

The **First Trust Long/Short Equity ETF** (the “fund”) is an actively managed exchange-traded fund (ETF) that seeks to provide investors with long-term total return.

INVESTMENT PHILOSOPHY

We believe companies that possess higher quality earnings will outperform companies that possess lower quality earnings over the long-term. The fund will seek to systematically provide “long” exposure to high quality earnings stocks and “short” exposure to lower quality earnings stocks.¹ The fund may invest up to 20% of its net assets (plus the amount of any borrowing for investment purposes) in U.S. exchange-listed equity index futures contracts. These futures contracts will be used to gain long or short exposure to broad based equity indexes.

EARNINGS QUALITY

Earnings quality is an assessment of the aggressiveness of accounting practices behind a company’s reported earnings. Research by Sabrient Systems and Gradient Analytics has shown that aggressive accounting practices (low quality earnings) are associated with lower future stock returns compared to those companies with more conservative accounting practices (higher quality earnings). Sabrient Systems’ Earnings Quality Rank (EQR) is a proprietary forensic accounting methodology and is used as a component of security selection for the fund. The methodology seeks to identify those companies that have the potential to outperform or underperform the market.

Fund Details

Fund Ticker	FTLS
Fund Inception Date	9/8/14
CUSIP	33739P103
Intraday NAV	FTLSIV
Primary Listing	NYSE Arca

Fees and Expenses

Management Fees	0.95%
Dividends on Short Sales	0.64%
Total Annual Expenses	1.59%

REASONS TO CONSIDER INVESTING IN THE FUND

- The fund brings some of the potential advantages of an institutional investment approach to retail investors.
- The fund has the potential to profit from both rising and falling markets.
- The long/short strategy has the potential to mitigate large drawdowns.²
- The short exposure may serve a dual purpose of providing a hedge by potentially offsetting losses/gains in the long positions and generating alpha.³

“Long” and “short” are investment terms used to describe ownership of securities. To buy securities is to “go long.” The opposite of going long is “selling short.” Short selling is an advanced trading strategy that involves selling a borrowed security. Short sellers make a profit if the price of the security goes down and they are able to buy the security at a lower amount than the price at which they sold the security short.

²Drawdown is the percentage decline between the peak and the trough during a specific period.

³Alpha is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark.

⁴Beta is a measure of a portfolio’s sensitivity to market movements.

3 PILLARS OF FTLS

Seek Equity Like Returns



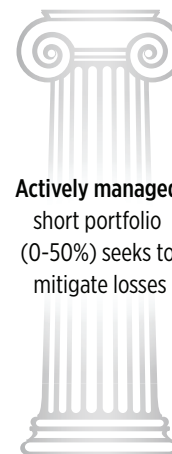
Over a full market cycle, has potential to outperform the S&P 500 Index

Seek to Reduce Risk



Seeks to achieve lower volatility and beta⁴ than the S&P 500 Index

Manage Downside Risk



Actively managed short portfolio (0-50%) seeks to mitigate losses

There is no assurance these objectives will be achieved.

ETF Characteristics

The fund lists and principally trades its shares on the NYSE Arca, Inc.

Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share’s net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be redeemed directly from the fund by authorized participants, in very large creation/redemption units. If the fund’s authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a discount to the fund’s net asset value and possibly face delisting.

You should consider the fund’s investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Portfolios L.P. at 1-800-621-1675 or visit www.ftportfolios.com to obtain a prospectus or summary prospectus which contains this and other information about the fund. The prospectus or summary prospectus should be read carefully before investing.

The fund's investment process involves constructing both a long and short portfolio consisting of at least 80% in U.S. exchange-listed equity securities of U.S. and foreign companies such as common stocks and ETFs. The overall portfolio, under normal market conditions, will be 80 to 100% invested in long positions and 0% to 50% invested in short positions.

The portfolio management team follows a systematic portfolio construction process designed to balance the drivers of risk and return that exist between the long and short positions.

- **Long and Short Security Selection:** The investment process uses Sabrient/Gradient's EQR model ranking, which serves as a building block for potential holdings, both long and short. Additional proprietary research will be used to tactically manage both the overall percentage and composition of the long and short exposures in the portfolio.
- **Factor Exposure:** Seek to manage risk and control exposures between the long and short portfolio.
- **Beta Positioning:** Quantitative and fundamental analysis is used to position the size and expected level of risk of the short portfolio.
- **Integrated Portfolio:** The long and short portfolios are integrated and optimized to seek to balance the risk and return between the long and short positions relative to the general equity market.

Risk Considerations

The fund's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular security owned by the fund, fund shares or securities in general may fall in value. The fund is subject to management risk because it is an actively managed portfolio. In managing the fund's investment portfolio, the advisor will apply investment techniques and risk analyses that may not have the desired result. There can be no assurance that the fund's investment objective will be achieved.

An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers. The fund may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market.

Shorting may result in greater gains or greater losses. Short selling creates special risks which could result in increased volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

The fund may invest in the shares of other ETFs, and therefore, the fund's investment performance and risks may be related to the investment performance and risks of the underlying ETFs. In general, as a shareholder in other ETFs, the fund bears its ratable share of the underlying ETF's expenses, and would be subject to duplicative expenses to the extent the fund invests in other ETFs.

UNIVERSE

Start with Sabrient/Gradient's Earnings Quality Ranking (EQR) Model
Filter for liquidity and borrowing

CONSTRUCTION

Valuation
Sector diversification
Control for factor exposure

PORTFOLIO

Long Approximately 60-150 names (80-100% invested)
Short Approximately 60-150 names (0-50% invested)

First Trust Advisors L.P. is the advisor to the fund and manages the fund's portfolio, with daily investment decisions made by:

- John Gambla, CFA, FRM, PRM, Senior Portfolio Manager, Alternatives Investment Team of First Trust
- Rob A. Guttschow, CFA, Senior Portfolio Manager, Alternatives Investment Team of First Trust

The use of futures and other derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the fund's portfolio managers use derivatives to enhance the fund's return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the fund.

The fund is classified as "non-diversified" and may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

First Trust Advisors L.P. is the advisor to the fund. First Trust Advisors L.P. is an affiliate of First Trust Portfolios L.P., the fund's distributor.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.