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First Trust Launches the First Trust TCW Emerging Market Debt ETF

An actively managed ETF that provides exposure to fixed income opportunities in emerging markets

WHEATON, IL – (BUSINESS WIRE) – February 18, 2021 – First Trust Advisors L.P. ("First Trust"), a leading exchange-traded fund ("ETF") provider and asset manager, announced today that it has launched a new actively managed ETF, the First Trust TCW Emerging Market Debt ETF (NYSE Arca: EFIX) (the "fund"). The fund seeks to provide high total return from current income and capital appreciation by investing in emerging market debt. The portfolio is sub-advised and managed by TCW Investment Management Company LLC ("TCW").

"We believe professional management for fixed income assets is more important than ever. This actively managed ETF provides another tool for investment advisors seeking to capitalize on opportunities in emerging markets fixed income by leveraging the best thinking of the world-class team at TCW," said Ryan Issakainen, CFA, Senior Vice President, ETF Strategist at First Trust.

TCW believes emerging market fixed income is an important and growing segment of the global economy. "In this portfolio, TCW takes a total return approach, investing across hard currency emerging market sovereigns and corporates. We seek to capture inflection points—whether driven by structural reforms, political change or improving growth dynamics—in an effort to capture the greatest risk/reward for the benefit of our investors," said Alex Stanojevic, TCW, Group Managing Director, Portfolio Manager. "Furthermore, in many cases, debt to GDP ratios in emerging market countries are lower than in the developed world, and with over 65% of debt globally yielding below 2%, according to Standard Chartered as of 1/29/21, emerging markets debt represents an attractive carry opportunity within fixed income," said David I. Robbins, TCW, Group Managing Director, Portfolio Manager.

EFIX invests in debt securities issued or guaranteed by companies, financial institutions and government entities located in emerging market countries. These investments include, but are not limited to, sovereign entities, quasi-sovereign entities and corporations. TCW's fixed income management philosophy applies a long-term value discipline emphasizing fundamental research, with a strong emphasis on risk and liquidity management. Their top-down/bottom-up research is used to drive the portfolio's country allocation and security selection decisions.

In addition to Alex Stanojevic and David Robbins, the fund's portfolio management team from TCW includes Penelope D. Foley, TCW, Group Managing Director, Portfolio Manager. The portfolio managers are jointly responsible for the day-to-day management of the fund.

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

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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 $174 billion as of January 29, 2021 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 https://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, 2020, TCW Group had $248 billion in assets under management, with nearly $228 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.

Risk Considerations

A fund's shares will change in value, and you could lose money by investing in a fund. One of the principal risks of investing in a fund is market risk. Market risk is the risk that a particular stock owned by a fund, fund shares or stocks in general may fall in value. There can be no assurance that a fund's investment objective will be achieved. The outbreak of the respiratory disease designated as COVID-19 in December 2019 has caused significant volatility and declines in global financial markets, which have caused losses for investors. The COVID-19 pandemic may last for an extended period of time and will continue to impact the economy for the foreseeable future.

In managing the fund's investment portfolio, the sub-advisor will apply investment techniques and risk analyses that may not have the desired result.

A fund may be a constituent of one or more indices which could greatly affect a fund's trading activity, size and volatility.

The fund may invest in securities concentrated in a particular asset class, industry or region which involves additional risks including limited diversification.

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.

An investment in a fund containing securities of non-U.S. issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers. 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-US currencies may affect the value of a fund's investments and the value of a fund's shares.

The fund is subject to credit risk, call risk, income risk, inflation risk, interest rate risk, extension 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. 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 fixed income securities in the fund 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. 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.

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.

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, 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 use of listed and OTC derivatives, including futures, options, swap agreements and forward contracts, 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.

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.

Illiquid securities and restricted 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.

If a counterparty defaults on its payment obligations, the fund will lose money and the value of fund shares may decrease. The fund's investment in repurchase agreements may be subject to market and credit risk with respect to the collateral securing the agreements.

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The fund will, under most circumstances, effect a portion of creations and redemptions for cash, rather than in kind securities. 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.

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.

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, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

Definition:

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.

Sovereign Debt is a central government's debt that is issued by the national government in a foreign currency in order to finance the issuing country's growth and development.

Quasi-Sovereign Debt refers to an entity that is either 100% owned by a sovereign entity or whose debt is 100% guaranteed by a sovereign entity.

Source: First Trust Advisors L.P.