THE MULTI-SECTOR APPROACH

The Diversified High Income Closed-End Portfolio seeks to provide investors with a high rate of current monthly income by investing across a broad range of high income paying closed-end funds. Because different sectors follow different cycles and react differently to changes in global economies and interest rates, spreading assets across this spectrum of closed-end funds has the potential to reduce the overall risk of the portfolio.

When selecting closed-end funds for this portfolio, we look at several factors including:

- **DISCOUNT** | We favor funds which are trading at a discount to net asset value and we favor those which are trading at a greater discount relative to their peers.

- **CONSISTENT DIVIDEND** | We favor funds which have a history of paying a consistent dividend.

- **EXPENSE RATIO** | We favor funds which have a lower than average expense ratio relative to their peers.

- **DIVERSIFICATION** | We limit exposure to individual fund companies/managers.

- **LIQUIDITY** | We favor larger funds and more liquid funds.

CLOSED-END FEATURES

PORTFOLIO CONTROL | Unlike open-end mutual funds, closed-end funds maintain a relatively fixed pool of investment capital. This allows portfolio managers to better adhere to their investment philosophies through greater flexibility and control. In addition, closed-end funds don’t have to manage fund liquidity to meet potentially large redemptions.

DIVERSIFICATION | The portfolio offers investors diversification by investing in a broad range of closed-end funds that are further diversified across hundreds of individual securities. Diversification does not guarantee a profit or protect against loss.

INCOME DISTRIBUTIONS | Closed-end funds are structured to generally provide a more stable income stream than other managed investment products because they are not subjected to cash inflows and outflows, which can dilute dividends over time. However, stable income cannot be assured.

PORTFOLIO OBJECTIVES

This unit investment trust seeks a high rate of current monthly income, with capital appreciation as a secondary objective by investing in a diversified pool of closed-end funds. There is, however, no assurance that the objectives of the portfolio will be achieved.

RISK CONSIDERATIONS | An investment in this unmanaged unit investment trust should be made with an understanding of the risks associated with an investment in a portfolio of closed-end funds. Closed-end funds are subject to various risks, including management’s ability to meet the fund’s investment objective, and to manage the fund’s portfolio when the underlying securities are redeemed or sold, during periods of market turmoil and as investors’ perceptions regarding the funds or their underlying investments change. Shares of closed-end funds frequently trade at a discount to their net asset value in the secondary market and the net asset value of closed-end fund shares may decrease. Certain closed-end funds in which the portfolio invests employ the use of leverage, which increases the volatility of such funds.

Certain of the closed-end funds invest in convertible securities. Convertible securities are bonds, preferred stocks and other securities that pay a fixed rate of interest (or dividends) and will repay principal at a fixed date in the future. However, these securities may be converted into a specific number of common stocks at a specified time. As such, an investment in convertible securities entails some of the risks associated with both common stocks and bonds.

Certain of the closed-end funds invest in floating-rate securities. A floating-rate security is an instrument in which the interest rate payable on the obligation fluctuates on a periodic basis based upon changes in an interest rate benchmark. As a result, the yield on such a security will generally decline in a falling interest rate environment, causing the trust to experience a reduction in the income it receives from such securities. Certain of the floating-rate securities pay interest based on LIBOR. Due to the uncertainty regarding the future utilization of LIBOR and the nature of any replacement rate, the potential effect of a transition away from LIBOR on a fund or the financial instruments in which the fund invests cannot yet be determined.

Certain of the closed-end funds invest in high-yield securities or “junk” bonds. Investing in high-yield securities should be viewed as speculative and you should review your ability to assume the risks associated with investments which utilize such securities. High-yield securities are subject to numerous risks, including higher interest rates, economic recession, deterioration of the junk bond market, possible downgrades and defaults of interest and/or principal. High-yield security prices tend to fluctuate more than higher rated securities and are affected by short-term credit developments to a greater degree.

Certain of the closed-end funds invest in mortgage-backed securities. Rising interest rates tend to extend the duration of mortgage-backed securities, making them more sensitive to changes in interest rates, and may reduce the market value of the securities. In addition, mortgage-backed securities are subject to prepayment risk, the risk that borrowers may pay off their mortgages sooner than expected, particularly when interest rates decline.

Please see the reverse side for additional risk considerations.

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