

» Fund Objective

This actively managed exchange-traded fund seeks to provide investors with long-term total return.

» Fund Facts

Fund Ticker	FAAR
CUSIP	33740Y101
Intraday NAV	FAARIV
Fund Inception Date	5/18/16
Expense Ratio*	0.95%
Primary Listing	Nasdaq

» Fund Description

- » The First Trust Alternative Absolute Return Strategy ETF seeks to achieve long-term total return using a long/short commodities strategy.[^] The fund intends to invest primarily in exchange-listed commodity futures contracts through a wholly-owned subsidiary.¹
- Unlike traditional investment strategies, where returns are generally tied to the ups and downs of a single benchmark, absolute return strategies may produce positive returns in any market environment, independent of the market being up, down or flat.
 - Absolute return strategies offer a potential strategy diversification benefit, that may help to achieve more consistent returns over time and reduce overall investment risk, but it does not guarantee a profit or protect against a loss.
 - The fund is managed by a team of experienced portfolio managers that specialize in alternative investments.
- » Through the investment process, the advisor will:
- Select commodity futures based on open interest and daily trading volume.
 - Forecast the expected volatility and cross-correlation of each commodity.
 - Generate a set of long/short portfolios that seek to maximize returns at various levels of volatility.
 - Evaluate the futures curve for each commodity to seek the highest potential return contract.
 - Analyze performance of the commodities and determine what affected performance, as well as how to position the portfolio going forward.

» Fund Advisor

- » The portfolio is managed by the First Trust Advisors L.P. Investment Committee.
- » Day-to-day management decisions for the fund's portfolio are made by two investment committee members:
- John Gambla, CFA, FRM, PRM, Senior Portfolio Manager
 - Rob A. Guttschow, CFA, Senior Portfolio Manager

» Performance Summary (%)

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
Fund Performance*							
Net Asset Value (NAV)	-6.73	8.09	8.20	9.55	4.21	—	2.73
After Tax Held	-6.73	8.08	5.51	8.03	3.05	—	1.83
After Tax Sold	-3.98	4.79	4.73	6.69	2.70	—	1.67
Market Price	-6.89	8.04	8.15	9.56	3.91	—	2.74
Index Performance**							
Bloomberg Commodity Index	-4.11	13.57	11.80	13.45	6.96	—	5.38
3 Month U.S. Treasury Bills + 3%	1.22	2.89	3.68	3.66	4.23	—	4.11
S&P 500 Index	-4.88	-23.87	-15.47	8.16	9.24	—	11.22

» Calendar Year Total Returns (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
FAAR	—	—	—	—	—	6.04	-9.23	-1.27	7.35	13.49	8.09
Bloomberg Commodity Index	—	—	—	—	—	1.70	-11.25	7.69	-3.12	27.11	13.57
3 Month U.S. Treasury Bills + 3%	—	—	—	—	—	3.92	5.00	5.40	3.74	3.10	2.89
S&P 500 Index	—	—	—	—	—	21.83	-4.38	31.49	18.40	28.71	-23.87

» 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FAAR	9.86	230.47	-73.62	0.91	-0.42
Bloomberg Commodity Index	18.76	225.34	-70.31	0.73	-0.55
3 Month U.S. Treasury Bills + 3%	0.28	—	1.00	70.35	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.

[^]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.

*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.

¹"Long" and "short" are investment terms used to describe ownership of commodity futures contracts. Taking a "long" position means purchasing a futures contract. The owner of a "long" position in a futures contract may profit from an increase in the price of the underlying commodity, and conversely, will incur a loss if the underlying commodity declines in price. Taking a "short" position means selling a futures contract. The owner of a "short" position in a futures contract may profit from a decrease in the price of the underlying commodity, and conversely, will incur a loss if the underlying commodity increases in price.

» Portfolio Information

Number Of Holdings	32
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» Commodity Futures Exposure (%)¹

Agricultural	17.09
Energy	9.23
Livestock	-0.42
Precious Metals	-2.62
Industrial Metals	-5.71

» Fund Exposure (%)

Long Exposure	49.42
Short Exposure	-31.85
Net Exposure	17.57

» Top Holdings (%) – Long Exposure¹

SOYBEAN MEAL FUTR Dec22	7.38
SOYBEAN OIL FUTR Dec22	5.84
CORN FUTURE Dec22	5.50
GOLD 100 OZ FUTR Dec22	4.20
NY Harb ULSD Fut Dec22	3.16
BRENT CRUDE FUTR Jan23	3.15
SOYBEAN FUTURE Nov22	2.86
WHEAT FUTURE(CBT) Dec22	2.17
LEAN HOGS FUTURE Dec22	2.12
BRENT CRUDE FUTR Dec22	1.96

» Cash & Collateral (%)

Cash	39.88
U.S. Treasury Bills	60.11

» Top Holdings (%) – Short Exposure¹

SILVER FUTURE Dec22	-7.38
COCOA FUTURE Dec22	-3.97
WTI CRUDE FUTURE Dec22	-3.79
LME PRI ALUM FUTR Dec22	-2.72
COFFEE 'C' FUTURE Dec22	-2.65
GASOLINE RBOB FUT Dec22	-2.51
LIVE CATTLE FUTR Dec22	-2.31
COPPER FUTURE Dec22	-2.28
COTTON NO.2 FUTR Dec22	-1.74
LME LEAD FUTURE Dec22	-1.47

¹The futures investments are held indirectly through the FT Cayman Subsidiary III, a wholly-owned subsidiary of the fund organized under the laws of the Cayman Islands.

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.

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.

The failure or bankruptcy of a fund's and the subsidiary's clearing broker could result in substantial loss of fund assets.

Commodity prices can have significant volatility, and exposure to commodities can cause the value of a fund's shares to decline or fluctuate in a rapid and unpredictable manner.

Investments linked to the prices of commodities may be considered speculative and subject a fund to greater volatility than investments in traditional securities.

To avoid exceeding position limits set by the Commodity Futures Trading Commission, a fund may have to liquidate commodity contract positions at disadvantageous times or prices which may result in substantial loss of fund assets.

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.

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.

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.

Trading on foreign commodity markets is not regulated by any U.S. government agency and may involve risks not applicable to U.S. exchanges. The frequent trading of commodity futures contracts may increase the amount of commissions or mark-ups that a fund pays when it buys and sells contracts which may detract from a fund's performance.

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.

A commodity price may change substantially between periods of trading

due to adverse news announcements.

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.

Leverage may result in losses that exceed the amount originally invested and may accelerate the rates of losses. Leverage tends to magnify, sometimes significantly, the effect of any increase or decrease in a fund's exposure to an asset or class of assets and may cause the value of a fund's shares to be volatile and sensitive to market swings.

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 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.

High portfolio turnover may result in higher levels of transaction costs and may generate greater tax liabilities for shareholders.

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.

If a fund's counterparty defaults on its obligations and a fund is delayed or prevented from recovering collateral, or if the value of the collateral is insufficient, a fund may realize a loss.

Short selling creates special risks which could result in increased gains or losses and volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

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.

Subsidiary investment risk applies to a fund that invests in certain securities through a wholly-owned subsidiary of the fund that is organized under the laws of the Cayman Islands ("Subsidiary"). Changes in the laws of the U.S. and/or Cayman Islands could result in the inability of a fund to operate as intended. The Subsidiary is not registered under the 1940 Act and is not subject to all the investor protections of the 1940 Act. Thus, a fund that is an investor in the Subsidiary will not have all the protections offered to investors in registered investment companies.

If a fund does not qualify as a RIC for any taxable year and certain relief provisions were not available, a fund's taxable income would be subject to tax at the fund level and to a further tax at the shareholder level when such income is distributed. Further, there may be other tax implications to a fund based on the type of investments in a fund.

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.

Securities issued or guaranteed by federal agencies and U.S. government sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government.

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.

A fund may invest in securities that exhibit more volatility than the market as a whole.

"Whipsaw" markets in which significant price movements develop but then repeatedly reverse, may cause substantial losses for a fund.

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.

First Trust Advisors L.P. is registered as a commodity pool operator and commodity trading advisor and is also a member of the National Futures Association.

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 **3 Month U.S. Treasury Bills + 3%** is made up of 3 Month U.S. Treasury Bills and a spread of 3 percent accrued daily because the Treasury bill rate can fluctuate over time. The **Bloomberg Commodity Index** is made up of exchange-traded futures on physical commodities and represents 20 commodities, which are weighted to account for economic significance and market liquidity. The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance.