



**First Trust Advisors L.P.
Form ADV Part 2A – Firm Brochure
March 28, 2014**

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This brochure provides information about the qualifications and business practices of First Trust Advisors L.P. If you have any questions about the contents of this brochure, please contact us at 630.765.8000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about First Trust Advisors L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2-Material Changes

Part 2B of Form ADV has been revised since the last annual amendment dated March 28, 2013 to include four new Portfolio Managers:

- Jeremiah B. Charles
- J. Thomas Futrell, CFA
- James W. Snyder
- Johnathan N. Wilhelm

We will provide clients with a new brochure, free of charge, as necessary based on future changes or new information. A request for a brochure can be made by contacting First Trust Advisors at 630-765-8000.

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Item 4-Advisory Business

First Trust Advisors L.P. (“FTA” or “We”) was formed in 1991. FTA is organized as a limited partnership. The general partner of FTA is The Charger Corporation (“Charger”). FTA has one limited partner, Grace Partners of DuPage (“Grace”) L.P. The general partner of Grace is Charger. Grace has a number of limited partners.

FTA’s advisory services can be broadly broken down into two principal lines of business: (1) Supervisory, evaluation and administrative services provided to unit investment trusts (“UITs”) sponsored by our affiliate, First Trust Portfolios L.P. (“FTP”); and (2) Investment management services provided to institutional and individual clients. FTA also offers certain other services on a limited basis. Each of these businesses is described below.

Services Provided to UITs

Our affiliate, FTP, is the sponsor of the First Trust series of unit investment trusts. A UIT is a pooled investment vehicle in which investors own a fractional undivided interest (i.e. units) in a portfolio of securities. We provide the following services to FTP-sponsored UITs:

- Portfolio supervisory services. FTA monitors each UIT’s portfolio to ensure the portfolio maintains its sound investment character. For a limited number of UIT portfolios, in selected asset classes, FTA utilizes the services of affiliated entities as sub-portfolio supervisors.
- Portfolio evaluation services. FTA determines the valuation of each security in each trust’s portfolio on a daily basis, which allows the trustee to calculate the trust’s daily net asset value. The types of securities evaluated by FTA include, but are not limited to, domestic and foreign equity securities, preferred securities, corporate bonds, municipal bonds, U.S. government bonds, U.S. government agency securities, mortgage-backed securities (“MBSs”), real estate investment trusts (“REITs”), master limited partnerships (“MLPs”), American Depositary Receipts (“ADRs”), closed-end fund shares (“CEFs”) and exchange-traded fund shares (“ETFs”).
- Administrative services. FTA provides certain bookkeeping and other administrative services to the trusts.

Investment Management Services

FTA provides discretionary investment management services to institutional and individual clients. Our institutional clients principally include open and closed-end mutual funds, exchange-traded funds and variable annuity sub-accounts. Investment management services are offered to individual clients through separate managed accounts (“SMAs”), either directly or through “wrap fee” programs sponsored by unaffiliated investment advisors.

FTA utilizes numerous types of securities to manage client portfolios including, but not limited to: domestic and foreign equity securities; domestic and foreign fixed income securities (both investment grade and non-investment grade); U.S. government and foreign sovereign fixed income securities, municipal securities, preferred securities, MBSs, REITs, MLPs, CEFs, ETFs, ADRs, commodities and senior loans.

FTA's investment management services to open and closed-end funds, ETFs and variable annuity sub-accounts are governed by the provisions of the applicable prospectus and FTA's contract with the applicable fund, which may impose restrictions on FTA regarding investments in certain securities or certain types of securities. In the case of the ETFs, FTA is generally required to manage each ETF portfolio in such a manner as to match the underlying index on which the ETF portfolio is based, except in the case of actively managed ETFs. In the case of the CEFs, most of the portfolios advised by FTA are sub-advised by other investment advisors who are responsible for the day to day management of the funds' portfolios and who are subject to FTA's oversight. The sub-advisors, and FTA when a CEF does not have a sub-advisor, are responsible for investing a CEF's portfolio in a manner consistent with the investment strategy for that CEF as set forth in the prospectus. FTA utilizes sub-advisors for CEFs principally to access their expertise in certain asset classes. Some of the sub-advisors are affiliates of FTA and/or FTP; other sub-advisors are unaffiliated with FTA and FTP.

FTA's investment management services to individuals and certain institutional clients through SMAs are governed by a contract. In some cases the contract is between FTA and the client directly, whereas in other cases the contract is between FTA and a wrap fee program sponsor. Generally, a client selects one or more strategies from a menu of investment strategies offered by FTA. Typically, the investor works with his/her financial advisor as an integral part of the process, which involves a review of the investor's financial situation, goals, experience, and risk tolerance, among other factors. Each account in a particular strategy will be managed in a similar manner; however, FTA may accept reasonable client-imposed restrictions on investing in certain securities or types of securities. Such restrictions may affect the performance of an account. If FTA is unwilling to accept such restrictions, or if the restrictions are unreasonable, FTA will withdraw from managing such an account.

FTA participates in various wrap fee programs sponsored by unaffiliated firms. Such programs typically offer investors a variety of services which may include advice as to the selection of other investment advisors (such as FTA) and execution services for a single comprehensive "wrap" fee. In such cases, FTA's investment management fee is included in the wrap fee. For a given investment strategy, there is no appreciable difference in how FTA manages client accounts in a wrap fee program vs. non-wrap fee accounts.

Other Services

In addition to our two main lines of business described above, FTA may also be hired to provide non-discretionary investment recommendations in the form of model portfolios to another investment advisor. In such cases, FTA will not have authority to invest any client's assets. FTA's recommendations may include CEFs and/or ETFs, including CEFs and/or ETFs managed by FTA. In many of these arrangements FTA is participating in wrap fee programs sponsored by unaffiliated firms which offer only non-discretionary model-based recommendations to other investment advisors. FTA's fee for providing the models is included in the wrap fee.

If requested, FTA may also offer certain consulting and advisory services to institutional clients, including analyzing a client's existing portfolio, providing advice regarding portfolio construction and investment strategy, etc.

Assets Under Management or Supervision

As of December 31, 2013, FTA had approximately \$85 billion of collective assets under management or supervision. Of this amount, approximately \$52 billion was in FTP-sponsored UITs (non-discretionary assets) and approximately \$34 billion was in ETFs, CEFs, SMAs, and variable annuity portfolios (discretionary assets).

Item 5-Fees and Compensation

FTP-Sponsored UITs

FTA's fees from FTP-sponsored UITs for supervisory, evaluation and administrative services are assessed as a fixed amount per unit, and are generally paid monthly based upon the number of units of the trust outstanding at the beginning of the calendar year. The per unit amount of the fees are specified in the prospectus for each trust and are not negotiable. The trusts (and therefore indirectly, Unit holders) will also incur additional fees such as trustee fees and other operating expenses. Such fees are described in each trust's prospectus. The trusts will also incur brokerage costs as securities are purchased and sold from each trust's portfolio.

CEFs, ETFs, Mutual Funds and Variable Annuity Sub-Accounts

FTA's investment management fees from CEFs, ETFs, mutual funds and variable annuity sub-accounts (collectively "the Funds") are assessed on the basis of assets under management at rates specified in each Fund's prospectus. Such fees are not negotiable, but FTA may contractually agree to waive a portion of its fees for a specified period of time. The Funds (and therefore indirectly,

shareholders) will incur additional fees which are detailed in each Fund's prospectus. The Funds will also incur brokerage costs as securities are purchased and sold from each Fund's portfolio. FTA may provide certain additional services to the Funds for additional fees.

Separate Managed Accounts

FTA's fees for investment management services to SMAs are assessed on a quarterly basis, generally in advance; however, in the case of certain wrap programs, FTA's fees may be assessed in arrears. Fees are assessed at the rate in effect at the time of the billing. Any rate change which occurs during the quarter will be reflected in next billing period. Generally, one-quarter of FTA's annual fee is assessed each quarter based on the value of the account at the beginning of the quarter (based on independent pricing sources used by FTA or the wrap sponsor), which may or may not include accrued interest and dividends. Any deposits or withdrawals during the quarter are billed, or credited as the case may be, on a pro-rata basis at the end of the quarter. Additional billings or credits in connection with deposits or withdrawals in the case of accounts in wrap fee programs are governed by the wrap programs' sponsors' agreements with clients. If an account is closed before the end of a quarter, generally a prorated amount of the fee will be refunded to the client. However, if an account is closed in the last 30 days of a quarter, generally no such refund will be made unless the contract between FTA and the client specifies otherwise. Fee refunds for accounts in wrap fee programs are governed by the wrap programs' sponsors' agreements with clients.

Depending on the specific wrap fee platform, FTA will either bill clients, or the applicable sponsor, directly for its fees, or the sponsor will calculate the fees due to FTA and remit payment to FTA. FTA does not have the authority to deduct its fees directly from a client's account.

SMA clients will incur additional costs in connection with such accounts managed by FTA. Such costs may include custodian fees and brokerage costs to the extent such costs are not included in a comprehensive wrap fee program. (See *Item 12-Brokerage Practices* for additional discussion). Clients should review their wrap program disclosure documents for details as to what services are included in the wrap fee.

FTA's standard annual fee is .50% of assets for equity and balanced portfolios, but FTA reserves the right to negotiate fees on a case by case basis. FTA's fees for individual clients for fixed income securities portfolios are negotiable, as are all portfolios managed for institutional clients. Moreover, certain portfolios utilize the services of non-discretionary investment strategy providers or portfolio consultants who provide advice to FTA in connection with the portfolios; in such cases, FTA's fees are higher because a portion of FTA's fees is paid to these service providers. For example, FTA's standard annual fee for FTA/Ibbotson Portfolios is .55%, however, fees for such accounts are also negotiable on a case-by-case basis. Additionally, FTA may offer other strategies and may charge an annual fee up to a maximum of 1%.

Clients should note that certain of FTA's SMA portfolios invest partially or exclusively in CEFs and/or ETFs, including CEFs and/or ETFs managed by FTA. In addition to FTA's management fee, clients will indirectly bear the expenses of the applicable CEFs and/or ETFs, including FTA's management fee with respect to CEFs and ETFs managed by FTA.

Other Services

FTA's fees for providing non-discretionary investment recommendations in the form of model portfolios are determined by contract and are negotiable, but generally do not exceed .50% on an annual basis. Fee calculations, including deposits, withdrawals and termination refunds, are governed by the program sponsors' agreements with clients.

Other Compensation

Neither FTA nor any of FTA's employees receive compensation for selling securities or other investment products.

Item 6-Performance-Based Fees and Side by Side Management

FTA does not manage any accounts in which we receive a performance-based fee. A performance-based fee is a fee based on a share of capital gains or capital appreciation in a client's account. Such fees are common in hedge funds.

Item 7-Types of Clients

As described more fully in *Item 4-Advisory Business*, FTA's clients include FTP-sponsored UITs, as well as CEFs, ETFs, mutual funds, variable annuity sub-accounts, and individual and institutional clients in SMAs. Such clients include pension and profit sharing plans, trusts, corporations and foundations and may include additional types of clients in the future. FTA's clients for non-discretionary investment recommendations in the form of model portfolios are other investment advisors. FTA's clients for consultation and advisory services are principally other institutional clients.

FTA generally requires a minimum of \$100,000 to open an SMA account for most strategies, but may require a larger minimum for certain strategies. FTA reserves the right to accept accounts below the stated minimum at its sole discretion.

Item 8-Methods of Analysis, Investment Strategies and Risk of Loss

As noted in *Item 4-Advisory Business*, FTA provides discretionary investment management services to a variety of institutional and individual clients, including CEFs, ETFs, open-end funds, variable annuity sub-accounts and SMAs. The following discussion summarizes FTA's investment strategies in general and discusses certain risks of investing in various types of securities. Investors in CEFs, ETFs, open-end funds and variable annuity sub-accounts should also read the applicable funds' prospectuses, annual and semi-annual reports, and other fund specific materials for a complete description of each fund's investment strategies and risks. Of course, all investing involves the risk of loss which clients should be prepared to bear.

FTA's SMA accounts principally involve one or more equity, fixed-income or balanced strategies. (A balanced strategy involves investments in both equity and fixed income securities.) In addition FTA offers strategies investing principally in fixed income CEFs and/or ETFs which involve all of the risks of investing in the fixed income asset class, as well as risks specific to CEFs and ETFs. Following is a general description of FTA's approach to investing in various asset classes and certain risk factors applicable to each.

Equity Securities

FTA is a bottom-up manager. Our investment philosophy is based on the belief that a company's long-term value is determined by the cash flow it generates. The FTA investment management process utilizes both quantitative and qualitative analysis to assess a company's ability to generate cash flow and its current valuation relative to intrinsic value. FTA believes the disciplined, systematic application of its proprietary process will lead to long-term value creation for its clients.

FTA's approach to selecting equity securities typically begins with defining a universe of securities eligible for selection based on the particular strategy (for example, large-cap stocks, small-cap stocks, international stocks, etc.) and applying various quantitative and qualitative analyses to select the portfolio. FTA's quantitative analysis includes various growth and value screens which FTA's research indicates result in portfolios that have historically outperformed relevant benchmarks over the long-term. FTA's qualitative analysis includes a valuation assessment focusing on a company's discounted cash flow and ability to generate future returns on invested capital, and a corporate risk assessment that attempts to assess potential "red flags" and their implications on the company's valuation. In general, FTA retains flexible sector and industry constraints and, thus, weightings in sectors and industries are principally a residual of the bottom-up stock selection process. FTA utilizes various databases and publicly available information, including SEC filings and company releases, to conduct research. FTA does not visit companies or seek to interview any company's management as part of its research process.

The primary risk of investing in equity securities is that they may decline in value for a variety of reasons, including a broad market downturn, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of equity securities:

- An investment in equity securities should be made with an understanding of the risks involved with owning common stocks, such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market.
- An investment in foreign stocks is subject to additional risks, including foreign currency fluctuations, foreign political risks, foreign withholding, possible lack of adequate financial information, and possible exchange control restrictions impacting foreign issuers. These risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated and more volatile than developed foreign markets.
- An investment in small-capitalization or mid-capitalization companies may be more volatile than investments in larger, more established companies, and securities of small and mid-size companies typically have more limited trading volumes.
- A portfolio may be concentrated in a particular industry or sector which involves more risk than a broadly diversified portfolio.

Fixed Income Securities

The FTA approach to selection of fixed income securities typically involves applying certain screens to a corporate bond index. In selecting securities for corporate and municipal bond portfolios FTA emphasizes high credit quality, liquidity, diversification, issuer fundamentals, and duration management. Typically, the fixed income portion of balanced SMA accounts is achieved through the use of fixed income CEFs and ETFs and may include exposure to additional fixed income asset classes other than investment-grade U.S. corporate bonds; these additional asset classes are discussed below.

FTA generally utilizes a value-oriented strategy when selecting municipal securities. FTA's selection process is comprised of:

- Total Return Scenario Analysis - individual bonds and portfolios of securities are quantitatively exposed to interest rate, yield curve, and credit spread movements or "shocks",
- Sector Analysis - a top-down review of core sectors based on bottom-up analysis of individual credits to determine which municipal sectors we overweight, neutral weight, and underweight,
- New Issue Credit Analysis - evaluate new bond offerings fundamental credit on each borrower and individual bond security features,
- Trading - analyze how a bond trades in the secondary market,
- Surveillance - analyze holdings on a systematic basis to monitor any changes in credit trends and,
- Performance Attribution - analyze key portfolio attributes such as duration, credit rating, sector, and state.

By applying these fundamental and quantitative criteria, FTA seeks higher-yielding and undervalued municipal securities that offer the potential for above average total return.

The primary risk of investing in fixed income securities is that they may decline in value for a variety of reasons, including a broad market downturn, a rising interest rate environment, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of fixed income securities:

All bonds, including investment grade corporate bonds, are subject to various risks including higher interest rates (since fixed income securities typically decline in value as interest rates rise), economic recession, possible rating downgrades by one or more rating agencies, and possible defaults of interest and/or principal payments by the issuer.

- Corporate high-yield or “junk” bonds are rated below investment grade and are subject to a higher risk of rating downgrade and issuer default than investment-grade corporate bonds, and are more affected by an economic recession. The prices of high-yield bonds tend to fluctuate more than those of investment grade bonds.
- Fixed income securities issued by foreign issuers are subject to additional risks including foreign currency fluctuations, foreign political risks, foreign tax withholding, possible lack of adequate financial information and possible exchange control restrictions. Additionally, these risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated, and more volatile than developed foreign markets.
- Municipal bonds are issued by states, counties or other municipal authorities and are subject to additional risks, including deterioration in the financial condition of the municipal issuer and potential changes in tax laws affecting the tax-free status of municipal bonds.
- Mortgage-backed securities may be more sensitive to changes in interest rates than traditional fixed income securities as rising rates tend to extend the duration of such securities. In addition, mortgage-backed securities are subject to prepayment risk, since borrowers may pay off their mortgages sooner than anticipated, particularly during a period of declining interest rates. Certain mortgage-backed securities are subject to a higher risk of rating downgrade or defaults than higher rated mortgage-backed securities.
- Senior loan securities are high-yield, floating rate corporate debt securities which are senior in a company’s capital structure to unsecured debt securities. Like all high-yield securities, such securities carry a heightened risk of a rating downgrade or issuer default than investment grade securities.

CEFs and ETFs

Certain of FTA’s SMA accounts invest all or a portion of clients’ portfolios in CEFs and/or ETFs. The underlying CEFs and/or ETFs may invest in a wide variety of equity or fixed income securities. The FTA approach to the selection of CEFs involves a variety of fundamental and performance-related criteria and involves both quantitative and qualitative analysis of the applicable CEF universe (i.e.,

equity CEFs, taxable fixed income CEFs, municipal CEFs, etc.). FTA believes the CEF marketplace is a retail-driven market where inefficiencies and opportunities exist that FTA seeks to discover and exploit. The FTA approach to the selection of ETFs involves a variety of considerations, but primarily seeks to create an efficient asset allocation mix for a given risk tolerance (i.e., growth, moderate growth, etc.). A portion of an ETF SMA portfolio may be reserved for a tactical overweighting or underweighting of various asset classes based on FTA's research department's current outlook for specific asset classes, industries, global geographic regions, etc.

CEFs and ETFs invest in a variety of equity or fixed income securities and thus are subject to the applicable risks previously identified above. Additionally, CEFs and ETFs are each unique securities in their own right and are subject to additional risks that are discussed below:

- Both CEFs and ETFs are subject to the funds' managements' abilities to manage the underlying portfolios to meet the funds' stated investment objectives.
- CEFs, unlike open-end funds which trade at prices based on a current determination of a fund's net asset value, frequently trade at a discount to their net asset value in the secondary market. Additionally, many CEFs employ leverage (debt) to achieve greater returns, though the strategy can increase the volatility of such funds.
- Like CEFs, ETFs may trade at a discount to their net asset value in the secondary market. The structure of an ETF is such that most ETFs' market prices tend to track the funds' respective net asset value closely, but this may not always be the case, particularly during periods of extreme market volatility.
- Most ETFs are designed to track a specified market index; however, in some cases an ETF's return may deviate from the specified index. Certain ETFs are actively managed ETFs and are subject to management risk. Furthermore, unlike open-end funds, investors are generally not able to purchase ETF shares directly from the fund sponsor nor redeem ETF shares with the fund sponsor. Rather, only specified large blocks of ETF shares called "creation units" can be purchased from, or redeemed with, the fund.

Item 9-Disciplinary Information

Neither FTA nor any of its management personnel have been involved in any civil or criminal proceedings, any administrative proceedings before the SEC or any other federal or state regulatory agency, or any self-regulatory organization proceeding which requires disclosure under this item.

Item 10-Other Financial Industry Activities and Affiliations

Certain of FTA's officers, directors and certain members of FTA's Investment Committee are also officers, directors or employees of FTA's affiliates. Furthermore, certain of these persons may be registered representatives of FTP, a broker-dealer. Following is a summary of these relationships:

- Mr. James A. Bowen is Chief Executive Officer of FTA and FTP. Mr. Bowen is also Chairman of the Board of Stonebridge Advisors LLC (Stonebridge) and BondWave LLC (BondWave). Stonebridge and BondWave are registered investment advisors and affiliates of FTA. Mr. Bowen is also registered with FTP.
- Mr. Andrew S. Roggensack is a Managing Director and President of FTA and FTP. Mr. Roggensack is also registered with FTP.
- Mr. Mark R. Bradley is Chief Financial Officer of FTA, FTP, Stonebridge and BondWave, and is Chief Operating Officer of FTA and FTP. Mr. Bradley is also registered with FTP.
- Ms. Kathleen W. Brown is Chief Compliance Officer of FTA, FTP and BondWave. Ms. Brown is also registered with FTP.
- Mr. W. Scott Jardine is General Counsel of FTA, FTP and BondWave and Secretary of Stonebridge.
- Mr. R. Scott Hall is a Managing Director of FTA and FTP. Mr. Hall is also registered with FTP.
- Mr. Ronald D. McAlister is a Managing Director of FTA and FTP. Mr. McAlister is also registered with FTP.
- Mr. Daniel J. Lindquist is a Managing Director of FTA and FTP and Chairman of FTA's Investment Committee.
- Mr. David G. McGarel is a Managing Director and Chief Investment Officer of FTA and FTP and a member of FTA's Investment Committee. Mr. McGarel is also registered with FTP.
- Mr. Jon C. Erickson is a Senior Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Erickson is also registered with FTP.
- Mr. Todd W. Larson is a Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Larson is also registered with FTP.
- Mr. John H. Sherren is a Vice President of FTA and FTP and a member of the Portfolio Management sub-committee of FTA's Investment Committee. Mr. Sherren is also registered with FTP.
- Mr. Stan Ueland is a Senior Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Ueland is also registered with FTP.
- Mr. William A. Housey is a Senior Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Housey is also registered with FTP.
- Mr. Eric R. Maisel is a Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Maisel is also registered with FTP.
- Mr. Scott D. Fries is a Senior Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Fries is also registered with FTP.
- Mr. Chris A. Peterson is a Senior Vice President of FTA and FTP and a member of the Portfolio Management sub-committee of FTA's Investment Committee. Mr. Peterson is also registered with FTP.
- Mr. John W. Gambla is a Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Gambla is also registered with FTP.
- Mr. Rob A. Guttschow is a Vice President of FTA and FTP and a member of FTA's Investment Committee. Mr. Guttschow is also registered with FTP.
- Mr. Kenneth S. Fincher is a Senior Vice President of FTA and FTP and a member of the CEF SMA sub-committee of FTA's Investment Committee. Mr. Fincher is also registered with FTP.

FTA is registered with the National Futures Association (NFA) as an NFA member, Commodity Pool Operator and Commodity Trading Advisor.

As previously noted in *Item 4-Advisory Business*, FTA has material business arrangements with various affiliated and unaffiliated entities. FTA provides various services to UITs sponsored by our affiliate, FTP. FTA also serves as portfolio manager to various investment companies (closed-end funds, open-end mutual funds, variable annuity sub-accounts and exchange-traded funds). In certain cases, FTA may purchase CEFs or ETFs, including CEFs or ETFs which are managed by FTA, for discretionary SMA accounts. In such cases, clients will indirectly incur the fund level expenses of the underlying CEFs or ETFs, as well as directly incurring FTA's management fee. To the extent the underlying CEFs and ETFs are managed by FTA, FTA will receive additional fees.

FTP has arrangements with certain investment advisors in which FTP is compensated for referring persons to these investment advisors, thus creating an incentive for FTP to refer persons to these other advisors. Furthermore, either FTA or an affiliate of FTA has an ownership interest in the other investment advisors. These arrangements result in a conflict of interest for FTP and FTA. FTP and FTA manage the conflict through disclosure of the arrangements, including requiring that the referral acknowledge in writing that the applicable arrangement exists.

Item 11-Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FTA has adopted a Code of Ethics (the "Code") in accordance with Rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940. The Code covers all FTA employees designated as "Access Persons" or "Investment Persons" (collectively, "Covered Employees") and sets forth specific policies regarding personal securities trading, conflicts of interest, insider trading, and service on the boards of directors of publicly traded companies.

Each Covered Employee is required to inform FTA's compliance department of all personal securities accounts over which he/she has direct or indirect ownership, influence or control and to have duplicate confirmations and statements for all such accounts sent to FTA's compliance department. All Covered Employees must pre-clear trades in most securities with FTA's compliance department, with the exception of certain exempted securities such as open-end mutual funds, unit investment trusts, U.S. Government securities, and municipal bonds. The Code also requires Covered Employees to certify on the date of hire and at least annually thereafter that he/she has received, read and understands the Code and agrees to abide by it at all times. The annual certification process also requires each Covered Employee to report all personal securities holdings to the Compliance Department. With respect to non-public securities (such as private placements), FTA requires that a Covered Employee receive approval from the Compliance Department prior to investing in such securities or recommending such securities to clients. A copy of the Code may be obtained by contacting FTA's Compliance Department at 120 East Liberty Drive, Suite 400, Wheaton, IL 60187.

FTA may recommend securities to clients (or may buy or sell securities in discretionary client accounts) in which FTA or its affiliates have a financial interest. For example, as previously noted, FTA may purchase or sell First Trust CEFs and ETFs in clients' accounts which may provide a benefit to FTA or our affiliates. In such cases, in addition to the advisory fees FTA receives for these accounts, FTA will also receive advisory fees from the CEFs and ETFs. Such transactions may give rise to a conflict of interest on FTA's part. We manage such conflicts through disclosure and through oversight of client accounts.

FTA, its affiliates and its Covered Employees may invest in securities that FTA also recommends to clients, or that FTA purchases or sells in discretionary client accounts. FTA manages these potential conflicts of interest principally through enforcement of the Code; a Covered Employee's request for pre-approval that is deemed to cause a material conflict of interest for FTA would be denied.

Item 12-Brokerage Practices

FTA has an obligation to its clients to seek "best execution" for its clients' securities transactions, which in our view is a combination of price and service. While the best net price, giving effect to brokerage commissions, if any, and other transaction costs is normally an important factor in this decision, other factors may also be considered. FTA considers various factors in selecting broker-dealers for client transactions including commission rates, expertise in specific markets or types of securities; speed and responsiveness, financial strength, and compatibility with FTA's systems. As a result, FTA may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction.

FTA does not direct trades to brokers in exchange for research or other ancillary products and services that brokers may provide. Such arrangements, known as "soft dollar" arrangements, are prohibited by FTA's policy. Client brokerage commissions are used only for execution services. Nevertheless, some brokers provide FTA with unsolicited access, free of charge, to financial and market databases that may contain research. FTA may utilize such research, but it is not a factor in FTA's selection of brokers.

FTA does not select or recommend broker-dealers in exchange for client referrals from any broker-dealer.

FTA does not utilize its affiliate broker-dealer, FTP, to execute client trades.

FTA clients may direct FTA to place trades in their accounts through a specific broker-dealer, a practice known as Directed Brokerage. Alternatively, clients may permit FTA to determine which broker(s) to use. Clients advise FTA of their Directed Brokerage intentions by specifying the broker-

dealer in the investment advisory contract. If a client directs FTA to utilize a specific broker-dealer, the client may forgo certain benefits, such as broker expertise in the type of transaction contemplated; prompt receipt or delivery of securities in the settlement process, or lower execution costs relating to the transaction.

In a Directed Brokerage arrangement, FTA may be unable to negotiate commissions and may be unable to obtain volume discounts or otherwise obtain best execution. Furthermore, FTA may be unable to aggregate the client's order with other clients' orders (discussed below). As a result of these factors, clients utilizing Directed Brokerage may pay more money for execution and/or receive less favorable execution prices than other clients.

FTA may seek to aggregate trades for the purchase or sale of a specific security from several clients, as a single transaction, in order to seek lower brokerage commissions or to obtain a more advantageous net price. The benefit, if any, from such an aggregated trade is generally allocated pro-rata among the accounts of clients which participated in the aggregated order. As noted above, clients in a Directed Brokerage arrangement may pay higher brokerage rates, or may obtain a less favorable net price, since FTA may be unable to aggregate those orders.

FTA SMA clients who participate in "Wrap Fee" programs generally are not charged separately for brokerage commissions if the wrap program sponsor (or its broker-dealer affiliate) executes the trade. Therefore, virtually all trades in wrap fee accounts will be executed through the wrap program sponsor (or its broker-dealer affiliate). As noted above, as with all Directed Brokerage arrangements, wrap fee clients should note that FTA may be unable to obtain volume discounts, best net price or best execution. While FTA believes that broker-dealers to which FTA is required to direct transactions under a wrap fee program generally do offer best execution, FTA provides no assurance that such will be the case in the future. Depending on the amount of the wrap fee charged by the program sponsor, the amount of activity in a client's account, the value of custodial and other services provided by the program sponsor and other factors, a wrap fee client should consider whether the wrap fee would exceed the aggregate cost of such services if they were provided separately. FTA encourages wrap fee program clients to review all relevant materials from the program sponsor including the program's terms, conditions and fees.

Item 13-Review of Accounts

FTA monitors all managed accounts on a regular basis for consistency with each client's stated investment objective and the specific investment strategy selected. Portfolios managed for CEFs, ETFs, open-ended mutual funds and variable annuity sub-accounts are reviewed at least monthly by separate teams within FTA having responsibility for such reviews; each team is led by a senior vice president who is ultimately responsible for the portfolios. The nature of these reviews principally involves monitoring each fund's portfolios for consistency with the applicable prospectus guidelines. SMA accounts are also reviewed at least monthly by a senior vice president.

These reviews involve a comparison of accounts within the applicable strategy for unusual deviations from other accounts within the same strategy. Unusual differences are discussed among FTA's portfolio management group, which may result in more in-depth analysis.

UIT portfolios supervised by FTA are continuously reviewed by FTA's research department for matters that may be cause for concern, such as a ratings downgrade, an issue being placed on credit watch by a rating agency, significant negative financial news, etc. Issues identified by research personnel are brought to the attention of a senior vice president for consideration.

SMA clients receive reports on at least a quarterly basis from their designated broker-dealer/custodian. For wrap fee clients, these reports typically come from the program sponsor. FTA also generates reports on a quarterly basis for SMA accounts, which may be available online to an SMA client and his/her financial representatives. These reports include a listing of holdings in the account, performance statistics and a detail of securities sold during the quarter.

Investors in CEFs, ETFs, open-end mutual funds and variable annuity sub-accounts receive an annual report and semi-annual report as required by applicable regulations. These reports contain a listing of holdings in the portfolios, financial statements for each fund, performance information, management's discussion, and other information.

Investors in FTP sponsored UITs receive the Trustee's Annual Report which includes a listing of holdings in each trust and a summary of transaction activity in the trust during the year.

Item 14-Client Referrals and Other Compensation

FTA does not compensate any third party for referring clients to FTA.

As further described in *Item 10-Other Financial Industry Activities and Affiliations*, FTP has arrangements with certain investment advisors in which FTP is compensated for referring persons to those advisors. Such persons are not clients of FTA, but clients of the other advisor. FTA or an affiliate of FTA has an ownership interest in these other advisors, providing an additional incentive to FTP for these referrals. These arrangements create a conflict of interest for FTP and FTA. FTP and FTA manage the conflict through disclosure of the arrangements, including requiring that the referral acknowledge in writing that the applicable arrangement exists.

Item 15-Custody

FTA does not have custody of client funds or securities. Each client's assets managed by FTA are held by qualified custodians. As noted in *Item 13-Review of Accounts*, SMA clients receive reports on at least a quarterly basis from the applicable qualified custodian. FTA also generates reports on a quarterly basis for SMA accounts, which are available online to an SMA client and his/her financial representative. We urge clients to compare the reports generated by FTA to the reports

received from the qualified custodian. There may be differences between these reports caused by accrued dividends, different reporting dates, trade date vs. settlement date differences, etc.

Item 16-Investment Discretion

As described in *Item 4 – Advisory Business*, FTA provides discretionary investment management services to a variety of institutional and individual clients. Every account managed by FTA is governed by a written contract between FTA and the client in which the client grants FTA discretionary authority to manage the account. For CEF, ETF, open-end mutual funds and variable annuity sub-account clients, FTA’s investment discretion is governed by the provisions of the applicable prospectus and FTA’s contract with the applicable fund, which may impose restrictions on FTA regarding investing in certain securities or types of securities. In the case of most of the ETFs, FTA is generally required to manage each ETF portfolio in such a manner so as to match the underlying index on which the ETF portfolio is based. In the case of actively managed ETFs the portfolio manager will have discretion, within the constraints imposed by the prospectus, to manage the ETFs’ portfolio. In the case of the CEFs, most of the portfolios advised by FTA are sub-advised by the other investment advisors who are responsible for the day-to-day management of the funds’ portfolios and who are subject to FTA’s oversight.

SMA clients provide FTA with discretionary investment authority through the investment advisory contract, either directly with FTA or through a wrap fee program sponsor. Generally, a client selects one strategy from a menu of investment strategies offered by FTA. Typically, the investor works with his/her financial adviser as an integral part of this process, which involves a review of the investor’s financial situation, goals, experience, and risk tolerance, among other factors. Each account in a particular strategy will be managed in a similar manner. FTA may accept reasonable client-imposed restrictions on investing in certain securities or types of securities. Such restrictions may affect the performance of an account.

Item 17-Voting Client Securities

Typically, clients grant proxy voting authority to FTA in the investment management contract; however, clients may choose to vote their own proxies.

FTA has adopted proxy voting policies and procedures and has contracted with Institutional Shareholder Services (ISS) to provide research and proxy voting services. FTA generally follows the ISS proxy voting guidelines as long as such guidelines are considered to be in the client’s best interests and there are no identified conflicts of interest.

If a conflict of interest arises between ISS and a company subject to a proxy vote, FTA will vote the proxy without using the analysis from ISS. If there is a conflict of interest between FTA and a

company subject to a proxy vote, FTA will vote the proxy based on the recommendations of ISS. If there is a conflict of interest between FTA and a client, FTA will vote the proxy based on the recommendations of ISS. With respect to portfolios managed for CEFs, ETFs, open-end funds and variable annuity sub-accounts, if there is a conflict of interest between fund shareholders and FTA, or the fund's principal underwriter or sub-advisor, if applicable, FTA will vote the proxy based on the recommendations of ISS.

In certain circumstances where FTA has determined that it is consistent with the client's best interests, FTA may decide not to vote proxies in the client's account. Such circumstances include:

- Limited value. Proxies may not be voted on securities in a client's account if the value of the client's economic interest in the securities is indeterminable or insignificant (less than \$1,000).
- Securities Lending Program. When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. In most cases, FTA will not take steps to see that loaned securities are voted. However, if FTA determines that a proxy vote or other shareholder action is materially important to a client's account, we will make a good faith effort to recall the security for purposes of voting. Nevertheless, in certain cases, our attempt to recall the security may not be effective in time for the voting deadline.
- Unjustifiable costs. In certain circumstances, after doing a cost-benefit analysis, FTA may choose not to vote a proxy where the cost of voting a client's proxy would exceed the anticipated benefits to the client.

If a client wishes FTA to vote a specific proxy for a security held in his/her account in a particular way, he/she should contact FTA at 120 E. Liberty Drive, Suite 400, Wheaton, IL 60187 (attention: FTA Operations) at least two weeks prior to the proxy voting deadline. Clients who wish to obtain a summary of how FTA voted proxies for securities held in his/her account, or who wish to obtain a copy of FTA's proxy voting policies and procedures, should contact FTA at the above address.

Item 18-Financial Information

FTA has discretionary authority over clients' accounts and therefore is required to disclose to clients any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. Clients are advised that FTA has no such financial condition to disclose.

PRIVACY POLICY OF FIRST TRUST PORTFOLIOS L.P. AND FIRST TRUST ADVISORS L.P. ("FIRST TRUST")

First Trust values our relationship with you and considers your privacy an important priority in maintaining that relationship. We are committed to protecting the security and confidentiality of your personal information.

SOURCES OF INFORMATION

We collect nonpublic personal information about you from the following sources:

- Information we receive from you and your broker-dealer, investment advisor or financial representative through interviews, applications, agreements or other forms;
- Information about your transactions with us, our affiliates or others;
- Information we receive from your inquiries by mail, e-mail or telephone; and
- Information we collect on our website through the use of "cookies". For example, we may identify the pages on our website that your browser requests or visits.

INFORMATION COLLECTED

The type of data we collect may include your name, address, social security number, age, financial status, assets, income, tax information, retirement and estate plan information, transaction history, account balance, payment history, investment objectives, marital status, family relationships and other personal information.

DISCLOSURE OF INFORMATION

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. In addition to using this information to verify your identity (as required under law), the permitted uses may also include the disclosure of such information to unaffiliated companies for the following reasons:

- In order to provide you with products and services and to effect transactions that you request or authorize, we may disclose your personal information as described above to unaffiliated financial service providers and other companies that perform administrative or other services on our behalf, such as transfer agents, custodians and trustees, or that assist us in the distribution of investor materials such as trustees, banks, financial representatives, proxy services, solicitors and printers.
- We may release information we have about you if you direct us to do so, if we are compelled by law to do so, or in other legally limited circumstances (for example to protect your account from fraud).

In addition, in order to alert you to our other financial products and services, we may share your personal information within First Trust.

PRIVACY ONLINE

We allow third-party companies, including AddThis (a social media sharing service), to collect certain anonymous information when you visit our website. These companies may use non-personally identifiable information during your visits to this and other websites in order to provide advertisements about goods and services likely to be of greater interest to you. These companies typically use a cookie, third party web beacon or pixel tags, to collect this information. To learn more about this behavioral advertising practice, you can visit www.networkadvertising.org.

CONFIDENTIALITY AND SECURITY

With regard to our internal security procedures, First Trust restricts access to your nonpublic personal information to those First Trust employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

POLICY UPDATES AND INQUIRIES

As required by federal law, we will notify you of our privacy policy annually. We reserve the right to modify this policy at any time, however, if we do change it, we will tell you promptly. For questions about our policy, or for additional copies of this notice, please go to www.ftportfolios.com, or contact us at 1-800-621-1675 (First Trust Portfolios) or 1-800-222-6822 (First Trust Advisors).

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