

MISL

First Trust Indxx Aerospace & Defense ETF

The **First Trust Indxx Aerospace & Defense ETF** (the “fund”) 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 Indxx US Aerospace & Defense Index (the “index”).

THE NEXT GENERATION OF PROTECTION

While aerospace is largely comprised of companies involved in the production, sale, and service of commercial aircraft, defense is dependent on a nation’s need for military weapons and systems designed to operate on land, sea, and in the air. These technologies directly impact the efficiency and effectiveness of military operations, which in turn affect economic security and national defense, particularly as nations continue to respond to heightened geopolitical tensions. **MISL** seeks to provide exposure to companies engaged in business activities associated with the following aerospace and defense sub-themes:

ADVANCED AEROSPACE AND DEFENSE*



Hypersonic | Companies involved in developing Hypersonic warfare weapons technology for defense related applications.



Directed Energy | Companies involved in developing weapons like high power microwaves, laser technology products, and electromagnetic weapons for defense related applications.



Space Technologies | Companies involved in developing rockets, satellites, and launch vehicles.



Unmanned Aerial Vehicle/Advanced Air Mobility | Companies that develop military aircrafts guided by remote control or programmed autonomously and companies involved in developing an air transportation system that moves cargo and people for defense related applications.



Autonomous, Cybersecurity and C5ISR Systems | Companies involved in providing autonomous, cybersecurity, and C5ISR solutions for improving national security, enhancing public safety and designing better combat results.

TRADITIONAL AEROSPACE AND DEFENSE



Includes companies that manufacture construction materials, electronics, and telecommunications equipment used in the manufacture of aircraft for both defense and commercial aviation.

FUND DETAILS

Fund Ticker	MISL
Investment Advisor	First Trust Advisors L.P.
CUSIP	33733E831
Intraday NAV	MISLIV
Fund Inception Date	10/25/22
Primary Listing	NYSE Arca
Rebalance Frequency	Quarterly

AEROSPACE & DEFENSE INDUSTRY SOARING TO NEW HEIGHTS

- NASA has proposed \$26 billion for space technology in 2023 to provide funding for more space travel.¹
- The market valuation for cybersecurity is projected to cross \$400 billion by 2027.²
- Defense spending is predicted to reach up to \$998 billion in 2032.³
- By 2024, naval platforms are estimated to make up 42.7% of the \$128 billion C5ISR market size.⁴

¹NASA, 2022

²Global Market Insights Inc., June 2021.

³Statista, June 2022

⁴Statista, August 2022

There is no guarantee that past trends will continue or projections will be realized.

*These sub-themes also include the commercial (non-government/defense) application of such activities.

INDEX CONSTRUCTION PROCESS ACCORDING TO THE INDEX PROVIDER

Universe | Begin with a universe of U.S. companies engaged in business activities associated with certain aerospace and defense sub-themes, as identified by the index provider.

Eligibility Criteria | To be eligible for inclusion in the index, companies must derive at least 50% of revenues from business activities in one or more of the following sub-themes:

- Advanced Aerospace and Defense
- Traditional Aerospace and Defense

Security Selection & Weighting | A total of 50 companies are selected and assigned weights based on market capitalization. A single security cap of 8% is applied to securities and the extra weight is redistributed amongst the uncapped securities. The aggregate weight of securities with weights $\geq 5\%$ must not exceed 45%.

Rebalancing | 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 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.

The companies involved in the aerospace and defense industries are subject to fierce competition, consolidation, adverse political and government developments, substantial research and development costs, limited numbers of potential customers and excess capacity and spending trends. Their products and services may be subject to rapid obsolescence. 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.

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.

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.

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.

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.

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.

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.

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.

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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Free float refers to the number of outstanding shares that are available to the public for trade.

Hypersonic: Of or relating to speed of five or more times the speed of sound.

CSISR: Command, control, computers, communications, cyber, intelligence, surveillance, and reconnaissance.