

The **First Trust International Developed Capital Strength ETF** is an exchange-traded fund (ETF) that seeks investment results that correspond generally to the price and yield (before the fund's fees and expenses) of an equity index called The International Developed Capital Strength Index<sup>SM</sup> (the "index").

### HIGH QUALITY INTERNATIONAL COMPANIES

A resilient portfolio is built on knowing how to identify companies that have exhibited solid fundamentals. FICS seeks to provide a simplified way to gain exposure to well-capitalized non-US companies in developed markets with strong market positions that have the potential to provide their stockholders with a greater degree of stability and performance over time.

### EXAMINING CAPITAL STRENGTH

There are many factors that can be used to determine the financial health of a company. Below are some factors that are considered in The International Developed Capital Strength Index<sup>SM</sup> construction process:

**Cash** | Companies with sizable cash positions tend to be mature companies that dominate their industries. A company with a significant amount of cash on its balance sheet is attractive for many reasons. Cash enables companies to bypass the credit markets and potentially:

- Make strategic cash-financed mergers and acquisitions
- Pay dividends or increase dividend payments to seek to boost returns
- Repurchase undervalued shares
- Reinvest cash to grow their business
- Improve their debt rating, thus reducing their cost of capital
- Fund research and development projects, even in a down market

**Long-Term Debt-to-Market Cap Ratio** | A way to measure the amount of debt a company carries compared to its available capital is to consider its long-term debt-to-market capitalization ratio. This ratio can be used as one indication of a company's overall level of financial risk. The lower the percentage typically means a company is using less leverage and has a stronger equity position.

**Return on Equity** | How much profit a company generates with the money shareholders have invested is measured by its return on equity (ROE).

**Lower Volatility** | One way to potentially mitigate the adverse effects of market movements is to invest in relatively low-volatility stocks. Typically, these stocks do not have as dramatic price fluctuations (relative to other stocks), but change in value steadily over time. The index seeks to provide exposure to 50 well-capitalized companies which have displayed low price fluctuations over time while also retaining capital growth potential.

#### Fund Facts

Fund Ticker	FICS
CUSIP	33738R662
Intraday NAV	FICSIV
Fund Inception Date	12/15/2020
Primary Listing	Nasdaq
Rebalance Frequency	Semi-annually

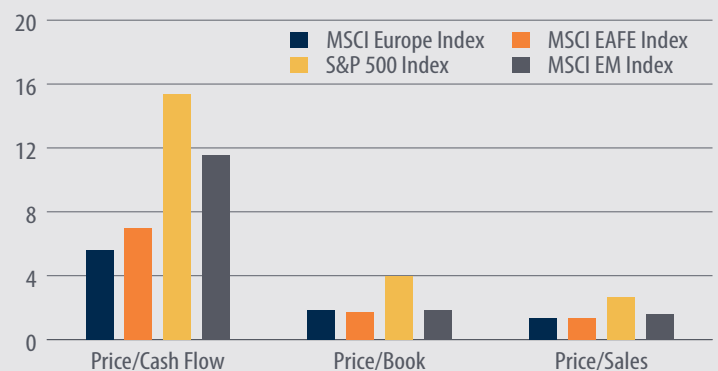
### WHY INTERNATIONAL?

Despite fears of a slowdown in global economic growth, investing outside of the U.S. may present opportunities to participate in the long-term growth potential of foreign companies. Investing internationally may also offer the opportunity to:

- Buy low as international equity market valuations, relative to the U.S. as of 11/30/2020 (see chart to the right), are currently lower.
- Reduce home bias as many U.S. investors hold the majority of their equities in domestic companies. According to Bloomberg, U.S. investors typically allocate 30% of their stocks to developed international markets and 70% to the U.S.
- Seek to reduce risk through diversification, which is one of the potential advantages of international investing, although diversification does not guarantee a profit or protect against loss.

### More Bang for your Buck Overseas

International markets have historically low valuations relative to the U.S.



Source: Bloomberg as of 11/30/20.

# The International Developed Capital Strength Index<sup>SM</sup> Construction Process

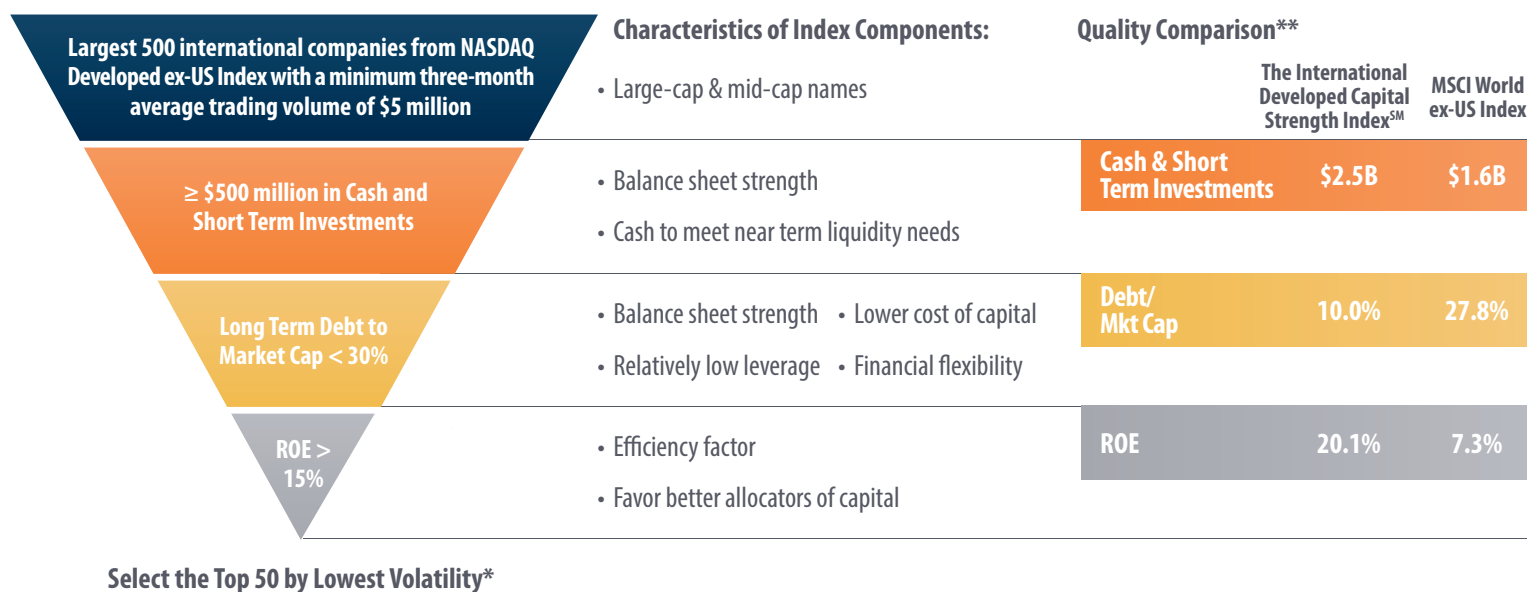
The index seeks to provide exposure to international companies with a high degree of liquidity, the ability to generate earnings growth, and a record of financial strength and profit growth.

**Identify the Universe** | To be eligible for inclusion in the index, a security must be a common stock or real estate investment trust (REIT) that is a member of the NASDAQ Developed ex-US Index. The largest 500 companies with a minimum three-month average daily dollar trading volume of \$5 million are selected.

**Examine Historical Financial Results** | Every security must meet stringent eligibility criteria based on cash on hand, debt ratios and return on equity.

**Select Companies With Low Volatility Scores** | Eligible securities are ranked by a combined short-term (three months) and long-term (one year) historical volatility. The 50 eligible securities with the lowest combined volatility score are selected, subject to a maximum of 30% from any one country or industry based on the Industry Classification Benchmark. The volatility screen seeks out those companies with lower historic risk and favors companies with consistent historical security price performance.

**Rebalance** | The index stocks are equally weighted initially and on each rebalancing effective date. The index is rebalanced and reconstituted semi-annually.



\*Subject to a maximum weight of 30% from any one industry or country classification benchmark.

\*\* As of 11/30/2020. Source: CapitalIQ. All data items represent median value of all companies in the fund/index.

Notes: Long-term debt includes long-term leases.

**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](http://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.**

# Why Investing Internationally Matters

The First Trust International Developed Capital Strength ETF may provide a convenient way to add an international dimension to your investment portfolio, significantly expanding your investment opportunities. Because international markets often follow different cycles than the U.S. markets, investing internationally may provide gains when domestic markets are flat or declining. Diversification may also help reduce risk by decreasing dependency on the performance of a single economy.

## ANNUAL TOTAL RETURNS

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
92.27%	77.28%	86.41%	-27.65%	138.26%	29.04%	0.31%	42.54%	35.11%	31.77%	11.04%	70.56%	45.84%	10.19%	47.39%
65.13%	64.16%	76.97%	-36.32%	109.03%	25.99%	-3.69%	32.27%	33.48%	12.46%	6.88%	58.85%	45.51%	0.74%	31.17%
62.53%	53.27%	56.21%	-42.09%	101.29%	25.86%	-10.97%	31.21%	32.04%	8.38%	6.00%	26.12%	44.81%	-5.44%	30.59%
41.30%	50.00%	34.44%	-42.25%	79.04%	25.46%	-11.32%	30.05%	29.02%	0.84%	2.45%	13.01%	30.92%	-7.93%	29.07%
36.63%	47.84%	33.86%	-46.38%	70.66%	24.82%	-11.96%	24.27%	28.35%	-2.85%	0.48%	12.63%	28.39%	-11.05%	28.92%
31.70%	46.90%	31.14%	-46.57%	70.44%	17.55%	-12.35%	23.60%	26.87%	-3.30%	0.29%	5.79%	28.07%	-12.27%	27.83%
27.66%	37.31%	28.19%	-47.35%	64.64%	16.70%	-12.36%	19.80%	22.99%	-4.45%	-3.76%	5.64%	26.93%	-12.97%	24.97%
18.48%	35.51%	21.38%	-47.46%	59.62%	15.69%	-14.17%	19.63%	6.28%	-5.32%	-3.92%	3.72%	25.46%	-13.42%	22.95%
16.23%	32.66%	17.32%	-47.84%	45.26%	11.24%	-14.49%	16.43%	5.89%	-8.32%	-4.06%	3.17%	24.46%	-15.17%	21.95%
11.25%	31.73%	14.34%	-49.40%	42.71%	11.10%	-18.15%	14.25%	3.70%	-8.85%	-4.96%	2.81%	23.77%	-15.47%	19.43%
10.80%	31.03%	10.90%	-51.39%	32.83%	10.63%	-20.45%	12.72%	2.65%	-9.26%	-8.06%	1.54%	21.84%	-15.78%	19.07%
9.37%	18.12%	9.43%	-55.42%	29.79%	8.19%	-20.79%	9.82%	-0.28%	-9.81%	-13.93%	-0.43%	21.38%	-17.21%	13.81%
7.33%	15.88%	6.71%	-56.19%	29.26%	-1.85%	-21.28%	8.16%	-1.02%	-10.77%	-15.06%	-2.11%	16.50%	-18.71%	13.64%
4.33%	14.87%	6.42%	-65.55%	27.44%	-13.39%	-24.32%	5.28%	-6.39%	-16.03%	-23.68%	-10.43%	14.46%	-20.19%	9.88%
3.97%	3.51%	-4.52%	-73.52%	5.82%	-21.23%	-37.78%	2.17%	-20.84%	-45.62%	-39.08%	-10.80%	7.91%	-23.00%	7.61%



Source: Nasdaq, International Monetary Fund.

### Past performance is not a guarantee of future results.

The countries shown are the largest countries by GDP as of December 2019. All of the indices are unmanaged, statistical composites that cannot be purchased directly by investors. The historical performance of the indices shown is for illustrative purposes only and it is not intended to imply or guarantee the future performance of any First Trust investment. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indexes are unmanaged and an investor cannot invest directly in an index. In addition to the risks of investing in common stocks which includes the possible loss of principal, investing in individual countries may present more risk than investing across several regions. An investment in 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. The returns are based on the performance of the companies in each country within the Nasdaq Global Index. The Nasdaq Global Index is a market capitalization weighted index designed to provide the broadest exposure for more than 98% of investable large-, mid-, and small-cap securities globally.

# Risk Considerations

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 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 discount to a fund's net asset value and possibly face delisting.

A fund's shares will change in value, and you could lose money by investing in a fund. Market risk is that a particular security or shares of a fund may fall in value. There can be no assurance that a fund's investment objective will be achieved.

The outbreak of the respiratory disease designated as COVID-19 in December 2019 has caused significant volatility and declines in global financial markets, which have caused losses for investors. The COVID-19 pandemic may last for an extended period of time and will continue to impact the economy for the foreseeable future.

An adverse economic business or political development may affect the value of investments greater for a fund that has significant exposure to a single asset class, country, region, industry or sector than a more broadly diversified fund.

Non-U.S. securities are subject to additional risks, including but not limited to currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non U.S. issuers.

Because securities held by the fund trade on non-U.S. exchanges that are closed when the fund's primary listing exchange is open, there are likely to be deviations between the current price of an underlying security and the last quoted price for the underlying security.

A fund may be subject to inflation risk which is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money.

A portfolio comprised of low volatility stocks may not produce investment exposure that has lower variability to changes in such stocks' price levels. Low volatility stocks are likely to underperform the broader market during periods of rapidly rising stock prices.

REITs typically own and operate income-producing real estate and are subject to the risks associated with investing in real estate.

A passive investment fund invests in securities included in or representative of the index regardless of investment merit and generally will not attempt to take defensive positions in declining markets.

High portfolio turnover may result in higher levels of transaction costs and may generate greater tax liabilities for shareholders.

There is no assurance that the index provider, or any agents that act on its behalf, will compile the index accurately, or that the index will be determined, maintained, constructed, reconstituted, rebalanced, composed, calculated, or disseminated accurately. The fund's return may not match the return of the Index.

Large capitalization companies may grow at a slower rate than the overall market.

The fund is subject to risks arising from various operational factors. As the use of Internet technology has become more prevalent in the course of business, a fund has become more susceptible to potential operational risks through breaches in cyber security.

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.

Large inflows and outflows may impact a newer fund's market exposure for limited periods of times.

The fund may be a constituent of one or more indices.

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.

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 professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

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## Definitions

The MSCI Europe Index captures large and mid-cap representation across 15 Developed Markets (DM) countries in Europe.

The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the US and Canada.

The MSCI Emerging Markets Index captures large and mid-cap representation across 26 Emerging Markets (EM) countries.