.

First Trust

First Trust Advisors L.P.
Form ADV
Part 2A – Firm Brochure
March 31, 2025

This brochure provides information about the qualifications and business practices of First Trust Advisors L.P. If you have any questions about the contents of this brochure, please contact us at (630) 765-8000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about First Trust Advisors L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

120 E. Liberty Dr., Suite 400
Wheaton, IL 60187
(630) 765-8000
www.ftportfolios.com

ITEM 2 – MATERIAL CHANGES

This annual updating amendment includes the following material changes since November 30, 2024:

Item 5.B. - Disclosures regarding assessment of Advisory Fees was updated to include clarification of Advisory Fee billing when assessed pro-rata at the beginning or end of an SMA client relationship with FTA and to include Advisory Fee billing information for SMAs invested in FTA investment strategies managed by the FTA Custom Wealth Solutions portfolio management team (CWS). The Fee Schedules was revised to reflect new investment strategies.

Item 6 - Disclosures related to the payment of an incentive fee to the general partner of the Private Funds advised by FTA, the sole member of the general partner.

Disclosures regarding the fact that certain FTA employees on the FTA Custom Wealth Solutions (CWS) team (“FS Employees”) receive a portion of the incentive fee and FTA’s Advisory Fee under the terms of a fee sharing agreement (“Fee Sharing Agreement”) entered into with the firm that previously employed these FS Employees, First Trust Investment Solutions L.P. (“FTIS”), formerly known as Gyroscope Capital Management, LLC. FTIS merged with FTA on October 31, 2024.

Item 8 - Disclosures regarding FTA investment strategies managed bv the CWS team.

Item 10 - Updated information on the current members of the FTA Investment Committee.

Item 12 - Disclosure of FTA policy not to aggregate Private Fund trades with other FTA client trades.

Item 16 - Clarification of FTA’s suitability responsibilities for SMA clients were added.

Item 17 - Disclosure of new proxy advisory firm, IWP Capital, LLC for voting of proxies for SMAs invested in FTA values-based investment strategies.

We will provide clients with a new brochure, free of charge, as necessary based on future changes or new information. A request for a brochure can be made by contacting First Trust Advisors L.P. at (630) 765-8000.

ITEM 3 – TABLE OF CONTENTS

Item 1: Cover Page 1
Item 2: Material Changes 2
Item 3: Table of Contents 3
Item 4: Advisory Business 4
Item 5: Fees and Compensation 7
Item 6: Performance-Based Fees and Side by Side Management 9
Item 7: Types of Clients 9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss 9
Item 9: Disciplinary Information 30
Item 10: Other Financial Industry Activities and Affiliations 30
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading 32
Item 12: Brokerage Practices 33
Item 13: Review of Accounts 38
Item 14: Client Referrals and Other Compensation 40
Item 15: Custody 40
Item 16: Investment Discretion 41
Item 17: Voting Client Securities 41
Item 18: Financial Information 42

ITEM 4 – ADVISORY BUSINESS

Item 4.A. – First Trust Advisors L.P. ("FTA") was formed in 1991 as an Illinois limited partnership. The general partner of FTA is The Charger Corporation ("Charger"). FTA has one limited partner, Grace Partners of DuPage L.P. ("Grace"). The general partner of Grace is Charger. Grace has a number of limited partners.

Item 4.B. - FTA provides (1) supervisory and administrative services ("Portfolio Services") to unit investment trusts ("UITs") sponsored by First Trust Portfolios L.P. ("FTP"), a registered broker-dealer and FTA affiliate, (2) discretionary advisory services ("Advisory Services") as investment advisor to open-end funds ("OEFs") including exchange-traded funds ("ETFs"), closed-end funds ("CEFs"), variable annuity sub-account investment funds ("VIT") registered with the SEC (collectively "US Funds"), undertakings for collective investment of transferable securities ("UCITS") registered in Ireland and funds registered in Canada through FT Portfolios Canada Co., an affiliate of FTA (collectively with the UCITs, "Non-US Funds") (US Funds and Non-US Funds collectively, "Fund Clients"), (3) Advisory and sub-Advisory Services on a discretionary basis to individuals and institutional investors through separately managed accounts ("SMAs") with advisory relationships established (i) in wrap programs ("Wrap Programs"), (ii) with other third-party registered investment advisers ("RIAs") or broker- dealers (collectively with RIAs, "Intermediaries") and (iii) directly with individual and institutional investors ("Direct Clients"), (4) non-discretionary model portfolios ("Models") to unaffiliated RIAs and Model program platforms ("Platforms") and (5) a US-based limited partnership and a Cayman Islands exempted company, each of which makes investments through a Cayman island exempted limited partnership ("Private Funds").

Portfolio Services – UITs

FTP sponsors the First Trust UITs. A UIT is a pooled investment vehicle in which investors own a fractional undivided interest or unit in a portfolio of securities. FTA provides the following Portfolio Services to FTP-sponsored UITs:

- **Portfolio Supervisory Services -** FTA provides ongoing monitoring of securities held in each UIT portfolio and is responsible for determining when it may be advisable to remove a security from a portfolio, as well as which securities should be sold to meet redemptions and pay expenses, as needed. For certain UIT portfolios invested in certain asset classes, FTA may employ one or more sub-portfolio supervisors at its own expense to assist in providing services to such UITs.
- **Administrative Services -** FTA also provides certain bookkeeping and other administrative services to the UITs.

Advisory Services – Fund Clients

FTA provides discretionary Advisory Services to Fund Clients. FTA enters into an advisory agreement ("Advisory Agreement") with each Fund Client. The Advisory Agreement describes the Advisory Services to be provided, including investment discretion, trading and proxy voting authority and the advisory fee ("Advisory Fee") paid to FTA by each Fund Client.

The prospectus and statement of additional information, as applicable, of each Fund Client ("Fund Documents") describes the investment management strategy, objectives and restrictions under which FTA and/or the Sub-Advisor(s) (defined below), if any, must manage each Fund Client's portfolio of securities.

Certain Fund Clients are index-based ETFs which require FTA to manage the portfolio in compliance with each ETF's investment objective to seek investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of a designated index as described in the Fund Documents.

Other Fund Clients are actively managed OEFs, CEFs, ETFs and Non-US Funds which require FTA to make discretionary investment decisions on the securities in a Fund's portfolio in compliance with each Fund's investment objective and strategy as described in the Fund Documents.

FTA may engage discretionary and non-discretionary sub-advisors ("Sub-Advisors") to manage certain Fund Client portfolios due to the expertise of a particular Sub-Advisor in a specific asset class. Each Sub-Advisor enters into a sub-advisory agreement ("Sub-Advisory Agreement") with FTA, which describes the sub-Advisory Services to be provided including investment discretion, proxy voting and trading authority, and the sub-Advisory Fee paid to the Sub-Advisor by FTA for its services to the Fund Client. Some Sub-Advisors are affiliates of FTA.

FTA, and/or the Sub-Advisors provide Advisory/sub-Advisory Services which include securities in various asset classes including, but not limited to:

- Domestic and foreign equity securities;
- Domestic and foreign fixed income securities (both investment grade and non-investment grade);
- US government and foreign sovereign debt fixed income securities;
- Municipal securities;
- Preferred securities;
- Mortgage- and asset-backed securities;
- Real-estate investment trusts;
- Master limited partnerships;
- First Trust and/or third-party CEFs and ETFs;
- Depositary receipts;
- Commodities;
- Derivatives; and;
- Senior loans.

Discretionary and non-discretionary Sub-Advisors of Fund Clients are subject to supervision by the relevant board of trustees/directors, as well as FTA oversight.

Advisory and Sub-Advisory Services – SMAs

FTA provides discretionary Advisory and sub-Advisory Services through SMAs which are:

- in Wrap Programs offered by one or more RIAs, broker-dealers or other financial services firms ("Program Sponsors") offering a package of financial services to Wrap Program participants ("Participants");
- managed by Intermediaries ("Managed Clients"); and
- held by Direct Clients (collectively with Participants and Managed Clients, "SMA Clients").

FTA receives an Advisory Fee for Advisory Services provided to SMAs. For any FTA investment strategy that is managed for a Fund Client and is also offered to Direct Clients, there is no material difference between the way FTA manages the investment strategy for the Direct Clients.

Wrap Programs

FTA provides discretionary Advisory Services to Participants under Advisory Agreements with Participants or Program Sponsors. When a Program Sponsor enters into an Advisory Agreement with FTA it is referred to as a "single contract" relationship ("Single Contract"). When a Participant enters into an Advisory Agreement directly with FTA it is referred to as a "dual contract" ("Dual Contract") relationship.

Advisory Agreements in Single and Dual Contract relationships generally include the Advisory Fee paid to FTA for its Advisory Services, FTA investment strategies offered to Participants and discretionary Advisory Services to be provided by FTA. These Advisory Agreements also include details regarding trade execution, custodian identification, proxy voting authority and directed brokerage instructions, if any.

Participants should review their Wrap Program disclosure documents for details regarding the services included in the fee each Participant pays to the Program Sponsor ("Wrap Fee"). FTA's Advisory Fee is typically included in the Wrap Fee paid by Participants.

Managed Clients

FTA provides sub-Advisory Services to Managed Clients that use Intermediaries to provide overall investment management services. FTA is paid an Advisory Fee for its sub-Advisory Services to these Managed Clients. The Intermediary's advisory agreement with a Managed Client generally includes a description of the FTA Advisory Fee, as well as details regarding trade execution, custodian identification, proxy voting authority and directed brokerage instructions, if any. Certain FTA representatives and associated persons have relationships with Intermediaries which were initiated prior to their association with FTA. These SMAs may be invested in FTA-managed investment strategies. Sub-Advisory Services to these Managed Clients are monitored pursuant to the First Trust Code of Ethics (the "Code").

Direct Clients

FTA also provides discretionary Advisory Services to Direct Clients. Direct Clients enter into an Advisory Agreement with FTA which describes the Advisory Fee, the Advisory Services to be provided and other information necessary to establish and provide services through the SMA. FTA will tailor its Advisory Services to the Direct Client's individual needs based on meetings and conversations with the Direct Client. If a Direct Client wishes to impose certain restrictions on investing in certain securities or types of securities, FTA will address those restrictions with the Direct Client to have a clear understanding of the Direct Client's requirements or may decline to provide Advisory Services under such restrictions. See Item 4.C. below.

Certain FTA representatives and associated persons have invested in FTA-managed investment strategies and are Direct Clients. These SMAs were opened prior to their association with FTA. Each of these SMAs is monitored pursuant to the Code.

Advisory Services - Model Portfolios

SMA Models

FTA provides non-discretionary Model portfolios that each follow one of FTA's Model investment strategies to various Model Platforms and Intermediaries that subscribe to FTA Models (collectively, "Model Subscribers"). When providing Model portfolios, FTA is not involved in the management of, nor does it make suitability or best interest determinations for, Model Subscriber client accounts. These responsibilities rest with the Model Subscribers. The type and quantity of Model portfolios, and the fees associated with providing the Model portfolios, will be negotiated and agreed in advance between FTA and the Model Subscribers. FTA monitors and updates each Model on a regular basis and delivers updates to the relevant Model Subscribers as appropriate. In an SMA Model, FTA provides Models under an agreement with Model Subscribers.

ETF Models

FTA also provides non-discretionary Model portfolios which include US Fund ETFs and, in some cases, third-party ETFs to Model Subscribers to provide a foundation to build scalable asset allocation solutions for their clients ("ETF Models"). In an ETF Model, FTA provides ETF Models under an agreement with Model Subscribers.

FTA monitors and updates each ETF Model on a regular basis, generally quarterly, and delivers updates to the Model Subscribers as appropriate. Some ETF Models are created for and only offered through a single Model Subscriber.

The ETF Models use third-party ETFs representing various other asset classes to complete the allocations when there is no US Fund ETF in a particular asset class represented in the Model. Some of the ETF Model portfolios provided by FTA utilize the expertise of Sub-Advisors in the ETF selection process. These are typically no fee Models.

FTA does not have an advisory relationship with Model Subscribers that use FTA Models or that make FTA Models available to their RIAs or their clients. FTA does not manage or invest the assets of any Model Subscriber client following an FTA Model.

Advisory Services - Private Funds

FTA provides discretionary Advisory Services to the Private Funds which employ a call option overlay and put purchase strategy.

Interests in the Private Funds are only offered to qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940.

Item 4.C. - FTA may agree to reasonable SMA client-imposed restrictions, including but not limited to, investment in certain securities or types of securities. Such restrictions may affect the performance of such account. If FTA is unwilling to agree to such restrictions, or if the restrictions are unreasonable, FTA will decline to manage or withdraw from managing such account. FTA reserves the right, in its sole discretion, to decline to manage the account of any investor for any reason.

Item 4.D. - The discretionary Advisory Services provided by FTA include SMAs through Wrap Programs. SMAs in Wrap Programs are managed in the same manner as non-Wrap Program SMAs. If a Participant chooses an FTA-managed strategy offered in a Wrap Program, and such strategy is also offered outside of the Wrap Program structure to other FTA SMA clients, FTA will manage the SMAs in the same manner according to the stated investment objectives of the chosen strategy. FTA's Advisory Fee is typically included in the Wrap Fee paid by Participants.

Item 4.E. - As of February 28, 2025, FTA had approximately $266.3 billion in assets under management or supervision. Of this amount, approximately $67.5 billion was in UITs to which FTA provides non-discretionary Portfolio Services and approximately $198.7 billion was in SMA, Private Fund and Fund Client portfolios managed on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Item 5.A. - FTA is compensated for its Advisory and sub-Advisory Services with Advisory Fees and Model Fees, as applicable, described in the FTA Fee Schedule included as an exhibit in this Brochure.

Item 5.B. - Fund Clients and Private Funds pay the Advisory Fee to FTA through their trustee, custodian or administrator as disclosed in the Fund Documents or private placement memorandum ("PPM"). FTA generally has the ability to have Advisory Fees for SMAs of Direct Clients and Managed Clients deducted directly from the SMA account by the account custodian and paid directly to FTA. Certain SMA client accounts are invoiced by FTA through the custodian and other SMA client custodians send FTA the Advisory Fee without receipt of an invoice.

Item 5.C. -

FTP-Sponsored UITs

The UITs (and therefore indirectly, unit holders) are responsible for all of their expenses, including costs of transfer agency, custody, fund administration, legal, audit and other services, interest, taxes, brokerage commissions and other expenses related to the execution of portfolio transactions, paying for its sublicensing fees related to the tracking index, where applicable, any distribution fees or expenses, and extraordinary expenses, as well as the fee paid to FTA for Portfolio Services. This is further described in the UIT prospectus.

Fund Clients

Non-Unitary Fee (defined below) Fund Clients are responsible for all of expenses, including Advisory Fees, costs of transfer agency, custody, fund administration, legal, audit and other services, interest, taxes, brokerage commissions and other expenses related to the execution of portfolio transactions, paying for its sublicensing fees related to the tracking index, where applicable, any distribution fees or expenses, and extraordinary expenses.

Some Fund Clients pay FTA an annual unitary fee ("Unitary Fee") at the rate set forth in the Fund Documents. FTA is responsible for each Unitary Fee Fund Client's expenses, including the cost of transfer agency, custody, fund administration, legal, audit and other services, and licensing, but excluding fee payments under the Unitary Fee Advisory Agreement, interest, taxes, acquired fund fees and expenses (if any), brokerage commissions and other expenses connected with the execution of portfolio transactions, distribution and service fees payable pursuant to a Rule 12b-1 plan, if any, and extraordinary expenses.

The Advisory Fees paid by Fund Clients are not negotiable.

SMAs

FTA's Advisory Fee does not include fees associated with custody, trade execution or other account services, which are described in the (i) Participant's agreement with, and the materials available from, the Program Sponsor, (ii) the advisory agreement between an Intermediary and SMA client or (ii) in the Advisory Agreement between the Direct Client and FTA. SMA clients are responsible for these and other non-Advisory Fee costs, such as transaction charges, transfer fees, wire transfer fees and any margin interest, associated with their investments or accounts.

Certain taxable SMA portfolios invest some or all of their assets in CEFs and/or ETFs, including CEFs and/or ETFs managed by FTA. In addition to FTA's Advisory Fee, these taxable SMA clients invested in these portfolios also indirectly bear the expenses of the applicable CEFs and/or ETFs, including the Advisory Fee paid by shareholders in such Funds.

SMA portfolios held by ERISA plans may invest in FTA investment strategies which invest in one or more US Funds. FTA's Advisory Fee is waived with regard US Fund holdings in ERISA SMA portfolios as FTA receives an Advisory Fee for providing Advisory Serives to the US Funds.

Advisory Fees are assessed on a quarterly basis, generally in advance; however, in the case of certain Wrap programs, an Advisory Fee may be assessed in arrears. Any Advisory Fee change made during the quarter will be reflected in the next billing period.

Generally, deposits and withdrawals during the quarter are billed, or credited, on a pro-rata basis at the end of the quarter. For SMAs in Wrap Programs, additional billings or credits in connection with deposits or withdrawals are governed by the Advisory Agreement between the Program Sponsor and Participant. If the SMA is closed before the end of a quarter, generally a prorated amount of the Advisory Fee will be refunded to the Participant. However, if an SMA is closed in the last 30 days of a quarter, generally no such refund of the Advisory Fee will be made unless the agreement between FTA and the Participant specifies otherwise. Refunds are governed by the agreement between the Program Sponsor and the Participant.

Private Funds

The Private Funds bear all of their organizational, offering and operating expenses as outlined in the PPM of each Private Fund. This includes an Incentive Fee (defined below) which is further described in *Item 6*. below.

Item 5.D. -–

SMA Advisory Fees are assessed on a quarterly basis, generally in advance; however, in the case of certain Wrap programs, an Advisory Fee may be assessed in arrears. Any Advisory Fee change made during the quarter will be reflected in the next billing period.

Generally, deposits and withdrawals during the quarter are billed, or credited, on a pro-rata basis at the end of the quarter. For SMAs in Wrap Programs, additional billings or credits in connection with deposits or withdrawals are governed by the Advisory Agreement between the Program Sponsor and Participant.

If the SMA is closed before the end of a quarter, generally a prorated amount of the Advisory Fee will be refunded to the Participant. However, if an SMA is closed in the last 30 days of a quarter, generally no such refund of the Advisory Fee will be made unless the agreement between FTA and the Participant specifies otherwise. Refunds are governed by the agreement between the Program Sponsor and the Participant.

Also see the FTA Fee Schedule provided in response to Item 5.A.

Item 5.E. - FTA does not receive compensation for selling securities or other investment products related to FTA's Advisory Services. FTA representatives who are also registered representatives of FTP may receive such selling compensation, but FTA representatives generally do not receive such compensation. See Item 10.

Mr. Kevin Erndl is a Managing Director and Senior Portfolio Manager on the FTA Custom Wealth Solutions ("CWS") portfolio management team and an investment adviser representative ("IAR") with FTA. He is also allowed to remain an IAR with CWA Asset Management Group ("CWA"), an unaffiliated third-party investment adviser, during a transition period of up to 20 months ending April 30, 2025 ("Transition Period"). He receives compensation from CWA in exchange for providing his CWA Clients advisory services through CWA during the Transition Period. This presents a potential conflict of interest and gives Mr. Erndl an incentive to recommend investment products based on the compensation received rather than on a client's needs. However, Mr. Erndl will not seek any new CWA Clients during this Transition Period and his activities, as they relate to his CWA Clients, will be limited to providing financial planning and guidance on asset allocation. He will not make any investment decisions on behalf of his CWA Clients. The assets of Mr. Erndl's CWA Clients invested in a custom options investment strategy he manages will be deducted from strategy assets under management when calculating FTA's Advisory Fee so that CWA Clients will not be charged twice for advisory services. CWA clients can invest in FTA investment strategies through Intermediaries.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

A performance-based fee is a fee based on a share of capital gains or capital appreciation in a client's account. The Private Fund pays the general partner ("General Partner") an annual incentive fee ("Incentive Fee") equal to

twenty percent (20%) of realized and unrealized income and gains, and other net income during each fiscal year. The General Partner may enter into side letters with certain limited partners of the Private Fund which may result in such limited partners paying a lower Incentive Fee. FTA is the sole member of the General Partner.
Certain FTA employees on the FTA CWS team ("FS Employees") receive a portion of this Incentive Fee under the terms of a fee sharing agreement ("Fee Sharing Agreement") entered into with the firm that previously employed these FS EMplyees, First Trust Investment Solutions L.P. ("FTIS"), formerly known as Gyroscope Capital Management, LLC. FTIS merged with FTA on October 31, 2024.

In addition, these FS Employees receive a portion of the Advisory Fee FTA earns for providing Advisory Services to the Private Funds under the terms of the Fee Sharing Agreement.

A number of conflicts of interest are likely to arise in connection with the management of the Private Funds and other FTA Clients managed by the CWS team due to the terms of the Fee Sharing Agreement and payments to FS Employees thereunder. FTA undertakes to provide Advisory Services in a manner that is consistent with its fiduciary duty to all FTA clients and manages these conflicts through disclosure of these arrangements, and policies and procedures. These policies and procedures ensure that the Private Funds do not receive priority or favorable treatment by FTA require that Private Fund trades be placed with the single broker approved for Private Fund trades only. This broker is not approved for use by CWS for trades of other FTA clients managed by the CWS team and is not an approved broker for any other FTA portfolio management team.

ITEM 7 - TYPES OF CLIENTS

FTA generally provides discretionary and non-discretionary Advisory Services as described in *Item 4 - Advisory Business*. This includes non-discretionary Portfolio Services provided to First Trust UITs, non-discretionary Advisory Services provided through SMA and ETF Models to Model Subscribers, and discretionary Advisory Services to Fund Clients, the Private Funds, and SMAs for Wrap Program Participants, Managed Clients and Direct Clients including individuals, high net worth clients, institutions, trusts, estates, corporations, charitable foundations and endowments, pension and profit-sharing plans.

FTA may provide discretionary Advisory Services to additional types of clients in the future.

The minimum investment for Fund Clients is described in the Fund documents. The minimum to open an SMA varies by investment strategy and ranges from \$50,000 to \$1,000,000. FTA reserves the right to accept SMAs below the stated minimum in its sole discretion.

The minimum investment in a Private Fund is described in the PPM and accompanying subscription agreement.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Item 8.A. –

FTA provides Advisory Services through various methods and in a number of areas of focus as set forth below. A Fund Client, SMA or other investment vehicle may employ one or more of the following types of securities or portfolio management strategies based upon FTA's mandate which is described in the relevant Advisory Agreement.

In *Item 4 - Advisory Business* describes the discretionary Advisory Services FTA provides to SMAs, Fund Clients, Private Funds, Wrap Program Participants, Managed Clients, Direct Clients, the non-discretionary Portfolio Services provided to UITs and non-discretionary Advisory Services provided in the SMA and ETF Models it provides to Model Subscribers.
The asset classes represented in the investment strategies managed by FTA are generally described below. The degree to which each asset class is used in FTA investment strategies, as well as the investment objective, strategy

and restrictions, is described in detail in the relevant UIT prospectus, Fund Documents, PPMs and SMA strategy fact sheets. This information is available at www.ftportfolios.com (UITs, US Funds, SMAs), www.ftglobalportfolios.com (UCITS) and www.firsttrust.ca (Canadian Funds).

Many SMA investment strategies and Model investment strategies are described further at www.ftportfolios.com. As all investments carry risk of loss, there is a significant risk that a UIT, Fund Client, SMA or Private Fund will decline in value from time to time, and investors should be prepared to accept the risk of potential loss. There is no assurance that any FTA investment strategy will perform as projected and FTA does not represent, guarantee, or imply that its Advisory Services or methods of analysis can or will be successful or insulate clients from losses due to market corrections or declines.

Equity Securities

FTA utilizes both quantitative and fundamental research in managing equity assets.

Quantitative Equity

The FTA quantitative equity philosophy is grounded in empirical research and focuses on taking insights and evidence from academia and FTA's own proprietary research and transforming it into investable portfolios. The disciplined, repeatable nature of our quantitative investment process removes emotion from the decision-making process. FTA generally prefers a multi factor approach and focuses on factors that can be broadly categorized as value, momentum, quality, low volatility, dividend yield or small size.

Fundamental Equity

FTA is a bottom-up manager whose investment philosophy is based on the belief that a company's long-term value is determined by the cash flow it generates. The FTA investment management process utilizes both quantitative and qualitative analysis to assess a company's ability to generate cash flow and its current valuation relative to intrinsic value. FTA believes the disciplined, systematic application of its proprietary process will lead to long-term value creation for its clients.

FTA's approach to selecting equity securities typically begins with defining a universe of securities eligible for selection based on the particular investment strategy (for example, large-cap stocks, small-cap stocks, international stocks, etc.) and applying various quantitative and qualitative analyses to identify attractive investment opportunities. FTA's quantitative analysis generally utilizes various measures of the following factors: value, momentum, quality, low volatility, dividend yield and small size. These are factors which FTA's research indicates have historically outperformed relevant benchmarks over the long-term. FTA's qualitative analysis includes a valuation assessment focusing on a company's discounted cash flows and ability to generate future returns on invested capital, and a corporate risk assessment that attempts to assess potential "red flags" and their implications on the company's valuation. In general, FTA retains flexible sector and industry constraints and thus, weightings in sectors and industries are principally a residual of the bottom-up stock selection process subject to the constraints of the investment objective. FTA utilizes various databases, third party research and publicly available information, including SEC filings and company releases, in addition to in-house research to select securities and manage portfolios.

Fixed Income Securities

Corporate Debt

The FTA Investment Grade Fixed Income team ("FTIG Team") uses an investment process that is a balanced combination of rigorous, bottom-up fundamental credit analysis and disciplined portfolio construction. These are conducted concurrently with macro research on the key drivers of interest rates.

Credit underwriting follows a three-step approach: fundamental credit analysis, investment committee review, and portfolio construction.

1. **Fundamental Credit Analysis** – The FTIG Team's internal rating system supports consistency in the assessment of credit fundamentals by standardizing risk scores across issuers and industries. Credits are scored from 1 through 5, with 1 the strongest fundamental business profile and 5 the weakest. To assign a suitable score, analysts conduct thorough research on the fundamental credit worthiness of each company with a primary focus on consistency of cash flow generation and retention, appropriate level of leverage, operating margins, and revenue and earnings growth. In addition to the analysis of financial conditions, the credit underwriting process examines how competitive a company is within its industry and the track record of its management in delivering quality results along with its willingness and ability to reduce leverage.

2. **Investment Committee** – The Investment Committee includes the most senior members of the FTIG Team. This leverages the experience of the Team when considering each investment opportunity. Credit analysts present their research and investment recommendations to the Committee where the merits are discussed and thoroughly evaluated. Decisions must be unanimous for credits to be eligible for purchase.

3. **Portfolio Construction** – The strategic framework for portfolio construction is determined by the Investment Committee at weekly strategy meetings where the macro outlook is refined, and risk budgeting is defined. With the framework in place, implementation of the strategy begins. Key elements of portfolio construction include relative value and diversification. When selecting securities, each investment opportunity is evaluated relative to other opportunities available in the market. This relative value assessment helps ensure the portfolio is positioned in securities that offer the best return relative to risk. Internal ratings augment the relative value decision through the standardization of risk scores across issuers and industries. Every investment decision includes meticulous attention to best execution and risk management. To properly measure and monitor exposures, risk is broken down into duration buckets, credit quality, sector and industry classifications, and further down to issuer and bond concentrations. Portfolio surveillance and risk management systems support the investment process and reinforce the continuity of each investment strategy.

The potential liquidity of each Investment opportunity is analyzed prior to purchase. To gauge liquidity, the factors considered include:

- Size of issue outstanding;
- Size of the bid/ask spread;
- Recent trade volume;
- Issuer rating;
- Depth of bid or offer; and
- Number of dealers in commercial paper program.

The FTIG Team continuously monitors market conditions and macro factors. Macro research evaluates the primary drivers of interest rates: economic growth and stage of the business cycle; the pace, timing, and magnitude of policy decisions; risk appetite and flow of funds; relative yield levels globally and curve shape, trend signals and catalysts for change. The information gathered in this framework sets the outlook for appropriate duration and curve positioning.

Municipal Securities

The FTA Municipal Securities Team ("FT Muni Team") utilizes a value-oriented investment process, seeking higher-yielding and undervalued municipal securities that offer the potential for above average total return. The FT Muni Team applies both quantitative and fundamental research and analysis and seeks to identify inefficiencies in the municipal bond market. The process begins with a top-down review of portfolio maturity, duration, and yield curve positioning, as well as industry, sector, and credit quality. The FT Muni Team then applies total return scenario analysis at both the individual bond and portfolio level, in which the Team quantitatively exposes both individual bonds and portfolios to interest rate, yield curve, and credit spread movements or "shocks" over different time horizons.

The essential components of the municipal securities portfolio review process are:

- Total Return Scenario Analysis – Individual bonds and portfolios of securities are quantitatively exposed to interest rate, yield curve, and credit spread movements or "shocks";
- Sector Analysis – a top-down review of core sectors based on bottom-up analysis of individual credits is conducted to determine which municipal sectors should be overweight, neutral weight, and underweight;
- New Issue Credit Analysis – new bond offerings are evaluated to determine portfolio suitability based on fundamental credit research on each borrower and individual bond security features;
- Trading – how a bond might trade in the secondary market is reviewed including total bond issuance size, underwriter willingness to make secondary markets, along with bond structural features such as coupon, maturity, call dates and sinking fund payments;
- Surveillance – holdings are analyzed on a systematic basis to monitor any changes in credit trend. Credit rating momentum is monitored for each borrower (bond); and
- Performance Attribution – granular total return analysis is performed using key portfolio attributes such as duration, credit rating, sector, and state. A portfolio's performance is also compared to various benchmarks.

<u>Government and Securitized Products/Asset-Backed ("ABS") and Mortgage-Backed ("MBS") Securities</u>

The FTA Government and Securitized Products Group ("FT GSPG") selects the securities by implementing an investment process comprised of the following components:

- Sector Analysis – Top-down review of core ABS and MBS sectors and macro market trends based on bottom-up analysis of individual securities is conducted to determine the sectors in which the portfolio will be overweight, neutral weight and underweight;
- Security Analysis – individual securities are evaluated based on the following criteria: price, yield, rating and option adjusted spreads, prepayment sensitivity, default risk, interest rate duration and key rate exposure, sensitivity to yield volatility, liquidity premium and normalized valuation for each security class;
- Total Return Scenario Analysis – individual security and portfolio level return analysis are performed using extensive scenario stress testing of yield curve and spread shocks and/or movements;
- Surveillance – holdings are analyzed on a systematic basis to monitor any changes in security and portfolio performance or meaningful changes in risk measures. Key risk metrics include option adjusted and empirical duration to measure interest rate risk, partial or key rate duration to manage yield curve risk, Option Adjusted Spread ("OAS") analysis to monitor pricing quality, spread duration to measure sensitivity to overall MBS market spreads, prepayment duration to assess portfolios sensitivity to prepayment risk, default risk to monitor credit quality of securities, and cash flow forecasting and overall liquidity management;
- Performance Attribution – a granular total return analysis is performed by reviewing key portfolio attributes such as duration, yield curve positioning, sector allocations as well as spreads. Portfolio performance is also compared to various benchmarks; and
- Risk and Performance Variables - are evaluated to include the following: prepayment velocity, quality of the underlying assets, type of MBS security (Pass-thru, CMO, ARM, Interest Only, Principal Only, Inverse

Interest Only, etc.), credit rating, OAS, interest rate volatility, liquidity premium, interest rate duration, average life, spread duration, interest rate cap analysis, home price appreciation, government policy, defaults and severities, normalized valuation, call schedule, guarantee, settlement and basis risk (difference in performance between hedges and assets).

Leveraged Finance

The FTA Leveraged Finance Team's ("LevFin Team") investment process uses a balanced combination of rigorous bottom-up fundamental credit analysis and disciplined portfolio construction. The investment process follows a three-step approach: fundamental credit analysis, investment committee review, and portfolio construction.

1. **Fundamental Credit Analysis** - The investment team's internal ratings system assists in the fundamental risk assessment by standardizing the risk level of credits across issuers and industries. Credits are scored from 1 through 6, with 1 the strongest fundamental business profile and 6 the weakest fundamental business profile.

   Industry analysts conduct fundamental credit analysis on a credit based on the following primary criteria:

   Consistency of cash flow generation - The investment process favors companies that produce relatively stable cash flows through an economic cycle. Highly cyclical companies or capital intensive industries face a high hurdle. A company's cash flow is stressed to determine how resilient the company would be in a downside scenario.

   Collateral assessment - One of the primary advantages of the asset class is the fact that senior floating rate loans hold a secured position in the capital structure. The investment process evaluates the collateral backing for each loan. Importantly, the collateral value is assessed not only in a benign credit environment when valuations are highest, but assuming the collateral will be monetized in a recession when valuations are typically at their lowest. The investment process favors companies that have strong collateral value so that a positive outcome may be achieved even in a situation when cash flows deteriorate.

   Management quality - The investment process favors companies that have management teams with a sound track record of managing businesses with leveraged balance sheets and a commitment to deleveraging. Strong management teams are typically able to navigate more challenging business conditions or economic environments in a nimble fashion.

2. **Investment Committee** - The experienced industry analyst presents the credit to the Investment Committee, which is comprised of the senior members of the LevFin Team. This leverages the experience of the team for each potential investment opportunity. The Investment Committee must unanimously approve a credit in order for that credit to be eligible for purchase.

3. **Portfolio Construction** - Key elements of constructing the portfolio include:

   Relative value assessment - Each approved investment opportunity is evaluated relative to other opportunities available in the market. This relative value assessment helps ensure the portfolio is positioned in the credits that offer the best return relative to risk. The LevFin Team's internal ratings system assists in the relative value assessment by standardizing the risk level of credits across issuers and industries. Every credit holding is assigned a relative value rating, from 1 through 5, with 1 the most attractive and 5 the least attractive.

   Portfolio diversification - Diversification is a key component of the portfolio construction process and an important factor in risk management. The investment process seeks to have a properly diversified portfolio across individual issuers and industries. Concentrated issuer or industry positions typically lead to outsized risk, and therefore, the LevFin Team seeks to construct well diversified portfolios.

Issuer liquidity - The potential liquidity of each investment opportunity is analyzed prior to purchase. The investment process favors investments in more liquid issuers, which provides the LevFin Team the flexibility to size each investment appropriately over time.

Factors we consider in assessing liquidity include:

- Transaction size;
- Quality of the arranging bank or institution;
- Issuer rating;
- How widely the transaction is distributed;
- Number of dealers transacting in the issue;
- Size of the bid / ask-spread; and
- Depth of the bid or offer.

The LevFin Team's internal ratings system assists in portfolio construction by standardizing the risk level of credits across issuers and industries.

CEFs and ETFs

Certain US Funds, SMAs and Models invest all or a portion of their portfolios in First Trust or third-party CEFs and/or ETFs. The underlying CEFs and/or ETFs may invest in a wide variety of equity, commodity or fixed income securities.

The FTA approach to the selection of CEFs involves a variety of fundamental and performance-related criteria and involves both quantitative and qualitative analysis of the applicable CEF universe (i.e. equity CEFs, taxable fixed income CEFs, municipal CEFs, etc.). FTA believes the CEF marketplace is a retail-driven market where inefficiencies and opportunities exist that FTA seeks to discover and exploit.

The FTA approach to the selection of ETFs primarily seeks to create an efficient asset allocation mix for a given risk tolerance (i.e. growth, moderate growth, etc.).

A portion of an SMA portfolio investing in ETFs or CEFs may be reserved for a tactical overweighting or underweighting of various asset classes based on the current outlook of the FTA Research Team or the portfolio managers regarding specific asset classes, industries, global geographic regions, etc.

Certain Models also include First Trust or third-party CEFs and/or ETFs.

Commodities

The FTA Alternatives and Active Management Team (the "Alts Team") evaluates futures contracts both quantitatively and qualitatively to seek the highest potential for total return. Through the investment process described below, FTA seeks to maximize the return of a highly diversified commodity portfolio targeted to a specific volatility range.

Typically, 10 to 35 distinct commodities are selected based upon liquidity as measured by open interest. The list of commodities considered for inclusion can and will change over time. The Alts Team models and forecasts the expected volatility level of each commodity using daily historical data and generates the set of portfolios that seek to maximize returns given specific levels of volatility. The Alts Team rebalances monthly (or more frequently subject to market conditions) to the asset weighting that it believes is most optimal given the desired risk range for the portfolio.

The commodity futures selected for a portfolio are those with a forecasted volatility and correlation profile that the Alts Team believes is far more stable than traditional portfolio construction approaches.

SMA Core Strategies

FTA offers customized portfolio management to meet the specific financial objectives of investors. First Trust offers managed accounts for Large-Cap, Small-Cap and Multi-Cap investors. These accounts are managed by our in-house team of analysts and portfolio managers using a structured approach to security selection that involves both quantitative and qualitative elements. In addition, First Trust utilizes the input of experienced firms such as Morningstar Investment Management LLC. to create portfolios based on Morningstar Investment Management's Asset Allocation Techniques and Value Line®'s research to create portfolios based on its ranking methodologies.

FTA/Morningstar Multi-Discipline All Equity

The strategy seeks to provide capital appreciation by investing in up to nine equity asset classes using US traded securities.

FTA/Morningstar Multi-Discipline 90/10

The strategy seeks a combination of capital appreciation and income by investing in up to nine equity asset classes and six fixed-income asset classes.

FTA/Morningstar Multi-Discipline 75/25

The strategy seeks a combination of capital appreciation and income by investing in up to nine equity asset classes and six fixed-income asset classes.

FTA/Morningstar Multi-Discipline 60/40

The strategy seeks a combination of capital appreciation and income by investing in up to nine equity asset classes and six fixed-income asset classes.

FTA/Morningstar Multi-Discipline 40/60

The strategy seeks a combination of capital appreciation and income by investing in up to nine equity asset classes and six fixed-income asset classes.

FTA/Morningstar Multi-Discipline 20/80

The strategy seeks a combination of capital appreciation and income by investing in up to nine equity asset classes and six fixed-income asset classes.

FTA/Morningstar International Core

The strategy of international holdings seeks to outperform the MSCI All Country World ex USA Index by investing in international securities which trade on US exchanges.

FTA Balanced Closed-End Fund

The strategy seeks to provide total return, with the potential for income as a secondary objective. Under normal conditions, at least 80% of the strategy will invest in a blend of equity and taxable fixed-income based closed-end funds. The strategy may also invest in Business Development Companies (BDCs), as well as equity and fixed-income exchange-traded funds (ETFs), which may include inverse equity and taxable fixed-income ETFs.

FTA Municipal Closed-End Fund

The strategy seeks to provide total return, with the potential for income as a secondary objective. Under normal conditions, the strategy will invest at least 80% of its assets in municipal bond closed-end funds. The strategy may also invest in fixed-income exchange-traded funds (ETFs), which may include inverse fixed-income ETFs.

FTA Taxable Fixed-Income Closed-End Fund

The strategy seeks to provide total return, with the potential for income as a secondary objective. Under normal conditions, the strategy will invest at least 80% of its assets in taxable fixed-income closed-end funds. The strategy may also invest in taxable fixed-income exchange-traded funds (ETFs), which may include inverse taxable fixed-income ETFs.

FTA Modified Equity Value Closed-End Fund

The strategy seeks to provide total return by allocating between 80-100% in equity concentrated closed-end funds (CEFs) and up to 20% in fixed-income concentrated CEFs, under normal market conditions. The strategy may also invest in both equity and fixed-income exchange-traded funds (ETFs), which may include inverse and levered equity and taxable fixed-income ETFs. The strategy will invest in no more than 25 holdings determined by the First Trust model and the portfolio managers.

FTA Large Cap Opportunistic Value

The strategy seeks to provide capital appreciation by investing primarily in US exchange-traded stocks whose market capitalizations fit with the strategy's benchmark.

FTA Value Line Strategic Growth

The strategy seeks to provide capital appreciation by investing in companies chosen from the Value Line® Timeliness universe of companies ranked #1 and #2 for Timeliness™ which are believed to be capable of achieving consistent long-term earnings growth.

FTA Value Line Rising Dividend

The equity income strategy seeks to provide dividend income and long-term capital appreciation by investing primarily in less-volatile companies with rising dividend streams that Value Line ranks a 1 or 2 for Safety.

FTA ETF Asset Allocation - Moderate Growth

The multi-asset class strategy seeks to provide capital appreciation by investing in both equity and fixed income exchange-traded funds (ETFs).

FTA ETF Asset Allocation – Growth

The aggressive strategy seeks to provide capital appreciation by investing in equity exchange-traded funds (ETFs) utilizing a core/satellite approach.

FTA Small Cap Core

The strategy seeks to provide capital appreciation by investing in small-cap companies trading below their intrinsic value.

FTA Taxable Fixed-Income Solutions

The strategy uses an active, value-oriented selection process to provide attractive income with a focus on preservation of capital. For those looking for a customized approach, this strategy may offer the potential to control interest-rate risk, provide predictable cash flows, enhance liquidity, and diversify credit risk.

FTA Total Return Municipal Bond

The strategy seeks to provide tax-exempt income and the potential for long-term capital appreciation. The strategy may provide flexibility to financial professionals to take advantage of opportunities in both credit exposure and yield curve positioning.

FTA Intermediate Maturity Municipal Bond

The strategy seeks to provide tax-exempt income and the potential for long-term capital appreciation.

FTA High Income Intermediate Maturity Municipal Bond

The strategy seeks to provide tax-exempt income and the potential for long-term capital appreciation.

FTA Vest US Equity Buffer SMA

The strategy invests in one or more FT Vest US Equity Buffer exchange-traded funds (the "Buffer ETFs") which seek to provide investors with returns (before fees and expenses) that match the price return of the SPDR® S&P 500® ETF Trust ("SPY"), up to a predetermined upside cap, while also providing a buffer (before fees and expenses) against the first 10% of SPY losses, over a one-year Target Outcome Period. The strategy is designed to address the concerns financial professionals and home offices have expressed when considering or investing in Buffer ETFs.

FTA Vest All Equity Buffer SMA

The strategy invests in a diversified portfolio of Target Outcome Buffer exchange-traded funds ("Target Outcome ETFs") which seek to provide investors with predetermined investment outcomes based on the performance of an underlying ETF (reference asset) over a specified Target Outcome Period. The strategy's allocations are based on the FT Vest All Equity Buffer ETF Model (the "model") and is divided among Domestic Core, Domestic Innovation, and International exposure utilizing the following Buffer ETF series: FT Vest US Equity Buffer ETFs, FT Vest Nasdaq-100® Buffer ETFs, FT Vest International Equity Moderate Buffer ETFs and FT Vest US Small Cap Moderate Buffer ETFs. The strategy is designed to address the concerns financial professionals and home offices have expressed when considering or investing in globally allocated Buffer ETFs.

FTA Tactical High Income

The strategy seeks to provide current income with a secondary objective of long-term total return. Under normal market conditions, the strategy will generally invest in exchange-traded funds (ETFs) and other exchange-traded products, but at times may purchase equities and other income generating securities.

First Trust Large Cap Core Premium Income Strategy

This strategy invests in the common stock of US-based companies or ADRs of non-US-based companies. Individual stock positions that comprise the strategy are weighted according to the inverse of their GICS sector-relative volatility and are typically rounded to the nearest 100 shares to ensure efficient option coverage. Security selection is based on a combination of discounted cash flow and implied volatility analyses. The strategy entails an active covered call option overlay that "writes" or "sells" short-dated call options on the stock positions to generate additional income and provides limited downside protection. The short call option discipline also incorporates sector-relative volatility. Positions with higher relative volatility target higher premium generation and lower upside potential while the opposite is true for those with lower relative volatility.

First Trust Large Cap Value Premium Income Strategy

This strategy invests in the common stock of large capitalization US-based companies or ADRs of a non-US company with a historical dividend above the average of the S&P 500 index component companies. We analyze a company's historical earnings growth, stock price, and dividend performance over a five to ten-year period to evaluate the likelihood of a stock outperforming the S&P 500 Index over the next six to twelve months. The client receives added value from a Covered Call Option Overlay which works to enhance account income and provide limited downside price protection. Call options are sold on stocks, when available, for two to six-months starting at 5% above the current price. Our proprietary evaluation method of options helps determines which call options are used within this strategy.

First Trust Large Cap Growth Premium Income Strategy

This strategy invests in the common stock of large capitalization US-based companies or ADRs of a non-US company that we believe have higher than average growth potential as determined by an analysis of a company's earnings growth, stock price performance over a five to ten-year period and the stock's historical volatility. The client receives added value from a Covered Call Option Overlay which works to enhance account income and provides limited downside price protection. Call options are sold on stocks, when available, for two to six-months starting at 5% above the current price. Our proprietary evaluation method of options helps determines which call options are used within this strategy.

First Trust Large Cap Sector Momentum Premium Income Strategy

This strategy invests in the 11 GICS sectors of the S&P 500 Index using ETFs. Using historical analysis, the strategy seeks to overweight/underweight each sector to provide outperformance to the S&P 500 Index. In addition, we opportunistically sell covered calls on the underlying ETFs to in seeking to generate additional income, provide limited downside protection, and reduce portfolio volatility.

First Trust Large Cap Sector ETF Strategy

This strategy seeks to replicate the S&P 500 Index using US Sector ETFs while also employing a systematic tax loss harvesting discipline. First, the strategy purchases a portfolio of US Sector ETFs (the "Equity Portfolio") to replicate the current sector weights of the S&P 500 Index ("Sector Neutral"). The Equity Portfolio may be rebalanced periodically, with a scheduled rebalance back to Sector Neutral at least on an annual basis.

The strategy then is monitored for potential tax-loss harvesting opportunities and replacement of existing US Sector ETF(s) with similar US Sector ETF(s) from a different ETF sponsor. The ETF switching approach will allow an account to maintain low tracking error to the S&P 500 Index, capture losses for potential tax alpha and limit the potential for 'wash-sale' by replacing with a new ETF for that exposure. This strategy does not invest in ETFs managed by FTA.

First Trust Large Cap Low Volatility Strategy

This strategy invests in the common stock of large capitalization US-based companies or ADRs of non-US companies that display minimal 12-month volatility and a beta less than the market. Reduced volatility may limit the portfolio's upside potential, but the CWS Team believes that the low down-capture ratio provides the opportunity for the portfolio to outperform over a long-term horizon. The Low Volatility portfolio is a buy and hold strategy that is reviewed and rebalanced quarterly for potential tax loss harvesting opportunities.

First Trust SMID Cap Low Volatility Strategy

The strategy invests in the common stock of US-based companies or ADR of a non-US companies with market capitalizations between $1 and $7 billion that display minimal 12-month volatility and a beta less than the market. Reduced volatility may limit the portfolio's upside potential but the low down-capture ratio should enable the portfolio to outperform over a long-term horizon. The Low Volatility portfolio is a buy and hold strategy that is reviewed and rebalanced quarterly for potential tax loss harvesting opportunities.

First Trust Global Core Strategy

This strategy seeks to maximize capital appreciation and income commensurate with the strategy's global benchmark. The strategy invests in domestic and foreign equity securities based on fundamental research in accordance with FTA's macro-economic and thematic views while being mindful of benchmark sector weights. Security selection is a mosaic approach which considers valuation, balance sheet strength, growth prospects, income, and other factors.

Custom and Specialized Options Investment Strategies

FTA's Custom Wealth Solutions team ("CWS Team") manages custom and specialized options strategies using both fundamental and technical analysis.

Through fundamental analysis the CWS Team attempts to measure the intrinsic value of a security by looking at economic and financial factors (such as overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Using technical analysis the CWS Team analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

The following are specialized SMA strategies managed by the CWS Team:

Custom Options Strategies

Covered Call Transition Strategy

This strategy provides a systematic way for clients with concentrated stock positions to diversify their holdings while setting time and price limits for the disposition of their stock. These limits allow the client to participate in stock gains and accrue up-front proceeds from the sale of call options.The CWS Team establishes a customized plan for each client to deliver stock on a regular, disciplined basis using a ladder of covered calls at various strike prices and expirations.

Covered Call Income Strategy

This strategy provides an option overlay for a client's concentrated stock or existing portfolio to generate call option premium income. The CWS Team establishes a customized plan for each client to target a specific option premium target in line with upside participation expectations.

Portfolio Overlay

This strategy combines the Covered Call Income Strategy with a pre-determined model provided by the Intermediary where the option overlay will generate call option premium income for the model provided by the Intermediary. FTA establishes a customized plan for the Intermediary to target a specific option premium target in line with upside participation expectations. The Intermediary is responsible for communicating these features to their individual clients.

Cash-Secured Put Write Strategy

This strategy provides an income strategy for clients that may wish to own a basket of stocks but at prices lower than the current market. Put options can be sold out-of-the-money and clients can receive option premium until the underlying stocks fall to a target price. The CWS Team establishes a customized plan for each client to target a specific basket of stocks and expectations for option premium targets in line with buy-in levels for stock positions.

Hedging Strategies

These are customized strategies for high-net-worth investors who are seeking to hedge exposure to a concentrated stock or market risk such as represented by an index such as the S&P 500 Index. Possible strategies include the purchase of puts, stock collars (zero-premium, credit, or debit), option spreads, hedged equity exchange, Covered Call Direct Indexing.

Direct Indexing Strategies

Direct indexing seeks to closely track the performance of an existing benchmark index in an SMA or other vehicle through direct ownership of individual securities that make up the referenced index with adjustments to the portfolio to take into account tax savings, FTA research, and client preferences or restrictions ("Direct Indexing").

The CWS Team creates customized equity SMA portfolios for individuals and institutions that incorporate client specifications for benchmark index selection, factor tilts, SRI, values alignment (e.g., faith based), and active tax management (tax-loss harvesting). The CWS Team also offers clients the ability to customize their portfolios to meet specific requirements such as holding restrictions, sector and industry limitations, market exposure, situation-appropriate tax needs, and risk factor tilts. Benchmarks include broad market equity indexes representing domestic and/or foreign companies.

To create these SMA portfolios, the CWS Team typically uses broad stock universes that are screened for liquidity, capitalization, and various risk factors provided by the quantitative models and software tools. Portfolios are constructed using optimization techniques and generally hold between 50 and 1,000 stocks, depending on the benchmark index or blend of benchmark indexes, strategy, and any client constraints. For taxable clients, portfolios are rebalanced using a tax-efficient approach that minimizes tracking error to the stated benchmark and maximizes loss harvesting to minimize and/or defer capital gains. These methodologies consider portfolio risk, transactions costs, and taxes when making investment decisions.

Factor Tilts and Values-Based Direct Indexing Strategies

These strategies are customized portfolios of equity securities that are designed to meet specific client-driven objectives. These strategies are suitable for both taxable and non-taxable portfolios and include values-based screening as well as other factor strategies. Values-based portfolios are designed to track the equity benchmark index selected by the client using a universe of securities that meet specific criteria and standards of conduct as determined by the client. The indexes to which the CWS Team manages these investment strategies are:

- S&P 600 (Protestant or Catholic)
- S&P 500 (Protestant and Catholic)
- S&P 1500 Protestant
- Russell 1000 Value Catholic
- MSCI EAFE Protestant
- ACWI xUS Protestant

Factor Tilts enable clients to gain exposure to quantitative factors like quality, value, momentum, low volatility, etc., in a low-cost, tax-efficient strategy. Clients can also tilt portfolios based on industries, sectors, and countries. Clients can work with the CWS Team to develop customized factor tilts or choose "pre-set" customized tilt strategies offered by FTA.

First Trust MSCI EAFE Protestant Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to MSCI Protestant equity markets. The strategy is expected to closely track the performance of the MSCI EAFE Index with a Protestant overlay while allowing for greater tax efficiency and customization.

First Trust S&P 500 Protestant Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to the 500 largest corporations listed on US stock exchanges. The strategy is expected to closely track the performance of the S&P 500 Index with a Protestant overlay while allowing for greater tax efficiency and customization.

First Trust S&P 600 Protestant Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to 600 small-sized companies listed on US stock exchanges. The strategy is expected to closely track the performance of the S&P 600 Index with a Protestant overlay while allowing for greater tax efficiency and customization.

First Trust S&P 1500 Protestant Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to S&P 1500 equity markets. The strategy is expected to closely track the performance of the S&P 1500 Index with a Protestant overlay while allowing for greater tax efficiency and customization.

First Trust S&P 500 Catholic Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to the 500 largest corporations listed on US stock exchanges. The strategy is expected to closely track the performance of the S&P 500 Index with a Catholic overlay while allowing for greater tax efficiency and customization.

First Trust S&P 600 Catholic Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to 600 small-sized companies listed on US stock exchanges. The strategy is expected to closely track the performance of the S&P 600 Index with a Catholic overlay while allowing for greater tax efficiency and customization.

First Trust MSCI ACWI xUS Protestant Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to MSCI Protestant equity markets in the US. The strategy is expected to closely track the performance of the MSCI ACWI xUS Index with a Protestant overlay while allowing for greater tax efficiency and customization.

First Trust Russell 1000 Value Catholic Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to the 1000 largest corporations by market capitalization. The strategy is expected to closely track the performance of the Russell 1000 Value Index with a Catholic overlay while allowing for greater tax efficiency and customization.

First Trust MSCI EAFE Catholic Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to MSCI Catholic equity markets. The strategy is expected to closely track the performance of the MSCI EAFE Index with a Catholic overlay while allowing for greater tax efficiency and customization.

First Trust MSCI ACWI Catholic Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to MSCI Catholic equity markets. The strategy is expected to closely track the performance of the MSCI ACWI Index with a Catholic overlay while allowing for greater tax efficiency and customization.

First Trust Russell 3000 Catholic Non-Taxable Composite

The strategy seeks capital appreciation by providing exposure to the 3000 largest corporations by market capitalization. The strategy is expected to closely track the performance of the Russell 3000 Total Return Index with a Catholic overlay while allowing for greater tax efficiency and customization.

Tax Loss Harvesting Strategy

The CWS Team constructs a portfolio comprised of individual stocks that seeks to track the performance of a target benchmark index utilizing software designed to minimize tracking error while systematically harvesting losses within the portfolio by immediately replacing the securities sold at a loss with others of similar type and risk. The losses realized are available to offset gains which may be realized in other portions of the client's portfolio (including those not managed by FTA), whether from stocks, bonds, real estate, hedge funds, mutual funds, ETFs, or any other source. Any savings realized by the reduction in taxes paid or postponed can improve returns when measured after-tax. This after-tax return benefit presumes that clients have capital gains from active managers, hedge funds, sale of low-cost-basis stock, or other sources suitable for offset. Changes in tax law and/or the treatment of capital gains could impact the after-tax returns from this strategy.

First Trust Global xUS Taxable Composite

The strategy seeks capital appreciation by providing exposure to Global and US equity markets. The strategy is expected to closely track the performance of the Morningstar Global xUS TME Index while allowing for greater tax efficiency and customization.

First Trust US Large Mid Cap Taxable Composite

The strategy seeks capital appreciation by providing exposure to the top 90% of stocks by market capitalization. The strategy is expected to closely track the performance of the Morningstar US Large-Mid Cap Index while allowing for greater tax efficiency and customization.

First Trust Global Taxable Composite

The strategy seeks capital appreciation by providing exposure to global equity markets. The strategy is expected to closely track the performance of the Morningstar Global TME Index while allowing for greater tax efficiency and customization.

First Trust US All Cap Taxable Composite

The strategy seeks capital appreciation by providing exposure to US equity markets. The strategy is expected to closely track the performance of the Morningstar US Market Extended Total Return Index while allowing for greater tax efficiency and customization.

First Trust Developed Markets xNA Taxable Composite

The strategy seeks capital appreciation by providing exposure to developing US equity markets. The strategy is expected to closely track the performance of the Morningstar Developed Markets xNorth America Index while allowing for greater tax efficiency and customization.

First Trust S&P 500 Taxable Composite

The strategy seeks capital appreciation by providing exposure to the 500 largest corporations listed on US stock exchanges. The strategy is expected to closely track the performance of the S&P 500 Index while allowing for greater tax efficiency and customization.

First Trust S&P 1500 Taxable Composite

The strategy seeks capital appreciation by providing exposure to all stocks in the S&P 500, 400, and 600. The strategy is expected to closely track the performance of the S&P 1500 Total Return Index while allowing for greater tax efficiency and customization.

First Trust Russell 3000 Taxable Composite

The strategy seeks capital appreciation by providing exposure to the 3000 largest corporations by market capitalization. The strategy is expected to closely track the performance of the Russell 3000 Total Return Index while allowing for greater tax efficiency and customization.

First Trust Capital Strength Taxable Composite

The strategy seeks capital appreciation by providing exposure to US equity markets. The strategy is expected to closely track the performance of the First Trust Capital SMA Index while allowing for greater tax efficiency and customization.

First Trust Dividend Aristocrats Taxable Composite

The strategy seeks capital appreciation by providing exposure to US equity markets. The strategy is expected to closely track the performance of the First Trust Dividend Aristocrats SMA Index while allowing for greater tax efficiency and customization.

First Trust Rising Dividend Achievers Taxable Composite

The strategy seeks capital appreciation by providing exposure to US equity markets. The strategy is expected to closely track the performance of the First Trust Rising Dividend Achievers SMA Index while allowing for greater tax efficiency and customization.

First Trust Value Line Dividend Taxable Composite

The strategy seeks capital appreciation by providing exposure to US equity markets. The strategy is expected to closely track the performance of the First Trust Value Line Dividend SMA Index while allowing for greater tax efficiency and customization.

First Trust MSCI ACWI Taxable Composite

The strategy seeks capital appreciation by providing exposure both developed and emerging equity markets. The strategy is expected to closely track the performance of the MSCI ACWI Index while allowing for greater tax efficiency and customization.

First Trust RAFI Fundamental US Taxable Composite

The strategy seeks capital appreciation by providing exposure to the share prices for the 1000 largest companies in the US based on dividends, book value, sales, and cash flow. The strategy is expected to closely track the performance of the RAFI Fundamental US Index while allowing for greater tax efficiency and customization.

First Trust Russell 1000 Taxable Composite

The strategy seeks capital appreciation by providing exposure to the 1000 largest corporations by market capitalization. The strategy is expected to closely track the performance of the Russell 1000 Total Return Index while allowing for greater tax efficiency and customization.

Premium Direct Indexing Strategies

Equity Managed Floor

The strategy pairs Direct Indexing with the purchase of an index/ETF put option and the sale of short-term call options on the index/ETF. The long-dated expiration of the put option reduces the annualized cost and provides protection over an extended period. Short-term calls on the index/ETF are sold with the expectation of covering the put cost over an annualized period. The short-term calls do not need to cover the full portfolio allowing the underlying stocks to appreciate fully for the uncovered portion. The Direct Indexing component provides exposure to the index while tax loss harvesting to generate tax alpha in underlying positions.

FTA prepares for client review and approval an account-specific investment policy statement ("IPS") based on the client's needs and specific investment strategy desired. Once approved, the IPS determines how FTA will maintain the investment strategy on an ongoing basis.

Max Loss Collar

The strategy pairs Direct Indexing with the establishment of a long-dated index/ETF collar. The collar will purchase a put option and sell a call option on an index/ETF on which the underlying Direct Indexing is based. The collar will provide downside protection and the Direct Indexing component provides exposure to the index with the possibility of tax alpha from harvesting losses in underlying positions.

An account specific IPS is drafted based on the client's needs and specific investment strategy desired. The IPS determines how FTA will maintain the investment strategy on an ongoing basis.

Target High Premium Income

The strategy pairs Direct Indexing with the sale of index/ETF call options on a portion of the Direct Indexing investment. The coverage will be determined by the stated annualized option premium target. Higher option premium targets will require a greater portion of the Direct Indexing investment to be covered. The Direct Indexing provides exposure to the index with the possibility of tax alpha from harvesting losses in underlying positions.

FTA drafts an account specific IPS based on the client's needs and specific investment strategy desired. The IPS determines how FTIS will maintain the investment strategy on an ongoing basis.

Private Fund

FTA managed Private Funds invest in accordance with the strategies described in the PPM.

Models

SMA Models

FTA's Model Investment Committee ("Model Committee") manages bespoke Models created specifically for one or more Model Subscribers and their clients. These strategies involve a range of asset classes including but not limited to CEFs, equities, fixed income including but not limited to MBS and high-yield bonds, business development companies, senior loans, and ETFs invested in equities and inverse equities, as well as taxable, international emerging and developed market fixed income ETFs.

Certain FTA Models are made up of First Trust ETFs and generally, include the asset classes and portfolio construction methods described above but may include third-party ETFs representing various asset classes to complete the allocations. These Models are categorized as Strategic Focus and Strategic Risk.

The First Trust Strategic Focus Model portfolios are designed to provide core equity, core fixed income and core specialty allocations providing exposure to core alternatives, thematic and multi-income asset allocation strategies.

The First Trust Strategic Risk Model portfolios seek total return while diversifying the risk exposures among various asset classes over the long term.

Long Only Strategy Models

The First Trust Large Cap Low Volatility Strategy, First Trust SMID Cap Low Volatility Strategy and the First Trust Global Core Strategy, each described above, are also offered as Models to Model Subscribers.

Faith-Based Values Models

The CWS Team manages four (4) custom Models developed for use by specific Model Subscribers which screen for each Model Subscriber's faith-based values. These Models are not publicly available.

ESG Model

The CWS Team manages a private label Model which is screened for the Model Subscriber client's ESG values and managed to a Morningstar index.

Sub-Advised Models

Vest Models

These Models are based on the expertise of Vest, which is the sub-advisor for the Buffer ETFs in which these Models invest. The Vest Models are made up of a diversified portfolio of actively managed First Trust target outcome ETFs, each sub-advised by Vest. The weights of ETFs included in each Model are selected by Vest and reviewed and implemented by the Model Investment Committee.

Richard Bernstein Advisors Model

Richard Bernstein Advisors LLC sub-advises a Model which is designed to provide an equity allocation portfolio using First Trust ETFs (third-party ETFs may also be included if necessary). The Model Committee reviews and implements the Model portfolios.

Item 8.B. –

FTA's investment strategies are not intended to be a complete investment program. Investors generally should have a long-term investment perspective and be able to tolerate potentially sharp declines in value and/or investment losses. Investment advisors, other market participants, and many securities markets are subject to rules and regulations and the jurisdiction of one or more regulators. Changes to applicable rules and regulations could have an adverse effect on securities markets and market participants, as well as on the ability to execute a particular investment strategy.

UITs/Fund Clients/Private Funds

The UITs, Fund Clients and Private Funds to which FTA provides Advisory Services provide risk disclosures specific to UIT, US Fund and Private Fund investment strategies in their Fund Documents and PPMs, respectively. Investors should read these disclosures before investing in a UIT, Fund Client or Private Fund.

Additional investment risks an investor should be aware of include, but are not limited to, the following:

- Management Risk - Separately-managed account ("SMA") investment strategies are actively managed by FTA. The FTA portfolio managers of SMA investment strategies apply investment techniques and risk analyses, including through the use of technology, automated processes, algorithms, or other management systems, that may not operate as intended or produce the desired result. There can be no guarantee that an investment strategy will meet its investment objective.

- Business Risk - These risks are associated with investing in a particular industry or a particular company within an industry.

- CEF/ETF Risk - CEFs and ETFs are subject to the applicable risks previously identified herein. Additionally, CEFs and ETFs are each unique securities in their own right and are subject to additional risks:

  - Both CEFs and ETFs are subject to the ability of each fund's investment manager to manage the underlying portfolios to meet each fund's stated investment objectives.
  - CEFs, unlike open-end funds which trade at prices based on a fund's net asset value, frequently trade at a discount to their net asset value in the secondary market (exchange). Additionally, many CEFs employ leverage (debt) to achieve greater returns, though the strategy can increase the volatility of such funds.
  - Like CEFs, ETFs may trade at a discount to their net asset value in the secondary market. The structure of an ETF causes most ETF market prices to trend toward tracking the fund's respective net asset value closely, but this may not always be the case, particularly during periods of extreme market volatility.
  - Index-based ETFs are designed to track a specified market index; however, in some cases an ETF's return may deviate from the specified index. Certain ETFs are actively managed and subject to management risk.
  - Unlike open-end funds, ETF investors buy and sell their shares on a national stock exchange, as only brokers that are "authorized participants" may create or redeem shares directly with the ETF, and then only in large blocks or "creation units".
  - Active portfolio management may result in an ETF or CEF failing to achieve its investment objectives or underperforming its benchmark index and/or other funds with similar investment objectives.

- Currency Risk - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- Custom and Specialized Options Risks – The primary risks associated with these types of investment strategies are as follows:

  - Option Risk - The use of options involves investment strategies and risks different from those associated with ordinary portfolio securities transactions and depends on the ability of the portfolio managers to forecast market movements correctly. The prices of options are volatile and are influenced by, among other things, actual and anticipated changes in the value of the underlying instrument, or in interest or currency exchange rates, including the anticipated volatility, which in turn are affected by fiscal and monetary policies and by national and international political and economic events. The effective use of options also depends on the portfolio manager's ability to terminate option positions at times deemed desirable to do so. There is no assurance that the portfolio managers will be able to effect closing transactions at any particular time or at an acceptable price. In addition, there may at times be an imperfect correlation between the movement in values of options and their underlying securities and there may at times not be a liquid secondary market for certain options. Options may also involve the use of leverage, which could result in greater price volatility than other securities.

  - Exchange-Traded Options - The value of options may be adversely affected if the market for options is reduced or becomes illiquid. No assurance can be given that a liquid market will exist when an option position is closed out. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle the then-current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options). If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist. However, outstanding options on that exchange that had been issued by the Options Clearing Corporation because of trades on that exchange would continue to be exercisable in accordance with their terms. In addition, transactions in exchange-traded options will be subject to limitations established by each of the exchanges, boards of trade, or other trading facilities on which the options are traded. These limitations govern the maximum number of options in each class which may be written by a single investor or group of investors acting in concert, regardless of whether the options are written on the same or different exchanges, boards of trade or other trading facilities or are written in one or more accounts or through one or more brokers. An exchange, board of trade or other trading facility may order the liquidation of positions found to be more than these limits, and it may impose other sanctions. The options returns are related to the price return of the reference asset. The options do not deliver any returns due to any dividends paid from the reference asset.

  - Flex Options Risk - There is no guarantee that the pre-determined outcomes for a Target Outcome Period will be realized. The buffer and cap for each subsequent Target Outcome Period will likely differ from the initial Outcome Period. The funds only seek to provide investors that hold shares for the entire Target Outcome Period with the full target buffer against losses of the reference asset or index (based upon the value of reference asset or index at the time the fund entered into the FLEX Options on the first day of the Target Outcome Period) during the Target Outcome Period. If an investor purchases shares after the first day of a Target Outcome Period, they will likely have a different return potential than an investor who purchased shares at the start of a Target Outcome Period and the buffer the fund seeks may not be available.

  - Derivatives Risk - The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. In addition, when an SMA invests in certain derivative securities, it is effectively leveraging its investments, which could result in exaggerated changes in the value of the SMA and can result in losses that exceed the amount originally invested. Liquidity risk exists when a security cannot be purchased or sold at the time desired, or cannot be purchased or sold without adversely affecting the price.

Certain specific risks associated with an investment in derivatives may include:

(1) Market Risk. Derivative instruments may include elements of leverage and, accordingly, fluctuations in the value of the derivative instrument in relation to the underlying asset may be magnified. The successful use of derivative instruments depends upon a variety of factors, particularly the portfolio managers' ability to predict movements of the securities, currencies and commodities markets, which may require different skills than predicting changes in the prices of individual securities. There can be no assurance that any particular strategy adopted will succeed. A decision to engage in a derivative transaction will reflect the portfolio managers' judgment that the derivative transaction will provide value to the investor and is consistent with the investor's objective and investment limitations. In making such a judgment, the portfolio managers will analyze the benefits and risks of the derivative transactions and weigh them in the context of the investor's overall investments and investment objective.

(2) Credit Risk/Counterparty Risk. Credit risk is the risk that a loss may be sustained as a result of the failure of a counterparty to comply with the terms of a derivative instrument. The counterparty risk for exchange-traded derivatives is generally less than for privately negotiated or over-the-counter ("OTC") derivatives, since generally a clearing agency, which is the issuer or counterparty to each exchange-traded instrument, provides a guarantee of performance. For privately negotiated instruments, there is no similar clearing agency guarantee. In all transactions, the investor will bear the risk that the counterparty will default, and this could result in a loss of the expected benefit of the derivative transactions and possibly other losses to the investor. FTA will enter into transactions in derivative instruments only with counterparties that FTA reasonably believes are capable of performing under the contract.

(3) Correlation Risk. Correlation risk is the risk that there might be an imperfect correlation, or even no correlation, between price movements of a derivative instrument and price movements of investments being hedged. When a derivative transaction is used to completely hedge another position, changes in the market value of the combined position (the derivative instrument plus the position being hedged) result from an imperfect correlation between the price movements of the two instruments. With a perfect hedge, the value of the combined position remains unchanged with any change in the price of the underlying asset. With an imperfect hedge, the value of the derivative instrument and its hedge are not perfectly correlated. For example, if the value of a derivative instrument used in a short hedge (such as writing a call option, buying a put option or selling a futures contract) increased by less than the decline in value of the hedged investments, the hedge would not be perfectly correlated. This might occur due to factors unrelated to the value of the investments being hedged, such as speculative or other pressures on the markets in which these instruments are traded. The effectiveness of hedges using instruments on indices will depend, in part, on the degree of correlation between price movements in the index and the price movements in the investments being hedged.

(4) Liquidity Risk. Liquidity risk is the risk that a derivative instrument cannot be sold, closed out or replaced quickly at or very close to its fundamental value. Generally, exchange contracts are very liquid because the exchange clearing house is the counterparty of every contract. OTC transactions are less liquid than exchange-traded derivatives since they often can only be closed

out with the other party to the transaction. The investor might be required to maintain segregated accounts and/or make margin payments when taking positions in derivative instruments involving obligations to third parties (i.e., instruments other than purchase options). If the investor is unable to close out its positions in such instruments, it might be required to continue to maintain such assets or accounts or make such payments until the position expires, matures or is closed out. These requirements might impair the investor’s ability to sell a security or make an investment at a time when it would otherwise be favorable to do so, or require that the investor sell a portfolio security at a disadvantageous time. The investor’s ability to sell or close out a position in an instrument prior to expiration or maturity depends upon the existence of a liquid secondary market or, in the absence of such a market, the ability and willingness of the counterparty to enter into a transaction closing out the position. Due to liquidity risk, there is no assurance that any derivatives position can be sold or closed out at a time and price that is favorable to the investor.

(5) Legal Risk. Legal risk is the risk of loss caused by the unenforceability of a party’s obligations under the derivative. While a party seeking price certainty agrees to surrender the potential upside in exchange for downside protection, the party taking the risk is looking for a positive payoff. Despite this voluntary assumption of risk, a counterparty that has lost money in a derivative transaction may try to avoid payment by exploiting various legal uncertainties about certain derivative products.

(6) Systemic or “Interconnection” Risk. Systemic or “interconnection” risk is the risk that a disruption in the financial markets will cause difficulties for all market participants. In other words, a disruption in one market will spill over into other markets, perhaps creating a chain reaction. Much of the OTC derivatives market takes place among the OTC dealers themselves, thus creating a large, interconnected web of financial obligations. This interconnectedness raises the possibility that a default by one large dealer could create losses for other dealers and destabilize the entire market for OTC derivative instruments.

- Cyber Security Risk - FTA is susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause FTA, its affiliates and/or custodians, executing broker-dealers, Intermediaries, Program Sponsors, and Model Subscribers to lose proprietary information, suffer data corruption or lose operational capacity. Such events could cause these entities to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to digital information systems through “hacking” or malicious software coding but may also result from outside attacks such as denial-of-service attacks through efforts to make network services unavailable to intended users. In addition, cyber security breaches of the issuers of securities in which FTA investment strategies invest can also subject investors to many of the same risks associated with direct cyber security breaches. Although the FTA has established risk management systems designed to reduce the risks associated with cyber security, there is no guarantee that such efforts will succeed, especially because FTA does not directly control the cyber security systems of issuers or other entities noted above.

- Direct Indexing Investment Risk - These SMA equity portfolios consist of stocks with the objective that the portfolio perform in line with the selected equity benchmark index. As a result, the value of the managed portfolios will generally rise and fall with the performance of the selected equity benchmark index. With all SMA portfolios, there is a significant risk that accounts will decline in value from time to time, and clients should be prepared to accept the risk of potential loss. In addition, accounts may hold small amounts of cash. The portfolio manager(s) of these strategies use quantitative tools to measure the estimated tracking error of the portfolio versus the benchmark index. Estimated tracking error is a statistic that forecasts how much a portfolio is likely to deviate from the benchmark index on an annualized basis and represents a one-standard- deviation event. For example, if the estimated tracking error of a portfolio is 1% and the benchmark index goes up 10%, there is an approximately 68% chance that the portfolio performance will return between 9% and 11%, assuming what statisticians refer to as a "normal distribution."

There is also the possibility that the account could experience a two, three, or higher standard-deviation outcome. While not expected the risk of a significant deviation from the benchmark index is possible. If the deviation is negative versus the benchmark index, the portfolio will underperform—perhaps significantly—versus the benchmark index.

Some SMAs will perform worse than the benchmark index due to random variation.

The Factor Tilt strategies can add an additional level of tracking error risk as the individual factors emphasized by these strategies move in and out of favor. ESG and other values-based strategies can also add an additional level of tracking error risk due to the investing constraints imposed by positive and negative screening utilized in the management of these portfolios; such styles of investing introduce risk to the management of a portfolio.

- Equity Markets Risk - Investment strategies that invest in equity securities are subject to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities may fluctuate drastically from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.

- Financial Risk - Excessive borrowing to finance business operations may increase the risk of profitability, because a company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value.

- Fixed-Income Securities Risk - The primary risk of investing in fixed income securities is that they may decline in value for a variety of reasons, including a broad market downturn, a rising interest rate environment, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of fixed income securities:

  - All bonds, including investment grade corporate bonds, are subject to various risks including higher interest rates (since fixed income securities typically decline in value as interest rates rise), economic recession, possible rating downgrades by one or more rating agencies, and possible defaults of interest and/or principal payments by the issuer;
  - Corporate high-yield or "junk" bonds are rated below investment grade and are subject to a higher risk of rating downgrade and issuer default than investment-grade corporate bonds, and are more affected by an economic recession. The prices of high-yield bonds tend to fluctuate more than those of investment grade bonds;
  - Fixed income securities issued by foreign issuers are subject to additional risks including foreign currency fluctuations, foreign political risks, foreign tax withholding, possible lack of adequate financial information and possible exchange control restrictions. Additionally, these risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated, and more volatile than developed foreign markets;
  - Municipal bonds are issued by states, counties or other municipal authorities and are subject to additional risks, including deterioration in the financial condition of the municipal issuer and potential

changes in tax laws affecting the tax-free status of municipal bonds;

- Mortgage-backed securities may be more sensitive to changes in interest rates than traditional fixed income securities as rising rates tend to extend the duration of such securities. In addition, mortgage-backed securities are subject to prepayment risk, since borrowers may pay off their mortgages sooner than anticipated, particularly during a period of declining interest rates. Certain mortgage-backed securities are subject to a higher risk of rating downgrade or defaults than higher rated mortgage-backed securities. Mortgage loans or the guarantees underlying the mortgage-backed securities may default or otherwise fail, leading to non-payment of interest and principal; and
- Senior loan securities are high-yield, floating rate corporate debt securities which are senior in a company's capital structure to unsecured debt securities. Like all high-yield securities, such securities carry a heightened risk of a rating downgrade or issuer default than investment grade securities.

- Foreign and Emerging Markets Risk - The value of a client portfolio may be adversely affected by changes in currency exchange rates and political and economic developments across multiple borders. In emerging or less developed countries, these risks can be more significant than in major markets in developed countries. Generally, investment markets in emerging countries are smaller, less liquid, and more volatile, and as a result, the value of a portfolio investing in emerging markets may be more volatile. Emerging-market investments often are subject to speculative trading, which typically contributes to volatility. Emerging-market countries also may have relatively unstable governments and economies. Trading in foreign and emerging markets usually involves higher expenses than trading in the United States. A client may have difficulties enforcing legal or contractual rights in a foreign country for any portfolio invested in these markets. Depositary receipts are subject to many of the risks associated with investing directly in foreign securities, including political and economic risks.

- Market Risk - Market risk is the risk that a particular investment may fall in value. Securities are subject to market fluctuations caused by real or perceived adverse economic, political, and regulatory factors or market developments, changes in interest rates and perceived trends in securities prices. In addition, local, regional or global events such as war, acts of terrorism, market manipulation, government defaults, government shutdowns, regulatory actions, political changes, diplomatic developments, the imposition of sanctions and other similar measures, spread of infectious diseases or other public health issues, recessions, natural disasters, or other events could have a significant negative impact on SMA investments. Any of such circumstances could have a materially negative impact on the value of the SMA, the liquidity of an investment, and may result in increased market volatility. During any such events, returns on investment may fluctuate.

- Operational Risk - FTA is subject to risks arising from various operational factors, including, but not limited to, human error, processing and communication errors, errors of SMA service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. FTA and SMA holders rely on third-parties for a range of services, including custody. Any delay or failure relating to engaging or maintaining such relationships may affect whether an investment strategy meets its investment objective. Although FTA seeks to reduce these operational risks through controls and procedures, there is no way to completely protect against such risks.

- Political and Legislative Risk - Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside the United States or those companies that conduct a substantial amount of their business outside the United States.

- Small Companies Risk - Smaller companies are subject to greater price fluctuations, limited liquidity, higher transaction costs, and higher investment risk. Such companies may have limited product lines, markets, or financial resources; may be dependent on a limited management group; or may lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies. Stocks of these companies frequently have lower trading volumes, making them more volatile and potentially more difficult to value.

- Tax-Managed Investing Risk - Market conditions may limit the ability to generate tax losses or to generate dividend income taxed at favorable tax rates. A tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. The ability to utilize various tax-management techniques may be curtailed or eliminated in the future by tax legislation or regulation. The benefit of tax-managed investing to an individual investor is dependent upon the tax liability of that investor. Over time, the ability of an investor in a tax-managed strategy to harvest losses may decrease as unrealized gains may build up in a securities portfolio.

- Tax Risk - The tax treatment of investments held in a client portfolio may be adversely affected by future tax legislation, US Treasury regulations, and/or guidance issued by the Internal Revenue Service that could affect the character, timing, and/or amount of taxable income or gains attributable to an account.

- Tracking Error Risk - Tracking error risk refers to the risk that the performance of a client portfolio may not match or correlate to that of the benchmark index it attempts to track, either on a daily or aggregate basis. Factors that contribute to tracking error include: fees and trading expenses, imperfect correlation between the portfolio's investments and the benchmark index, changes to the composition of the benchmark index, regulatory policies, and high portfolio turnover. Tracking error risk may cause the performance of a client portfolio to be less or more than expected. There can be no assurance that a client's investment objectives will be obtained, and no inference to the contrary is being made. Prior to entering into an agreement with FTA, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five years; (2) that volatility from investing in the stock market can occur; and (3) that over time, the value of the client's assets can fluctuate and at any time be worth more or less than the amount invested. FTA does not represent, guarantee, or imply that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

ITEM 9 - DISCIPLINARY INFORMATION

In October 2022, FTA exceeded a CME position limit and in September 2023 was: (i) fined $15,000 and (ii) required to disgorge profits of $31,938.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain FTA officers, directors, members of the FTA Investment Committee and FTA portfolio managers are also officers, directors or employees of FTA affiliates. Certain of these persons may be registered representatives of FTP, a broker-dealer. Following is a summary of these relationships:

- Mr. James A. Bowen is Chief Executive Officer of FTA and FTP. Mr. Bowen is also Chairman of the Board of Stonebridge Advisors LLC (Stonebridge), and First Trust Capital Partners LLC (FTCP). He is also a Director of First Trust Global Portfolios Ltd. (FTGP). Stonebridge and FTGP are registered investment advisors and affiliates of FTA. FTCP primarily invests in private investment opportunities. Mr. Bowen is also registered with FTA and FTP.
- Mr. Andrew S. Roggensack is President of FTA, FTP and FTCP and a Director of FTGP. Mr. Roggensack is also registered with FTP.
- Mr. James M. Dykas is Managing Director and Chief Financial Officer of FTA and FTP, and Chief

Financial Officer of Stonebridge and FTCP. Mr. Dykas is also registered with FTP.

- Mr. David G. McGarel is a Managing Director, Chief Operating Officer and Chief Investment Officer of FTA and FTP, and Chief Operating Officer of FTCP. Mr. McGarel is also a Director of Stonebridge and is registered with FTA and FTP.
- Ms. Kelly C. Dehler is Chief Compliance Officer of FTA.
- Mr. Erik Jackson is Chief Compliance Officer of FTP. Mr. Jackson is also registered with FTA and FTP and is registered with the national Futures Association ("NFA") as an associated person of FTA.
- Mr. W. Scott Jardine is General Counsel of FTA and FTP, General Counsel and Secretary of FTCP and Secretary of Stonebridge.
- Mr. R. Scott Hall is a Managing Director of FTA and FTP. Mr. Hall is also registered with FTP.
- Ms. Christina Knierim is a Senior Vice President and Controller of FTA, FTP and FTCP and Controller of Stonebridge.

The following individuals are members of the FTA Investment Committee (the "IC")::

- Mr. Daniel J. Lindquist is a Managing Director of FTA and FTP, and Chairman of the IC. Mr. Lindquist is also registered with FTA.
- Mr. Roger F. Testin is a Senior Vice President of FTA and FTP and a member of the IC. Mr. Testin is also registered with FTA.
- Mr. Rob A. Guttschow is a Senior Vice President of FTA and FTP and a member of the IC. Mr. Guttschow is also registered with FTA and FTP.
- Mr. Eric R. Maisel is a Senior Vice President of FTA and FTP and a member of the IC. Mr. Maisel is also registered with FTA and FTP.
- Mr. Jon Erickson is a Senior Vice President of FTA and FTP and a member of the IC. Mr. Erickson is also registered with FTA and FTP.
- Mr. Chris Peterson is a Senior Vice President of FTA and FTP and is a member of the IC. Mr. Peterson is also registered with FTA and FTP.
- Mr. Stan Ueland is a Senior Vice President of FTA and FTP and a member of the IC. Mr. Ueland is also registered with FTA and FTP.
- Mr. Erik Russo is a Senior Vice President of FTA and FTP and a member of the IC. Mr. Russo is also registered with FTA and FTP.
- Mr. Todd Larson is a Senior Vice President of FTA and FTP and is a member of the IC. Mr. Larson is also registered with FTA and FTP.
- Mr. John Gambla is a Senior Vice President of FTA and FTP and is a member of the IC. Mr. Gambla is also registered with FTA and FTP.
- Mr. Christopher Bush is a Vice president of FTA and FTP and a member of the IC.
- Mr. Robert Hensley is a Vice President of FTA and FTP and a member of the IC. Mr. Hensley is also registered with FTA.
- Mr. Jared Wollen is a Vice President of FTA and FTP and a member of the Investment Committee. Mr. Wollen is also registered with FTP.
- Mr. Omar Sepulveda is a Vice President of FTA and FTP and is a member of the IC. Mr. Sepulveda is also registered with FTP.

FTA is registered with the NFA as an NFA member, Commodity Pool Operator and Commodity Trading Advisor. In addition, FTA is registered as a Portfolio Manager with the Ontario Securities Commission, and as an Alternative Investment Fund Manager with the Central Bank of Ireland

As previously noted in *Item 4 - Advisory Business*, FTA has material business arrangements with various affiliated and unaffiliated entities. FTA provides certain services to UITs sponsored by our affiliate, FTP. FTA also provides Advisory Services to the US Funds, Non-US Funds, Private Funds and SMAs.

In certain cases, FTA may include First Trust CEFs or ETFs in discretionary taxable SMA portfolios and the portfolios of other First Trust CEFs and ETFs. In such cases, the taxable SMA or Fund will indirectly incur the Fund level expenses of the underlying First Trust CEFs or ETFs, as well as directly incurring the FTA Advisory Fee.

FTP has arrangements with certain investment advisors, including FTA affiliates, in which FTP is compensated for referring persons to these investment advisors, thus creating an incentive for FTP to refer persons to these other advisors. Furthermore, one or more affiliates of FTA and FTP have an ownership interest in these other investment advisors. These arrangements result in a conflict of interest for FTP and FTA that is managed through disclosure of the arrangements.

FTA affiliates with whom it has a relationship that is material to its advisory business are FTP, Fund Clients, First Trust Capital Management L.P., Vest, Stonebridge Advisors LLC, First Trust Portfolios Canada Co. and First Trust Global Portfolios Ltd.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

FTA has adopted the Code in accordance with Rule 204A-1 of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 17j-1 of the Investment Company Act of 1940 ("1940 Act") which requires investment advisers to 1940 Act registered funds to adopt a Code. The Code covers all FTA employees ("Supervised Persons") and includes specific policies regarding personal securities trading, conflicts of interest, insider trading, and service on the boards of directors of publicly traded companies. Certain Supervised Persons have (i) relationships with Intermediaries or (ii) SMAs, which were initiated prior to their association with FTA ("Legacy SMAs"). These Legacy SMAs generally invest in FTA-managed investment strategies. Each Legacy SMA is monitored through the First Trust Code of Ethics and will not receive any preference, including but not limited to preference in trading prices, trade aggregation or allocation, over any other account(s) investing in the same strategy.

Each Supervised Person is required to request pre-approval of most personal securities transactions (with the exception of certain exempted securities such as open-end mutual funds, unit investment trusts, US government securities and municipal bonds) and disclose all brokerage accounts over which he/she has direct or indirect ownership, influence or control. Supervised Persons may maintain brokerage accounts at broker, dealer or banks on the approved broker list ("Approved Broker") and direct Approved Brokers to provide personal transaction confirmations to FTP Compliance.

The Code also requires Supervised Persons to certify on the date of hire and at least annually thereafter that he/she has received, read and understands the Code and agrees to abide by it at all times, including the reporting of all personal securities holdings to FTP Compliance. With respect to non-public securities (such as private placements), prior approval of FTP Compliance is required before a Supervised Person invests in such securities or recommends such securities to clients. A copy of the Code may be obtained by contacting FTP Compliance at 120 E. Liberty Dr., Suite 400, Wheaton, IL 60187.

FTA may recommend securities to Clients (or may buy or sell securities in discretionary Client accounts) in which FTA or its affiliates have a financial interest. For example, as previously noted, FTA may include First Trust CEFs and ETFs in Client portfolios which may provide a benefit to FTA or its affiliates. In such cases, in addition to the Advisory Fees FTA receives for Advisory Services to these taxable accounts, FTA will also receive Advisory Fees for Advisory Services provided to the CEFs and ETFs. This may give rise to a conflict of interest on FTA's part which is managed through disclosure and through oversight of Client accounts.

FTA, its Supervised Persons, and its affiliates may invest in securities that FTA also recommends to Clients, or that FTA purchases or sells in discretionary Client accounts. FTA manages these potential conflicts of interest principally through enforcement of the Code whereby a Supervised Person's request for pre-approval of a personal securities transaction may cause a material conflict of interest for FTA and approval would be denied. Certain Supervised Persons have relationships with Intermediaries which were established prior to association with FTA.

ITEM 12 – BROKERAGE PRACTICES

Best Execution

The fiduciary duty FTA owes to its clients requires, among other things, a duty of care, which includes the duty to seek best execution in client transactions in which FTA is responsible for selecting the executing broker-dealer(s).

Best execution means that FTA is required to seek to obtain the execution of transactions for each discretionary client such that the client's total cost or proceeds in each transaction are the most favorable under the circumstances. In seeking best execution, FTA should consider the full range and quality of a broker's services in placing brokerage, including, among other things, execution capability, commission rate, financial responsibility and responsiveness to FTA. The determinative factor in best execution is not simply the lowest possible commission cost, but whether the transaction represents the best qualitative execution for the Client.

FTA selects executing broker-dealers and has a duty to seek best execution for transactions in Fund Client and Private Fund transactions. FTA does not place trades with brokers for UITs, the trades are placed by the UIT trustee which is unaffiliated with FTA.

FTA also must seek best execution in transactions in SMA client portfolios where the client does not direct FTA to use a specific broker-dealer for trade execution ("Directed Brokerage"). Directed Brokerage instructions are found in the Advisory Agreement with the Direct Client, the SMA client in a Dual Contract relationship or with the Intermediary in a Single Contract relationship.

In a Directed Brokerage arrangement, FTA may be unable to negotiate commissions, obtain volume discounts or otherwise obtain best execution on behalf of the client. Directed Brokerage trades may be entered and executed at different times than other client trades in the same security as FTA may be unable to aggregate the directed brokerage client order with other client orders ("Orders") (discussed below). As a result, Directed Brokerage SMA clients may pay more for execution and/or receive less favorable execution prices than other clients.

FTA is not responsible for best execution of trades sent to the Program Sponsor for execution on Wrap Program Participant SMAs but believes that overall broker-dealers to which FTA is required to direct transactions under a Wrap Program generally offer best execution. FTA provides no assurance that this is the case or will be the case in the future. Depending on the amount of the Wrap Fee charged by the Program Sponsor, the amount of activity in a Participant SMA, the value of custodial and other services provided by the Program Sponsor and other factors, a Wrap Program Participant should consider whether the Wrap Fee would exceed the aggregate cost of such services if they were provided separately. FTA encourages Wrap Program Participants to review all relevant materials from the Program Sponsor including the Wrap Program's terms, conditions and fees.

And because trades in Wrap Program Participant SMAs generally must be sent to the broker sponsoring the platform on which each SMA resides to avoid brokerage commission charges to the SMA, these trades cannot be aggregated with other FTA client trades in the same security where FTA determines the executing broker.

Transactions in certain asset classes (e.g., corporate or municipal fixed income securities) placed in Wrap Program Participant SMAs will be traded away from the Wrap Program Sponsor via step-out transactions pursuant to FTA's duty to seek best execution. Such transactions require additional costs not covered by a Wrap Fee. The additional brokerage costs are netted into the price received for a security and will not be reflected as individual items on the Participant trade confirmation.

FTA does not direct trades to brokers in exchange for research or other ancillary products and services in arrangements known as “soft dollar” or “commission sharing” arrangements. Client brokerage commissions are used only for execution services. There are some brokers that provide FTA with unsolicited access, free of charge, to financial and market databases that may contain research. FTA may utilize such research, but it is not a factor in FTA’s selection of brokers, and client brokerage commissions are not used to acquire such access.

FTA does not select or recommend broker-dealers in exchange for client referrals from any broker-dealer and does not use its affiliate, FTP, to execute client trades.

Trade/Model Change Dissemination

For purposes of priority in notification of investment strategy changes, SMAs and Models in the same investment strategy or suite of strategies are divided into groups. Each group rotates its priority position in the notification process so that each is given equal priority and handled in a fair and equitable manner over time.

FTA Order Aggregation

Each FTA trade desk has discretion in determining whether and under what circumstances it is appropriate to aggregate Orders in the same security rather than executing individual transactions for participating client accounts, while considering Directed Brokerage and other restrictions imposed by SMA clients or Intermediaries.

Aggregation may be appropriate:

- to avoid the time and expense of simultaneously entering similar Orders for many Client portfolios that are managed in the same or similar investment strategy(ies); and/or
- to minimize differences in performance of client accounts managed in the same style/strategy which may result from the placing of Orders for the same securities at different times or getting multiple individual Order fills from different brokers.

FTA does not generally aggregate Orders for the same security across product lines (e.g., ETFs, SMAs, UCITS, etc.) but may do so for Orders for securities in certain asset classes, including but not limited to investment grade corporate bonds, at the discretion of the portfolio manager.

For Wrap Program Participant SMAs, FTA sends aggregated Orders and the appropriate Order allocation to each Program Sponsor for all their participating customer accounts. There is no guarantee that these Orders will be aggregated by the Program Sponsor when placed with executing broker-dealer(s). FTA confirms the proper allocation of each Order once the account is updated by the Program Sponsor.

FTA also manages SMAs for Managed Clients and places Orders for these SMAs with executing broker-dealers. Managed Client Orders for equity securities are generally not aggregated with the Orders of other First Trust products (US Funds, Non-US Funds, Private Funds). However, Managed Client Orders in municipal and taxable fixed-income securities may be aggregated with other First Trust products. The allocation of such Orders is described by asset class below.

Once an Order is placed, subsequent Orders for the same security on the same day are treated as separate for allocation and aggregation purposes.

Aggregation of Orders may not be appropriate in all circumstances. For example, where the level of assets in one participating client account is significantly larger than another, such that purchasing the same security in an aggregated Order would result in de minimis pro-rata allocations to the smaller account over time, a separate Order for the smaller client account may be determined to be fairer and more equitable for the client.

FTA directs all Private Fund trades to one designated broker-dealer and does not aggregate these trades with other FTA client trades.

Trade Allocation

In order to avoid conflicts of interest and ensure each client is treated fairly over time, FTA has established allocation policies and procedures governing instances where Orders FTA places with the executing brokers are aggregated.

An Order filled in a series of executions through the same broker on the same terms (e.g., market or limit Order) on the same day will generally be allocated using an average price.

When an aggregated Order is filled in its entirety, the Order will generally be allocated to participating client accounts according to the preliminary allocation determination made by the portfolio manager or FTA trader prior to trade execution. This is usually finalized no later than the close of business on trade date. A post-trade allocation change may be made in certain limited instances such as a subsequent determination that a participating client account cannot hold the security. In such instance, the portfolio manager(s) will memorialize the details of the change and provide to FTA Compliance upon request. FTA Compliance will review such instances on a regular basis to ensure no client or group of clients is/are being favored over others over time. In certain instances, the unfilled portion of an Order may be submitted as a new Order the following trading day. Generally, these Orders are worked until filled in their entirety.

Partial Order fills with no reasonable expectation of being completed during the trading day will generally be allocated among the participating client accounts based on a method that is fair and equitable. FTA Compliance will review such instances on a regular basis to ensure no client or group of clients is/are being favored over others over time.

Orders for seed accounts used by FTA for performance tracking of SMA strategies and Models ("FTA Account") are generally not aggregated with other Orders in the same security. In the event that an aggregated Order includes an FTA Account, the FTA Account will be allocated only its pro-rata share of the executed Order. FTA Account Orders may not be executed prior to Order(s) in the same security.

In the exceptional instance where an Order which includes an FTA Account is not allocated pro-rata, the portfolio manager(s) responsible for the allocation will maintain a detailed written explanation, including (i) the reason for the exception and (ii) how that allocation did not disadvantage other participating client accounts. FTA Compliance will review the documentation of exceptions to the pro-rata allocation policy on a regular basis to ensure fair and equitable allocations to all participating client accounts.

Allocation Methodologies by Asset Class

Unless noted specifically below, aggregated Orders are generally allocated pro-rata, based on the original Order size of each participating client account. All participating client accounts receive the average price for all transactions executed for that Order during that trading day and all participating client accounts share in commission and transaction costs on a pro-rata basis. FTA Compliance will regularly review Order allocations by each FTA trade desk for compliance with the allocation procedures described below.

A more exhaustive list of factors considered for certain asset classes can be found under "Other Factors in Determining Allocation Methodology."

Municipal Bond Team (MBT)– Orders in multiple client accounts may be aggregated when the MBT believes that it would result in a more favorable overall execution for all participating client accounts. Pro rata allocations is the preferred method for aggregated Orders in municipal products when the size of an Order provides an equal opportunity for all client accounts.

Further considerations are made when deciding whether it is appropriate to aggregate Orders and how best to distribute allocations, which could result in more customized allocations that deviate from pro rata allocations. Examples of factors considered include:

- Available cash as a percentage of client account assets at time of Order;
- Credit ratings or obligor concentration constraints in a given rating category;
- Sector concentration limitations and diversification requirements;
- Adjusting portfolio duration, yield curve positioning or credit exposure;
- Amount of existing holdings of the security (or similar securities) in client accounts;
- De-minimis allocations so small as to hinder liquidity in the secondary market;
- Smaller client account may cause larger percentage allocation to avoid de-minimis allocation;
- Allocating a smaller portion to those client accounts for which the purchased security would be a peripheral investment and a larger portion to those client accounts for which the security would be a core investment;
- Account-specific investment restrictions; and
- Investment time horizon.

Government and Securitized Products Group (GSPG) – Orders in multiple client accounts may be aggregated when the GSPG believes it would result in a more favorable overall execution for all participating client accounts. Pro rata allocations will be the preferred method for aggregated Orders in securitized products when the size of an Order provides an equal opportunity for all client accounts. Securitized products can amortize, resulting in outstanding principal that can differ from its original face amount. As such, position sizes will generally be viewed based on their current face amount.

Due to amortization, position size and liquidity in each participating client account is an ongoing concern, especially if an allocation would result in a de minimis or odd lot position. As such, the portfolio managers will make additional considerations in these cases as to whether it is appropriate to aggregate and/or allocate these types of Orders.

Further considerations are made when deciding whether it is appropriate to aggregate Orders and how best to distribute allocations, which could result in more customized allocations that deviate from pro-rata allocations. Examples of factors considered include:

- Available cash at time of Order execution;
- Account-specific investment restrictions;
- Ratings or concentration constraints in a given rating category;
- Client account yield targets;
- Adjusting portfolio duration, yield curve positioning or credit exposure;
- Amount of existing holdings of the security (or similar securities) in client accounts; and
- Investment horizon.

Each client account will receive the transaction price and will share in the transaction costs on a proportional basis. Securitized products generally trade in minimum increments of $1,000 in original face amount and will be rounded where applicable, which could result in slight discrepancies versus targeted allocations.

High Yield Bonds and Leveraged Loans (LevFin) – Transaction costs for loans will be split evenly amongst the participating client accounts. Transaction costs for bonds will be split on a pro-rata basis.

Publicly traded corporate bond securities trade in minimum increments of $1,000. Where applicable, pro-rata allocations will need to be rounded down to the nearest $1,000. Any residual bonds/loans will be reallocated to an eligible participating client account based on account size. For loans, in order to minimize overall transaction costs and to prevent potential position liquidity constraints, an allocation typically may not be made to any participating client account if, after proration, the account would be allocated less than $50,000 par in loans. For bonds, an allocation may not be made to any participating client account if, after proration, the account would be allocated an amount less than the minimum denomination set forth in the respective bond indenture.

LevFin portfolio managers may determine that an allocation of less than $50,000 par in loans would be beneficial to an account(s) or may choose to allocate loans to participating client accounts that would otherwise have been excluded from receiving loans based on the above parameters. In such case, the loans would be allocated among participating client accounts on a pro-rata basis based on each account's original allocation.

If the partially filled block Order results in the receipt of less than $50,000 par in loans, the loans may be allocated on a rotating basis among participating client accounts to minimize overall transaction costs and to prevent position liquidity constraints. The LevFin portfolio manager or trader will maintain a worksheet to monitor these allocations to ensure each account is treated fairly.

Futures – For Orders executed using different trade types, execution venues, execution brokers, or execution algorithms, the Orders will be treated as separate Orders, executed differently and not be averaged with the original Order for allocation purposes. The split Orders will be allocated on a pro-rata basis. Accounts will generally receive a separate average price for the split Order.

Allocation of Orders Filled Over Several Days

In the case of securities in markets with low trading volume, it may be difficult to fill an Order in a single trading day. Filling an Order over the course of two or more trading days may result in increased transaction costs and variable execution prices. If an aggregated Order that involves both large accounts and small accounts takes longer than a single trading day to fill, a portion of the Order acquired on the first day may be allocated to the smaller accounts (excluding FTA Accounts) first so that the accounts do not incur additional transaction costs. Alternative methods that take into account transaction costs may also be considered, but only if the method achieves a degree of fairness to all participating clients, and the allocations are appropriately documented.

Other Factors in Determining Allocation Methodology

Allocations may be modified if strict adherence to the described methodology is impractical and leads to inefficient or undesirable results. In addition to the procedures above for the allocation of aggregated Orders, the portfolio manager(s) will also consider the following factors, as applicable, in determining allocation methodology:

- Available cash at time of Order execution;
- Client cash flows, as applicable;
- Account-specific investment restrictions (e.g., no defense or tobacco stocks);
- Undesirable position size;
- Need to restore appropriate balance to a client portfolio that has become over- or under- weighted due to market activity;
- Client sensitivity to turnover which requires exclusion from participation in positions that are not expected to be long-term holdings;

- Client tax status;
- Existing client custodian allocation requirements;
- Regulatory restrictions;
- Common sense adjustments that lead to cost savings or other transactional efficiencies; and
- Investments may not be suitable for, or consistent with, known client investment objectives and goals.

With respect to fixed income investments:

- Ratings or concentration constraints in a given rating category;
- A client may have a higher yield target than others;
- A client may have a larger cash position than others (i.e., allocate a larger portion to portfolios with a larger percentage of cash as a percentage of total assets);
- Client country restrictions;
- Client limit on 2nd lien exposure;
- De-minimis allocations so small as to hinder liquidity in the secondary market;
- Client may be required to hold more liquid positions. A proportionate allocation may, given the size of a portfolio, result in an odd lot position that is too small resulting in liquidity concerns or too large to maintain an appropriate level of diversification;
- Issuer concentration concerns when client already has a high percentage of a given credit within a portfolio;
- Smaller client account may cause larger percentage allocation to avoid de-minimis allocation;
- Uneven cash flows;
- Adjusting portfolio duration, yield curve positioning or credit exposure;
- Industry or sector concentration;
- Investment objectives, guidelines and restrictions, risk tolerances including minimum security quality, average portfolio quality and any targeted portfolio allocation requirements;
- Amount of existing holdings of the security (or similar securities) in client accounts;
- Investment horizon;
- Directed brokerage instructions, if applicable; and
- Allocating a smaller portion to those client accounts for which the purchased security would be a peripheral investment and a larger portion to those client accounts for which the security would be a core investment.

With respect to commodities:

- Use of different execution methodologies; and
- Trade used as hedge and pro-rate allocation would not have desired result.

Models

FTA does not place Orders for its Model portfolios but seeks to ensure the dissemination of changes to Model Subscribers such that no Model Subscriber is advantaged or disadvantaged over time. Changes to these Models are typically provided to all participating Model Subscribers after market close on the day the Model Investment Committee releases its final investment decisions. This allows all Model Subscribers the opportunity to execute Model changes at the same time.

ITEM 13 – REVIEW OF ACCOUNTS

FTA monitors all client accounts on a regular basis for consistency with each client's stated investment objective and the specific investment strategy selected. SMAs are reviewed at least annually by senior portfolio managers or their designee(s), through contact with the Intermediary or the Direct Client. Changes in SMA client circumstances which may affect the suitability of the chosen investment strategy are evaluated and revisions made as needed, including to the investment policy statements (“IPS”) as applicable.

SMAs are also reviewed at least monthly by a member of the FTA SMA Portfolio Management Group or CWS Team, as applicable, including but not limited to a comparison of client accounts within the applicable strategy for unusual deviations from other accounts with the same strategy. Unusual differences are discussed among FTA portfolio management which may result in more in-depth analysis.

Wrap Program Participants

Information regarding a Wrap Program Participant’s investment objectives and restrictions, investing experience, financial situation, time horizon, risk tolerance and other information needed to determine if an investment strategy is suitable for, and in the best interest of, investment by such Participant’s account (“Suitability Information”) is generally provided by the Program Sponsor at account opening and when changes occur. The Program Sponsor is generally responsible for determining suitability, but FTA may review Suitability Information received and forward any issues regarding the chosen investment strategy to the Program Sponsor but the Program Sponsor remains responsible to its clients. FTA monitors the Suitability Information provided by Dual Contract SMA Clients on a regular basis to ensure that changes are taken into account in the Advisory Services provided by FTA to the Participant account.

Participants typically receive reports on their wrap account investments from the Program Sponsor.

Direct Clients

For Direct Clients, FTA is responsible for making a suitability determination on the basis of Suitability Information provided by the Direct Client.

Managed Clients

For Managed Clients, FTA will review Suitability Information provided as part of or in addition to the Advisory Agreement and forward any issues to the Managed Client’s Intermediary who remains responsible for all such determinations.

Managed Clients are to receive reports on at least a quarterly basis from their Intermediary. These reports include a list of account holdings, performance information and gain/loss report for the quarter. FTA also generates supplemental account reports on a quarterly basis for Managed Clients and Direct Clients, which may be available online to an SMA client and/or his/her Intermediary.

Fund Clients

Investors in US Funds and Non-US Funds receive an annual report and semi-annual report as required by applicable regulations. These reports contain a list of holdings, financial statements, performance information, management discussion of fund performance (where required) and other information. Suitability Information is gathered by the Intermediary recommending the US Funds and Non-US Funds, and not FTA.

Portfolios managed for US Funds, Non-US Funds are reviewed regularly by FTA employees in senior vice president roles or their designee(s) trained in monitoring portfolio compliance against investment objectives and restrictions in Fund Documents. FTA does not review the accounts of individual Fund investors.

Private Funds

Investors in the Private Funds receive reports from the administrator on a monthly basis.

UITs

UIT portfolios supervised by FTA are continuously reviewed by FTA Research for matters that may be cause for concern, such as a ratings downgrade, an issue being placed on credit watch by a rating agency, significant negative financial news, etc. Issues identified by FTA Research personnel are brought to the attention of a senior vice president for consideration.

Investors in UITs receive the Trustee's Annual Report which includes a list of holdings in each UIT and a summary of transaction activity in the UIT during the year.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

FTA has a written agreement with an unaffiliated third-party to introduce Intermediaries to FTA and the terms of compensation for providing such services. The compensation owed by FTA under this agreement is based on FTA's engagement of new clients and the retention of those clients calculated as a percentage of the fees paid to FTA by such clients until the account is closed by written authorization from the client. Any such fee shall be paid solely from FTA's fees and shall not result in any additional charge to the client. Due to this relationship, there is an incentive for the third-party to recommend FTA which creates a conflict of interest. This conflict is disclosed by the third-party to Intermediaries upon initiation of activities covered by the agreement.

FTP, an affiliate of FTA, is compensated for referrals by other advisors, including FTA affiliates, in which affiliates of FTA and FTP may have an ownership interest. Due to their affiliation, there is an additional incentive for FTP and creates a conflict of interest for FTP and FTA. FTP and FTA manage the conflict through disclosure of the arrangements.

ITEM 15 – CUSTODY

Because the general partner of the Private Funds is a related person to FTA, FTA is deemed to have custody of the assets of such Private Funds. This requires FTA to comply with some of the provisions of the Custody Rule under the Advisers Act which require (i) an annual audit of the Private Funds by an independent public accountant and (ii) the delivery of audited financial statements to each Private Fund investor within 120 days of the Private Funds' fiscal year end.

In addition, the third-party administrator ("Administrator") for the Private Funds distributes statements on a monthly basis to each Private Fund investor. FTA encourages Private Fund Investors to review the account statements provided by the Administrator, and to compare such statements with any reports or other statements received from FTA.

FTA is also deemed to have custody of assets managed on a discretionary basis for SMA clients where FTA has the ability to have its Advisory Fee deducted directly from the clients' custodian account and paid directly to FTA. These SMAs are maintained with "qualified custodians" that send account statements directly to each SMA client at least quarterly. FTA also generates reports on a quarterly basis for SMAs, which are available online to an SMA client and/or his/her Intermediary.

FTA encourages clients to compare the reports generated by FTA to the reports received from the qualified custodian. There may be differences between these reports caused by accrued dividends, different reporting dates, trade date vs. settlement date differences, etc.

ITEM 16 – INVESTMENT DISCRETION

As described in *Item 4 – Advisory Business*, FTA provides discretionary Advisory Services to its Fund Clients, the Private Funds, and the SMAs. These relationships are governed by an Advisory Agreement between FTA and the Fund Client, Private Fund, or SMA client or Program Sponsor in which FTA is granted discretionary authority to manage the account.

For US Funds, FTA's Advisory Services are further governed by the Fund Documents. First Trust index-based ETFs generally seek to replicate a designated index. Actively managed ETFs, CEFs, OEFs and VITs require FTA to manage the portfolios according to the investment objective and restrictions of each Fund, as described in the Fund Documents. Some of the actively managed Funds have one or more Sub-Advisors who are responsible for the day-to-day management of the designated Fund portfolio(s) and who are subject to Board supervision and FTA oversight. The Sub-Advisory Agreement governs the relationship between FTA and the Sub-Advisory, including whether the Sub-Advisor has discretionary authority.

SMA clients grant FTA discretionary investment authority through the Advisory Agreement, either directly with FTA or through a Program Sponsor or Intermediary. Generally, a client selects an investment strategy from a menu of investment strategies offered by FTA and works with his/her Program Sponsor or Intermediary to review the information provided by the client regarding investment objectives, restrictions and experience, time horizon, risk tolerance and other information ("Suitability Information") needed to determine if the chosen strategy is suitable for investment by the client. Each SMA client account in a particular strategy is managed in a similar manner. FTA may accept reasonable client-imposed restrictions on investing in certain securities or types of securities in SMAs. Such restrictions may affect the performance of the client account.

FTA reviews the Suitability Information of Direct Clients to determine suitability.

FTA manages its Model strategies on a discretionary basis but does not provide Advisory Services to Model Subscribers or their clients who may follow all or a part of a Model.

ITEM 17 – VOTING CLIENT SECURITIES

FTA is delegated proxy voting authority by a majority of its clients through relevant provisions of the Advisory Agreement. FTA may not vote proxies for all its clients.

FTA has adopted its own proxy voting policies and procedures ("FTA Proxy Policy") and has engaged Institutional Shareholder Services (ISS) and IWP Capital, LLC ("IWP") (collectively, "Proxy Voting Advisors") to provide proxy research, recommendations, and voting services ("Proxy Services").

For Fund Clients for which FTA votes proxies ("Fund Proxy Clients"), FTA will generally follow the First Trust US and International Proxy Voting Guidelines (the "Guidelines") to vote proxies, so long as such Guidelines are considered to be in the best interests of the Fund Proxy Client, and there are no noted or perceived conflicts of interest. FTA's use of the Guidelines is not intended to constrain FTA's consideration of any proxy proposal, and there are times when FTA deviates from the Guidelines, including but not limited to when required by Rule 12d1-4 agreements between the Fund Proxy Client and certain acquired funds, if applicable. When FTA deviates from the Guidelines, FTA will consider such proxy voting decisions in light of merit-based considerations which it believes may impact shareholder value.

Whenever a conflict of interest arises between ISS and a target company subject to a proxy vote, FTA will consider the recommendation of the company and what FTA believes to be in the best interests of the Fund Proxy Client and will vote the proxy without using the Guidelines. If FTA has knowledge of a material conflict of interest between itself and a Fund Proxy Client, FTA shall vote the applicable proxy in accordance with the Guidelines to avoid such conflict of interest.

In certain circumstances where FTA has determined that it is consistent with the clients' best interests, FTA may decide not to vote proxies in one or more clients' accounts. Such circumstances include:

- Limited Value - Proxies will not be required to be voted on securities in a proxy client's account if the value of the proxy client's economic interest in the securities is indeterminable or insignificant (less than $1,000). Proxies will also not be required to be voted for any securities that are no longer held in proxy client's account(s).
- Securities Lending Program - When Fund Client securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. In most cases, FTA will not take steps to recall securities on loan in order to vote a proxy. However, where FTA determines that a proxy vote, or other shareholder action, is materially important to the client's account, FTA will make a good faith effort to recall the security for purposes of voting, understanding that in certain cases, the attempt to recall the security may not be effective in time for voting deadlines to be met.
- Unjustifiable Costs - In certain circumstances, based on a cost-benefit analysis, FTA may choose not to vote when the cost of voting on behalf of a proxy client would exceed any anticipated benefits of the proxy proposal to the proxy client (e.g., foreign securities).
- International Markets Share Blocking - Share blocking is the "freezing" of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies. While shares are frozen, they may not be traded. Therefore, the potential exists for a pending trade to fail if trade settlement falls on a date during the blocking period. In international markets where share blocking applies, FTA typically will not, but reserves the right to, vote proxies due to the liquidity constraints associated with share blocking.

Certain US Funds invest in other registered investment companies ("acquired funds") in reliance on Section 12 or Rule 12d1-4 of the 1940 Act. This may require FTA to vote proxies on behalf of these Funds in the same proportion as other holders of the acquired fund's shares. This is referred to as "mirror voting."

Clients may obtain a summary of how FTA voted proxies for securities held in:

- the US Funds on the "News and Literature" page of each US Fund at ftportfolio.com; and/or
- his/her SMA account or obtain a copy of FTA's proxy voting policies and procedures by contacting FTA at 120 E. Liberty Dr., Suite 400, Wheaton, IL 60187 (Attention: SMA Operations).

Guidelines used to vote proxies for Non-US Funds and the Private Funds are available from FTA upon request.

FTA will generally follow the IWP Faith-Based Proxy Voting Guidelines to vote proxies for faith-based SMA proxy client accounts. Clients in faith-based investment strategies may obtain a summary of how FTA voted proxies for securities held in his/her SMA account or obtain a copy of FTA's proxy voting policies and procedures by contacting FTA at 120 E. Liberty Dr., Suite 400, Wheaton, IL 60187 (Attention: Custom Wealth Solutions).

ITEM 18 – FINANCIAL INFORMATION

FTA has discretionary authority over client accounts and is therefore required to disclose any financial condition that is reasonably likely to impair FTA's ability to meet its contractual commitments to its clients. Clients are advised that FTA has no such financial condition to disclose.

FTA does not require or solicit prepayment of more than $1,200 in Advisory Fees per client six months or more in advance.

FTA ADVISORY FEE SCHEDULE

UITs/FUND CLIENTS/PRIVATE FUNDS
The Advisory Fees paid to FTA by unitholders/shareholders/investors in UITs, Fund Clients and Private Funds are described in the Fund Documents and PPMs and are governed by written Advisory Agreements between FTA and the appropriate counterparty for each investment vehicle.

SMA STRATEGIES
The Advisory Fees paid to FTA for managing FTA SMA investment strategies are negotiable. The standard Advisory Fee for each strategy described in *Item 8.A*. above is noted below. FTA reserves the right to deviate from the standard Advisory Fee for any client or group of Clients.

Investment Strategy	Annual Advisory Fee (a range is provided)
SMA CORE STRATEGIES	**0.00% - 1.00%**
CUSTOM OPTIONS STRATEGIES	**0.50% - 1.00%**
DIRECT INDEXING STRATEGIES – FACTOR TILTS/VALUES-BASED DIRECT INDEXING	**0.15% - 0.35%**
DIRECT INDEXING – TAXABLE/TAX LOSS HARVESTING	**0.15% - 0.60%**
PREMIUM DIRECT INDEXING	**0.50% - 1.00%**
PREMIUM INCOME	**0.50% - 1.00%**
LONG ONLY EQUITY	**0.50% - 1.00%**

FTA MODELS
FTA receives a Model Fee for its Models which is governed by the agreement between FTA and the Model Subscriber. Clients of Model Subscribers who invest in an FTA Model do not pay an Advisory Fee to FTA. FTA typically does not receive a Model Fee on the FTA Models which invest in Fund Client ETFs which pay FTA an Advisory Fee due to conflicts of interest concerns.

FIRST TRUST PORTFOLIOS L.P. AND FIRST TRUST ADVISORS L.P. ("FIRST TRUST") PRIVACY POLICY

First Trust values its relationship with you and considers your privacy a priority in maintaining that relationship. We are committed to protecting the security and confidentiality of your personal information while providing you with the products/services you request or authorize.

SOURCES OF INFORMATION

We collect nonpublic personal information (NPPI) about you from the following sources:

- Information we receive from you, or from your broker-dealer, investment professional or financial representative on your behalf through interviews, applications, agreements or other documentation;
- Information about your transactions with us, our affiliates or other third-parties;
- Information we receive from your inquiries by mail, e-mail or telephone; and
- Information we collect on our website through the use of "cookies". For example, we may identify the pages on our website that your browser requests or visits.

INFORMATION COLLECTED

The type of NPPI we collect may include your name, address, social security number, age, financial status, assets, income, tax information, retirement and estate plan information, transaction history, account balance, investment objectives, marital status, family relationships and other NPPI.

DISCLOSURE OF INFORMATION

We do not disclose NPPI about our customers or former customers to anyone, except as permitted by law. In addition to using this information to verify your identity (as required under law), the permitted uses may also include the disclosure of such information to unaffiliated companies for the following reasons:

- In order to provide you with products and services and to effect transactions that you request or authorize, we may disclose your NPPI as described above to unaffiliated service providers that perform services on our behalf, such as transfer agents, custodians, accountants and trustees, or that assist us in the distribution of investor materials such as trustees, banks, financial representatives, proxy services, solicitors and printers.
- We may release NPPI we have about you if you direct us to do so.
- We may be required by law to share your NPPI or may need to do so in other legally limited circumstances. For example, First Trust may need to share your NPPI to protect your account from fraud.

In addition, in order to alert you to our other financial products and services, we may share your NPPI within First Trust.

USE OF WEBSITE ANALYTICS

We currently use third party analytics tools, Google Analytics and Matomo to gather information for purposes of improving First Trust's website and marketing our products and services to you. These tools employ cookies, which are small pieces of text stored in a file by your web browser and sent to websites that you visit, to collect information, track website usage and viewing trends such as the number of hits, pages visited, videos and PDFs viewed and the length of user sessions in order to evaluate website performance and enhance navigation of the website. We may also collect other anonymous information, which is generally limited to technical and web navigation information such as the IP address of your device, internet browser type and operating system for purposes of analyzing the data to make First Trust's website better and more useful to our users. The information collected does not include any NPPI unless you voluntarily provide that information through the website for us to contact you in order to answer your questions or respond to your requests. You should not provide NPPI on our website if you do not want your information to be used by these services. To find out how to opt-out of these services click on: Google Analytics and Matomo Analytics Platform.

CONFIDENTIALITY AND SECURITY

With regard to our internal security procedures, First Trust restricts access to your NPPI to only those First Trust employees who need to know such information to provide products or services to you. We maintain physical, electronic and procedural safeguards to protect your NPPI.

POLICY UPDATES AND INQUIRIES

As required by federal law, we will notify you of our privacy policy annually. We reserve the right to modify this policy at any time, however, if we do change it, we will tell you promptly. For questions about our policy, or for additional copies of this notice, please go to www.ftportfolios.com, or contact us at 1-800-621-1675 (First Trust Portfolios L.P.) or 1-800-222-6822 (First Trust Advisors L.P.).

March 2025

First Trust

Form ADV Part 3 – Relationship Summary - **March 31, 2025**

Item 1 – Introduction

First Trust Advisors L.P. ("FTA") is registered with the Securities and Exchange Commission as an investment adviser and provides advisory services rather than brokerage services.

This document gives you a summary of the types of services we provide and how you pay.

Please note that brokerage and investment advisory services and fees differ and that it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers and investing.

Item 2 – What investment services and advice can you provide me?

FTA's investment management services are offered to retail investors through separate managed accounts ("SMAs"), either directly, or through unaffiliated investment advisers/broker-dealers ("Intermediaries") or "wrap fee" programs ("Wrap Programs") sponsored by unaffiliated investment advisers ("Program Sponsors"). FTA generally requires a minimum of $100,000 to open an SMA for most strategies but may have a larger or smaller minimum investment for certain investment strategies.

The discretionary investment management services FTA provides to retail investors through SMAs are governed by the advisory contract which allows FTA to buy and sell investments in your SMA without asking you in advance. In some cases, the contract is directly between FTA and you, and in other cases the contract is between FTA and a Program Sponsor or Intermediary. FTA offers a variety of investment strategies but not in every asset class. You will work with your financial advisor to select an investment strategy based on your financial situation, goals, investing experience, and risk tolerance. FTA may, in our discretion, accept some client-imposed restrictions on investing in certain securities or types of securities.

SMA clients receive reports from their designated broker-dealer/custodian, Intermediary or the Program Sponsor at least quarterly. FTA also generates reports on a quarterly basis for SMAs, which may also be available online to an SMA client and his/her financial representatives.

FTA may provide non-discretionary investment recommendations in the form of model portfolios to other investment advisers/platforms. In such cases, you decide which model to follow. The securities you buy and sell in your account will be based on the model you chose. Buy and sell transactions in your account will be handled through the adviser/platform. FTA will not have authority to make investment decisions or send buy and sell transactions to brokers on behalf of your account under a model portfolio. FTA's model portfolios may include equity securities, closed-end funds ("CEFs") and/or exchange-traded funds ("ETFs"), which are generally managed by FTA but may include funds managed by affiliated or unaffiliated investment advisors.

FTA also provides investment management or supervisory services to registered investment companies such as unit investment trusts ("UITs"), ETFs, CEFs, and mutual funds (collectively, the "Funds"). When you purchase units or shares of a UIT or Fund supervised/managed by FTA through your financial advisor/ broker-dealer, FTA does not have an advisory relationship with you. Your relationship is with the unaffiliated financial advisor that recommends the UIT or Fund or the broker-dealer through which you bought the UIT or Fund. In these cases, our supervisory or advisory services are being provided to the UIT or Fund.

More detailed information about our services is available as part of our firm brochure (Form ADV Part 2A) (the "Brochure") which is available by emailing smaoperations@ftadvisors.com and at adviserinfo.sec.gov. In order to gather additional information, you should ask questions ofour firm and your advisor such as:

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications and what do these qualifications mean?
- How often will you monitor my account's performance and offer investment advice?

Item 3 – What fees will I pay?

We benefit from the discretionary advisory services we provide to you because FTA's advisory fee is based on the value of your SMA. FTA's fee for advisory services is described in the advisory contract and you pay this fee on a quarterly basis, either in advance of FTA providing the services on which the fee is based or in arrears, depending on the investment strategy you choose.

Investors in certain Wrap Programs may pay their quarterly fee to FTA at the end of the quarter in which FTA provided services. When your SMA is part of a W**rap Program,** the wrap fee you pay will include FTA's advisory fee and most brokerage commissions and custody/service fees, though sometimes you may pay additional brokerage commissions/fees.

Generally, one-quarter of FTA's annual fee is paid by you each quarter based on the value of your SMA at the beginning or end of the quarter. Depending on the Wrap Program you participate in, FTA will either (1) bill you or your Program Sponsor for our fee or (2) the Program Sponsor will calculate FTA's fee and send payment to us.

If your SMA makes infrequent buys and sells, it could cost you more to participate in the Wrap Program than it would if you paid for the investment advice and brokerage transactions (buys and sells) separately. You should review your Wrap Program agreement and disclosure documents for details as to what services are included in your wrap fee.

Investors that invest through Intermediaries or directly with FTA will be billed for FTA's advisory fee through their custodian. These SMA investors will also incur additional costs, including but not limited to custody fees and brokerage commissions.

Since FTA's advisory fee is based on the value of the assets in your SMA, FTA's advisory fee increases when the value of the assets in your SMA increase. This provides an incentive for us to encourage you to increase the assets in your SMA. You will pay a wrap fee (or an advisory fee and other costs in a non-Wrap Program FTA SMA) regardless of whether (i) the value of your SMA increases or decreases or (ii) you make additional purchases or redemptions. In addition, the amount paid to FTA generally does not vary based on the type of investments we select on your behalf. A wrap fee (or advisory fee and other costs) will reduce any amount of money you make on your investments over time. Our advisory fee varies depending on the chosen investment strategy and is negotiable. FTA generally does not charge an advisory fee for managing certain investment strategies which invest in First Trust Funds as FTA is paid an advisory fee by the Fund(s).

FTA's affiliated broker-dealer, First Trust Portfolios L.P. ("FTP") does not offer traditional brokerage services. A comparison between an SMA and brokerage account is not provided.

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have a fiduciary duty to act in your best interest and not put our interests ahead of yours. For example, we provide investment advice, monitor your SMA's portfolio securities including specific client restrictions, if any, and chosen investment strategy. At the same time, the way we make money creates some conflicts with your interests.

You should understand and ask us about these conflicts because they could affect the investment advice, we provide you. For example, conflicts arise in allocation of time, services, functions, investment opportunities and resources among our clients.

How do your financial professionals make money?

FTA's financial professionals are dual employees of FTA and its affiliate FTP and are compensated through a salary and a discretionary bonus. The discretionary bonus is based on a number of factors senior management deems appropriate including, among other things, overall sales of First Trust products and services. This creates a conflict of interest as an FTA financial professional could receive a larger discretionary bonus based on the size of your SMA. Mr. Kevin Erndl is a Managing Director of FTA and FTP and is also registered as an Investment Advisor Representative ("IAR") of CWA Asset Management Group ("CWA"), an unaffiliated investment advisor. Mr. Erndl is allowed to remain an IAR with CWA to service his current CWA client accounts ("CWA Clients") during a transition period ending April 30, 2025 ("Transition Period"). Mr. Erndl receives compensation from CWA in exchange for providing advisory services through CWA to his CWA Clients during the Transition Period. He will not seek new CWA Clients during the Transition Period and his activities regarding CWA Clients, will be limited to providing financial planning and guidance on asset allocation. He will not make any investment decisions on behalf of his CWA Clients. CWA Client assets invested in a custom options investment strategy managed by Mr. Erndl will be deducted from total strategy assets when calculating advisory fees so CWA Clients are not charged twice for advisory services. Mr. Erndl's CWA responsibilities do not cause a material conflict of interest with FTA's clients or interfere with his responsibilities to FTA clients.

More detailed information about our fees and services, and conflicts of interest can be found in our Brochure. You should ask your advisor:

- Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees andcosts, and how much will be invested for me? What would make those fees more or less? What services will I receive for those fees?
- How might your conflicts of interest affect me, and how will you address them?
- What additional costs should I expect in connection with my account?

Item 4 – Do you or your financial professionals have legal or disciplinary history?

Yes, in October 2022 FTA exceeded a CME position limit and was: (i) fined $15,000 and (ii) required to disgorge profits of $31,938 in September 2023 by the Chicago Mercantile Exchange. We encourage you to review additional FTA/financial professional legal/disciplinary information by visiting the free and simple search tool Investor.gov/CRS.

- As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5 – Additional Information

Please ask your advisor:

- Who is my primary contact person at FTA?
- Are you a representative of an investment adviser or a broker-dealer?
- Does your firm, or as a financial professional do you, have any disciplinary history? For what type of conduct?
- Who can I talk to if I have concerns about how you are treating me?

Additional information about FTA can be obtained at adviserinfo.sec.gov or by calling us at **800-621-1675** to request up-to-date information about the firm and a copy of our Form CRS. To report a problem to the SEC, visit Investor.gov or call the SEC's toll-free investor assistance line at (800) 732-0330. If you have a oblem with your investments/account/financial professional, contact us in writing at 120 E. Liberty Drive, Ste 400, Wheaton, IL 60187.