

This annual shareholder report contains important information about the First Trust Municipal High Income ETF (the “Fund”) for the year of August 1, 2023 to July 31, 2024 (the “Period”). You can find additional information about the Fund at www.ftportfolios.com/fund-documents/etf/FMHI. You can also request this information by contacting us at 1-800-621-1675 or info@ftportfolios.com.

WHAT WERE THE FUND COSTS FOR THE LAST YEAR?

(Based on a hypothetical \$10,000 investment)

Fund	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
First Trust Municipal High Income ETF	\$73	0.70%

HOW DID THE FUND PERFORM LAST YEAR? WHAT AFFECTED THE FUND’S PERFORMANCE?

The Fund returned 7.77% for the 12 months ended July 31, 2024. The Fund outperformed its blended benchmark, which consists of the following two indexes: 50% of the Bloomberg High Yield 10-Year Municipal Index (8-12 years), and 50% of the Bloomberg Revenue 10-Year Municipal Index (8-12 years). The blended benchmark returned 4.72% for the same Period.

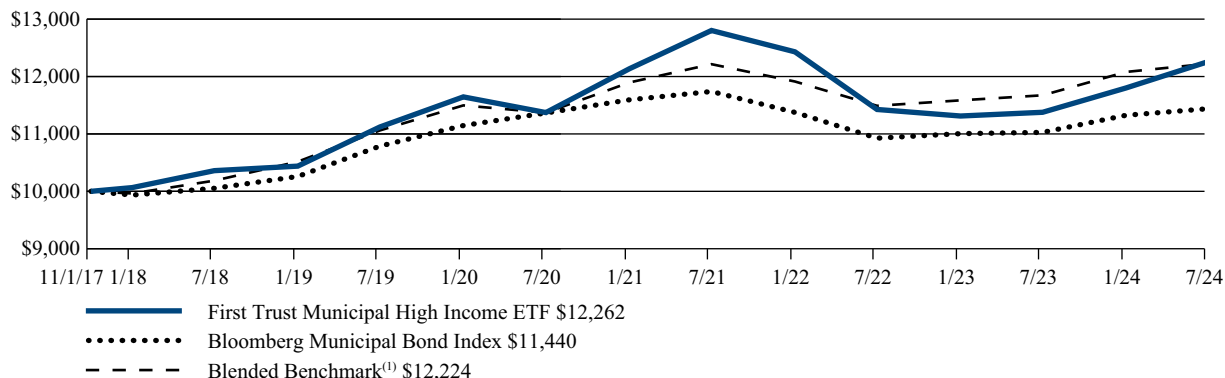
The following key Fund factors impacted Fund performance relative to the blended benchmark during the Period:

- **Credit Rating:** The Fund’s selection and allocation of non-rated, B, BB, BBB and AA rated bonds were the primary contributors to Fund outperformance relative to the blended benchmark. Conversely, the Fund’s underweight allocations to CCC and C rated bonds were the primary detractors to Fund performance.
- **Yield Curve Positioning/Duration:** Relative to the blended benchmark, the Fund’s allocation to bonds with a stated maturity of 18+ years, 12-18 years and 8-10 years were the dominant factors contributing to Fund outperformance relative to the blended benchmark. Conversely, the Fund’s selection of bonds in the 0-2 years maturity range was the primary detractor to Fund performance relative to the blended benchmark. Examining effective duration, the Fund’s selection of bonds with an effective duration of 7-10 years and 3-5 years were the leading contributors to Fund performance while the Fund’s selection of bonds with an effective duration of 0-1 years was a modest detractor to Fund performance.
- **Interest Rate Hedge:** During the year ended July 31, 2024, the use of Treasury futures to hedge interest rate risk was a modest detractor to Fund performance.
- **Sector/Industry:** The Fund’s selection and allocation of bonds in the special tax, health care and education sectors were the leading contributors to Fund outperformance. Contrarywise, the Fund’s allocation and selection of general obligation and cash holdings were modest detractors to Fund performance relative to the blended benchmark.
- **U.S. Treasury Rate Trends:** 10-Year and 30-Year U.S. Treasury yields increased by approximately 7 basis points (“bps”) and 29 bps, respectively, to 4.02% and 4.30%.
- **Industry Fund Flows:** According to data collected by the Investment Company Institute, fund outflows totaled approximately \$11.8 billion; however, for the seven-month period ended July 31, 2024, fund flows turned positive at \$13.0 billion.
- **New Issue Supply:** Primary market supply increased 25.7% to \$445.5 billion compared with \$354.3 billion a year ago (SIFMA, Bloomberg, Barclays Research).
- **Municipal Credit Yields:** According to Municipal Market Data, AAA yield curve data, 10-Year and 30-Year municipal yields increased 25 bps and 17 bps, respectively, to 2.82% and 3.68%.
- **Municipal Credit Spreads:** Credit spreads for high yield, BBB, and A rated bonds all compressed.

FUND PERFORMANCE (November 1, 2017 to July 31, 2024)

The performance line graph below shows the performance of a hypothetical \$10,000 initial investment in the Fund over a ten-year period (or for the life of the Fund, if shorter). The subsequent account value as of the end of the Period is listed next to the name of the Fund or index, as applicable. The performance table below shows the average annual total returns of the Fund for the past one-, five-, and ten-year periods, as applicable (or for the life of the Fund, if shorter), as of the end of the Period. Both the line graph and performance table compare the Fund's performance to an appropriate broad-based index and may compare to additional indices reflecting the market segment(s) in which the Fund invests over the same periods.

INVESTMENT PERFORMANCE OF \$10,000



Average Annual Total Returns (as of July 31, 2024)	1 Year	5 Year	Since Inception (11/1/17)
First Trust Municipal High Income ETF	7.77%	1.97%	3.07%
Bloomberg Municipal Bond Index	3.74%	1.18%	2.01%
Blended Benchmark ⁽¹⁾	4.72%	2.02%	3.02%

(1) The Blended Benchmark consists of the following two indexes: 50% of the Bloomberg High Yield 10-Year Municipal Index (8-12 years) which is comprised of bonds with a final maturity between 8 and 12 years that are part of the Bloomberg Municipal Bond High Yield Index; and 50% of the Bloomberg Revenue 10-Year Municipal Index (8-12 years), which is comprised of revenue bonds that have a final maturity between 8 and 12 years that are part of the Bloomberg Municipal Bond Index.

Visit www.ftportfolios.com/etf/FMHI for more recent performance information.

The Fund's past performance is not a good predictor of the Fund's future performance. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Performance in municipal bond investment strategies can be impacted from the benefits of purchasing odd lot positions. The impact of these investments can be particularly meaningful when funds have limited assets under management and may not be a sustainable source of performance as a fund grows in size.

KEY FUND STATISTICS (As of July 31, 2024)

Fund net assets	\$645,209,367
Total number of portfolio holdings	521
Total advisory fee paid	\$3,715,659
Portfolio turnover rate	22%

WHAT DID THE FUND INVEST IN? (As of July 31, 2024)

The tables below show the investment makeup of the Fund, representing the percentage of total investments of the Fund.

SECTOR ALLOCATION		CREDIT QUALITY ⁽¹⁾	
Special Assessment	17.5%	AAA	0.6%
Industrial Development Bond	13.2%	AA	9.0%
Continuing Care Retirement Communities	11.8%	A	15.5%
Education	9.4%	BBB	18.4%
Hospital	6.3%	BB	16.6%
Government Obligation Bond - Unlimited Tax	5.0%	B	1.4%
Gas	4.7%	Not Rated	38.5%
Utility	4.7%		
Dedicated Tax	4.2%		
All Other	23.2%		

(1) The credit quality and ratings information presented above reflect the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including S&P Global Ratings, Moody's Investors Service, Inc., Fitch Ratings or a comparably rated NRSRO. For situations in which a security is rated by more than one NRSRO and the ratings are not equivalent, the highest rating is used. Sub-investment grade ratings are those rated BB+/Ba1 or lower. Investment grade ratings are those rated BBB-/Baa3 or higher. The credit ratings shown relate to the creditworthiness of the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Credit ratings are subject to change.

WHERE CAN I FIND ADDITIONAL INFORMATION ABOUT THE FUND?

Visit www.ftportfolios.com/fund-documents/etf/FMHI to view additional information about the Fund such as the prospectus, financial information, Fund holdings and proxy voting information. You may also request this information by contacting us at 1-800-621-1675 or info@ftportfolios.com.