First Trust

LALT

First Trust Multi-Strategy Alternative ETF

The **First Trust Multi-Strategy Alternative ETF** (the "fund") is an actively managed exchange-traded fund ("ETF") that seeks to provide long-term total return. The fund will primarily gain exposure to alternative asset categories and strategies ("alternatives") by investing in exchange-traded products ("ETPs") (including ETFs, exchange-traded notes ("ETNs") and trusts backed by physical commodities or currencies).

A Multi-Strategy Approach

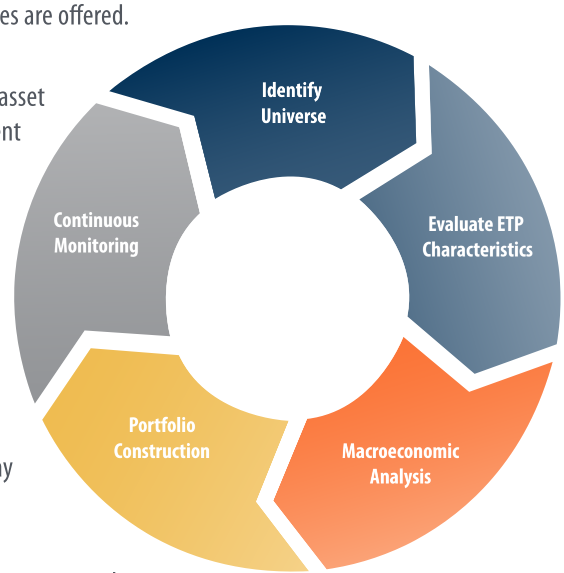
Alternative investment strategies (categorized as those other than traditional equity, fixed income and cash) typically allocate capital based on investment approaches aside from a "long-only" approach. Exposure to alternatives may help diversify risk, enhance returns or generate higher yield than traditional investments. **LALT** seeks to provide lower correlation and more diversified risk exposures over various market cycles as compared to traditional equity and fixed income benchmarks by investing in a variety of alternative asset categories and strategies including, but not limited to, the following:

- Hedged Equity
- Long/Short
- Event Driven
- Managed Futures
- Commodities
- Real Estate
- Global Macro
- Relative Value
- Currencies
- Opportunistic Fixed Income

Fund Details

Fund Ticker	LALT
CUSIP	33740F490
Intraday NAV	LALTIV
Fund Inception Date	1/31/2023
Investment Advisor	First Trust Advisors L.P.
Primary Listing	NYSE Arca

Investment Process



Identify Universe

Identify alternative asset categories or strategies and the ETPs in which those asset categories and strategies are offered.

Evaluate ETP Characteristics

Each potential ETP is then evaluated on a number of characteristics, including its correlation to traditional asset classes, its total return profile, its standard deviation of returns and other exposures that the investment advisor believes are relevant.

Macroeconomic Analysis

The investment advisor incorporates market-related data to analyze the broader macroeconomic landscape, which informs the investment advisor's decision on how best to position the exposures in the fund's portfolio.

Portfolio Construction

The investment advisor then constructs multiple prospective portfolios to help evaluate various risk/return considerations. This process facilitates the investment advisor's selection of the fund's portfolio in accordance with the fund's portfolio objectives, risk environment and compliance guidelines. The fund may invest in ETPs that hold a broad range of equity and fixed income securities.

Continuous Monitoring

Attribution analysis of realized performance based upon rebalanced portfolio as feedback mechanism for process control and improvement.

The Current Opportunity in Alternatives

Potential Benefits of LALT

Alternative Exposure | Alternatives have historically provided reduced beta and correlation to stocks and bonds.

Efficiently Implemented | A "one click" solution for financial professionals to ease the implementation challenge of selecting individual alternative exposure.

Transparency and Tax Efficiency | Transparent, tax efficient, and cost effective.

Professionally Managed | An active, disciplined approach run by a team with deep expertise in alternatives.

Annual Returns of Key Alternative Indices Compared to the S&P 500® Index

Diversification has long been recognized as a helpful way to mitigate volatility. Effective diversification requires combining assets with low correlations or those that have performed differently over varying market conditions. The chart below demonstrates the performance of different asset classes over an 18-year period.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
16.23%	19.89%	55.46%	17.19%	2.11%	16.00%	32.39%	21.67%	6.18%	11.96%	21.83%	0.25%	31.49%	19.46%	28.71%	23.78%	26.29%	25.02%	17.88%
13.47%	-20.49%	26.46%	16.83%	1.75%	9.85%	18.00%	13.69%	2.00%	11.77%	13.48%	-1.68%	23.58%	18.40%	27.11%	16.09%	9.06%	12.01%	16.38%
9.74%	-22.83%	22.76%	15.32%	1.53%	7.53%	14.43%	4.48%	1.38%	5.07%	13.29%	-3.16%	11.20%	13.22%	9.62%	3.31%	7.18%	10.69%	16.04%
9.37%	-23.95%	20.38%	15.06%	-0.78%	7.15%	6.70%	1.21%	-0.14%	1.79%	8.84%	-3.16%	10.59%	6.28%	7.98%	1.89%	6.87%	10.12%	15.77%
8.69%	-26.40%	18.91%	14.56%	-2.30%	6.48%	3.86%	1.04%	-0.19%	1.59%	7.78%	-4.38%	10.44%	5.17%	6.03%	-2.78%	6.25%	8.80%	13.19%
7.34%	-26.82%	17.17%	11.69%	-3.29%	5.41%	3.56%	-1.40%	-0.68%	0.78%	6.45%	-5.01%	7.71%	4.27%	5.95%	-2.90%	6.00%	7.53%	12.41%
6.41%	-33.97%	16.27%	11.09%	-3.46%	5.09%	0.41%	-2.22%	-1.95%	0.17%	5.32%	-6.52%	7.69%	1.54%	4.99%	-4.11%	4.89%	7.48%	9.55%
5.49%	-35.65%	12.71%	8.11%	-6.48%	4.56%	-0.08%	-2.32%	-2.99%	-2.02%	3.52%	-6.60%	4.02%	1.31%	4.79%	-5.30%	3.22%	6.78%	8.53%
4.87%	-37.00%	11.35%	4.81%	-6.73%	0.82%	-1.16%	-2.53%	-5.94%	-2.05%	2.98%	-7.03%	3.41%	-0.20%	4.34%	-12.07%	0.61%	5.38%	7.61%
-0.71%	-37.83%	-5.52%	1.59%	-13.32%	-1.06%	-2.52%	-2.63%	-7.75%	-3.17%	1.70%	-11.25%	0.75%	-3.12%	3.03%	-14.96%	-1.06%	4.62%	7.40%
-3.03%	-44.83%	-6.04%	-6.02%	-15.65%	-3.30%	-9.52%	-17.01%	-24.66%	-8.77%	0.83%	-14.59%	0.52%	-4.00%	0.25%	-18.11%	-7.91%	1.28%	1.59%

- S&P 500 Index
- Global Macro
- Long/Short Equity
- Commodities
- Market Neutral
- Hedged Equity
- Fixed Income Arbitrage
- Event Driven
- Convertible Arbitrage
- Multi-Strategy
- Managed Futures

Source: First Trust, Bloomberg. Data as of 12/31/2025. Annual returns are price returns and do not account for payment of dividends. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. **Past performance is not a guarantee of future results.**

The index data shown are for illustrative purposes only and not indicative of any actual investment. All indices are unmanaged, statistical composites that cannot be purchased directly by investors. The asset classes shown herein offer different characteristics in terms of income, tax treatment, capital appreciation and risk. The fund may not invest in all of the categories shown in the exhibits. Please see Risk Considerations at the end of this document for additional information about risks, asset classes, and index definitions.

Investing involves risks, including the possible loss of principal. An investor may receive more or less than the value of the original investment upon sale or redemption.

You should consider the fund's investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Portfolios L.P. at 1-800-621-1675 or visit www.ftportfolios.com to obtain a prospectus or summary prospectus which contains this and other information about the fund. The prospectus or summary prospectus should be read carefully before investing.

LALT Alternative Asset Category Definitions

Hedged Equity: A strategy that seeks to participate in the upside of the equity markets while maintaining a hedge to reduce the amount of loss in the event of a decline in the market value of equity securities.

Long/Short: A strategy that seeks to gain exposure (both long and short) to an asset class, seeking to profit by the long positions rising (falling) by more (less) than the short securities.

Event Driven: A strategy that seeks to exploit pricing inefficiencies that may occur before or after a corporate event, such as a merger, acquisition or bankruptcy.

Managed Futures: A strategy that uses an actively managed portfolio of long and short futures contracts that seeks to benefit from trends in the asset classes represented by the futures contracts. Such futures contracts may be on commodities, currencies, U.S. and global equity and equity-linked indices, U.S. and global bonds, and U.S. and global interest rate indices.

Commodities: A strategy that seeks to benefit from changes in value of physical commodities by investing in commodity-related futures contracts.

Real Estate: A non-traditional asset class composed of securities that provide exposure to the real estate market.

Opportunistic Fixed Income: A strategy that seeks to benefit from investments in the fixed income markets that are not tethered to traditional fixed income benchmarks including unconstrained bonds, non-traditional bonds, long/short fixed income, credit opportunities, asset-backed and relative value fixed income.

Relative Value: A strategy that seeks to exploit a valuation discrepancy in the relationship between multiple securities by buying and selling different securities, sometimes simultaneously.

Currencies: A strategy that provides investors exposure to the relative value of a currency or basket of currencies. These strategies are generally used for hedging exposure to exchange rates or gaining exposure to potential changes in foreign exchange (forex) markets.

Global Macro: A strategy that focuses on opportunities driven by top down themes, trends or dislocations often driven by economics, monetary policy, fiscal or political policies impacting capital markets as opposed to individual security attributes.

Alternative investments may employ complex strategies, have unique investment and risk characteristics that may not be suitable for all investors.

Diversification does not guarantee a profit or protect against loss.

The LALT Investment Management Team

Daniel J. Lindquist, CFA, MBA
Chairman of the
Investment Committee
and Managing Director

David G. McGarel, CFA, CPA
Chief Investment Officer,
Chief Operating Officer
and Managing Director

Chris A. Peterson, CFA
Senior Vice President
and Head of
Research Strategy

John Gambla, CFA, MBA, FRM, PRM
Senior Vice President
and Co-Head Alternatives Investments

Rob A. Guttschow, CFA, MBA
Senior Vice President
and Co-Head Alternative Investments

Risk Considerations

You could lose money by investing in a fund. An investment in a fund is not a deposit of a bank and is not insured or guaranteed. There can be no assurance that a fund's objective(s) will be achieved. Investors buying or selling shares on the secondary market may incur customary brokerage commissions. Please refer to each fund's prospectus and Statement of Additional Information for additional details on a fund's risks. The order of the below risk factors does not indicate the significance of any particular risk factor.

Asset-backed securities are a type of debt security and are generally not backed by the full faith and credit of the U.S. government and are subject to the risk of default on the underlying asset or loan, particularly during periods of economic downturn.

Unlike mutual funds, shares of the fund may only be redeemed directly from a fund by authorized participants in very large creation/redemption units. If a fund's authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a premium or discount to a fund's net asset value and possibly face delisting and the bid/ask spread may widen.

Investments in bank loans are subject to the same risks as other debt securities, but the risks may be heightened because of limited public information available and because loan borrowers may be leveraged and tend to be more adversely affected by changes in market or economic conditions. The secondary market for bank loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

During periods of falling interest rates if an issuer calls higher-yielding debt instruments, a fund may be forced to invest the proceeds at lower interest rates, likely resulting in a decline in the fund's income.

The failure or bankruptcy of a fund's and the subsidiary's clearing broker could result in substantial loss of fund assets.

Collateralized loan obligations ("CLOs") carry additional risks, including the possibility that distributions from collateral securities will not be adequate to make interest or other payments, the quality of the collateral may decline in value or default, the possibility that the investments in CLOs are subordinate to other classes or tranches, and the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Commodity prices can have significant volatility, and exposure to commodities can cause the value of a fund's shares to decline or fluctuate in a rapid and unpredictable manner.

Investments linked to the prices of commodities may be considered speculative and subject a fund to greater volatility than investments in traditional securities.

To avoid exceeding position limits set by the Commodity Futures Trading Commission, a fund may have to liquidate commodity contract positions at disadvantageous times or prices which may result in substantial loss of fund assets.

A Commodity Trust is not registered as an investment company under the 1940 Act and therefore, investors in such trusts will not have all the protections offered to investors in registered investment companies.

The fund may invest in ETPs that are advised by or affiliated with the Advisor providing a financial incentive for the fund to invest in ETPs for which it also serves as investment advisor. The Advisor may invest in an affiliated ETP even in circumstances where an unaffiliated ETP may have lower fees or better performance over certain time periods.

A convertible security is exposed to risks associated with both equity and debt securities. The value of convertibles may rise and fall with the market value of the underlying stock or vary with changes in interest rates and credit quality of the issuer.

A fund may be subject to the risk that a counterparty will not fulfill its obligations which may result in significant financial loss to a fund.

An issuer or other obligated party of a debt security may be unable or unwilling to make dividend, interest and/or principal payments when due and the value of a security may decline as a result.

An investment in credit default swaps involves greater risks than if a fund had invested in the reference obligation directly. These risks include general market, liquidity, counterparty, credit and leverage risks.

Ratings assigned by a credit rating agency are opinions of such entities, not absolute standards of credit quality and they do not evaluate risks of securities. Any shortcomings or inefficiencies in the process of determining credit ratings may adversely affect the credit ratings of the securities held by a fund and their perceived or actual credit risk.

Changes in currency exchange rates and the relative value of non-US currencies may affect the value of a fund's investments and the value of a fund's shares.

Investments linked to the prices of currencies may be considered speculative and subject a fund to greater volatility than investments in traditional securities.

Current market conditions risk is the risk that a particular investment, or shares of the fund in general, may fall in value due to current market conditions. For example, changes in governmental fiscal and regulatory policies, disruptions to banking and real estate markets, actual and threatened international armed conflicts and hostilities, and public health crises, among other significant events, could have a material impact on the value of the fund's investments.

A fund is susceptible to operational risks through breaches in cyber security. Such events could cause a fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

Investments in debt securities subject the holder to the credit risk of the issuer and the value of debt securities will generally change inversely with changes in interest rates. In addition, debt securities generally do not trade on a securities exchange making them less liquid and more difficult to value.

See following page for additional risk considerations.

Risk Considerations Continued

Depositary receipts may be less liquid than the underlying shares in their primary trading market and distributions may be subject to a fee. Holders may have limited voting rights, and investment restrictions in certain countries may adversely impact their value.

The use of derivatives instruments involves different and possibly greater risks than investing directly in securities including counterparty risk, valuation risk, volatility risk, and liquidity risk. Further, losses because of adverse movements in the price or value of the underlying asset, index or rate may be magnified by certain features of the derivatives.

Equity securities may decline significantly in price over short or extended periods of time, and such declines may occur in the equity market as a whole, or they may occur in only a particular country, company, industry or sector of the market.

A fund may invest in the shares of other ETFs, which involves additional expenses that would not be present in a direct investment in the underlying funds. In addition, a fund's investment performance and risks may be related to the investment performance and risks of the underlying funds.

Exchange-traded notes ("ETNs") are unsecured debt obligations whose valuation may be impacted by a downgrade in the issuer's credit rating. Additionally, the value of the ETN may be affected by time to maturity, the level of supply and demand for the ETN, volatility and lack of liquidity of the underlying market, changes in interest rates, and other economic or political events that affect the underlying market or assets.

Extension risk is the risk that, when interest rates rise, certain obligations will be paid off by the issuer (or other obligated party) more slowly than anticipated, causing the value of these debt securities to fall. Rising interest rates tend to extend the duration of debt securities, making their market value more sensitive to changes in interest rates.

Floating rate securities are structured so that the security's coupon rate fluctuates based upon the level of a reference rate. As a result, the coupon on floating rate securities will generally decline in a falling interest rate environment, causing a fund to experience a reduction in the income it receives from the security. A floating rate security's coupon rate resets periodically according to the terms of the security. Consequently, in a rising interest rate environment, floating rate securities with coupon rates that reset infrequently may lag behind the changes in market interest rates.

The market for forward contracts is substantially unregulated and can experience lengthy periods of illiquidity, unusually high trading volume and other negative impacts, such as political intervention. Forward contracts can increase a fund's risk exposure to underlying references and their attendant risks, such as credit risk, currency risk, market risk, and interest rate risk, while also exposing a fund to counterparty risk, liquidity risk and valuation risk, among others.

The risk of a position in a futures contract may be very large compared to the relatively low level of margin a fund is required to deposit and a relatively small price movement in a futures contract may result in immediate and substantial loss relative to the size of margin deposit.

High yield securities, or "junk" bonds, are less liquid and are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, are considered to be highly speculative.

A fund's income may decline when interest rates fall or if there are defaults in its portfolio.

As inflation increases, the present value of a fund's assets and distributions may decline.

Interest rate risk is the risk that the value of the debt securities in a fund's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter term debt securities and higher for longer-term debt securities.

Large capitalization companies may grow at a slower rate than the overall market.

Leverage may result in losses that exceed the amount originally invested and may accelerate the rates of losses. Leverage tends to magnify, sometimes significantly, the effect of any increase or decrease in a fund's exposure to an asset or class of assets and may cause the value of a fund's shares to be volatile and sensitive to market swings.

Certain fund investments may be subject to restrictions on resale, trade over-the-counter or in limited volume, or lack an active trading market. Illiquid securities may trade at a discount and may be subject to wide fluctuations in market value.

The portfolio managers of an actively managed portfolio will apply investment techniques and risk analyses that may not have the desired result.

Market risk is the risk that a particular security, or shares of a fund in general may fall in value. Securities are subject to market fluctuations caused by such factors as general economic conditions, political events, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Shares of a fund could decline in value or underperform other investments as a result. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious disease or other public health issues, recessions, natural disasters or other events could have significant negative impact on a fund.

A fund faces numerous market trading risks, including the potential lack of an active market for fund shares due to a limited number of market makers. Decisions by market makers or authorized participants to reduce their role or step away in times of market stress could inhibit the effectiveness of the arbitrage process in maintaining the relationship between the underlying values of a fund's portfolio securities and a fund's market price.

Investments in companies that are the subject of a publicly announced transaction carry the risk the transaction is renegotiated, takes longer to complete than originally planned and that the transaction is never completed. Any such event could cause a fund to incur a loss. The risk/reward payout of merger arbitrage strategies typically is asymmetric, with the losses in failed transactions often far exceeding the gains in successful transactions.

Master limited partnerships ("MLPs") are subject to certain risks, including price and supply fluctuations caused by international politics, energy conservation, taxes, price controls, and other regulatory policies of various governments. In addition, there is the risk that MLPs could be taxed as corporations, resulting in decreased returns from such MLPs.

Mortgage-related securities are more susceptible to adverse economic, political or regulatory events that affect the value of real estate.

The values of municipal securities may be adversely affected by local political and economic conditions and developments. Income from municipal securities could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of an issuer.

There are no government or agency guarantees of payments in securities offered by non- government issuers, therefore they are subject to the credit risk of the issuer. Non-agency securities often trade "over-the-counter" and there may be a limited market for them making them difficult to value.

A fund classified as "non-diversified" may invest a relatively high percentage of its assets in a limited number of issuers. As a result, a fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, lack of liquidity, lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers.

A fund and a fund's advisor may seek to reduce various operational risks through controls and procedures, but it is not possible to completely protect against such risks. The fund also relies on third parties for a range of services, including custody, and any delay or failure related to those services may affect the fund's ability to meet its objective.

The prices of options are volatile and the effective use of options depends on a fund's ability to terminate option positions at times deemed desirable to do so. There is no assurance that a fund will be able to effect closing transactions at any particular time or at an acceptable price.

Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred stocks are typically subordinated to other debt instruments in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments.

The market price of a fund's shares will generally fluctuate in accordance with changes in the fund's net asset value ("NAV") as well as the relative supply of and demand for shares on the exchange, and a fund's investment advisor cannot predict whether shares will trade below, at or above their NAV.

Prepayment risk is the risk that the issuer of a debt security will repay principal prior to the scheduled maturity date. Debt securities allowing prepayment may offer less potential for gains during a period of declining interest rates, as a fund may be required to reinvest the proceeds of any prepayment at lower interest rates.

Real Estate Investment Trusts ("REITs") are subject to the risks of investing in real estate, including, but not limited to, changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession. Increases in interest rates typically lower the present value of a REIT's future earnings stream and may make financing property purchases and improvements more costly. The value of a fund will generally decline when investors in REIT stocks anticipate or experience rising interest rates.

A fund may be unable to sell a restricted security on short notice or only sell them at a price below current value.

Companies that issue loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy. Loans are usually rated below investment grade but may also be unrated. As a result, the risks associated with these loans are similar to the risks of high-yield fixed income instruments. The senior loan market has seen a significant increase in loans with weaker lender protections which may impact recovery values and/or trading levels in the future.

Short selling creates special risks which could result in increased gains or losses and volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

A fund with significant exposure to a single asset class, country, region, industry, or sector may be more affected by an adverse economic or political development than a broadly diversified fund.

Securities of small- and mid-capitalization companies may experience greater price volatility and be less liquid than larger, more established companies.

Investments in sovereign bonds involve special risks because the governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt or other government debt obligations.

Swap agreements may involve greater risks than direct investment in securities and could result in losses if the underlying reference or asset does not perform as anticipated. In addition, many swaps trade over-the-counter and may be considered illiquid.

Trading on an exchange may be halted due to market conditions or other reasons. There can be no assurance that a fund's requirements to maintain the exchange listing will continue to be met or be unchanged.

Securities issued or guaranteed by federal agencies and U.S. government sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government.

A fund may hold securities or other assets that may be valued on the basis of factors other than market quotations. This may occur because the asset or security does not trade on a centralized exchange, or in times of market turmoil or reduced liquidity. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" assets or securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. There is no assurance that a fund could sell or close out a portfolio position for the value established for it at any time.

A fund may invest in securities that exhibit more volatility than the market as a whole.

First Trust Advisors L.P. (FTA) is the adviser to the First Trust fund(s). FTA is an affiliate of First Trust Portfolios L.P., the distributor of the fund(s).

First Trust Advisors L.P. is registered as a commodity pool operator and commodity trading advisor and is also a member of the National Futures Association.

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.

DEFINITIONS

The **S&P 500 Index** is an index of 500 companies used to measure large-cap U.S. stock market performance. Commodities are represented by the **Bloomberg Commodity Index** which is made up of exchange-traded futures on physical commodities and represents 20 commodities, which are weighted to account for economic significance and market liquidity. Hedged Equity is represented by the **Credit Suisse AllHedge Index** which is an asset-weighted hedge fund index derived from the market leading Credit Suisse Hedge Fund Index. The Credit Suisse AllHedge Index provides a rules-based measure of a n investable portfolio. Index Performance data is published monthly and constituents are rebalanced semi-annually according to the sector weights of the Credit Suisse Hedge Fund. Long/Short Equity is represented by the **Credit Suisse AllHedge Long/Short Equity Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of long/short equity funds. Long/short equity funds typically invest in both long and short sides of equity markets, generally focusing on diversifying or hedging across particular sectors, regions, or market capitalizations. Global Macro is represented by the **Credit Suisse AllHedge Global Macro Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of global macro funds. Global macro funds typically focus on identifying extreme price valuations and leverage is often applied on the anticipated price movements in equity, currency, interest rate, and commodity markets. Market Neutral is represented by the **Credit Suisse AllHedge Equity Market Neutral Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of equity market neutral funds. Equity market neutral funds typically take both long and short positions in stocks while seeking to reduce exposure to the systematic risk of the market. Convertible Arbitrage is represented by the **Credit Suisse AllHedge Convertible Arbitrage Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of convertible arbitrage funds, which typically aim to profit from the purchase of convertible securities and the subsequent shorting of the corresponding stock when there is a pricing error made in the conversation factor of the security. Event Driven is represented by the **Credit Suisse AllHedge Event Driven Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of event driven funds. Event driven funds typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. Fixed Income Arbitrage is represented by the **Credit Suisse AllHedge Fixed Income Arbitrage Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of fixed income arbitrage funds. Fixed income arbitrage funds typically attempt to generate profits by exploiting inefficiencies and price anomalies between related fixed income securities. Managed Futures are represented by the **Credit Suisse AllHedge Managed Futures Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of managed futures funds. Managed futures funds (often referred to as CTAs or Commodity Trading Advisors) typically focus on investing in listed bond, equity, commodity futures, and currency markets, globally. Multi-Strategy is represented by the **Credit Suisse AllHedge Multi-Strategy Index** which is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of multi-strategy funds. Multi-strategy funds typically are characterized by their ability to allocate capital based on perceived opportunities among several hedge funds strategies.

"Long" and **"short"** are investment terms used to describe ownership of securities. To buy securities is to "go long." The opposite of going long is "selling short." Short selling is an advanced trading strategy that involves selling a borrowed security. Short sellers make a profit if the price of the security goes down and they are able to buy the security at a lower amount than the price at which they sold the security short.

Beta is a measure of a portfolio's sensitivity to market movements.