



First Trust Short Duration High Income Fund

CURRENT INCOME

AS OF 12/31/15

FUND HIGHLIGHTS

- The Fund has a short-duration portfolio limitation, meaning the blended (or weighted average) portfolio duration of the Fund will generally be three years or less. Generally, the longer the duration of a security (or group of securities), the more sensitive the security is to changes in interest rates; the shorter the duration, the less sensitive the security is to such changes.
- Seeks best relative value opportunities across a below investment-grade primary investment universe.
- The portfolio managers have extensive experience and expertise in the broad senior loan market; over 100 years of combined investment experience.

FUND DATA/CLASS A

Number of Holdings	264
Dividends	Monthly
Weighted Average Effective Duration (Years) [†]	2.08

CLASS	SYMBOL	UNSUBSIDIZED		CUSIP
		30-DAY SEC YIELD ^{††}	30-DAY SEC YIELD ^{†††}	
A	FDHAX	4.47%	4.46%	33738F 601
C	FDHCX	3.88%	3.87%	33738F 700
I	FDHIX	4.88%	4.88%	33738F 882

INVESTMENT TEAM

The First Trust Leveraged Finance Investment Team is comprised of experienced investment professionals specializing in below investment-grade securities. The team is comprised of portfolio management, research, trading and operations. As of December 31, 2015, the First Trust Leveraged Finance Investment Team managed or supervised approximately \$1.79 billion in senior-secured bank loans and high-yield bonds. These assets are managed across various strategies, including a closed-end fund, an open-end fund, four exchange-traded funds and a series of unit investment trusts on behalf of retail and institutional clients.

MINIMUM INVESTMENT

\$2,500^{††††}

\$750 for Traditional/Roth IRA account

\$500 for Education IRA account

\$250 for accounts opened through fee-based programs

[†]A measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield. Senior loans have an effective duration close to zero. For purposes of calculating an effective duration for senior loans, a duration of 0.25 is assumed.

^{††}30-day SEC yield is calculated by dividing the net investment income per share earned during the most recent 30-day period by the maximum offering price per share on the last day of the period and includes the effects of fee waivers and expense reimbursements, if applicable.

^{†††}The unsubsidized 30-day SEC yield is calculated the same as the 30-day SEC yield, however it excludes contractual fee waivers and expense reimbursements.

^{††††}Class I Shares are subject to higher minimums for certain investors.

INVESTMENT STRATEGY

The portfolio managers of the First Trust Leveraged Finance Investment Team combine a rigorous fundamental credit selection process with relative value analysis when selecting investment opportunities. The portfolio managers believe that an evolving investment environment offers varying degrees of investment risk opportunities in the high-yield, bank loan, derivative and fixed-income instrument markets. In order to capitalize on attractive investments and effectively manage potential risk, the portfolio managers believe that the combination of thorough and continuous credit analysis, market evaluation, diversification and the ability to reallocate investments among senior and subordinated debt and derivatives is critical to achieving higher risk-adjusted returns. Fundamental analysis involves the evaluation of industry trends, management quality, collateral adequacy, and the consistency of corporate cash flows. The key considerations of portfolio construction include liquidity, diversification, relative value assessment, and ongoing monitoring. Through fundamental credit analysis, the portfolio managers believe they can position the Fund's portfolio in bank loan and high-yield securities that offer an attractive risk-adjusted return profile. Moreover, such fundamental credit analysis may result in a higher credit-quality portfolio when compared to a benchmark.

INVESTMENT OBJECTIVES

The First Trust Short Duration High Income Fund (the "Fund") seeks to provide a high level of current income. As a secondary objective, the Fund seeks capital appreciation. There can be no assurance the Fund's investment objectives will be achieved. Under normal market conditions, the Fund invests at least 80% of its net assets (including investment borrowings) in high yield debt securities ("junk bonds") and bank loans that are rated below-investment grade or unrated. The Fund may invest up to 15% of its net assets in non-U.S. securities denominated in non-U.S. currencies. The Fund may also invest in investment grade debt securities and convertible bonds.

AVERAGE ANNUAL TOTAL RETURNS

PERFORMANCE DATA SHOWN IS BEFORE TAX

NAV	Inception Date	3 Months	YTD	1 Year	3 Year	Annualized Since Inception	Net Expense Ratio*
A	11/01/12	-1.83%	-1.49%	-1.49%	2.60%	2.80%	1.25%
C	11/01/12	-2.01%	-2.23%	-2.23%	1.83%	2.02%	2.00%
I	11/01/12	-1.76%	-1.24%	-1.24%	2.85%	3.05%	1.00%
Indexes**							
BofA Merrill Lynch U.S. High Yield Constrained Index	N/A	-2.16%	-4.61%	-4.61%	1.65%	2.27%	N/A
S&P/LSTA Leveraged Loan Index	N/A	-2.10%	-0.69%	-0.69%	2.04%	2.28%	N/A
Blended Index	N/A	-2.11%	-2.64%	-2.64%	1.86%	2.29%	N/A
Maximum Offering Price							
A	11/01/12	-5.28%	-4.96%	-4.96%	1.39%	1.64%	1.25%
C	11/01/12	-2.98%	-3.18%	-3.18%	1.83%	2.02%	2.00%

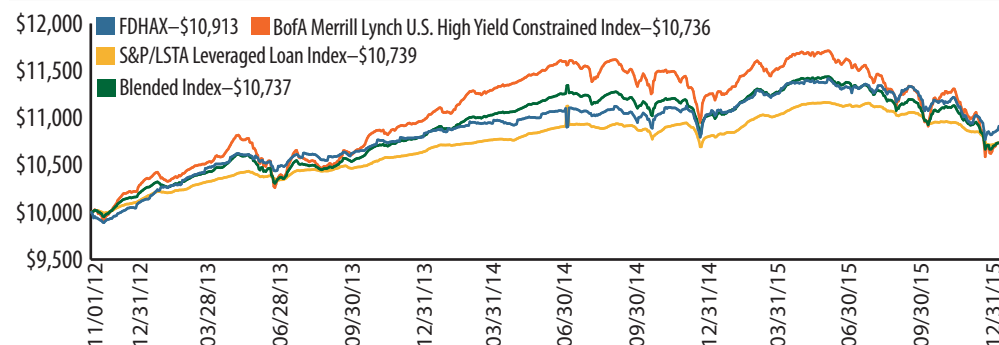
Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit www.ftportfolios.com for the most recent month-end performance. Performance figures reflect reinvested distributions and changes in net asset value (NAV). Maximum offering price figures reflect the fund's maximum up-front sales charge of 3.50% for Class A Shares and the fund's 1% contingent deferred sales charge for Class C shares. See the prospectus for details on the fund's sales charges. Investment return and principal value will vary so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all other performance figures are annualized.

*The investment advisor has agreed to waive fees and reimburse expenses through 2/28/16 so that Total Annual Fund Operating Expenses (excluding 12b-1 distribution and service fees, and certain other expenses) do not exceed 1.00% of the average daily net assets of any class of Fund shares. Total Annual Fund Operating Expenses (excluding 12b-1 distribution and service fees, and certain other expenses) will not exceed 1.35% from 3/1/2016 through 2/28/2025. The gross expense ratio before any contractual fee waivers and/or expense reimbursements by the advisor would have been: Class A: 1.38%, Class C: 2.13% and Class I: 1.13%. Currently, the net expense ratio is the amount applied to each share's NAV. Expense limitations may be terminated or modified prior to their expiration only with the approval of the Board of Trustees of the First Trust Series Fund.

**The Bank of America Merrill Lynch U.S. High Yield Constrained Index is a market value-weighted index of all domestic and Yankee high-yield bonds, including deferred interest bonds and payment-in-kind securities. Issues included in the index have maturities of one year or more and have a credit rating lower than BBB-/Baa3, but are not in default. The S&P/LSTA Leveraged Loan Index is a leveraged loan index which covers the U.S. loan market. The index reflects the market-weighted performance of institutional leveraged loans in the U.S. loan market based upon real-time market weightings, spreads and interest payments. All of the index components are the institutional tranches (Term Loan A, Term Loan B and higher and Second Lien) of loans syndicated to U.S. loan investors. Performance information for both of these indexes are for illustrative purposes only. Blended Index: 50% Bank of America Merrill Lynch U.S. High Yield Constrained Index / 50% S&P/LSTA Leveraged Loan Index. The indexes do not charge management fees or brokerage expenses and no such fees or expenses were deducted from the performance shown. Indexes are unmanaged and an investor cannot invest directly in an index.

GROWTH OF \$10,000-CLASS A (Without Sales Charge)

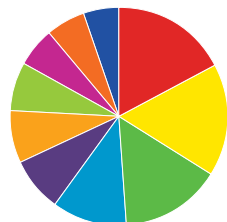
November 1, 2012 (Inception)–December 31, 2015



Not FDIC Insured • Not Bank Guaranteed • May Lose Value

PORTFOLIO INFORMATION

INDUSTRY BREAKDOWN



TOP 10 INDUSTRIES

PERCENT

Hotels, Restaurants & Leisure	11.96%
Health Care Providers & Services	11.35%
Media	10.21%
Pharmaceuticals	7.68%
Food Products	5.61%
Diversified Telecommunication Services	5.32%
Life Sciences Tools & Services	4.94%
Food & Staples Retailing	4.00%
Health Care Equipment & Supplies	3.95%
Software	3.51%

PORTFOLIO BREAKDOWN

PERCENT

Senior Loans	58.43%
High-Yield Bonds	41.57%
Percentage of assets with LIBOR floors	56.06%

TOP TEN ISSUERS

PERCENT

New HB Acquisition LLC	2.54%
Tenet Healthcare Corp.	2.32%
Charter Communications Operating LLC	2.25%
Level 3 Financing, Inc.	2.24%
Valeant Pharmaceuticals International, Inc.	2.17%
Caesars Growth Partners LLC	2.06%
Albertsons LLC	2.04%
Portillo Restaurant Group	2.00%
BJ's Wholesale Club, Inc.	1.96%
Amaya Gaming Group	1.79%

CREDIT RATINGS

PERCENT

BBB	1.97%
BBB-	0.77%
BB+	2.39%
BB	7.00%
BB-	15.07%
B+	19.83%
B	24.42%
B-	15.07%
CCC+	10.78%
CCC	1.01%
CCC-	0.06%
CC	0.21%
NR	0.35%
Privately rated securities	1.07%

Independent credit ratings agencies use a rating system to help investors determine the risk associated with an issuing company's ability to meet its obligations (interest and principal repayment) on a loan. The ratings begin at AAA for the highest rating, with C or D being the lowest rating.

The credit worthiness ratings shown above relate to the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Ratings shown above are subject to change. Industry allocation and holdings are subject to change and companies referenced in this fact sheet may not be currently held. Information is current as of the creation of this sheet. Portfolio holdings are subject to risks.

Market value information used in calculating the percentages is based upon trade date plus one recording of transactions, which can differ from regulatory financial reports (Forms N-CSR and N-Q) that are based on trade date recording of security transactions.

INVESTMENT ADVISOR

First Trust Advisors L.P. is the Investment Advisor to the Fund and has been serving broker/dealers, individuals, and institutional investors from its Chicago-area headquarters since 1991.

- Experienced asset manager/supervisor
- Provider of innovative financial solutions
- Long-term strategic investor nationally recognized for its fundamental and quantitative strategies

The credit quality and ratings information presented reflects the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's Rating Group, a division of the McGraw Hill Companies, Inc., Moody's Investors Service, Inc. or a comparably rated NRSRO. For situations in which a security is rated by more than one NRSRO and the ratings are not equivalent, the lowest available rating is used. Sub-investment grade ratings are those rated BB+/-Ba1 or lower. Investment-grade ratings are those rated BBB-/Baa3 or higher. See the prospectus or summary prospectus for more complete descriptions of ratings and rating organizations.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Portfolios L.P. at 1-800-621-1675 or visit www.ftportfolios.com to obtain a prospectus or summary prospectus which contains this and other information about the Fund. The prospectus or summary prospectus should be read carefully before investing.

WHAT ARE THE RISKS?

You could lose money by investing in the Fund. A mutual fund's share price and investment return will vary with market conditions, and the principal value of an investment when you sell your shares may be more or less than the original cost.

BANK LOANS RISK. An investment in bank loans subjects the Fund to credit risk, which is heightened for bank loans in which the Fund invests because companies that issue such loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy. Senior floating rate loans, in which the Fund may invest, are usually rated below investment grade but may also be unrated. As a result, the risks associated with these senior floating rate 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 senior floating rate loans may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a senior floating rate loans may decline in value or become illiquid, which would adversely affect the senior floating rate 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 senior floating rate loans may have uncertain settlement time periods. Senior floating rate loans are subject to a number of risks, including liquidity risk and the risk of investing in below investment grade fixed income instruments. Furthermore, increases in interest rates may result in greater volatility of senior floating rate loans and average duration may fluctuate with fluctuations in interest rates.

CALL RISK. If an issuer calls higher-yielding securities held by the Fund, performance could be adversely impacted.

CONVERTIBLE BONDS RISK. The market values of convertible bonds tend to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible bond's market value also tends to reflect the market price of the common stock of the issuing company.

CREDIT RISK. Credit risk is the risk that an issuer of a security may be unable or unwilling to make dividend, interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability or willingness to make such payments. Credit risk may be heightened for the Fund because it invests a substantial portion of its net assets in high yield or "junk" debt; such securities, while generally offering higher yields than investment grade debt with similar maturities, involve greater risks, including the possibility of dividend or interest deferral, default or bankruptcy, and are regarded as predominantly speculative with respect to the issuer's capacity to pay dividends or interest and repay principal. Credit risk is heightened for loans in which the Fund invests because companies that issue such loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy.

CURRENCY RISK. Because the Fund's net asset value is determined on the basis of U.S. dollars and the Fund invests in non-U.S. dollar-denominated securities, you may lose money if the local currency of a foreign market depreciates against the U.S. dollar, even if the local currency value of the Fund's holdings goes up. The Fund may hedge certain of its non-U.S. dollar holdings.

HIGH YIELD SECURITIES RISK. High yield securities, or "junk bonds," are subject to greater market fluctuations and risk of loss than securities with higher investment ratings. These securities are issued by companies that may have limited operating history, narrowly focused operations, and/or other impediments to the timely payment of periodic interest and principal at maturity. If the economy slows down or dips into recession, the issuers of high yield securities may not have sufficient resources to continue making timely payment of periodic interest and principal at maturity. The market for high yield securities is smaller and less liquid than that for investment grade securities. High yield securities are generally not listed on a national securities

PORTFOLIO MANAGERS

The following persons serve as portfolio managers of the Fund:

- William Housey, CFA; Senior Vice President
- Scott D. Fries, CFA; Senior Vice President
- Peter Fasone, CFA; Vice President

Each portfolio manager has managed the Fund since inception.

exchange but trade in the over-the-counter markets. Due to the smaller, less liquid market for high yield securities, the bid-offer spread on such securities is generally greater than it is for investment grade securities and the purchase or sale of such securities may take longer to complete.

ILLIQUID SECURITIES RISK. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximately the value at which the Fund is carrying the securities on its books.

INCOME RISK. If interest rates fall, the income from the Fund's portfolio will likely decline if the Fund holds floating rate debt that will adjust lower with falling interest rates. For loans, interest rates typically reset periodically.

INTEREST RATE RISK. Interest rate risk is the risk that the value of the debt securities in the Fund will decline because of rising market interest rates. Interest rate risk is generally lower for shorter term investments and higher for longer term investments. Duration is a common measure of interest rate risk, which measures a debt security's expected life on a present value basis, taking into account the debt security's yield, interest payments and final maturity. Duration is a reasonably accurate measure of a debt security's price sensitivity to changes in interest rates. The longer the duration of a debt security, the greater the debt security's price sensitivity is to changes in interest rates.

LIQUIDITY RISK. The Fund invests a substantial portion of its assets in lower-quality debt issued by companies that are highly leveraged. Lower-quality debt tends to be less liquid than higher-quality debt. Moreover, smaller debt issues tend to be less liquid than larger debt issues. If the economy experiences a sudden downturn, or if the debt markets for such companies become distressed, the Fund may have particular difficulty selling its assets in sufficient amounts, at reasonable prices and in a sufficiently timely manner to raise the cash necessary to meet any potentially heavy redemption requests by Fund shareholders.

MARKET RISK. Market risk is the risk that a particular security owned by the Fund or shares 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. Shares of the Fund could decline in value or underperform other investments.

NON-U.S. SECURITIES RISK. Non-U.S. securities are subject to higher volatility than securities of domestic issuers due to possible adverse political, social or economic developments; restrictions on foreign investment or exchange of securities; lack of liquidity; currency exchange rates; excessive taxation; government seizure of assets; different legal or accounting standards; and less government supervision and regulation of exchanges in foreign countries.

OTHER DEBT SECURITIES RISK. Secured loans that are not first lien loans that are unsecured and debt securities are subject to many of the same risks that affect senior floating rate loans; however they are often unsecured and/or lower in the issuer's capital structure than senior floating rate loans, and thus may be exposed to greater risk of default and lower recoveries in the event of a default. This risk can be further heightened in the case of below investment grade instruments. Additionally, most fixed income securities are fixed rate and thus are generally more susceptible than floating rate loans to price volatility related to changes in prevailing interest rates.

PREPAYMENT RISK. Loans and other fixed income investments 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.