

# First Trust Target Date Fund 2040 R3

Fact Sheet | 6/30/22

## Investment Objective

The objective of the First Trust Target Date Fund 2040 R3 is to seek an above-average total return through an optimized portfolio of stocks, bonds, exchange-traded funds (ETFs) or other pooled investment vehicles (PIVs), diversified across five investment categories and various asset classes. At the landing point in 2049, asset allocations become fixed at 15% Equity, 81% Fixed-Income and 4% Other Investments. There can be no assurance that the Fund will achieve its investment objective.

## About the Fund

The First Trust Target Date Fund 2040 R3 is a collective investment fund that invests according to a strategy determined by First Trust Advisors L.P., which serves as the Fund's Sub-Advisor. This Fund was created by Hand Composite Employee Benefit Trust and is sponsored by Hand Benefits & Trust Company, a BPAS company. This collective investment fund is available for investment by eligible qualified retirement plan trusts only and has been created specifically for 401(k) and other employer-sponsored retirement plan investors.

## Fund Performance

Fund	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception	Standard Deviation
							4/6/10	Since Inception Annualized
First Trust Target Date Fund 2040 R3	-9.60%	-14.92%	-8.52%	7.19%	6.63%	8.32%	7.62%	12.22%
<b>Benchmarks</b>								
First Trust Target Date 2040 Custom Index*	-14.33%	-18.66%	-13.46%	7.20%	8.05%	10.00%	9.28%	13.02%
Morningstar Lifetime Moderate 2040 Index**	-14.61%	-19.40%	-16.14%	4.27%	5.87%	8.18%	7.77%	13.03%
Russell 3000® Index***	-16.70%	-21.10%	-13.87%	9.77%	10.60%	12.57%	11.80%	14.79%

**Past performance is no guarantee of future results. Investment return and principal value of the portfolio will fluctuate causing units of the Fund, when redeemed, to be worth more or less than their original cost.** Returns are net of all estimated expenses and assume that all dividends received during a year are reinvested monthly. It is important to note that the Fund's investment methodology may produce negative results. Indexes are for illustrative purposes only. Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. All index returns assume that dividends are reinvested when they are received. Visit [www.ftportfolios.com](http://www.ftportfolios.com) for the most recent performance information.

\*The First Trust Target Date 2040 Custom Index is currently comprised of the following: 61.0% Russell 3000® Index, 24.5% MSCI World ex U.S. Index, and 14.5% Bloomberg U.S. Aggregate Bond Index. The percentage allocated to each underlying index is updated annually.

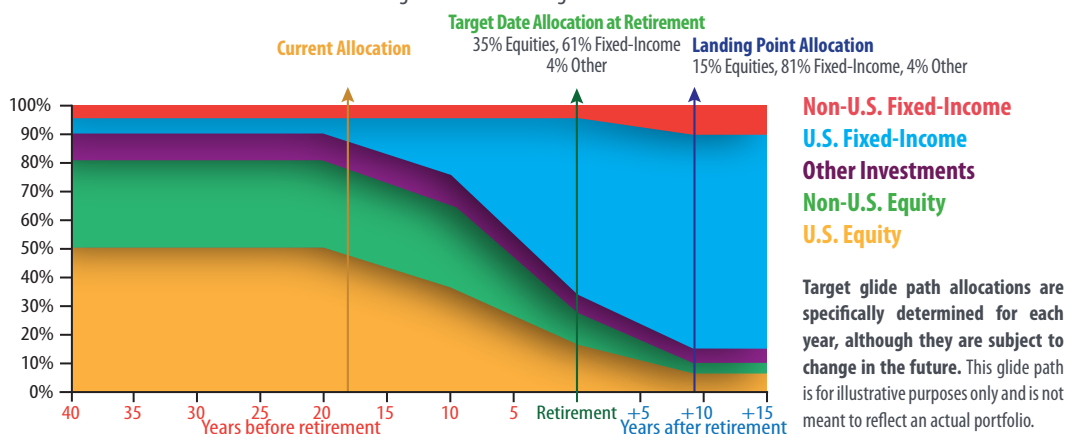
\*\*Morningstar Lifetime Moderate 2040 Index represents a portfolio of global equities, bonds and traditional inflation hedges such as commodities and TIPS.

\*\*\*Russell 3000® Index is comprised of the 3000 largest and most liquid stocks based and traded in the U.S.

Indexes are unmanaged and an investor cannot invest directly in an index.

## Glide Path

A glide path refers to a formula that defines the asset allocation mix of a target date fund, based on the number of years to your anticipated retirement or "target date". As you'll see below, the Fund's glide path creates an asset allocation plan that becomes more conservative in its chosen securities as the Fund gets closer to its target date.



When weighting the investment categories, the Sub-Advisor may, depending on market conditions, deviate from the glide path weightings by up to 10%. For example, if an investment category weighting is 20% per the glide path, the Sub-Advisor may weight the investment category between 18% and 22%.

## How Target Date Funds Work

- A target date fund follows a "glide path" throughout a set period of time, and invests accordingly—this type of fund helps build retirement wealth through different markets and with equity exposure that is commensurate to an investor's age and expected year of retirement.
- As an investor ages, equity exposure generally should decrease, and exposure to fixed-income securities (bonds and equivalents) generally should increase. This type of fund is designed to take investors through many market environments while anticipating a retiree's need to live off his/her savings and help maintain purchasing power after retirement.
- Through this Fund, investors get the "Power of T-Squared": First Trust quantitative Target Strategies in a fund structured as a Target Date fund.

## Fund Highlights

The First Trust Target Date Fund 2040 R3 is designed for an investor looking to retire in or near 2040. Since the window to retirement is many years away, the Fund has a larger exposure to equities rather than to fixed-income securities.

- Stocks are selected annually by applying pre-determined screens and factors and the Fund is automatically rebalanced each quarter.
- The Fund is designed for an investor who plans to withdraw the value of the account in the fund gradually after retirement.

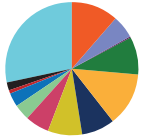
## Fund Facts

Share Class	R3
CUSIP	41023Q653
Expense Ratio	1.25% <sup>†</sup>
Fund Inception	4/6/10
Portfolio Rebalance	Quarterly
Annual Portfolio Turnover Rate	74%
Number of Holdings	221
Glide Path Adjustment	Annually <sup>††</sup>

<sup>†</sup>Total Expense Ratio: 1.25%. The effect of the Total Expense Ratio per \$1000 investment for the First Trust Target Date Fund 2040 R3 is \$12.50 per year. The expense ratio includes .65% of service fees payable to the plan's service providers.

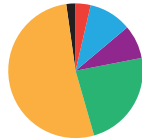
<sup>††</sup> On or about February 1

Sector Allocation



Consumer Discretionary	11.50%
Consumer Staples	5.72%
Energy	0.21%
Financials	8.98%
Health Care	13.12%
Industrials	8.14%
Information Technology	8.37%
Materials	5.90%
Communication Services	3.64%
Utilities	3.51%
Real Estate	0.64%
Cash	2.18%
ETFs	28.09%

Investment Categories



Non U.S. Fixed-Income	3.74%
U.S. Fixed-Income	10.21%
Other Investments	8.21%
Non U.S. Equity	23.51%
U.S. Equity	52.15%
Cash	2.18%

Investment Vehicle

Stocks	69.73%
ETFs	28.09%
Cash	2.18%

Top 10 Holdings

VVO	Vanguard FTSE Emerging Markets ETF	5.93%
IGIB	iShares 5-10 Year Investment Grade Corporate Bond ETF	3.57%
USDU	Wisdomtree Bloomberg U.S. Dollar Bullish Fund	3.46%
ICF	iShares Cohen & Steers REIT ETF	2.81%
IEF	iShares 7-10 Year Treasury Bond ETF	2.09%
BWX	SPDR Bloomberg International Treasury Bond ETF	1.95%
GLTR	Aberdeen Standard Precious Metals Basket Trust	1.94%
PCY	Invesco Emerging Markets Sovereign Debt ETF	1.79%
CMBS	iShares CMBS ETF	1.58%
TIP	iShares TIPS ETF	1.50%

Risk Considerations

Plan sponsors and participants should consider the Fund's investment objective, time horizon, risks, charges and expenses carefully before investing. Contact your financial professional visit [www.ftportfolios.com](http://www.ftportfolios.com), or call First Trust Portfolios L.P. at 877.937.4015 to request an Information Statement, which contains this and other information about the Fund. Read it carefully before you invest.

The First Trust Collective Investment Funds are not mutual funds and their units are not deposits of the Trustee, Hand Benefits & Trust Company, or the Sub-Advisor, and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other agency. The units are securities which have not been registered under the Securities Act of 1933 and the Fund is exempted from investment company registration under the Investment Company Act of 1940. Therefore, participating plans and their participants will not be entitled to the protections under these Acts. Management of the Trust, however, is generally subject to the fiduciary duty and prohibited transaction rules under the Employee Retirement Income Security Act of 1974 (ERISA).

As with any investment, you can lose money by investing in a Fund. The mix of assets in a Fund is intended to diminish the risk of loss, but sometimes stocks, bonds, and other assets in a Fund's portfolio may lose value simultaneously. While the Funds are managed to reduce equity market exposure and, therefore, equity market risk over time, investment in a Fund is exposed to market risk and other certain risks. For more information regarding the following risks, please consult the Fund's Information Statement.

The Fund is subject to market risk which is the risk that a particular security owned by the Fund or shares of the Fund in general may fall in value. One of the principal risks of investing in a fund is market risk. Market risk is the risk that a particular stock owned by a fund, fund shares or stocks in general may fall in value. There can be no assurance that the Fund's investment objective will be achieved. In February 2022, Russia invaded Ukraine which has caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, and the United States. The hostilities and sanctions resulting from those hostilities could have a significant impact on certain fund investments as well as fund performance. The COVID-19 global pandemic has caused and may continue to cause significant volatility and declines in global financial markets. While the U.S. has resumed "reasonably" normal business activity, many countries continue to impose lockdown measures. Additionally, there is no guarantee that vaccines will be effective against emerging variants of the disease.

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries.

Changes in currency exchange rates and the relative value of non-U.S. currencies may affect the value of the Fund's investments and the value of the Fund's shares.

Small- and mid-capitalization companies may experience greater price volatility than larger, more established companies.

Certain securities held by the Fund are subject to call, credit, inflation, income, and interest rate risks. These risks could result in a decline in a security's value and/or income, increased volatility as interest rates rise or fall and have an adverse impact on the Fund's performance.

Fund Allocation

Asset Class

Non-U.S. Fixed-Income

SPDR® Bloomberg International Treasury Bond ETF (BWX)	
Invesco Emerging Markets Sovereign Debt ETF (PCY)	

U.S. Fixed-Income

iShares 7-10 Year Treasury Bond ETF (IEF)	
iShares 5-10 Year Investment Grade Corporate Bond ETF (IGIB)	
iShares iBoxx High Yield Corporate Bond ETF (HYG)	
iShares TIPS Bond (TIP)	
iShares CMBS ETF (CMBS)	

Other Investments

iShares Cohen & Steers REIT ETF (ICF)	
Aberdeen Standard Physical Precious Metals Basket ETF (GLTR)	
Wisdomtree Bloomberg U.S. Dollar Bullish Fund (USDU)	

Non-U.S. Equity

First Trust International Target Strategy	
Vanguard FTSE Emerging Markets ETF (VVO)	

U.S. Equity

First Trust Large-Cap Growth Target Strategy	
First Trust Large-Cap Value Target Strategy	
First Trust Mid-Cap Growth Target Strategy	
First Trust Mid-Cap Value Target Strategy	
First Trust Small-Cap Growth Target Strategy	
First Trust Small-Cap Value Target Strategy	

Strategy/ETF Implementation

International Treasuries
Emerging Markets Debt

Intermediate U.S. Treasuries
Investment Grade Corporate Bonds
High Yield Corporate Bonds
Inflation Protected U.S. Treasuries (TIPS)
Mortgage Backed Securities

Real Estate Investment Trusts
Commodity
Commodity

Developed-ex U.S. Equity
Emerging Markets Equity

U.S. Large Growth
U.S. Large Value
U.S. Mid Growth
U.S. Mid Value
U.S. Small Growth
U.S. Small Value

Companies that issue loans tend to be highly leveraged and thus are more susceptible to the risk of interest deferral, default and/or bankruptcy. Senior floating rate loans, in which the Fund may invest, are usually rated below investment grade but may also be unrated. As a result, the risks associated with these senior floating rate loans are similar to the risks of high-yield fixed income instruments.

High-yield securities or "junk" bonds are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, are considered to be highly speculative. These securities are issued by companies that may have limited operating history, narrowly focused operations, and/or other impediments to the timely payment of periodic interest and principal at maturity. The market for high-yield securities is smaller and less liquid than that for investment-grade securities.

The Fund may invest in securities of other investment companies, including ETFs or other PIVs 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.

Treasury Inflation Protected Securities (TIPS) are subject to numerous risks including changes in interest rates, economic recession and deterioration of the bond market or investors' perception thereof.

The value of commodities and commodity-linked instruments typically is based upon the price movements of a physical commodity or an economic variable linked to such price movements. The prices of commodities and commodity-linked instruments may fluctuate quickly and dramatically and may not correlate to price movements in other asset classes. Each of these factors and events could have a significant negative impact on the Fund.

Real estate investment trusts and other real estate related companies are subject to certain risks, including changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession.

Certain Fund investments may be subject to restrictions on resale, trade over-the-counter market 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.

Due to the lack of centralized information and trading, and variations in lot sizes of certain debt securities, the valuation of debt securities may carry more uncertainty and risk than that of publicly traded securities.

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.

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.