

First Trust

SDVY

First Trust SMID Cap Rising Dividend Achievers ETF

The **First Trust SMID Cap Rising Dividend Achievers ETF** (the “fund”) is an exchange-traded fund (ETF) that seeks investment results that correspond generally to the price and yield, before fees and expenses, of the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index.

A Strategy for Rising Dividends from Small and Mid Capitalization Companies

High quality dividends are often associated with larger, well-established companies, yet smaller companies with strong balance sheets and financial flexibility may also provide a good source of income as well as capital appreciation and dividend growth potential. Many rising dividend strategies screen strictly for historical dividend growth. However, a history of dividend growth does not guarantee that a company will sustain them. We believe a more sensible approach includes both historical and forward looking factors to screen for high quality dividend-growers.

Dividend Growth | A company's ability to reliably increase its dividend can be an indication of its financial strength and discipline.

Positive and Growing Earnings Per Share (EPS) | EPS is very important to dividend growth because without growth in EPS, there cannot be sustainable growth in the dividend.

Cash to Debt Ratio | Cash to debt ratio compares a company's cash and short term investments to its debt to provide an indication of the company's ability to cover debt with cash on its balance sheet. The higher the percentage ratio, the better the company's ability to carry its debt.

Payout Ratio | Dividend payout ratio is calculated as annual dividend per share divided by earnings per share and provides an idea of how well a company's earnings support its dividend payments.

Strong Dividend Growth Potential

We believe small and mid cap companies are well positioned for continued dividend growth. As of 3/31/2025, the free cash flow yield for the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index was 3.05%, higher than its dividend yield of 1.80%.² This implies that index constituents generally may have room to increase dividends without necessarily reducing current investments in future growth opportunities or drawing cash from their balance sheets. As shown in the table to the right, the companies that were included in the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index as of 3/31/2025 have shown strong dividend growth rates, on average, over the past 3 and 5 year periods.

Annualized Average Dividend Growth of the Companies Included in the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index

3-Years	17.44%
5-Years	12.01%

Sources: Capital IQ, Bloomberg Finance L.P. All data as of 3/31/25. Data is for illustrative purposes only and is not indicative of any actual investment. Dividend yield and growth are based on trailing 12 month dividend, not including special cash. Dividend growth is annualized. Dividend growth among the companies included in the fund may not necessarily correlate with the overall performance of the fund. There is no guarantee that companies will declare dividends in the future or that, if declared, they will either remain at current levels or increase over time. **Past performance is no guarantee of future results.**

Overall Morningstar Rating™



As of 3/31/2025, among 475 funds in the Small Value category. This fund was rated 5 stars/475 funds (3 years), 4 stars/449 funds (5 years) based on risk adjusted returns.⁴

Fund Details

Fund Ticker	SDVY
CUSIP	33741X102
Fund Inception Date	11/1/17
Investment Advisor	First Trust Advisors L.P.
Primary Listing	Nasdaq
Rebalance Frequency	Quarterly
Total Expense Ratio ¹	0.59%
30-Day SEC Yield	1.75%

Portfolio

Characteristics	SDVY	S&P 1000® Index
Price/Earnings	13.22	17.56
Price/Book	2.07	2.07
Price/Cash Flow	10.30	10.93
Price/Sales	1.20	1.18

All data as of 3/31/25.

¹The Investment Advisor has implemented fee breakpoints, which reduce the fund's investment management fee at certain assets levels. Please see the fund's Statement of Additional Information for full details.

²Free cash flow represents the cash generated by a company, net of its investments to maintain or grow its business. Financials are excluded from free cash flow yield. Free cash flow yield is based on weighted harmonic average and is only for positive free cash flow yields.

Performance data quoted represents past performance. Past performance is not a guarantee of future results and current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares when sold or redeemed, may be worth more or less than their original cost. You can obtain performance information which is current through the most recent month-end by visiting www.ftportfolios.com.

Please see pages 3 and 4 for important risk considerations and definitions.

INDEX CONSTRUCTION PROCESS

The Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index (the “index”) is a modified equal-weighted index comprised of a selection of small and mid-cap companies that have a history of raising their dividends and that exhibit the characteristics to potentially continue doing so in the future. The index construction process considers a company’s earnings growth, levels of cash compared to debt and the amount of earnings that are paid out as dividends. The index is comprised of four sub-portfolios and each sub-portfolio is reconstituted and rebalanced on a staggered schedule so that one sub-portfolio is rebalanced and reconstituted each quarter and equally weighted.

Starting Universe at Reconstitution | The selection process for each sub-portfolio begins with the stocks in the Nasdaq US Mid Cap™ Index and the Nasdaq US Small Cap™ Index and eliminates those companies classified as a Mortgage Real Estate Investment Trust or Real Estate Investment Trust (REIT) by the Industry Classification Benchmark. Companies must meet the size and liquidity requirements to be eligible and certain companies over 1.2% at the index level will be ineligible for inclusion.

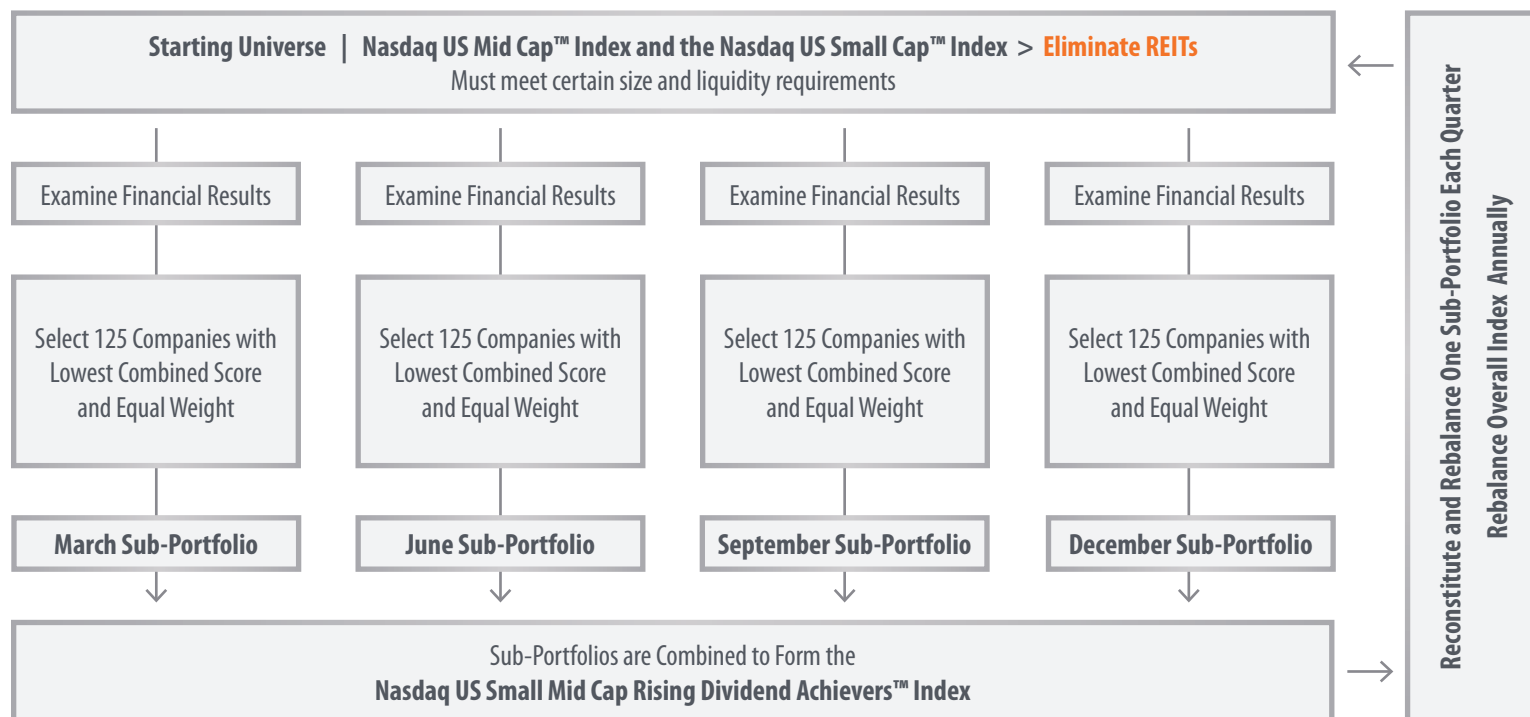
Examine Historical Financial Results | According to the index provider, every security must meet stringent eligibility criteria. The following factors are screened:

- **Dividend Growth:** Every company must have paid a dividend in the trailing twelve-month (TTM) period greater than the dividend paid in the TTM period three and five years prior.
- **Positive and Growing Earnings Per Share:** Every company must have positive EPS in the TTM period greater than the earnings per share in the TTM period three years prior.
- **Cash to Debt Ratio:** Every company must have a cash to debt ratio greater than 25%.
- **Payout Ratio:** Every company must have a TTM payout ratio no greater than 65%.

Select Companies with the Lowest Combined Score | Eligible securities are ranked by five-year dollar dividend increase in descending order, current dividend yield in descending order and payout ratio in ascending order. Up to 125 securities with the lowest (most favorable) combined ranks are selected for inclusion in the sub-portfolio. There is a limit of 37 securities from any one industry, and a limit of 93 securities from either the Nasdaq US Mid Cap™ Index and the Nasdaq US Small Cap™ Index.

Quarterly Sub-Portfolio Reconstitution and Rebalance | One sub-portfolio is reconstituted and rebalanced in March, June, September and December. The reconstituted sub-portfolio is then combined with the sub-portfolios not undergoing a reconstitution to form the index.

Annual Index Rebalance | The index is rebalanced annually so that each of the four sub-portfolios is equally weighted among each other, each representing 25% of the total index weight.



FIRST TRUST SMID CAP RISING DIVIDEND ACHIEVERS ETF

Performance Summary (%) as of 3/31/25

Fund Performance*	3 Month	YTD	1 Year	3 Year	5 Year	Since Fund Inception
Net Asset Value (NAV)	-6.12	-6.12	-2.10	8.64	20.79	9.15
Market Price	-6.12	-6.12	-2.07	8.65	20.82	9.16
Index Performance**						
Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index	-5.99	-5.99	-1.48	9.35	21.59	9.85
Russell 3000® Index	-4.72	-4.72	7.22	8.22	18.18	12.25
S&P 1000® Index	-7.00	-7.00	-2.92	3.29	16.36	7.67

Performance data quoted represents past performance. Past performance is not a guarantee of future results and current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares when sold or redeemed, may be worth more or less than their original cost. You can obtain performance information which is current through the most recent month-end by visiting www.ftportfolios.com.

*NAV returns are based on the fund's net asset value which represents the fund's net assets (assets less liabilities) divided by the fund's outstanding shares. Market Price returns are determined by using the midpoint of the national best bid offer price ("NBBO") as of the time that the fund's NAV is calculated. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative.

**Performance information for each listed index is for illustrative purposes only and does not represent actual fund performance. 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.

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.

Companies that issue dividend-paying securities are not required to continue to pay dividends on such securities. Therefore, there is a possibility that such companies could reduce or eliminate the payment of dividends in the future.

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.

Financial services companies are subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentration in geographic markets, industries or products, and competition from new entrants in their fields of business.

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.

As inflation increases, the present value of a fund's assets and distributions may decline.

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.

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 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.

Continued on the following page.

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.

^The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. ©2025 Morningstar, Inc. All Rights Reserved. The Morningstar Rating™ information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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Definitions

30-day SEC yield is calculated by dividing the net investment income per share earned during the most recent 30-day period by the maximum offering price per share on the last day of the period and includes the effects of fee waivers and expense reimbursements.

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

The **S&P 1000® Index** combines the S&P MidCap 400 Index and the S&P SmallCap 600 Index to form an investable benchmark for the mid- to small-cap segment of the U.S. equity market.