First Trust

FOR IMMEDIATE RELEASE

CONTACT: Ryan Issakainen
First Trust
(630) 765-8689
RIssakainen@FTAdvisors.com

First Trust Expands its ETF Lineup with Two New Short Duration Municipal ETFs

Short duration ETFs that may offer a higher level of income that is exempt from federal tax, while potentially reducing the impact of rising interest rates.

WHEATON, IL – (BUSINESS WIRE) – November 2, 2018 – First Trust Advisors L.P. ("First Trust") a leading exchange-traded fund ("ETF") provider and asset manager, announced today that it has launched two new actively managed ETFs, the First Trust Short Duration Managed Municipal ETF (NYSE Arca: FSMB) and the First Trust Ultra Short Duration Municipal ETF (NYSE Arca: FUMB) (the "funds"). By investing primarily in municipal debt securities, the funds seek to provide federally tax-exempt income consistent with capital preservation. The funds are managed by First Trust using a strategy that focuses on a combination of quantitative analysis and fundamental research.

"Even as interest rates have moved higher this year, investor demand for tax-free income from municipal bonds continues to stand out," said Ryan Issakainen, CFA, Senior Vice President, ETF Strategist at First Trust. In seeking attractive income, the funds will focus primarily on U.S. dollar denominated, investment-grade municipal securities. The portfolio managers will seek to maintain a weighted average duration of 1-3 years in the case of FSMB and less than one year in the case of FUMB. Duration is a mathematical calculation of the average life of a debt security (or a portfolio of debt securities) that serves as a measure of its price risk. The short duration focus of these funds seeks to reduce the impact of interest rate movements while maintaining current income, as short-term municipal bonds have historically been less sensitive to rising interest rates. "Our experienced municipal securities team at First Trust employs a rigorous, disciplined approach to managing risk, while seeking to capitalize on yield curve, industry weightings, and individual credit opportunities," said Issakainen. The portfolio managers seek bonds that they believe may perform well on a total return basis in various interest rate environments. Active portfolio management allows the funds' managers to make portfolio adjustments as conditions change.

The municipal securities team at First Trust sees ample investment opportunities in municipal bonds. In their view, credit fundamentals are improving for many municipal bond issuers and taxable equivalent yields are attractive relative to other fixed income asset classes. Given the rising interest rate environment as a result of stronger economic growth, they believe that, in the current market, positioning the funds along the shorter portion of the yield curve provides investors less interest rate sensitivity than longer duration portfolios.

Johnathan N. Wilhelm, Senior Vice President and Tom Futrell, CFA, Senior Vice President at First Trust, serve as senior portfolio managers of the funds. The two will share responsibilities for the day-to-day management of the funds' investment portfolio.

For more information about First Trust, please contact Ryan Issakainen at (630) 765-8689 or RIssakainen@FTAdvisors.com.

First Trust

About First Trust

First Trust is a federally registered investment advisor and serves as the fund's investment advisor. First Trust and its affiliate First Trust Portfolios L.P. ("FTP"), a FINRA registered broker-dealer, are privately held companies that provide a variety of investment services. First Trust has collective assets under management or supervision of approximately $134 billion as of September 30, 2018 through unit investment trusts, exchange-traded funds, closed-end funds, mutual funds and separate managed accounts. First Trust is the supervisor of the First Trust unit investment trusts, while FTP is the sponsor. FTP is also a distributor of mutual fund shares and exchange-traded fund creation units. First Trust and FTP are based in Wheaton, Illinois. For more information, visit http://www.ftportfolios.com.

###

You should consider the funds' 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 funds. The prospectus or summary prospectus should be read carefully before investing.

ETF Characteristics

The funds list and principally trade their shares on NYSE Arca, Inc.

Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be redeemed directly from the funds by authorized participants, in very large creation/redemption units. If the funds' authorized participants are unable to proceed with creation/redemption orders and no other authorized participant is able to step forward to create or redeem, fund shares may trade at a discount to the fund's net asset value and possibly face delisting.

Risk Considerations

The funds' shares will change in value and you could lose money by investing in the funds. The funds are subject to management risk because they are actively managed portfolios. In managing the funds' investment portfolios, the advisor will apply investment techniques and risk analyses that may not have the desired result. There can be no assurance that the funds' investment objectives will be achieved.

The funds are subject to market risk. Market risk is the risk that a particular security owned by the funds or shares of the funds in general may fall in value. The values of municipal securities held by the funds may be adversely affected by local political and economic conditions and developments.

Municipal bonds are subject to numerous additional risks, including credit risk, credit spread risk, income risk, inflation risk, interest rate risk, extension risk, call risk, zero coupon bond risk, valuation risk, and political and economic risk. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and/or principal payments when due and that the value of a security may decline as a result. Credit spread risk is the risk that credit spreads may increase, which may reduce the market values of the funds' securities. Income risk is the risk that income from the funds' fixed income investments could decline during periods of falling interest rates. Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. Interest rate risk is the risk that the value of the securities in the funds will decline because of rising market interest rates. Extension risk is the risk that, when interest rates rise, certain obligations will be paid off by the issuer (or obligor) more slowly than anticipated, causing the value of these securities to fall. Call risk is the risk that performance could be adversely impacted if an issuer calls higher-yielding debt instruments held by the funds. Zero coupon bond risk is the risk that zero coupon bonds may be highly volatile as interest rates rise or fall because they do not pay interest on a current basis. Valuation risk is the risk that, due to the lack of centralized information and trading, the valuation of fixed income securities may carry more uncertainty and risk than that of publicly traded securities. Political and economic risk is the risk that the values of municipal securities held by the funds may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers.

Income from municipal bonds held by the funds could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. The funds have no limit as to the amount that can be invested in alternative minimum tax bonds. All or a portion of the funds' otherwise exempt-interest dividends may be taxable to those shareholders subject to the federal alternative minimum tax.

Inventories of municipal securities have decreased in recent years, lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease the funds' ability to buy or sell municipal securities, and increase price volatility and trading costs.

Custodial receipt trusts may issue inverse floater securities in which the funds may invest. Inverse floater securities may be leveraged and their market values may be more volatile than other types of fixed-income instruments. In addition, distributions paid to the fund on its inverse floaters will be reduced or even eliminated as short-term municipal interest rates rise and will increase as short-term municipal interest rates fall.

As the use of Internet technology has become more prevalent in the course of business, the funds have become more susceptible to potential operational risks through breaches in cyber security. Such events could cause the fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

If the funds have lower average daily trading volumes, they may rely on a small number of third-party market makers to provide a market for the purchase and sale of shares. Any trading halt or other problem relating to the trading activity of these market makers could result in a dramatic change in the spread between a fund's net asset value and the price at which the fund's shares are trading.

The funds are subject to industrial development bond risk which is the risk that to the extent that the industrial development sector continues to represent a significant portion of the funds, the funds will be sensitive to changes in, and its performance may depend to a greater extent on, the overall condition of the industrial development sector.

The payment of principal and interest of a pre-refunded bond is funded from securities held in a designated escrow account where such securities are obligations of and carry the full faith and credit of the U.S. Treasury. The securities held in the escrow fund do not guarantee the price of the bond.

Private activity bonds, issued by municipalities or other public authorities, can have a substantially different credit profile than the municipality or public authority and may be negatively impacted by conditions affecting either the general credit of the use of the private activity project or the project itself.

The funds may invest in distressed municipal securities and many distressed securities are illiquid or trade in low volumes and thus may be more difficult to value.

High-yield securities, or "junk" bonds, are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, may be highly speculative. 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. The market for high-yield securities is smaller and less liquid than that for investment-grade securities.

Participation interests in municipal leases pose special risks because many leases and contracts contain "non-appropriation" clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for this purpose by the appropriate legislative body.

The funds will, under most circumstances, effect a portion of creations and redemptions for cash, rather than in-kind securities. As a result, the funds may be less tax-efficient.

First Trust

The funds currently have fewer assets than larger funds, and like other relatively new funds, large inflows and outflows may impact the funds' market exposure for limited periods of time.

The funds are classified as "non-diversified" and may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the funds may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.

First Trust Advisors L.P. is the adviser to the fund. First Trust Advisors L.P. is an affiliate of First Trust Portfolios L.P., the fund's distributor.

Source: First Trust Advisors L.P.