A Guide To
UNIT INVESTMENT TRUSTS
UNIT INVESTMENT TRUSTS

A unit investment trust — or UIT for short — is a pooled investment vehicle in which a fixed portfolio of stocks, bonds or other securities is selected by a professional investment manager and held in the trust for a predetermined period of time.

UITs enable you to gain targeted investment exposure to an asset class, investment style, or market sector in a single transaction. A wide variety of UITs are available to help you construct a diversified portfolio that’s appropriate for your specific needs, financial goals, and risk tolerance.

UITs offer many features found in other pooled investments, but with two major differences — a defined portfolio and a defined lifespan.

DEFINED PORTFOLIO

Unlike actively managed funds that continually buy and sell securities, thereby changing their investment mix, a UIT’s holdings remain fixed. Because the underlying holdings in a UIT are transparent and do not change, you and your financial professional can take greater control of your overall investment exposures in order to avoid concentrated positions and portfolio overlap when implementing an investment or financial planning strategy.

DEFINED LIFESPAN

UITs have a finite life which typically ranges from 13 to 24 months but can be as long as 25 years. This defined maturity can help you align UITs with both your short-term and long-term goals while helping adhere to a disciplined approach. When a trust matures, you can take the cash value of your units or invest the proceeds into another First Trust® UIT that is in line with your goals.

UIT FEATURES

Fully Invested

UITs do not typically hold cash, which can be a drag on overall portfolio performance.

Known Portfolio

The securities held in a UIT remain fixed, giving you the comfort of knowing what you own and helping eliminate emotional investing.

Daily Liquidity

Should your investing needs change, UITs can be redeemed on any business day at the redemption price, which may be more or less than the original purchase price.

Convenience

With one low-minimum purchase, you can own a professionally selected portfolio of securities.

Professional Selection

The securities selected for each trust are carefully evaluated by teams of experienced professionals who specialize in all major asset classes.

Reinvestment Options

Most UITs allow you to elect to have distributions reinvested into additional units of the same trust. There are no sales charges incurred on units purchased through the reinvestment option.

Diversification

UITs are diversified across many different securities, which helps reduce risk, but does not eliminate it entirely. It would take a substantial time and capital commitment to achieve this type of diversification on your own. It is important to note that diversification does not guarantee a profit or protect against loss.

Income Potential

UITs have the potential to provide monthly income from dividends or interest.

UNITED STATES HistoricL OVERVIEW

- First tax-free UIT introduced in 1961
- Major growth in the UIT industry began in the 1970s
- Began primarily as fixed-income bond trusts and have since expanded to all areas of the investment spectrum

10 YEAR GROWTH OF UIT TOTAL NET ASSETS

IN BILLIONS, YEAR-END

<table>
<thead>
<tr>
<th>Year</th>
<th>USD Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$38.3</td>
</tr>
<tr>
<td>2019</td>
<td>$79.1</td>
</tr>
</tbody>
</table>

Source: ICI

UNIT INVESTMENT TRUSTS

Income Potential

Fully Invested

Known Portfolio

Diversification

Reinvestment Options

Convenience

Professional Selection

Daily Liquidity
**How Do UITs Compare to Other Investments?**

<table>
<thead>
<tr>
<th></th>
<th>Individual Securities</th>
<th>Mutual Funds</th>
<th>First Trust UITs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Invested</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Known Portfolio</td>
<td>✓</td>
<td>Possible</td>
<td>✓</td>
</tr>
<tr>
<td>Daily Liquidity</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Convenience</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Fixed Portfolio</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Professional Selection</td>
<td>Possible</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Reinvestment Options</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Managed Portfolio</td>
<td></td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Supervised Portfolio</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sales Charges, Fees, and/or Expenses¹</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Scheduled Maturity</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Risks²</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

**What Types of UITs Are Available?**

First Trust offers a wide range of UITs to help you and your financial professional construct a diversified portfolio that matches your investment goals and risk tolerance level.

**Style/Asset Allocation**

These trusts invest in different asset classes and styles. The companies selected for each trust must meet the stated style, capitalization, and investment objective of the trust at the time the portfolio is created, enhancing your ability to control your asset allocation needs.

**Sector/Industry**

These trusts are composed of companies involved in a specific industry such as energy, technology, financial services, or health care. Sector trusts seek to provide the potential for capital appreciation by identifying market trends in specific areas and investing in the companies that we believe are positioned to benefit from those trends.

**Foreign/Global**

These types of trusts invest in companies from outside the U.S., typically either from one specific country or from a broad region of the world. Higher levels of risk are often associated with these trusts as compared to those that invest solely in U.S. companies.

**Taxable Income**

These trusts typically invest in securities such as government-backed, mortgage-backed, or corporate bonds. They seek to provide income. Various levels of risk are associated with the different types of taxable income securities.

**Hybrid**

These types of trusts invest in a combination of securities which represent different asset classes, typically stocks and bonds.

**Equity Income**

These trusts invest in securities that are typically focused on income that is received from dividends. These types of trusts can invest in such securities as stocks, preferred securities, and real estate investment trusts.

**Strategy**

These trusts seek to outperform a benchmark index by applying rigorously tested, rules-based stock selection models which use fundamental valuation factors to select stocks based on their investment merit.

**Tax-Free Income**

These trusts are comprised of bonds issued by states, municipalities, and other municipal bond issuers. They seek to provide income that is exempt from federal income taxes. A portion of the income, however, may be subject to the alternative minimum tax.

**Theme/Specialty**

These trusts invest in companies across a variety of sectors/styles that share a common theme.

**Target Outcome**

These trusts are designed to provide a balance of performance, subject to a cap, with a downside buffer, using a disciplined option strategy.
For more information about UITs and First Trust UIT current offerings, please visit www.ftportfolios.com.

1 Units may be redeemed on any business day at the redemption price which may be more or less than the original purchase price.
2 Only available for companies with dividend reinvestment plans.
3 There are costs associated with an investment in each type of security. Consult your brokerage firm and/or the security’s prospectus (if applicable) for complete details.
4 Investing involves risk, including possible loss of principal. Please see Risk Considerations in the prospectus for risks specific to an individual unit investment trust.

**RISK CONSIDERATIONS**

There is no assurance an unmanaged unit investment trust will achieve its investment objective(s). An investment in a unit investment trust is subject to market risk. Market risk is the risk that a particular security owned by a trust may fall in value.

Trusts which invest in common stocks are subject to certain risks, including the risk that the financial condition of the issuers of the stocks or the general condition of the stock market may worsen.

Trusts which invest in debt securities are subject to certain risks including rising interest rates, economic recession, deterioration of the bond market, possible downgrades, increased volatility, reduced liquidity and defaults of interest and/or principal.

Trusts which invest in foreign securities are subject to certain risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting foreign issuers. Risks associated with investing in foreign securities may be more pronounced in emerging markets.

Trusts which are concentrated in individual sectors or industries are subject to additional risks, including limited diversification.

Trusts which invest in small-cap and mid-cap companies are subject to certain risks, as the share prices of small-cap companies and certain mid-cap companies are often more volatile than those of larger companies due to several factors, including limited trading volumes, products, financial resources, management inexperience and less publicly available information.

Options are subject to various risks including that their value may be adversely affected if the market for the option becomes less liquid or smaller. In addition, options will be affected by changes in the value and dividend rates of the stock subject to the option, a change in interest rates, a change in the actual and perceived volatility of the stock market and the common stock, and the remaining time to expiration.

Short-term strategy trusts should be considered as part of a long-term investment plan and you should consider your ability to pursue investing in successive portfolios, if available.

There may be tax consequences unless units are purchased in an IRA or other qualified plan.

**You should consider a portfolio’s investment objectives, risks, and charges and expenses carefully before investing. Contact your financial professional or call First Trust Portfolios L.P. at 1-800-621-1675 to request a prospectus, which contains this and other information about a portfolio. Read it carefully before you invest.**

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.