

The **First Trust Nasdaq Artificial Intelligence and Robotics 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 Nasdaq CTA Artificial Intelligence and Robotics Index.

## ROBOTICS

The branch of technology that deals with the design, construction, operation and application of robots.

## ARTIFICIAL INTELLIGENCE

The theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision making and translation between languages.

Artificial intelligence (AI) and robotics are revolutionizing business and transforming our everyday lives. AI allows machines to complete various "human" tasks, such as driving automobiles, virtual assistance and playing games. It is enabling robots to solve problems and interact with their surroundings. Robots are currently being used across numerous industries and their impact is projected to spread throughout the consumer market for years to come.

Together, AI and robotics are changing the way we live and work. They are disrupting a range of industries and have the potential to address problems caused by an aging workforce and rising labor costs while making the workforce more efficient and productive.

## AI AND ROBOTICS MARKET GROWTH

- AI is projected to add up to \$15.7 trillion in global GDP by 2030. North America expected to have one of the largest economic gains with a 14.5% boost.<sup>1</sup>
- Spending on AI systems is projected to double over the next four years, growing from \$50.1 billion in 2020 to more than \$110 billion in 2024 with a compound annual growth rate (CAGR) of 20.1%.<sup>2</sup>
- There are more than 4.6 billion Internet users worldwide (Statista, October 2020).

<sup>1</sup>Source: PwC, February 2020

<sup>2</sup>Source: IDC

There is no guarantee that past trends will continue, projections will be realized, or that they will benefit the fund.

### ETF Characteristics

The fund lists and principally trades its shares on The Nasdaq Stock Market LLC.

The fund's return may not match the return of the Nasdaq CTA Artificial Intelligence and Robotics Index. Securities held by the fund will generally not be bought or sold in response to market fluctuations.

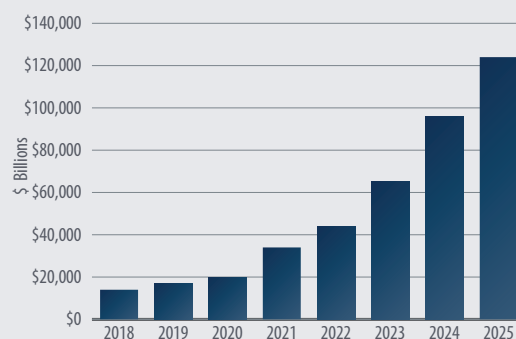
Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the 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 the fund's net asset value and possibly face delisting.

### Fund Details

|                     |           |
|---------------------|-----------|
| Fund Ticker         | ROBT      |
| Inception Date      | 2/21/18   |
| CUSIP               | 33738R720 |
| Intraday NAV        | ROBTIV    |
| Primary Listing     | Nasdaq    |
| Rebalance Frequency | Quarterly |

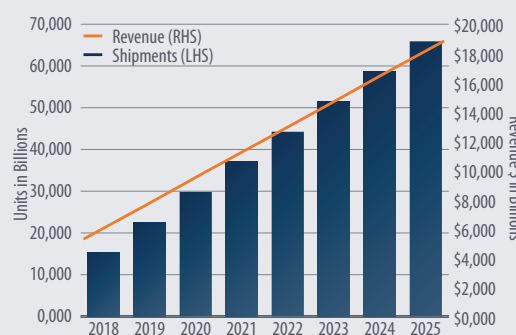
### AI SOFTWARE REVENUE, WORLD MARKET PROJECTIONS 2018 - 2025

Growing AI adoption across multiple industries is driving significant growth, according to a report from research firm, Tractica. They project annual global AI software revenue to grow from \$10.1 billion in 2018 to \$126.0 billion by 2025.



### CONSUMER ROBOTICS REVENUE AND SHIPMENTS, WORLD MARKET PROJECTIONS 2018 - 2025

Rising demand for consumer robotics is being fueled by many factors including declining prices and growth of enabling smart devices. According to Tractica, worldwide sales of consumer robots reached \$5.6 billion in 2018 and Tractica expects that the market will continue to experience strong growth over the next few years, reaching a market value of \$19 billion by the end of 2025. Tractica forecasts that worldwide consumer robot unit shipments will increase from 15.4 million in 2018 to 65.9 million units annually by 2025.



Source: Tractica. LHS (left-hand scale), RHS (right-hand scale)

**INDEX CONSTRUCTION PROCESS**

The Nasdaq CTA Artificial Intelligence and Robotics Index is designed to track the performance of companies engaged in AI, robotics and automation.

Universe: Begin with the companies listed on an index-eligible global stock exchange which are classified as AI or robotics engagers, enablers or enhancers, as determined by the Consumer Technology Association.

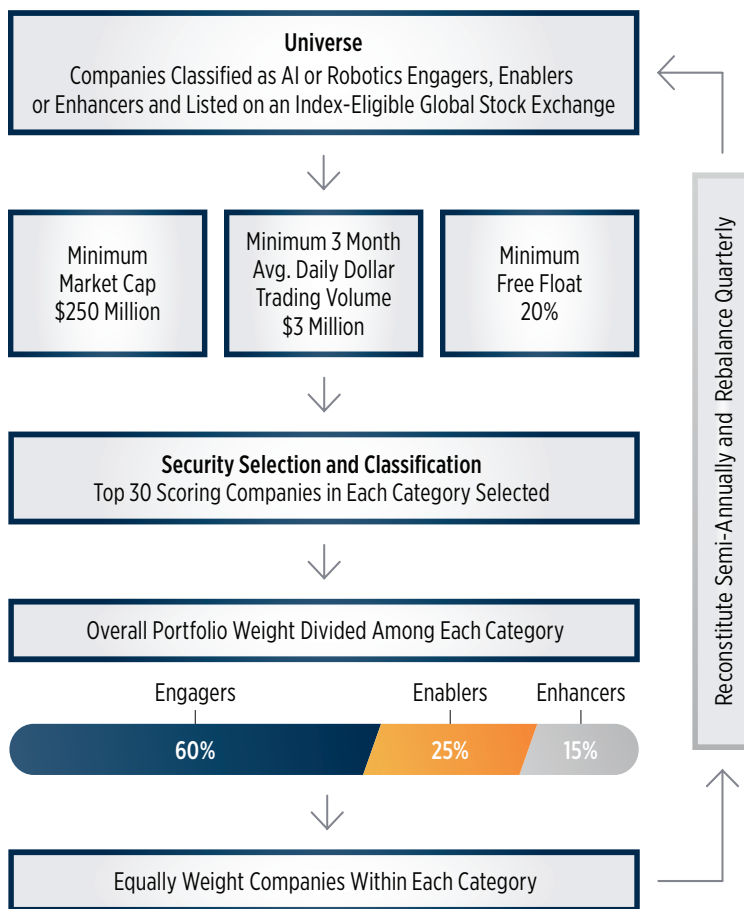
- Enablers are companies that develop the building block components for robotics or AI, such as advanced machinery, autonomous systems/self-driving vehicles, semiconductors, and databases used for machine learning.
- Engagers are companies that design, create, integrate, or deliver robotics and/or AI in the form of products, software, or systems.
- Enhancers are companies that provide their own value-added services within the AI and robotics ecosystem, but which are not core to their product or service offering.

**Eligibility Criteria:** Each security must have a minimum market capitalization of \$250 million, three-month average daily dollar trading volume of at least \$3 million and a minimum free float of 20%.

**Security Classification:** All eligible securities are ranked by a score, which measures each company's involvement within its respective engager, enabler or enhancer category. The top 30 companies within each category are selected.

**Weighting:** Each category is assigned an overall portfolio weight with engagers receiving 60%, enablers receiving 25% and enhancers receiving 15%. Companies are then equally weighted within each category.

**Rebalance and Reconstitution:** The index is rebalanced quarterly and reconstituted semi-annually.



*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**

The fund's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular security owned by the fund, fund shares or securities in general may fall in value. There can be no assurance that the 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.

The fund may invest in securities issued by companies concentrated in a particular industry, sector or country which involves additional risks including limited diversification.

The fund may invest in small capitalization and mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

If the fund has lower average daily trading volumes, it may rely on a small number of third-party market makers to provide a market for the purchase and sale of shares.

An investment in a fund containing securities of non-U.S. issuers is 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 fund may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the fund's investment and the value of fund shares.

The fund currently has fewer assets than larger funds, and like other relatively new funds, large inflows and outflows may impact the fund's market exposure for limited periods of time.

The fund invests in robotics and artificial intelligence companies, which may have limited product lines, markets, financial resources or personnel and are subject to the risks of changes in business

cycles, world economic growth, technological progress, and government regulation. These companies are also heavily dependent on intellectual property rights, and challenges to or misappropriation of such rights could have a material adverse effect on such companies. Securities of robotics and artificial intelligence companies tend to be more volatile than securities of companies that rely less heavily on technology. Robotics and artificial intelligence companies typically engage in significant amounts of spending on research and development, and rapid changes to the field could have a material adverse effect on a company's operating results.

As the use of Internet technology has become more prevalent in the course of business, the fund has become more susceptible to potential operational risks through breaches in cyber security.

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

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.

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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