The **First Trust Merger Arbitrage ETF** is an actively managed exchange-traded fund (ETF) that seeks to provide investors with capital appreciation by establishing long and short positions in the equity securities of companies that are involved in a publicly-announced significant corporate event, such as a merger or acquisition.

WHAT IS MERGER ARBITRAGE?

Merger arbitrage is an investment strategy driven by a corporate event which may impact an involved company's stock price. When executed well, a merger arbitrage strategy has the potential to produce a differentiated and robust absolute return stream. Merger arbitrage involves purchasing the stock of a company being acquired ("target company"), while shorting the stock of the acquiring company. The spread is the difference in price between the trading price of the target company's stock following the public announcement of the corporate event and the contractual price to be paid for the target company stock in the future when the transaction closes. If the transaction closes, the spread is earned but if it fails to close, the downside may be larger than the spread.

WHY INVEST IN MARB?

First Trust Capital Management L.P. ("FTCM")[1], the fund's sub-advisor, aims to take advantage of the return opportunity presented by the potential profit, or "spread", emerging from the announcement of a merger or acquisition. The risks and returns of traditional stock investing generally depend on company-specific factors, such as profitability and prospects for growth, and on broader economic factors, such as interest rates, inflation, global trade and political risks. Alternatively, FTCM believes the risks and returns of merger-arbitrage investing are largely isolated from the daily movements of the stock market and instead primarily depend on the successful or unsuccessful completion of a merger or acquisition. Using a rigorous process, FTCM identifies the mergers that they believe are attractive by assessing a number of factors, including, but not limited to:

- Deal terms – FTCM only invests in publicly announced merger transactions
- Deal risk – the probability that the merger will be completed
- Relative attractiveness – identifying the best deals relative to others in the arbitrage universe
- Unique risks – including risks that may decrease the likelihood that a transaction will close

HYPOTHETICAL EXAMPLE OF PRICE ACTIVITY FROM A PUBLICLY ANNOUNCED MERGER

This example is for illustrative purposes and not indicative of any actual investment. Not intended to imply or guarantee that a merger arbitrage strategy will be successful.

Fund Details

Fund Ticker	MARB
Investment Advisor	First Trust Advisors L.P.
Investment Sub-Advisor	First Trust Capital Management L.P.
CUSIP	33740J203
Intraday NAV	MARBIV
Fund Inception Date	2/4/2020
Primary Listing	NYSE Arca

POTENTIAL BENEFITS OF MERGER ARBITRAGE

- Historically low correlation to stock and bond markets
- Absolute return potential
- Diversification from traditional asset classes
- May provide downside risk mitigation
- Historically performs well in a rising interest rate environment

LOW CORRELATION TO STOCKS AND BONDS

The performance of companies involved in a corporate event has historically moved independently of traditional asset classes. Once a merger or acquisition is announced, in FTCM's view, the effective "market risk" of that target company is replaced with "deal completion" risk. This has historically produced an overall portfolio that will move almost entirely independent of broader equity markets, which is a key feature of the diversification benefit of merger arbitrage, although diversification does not guarantee a profit nor protect against loss.

Table 1 illustrates the low historical correlation between the Merger & Acquisition (M&A) Index, as measured by the HFRX Merger Arbitrage Index, and equities and bonds. Because companies involved in a corporate event are not highly correlated with other asset classes, they can potentially decrease portfolio volatility, enhance overall return and provide meaningful diversification to an asset allocation strategy.

Correlation is a statistical measure that provides a way to evaluate the potential diversification benefits of combining different assets. Correlation is measured on a scale ranging between -1 and +1. A correlation of +1 means that the two investments have moved in perfect tandem with each other. Alternatively, perfect negative correlation of -1 means that when one security moves in one direction, the other security will move in the opposite direction.

TABLE 1: CORRELATION OF M&A INDEX RETURNS 3/28/2013 – 3/31/2023

Period	Equities	Fixed Income
1 Year	0.44	0.10
3 Years	0.49	0.21
5 Years	0.53	0.15
10 Years	0.48	0.16

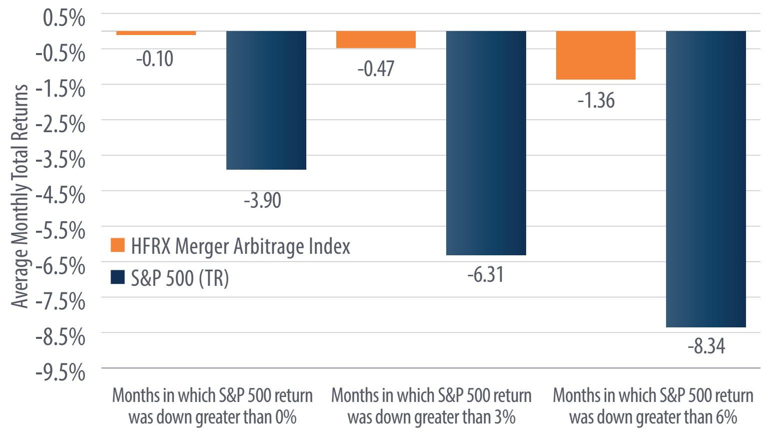
RETURN POTENTIAL AND INTEREST RATES

A merger arbitrage strategy may benefit during periods of rising interest rates because the spread generally incorporates a higher risk-free rate of return than traditional fixed-income asset classes. The potential return stream offers an attractive fixed income alternative given that the strategy often exhibits volatility similar to investment grade bonds while, at the same time, typically providing low correlation to bonds. The merger arbitrage strategy has historically thrived in a rising interest rate environment when an investor's fixed income portfolio may have suffered losses.

DOWNSIDE MITIGATION

During the most recent periods of decline in the S&P 500 Index, the M&A Index outperformed, as illustrated in Chart 1. FTCM believes merger arbitrage strategies have the potential to mitigate large drawdowns.

CHART 1: AVERAGE MONTHLY RETURNS DURING S&P 500 DRAWDOWNS 3/29/2013 – 3/31/2023



Source for Table and Chart: Bloomberg. For illustrative purposes and not indicative of the fund. **Past performance is not a guarantee of future results.** The returns shown were the results of certain market factors that may not be repeated in the future. Indexes do 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. It is important to note that there are differences between the investment objectives and risks of merger arbitrage strategies versus the securities that comprise the other indexes shown in the charts. Equity securities are subject to several risks, including an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market. Fixed Income securities are subject to interest rate and credit risk. If interest rates rise, the prices of fixed-rate instruments may fall. An issuer of a fixed income security may be unable or unwilling to make dividend, interest, and/or principal payments when due and the value of a security may decline because of concerns of the issuers ability to make such payments.

Definitions

"Long" and **"short"** are investment terms used to describe ownership of securities. To buy securities is to "go long." The opposite of going long is "selling short." **Short selling** is an advanced trading strategy that involves selling a borrowed security. Short sellers make a profit if the price of the security goes down and they are able to buy the security at a lower amount than the price at which they sold the security short.

Risk-free rate of return is the theoretical rate of return of an investment with zero risk. The risk-free rate represents the interest an investor would expect from a risk-free investment over a specified period of time.

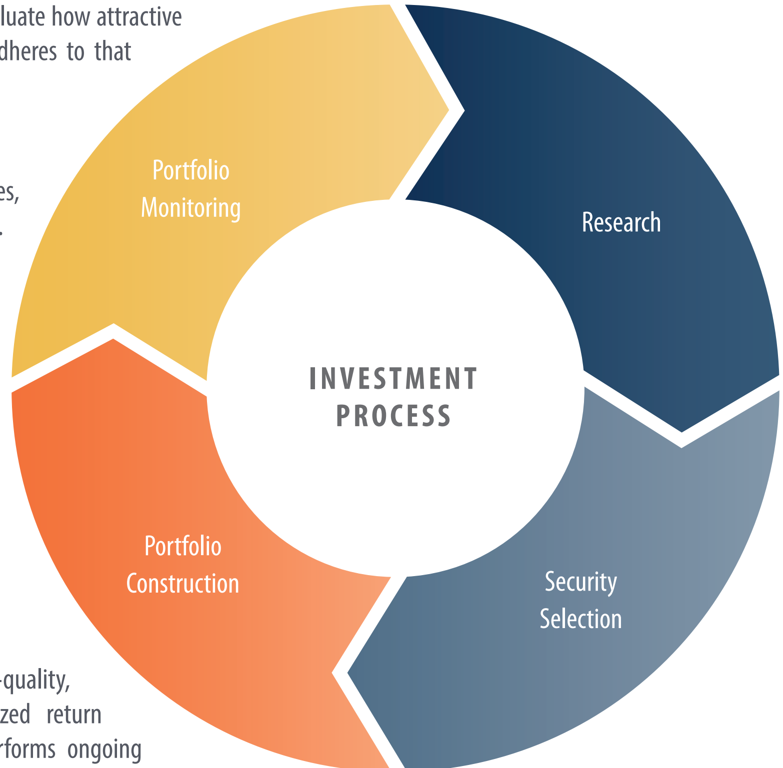
Drawdown is the measure of decline in an investment from an asset's peak value to its lowest point over a period of time.

M&A Index is represented by the **HFRX Merger Arbitrage Index (HFRXMA)**, which is designed to be representative of merger arbitrage strategies primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

S&P 500 is represented by the **S&P 500 Total Return Index** which is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

Equities are represented by the **S&P 500 Total Return Index.**

Fixed Income is represented by the **Bloomberg US Aggregate Total Return Index** which measures the performance of the U.S. investment grade bond market.



RESEARCH

The FTCM investment process relies on real-time quantitative-based research to evaluate how attractive each transaction is relative to other deals in the arbitrage universe. The fund adheres to that quantitative criteria to separate which deals to invest in and which to avoid.

SECURITY SELECTION

The portfolio may include equity securities issued by U.S. and non-U.S. companies, including ADRs. The fund may invest in small, mid and large capitalization securities. Only securities of companies that have publicly announced transactions of mergers and/or acquisitions are eligible for inclusion in the fund's portfolio. FTCM will generally go "long" the target company and may at times go "short" the acquiring company. In the event that the sub-advisor cannot find enough securities that satisfy its investment criteria, the fund may hold cash or cash equivalents.

PORTFOLIO CONSTRUCTION

The portfolio will generally comprise announced merger holdings, weighted based on FTCM's analysis and judgment of the embedded risk-adjusted return. Sector concentration is limited to approximately 25%.

PORTFOLIO MONITORING

The foundation of FTCM's strategy is to invest in what they deem to be high-quality, publicly-announced merger transactions that represent the greatest annualized return potential relative to various risk factors. From there, the investment team performs ongoing research to seek investment opportunities and actively manage risk in the portfolio. This ongoing risk management has potential to create attractive risk-reward scenarios and minimize downside risk in deal break scenarios.

FIRST TRUST CAPITAL MANAGEMENT L.P.

FTCM is an SEC registered investment adviser that specializes in structuring and managing alternative investment, multi-manager, and multi-strategy mutual funds. FTCM prides itself on its ability to combine rigorous research and risk management processes with disciplined portfolio construction and management.

PORTFOLIO MANAGEMENT TEAM

Michael Peck, CFA, President and Co-Chief Investment Officer

Brian Murphy, Co-Chief Investment Officer and Portfolio Manager

Michael Grayson, Portfolio Manager

[1]On or about November 1, 2021, Vivaldi Asset Management, LLC ("VAM" or the "Sub-Advisor") converted to a Delaware limited partnership and changed its name to First Trust Capital Management L.P. ("FTCM"). In order to avoid any interruption of investment sub-advisory services for the Fund, the Board of Trustees of the Trust approved an interim investment sub-advisory agreement with FTCM for the Fund which will remain in effect for a maximum period of 150 days from its effective date. First Trust Capital Partners, LLC, an affiliate of First Trust Advisors L.P., owns, indirectly, a 50% interest in First Trust Capital Solutions, L.P., the parent of FTCM.

Risks Considerations

You should consider a 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 a 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 SAI 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.

A fund may be subject to the risk that a counterparty will not fulfill its obligations which may result in significant financial loss to a fund.

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.

Leverage may result in losses that exceed the amount originally invested and may accelerate the rates of losses. Leverage tends to magnify, sometimes significantly, the effect of any increase or decrease in a fund's exposure to an asset or class of assets and may cause the value of a fund's shares to be volatile and sensitive to market swings.

Certain fund investments may be subject to restrictions on resale, trade over-the-counter or in limited volume, or lack an active trading market. Illiquid securities may trade at a discount and may be subject to wide fluctuations in market value.

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, or other events could have significant negative impact on a fund. In February 2022, Russia invaded Ukraine which has caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, and the United States. The hostilities and sanctions resulting from those hostilities could have a significant impact on certain fund investments as well as fund performance. The COVID-19 global pandemic has caused and may continue to cause significant volatility and declines in global financial markets. While the U.S. has resumed "reasonably" normal business activity, many countries continue to impose lockdown measures. Additionally, there is no guarantee that vaccines will be effective against emerging variants of the disease.

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.

Investments in companies that are the subject of a publicly announced transaction carry the risk the transaction is renegotiated, takes longer to complete than originally planned and that the transaction is never completed. Any such event could cause a fund to incur a loss. The risk/reward payout of merger arbitrage strategies typically is asymmetric, with the losses in failed transactions often far exceeding the gains in successful transactions.

A fund that holds cash or invests in money market or short-term securities may be less likely to achieve its investment objective and could lose money.

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.

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.

Short selling creates special risks which could result in increased gains or losses and volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

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.

Special purpose acquisition companies ("SPACs"), have no operating history or ongoing business other than seeking acquisitions. The value of a SPAC's securities is particularly dependent on the ability of its management to identify and complete a profitable acquisition. There is no guarantee that the SPACs in which a fund may invest will complete an acquisition or that any acquisitions completed by the SPACs will be profitable.

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. 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.