

First Trust

# FMTL

## First Trust Indxx Critical Metals ETF

The **First Trust Indxx Critical Metals 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 Indxx Global Critical Metals Index (the “index”).

### A Foundation for Future Tech

**FMTL** provides exposure to companies that generate revenue in the U.S. and North America from mining “critical metals”, which are materials identified by the index provider as having a high risk of supply chain disruption. These companies may be well-positioned to support the potential growth of the clean energy and technology sectors.

The index categorizes critical metals into three key sub-themes based on their applications:

**Sustainable Energy Materials** | Supporting the production of solar and wind power plants.

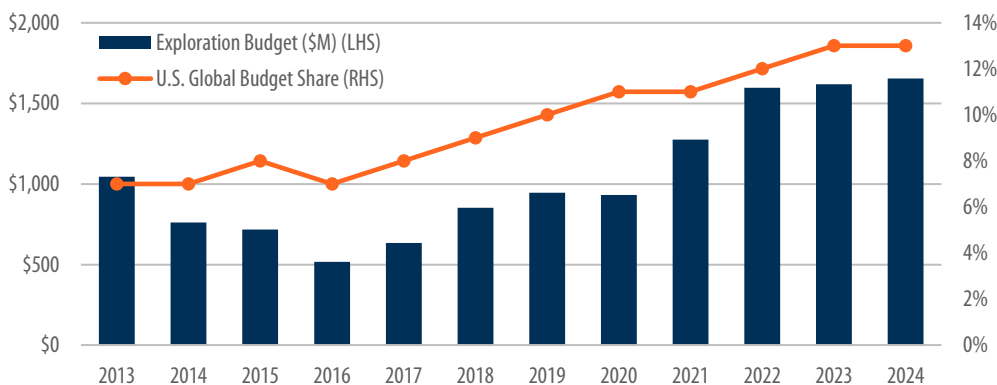
**NextGen Mobility Metals** | Enabling the production of batteries for electric vehicles.

**Other High Technology Metals** | Powering rapidly growing advanced technology industries which are not covered by the other two sub-themes, such as smart phones, digital cameras, computer hard disks, fluorescent and light-emitting diode (LED) lights, flat screen televisions, computer monitors and electronic displays.

### A Surge in Critical Minerals Investment

The U.S. Department of Energy (DOE) recently announced it will spend nearly \$1 billion to advance and scale mining, processing, and manufacturing technologies across key stages of the critical minerals and materials supply chains.<sup>1</sup> This significant investment underscores the importance of developing domestic capabilities in the mining and processing of critical resources, which are often found in limited quantities and concentrated in regions outside the United States. This strategic shift is reflected in the notable increase in U.S. mining expenditures. From 2013 to 2024, the total U.S. exploration budget for critical metal mining nearly doubled from 7% to 13% of the global share, as illustrated in the chart below.

#### U.S. Exploration Budget for Critical Metals Mining



Source: S&P Global Market Intelligence, April 2025. Data from 2013 - 2024.

### Fund Details

Fund Ticker	FMTL
CUSIP	33734X713
Fund Inception Date	11/4/25
Investment Advisor	First Trust Advisors L.P.
Primary Listing	NYSE Arca
Rebalance Frequency	Semi-Annual

### Consider This:

- The U.S. sources over 80% of its critical minerals from abroad, importing more than half of its annual consumption of 28 critical minerals and relying entirely on imports for 12 of them.<sup>2</sup>
- In the last five years, the critical minerals market doubled in size, to \$320 billion, and is forecast to double again before the end of the decade.<sup>3</sup>
- The World Bank Group projects the need for a 500% increase in graphite, cobalt, and lithium production by 2050.<sup>4</sup>

<sup>1</sup>Source: U.S. Department of Energy, August 2025.

<sup>2</sup>Sources: U.S. Department of Energy, February 2024 and United States Geological Survey, January 2025.

<sup>3</sup>Source: International Energy Agency, July 2023.

<sup>4</sup>Source: World Bank Group, May 2020.

# Elements of Innovation

The DOE describes critical metals as crucial for American energy leadership, national security, and industrial strength. The companies that comprise the index are engaged in the mining and provision of the following metals and materials:

## Sustainable Energy Materials

In 2024, the U.S. generated a record 756,621 gigawatt-hours (GWh) of electricity from solar and wind. That is enough to power over 70 million average American households.<sup>5</sup>



## NextGen Mobility Metals

From 2018 to 2024, electric vehicle battery demand increased from 107 to 955 GWh per year, an increase of 792.5%.<sup>6</sup>



## Other High Technology Metals

Modern smart devices require a wide variety of metals. A typical smartphone, for instance, contains up to 80% of the stable elements on the periodic table.<sup>7</sup>



<sup>5</sup>Source: Climate Central, March 2025.

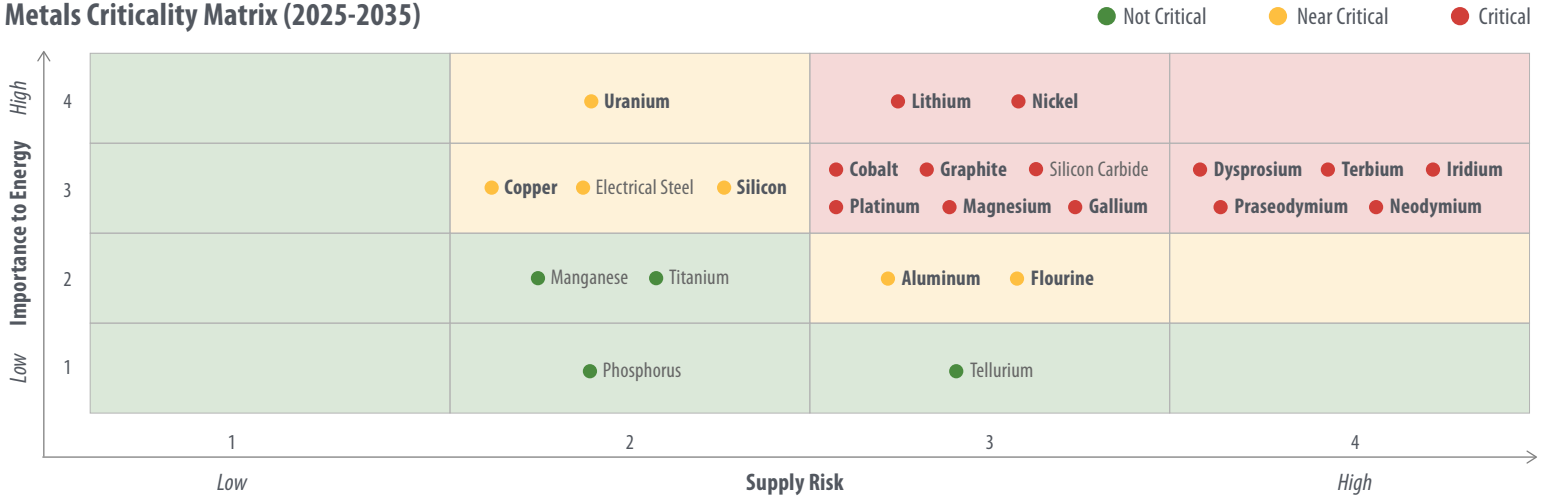
<sup>6</sup>Source: International Energy Agency, April 2025.

<sup>7</sup>Source: World Economic Forum, August 2021.

## Essential Metals for a Cleaner Future

The global push to lower carbon emissions is fueling a surge in demand for specialized materials essential to clean energy technologies. It is expected that the demand for these materials will continue to grow, as some nations aim to achieve net-zero emissions by 2050. The DOE has identified 13 metals as critical over the medium term due to their importance and supply chain vulnerabilities, as shown in the chart below. Therefore, any disruption in the supply of these materials could hinder the transition to a clean energy future.

### Metals Criticality Matrix (2025-2035)



Source: U.S. Department of Energy.

# Index Construction Process

**Universe** | Begin with a universe of securities including those listed in the United States, developed markets, or emerging markets (excluding Vietnam), provided the listing country is a member or partner of the Minerals Security Partnership.

**Eligibility** | To be eligible for inclusion in the index, a security's issuer must earn revenue from the United States or North America, be engaged in mining and provision of a Critical Metal, and have no mining or processing operations in China or Russia. A security must also meet the size, liquidity, price, security type and seasoning requirements of the index.

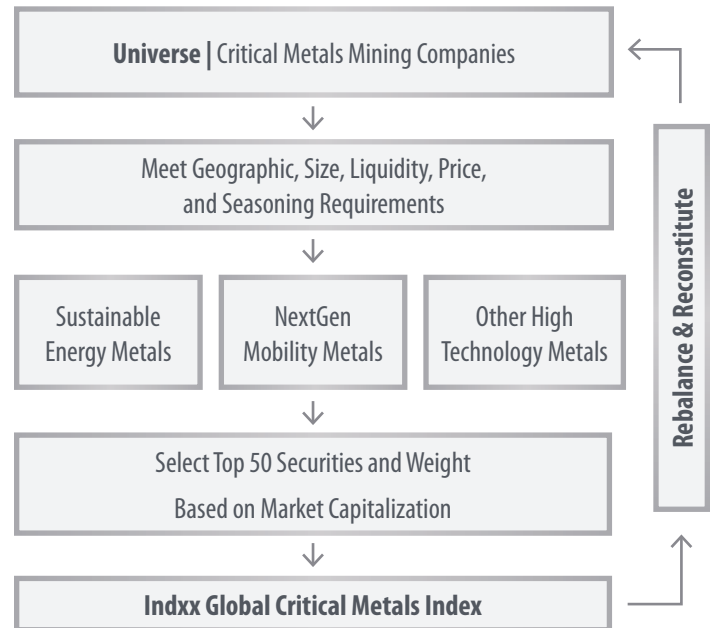
**Security Classification** | From the eligible securities, the Index Provider first selects those with positive revenue from North America in the last fiscal year. These securities are then classified into one of three sub-themes, as defined earlier:

- Sustainable Energy Metals
- NextGen Mobility Metals
- Other High Technology Metals

These sub-themes, including the metals identified within them, are subject to change based upon new research and developments at the time of every reconstitution.

**Security Selection & Weighting** | The top 50 securities are selected and weighted based on their security-level free float market capitalization. The index provider also imposes aggregate weighting thresholds and weighting caps on individual securities based on revenue criteria.

**Rebalancing** | The index is reconstituted and rebalanced semi-annually.



## Definitions

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

The **Minerals Security Partnership** is an initiative led by the U.S. Department of State that brings together partner nations to secure and diversify critical mineral supply chains.

*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](http://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.

Companies engaged in the mining of Critical Metals face a unique set of risks that can significantly impact their operations and financial performance. The profitability and valuations of Critical Metals mining companies are highly sensitive to the prices of the underlying Critical Metals they produce. Prices for these commodities can be volatile and are influenced by supply-demand dynamics, speculation, macroeconomic trends, changes in technology (such as battery chemistries), and actions by governments or large producers.

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.

Depository 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.

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.

Since securities that trade on non-U.S. exchanges are closed when a fund's primary listing is open, there are likely to be deviations between the current price of an underlying security and the last quoted price from the closed foreign market, resulting in premiums or discounts to a fund's NAV.

A fund that holds securities that traded on non-U.S. exchanges that are closed when the fund's primary exchange is open, will likely experience deviations between the current price of a security and the last quoted foreign price from the closed foreign market. This can result in wider premiums or discounts to a fund's net asset value. Additionally, investors may be unable to trade fund shares on days when events in foreign markets could materially affect a fund's value.

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.

Mid capitalization companies may experience greater price volatility than larger, more established companies.

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.

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.

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 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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