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Events

**First Trust Market Outlook and Opportunities**  
**Paul Peterson and Bryan Ulmer**

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## Barron's best fund families of 2018

- **FIRST TRUST RANKS #1 IN U.S. EQUITY FUNDS AND #6 OVERALL FOR ITS ONE-YEAR PERFORMANCE\***


U.S. Equity Rank	Fund Family	Overall Rank	Fund Family
1	First Trust Advisors	1	American Funds
2	MainStay Funds	2	MainStay Funds
3	Northern Trust Investments	3	Eaton Vance
4	Thrivent Financial	4	Thrivent Financial
5	Virtus Investment Partners	5	PIMCO
6	Vanguard Group	6	First Trust Advisors

\*Out of 57 fund families.

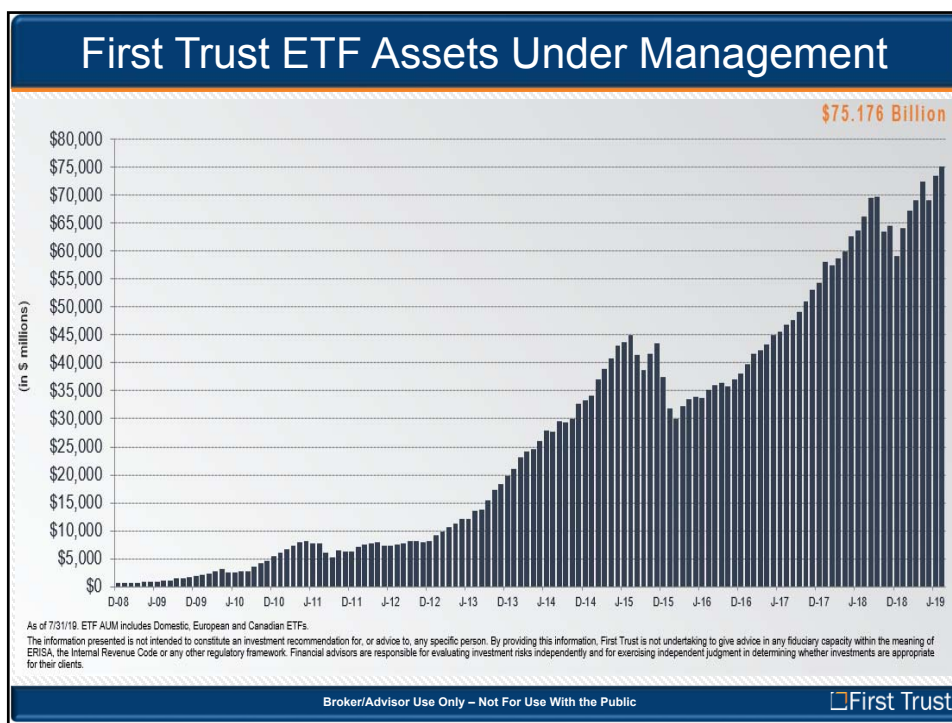
To qualify for Barron's fund-family ranking, firms must offer a wide range of funds with a minimum track record of one year. This includes at least three mutual funds or ETFs in Lipper's general U.S. equity category, one in world equity, and one in mixed asset, as well as two taxable bond funds and one tax-exempt bond fund. Rankings are based on a firm's funds within those respective categories. Each fund's performance is measured against all of the other funds in its Lipper category, with a percentile ranking of 100 being the highest and one the lowest. This result is then weighted by asset size, relative to the fund family's other assets in its general classification. The category weightings for the one-year results in 2018 were general equity, 31.6%; mixed asset, 21.3%; world equity, 17.1%; taxable bond, 22.4%; tax-exempt bond, 8.4%.

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 advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

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## ETF Assets by Sponsor as of July 31, 2019

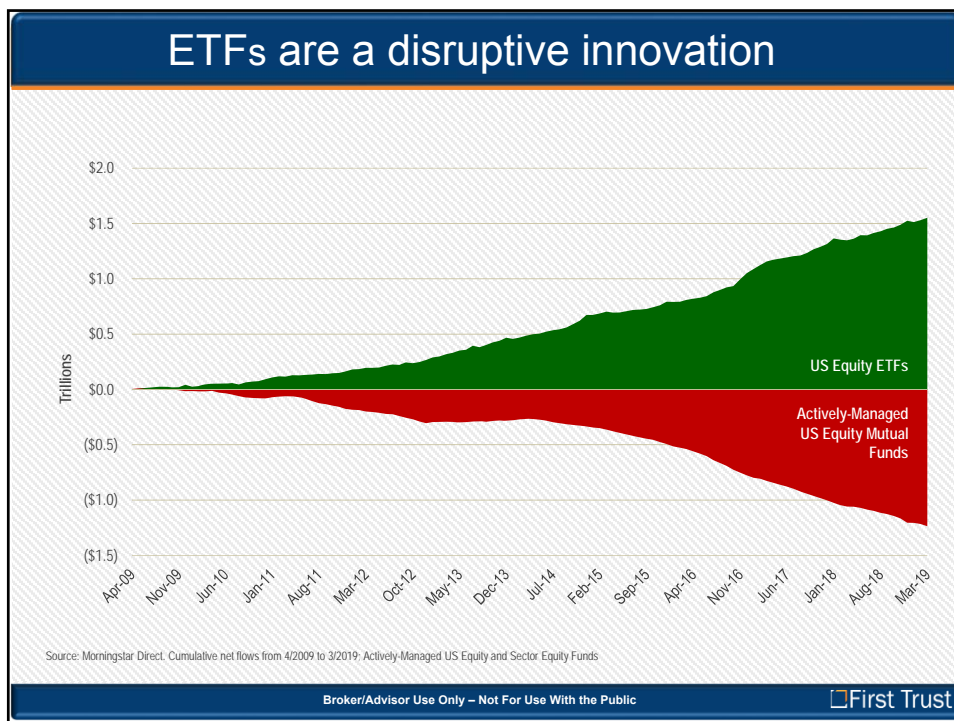
ETP Assets by Sponsor

ETP Sponsor	Current		Monthly			Year-To-Date		
	7/31/19 Net Assets	7/31/19 Market Share	6/30/19 Net Assets	July Net Creation Activity	% Change from Net Creations	12/31/18 Net Assets	2019 Net Creation Activity	% Change from Net Creations
1 iShares ETFs/USA	1,565,689 M	39.00%	1,554,649 M	8,532 M	0.55%	1,346,666 M	50,946 M	3.78%
2 Vanguard ETF/USA	1,030,832 M	25.68%	1,016,348 M	9,383 M	0.92%	855,757 M	49,731 M	5.81%
3 State Street ETFs/USA	658,677 M	16.41%	644,492 M	8,129 M	1.26%	567,966 M	2,871 M	0.51%
4 Invesco ETFs/USA	206,915 M	5.15%	204,393 M	58 M	0.03%	171,945 M	5,736 M	3.34%
5 Schwab ETFs/USA	146,422 M	3.65%	143,526 M	2,428 M	1.69%	115,497 M	14,375 M	12.45%
<b>6 First Trust ETFs/USA</b>	<b>77,883 M</b>	<b>1.94%</b>	<b>76,178 M</b>	<b>1,060 M</b>	<b>1.39%</b>	<b>61,394 M</b>	<b>7,032 M</b>	<b>11.45%</b>
7 WisdomTree ETFs/USA	38,615 M	0.96%	38,878 M	(116 M)	-0.30%	35,116 M	(101 M)	-0.29%
8 VanEck Vectors ETFs/USA	37,934 M	0.94%	37,140 M	46 M	0.12%	34,443 M	(1,747 M)	-5.07%
9 ProShares ETFs/USA	31,808 M	0.79%	31,174 M	257 M	0.82%	27,093 M	1,133 M	4.18%

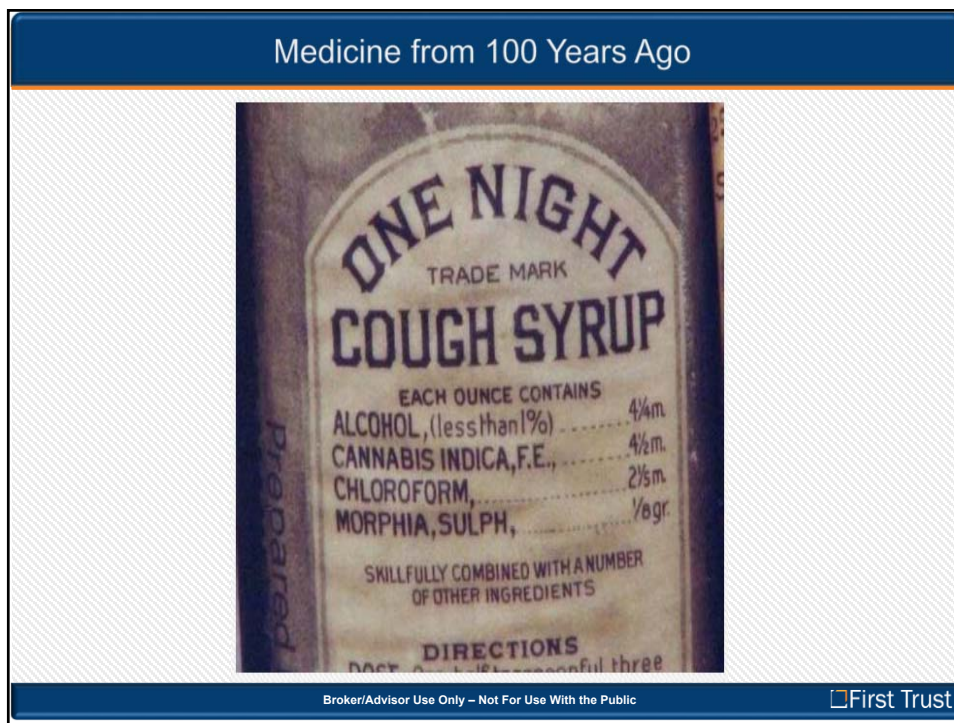
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## 2018 – TAXING YEAR FOR EQUITY MUTUAL FUNDS

**Funds Making 2018 Capital Gain Distributions**

Type	# of Funds	Average Capital Gain	Average 1-year Total Return
Size/Style	2,010	10.90%	-7.74%
Sector	259	6.69%	-5.95%
International	719	7.04%	-13.85%
Total/Average	2,988	9.61%	-9.06%

**Capital Gain Distributions for Equity Mutual Funds**

Category	Percentage
2018	78.1%
Prior to 2018	14.5%
Never	7.4%

Source: Morningstar database for the period ending 12/31/18. Oldest share class funds only. Past performance is no guarantee of future results. This example is for illustrative purposes only and does not represent any actual investment. There is no guarantee past trends will continue. The information provided 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.

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## History of Market Corrections

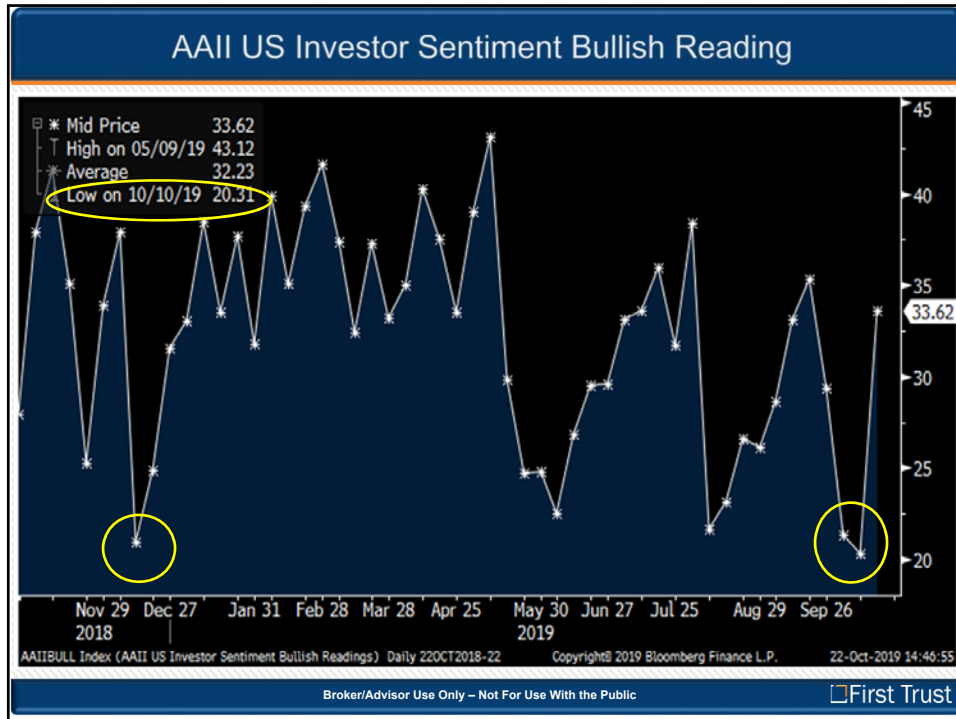
Investors like to avoid stock market declines at all costs, but declines are an inevitable part of investing. A little historical background can help put stock market declines in perspective.

Type of Decline	Average Frequency*	Average Length**	Last Occurrence
<b>S&amp;P 500 INDEX 1928-2018</b>			
-5% or more	About 5 times a year	24 days	December 2018
-10% or more	About every 7 months	64 days	December 2018
-15% or more	About every 1.5 years	110 days	December 2018
-20% or more	About every 2.5 years	183 days	March 2009
<b>DOW JONES INDUSTRIAL AVERAGE 1900-2018</b>			
-5% or more	About 4 times a year	26 days	December 2018
-10% or more	About every 7 months	66 days	December 2018
-15% or more	About every 1.5 years	137 days	December 2018
-20% or more	About every 2.5 years	204 days	March 2009

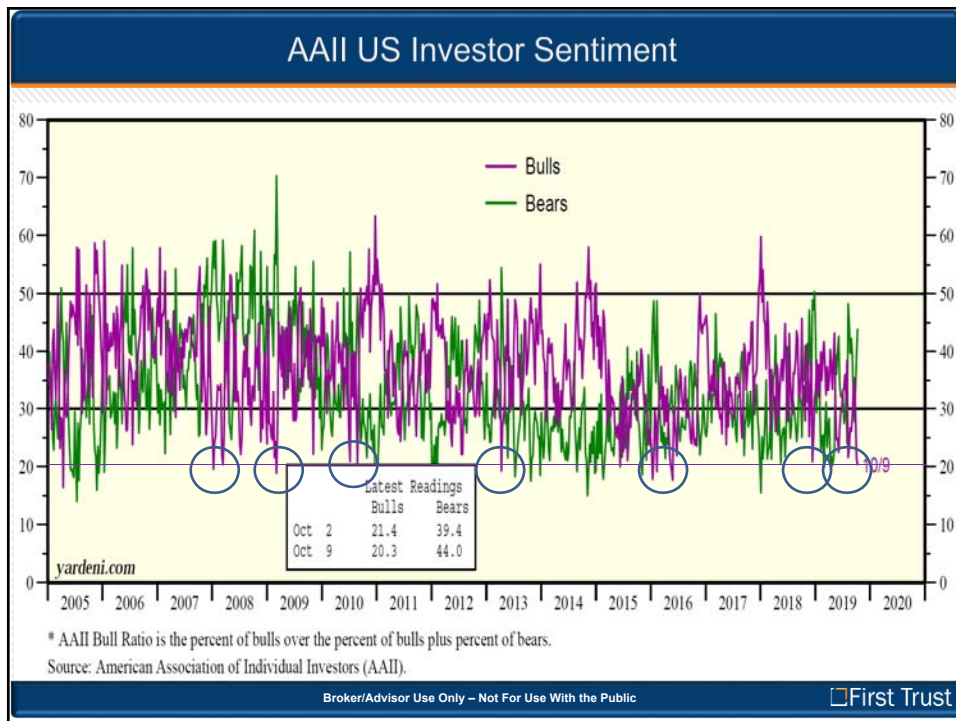
As of 12/31/18.  
Source: Bloomberg. Past performance is no guarantee of future results. For illustrative purposes only and not indicative of any actual investment.  
\*Assumes a 50% recovery rate of lost value.  
\*\*Measures from the date of the market high to the date of the market low.

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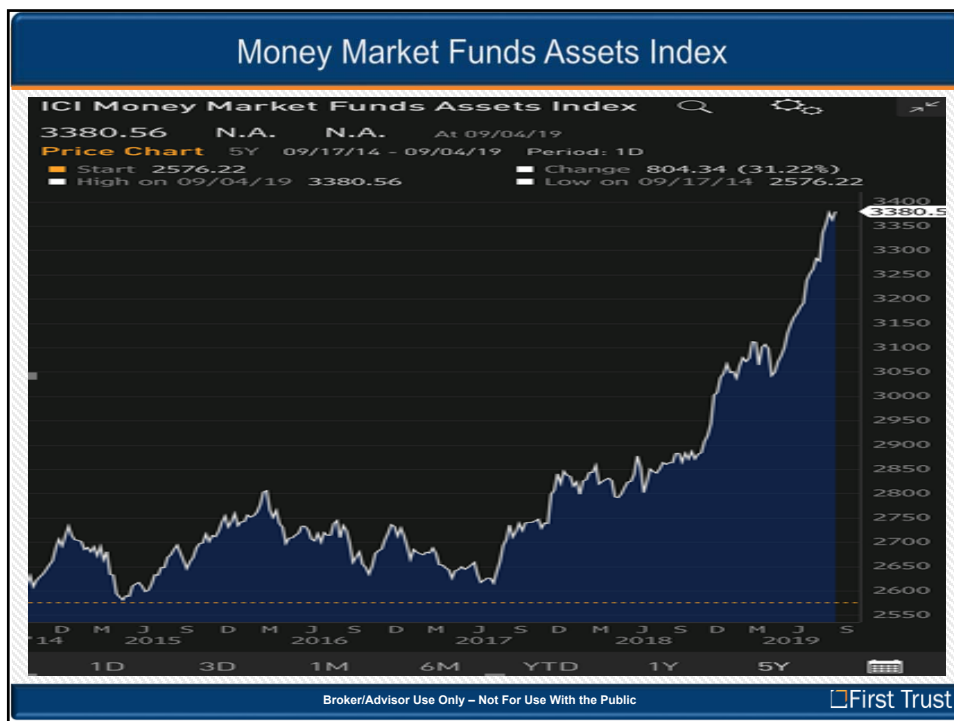
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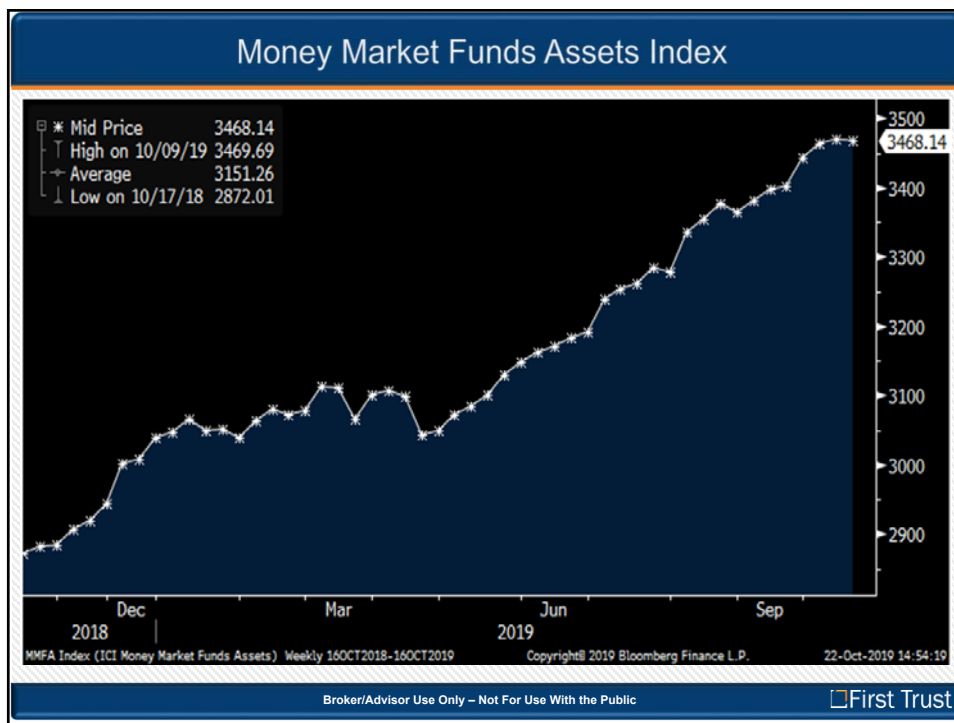
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## FTSM

### FTSM

First Trust Enhanced Short Maturity ETF

**Fund Objective**  
This exchange traded fund seeks to provide current income, consistent with preservation of capital and low volatility. There is no assurance that the fund will meet its investment objective.

**Fund Facts**  
Fund Name: FTSM  
Folio: 3770420  
Fund Inception Date: 05/24/11  
Legal Entity: FTSM  
Net Expense Ratio: 0.45%  
30 Day SEC Yield: 2.06%  
Invested in US Govt Sec: 100%  
Primary Listing: NYSE

**Portfolio Managers**  
Neil Parviz, CFA, Sr. Vice President  
James Charles, Sr. Vice President  
James Douglas, Sr. Vice President  
Jill A. Riddell, CFA, Sr. Vice President  
Christina Pacheco, Vice President

**Performance Summary (%)**

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Net Asset Value (NAV)	0.27	0.65	2.19	1.88	—	—	1.25
1-Month Total Return	0.81	1.02	1.87	1.81	—	—	0.79
3-Month Total Return	0.45	0.97	1.83	1.93	—	—	0.79
1-Year Total Return	0.72	1.80	2.07	1.88	—	—	1.34

**3 Year Statistics**

	Standard Deviation (%)	Alpha	Beta	Tracking Error	Correlation
FTSM	0.22	0.67	2.42	0.21	0.97
3-Month US Treasury Index	0.28	—	1.00	0.75	1.00

### First Trust Enhanced Short Maturity ETF

**Portfolio Information**  
Number of Holdings: 278  
Weighted Average Effective Duration: 0.33 Years  
Weighted Average Maturity: 0.74 Years

**Credit Quality (%)**  
Govt: 100  
AAA: 7.26  
AA+: 0.43  
AA: 0.28  
A+: 4.04  
A: 0.14  
A-: 7.46  
B+: 0.59  
BBB+: 10.64  
BBB: 7.03  
BBB-: 1.92  
A- (short term): 2.26  
A-2 (short term): 24.74  
A-1 (short term): 0.98  
NA: 5.03

**Top Holdings (%)**  
US Treasury Note, 1.50%, due 06/15/2020: 0.38  
First Trust Mortgage Trust Series 2015 - Class A/E, Variable rate, due 05/25/2025: 0.16  
ENERGY TRANSFER PART LP OIL, due 05/01/2019: 0.16  
ENERGY TRANSFER PART LP OIL, due 05/01/2019: 0.16  
BPC SANC, Variable rate, due 05/05/2022: 0.06  
BPC SANC, Variable rate, due 05/05/2022: 0.11  
CANADIAN TIRE CORP LTD OIL, due 06/22/2019: 0.05  
CGNA CORP OIL, due 03/30/2019: 0.05  
DOMINION INC OIL, due 06/10/2019: 0.05  
SUN FINE OIL, due 06/10/2019: 0.05

**Fund Composition (%)**  
Commercial Paper: 31.79  
Floating Rate Corporate Bonds: 21.22  
Fixed Rate Corporate Bonds: 24.48  
Asset Backed Securities: 12.56  
Government Bonds and Notes: 1.36  
Agency Collateralized Mortgage Obligations: 0.88  
Commercial Mortgage Backed Securities: 0.45  
Mortgage Backed Securities: 0.56

**Maturity Exposure (%)**  
0-30 days: 20.55  
3-6 months: 13.55  
6-12 months: 9.63  
1-2 years: 18.19  
2-3 years: 8.58  
3-5 years: 0.83

Calculated based on market value of invested assets plus settled cash position.  
A measure of a security's sensitivity to interest rate changes that reflects the change in a security's price given a change in yield.  
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 assigned based on a risk that generally ranges from AAA (the lowest risk rating) to A- (the most form ratings). Investment grade ratings are those ratings that have a long-term outlook rating of stable or higher or a short-term outlook rating of A-1 or higher. The outlook rating refers to the probability of the issuer's credit quality in the future, and for the fund in the future, U.S. Treasury, U.S. Agency and U.S. Agency Mortgage backed securities, sector "Government", credit ratings are subject to change.  
You should consider the fund's investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Portfolio L.P. at 1-800-426-1625 or visit www.firsttrust.com for 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.

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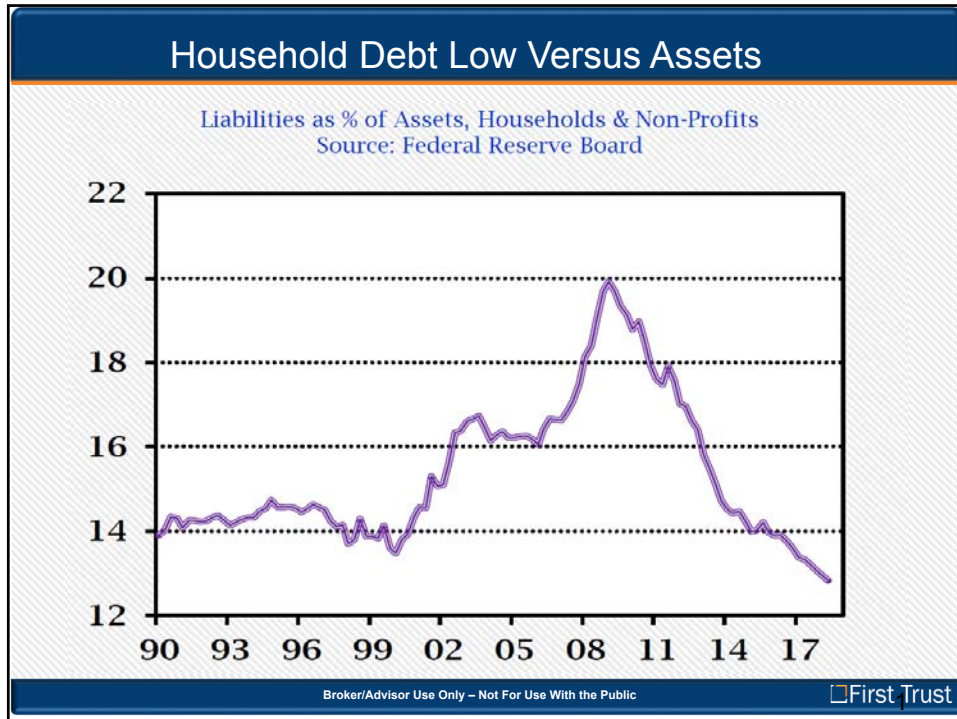
## Components of GDP

3Q18 nominal GDP, USD trillions

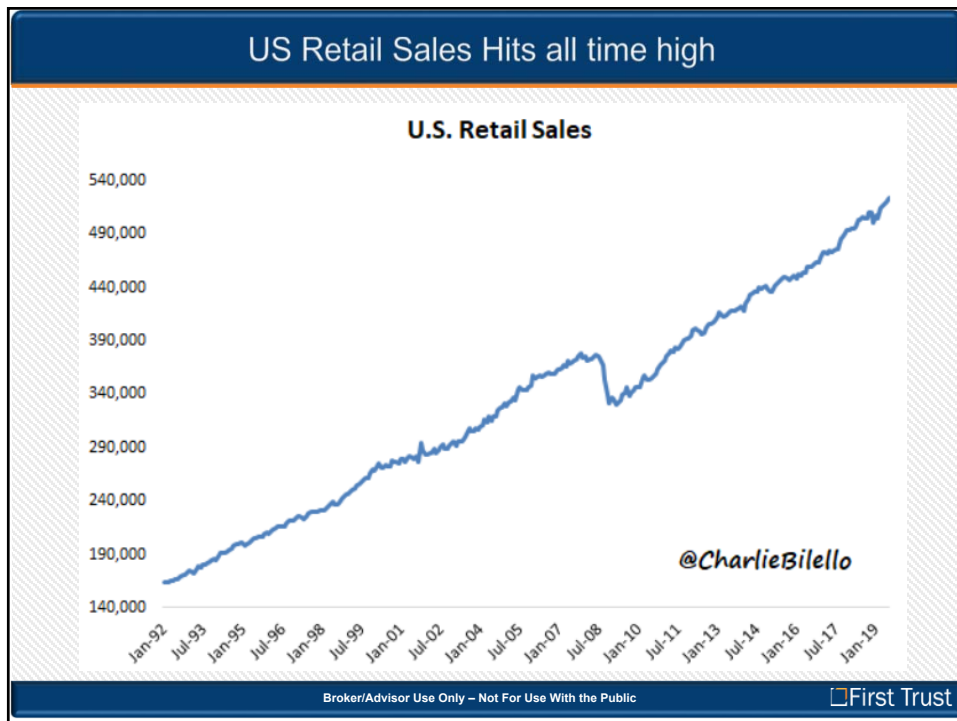
Component	Percentage
Consumption	68.1%
Investment ex-housing	14.0%
Gov't spending	17.2%
Net exports	-3.1%
Housing	3.9%

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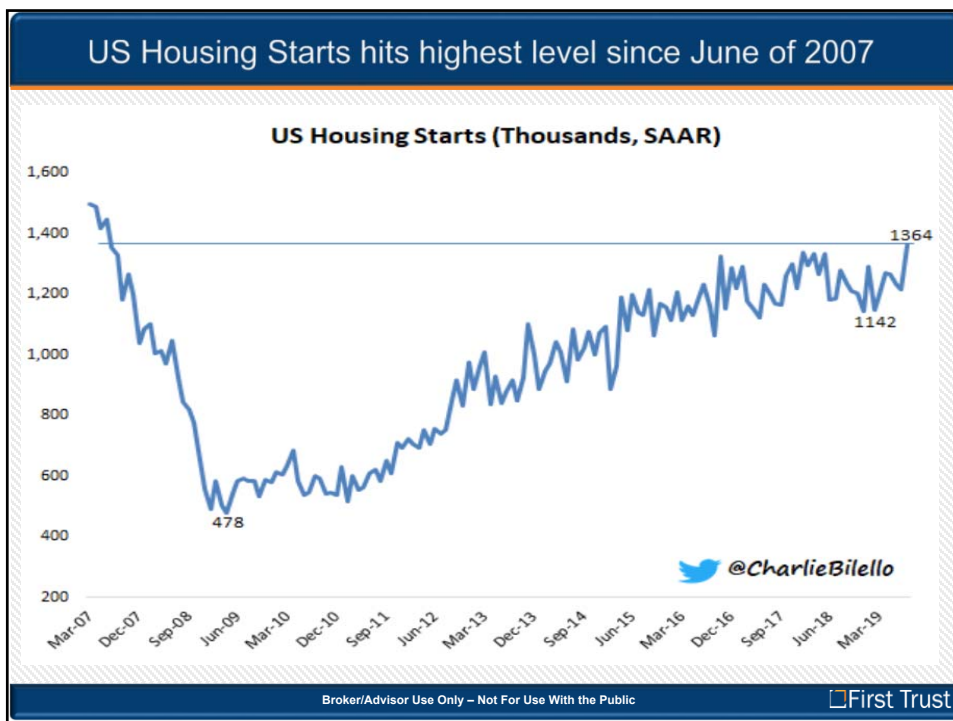


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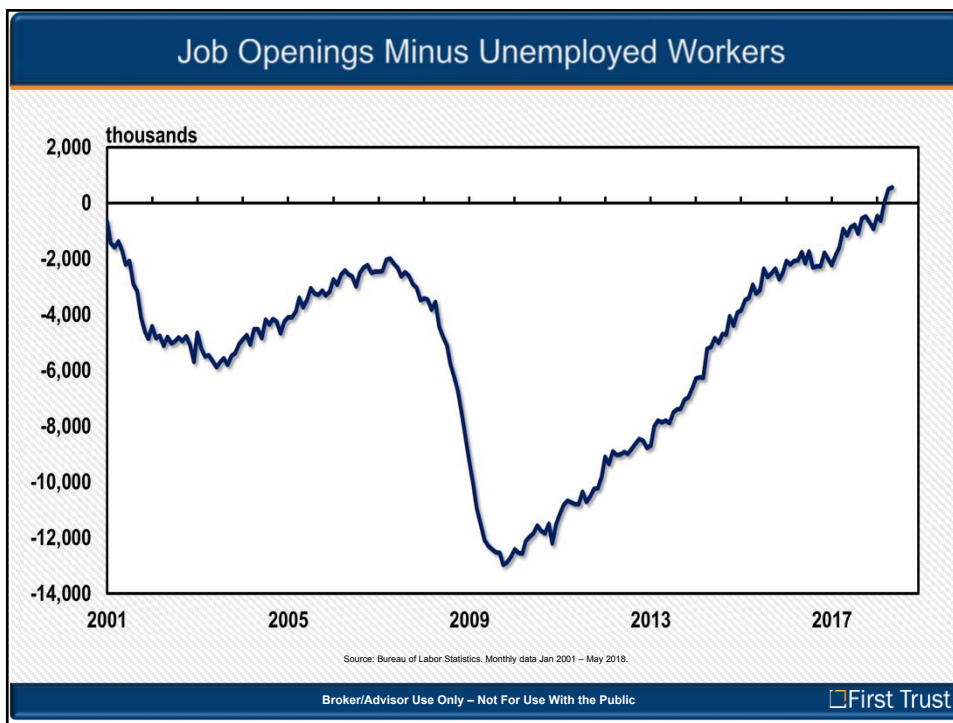


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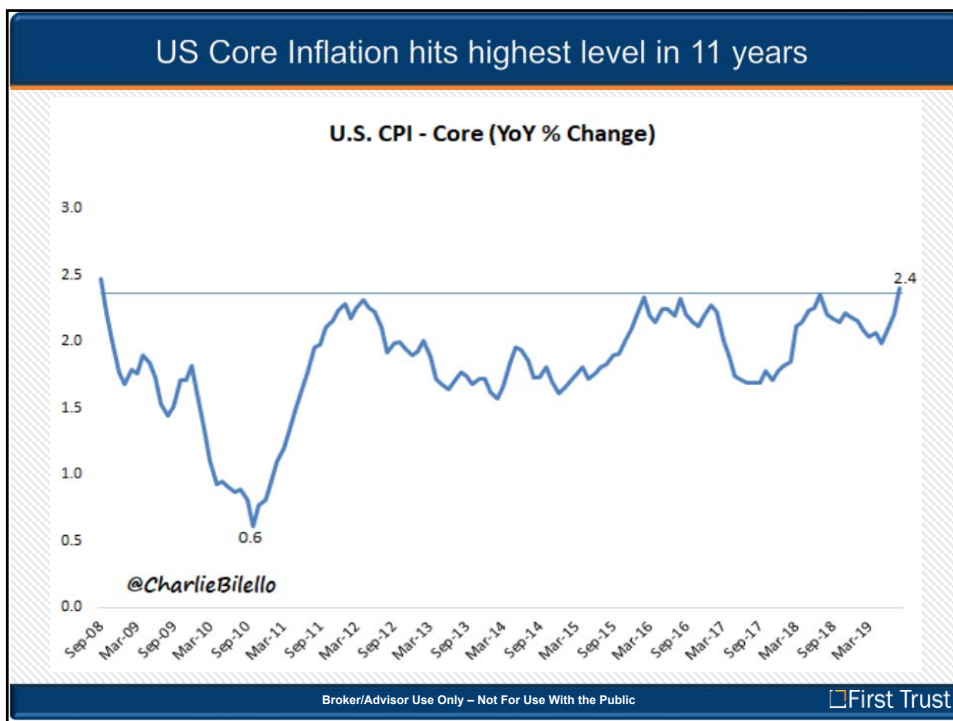




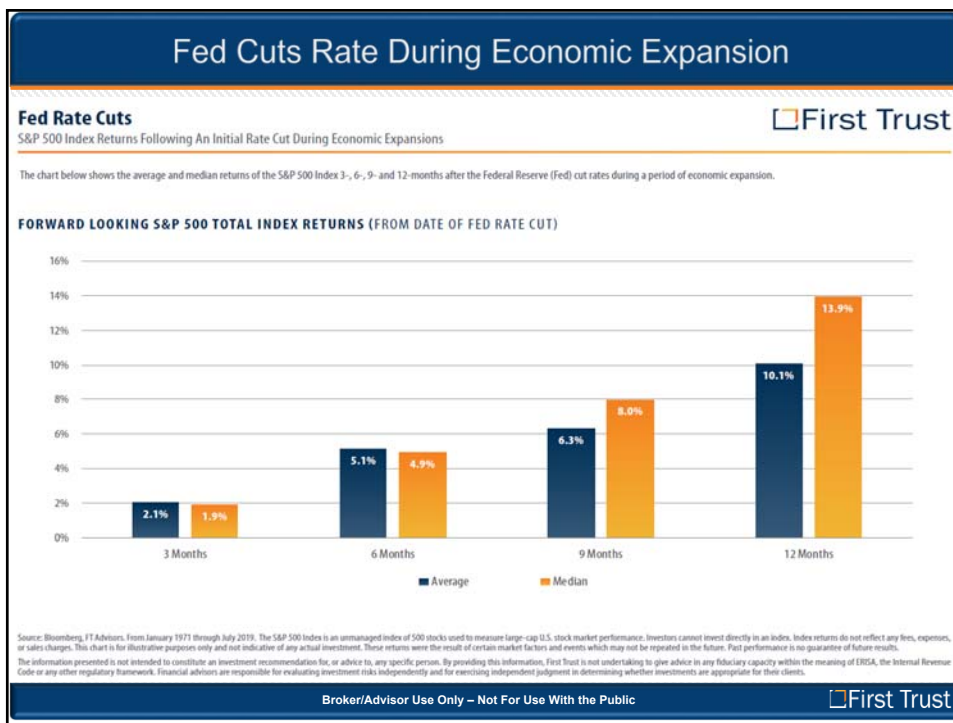
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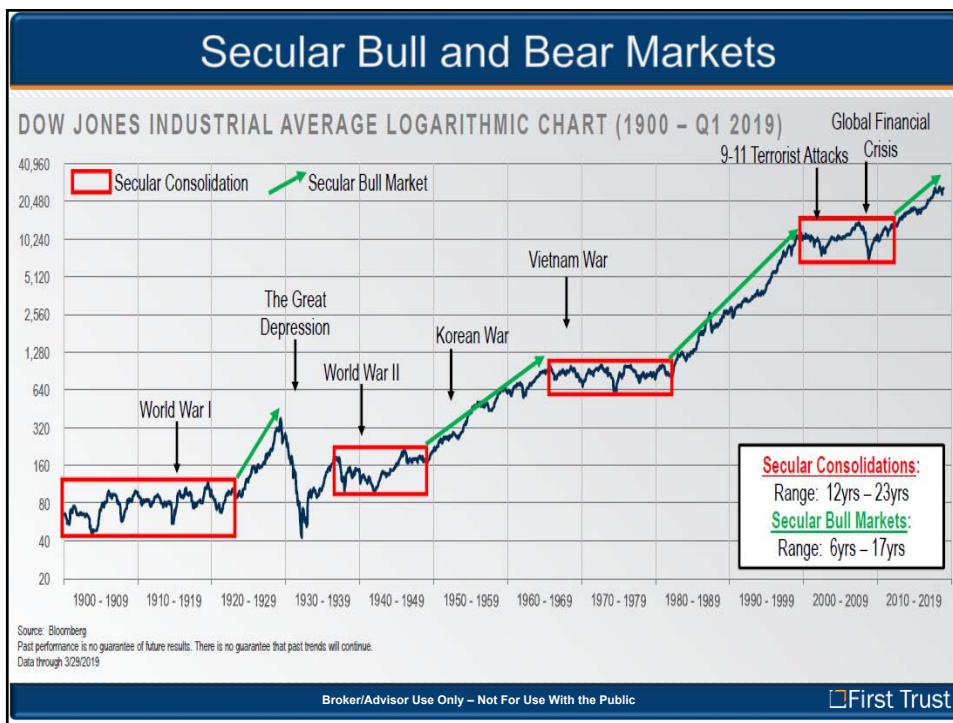
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### S&P 500 After Rate Cuts Near New Highs (2%)

S&P 500 Returns After Rate Cuts Near New Highs (2% From Highs)				
Date Of Rate Cut	Fed Funds Rate	Rate Change	% Off All-Time Highs (Day Before Fed Cut)	S&P 500 Return 1-Year Later
1/31/1996	5.25%	-0.25%	0.0%	21.4%
7/6/1995	5.75%	-0.25%	-0.7%	23.1%
9/4/1992	3.00%	-0.25%	-1.7%	10.4%
7/2/1992	3.25%	-0.50%	-1.9%	9.1%
10/31/1991	5.00%	-0.25%	-1.0%	6.9%
8/6/1991	5.50%	-0.25%	-1.2%	10.4%
3/8/1991	6.00%	-0.25%	-0.4%	8.1%
7/13/1990	8.00%	-0.25%	-0.7%	3.2%
7/31/1989	10.50%	-0.50%	0.0%	8.6%
8/26/1986	7.50%	-0.50%	-1.9%	34.5%
4/21/1986	8.50%	-0.50%	-0.3%	16.9%
3/7/1986	9.00%	-0.50%	-0.8%	29.0%
5/20/1985	10.00%	-0.50%	0.0%	24.5%
1/15/1985	10.50%	-0.25%	-1.2%	21.2%
2/28/1983	10.50%	-0.50%	0.0%	7.6%
1/11/1983	11.00%	-0.50%	0.0%	15.1%
7/25/1980	11.00%	-0.50%	-0.6%	5.5%
			Average	15.0%
			Median	10.4%
			Higher	17.0%

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Chief Economist



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Deputy Chief Economist



**Bob Carey**  
Chief Market Strategist

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**First Trust**  
Monday Morning **OUTLOOK**

630-517-7756 • www.ftportfolios.com December 31, 2018

**Dow 28750, S&P 3100**

630-517-7756 • www.ftportfolios.com July 8, 2019

**Lifting Our Target for Stock Prices**

The S&P 500 is up 27% from its Christmas Eve low, and 18.5% this calendar year through the close on Friday – not including dividends. Last December, our forecast for 2019 was 3,100. We’re just 3% away.

As a result, and in combination with our continued bullishness, we are raising our year-end 2019 S&P 500 target to 3,200 from 3,100, with the Dow Jones Industrial Average now estimated to finish the year at 28,200.

Our starting point for setting a stock market target is always our Capitalized Profits Model, which continues to increase BVV. The model takes the government’s measure of profits from the GDP report, divided by interest rates to measure fair value for stocks. It looks at every quarter dating back to the early 1970s and uses each of those quarters to tell us where the stock market would be today if equities had increased as much as the rate of profits for the 10-year Treasury yield. We then take the median of all those predictions (each historical quarter generating its own prediction) to estimate fair value today.

Using a 10-year Treasury yield of 2.61% combined with corporate profits from the first quarter suggests a fair value on the S&P 500 of 3,080!!! This is ahead, and the market will not price it as because it knows the Fed is holding interest rates artificially low.

In fact, the stock market has been significantly below our model’s estimate of fair value for a decade because everyone knows that interest rates are artificially low. In other words, our model says that the market value is significantly higher than a bubble because of the Fed’s wrong. If the market fully incorporated these low rates it would be significantly higher.

Another way to think about this is to ask what interest rate would put the market at fair value with current corporate profits. The answer is a 10-year yield of 3.47%, which is an interest rate we haven’t seen since early 2013 and doesn’t look likely anytime in the near future.

The interest rate that would make 3,200 fair value is 3.179%, which is also higher than yields are likely to hit

ahead, which suggests room for equities to rise above our 2019 target in 2020 and beyond.

If on the other hand, corporate profits were to drop by 15%, and the 10-year yield rose to 3.7%, the value would be 3,250, which shows how robust our stock market target is to changes in the economic and financial outlook.

Another reason to be bullish about equities is that the Federal Reserve has made it clear it will cut short-term rates if the economy falters or if inflation stays low. We think cutting short-term rates is unnecessary, but we have to factor in what the Fed is likely to do, not what it should do. Even just talks about an expansion of future rate cuts will help hold down the 10-year Treasury yield relative to where it should be based on economic fundamentals.


And last, we think the next several months are more likely to lead to more deals than an expansion of profits, as the election in 2020 approaches.

Some analysts and investors are concerned about the stock market because they can’t see corporate profits going much higher. We think that’s a mistake; the growth rate of corporate profits will be slower in 2019 than in 2018, but the level of profits has fallen far to get us in business, continue to adapt to a much lower tax rate on corporations and continued improvements in productivity.

Raising our target doesn’t mean there can’t be a correction at some point, perhaps even in the near future. Corrections come and go, but we’re not in the business of trying to predict the monthly or quarterly variations in equities, nor do we think anyone else can do it as a systematic trade. What it means is that we think equities are headed much higher and that the S&P 500 is more likely to flow through 3,200 for the rest of the year than it is to fall short.

We know people call us pessimists. We’ve been bullish since March 2009. But that bullishness is based on our Capitalized Profits Model and our outlook for profits and economic growth. Call us what you want, but the fundamentals

**Economic Research and Advisory**



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## Passive Investing

Q Research

**MARKETS**

**Bloomberg**

### The Big Short’s Michael Burry Sees a Bubble in Passive Investing

By Heejin Kim and Myungshin Cho  
August 28, 2019, 10:28 AM EDT Updated on August 28, 2019, 10:59 PM EDT

- Rush into index funds has punished small-cap value stocks
- ‘There is all this opportunity, but so few active managers’



Bloomberg **BIG SHORT’S BURRY SEES PASSIVE BUBBLE**

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MARKETS | JOURNAL REPORTS: FUNDS/ETFs

## Your ‘Diversified’ ETF Might Now Be Anything But

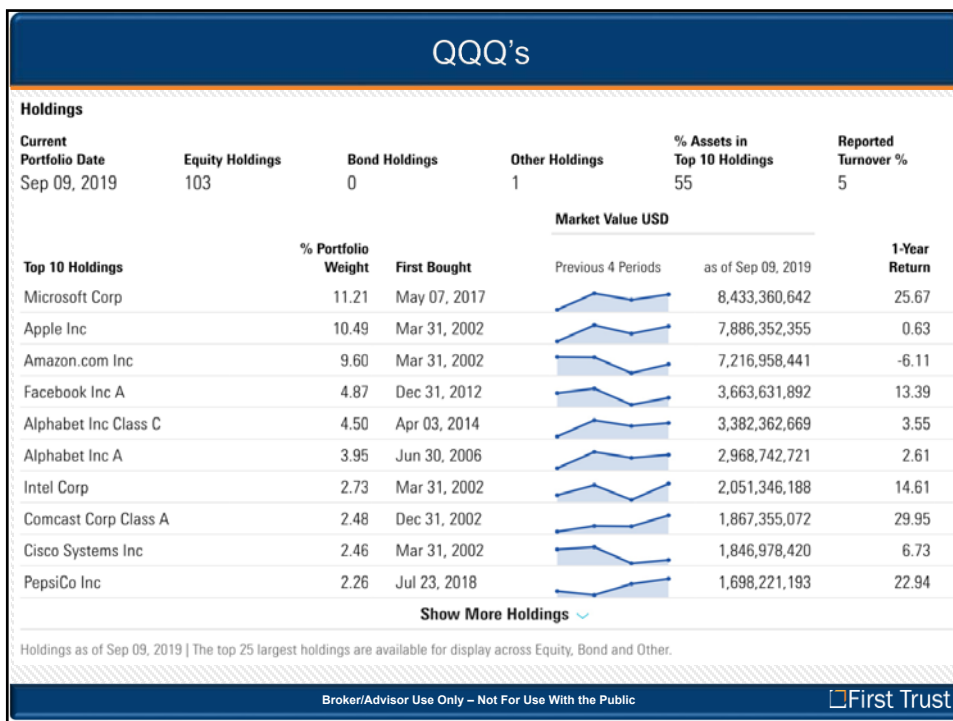
Funds get top-heavy with the biggest, hottest stocks—eroding their broad-based profiles. Here is what to check.

By Michael A. Pollock  
Sept. 8, 2019 10:14 pm ET

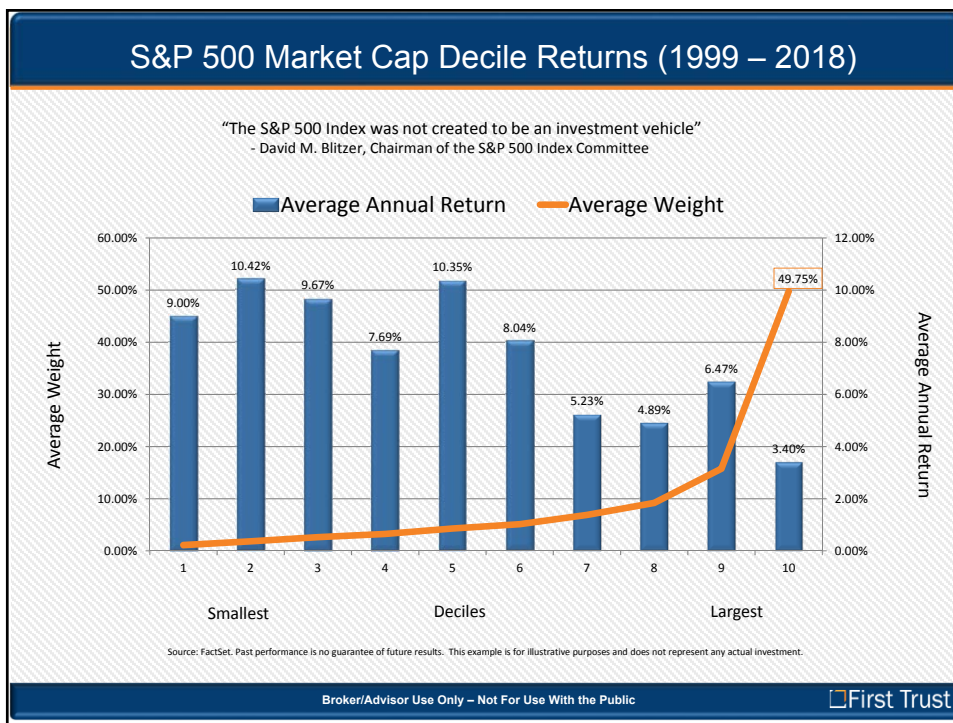
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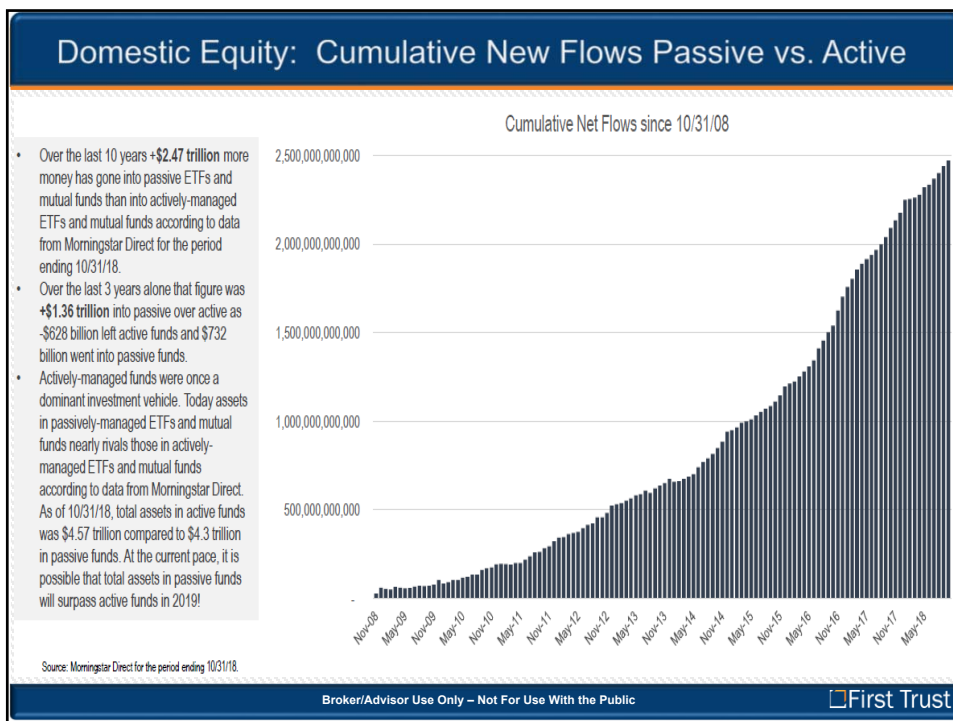


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### Largest Companies Globally by Market Cap

@CharlieBilello Largest Companies Globally by Market Cap (1980 - 2018)

Rank	1980	1990	2000	2010	2018
1	IBM	Nippon Telegraph & Telephone	Microsoft	PetroChina	Apple
2	AT&T	Bank of Tokyo-Mitsubishi	General Electric	Exxon Mobil	Amazon
3	Exxon	Industrial Bank of Japan	NTT DoCoMo	Microsoft	Microsoft
4	Standard Oil	Sumitomo Mitsui Banking	Cisco	ICBC	Alphabet
5	Schlumberger	Toyota Motors	Walmart	Walmart	Berkshire Hathaway
6	Shell	Fuji Bank	Intel	China Construction Bank	Facebook
7	Mobil	Dai-ichi Kangyo Bank	Nippon Telegraph & Telephone	BHP Billiton	Alibaba
8	Atlantic Richfield	IBM	Exxon Mobil	HSBC	Tencent
9	General Electric	UFJ Bank	Lucent	Petrobras	JPMorgan Chase
10	Eastman Kodak	Exxon	Deutsche Telecom	Apple	Johnson & Johnson

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## Our Strategy = Math Wins

**OUR STRATEGY**

"MATH WINS"

USE ACADEMICALLY-STUDIED, REAL WORLD-APPLIED FUNDAMENTAL OR TECHNICAL  
**FACTORS** TO SELECT AND/OR WEIGHT STOCKS  
TO SEEK TO ACHIEVE SUPERIOR RISK-ADJUSTED  
RESULTS

THEN DO IT AGAIN, AND AGAIN, AND AGAIN

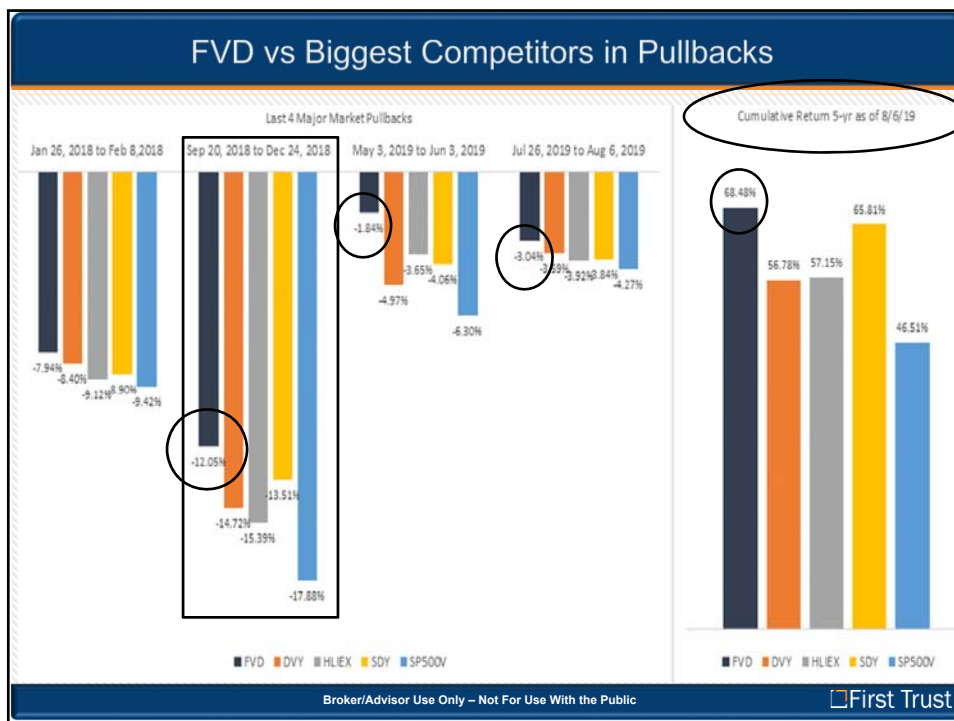
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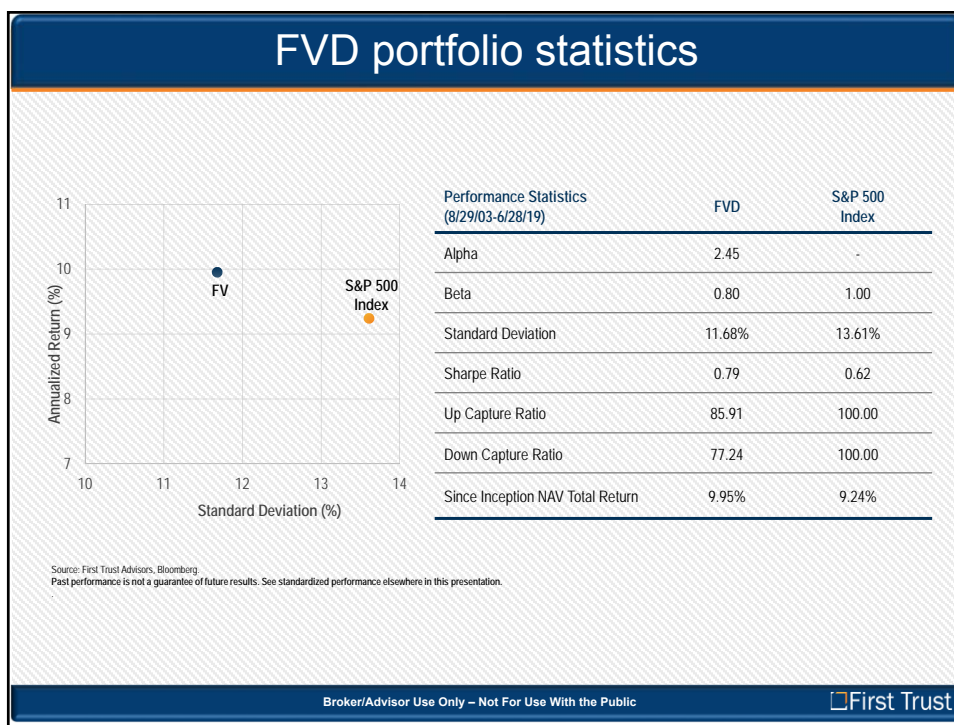
## Value Line Dividend - FVD as of 9/30/2019

» Performance Summary (%) <sup>1</sup>	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception				
<b>Fund Performance*</b>											
Net Asset Value (NAV)	4.01	21.77	12.86	11.37	11.69	13.51	10.06				
After Tax Held	3.74	21.00	11.77	10.33	10.63	12.40	8.58				
After Tax Sold	2.37	12.87	7.56	8.35	8.74	10.68	7.65				
Market Price	3.98	21.77	12.86	11.39	11.68	13.52	10.06				
<b>Index Performance**</b>											
Value Line® Dividend Index	4.21	22.54	13.73	12.23	12.58	14.43	—				
Dow Jones U.S. Select Dividend™ Index	3.58	17.71	6.31	10.00	10.71	13.72	—				
S&P 500 Index	1.70	20.55	4.25	13.39	10.84	13.24	9.21				
<b>» Calendar Year Total Returns (%)<sup>1</sup></b>											
FVD	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD
	19.58	16.08	9.03	11.17	26.57	15.94	1.26	19.94	12.48	-3.44	21.77
Dow Jones U.S. Select Dividend™ Index	11.13	18.32	12.42	10.84	29.06	15.36	-1.64	21.98	15.44	-5.94	17.71
S&P 500 Index	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	20.55
<b>» 3-Year Statistics</b>											
	Standard Deviation (%)		Alpha	Beta	Sharpe Ratio	Correlation					
FVD	9.80		1.07	0.73	0.99	0.91					
Dow Jones U.S. Select Dividend™ Index	11.04		-1.35	0.84	0.78	0.93					
S&P 500 Index	12.18		—	1.00	0.97	1.00					
<b>Overall Morningstar Rating™</b>								★★★★★			
Among 1090 funds in the Large Value category. This fund was rated 5 stars/1090 funds (3 years), 5 stars/944 funds (5 years), 5 stars/693 funds (10 years) based on risk adjusted returns. <sup>§</sup>											
Performance data quoted represents past performance. Past performance is not a guarantee of future results and current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares when sold or redeemed, may be worth more or less than their original cost. You can obtain performance information which is current through the most recent month-end by visiting <a href="http://www.ftportfolios.com">www.ftportfolios.com</a> .											
Source: Complete Fact Sheet available @ <a href="http://www.ftportfolios.com">www.ftportfolios.com</a> , sample shown for training purposes, not for distribution.											

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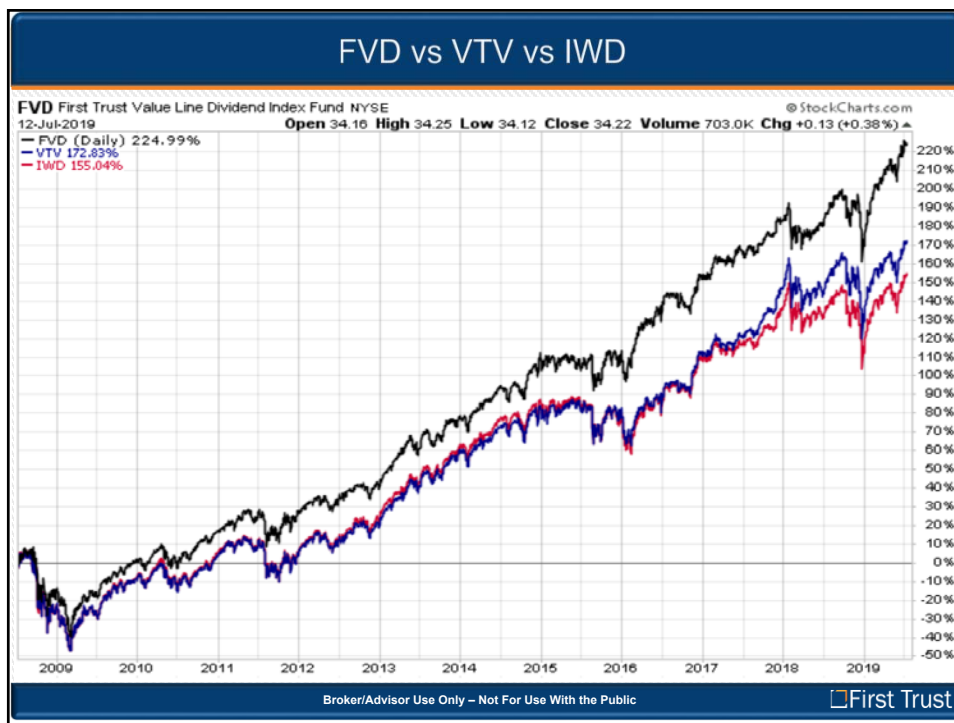
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## Value Line® Dividend Index Methodology

**Universe:** Value Line® Universe (approximately 1700 stocks)

**Selection Criteria**

- **Value Line® Safety™ Ranking of #1 or #2**  
(Excludes all registered investment companies, limited partnerships, and foreign securities not listed in the US)
- **\$1 Billion Minimum Market Capitalization**
- **Higher Dividend Yield than S&P 500 Index**

**FVD:** Index is Equally Weighted and Rebalanced Monthly 200 Stocks

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### VALUE LINE® SAFETY™ RANKING SYSTEM

**PRICE STABILITY RANK**

A Stock's Price Stability score is based on a ranking of the standard deviation of weekly percent changes in the price of a stock over the last five years.


Standard deviation is the measure of dispersion of historical returns around a mean rate of return, and a lower standard deviation indicates less volatility. To determine standard deviation, each week Value Line compares the common stock prices of each of the companies in the Value Line universe to their prices as of the previous week. Value Line performs this calculation for each weekly period over the previous five years and based on these calculations determines the standard deviation over this five year period of each stock in the Value Line universe.

**FINANCIAL STRENGTH RATING**

A company's Financial Strength rating is Value Line's measure of the company's financial condition, and is reported on a scale of A++ (highest) to C (lowest) based on:

- Long-term debt to total capital ratio
- Consistency of profits
- Short-term debt
- Returns on equity over an extended timeframe
- Amount of cash on hand
- Type of industry a company is in
- Level of net income
- Company's position and performance within an industry
- Level and growth of sales over time
- Cyclical nature of an industry
- Consistency of sales
- Considers a company's share price movement
- Returns on capital

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First Trust

# Structured Investments

BRYAN ULMER

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This slide is the title page for a presentation. It features a dark blue background with a large, stylized arrow graphic on the left side, composed of yellow and orange segments. The text is white and centered. The slide includes a disclaimer at the bottom.

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First Trust

## Why use Structured Investments

- Opportunity for income or growth
- Built-in Protection...10%, 20%, 100%
- MLCD-Fixed income alternative
- Buffered Note-Limit losses in a down market
- AutoCallable Yield Note-Income generator

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This slide lists five reasons for using structured investments. It features a dark blue header with a stylized arrow graphic and a white background for the list. The slide includes a disclaimer at the bottom.

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**What do MLCDs have to offer**

- 100% Principal Protection When Held to Maturity
- FDIC Insurance
- Death Benefit (Death Put)
- Potential for Growth/Income
- Maturities Ranging from 3 to 5 Years

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**GROWTH ORIENTED MLCD** EXAMPLE 1

INDEX	DURATION	PARTICIPATION RATE	PRINCIPAL PROTECTION	PERFORMANCE CAP
JP Morgan Balanced Value Dividend Index	3 years	100%	100% FDIC Insured*	UNCAPPED

\*Principal protected if held to maturity. An investor's principal is FDIC insured up to the FDIC insurance limit. Any amount that exceeds the FDIC insurance limit is subject to the credit and claims paying ability of the issuer. This example is for illustrative purposes only. Terms of MLCDs can vary. See the fact sheets and term sheets for details specific to each issue.

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### PERFORMANCE UPDATE

The J.P. Morgan Balanced Value Dividends Index (the "Index") attempts to provide a dynamic and rules-based allocation to an Equity Constituent and a Bond Constituent (together, the "Constituents") while targeting a level volatility.

The "Equity Constituent" is the First Trust Value Line Dividend Index Fund (ticker: FVD), which seeks to provide exposure to high quality companies with attractive dividend yields and low historical volatility.

The "Bond Constituent" is the PIMCO Bond ETF (ticker: BOND), and is actively managed, seeking current income and long-term capital appreciation, consistent with prudent investment management.

The Index is subject to a daily deduction of a 0.50% per annum index fee and a notional financing cost based on 3-month cash rates (i.e., the Index is calculated on an excess return basis).

The Index was established on August 30, 2016.

Levels are published on Bloomberg and to JPMorganIndices.com, using the ticker JPUSBLVD.

#### Hypothetical and actual historical performance: Sep 2009 through Sep 2019

Please see the footnotes at the bottom of this page and "Backtesting" on the following page for information on backtested performance and proxies.

#### Hypothetical and actual historical returns and volatilities: Sep 2009 through Sep 2019

	1 Year Return	3 Year Return (Annualized)	5 Year Return (Annualized)	10 Year Return (Annualized)	10 Year Volatility (Annualized)	Sharpe Ratio
J.P. Morgan Balanced Value Dividends Index	5.11%	4.29%	4.07%	5.97%	5.11%	1.17
Domestic 40/60 Portfolio (ER) (40% S&P 500, 60% Bloomberg Barclays Aggregate)	5.30%	4.94%	4.89%	6.60%	5.53%	1.19
Global 40/60 Portfolio (ER) (40% MSCI ACWI, 60% J.P. Morgan Global Agg Bond)	3.05%	2.93%	2.63%	3.96%	6.07%	0.65

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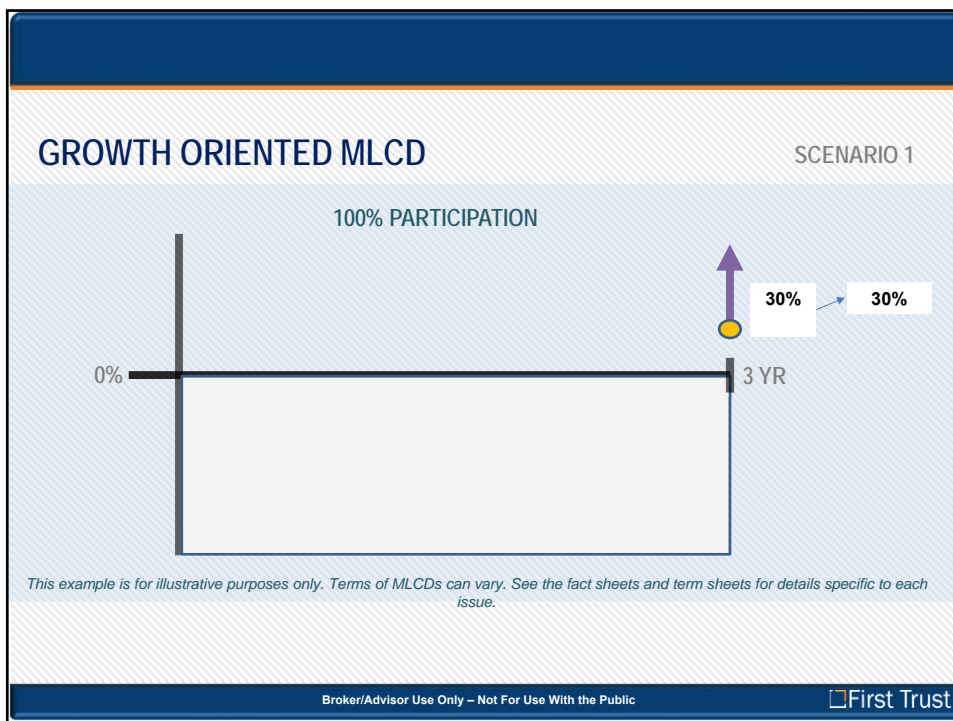
#### Hypothetical and actual historical monthly weights: Sep 2009 through Sep 2019

#### Hypothetical and actual historical monthly and annual returns: Jan 2010 through Sep 2019

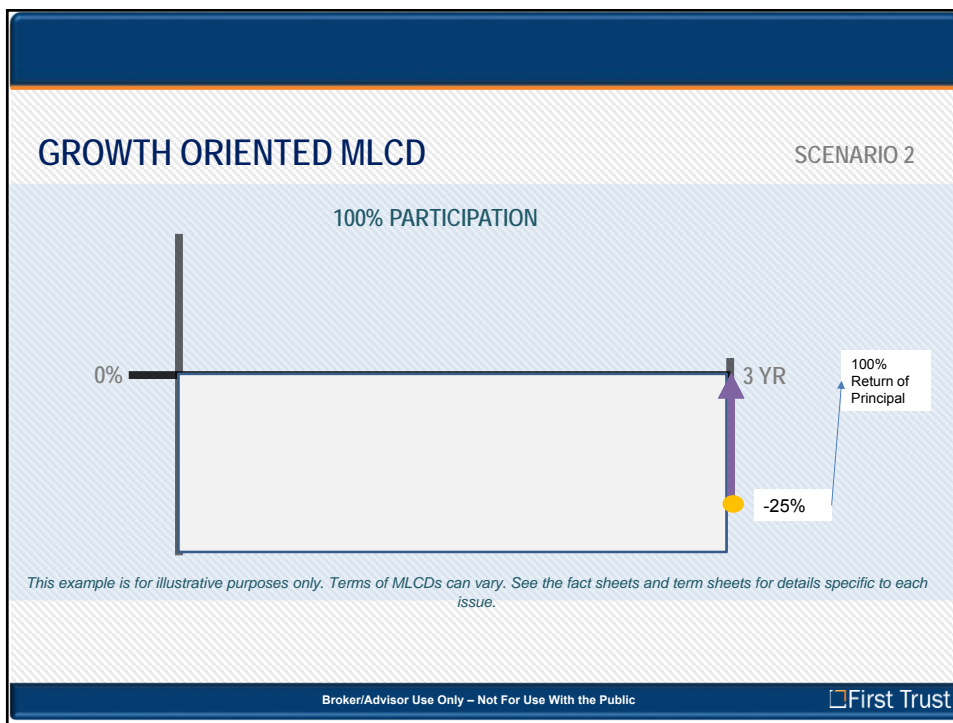
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	-0.28%	1.18%	2.71%	1.21%	-2.40%	0.30%	2.88%	0.10%	2.87%	1.60%	-1.27%	1.42%	10.64%
2011	0.60%	1.86%	0.24%	2.36%	0.33%	-1.04%	-0.54%	-2.63%	-2.32%	2.54%	-0.67%	1.76%	2.32%
2012	2.12%	0.86%	1.65%	1.17%	-1.29%	2.14%	1.66%	0.40%	1.44%	-0.18%	0.20%	0.33%	10.96%
2013	2.65%	1.36%	2.87%	1.81%	-1.57%	-2.39%	0.14%	-1.41%	2.27%	1.81%	-0.01%	0.23%	7.87%
2014	-0.64%	1.85%	1.13%	1.09%	1.19%	1.71%	-2.69%	2.87%	-1.72%	2.05%	1.63%	0.35%	9.03%
2015	1.17%	0.33%	0.10%	-0.77%	-0.17%	-1.85%	1.60%	-3.70%	-0.61%	2.31%	-0.09%	-0.32%	-2.12%
2016	-0.34%	-0.07%	2.80%	0.59%	0.32%	1.69%	0.95%	-0.58%	0.19%	-1.08%	0.04%	1.23%	5.83%
2017	0.54%	2.32%	-0.24%	0.10%	0.69%	0.08%	1.06%	-0.88%	1.24%	1.17%	2.60%	-0.09%	8.87%
2018	1.16%	-4.25%	0.15%	-1.01%	0.32%	0.32%	2.19%	0.54%	-0.33%	-3.03%	1.49%	-2.44%	-4.98%
2019	2.64%	1.02%	1.46%	1.40%	-1.72%	2.87%	0.36%	0.08%	1.06%				9.48%

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## Capped Buffered Note

EXAMPLE 1

INDEX	DURATION	PARTICIPATION RATE	Protection	PERFORMANCE CAP
SPX	13 months	100%	10% Buffer	10%

This example is for illustrative purposes only. Terms of structured notes can vary. See the fact sheets and term sheets for details specific to each issue.

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## Capped Buffered Note

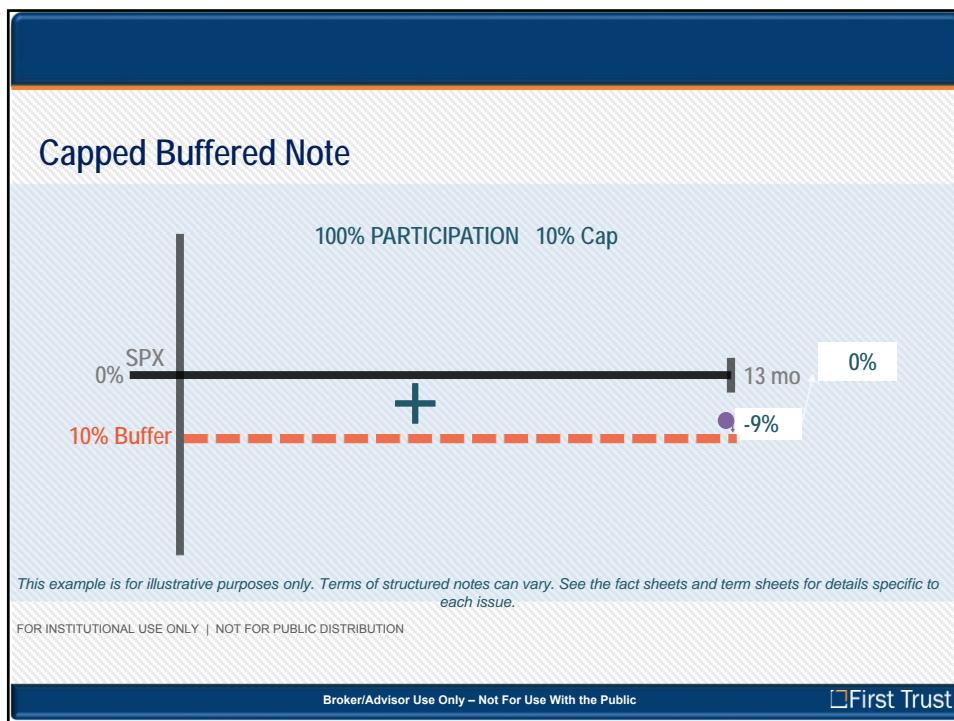
100% PARTICIPATION 10% Cap

This example is for illustrative purposes only. Terms of structured notes can vary. See the fact sheets and term sheets for details specific to each issue.

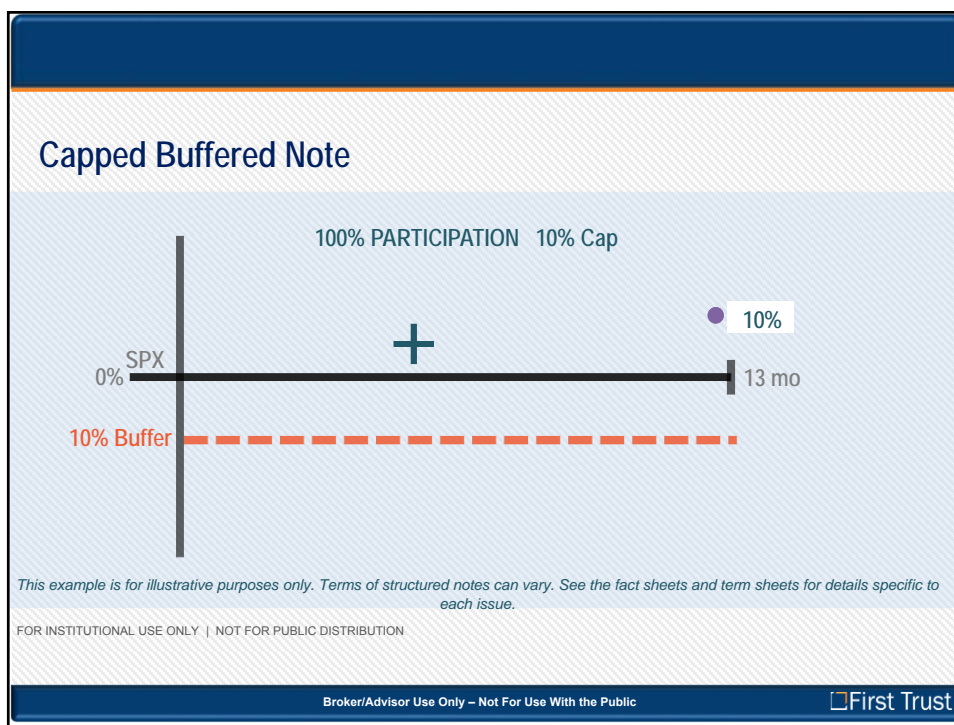
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## Auto Callable Yield Notes-INCOME

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INDEX	DURATION	CALL TERMS
Lesser Performing of S&P 500 Index (SPX) and Russell 2000 Index (RTY)	3 Years	Callable 1 Yr Quarterly thereafter
CONTINGENT COUPON	COUPON BARRIER	PRINCIPAL BARRIER OBSERVATION
1.5% Quarterly	-30% of Initial Index Value	-30% At Maturity

This example is for illustrative purposes only and is based on the note being called or held to maturity. Terms of structured notes can vary. See the fact sheets and term sheets for details specific to each issue.

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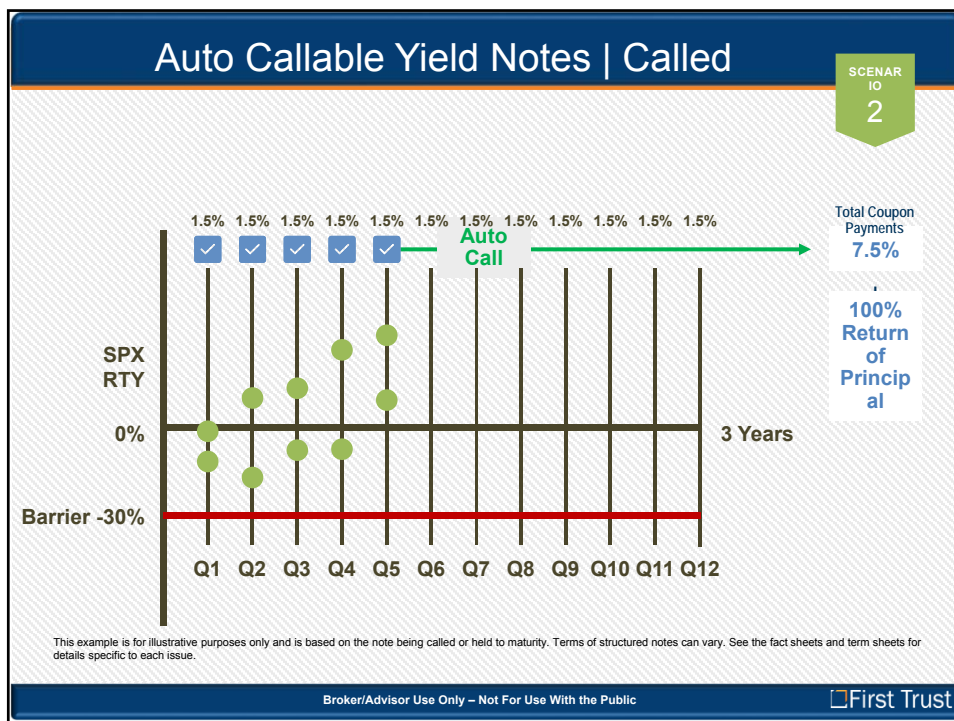
## Auto Callable Yield Notes | Not Called

SCENAR  
1

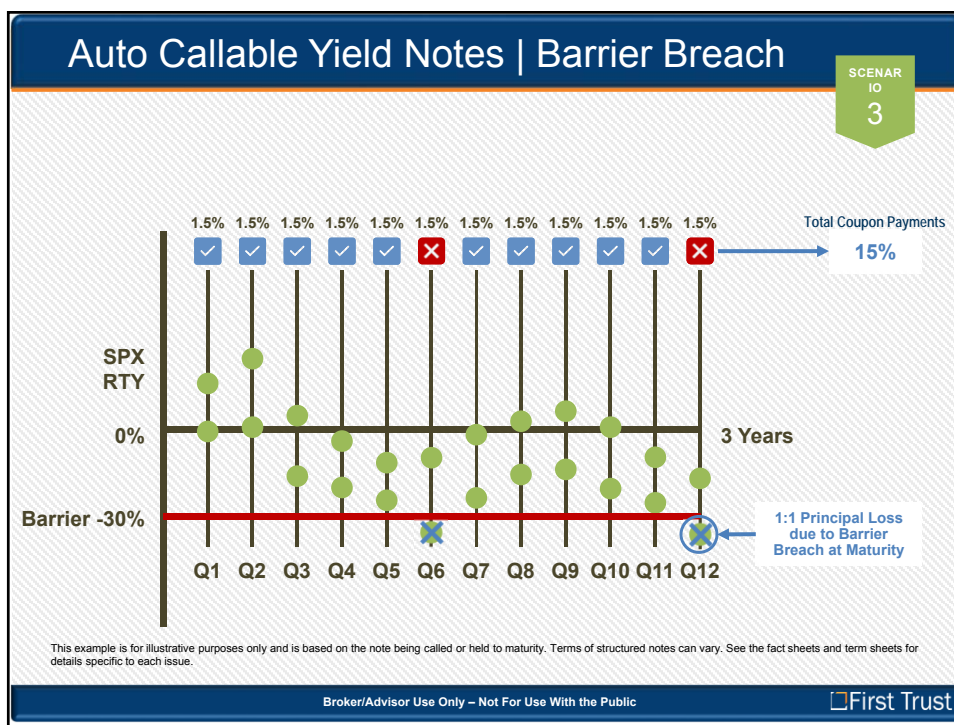
This example is for illustrative purposes only and is based on the note being called or held to maturity. Terms of structured notes can vary. See the fact sheets and term sheets for details specific to each issue.

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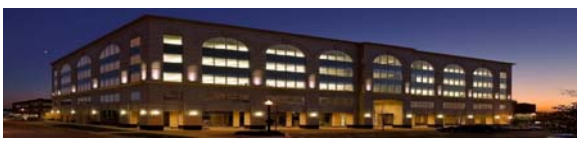


**First Trust** **How Often Have Losses Occurred?**  
SPX | RTY

Stated Level	Worst of SPX and RTY				
	3-Yr	4-Yr	5-Yr	7-Yr	10-Yr
0%	17.16%	20.24%	20.13%	4.96%	7.74%
-10%	12.45%	15.15%	11.40%	1.99%	6.98%
-15%	11.13%	10.39%	6.50%	1.68%	6.41%
-20%	9.20%	7.49%	2.21%	1.32%	5.32%
-25%	6.44%	3.68%	0.79%	0.73%	2.91%
-30%	4.65%	1.44%	0.26%	0.26%	1.65%
-35%	2.39%	0.28%	0.11%	0.12%	0.80%
-40%	0.82%	0.11%	0.03%	0.05%	0.19%
-45%	0.22%	0.03%	0.00%	0.00%	0.04%
-50%	0.07%	0.00%	0.00%	0.00%	0.00%

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**First Trust** 

- 1. What is your process to manage risk in elevated markets?**
- 2. What else do you need from us to add First Trust to your process?**

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