First Trust Launches the First Trust TCW Securitized Plus ETF
An actively managed ETF that provides exposure to securitized debt securities.

WHEATON, IL – (BUSINESS WIRE) – May 1, 2020 – 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 Securitized Plus ETF (NYSE Arca: DEED) (the “fund”). The portfolio is sub-advised and managed by TCW Investment Management Company LLC (“TCW”).

The First Trust TCW Securitized Plus ETF seeks to maximize long-term total return by applying management expertise and allocating investments across a range of securitized asset classes. The fund will invest at least 50% of its total assets in securities issued or guaranteed by the U.S. government, its agencies or instrumentalities (such as Ginnie Mae), and U.S. government-sponsored entities (such as Fannie Mae and Freddie Mac). In addition, the fund may invest up to 50% of its total assets in non-agency, non-government sponsored entity securities and privately-issued mortgage-related and other asset-backed securities including residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities and CLOs (“Private MBS/ABS”). TCW’s management philosophy for securitized assets focuses on evaluating the underlying collateral and the ability to produce cash flows across multiple scenarios using a variety of tools and analysis techniques. “TCW is proud of our deep and experienced securitized products team, and our many years of developing proprietary analytics and models for this complex asset class. Securitized markets show persistent inefficiencies that can be capitalized on for the benefit of investors through a disciplined research process and careful issue selection,” said Harrison Choi, Portfolio Manager at TCW. “The First Trust TCW Securitized Plus ETF builds on our successful and growing relationship with First Trust, and we are very pleased to have them as a partner,” said Choi.

“We believe professional management for fixed income assets is more important than ever. This actively-managed ETF provides another tool for investment advisors to build portfolios for their clients, leveraging the best thinking of the world-class team at TCW,” said Ryan Issakainen, CFA, Senior Vice President, ETF Strategist at First Trust.

In addition to Harrison Choi, the fund’s portfolio management team from TCW includes Bryan T. Whalen, CFA, Group Managing Director, Portfolio Manager; Scott Austin, CFA, Managing Director, Portfolio Manager and Mitchell Flack, 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.
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 $115 billion as of March 31, 2020 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 March 31, 2020, TCW Group had $212 billion in assets under management, with nearly $197 billion of that in fixed income.

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. Some of the securities held by the fund may be illiquid. 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 impact of this COVID-19 pandemic may be short term or may last for an extended period of time, and in either case could result in a substantial economic downturn or recession.

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

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.

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 bank 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.

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.

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. Non-agency debt that are not issued by a government-sponsored entity such as Fannie Mae, Freddie Mac and Ginnie Mae, are not afforded the protections of backing by the U.S. government, making them more susceptible to credit, liquidity and other risks.

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.

The impairment of the value of collateral or other assets underlying an asset-backed security, such as a result of non-payment of loans or non-performance of underlying assets, may result in a reduction in the value of such asset-backed securities and losses to the fund.

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.

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.

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.
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.

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 advisors 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.

Source: First Trust Advisors L.P.