

First Trust

DGLO

First Trust RBA Deglobalization ETF

The **First Trust RBA Deglobalization 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 index called the Richard Bernstein Advisors U.S. Deglobalization Index (the “index”). The Index is owned and was developed by Richard Bernstein Advisors LLC (“RBA” or the “index provider”).

The Domestic Advantage in a Changing World

Deglobalization is reshaping the global economy as countries emphasize local production and reduce their reliance on international supply chains. It is characterized by decreasing interconnectedness and interdependence between countries, particularly in terms of economic and trade relations. This trend is marked by a decline in international trade and investment. **DGLO** invests in U.S. companies that RBA believes are inflation beneficiaries and may benefit from accelerating deglobalization and its implications. This includes companies in the energy, materials, and industrials sectors, as well as those involved in aerospace and defense, transportation and cybersecurity.

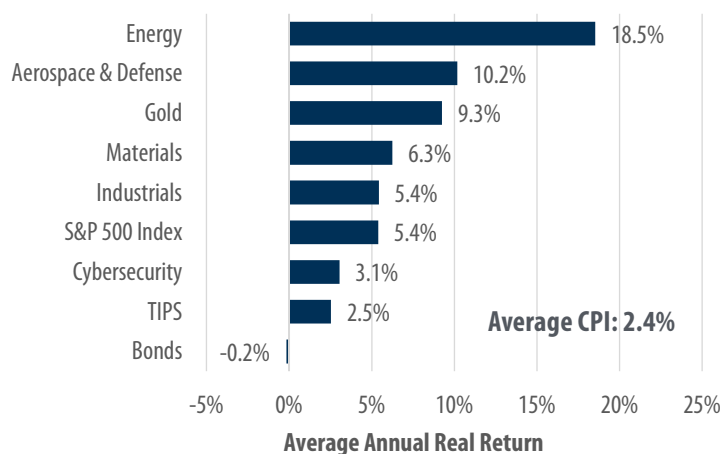
Why Consider DGLO?

Exposure to Critical Industry Development | As trade and political tensions have increased, national security has grown in importance, boosting demand for both physical and cyber defense. This has driven higher military budgets and defense projects, while technological advances have enhanced capabilities. In 2024, global military spending hit a record \$2.7 trillion.¹

Exposure to Energy, Materials, and Industrials Sectors | As of mid-2025, energy stocks have generated record cash flows and paid nearly triple the dividends of 15 years ago. The materials and energy sectors have historically high correlation with rising inflation and may offer growth opportunities if inflation continues to climb.

Focus on Inflation Beneficiaries | Deglobalization has the potential to drive persistent inflation by disrupting labor, goods, and commodity flows and shifting production to less-efficient economies. RBA believes companies strategically positioned as inflation beneficiaries or inflation-resilient have the potential to outperform in such conditions. These include companies that own real assets (which tend to rise in value with inflation), those with strong purchasing power, companies involved in commodities (directly tied to inflation), or companies with strong operating leverage (where revenues outpace costs in inflationary environments).

Average Real Returns During Years When Inflation ≥ Median



Past performance is no guarantee of future results. Source: S&P, Nasdaq, BLS, Bloomberg. Data from 12/31/1999 to 12/31/2024. Index data shown is for illustrative purposes only and not indicative of any actual investment. 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 investors cannot invest directly in an index. Returns are average annual total real returns (adjusted for inflation) during years when inflation was higher than 2.7% at year-end. See page 3 for index definitions.

The asset classes shown here offer different characteristics in terms of income, tax treatment, capital appreciation and risk. Common stocks are subject to risks, such as 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. In addition to the risks of investing in common stocks which includes the possible loss of principal, investing in individual sectors is subject to non-diversification risk, which generally will result in greater price fluctuations than the overall market. Fixed-income securities (bonds) are subject to several risks, including income risk, interest rate risk and credit risk. Interest rate risk is the risk that if interest rates rise, the prices of the fixed-rate instruments may fall. Credit risk is the risk that an issuer of a security will 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 about the issuer’s ability to make such payments. Income risk is the risk that income could decline during periods of falling interest rates. An investment in commodities involves specific risks including but not limited to: global supply and demand, depletion of natural resources, excess capacity, production costs, economic recession, domestic and international politics, currency exchange rates, government regulations, volatile interest rates, consumer spending trends and overall capital spending levels.

¹Source: Stockholm International Peace Research Institute, April 2025.

Fund Details

Fund Ticker	DGLO
Investment Advisor	First Trust Advisors L.P.
CUSIP	33738R563
Fund Inception Date	8/6/2025
Primary Listing	Nasdaq
Rebalance Frequency	Quarterly

The Deglobalization Landscape: Trends and Implications

Deglobalization is characterized by a shift away from global integration and towards national or regional self-sufficiency. It is changing the way countries interact and do business and the following potential implications of this trend may affect economic growth, inflation, and labor markets:

Prioritization of Domestic Production

Countries are focusing on producing goods at home, which can create new opportunities for local businesses and jobs.

Tightening of Immigration

Stricter immigration policies can affect the labor market and economy.

Imposition of Tariffs on Foreign Goods

Governments are using tariffs to protect domestic industries, making imported goods more expensive for consumers.

Potential Warfare

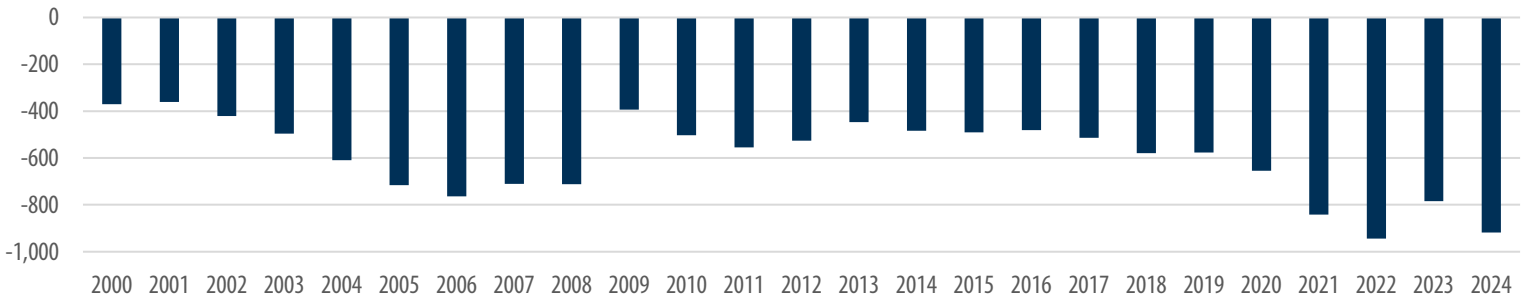
Increased tensions between countries can lead to conflict, impacting global markets and investments.

U.S. Trade Deficit and Domestic Production

The United States has maintained a persistent trade deficit for more than twenty years. However, U.S. tariff and their national policies continue to emphasize domestic production, manufacturing, and other industrial development. Investments in reshoring megaprojects grew significantly, from \$600 billion to \$1.7 trillion between the first quarter of 2023 and the fourth quarter of 2024.²

U.S. Trade Balance in Billions of Dollars (2000-2024)

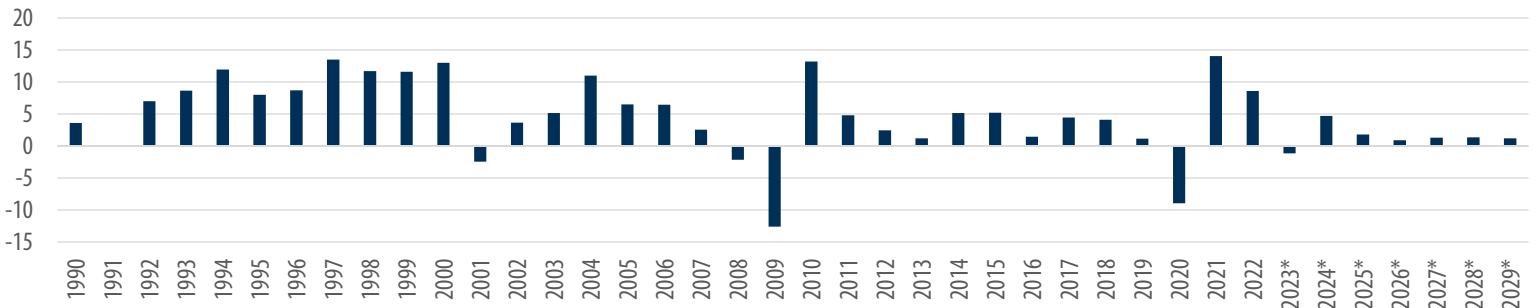
As of 2024, the United States had a trade deficit of about \$918 billion. The U.S. trade deficit has fluctuated over the years, increasing since 2009 and peaking in 2022, before decreasing in 2023.



Source: BEA, March 2025.

U.S. Growth Rate of Imports (1990-2029)

A trade deficit occurs when a country imports more goods and services than it exports. With the focus on deglobalization, U.S. imports are projected to decrease on a year-to-year scale over the next five years (as shown in the chart below).



Source: IMF, October 2024. *Projected.

²Source: Eaton, Q4 2024 Quarterly Report.

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

Index Construction Process

Universe | Begin with a universe of all the equity securities in the Russell 3000® Index.

Eligibility Criteria | From this list of eligible securities, a security must also meet minimum market capitalization, share price and liquidity requirements. A security must also be either involved Global Industry Classification Standard (GICS) energy, materials, or industrials sector and/or involved in cybersecurity and included in the NYSE FactSet Global Cyber Security Index. Industries that could be disadvantaged from deglobalization (such as Air Freight) or that have no relationship to deglobalization (such as Passenger Ground Transportation or Printing) are omitted from consideration.

Scoring | According to the index provider, the remaining eligible securities are then assigned a proprietary “Deglobalization Score” that positively scores companies based on the following inputs:

- At least 75% of revenue coming from the U.S.;
- Positive 12-month forward earnings estimate;
- Net Debt to EBITDA less than the company's sub-industry average; and
- Exposure to the aerospace & defense industry.

Security Selection & Weighting | Securities are then selected and weighted using a proprietary optimization process that is designed to minimize stock-specific risk and maximize the Deglobalization Score. When a stock within the optimization process hits the 4% maximum weight constraint, the process begins to assign additional weight to other securities in an order that maintains the optimization approach.

Rebalancing | The index is reconstituted and rebalanced quarterly.

Definitions

The **S&P 500® Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance.

Energy, Materials, and Industrials are represented by the S&P 500® sector indexes as classified by Global Industry Classification Standard (GICS). **Aerospace & Defense** is a sub-set of the industrials sector index.

Global Industry Classification Standard (“GICS”) is a four-tiered, hierarchical industry classification system that consists of 11 sectors, 25 industry groups, 74 industries and 163 sub-industries. The GICS methodology is widely accepted as an industry analytical framework for investment research, portfolio management and asset allocation.

Cybersecurity is represented by the **NYSE FactSet Global Cyber Security Index**, which is designed to track the performance of globally listed hardware, software and services companies engaged in protecting enterprise or personal networks, applications and data from unauthorized attacks and damages. Approximately 30% of the index consists of international companies.

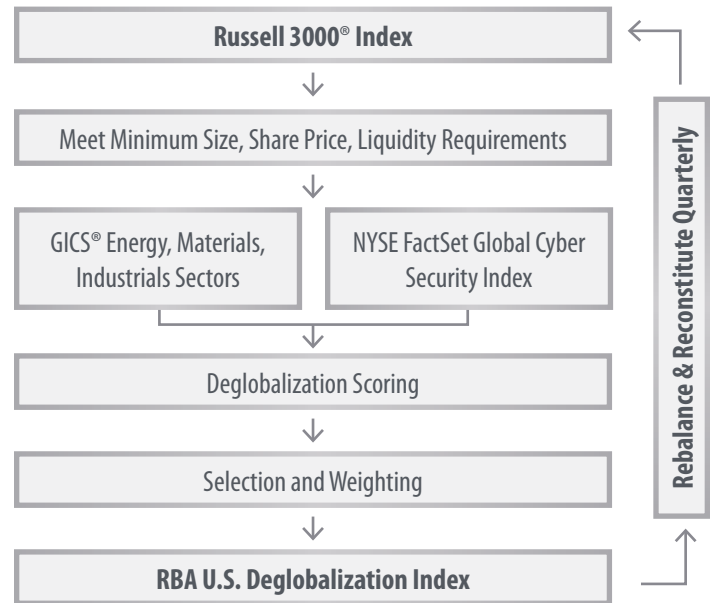
The **Russell 3000® Index** is comprised of the 3000 largest and most liquid stocks based and traded in the U.S.

Net Debt to EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) Ratio compares a company’s debt to its earnings and can indicate its ability to pay back its debt.

Bonds are represented by the **Bloomberg U.S. Aggregate Bond Index**, which measures the performance of the U.S. investment grade fixed rate taxable bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Treasury Inflation Protected Securities are represented by the **Bloomberg US Treasury Inflation Notes TR Index Value Unhedged USD**, which measures the performance of the US Treasury Inflation Protected Securities (TIPS) market.

Gold is represented by the spot (current market) price of gold which is typically measured in troy ounces and quoted in U.S. dollars.



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.

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.

Information technology companies and cyber security companies are generally subject to the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. Cyber security companies may also be smaller and less experienced companies, with limited product lines, markets, qualified personnel or financial resources.

Energy companies are subject to certain risks, including volatile fluctuations in price and supply of energy fuels, international politics, terrorist attacks, reduced demand, the success of exploration projects, natural disasters, clean-up and litigation costs relating to oil spills and environmental damage, and tax and other regulatory policies of various governments. Oil production and refining companies are subject to extensive federal, state and local environmental laws and regulations regarding air emissions and the disposal of hazardous materials and may be subject to tariffs. In addition, oil prices are generally subject to extreme volatility.

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.

Materials and processing companies are subject to certain risks, including the general state of the economy, consolidation, domestic and international politics and excess capacity. Materials companies may also be significantly affected by volatility of commodity prices, import controls, worldwide competition, liability for environmental damage, depletion of resources and mandated expenditures for safety and pollution control devices.

Large inflows and outflows may impact a new fund's market exposure for limited periods of time.

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.

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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