

# MMSC

## First Trust Multi-Manager Small Cap Opportunities ETF

The **First Trust Multi-Manager Small Cap Opportunities ETF** (the “fund”) seeks to provide long-term capital appreciation by investing in equity securities of small capitalization companies. The fund’s assets will be allocated among sub-advisors specializing in specific investment styles. Driehaus Capital Management LLC (“Driehaus”) and Stephens Investment Management Group, LLC (“Stephens”) will manage complementary small cap strategies of the fund.

### A MULTI-MANAGER APPROACH

A multi-manager approach combines the potential advantages of an actively managed portfolio with the added potential benefit of diversified expertise from multiple asset management firms. The fund’s portfolio is managed by First Trust Advisors L.P. (“First Trust”), with the First Trust Investment Committee handling the selection and ongoing monitoring of the securities in the fund’s portfolio. The First Trust Investment Committee is responsible for selecting and overseeing the sub-advisors, each of whom offers its own experience, philosophy and strategy for investing in equity securities issued by small capitalization companies.

### MULTI-MANAGEMENT INVESTMENT PHILOSOPHY

Through the blending of multiple portfolio management teams, First Trust seeks to provide idiosyncratic profiles that complement each other. While there may be periods where the sub-advisors see opportunity in the same areas, First Trust believes the diversified investment disciplines may help mitigate some risk over time. First Trust strives to identify high quality managers with investment strategies that emphasize a long-term outlook and have a consistent track record of success.

The assets of MMSC will be initially allocated between two sub-advisors: Driehaus and Stephens. The fund’s assets are equally allocated between them at the fund’s inception. The sub-advisor allocations will drift over time due to market conditions and security selection, and First Trust will seek to rebalance the sub-advisors back to equal-weight should one sub-advisor reach a certain percentage of the total net assets. Given the complementary investment styles of each sub-advisor, the rebalance is designed to maintain meaningful investment exposure to each sub-advisor’s investment strategy over time to achieve the stated investment objective.



### POTENTIAL BENEFITS OF SMALL CAP STOCKS

- Small cap stocks represent a segment of the market that may offer more growth opportunities than their large cap counterparts, as they tend to be priced lower and provide the potential for larger returns over the long term.
- Many of the large, well-known companies that are household names today began as much smaller companies listed on the Russell 2000® Growth Index, which serves as a benchmark for small cap stocks in the U.S.
- More likely to be in the earlier stages of their economic life cycle, small cap companies tend to be more volatile and present more risk, however, we believe a core strategy combining complementary investment styles may mitigate some of that volatility.

# DRIEHAUS CAPITAL MANAGEMENT

## DRIEHAUS' APPROACH TO GROWTH ORIENTED STOCK SELECTION

Driehaus recommends securities to First Trust based on its investment philosophy that fundamentally strong companies are more likely to generate superior earnings growth on a sustained basis and are more likely to experience positive earnings revisions. Driehaus believes that markets tend to misprice stocks following positive growth inflection points and that these inefficiencies tend to follow predictable and exploitable patterns. In managing the fund's assets, Driehaus seeks to take advantage of these inefficiencies through the use of fundamental and macro research to capitalize on changes in the market conditions that may lead to these positive growth inflection points.

## INVESTMENT PROCESS



**IDEA GENERATION** | Stocks will be selected from the initial investment universe of the Russell 2000® Growth Index.

**ANALYSIS** | Driehaus then evaluates a company's competitive and financial position in addition to:

- Industry dynamics
- Potential growth catalysts
- Environmental, social and governance ("ESG") factors
- Relative valuation
- Macroeconomic and behavioral factors

**PORTFOLIO CONSTRUCTION** | Driehaus monitors the portfolio continuously and may recommend the fund sells holdings for a variety of reasons, including:

- To take profits
- Changes to fundamental characteristics primarily driving the investment's attractiveness
- Changes in the risk/reward assessment
- Assessment that a holding is efficiently priced
- To make room for more attractive ideas
- Other portfolio or risk management considerations

## ABOUT DRIEHAUS CAPITAL MANAGEMENT LLC

Founded in 1982, Driehaus is an independent investment advisor, a signatory of the UN-supported Principles for Responsible Investment (PRI), and registered with the SEC. Driehaus manages growth equity and multi-asset alternative strategies including U.S. growth equities, international growth equities, emerging markets and alternative investments on behalf of institutional and wealth management clients.

## STEPHENS' APPROACH TO GROWTH ORIENTED STOCK SELECTION

Stephens' investment philosophy is founded on the core belief that earnings growth drives stock performance. Crucial to its investment philosophy and process is the theoretical basis provided by behavioral finance, which is the belief that an investor's behavioral biases lead to patterns in making investment decisions that can create inefficiencies and market mispricing that can be exploited.

## INVESTMENT PROCESS

**IDEA GENERATION** | Stocks will be selected from the initial investment universe of the Russell 2000® Growth Index.

**ANALYSIS** | Stephens applies elements of behavioral finance theory to evaluate certain behavioral biases that can lead to market pricing inefficiencies and seeks to exploit these inefficiencies generally through investments in stocks they classify as either "Core Growth" or "Earnings Catalyst."

### CORE GROWTH STOCKS ARE GENERALLY:

- Characterized by very stable, defensible growth and have the potential to surprise investors on the duration of growth

### EARNINGS CATALYST STOCKS ARE GENERALLY:

- Those which typically exhibit rapid growth as a result of some fundamental business change, and have the potential to surprise investors on the magnitude of growth

**PORTFOLIO CONSTRUCTION** | The portfolio is made up of a blend of Core Growth and Earnings Catalyst stocks.



## ABOUT STEPHENS INVESTMENT MANAGEMENT GROUP, LLC

Founded in 2004, Stephens Investment Management Group specializes in the management of domestic small and mid-capitalization growth equities. Stephens Investments Holdings LLC owns a controlling interest of Stephens Investment Management Group with affiliated companies founded in the 1930s and minority investments in over 50 private companies in several different industries including life sciences, power and information technology, telecommunication, financial services and consumer products and services.

### THE POTENTIAL BENEFITS OF AN ACTIVELY MANAGED ETF

The ETF structure provides an efficient and simple way to invest in worldwide markets and provides many potential benefits:

- Intraday liquidity
- Transparency of holdings
- Low investment minimums
- Tax efficiency
- Diversification
- Potential to outperform indexes
- Professional portfolio selection and ongoing portfolio management
- Flexibility to strategically adjust portfolio holdings to take advantage of changing market conditions

**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.**

### 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. 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.

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. Stocks with growth characteristics tend to be more volatile than certain other stocks and their prices may fluctuate more dramatically than the overall stock 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.

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.

Each sub-advisor of a multi-managed fund makes investment recommendations independently and they may not complement each other. This may result in an increase in a fund's portfolio turnover rate and higher transaction costs and risks.

### FUND DETAILS

Fund Ticker	MMSC
CUSIP	33740U794
Intraday NAV	MMSCIV
Fund Inception Date	10/13/21
Investment Advisor	First Trust Advisors L.P.
Investment Sub-Advisors	Driehaus Capital Management LLC Stephens Investment Management Group, LLC
Primary Listing	NYSE Arca

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, 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.

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.

### Benchmark Definitions

The **Russell 2000® Growth Index** measures the performance of the small-cap growth segment of the US equity universe.

The **Russell 3000® Index** is comprised of the 3000 largest and most liquid stocks based and traded in the U.S.