First Trust

DALI

First Trust Dorsey Wright DALI Equity ETF

The **First Trust Dorsey Wright DALI Equity 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 index called the Nasdaq Dorsey Wright DALI Equity™ Index (the "index"). Under normal conditions, the fund will invest at least 90% of its net assets (including investment borrowings) in the securities that comprise the index. The index consists exclusively of U.S.-listed ETFs and exchange-traded products (ETPs).

Dorsey, Wright & Associates

Dorsey, Wright & Associates (DWA) is a registered investment advisory firm specializing in professional management and investment research services for numerous broker/dealers and large institutions around the world. The cornerstone of their approach is technical analysis, and in particular, the law of supply and demand, which gives them the discipline to make timely investment decisions. In their analysis, relative strength plays a very important role.

Dynamic Asset Level Investing

The Nasdaq Dorsey Wright Dynamic Asset Level Investing (DALI) process was designed as a tactical tool to provide guidance for asset allocation decisions among asset classes, as well as within asset classes, steering an investor toward those areas of the market that DWA believes may outperform. DALI is used to evaluate the supply and demand forces of asset classes, and rank them from strongest to weakest based on a relative strength score. Relative strength is a ranking system used to measure a security's price momentum relative to its peers. In DWA's view, a portfolio should overweight the asset classes that hold the top spots and underweight those asset classes with the lowest relative strength scores.

Fund Details

Fund Ticker	DALI
CUSIP	33738R712
Fund Inception Date	5/14/18
Investment Advisor	First Trust Advisors L.P.
Intraday NAV	DALIIV
Primary Listing	Nasdaq
Rebalance Frequency	Quarterly

Index Details

Index Ticker	NQDALIT
Index Inception Date	4/24/18

Nasdaq Dorsey Wright DALI Equity™ Index

According to the index provider, the index construction process developed by DWA dynamically allocates between two Sleeve Indexes representing U.S. equity and international equity asset classes consisting of ETFs and ETPs, selecting the highest-ranked sleeve semi-monthly (monthly in December) based on relative strength rankings. Each Sleeve Index maintains a modified equal-weighted structure of 35% core holdings (two First Trust AlphaDEX® ETFs covering large/small cap growth domestically or developed/emerging markets internationally) and 65% tactical holdings (Dorsey Wright Focus Five™ Index constituents for U.S. equity and Dorsey Wright International Focus Five™ Index constituents for international equity), with equal weighting within each category and quarterly rebalancing in January, April, July, and October. The index may reconstitute more frequently to align with the selected Sleeve Index.

Index Construction Process According to the Index Provider

U.S. Equity: Nasdaq Dorsey Wright DALI Domestic Equity™ Index

- 65% Dorsey Wright Focus Five™ Index constituents – equally weighted among five First Trust sector/industry based ETFs exhibiting the greatest relative strength.
- 35% First Trust Large Cap Growth AlphaDEX® Fund and First Trust Small Cap Growth AlphaDEX® Fund – equally weighted.

International Equity: Nasdaq Dorsey Wright DALI International Equity™ Index

- 65% Dorsey Wright International Focus Five™ Index constituents – equally weighted among the five First Trust country/region-based ETFs exhibiting the greatest relative strength.
- 35% First Trust Developed Markets ex-US AlphaDEX® Fund and First Trust Emerging Markets AlphaDEX® Fund – equally weighted.

Universe of Broad Asset Classes
(U.S. Equity and International Equity represented by ETFs and ETPs)

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DWA Proprietary Relative Strength Methodology

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Select Top Scoring Asset Class

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Semi-Monthly (monthly in December) Top Asset Class Review

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Rebalance 65% and 35% Target Weights Quarterly

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 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.

A fund composed of a very small number of ETFs involves additional risk, including limited diversification.

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.

Changes in currency exchange rates and the relative value of non-US currencies may affect the value of a fund's investments and the value of a fund's shares.

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.

Depositary receipts may be less liquid than the underlying shares in their primary trading market and distributions may be subject to a fee. Holders may have limited voting rights, and investment restrictions in certain countries may adversely impact their value.

Investments in emerging market securities are generally considered speculative and involve additional risks relating to political, economic and regulatory conditions.

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 invest in the shares of other ETFs, which involves additional expenses that would not be present in a direct investment in the underlying funds. In addition, a fund's investment performance and risks may be related to the investment performance and risks of the underlying funds.

An index fund will be concentrated in an industry or a group of industries to the extent that the index is so concentrated. A fund with significant exposure to a single asset class, or the securities of issuers within the same country, state, region, industry, or sector may have its value more affected by an adverse economic, business or political development than a broadly diversified fund.

There is no assurance that the index provider or its agents will compile or maintain the index accurately. Losses or costs associated with any index provider errors generally will be borne by a fund and its shareholders.

A fund may own a significant portion of the First Trust ETFs included in a fund. Any such ETF may be removed from the Index if it does not comply with the Index's eligibility requirements. A fund may be forced to sell shares of certain First Trust ETFs at inopportune times or for prices other than at current market values or may elect not to sell such shares on the day that they are removed from the Index, due to market conditions or otherwise. Due to these factors, the variation between a fund's annual return and the return of the Index may increase significantly.

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

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 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.

A "momentum" style of investing emphasizes selecting stocks that have had higher recent price performance compared to other stocks. Momentum can turn quickly and cause significant variation from other types of investments.

An index fund's return may not match the return of the index for a number of reasons including operating expenses, costs of buying and selling securities to reflect changes in the index, and the fact that a fund's portfolio holdings may not exactly replicate the index.

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.

A fund that invests in securities included in or representative of an index will hold those securities regardless of investment merit and the fund generally will not 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.

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.

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.

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