FMHI

As of 3/31/23

First Trust Municipal High Income ETF

» Fund Objectives

This actively managed exchange-traded fund seeks to provide federally tax-exempt income. Its secondary objective is long-term capital appreciation.

» Fund Facts

Fund Ticker	FMHI
CUSIP	33739P301
Intraday NAV	FMHIIV
Fund Inception Date	11/1/17
Expense Ratio^	0.70%
30-Day SEC Yield†	3.93%
Taxable Equivalent 30-Day SEC Yield‡	6.63%
Primary Listing	Nasdaq

» Fund Description

- 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 that pay interest that is exempt from regular federal income taxes. At least 50% of the fund's net assets are allocated to below investment-grade and unrated municipal securities, with an allocation of no more than 50% to investment grade rated municipal securities.
- First Trust Advisors L.P. is the advisor to the fund and manages the fund's portfolio. Daily investment decisions are made by Johnathan N. Wilhelm, Senior Vice President, Senior Portfolio Manager and Tom Byron, Senior Vice President, Portfolio Manager.
- 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 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.

» Performance Summary (%)

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
Fund Performance*							
Net Asset Value (NAV)	2.15	2.15	-5.33	1.69	2.01	–	2.06
After Tax Held	1.75	1.75	-6.73	0.36	0.64	–	0.71
After Tax Sold	1.27	1.27	-3.16	0.76	0.98	–	1.03
Market Price	2.24	2.24	-5.10	1.70	2.04	–	2.09
Index Performance**							
Blended Benchmark	2.76	2.76	0.18	2.07	2.91	–	2.70
Bloomberg Municipal Bond Index	2.78	2.78	0.26	0.35	2.03	–	1.77

» Calendar Year Total Returns (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
FMHI	–	–	–	–	–	2.04	10.58	4.01	7.60	-14.66	2.15
Blended Benchmark	–	–	–	–	–	3.68	8.26	4.27	3.89	-7.95	2.76
Bloomberg Municipal Bond Index	–	–	–	–	–	1.28	7.54	5.21	1.52	-8.53	2.78

» 3-Year Statistics

	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation
FMHI	8.30	1.53	1.21	0.14	0.93
Bloomberg Municipal Bond Index	6.48	–	1.00	-0.05	1.00

Overall Morningstar Rating™	★★★★	Among 197 funds in the High Yield Muni category. This fund was rated 4 stars/197 funds (3 years), 4 stars/173 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.

^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.

‡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.

*__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 Blended Benchmark consists of the following two indexes: 50% of the Bloomberg High Yield 10-Year Municipal Index (8-12 years) which is comprised of bonds with a final maturity between 8 and 12 years that are part of the Bloomberg Municipal Bond High Yield Index; and 50% of the Bloomberg Revenue 10-Year Municipal Index (8-12 years) which is comprised of revenue bonds that have a final maturity between 8 and 12 years that are part of the Bloomberg Municipal Bond Index. The Blended Benchmark returns are calculated by using the monthly return of the two indices during each period shown above. At the beginning of each month the two indices are rebalanced to a 50-50 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.

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» Portfolio Information

Number Of Holdings	349
Weighted Average Effective Duration (Includes Short Positions)[1]	8.17 Years
Weighted Average Effective Duration (Long Positions)[1]	8.49 Years
Weighted Average Modified Duration[1]	8.24 Years
Weighted Average Maturity	16.31 Years
Weighted Average Price	$93.64
Short Position - US Treasury Futures	-4.25%

» Credit Quality (%)[2]

Cash	1.93
AAA	1.69
AA	9.97
A	17.54
BBB	12.55
BB	13.95
B	2.65
NR	39.72

[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 credit quality information presented reflects the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including S&P Global Ratings, 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 (%)

BUCKEYE OH TOBACCO SETTLEMENT FING AUTH 5%, due 06/01/2055	1.58
MEADE CNTY KY INDL BLDG REVENUE Variable rate, due 08/01/2061	1.47
CHICAGO IL BRD OF EDU N/C, 5%, due 12/01/2030	1.09
ARKANSAS DEV FIN AUTH ENVIRONMENTAL REV 5.45%, due 09/01/2052	0.88
CONNECTICUT ST HLTH & EDUCTNL FACS AUTH 5%, due 12/01/2045	0.82
NORTH CAROLINA ST MED CARE COMMN 5%, due 10/01/2037	0.78
MIAMI-DADE CNTY FL AVIATION REV 5%, due 10/01/2038	0.77
NEW YORK CITY NY TRANSITIONAL FIN AUTH REV 4%, due 02/01/2042	0.77
PUERTO RICO CMWLTH 4%, due 07/01/2033	0.77
OKLAHOMA ST DEV FIN AUTH 7.25%, due 09/01/2051	0.76

» Top State Exposure (%)

Florida	13.97
Colorado	8.75
Texas	5.88
California	5.64
New York	4.94
Utah	4.43
Wisconsin	4.07
Illinois	3.88
Ohio	3.74
Arizona	3.43

» Top Sector Exposure (%)

SPECIAL ASSESSMENT	12.15
CCRC	11.25
IDB	10.92
EDUCATION	9.23
GO-LTD	6.83
DEDICATED TAX	6.14
HOSPITAL	5.70
GO-UNLTD	5.22
AIRPORT	4.81
GAS	4.71

» Maturity Exposure (%)

0 - 0.99 Years	7.00
1 - 1.99 Years	0.49
2 - 2.99 Years	1.16
3 - 3.99 Years	1.65
4 - 4.99 Years	1.43
5 - 5.99 Years	2.87
6 - 6.99 Years	2.51
7 - 7.99 Years	3.91
8 - 8.99 Years	2.21
9 - 9.99 Years	2.43
10 - 14.99 Years	7.95
15 - 19.99 Years	31.20
20 - 24.99 Years	11.96
25 - 29.99 Years	16.45
30 Years & Over	4.85
Cash	1.93

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.

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.

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.

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.

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.

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.

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.

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.

Industrial development bonds are normally secured only by the revenues from the project and are not general obligations of the issuer or otherwise secured by state or local government tax receipts.

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 portfolio managers of an actively managed portfolio will apply investment techniques and risk analyses that may not have the desired result.

Please see additional risks on the following page.

Risk Considerations (continued)

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, natural disasters 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 vaccines have been developed, there is no guarantee that vaccines will be effective against future variants of the disease. Recent and potential future bank failures could result in disruption to the broader banking industry or markets generally and reduce confidence in financial institutions and the economy as a whole, which may also heighten market volatility and reduce liquidity.

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.

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.

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.

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. 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.

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.

Private activity bonds can have a substantially different credit profile than the municipality or public authority that issued them and may be negatively impacted by conditions affecting the general credit of the private enterprise or the project itself.

A fund may be unable to sell a restricted security on short notice or only sell them at a price below current value.

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 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.

Zero coupon bonds do not pay interest on a current basis, they may be highly volatile, and they do not produce cash flow. A fund could be forced to liquidate zero coupon bond securities at an inopportune time to generate cash to distribute to shareholders as required by tax laws.

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 Bond Index** is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

§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. 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.