

## » 運用方針

この上場投資信託（ETF）は総合リターンとインカムを得ることを目指します。

## » ファンド概要

ティッカーコード	FPE
CUSIPコード	33739E108
イントラディ・ティッカー	FPEIV
設定日	2013年2月11日
経費率	0.85%
30日SEC利回り†	5.96%
取引所	NYSE Arca

## » ファンド概要

The First Trust Preferred Securities and Income ETFはアクティブ型の上場投資信託（ETF）です。通常の環境下では、当ファンドは（借入を含む）純資産の少なくとも80%以上を優先証券、および利息収入を生み出す社債、ハイイールド債、転換証券などに投資します。

- 優先証券は他の資産クラスとの低い相関及び分散効果を提供するため、ポートフォリオのボラティリティを抑制できる可能性があります。
- 優先証券は利回りが他の投資適格の商品よりも高い場合があるため、過度な追加のリスクを取らないで比較的高い収益を生み出す可能性があります。
- 優先証券は普通株式よりも優先順位が高いため、より安定した収益を生み出し、かつボラティリティが低いことから、普通株式よりも安全な収入源と言われています。

## » ファンドサブアドバイザー

ストーンブリッジ・アドバイザーズLLCは当ファンドのサブアドバイザーで当ファンドの運用を行います。

- ストーンブリッジ社は、機関投資家及び富裕層に向けて優先証券並びにハイブリッド証券に関する高い専門知識を提供するニッチな資産運用会社です。ストーンブリッジ社のチームは、長年の経験を通じて、優先証券のポートフォリオを管理するためのノウハウを確立してきました。
- ストーンブリッジ社の投資哲学は、いかなる市場環境でも適切なリスク水準を保つためにはポートフォリオの分散が必要だという考えに基づいています。
- ストーンブリッジ社は、優先証券の運用を専門とし慎重かつルールに則った運用を行うことで、投資家に魅力的な運用成績を提供できると考えており、質の高い優先証券への分散投資を通して魅力的なトータルリターンを獲得することが同社の目標です。
- 運用チームはマーケットタイミングという概念ではなく、アクティブ運用により市場の非効率性を見出し付加価値を提供しています。ストーンブリッジ社の慎重な運用方針は、優先証券の運用会社にとって極めて重要なことです。

## » 運用実績の概要 (%)

	3か月	年初来	1年	3年	5年	10年	ファンド設定来				
<b>ファンドの運用実績*</b>											
基準価額（NAV）リターン	2.34	-2.12	-1.61	0.44	1.85	3.62	3.37				
市場価格リターン	1.57	-1.96	-1.67	0.36	1.80	3.62	3.34				
<b>指標のリターン**</b>											
ICE BofA US Investment Grade Institutional Capital Securities 指数	2.04	3.16	5.57	1.17	3.55	4.52	4.29				
合成ベンチマーク	2.18	0.11	-0.20	-0.59	2.11	—	—				
<b>運用実績 (%)</b>											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
FPE	—	10.93	6.18	6.46	11.37	-4.71	17.57	6.50	4.94	-12.38	-2.12
ICE BofA US Investment Grade Institutional Capital Securities 指数	—	—	—	—	—	-4.51	18.57	8.22	2.46	-10.19	3.16
合成ベンチマーク	—	9.92	5.64	5.13	11.32	-3.98	18.30	7.64	3.59	-14.04	0.11

## » リスク過去3年

	標準偏差 (%)	アルファ	ベータ	シャープレシオ	相関係数
FPE	10.06	1.07	1.01	-0.03	0.98
ICE BofA US Investment Grade Institutional Capital Securities 指数	6.97	1.05	0.66	0.02	0.93
合成ベンチマーク	9.82	—	1.00	-0.14	1.00

記載された運用実績は過去のものであり、将来の運用成果を保証するものではありません。現在の運用成績は、記載された運用実績を上回る場合も下回る場合もあります。投資リターン及び投資元本は変動するため、投資家の受益証券の売却または償還時の価値は取得原価を上回る場合も下回る場合もあります。直近の月末現在までの運用成績は、[www.ftportfolios.com](http://www.ftportfolios.com)にて入手することができます。

^ 信託理事会によって承認された通り、プロスペクタスの日付を以てファンドの投資顧問会社である First Trust Advisors L.P. に支払われる運用報酬は、ファンドの純資産に対し 0.8075%へ引き下げられます。運用報酬は、ファンドの純資産のレベル（「ブレークポイント」）に応じてさらに引き下げられたり上記の表記に記載されている料率まで引き上げられる場合があります。ブレークポイントに関する詳細については、ファンドのSAI (Statement of AdditionalInformation)をご覧ください。

\* 30日SEC利回りは、直近30日間における一口当たりの純投資収益を同期間末日の一口当たり最高オファー価格で割ったもので、報酬の減免や経費の払い戻しの効果を含んでいます。

\*\* 基準価額（NAV）リターンは、当ファンドの純資産総額（資産から負債を控除した額）を当ファンドの発行済受益証券数で割った当ファンドの基準価額に基づいて算出したものです。市場価格リターンは、基準価額が計算される時刻における全米最良気配（NBBO: national best bid offer price）の仲値に基づいて算出したものです。リターンは平均の年率リターンであり、期間1年末満了のリターンは累積リターンです。当ファンドの運用実績は、報酬の減免や経費の払い戻しの効果を含んでおり、もし報酬の減免や経費の払い戻しがなかった場合には運用実績はより低くなっています。

\*\* 各指標リターン情報は参考程度のものであり、実際の運用実績を表すものではありません。指標には管理報酬や売買委託手数料がかからないため、記載の運用実績から運用報酬や手数料は控除されていません。指標は運用されるものではなく、投資家は指標に直接投資することはできません。運用者はファンドの投資戦略がより適正に反映すると考え、2021年7月6日にファンドのベンチマークが従前の合成ベンチマークから当合成ベンチマークへと変更されました。現在の合成ベンチマークは30 : 30 : 30 : 10の割合で ICE BofA Core Plus Fixed Rate Preferred Securities 指数、ICE BofA US Investment Grade Institutional Capital Securities 指数、ICE USD Contingent Capital 指数、ICE BofA US High Yield Institutional Capital Securities 指数から構成されています。当合成ベンチマークは、優先証券場とハイブリッド証券市場の各セグメントの時価総額を比例して反映することを目的としています。従前の合成ベンチマークは、50 : 50の割合で ICE BofA Fixed Rate Pre-ferred Securities 指数と ICE BofA U.S. Capital Securities 指数から構成されています。当合成ベンチマークおよび従前の合成ベンチマークのリターンは、上述の指標の記載の各期間中における月次リターンを用いて計算されます。毎月初めに、これら指標はそれぞれ30 : 30 : 30 : 10と50 : 50の比率にリバランスされ、毎月の月中に生じた構成割合からの乖離を説明します。次に、月次リターンが上記の各期間中合成され、上記の各期間の当合成ベンチマークと従前の合成ベンチマークのパフォーマンス実績が得られます。

## » ポートフォリオ情報

保有銘柄数	291
加重平均実効デュレーション <sup>1</sup>	3.87 Years
機関投資家向け証券(例:額面\$1,000) <sup>2</sup>	74.30%
リテール向け証券(例:額面\$25) <sup>3</sup>	25.70%
額面に対する加重平均(%) <sup>4</sup>	89.36%
CoCo/AT1 エクスポートージャ <sup>6</sup>	24.31%
地銀エクスポートージャ <sup>7</sup>	3.34%

## » 証券種類別組入れ比率(%)

フィックスツアーフロー(一部固定変動金利)	74.97
証券	
固定金利証券	21.89
変動金利証券	3.14

## » 業種別投資内訳(%)

銀行	40.18
保険	20.01
オイル、ガス、燃料	8.76
資本市場	6.72
総合公益事業	4.56
各種金融サービス	4.50
商社・物流	3.64
食料品	2.65
電力事業	1.54
不動産管理・開発	1.45

## » 保有上位銘柄(%)

AERCAP HOLDINGS NV Variable rate, due 10/10/2079	2.50
BARCLAYS PLC Variable rate	2.15
Wells Fargo & Company, Series L, 7.500%	2.06
HIGHLAND HOLDINGS BOND 7.625%, due 10/15/2025	1.83
BARCLAYS PLC Variable rate	1.81
Bank of America Corp., Series L, 7.25%	1.41
UniCredit S.p.A., Variable Rate	1.38
Intesa Sanpaolo SpA, Variable Rate	1.31
LLOYDS BANKING GROUP PLC Variable rate	1.23
GLOBAL ATLANTIC Variable rate, due 10/15/2051	1.18

## » 信用度/格付け(%)<sup>5</sup>

A	0.11
A-	0.16
BBB+	11.21
BBB	20.60
BBB-	33.31
BB+	15.37
BB	11.53
BB-	3.58
B+	0.45
B	0.39
NR	3.29

1. 金利変化に対する証券の感応度の指標で、利回りの変化による債券価格の変化を反映します。
2. 機関投資家向け証券は原則額面が1,000米ドルの証券で、店頭のみで取引されます。
3. リテール向け証券は原則額面が25米ドルの証券ですが、取引所に上場している額面20米ドル、50米ドル、並びに100米ドルの証券も含みます。
4. 額面に対する加重平均値(%)は、当ファンドのポートフォリオにある確定利付証券の額面に対して価格の加重平均を表すものです。当ファンドのポートフォリオにある各々の証券の市場価格を使って加重平均で算出されます。100以上の数値は、平均として当ファンドが保有している証券がプレミアムで取引されていることを意味し、100以下の数値は、平均として当ファンドが保有している証券がディスカウントで取引されていることを表します。債券の額面は100米ドルまたは1,000米ドルが原則で、取引所に上場しているリテール向け証券の額面は25米ドルが原則です。
5. 格付けは、マグロウヒル社の一部門であるスタンダード& Poor's・レーティング・グループ、ムーディーズ・インベスター・ズ・サービス、フィッチ・レーティングスをはじめ、全米で認知されている統計的格付機関(NRSRO)によって同等の評価を受けた格付け会社一社以上によるものです。一つの証券が複数のNRSROに評価されており格付けが異なる場合、もっとも高い格付けが採用されます。非投資適格は、格付けがBB+/Ba1以下とされています。投資適格は、格付けがBBB-/Baa3以上とされています。示された信用格付けは、当ファンドまたはその受益証券ではなく、当ファンドが保有する有価証券の発行体の信用力に関連しています。信用格付けは変更されます。
6. 非米国の銀行によって発行される条件付き資本証券は、米国AT1 / Preferredとは異なり、普通株式への転換および/または元本の減少の契約上のメカニズムを含んでいるものです。
7. これは、GICS産業分類基準によって分類されたものです。

投資の前に、当ファンドの投資目的、リスク、手数料・費用などについて慎重にご検討ください。これらに関する情報、また当ファンドのその他の情報は、当ファンドのプロスペクタス又はサマリープロスペクタスに記載されており、First Trustのウェブサイト ([www.ftportfolios.com](http://www.ftportfolios.com)) にて入手することができます。当ファンドへの投資の前にプロスペクタスの内容を十分にご確認ください。

## 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.

Banks are especially subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentrations in geographic markets and in commercial and residential real estate loans, as well as competition from new entrants. In addition, banks are subject to extensive regulation at both the federal and state level, which may affect permissible activities, profitability and the amount of capital that they must maintain.

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.

Contingent convertible securities ("CoCos") may provide for mandatory conversion into common stock of the issuer under certain circumstances. Since the common stock of the issuer may not pay a dividend, investors in these instruments could experience a reduced income rate, potentially to zero; and conversion would deepen the subordination of the investor, hence worsening standing in a bankruptcy.

A convertible security is exposed to risks associated with both equity and debt securities. The value of convertibles may rise and fall with the market value of the underlying stock or vary with changes in interest rates and credit quality of the issuer.

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.

Changes in currency exchange rates and the relative value of non-US currencies may affect the value of a fund's investments and the value of a fund's shares.

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.

Depositary receipts may be less liquid than the underlying shares in their primary trading market and distributions may be subject to a fee. Holders may have limited voting rights, and investment restrictions in certain countries may adversely impact their value.

Investments in emerging market securities are generally considered speculative and involve additional risks relating to political, economic and regulatory conditions.

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.

Political or economic disruptions in European countries, even in countries in which a fund is not invested, may adversely affect security values and thus the fund's holdings. A significant number of countries in Europe are member states in the European Union, and the member states no longer control their own monetary policies. In these member states, the authority to direct monetary policies, including money supply and official interest rates for the Euro, is exercised by the European Central Bank. The implications of the United Kingdom's withdrawal from the European Union are difficult to gauge and cannot yet be fully known.

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.

Financial services companies are subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentration in geographic markets, industries or products, and competition from new entrants in their fields of business.

Fixed-to-floating rate securities are securities that have a fixed dividend rate for an initial term that converts to a floating dividend rate upon the expiration of the initial term. While fixed-to-float rate securities can be less sensitive to interest rate risk than fixed-rate securities they generally carry lower yields than similar fixed-rate securities.

Floating rate securities are structured so that the security's coupon rate fluctuates based upon the level of a reference rate. As a result, the coupon on floating rate securities will generally decline in a falling interest rate environment, causing a fund to experience a reduction in the income it receives from the security. A floating rate security's coupon rate resets periodically according to the terms of the security. Consequently, in a rising interest rate environment, floating rate securities with coupon rates that reset infrequently may lag behind the changes in market interest rates.

Please see additional risks on the following page.

## Risk Considerations (continued)

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.

Hybrid capital securities are subject to the risks of equity securities and debt securities. The claims of holders of hybrid capital securities are generally subordinated to those of holders of traditional debt securities in bankruptcy, and thus hybrid capital securities may be more volatile and subject to greater risk than traditional debt securities.

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.

If the fund invests in securities of another investment company, the fund may bear its ratable share of that investment company's expenses as well as the fund's advisory and administrative fees, which may result in duplicative expenses.

The fund may also incur brokerage costs if purchasing or selling shares of exchange-traded investment companies.

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

The London Interbank Offered Rate ("LIBOR") has ceased to be made available as a reference rate. Any potential effects of the transition away from LIBOR on the fund or on certain instruments in which the fund invests is difficult to predict and could result in losses to the fund. The unavailability or replacement of LIBOR may affect the value, liquidity or return on certain fund investments and may result in costs incurred in connection with closing out positions and entering into new trades.

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, 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.

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, lack of liquidity, lack of adequate financial information, and exchange control restrictions impacting non-U.S. 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.

Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred stocks are typically subordinated to other debt instruments in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments.

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.

Real Estate Investment Trusts ("REITs") are subject to the risks of investing in real estate, including, but not limited to, changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession. Increases in interest rates typically lower the present value of a REIT's future earnings stream and may make financing property purchases and improvements more costly. The value of a fund will generally decline when investors in REIT stocks anticipate or experience rising interest rates.

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.

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

Subordinated debt has lower credit ratings and lower priority than other obligations of an issuer during bankruptcy, presenting a greater risk of nonpayment.

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.

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.

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.

## 用語集

標準偏差は価格の変動性（リスク）の指標です。アルファは、投資対象のリスク調整リターンがどれくらいベンチマークを上回るか下回るかの指標です。ベータは市場に対する価格変動性の指標です。シャープレシオは標準偏差の一単位当たりの超過リターンの指標です。相関係数はパフォーマンスの類似性を測る指標です。 ICE BofA Fixed Rate Preferred Securities指数は、米国市場で発行された米ドル建て固定金利優先証券のパフォーマンスに連動しています。 ICE BofA Core Plus Fixed Rate Preferred Securities指数は、米国市場で発行された米ドル建て固定金利優先証券のパフォーマンスに連動しています。 ICE BofA US Investment Grade Institutional Capital Securities指数は、米国市場で公に発行された米ドル建て投資適格ハイブリッド資本社債および優先証券のパフォーマンスに連動しています。 ICE USD Contingent Capital Securities指数は、主要国内市場およびユーロ債市場で公に発行された投資適格以下の条件付資本債務のパフォーマンスに連動しています。 The ICE BofA US High Yield Institutional Capital Securitiesは、米国市場で公に発行された米ドル建て非投資適格ハイブリッド資本社債および優先証券のパフォーマンスに連動しています。

## Risk Consideration

ファンドに投資することにより損失を被ることがあります。ファンド投資は銀行預金ではなく、保険がかけられているわけではなく保証もされていません。ファンドの目的が達成されるという保証はありません。ファンドを売買する際、仲介手数料を負担していただく場合があります。ファンドのリスクの詳細については、各ファンドの目論見書および **Statement of Additional Information** を参照してください。以下のリスク要因の記載の順序は、特定のリスク要因の重要性を示すものではありません。

- ・市場リスクとは、特定の証券、または一般的に株式の価値が下がる可能性があるリスクです。
- ・証券は、一般的な経済情勢、政治的出来事、規制または市場の動向、金利の変動、債務不履行あるいはエクステンション、信用格付け、流動性および証券価格の認識された傾向など、様々な要因によって引き起こされる市場変動の影響を受けます。その結果、ファンドの株式の価値が低下したり、他の投資を下回る可能性があります。さらに、戦争、テロ行為、感染症の蔓延、その他の公衆衛生の問題、不況、またはその他の出来事などの地域的、または世界的な出来事は、ファンドに重大な悪影響を与える可能性があります。
- ・投資信託とは異なり、ファンドの持ち分は、非常に大規模な設定/解約ユニットの指定参加者によってのみ直接償還することができます。ファンドの指定参加者が設定/解約注文を進めることができず、他の指定参加者が設定または解約に進むことができない場合、ファンドの持ち分はファンドの純資産価格に対してプレミアムまたはディスカウントで取引され、上場廃止に直面する場合があります。ビッド/アスクのスプレッドが広がる場合があります。
- ・為替レートや他国通貨の米ドルに対する価値の変動は、ファンドの投資価値やファンドの持ち分の価値に影響を与える場合があります。
- ・ファンドは、サイバーセキュリティの侵害によるオペレーションリスクの影響を受けやすくなっています。このような事態が発生すると、ファンドは規制上の罰則、評判の低下、是正措置に関連する追加のコンプライアンス費用、および金銭的損失を被る場合があります。
- ・預託証券は、主要な取引市場の原株より流動性が低く、配当には手数料がかかる場合があります。
- ・保有者の議決権に制限がある場合や特定の国において投資制限がある場合があり、このためその価値に悪影響を与える場合があります。
- ・中国中央政府は、行政規制や国有化を通じて、歴史的に中国経済のほぼすべてのセクターに対して実質的な規制強化を行ってきました。中国中央政府および地方政策当局の行動は、中国の経済状況に大きな影響を与え続けています。輸出の増加は、中国の急速な経済成長の主要な要因の一つです。関税やその他の貿易障壁の導入、または中国の主要な貿易輸出国のいずれかの経済の低迷は、中国経済に不利な影響を及ぼす可能性があります。
- ・中国では、外国人または外国法人による特定のセクターにおける企業の直接的な所有は禁止されています。該当するビジネスへの海外からの投資を可能にするため、多くの中国企業は間接的な外国人所有を可能にするため、Variable Interest Entity (以下、VIE)スキームを作成しています。VIEスキームは中国の法律で正式に認可されていません。中国政府によるVIEスキームに関する介入は、中国企業の業績とファンドが投資する中国企業とシェルカンパニーとの間のVIEスキームに大きな影響を与える可能性があります。VIEスキームは、投資先となる中国発行体または運営企業に関連する投資リスクの影響を受けます。
- ・一部のアジア経済は他国との貿易に依存しており、少数のアジア発行体に投資資金と取引高が集中しており、投資家と金融仲介業者も集中しています。一部のアジア諸国では宗教的、民族的、社会経済的および、または政治的な不安定さなどの結果、資産の没収と国有化、没収課税、通貨操作、政治的不安定、武力衝突、社会的不安定さが発生します。特に、北朝鮮との緊張がエスカレートすると、アジア経済に重大な悪影響を及ぼす可能性があります。米中間の最近の動きは、関税の増加と貿易の制限への懸念を高めています。
- ・たとえファンドが投資していない国であっても、欧州諸国での政治的または経済的な混乱は証券の価値やファンドの保有資産に不利な影響を及ぼす可能性があります。欧州には多くの欧州連合加盟国があり、これらの加盟国は独自の通貨政策を行っておらず、通貨供給やユーロの政策金利など、通貨政策を指示する権限は欧州中央銀行が行使しています。イギリスが欧州連合からの離脱を果たした場合の影響は予測が難しく、完全には分かっていない状況です。
- ・新興国の証券市場への投資は概して投機的であり、政治、経済、規制に関する追加のリスクを伴います。株式は、短期または長期にわたり価格が大幅に下落し、市場全体で発生するか、特定の国、企業、業界、または市場セクターで発生する可能性があります。
- ・2022年2月、ロシアはウクライナに侵攻しましたが、このことは、ロシア、ヨーロッパ、および米国の市場に重大な混乱と変動を引き起こし、また今後も引き起こし続ける可能性があります。戦争行為とその戦争行為に起因する制裁措置は、特定のファンド投資およびファンドのパフォーマンスに重大な影響を与える場合があります。
- ・COVID-19の世界的大流行は、世界の金融市场に重大な変動と衰退を引き起こし、また今後も引き起こし続ける可能性があります。COVID-19に対するワクチンは作られましたが、この病気の新たな変異株に対して有効であるという保証はありません。近年及び将来における銀行の倒産は、金融業界や市場に混乱を引き起こし、金融機関や経済全体の信頼を低下させる可能性があります。信頼の低下により、市場のボラティリティが高まり、流動性が減少する恐れもあります。

- ・大手資本企業は、全体の市場よりも成長率が低い可能性があります。
- ・マーケットメーカーの数が限られているためにファンドの持ち分の活発な市場が不足する可能性を含め、ファンドは多くの市場取引リスクに直面しています。マーケットメーカーまたは承認された参加者が市場ストレス時に自身の役割を減らすか辞任すると決断すると、ファンドのポートフォリオ証券の基礎となる価値とファンドの市場価格との関係を維持する上の裁定取引プロセスの有効性を阻害する場合があります。
- ・ロンドン銀行間取引金利("LIBOR")は、参考金利として提供されなくなりました。LIBOR からの移行による潜在的な影響は、ファンドまたはファンドが投資する特定の金融商品に対して予測が難しく、ファンドへの損失をもたらす可能性があります。LIBOR の利用不可または代替レートの導入は、一部のファンド投資の価値、流動性、収益に影響を与え、ポジションの決済と新しい取引の締結に伴う費用が発生する可能性があります。
- ・米国以外の発行者の証券は、通貨の変動、政治的リスク、源泉徴収、流動性の欠如、適切な財務情報の欠如などのリスクにも晒されています。
- ・ファンドおよびファンドのアドバイザーは、管理や手続を通じてさまざまなオペレーションリスクの削減に努めるものですが、そのようなリスクを完全に排除することは不可能です。また、ファンドはコストディを含むさまざまなサービスを第三者に依存しているため、これらのサービスが遅延したり実行されなかったりすると、ファンドの目的の達成に影響を及ぼす場合があります。
- ・ポートフォリオの売買頻度が高いと、取引コストが高くなり、投資家の税負担が大きくなる場合があります。
- ・ファンドの持ち分の市場価格は、通常、ファンドの純資産価格("NAV")の変化、および取引所でのファンドに対する需給に応じて変動します。ファンドの運用アドバイザーは持ち分の取引価格が NAV に対して低価であるか、等価であるか、高価であるかは予測できません。
- ・取引所での取引は、市況その他の理由により停止する場合があります。
- ・取引所の上場を維持するためのファンドの要件が引き続き満たされる、または変更されないという保証はありません。
- ・First Trust Advisors L.P.がファンドのアドバイザーです。
- ・First Trust Advisors L.P.はファンドのディストリビューターである First Trust Portfolios L.P.の関連会社です。
- ・掲示された情報は、特定の人物に対する投資の推奨またはアドバイスをすることを意図したものではありません。
- ・この情報を提供することにより、First Trust は、ERISA、内国歳入法、またはその他の規制の枠組みの範囲内で、受託者としてのアドバイスを提供するものではありません。
- ・金融商品取扱業者等におかれましては、独自に投資に関するリスク評価を行い、投資を行うことが顧客にとって適切であるかどうかについて評価や判断等をお願いいたします。
- ・一部のファンド投資は、再販売に制限がかかる場合や、店頭取引または取引が制限されている場合、あるいは市場での活発な取引が行われていない場合があります。流動性の低い証券は、ディスクонтで取引される可能性があり、市場価値が大幅に変動する可能性があります。
- ・不動産投資信託(以下、REIT)は、不動産市場の変動、空室率と競争、金利の変動、経済的不況などのリスクに晒されており、REIT の投資家が金利の上昇を予測する場合、ファンドの価値は一般的に低下する場合があります。
- ・ショートはリスクを生み、増加した利益や損失、そしてリターンのボラティリティを増加する可能性があります。
- ・ファンドは、市場全体よりもボラティリティが高い証券に投資する場合があります。
- ・ハイ・イールド証券、または「ジャンク」債券は、高い格付けを持つ証券よりも流動性が低く、市場の変動および損失リスクが高いため、投機的リスクがあります。
- ・ハイブリッド証券の保有者は、発行体の破綻時に優先されず、通常の債券よりもボラティリティが高いためより大きなリスクに晒される可能性があります。
- ・信用格付け機関によって付与される格付けはその機関の意見であり、信用品質の絶対的な基準ではなく、証券のリスクは評価しません。信用格付けを決定するプロセスにおける不備や非効率性は、ファンドの信用リスクに不利な影響を及ぼす可能性があります。

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- ◆First Trust 社が作成した「Risk Consideration」から、Teneo Partners 株式会社(以下、弊社)が抜粋、編集の上、翻訳して作成しております。原文には個別の商品に関してより詳細なリスク情報等の記述がありますので、あわせてご確認ください。
  - ◆本資料は、ファンドの状況および関連情報のご提供を目的としており、有価証券取引の勧誘を目的としたものではありません。
  - ◆本資料において、訳文と原文に相違がある場合には、英文の原文が優先します。
  - ◆本資料は、信頼できるデータ・情報に基づいて作成しておりますが、その正確性・完全性等について保証するものではなく、記載内容は予告なく変更されることがあります。
  - ◆掲載されている金融商品の売買につきましては、販売会社へお問い合わせ下さい。
  - ◆本資料の内容についての著作権は、弊社その他当該情報の提供元に帰属しています。電子的または、機械的方法を問わず、いかなる目的であっても無断で複製、引用、転載等を禁じます。

Teneo Partners 株式会社

第一種及び第二種金融商品取引業 「関東財務局長(金商 第 2315 号)」 加入協会:日本証券業協会

**>> Fund Objective**

This exchange-traded fund seeks total return and current income.

**>> Fund Facts**

Fund Ticker	FPE
CUSIP	33739E108
Intraday NAV	FPEIV
Fund Inception Date	2/1/13
Expense Ratio^	0.85%
30-Day SEC Yield†	5.96%
Primary Listing	NYSE Arca

**>> Fund Description**

The First Trust Preferred Securities and Income ETF is an actively managed exchange-traded fund. Under normal market conditions, the fund invests at least 80% of its net assets (including investment borrowings) in preferred securities and income-producing debt securities, including corporate bonds, high yield securities and convertible securities.

- Preferred securities offer diversification and low correlation to other asset classes, which may reduce portfolio volatility.
- Preferred securities may produce a relatively high income stream without taking on significantly more risk, as yields may be higher than other investment-grade products.
- Preferred securities have historically proven to be a more reliable source of income than common stocks as they are senior in the capital structure, have produced a more stable stream of income and have been less volatile.

**>> Fund Sub-Advisor**

Stonebridge Advisors LLC is the sub-advisor to the fund and will manage the fund's portfolio.

- Stonebridge is a niche asset management firm that provides highly specialized expertise in preferred and hybrid securities for institutional investors and high net worth individuals. Through years of experience, the Stonebridge team has developed a disciplined approach to managing portfolios of preferred securities.
- The cornerstone of Stonebridge's investment philosophy is built on the premise that investors must diversify their holdings in order to maintain an appropriate level of risk through all market cycles.
- By specializing in the management of preferred securities and adhering to a conservative, disciplined approach, they believe they can deliver superior returns for their clients. Their goal is to obtain an attractive total return through a diversified investment in high quality preferred securities.
- Their investment management team does not believe in market timing. Instead, Stonebridge adds value by taking advantage of market inefficiencies with an active management style. Stonebridge's conservative investment style is fundamental to their success as a provider of preferred securities management.

**>> Performance Summary (%)**

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception				
<b>Fund Performance*</b>											
Net Asset Value (NAV)	2.34	-2.12	-1.61	0.44	1.85	3.62	3.37				
After Tax Held	1.69	-3.35	-3.97	-1.63	-0.33	1.24	1.03				
After Tax Sold	1.38	-1.24	-0.92	-0.46	0.55	1.74	1.55				
Market Price	1.57	-1.96	-1.67	0.36	1.80	3.62	3.34				
<b>Index Performance**</b>											
ICE BofA US Investment Grade Institutional Capital Securities Index	2.04	3.16	5.57	1.17	3.55	4.52	4.29				
Blended Benchmark	2.18	0.11	-0.20	-0.59	2.11	—	—				
<b>&gt;&gt; Calendar Year Total Returns (%)</b>											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
FPE	—	10.93	6.18	6.46	11.37	-4.71	17.57	6.50	4.94	-12.38	-2.12
ICE BofA US Investment Grade Institutional Capital Securities Index	—	—	—	—	—	-4.51	18.57	8.22	2.46	-10.19	3.16
Blended Benchmark	—	9.92	5.64	5.13	11.32	-3.98	18.30	7.64	3.59	-14.04	0.11
<b>&gt;&gt; 3-Year Statistics</b>											
	Standard Deviation (%)	Alpha	Beta	Sharpe Ratio	Correlation						
FPE	10.06	1.07	1.01	-0.03	0.98						
ICE BofA US Investment Grade Institutional Capital Securities Index	6.97	1.05	0.66	0.02	0.93						
Blended Benchmark	9.82	—	1.00	-0.14	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](http://www.ftportfolios.com).**

As of the date of the prospectus, as approved by the Trust's Board of Trustees, the management fee paid to First Trust Advisors L.P., the Fund's investment advisor, will be reduced to 0.8075% based on the current level of Fund net assets. The management fee could be further reduced, or increased up to the amount in the table above, based on changes in the level of Fund net assets ("breakpoints"). See the Fund's Statement of Additional Information for more information on the breakpoints.

<sup>†</sup>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.

<sup>\*</sup>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.

<sup>\*\*</sup>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 a 30/30/30/10 blend of the ICE BofA Core Plus Fixed Rate Preferred Securities Index, the ICE BofA US Investment Grade Institutional Capital Securities Index, the ICE USD Contingent Capital Index and the ICE BofA US High Yield Institutional Capital Securities Index. The Blended Benchmark is intended to reflect the proportional market cap of each segment of the preferred and hybrid securities market. The Blended Benchmark returns are calculated by using the monthly returns of the indices listed above during each period shown. At the beginning of each month the indices are rebalanced to a 30/30/30/10 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.

# First Trust Preferred Securities and Income ETF

As of 6/30/23

## » Portfolio Information

Number Of Holdings	291
Weighted Average Effective Duration <sup>1</sup>	3.87 Years
% Institutional Securities (e.g. \$1000 par) <sup>2</sup>	74.30%
% Retail Securities (e.g. \$25 par) <sup>3</sup>	25.70%
Weighted Average % of Par <sup>4</sup>	89.36%
CoCo/AT1 Exposure <sup>5</sup>	24.31%
Regional Bank Exposure <sup>7</sup>	3.34%

## » Security Type (%)

Fixed-to-Floating Rate and Fixed-to-Variable Rate Securities	74.97
Fixed Rate Securities	21.89
Floating Rate Securities	3.14

## » Top Industry Exposure (%)

Banks	40.18
Insurance	20.01
Oil, Gas & Consumable Fuels	8.76
Capital Markets	6.72
Multi-Utilities	4.56
Financial Services	4.50
Trading Companies & Distributors	3.64
Food Products	2.65
Electric Utilities	1.54
Real Estate Management & Development	1.45

## » Top Holdings (%)

AERCAP HOLDINGS NV Variable rate, due 10/10/2079	2.50
BARCLAYS PLC Variable rate	2.15
Wells Fargo & Company, Series L, 7.500%	2.06
HIGHLAND HOLDINGS BOND 7.625%, due 10/15/2025	1.83
BARCLAYS PLC Variable rate	1.81
Bank of America Corp., Series L, 7.25%	1.41
UniCredit S.p.A., Variable Rate	1.38
Intesa Sanpaolo SpA, Variable Rate	1.31
LLOYDS BANKING GROUP PLC Variable rate	1.23
GLOBAL ATLANTIC Variable rate, due 10/15/2051	1.18

## » Credit Quality (%)<sup>5</sup>

A	0.11
A-	0.16
BBB+	11.21
BBB	20.60
BBB-	33.31
BB+	15.37
BB	11.53
BB-	3.58
B+	0.45
B	0.39
NR	3.29

<sup>1</sup>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.

<sup>2</sup>Institutional Securities are predominantly \$1000 par securities and only trade over-the-counter.

<sup>3</sup>Retail Securities are predominantly \$25 par securities but also include exchange-traded \$20, \$50, and \$100 par securities.  
<sup>4</sup>The weighted average % of par reflects the average price of the fixed income securities within the portfolio as a % of the underlying face value. This is calculated as a weighted average using the market values of each security within the portfolio. A value above 100 indicates that the underlying securities are trading at a premium, on average, and a value below 100 indicates that the underlying securities are trading at a discount, on average. The face value of a bond is typically \$100 or \$1000 and the face value of an exchange-traded retail security is typically \$25.

<sup>5</sup>The credit quality and ratings information presented reflect 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 the 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.

<sup>6</sup>A contingent capital security issued by a non-US bank that differs from a US AT1/Preferred by containing a contractual mechanism for conversion into common equity and/or principal write-down.

<sup>7</sup>As classified by the GICS Industry classification standard.

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.

Banks are especially subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentrations in geographic markets and in commercial and residential real estate loans, as well as competition from new entrants. In addition, banks are subject to extensive regulation at both the federal and state level, which may affect permissible activities, profitability and the amount of capital that they must maintain.

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.

Contingent convertible securities ("CoCos") may provide for mandatory conversion into common stock of the issuer under certain circumstances. Since the common stock of the issuer may not pay a dividend, investors in these instruments could experience a reduced income rate, potentially to zero; and conversion would deepen the subordination of the investor, hence worsening standing in a bankruptcy.

A convertible security is exposed to risks associated with both equity and debt securities. The value of convertibles may rise and fall with the market value of the underlying stock or vary with changes in interest rates and credit quality of the issuer.

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.

Changes in currency exchange rates and the relative value of non-US currencies may affect the value of a fund's investments and the value of a fund's shares.

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.

Depositary receipts may be less liquid than the underlying shares in their primary trading market and distributions may be subject to a fee. Holders may have limited voting rights, and investment restrictions in certain countries may adversely impact their value.

Investments in emerging market securities are generally considered speculative and involve additional risks relating to political, economic and regulatory conditions.

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.

Political or economic disruptions in European countries, even in countries in which a fund is not invested, may adversely affect security values and thus the fund's holdings. A significant number of countries in Europe are member states in the European Union, and the member states no longer control their own monetary policies. In these member states, the authority to direct monetary policies, including money supply and official interest rates for the Euro, is exercised by the European Central Bank. The implications of the United Kingdom's withdrawal from the European Union are difficult to gauge and cannot yet be fully known.

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.

Financial services companies are subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentration in geographic markets, industries or products, and competition from new entrants in their fields of business.

Fixed-to-floating rate securities are securities that have a fixed dividend rate for an initial term that converts to a floating dividend rate upon the expiration of the initial term. While fixed-to-float rate securities can be less sensitive to interest rate risk than fixed-rate securities they generally carry lower yields than similar fixed-rate securities.

Floating rate securities are structured so that the security's coupon rate fluctuates based upon the level of a reference rate. As a result, the coupon on floating rate securities will generally decline in a falling interest rate environment, causing a fund to experience a reduction in the income it receives from the security. A floating rate security's coupon rate resets periodically according to the terms of the security. Consequently, in a rising interest rate environment, floating rate securities with coupon rates that reset infrequently may lag behind the changes in market interest rates.

Please see additional risks on the following page.

# First Trust Preferred Securities and Income ETF

As of 6/30/23

## Risk Considerations (continued)

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.

Hybrid capital securities are subject to the risks of equity securities and debt securities. The claims of holders of hybrid capital securities are generally subordinated to those of holders of traditional debt securities in bankruptcy, and thus hybrid capital securities may be more volatile and subject to greater risk than traditional debt securities.

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.

If the fund invests in securities of another investment company, the fund may bear its ratable share of that investment company's expenses as well as the fund's advisory and administrative fees, which may result in duplicative expenses.

The fund may also incur brokerage costs if purchasing or selling shares of exchange-traded investment companies.

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

The London Interbank Offered Rate ("LIBOR") has ceased to be made available as a reference rate. Any potential effects of the transition away from LIBOR on the fund or on certain instruments in which the fund invests is difficult to predict and could result in losses to the fund. The unavailability or replacement of LIBOR may affect the value, liquidity or return on certain fund investments and may result in costs incurred in connection with closing out positions and entering into new trades.

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, 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.

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, lack of liquidity, lack of adequate financial information, and exchange control restrictions impacting non-U.S. 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.

Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred stocks are typically subordinated to other debt instruments in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments.

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.

Real Estate Investment Trusts ("REITs") are subject to the risks of investing in real estate, including, but not limited to, changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession. Increases in interest rates typically lower the present value of a REIT's future earnings stream and may make financing property purchases and improvements more costly. The value of a fund will generally decline when investors in REIT stocks anticipate or experience rising interest rates.

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.

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

Subordinated debt has lower credit ratings and lower priority than other obligations of an issuer during bankruptcy, presenting a greater risk of nonpayment.

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.

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.

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 **ICE BofA Core Plus Fixed Rate Preferred Securities Index** tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. The **ICE BofA US Investment Grade Institutional Capital Securities Index** tracks the performance of US dollar denominated investment grade hybrid capital corporate and preferred securities publicly issued in the US domestic market. The **ICE USD Contingent Capital Index** tracks the performance of investment grade and below investment grade contingent capital debt publicly issued in the major domestic and eurobond markets. The **ICE BofA US High Yield Institutional Capital Securities Index** tracks the performance of US dollar denominated sub-investment grade hybrid capital corporate and preferred securities publicly issued in the US domestic market.