

### WHY IS INFLATION A CONCERN?

- Inflation can erode the value of assets over time
- According to the U.S. Bureau of Labor Statistics, inflation has reduced Americans' purchasing power in every year but three dating back to 1945
- There is growing concern that government spending, which is designed to stimulate the U.S. economy, could spark inflation
- The U.S. government is having to borrow unprecedented amounts to cover record budget deficits

SHARE CLASS	CUSIP	EXPENSE RATIO <sup>†</sup>
R2	41023X112	1.34%

### PORTFOLIO COMPOSITION

The First Trust Counter Inflation Portfolio R2 is comprised of common stocks of agriculture, energy and materials companies (including metals and mining companies) and ETFs which invest in commodities, REITs, and inflation-protected bonds issued by a number of countries (including the United States) and certain other securities if the Sub-Advisor determines that such securities would be beneficial to the Fund in pursuing its investment strategy.

### ABOUT THE FUND

The First Trust Counter Inflation Portfolio R2 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.

**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](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.**

<sup>†</sup>Total Expense Ratio: The effect of the Total Expense Ratio per \$1000 investment for the First Trust Counter Inflation Portfolio R2 is \$13.40 per year. The expense ratio includes 50 basis points of service fees payable to the plan's service providers.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value

# First Trust Counter Inflation Portfolio R2

MODERATE ALLOCATION

AS OF 12/31/15

### INVESTMENT OBJECTIVE

The objective of the First Trust Counter Inflation Portfolio R2 is to provide exposure to a blend of inflation hedges, each of which is expected to perform differently under a range of inflation scenarios. The Fund seeks to provide an above-average total return and pursues a long-term investment strategy by investing in exchange-traded funds ("ETFs") and other equity securities which typically react favorably in an inflationary environment. However, there is no assurance that the Fund will achieve its objective or provide a positive return during an inflationary period.

### AVERAGE ANNUAL TOTAL RETURNS

Fund	QTR	YTD	1 Year	3 Year	5 Year	Since Fund Inception 2/22/10	Standard Deviation Since Inception Annualized
First Trust Counter Inflation Portfolio R2	-1.40%	-15.57%	-15.57%	-9.82%	-6.47%	-2.81%	14.82%
<b>Custom Index/Peer Group Index</b>							
First Trust Counter Inflation Custom Index*	1.08%	-10.91%	-10.91%	-3.87%	0.23%	4.22%	13.49%
Morningstar® U.S. Real Asset Index <sup>SM***</sup>	0.92%	-4.20%	-4.20%	-0.56%	1.55%	4.04%	6.53%

**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.

Periods of less than one year are not annualized.

\*First Trust Counter Inflation Custom Index is currently comprised of the following: 25% S&P 500® Energy, 25% S&P 500® Materials, 12.5% Barclays Tips, 12.5% Deutsche Bank Global Gov't ex-US Inflation-Linked Bond Capped Index, 16% Gold Spot, 9% Silver Spot (Bloomberg).

\*\*\*The Morningstar® U.S. Real Asset Index<sup>SM</sup> is a diversified portfolio of four different asset classes that have historically displayed high sensitivity to inflation. The Index consists of a set of Morningstar® Indexes that act as a hedge against high and accelerating inflation. The Index consists of Treasury Inflation-Protected Securities (40%), Commodities Futures (30%), Real Estate Investment Trusts (REITs) (15%), and Commodity Stocks (15%). Indexes are unmanaged and an investor cannot invest directly in an index.

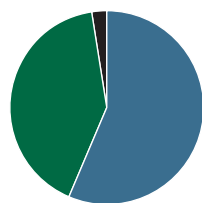
### TOP 10 HOLDINGS

IAU	iShares Gold Trust	8.82%
SLV	iShares Silver Trust	5.63%
TIP	iShares TIPS Bond ETF	5.37%
BKLN	Powershares Senior Loan Portfolio	5.28%
WIP	SPDR DB International Government Inflation-Protected Bond Fund	5.12%
VNQ	Vanguard REIT ETF	4.33%
ICF	iShares Cohen & Steers REIT ETF	3.31%
IYR	iShares U.S. Real Estate Fund	3.26%
VLO	Valero Energy Corporation	2.41%
MON	Monsanto Company	2.38%

### FUND FACTS

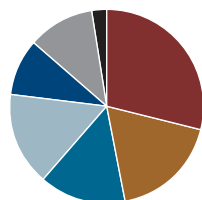
Automatic Rebalancing	Quarterly
Annual Portfolio Turnover Rate	59%
Number of Holdings	38

## PORTFOLIO INFORMATION



## INVESTMENT VEHICLE

Stocks	56.40%
ETFs	41.12%
Cash	2.48%



## ASSET CLASS

Energy	28.94%
Metals and Mining	18.00%
Commodities	14.46%
Bonds - Inflation Protection and Bank Loan	15.76%
Agriculture	9.44%
REITs	10.91%
Cash	2.48%

## RISK FACTORS

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 Income Security Act of 1974.

As with any investment, you can lose money by investing in the Fund. 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.

**Closed-End Funds.** Because the Fund may invest in closed-end funds, it may be subject to additional risks. Unlike open-end funds, which trade at prices based on a current determination of the fund's net asset value, closed-end funds frequently trade at a discount to their net asset value in the secondary market. Certain closed-end funds may employ the use of leverage which increases the volatility of such funds.

**Commodities Risk.** The Fund may invest in ETFs that invest in commodities. 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 the Fund.

**Concentration Risk.** When at least 25% of the Fund's portfolio is invested in securities issued by companies within a single sector, the Fund is considered to be concentrated in that particular sector. A portfolio concentrated in a single sector may present more risks than a portfolio broadly diversified over several sectors. The Fund may be concentrated in the precious metals, energy and materials sectors.

**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.

**Energy Companies Risk.** The Fund invests in the securities of energy companies, which include integrated oil companies that are involved in the exploration, production and refining process, gas distributors and pipeline-related companies and other energy companies involved with mining, producing and delivering energy-related services and drilling. General problems of energy companies include volatile fluctuations in price and supply of energy fuels, international politics, terrorist attacks, reduced demand, the success of exploration projects, clean-up and litigation costs relating to oil spills and environmental damage, and tax and other regulatory policies of various governments. Natural disasters, such as hurricanes in the Gulf of Mexico, also impact the petroleum industry. Oil production and refining companies are subject to extensive federal, state and local environmental laws and regulations regarding air emissions and the disposal of hazardous materials. In addition, oil prices are generally subject to extreme volatility.

**ETF Risk.** The Fund may invest in shares of ETFs, which trade like common stock and represent a portfolio of securities. The risks of owning shares of an ETF generally reflect the risks of owning the ETF's underlying securities, although lack of liquidity in an ETF could result in it being more volatile. As a shareholder in an ETF, the Fund will bear its ratable share of the ETF'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. In addition, the Fund will incur brokerage costs when purchasing and selling shares of ETFs. Securities of ETFs 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.

**Income Risk.** Income from the Fund's fixed-income investments, or the fixed-income investment held by the ETFs in which the Fund invests, could decline during periods of falling interest rates.

**Index Correlation Risk.** Index correlation risk is the risk that the performance of an ETF will vary from the actual

performance of the fund's target index, known as "tracking error." This can happen due to transaction costs, market impact, corporate actions (such as mergers and spin-offs) and timing variances. Some ETFs use a technique called "representative sampling," which means that the ETF invests in a representative sample of securities in its target index rather than all of the index securities. This could increase the risk of a tracking error.

**Inflation Protection Securities Risk.** The Fund 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 held by the Fund or the ETFs in which the Fund invests will decline because of rising market interest rates. Interest rate risk is generally lower for shorter term investments and higher for longer term investments.

**Market Risk.** Market risk is the risk that a particular security owned by the Fund or units of the 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.

**Materials and Processing Companies Risk.** The Fund invests in the securities of materials and processing companies, which are companies involved in the extracting or processing of raw materials. General risks of these companies include the general state of the economy, consolidation, domestic and international politics and excess capacity. In addition, materials companies may also be significantly affected by volatility of commodity prices, import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

**Non-U.S. Securities and Emerging Markets Risk.** The Fund invests 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.

**Precious Metals Companies Risk.** The Fund also invests in precious metals companies which include companies involved in the materials sector. Precious metals companies are subject to risks associated with the exploration, development and production of precious metals including competition for land, difficulties in obtaining required governmental approval to mine land, inability to raise adequate capital, increases in production costs and political unrest in nations where sources of precious metals are located. In addition, the price of gold and other precious metals is subject to wide fluctuations and may be influenced by limited markets, fabricator demand, expected inflation, return on assets, central bank demand and availability of substitutes.

**Real Estate Investment Trust ("REIT") Investment Risk.** 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 purchasers, 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 Fund invests 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.