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First Trust Launches First Trust Senior Loan Fund

Firm's Fourth Actively Managed ETF Seeks to Capitalize on Attractive Yields in Senior Loan Market While Offering an Element of Protection Against Rising Interest Rates

WHEATON, IL - (BUSINESS WIRE) - April 26, 2013 - [First Trust Advisors L.P.](http://www.firsttrustadvisors.com) ("First Trust"), a provider of more than 200 investment products, many of which offer transparency, tax efficiency and a rules-based approach to stock selection, will launch a new actively managed exchange-traded fund ("ETF") on May 2, 2013, the First Trust Senior Loan Fund (**NASDAQ: FTSL**).

The First Trust Senior Loan Fund ("the Fund") seeks to generate high current income and preserve capital by investing primarily in a diversified portfolio of first-lien senior floating rate bank loans ("senior loans"). Under normal market conditions, at least 80 percent of the Fund's net assets will be invested in senior loans made to businesses operating in North America. Up to 20 percent of the Fund's net assets may be allocated to non-senior loan debt securities, equity securities and warrants. The Fund attempts to outperform the S&P/LSTA U.S. Leveraged Loan 100 Index and the Markit iBoxx USD Leveraged Loan Index.

The Fund is First Trust's fourth actively managed ETF and will bring the firm's total number of ETFs to 76. The active management structure allows the Fund's Portfolio Managers to potentially obtain both attractive risk-adjusted and absolute returns over time.

"While an index-based senior loan ETF principally considers the market value of the debt issuance outstanding in its selection methodology, an actively managed ETF gives us the latitude to utilize our rigorous credit process in evaluating an individual company's ability to repay its debt, which we believe is paramount to driving attractive risk-adjusted and absolute returns over the long term," said William Housey, CFA, Senior Vice President and Senior Portfolio Manager at First Trust, who serves as one of the Fund's Portfolio Managers. "Many fixed-income investors are looking for alternative sources of income that have historically performed well when interest rates have increased, such as senior loans, and we believe an actively managed ETF is an ideal way for investors to access a diversified portfolio of senior loans while gaining enhanced transparency and liquidity."

Senior loans are generally made to below-investment-grade companies, and are secured by collateral of the issuing company and positioned at the top of the capital structure. In addition, senior loans have interest rates that reset every 30 to 90 days. This "floating rate" feature sets senior loans apart from high-yield bonds and other fixed-rate bonds, as senior loans may generate higher levels of income as short-term interest rates increase.

Senior loans' secured position within a capital structure can mitigate losses in the event of a default. According to Moody's, the average recovery rate for senior loans between 1987 and

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2012 was 80.6 percent, compared to 63.7 percent for senior secured bonds, 48.6 percent for senior unsecured bonds and 28.5 percent for subordinated bonds.

First Trust believes that due to senior loans' impressive recovery rate, lower sensitivity to rising interest rates, and their historically low correlations to other fixed-income asset classes, senior loans can potentially decrease volatility and improve risk-adjusted returns for a well-diversified portfolio.

"While nobody knows exactly when interest rates will climb up from today's historic lows, we believe such an increase, when it occurs, can be devastating to a traditional fixed-income portfolio," said Mr. Housey. "The First Trust Senior Loan Fund is unique because it offers investors an opportunity to capitalize on the relatively attractive yield from senior loans while simultaneously providing a degree of protection from the harmful effects of a potential increase in interest rates." It is important to note there is no assurance the fund's goal or objectives will be achieved or maintained.

In addition to Mr. Housey, Scott D. Fries, CFA, Senior Vice President and Portfolio Manager at First Trust, also serves as Portfolio Manager to the Fund.

For more information about First Trust, please contact Chris Moon of JCPR at 973-850-7304 or cmoon@jcprinc.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 \$72 billion as of March 31, 2013 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.

The fund is subject to 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.

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Senior Loan securities are subject to numerous risks, including credit risk, interest rate risk, income 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 the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments. Credit risk may be heightened for senior loans because companies that issue loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy. Interest rate risk is the risk that if interest rates rise, the prices of the fixed-rate instruments held by the fund may fall. Income risk is the risk that if interest rates fall, the income from the fund's portfolio will decline as the fund intends to hold floating-rate debt that will adjust lower with falling interest rates. Prepayment risk is the risk that an issuer of a loan may exercise its right to pay principal on an obligation earlier than expected. This may result in the fund reinvesting proceeds at lower interest rates, resulting in a decline in the fund's income.

Senior floating rate loans are usually rated below investment grade but may also be unrated. As a result, the risks associated with these loans are similar to the risks of high yield fixed-income instruments. High yield securities are subject to greater market fluctuations and risk of loss than securities with higher ratings. High-yield securities are subject to numerous risks, including higher interest rates, economic recession, deterioration of the junk bond market, possible downgrades and defaults of interest and/or principal. High yield securities are subject to greater market fluctuations and risk of loss than securities with higher 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.

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

The fund invests in securities of non-U.S. issuers. Such securities are subject to higher volatility than securities of domestic issuers. Because the fund's NAV is determined on the basis of U.S. dollars and the fund invests in foreign securities, you may lose money if the local currency of a foreign market depreciates against the U.S. dollar.

The fund currently intends to effect a significant portion of creations and redemptions for cash, rather than in-kind securities. As a result, the fund may be less tax-efficient than if it were to sell and redeem its shares principally in-kind.

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 objectives.

The fund is classified as "non-diversified." A non-diversified fund generally may invest a larger percentage of its assets in the securities of a smaller number of issuers. As a result, the fund may be more susceptible to the risks associated with these particular issuers, or to a single economic, political or regulatory occurrence affecting these issuers.