



First Trust All Equity Allocation Portfolio, R3

Formerly First Trust Target VIQ Fund, R3

AGGRESSIVE ALLOCATION

AS OF 3/31/12

FUND OBJECTIVES AND CHARACTERISTICS

The objective of the First Trust All Equity Allocation Portfolio is to provide:

- Above-average total return by adhering to five specialized investment strategies
- Broad exposure to all areas of the equity markets
- A portfolio of stocks selected by applying pre-determined screens and factors which is automatically rebalanced annually

In addition to annual rebalancing of the individual component strategies back to their original weighting, new stocks are also selected by reapplying the underlying strategies.

ADVANTAGES OF STRATEGY INVESTING

- Complete transparency of the stock selection process, portfolio holdings and individual stock weightings
- Automated buy and sell decisions which help to eliminate unwanted emotions from the investment process
- No style drift from manager-driven trading
- Diversification, discipline, and a rebalancing opportunity to help decrease volatility and potentially increase returns

PORTFOLIO COMPOSITION

The First Trust All Equity Allocation Portfolio invests equally in the following Target Strategies:

- The NYSE® International Target 25 Strategy
- The S&P Target SMid 60 Strategy
- The Target Diversified Dividend Strategy
- The Target Growth Strategy
- The Value Line® Diversified Target 40 Strategy

ABOUT THE FUND

The First Trust All Equity Allocation Portfolio, R3, is a collective investment fund that invests according to a strategy determined by First Trust Advisors L.P. which serves as the fund's sub-advisor.

This fund was created by Hand Composite Employee Benefit Trust and is sponsored by Hand Benefits & Trust Company.

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, risks, charges and expenses carefully before investing. Contact your financial advisor, visit www.ftportfolios.com, or call First Trust Portfolios L.P. at 877-937-4015 to request an Information Statement, which contains this and other information about the Fund. Read it carefully before you invest.

AVERAGE ANNUAL TOTAL RETURNS (%)

Share Class	Inception Date	Quarter	Year to Date	1 Year	3 Year	5 Year	10 Year	Since Inception	Total Expense Ratio*
R3	8/1/2007	12.17%	12.17%	-3.16%	23.55%	n/a	n/a	-2.31%	1.44%
Strategy/Index Performance									
Since									
All Equity Allocation Strategy [†]	12/31/95	12.15%	12.15%	-2.97%	22.93%	-0.28%	7.84%	12.41%	n/a
S&P 500 Index	12/31/95	12.58%	12.58%	8.51%	23.40%	2.01%	3.76%	7.14%	n/a
S&P 500 Index	8/1/2007							1.36%	n/a

Periods of less than one year are not annualized. Past performance is no guarantee of future results.

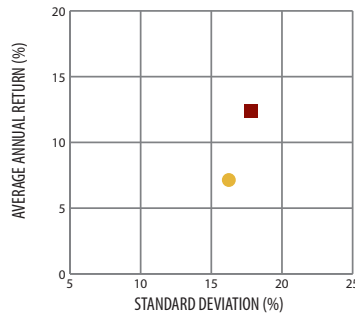
[†]Performance information for the All Equity Allocation Strategy is for illustrative purposes only and does not represent actual fund performance. All performance information presented for the Strategy prior to 8/1/07 is based on hypothetical, back-tested data. Prior to 8/1/07, the Strategy was not calculated in real time by an independent calculation agent. Hypothetical, back-tested performance has inherent limitations and is not indicative of future results. No representation is being made that any investment will achieve performance similar to that shown. The strategy does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical performance shown. The strategy returns assume that dividends are reinvested monthly.

*Total Expense Ratio: Included in the Expense Ratio is 75 bps of service fees payable to the plan's service providers. The effect of this Total Expense Ratio per \$1,000 investment is \$14.40.

HYPOTHETICAL RISK RETURN COMPARISON

12/31/95 - 3/31/12

- All Equity Allocation Strategy - R3
- S&P 500 Index



ALL EQUITY ALLOCATION HYPOTHETICAL PORTFOLIO DATA

12/31/95 - 3/31/12

Alpha:	5.29%
Beta:	1.00
Standard Deviation:	17.79%
Sharpe Ratio:	0.54

Alpha – A measure of the portion of a return arising from non-market risk. **Beta** – A measure of price variability relative to the market. **Standard Deviation** – A measure of price variability (risk). **Sharpe Ratio** – A measure of excess reward per unit of volatility. **S&P 500 Index** – An unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The index cannot be purchased directly by investors.

Past performance is no guarantee of future results and the actual performance of the Fund may be lower or higher than the hypothetical performance of the Strategy. Investment return and principal value of the portfolio will fluctuate causing shares of the Fund, when redeemed, to be worth more or less than their original cost. Strategy performance is hypothetical and not representative of the Fund or any other portfolio since none existed during most of the period shown. Returns are net of all estimated expenses and assume that all dividends received during a year are reinvested monthly. Actual portfolio performance will vary from that of investing in the Strategy stocks because the Fund may not be invested equally in these stocks and may not be fully invested at all times. It is important to note that the Strategy may underperform the S&P 500 Index in certain years and may produce negative results. See the next page for additional information about the hypothetical returns shown here.

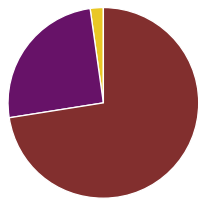
HYPOTHETICAL RETURNS

For All Equity Allocation Strategy vs. the S&P 500 Index (SPX)

	Annual Total Returns	
	Strategy-R3	SPX
1996	21.51%	22.94%
1997	34.03%	33.35%
1998	16.85%	28.58%
1999	40.19%	21.04%
2000	11.18%	-9.10%
2001	9.41%	-11.88%
2002	-9.99%	-22.09%
2003	37.96%	28.67%
2004	23.14%	10.87%
2005	11.71%	4.91%
2006	19.22%	15.78%
2007	7.15%	5.49%
2008	-42.30%	-36.99%
2009	37.57%	26.47%
2010	13.72%	15.09%
2011	-6.61%	2.09%

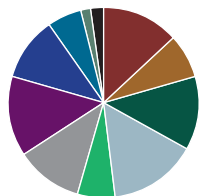
During the periods shown in charts on this page, First Trust did not manage or supervise accounts which employed the Strategy.

PORTFOLIO INFORMATION



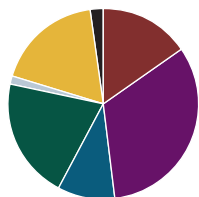
Composition

■ U.S. Stocks	72.64%
■ Non-U.S. Stocks	25.22%
■ Cash	2.14%



Sector Allocation

■ Consumer Discretionary	13.30%
■ Consumer Staples	7.36%
■ Energy	12.67%
■ Financials	14.77%
■ Health Care	6.60%
■ Industrials	11.15%
■ Information Technology	13.87%
■ Materials	10.76%
■ Telecommunication Services	5.70%
■ Utilities	1.68%
■ Cash	2.14%



Style Allocation

■ Large-Cap Growth	15.54%
■ Large-Cap Value	32.73%
■ Mid-Cap Growth	9.70%
■ Mid-Cap Value	20.43%
■ Small-Cap Growth	1.43%
■ Small-Cap Value	18.03%
■ Cash	2.14%

Top 10 Holdings

CVX	Chevron Corp	1.45%
M	Macy's Inc	1.24%
AET	Aetna Inc	1.01%
BCS	Barclays PLC	0.97%
AVT	Avnet Inc	0.96%
ARW	Arrow Electronics Inc	0.92%
LLL	L-3 Communications	0.92%
COP	ConocoPhillips	0.91%
DB	Deutsche Bank AG	0.91%
HMC	Honda Motor Co Ltd	0.89%

Fund Facts

CUSIP	41023R644
Annual Portfolio Turnover Rate	83.47%
Benchmark	S&P 500
Automatic Rebalancing	Annually on or about Dec. 31
Number of Stocks	186
Maximum Market Cap.	\$559B
Median Market Cap.	\$5.3B
Minimum Market Cap.	\$201M
Price/Earnings	11.0
Price/Book	1.3
Price/Cash Flow	5.2
Price/Sales	0.5

Source: Bloomberg

RISK FACTORS

The Fund is not a mutual fund and its units are not deposits of the Trust or the 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 1933 Act and the Fund is exempted from investment company registration under the 1940 Act. Therefore, participating plans and their participants will not be entitled to the protections under these Acts. As defined in the Declaration of Trust establishing the Fund, the Fund is available for investment by eligible qualified retirement plans only. Management of the Trust, however, is generally subject to the fiduciary duty and prohibited transaction rules under ERISA.

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.

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

TARGET STRATEGY DESCRIPTIONS

The First Trust All Equity Allocation Portfolio invests in the common stocks of companies which are selected by applying five separate specialized strategies which have been developed by First Trust Advisors L.P. through its disciplined and quantitative valuation models.

- **The NYSE® International Target 25 Strategy** — an equally-weighted portfolio of 25 non-U.S. stocks trading on the NYSE based on various factors such as price to book and price to cash flow.
- **The S&P Target SMid 60 Strategy** — a portfolio of 30 stocks from each the S&P MidCap 400 Index and the S&P SmallCap 600 Index based on factors including liquidity, price to book, price to cash flow; return on assets; and price appreciation.
- **The Target Diversified Dividend Strategy** — an equally-weighted portfolio consisting of four stocks from each of the ten major market sectors with the highest combined ranking based on various factors including liquidity, dividend growth, dividend yield, price to book and payout ratio.
- **The Target Growth Strategy** — an equally-weighted portfolio of 30 stocks based on various factors including liquidity, sales growth, sustainable growth, return on assets and price appreciation.
- **The Value Line® Diversified Target 40 Strategy** — an equally-weighted portfolio of 40 domestic stocks chosen from the stocks that Value Line® gives a #1 or #2 ranking for Timeliness™ based on various factors including sustainable growth rate, price to sales and price to cash flow.

Smaller Company 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 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.

Non-U.S. Securities Risk. The Fund invests in securities of non-U.S. issuers. Investing in securities of non-U.S. issuers, which are generally denominated in non-U.S. currencies, may involve certain risks not typically associated with investing in securities of U.S. issuers. Some of these risks may include, but are not limited to, the following: (i) there may be less publicly available information about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices; (ii) non-U.S. markets may be smaller, less liquid and more volatile than the U.S. market; (iii) potential adverse effects of fluctuations in currency exchange rates or controls on the value of the Fund's investments; (iv) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; (v) the impact of economic, political, social or diplomatic events; (vi) certain non-U.S. countries may impose restrictions on the ability of non-U.S. issuers to make distribution payments to investors located in the United States due to blockage of non-U.S. currency exchanges or otherwise; and (vii) withholding and other non-U.S. taxes may decrease the Fund's return. These risks may be more pronounced to the extent that the Fund invests a significant amount of its assets in companies located in one country.

Hypothetical Return Information. The performance quoted does not guarantee future results. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal. Before investing in any investment portfolio, the client and the financial professional should carefully consider client investment objectives, time horizon, risk tolerance, and fees.

The Strategies were designed with the benefit of hindsight and their returns do not represent the results of actual trading. First Trust applies a quantitative methodology in employing the Strategies and accordingly, the returns are not necessarily indicative of First Trust's ability to select individual securities. The performance figures may not reflect the impact that material economic and market factors might have had on First Trust's decision-making if First Trust had actually managed clients' money during the time periods shown.

As defined in the Declaration of Trust and Participation Agreement documents, the First Trust All Equity Allocation Portfolio is available for investment by eligible qualified retirement plan trusts only. The share value will fluctuate and investors may lose money. Various asset classes such as small-cap stocks and international stocks may carry additional risks.

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