

**Investment Process**

Key elements include the following:

**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**

Top-down review of core sectors is performed based on bottom-up analysis of individual credits to determine which municipal sectors should be overweighted, neutral weighted, and underweighted.

**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.

**Surveillance**

Holdings are analyzed on a systematic basis to monitor any changes in credit trend. Credit rating momentum is monitored for each borrower (bond).

**Portfolio**

**Strategy Objective**

The FTA Total Return Municipal Bond is a strategy that seeks to provide tax-exempt income and the potential for long-term capital appreciation.

**Investment Philosophy**

The investment managers of this strategy use a disciplined approach, applying both quantitative analysis and fundamental research to find higher yielding undervalued bonds within the municipal market. The investment process begins by applying total return scenario analysis using multiple interest rate assumptions over different time horizons to help select bonds with the most favorable total returns over multiple interest rate scenarios (i.e. movements). In addition, they believe that the method to take advantage of the inefficiencies within the municipal market is through an investment process that combines diligent credit analysis of individual borrowers coupled with a thorough understanding of the major opportunities and risks within municipal sectors.

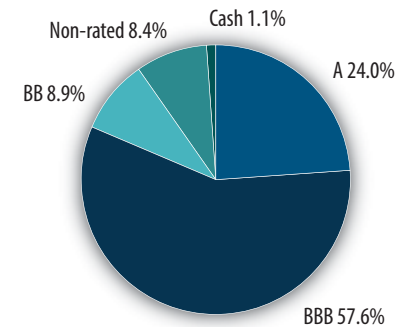


**Strategy Overview**

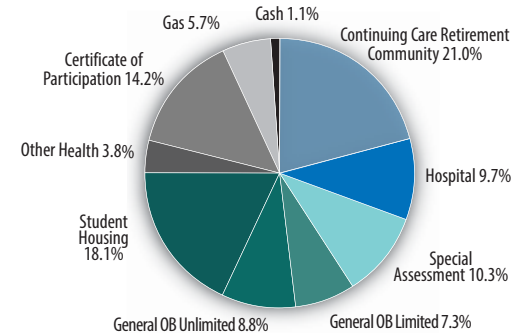
The current investment focus for this strategy is as follows:

- Municipal securities maturing in six to fifteen years. The investment managers believe that securities in this maturity range can provide more protection against rising interest rates than long-term securities.
- Municipal securities in lower investment-grade credit rating categories.
- Revenue bonds in sectors and industries the portfolio managers believe provide basic infrastructure or an essential service to the communities they serve.

**Rating Profile\***



**Sector Profile\***



**Strategy Characteristics\***

Weighted Average Maturity	6.24 Years
Weighted Average Duration	5.16 Years
Weighted Average Coupon	4.61%
Average Number of Securities	14
Annual Turnover	22%

\*All information above is subject to change.

**Key Investment Personnel**

- |                                |                           |
|--------------------------------|---------------------------|
| Tom Futrell, CFA               | Brendan Stewart, CFA, CPA |
| Johnathan N. Wilhelm, JD       | Nick Novosad              |
| Shari Sikes                    | Sarah Schusler, CFA       |
| Investment Committee Oversight |                           |

There can be no assurance that a purchase of the securities in this strategy will be profitable, either individually or in the aggregate, or that such purchase will be more profitable than alternative investments.

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.

	<b>Gross-of-Fees Return*%</b>	<b>Net-of-Fees Return %</b>	<b>Benchmark Return %</b>
<b>YTD</b>	0.09	-0.16	-0.73
<b>1 Year</b>	2.91	2.43	1.14
<b>3 Year</b>	4.22	3.70	3.03
<b>Since Inception (1/1/14) Annualized</b>	6.27	5.69	3.97

First Trust Advisors L.P. (FTA) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. FTA has been independently verified for the periods August 1, 1999 through June 30, 2017. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

<b>Year</b>	<b>Gross-of-Fees Return %</b>	<b>Net-of-Fees Return %</b>	<b>Benchmark Return %</b>	<b>Composite 3-Year St. Dev. %</b>	<b>Benchmark 3-Year St. Dev. %</b>	<b>Number of Portfolios</b>	<b>Composite Dispersion</b>	<b>Composite Market Value (in millions)</b>	<b>Total Firm Assets (in millions)</b>
2014	15.07	14.34	9.06	N/A	N/A	1	N/A	\$ 0.3	\$ 39,743.5
2015	4.52	3.88	3.83	N/A	N/A	1	N/A	0.3	44,272.5
2016	1.15	0.64	0.14	3.79	3.92	1	N/A	0.3	45,620.1
2017	7.97	7.48	5.81	3.45	3.82	1	N/A	0.3	62,193.2
2018 (1/1/18 thru 6/30/18)	0.09	-0.16	-0.73	N/A	N/A	1	N/A	0.3	70,977.8

Notes:

1. First Trust Advisors L.P. (FTA) was founded in 1991 and is a registered investment advisor with the Securities and Exchange Commission (SEC). FTA provides investment advisory services using equity, fixed-income and balanced strategies for individuals, organizations and institutions. The firm consists of all portfolios managed by FTA. The Total Firm Assets are presented net and have been reduced for the effects of leverage.
2. The FTA Total Return Municipal Bond Composite invests in municipal securities emphasizing long term total return potential while providing discretion in average maturity and credit rating allocations. The composite creation date was January 2014. A complete list of composites and descriptions is available upon request.
3. The composite includes all portfolios since inception for which FTA has full discretionary investment authority and are fee-paying portfolios. The composite does not utilize a material level of leverage.
4. Composite net-of-fees returns are presented net of actual fees. Net-of-fees returns include investment management fees, custodian fees and trading costs. Gross-of-fees returns do not reflect the deduction of investment management fees. Composite returns are calculated on a daily basis.
5. Valuations and returns are computed and stated in U.S. Dollars. Returns are calculated net of foreign taxes recorded on a cash basis and dividend accruals do not include pending withholding tax reclaims. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is available upon request.
6. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.
7. Composite dispersion is measured by standard deviation, which is an asset-weighted calculation that measures the consistency of composite performance with respect to the individual portfolio returns within the composite. Dispersion of portfolios in the composite is not applicable if the period presented is less than a full year or if there were fewer than five portfolios in the composite for the entire year.
8. The benchmark return is the BofA Merrill Lynch Municipals 7-15 yr Index - comprised of municipal bonds with maturities of 7-15 years.
9. The securities comprising the benchmark are not identical to those in any portfolio in the composite, but FTA believes they may be useful in evaluating performance. Unlike the composite, the benchmark is not actively managed and does not reflect the deduction of advisory fees. Differences in composite performance versus benchmark performance may also result due to high concentrations of individual securities holdings in certain portfolios, timing of security transactions and tax considerations. Such factors may contribute to higher standard deviation of portfolio returns within the composite. The benchmark is rebalanced daily. Benchmark returns have not been examined by the verifier.
10. The FTA management fee schedule is an annual fee of 0.50%. FTA, at its discretion, may negotiate a management fee which is different from the standard fee schedule listed here.
11. Past performance is not indicative of future results. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods.

Requests for further information may be made by calling (800) 222-6822 or emailing SMAOperations@FTAdvisors.com.

## Largest Holdings

Description	Coupon	Maturity
Maryland St Health & Higher Ed Rev Bds 2016 a Rev Bd Conduit: Adventist Healthcare Inc	5.50	01/01/2026
Chattanooga Tenn Health Edl & Student Hsg Rev Ref Bds 2015 Studen- Univ of Tenn Chattanooga Proj Conduit: Cdfi Phase I Llc	5.00	10/01/2025
Indiana St Fin Auth Rev Rev Bds 2013a Rev Bd Conduit:Greencroft Oblig Group	5.00	11/15/2023
New Hope Cultural Ed Facs Fin Rev Bds 2013 a Rev Bd - Tarleton St Univ Proj Conduit: Chf-Stephenville Llc	4.25	04/01/2022
Chicago Ill GO Ref Bds 2015 C GO Ref	5.00	01/01/2022
Coralville Iowa Annual Appropriation Ref 2017B Annual	4.00	05/01/2026
St Paul Pk Minn Sr Hsg & Healt Hsg and Healthcare Rev R 2017 Hsg an Conduit: Presbyterian Homes Bloomington Care Ctr Inc	3.13	09/01/2025
Sterling Hills West Met Dist C GO Ref Bds 2017 GO Ref	5.00	12/01/2026
Public Auth For Colo Energy Na Natural Gas Rev Bds 2008 Natura	6.13	11/15/2023
Commonwealth Fing Auth PA Tob Bds 2018 Bds	5.00	06/01/2026

## Management Team

### Tom Futrell

#### Senior Vice President, Portfolio Manager

Mr. Futrell is a Senior Portfolio Manager for the First Trust Advisors Municipal Securities Team. Prior to joining First Trust in 2013, Mr. Futrell was a Senior Portfolio Manager for Municipal Bonds at Performance Trust Investment Advisors (PTIA). Mr. Futrell comes to the firm with over 33 years of experience in municipal bond portfolio management. During his two and a half years at PTIA, Mr. Futrell built a new municipal asset management capability from zero assets under management (AUM) to over \$400 million in municipal AUM. Mr. Futrell started his career in the investment business as a credit analyst with Nuveen Investments. He transitioned to Nuveen Asset Management, where he was involved in almost every area of investment management including head of municipal bond research and senior portfolio manager managing over \$10 billion. Mr. Futrell has a BA from Wheaton College and an MBA from Northern Illinois University, and is a CFA charter holder. Mr. Futrell is a director of the Northern Illinois University Foundation and a member of the Finance Committee, as well as a member and past chair of the Municipal Bond Buyers Association.

### Johnathan N. Wilhelm, JD

#### Senior Vice President, Portfolio Manager

Mr. Wilhelm is a Senior Portfolio Manager for the First Trust Advisors Municipal Securities Team. Prior to joining First Trust in 2013, Mr. Wilhelm was a Portfolio Manager for Municipal Bonds at Performance Trust Investment Advisors (PTIA). Mr. Wilhelm comes to the firm with over 28 years of credit research and portfolio management experience in corporate and municipal securities. During his two and a half years at PTIA, Mr. Wilhelm built the municipal research function and worked with Tom Futrell in trading municipal securities and managing \$400 million in municipal AUM in mutual funds and separately managed accounts. Prior to joining PTIA, Mr. Wilhelm worked at Nuveen Investments for the past 11 years, most recently as Senior Vice President and Portfolio Manager, responsible for approximately \$3 billion of municipal assets under management involving nine different strategies. Prior to joining the portfolio management team at Nuveen, Mr. Wilhelm led a team of credit analysts responsible for research of industrial development bonds, utilities and real estate-backed financings. Mr. Wilhelm earned his BS in Business, with a concentration in finance, from Miami University of Ohio and his Juris Doctor from DePaul University College of Law.

The listing of "Largest Holdings" is not a complete list of all funds in the strategy or which FTA. may be currently recommending. Furthermore, application of the investment strategy as of a later date will likely result in changes to the listing.

## Financial Terms

**Weighted Average Maturity** — The market-value-weighted average of the maturity dates of individual securities. It is calculated by summing the product of each security's maturity times its market value (including accrued interest) and then dividing the result by the total portfolio market value (including accrued interest).

**Weighted Average Duration** — The market-value-weighted average of the durations of the individual securities including cash. It is calculated by summing the product of each security's modified duration times its market value (including accrued interest) and then dividing the result by the total portfolio market value.

**Weighted Average Coupon** — The par-value-weighted average of the coupon rates of the individual securities including cash. It is calculated by summing the product of each security's coupon times its par value and then dividing the result by the total portfolio par value.