FIRST TRUST TARGET DATE FUND 2040 R3

HOW A TARGET DATE FUND WORKS

- 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.

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 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	1.29%†
Fund Inception	4/6/10
Portfolio Rebalance	Quarterly
Annual Portfolio Turnover Rate	71%
Number of Holdings	222
Glide Path Adjustment	Annually††

†Total Expense Ratio: 1.29%. The effect of the Total Expense Ratio per $1000 investment for the First Trust Target Date Fund 2040 R3 is $12.90 per year. The expense ratio includes .65% of service fees payable to the plan's service providers.
†† On or about February 1

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.

AVERAGE ANNUAL TOTAL RETURNS

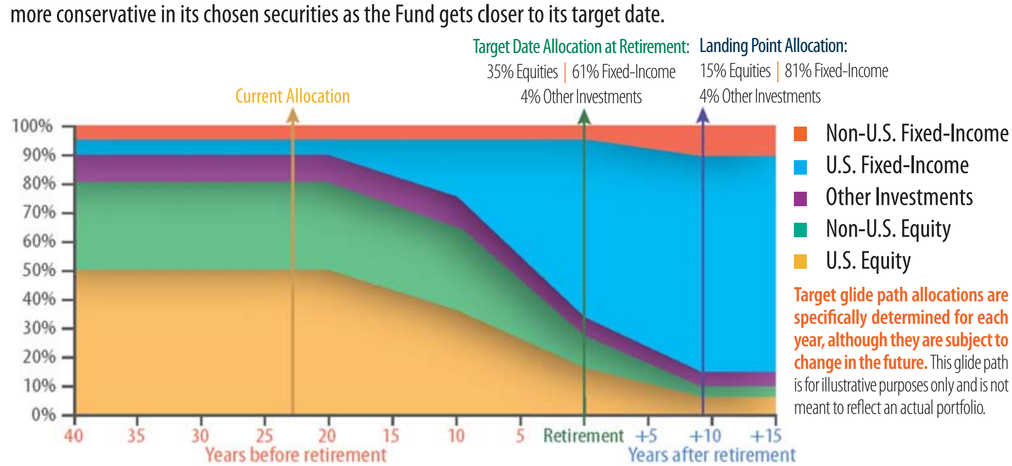
Fund	Quarter	YTD	1 Year	3 Year	5 Year	Since Fund Inception 4/6/10	Standard Deviation Since Inception Annualized
First Trust Target Date Fund 2040 R3	3.33%	3.33%	11.07%	6.67%	8.47%	8.21%	10.87%
Custom Index/Peer Group Indexes/Equity Index							
First Trust Target Date 2040 Custom Index*	5.59%	5.59%	14.97%	6.93%	10.39%	9.94%	11.83%
Morningstar Lifetime Moderate 2040 Index**	5.37%	5.37%	14.90%	5.36%	8.87%	8.91%	12.15%
Morningstar Target Date US OE 2036-2040 Peer Group Category***	5.53%	5.53%	13.23%	5.01%	7.80%	7.94%	11.34%
Russell 3000® Index****	5.74%	5.74%	18.07%	9.75%	13.17%	12.60%	12.89%

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 for the most recent performance information. Periods of less than one year are not annualized.

*The First Trust Target Date 2040 Custom Index is currently comprised of the following: 64.0% Russell 3000® Index, 26.0% MSCI World ex US Index, and 10.0% Bloomberg Barclays US Aggregate Bond Index (Bloomberg). 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.
***Morningstar Target Date US OE 2036-2040 Peer Group Category - Morningstar's target date categories classify the universe of funds with similar target dates based on their relative risk profile using the Morningstar Lifetime Allocation Indexes. Target Date 2036-2040 portfolios are intended for investors who have a specific date in mind for retirement or another goal. Moderate funds have an equity allocation that's higher than their conservative peers, but lower than their aggressive peers.
****Russell 3000® Index - An unmanaged index 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.



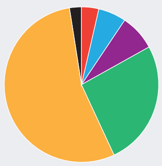
When weighting the investment categories, the Sub-Advisor may, depending on market conditions, deviate from the glide path weightings by up to 10%. For example, if an investment category weighting is 20% per the glide path, the Sub-Advisor may weight the investment category between 18% and 22%.

NOT FDIC INSURED | NOT BANK GUARANTEED | MAY LOSE VALUE

FIRST TRUST TARGET DATE FUND 2040 R3

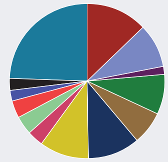
PORTFOLIO INFORMATION

Investment Categories



Non U.S. Fixed-Income	3.87%
U.S. Fixed Income	5.69%
Other Investments	7.55%
Non U.S. Equity	25.97%
U.S. Equity	54.46%
Cash	2.46%

Sector Allocation



Consumer Discretionary	12.79%
Consumer Staples	9.42%
Energy	1.67%
Financials	8.30%
Health Care	6.75%
Industrials	10.91%
Information Technology	10.35%
Materials	3.33%
Telecom. Services	3.80%
Utilities	3.68%
Real Estate	2.10%
Cash	2.46%
ETFs	24.44%

Investment Vehicle

Stocks	73.10%
ETFs	24.44%
Cash	2.46%

TOP 10 HOLDINGS

VWO	Vanguard FTSE Emerging Markets ETF	7.33%	MBB	iShares MBS ETF	1.42%
USDU	Wisdomtree Bloomberg U.S. Dollar Bullish Fund	4.57%	PCY	PowerShares Emerging Mrkts. Sov. Debt Portfolio	0.97%
BWX	SPDR® Barclays Int'l Treasury Bond ETF	2.90%	LQD	iShares iBoxx $ Inv. Grade Corp. Bond ETF	0.95%
GLD	SPDR Gold Shares	2.04%	CSJ	iShares 1-3 Year Credit Bond ETF	0.95%
TIP	iShares TIPS Bond ETF	1.43%	ICF	iShares Cohen & Steers REIT ETF	0.94%

FUND ALLOCATION

Asset Class	Strategy/ETF Implementation
U.S. EQUITY	
U.S. Large Growth	First Trust Large-Cap Growth Target Strategy
U.S. Large Value	First Trust Large-Cap Value Target Strategy
U.S. Mid Growth	First Trust Mid-Cap Growth Target Strategy
U.S. Mid Value	First Trust Mid-Cap Value Target Strategy
U.S. Small Growth	First Trust Small-Cap Growth Target Strategy
U.S. Small Value	First Trust Small-Cap Value Target Strategy
NON-U.S. EQUITY	
Developed ex U.S. Equity	First Trust International Target Strategy
Emerging Markets Equity	Vanguard FTSE Emerging Markets ETF (VWO)
OTHER INVESTMENTS	
Real Estate Investment Trusts (REITs)	iShares Cohen & Steers REIT ETF (ICF)
Commodity	SPDR Gold Shares (GLD)
Currency Fund	Wisdomtree Bloomberg U.S. Dollar Bullish Fund (USDU)
U.S. FIXED-INCOME	
Investment Grade Corp. Bonds	iShares 1-3 Year Credit Bond ETF (CSJ)
Investment Grade Corp. Bonds	iShares iBoxx $ Inv. Grade Corp. Bond ETF (LQD)
Inflation Protected Treasuries (TIPS)	iShares TIPS Bond ETF (TIP)
Mortgage Backed Securities	iShares MBS ETF (MBB)
Senior Loans	PowerShares Senior Loan Portfolio (BKLN)
NON-U.S. FIXED-INCOME	
International Treasuries	SPDR® Barclays International Treasury Bond ETF (BWX)
Emerging Markets Debt	PowerShares Emerging Markets Sovereign Debt Portfolio (PCY)

RISK FACTORS

Plan sponsors and participants should consider the Fund's investment objective, time horizon, risks, charges and expenses carefully before investing. Contact your financial advisor, visit 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 ("1933 Act") and the Fund is exempted from investment company registration under the Investment Company Act of 1940 ("1940 Act"). 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. Before investing you should consider carefully the following risks that you assume when you invest in the Fund. For more information regarding the following risks, please consult the Fund's Information Statement.

Commodity Risk. 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-related investments may fluctuate quickly and dramatically and may not correlate to price movements in other asset classes. An active trading market may not exist for certain commodities. Each of these factors and events could have a significant negative impact on a Fund.

Credit Risk. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and/or principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments.

Currency Exchange Rate Risk. The Fund may hold investments that are denominated in non-U.S. currencies, or in securities that provide exposure to such currencies, currency exchange rates or interest rates denominated in such currencies. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Fund's investments and the value of Fund shares. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Fund may change quickly and without warning and you may lose money.

High-Yield Securities Risk. High-yield securities, or "junk" bonds, are subject to greater market fluctuations and risk of loss than securities with higher investment ratings, and therefore, may 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. If the economy slows down or dips into recession, the issuers of high-yield securities may not have sufficient resources to continue making 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. High-yield securities are generally not listed on a national securities exchange but trade in the over-the-counter markets. Due to the smaller, less liquid market for high-yield securities, the bid-offer spread on such securities is generally greater than it is for investment grade securities and the purchase or sale of such securities may take longer to complete.

Income Risk. Income from a Fund's fixed-income investments could decline during periods of falling interest rates.

Inflation Protection Securities Risk. The Funds may invest in ETFs that invest in Treasury Inflation-Protected Securities ("TIPS") issued by the U.S. Department of Treasury or similar securities issued by foreign governments. TIPS are inflation-indexed fixed-income securities that utilize an inflation mechanism tied to the Consumer Price Index ("CPI"). TIPS are backed by the full faith and credit of the United States. TIPS are offered with coupon interest rates lower than those of nominal rate Treasury securities. The coupon interest rate remains fixed throughout the term of the securities. However, each day the principal value of the TIPS is adjusted based upon a pro-rata portion of the CPI as reported three months earlier. Future interest payments are made based upon the coupon interest rate and the adjusted principal value. Inflation-protected securities issued by foreign governments offer similar features as TIPS. In a falling inflationary environment, both interest payments and the value of the TIPS and other inflation-protected securities will decline.

Interest Rate Risk. Interest rate risk is the risk that the value of the fixed-income securities and real estate investment trust ("REIT") interests held by the Fund will decline because of rising market interest rates. Interest rate risk is generally lower for shorter term investments and higher for longer term investments. 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. Because the market price of REIT stocks may change based upon investors' collective perceptions of future earnings, the value of a Fund will generally decline when investors anticipate or experience rising interest rates.

Market Risk. Market risk is the risk that a particular security owned by a Fund or units of a Fund in general may fall in value. Securities are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Overall Fund unit values could decline generally or could underperform other investments.

Non-U.S. Securities and Emerging Markets Risk. The Funds invest in securities of non-U.S. issuers, including non-U.S. dollar-denominated securities traded outside of the United States and U.S. dollar-denominated securities of non-U.S. issuers traded in the United States. Such securities are subject to higher volatility than securities of U.S. issuers due to: possible adverse political, social or economic developments; restrictions on foreign investment or exchange of securities; lack of liquidity; excessive taxation; government seizure of assets; different legal or accounting standards; and less government supervision and regulation of exchanges in foreign countries. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries.

Pooled Investment Vehicles and Exchange-Traded Funds Risk. The Fund may invest in securities of other investment companies, including ETFs and other PIVs. The risks of owning shares of an ETF or other PIV generally reflect the risks of owning the underlying securities of the ETF or other PIV, although lack of liquidity in an ETF or other PIV could result in it being more volatile. As a shareholder in an ETF or other PIV, the Fund will bear its ratable share of that vehicle's expenses, and would remain subject to payment of the Fund's advisory and administrative fees with respect to assets so invested. Unit holders would therefore be subject to duplicative expenses to the extent the Fund invests in ETFs or other PIVs. In addition, the Fund will incur brokerage costs when purchasing and selling shares of ETFs or other exchange-traded PIVs. Securities of ETFs or other PIVs may be leveraged, in which case the value and/or yield of such securities will tend to be more volatile than securities of unleveraged vehicles.

Real Estate Investment Risk. The Fund invests in companies in the real estate industry, including REITs. Therefore, the Fund is subject to the risks associated with investing in real estate, which may include, but are not limited to, fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local economic conditions; decreases in market rates for rents; increases in competition, property taxes, capital expenditures or operating expenses; and other economic, political or regulatory occurrences affecting companies in the real estate industry. The Fund invests in real estate companies that may be adversely impacted by the downturn in the subprime mortgage lending market in the United States. Subprime loans have higher defaults and losses than prime loans. Subprime loans also have higher serious delinquency rates than prime loans. The downturn in the subprime mortgage lending market may have far-reaching consequences into many aspects and geographic regions of the real estate business, and consequently, the value of the Fund may decline in response to such developments.

REIT Investment Risk. In addition to risks related to investments in real estate generally, investing in REITs involves certain other risks related to their structure and focus, which include, but are not limited to, dependency upon management skills, limited diversification, the risks of locating and managing financing for projects, heavy cash flow dependency, possible default by borrowers, the costs and potential losses of self-liquidation of one or more holdings, the risk of a possible lack of mortgage funds and associated interest rate risks, overbuilding, property vacancies, increases in property taxes and operating expenses, changes in zoning laws, losses due to environmental damages, changes in neighborhood values and appeal to purchases, the possibility of failing to maintain exemptions from registration under the 1940 Act and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility. REITs are also subject to the risk that the real estate market may experience an economic downturn generally, which may have a material effect on the real estate in which the REITs invest and their underlying portfolio securities.

Senior Loans Risk. Senior loan securities are subject to numerous risks, including credit risk, interest-rate risk, income risk and prepayment risk. Senior floating-rate 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. An economic downturn would generally lead to a higher non-payment rate, and a loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. Unlike the securities markets, there is no central clearinghouse for loan trades, and the loan market has not established enforceable settlement standards or remedies for failure to settle. Therefore, portfolio transactions in loans may have uncertain settlement time periods. Floating rate loans are subject to prepayment risk. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among loan investors, among others. As such, prepayments cannot be predicted with accuracy. Upon a prepayment, either in part or in full, the actual outstanding debt on which the Fund derives interest income will be reduced. The Fund may not be able to reinvest the proceeds received on terms as favorable as the prepaid loan.

Smaller Companies Risk. The Funds invest in small and/or mid-capitalization companies. Such companies may be more vulnerable to adverse general market or economic developments, and their securities may be less liquid and may experience greater price volatility than those of larger, more established companies as a result of several factors, including limited trading volumes, products or financial resources, management inexperience and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger, more established companies.