

First Trust

ESBG

First Trust Enhanced Stocks, Bonds & Gold ETF

The **First Trust Enhanced Stocks, Bonds & Gold ETF** (the “fund”) is an actively managed exchange-traded fund (ETF) that seeks to provide investors with long-term total return by investing primarily in a portfolio of U.S. Treasury securities, cash and cash equivalents, and exchange-traded futures contracts that provide exposure to the S&P 500® Index, intermediate U.S. Treasuries, and gold.

Stocks, Bonds, and Gold: An Alternative Route to Portfolio Diversification

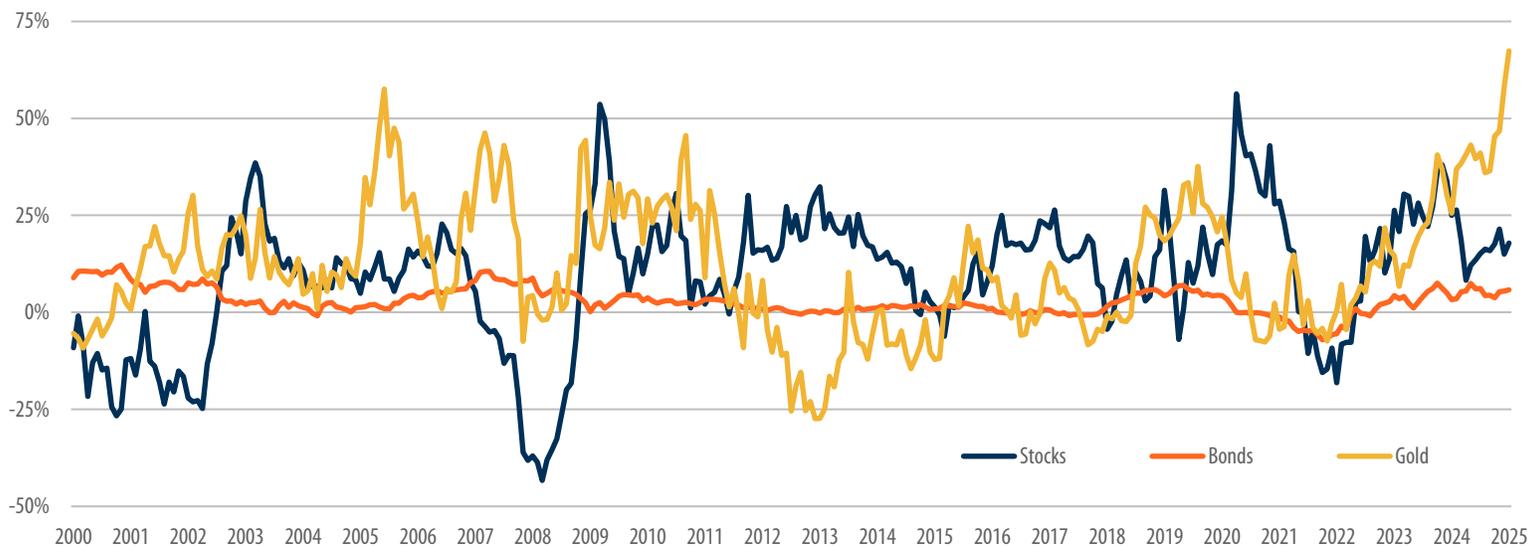
In a market environment shaped by shifting interest rates, persistent inflation, and evolving dynamics among traditional asset classes, investors may want to rethink their diversification strategies. By investing in futures contracts tied to the S&P 500® Index, intermediate U.S. Treasuries (bonds), and gold, **ESBG** provides exposure to three key areas of the market: equities for growth potential, bonds for potential stability, and gold for its historical role as a diversifier.

Markets are inherently unpredictable and the past two decades have shown how differently major asset classes can perform from year to year. As Chart 1 below illustrates, stocks and gold have experienced significant volatility and have often moved in opposite directions, while bonds have typically shown steadier, but more modest returns. By combining these asset classes in a single portfolio, **ESBG** seeks to navigate various market conditions while providing diversified asset class exposure and stability over time.

Fund Details

Fund Ticker	ESBG
CUSIP	33739H200
Fund Inception Date	11/18/25
Investment Advisor	First Trust Advisors L.P.
Primary Listing	NYSE Arca

Chart 1: Rolling 1-Year Returns of Stocks, Bonds, and Gold by Asset Classes



Source: S&P, Bloomberg, LBMA. Data from 12/29/2000-12/31/2025. **Past performance is no guarantee of future results.** For illustrative purposes only and not indicative of any investment. Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. **Stocks** represented by the S&P 500® Index. **Bonds** represented by the Bloomberg US Treasury Index. **Gold** represented by the LBMA Gold Price Index. Indexes are unmanaged and an investor cannot invest directly in an index. The asset classes shown here offer different characteristics in terms of income, tax treatment, capital appreciation and risk. U.S. 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. Investments in U.S. Treasuries subject the holder to the credit risk of the issuer and fluctuations due to higher interest rates, economic recession, deterioration of the bond market or investors' perception thereof, possible downgrades and defaults of interest and/or principal. In addition, debt securities generally do not trade on a securities exchange making them less liquid and more difficult to value. Gold carries unique risks, including price volatility driven by investor sentiment, currency movements, and geopolitical events. Unlike stocks, which are tied to company earnings, or bonds, which provide interest payments, gold's value is based solely on market demand, which can fluctuate significantly over time.

Diversification does not guarantee a profit or protect against a loss. Please see the next page for definitions.

A Third Pillar for Stability: The Case for Gold

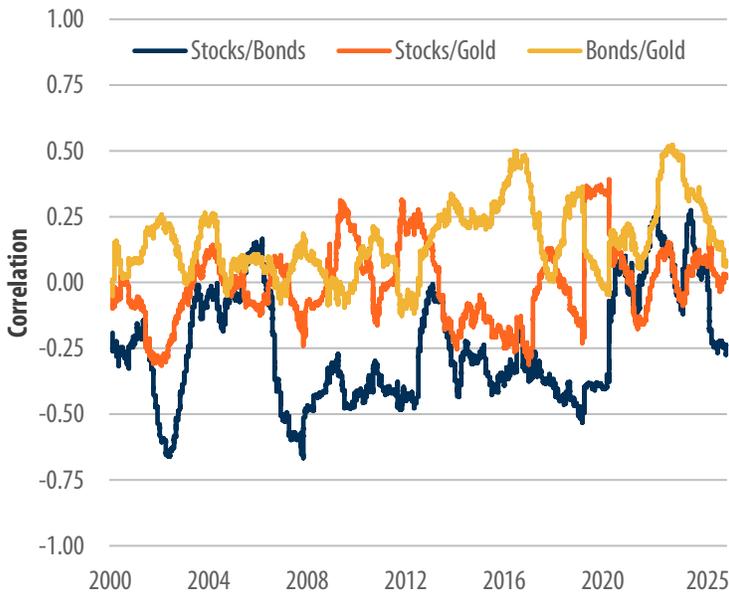
Beyond 60/40: Low Correlation Aids Diversification

Investors often relied on the traditional 60/40 portfolio (a 60% allocation to stocks and 40% allocation to bonds) as a foundation for diversification and balance. Historically, the value of stocks and bonds have often moved in opposite directions, helping to smooth portfolio performance over time. However, as Chart 2 illustrates, this relationship is far from stable—the stock/bond correlation has swung dramatically over the past two decades, from periods of strong negative correlation to positive correlation where both assets declined together.

When correlations rise, it can become more challenging to achieve true diversification since different parts of a portfolio may react similarly to changing market conditions. That's where gold may add value, as it maintains a notably tighter and more consistent correlation range with both stocks and bonds compared to the wide fluctuations in the stock/bond relationship. Gold can serve as a valuable complement to stocks and bonds and can potentially reduce the impact of market swings as it helps broaden a portfolio's sources of potential return, given its historically low correlation with both stocks and bonds.

Gold offers an additional layer of balance, as its performance is often influenced by factors such as currency movements, inflation expectations, and investor demand for stability. Including gold in a diversified mix can help smooth overall portfolio volatility and provide an alternative driver of returns during equity market drawdowns, as shown in Chart 3.

Chart 2: Rolling 1-Year Correlation of Stocks, Bonds, and Gold



Data from 12/29/2000-12/31/2025.

Chart 3: Total Return by Asset Class During Periods of Major Market Declines

	Stocks	Bonds	Gold
11/3/2015 - 2/11/2016	-12.71%	1.30%	10.50%
1/26/2018 - 2/8/2018	-10.10%	-0.11%	-2.79%
9/20/2018 - 12/24/2018	-19.36%	1.57%	4.12%
2/19/2020 - 3/23/2020	-33.79%	2.78%	-4.91%
1/3/2022 - 10/12/2022	-24.49%	-6.20%	-7.49%
2/19/2025 - 4/8/2025	-18.75%	1.81%	2.67%
Average Total Return	-19.87%	0.19%	0.35%

From 11/3/2015 to 12/31/2025, there were six periods where the S&P 500® Index level dropped more than 10%.

Sources for index data: S&P, Bloomberg, LBMA. **Past performance is no guarantee of future results.** **Stocks** represented by the S&P 500® Index. **Bonds** represented by the Bloomberg US Treasury Index. **Gold** represented by the LBMA Gold Price Index. Historical performance figures for the S&P 500® Index, the Bloomberg US Treasury Index, and the LBMA Gold Price Index are for illustrative purposes only. Cumulative total return for each period is shown. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. These returns were the result of certain market factors and events which may not be repeated in the future. The asset classes shown here offer different characteristics in terms of income, tax treatment, capital appreciation and risk. U.S. 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. Investments in U.S. Treasuries subject the holder to the credit risk of the issuer and fluctuations due to higher interest rates, economic recession, deterioration of the bond market or investors' perception thereof, possible downgrades and defaults of interest and/or principal. In addition, debt securities generally do not trade on a securities exchange making them less liquid and more difficult to value. Gold carries unique risks, including price volatility driven by investor sentiment, currency movements, and geopolitical events. Unlike stocks, which are tied to company earnings, or bonds, which provide interest payments, gold's value is based solely on market demand, which can fluctuate significantly over time.

Definitions

Correlation is a measure of the similarity of performance on a scale ranging between -1.0 and +1.0. A correlation of +1.0 indicates that the two investments have moved in perfect tandem with each other. Alternatively, perfect negative correlation of -1.0 indicates that the two securities have historically moved in opposite directions.

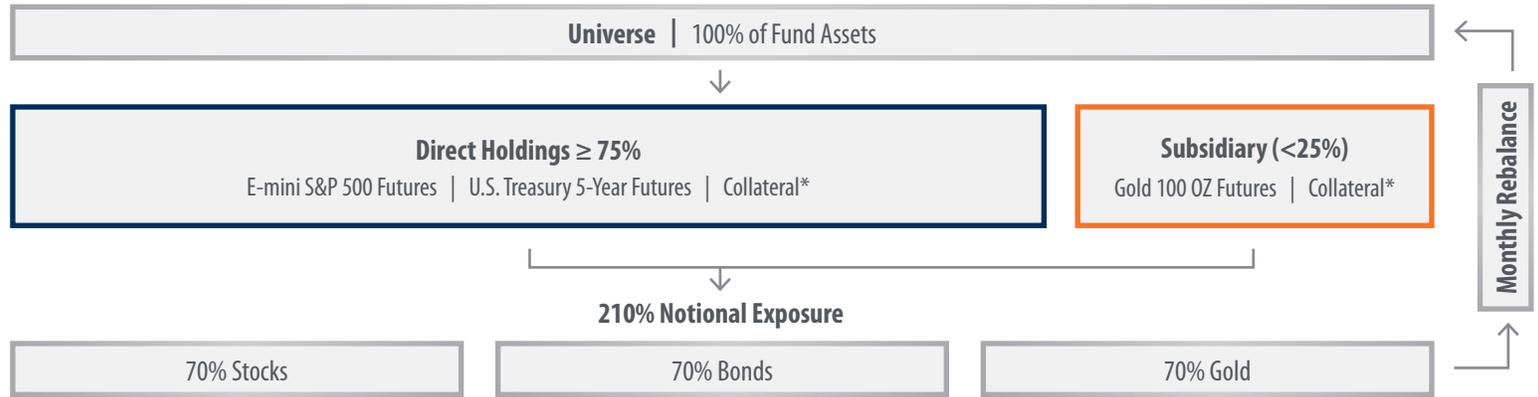
The **Bloomberg US Treasury Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

The **LBMA Gold Price Index** is the global benchmark price for unallocated gold delivered in London.

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

Investment Process and Philosophy

In general, ESBG seeks to provide a portfolio with a notional exposure of approximately 210%. This means the fund's futures positions collectively represent exposure to about twice the value of its assets, allowing it to efficiently allocate across stocks, bonds, and gold and potentially enhance overall return potential. On a monthly basis, such exposure is to be divided approximately equally across the S&P 500® Index, intermediate U.S. Treasuries, and Gold Futures (i.e., the notional exposure of each underlying asset is expected to be approximately 70%). ESBG does not invest directly in Gold Futures. The fund gains exposure to Gold Futures exclusively by investing in a Subsidiary that is advised by First Trust Advisors L.P. and invests primarily in Gold Futures.



*The fund may invest in securities with maturities of less than two years or cash equivalents, or it may hold cash, in order to collateralize its (or the Subsidiary's) investments or for temporary defensive purposes.

Four Tenets of the ESBG Investment Philosophy



Tax Structure

ESBG does not issue K-1s for tax purposes. Investors will receive a 1099 with distributions reported as ordinary income.



Periodic Rebalance

The portfolio managers aim to maintain a stable capital allocation to the three asset classes with a monthly rebalance periodicity.



Robust Diversification

The portfolio managers aim to provide exposure to stocks, bonds and gold. Historically, these asset classes have often had low correlation to each other, providing a strong diversification benefit.



Contract Selection

Liquid, transparent, and U.S. Exchange traded futures contracts will be utilized for asset class exposure in addition to direct Treasury security investments.

Potential Benefits of an Actively Managed ETF

ETFs have been a disruptive innovation in wealth management, reshaping the way investors allocate their money while also broadening their accessible investments. The ETF structure provides an efficient and simple way to gain exposure to stocks, bonds, and gold and provides many potential benefits:

- Intraday liquidity
- Transparency of holdings
- Low investment minimums
- Tax efficiency
- Diversification
- Potential to outperform indexes
- Professional portfolio selection and ongoing portfolio management
- Flexibility to strategically adjust portfolio holdings to take advantage of changing market conditions

First Trust Alternatives Investment Team

The First Trust Alternatives Investment Team started within First Trust Portfolios L.P. in 2011. The team, with extensive investment experience, has developed a full suite of alternative strategies. When utilized, alternative strategies can provide investors access to a different set of return/risk drivers through investment techniques and asset classes that are not traditionally available in long-only portfolios. Alternative strategies typically have a lower correlation to traditional asset classes. When paired with traditional asset classes in an overall portfolio, alternative strategies have the potential to add value in a number of ways including increased diversification, lower volatility, and reduced drawdowns.

ESBG Portfolio Managers

John Gambla, CFA, FRM, PRM

Senior Portfolio Manager

Rob A. Guttschow, CFA

Senior Portfolio Manager

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.

A fund that effects all or a portion of its creations and redemptions for cash rather than in-kind may be less tax-efficient.

The failure or bankruptcy of a fund's and the subsidiary's clearing broker could result in substantial loss of fund assets.

Investments linked to the prices of commodities may be considered speculative and subject a fund to greater volatility than investments in traditional securities.

To avoid exceeding position limits set by the Commodity Futures Trading Commission, a fund may have to liquidate commodity contract positions at disadvantageous times or prices which may result in substantial loss of fund assets.

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.

An issuer or other obligated party of a debt security may be unable or unwilling to make dividend, interest and/or principal payments when due and the value of a security may decline as a result.

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.

Investments in debt securities subject the holder to the credit risk of the issuer and the value of debt securities will generally change inversely with changes in interest rates. In addition, debt securities generally do not trade on a securities exchange making them less liquid and more difficult to value.

The use of derivatives instruments involves different and possibly greater risks than investing directly in securities including counterparty risk, valuation risk, volatility risk, and liquidity risk. Further, losses because of adverse movements in the price or value of the underlying asset, index or rate may be magnified by certain features of the derivatives.

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.

The frequent trading of commodity futures contracts may increase the amount of commissions or mark-ups that a fund pays when it buys and sells contracts which may detract from a fund's performance.

The risk of a position in a futures contract may be very large compared to the relatively low level of margin a fund is required to deposit and a relatively small price movement in a futures contract may result in immediate and substantial loss relative to the size of margin deposit.

A commodity price may change substantially between periods of trading due to adverse news announcements.

The performance of a fund with significant exposure to gold through the use of gold futures may be materially affected by changes in the price of gold. Gold prices are influenced by supply and demand factors, including mining output, production costs, jewelry and technology demand, and central bank activity. Interest rates, inflation expectations, and monetary policy can also impact gold prices. While gold is often viewed as a hedge against inflation or market stress, there is no guarantee it will perform as expected, and prices may decline during periods of economic growth or reduced investor demand. Regulatory or tax changes related to gold may further affect a fund's performance.

A fund's income may decline when interest rates fall or if there are defaults in its portfolio.

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.

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

Interest rate risk is the risk that the value of the debt securities in a fund's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter term debt securities and higher for longer-term debt securities.

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, 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.

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 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.

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.

Subsidiary investment risk applies to a fund that invests in certain securities through a wholly-owned subsidiary of the fund that is organized under the laws of the Cayman Islands ("Subsidiary"). Changes in the laws of the U.S. and/or Cayman Islands could result in the inability of a fund to operate as intended. The Subsidiary is not registered under the 1940 Act and is not subject to all the investor protections of the 1940 Act. Thus, a fund that is an investor in the Subsidiary will not have all the protections offered to investors in registered investment companies.

If, in any year, a fund which intends to qualify as a Registered Investment Company (RIC) under the applicable tax laws fails to do so, it would be taxed as an ordinary corporation. The federal income tax treatment of the securities in which a fund may invest, including a fund's option strategy, may not be clear or may be subject to recharacterization by the Internal Revenue Service. It could be more difficult to comply with the tax requirements applicable to RICs if the tax characterization of investments or the tax treatment of the income from such investments were successfully challenged by the Internal Revenue Service.

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.

Securities issued or guaranteed by federal agencies and U.S. government sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government.

A fund may hold securities or other assets that may be valued on the basis of factors other than market quotations. This may occur because the asset or security does not trade on a centralized exchange, or in times of market turmoil or reduced liquidity. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" assets or securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. There is no assurance that a fund could sell or close out a portfolio position for the value established for it at any time.

A fund may invest in securities that exhibit more volatility than the market as a whole.

"Whipsaw" markets in which significant price movements develop but then repeatedly reverse, may cause substantial losses for a fund.

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).

First Trust Advisors L.P. is registered as a commodity pool operator and commodity trading advisor and is also a member of the National Futures Association.

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