

## » Fund Objectives

This actively managed exchange-traded fund seeks to generate current income that is exempt from regular federal income taxes. Long-term capital appreciation is a secondary objective.

## » Fund Facts

Fund Ticker	FMB
CUSIP	33739N108
Intraday NAV	FMBIV
Fund Inception Date	5/13/14
Gross Expense Ratio <sup>*</sup>	0.65%
Net Expense Ratio	0.50%
30-Day SEC Yield <sup>†</sup>	2.07%
Unsubsidized 30-Day SEC Yield <sup>#</sup>	1.92%
Taxable Equivalent 30-Day SEC Yield <sup>‡</sup>	3.50%
Primary Listing	Nasdaq

## » Fund Description

- » The First Trust Managed Municipal ETF is an actively managed exchange-traded fund. Under normal market conditions, the fund will seek to achieve its investment objectives by investing at least 80% of its net assets (including investment borrowings) in municipal debt securities.
- » The investment process practices rigorous credit analysis of individual issuers coupled with a thorough understanding of the major opportunities and risks within municipal sectors.
- » The investment process focuses on each of the following components:
  - **Total Return Scenario Analysis:** Evaluate individual bonds and portfolios of securities that are quantitatively exposed to interest rate, yield curve, and credit spread movements or “shocks”.
  - **Sector Analysis:** Perform a top-down review of core sectors based on bottom-up analysis of individual credits to determine which municipal sectors to overweight, neutral weight, and underweight.
  - **New Issue Credit Analysis:** Evaluate new bond offerings to determine portfolio suitability based on fundamental credit research on each borrower and individual bond security features.
  - **Trading:** Analysis of how a bond might trade in the secondary market. Review includes total bond issuance size, underwriter willingness to make secondary markets, along with bond structural features such as coupon, maturity, call dates, and sinking fund payments.
  - **Surveillance:** Analyze holdings on a systematic basis to monitor any changes in credit trend. Credit rating momentum is monitored for each bond.
  - **Performance Attribution:** Perform a granular total return analysis by reviewing key portfolio attributes such as duration, credit rating, sector, and state. We can compare a portfolio's performance to various benchmarks and discuss portfolio rebalancing/adjustments.

## » Fund Advisor

- » First Trust Advisors L.P. is the advisor to the fund and manages the fund's portfolio:
  - The portfolio managers use a disciplined approach that focuses on a combination of quantitative analysis and fundamental research.
  - Their actively managed approach applies extensive research on each individual bond selection.
  - They seek to take advantage of the inefficiencies within the municipal market to find higher-yielding undervalued bonds.
- » Daily investment decisions are made by:
  - Tom Futrell, CFA, Senior Vice President, Portfolio Manager
  - Johnathan N. Wilhelm, Senior Vice President, Portfolio Manager

## » Performance Summary (%)

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
<b>Fund Performance*</b>							
Net Asset Value (NAV)	-6.33	-6.33	-4.05	1.76	2.93	—	3.35
After Tax Held	-6.52	-6.52	-4.80	0.86	1.94	—	2.25
After Tax Sold	-3.75	-3.75	-2.37	0.98	1.83	—	2.10
Market Price	-6.40	-6.40	-4.12	1.72	2.89	—	3.34

## » Index Performance\*\*

Bloomberg Revenue 10 Year (8-12) Index	-6.29	-6.29	-4.79	1.43	2.58	—	2.82
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## » Calendar Year Total Returns (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
FMB	—	—	—	3.84	1.46	7.40	0.89	8.26	4.46	2.50	-6.33
Bloomberg Revenue 10 Year (8-12) Index	—	—	—	3.87	0.03	5.86	1.45	7.68	5.46	1.15	-6.29

## » 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FMB	5.81	0.24	1.19	0.19	0.97
Bloomberg Revenue 10 Year (8-12) Index	4.78	—	1.00	0.15	1.00

## Overall Morningstar Rating™



Among 276 funds in the Muni National Interm category. This fund was rated 4 stars/276 funds (3 years), 4 stars/240 funds (5 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).*

\*First Trust has contractually agreed to waive management fees of 0.15% of average daily net assets until March 1, 2022.

<sup>†</sup>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 and includes the effects of fee waivers and expense reimbursements.

<sup>#</sup>The taxable equivalent yield is for illustrative purposes only. This information illustrates approximately what you would have to earn on taxable investments to equal the tax-exempt yield using the highest federal tax bracket and Medicare tax for 2022. This information is based on present law as of the date of publication and does not account for any proposed changes in tax rates. This information does not account for limitations on deductions, the alternative minimum tax or taxes other than Federal personal income tax and Medicare tax.

<sup>\*</sup>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. The fund's performance reflects fee waivers and expense reimbursements, absent which performance would have been lower. 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.

<sup>\*\*</sup>The Bloomberg Municipal 10 Year Revenue Index 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.

## » Portfolio Information

Number Of Holdings	1574
Weighted Average Effective Duration (Includes Short Positions) <sup>1</sup>	5.38 Years
Weighted Average Effective Duration (Long Positions) <sup>1</sup>	5.87 Years
Weighted Average Modified Duration <sup>1</sup>	4.68 Years
Weighted Average Maturity	13.53 Years
Weighted Average Price	\$107.31
Short Position - US Treasury Futures	-4.72%

## » Top State Exposure (%)

California	10.15
Texas	9.04
Florida	8.75
Colorado	7.33
Pennsylvania	7.03
New York	6.06
Georgia	3.92
Ohio	3.89
Alabama	3.21
Connecticut	3.19

<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>The credit quality information presented reflects the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's Ratings 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 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.

## » Top Holdings (%)

NEW YORK CITY NY TRANSITIONAL FIN AUTH 4%, due 11/01/2038	0.71
PEFA INC IA GAS PROJ REVENUE Variable rate, due 09/01/2049	0.60
BLACK BELT ENERGY GAS DIST AL Variable rate, due 04/01/2053	0.57
MICHIGAN ST UNIV REVENUES 4%, due 02/15/2044	0.56
BUCKEYE OH TOBACCO SETTLEMENT FING AUTH 5%, due 06/01/2055	0.52
COLORADO ST HLTH FACS AUTH HOSP REV 4%, due 01/01/2040	0.49
TENNERGY CORP TN GAS REVENUE Variable rate, due 12/01/2051	0.46
CONNECTICUT ST 4%, due 01/15/2037	0.45
NEW YORK NY Variable rate, due 10/01/2046	0.43
FLOYD CNTY GA DEV AUTH Variable rate, due 07/01/2022	0.42

## » Top Sector Exposure (%)

HOSPITAL	13.99
INSURED	10.02
GO-UNLTD	8.75
WATER & SEWER	6.05
COP	5.97
GAS	5.35
DEDICATED TAX	5.19
HIGHER ED	4.76
UTILITY	4.72
AIRPORT	4.61

## » Maturity Exposure (%)

0 - 0.99 Years	3.54
1 - 1.99 Years	0.97
2 - 2.99 Years	1.79
3 - 3.99 Years	2.09
4 - 4.99 Years	2.84
5 - 5.99 Years	2.93
6 - 6.99 Years	2.56
7 - 7.99 Years	3.37
8 - 8.99 Years	3.50
9 - 9.99 Years	4.54
10 - 14.99 Years	27.29
15 - 19.99 Years	21.86
20 - 24.99 Years	12.69
25 - 29.99 Years	6.32
30 Years & Over	1.98
Cash	1.73

» Credit Quality (%)<sup>2</sup>

Cash	1.73
AAA	6.67
AA	37.91
A	31.43
BBB	7.93
BB	3.07
B	0.61
CCC	0.35
Short Rated only	0.14
NR	10.16

**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. In February 2022, Russia invaded Ukraine which has caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, and the United States. The hostilities and sanctions resulting from those hostilities could have a significant impact on certain fund investments as well as fund performance. The COVID-19 global pandemic has caused and may continue to cause significant volatility and declines in global financial markets. While the U.S. has resumed "reasonably" normal business activity, many countries continue to impose lockdown measures. Additionally, there is no guarantee that vaccines will be effective against emerging variants of the disease.

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

All or a portion of a fund's otherwise exempt-interest dividends may be taxable to those shareholders subject to the federal and state alternative minimum tax.

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 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, prepayment and zero coupon 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.

High yield securities, or "junk" bonds, are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, are considered to be highly speculative.

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

Inventories of municipal securities have decreased in recent years and some municipal securities may have resale restrictions lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease a fund's ability to buy or sell municipal securities and increase price volatility and trading costs.

The values of municipal securities may be adversely affected by local political and economic conditions and developments. Income from municipal securities could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of an issuer.

There is no assurance that a fund will be able to sell a portfolio security at the price established by a pricing service, which could result in a loss to a fund.

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.

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.

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.

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 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.

## 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. The **Bloomberg Municipal 10 Year Revenue Index** is a subset of the Barclays Municipal Bond Index that measures the performance of investment-grade revenue bond issues with remaining maturities of 8 to 12 years.

The 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. ©2022 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.