First Trust

**FOR IMMEDIATE RELEASE**

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**First Trust Launches the First Trust Alternative Absolute Return Strategy ETF**

*An actively-managed ETF that has the potential to profit from both rising and falling commodity price trends*

**WHEATON, IL** – (BUSINESS WIRE) – May 19, 2016 – First Trust Advisors L.P. ("First Trust"), a leading ETF provider, has launched a new exchange-traded fund ("ETF"), the First Trust Alternative Absolute Return Strategy ETF (Nasdaq: FAAR). The fund is actively managed and seeks to provide investors with long-term total return by investing primarily in exchange-listed commodity futures contracts through a wholly-owned subsidiary of the fund.

The fund's investment process involves taking long and short positions in commodity futures contracts through its subsidiary. Historically, returns within the different commodity markets have varied greatly allowing for many opportunities to employ the long/short strategy. Futures contracts are contractual agreements to buy or sell a particular commodity or financial instrument at a predetermined price and date in the future. Taking a "long" position means purchasing a futures contract. The owner of a "long" position in a futures contract may profit from an increase in the price of the underlying commodity, and conversely, will incur a loss if the underlying commodity declines in price. Taking a "short" position means selling a futures contract. The owner of a "short" position in a futures contract may profit from a decrease in the price of the underlying commodity, and conversely, will incur a loss if the underlying commodity increases in price. The ability to take long and short positions provides the potential to generate positive returns over time in both rising and falling markets.

"Absolute return offers the potential to provide long-term total return in a variety of market environments. Additionally, the strategy may offer low or no correlation to equities, bonds, real estate and long-only commodities," said John Gambla, CFA, FRM, PRM and Senior Portfolio Manager for the Alternatives Investment Team at First Trust. Combining uncorrelated asset classes in an overall portfolio—that is, those that have performed differently over varying market conditions—increases diversification. "Global capital markets are increasingly integrated, correlations are rising among the major asset classes, and volatility is reverting back to long-term norms. In such an environment, absolute return strategies with lower correlation profiles can provide the robust diversification that is a cornerstone of modern portfolio theory," Gambla said. Although diversification does not guarantee a profit or protect against a loss, including an investment strategy that is not available in traditional investment portfolios, may help to generate more consistent returns and may potentially smooth out volatility.

Typically, ETFs that invest in commodity futures contracts generate a form K-1 for tax reporting, which may create complications for investors at tax time. The fund, on the other hand, does not issue K-1s for tax purposes. Instead investors will receive a Form 1099 with distributions reported as ordinary income, avoiding the potential complications of K-1 reporting.

Along with John Gambla, Rob Guttschow, CFA, will also serve as Senior Portfolio Manager of the fund. The two will primarily be responsible for daily investment decisions under the direction of an Investment Committee which includes four other individuals with extensive investment experience.

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 $97.03 billion as of April 29, 2016 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.

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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 lists and principally trades 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.

**Risks**

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 or shares of the fund in general, may fall in value.

The trading prices of commodities futures, fixed income securities and other instruments fluctuate in response to a variety of factors. The fund's net asset value and market price may fluctuate significantly in response to these factors. As a result, an investor could lose money over short or long periods of time. In addition, the net asset value of the fund may be more volatile over short-term periods than other investment options because of the fund's significant use of financial instruments that have a leveraging effect.

The fund is subject to management risk because it is an actively managed portfolio. In managing the fund's investment portfolio, the 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 objective.

The fund does not invest directly in futures instruments. Rather, it invests in a wholly owned subsidiary, which will have the same investment objective as the fund, but unlike the fund, it may invest without limitation in futures instruments. The subsidiary is not registered under the 1940 Act and is not subject to all the investor protections of the 1940 Act. Thus, the fund, as an investor in the subsidiary, will not have all the protections offered to investors in registered investment companies.

The failure or bankruptcy of the fund's and the subsidiary's clearing broker could result in a substantial loss of fund assets.

The value of commodities and commodity-linked instruments typically is based upon the price movements of a physical commodity or an economic variable linked to such price movements. The prices of commodities and commodities-linked instruments may fluctuate quickly and dramatically and may not correlate to price movements in other asset classes. An active trading market may not exist for certain commodities. Each of these factors and events could have a significant negative impact on the fund.

All futures and futures-related products are highly volatile. Price movements are influenced by a variety of factors, including: changes in overall economic conditions, changes in interest rates, or factors affecting a particular commodity or industry, such as production, supply, demand, drought, floods, weather, political, economic and regulatory developments. Futures contracts may be less liquid than other types of investments.

The fund regularly purchases and sells commodity futures contracts to maintain a fully invested position. This frequent trading may increase the amount of commissions or mark-ups to broker-dealers that the fund pays when it buys and sells contracts, which may detract from the fund's performance.

The fund currently intends to effect most creations and redemptions, in whole or in part for cash, rather than in-kind securities. As a result, the fund may be less tax-efficient.

The fund, through the subsidiary, will engage in trading on commodity markets outside the U.S. Trading on such markets is not regulated by any U.S. government agency and may involve certain risks not applicable to trading on U.S. exchanges. The subsidiary is subject to portfolio turnover risk, which may result in the fund paying higher levels of transaction costs and generating greater tax liability for shareholders, with the potential to lessen performance. The fund holds investments that are denominated in non-U.S. currencies, or in securities that provide exposure to such currencies, currency exchange rates or interest rates denominated in such currencies. Changes in currency exchange rates and the relative value of non-U.S. currencies may affect the value of the fund's investments and the value of the fund's shares. Commodity futures contracts traded on non-U.S. exchanges or with non-U.S. counterparties present risks because they may not be subject to the same degree of regulation as their U.S. counterparts.

The fund intends to treat any income it may derive from commodity futures contracts received by the subsidiary as qualified income, subject to regulatory rules and annual re-examination.

The fund may be subject to the forces of "whipsaw" markets (as opposed to choppy or stable markets), in which significant price movements develop but then repeatedly reverse, which could cause substantial losses.

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.

Alternative investments may employ complex strategies, have unique investment and risk characteristics and may not be suitable for all investors.

Shorting may result in greater gains or greater losses. Short selling creates special risks which could result in increased volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

Certain securities in the fund are subject to credit risk, interest rate risk, and income 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. 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. Income risk is the risk that income from the fund’s fixed income investments could decline during periods of falling interest rates.

The fund currently has fewer assets than larger 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 gap risk, which is the risk that a commodity price will change from one level to another with no trading in between.

The fund is subject to regulatory risk, which may result in commodity contract positions requiring liquidation at disadvantageous times or prices.

The fund’s investment in repurchase agreements may be subject to market and credit risk with respect to the collateral securing the repurchase agreements.

The fund may invest in U.S. government obligations, including U.S. Treasury obligations and securities. 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.

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.

First Trust Advisors L.P. is registered as a commodity pool operator and commodity trading advisor and is also a member of the National Futures Association.