FEMB

First Trust Emerging Markets Local Currency Bond ETF

As of 6/30/22

» Fund Objectives

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

» Fund Facts

Fund Ticker	FEMB
CUSIP	33739P202
Intraday NAV	FEMBIV
Fund Inception Date	11/4/14
Expense Ratio	0.85%
30-Day SEC Yield†	7.50%
Primary Listing	Nasdaq

» Fund Description

» The First Trust Emerging Markets Local Currency Bond 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 bonds, notes, bills, certificates of deposit, time deposits, commercial paper and loans issued by issuers in emerging market ("EM") countries that are denominated in the local currency of the issuer.

- The fund will use foreign currencies and derivative instruments primarily to hedge (offset) interest rate risk and actively manage interest rate exposure as well as to hedge foreign currency risk and actively manage foreign currency exposure.
- Because currency returns can be a significant driver of performance in EMs, either positive or negative, the duration and currency exposures will be actively managed to minimize portfolio volatility.
- EMs enjoy high growth rates, sustainable debt dynamics and advantageous demographic profiles, in our opinion.

» Fund Sub-Advisor

» First Trust Global Portfolios Ltd. is the sub-advisor to the fund and will manage the fund's portfolio.

- The fixed income investment team at First Trust Global Portfolios Ltd. has extensive experience in managing developed and emerging market sovereign debt portfolios.
- The portfolio managers will continually review fundamental economic and structural themes that impact long- and medium-term asset returns in EMs.
- The portfolio managers will adjust the portfolio's country allocations, duration and individual security positioning to reflect what they believe to be the most attractive opportunities on a continuous basis.

» The following persons serve as the portfolio managers of the Fund:

- Derek Fulton, Chief Executive Officer, First Trust Global Portfolios Limited
- Leonardo Da Costa, Portfolio Manager, First Trust Global Portfolios Limited
- Anthony Beevers, Portfolio Manager, First Trust Global Portfolios Limited

» Performance Summary (%)

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
Fund Performance*							
Net Asset Value (NAV)	-9.85	-11.36	-18.56	-6.50	-3.32	–	-2.56
After Tax Held	-10.41	-12.43	-20.47	-8.63	-5.58	–	-4.79
After Tax Sold	-5.82	-6.68	-10.85	-5.57	-3.24	–	-2.68
Market Price	-10.12	-11.62	-18.94	-6.51	-3.39	–	-2.62
Index Performance**							
Bloomberg Emerging Markets Local Currency Government - 10% Country Capped Index	-9.05	-13.23	-17.13	-4.42	-1.32	–	-1.07
JP Morgan GBI-EM Global Diversified Index	-8.63	-14.53	-19.28	-5.80	-2.31	–	-1.97

» Calendar Year Total Returns (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
FEMB	–	–	–	-14.66	7.72	12.57	-7.22	11.58	3.03	-13.34	-11.36
Bloomberg Emerging Markets Local Currency Government - 10% Country Capped Index	–	–	–	-11.73	6.85	14.94	-4.77	12.21	4.83	-7.97	-13.23
JP Morgan GBI-EM Global Diversified Index	–	–	–	-14.92	9.94	15.21	-6.21	13.47	2.69	-8.75	-14.53

» 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FEMB	12.61	-0.38	1.04	-0.51	0.97
JP Morgan GBI-EM Global Diversified Index	11.78	–	1.00	-0.50	1.00

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.

†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.

**Performance information for each listed index is for illustrative purposes only and does not represent actual fund performance. 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	56
Weighted Average Effective Duration[1]	4.44 Years
Weighted Average Maturity	6.01 Years

Credit Quality (%)[2]

Cash	3.10
AAA	6.51
AA	1.50
AA-	0.67
A+	2.28
A	12.83
A-	6.06
BBB+	13.82
BBB	17.55
BBB-	14.26
BB	10.54
BB-	10.38
B	0.50

Top Currency Exposure (%)

IDR	12.55
ZAR	10.90
BRL	10.38
COP	9.92
MXN	9.20
MYR	7.13
THB	6.72
PEN	6.31
PLN	6.27
INR	5.92

Maturity Exposure (%)

0 - 3 Years	15.67
3 - 5 Years	36.69
5 - 7 Years	13.31
7 - 10 Years	19.00
10 - 15 Years	9.75
15+ Years	2.48
Cash	3.10

Top Holdings (%)

Republic of South Africa, 10.5%, Due 12/21/2026	4.80
Indonesia Government N/C, 8.375%, Due 09/15/2026	4.51
Nota do Tesouro Nacional N/C, 10%, Due 01/01/2027	4.12
Títulos de Tesorería B N/C, 7.50%, Due 08/26/2026	4.05
MEX BONOS DESARR FIX RT N/C, 7.50%, due 06/03/2027	4.01
Nota do Tesouro Nacional, 10%, Due 01/01/2025	3.86
MALAYSIA GOVERNMENT N/C, 3.885%, due 08/15/2029	3.76
ASIAN DEVELOPMENT BANK N/C, 6.20%, due 10/06/2026	3.21
POLAND GOVERNMENT BOND N/C, 2.75%, due 04/25/2028	3.12
INDONESIA GOVERNMENT 9%, due 03/15/2029	3.11

Top Country Exposure (%)

Indonesia	13.44
South Africa	10.43
Brazil	10.18
Colombia	9.34
Malaysia	7.98
Thailand	6.85
Poland	6.36
Philippines	6.00
Mexico	5.70
Peru	5.37

[1]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.

[2]The ratings are by Standard & Poor's. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO), of the creditworthiness of an issuer with respect to debt obligations. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Investment grade is defined as those issuers that have a long-term credit rating of BBB- or higher. "NR" indicates no rating. The credit ratings shown relate to the credit worthiness 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 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 SAI 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.

Some Asian economies are highly dependent on trade with other countries and there is a high concentration of market capitalization and trading volume in a small number of Asian issuers as well as a high concentration of investors and financial intermediaries. Certain Asian countries experience expropriation and nationalization of assets, confiscatory taxation, currency manipulation, political instability, armed conflict and social instability as a result of religious, ethnic, socio-economic and/or political unrest. In particular, escalated tensions involving North Korea could have severe adverse effect on Asian economies. Recent developments between the U.S. and China have heightened concerns of increased tariffs and restrictions on trade.

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.

During periods of falling interest rates if an issuer calls higher-yielding debt instruments, a fund may be forced to invest the proceeds at lower interest rates, likely resulting in a decline in the fund's income.

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

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.

Ratings assigned by a credit rating agency are opinions of such entities, not absolute standards of credit quality and they do not evaluate risks of securities. Any shortcomings or inefficiencies in the process of determining credit ratings may adversely affect the credit ratings of the securities held by a fund and their perceived or actual credit risk.

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.

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.

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.

Distressed securities are speculative and often illiquid or trade in low volumes and thus may be more difficult to value and pose a substantial risk of default.

Investments in emerging market securities are generally considered speculative and involve additional risks relating to political, economic and regulatory conditions.

Political or economic disruptions in European countries, even in countries in which a fund is not invested, may adversely affect security values and thus the fund's holdings. A significant number of countries in Europe are member states in the European Union, and the member states no longer control their own monetary policies. In these member states, the authority to direct monetary policies, including money supply and official interest rates for the Euro, is exercised by the European Central Bank. The implications of the United Kingdom's withdrawal from the European Union are difficult to gauge and cannot yet be fully known.

Extension risk is the risk that, when interest rates rise, certain obligations will be paid off by the issuer (or other obligated party) more slowly than anticipated, causing the value of these debt securities to fall. Rising interest rates tend to extend the duration of debt securities, making their market value more sensitive to changes in interest rates.

The market for forward contracts is substantially unregulated and can experience lengthy periods of illiquidity, unusually high trading volume and other negative impacts, such as political intervention. Forward contracts can increase a fund's risk exposure to underlying references and their attendant risks, such as credit risk, currency risk, market risk, and interest rate risk, while also exposing a fund to counterparty risk, liquidity risk and valuation risk, among others.

Forward foreign currency exchange contracts involve certain risks, including the risk of failure of the counterparty to perform its obligations under the contract and the risk that the use of forward contracts may not serve as a complete hedge because of an imperfect correlation between movements in the prices of the contracts and the prices of the currencies hedged.

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.

Please see additional risks on the following page.

Risk Considerations (continued)

A Global Depositary Note ("GDN"), a form of depositary receipt, involves further risks due to certain features of GDNs. Certain investment restrictions in certain countries may limit the ability to convert bonds into GDNs and vice versa which may cause the bonds of the underlying issuer to trade at a discount or premium to the market price of the GDN. Distributions paid to holders of GDNs are usually subject to a fee.

High yield securities, or "junk" bonds, are less liquid and 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'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.

The economies of Latin American countries have in the past experienced considerable difficulties, including high inflation rates, high interest rates, high unemployment, government overspending and political instability. International economic conditions, particularly those in the United States, Europe and Asia, as well as world prices for oil and other commodities may also influence the development of Latin American economies. Many Latin American countries are highly reliant on the exportation of commodities and their economies may be significantly impacted by fluctuations in commodity prices and the global demand for certain commodities.

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, or other events could have significant negative impact on a fund. 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.

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 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.

The prices of options are volatile and the effective use of options depends on a fund's ability to terminate option positions at times deemed desirable to do so. There is no assurance that a fund will be able to effect closing transactions at any particular time or at an acceptable price.

Because OTC derivatives do not trade on an exchange, the parties to an OTC derivative face heightened levels of counterparty risk, liquidity risk and valuation risk.

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.

Prepayment risk is the risk that the issuer of a debt security will repay principal prior to the scheduled maturity date. Debt securities allowing prepayment may offer less potential for gains during a period of declining interest rates, as a fund may be required to reinvest the proceeds of any prepayment at lower interest rates.

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.

Investments in sovereign bonds involve special risks because the governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt or other government debt obligations.

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.

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.

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 Emerging Markets Local Currency Government - 10% Country Capped Index** measures the performance of local currency Emerging Markets debt but caps country exposure to a maximum of 10%. The **JP Morgan GBI-EM Global Diversified Index** is an unmanaged, market-capitalization weighted, total-return index tracking the traded market for U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.