

First Trust

FTCE

First Trust New Constructs Core Earnings Leaders ETF

The **First Trust New Constructs Core Earnings Leaders ETF (FTCE)** 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 Bloomberg New Constructs Core Earnings Leaders Index (the "index").

Peeling Back the Layers | Getting to the Core of Earnings

When evaluating stock quality, analysts use several metrics to assess equity securities while also considering current market conditions. One measure of earnings quality can come from comparisons with industry peers and evaluating how aggressive or conservative their accounting assumptions are. A company's *reported* earnings are often used as a metric to determine the overall operating profitability of their business. A deeper dive into the balance sheets and income statements, however, may reveal the true or, "Core," earnings, which factor in the removal of unusual gains and losses, in turn painting a clearer picture of the overall quality of the company. **FTCE** provides exposure to the companies that comprise the Bloomberg New Constructs Core Earnings Leaders Index (BCORE). BCORE uses a quantitative approach to select the top 100 companies in the Bloomberg 1000 Index (B1000) that have the highest earnings quality, as measured by Earnings Capture. Positive Earnings Capture illustrates stronger business fundamentals and may offer an opportunity for investment.

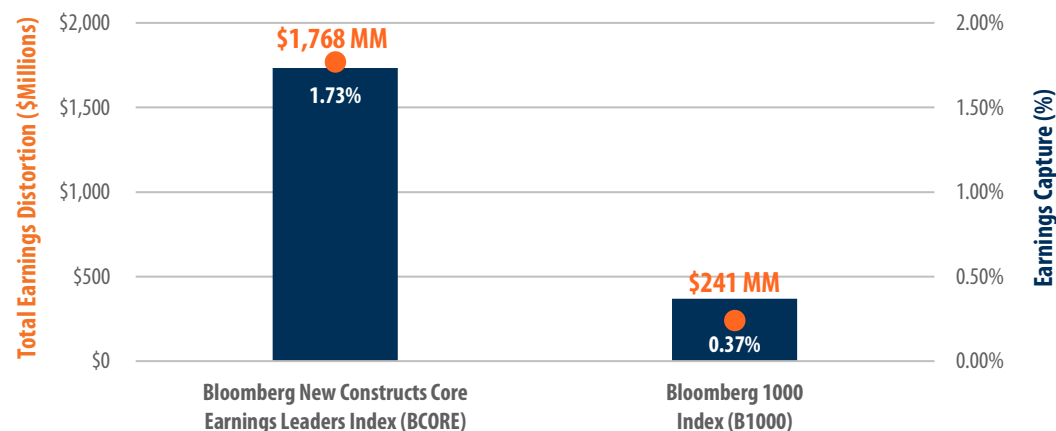
Leading edge investment research firm, New Constructs, determines Core Earnings by reviewing company filings and identifying non-core and non-recurring gains and losses through their classification system. Such gains and losses are identified using a combination of technology and expert analyst review of items reported on the income statement (pre-tax and after-tax), as well as "hidden" items disclosed only in the footnotes and management discussion and analysis. The relevant tax consequences of making such adjustments are included in the determination of Core Earnings. The chart below shows the comparison in earnings capture between the fund's underlying index and its parent index and the potential impact of an investment when screened for profitability metrics.

Fund Details

Fund Ticker	FTCE
CUSIP	33738R597
Intraday NAV	FTCEIV
Fund Inception Date	10/2/2024
Investment Advisor	First Trust Advisors L.P.
Primary Listing	NYSE Arca

Core Earnings – As Reported Earnings = Total Earnings Distortion ÷ Total Assets = Earnings Capture

Earnings Capture and Distortion: BCORE vs B1000



Key Terms

Core Earnings

Used to assess the normalized operating profitability of a business by removing unusual gains and losses.

Earnings Distortion

The difference between Core Earnings and As Reported Earnings.

Earnings Capture

Normalizes earnings distortion to consider a company's total assets.

Source: Bloomberg. Data as of 9/30/24. **Past performance is not a guarantee of future results.** This chart is for illustrative purposes only and not indicative of the fund. Investors cannot invest directly in an index. Please see the following page for index definitions.

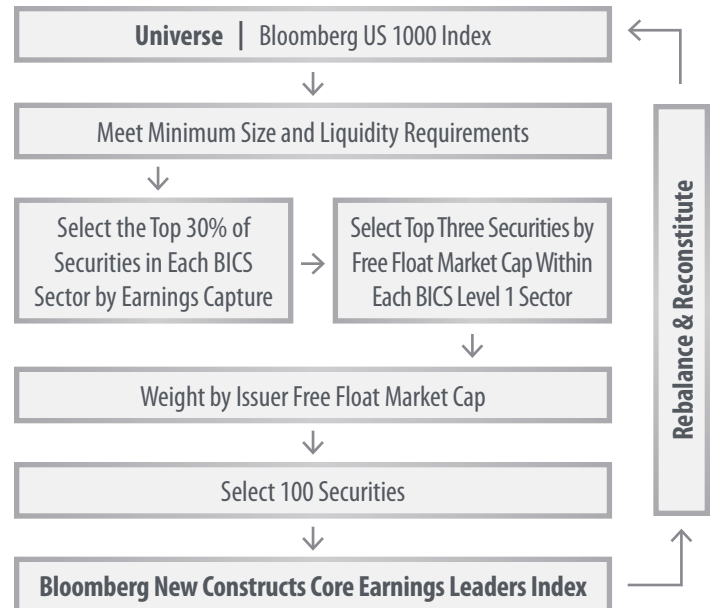
Index Construction Process

Universe | Begin with the securities comprising the Bloomberg US 1000 Index.

Eligibility Criteria | According to the index provider, a security must meet certain size and liquidity requirements of the index. One security per issuer is permitted. The top 30% of securities within each Bloomberg Industry Classification Standard (“BICS”) level 1 sector by the Earnings Capture metric are eligible for inclusion in the index.

Security Selection and Weighting | The top three securities by issuer free float market capitalization in each BICS level 1 sector are selected. Remaining eligible securities are sorted in descending order by issuer free float market capitalization and are selected until there are 100 securities in the index. Security weights are determined based on issuer free float market capitalization. Security weights are capped at 4.5% and sector weights are normalized to the sector weights in the starting universe.

Rebalancing | The index is reconstituted and rebalanced quarterly.



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 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.

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. As a means to fight inflation, the Federal Reserve and certain foreign central banks have raised interest rates and expect to continue to do so, and the Federal Reserve has announced that it intends to reverse previously implemented quantitative easing. 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. Ongoing armed conflicts between Russia and Ukraine in Europe and among Israel, Hamas and other militant groups in the Middle East, have caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, the Middle East and the United States. The hostilities and sanctions resulting from those hostilities have and could continue to have a significant impact on certain fund investments as well as fund performance and liquidity. The COVID-19 global pandemic, or any future public health crisis, 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, negatively impacting global growth prospects.

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.

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. (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.

“Bloomberg” and the indices licensed herein (the “Indices”) are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the Indices (collectively, “Bloomberg”) and have been licensed for use for certain purposes by First Trust Advisors L.P. (the “Licensee”). Bloomberg is not affiliated with the Licensee, and Bloomberg does not approve, endorse, review, or recommend the financial products referenced herein (the “Financial Products”). Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Indices or the Financial Products.

Definitions

The **Bloomberg US 1000 Index** is a float market-cap-weighted benchmark of the 1000 most highly capitalized US companies.

Free float refers to the number of outstanding shares that are available to the public for trade. **Issuer free float market capitalization** is the aggregate free float market capitalization of all securities for a particular issuer.