

Form ADV Part 3 – Relationship Summary – **September 9, 2024**

**Item 4 – Disciplinary History**

**Since the last update of the Form CRS on March 28, 2024, FTA updated this Item to include a matter settled with the Chicago Mercantile Exchange, Inc.**

### Item 1 – Introduction

**First Trust Advisors L.P. (“FTA”) is registered with the Securities and Exchange Commission as an investment adviser and provides advisory services rather than brokerage services.**

This document gives you a summary of the types of services we provide and how you pay.

Please note that brokerage and investment advisory services and fees differ and that it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers and investing.

### Item 2 – What investment services and advice can you provide me?

FTA’s investment management services are offered to retail investors through separate managed accounts (“SMAs”), either directly or through “wrap fee” programs sponsored by unaffiliated investment advisers. FTA generally requires a minimum of \$100,000 to open an SMA for most strategies but may have a larger or smaller minimum investment for certain investment strategies.

**FTA’s discretionary investment management services** to retail investors through SMAs are governed by the advisory contract which allows FTA to buy and sell investments in your SMA without asking you in advance. In some cases, the contract is directly between FTA and you, and in other cases the contract is between FTA and a wrap fee program sponsor. FTA offers a variety of investment strategies but does not offer strategies in every asset class. You will work with your financial advisor to select an investment strategy based on your financial situation, goals, investing experience, and risk tolerance. FTA may, in our discretion, accept some client-imposed restrictions on investing in certain securities or types of securities.

SMA clients receive reports from their designated broker-dealer/custodian or the wrap program sponsor at least quarterly. FTA also generates reports on a quarterly basis for SMAs, which may be made available online to an SMA client and his/her financial representatives upon request.

**FTA may provide non-discretionary investment recommendations** in the form of model portfolios to other investment advisers/platforms. In such cases, you decide which model to follow. The securities you buy and sell in your account will be based on the model you chose, and buy and sell transactions in your account will be handled through the adviser/platform. FTA will not have authority to make investment decisions or send buy and sell transactions to brokers on behalf of your account under a model portfolio. FTA’s model portfolios may include equity securities, closed-end funds (“CEFs”) and/or exchange-traded funds (“ETFs”), which invest in CEFs and/or other ETFs managed by FTA.

FTA also provides investment management or supervisory services to registered investment companies such as unit investment trusts (“UITs”), ETFs, CEFs, and mutual funds (collectively, the “Funds”). When you purchase units or shares of a UIT or Fund that FTA supervises through your financial advisor or broker-dealer, FTA does not have an advisory relationship with you. Your relationship is with the unaffiliated financial advisor that recommends the UIT or Fund or the broker-dealer through which you bought the UIT or Fund. In these cases, our supervisory or advisory services are being provided to the UIT or Fund.

More detailed information about our services is available as part of our firm brochure ([Form ADV Part 2A](#)) (the “Brochure”) which is available by emailing [smoperations@ftadvisors.com](mailto:smoperations@ftadvisors.com) and at [adviserinfo.sec.gov](https://adviserinfo.sec.gov). In order to gather additional information, you should ask questions of our firm and your advisor such as:

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications and what do these qualifications mean?
- How often will you monitor my account’s performance and offer investment advice?

### Item 3 – What fees will I pay?

We benefit from the discretionary advisory services we provide to you because FTA’s advisory fee is based on the value of your SMA. FTA’s fee for advisory services is described in the advisory contract and you pay this fee on a quarterly basis, generally in advance of FTA providing the services on which the fee is based. Investors in certain wrap program SMAs may pay their quarterly fee to FTA at the end of the quarter in which FTA provided services. Generally, one-quarter of FTA’s annual fee is paid by you each quarter based on the value of your SMA at the beginning of the quarter. Depending on the specific wrap fee program you participate in, FTA will either (1) bill you or your wrap program sponsor for our fee or (2) the sponsor will calculate FTA’s fee and send payment to us. FTA does not have the authority to deduct its fee directly from your SMA.

When your SMA is part of a **wrap fee program**, the wrap fee you pay will include not only FTA’s advisory fee, but also most transaction and custody service fees. Although transaction fees are usually included in the wrap fee, sometimes you will pay an additional transaction fee.

If your SMA makes infrequent buys and sells, it could cost you more to participate in the wrap fee program than it would if you paid for the investment advice and brokerage transactions (buys and sells) separately. You should review your wrap program agreement and disclosure documents for details as to what services are included in your wrap fee. FTA SMA clients that do not participate in a wrap fee program will incur additional costs.

Since FTA's advisory fee is based on the value of the assets in your SMA, FTA's advisory fee increases when the value of the assets in your SMA increase. This provides an incentive for us to encourage you to increase the assets in your SMA. You will pay a wrap fee (or an advisory fee and other costs in a non-wrap program FTA SMA) regardless of whether (i) the value of your SMA increases or decreases or (ii) you make additional purchases or redemptions. In addition, the amount paid to FTA generally does not vary based on the type of investments we select on your behalf. A wrap fee (or advisory fee and other costs) will reduce any amount of money you make on your investments over time. Our advisory fee varies depending on the chosen investment strategy and is negotiable.

FTA's affiliated broker-dealer, First Trust Portfolios L.P. ("FTP") does not offer traditional brokerage services. A comparison between an SMA and brokerage account is not provided.

### **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

We have a fiduciary duty to act in your best interest and not put our interests ahead of yours. For example, we provide investment advice, monitor your SMA's portfolio securities including specific client restrictions, if any, and chosen investment strategy. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they could affect the investment advice, we provide you. For example, conflicts arise in allocation of time, services, functions, investment opportunities and resources among our clients.

### **How do your financial professionals make money?**

FTA's financial professionals are dual employees of FTA and its affiliate FTP and are compensated through a salary and a discretionary bonus. The discretionary bonus is based on a number of factors senior management deems appropriate including, among other things, overall sales of First Trust products and services. This creates a conflict of interest as an FTA financial professional could receive a larger discretionary bonus based on the size of your SMA.

More detailed information about our fees and services, and conflicts of interest can be found in our Brochure. You should ask your advisor:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me? What would make those fees more or less? What services will I receive for those fees?
- How might your conflicts of interest affect me, and how will you address them?
- What additional costs should I expect in connection with my account?

### **Item 4 – Do you or your financial professionals have legal or disciplinary history?**

- As a financial professional, do you have any disciplinary history? For what type of conduct?

Yes, on October 19, 2022 FTA held a long position in December 2022 lean hog futures that exceeded the position limit by 463 contracts. On September 6, 2023 FTA agreed to pay a fine of \$15,000 and disgorge profits of \$31,938 on the liquidation of the excess contracts to the Chicago Mercantile Exchange, Inc. We encourage you to review additional FTA/financial professional legal/disciplinary information by visiting the free and simple search tool [Investor.gov/CRS](https://investor.gov/CRS).

### **Item 5 – Additional Information**

Additional information about FTA can be obtained at [adviserinfo.sec.gov](https://adviserinfo.sec.gov) or by calling us at **800-621-1675** to request up-to-date information about the firm and a copy of our Form CRS. To report a problem to the SEC, visit [Investor.gov](https://investor.gov) or call the SEC's toll-free investor assistance line at (800) 732-0330. If you have a problem with your investments/account/financial professional, contact us in writing at 120 E. Liberty Drive, Ste 400, Wheaton, IL 60187.

Please ask your advisor:

- Who is my primary contact person at FTA?
- Are you a representative of an investment adviser or a broker-dealer?
- Does your firm, or as a financial professional do you, have any disciplinary history? For what type of conduct?
- Who can I talk to if I have concerns about how you are treating me?