First Trust

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First Trust to Launch the First Trust TCW Opportunistic Fixed Income ETF

An actively managed ETF that has the potential to outperform the broad bond market using a value driven approach

WHEATON, IL – (BUSINESS WIRE) – February 14, 2017 – First Trust Advisors L.P. ("First Trust"), a leading ETF provider and asset manager, announced today that it expects to launch a new actively managed exchange-traded fund ("ETF") on February 15, 2017, that is designed to give investors exposure primarily to investment grade bonds. The First Trust TCW Opportunistic Fixed Income ETF **(Nasdaq: FIXD)** (the "fund") seeks to maximize long-term total return using a value driven approach. The fund is sub-advised and managed by TCW Investment Management Company LLC ("TCW" or "Sub-Advisor").

The fund is a multi-sector portfolio that provides exposure to core and satellite fixed income assets. Under normal market conditions, the fund will seek to achieve its investment objective by investing at least 80% of its net assets (including investment borrowings) in fixed income securities of any credit quality and may invest up to 35% of its net assets in securities rated below investment grade. "TCW takes a very careful and deliberate approach to new product development, and we could not be more pleased to launch this fund with an industry-leading partner like First Trust," said Steve Kane, Portfolio Manager at TCW. "Given the increased market demand for actively managed fixed income ETFs, we believe this offering will provide another means for investors to access our team-based, value approach to managing fixed income portfolios." Unlike passive indexing strategies, TCW's active approach focuses on generating alpha primarily through sector allocation and security selection. The investment process comprises additional strategies including careful duration management, yield curve positioning and opportunistic trade execution. The result is a portfolio that is diversified not only in a traditional sense across maturities, sectors and securities, but also across strategies that provide the opportunity to seek higher risk-adjusted returns.

TCW's fixed income management philosophy reflects a goal of consistently outperforming the broader bond market over full market cycles while maintaining below average volatility with an emphasis on capital preservation, particularly in rising interest rate environments. "We believe fixed income markets provide significant opportunities for active managers to add value," said Ryan Issakainen, CFA, Senior Vice President and ETF Strategist for First Trust. "TCW is a world class institutional investment manager, and we're thrilled to offer this core, fixed-income ETF."

The fund's portfolio management team from TCW includes Tad Rivelle, Chief Investment Officer, Co-Director – Fixed Income, Portfolio Manager; Laird Landmann, Co-Director – Fixed Income, Portfolio Manager; Stephen M. Kane, CFA, Portfolio Manager; and Bryan T. Whalen, CFA, Portfolio Manager. The portfolio managers are jointly responsible for the day-to-day management of the fund.

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

About First Trust

First Trust Advisors L.P., along with its affiliate First Trust Portfolios L.P., are privately held companies which provide a variety of investment services, including asset management and financial advisory services, with collective assets under management or supervision of approximately $100 billion as of January 31, 2017 through unit investment trusts, exchange-traded funds, closed-end funds, mutual funds and separate managed accounts. First Trust is based in Wheaton, Illinois. For more information, visit http://www.ftportfolios.com.

About TCW Investment Management Company LLC

TCW Investment Management Company LLC is a wholly owned subsidiary of The TCW Group, Inc. ("TCW Group"), which is a leading global asset management firm with nearly five decades of investment experience. Established in 1971 in Los Angeles, California, TCW Group manages a broad range of products across fixed income, equities, emerging markets and alternative investments. Through the TCW, MetWest and TCW Alternative Fund Families, TCW manages one of the largest mutual fund complexes in the U.S. Its clients include many of the world's largest corporate and public pension plans, financial institutions, endowments and foundations, as well as financial advisors and high net worth individuals. With a high level of employee ownership, TCW is committed to providing disciplined, team-managed investment processes that have been tested across market cycles. As of December 31, 2016, TCW Group had $191.6 billion in assets under management with more than $158 billion of that in fixed income.

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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 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.

ETF Characteristics

The fund will list and principally trade its shares on The Nasdaq Stock Market LLC.

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 fund by authorized participants, in very large creation/redemption units. If the fund's 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 fund's shares will change in value, and you could lose money by investing in the fund. One of the principal risks of investing in the fund is market risk. Market risk is the risk that a particular security owned by the fund, fund shares or securities in general may fall in value.

The fund is subject to credit risk, call risk, income risk, interest rate risk and prepayment 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 risk is heightened for the floating rate 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. Call risk is the risk that if an issuer calls higher-yielding debt instruments held by the fund, performance could be adversely impacted. Income risk is the risk that income from the fund's fixed income investments could decline during periods of falling interest rates. Interest rate risk is the risk that the value of the fixed income securities in the fund will decline because of rising market interest rates. Prepayment risk is the risk that during periods of falling interest rates, an issuer may exercise its right to pay principal on an obligation earlier than expected. This may result in a decline in the fund's income.

Certain of the fixed-income securities in the fund may not have the benefit of covenants which could reduce the ability of the issuer to meet its payment obligations and might result in increased credit risk.

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. Lower quality debt tends to be less liquid than higher quality debt.

The risks associated with senior loans are similar to the risks of high-yield fixed income instruments. The loans are usually rated below investment grade but may also be unrated. 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.

Mortgage-related securities, including mortgage-backed securities, are more susceptible to adverse economic, political or regulatory events that affect the value of real estate. Mortgage-related securities are subject to the risk that the rate of mortgage prepayments decreases, which extends the average life of a security and increases the interest rate exposure.

In a falling inflationary environment, both interest payments and the value of Treasury inflation protected securities (TIPS) will decline.

Securities issued or guaranteed by federal agencies and U.S. government sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government.

Collateralized loan obligations (CLOs) carry additional risks, including, the possibility that distributions from collateral securities will not be adequate to make interest or other payments, the quality of the collateral may decline in value or default, the possibility that the investments in CLOs are subordinate to other classes or tranches, and the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

The use of options and other derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the fund's portfolio managers use derivatives to enhance the fund's returns or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the fund.

If a counterparty defaults on its payment obligations, the fund will lose money and the value of an investment in fund shares may decrease.

As the use of Internet technology has become more prevalent in the course of business, the fund has become more susceptible to potential operational risks through breaches in cyber security.

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. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the fund’s investment and the value of fund shares. Because the fund’s net asset value is determined on the basis of U.S. dollars, you may lose money if the local currency of a foreign market depreciates against the U.S. dollar.

Investments in sovereign bonds involve special risks because the governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt obligations or of other government debt obligations.

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.

The fund is classified as “non-diversified” and may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the fund 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 fund’s creation units will generally be issued and redeemed for cash and, in certain circumstances, in-kind for securities in which the fund invests. As a result, the fund may be less tax efficient.

The fund currently has fewer assets than larger, more established funds, and like other relatively new funds, large inflows and outflows may impact the fund’s market exposure for limited periods of time.

The fund is subject to management risk because it is an actively managed portfolio. In managing the fund’s investment portfolio, the sub-advisor will apply investment techniques and risk analyses that may not have the desired result. There can be no guarantee that the fund will meet its investment objectives.

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.

Definitions:

Alpha is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark.

Duration is 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. It accounts for the likelihood of changes in the timing of cash flows in response to interest rate movements.

Source: First Trust Advisors L.P.