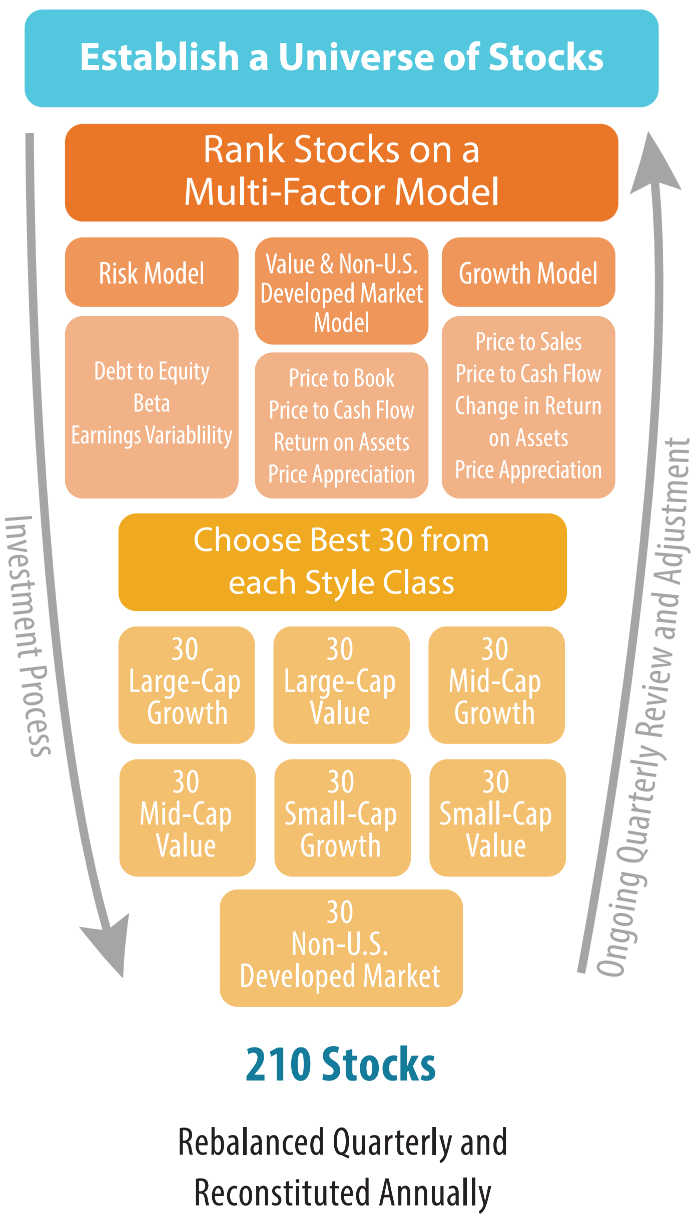
First Trust Target Date Funds

Stock Selection Process

The First Trust Target Date Funds' stock selection process is unique and represents a critical point of differentiation from indexing and other management styles. When selecting stocks, First Trust applies a model which analyzes U.S. large-cap, U.S. mid-cap, U.S. small-cap, and non-U.S. developed market stocks to assess valuations based on multiple risk, value, and growth factors. The goal is to identify stocks which exhibit the fundamental characteristics that enable them to provide the greatest potential for capital appreciation while attempting to reduce long-term volatility. In selecting equity securities for an investment, First Trust follows a three-step process incorporating this model.



Step 1: Establish a Universe of Stocks

First Trust establishes a universe of stocks from which the portfolio will be selected. The universe is divided into seven distinct styles consisting of six U.S. equity asset classes and one non-U.S. developed market asset class. The U.S. equity universe is established by identifying the 3000 largest U.S. stocks and then separating them into large-cap (largest 10%), mid-cap (next 20%), and small-cap (remaining 70%). The stocks in each group are then divided evenly between growth and value by their price-to-book ratios to establish the universe of stocks eligible for selection from within each asset class. In the case of the small-cap universe, only the 250 largest growth and 250 largest value stocks with a minimum average daily trading volume of $1,000,000 are included to provide additional liquidity. The non-U.S. developed market universe consists of the 100 largest companies from developed nations which are either ADRs or directly listed in the U.S.

Step 2: Rank Stocks on a Multi-Factor Model

Stocks are then ranked within each of the seven universes based on a multi-factor model. Half of a stock's ranking is based on a risk model and the remaining half is based on a model which is determined by style designation. Value and non-U.S. developed market stocks are ranked on one model while growth stocks are ranked using a separate model.

Step 3: Choose Best 30 from each Style Class

The 30 stocks with the best overall ranking from each of the seven style classes are selected for the portfolio, subject to a maximum of six stocks from any one of the ten major market sectors. Stocks are equally-weighted within their style. For the U.S. fixed-income, non-U.S. fixed-income, emerging markets equity, and other investment categories of the First Trust Target Date Fund Family, exchange-traded funds (ETFs) and other pooled investment vehicles (PIVs) which invest in appropriate securities for each investment category, are included. Incorporating ETFs and PIVs which invest in a broad range of non-correlating securities results in distinct portfolios with varying risk/reward profiles. ETFs provide investors with several benefits, including diversification, transparency, and discipline, all of which align with the principles upon which the portfolios are based.

Important disclosures on following page.

First Trust

Plan sponsors and participants should consider each Fund's investment objective, time horizon, risks, charges and expenses carefully before investing. Contact your financial advisor, visit www.ftportfolios.com, or call First Trust Portfolios L.P. at 877-937-4015 to request an Information Statement, which contains this and other information about the Funds. Read it carefully before you invest.

The First Trust Collective Investment Funds are not mutual funds and their units are not deposits of the Hand Benefits & Trust Company, a BPAS company, (the Trustee) or First Trust Advisors L.P. (the Sub-Advisor), and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other agency. The units are securities which have not been registered under the Securities Act of 1933 and the Funds are exempt from investment company registration under the Investment Company Act of 1940 ("1940 Act"). Therefore, participating plans and their participants will not be entitled to the protections under these Acts. Management of the Trust, however, is generally subject to the fiduciary duty and prohibited transaction rules under the Employee Retirement Income Security Act of 1974 ("ERISA").

As with any investment, you can lose money by investing in the First Trust Target Date Funds (the "Funds"). The mix of assets in the Funds are intended to diminish the risk of loss, but sometimes stocks, bonds, and other assets in a Fund's portfolio may lose value simultaneously. While the Funds are managed to reduce equity market exposure and, therefore, equity market risk over time, investment in the Funds is exposed to market risk and other certain risks. Before investing you should consider carefully the following risks that you assume when you invest in the Funds. For more information regarding the following risks, please consult the Funds' Information Statement.

Commodity Risk. The value of commodities and commodity-linked instruments typically is based upon the price movements of a physical commodity or an economic variable linked to such price movements. The prices of commodities and commodity-related investments may fluctuate quickly and dramatically and may not correlate to price movements in other asset classes. An active trading market may not exist for certain commodities. Each of these factors and events could have a significant negative impact on a Fund.

Credit Risk. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and/or principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments.

Currency Exchange Rate Risk. The Funds may hold investments that are denominated in non-U.S. currencies, or in securities that provide exposure to such currencies, currency exchange rates or interest rates denominated in such currencies. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Funds' investments and the value of Fund shares. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Funds may change quickly and without warning and you may lose money.

High-Yield Securities Risk. High-yield securities, or "junk" bonds, are subject to greater market fluctuations and risk of loss than securities with higher investment ratings, and therefore, may be highly speculative. These securities are issued by companies that may have limited operating history, narrowly focused operations, and/or other impediments to the timely payment of periodic interest and principal at maturity. If the economy slows down or dips into recession, the issuers of high-yield securities may not have sufficient resources to continue making timely payment of periodic interest and principal at maturity. The market for high-yield securities is smaller and less liquid than that for investment grade securities. High-yield securities are generally not listed on a national securities exchange but trade in the over-the-counter markets. Due to the smaller, less liquid market for high-yield securities, the bid-offer spread on such securities is generally greater than it is for investment grade securities and the purchase or sale of such securities may take longer to complete.

Income Risk. Income from a Fund's fixed-income investments could decline during periods of falling interest rates

Inflation Protection Securities Risk. The Funds may invest in ETFs that invest in Treasury Inflation-Protected Securities ("TIPS") issued by the U.S. Department of Treasury or similar securities issued by foreign governments. TIPS are inflation-indexed fixed-income securities that utilize an inflation mechanism tied to the Consumer Price Index ("CPI"). TIPS are backed by the full faith and credit of the United States. TIPS are offered with coupon interest rates lower than those of nominal rate Treasury securities. The coupon interest rate remains fixed throughout the term of the securities. However, each day the principal value of the TIPS is adjusted based upon a pro-rata portion of the CPI as reported three months earlier. Future interest payments are made based upon the coupon interest rate and the adjusted principal value. Inflation-protected securities issued by foreign governments offer similar features as TIPS. In a falling inflationary environment, both interest payments and the value of the TIPS and other inflation-protected securities will decline.

Interest Rate Risk. Interest rate risk is the risk that the value of the fixed-income securities and real estate investment trust ("REIT") interests held by the Funds will decline because of rising market interest rates. Interest rate risk is generally lower for shorter term investments and higher for longer term investments. Increases in interest rates typically lower the present value of a REIT's future earnings stream, and may make financing property purchases and improvements more costly. Because the market price of REIT stocks may change based upon investors collective perceptions of future earnings, the value of a Fund will generally decline when investors anticipate or experience rising interest rates.

Market Risk. Market risk is the risk that a particular security owned by a Fund or units of a Fund in general may fall in value. Securities are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Overall Fund unit values could decline generally or could underperform other investments.

Non-U.S. Securities and Emerging Markets Risk. The Funds invest in securities of non-U.S. issuers, including non-U.S. dollar-denominated securities traded outside of the United States and U.S. dollar-denominated securities of non-U.S. issuers traded in the United States. Such securities are subject to higher volatility than securities of U.S. issuers due to: possible adverse political, social or economic developments; restrictions on foreign investment or exchange of securities; lack of liquidity; excessive taxation; government seizure of assets; different legal or accounting standards; and less government supervision and regulation of exchanges in foreign countries. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries.

Pooled Investment Vehicles and Exchange-Traded Funds Risk. The Funds may invest in securities of other investment companies, including ETFs and other PIVs. The risks of owning shares of an ETF or other PIV generally reflect the risks of owning the underlying securities of the ETF or other PIV, although lack of liquidity in an ETF or other PIV could result in it being more volatile. As a shareholder in an ETF or other PIV, the Funds will bear its ratable share of that vehicle's expenses, and would remain subject to payment of the Funds' advisory and administrative fees with respect to assets so invested. Unit holders would therefore be subject to duplicative expenses to the extent the Funds invest in ETFs or other PIVs. In addition, the Funds will incur brokerage costs when purchasing and selling shares of ETFs or other exchange-traded PIVs. Securities of ETFs or other PIVs may be leveraged, in which case the value and/or yield of such securities will tend to be more volatile than securities of unleveraged vehicles.

Real Estate Investment Risk. The Funds invest in companies in the real estate industry, including REITs. Therefore, the Funds are subject to the risks associated with investing in real estate, which may include, but are not limited to, fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local economic conditions; decreases in market rates for rents; increases in competition, property taxes, capital expenditures or operating expenses; and other economic, political or regulatory occurrences affecting companies in the real estate industry.

The Funds invest in real estate companies that may be adversely impacted by the downturn in the subprime mortgage lending market in the United States. Subprime loans have higher defaults and losses than prime loans. Subprime loans also have higher serious delinquency rates than prime loans. The downturn in the subprime mortgage lending market may have far-reaching consequences into many aspects and geographic regions of the real estate business, and consequently, the value of the Funds may decline in response to such developments.

REIT Investment Risk. In addition to risks related to investments in real estate generally, investing in REITs involves certain other risks related to their structure and focus, which include, but are not limited to, dependency upon management skills, limited diversification, the risks of locating and managing financing for projects, heavy cash flow dependency, possible default by borrowers, the costs and potential losses of self-liquidation of one or more holdings, the risk of a possible lack of mortgage funds and associated interest rate risks, overbuilding, property vacancies, increases in property taxes and operating expenses, changes in zoning laws, losses due to environmental damages, changes in neighborhood values and appeal to purchases, the possibility of failing to maintain exemptions from registration under the 1940 Act and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility. REITs are also subject to the risk that the real estate market may experience an economic downturn generally, which may have a material effect on the real estate in which the REITs invest and their underlying portfolio securities.

Senior Loans Risk. Senior loan securities are subject to numerous risks, including credit risk, interest-rate risk, income risk and prepayment risk. Senior floating-rate loans are usually rated below investment grade but may also be unrated. As a result, the risks associated with these loans are similar to the risks of high-yield fixed-income instruments. An economic downturn would generally lead to a higher non-payment rate, and a loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. Unlike the securities markets, there is no central clearinghouse for loan trades, and the loan market has not established enforceable settlement standards or remedies for failure to settle. Therefore, portfolio transactions in loans may have uncertain settlement time periods. Floating rate loans are subject to prepayment risk. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among loan investors, among others. As such, prepayments cannot be predicted with accuracy. Upon a prepayment, either in part or in full, the actual outstanding debt on which the Funds derive interest income will be reduced. The Funds may not be able to reinvest the proceeds received on terms as favorable as the prepaid loan.

Smaller Companies Risk. The Funds invest in small and/or mid- capitalization companies. Such companies may be more vulnerable to adverse general market or economic developments, and their securities may be less liquid and may experience greater price volatility than those of larger, more established companies as a result of several factors, including limited trading volumes, products or financial resources, management inexperience and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger, more established companies.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising inde-pendent judgment with respect to its retirement plan clients.