Target Outcome ETFs®

How Does a Target Outcome Buffer ETF Work?

Target Outcome ETFs® (the "funds") are actively managed exchange-traded funds ("ETFs") that seek to provide targeted exposure to underlying ETFs (also referred to as reference assets) that are based on market indexes, while providing predetermined investment outcomes, removing some of the uncertainty associated with investing. The Target Outcome Buffer Series ETFs are designed to help equity investors maintain a level of protection in down markets, by seeking to provide a defined downside buffer, over a specified Target Outcome Period, while taking advantage of growth opportunities in up markets to a predetermined cap. The cap and buffer are reset at the end of each Target Outcome Period. However, the funds may be held indefinitely, providing investors a buy and hold investment opportunity.

Market Exposure

Exposure to an underlying ETF that is based on a market index

Target Outcome Period

Provides structured returns on a point-to-point basis for a predetermined period of time

Potential Upside Participation

Exposure to the potential upside of the reference asset, to a maximum cap

Downside Buffer

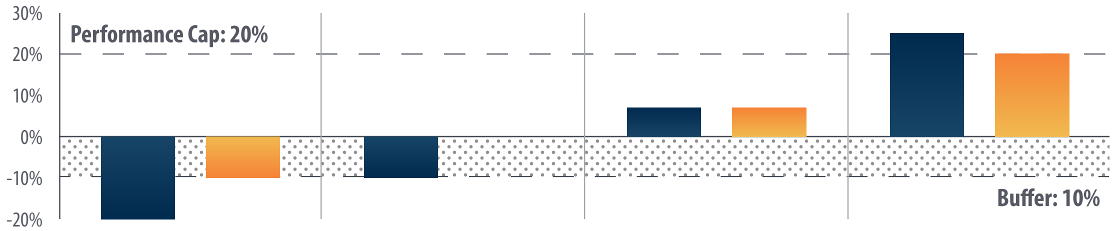
Provide a level of protection, typically, 10%, 15% or 25%

POTENTIAL RETURN SCENARIOS AT THE END OF A TARGET OUTCOME PERIOD

The hypothetical examples show possible outcomes across different scenarios. The examples assume ETF shares are purchased on the first day of the Target Outcome Period and held until the end of the period.

Reference Asset | Target Outcome ETF | Buffered Range

10% Buffer Example



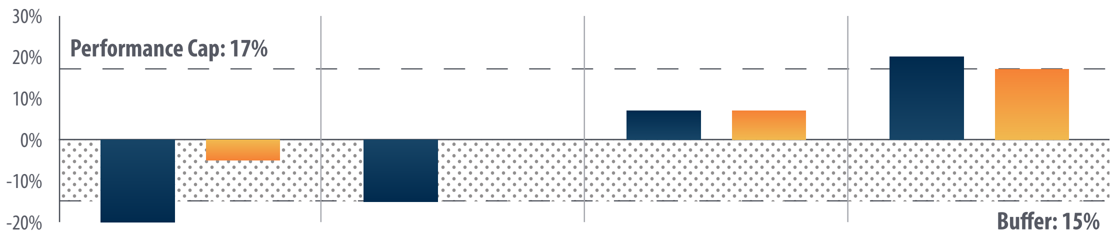
Negative Scenario
BUFFER EXCEEDED
If the reference asset is down 20%, the ETF would be down just 10% because the first 10% of loss is protected by the buffer.

Negative Scenario
WITHIN BUFFER RANGE
If the reference asset is down 10%, the ETF would be flat because the first 10% of loss is protected by the buffer.

Positive Scenario
WITHIN CAP
If the reference asset is up 7%, the ETF would also be up 7% because the ETF participates in upside performance to the 20% maximum cap.

Positive Scenario
CAP EXCEEDED
If the reference asset is up 25%, the ETF would be up just 20% because the ETF reached its cap.

15% Moderate Buffer Example



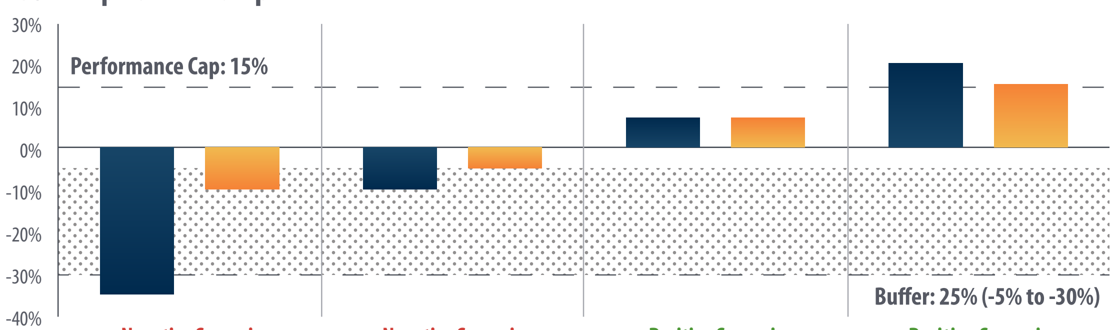
Negative Scenario
BUFFER EXCEEDED
If the reference asset is down 20%, the ETF would be down just 5% because the first 15% of loss is protected by the buffer.

Negative Scenario
WITHIN BUFFER RANGE
If the reference asset is down 15%, the ETF would be flat because the first 15% of loss is protected by the buffer.

Positive Scenario
WITHIN CAP
If the reference asset is up 7%, the ETF would also be up 7% because the ETF participates in upside performance to the 17% maximum cap

Positive Scenario
CAP EXCEEDED
If the reference asset is up 20%, the ETF would be up just 17% because the ETF reached its cap.

25% Deep Buffer Example



Negative Scenario
BUFFER EXCEEDED
If the reference asset is down 35%, the ETF would be down just 10% because the ETF's losses are protected by the buffer between -5% and -30%.

Negative Scenario
WITHIN BUFFER RANGE
If the reference asset is down 10%, the ETF would be down just 5% because the first 5% of losses are not protected by the buffer, but the buffer protects the ETF from losses between -5% and -30%.

Positive Scenario
WITHIN CAP
If the reference asset is up 5%, the ETF would also be up 5% because the ETF participates in upside performance to the 15% maximum cap.

Positive Scenario
CAP EXCEEDED
If the reference asset is up 20%, the ETF would be up just 15% because the ETF reached its cap.

The examples are based on hypothetical reference asset returns and do not account for payment of fees and expenses so the actual return would be lower. A fund may not be able to achieve the hypothetical returns shown here. The 10% Buffer ETF series seeks to shield investors against losses from 0 to -10%, over the Target Outcome Period. The 15% Moderate Buffer ETF series seeks to shield investors against losses from 0 to -15%, over the Target Outcome Period. The 25% Deep Buffer ETF series seeks to shield investors against losses from -5% to -30%, over the Target Outcome Period.

Target Outcome ETFs® are managed using a "target outcome strategy" which seeks to produce a predetermined investment outcome based on the performance of the underlying ETF, through the use of FLEX Options. FLEX Options are customized options contracts that provide investors the ability to customize terms of an option, including exercise style, strike price, underlying reference assets and expiration dates. The example below illustrates the expected performance (before fees and expenses) of a Target Outcome Strategy that provides a 10% buffer and a 15% upside cap. This example is intended to provide a general illustration of the mechanics of a Target Outcome Strategy and not the returns of a specific fund.

1-YEAR TARGET OUTCOME STRATEGY EXAMPLE

Target Outcome Buffer ETFs offer exposure to a reference asset (underlying ETF) that is based on a market index and has the following components.

UPSIDE CAP

The "cap" is a limit on the possible return that the Buffer ETF can provide at the end of the Target Outcome Period. Investors do not participate in returns on the reference asset outside of the maximum upside cap.

DOWNSIDE BUFFER

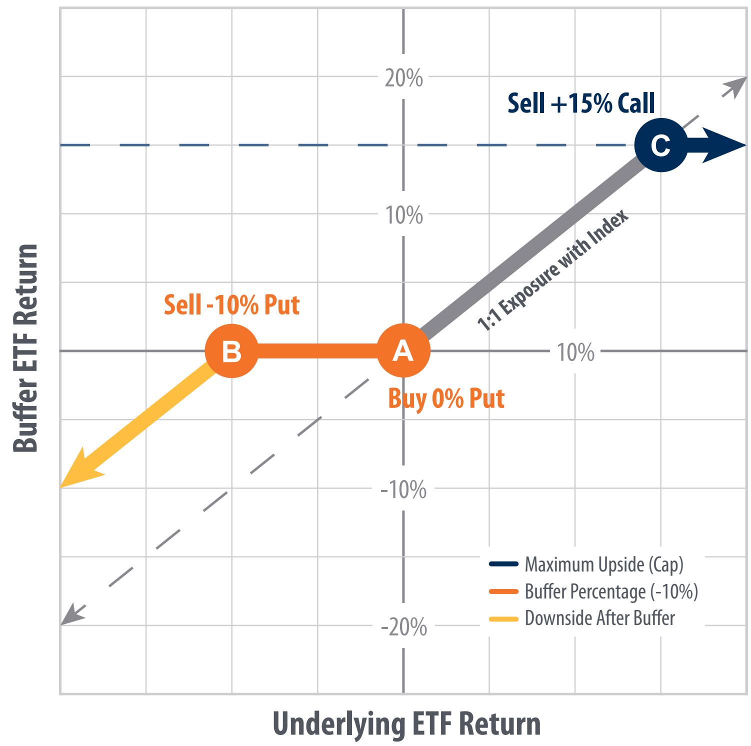
The "buffer" is designed to avoid losses inside the buffer range.

DOWNSIDE AFTER BUFFER

Investors participate in losses outside of the buffer range.

TARGET OUTCOME PERIOD

The upside cap and downside buffer are provided over a stated time period, which is typically 1-year. The outcome may only be realized for an investor who holds shares on the first day of the Target Outcome Period and continues to hold them on the last day of the Target Outcome Period.



HOW DO THEY WORK?

Sample Portfolio	Option Position	Type	Purpose	Expiration
Set U.S. Equity Exposure	**Purchase**	Call	Buying a deep in-the-money call (near 0%) sets the equity exposure.	12 month expiration dates
Set Buffer Limit	**Purchase (A)**	Put	Buying a put sets the downside buffer.	12 month expiration dates
	Write (B)	Put	Selling a put, where your buffer ends, partially funds the downside buffer.	12 month expiration dates
Set Upside Cap	**Write (C)**	Call	Selling an out-of-money call funds the downside buffer.	12 month expiration dates

Note: The exposure to the underlying ETF is created through options and therefore investors will not receive any dividends paid out by the stocks within the market index. Buffer ETFs track the price return of their reference asset, not the total return. The examples are for illustrative purposes only and are not indicative of any actual investment. The chart above illustrates a potential return payoff at the end of approximately one year and is based on hypothetical reference asset returns. The chart does not account for payment of fees and expenses. A fund may not be able to achieve the hypothetical return set forth above. There is no guarantee that the outcomes for a Target Outcome Period will be realized.

Definitions

An **option** is a contractual obligation between a buyer and a seller. The funds use **European style options** which can only be exercised at expiration. There are two types of options known as "calls" and "puts." The buyer of a **call option** has the right, but not the obligation, to purchase an agreed upon quantity of an underlying asset from the writer (seller) of the option at a predetermined price (the strike price) at the option's expiration, creating a long position. **"Long"** is an investment term used to describe ownership of the securities. A **put option** is the opposite of a call option and gives the buyer the right to sell to the writer (seller) the underlying asset at the strike price at the option's expiration. For this right, the buyer pays a fee to the seller, called a **premium**.

In-the-money options (ITM)- are options where the underlying stock price is higher/lower for a call/put relative to the strike price. **Out-of the-money options (OTM)-** are options where the underlying stock price is lower/higher for a call/put relative to the strike price.

Target Outcome Period refers to the amount of time between when the FLEX Options were purchased and when they will expire. In the case of these ETFs, the Target Outcome Period is about one year.

Underlying ETF or Reference Asset is the underlying asset which the FLEX Option prices are based on.

Cap is a limit on the possible return that an ETF can provide at the end of a Target Outcome Period. This is also referred to as the "maximum return potential". This means that if the performance of the reference asset is above the cap at the end of an Target Outcome Period, the return an ETF provides will not reflect this full performance. Instead, only the reference asset's performance up to the cap is used to determine an ETF's return.

Buffer is like a cushion that, at the end of the Target Outcome Period, absorbs downside loss of the reference asset up to the buffer level (before fees and expenses).

You should consider a 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 a fund. The prospectus or summary prospectus should be read carefully before investing.

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 ETF shares on the secondary market may incur customary brokerage commissions. Please refer to each fund's prospectus and Statement of Additional Information 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.

ETF shares may only be redeemed directly from a fund by authorized participants in very large creation/redemption units. ETF shares may trade at a discount to net asset value and possibly face delisting.

Securities of small- and mid-capitalization companies may experience greater price volatility and be less liquid than larger, more established companies whereas large capitalization companies may grow at a slower rate than the overall market.

Since at the end of each Target Outcome Period a new cap and buffer are established based on the then current price of the underlying ETF, an investor who holds fund shares through multiple Target Outcome Periods may fail to experience gains comparable to the underlying ETF over time or recapture losses from prior Target Outcome Periods and may have losses that exceed those of the underlying ETF.

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

Commodity prices can have a significant volatility and exposure to commodities can cause the value of a fund's shares to decline or fluctuate in a rapid and unpredictable manner.

Current market conditions risk is the risk that a particular investment, or shares of the fund in general, may fall in value due to current market conditions. For example, changes in governmental fiscal and regulatory policies, disruptions to banking and real estate markets, actual and threatened international armed conflicts and hostilities, and public health crises, among other significant events, could have a material impact on the value of the fund's investments.

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.

Certain securities are subject to call, credit, extension, income, inflation, interest rate, prepayment and zero coupon risks. These risks could result in a decline in a security's value and/or income, increased volatility as interest rates rise or fall and have an adverse impact on a fund's performance.

The use of listed and OTC derivatives, including futures, options, swap agreements and forward contracts, 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.

Trading FLEX Options involves risks different than, and possibly greater than, investing directly in securities. A Target Outcome fund may experience substantial downside for FLEX Option positions and certain FLEX Option positions may expire worthless. There can be no guarantee that a liquid secondary market will exist for the FLEX Options and the FLEX Options may be less liquid than exchange-traded options.

In managing a fund's investment portfolio, the portfolio managers 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, natural disasters or other events could have significant negative impact on a fund.

A fund classified as "non-diversified" may invest a relatively high percentage of its assets in a limited number of issuers. As a result, a 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.

Securities of non-U.S. issuers are 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. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries.

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. A fund also relies on third parties for a range of services, including custody, and any delay or failure related to those services may affect a fund's ability to achieve its objectives.

Subsidiary investment risk applies to a fund that invests in certain securities through a wholly-owned subsidiary of the fund that is organized under the laws of the Cayman Islands ("Subsidiary"). Changes in the laws of the U.S. and/or Cayman Islands could result in the inability of a fund to operate as intended. The Subsidiary is not registered under the 1940 Act and is not subject to all the investor protections of the 1940 Act. Thus, a fund that is as an investor in the Subsidiary will not have all the protections offered to investors in registered investment companies.

Certain funds have characteristics unlike many other traditional investment products and may not be appropriate for all investors.

The investment strategy is designed to deliver returns that match, or for the X series are approximately twice those of, the reference asset if a fund's shares are bought on the day on which a fund enters into the Flexible Exchange Options® ("FLEX Options") (i.e., the first day of a Target Outcome Period) and held until those FLEX Options expire at the end of the Target Outcome Period subject to a pre-determined upside cap, while limiting downside losses. If the Underlying ETF experiences gains during a Target Outcome Period, a fund will not participate in those gains on a one-to-one basis or beyond the cap. If an investor does not hold its fund shares for an entire Target Outcome Period, the returns realized by that investor may not match those a fund seeks to achieve. In the event an investor purchases fund shares after the first day of a Target Outcome Period or sells shares prior to the expiration of the Target Outcome Period, the value of that investor's investment in fund shares may not be buffered against a decline in the value of the reference asset and may not participate in a gain in the value of the reference asset up to the cap for the investor's investment period. A shareholder may lose their entire investment.

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

First Trust Advisors L.P. is registered as a commodity pool operator and commodity trading advisor and is also a member of the National Futures Association.

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