trust Multi Cap Growth AlphaDEX® Fund | \$ 102,643                 | \$104,939 | \$ 99,262 |
| First Trust Multi Cap Value AlphaDEX® Fund  | \$ 79,357                  | \$102,400 | \$ 62,165 |
| First Trust Small Cap Core AlphaDEX® Fund   | \$1,036,226                | \$951,039 | \$692,420 |
| First Trust Small Cap Growth AlphaDEX® Fund | \$ 403,545                 | \$325,180 | \$309,574 |
| First Trust Small Cap Value AlphaDEX® Fund  | \$ 203,610                 | \$229,180 | \$183,585 |
| First Trust Technology AlphaDEX® Fund       | \$ 516,376                 | \$410,877 | \$568,362 |
| First Trust Utilities AlphaDEX® Fund        | \$ 74,286                  | \$ 83,080 | \$ 50,780 |

During the last fiscal year, the First Trust Financials AlphaDEX® Fund held securities of BofA Securities, Inc., Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, each a regular broker or dealer of the Fund as defined in Rule 10b-1 under the 1940 Act. As of July 31, 2024, the Fund's investment in each was 0.59%, 1.72% and 0.31% of the Fund's net assets, respectively.

During the last fiscal year, the First Trust Large Cap Core AlphaDEX® Fund held securities of BofA Securities, Inc., Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, each a regular broker or dealer of the Fund as defined in Rule 10b-1 under the 1940 Act. As of July 31, 2024, the Fund's investment in each was 0.26%, 0.29% and 0.45% of the Fund's net assets, respectively.

During the last fiscal year, the First Trust Large Cap Growth AlphaDEX® Fund held securities of J.P. Morgan Securities LLC, a regular broker or dealer of the Fund as defined in Rule 10b-1 under the 1940 Act. As of July 31, 2024, the Fund's investment was 0.94% of the Fund's net assets.

During the last fiscal year, the First Trust Large Cap Value AlphaDEX® Fund held securities of BofA Securities, Inc., Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, each a regular broker or dealer of the Fund as defined in Rule 10b-1 under the 1940 Act. As of July 31, 2024, the Fund's investment in each was 0.50%, 0.38% and 0.00% of the Fund's net assets, respectively.

During the last fiscal year, the First Trust Multi Cap Value AlphaDEX® Fund held securities of BofA Securities, Inc. and J.P. Morgan Securities LLC, each a regular broker or dealer of the Fund as defined in Rule 10b-1 under the 1940 Act. As of July 31, 2024, the Fund's investment in each was 0.25% and 0.00% of the Fund's net assets, respectively.

### ADMINISTRATOR, FUND ACCOUNTING AGENT, CUSTODIAN, TRANSFER AGENT, DISTRIBUTOR, INDEX PROVIDERS AND EXCHANGES

**Administrator and Fund Accounting Agent.** The Trust has appointed the Bank of New York Mellon ("BNY"), located at 240 Greenwich Street, New York, New York 10286, to serve as the Funds' administrator and provide the Funds with accounting services pursuant to a fund administration and accounting agreement (the "*Administration and Accounting Agreement*"). Under the Administration and Accounting Agreement, BNY is obligated, on a continuous basis, to provide such administrative services as the Board reasonably deems necessary for the proper administration of the Trust and the Funds. BNY generally will assist in many aspects of the Trust's and the Funds' operations, including accounting, bookkeeping and record keeping services (including, without limitation, the maintenance of such books and records as are required under the 1940 Act and the rules thereunder, except as maintained by other service providers), assist in preparing reports to shareholders or investors, prepare and file tax returns, supply financial information and supporting data for reports to and filings with the SEC and various state Blue Sky authorities and supply supporting documentation for meetings of the Board.

**Custodian.** The Trust has appointed BNY to serve as the Funds' custodian pursuant to a custody agreement (the "*Custody Agreement*"). Pursuant to the terms of the Custody Agreement, BNY is generally responsible for the safekeeping of the Funds' assets and performing various other administrative duties set forth in the Custody Agreement.

**Transfer Agent.** The Trust has appointed BNY to serve as the Funds' transfer agent and dividend disbursing agent pursuant to a transfer agency and service agreement (the "*Transfer Agency Agreement*"). Pursuant to the terms of the



Transfer Agency Agreement, BNY is responsible for performing and facilitating the purchases and redemptions of Creation Unit Aggregations, as well as performing other customary services of a transfer agent and dividend disbursing agent.

As set forth in the Administration and Accounting Agreement, Custody Agreement and Transfer Agency Agreement, the Trust, on behalf of each Fund, has agreed to indemnify and hold harmless BNY from certain costs, expenses, damages, liabilities or claims which are sustained or incurred or which may be asserted against BNY, provided that such costs, expenses, damages, liabilities and claims did not result from BNY's own negligence or willful misconduct.

As compensation for the services provided by BNY under the Administration and Accounting Agreement, Custody Agreement and Transfer Agency Agreement, the Trust, on behalf of each Fund, has agreed to pay to BNY such compensation as may be specifically agreed upon from time to time and reimburse BNY for out-of-pocket expenses which are a normal incident of the services provided under the agreements. Pursuant to the terms of the Unitary Fee Investment Management Agreement, the Unitary Fee Funds do not directly pay BNY for these services, as First Trust has assumed responsibility for the payment of these expenses out of the unitary management fee it receives from such Unitary Fee Funds. Each Expense Cap Fund is responsible for the payment of these expenses. The following table sets forth the amounts paid by each Expense Cap Fund to BNY for the specified periods.

#### Fund Administration and Accounting

| Fund   | Fiscal Year Ended July 31, |           |           |
|--|----------------------------|-----------|-----------|
|  | 2024                       | 2023      | 2022      |
| First Trust Consumer Discretionary AlphaDEX® Fund        | \$591,492                  | \$335,085 | \$671,727 |
| First Trust Consumer Staples AlphaDEX® Fund              | \$212,178                  | \$340,314 | \$194,358 |
| First Trust Energy AlphaDEX® Fund                        | \$248,032                  | \$613,493 | \$425,195 |
| First Trust Financials AlphaDEX® Fund                    | \$339,302                  | \$573,363 | \$667,726 |
| First Trust Health Care AlphaDEX® Fund                   | \$523,610                  | \$716,990 | \$703,280 |
| First Trust Industrials/Producer Durables AlphaDEX® Fund | \$702,021                  | \$732,206 | \$792,790 |
| First Trust Large Cap Core AlphaDEX® Fund                | \$481,861                  | \$548,418 | \$568,235 |
| First Trust Large Cap Growth AlphaDEX® Fund              | \$450,346                  | \$461,698 | \$545,026 |
| First Trust Large Cap Value AlphaDEX® Fund               | \$489,041                  | \$583,589 | \$561,220 |
| First Trust Materials AlphaDEX® Fund                     | \$175,476                  | \$658,919 | \$461,817 |
| First Trust Mid Cap Core AlphaDEX® Fund                  | \$469,918                  | \$493,417 | \$504,080 |
| First Trust Multi Cap Growth AlphaDEX® Fund              | \$ 85,053                  | \$ 89,075 | \$115,993 |
| First Trust Multi Cap Value AlphaDEX® Fund               | \$ 75,003                  | \$ 99,441 | \$ 85,504 |
| First Trust Small Cap Core AlphaDEX® Fund                | \$365,347                  | \$404,154 | \$453,760 |
| First Trust Technology AlphaDEX® Fund                    | \$524,710                  | \$523,836 | \$847,874 |
| First Trust Utilities AlphaDEX® Fund                     | \$105,351                  | \$185,318 | \$120,835 |

**Distributor.** First Trust Portfolios L.P., an affiliate of First Trust, is the distributor and principal underwriter of the shares of the Funds. Its principal address is 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187. The Distributor has entered into a Distribution Agreement with the Trust pursuant to which it distributes Fund shares. Shares are continuously offered for sale by Funds through the Distributor only in Creation Unit Aggregations, as described in the Prospectus under the heading "Other Information - Continuous Offering."

For the fiscal years ended July 31, 2022, July 31, 2023 and July 31, 2024, there were no underwriting commissions with respect to the sale of Fund shares and FTP did not receive compensation on redemptions for the Funds for those periods.

**12b-1 Plan.** The Trust has adopted a Plan of Distribution pursuant to Rule 12b-1 under the 1940 Act (the "Plan") pursuant to which the Funds may reimburse the Distributor up to a maximum annual rate of 0.25% of their average daily net assets.

Under the Plan and as required by Rule 12b-1, the Trustees will receive and review after the end of each calendar quarter a written report provided by the Distributor of the amounts expended under the Plan and the purpose for which such expenditures were made. With the exception of the Distributor and its affiliates, no "interested person" of the Trust (as that

term is defined in the 1940 Act) and no Trustee of the Trust has a direct or indirect financial interest in the operation of the Plan or any related agreement.

No fee is currently paid by the Funds under the Plan and, pursuant to a contractual agreement, the Funds will not pay 12b-1 fees any time before November 30, 2025.

**Aggregations.** Fund shares in less than Creation Unit Aggregations are not distributed by the Distributor. The Distributor will deliver the Prospectus and, upon request, this SAI to persons purchasing Creation Unit Aggregations and will maintain records of both orders placed with it and confirmations of acceptance furnished by it. The Distributor is a broker-dealer registered under the 1934 Act and a member of the Financial Industry Regulatory Authority ("*FINRA*").

The Distribution Agreement provides that it may be terminated at any time, without the payment of any penalty, on at least 60 days' written notice by the Trust to the Distributor (i) by vote of a majority of the Independent Trustees or (ii) by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Funds. The Distribution Agreement will terminate automatically in the event of its assignment (as defined in the 1940 Act).

The Distributor has entered into agreements with securities dealers ("*Soliciting Dealers*") who will solicit purchases of Creation Unit Aggregations of Fund shares. Such Soliciting Dealers may also be Participating Parties (as defined in "Procedures for Creation of Creation Unit Aggregations" below) and DTC Participants (as defined in "DTC Acts as Securities Depository for Fund Shares" below).

**Index Providers.** The Indices that each of the AlphaDEX® Sector Funds seeks to track are compiled by IDI Indices, LLC. The Indices that each of the AlphaDEX® Style Funds seeks to track are compiled by Nasdaq, Inc. First Trust does not guarantee the accuracy and/or the completeness of the Indices or any data included therein, and First Trust shall have no liability for any errors, omissions or interruptions therein. First Trust makes no warranty, express or implied, as to results to be obtained by a Fund, owners of the shares of a Fund or any other person or entity from the use of an Index or any data included therein. First Trust makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Indices or any data included therein. Without limiting any of the foregoing, in no event shall First Trust have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits) arising out of matters relating to the use of the Indices, even if notified of the possibility of such damages.

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intellectual property owned by FTP, including the AlphaDEX® trademark and the AlphaDEX® stock selection method, in connection with the creation of the StrataQuant® Series Indices. FTP has received a patent on the AlphaDEX® stock selection method from the United States Patent and Trademark Office. Notwithstanding such license, IDI is solely responsible for the creation, compilation and administration of the StrataQuant® Series Indices and has the exclusive right to determine the stocks included in the Indices and the Indices' methodologies.

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THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE INDICES OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY FIRST TRUST, OWNERS OF THE ALPHADEX® STYLE FUNDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDICES OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDICES OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

"AlphaDEX®" is a registered trademark of FTP. The Trust and First Trust, on behalf of the Funds, have been granted the right by FTP to use the name "AlphaDEX®" for certain purposes.

**Exchanges.** The only relationship that NYSE Arca has with First Trust or the Distributor of the Funds in connection with the Funds is that ICE Data Indices, LLC, an affiliate of NYSE Arca, is the Index Provider for the AlphaDEX® Sector Funds and NYSE Arca lists the shares of the Funds pursuant to its listing agreement with the Trust. NYSE Arca is not responsible for and has not participated in the determination of pricing or the timing of the issuance or sale of the shares of the Funds or in the determination or calculation of the asset value of the Funds. NYSE Arca has no obligation or liability in connection with the administration, marketing or trading of the Funds.

The only relationship that Nasdaq has with First Trust or the Distributor of the Funds in connection with the Funds is that Nasdaq is the Index Provider for the AlphaDEX® Style Funds and Nasdaq lists the shares of the Funds pursuant to its listing agreement with the Trust. Nasdaq is not responsible for and has not participated in the determination of pricing or the timing of the issuance or sale of the shares of the Funds or in the determination or calculation of the net asset value of the Funds. Nasdaq has no obligation or liability in connection with the administration, marketing or trading of the Funds.

## ADDITIONAL PAYMENTS TO FINANCIAL INTERMEDIARIES

First Trust or its affiliates may from time to time make payments, out of their own resources, to certain broker-dealers, registered investment advisers, banks or other intermediaries (collectively, "*intermediaries*") that sell shares of First Trust mutual funds and ETFs ("*First Trust Funds*") to promote the sales and retention of Fund shares by those firms and their customers. The amounts of these payments vary by intermediary. The level of payments that First Trust is willing to provide to a particular intermediary may be affected by, among other factors, (i) the firm's total assets or Fund shares held in and recent net investments into First Trust Funds, (ii) the value of the assets invested in the First Trust Funds by the intermediary's customers, (iii) redemption rates, (iv) its ability to attract and retain assets, (v) the intermediary's reputation in the industry, (vi) the level and/or type of marketing assistance and educational activities provided by the intermediary, (vii) the firm's level of participation in First Trust Funds' sales and marketing programs, (viii) the firm's compensation program for its registered representatives who sell Fund shares and provide services to Fund shareholders, and (ix) the asset class of the First Trust Funds for which these payments are provided. Such payments are generally asset-based but also may include the payment of a lump sum.

First Trust and/or its affiliates may make payments, out of its own assets, to those firms as compensation and/or reimbursement for marketing support and/or program servicing to selected intermediaries that are registered as holders or dealers of record for accounts invested in one or more of the First Trust Funds or that make First Trust Fund shares available through certain selected Fund no-transaction fee institutional platforms and fee-based wrap programs at certain financial intermediaries. Program servicing payments typically apply to employee benefit plans, such as retirement plans, or fee-based advisory programs but may apply to retail sales and assets in certain situations. The payments are based on such factors as the type and nature of services or support furnished by the intermediary and are generally asset-based. Services for which an intermediary receives marketing support payments may include, but are not limited to, business planning assistance, advertising, educating the intermediary's personnel about First Trust Funds in connection with shareholder financial planning needs, placement on the intermediary's preferred or recommended fund list, and access to sales meetings, sales representatives and management representatives of the intermediary. In addition, intermediaries may be compensated for enabling representatives of First Trust and/or its affiliates to participate in and/or present at conferences or seminars, sales or training programs for invited registered representatives and other employees, client and investor events and other events sponsored by the intermediary. Services for which an intermediary receives program servicing payments typically include, but are not limited to, record keeping, reporting or transaction processing and shareholder communications and other account administration services, but may also include services rendered in connection with Fund/investment selection and monitoring, employee enrollment and education, plan balance rollover or separation, or other similar services. An intermediary may perform program services itself or may arrange with a third party to perform program services. These payments, if any, are in addition to the service fee and any applicable omnibus sub-accounting fees paid to these firms with respect to these services by the First Trust Funds out of Fund assets.

From time to time, First Trust and/or its affiliates, at its expense, may provide other compensation to intermediaries that sell or arrange for the sale of shares of the First Trust Funds, which may be in addition to marketing support and program servicing payments described above. For example, First Trust and/or its affiliates may: (i) compensate intermediaries for National Securities Clearing Corporation networking system services (e.g., shareholder communication, account statements, trade confirmations and tax reporting) on an asset-based or per-account basis; (ii) compensate intermediaries for providing Fund shareholder trading information; (iii) make one-time or periodic payments to reimburse selected intermediaries for items such as ticket charges (i.e., fees that an intermediary charges its representatives for effecting transactions in Fund shares) or exchange order, operational charges (e.g., fees that an intermediary charges for establishing a Fund on its trading system), and literature printing and/or distribution costs; (iv) at the direction of a retirement plan's sponsor, reimburse or pay direct expenses of an employee benefit plan that would otherwise be payable by the plan; (v) provide payments to broker-dealers to help defray their technology or infrastructure costs; and (vi) make payments for expenses associated with intermediaries' use of First Trust Funds including, but not limited to, the use of First Trust Funds in model portfolios.

When not provided for in a marketing support or program servicing agreement, First Trust and/or its affiliates may also pay intermediaries for enabling First Trust and/or its affiliates to participate in and/or present at conferences or seminars, sales or training programs for invited registered representatives and other intermediary employees, client and investor events and other intermediary-sponsored events, and for travel expenses, including lodging incurred by registered representatives and other employees in connection with prospecting, asset retention and due diligence trips. These payments may vary depending upon the nature of the event. First Trust and/or its affiliates make payments for such events as it deems appropriate, subject to its internal guidelines and applicable law.

First Trust and/or its affiliates occasionally sponsor due diligence meetings for registered representatives during which they receive updates on various First Trust Funds and are afforded the opportunity to speak with portfolio managers. Although invitations to these meetings are not conditioned on selling a specific number of shares, those who have shown an interest in First Trust Funds are more likely to be considered. To the extent permitted by their firm's policies and procedures, all or a portion of registered representatives' expenses in attending these meetings may be covered by First Trust and/or its affiliates.

The amounts of payments referenced above made by First Trust and/or its affiliates could be significant and may create an incentive for an intermediary or its representatives to recommend or offer shares of the First Trust Funds to its customers. The intermediary may elevate the prominence or profile of the First Trust Funds within the intermediary's organization by, for example, placing the First Trust Funds on a list of preferred or recommended funds and/or granting First Trust and/or its affiliates preferential or enhanced opportunities to promote the First Trust Funds in various ways within the intermediary's organization. These payments are made pursuant to negotiated agreements with intermediaries. The payments do not change the price paid by investors for the purchase of a share or the amount a Fund will receive as proceeds from such sales. Furthermore, many of these payments are not reflected in the fees and expenses listed in the fee table section of a Fund's Prospectus because they are not paid by a Fund. The types of payments described herein are not mutually exclusive, and a single intermediary may receive some or all types of payments as described.

Other compensation may be offered to the extent not prohibited by state laws or any self-regulatory agency, such as FINRA. Investors can ask their intermediaries for information about any payments they receive from First Trust and/or its affiliates and the services it provides for those payments. Investors may wish to take intermediary payment arrangements into account when considering and evaluating any recommendations relating to Fund shares.

Payments to intermediaries, in certain circumstances, may also be made in connection with the distribution of model portfolios developed by First Trust, such as the inclusion of such model portfolios on an intermediary's platform, as well as in connection with the marketing and sale of, and/or product training regarding such model portfolios, or servicing of accounts tracking such model portfolios. Such payments may be variable or fixed fee payments for platform support, or other payments in the form of a variable or fixed fee or a per position fee, or may relate to the amount of assets an intermediary's clients have invested in the First Trust Funds in such models developed by First Trust, the management fee, the total expense ratio, or sales of the First Trust Funds in such models developed by First Trust. Some intermediaries also provide related data regarding transactions in specific model portfolios, First Trust Funds and investment strategies to First Trust in exchange for a fee.

First Trust and/or its affiliates may enter into arrangements with third parties, such as a software provider, whereby First Trust may license certain technology or other services from such entity in exchange for licensing or other fees which may be, in whole or in part, dependent on the value of First Trust mutual funds or ETFs held through such software or other service. Such third party may also offer price concessions to broker dealers, investment advisers or other financial intermediaries that license technology or other services that may be dependent, in whole or in part, on the value of First Trust mutual funds or ETFs held through such software or other service.

## ADDITIONAL INFORMATION

**Book Entry Only System.** The following information supplements and should be read in conjunction with the Prospectus.

**DTC Acts as Securities Depository for Fund Shares.** Shares of the Funds are represented by securities registered in the name of The Depository Trust Company ("*DTC*") or its nominee, Cede & Co., and deposited with, or on behalf of, DTC.

DTC, a limited-purpose trust company, was created to hold securities of its participants (the "*DTC Participants*") and to facilitate the clearance and settlement of securities transactions among the DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. More specifically, DTC is owned by a number of its DTC Participants and by the New York Stock Exchange and FINRA. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "*Indirect Participants*").

Beneficial ownership of shares is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in shares (owners of such beneficial interests are referred to herein as “*Beneficial Owners*”) is shown on, and the transfer of ownership is effected only through, records maintained by DTC (with respect to DTC Participants) and on the records of DTC Participants (with respect to Indirect Participants and Beneficial Owners that are not DTC Participants). Beneficial Owners will receive from or through the DTC Participant a written confirmation relating to their purchase and sale of shares.

Conveyance of all notices, statements and other communications to Beneficial Owners is effected as follows. Pursuant to a letter agreement between DTC and the Trust, DTC is required to make available to the Trust upon request and for a fee to be charged to the Trust a listing of the shares of the Funds held by each DTC Participant. The Trust shall inquire of each such DTC Participant as to the number of Beneficial Owners holding shares, directly or indirectly, through such DTC Participant. The Trust shall provide each such DTC Participant with copies of such notice, statement or other communication, in such form, number and at such place as such DTC Participant may reasonably request, in order that such notice, statement or communication may be transmitted by such DTC Participant, directly or indirectly, to such Beneficial Owners. In addition, the Trust shall pay to each such DTC Participant a fair and reasonable amount as reimbursement for the expenses attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

Fund distributions shall be made to DTC or its nominee, as the registered holder of all Fund shares. DTC or its nominee, upon receipt of any such distributions, shall immediately credit DTC Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in shares of the Funds as shown on the records of DTC or its nominee. Payments by DTC Participants to Indirect Participants and Beneficial Owners of shares held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in a “street name,” and will be the responsibility of such DTC Participants.

The Trust has no responsibility or liability for any aspect of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in such shares, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or for any other aspect of the relationship between DTC and the DTC Participants or the relationship between such DTC Participants and the Indirect Participants and Beneficial Owners owning through such DTC Participants.

DTC may decide to discontinue providing its service with respect to shares at any time by giving reasonable notice to the Trust and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trust shall take action to find a replacement for DTC to perform its functions at a comparable cost.

**Policy Regarding Investment in Other Investment Companies.** The Funds will not rely on Sections 12(d)(1)(F) or 12(d)(1)(G) of the 1940 Act to invest in other investment companies.

#### **INFORMATION FOR INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”) ONLY**

The following disclosures are included in this SAI solely for the purposes of compliance with the applicable EEA law and regulation resulting from, of and as a consequence of, the Funds’ registration or notification under the EU Directive on Alternative Investment Fund Managers (Directive (2011/61/EU)) (the “*AIFM Directive*”) national private placement regimes in certain European Union (“EU”) and EEA jurisdictions. The following disclosures are not intended for, and should not be relied on by, any investor other than an investor in the relevant EU and/or EEA jurisdictions because the rules, regulations and requirements applicable to the Funds in those jurisdictions as a result of their registration or notification differ from the rules, regulations and requirements applicable to the Funds under the Investment Company Act.

#### **European Union’s Sustainable Finance Disclosure Regulation**

While First Trust Advisors L.P. (the “*Advisor*”) is not itself generally subject to Regulation 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial sector (“*SFDR*”), by virtue of the Funds’ registration or notification under the AIFM Directive national private placement regimes in certain EU and EEA jurisdictions, some limited disclosures under the SFDR must be made in respect of the Funds and the following section is intended to satisfy certain of such requirements. The SFDR requires the Advisor to determine, on a product-by-product basis, whether “sustainability risks” are relevant to the Advisor’s in-scope financial products, including the Funds.

For the purposes of SFDR, “sustainability risk” means an environmental, social or governance (“*ESG*”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

Solely for the purposes of SFDR, the Advisor has determined that sustainability risks are not relevant to the Funds on the basis that the Fund invests principally in investments or asset classes which, in the opinion of the Advisor, are not ordinarily subject to sustainability risk as a material negative impact on the value of those investments, as such terms are interpreted and applied under SFDR.

Consequently, the Advisor does not integrate sustainability risks into its investment decision making for the Funds and the Advisor has not assessed the likely impacts of sustainability risks on the returns of the Funds, as such terms are interpreted and applied under SFDR.

The Advisor will keep its assessment that sustainability risks are not relevant to the Funds under regular review.

SFDR requires the Advisor to disclose whether, and if so how, it considers the principal adverse impacts (“PAIs”) of its investment decisions on sustainability factors, in accordance with a specific regime outlined in SFDR, in relation to the Funds. The Advisor does not consider the principal adverse impacts of its investment decisions on sustainability factors (either generally or in relation to the Funds).

In addition, the Advisor considers that its primary investment strategies and client relationships do not support adoption of the PAI regime within SFDR.

### ***Information for Investors in the EEA Regarding Offering of the Funds***

In relation to each Member State of the EEA which has implemented the AIFM Directive, the Prospectus, and any summary Prospectus or SAI relating to the Funds, may only be distributed and shares may only be offered or placed in a Member State to the extent that: (1) the Funds are permitted to be marketed to professional investors in the relevant member state in accordance with the AIFM Directive (as implemented into the local law/regulations of the relevant Member State); or otherwise (2) the Prospectus and SAI may be lawfully distributed and the shares may lawfully be offered or placed in that Member State (including at the initiative of the investor).

In relation to each Member State of the EEA which, at the date of this SAI, has not implemented the AIFM Directive, the Prospectus and this SAI may only be distributed and shares may only be offered or placed to the extent that the Prospectus and this SAI may be lawfully distributed and the shares may lawfully be offered or placed in that Member State (including at the initiative of the investor).

In addition, the following restrictions apply to the distribution of the Prospectus and SAI in the following Member States:

### ***Information for Investors in the United Kingdom***

Subject always to the foregoing notice in respect of the EEA, this SAI is being issued in the United Kingdom by First Trust Global Portfolios Limited (which is authorized and regulated by the Financial Conduct Authority (the “FCA”)) only to and/or is directed only at persons who are professional clients or eligible counterparties for the purposes of the FCA’s Conduct of Business Sourcebook. The opportunity to invest in the Funds is only available to such persons in the United Kingdom, and the Prospectus and SAI must not be relied on or acted upon by any other persons in the United Kingdom.

### ***Information for Investors in Ireland***

The distribution of this Prospectus and SAI in Ireland and the offering or purchase of shares is restricted to the individual to whom it is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers. Shares in the Funds will not be offered or sold by any person:

- (a) otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 and the European Union (Alternative Investment Fund Managers) Regulations 2013, each as amended; or
- (b) in any way which would require the publication of a prospectus under the Companies Act 2014 or any regulations made thereunder; or
- (c) in Ireland except in all circumstances that will result in compliance with all applicable laws and regulations in Ireland.



## ***AIFM Directive Disclosures***

*Background.* The AIFM Directive is an EU directive which regulates the management and marketing of funds within the EEA. The AIFM Directive distinguishes between EU and non-EU funds and EU and non-EU fund managers and different obligations apply under the AIFM Directive depending on where the fund is based and where the manager is based. Certain disclosure, transparency and reporting obligations are imposed on non-EU fund managers wishing to market funds to investors in the EEA. There are additional requirements imposed on EU fund managers, which do not currently apply to First Trust.

To the extent not already disclosed to you prior to your investment in the Funds, the purpose of this section of this SAI is to satisfy the disclosures which are required to be provided to you under the AIFM Directive.

*Overview of the Funds and the Service Providers.* The Funds are non-EU AIFs (“AIF” means an alternative investment fund for the purposes of the AIFM Directive).

First Trust Advisors L.P. (“First Trust”) is the AIFM of the Funds (“AIFM” means an alternative investment fund manager for the purposes of the AIFM Directive). First Trust is a non-EU AIFM.

The Trust has entered into agreements with various service providers including First Trust (as the Investment Advisor), the Custodian, Distributor, Transfer Agent, Administrator, index providers and the exchange where each Fund is listed in respect of the Funds. Further details regarding the duties and roles of such service providers can be found in the Prospectus and this SAI for the Funds.

In addition to the parties listed above, the Trust has appointed (i) Chapman and Cutler LLP as its legal counsel which advises it on US legal matters; (ii) Deloitte & Touche LLP as the Funds’ auditors who undertake to audit the Funds’ financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (United States); and (iii) CT Corporation System as the Funds’ registered agent.

First Trust is not required to ensure that the Funds appoint, and the Funds have not appointed, a depositary for purposes of the AIFM Directive (a depositary in the context of the AIFM Directive, has a specific role and function. The appointment of such depositary is not required for non-EU AIFs with non-EU AIFMs). As such investors in the Funds have no rights as against any person in respect of the duties or liabilities of a depositary under the AIFM Directive.

*Investors’ Contractual Rights.* In respect of each of the service providers to the Funds, investors who purchase shares in the Funds in the secondary market have no direct rights of action against the service providers, as a matter of contract law or under the establishment documents of the Trust. The proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Funds or the Trust by a service provider is, prima facie, the Trust itself. An investor may bring a derivative or similar action or proceeding (“Derivative Action”) against the Trust or a Fund to recover a judgment in its favor in accordance with the provisions of the Declaration. Accordingly, investors would have no direct contractual right against the relevant service provider for breach of the agreement governing its appointment by the Trust. The foregoing disclosure is without prejudice to such other rights of action (for example, under the securities laws, tort law or in respect of breach of fiduciary duty) which might in certain situations be separately available to investors.

*Investment in the Funds.* Investors will buy shares in the Funds in secondary market transactions through brokers and will not subscribe for shares from the Trust directly. As such, there is no direct contractual relationship between the Funds and the investor in connection with the purchase or sale of shares. While the Funds are established under Massachusetts law and Massachusetts law does facilitate the enforcement of judgments obtained in foreign jurisdictions, investors who buy shares on the secondary market will have no direct contractual right of action against the Funds. Investors should refer to “How to Buy and Sell Shares” in the main body of the Prospectus for more detail. The foregoing disclosure is without prejudice to such other rights of action (for example, under the securities laws, tort law or in respect of breach of fiduciary duty) which might in certain situations be separately available to investors.

*Redemption from the Funds.* Non-US investors will sell shares in secondary market transactions through brokers and will not redeem shares from the Funds directly. Shares can be sold throughout the trading day like other publicly traded shares. Investors should refer to “How to Buy and Sell Shares” in the main body of the Prospectus for more detail.

*Liquidity Risk Management.* Investors should note that while First Trust is not required to implement liquidity management arrangements in accordance with the AIFM Directive in respect of the Funds, the Funds are subject to the liquidity limitations established by the SEC. The Trustees have delegated to First Trust the day-to-day determination of illiquidity of equity and fixed income securities as described under “Illiquid Securities” in this SAI.

*Treatment of Investors.* The Trust and the AIFM do not offer any investors preferential treatment or the right to obtain preferential treatment. Whilst the Trust does not take specific steps to ensure the fair treatment of investors, under the 1940 Act the Trustees are required to monitor how a Fund operates and oversee matters where the interests of the Fund and its shareholders may differ from those of its investment adviser.

First Trust is registered as an investment adviser with the SEC, and is subject to regulation and oversight designed to protect shareholders. Under the Investment Advisers Act of 1940, First Trust is a fiduciary to its clients, including the Funds, and is therefore required to act in the best interests of clients and to place the interests of clients before its own.

*Information Regarding the use of Leverage and Collateral.* The AIFM Directive requires disclosure of certain information relating to leverage, collateral and asset re-use arrangements. The Funds may obtain leverage through the use of derivatives and other non-fully funded investments such as reverse repurchase agreements, firm commitment agreements and standby commitment agreements if, and to the extent that, such transactions are (i) disclosed in the Funds' Prospectus and SAI and (ii) deemed appropriate investments by First Trust. These leveraged trading practices generally have not been prohibited by the SEC, though the SEC has published guidance on the manner in which the Funds may cover their leveraged trading practices to limit leverage and avoid the need to address the leverage concerns in Section 18 of the 1940 Act, which severely restricts how the Funds may use leverage. All arrangements entered into by First Trust on behalf of the Funds which result in leverage follow the parameter of the guidance published by the SEC.

As a non-EU AIFM, First Trust is not obliged to set a maximum permitted level of leverage which it may employ in its management of the Funds. The total amount of leverage employed by the Funds is provided at <http://www.ftglobalportfolios.com>.

Investors should refer to the "Investment Objectives and Policies" and "Investment Strategies" section of this SAI for more details on the use and risk of leverage by the Funds.

*Shareholder Voting Rights.* The Declaration requires a shareholder vote only on those matters where the 1940 Act requires a vote of shareholders and otherwise permits the Trustees to take actions without seeking the consent of shareholders. The Funds' fundamental policies, as described in the "Investment Objectives and Policies" section of this SAI, may not be changed without approval of the holders of a majority of the outstanding voting securities (as such term is defined in the 1940 Act) of a Fund. The 1940 Act defines a majority vote as the vote of the lesser of (i) 67% or more of the voting securities represented at a meeting at which more than 50% of the outstanding securities are represented; or (ii) more than 50% of the outstanding voting securities.

*Net Asset Value.* The latest NAV of the Funds, and the latest NAV per share of each class of share of the Funds, is available online at: <http://www.ftglobalportfolios.com> and online stock quote services. Generally investors will buy and sell shares of the Funds in secondary market transactions through brokers. Shares of the Funds will therefore be available at the relevant market price rather than NAV.

The historical performance of the Funds since inception is available online at: <http://www.ftglobalportfolios.com>.

*Accounts.* Under the AIFM Directive, First Trust is required to make available the annual report of the Funds that it markets in the EEA. This must be prepared by no later than 6 months following the end of the financial year and contain certain specific content requirements set out in the AIFM Directive. Once the annual report has been produced, it will be made available to investors in the manner as set out in the Prospectus.

*Professional Liability Requirements/Delegation by the AIFM/Valuation.* As a non-EU AIFM, First Trust is not subject to certain EU requirements relating to (i) the cover of professional liability risk by holding either additional of its own funds or appropriate professional liability insurance; (ii) permitted delegation and the management and disclosure of conflicts of interest relating to any such delegation; and (iii) valuation as set out in Article 19 of the AIFM Directive. As such, no disclosures for the purposes of the AIFM Directive have been made. Notwithstanding this, First Trust and the Funds continue to comply with their requirements under US law.

*Periodic Disclosure Obligations.* The following information will be disclosed to Fund shareholders on a periodic basis by way of a posting being made on <http://www.ftglobalportfolios.com>:

- the percentage of the Funds' assets, if any, that are subject to special arrangements arising from their illiquid nature (including, but not limited to, deferrals of redemptions and suspensions);



- the current risk profile of each Fund and the risk management systems employed by the AIFM to manage those risks; and
- the total amount of leverage employed by each Fund, if any.

Whenever any new arrangements for managing the liquidity of the Funds are introduced including, but not limited to, any material changes to the liquidity management systems and procedures employed by First Trust, a disclosure to this effect will be uploaded on the Funds' website. The Fund will ensure that a notice is uploaded on an expedited basis whenever deferrals or other similar special arrangements are activated or where redemptions of shares are suspended.

A notice will be posted without undue delay whenever there is a change to a maximum level of leverage which may be employed on behalf of a Fund; and any changes are made to the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

## **INFORMATION FOR INVESTORS IN HONG KONG ONLY**

The Fund is a collective investment scheme but is not authorized under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly, the distribution of the Prospectus, and the placement of Fund shares in Hong Kong, is restricted. The Prospectus may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

## **INFORMATION FOR INVESTORS IN SINGAPORE ONLY**

The Prospectus has not been registered as a Prospectus with the Monetary Authority of Singapore. Accordingly, the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Fund shares may not be circulated or distributed, nor may Fund shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **INFORMATION FOR INVESTORS IN TAIWAN ONLY**

Fund shares are being made available in the Republic of China ("R.O.C.") on a private placement basis only to banks, bills houses, trust enterprises, financial holding companies and other qualified entities or institutions (collectively, "*Qualified Institutions*") and other entities and individuals meeting specific criteria ("*Other Qualified Investors*") pursuant to the private placement provisions of the R.O.C. Rules Governing Offshore Funds. No other offer or sale of the shares of the Fund in the R.O.C. is permitted. R.O.C. purchasers of Fund shares may not sell or otherwise dispose of their holdings except by redemption, transfer to a Qualified Institution or Other Qualified Investor, transfer by operation of law or other means approved by the R.O.C. Financial Supervisory Commission.

## **PROXY VOTING POLICIES AND PROCEDURES**

The Trust has adopted a proxy voting policy that seeks to ensure that proxies for securities held by the Funds are voted consistently with the best interests of the Funds.

The Board has delegated to First Trust the proxy voting responsibilities for the Funds and has directed First Trust to vote proxies consistent with the Funds' best interests. The First Trust Proxy Voting Policies and Procedures are attached hereto as *Exhibit B*. First Trust has engaged the services of Institutional Shareholder Services Inc. ("ISS") to make recommendations to First Trust on the voting of proxies relating to securities held by the Funds. If First Trust manages the assets of a company or its pension plan and any of First Trust's clients hold any securities of that company, First Trust will generally vote proxies relating to such company's securities in accordance with the ISS recommendations to avoid any conflict of interest.

First Trust has adopted the ISS Proxy Voting Guidelines. While these guidelines are not intended to be all-inclusive, they do provide guidance on First Trust's general voting policies. First Trust's use of the ISS Proxy Voting Guidelines is not intended to constrain First Trust's consideration of any proxy proposal, and there are times when First Trust deviates from the ISS Proxy Voting Guidelines. This includes when required by Rule 12d1-4 under the 1940 Act or when agreed to by the

Fund and certain acquired funds as permitted under Rule 12d1-4 under the 1940 Act, if applicable. Generally, First Trust will not rely on ISS Proxy Voting Guidelines to withhold votes or vote against directors solely based on quota criteria or the exclusion of certain climate-related disclosures, which may or may not relate to the company's core business or may not materially impact shareholder value. First Trust will consider such proxy voting decisions in light of merit-based considerations which it believes may impact shareholder value. First Trust retains final authority and fiduciary responsibility for proxy voting.

Information regarding how the Funds voted proxies (if any) relating to portfolio securities during the most recent 12-month period ended June 30 is available upon request and without charge on the Funds' website at <http://www.ftportfolios.com>, by calling (800) 621-1675 or by accessing the SEC's website at <http://www.sec.gov>.

**Portfolio Schedule.** Each Fund files portfolio holdings information for each month in a fiscal quarter within 60 days after the end of the relevant fiscal quarter on Form N-PORT. Portfolio holdings information for the third month of each fiscal quarter will be publicly available on the SEC's website at <http://www.sec.gov>. Each Fund's complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year is included in the semi-annual and annual reports to shareholders, respectively, and is filed with the SEC on Form N-CSR. A semi-annual or annual report for each Fund will become available to investors within 60 days after the period to which it relates. Each Fund's Forms N-PORT and Forms N-CSR are available on the SEC's website listed above.

**Policy Regarding Disclosure of Portfolio Holdings.** The Trust has adopted a policy regarding the disclosure of information about each Fund's portfolio holdings. The Board of Trustees must approve all material amendments to this policy. Each Fund's portfolio holdings are publicly disseminated each day the Fund is open for business through financial reporting and news services, including publicly accessible Internet websites. In addition, a basket composition file, which includes the security names and share quantities to deliver in exchange for Fund shares, together with estimates and actual cash components, is publicly disseminated each day the NYSE is open for trading via the National Securities Clearing Corporation ("NSCC"). Pursuant to Rule 6c-11 under the 1940 Act, information regarding each Fund's current portfolio holdings will be available on a daily basis at <http://www.ftportfolios.com/Retail/etf/home.aspx>. The Trust, First Trust, FTP and BNY will not disseminate non-public information concerning the Trust.

**Codes of Ethics.** In order to mitigate the possibility that the Funds will be adversely affected by personal trading, the Trust, First Trust and the Distributor have adopted Codes of Ethics under Rule 17j-1 of the 1940 Act. These Codes of Ethics contain policies restricting securities trading in personal accounts of the officers, Trustees and others who normally come into possession of information on portfolio transactions. Personnel subject to the Codes of Ethics may invest in securities that may be purchased or held by the Funds; however, the Codes of Ethics require that each transaction in such securities be reviewed by the Chief Compliance Officer or his or her designee. These Codes of Ethics are on public file with, and are available from, the SEC.

## CREATION AND REDEMPTION OF CREATION UNITS

**General.** ETFs, such as the Funds, generally issue and redeem their shares in primary market transactions through a creation and redemption mechanism and do not sell or redeem individual shares. Instead, financial entities known as "Authorized Participants" have contractual arrangements with an ETF or one of the ETF's service providers to purchase and redeem ETF shares directly with the ETF in large blocks of shares known as "Creation Units." Prior to the start of trading on every business day, an ETF publishes through the National Securities Clearing Corporation ("NSCC") the "basket" of securities, cash or other assets that it will accept in exchange for a Creation Unit of the ETF's shares. An Authorized Participant that wishes to effectuate a creation of an ETF's shares deposits with the ETF the "basket" of securities, cash or other assets identified by the ETF that day, and then receives the Creation Unit of the ETF's shares in return for those assets. After purchasing a Creation Unit, the Authorized Participant may continue to hold the ETF's shares or sell them in the secondary market. The redemption process is the reverse of the purchase process: the authorized participant redeems a Creation Unit of ETF shares for a basket of securities, cash or other assets. The combination of the creation and redemption process with secondary market trading in ETF shares and underlying securities provides arbitrage opportunities that are designed to help keep the market price of ETF shares at or close to the NAV per share of the ETF.

**Authorized Participants.** An "Authorized Participant" is a member or participant of a clearing agency registered with the SEC that has a written agreement with a Fund or one of its service providers that allows the Authorized Participant to place orders for the purchase or redemption of Creation Units (a "Participant Agreement"). Orders to purchase Creation Units must be delivered through an Authorized Participant that has executed a Participant Agreement and must comply with

the applicable provisions of such Participant Agreement. Investors wishing to purchase or sell shares generally do so on an exchange. Institutional investors other than Authorized Participants are responsible for making arrangements for a redemption request to be made through an Authorized Participant.

**Business Day.** A “*Business Day*” is generally any day on which the New York Stock Exchange (“NYSE”), the Exchange and the Trust are open for business. As of the date of this SAI, the NYSE observes the following holidays: New Year’s Day, Martin Luther King, Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Juneteenth, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The Business Day on which an order to purchase or redeem Creation Units is received in proper form is referred to as the “Transmittal Date.”

**Basket Composition.** Rule 6c-11(c)(3) under of the 1940 Act requires an ETF relying on the exemptions offered by Rule 6c-11 to adopt and implement written policies and procedures governing the construction of baskets and the process that the ETF will use for the acceptance of baskets. In general, in connection with the construction and acceptance of baskets, the Advisor may consider various factors, including, but not limited to: (1) whether the securities, assets and other positions comprising a basket are consistent with the ETF’s investment objective(s), policies and disclosure; (2) whether the securities, assets and other positions can legally and readily be acquired, transferred and held by the ETF and/or Authorized Participant(s), as applicable; (3) whether to utilize cash, either in lieu of securities or other instruments or as a cash balancing amount; and (4) in the case of an ETF that tracks an index, whether the securities, assets and other positions aid index tracking.

Each Fund may utilize a pro rata basket or a custom basket in reliance on Rule 6c-11. A “pro rata basket” is a basket that is a pro rata representation of the ETF’s portfolio holdings, except for minor deviations when it is not operationally feasible to include a particular instrument within the basket, except to the extent that the Fund utilized different baskets in transactions on the same Business Day.

Rule 6c-11 defines “custom baskets” to include two categories of baskets. First, a basket containing a non-representative selection of the ETF’s portfolio holdings would constitute a custom basket. These types of custom baskets include, but are not limited to, baskets that do not reflect: (i) a pro rata representation of the Fund’s portfolio holdings; (ii) a representative sampling of an ETF’s portfolio holdings; or (iii) changes due to a rebalancing or reconstitution of an ETF’s securities market index, if applicable. Second, if different baskets are used in transactions on the same Business Day, each basket after the initial basket would constitute a custom basket. For example, if an ETF exchanges a basket with either the same or another Authorized Participant that reflects a representative sampling that differs from the initial basket, that basket (and any such subsequent baskets) would be a custom basket. Similarly, if an ETF substitutes cash in lieu of a portion of basket assets for a single Authorized Participant, that basket would be a custom basket. The Advisor’s Rule 6c-11 Committee defines any deviation from a pro rata basket to be a “custom basket.” Rebalancing and reconstitution baskets do not constitute custom baskets. All cash baskets that are the initial basket on a Business Day also do not constitute custom baskets.

Under a variety of circumstances, an ETF and its shareholders may benefit from the flexibility afforded by custom baskets. In general terms, the use of custom baskets may reduce costs, increase efficiency and improve trading. Because utilizing custom baskets provides a way for an ETF to add, remove and re-weight portfolio securities without transacting in the market, it may help the ETF to avoid transaction costs and adverse tax consequences. Rule 6c-11 provides an ETF with flexibility to use “custom baskets” if the ETF has adopted written policies and procedures that: (1) set forth detailed parameters for the construction and acceptance of custom baskets that are in the best interests of the ETF and its shareholders, including the process for any revisions to, or deviations from, those parameters; and (2) specify the titles or roles of employees of the ETF’s investment advisor who are required to review each custom basket for compliance with those parameters.

The use of baskets that do not correspond pro rata to an ETF’s portfolio holdings has historically created concern that an Authorized Participant could take advantage of its relationship with an ETF and pressure the ETF to construct a basket that favors an Authorized Participant to the detriment of the ETF’s shareholders. For example, because ETFs rely on Authorized Participants to maintain the secondary market by promoting an effective arbitrage mechanism, an Authorized Participant holding less liquid or less desirable securities potentially could pressure an ETF into accepting those securities in its basket in exchange for liquid ETF shares (i.e., dumping). An Authorized Participant also could pressure the ETF into including in its basket certain desirable securities in exchange for ETF shares tendered for redemption (i.e., cherry-picking). In either case, the ETF’s other investors would be disadvantaged and would be left holding shares of an ETF with a less liquid or less desirable portfolio of securities. The Advisor has adopted policies and procedures designed to mitigate these concerns but there is ultimately no guarantee that such policies and procedures will be effective.

**Basket Dissemination.** Basket files are published for consumption through the NSCC, a subsidiary of Depository Trust & Clearing Corporation, and can be utilized for pricing, creations, redemptions, rebalancing and custom scenarios. In most instances, pro rata baskets are calculated and supplied by the ETF's custodial bank based on ETF holdings, whereas non-pro rata, custom and forward-looking pro rata baskets are calculated by the Fund's investment advisor and disseminated by the ETF's custodial bank through the NSCC process.

**Placement of Creation or Redemption Orders.** All orders to purchase or redeem Creation Units are to be governed according to the applicable Participant Agreement that each Authorized Participant has executed. In general, all orders to purchase or redeem Creation Units must be received by the transfer agent in the proper form required by the Participant Agreement no later than the closing time of the regular trading session of the NYSE (ordinarily 4:00 p.m. Eastern Standard Time) on each day the NYSE is open for business (the "*Closing Time*") in order for the purchase or redemption of Creation Units to be effected based on the NAV of shares of a Fund as next determined on such date after receipt of the order in proper form. However, at its discretion, the Fund may require an Authorized Participant to submit orders to purchase or redeem Creation Units be placed earlier in the day (such as instances where an applicable market for a security comprising a creation or redemption basket closes earlier than usual).

**Delivery of Redemption Proceeds.** Deliveries of securities to Authorized Participants in connection with redemption orders are generally expected to be made within one Business Day. Due to the schedule of holidays in certain countries, however, the delivery of in-kind redemption proceeds for a Fund may take longer than one Business Day after the day on which the redemption request is received in proper form. Section 22(e) of the 1940 Act generally prohibits a registered open-end management investment company from postponing the date of satisfaction of redemption requests for more than seven days after the tender of a security for redemption. This prohibition can cause operational difficulties for ETFs that hold foreign investments and exchange in-kind baskets for Creation Units. For example, local market delivery cycles for transferring foreign investments to redeeming investors, together with local market holiday schedules, can sometimes require a delivery process in excess of seven days. However, Rule 6c-11 grants relief from Section 22(e) to permit an ETF to delay satisfaction of a redemption request for more than seven days if a local market holiday, or series of consecutive holidays, or the extended delivery cycles for transferring foreign investments to redeeming Authorized Participants, or the combination thereof prevents timely delivery of the foreign investment included in the ETF's basket. Under this exemption, an ETF must deliver foreign investments as soon as practicable, but in no event later than 15 days after the tender to the ETF. The exemption therefore will permit a delay only to the extent that additional time for settlement is actually required, when a local market holiday, or series of consecutive holidays, or the extended delivery cycles for transferring foreign investments to redeeming authorized participants prevents timely delivery of the foreign investment included in the ETF's basket. If a foreign investment settles in less than 15 days, Rule 6c-11 requires an ETF to deliver it pursuant to the standard settlement time of the local market where the investment trades. Rule 6c-11 defines "foreign investment" as any security, asset or other position of the ETF issued by a foreign issuer (as defined by Rule 3b-4 under the 1934 Act), and that is traded on a trading market outside of the United States. This definition is not limited to "foreign securities," but also includes other investments that may not be considered securities. Although these other investments may not be securities, they may present the same challenges for timely settlement as foreign securities if they are transferred in kind.

**Creation Transaction Fees.** Each Fund imposes fees in connection with the purchase of Creation Units. These fees may vary based upon various facts-based circumstances, including, but not limited to, the composition of the securities included in the Creation Unit or the countries in which the transactions are settled. The price for each Creation Unit will equal the daily NAV per share of a Fund times the number of shares in a Creation Unit, plus the fees described above and, if applicable, any operational processing and brokerage costs, transfer fees, stamp taxes and part or all of the spread between the expected bid and offer side of the market related to the securities comprising the creation basket.

**Redemption Transaction Fees.** Each Fund also imposes fees in connection with the redemption of Creation Units. These fees may vary based upon various facts-based circumstances, including, but not limited to, the composition of the securities included in the Creation Unit or the countries in which the transactions are settled. The price received for each Creation Unit will equal the daily NAV per share of a Fund times the number of shares in a Creation Unit, minus the fees described above and, if applicable, any operational processing and brokerage costs, transfer fees, stamp taxes and part or all of the spread between the expected bid and offer side of the market related to the securities comprising the redemption basket. Investors who use the services of a broker or other such intermediary in addition to an Authorized Participant to effect a redemption of a Creation Unit may also be assessed an amount to cover the cost of such services. The redemption fee charged by a Fund will comply with Rule 22c-2 of the 1940 Act which limits redemption fees to no more than 2% of the value of the shares redeemed.

**Suspension of Creations.** The SEC has stated its position that an ETF generally may reject or suspend the issuance of Creation Units only for a limited time and only due to extraordinary circumstances, such as when the markets on which the ETF's portfolio holdings are traded are closed for a limited period of time. The SEC has also stated that an ETF could not set transaction fees so high as to effectively suspend the issuance of Creation Units. Circumstances in which a Fund may suspend or reject creations include, but are not limited to: (i) the order is not in proper form; (ii) the purchaser or group of related purchasers, upon obtaining the Creation Units of Fund shares ordered, would own 80% or more of the currently outstanding shares of a Fund; (iii) the required consideration is not delivered; (iv) the acceptance of the basket would, in the opinion of a Fund, be unlawful; or (v) there exist circumstances outside the control of a Fund that make it impossible to process purchases of Creation Units for all practical purposes. Examples of such circumstances include: acts of God or public service or utility problems such as fires, floods, extreme weather conditions and power outages resulting in telephone, telecopy and computer failures; market conditions or activities causing trading halts; systems failures involving computer or other information systems affecting a Fund, First Trust, the Distributor, DTC, NSCC, the transfer agent, the custodian, any sub-custodian or any other participant in the purchase process; and similar extraordinary events. Each Fund reserves the right to reject a creation order transmitted to it provided that such action does not result in a suspension of sales of creation units in contravention of 6c-11 and the SEC's positions thereunder. The Transfer Agent shall notify a prospective creator of a Creation Unit and/or the Authorized Participant acting on behalf of such prospective creator of the rejection of the order of such person. The Trust, a Fund, the Transfer Agent, the custodian, any sub-custodian and the Distributor are under no duty, however, to give notification of any defects or irregularities in the delivery of baskets, nor shall any of them incur any liability for the failure to give any such notification.

**Suspension of Redemptions.** An ETF may suspend the redemption of Creation Units only in accordance with Section 22(e) of the 1940 Act. Section 22(e) stipulates that no registered investment company shall suspend the right of redemption, or postpone the date of payment or satisfaction upon redemption of any redeemable security in accordance with its terms for more than seven days after the tender of such security to the company or its agent designated for that purpose for redemption, except (1) for any period (A) during which the NYSE is closed other than customary week-end and holiday closings or (B) during which trading on the NYSE is restricted; (2) for any period during which an emergency exists as a result of which (A) disposal by the investment company of securities owned by it is not reasonably practicable or (B) it is not reasonably practicable for such company fairly to determine the value of its net assets; or (3) for such other periods as the SEC may by order permit for the protection of security holders of the investment company.

**Exceptions to Use of Creation Units.** Under Rule 6c-11 of the 1940 Act, ETFs are permitted to sell or redeem individual shares on the day of consummation of a reorganization, merger, conversion, or liquidation. In these limited circumstances, an ETF may need to issue or redeem individual shares and may need to transact without utilizing Authorized Participants.

## FEDERAL TAX MATTERS

This section summarizes some of the main U.S. federal income tax consequences of owning shares of a Fund. This section is current as of the date of the SAI. Tax laws and interpretations change frequently, and these summaries do not describe all of the tax consequences to all taxpayers. For example, these summaries generally do not describe your situation if you are a corporation, a non-U.S. person, a broker-dealer or other investor with special circumstances. In addition, this section does not describe your state, local or foreign tax consequences.

This federal income tax summary is based in part on the advice of counsel to the Funds. The Internal Revenue Service ("IRS") could disagree with any conclusions set forth in this section. The following disclosure may not be sufficient for prospective investors to use for the purpose of avoiding penalties under federal tax law.

As with any investment, prospective investors should seek advice based on their individual circumstances from their own tax advisor.

Each Fund intends to qualify annually and to elect to be treated as a regulated investment company (a "RIC") under the Internal Revenue Code of 1986, as amended (the "Code").

To qualify for the favorable U.S. federal income tax treatment generally accorded to RICs, a Fund must, among other things, (i) derive in each taxable year at least 90% of its gross income from dividends, interest, payments with respect to securities loans and gains from the sale or other disposition of stock, securities or foreign currencies or other income derived with respect to its business of investing in such stock, securities or currencies, or net income derived from interests in certain publicly traded partnerships; (ii) diversify its holdings so that, at the end of each quarter of the taxable year, (a) at least 50%



of the market value of a Fund's assets is represented by cash and cash items (including receivables), U.S. government securities, the securities of other RICs and other securities, with such other securities of any one issuer generally limited for the purposes of this calculation to an amount not greater than 5% of the value of a Fund's total assets and not greater than 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of its total assets is invested in the securities (other than U.S. government securities or the securities of other RICs) of any one issuer, or two or more issuers which a Fund controls which are engaged in the same, similar or related trades or businesses, or the securities of one or more of certain publicly traded partnerships; and (iii) distribute at least 90% of its investment company taxable income (which includes, among other items, dividends, interest and net short-term capital gains in excess of net long-term capital losses) and at least 90% of its net tax-exempt interest income each taxable year. There are certain exceptions for failure to qualify if the failure is for reasonable cause or is *de minimis*, and certain corrective action is taken and certain tax payments are made by a Fund.

As a RIC, a Fund generally will not be subject to U.S. federal income tax on its investment company taxable income (as that term is defined in the Code, but without regard to the deduction for dividends paid) and net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, that it distributes to shareholders. Each Fund intends to distribute to its shareholders, at least annually, substantially all of its investment company taxable income and net capital gain. If a Fund retains any net capital gain or investment company taxable income, it will generally be subject to federal income tax at regular corporate rates on the amount retained. In addition, amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax unless, generally, a Fund distributes during each calendar year an amount equal to the sum of (1) at least 98% of its ordinary income (not taking into account any capital gains or losses) for the calendar year, (2) at least 98.2% of its capital gains in excess of its capital losses (adjusted for certain ordinary losses) for the one-year period ending October 31 of the calendar year, and (3) any ordinary income and capital gains for previous years that were not distributed during those years. In order to prevent application of the excise tax, each Fund intends to make its distributions in accordance with the calendar year distribution requirement. A distribution will be treated as paid on December 31 of the current calendar year if it is declared by a Fund in October, November or December with a record date in such a month and paid by the Fund during January of the following calendar year. Such distributions will be taxable to shareholders in the calendar year in which the distributions are declared, rather than the calendar year in which the distributions are received.

Subject to certain reasonable cause and *de minimis* exceptions, if a Fund fails to qualify as a RIC or fails to satisfy the 90% distribution requirement in any taxable year, the Fund would be taxed as an ordinary corporation on its taxable income (even if such income were distributed to its shareholders) and all distributions out of earnings and profits would be taxed to shareholders as ordinary income.

## Distributions

Dividends paid out of a Fund's investment company taxable income are generally taxable to a shareholder as ordinary income to the extent of the Fund's earnings and profits, whether paid in cash or reinvested in additional shares. However, certain ordinary income distributions received from a Fund may be taxed at capital gains tax rates. In particular, ordinary income dividends received by an individual shareholder from RICs such as each of the Funds are generally taxed at the same rates that apply to net capital gain, provided that certain holding period requirements are satisfied and provided the dividends are attributable to qualifying dividends received by a Fund itself. Dividends received by a Fund from REITs and foreign corporations are qualifying dividends eligible for this lower tax rate only in certain circumstances. A Fund will provide notice to its shareholders of the amount of any distributions that may be taken into account as a dividend which is eligible for the capital gains tax rates. A Fund cannot make any guarantees as to the amount of any distribution which will be regarded as a qualifying dividend. Some portion of the ordinary income distributions that are attributable to dividends received by a Fund from shares in certain real estate investment trusts may be designated by the Fund as eligible for a deduction for qualified business income, provided certain holding period requirements are satisfied.

Income from a Fund may also be subject to a 3.8% "Medicare tax." This tax generally applies to net investment income if the taxpayer's adjusted gross income exceeds certain threshold amounts, which are \$250,000 in the case of married couples filing joint returns and \$200,000 in the case of single individuals.

A corporation that owns shares generally will not be entitled to the dividends received deduction with respect to many dividends received from a Fund because the dividends received deduction is generally not available for distributions

from RICs. However, certain ordinary income dividends on shares that are attributable to qualifying dividends received by the Funds from certain domestic corporations may be reported by a Fund as being eligible for the dividends received deduction.

Distributions of net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, properly reported as capital gain dividends are taxable to a shareholder as long-term capital gains, regardless of how long the shareholder has held Fund shares. An election may be available to you to defer recognition of the gain attributable to a capital gain dividend if you make certain qualifying investments within a limited time. You should talk to your tax advisor about the availability of this deferral election and its requirements. Shareholders receiving distributions in the form of additional shares, rather than cash, generally will have a tax basis in each such share equal to the value of a share of a Fund on the reinvestment date. A distribution of an amount in excess of a Fund's current and accumulated earnings and profits will be treated by a shareholder as a return of capital which is applied against and reduces the shareholder's basis in his or her shares. To the extent that the amount of any such distribution exceeds the shareholder's basis in his or her shares, the excess will be treated by the shareholder as gain from a sale or exchange of the shares.

Shareholders will be notified annually as to the U.S. federal income tax status of distributions and shareholders receiving distributions in the form of additional shares will receive a report as to the value of those shares.

## **Sale or Exchange of Fund Shares**

Upon the sale or other disposition of shares of a Fund, which a shareholder holds as a capital asset, such shareholder may realize a capital gain or loss which will be long-term or short-term, depending upon the shareholder's holding period for the shares. Generally, a shareholder's gain or loss will be a long-term gain or loss if the shares have been held for more than one year. An election may be available to you to defer recognition of capital gain if you make certain qualifying investments within a limited time. You should talk to your tax advisor about the availability of this deferral election and its requirements.

Any loss realized on a sale or exchange will be disallowed to the extent that shares disposed of are replaced (including through reinvestment of dividends) within a period of 61 days beginning 30 days before and ending 30 days after disposition of shares or to the extent that the shareholder, during such period, acquires or enters into an option or contract to acquire substantially identical stock or securities. In such a case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Any loss realized by a shareholder on a disposition of Fund shares held by the shareholder for six months or less will be treated as a long-term capital loss to the extent of any distributions of long-term capital gain received by the shareholder with respect to such shares.

## **Taxes on Purchase and Redemption of Creation Units**

If a shareholder exchanges securities for Creation Units, the shareholder will generally recognize a gain or a loss. The gain or loss will be equal to the difference between the market value of the Creation Units at the time and the shareholder's aggregate basis in the securities surrendered and the Cash Component paid. If a shareholder exchanges Creation Units for securities, then the shareholder will generally recognize a gain or loss equal to the difference between the shareholder's basis in the Creation Units and the aggregate market value of the securities received and the Cash Redemption Amount. The IRS, however, may assert that a loss realized upon an exchange of securities for Creation Units or Creation Units for securities cannot be deducted currently under the rules governing "wash sales," or on the basis that there has been no significant change in economic position.

## **Nature of Fund Investments**

Certain of the Funds' investment practices are subject to special and complex federal income tax provisions that may, among other things, (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions; (ii) convert lower taxed long-term capital gain into higher taxed short-term capital gain or ordinary income; (iii) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited); (iv) cause a Fund to recognize income or gain without a corresponding receipt of cash; (v) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur; and (vi) adversely alter the characterization of certain complex financial transactions.

## **Futures Contracts and Options**

The Funds' transactions in futures contracts and options will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by a Fund (*i.e.*, may affect whether gains or losses



are ordinary or capital, or short-term or long-term), may accelerate recognition of income to a Fund and may defer Fund losses. These rules could, therefore, affect the character, amount and timing of distributions to shareholders. These provisions also (i) will require a Fund to mark-to-market certain types of the positions in its portfolio (*i.e.*, treat them as if they were closed out); and (ii) may cause a Fund to recognize income without receiving cash with which to make distributions in amounts necessary to satisfy the 90% distribution requirement for qualifying to be taxed as a RIC and the distribution requirements for avoiding excise taxes.

## **Investments in Certain Foreign Corporations**

If a Fund holds an equity interest in any “passive foreign investment companies” (“PFICs”), which are generally certain foreign corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties or capital gains) or that hold at least 50% of their assets in investments producing such passive income, the Fund could be subject to U.S. federal income tax and additional interest charges on gains and certain distributions with respect to those equity interests, even if all the income or gain is timely distributed to its shareholders. A Fund will not be able to pass through to its shareholders any credit or deduction for such taxes. A Fund may be able to make an election that could ameliorate these adverse tax consequences. In this case, a Fund would recognize as ordinary income any increase in the value of such PFIC shares, and as ordinary loss any decrease in such value to the extent it did not exceed prior increases included in income. Under this election, a Fund might be required to recognize in a year income in excess of its distributions from PFICs and its proceeds from dispositions of PFIC stock during that year, and such income would nevertheless be subject to the distribution requirement and would be taken into account for purposes of the 4% excise tax (described above). Dividends paid by PFICs are not treated as qualified dividend income.

## **Backup Withholding**

A Fund may be required to withhold U.S. federal income tax from all taxable distributions and sale proceeds payable to shareholders who fail to provide the Fund with their correct taxpayer identification number or fail to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Corporate shareholders and certain other shareholders specified in the Code generally are exempt from such backup withholding. This withholding is not an additional tax. Any amounts withheld may be credited against the shareholder’s U.S. federal income tax liability.

## **Non-U.S. Shareholders**

U.S. taxation of a shareholder who, as to the United States, is a nonresident alien individual, a foreign trust or estate, a foreign corporation or foreign partnership (“*non-U.S. shareholder*”) depends on whether the income of a Fund is “effectively connected” with a U.S. trade or business carried on by the shareholder.

In addition to the rules described in this section concerning the potential imposition of withholding on distributions to non-U.S. persons, distributions to non-U.S. persons that are “financial institutions” may be subject to a withholding tax of 30% unless an agreement is in place between the financial institution and the U.S. Treasury to collect and disclose information about accounts, equity investments or debt interests in the financial institution held by one or more U.S. persons or the institution is resident in a jurisdiction that has entered into such an agreement with the U.S. Treasury. For these purposes, a “financial institution” means any entity that (i) accepts deposits in the ordinary course of a banking or similar business; (ii) holds financial assets for the account of others as a substantial portion of its business; or (iii) is engaged (or holds itself out as being engaged) primarily in the business of investing, reinvesting or trading in securities, partnership interests, commodities or any interest (including a futures contract or option) in such securities, partnership interests or commodities. This withholding tax is also currently scheduled to apply to the gross proceeds from the disposition of securities that produce U.S. source interest or dividends. However, proposed regulations may eliminate the requirement to withhold on payments of gross proceeds from dispositions.

Distributions to non-financial non-U.S. entities (other than publicly traded foreign entities, entities owned by residents of U.S. possessions, foreign governments, international organizations or foreign central banks) will also be subject to a withholding tax of 30% if the entity does not certify that the entity does not have any substantial U.S. owners or provide the name, address and TIN of each substantial U.S. owner. This withholding tax is also currently scheduled to apply to the gross proceeds from the disposition of securities that produce U.S. source interest or dividends. However, proposed regulations may eliminate the requirement to withhold on payments of gross proceeds from dispositions.

**Income Not Effectively Connected.** If the income from a Fund is not “effectively connected” with a U.S. trade or business carried on by the non-U.S. shareholder, distributions of investment company taxable income will generally be subject to a U.S. tax of 30% (or lower treaty rate), which tax is generally withheld from such distributions.

Distributions of capital gain dividends and any amounts retained by a Fund which are properly reported by the Fund as undistributed capital gains will not be subject to U.S. tax at the rate of 30% (or lower treaty rate) unless the non-U.S. shareholder is a nonresident alien individual and is physically present in the United States for more than 182 days during the taxable year and meets certain other requirements. However, this 30% tax on capital gains of nonresident alien individuals who are physically present in the United States for more than the 182 day period only applies in exceptional cases because any individual present in the United States for more than 182 days during the taxable year is generally treated as a resident for U.S. income tax purposes; in that case, he or she would be subject to U.S. income tax on his or her worldwide income at the graduated rates applicable to U.S. citizens, rather than the 30% U.S. tax. In the case of a non-U.S. shareholder who is a nonresident alien individual, a Fund may be required to withhold U.S. income tax from distributions of net capital gain unless the non-U.S. shareholder certifies his or her non-U.S. status under penalties of perjury or otherwise establishes an exemption. If a non-U.S. shareholder is a nonresident alien individual, any gain such shareholder realizes upon the sale or exchange of such shareholder’s shares of a Fund in the United States will ordinarily be exempt from U.S. tax unless the gain is U.S. source income and such shareholder is physically present in the United States for more than 182 days during the taxable year and meets certain other requirements.

Distributions from a Fund that are properly reported by the Fund as an interest-related dividend attributable to certain interest income received by the Fund or as a short-term capital gain dividend attributable to certain net short-term capital gain income received by a Fund may not be subject to U.S. federal income taxes, including withholding taxes when received by certain non-U.S. shareholders, provided that each Fund makes certain elections and certain other conditions are met. For tax years after December 31, 2022, amounts paid to or recognized by a non-U.S. affiliate that are excluded from tax under the portfolio interest, capital gain dividends, short-term capital gains or tax-exempt interest dividend exceptions or applicable treaties, may be taken into consideration in determining whether a corporation is an “applicable corporation” subject to a 15% minimum tax on adjusted financial statement income.

In addition, capital gain distributions attributable to gains from U.S. real property interests (including certain U.S. real property holding corporations) will generally be subject to United States withholding tax and will give rise to an obligation on the part of the non-U.S. shareholder to file a United States tax return.

**Income Effectively Connected.** If the income from a Fund is “effectively connected” with a U.S. trade or business carried on by a non-U.S. shareholder, then distributions of investment company taxable income and capital gain dividends, any amounts retained by the Fund which are properly reported by the Fund as undistributed capital gains and any gains realized upon the sale or exchange of shares of the Fund will be subject to U.S. income tax at the graduated rates applicable to U.S. citizens, residents and domestic corporations. Non-U.S. corporate shareholders may also be subject to the branch profits tax imposed by the Code. The tax consequences to a non-U.S. shareholder entitled to claim the benefits of an applicable tax treaty may differ from those described herein. Non-U.S. shareholders are advised to consult their own tax advisors with respect to the particular tax consequences to them of an investment in a Fund.

## Capital Loss Carry-forward

Under the Regulated Investment Company Modernization Act of 2010, net capital losses of a Fund incurred in taxable years beginning after December 22, 2010 may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses. To the extent that these loss carry-forwards are used to offset future capital gains, it is probable that the capital gains so offset will not be distributed to Fund shareholders. As of July 31, 2024, the Funds had post-enactment capital losses for federal income tax purposes as shown in the following table. The Funds are subject to certain limitations, under U.S. tax rules, on the use of capital loss carry-forwards and net unrealized built-in losses. These limitations generally apply when there has been a 50% change in ownership.

| <b>Fund</b>                                       | <b>Total<br/>Non-Expiring<br/>Capital Loss<br/>Available</b> |
|---|--|
| First Trust Consumer Discretionary AlphaDEX® Fund | \$466,684,533  |
| First Trust Consumer Staples AlphaDEX® Fund       | 295,226,113  |

| <b>Fund</b>  | <b>Total<br/>Non-Expiring<br/>Capital Loss<br/>Available</b> |
|--|--|
| First Trust Energy AlphaDEX® Fund                        | 523,492,898  |
| First Trust Financials AlphaDEX® Fund                    | 488,528,414  |
| First Trust Health Care AlphaDEX® Fund                   | 745,021,536  |
| First Trust Industrials/Producer Durables AlphaDEX® Fund | 382,225,506  |
| First Trust Materials AlphaDEX® Fund                     | 297,989,820  |
| First Trust Technology AlphaDEX® Fund                    | 622,183,753  |
| First Trust Utilities AlphaDEX® Fund                     | 209,372,648  |
| First Trust Large Cap Core AlphaDEX® Fund                | 278,103,907  |
| First Trust Mid Cap Core AlphaDEX® Fund                  | 303,630,402  |
| First Trust Small Cap Core AlphaDEX® Fund                | 360,738,367  |
| First Trust Large Cap Value AlphaDEX® Fund               | 257,138,317  |
| First Trust Large Cap Growth AlphaDEX® Fund              | 241,855,966  |
| First Trust Multi Cap Value AlphaDEX® Fund               | 48,075,386   |
| First Trust Multi Cap Growth AlphaDEX® Fund              | 72,140,268   |
| First Trust Mid Cap Value AlphaDEX® Fund                 | 60,438,900   |
| First Trust Mid Cap Growth AlphaDEX® Fund                | 158,065,926  |
| First Trust Small Cap Value AlphaDEX® Fund               | 66,852,224   |
| First Trust Small Cap Growth AlphaDEX® Fund              | 183,227,660  |

## Other Taxation

Fund shareholders may be subject to state, local and foreign taxes on their Fund distributions. Shareholders are advised to consult their own tax advisors with respect to the particular tax consequences to them of an investment in the Funds.

## DETERMINATION OF NET ASSET VALUE

Each Fund's net asset value is determined as set forth in the Prospectus in the section entitled "Net Asset Value."

## DIVIDENDS AND DISTRIBUTIONS

The following information supplements and should be read in conjunction with the section in the Prospectus entitled "Dividends, Distributions and Taxes."

**General Policies.** Dividends from net investment income of a Fund, if any, are declared and paid quarterly. Distributions of net realized securities gains, if any, generally are declared and paid once a year, but the Trust may make distributions on a more frequent basis. The Trust reserves the right to declare special distributions if, in its reasonable discretion, such action is necessary or advisable to preserve the status of each Fund as a RIC or to avoid imposition of income or excise taxes on undistributed income.

Dividends and other distributions of Fund shares are distributed, as described below, on a *pro rata* basis to Beneficial Owners of such shares. Dividend payments are made through DTC Participants and Indirect Participants to Beneficial Owners then of record with proceeds received from the Funds.

**Dividend Reinvestment Service.** No reinvestment service is provided by the Trust. Broker-dealers may make available the DTC book-entry Dividend Reinvestment Service for use by Beneficial Owners of the Funds for reinvestment of their dividend distributions. Beneficial Owners should contact their brokers in order to determine the availability and costs of the service and the details of participation therein. Brokers may require Beneficial Owners to adhere to specific procedures and timetables. If this service is available and used, dividend distributions of both income and realized gains will be automatically reinvested in additional whole shares of each Fund purchased in the secondary market.

## MISCELLANEOUS INFORMATION

**Counsel.** Chapman and Cutler LLP, 320 South Canal St., Chicago, Illinois 60606, is counsel to the Trust.

**Independent Registered Public Accounting Firm.** Deloitte & Touche LLP, 111 South Wacker Drive, Chicago, Illinois 60606, serves as the Funds' independent registered public accounting firm. The firm audits the Funds' financial statements and performs other related audit services.

## FINANCIAL STATEMENTS

The audited financial statements and notes thereto for the Funds, contained in the Form N-CSR dated July 31, 2024, are incorporated by reference into this Statement of Additional Information and have been audited by Deloitte & Touche LLP, independent registered public accounting firm, whose report also appears in the Form N-CSR and is also incorporated by reference herein. No other parts of the Form N-CSR are incorporated by reference herein. The Form N-CSR is available without charge by calling (800) 621-1675 or by visiting the SEC's website at <http://www.sec.gov>.

## EXHIBIT A – PRINCIPAL HOLDERS TABLE

| NAME OF BENEFICIAL OWNER  | % OF<br>OUTSTANDING<br>SHARES OWNED |
|---|-------------------------------------|
| FIRST TRUST CONSUMER DISCRETIONARY ALPHADEX® FUND                     |                                     |
| BNYMellon/Re ETF - UIT DTC/NSCC 0963                                  | 49.76%                              |
| Wells Fargo Clearing Services, LLC                                    | 9.38%                               |
| Morgan Stanley Smith Barney LLC                                       | 7.47%                               |
| Charles Schwab & Co., Inc.  | 7.31%                               |
| FIRST TRUST CONSUMER STAPLES ALPHADEX® FUND                           |                                     |
| Citibank, N.A.  | 14.93%                              |
| Charles Schwab & Co., Inc.  | 13.35%                              |
| LPL Financial LLC   | 11.52%                              |
| Morgan Stanley Smith Barney LLC                                       | 10.90%                              |
| National Financial Services LLC                                       | 9.36%                               |
| Wells Fargo Clearing Services, LLC                                    | 6.44%                               |
| Pershing LLC  | 6.38%                               |
| Raymond James & Associates, Inc.                                      | 6.03%                               |
| FIRST TRUST ENERGY ALPHADEX® FUND                                     |                                     |
| LPL Financial LLC   | 14.90%                              |
| Wells Fargo Clearing Services, LLC                                    | 13.49%                              |
| Morgan Stanley Smith Barney LLC                                       | 13.19%                              |
| Charles Schwab & Co., Inc.  | 12.67%                              |
| National Financial Services LLC                                       | 6.83%                               |
| UBS Financial Services Inc.   | 6.74%                               |
| Raymond James & Associates, Inc.                                      | 6.34%                               |
| FIRST TRUST FINANCIALS ALPHADEX® FUND                                 |                                     |
| Morgan Stanley Smith Barney LLC                                       | 15.49%                              |
| Charles Schwab & Co., Inc.  | 15.34%                              |
| Wells Fargo Clearing Services, LLC                                    | 11.29%                              |
| LPL Financial LLC   | 10.51%                              |
| National Financial Services LLC                                       | 9.96%                               |
| Raymond James & Associates, Inc.                                      | 6.70%                               |
| UBS Financial Services Inc.   | 5.09%                               |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated/8862 MLPF&S TS SUB | 5.08%                               |
| FIRST TRUST HEALTH CARE ALPHADEX® FUND                                |                                     |
| Morgan Stanley Smith Barney LLC                                       | 19.94%                              |
| Charles Schwab & Co., Inc.  | 12.13%                              |
| National Financial Services LLC                                       | 9.48%                               |
| Wells Fargo Clearing Services, LLC                                    | 9.05%                               |
| Raymond James & Associates, Inc.                                      | 7.49%                               |
| LPL Financial LLC   | 7.17%                               |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated/8862 MLPF&S TS SUB | 5.39%                               |

| <b>NAME OF BENEFICIAL OWNER</b>                                       | <b>% OF<br/>OUTSTANDING<br/>SHARES OWNED</b> |
|---|--|
| <b>FIRST TRUST INDUSTRIALS/PRODUCER DURABLES ALPHADEX® FUND</b>       |  |
| BNYMellon/Re ETF - UIT DTC/NSCC 0963                                  | 40.82%                                       |
| Wells Fargo Clearing Services, LLC                                    | 9.64%  |
| Charles Schwab & Co., Inc.  | 8.82%  |
| Morgan Stanley Smith Barney LLC                                       | 8.30%  |
| LPL Financial LLC   | 5.92%  |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated/8862 MLPF&S TS SUB | 5.84%  |
| <b>FIRST TRUST MATERIALS ALPHADEX® FUND</b>                           |  |
| Wells Fargo Clearing Services, LLC                                    | 15.56%                                       |
| Charles Schwab & Co., Inc.  | 13.87%                                       |
| National Financial Services LLC                                       | 10.05%                                       |
| LPL Financial LLC   | 7.58%  |
| Morgan Stanley Smith Barney LLC                                       | 7.33%  |
| Raymond James & Associates, Inc.                                      | 7.26%  |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated/8862 MLPF&S TS SUB | 6.92%  |
| Pershing LLC  | 5.74%  |
| <b>FIRST TRUST TECHNOLOGY ALPHADEX® FUND</b>                          |  |
| Charles Schwab & Co., Inc.  | 14.33%                                       |
| Morgan Stanley Smith Barney LLC                                       | 11.99%                                       |
| Wells Fargo Clearing Services, LLC                                    | 11.92%                                       |
| National Financial Services LLC                                       | 11.36%                                       |
| Raymond James & Associates, Inc.                                      | 9.76%  |
| LPL Financial LLC   | 8.19%  |
| <b>FIRST TRUST UTILITIES ALPHADEX® FUND</b>                           |  |
| Charles Schwab & Co., Inc.  | 16.92%                                       |
| Morgan Stanley Smith Barney LLC                                       | 15.18%                                       |
| National Financial Services LLC                                       | 13.96%                                       |
| LPL Financial LLC   | 8.74%  |
| Raymond James & Associates, Inc.                                      | 8.13%  |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated/8862 MLPF&S TS SUB | 7.28%  |
| Pershing LLC  | 6.22%  |
| Wells Fargo Clearing Services, LLC                                    | 6.19%  |
| <b>FIRST TRUST LARGE CAP CORE ALPHADEX® FUND</b>                      |  |
| Morgan Stanley Smith Barney LLC                                       | 15.39%                                       |
| National Financial Services LLC                                       | 13.26%                                       |
| Charles Schwab & Co., Inc.  | 13.09%                                       |
| LPL Financial LLC   | 11.07%                                       |
| Raymond James & Associates, Inc.                                      | 8.33%  |
| Wells Fargo Clearing Services, LLC                                    | 7.65%  |

| <b>NAME OF BENEFICIAL OWNER</b>                    | <b>% OF<br/>OUTSTANDING<br/>SHARES OWNED</b> |
|--|--|
| <b>FIRST TRUST LARGE CAP GROWTH ALPHADEX® FUND</b> |  |
| LPL Financial LLC                                  | 13.81%                                       |
| Morgan Stanley Smith Barney LLC                    | 13.75%                                       |
| National Financial Services LLC                    | 9.90%  |
| Charles Schwab & Co., Inc.                         | 7.94%  |
| Wells Fargo Clearing Services, LLC                 | 7.79%  |
| Raymond James & Associates, Inc.                   | 7.44%  |
| Pershing LLC                                       | 6.95%  |
| Janney Montgomery Scott LLC                        | 5.83%  |
| UBS Financial Services Inc.                        | 5.47%  |
| <b>FIRST TRUST LARGE CAP VALUE ALPHADEX® FUND</b>  |  |
| Morgan Stanley Smith Barney LLC                    | 18.54%                                       |
| National Financial Services LLC                    | 12.02%                                       |
| Charles Schwab & Co., Inc.                         | 11.59%                                       |
| LPL Financial LLC                                  | 11.50%                                       |
| Raymond James & Associates, Inc.                   | 9.31%  |
| Pershing LLC                                       | 8.34%  |
| UBS Financial Services Inc.                        | 8.34%  |
| <b>FIRST TRUST MID CAP CORE ALPHADEX® FUND</b>     |  |
| Morgan Stanley Smith Barney LLC                    | 15.67%                                       |
| LPL Financial LLC                                  | 13.68%                                       |
| Wells Fargo Clearing Services, LLC                 | 11.94%                                       |
| National Financial Services LLC                    | 9.78%  |
| Charles Schwab & Co., Inc.                         | 8.68%  |
| Raymond James & Associates, Inc.                   | 7.53%  |
| Pershing LLC                                       | 6.38%  |
| <b>FIRST TRUST MID CAP GROWTH ALPHADEX® FUND</b>   |  |
| LPL Financial LLC                                  | 21.36%                                       |
| Wells Fargo Clearing Services, LLC                 | 16.16%                                       |
| Raymond James & Associates, Inc.                   | 10.99%                                       |
| Morgan Stanley Smith Barney LLC                    | 10.14%                                       |
| Charles Schwab & Co., Inc.                         | 9.54%  |
| National Financial Services LLC                    | 8.30%  |
| Pershing LLC                                       | 7.07%  |
| UBS Financial Services Inc.                        | 5.18%  |
| <b>FIRST TRUST MID CAP VALUE ALPHADEX® FUND</b>    |  |
| Charles Schwab & Co., Inc.                         | 33.08%                                       |
| National Financial Services LLC                    | 16.48%                                       |
| LPL Financial LLC                                  | 12.40%                                       |
| Wells Fargo Clearing Services, LLC                 | 8.55%  |
| Morgan Stanley Smith Barney LLC                    | 7.64%  |



| <b>NAME OF BENEFICIAL OWNER</b>                                       | <b>% OF<br/>OUTSTANDING<br/>SHARES OWNED</b> |
|---|--|
| <b>FIRST TRUST MULTI CAP GROWTH ALPHADEX® FUND</b>                    |  |
| Morgan Stanley Smith Barney LLC                                       | 13.24%                                       |
| National Financial Services LLC                                       | 12.83%                                       |
| Raymond James & Associates, Inc.                                      | 12.46%                                       |
| Charles Schwab & Co., Inc.  | 10.82%                                       |
| LPL Financial LLC   | 10.64%                                       |
| Edward Jones  | 6.82%  |
| Pershing LLC  | 5.63%  |
| <b>FIRST TRUST MULTI CAP VALUE ALPHADEX® FUND</b>                     |  |
| Raymond James & Associates, Inc.                                      | 12.62%                                       |
| National Financial Services LLC                                       | 10.24%                                       |
| Pershing LLC  | 9.44%  |
| LPL Financial LLC   | 9.27%  |
| Morgan Stanley Smith Barney LLC                                       | 8.21%  |
| Charles Schwab & Co., Inc.  | 7.83%  |
| Janney Montgomery Scott LLC   | 7.66%  |
| Wells Fargo Clearing Services, LLC                                    | 6.32%  |
| Edward Jones  | 5.86%  |
| <b>FIRST TRUST SMALL CAP CORE ALPHADEX® FUND</b>                      |  |
| LPL Financial LLC   | 12.49%                                       |
| Morgan Stanley Smith Barney LLC                                       | 11.72%                                       |
| Wells Fargo Clearing Services, LLC                                    | 10.67%                                       |
| Charles Schwab & Co., Inc.  | 10.16%                                       |
| National Financial Services LLC                                       | 9.09%  |
| Raymond James & Associates, Inc.                                      | 7.84%  |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated/8862 MLPF&S TS SUB | 5.88%  |
| RBC Capital Markets, LLC  | 5.78%  |
| UBS Financial Services Inc.   | 5.67%  |
| <b>FIRST TRUST SMALL CAP GROWTH ALPHADEX® FUND</b>                    |  |
| LPL Financial LLC   | 19.90%                                       |
| Charles Schwab & Co., Inc.  | 12.37%                                       |
| Pershing LLC  | 10.60%                                       |
| Raymond James & Associates, Inc.                                      | 8.76%  |
| Wells Fargo Clearing Services, LLC                                    | 7.75%  |
| Morgan Stanley Smith Barney LLC                                       | 7.65%  |
| National Financial Services LLC                                       | 6.79%  |
| BNYMellon/Re ETF - UIT DTC/NSCC 0963                                  | 5.37%  |

| <b>NAME OF BENEFICIAL OWNER</b>                    | <b>% OF<br/>OUTSTANDING<br/>SHARES OWNED</b> |
|--|--|
| <b>FIRST TRUST SMALL CAP VALUE ALPHADDEX® FUND</b> |  |
| Charles Schwab & Co., Inc.                         | 15.74%                                       |
| LPL Financial LLC                                  | 14.83%                                       |
| National Financial Services LLC                    | 13.64%                                       |
| Wells Fargo Clearing Services, LLC                 | 11.91%                                       |
| Raymond James & Associates, Inc.                   | 8.63%  |
| Morgan Stanley Smith Barney LLC                    | 8.26%  |

- (1) BNYMellon/Re ETF - UIT DTC/NSCC 0963: 525 William Penn Place, Suite 153-0400, Pittsburgh, Pennsylvania 15259
- (2) Charles Schwab & Co., Inc.: 2423 E Lincoln Drive, Phoenix, Arizona 85016
- (3) Citibank, N.A.: 3801 Citibank Center, B/3Rd Floor/Zone 12, Tampa, Florida 33610
- (4) Edward Jones: 201 Progress Parkway, Maryland Heights, Missouri 63043-3042
- (5) Janney Montgomery Scott LLC: C/O Mediant Communications Inc, 200 Regency Forest Drive, Cary, North Carolina 27518
- (6) LPL Financial LLC: 1055 LPL Way, Fort Mill, South Carolina 29715
- (7) Merrill Lynch, Pierce, Fenner & Smith Incorporated/8862 MLPF&S TS SUB: 4804 Deer Lake Dr E, Jacksonville, Florida 32246
- (8) Morgan Stanley Smith Barney LLC: 1300 Thames St, 6th Floor, Baltimore, Maryland 21231
- (9) National Financial Services LLC: 499 Washington Boulevard, Jersey City, New Jersey 07310
- (10) Pershing LLC: One Pershing Plaza, Jersey City, New Jersey 07399
- (11) Raymond James & Associates, Inc.: 880 Carillon Parkway, St. Petersburg, Florida 33716
- (12) RBC Capital Markets, LLC: 60 S 6th Street, P-09, Minneapolis, Minnesota 55402
- (13) UBS Financial Services Inc.: 1000 Harbor Blvd, Weehawken, New Jersey 07086
- (14) Wells Fargo Clearing Services, LLC: 2801 Market Street, H0006-09B, St. Louis, Missouri 63103

## EXHIBIT B — PROXY VOTING POLICIES AND PROCEDURES

### FIRST TRUST ADVISORS L.P. PROXY VOTING POLICIES AND PROCEDURES

First Trust Advisors L.P. (“FTA” or the “Adviser”) serves as investment adviser to open- and closed-end investment companies, and other collective investments (“Funds”), as well as separately managed accounts (collectively, “Clients”). As part of these services, the Adviser has, in most cases, agreed to or been delegated proxy voting responsibility on such Clients’ behalf (“Proxy Clients”). FTA is required to adopt and implement policies and procedures reasonably designed to ensure proxy voting on behalf of Proxy Clients is conducted in a manner that is in their best interests and addresses how conflicts of interest between FTA’s interests and Proxy Clients’ interests are managed. FTA has adopted the following policies and procedures to comply with this requirement (the “Policy”).

- (1) It is the Adviser’s policy to seek and to ensure that proxies are voted consistently and in the best economic interests of the Proxy Client. The FTA Investment Committee is responsible for the implementation of the Policy.
- (2) The Adviser engaged Institutional Shareholder Services (“ISS”) to provide proxy research, recommendations, and voting services. ISS provides a password protected website which is accessible to authorized FTA personnel to download upcoming proxy meeting data, including research reports of companies held in Proxy Client portfolios. The website can be used to view proposed proxy votes and to enter votes for upcoming meetings for Proxy Client portfolio securities.
- (3) FTA will generally follow the ISS Proxy Voting Guidelines (the “Guidelines”) to vote proxies for Proxy Clients’ accounts, so long as such Guidelines are considered to be in the best interests of the Proxy Client, and there are no noted or perceived conflicts of interest. FTA’s use of the Guidelines is not intended to constrain FTA’s consideration of any proxy proposal, and there are times when FTA deviates from the Guidelines, including but not limited to: (i) when required by Rule 12d1-4 agreements between Fund Proxy Clients and certain acquired funds, if applicable and (ii) not withhold votes or not vote against directors solely based on quota criteria. When FTA deviates from the Guidelines, FTA will consider such proxy voting decisions in light of merit-based considerations which it believes may impact shareholder value. The Guidelines are posted on the “News and Literature” page on the website (<http://www.ftportfolios.com>) for each Fund for which FTA votes proxies.
- (4) FTA will also vote against shareholder proposals that are not related to a company’s core business and/or do not appear to be an appropriate use of a company’s resources to maximize shareholder value.
- (5) FTA may vote against the Guidelines in other circumstances as it has final authority and fiduciary responsibility for proxy voting.
- (6) In certain circumstances, where FTA has determined that it is consistent with Proxy Clients’ best interests, FTA will not vote a proxy on behalf of one or more Proxy Clients. Such circumstances include:
  - (a) *Limited Value.* Proxies will not be required to be voted on securities in a Proxy Client’s account if the value of the Proxy Client’s economic interest in the securities is indeterminable or insignificant (less than \$1,000). Proxies will also not be required to be voted for any securities that are no longer held in Proxy Client’s account(s).
  - (b) *Securities Lending Program.* When Fund portfolio securities are out on loan, they are transferred into the borrower’s name and are voted by the borrower, in its discretion. In most cases, FTA will not recall securities on loan in order to vote a proxy. However, where FTA determines that a proxy vote, or other shareholder action, is materially important to the Fund Proxy Client’s account, FTA will make a good faith effort to recall the security for purposes of voting, understanding that in certain cases, the attempt to recall the security may not be effective in time to meet voting deadlines. In certain instances, in FTA’s discretion, disclosure regarding FTA’s process for determining whether or not to recall Fund portfolio securities on loan for proxy voting purposes may be provided as part of the Funds’ annual Form N-PX filing.

- (c) *Unjustifiable Costs.* In certain circumstances, based on cost-benefit analysis, FTA may choose not to vote when the cost of voting on behalf of a Proxy Client would exceed any anticipated benefits of the proxy proposal to such Proxy Client (e.g. foreign securities).
  - (d) *International Markets Share Blocking.* Share blocking is the “freezing” of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies. While shares are frozen, they may not be traded. Therefore, the potential exists for a pending trade to fail if trade settlement falls on a date during the blocking period. In international markets where share blocking applies, FTA typically will not, but reserves the right to, vote proxies due to the liquidity constraints associated with share blocking.
- (7) On a regular basis, FTA Research reviews ISS recommendations on matters determined to have a potential impact of shareholder value to decide whether to vote as the Guidelines recommend and advises the FTA Investment Committee of its determination.
  - (8) FTA may determine voting in accordance with the Guidelines is not in the best interests of a Proxy Client. If there is a decision to vote against the Guidelines, the FTA Investment Committee will document the reason and instruct ISS to change the vote to reflect this decision.
  - (9) Whenever a conflict of interest arises between ISS and a target company subject to a proxy vote, the Adviser will consider the recommendation of the company and what the Adviser believes to be in the best interests of the Proxy Client and will vote the proxy without using the Guidelines. If FTA has knowledge of a material conflict of interest between itself and a Proxy Client, the Adviser shall vote the applicable proxy in accordance with the Guidelines to avoid such conflict of interest. If there is a conflict of interest between a Fund Proxy Client and FTA or other Fund service providers, FTA will vote the proxy based on the Guidelines to avoid such conflict of interest.
  - (10) If a Proxy Client requests the Adviser to follow specific voting guidelines or additional guidelines, the Adviser shall review the request and follow such guidelines, unless the Adviser determines that it is unable to do so. In such case, the Adviser shall inform the Proxy Client that it is not able to honor the Proxy Client's request.
  - (11) FTA periodically reviews proxy votes to ensure compliance with this Policy.
  - (12) This Policy, the Guidelines and votes cast for Proxy Clients are available upon request and such Proxy Client requests must be forwarded to FTA Compliance for review and response. This Policy is also provided with each advisory contract and described and provided with the Form ADV, Part 2A.
- Shareholders of Fund Proxy Clients can review the Policy and a Fund's voted proxies (if any) during the most recent 12-month period ended June 30 on the First Trust website at <http://www.ftportfolios.com> or by accessing EDGAR on the SEC website at <http://www.sec.gov>.
- (13) FTA provides reasonable ongoing oversight of ISS. FTA, or ISS on behalf of FTA, maintains the following records relating to proxy voting:
    - (a) a copy of this Policy;
    - (b) a copy of each proxy form for which it is responsible to vote;
    - (c) a copy of each proxy solicitation, including proxy statements and related materials with regard to each proxy issue it votes;
    - (d) documents relating to the identification and resolution of conflicts of interest, if any;
    - (e) any documents created by FTA or ISS that were material to a proxy voting decision or that memorialized the basis for that decision; and
    - (f) a copy of each written request from any Proxy Client for information on how FTA voted proxies on the Proxy Client's behalf, and a copy of any written response by FTA to any written or oral request for information by a Proxy Client on how FTA voted proxies for that Proxy Client's account.

These records are either maintained at FTA's office or are electronically available to FTA through access to the ISS Proxy Exchange portal.

Adopted: September 15, 2003  
Amended: December 10, 2007  
Amended: September 21, 2009  
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Amended: March 9, 2020  
Amended: June 7, 2021  
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Amended: September 22, 2022  
Amended: July 3, 2023  
Amended: January 10, 2024