

First Trust Mortgage Income Fund (FMY)

Investment Objective/Strategy - First Trust Mortgage Income Fund (the "Fund") is a diversified, closed-end management investment company. The Fund's primary investment objective is to seek a high level of current income. As a secondary objective, the Fund seeks to preserve capital. The Fund will pursue its objectives by investing primarily in mortgage-backed securities representing part ownership in a pool of either residential or commercial mortgage loans that, in the opinion of the Fund's investment advisor, offer an attractive combination of credit quality, yield and maturity.

There can be no assurance that the Fund's investment objectives will be achieved. The Fund may not be appropriate for all investors.

Fund Overview	
Ticker	FMY
Fund Type	Fixed Income
Investment Advisor	First Trust Advisors L.P.
Investor Servicing Agent	BNY Mellon Investment Servicing (US) Inc.
CUSIP	33734E103
Fiscal Year-End	10/31
Exchange	NYSE
Inception	5/25/2005
Inception Price	\$20.00
Inception NAV	\$19.10
Contact Fund	1.800.988.5891
Website	www.ftportfolios.com

Average Annual Returns (as of 11/30/2018) ⁶		
Period	Share Price	NAV
3 Years	2.13%	3.48%
5 Years	2.45%	2.83%
10 Years	6.00%	6.57%
Inception to Date	4.20%	5.60%

Cumulative Total Returns (as of 11/30/2018) ⁶		
Period	Share Price	NAV
3 Months	-0.99%	0.29%
1 Year	-2.60%	2.25%
3 Years	6.52%	10.81%
5 Years	12.86%	14.98%
10 Years	79.03%	89.00%
Year to Date	-4.07%	1.52%
Inception to Date	74.31%	108.79%

Current Fund Data (as of 12/14/2018)	
Closing NAV ¹	\$14.92
Closing Share Price ²	\$13.01
Discount to Net Asset Value (NAV)	12.80%
Total Net Assets	\$62,878,550
Common Shares Outstanding	4,213,115
Dividend Frequency	Monthly
Dividend Per Share Amt ³	\$0.0600
Distribution Rate ⁴	5.53%
Daily Volume	7,627
Average 30-Day Daily Volume	6,222
Closing Share Price 52-Week High/Low	\$14.30 / \$12.98
Closing NAV 52-Week High/Low	\$15.46 / \$14.90

First Trust Mortgage Income Fund (FMY)

Portfolio Characteristics (as of 10/31/2018)⁷

Weighted Average Effective Duration ⁵	3.16 Years
Weighted Average Effective Maturity	5.38 Years

Asset Type Breakdown (as of 10/31/2018)⁷

Asset	Percent
Mortgage-Backed Securities	59.47%
U.S. Government Agency MBS	39.09%
U.S. Treasury Futures	2.00%
Asset-Backed Securities	1.42%
Cash & Cash Equivalents	-1.98%

Credit Quality Breakdown (as of 10/31/2018)⁷

Credit Quality	Percent
Government	41.09%
Cash & Cash Equivalents	-1.98%
AAA	2.31%
AA+	12.29%
AA	3.23%
AA-	1.46%
A+	3.77%
A	2.46%
A-	0.50%
BBB+	0.66%
BBB	0.49%
BBB-	0.93%
BB+	0.51%
BB-	1.99%
B+	1.14%
B	0.83%
B-	0.21%
CCC	1.57%
CC	5.94%
NR	20.60%

The ratings are by Standard & Poor's. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO), of the creditworthiness of an issuer with respect to debt obligations. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Investment grade is defined as those issuers that have a long-term credit rating of BBB- or higher. Sub-investment grade ratings are those rated BB+ or lower. "NR" indicates no rating. The credit ratings shown relate to the creditworthiness of the issuers of the underlying securities in the fund, and not to the fund or its shares. U.S. Treasury, U.S. Agency and U.S. Agency mortgage-backed securities appear under "Government". Credit ratings are subject to change.

Footnotes

- 1 The NAV represents the fund's net assets (assets less liabilities) divided by the fund's common shares outstanding.
- 2 Fund shares are purchased and sold on an exchange at their share price rather than net asset value (NAV), which may cause the shares to trade at a price greater than NAV (premium) or less than NAV (discount).
- 3 Most recent distribution paid or declared to today's date. Subject to change in the future. There is no guarantee that the fund will declare dividends.
- 4 Distribution rates are calculated by annualizing the most recent distribution paid or declared through today's date and then dividing by the most recent market price. The distribution consists of the sum of net investment income, net realized short-term capital gains, net realized long-term capital gains, and return of capital. Distribution rates may vary. Any distribution adjustment will not be reflected until after the declaration date for the next distribution. See the fund's 19a-1 Notices, if any, located under the "News & Literature" section of the website for estimates of distribution sources. Final determination of the source and tax status of all distributions paid in the current year will be made after year-end.
- 5 A measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield. It accounts for the likelihood of changes in the timing of cash flows in response to interest rate movements.
- 6 Total return is the combination of reinvested dividend income and reinvested capital gains distributions, at prices obtained by the Dividend Reinvestment Plan, if any, and changes in the NAV and Share Price. The NAV total return takes into account the fund's total annual expenses and does not reflect sales load. Past performance is not indicative of future results.
- 7 Market value information used in calculating the percentages is based upon trade date plus one recording of transactions, which can differ from regulatory financial reports (Forms N-CSR and N-Q) that are based on trade date recording of security transactions. Holdings are subject to change.

First Trust Mortgage Income Fund (FMY)

Risk Considerations

Investment return and market value of an investment in the fund will fluctuate. Shares, when sold, may be worth more or less than their original cost.

The debt securities in which the fund invests are subject to certain risks, including issuer risk, reinvestment risk, prepayment risk, credit risk, and interest rate risk. Issuer risk is the risk that the value of fixed-income securities may decline for a number of reasons which directly relate to the issuer. Reinvestment risk is the risk that income from the fund's portfolio will decline if the fund invests the proceeds from matured, traded or called bonds at market interest rates that are below the fund portfolio's current earnings rate. Prepayment risk is the risk that, upon a prepayment, the actual outstanding debt on which the fund derives interest income will be reduced. 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 that the value of a security may decline as a result. Interest rate risk is the risk that fixed-income securities will decline in value because of changes in market interest rates.

A portion of the fund's managed assets may be invested in subordinated classes of mortgage-backed securities. Such subordinated classes are subject to a greater degree of non-payment risk than are senior classes of the same issuer or agency.

Use of leverage can result in additional risk and cost, and can magnify the effect of any losses.

The risks of investing in the fund are spelled out in the prospectus, shareholder report and other regulatory filings.

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 independent judgment with respect to its retirement plan clients.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value