

# EMOT

## First Trust S&P 500 Economic Moat ETF

The **First Trust S&P 500 Economic Moat ETF** is an exchange-traded fund (ETF) that seeks investment results that correspond generally to the price and yield, before the fund's fees and expenses, of an equity index called the S&P 500 Economic Moat Index (the "index").

### THE VIEW FROM THE TOP | A QUANTITATIVE APPROACH TO QUALITY

An "economic moat," a term originally coined by Warren Buffett, refers to a structural business characteristic that provides sustainable competitive advantages over competitors to preserve market share and profits. While no single metric is the sole indicator of an economic moat, one can be created via several components, such as a company's economies of scale, patent-protected technology or products, strong brand recognition, high switching costs, among others. In an ever broadening and increasingly volatile market, investors may want to consider companies with wide economic moats, as those companies may be able to fend off competitors and maintain their market share, be more resilient to various periods of volatility, and potentially increase their growth for the long-term.

**EMOT** seeks to provide a quantitative approach to identifying quality companies that have sustainable competitive advantages over their peers. Below are some factors that are considered in the S&P 500 Economic Moat Index construction process:



#### Sustained High Return on Invested Capital ("ROIC")

ROIC (net income divided by the sum of total debt and equity) is a measure of how efficiently a company utilizes its capital to generate profits, and thus is a strong indicator of a company's quality. Companies with wider economic moats tend to have higher percentages of ROIC.



#### Sustained High Gross Margins

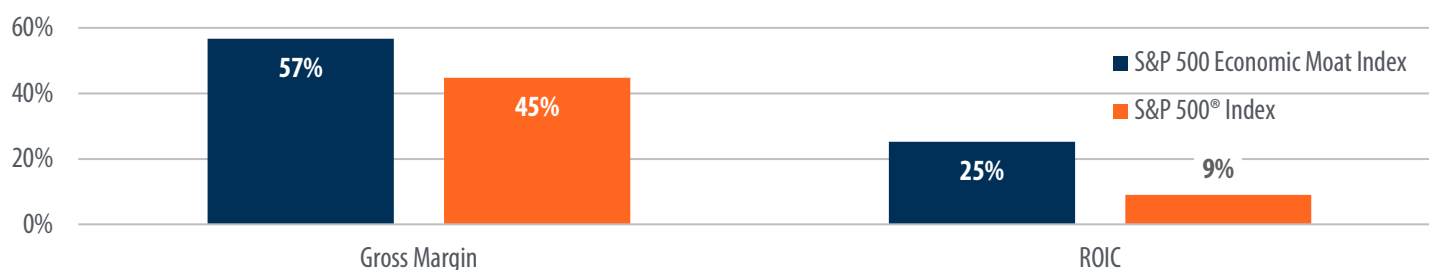
Gross margins (gross income divided by revenue) measure a company's profitability as compared to its revenue. If a company can maintain a high gross margin over the long-term, its resulting increased capital can be used to for other purposes in the company, such as improving their debt rating, funding research and development projects, and/or other strategic reinvestments in their own growth.



#### High Market Share

Market share (calculated for each company using Syntax Data's Related Business Risk Groups ("RBRG") Exposure and related revenues) represents the percentage of total revenue a company generates in the industries in which it operates. A high market share may be an indication of a company's competitive advantage such as those stemming from economies of scale, network effects, and/or strong brand power.

The chart below illustrates the median gross margin and ROIC percentages of all companies in the S&P 500 Economic Moat Index as compared to those in the S&P 500® Index. Companies included in the S&P 500 Economic Moat Index have higher median gross margins and more than double the ROIC than those in the S&P 500® Index, as of 3/31/2025.



All data as of 3/31/2025 unless otherwise noted. Source: Capital IQ. All data items represent the median value of all companies included in the index. Index data is for illustrative purposes only and not indicative of the fund. Please see next page for definitions.

### Fund Details

Fund Ticker	EMOT
CUSIP	33738R613
Intraday NAV	EMOTIV
Fund Inception Date	6/26/2024
Investment Advisor	First Trust Advisors L.P.
Primary Listing	NYSE Arca

## S&P 500 ECONOMIC MOAT INDEX CONSTRUCTION PROCESS

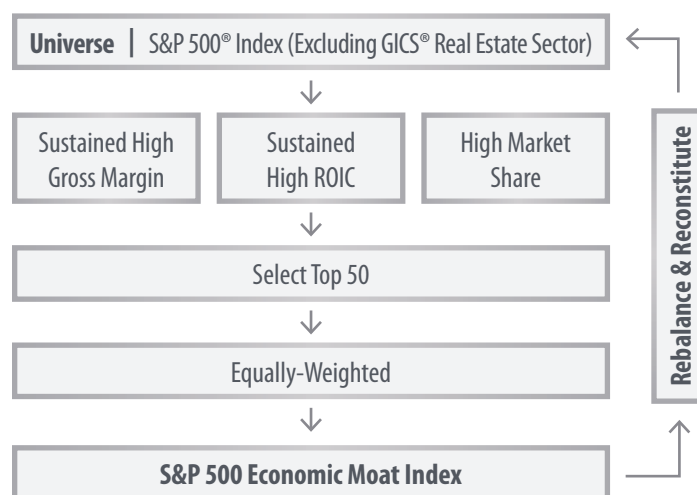
**Universe** | Begin with a universe of all the securities comprising the S&P 500® Index excluding the Global Industry Classification Standard (“GICS”) real estate sector.

**Eligibility Criteria** | According to the index provider, all eligible securities are assigned an “Economic Moat” score based on the following metrics:

- Gross margin and the 5-year standard deviation of gross margin
- The 5-year average of ROIC
- Market share score

**Security Selection & Weighting** | The top 50 securities with the highest Economic Moat score are selected and are equally weighted.

**Rebalancing** | The index is rebalanced and reconstituted semi-annually.



*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

**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 Statement of Additional Information 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.

The success of consumer discretionary companies is tied closely to the performance of the overall U.S. and international economies, interest rates, competition, consumer confidence, disposable household income and consumer spending. Changes in demographics and consumer tastes can also affect the demand for consumer discretionary products.

Current market conditions risk is the risk that a particular investment, or shares of the fund in general, may fall in value due to current market conditions. For example, changes in governmental fiscal and regulatory policies, disruptions to banking and real estate markets, actual and threatened international armed conflicts and hostilities, and public health crises, among other significant events, could have a material impact on the value of the fund's investments.

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.

An index fund will be concentrated in an industry or a group of industries to the extent that the index is so concentrated. A fund with significant exposure to a single asset class, or the securities of issuers within the same country, state, region, industry, or sector may have its value more affected by an adverse economic, business or political development than a broadly diversified fund.

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.

There is no assurance that the index provider or its agents will compile or maintain the index accurately. Losses or costs associated with any index provider errors generally will be borne by a fund and its shareholders.

Information technology companies are subject to certain risks, including rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and regulation and frequent new product introductions.

Large capitalization companies may grow at a slower rate than the overall market.

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.

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.

Large inflows and outflows may impact a new fund's market exposure for limited periods of time.

An index fund's return may not match the return of the index for a number of reasons including operating expenses, costs of buying and selling securities to reflect changes in the index, and the fact that a fund's portfolio holdings may not exactly replicate the index.

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.

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.

A fund that invests in securities included in or representative of an index will hold those securities regardless of investment merit and the fund generally will not take defensive positions in declining markets.

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.

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. (FTA) is the adviser to the First Trust fund(s). FTA is an affiliate of First Trust Portfolios L.P., the distributor of the fund(s).

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.

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The **S&P 500® Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance.