

### >> Fund Objective

This exchange-traded fund seeks total return and current income.

### >> Fund Facts

Fund Ticker	FPEI
CUSIP	33739P855
Intraday NAV	FPEIIV
Fund Inception Date	8/22/17
Expense Ratio	0.85%
30-Day SEC Yield†	3.93%
Primary Listing	NYSE Arca

### >> Fund Description

>> The First Trust Institutional Preferred Securities and Income ETF is an actively managed exchange-traded fund. Under normal market conditions, the fund invests at least 80% of its net assets (including investment borrowings) in institutional preferred securities and income-producing debt securities.

### >> Fund Sub-Advisor

>> Stonebridge Advisors LLC is the sub-advisor to the fund and will manage the fund's portfolio.

- Stonebridge is a niche asset management firm that provides highly specialized expertise in preferred and hybrid securities for institutional investors and high net worth individuals. Through years of experience, the Stonebridge team has developed a disciplined approach to managing portfolios of preferred securities.
- The cornerstone of Stonebridge's investment philosophy is built on the premise that investors must diversify their holdings in order to maintain an appropriate level of risk through all market cycles.
- By specializing in the management of preferred securities and adhering to a conservative, disciplined approach, they believe they can deliver superior returns for their clients. Their goal is to obtain an attractive total return through a diversified investment in high quality preferred securities.
- Their investment management team does not believe in market timing. Instead, Stonebridge adds value by taking advantage of market inefficiencies with an active management style. Stonebridge's conservative investment style is fundamental to their success as a provider of preferred securities management.

### >> Performance Summary (%)

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
<b>Fund Performance*</b>							
Net Asset Value (NAV)	3.08	3.90	15.60	8.33	—	—	6.08
After Tax Held	2.61	2.95	13.32	6.06	—	—	3.89
After Tax Sold	1.82	2.30	9.16	5.39	—	—	3.67
Market Price	3.07	3.69	15.44	8.44	—	—	6.14
<b>Index Performance**</b>							
Blended Benchmark	3.00	3.11	13.25	9.11	—	—	6.75
ICE BofA US Investment Grade Institutional Capital Securities Index	2.76	2.05	11.31	8.57	—	—	6.27

### >> Calendar Year Total Returns (%)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
FPEI	—	—	—	—	—	—	—	-5.39	17.32	6.68	3.90
Blended Benchmark	—	—	—	—	—	—	—	—	—	—	3.11
ICE BofA US Investment Grade Institutional Capital Securities Index	—	—	—	—	—	—	—	-4.51	18.57	8.22	2.05

### >> 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FPEI	11.02	-1.53	1.12	0.66	1.00
Blended Benchmark	9.81	—	1.00	0.80	1.00

Overall Morningstar Rating™



Among 57 funds in the Preferred Stock category.

This fund was rated 4 stars/57 funds (3 years) based on risk adjusted returns.§

*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](http://www.ftportfolios.com).*

†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.

\*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. After Tax Held returns represent return after taxes on distributions. Assumes shares have not been sold. After Tax Sold returns represent the return after taxes on distributions and the sale of fund shares. Returns do not represent the returns you would receive if you traded shares at other times. 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. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

\*\*The Blended Benchmark is the fund's benchmark. 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. On July 6, 2021, the Fund's benchmark changed from the ICE BofA US Investment Grade Institutional Capital Securities Index to the Blended Benchmark, because the Advisor believes that the Blended Benchmark better reflects the investment strategies of the Fund. The Blended Benchmark consists of a 45/40/15 blend of the ICE BofA US Investment Grade Institutional Capital Securities Index that tracks the performance of US dollar denominated investment grade hybrid capital corporate and preferred securities publicly issued in the US domestic market, the ICE USD Contingent Capital Index that tracks the performance of investment grade and below investment grade contingent capital debt publicly issued in the major domestic and eurobond markets and the ICE BofA US High Yield Institutional Capital Securities Index that tracks the performance of US dollar denominated sub-investment grade hybrid capital corporate and preferred securities publicly issued in the US domestic market. The Blended Benchmark is intended to reflect the proportional market cap of each segment within the institutional market. The Blended Benchmark returns are calculated by using the monthly returns of the three indices during each period shown above. At the beginning of each month the three indices are rebalanced to a 45/40/15 ratio to account for divergence from that ratio that occurred during the course of each month. The monthly returns are then compounded for each period shown above, giving the performance for the Blended Benchmark for each period shown above.

## » Portfolio Information

Number Of Holdings	169
Weighted Average Effective Duration <sup>1</sup>	3.95 Years
% Institutional Securities (e.g. \$1000 par) <sup>2</sup>	97.92%
% Retail Securities (e.g. \$25 par) <sup>3</sup>	2.08%
Weighted Average % of Par <sup>4</sup>	109.41%

## » Security Type (%)

Fixed-to-Floating Rate and Fixed-to-Variable Rate Securities	85.17
Fixed Rate Securities	8.34
Floating Rate Securities	6.49

## » Credit Quality (%)<sup>5</sup>

A	0.76
BBB+	9.74
BBB	25.40
BBB-	29.24
BB+	23.70
BB	7.53
BB-	1.48
B+	1.54
NR	0.61

## » Top Holdings (%)

BARCLAYS PLC Variable rate	3.05
EMERA Inc., Variable Rate, Due 06/15/2076	2.45
ENBRIDGE INC., Variable Rate, Due 01/15/2077	2.18
AERCAP HOLDINGS NV Variable rate, due 10/10/2079	1.78
Lloyds Banking Group plc, Variable Rate	1.71
LAND O'LAKES INC 7%	1.69
AUST & NZ BANKING GROUP Variable rate	1.55
ASSURED GUARANTY MUNICIPAL HOLDINGS INC Variable rate, due 12/15/2066	1.50
JPMORGAN CHASE & CO Series V, Variable rate	1.45
MARKEL CORP Variable rate	1.40

## » Top Industry Exposure (%)

Banks	42.41
Insurance	17.11
Capital Markets	11.97
Oil, Gas & Consumable Fuels	7.84
Electric Utilities	5.13
Trading Companies & Distributors	3.40
Food Products	3.06
Multi-Utilities	2.32
Diversified Telecommunication Services	1.40

<sup>1</sup>A measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield.

<sup>2</sup>Institutional Securities are predominantly \$1000 par securities and only trade over-the-counter.

<sup>3</sup>Retail Securities are predominantly \$25 par securities but also include exchange-traded \$20, \$50, and \$100 par securities.

<sup>4</sup>The weighted average % of par reflects the average price of the fixed income securities within the portfolio as a % of the underlying face value. This is calculated as a weighted average using the market values of each security within the portfolio. A value above 100 indicates that the underlying securities are trading at a premium, on average, and a value below 100 indicates that the underlying securities are trading at a discount, on average. The face value of a bond is typically \$100 or \$1000 and the face value of an exchange-traded retail security is typically \$25.

<sup>5</sup>The credit quality and ratings information presented reflect the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's Rating Group, a division of the McGraw Hill Companies, Inc., 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 ratings are 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.

**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

Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares 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 discount to a fund's net asset value and possibly face delisting.

A fund's shares will change in value, and you could lose money by investing in a fund. One of the principal risks of investing in a fund is market risk. Market risk is the risk that a particular stock owned by a fund, fund shares or stocks in general may fall in value. There can be no assurance that a fund's investment objective will be achieved. The outbreak of the respiratory disease designated as COVID-19 in December 2019 has caused significant volatility and declines in global financial markets, which have caused losses for investors. While the development of vaccines has slowed the spread of the virus and allowed for the resumption of "reasonably" normal business activity in the United States, many countries continue to impose lockdown measures in an attempt to slow the spread. Additionally, there is no guarantee that vaccines will be effective against emerging variants of the disease.

A fund that effects all or a portion of its creations and redemptions for cash rather than in-kind may be less tax-efficient. Contingent convertible securities ("CoCos") may provide for mandatory conversion into common stock of the issuer under certain circumstances. Since the common stock of the issuer may not pay a dividend, investors in these instruments could experience a reduced income rate, potentially to zero; and conversion would deepen the subordination of the investor, hence worsening standing in a bankruptcy.

The differences in yield between debt securities of different credit quality may increase which may reduce the market value of a fund's debt securities.

As the use of Internet technology has become more prevalent in the course of business, funds have become more susceptible to potential operational risks through breaches in cyber security. Certain securities are subject to call, credit, inflation, income, interest rate, extension and prepayment risks. These risks could result in a decline in a security's value and/or income, increased volatility as interest rates rise or fall and have an adverse impact on a fund's performance.

Financial companies are subject to the adverse effects of volatile interest rates, economic recession, decreases in capital availability and increased new competition in the field.

The market value of floating rate securities may fall in a declining interest rate environment and may also fall in a rising interest rate environment if there is a lag between the rise in interest rates and the reset. Income earned by a fund on floating rate and fixed-to-

floating rate securities may decline due to lower coupon payments on floating-rate securities.

Hybrid capital securities are subject to the risks of equity securities and debt securities. The claims of holders of hybrid capital securities of an issuer are generally subordinated to those of holders of traditional debt securities in bankruptcy, and thus hybrid capital securities may be more volatile and subject to greater risk than traditional debt securities.

A fund may be a constituent of one or more indices which could greatly affect a fund's trading activity, size and volatility.

To the extent a fund invests in floating or variable rate obligations that use the London Interbank Offered Rate ("LIBOR") as a reference interest rate, it is subject to LIBOR Risk. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, will cease making LIBOR available as a reference rate over a phase-out period that will begin immediately after December 31, 2021. The unavailability or replacement of LIBOR may affect the value, liquidity or return on certain fund investments and may result in costs incurred in connection with closing out positions and entering into new trades. Any potential effects of the transition away from LIBOR on a fund or on certain instruments in which a fund invests can be difficult to ascertain, and they may vary depending on a variety of factors, and they could result in losses to a fund.

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.

In managing a fund's investment portfolio, the portfolio managers will apply investment techniques and risk analyses that may not have the desired result.

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, the 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.

Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred stocks are typically subordinated to other debt instruments in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments.

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.

Securities of small- and mid-capitalization companies may experience greater price volatility and be less liquid than larger, more established companies.

Subordinated debt has lower credit ratings and lower priority than other obligations of an issuer during bankruptcy, presenting a greater risk of nonpayment.

Trading on the exchange may be halted due to market conditions or other reasons. There can be no assurance that the

requirements to maintain the listing of a fund on the exchange will continue to be met or be unchanged.

Portfolio holdings that are valued using techniques other than market quotations may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used.

First Trust Advisors L.P. is the adviser to the fund. First Trust Advisors L.P. is an affiliate of First Trust Portfolios L.P., the fund's distributor.

The information presented is not intended to constitute an investment recommendation, 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.

## Definitions

**Standard Deviation** is a measure of price variability (risk). **Alpha** is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. **Beta** is a measure of price variability relative to the market.

**Sharpe Ratio** is a measure of excess reward per unit of volatility. **Correlation** is a measure of the similarity of performance.

**5Star 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. ©2021 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.