

**Strategy Characteristics**

|                      |       |
|----------------------|-------|
| Dividend Yield       | 0.81% |
| Number of Securities | 40    |
| Annual Turnover      | 77%   |

**Largest Holdings**

|      |                                 |      |
|------|---------------------------------|------|
| TTD  | Trade Desk, Inc.                | 6.2% |
| OMCL | Omnicell, Inc.                  | 4.0% |
| FOXF | Fox Factory Holding Corporation | 4.0% |
| USPH | U.S. Physical Therapy, Inc.     | 3.5% |
| EHC  | Encompass Health Corporation    | 3.5% |
| FICO | Fair Isaac Corporation          | 3.5% |
| FN   | Fabrinet                        | 3.1% |
| CYBR | CyberArk Software Ltd.          | 3.1% |
| ALRM | Alarm.com Holdings, Inc.        | 3.1% |
| ENV  | Envestnet, Inc.                 | 3.0% |

*The listing of "Largest Holdings" is not a complete list of all securities in the strategy or which First Trust Advisors L.P. (FTA) may be currently recommending. Furthermore, application of the investment strategy as of a later date will likely result in changes to the listing.*

**Key Investment Personnel**

David McGarel, CFA, CPA  
 Daniel Lindquist, CFA  
 Jon Erickson, CFA  
 Roger Testin, CFA, CPA  
 John Sherren, CFA  
 Chris Peterson, CFA

**Portfolio Objective**

The Small Cap Core is a strategy that seeks to provide capital appreciation by investing in small-cap companies trading below intrinsic value.

**Investment Selection Process**

**FTA combines quantitative and fundamental research capabilities to attempt to identify securities mispriced by the market relative to their future potential.**

**Quantitative Analysis**

FTA utilizes a proprietary multi-factor model to rank small-cap stocks trading on U.S. exchanges subject to certain size and liquidity requirements. The model is used to identify a subset of stocks that possesses desirable attributes shown to produce superior returns.

**Fundamental Analysis**

Fundamental Analysis focuses on assessing the valuation of each company. Factors considered are cash flow, the asset base employed to generate that cash flow, management's stewardship of investor capital and risk/return tradeoff. The entire process is focused on identifying companies whose true value is not being reflected in the current market price.

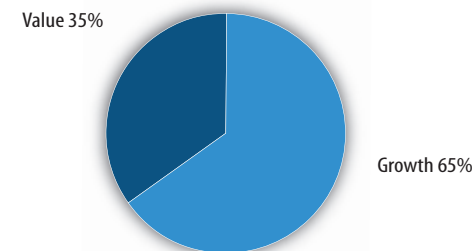
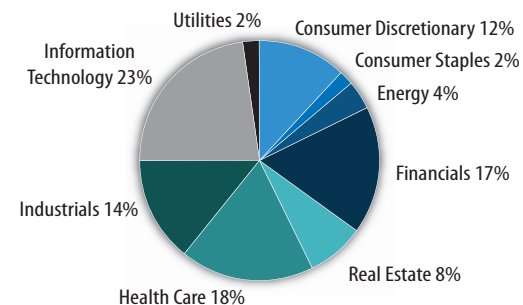
Companies selected for the strategy will share certain characteristics. They will:

- be profitable;
- have strategies in place for continuous improvement in operations;
- not be excessively leveraged so as to introduce unnecessary financial risk;
- be guided by skilled managers who demonstrate awareness of the opportunity cost of capital when making investment decisions;
- have significant trading histories with adequate liquidity for investment.

**Portfolio**
**Strategy Management Process**

FTA retains flexible sector and industry weights and its weightings in such categories are principally a result of its stock selection process.

**Equity Sell Discipline** - positions are continually reviewed and may be sold if the share price reaches or exceeds our estimate of intrinsic value; the company's fundamentals deteriorate; there is a significant change in company management; there is a corporate action affecting the holding; and/or more attractive opportunities exist elsewhere.

**Asset Allocation**

**Sector Allocation**


You could lose money by investing in the Strategy. There can be no assurance that the Strategy will achieve its investment objectives.

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.

|  | Pure Gross-of-Fees Return* % | Net-of-Fees Return % | Benchmark Return % |
|--|------------------------------|----------------------|--------------------|
| <b>YTD</b>                                 | 15.17                        | 13.80                | 11.51              |
| <b>1 Year</b>                              | 18.74                        | 16.84                | 15.24              |
| <b>3 Year Annualized</b>                   | 18.98                        | 16.93                | 17.12              |
| <b>5 Year Annualized</b>                   | 14.09                        | 12.08                | 11.07              |
| <b>10 Year Annualized</b>                  | 12.26                        | 10.44                | 11.11              |
| <b>Since Inception (8/1/99) Annualized</b> | 11.66                        | 9.49                 | 8.66               |

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.

| Year                        | Pure Gross-of-Fees Return* | Net-of-Fees Return | Russell 2000® Return | Composite 3-Year Std Dev | Benchmark 3-Year Std Dev | Number of Portfolios | Composite Dispersion | Composite Market Value (in millions) | Total Firm Assets (in millions) |
|-----------------------------|----------------------------|--------------------|----------------------|--------------------------|--------------------------|----------------------|----------------------|--------------------------------------|---------------------------------|
| 1999 (8/1/99 thru 12/31/99) | 27.20%                     | 25.68%             | 14.09%               | N/A                      | N/A                      | 1                    | N/A                  | \$ 2.1                               | \$ 129.9                        |
| 2000                        | 23.66%                     | 20.05%             | -3.02%               | N/A                      | N/A                      | 1                    | N/A                  | 7.9                                  | 212.2                           |
| 2001                        | -2.74%                     | -5.63%             | 2.49%                | N/A                      | N/A                      | 1                    | N/A                  | 14.4                                 | 255.7                           |
| 2002                        | -16.66%                    | -19.17%            | -20.48%              | N/A                      | N/A                      | 2                    | N/A                  | 38.8                                 | 395.3                           |
| 2003                        | 49.74%                     | 45.45%             | 47.25%               | N/A                      | N/A                      | 1                    | N/A                  | 0.1                                  | 1,110.0                         |
| 2004                        | 18.67%                     | 15.20%             | 18.33%               | N/A                      | N/A                      | 1                    | N/A                  | 0.1                                  | 3,523.5                         |
| 2005                        | 17.01%                     | 16.06%             | 4.55%                | N/A                      | N/A                      | 10                   | N/A                  | 1.8                                  | 4,616.6                         |
| 2006                        | 17.33%                     | 15.48%             | 18.37%               | N/A                      | N/A                      | 79                   | 1.99%                | 12.8                                 | 7,056.3                         |
| 2007                        | -6.27%                     | -7.81%             | -1.57%               | N/A                      | N/A                      | 60                   | 2.83%                | 8.4                                  | 10,065.9                        |
| 2008                        | -34.55%                    | -35.74%            | -33.79%              | N/A                      | N/A                      | 35                   | 1.23%                | 2.8                                  | 5,537.2                         |
| 2009                        | 16.98%                     | 14.94%             | 27.17%               | N/A                      | N/A                      | 23                   | 1.24%                | 3.5                                  | 9,683.6                         |
| 2010                        | 25.67%                     | 23.98%             | 26.85%               | N/A                      | N/A                      | 10                   | 0.37%                | 2.5                                  | 16,879.5                        |
| 2011                        | -5.22%                     | -6.31%             | -4.18%               | 24.19%                   | 25.34%                   | 7                    | 0.30%                | 1.4                                  | 16,444.5                        |
| 2012                        | 17.71%                     | 16.07%             | 16.35%               | 20.81%                   | 20.48%                   | 6                    | 0.27%                | 1.2                                  | 22,603.8                        |
| 2013                        | 48.09%                     | 45.59%             | 38.82%               | 18.09%                   | 16.68%                   | 5                    | 0.90%                | 1.2                                  | 32,021.6                        |
| 2014                        | 8.20%                      | 6.22%              | 4.89%                | 14.08%                   | 13.31%                   | 4                    | 0.47%                | 1.0                                  | 39,743.5                        |
| 2015                        | 4.02%                      | 2.19%              | -4.41%               | 14.28%                   | 14.16%                   | 3                    | 0.21%                | 0.9                                  | 44,272.5                        |
| 2016                        | 20.93%                     | 18.67%             | 21.31%               | 14.69%                   | 15.99%                   | 3                    | 0.43%                | 1.1                                  | 45,620.1                        |
| 2017                        | 14.23%                     | 12.28%             | 14.65%               | 12.47%                   | 14.11%                   | 8                    | 0.19%                | 6.0                                  | 62,193.2                        |
| 2018 (1/1/18 thru 9/30/18)  | 15.17%                     | 13.80%             | 11.51%               | N/A                      | N/A                      | 15                   | N/A                  | 9.0                                  | 77,161.5                        |

\* Pure gross-of-fees returns are presented as supplemental information to the disclosures required by GIPS®.

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. Since 2011, the Total Firm Assets are presented net and have been reduced for the effects of leverage. Prior to 2011, the Total Firm Assets are presented gross and have not been reduced for the effects of leverage.
2. The Small Cap Core Composite invests in small-capitalization companies which FTA believes are capable of achieving consistent long-term earnings growth. The composite creation date was October 2005. A complete list of composites and descriptions is available upon request.
3. The composite includes all portfolios for which FTA has full discretionary investment authority and are fee-paying portfolios. The composite consists of wrap portfolios, except periods prior to March 2005 when the composite contained all non-wrap portfolios. The composite does not utilize a material level of leverage.
4. Composite net-of-fees returns are presented net of actual fees for wrap portfolios or for non-wrap portfolios, by using the maximum wrap fee of 3.00%. Net-of-fees returns include investment management fees, custodian fees, trading costs and all other administrative fees. Pure gross-of-fees returns do not reflect the deduction of any expenses, including investment management fees, custodian fees, trading costs and other administrative fees. Prior to 12/31/11, quarterly and annual composite returns were calculated by linking monthly returns. Each portfolio in the composite was valued at least on a monthly basis. If cash flows exceed 10% of the composite's value, the composite was revalued on the day prior to the cash flow and the return was calculated for the interim period. Starting 1/1/12, 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. The standard deviation is not presented prior to 2011 because it was not required.
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 Russell 2000® Index — a capitalization-weighted index comprised of the smallest 2000 companies in the Russell 3000® Index.
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. The overall wrap fee expense for accounts in the composite will typically range from 1.00% to 3.00%.
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.