

BUFFERED NOTES 101

BUFFERED NOTES OVERVIEW

WHY

Why Buffered Notes?

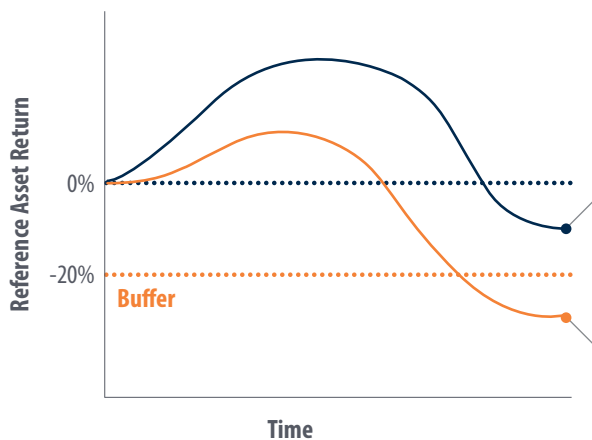
In today's market environment, diversification across many different asset classes is key to an intelligently constructed, healthy portfolio. The use of buffered notes may provide access to certain types of asset classes, but with the benefit of partial downside protection provided the note is held to maturity. The partial downside protection inherent in buffered notes may lower the overall risk of an already diversified portfolio. However, it is important to note that diversification does not guarantee a profit or protect against loss.

HOW

How do Buffered Notes work?

Buffered notes are often senior, unsecured debt, typically with maturities between 1-5 years that offer upside return potential based on the performance of a reference asset¹, while also providing partial principal protection at maturity. Buffered notes are often linked to the performance of common stock indices, such as the S&P 500 Index² and the Russell 2000 Index³, or exchange-traded funds (ETFs) such as iShares MSCI Emerging Markets ETF⁴ or the iShares MSCI EAFE ETF⁵. Buffered notes do not pay interest or dividends during the term of the note. The investor receives one payment at maturity based on the the point-to-point return of the reference asset, meaning the difference between the final value of the reference asset and its initial value.

The BUFFER in a buffered note is like a cushion that, at maturity, absorbs downside loss of the reference asset up to the buffer level.



Buffer Absorbs Full Loss

If a buffered note has a 20% buffer and the value of the reference asset declines 15% at maturity, staying within the "buffered range," the buffer would absorb all of the loss of the reference asset, and the investor would receive 100% of their initial principal.

Buffer Absorbs Partial Loss

If a buffered note has a 20% buffer and the value of the reference asset declines 25% at maturity, the buffer would absorb the first 20% in losses. This leaves the investor exposed to the remaining 5% of loss. The investor would lose 5% of their initial principal.

TERMS

Participation

The percentage of the reference asset's upside performance that investors will receive at maturity. If a buffered note has a participation rate of 100%, the investor will receive 100% of the reference asset's upside performance at maturity. A participation rate above 100% is considered an "enhanced" return. For example if, if a buffered note has a participation rate of 150%, the investor will receive an enhanced return of 150% of the reference asset's upside performance at maturity.

Cap

A limit on the possible return a buffered note can pay at maturity. This is also referred to as the "maximum return". This means that if the performance of the reference asset is above the cap at maturity, the return the investor receives will not reflect this full performance. Instead, only the reference asset's performance up to the cap is used to determine the investor's return. If a note does not have a cap, then it will be referred to as "uncapped," and the return the investor receives at maturity will be based on the full participation in the reference asset's performance.

Principal

The investor's initial amount of money invested. In the following examples, we will use \$1,000 as the principal amount.

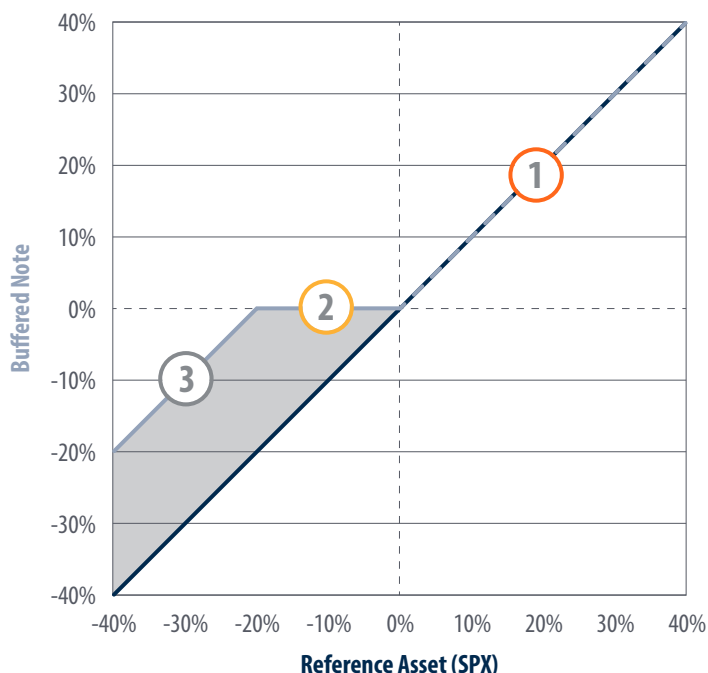
UNCAPPED BUFFERED NOTE

Examples

Some buffered notes will have added features, such as an “enhanced” return, a “digital” return or a “digital plus” return. On the next pages, we’ll provide hypothetical examples of a few variations of buffered notes.

1. Uncapped Buffered Note

Return at Maturity



Note Terms

- 4 Year Maturity
 - Reference Asset: S&P 500® Index (SPX)
 - 100% Participation Rate
 - No Cap on Upside Return
 - 20% Buffer on Downside Return
- Buffered Note Return
 - S&P 500® Index (SPX) Return
 - Loss absorbed by buffer at maturity

SPX Return	Note Return	Payment at Maturity	Note Mechanics	Explanation
40%	40%	\$1,400		
30%	30%	\$1,300		
20%	20%	\$1,200	1 100% participation	The investor receives 100% participation in the upside return of SPX along with return of their initial principal.
10%	10%	\$1,100		
0%	0%	\$1,000		
-10%	0%	\$1,000	2 Buffer absorbs full loss	The downside return of SPX stays within the buffered range. The buffer absorbs the full loss, and the initial principal is returned to the investor.
-20%	0%	\$1,000		
-30%	-10%	\$900	3 Buffer absorbs first 20% of loss	The downside return of SPX exceeds the buffer. The buffer absorbs the first 20% in losses, leaving the investor exposed to the remaining loss. This remaining loss is the amount of principal loss the investor will experience at maturity.
-40%	-20%	\$800		

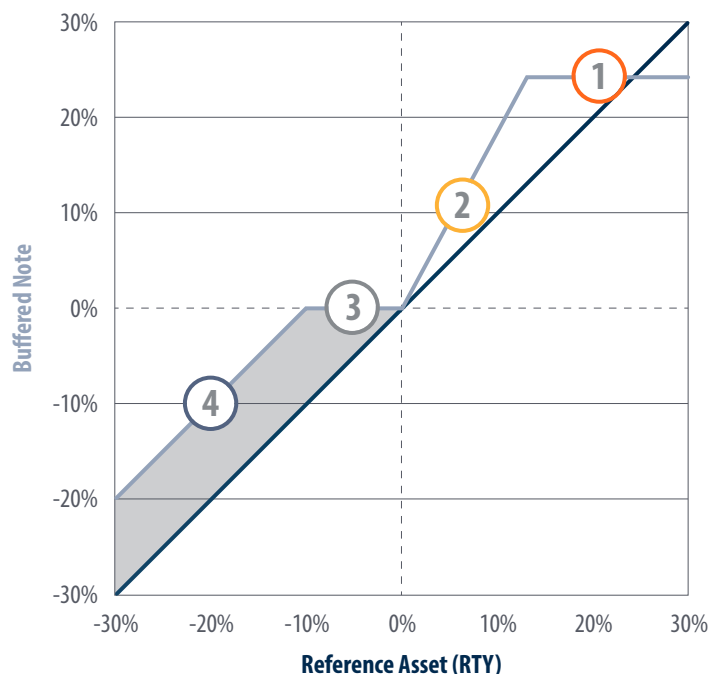
BUFFERED RETURN ENHANCED NOTE

Examples

2. Buffered Return Enhanced Note

These can also be referred to as “BRENs” or Buffered AMPs (Accelerated Market Participation Securities™). While these notes have "enhanced" return potential, they are typically subject to a cap (or maximum return).

Return at Maturity



Note Terms

- 2 Year Maturity
 - Reference Asset: Russell 2000® Index (RTY)
 - 200% Participation Rate
 - 24% Cap on Upside Return
 - 10% Buffer on Downside Return
- Buffered Note Return
 - Russell 2000® Index (RTY) Return
 - Loss absorbed by buffer at maturity

RTY Return	Note Return	Payment at Maturity	Note Mechanics	Explanation
30%	24%	\$1,240	1 200% participation, return capped at 24%	The 200% participation in the upside return of RTY is limited to a cap of 24%. The investor receives the capped return along with the return of their initial principal.
20%	24%	\$1,240		
10%	20%	\$1,200		
5%	10%	\$1,100	2 200% participation	The investor receives 200% participation in the upside return of RTY along with return of their initial principal.
0%	0%	\$1,000		
-5%	0%	\$1,000	3 Buffer absorbs full loss	The downside return of RTY stays within the buffered range. The buffer absorbs the full 10% loss, and the initial principal is returned to the investor.
-10%	0%	\$1,000		
-20%	-10%	\$900	4 Buffer absorbs first 10% of loss	The downside return of RTY exceeds the buffer. The buffer absorbs the first 10% in losses, leaving the investor exposed to the remaining loss. This remaining loss is the amount of principal loss the investor will experience at maturity.
-30%	-20%	\$800		

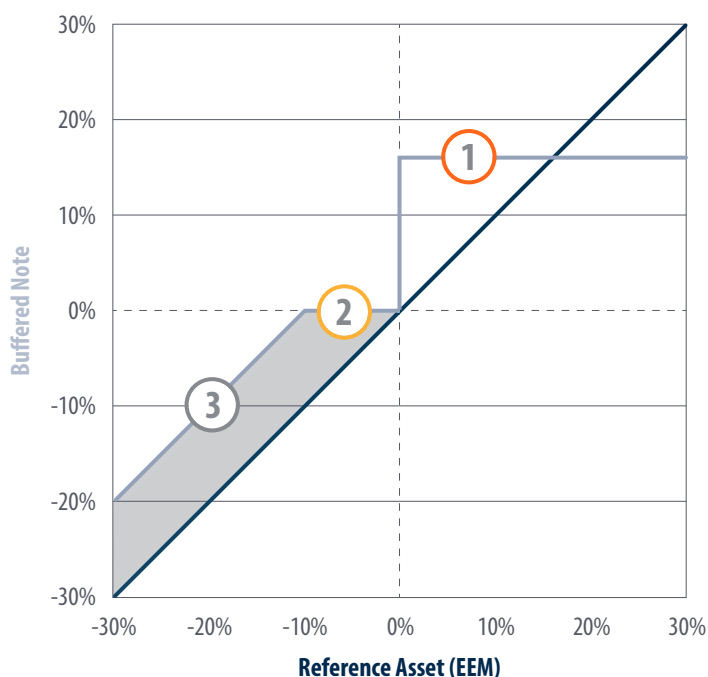
DIGITAL BUFFERED NOTE

Examples

3. Digital Buffered Note

The key feature of a digital buffered note is that it offers investors a fixed or "digital" return at maturity, instead of a return based on a participation rate. For some buffered notes, this digital return is provided if the reference asset's final value is greater than or equal to its INITIAL VALUE at maturity. For other buffered notes, the digital return is provided if the reference asset's final value is at or above the BUFFER LEVEL at maturity. Be sure to review the terms of each digital buffered note to understand the scenarios in which the digital return is made.

Return at Maturity



Note Terms

2 Year Maturity

Reference Asset: iShares® MSCI Emerging Markets ETF (EEM)

16% Digital Return, if at or above EEM's initial value

10% Buffer on Downside Return

- Buffered Note Return
- iShares® MSCI Emerging Markets ETF (EEM) Return
- Loss absorbed by buffer at maturity

EEM Return	Note Return	Payment at Maturity	Note Mechanics	Explanation
30%	16%	\$1,160		
20%	16%	\$1,160	1 Digital return (if at or above initial value)	The final value of EEM is greater than or equal to its initial value. The investor receives the 16% digital return along with return of their initial principal.
10%	16%	\$1,160		
0%	16%	\$1,160		
-5%	0%	\$1,000	2 Buffer absorbs full loss	The downside return of EEM stays within the buffered range. The buffer absorbs the full 10% loss, and the initial principal is returned to the investor.
-10%	0%	\$1,000		
-20%	-10%	\$900	3 Buffer absorbs first 10% of loss	The downside return of EEM exceeds the buffer. The buffer absorbs the first 10% in losses, leaving the investor exposed to the remaining loss. This remaining loss is the amount of principal loss the investor will experience at maturity.
-30%	-20%	\$800		

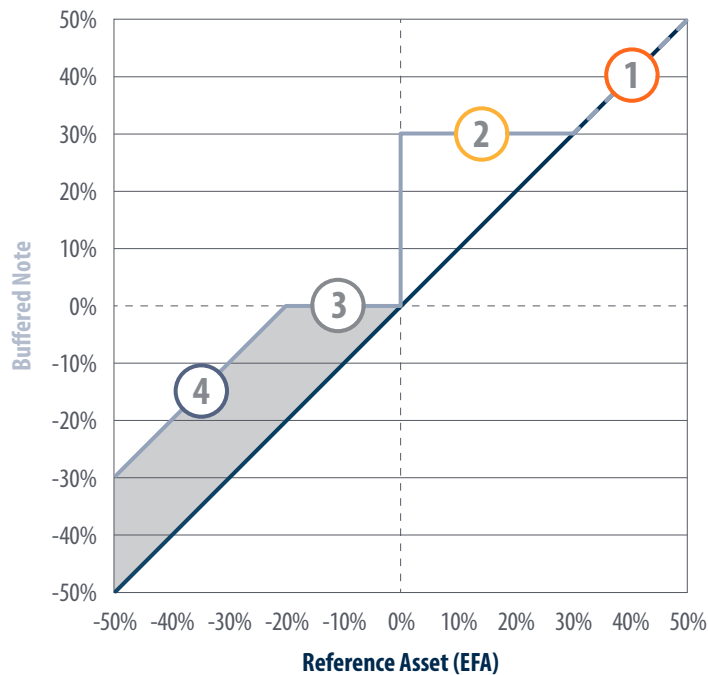
DIGITAL PLUS BUFFERED NOTE

Examples

4. Digital Plus Buffered Note

In our final example, we'll focus on a digital PLUS buffered note. The difference between a digital and digital PLUS is that digital PLUS buffered notes offer the potential to participate in the upside return of the reference asset beyond the digital return. As with the digital buffered notes, pay attention to when the digital return is provided, whether the reference asset's final value has to be greater than or equal to its initial value or at or above the buffer level at maturity.

Return at Maturity



Note Terms

4 Year Maturity

Reference Asset: iShares® MSCI EAFE ETF (EFA)

This Note Pays the greater of:

30% Digital Return, if at or above EFA's initial value OR

100% Participation in the upside return of EFA with no cap

20% Buffer on Downside Return

- Buffered Note Return
- iShares® MSCI EAFE ETF (EFA) Return
- Loss absorbed by buffer at maturity

EFA Return	Note Return	Payment at Maturity	Note Mechanics	Explanation
50%	50%	\$1,500	1 100% participation beyond digital return	The return of EFA is greater than the 30% digital return. The investor receives 100% uncapped participation in the upside return of EFA along with the return of their initial principal.
40%	40%	\$1,400	1 100% participation beyond digital return	The return of EFA is greater than the 30% digital return. The investor receives 100% uncapped participation in the upside return of EFA along with the return of their initial principal.
20%	30%	\$1,300	2 Digital return (if at or above initial value)	The final value of EFA is at or above its initial value, but is not greater than the 30% digital return. The investor receives the digital return along with return of their initial principal.
10%	30%	\$1,300		
0%	30%	\$1,300		
-10%	0%	\$1,000	3 Buffer absorbs full loss	The downside return of EFA stays within the buffered range. The buffer absorbs the full 20% loss, and the initial principal is returned to the investor.
-20%	0%	\$1,000		
-30%	-10%	\$900	4 Buffer absorbs first 20% of loss	The downside return of EFA exceeds the buffer. The buffer absorbs the first 20% in losses, leaving the investor exposed to the remaining loss. This remaining loss is the amount of principal loss the investor will experience at maturity.
-40%	-20%	\$800		

Pricing Considerations

Buffered notes will trade at a discount on the first day after purchase. This means that a buffered note will trade below the \$1,000 original purchase price.

Buffered notes lack liquidity. Buffered notes are not listed on any securities exchange and an investor may not be able to sell a buffered note prior to maturity. An issuer may offer to purchase a buffered note in the secondary market but it is not required to do so. The price, if any, at which an issuer may be willing to purchase a buffered note in the secondary market, if at all, may result in significant loss of principal. An investor should be able and willing to hold a buffered note to maturity.

Tax Considerations

If buffered notes are held longer than one (1) year, the gains or losses will be treated as long-term capital gains or losses.

It's always important to consult a tax advisor regarding the U.S. federal income tax implications of an investment in a buffered note.

Other Risk Considerations

Buffered notes do not provide 100% principal protection. The buffer provides only limited downside protection against loss and applies only if the buffered note is held to maturity.

An investment in a buffered note will result in loss of principal if the reference asset declines by more than the stated buffer level at maturity.

Buffered notes are classified as senior unsecured debt. Payment on a buffered note is subject to the credit risk of the issuer. Credit risk means that if the issuer were to default on its payment obligations, the buffered note investor may not receive any amount owed under the buffered note and could lose their entire principal investment.

The potential return on a buffered note is subject to market volatility and the risks associated with the reference asset. The return of a buffered note may be zero or less than what could have been earned on a traditional fixed income security.

Buffered notes are a point-to-point investment structure and do not pay dividends. The final payment of a buffered note, at maturity, will reflect cumulative performance.

Buffered notes are not deposit liabilities or other obligations of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other governmental agency or program of the United States or any other jurisdiction.

The risks identified above are not exhaustive. Refer to a buffered note's offering documents for additional information.

There are a wide variety of structured products available, with attributes which affect their risks and potential rewards. Before making any investment decision, you should obtain advice from your financial, legal and tax advisers for information about and analysis of the investment, its risks and its suitability in your particular circumstances. Structured products are complex products and are not suitable for all investors.

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1. Reference Asset – one or more underlying security, index, currency, commodity, fund or other asset used to calculate the return of a structured note at maturity.
2. S&P 500 Index (SPX) – an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.
3. Russell 2000 Index (RTY) – measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.
4. iShares MSCI Emerging Markets ETF (EEM) – an exchange-traded fund seeking to track the investment results of an index composed of large- and mid-capitalization emerging market equities.
5. iShares MSCI EAFE ETF (EFA) – an exchange-traded fund seeking to track the investment results of an index composed of large- and mid-capitalization developed market equities, excluding the U.S. and Canada.



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