FIRST TRUST ENHANCED SHORT MATURITY ETF

FTSM

The **First Trust Enhanced Short Maturity ETF** is an actively managed exchange-traded fund (ETF) that seeks to provide current income, consistent with preservation of capital and daily liquidity. There can be no guarantee that the fund will meet its investment objective.

Fund Details

Fund Ticker	FTSM
Fund Inception Date	8/5/14
CUSIP	33739Q408
Intraday NAV	FTSMIV
Primary Listing	NASDAQ

An Actively Managed Alternative for Putting Cash to Work

The First Trust Enhanced Short Maturity ETF uses an actively managed strategy that invests in short-duration securities, which are primarily U.S. dollar-denominated, investment-grade securities. The fund will be invested across a broad range of asset classes to maintain diversification and at least 80% of the fund's assets will be investment-grade securities at the time of purchase. For those who are willing to take on some additional risk, an actively managed, short-duration strategy may offer the potential for enhanced income, while focusing on preservation of capital and daily liquidity.

FUND OVERVIEW

Investment Strategy Focus	Monthly income potential Daily liquidity Capital preservation Diversification[1]
Benchmark	ICE BofA 0-1 Year US Treasury Index
Characteristics	Expected Effective Duration[2]: < 1 year Expected Weighted Average Maturity: < 3 years
Credit Quality	At least 80% investment-grade
Investment Universe	Government bonds and notes Corporate bonds and notes Agency securities Floating-rate loans Floating-rate corporate bonds Municipal securities Mortgage-backed and other asset-backed securities Money market securities Investment companies such as ETFs Instruments of Non-U.S. issuers from developed markets Privately issued securities

Actively Managed

The fund seeks to achieve its objectives by evaluating fixed-income sectors and macro market trends over the near-term horizon. As market conditions change, the portfolio managers have the flexibility to systematically rotate among various market sectors while maintaining a focus on preservation of capital and liquidity.

Potential Supplement to Cash Allocation

The fund will have the flexibility to invest in traditional fixed-income securities, including securities unavailable to money market funds, which we believe may provide a more attractive income opportunity relative to traditional cash investments.

Potential to Reduce Interest Rate Risk

The fund's effective duration is expected to be below one year and the weighted average maturity of the portfolio is expected to be below three years. We believe this short term maturity profile may offer some protection against rising interest rates. In addition, interest rate exposure may be limited by concentrating maturities near-term and by holding floating-rate securities.

[1]Diversification does not guarantee a profit or protect against loss.

[2]Duration is a measure of a security's sensitivity to interest rate changes that reflects the change in a security's price given a change in yield.

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.

A portfolio with the ability to seek value in many fixed-income market segments may improve overall total return potential. The First Trust Enhanced Short Maturity ETF seeks to enhance income by diversifying across a range of fixed-income asset classes. Our professional managers build the portfolio from the bottom up. It is a broadly flexible, multi-sector portfolio that may benefit from active portfolio allocation and the flexibility to vary the portfolio composition to seek opportunities in the current environment. The portfolio managers have the ability to add higher yielding securities relative to traditional cash management investments such as those in money market funds. The fund's portfolio management team may position the portfolio for a changing interest rate environment using several tactical approaches:

THE POTENTIAL BENEFITS OF AN ACTIVELY MANAGED ETF

ETFs can be an effective tool for implementing a cash management strategy for investors. They allow investors to obtain the economies of scale that large fund managers enjoy and provide an efficient and simple way to invest in worldwide markets. The ETF structure provides many potential benefits:

- Intraday liquidity
- Transparency of holdings
- Low investment minimums
- Investment flexibility
- Diversification
- Opportunity to outperform indexes
- Risk management tools to potentially reduce interest rate risk/portfolio volatility
- Professional portfolio selection and ongoing portfolio management
- Flexibility to strategically adjust portfolio holdings to take advantage of changing market conditions

Short-term portfolio duration/maturity. The fund's short-term strategy and low duration may help reduce the portfolio's sensitivity to rising interest rates. As interest rates rise, shorter duration securities generally tend to experience smaller price declines than those with longer durations. Additionally, the portfolio managers can actively lengthen or shorten duration to take advantage of market opportunities and potentially provide incremental improvements in total return as interest rates fluctuate.

Diversify among asset classes that provide higher income potential compared to traditional money market securities. Money market funds are subject to strict limits on the maturity, credit quality, and types of securities they may hold. These restrictions, in addition to the demand for securities from nearly $4 trillion in money market fund assets, keeps yields low for these types of investments. Because the First Trust Enhanced Short Maturity ETF is not a money market fund, it is able to take advantage of this by allocating a portion of assets to higher yielding short-term securities while maintaining a focus on preservation of capital and daily liquidity. Conversely, the First Trust Enhanced Short Maturity ETF may be subject to higher volatility of its NAV and share price, greater interest rate risk, credit risk and prepayment risk.

Invest in floating-rate securities. A portion of the fund's portfolio may be invested in floating-rate loans and corporate bonds, which have interest rates that reset periodically and adjust up and down along with market interest rates. The interest rates on floating-rate securities are generally based on a percentage above the London Interbank Offered Rate (LIBOR), a U.S. bank's prime or base rate, the overnight federal funds rate, or another rate. In periods of rising interest rates, investors may benefit as the interest paid typically moves higher as the underlying short-term rate resets at higher levels. Similarly, in periods of falling interest rates, income from floating-rate securities will decline as floating-rate debt adjusts lower.

Systematically ladder highly liquid investments over the near-term horizon. This strategy involves purchasing multiple securities with different maturity dates to seek to provide a steady cash flow, decrease interest rate risk and spread the risk along the interest rate curve. As securities with the shortest maturities mature, funds are re-invested. If rates are rising, the funds can be re-invested into a higher yielding security. If rates are declining, proceeds will likely be reinvested into a lower yielding security. However, laddering the portfolio among securities of various maturities mitigates the risk of investing all of the proceeds at a lower return.

It is important to note that there are differences between the fund's investment objective and risks of fixed-income securities in which the fund will invest versus money market securities discussed above. Prices of fixed-income securities change in response to many factors and are subject to higher volatility than money market securities. Fixed-income securities are subject to several risks, including interest rate risk, credit risk, and prepayment risk. Interest rate risk is the risk that if interest rates rise, the prices of the fixed-rate instruments may fall. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and/or principal payment when due and the value of a security may decline because of concerns about the issuer's ability to make such payments. Prepayment risk is the risk that during periods of falling interest rates, an issuer of a loan may exercise its right to pay principal on an obligation earlier than expected. This may result in the fund reinvesting proceeds at lower interest rates, resulting in a decline in the fund's income.

SUMMARY

For investors with cash holdings who are willing to take on more risk, the fund may provide the potential to generate more income than money market funds or other cash equivalent investments and may be less volatile than longer-duration securities. Managing interest rate risk is important, in our opinion. The inclusion of shorter-duration securities in a portfolio may offer more attractive risk-adjusted returns than longer-duration securities if rates rise. To increase the likelihood of attaining these benefits, we believe it is important for the portfolio to be actively managed and well diversified. In addition, an income strategy that is implemented by an experienced portfolio management team may help to enhance returns over various market cycles.

Risk Considerations

You could lose money by investing in a fund. An investment in a fund is not a deposit of a bank and is not insured or guaranteed. There can be no assurance that a fund's objective(s) will be achieved. Investors buying or selling shares on the secondary market may incur customary brokerage commissions. Please refer to each fund's prospectus and SAI for additional details on a fund's risks. The order of the below risk factors does not indicate the significance of any particular risk factor.

Asset-backed securities are a type of debt security and are generally not backed by the full faith and credit of the U.S. government and are subject to the risk of default on the underlying asset or loan, particularly during periods of economic downturn.

Unlike mutual funds, shares of the fund may only be redeemed directly from a fund by authorized participants in very large creation/redemption units. If a 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 premium or discount to a fund's net asset value and possibly face delisting and the bid/ask spread may widen.

Investments in bank loans are subject to the same risks as other debt securities, but the risks may be heightened because of limited public information available and because loan borrowers may be leveraged and tend to be more adversely affected by changes in market or economic conditions. The secondary market for bank loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

During periods of falling interest rates if an issuer calls higher-yielding debt instruments, a fund may be forced to invest the proceeds at lower interest rates, likely resulting in a decline in the fund's income.

A fund that effects all or a portion of its creations and redemptions for cash rather than in-kind may be less tax-efficient.

An issuer or other obligated party of a debt security may be unable or unwilling to make dividend, interest and/or principal payments when due and the value of a security may decline as a result.

Ratings assigned by a credit rating agency are opinions of such entities, not absolute standards of credit quality and they do not evaluate risks of securities. Any shortcomings or inefficiencies in the process of determining credit ratings may adversely affect the credit ratings of the securities held by a fund and their perceived or actual credit risk.

A fund is susceptible to operational risks through breaches in cyber security. Such events could cause a fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

Investments in debt securities subject the holder to the credit risk of the issuer and the value of debt securities will generally change inversely with changes in interest rates. In addition, debt securities generally do not trade on a securities exchange making them less liquid and more difficult to value.

Extension risk is the risk that, when interest rates rise, certain obligations will be paid off by the issuer (or other obligated party) more slowly than anticipated, causing the value of these debt securities to fall. Rising interest rates tend to extend the duration of debt securities, making their market value more sensitive to changes in interest rates.

Floating rate securities are structured so that the security's coupon rate fluctuates based upon the level of a reference rate. As a result, the coupon on floating rate securities will generally decline in a falling interest rate environment, causing a fund to experience a reduction in the income it receives from the security. A floating rate security's coupon rate resets periodically according to the terms of the security. Consequently, in a rising interest rate environment, floating rate securities with coupon rates that reset infrequently may lag behind the changes in market interest rates.

High yield securities, or "junk" bonds, are less liquid and are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, are considered to be highly speculative.

A fund's income may decline when interest rates fall or if there are defaults in its portfolio.

A fund may be a constituent of one or more indices or models which could greatly affect a fund's trading activity, size and volatility.

As inflation increases, the present value of a fund's assets and distributions may decline.

Interest rate risk is the risk that the value of the debt securities in a fund's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter term debt securities and higher for longer-term debt securities.

If the fund invests in securities of another investment company, the fund may bear its ratable share of that investment company's expenses as well as the fund's advisory and administrative fees, which may result in duplicative expenses. The fund may also incur brokerage costs if purchasing or selling shares of exchange-traded investment companies.

To the extent a fund invests in floating or variable rate obligations that use the London Interbank Offered Rate ("LIBOR") as a reference interest rate, it is subject to LIBOR Risk. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, has ceased making LIBOR available as a reference rate over a phase-out period that began January 1, 2022. There is no assurance that any alternative reference rate, including the Secured Overnight Financing Rate ("SOFR") will be similar to or produce the same value or economic equivalence as LIBOR or that instruments using an alternative rate will have the same volume or liquidity. The unavailability or replacement of LIBOR may affect the value, liquidity or return on certain fund investments and may result in costs incurred in connection with closing out positions and entering into new trades. Any potential effects of the transition away from LIBOR on a fund or on certain instruments in which a fund invests can be difficult to ascertain, and they may vary depending on a variety of factors, and they could result in losses to a fund.

Certain fund investments may be subject to restrictions on resale, trade over-the-counter or in limited volume, or lack an active trading market. Illiquid securities may trade at a discount and may be subject to wide fluctuations in market value.

The portfolio managers of an actively managed portfolio will apply investment techniques and risk analyses that may not have the desired result.

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 general economic conditions, political events, 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 as a result. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious disease or other public health issues, recessions, or other events could have significant negative impact on a fund. In February 2022, Russia invaded Ukraine which has caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, and the United States. The hostilities and sanctions resulting from those hostilities could have a significant impact on certain fund investments as well as fund performance. The COVID-19 global pandemic and the ensuing policies enacted by governments and central banks have caused and may continue to cause significant volatility and uncertainty in global financial markets. While the U.S. has resumed "reasonably" normal business activity, many countries continue to impose lockdown measures. Additionally, there is no guarantee that vaccines will be effective against emerging variants of the disease.

A fund faces numerous market trading risks, including the potential lack of an active market for fund shares due to a limited number of market makers. Decisions by market makers or authorized participants to reduce their role or step away in times of market stress could inhibit the effectiveness of the arbitrage process in maintaining the relationship between the underlying values of a fund's portfolio securities and a fund's market price.

Mortgage-related securities are more susceptible to adverse economic, political or regulatory events that affect the value of real estate.

The values of municipal securities may be adversely affected by local political and economic conditions and developments. Income from municipal securities could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of an issuer.

There are no government or agency guarantees of payments in securities offered by non- government issuers, therefore they are subject to the credit risk of the issuer. Non-agency securities often trade "over-the-counter" and there may be a limited market for them making them difficult to value.

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, lack of liquidity, lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers.

A fund and a fund's advisor may seek to reduce various operational risks through controls and procedures, but it is not possible to completely protect against such risks. The fund also relies on third parties for a range of services, including custody, and any delay or failure related to those services may affect the fund's ability to meet its objective.

The market price of a fund's shares will generally fluctuate in accordance with changes in the fund's net asset value ("NAV") as well as the relative supply of and demand for shares on the exchange, and a fund's investment advisor cannot predict whether shares will trade below, at or above their NAV.

Prepayment risk is the risk that the issuer of a debt security will repay principal prior to the scheduled maturity date. Debt securities allowing prepayment may offer less potential for gains during a period of declining interest rates, as a fund may be required to reinvest the proceeds of any prepayment at lower interest rates.

A fund with significant exposure to a single asset class, country, region, industry, or sector may be more affected by an adverse economic or political development than a broadly diversified fund.

Investments in sovereign bonds involve special risks because the governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt or other government debt obligations.

Trading on an exchange may be halted due to market conditions or other reasons. There can be no assurance that a fund's requirements to maintain the exchange listing will continue to be met or be unchanged.

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 U.S. government.

A fund may hold securities or other assets that may be valued on the basis of factors other than market quotations. This may occur because the asset or security does not trade on a centralized exchange, or in times of market turmoil or reduced liquidity. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" assets or securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. There is no assurance that a fund could sell or close out a portfolio position for the value established for it at any time.

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

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