HSMV
First Trust Horizon Managed Volatility Small/Mid ETF

The **First Trust Horizon Managed Volatility Small/Mid ETF** (the "fund") is an actively managed exchange-traded fund ("ETF") which seeks to provide capital appreciation by investing primarily in common stocks issued by small- and/or mid-capitalization companies that the fund's sub-advisor, Horizon Investments, LLC ("Horizon"), believes exhibit low future expected volatility.

WHY CONSIDER THE FIRST TRUST HORIZON MANAGED VOLATILITY SMALL/MID ETF?

- The investment process focuses on small and/or mid-sized companies that Horizon believes may be less volatile than the broader market.
- The goal of the fund is to capture upside price movements in rising markets and reduce downside risk when markets decline. When the market experiences volatility, the fund may help investors limit downside exposure while retaining the opportunity to participate in the market.
- The fund seeks capital appreciation while attempting to mitigate volatility using a proprietary quantitative and rules-based investment process with a focus on small and mid-sized companies.
- Horizon is a highly experienced, multi-disciplined portfolio manager with a focus on the global marketplace. In addition, Horizon may exercise discretion in the selection and weightings of particular holdings in its active management of the fund.

WHY FORECASTED VOLATILITY AND ACTIVE MANAGEMENT?

- **Forward Looking vs Backward Looking** – Traditional index-based low volatility funds are generally backward looking, taking a historical snapshot of volatility over a given period. An active forward-looking strategy is able to evaluate current market conditions and seeks to deliver a low volatility portfolio based on the prevailing volatility environment.
- **Targeted Exposure** – Volatility forecasts may allow the fund to target fewer stocks while balancing sector tilts. Portfolio concentration may change with market volatility.
- **Active Management** – Active management provides the flexibility to be more responsive to current market conditions and to limit sector concentration, without being limited by static rebalance requirements.

INVESTMENT PROCESS

Starting Universe
Begin with a universe of small and/or mid-cap U.S. equity securities.

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Forecast Volatility
Use historical price returns over multiple time frames to determine market volatility cycle and volatility scoring for individual equities.

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Enhanced Security Selection
Target stocks with the lowest forecasted volatility score.

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Portfolio of Expected Lower Volatility Stocks
Larger weights are given to those securities with lower future expected volatility subject to constraints.

MAKING THE MOST OF THE LOW-VOLATILITY ANOMALY

Economic theory would have you believe that those who take on higher risk should be compensated by the potential for higher expected return. The conventional wisdom is that it pays to take chances. However, counterintuitively, history has shown that portfolios of low-beta and low-volatility stocks have produced higher risk-adjusted returns than portfolios of high-beta and high-volatility stocks, in most major markets studied. This phenomenon is known as the low-volatility anomaly. The low-volatility anomaly is often a product of consistent market mispricing due to the murky role of volatility as a stock characteristic. Mispricings present potential opportunity and as market conditions change, Horizon believes active portfolio management provides the ability to make the most of the opportunities the market has to offer.

HORIZON INVESTMENTS, LLC

Horizon is a registered investment adviser focused on modern goals-based investment management. Founded in 1995, the firm is based in Charlotte, NC, and works in partnership with financial advisors to deliver investment strategies that align clients' wealth with their life goals. Horizon implements its global and active investment strategies through model accounts, collective investment funds, mutual funds and ETFs. The firm was recognized in 2018 and 2019 as Asset Manager of the Year (< $25B AUM) by Money Management Institute (MMI) and Barron's, and 2018 Manager of the Year and Strategist of the Year by Envestnet and Investment Advisor Magazine. The firm has also received numerous other industry commendations for its investment management expertise.

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 by visiting 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.

Fund Details	
Fund Ticker	HSMV
Investment Advisor	First Trust Advisors L.P.
Investment Sub-Advisor	Horizon Investments, LLC
CUSIP	33741Y100
Intraday NAV	HSMVIV
Fund Inception Date	4/6/2020
Primary Listing	NYSE Arca

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 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.

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.

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. As a means to fight inflation, the Federal Reserve and certain foreign central banks have raised interest rates and expect to continue to do so, and the Federal Reserve has announced that it intends to reverse previously implemented quantitative easing. Recent and potential future bank failures could result in disruption to the broader banking industry or markets generally and reduce confidence in financial institutions and the economy as a whole, which may also heighten market volatility and reduce liquidity. Ongoing armed conflicts between Russia and Ukraine in Europe and among Israel, Hamas and other militant groups in the Middle East, have caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, the Middle East and the United States. The hostilities and sanctions resulting from those hostilities have and could continue to have a significant impact on certain fund investments as well as fund performance and liquidity. The COVID-19 global pandemic, or any future public health crisis, 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, negatively impacting global growth prospects.

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.

Equity securities may decline significantly in price over short or extended periods of time, and such declines may occur in the equity market as a whole, or they may occur in only a particular country, company, industry or sector of the market.

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.

Industrials and producer durables companies are subject to certain risks, including the general state of the economy, intense competition, consolidation, domestic and international politics, excess capacity and consumer demand and spending trends. They may also be significantly affected by overall capital spending levels, economic cycles, technical obsolescence, delays in modernization, labor relations, and government regulations.

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.

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, natural disasters or other events could have significant negative impact on a fund.

There can be no assurance that the securities held by a fund will stay within a fund's intended market capitalization range.

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.

Mid capitalization companies may experience greater price volatility than larger, more established companies.

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.

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

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.

Real Estate Investment Trusts ("REITs") are subject to the risks of investing in real estate, including, but not limited to, changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession. Increases in interest rates typically lower the present value of a REIT's future earnings stream and may make financing property purchases and improvements more costly. The value of a fund will generally decline when investors in REIT stocks anticipate or experience rising 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.

Securities of small- and mid-capitalization companies may experience greater price volatility and be less liquid than larger, more established companies.

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.

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).

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.