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First Trust Launches the EquityCompass Risk Manager ETFs

ETFs which seek to avoid large, prolonged market losses and reduce volatility

WHEATON, IL – (BUSINESS WIRE) – April 11, 2017 – First Trust Advisors L.P. ("First Trust"), a leading exchange-traded fund ("ETF") provider and asset manager announced today that it has launched the EquityCompass Risk Manager ETF (NYSE Arca: ERM), and the EquityCompass Tactical Risk Manager ETF (NYSE Arca: TERM). The funds are actively managed by EquityCompass Strategies ("EquityCompass," the funds' sub-advisor) and seek to provide long term capital appreciation with capital preservation as a secondary objective.[1] The funds' portfolio managers employ an investment strategy that seeks to avoid large, prolonged market losses and reduce volatility.

EquityCompass believes avoiding the market's worst down days is meaningfully more beneficial than the penalty that comes from missing the best up days. Severe losses reduce future earnings power due to a smaller capital base. Gains required to fully recover from a loss need to be greater than the original loss. For example, a 20% loss requires a 25% gain for a full recovery, and a 10% loss requires an 11.1% gain to recover. Outsized losses can add years to the time it takes to recover capital.

EquityCompass believes the implications of proper risk management, or lack thereof, are often underappreciated, poorly understood or ignored entirely. All investments carry some risk but steps can be taken within an investment strategy that have the potential to both protect against market stress and downside volatility and to participate in potential market gains. EquityCompass believes the key to achieving consistent performance that is both explainable and repeatable is the disciplined application of a rules-based investment process that manages volatility and attempts to stay invested, while merging traditional investment theory with quantitative techniques.

"Following two devastating bear markets in the last 17 years, investors, especially those nearing or in retirement, recognize the vulnerability of equity markets and are seeking risk management solutions. EquityCompass has been successfully utilizing active risk management in our portfolios since 2009. We are excited to collaborate with First Trust to offer investors a convenient and efficient method for incorporating this strategy into their portfolios," said Richard E. Cripps, CFA, Chief Investment Officer at EquityCompass.

"We believe these ETFs will be useful tools for investment advisors seeking to manage risk in their clients' portfolios, while maintaining exposure to US equities. As sub-advisor, EquityCompass brings a unique approach to risk-management, supported by years of rigorous empirical research," said Ryan Issakainen, CFA, Senior Vice President, ETF Strategist at First Trust.

The funds' portfolio managers include Timothy M. McCann, Senior Portfolio Manager, EquityCompass and Bernard J. Kavanagh, III, Portfolio Manager, EquityCompass, who share responsibilities for the day-to-day management of each fund's investment portfolio, along with the First Trust Advisors' Investment Committee.

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 $104 billion as of March 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.

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

ETF Characteristics

The funds list and principally trade their shares on the 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 a fund by authorized participants, in very large creation/redemption units. If a 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 a fund's net asset value and possibly face delisting.

Risk Considerations

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

The funds are subject to market risk. Market risk is the risk that a particular security owned by a fund or shares of the fund in general may fall in value.

The funds may invest in small or mid capitalization companies. Such companies may experience greater price volatility than larger, more established companies.

Certain securities held by the funds are subject to credit risk, income risk and interest rate 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 floating-rate loans and high-yield securities. Income risk is the risk that income from a 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 a fund will decline because of rising market interest rates.

To the extent that a fund or an underlying ETF engages in derivatives transactions, the funds bear the risk that the counterparty to the derivative or other contract with a third-party may default on its obligations or otherwise fail to honor its obligations. If a counterparty defaults on its payment obligations a fund will lose money and the value of the fund's shares may decrease.

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 a fund's portfolio managers use derivatives to enhance a 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 a fund.

The funds invest in equity securities and the value of the shares will fluctuate with changes in the value of these equity securities. Equity securities prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market.

The risks of owning an ETF generally reflect the risks of owning the underlying securities, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs.

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 funds to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

The funds' potential investment in ETFs is restricted by the Investment Company Act of 1940, as amended (the "1940 Act"), and the funds' associated exemptive relief which limits the amount of any single ETF that can be owned by a fund, individually and in the aggregate with all other registered investment companies and private investment pools advised by First Trust and its affiliates. This limitation may prevent the funds from purchasing shares of an ETF that it may have otherwise purchased pursuant to its investment objectives and principal investment strategy.

TERM may invest in inverse ETFs which would subject the fund to the risks of a short sales. The underlying ETF will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which a fund purchases the security to replace the borrowed security. In a rising stock market, the underlying ETF's short positions may significantly impact the ETF's overall performance or cause it to sustain losses, particularly in a sharply rising market. The use of short sales may also cause the underlying ETF to have higher expenses than other funds.

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

The funds are classified as "non-diversified" and may invest a relatively high percentage of their 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.

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

[1] Choice Financial Partners, Inc. d/b/a EquityCompass Strategies