

» Fund Objective

This exchange-traded fund seeks to provide long term capital appreciation with capital preservation as a secondary objective.

» Fund Facts

Fund Ticker	ERM
CUSIP	33740F607
Intraday NAV	ERMIV
Fund Inception Date	4/10/17
Gross Expense Ratio [^]	0.65%
Net Expense Ratio	0.65%
30-Day SEC Yield [†]	1.75%
Unsubsidized 30-Day SEC Yield [#]	1.75%
Primary Listing	NYSE Arca

» Fund Description

- » The EquityCompass Risk Manager ETF is an actively managed exchange-traded fund. The fund's strategy seeks to avoid large, prolonged market losses and to reduce volatility. Under normal market conditions, the fund will seek to achieve its investment objectives by investing in equity securities of U.S. companies.
- » EquityCompass Investment Management, LLC (EquityCompass or the sub-advisor) uses an investment approach focused on bottom-up stock selection, diversified by sector, assets, and risk levels, which includes the following steps:
 - **Fundamental Screen:** EquityCompass considers two or more consecutive months of declining earnings expectations for the S&P 500 Index to be unfavorable and increases the risk of large market losses, while two or more consecutive months of increasing expectations is considered favorable.
 - **Technical Screen:** This screen determines market favorability based on the current level of the Dow Jones Industrial Average[®].
 - **Assess Market Conditions:** EquityCompass will allocate assets based on their determination of market favorability.
- » During periods when the U.S. equity market is determined to be favorable by EquityCompass, the fund may be fully invested in equity securities. When conditions are deemed unfavorable, the sub-advisor may invest all or a portion of the fund's assets in cash, cash equivalents, money market funds and/or short-term fixed income ETFs, or the sub-advisor may invest all or a portion of the fund's assets in a single short-term fixed income ETF, the First Trust Enhanced Short Maturity ETF (FTSM).

» Fund Sub-Advisor

- » EquityCompass is the sub-advisor to the fund and will manage the fund's portfolio.
- EquityCompass is an equity investment management firm and a wholly owned subsidiary of Stifel Financial Corp.
- EquityCompass offers a broad range of portfolio strategies based on their systematic, research-driven investment process. Their investment strategies are based on the fundamental, technical and behavioral insights gleaned from years of empirical research.

» Performance Summary (%)

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
Fund Performance*							
Net Asset Value (NAV)	-2.16	-19.23	-14.45	2.01	1.28	—	2.17
After Tax Held	-2.31	-19.55	-14.95	1.45	0.62	—	1.53
After Tax Sold	-1.28	-11.37	-8.52	1.31	0.71	—	1.40
Market Price	-2.39	-19.33	-14.53	1.99	1.28	—	2.17
Index Performance**							
Hedge Fund Research HFRI Equity Hedge Index	—	—	—	—	—	—	—
S&P 500 Index	-4.88	-23.87	-15.47	8.16	9.24	—	9.92

» Calendar Year Total Returns (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
ERM	—	—	—	—	—	—	-8.18	11.60	-2.76	25.02	-19.23
Hedge Fund Research HFRI Equity Hedge Index	—	—	—	—	—	—	-6.90	13.90	17.49	11.81	-12.28
S&P 500 Index	—	—	—	—	—	—	-4.38	31.49	18.40	28.71	-23.87

» 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
ERM	19.24	-4.61	0.84	0.17	0.89
S&P 500 Index	20.30	—	1.00	0.46	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.

^{*}First Trust has contractually agreed to reduce management fees earned by the fund for management fees due to be paid to the underlying investment companies advised by First Trust. The agreement is expected to remain in place until at least January 3, 2023, or until its termination at the direction of the Trust's Board of Trustees, or the termination of the Investment Management Agreement. Please see the Fees and Expenses of the Fund section in the fund's prospectus for more details. The Investment Advisor has implemented fee breakpoints, which reduce the fund's investment management fee at certain assets levels. Please see the fund's SAI for full details.

[†]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.

[#]The unsubsidized 30-day SEC yield is calculated the same as the 30-day SEC yield, however it excludes contractual fee waivers and expense reimbursements.

^{*}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. The Hedge Fund Research HFRI Equity Hedge Index returns are published as estimates and updated three times per month, therefore returns shown are subject to change. Returns for the index are not available since the fund's inception as the index is calculated monthly. Unlike most asset class indexes, the Hedge Fund Research HFRI Equity Hedge Index returns reflect the fees and expenses of the funds it tracks, but the index itself does not assess a fee.

» Portfolio Information

Number Of Holdings	150
Maximum Market Cap.	\$2,220.98 Billion
Median Market Cap.	\$68.09 Billion
Minimum Market Cap.	\$2.03 Billion
Price/Earnings	12.83
Price/Book	2.03
Price/Cash Flow	8.73
Price/Sales	1.27

» Top 10 Holdings (%)

TechnipFMC Plc	0.47
Biogen Inc.	0.43
ConocoPhillips	0.41
Netflix, Inc.	0.41
Unum Group	0.41
CF Industries Holdings, Inc.	0.39
Gartner, Inc.	0.39
PayPal Holdings, Inc.	0.39
Arista Networks, Inc.	0.38
Tesla, Inc.	0.38

» Fund Composition (%)

Equity	100.00
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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.

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 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.

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.

A fund may invest in the shares of other ETFs, which involves additional expenses that would not be present in a direct investment in the underlying funds. In addition, a fund's investment performance and risks may be related to the investment performance and risks of the underlying funds.

A fund's investment in other investment companies is restricted by federal securities laws which limit the size of the position a fund can take in another investment company.

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 and the ensuing policies enacted by governments and central banks have caused and may continue to cause significant volatility and uncertainty 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 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 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.

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

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.

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 **Hedge Fund Research HFRI Equity Hedge Index** tracks the performance of equity hedge strategies that maintain positions both long and short in primarily equity and equity derivative securities. The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The **Dow Jones Industrial Average®** is a price-weighted average of 30 U.S. blue-chip companies.