First Trust
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CONTACT: Ryan Issakainen
First Trust
(630) 765-8689
RIssakainen@FTAdvisors.com

First Trust Introduces a Laddered Portfolio of Buffer ETFs
A diversified approach to Target Outcome investing

WHEATON, IL – (BUSINESS WIRE) – August 10, 2020 – First Trust Advisors L.P. (“First Trust”) a leading exchange-traded fund (“ETF”) provider and asset manager, announced today that it expects to launch the FT Cboe Vest Fund of Buffer ETFs (Cboe: BUFR) (the “fund”) on August 11, 2020. The fund, which seeks to provide capital appreciation, is advised by First Trust and sub-advised by Cboe Vest Financial LLC (“Cboe Vest”). BUFR is designed to provide equity investors with an ongoing risk management strategy by investing substantially all of its assets in four Target Outcome ETFs® (the “underlying ETFs”). The underlying ETFs seek to provide returns (before fees, expenses and taxes) that match the price return of the SPDR® S&P 500® ETF Trust (“SPY”), up to a predetermined upside cap, while providing a buffer against the first 10% (before fees, expenses and taxes) of SPY losses, over a defined one-year “Target Outcome” Period. The fund itself does not provide any buffer against losses. The fund simply seeks to provide diversified exposure to all the underlying ETFs. In order to understand the fund’s strategy and risks, it is important to understand the strategies and risks of the underlying ETFs. The fund does not seek to directly experience the full stated caps and buffers of the underlying ETFs.

The four underlying ETFs held by the fund each has a Target Outcome Period that resets annually, each at different quarterly intervals, creating a diversified or “laddered” Target Outcome strategy. Designed for investors looking to use the underlying ETFs to mitigate risk in the context of asset allocation, a laddered approach can reduce timing risks over the long term, by providing diversification of the investment time period and market level. Depending on when the fund purchases shares of an underlying ETF, even with a laddered approach, the cap and/or buffer of an underlying ETF may be exhausted unless the fund buys shares at the beginning of a Target Outcome Period. At the onset of each new Target Outcome Period, the relevant underlying ETF’s cap is reset at prevailing market conditions. The cap for each underlying ETF’s subsequent outcome period will likely differ from its initial outcome period. Because the fund typically will not purchase shares of the underlying ETFs on the first day of a Target Outcome Period, it is not likely that the stated outcomes for a target outcome period will be realized or fully realized by the fund.

“As US equities have rebounded more quickly than expected over the past couple months, we believe many investors are seeking ways to have some downside risk protection, while still maintaining some exposure to the market,” said Ryan Issakainen, CFA, Senior Vice President, ETF Strategist at First Trust, “We believe this ETF will be an effective tool for investment professionals as they seek to achieve that balance for their clients.”

“Cboe Vest is proud to continue its heritage of leading-edge innovation, working with First Trust to launch BUFR, a laddered portfolio of Target Outcome ETFs®. We are motivated to offer this strategy for investors looking for risk diversification, who would otherwise have to
construct and manage laddered portfolios on their own. BUFR offers exposure to Target Outcome ETFs®, with the convenience of built-in diversification that recalibrates a portion of the investment to the prevailing levels of the reference asset each quarter,” said Karan Sood, CEO of Cboe Vest and portfolio manager for the funds. “Cboe Vest has created and has managed a laddered buffer strategy for more than three years, and is pleased to introduce it as an ETF,” Sood added. It is important to note that diversification does not guarantee a profit nor protect against loss.

In addition to Karan Sood, Howard Rubin, of Cboe Vest, will also serve as portfolio manager for the fund. The portfolio managers are jointly and primarily responsible for the day-to-day management of the funds.

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 funds’ 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 $145 billion as of July 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 [www.ftportfolios.com](http://www.ftportfolios.com).

**About Cboe Vest:**

Cboe Vest is the creator of Target Outcome Investments®, which strive to buffer losses, amplify gains or provide consistent income to a diverse spectrum of investors. Today, Cboe Vest’s Target Outcome Strategies™ are available in mutual funds, exchange-traded funds (ETFs), unit investment trusts (UITs), collective investment trusts (CITs), and customizable managed accounts / sub-advisory services. For more information about Cboe Vest and the evolution of Target Outcome Investments, visit [www.cboevest.com](http://www.cboevest.com) or contact Linda Werner at lwerner@cboevest.com or 703-864-5483.

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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 or visit [www.ftportfolios.com](http://www.ftportfolios.com) 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**

The fund has characteristics unlike many other traditional investment products and may not be appropriate for all investors.
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, fund shares or securities in general may fall in value. There can be no assurance that the fund’s investment objectives 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 portfolios, the advisor will apply investment techniques and risk analyses that may not have the desired result.

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 the fund’s net asset value and possibly face delisting.

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

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.

If the reference asset experiences gains during a target outcome period, the fund will not participate in those gains beyond the cap. In the event an investor purchases fund shares after the first day of a target outcome period and the fund has risen in value to a level near to the cap, there may be little or no ability for that investor to experience an investment gain on their fund shares.

The fund may invest in FLEX Options that reference an ETF, which subjects the fund to certain of the risks of owning shares of an ETF as well as the types of instruments in which the reference ETF invests.

Because the fund may hold FLEX Options that reference the index and/or reference ETFs, the fund has exposure to the equity securities markets. The FLEX Options held by the fund will be exercisable at the strike price only on their expiration date. Prior to the expiration date, the value of the FLEX Options will be determined based upon market quotations or other recognized pricing methods.

There can be no guarantee that a liquid secondary trading market will exist for the FLEX Options and FLEX options may be less liquid than exchange-traded options.

The fund’s investment strategy is designed to deliver returns that match the reference asset if a fund’s shares are bought on the day on which the fund enters into the FLEX Options (i.e., the first day of a target outcome period) and held for the entire target outcome period, subject to a pre-determined cap, or until those FLEX Options expire at the end of the target outcome period. If an investor does not hold its fund shares for an entire target outcome period, the returns realized by that investor may not match those a fund seeks to achieve. In the event an investor purchases fund shares after the first day of a target outcome period or sells shares prior to the expiration of the target outcome period, the value of that investor’s investment in fund shares may not be buffered against a decline in the value of the reference asset and may not participate in a gain in the value of the reference asset up to the cap for the investor’s investment period.

A new cap is established at the beginning of each target outcome period and is dependent on prevailing market conditions. As a result, the cap may rise or fall from one target outcome period to the next and is unlikely to remain the same for consecutive target outcome periods.

The fund may, under certain circumstances, 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.

High portfolio turnover may cause a fund’s performance to be less than expected.
A fund may be subject to the risk that a counterparty will not fulfill its obligations which may result in significant financial loss to a 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.

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 intends to qualify as “regulated investment companies” (“RICs”), however, the federal income tax treatment of certain aspects of the proposed operations of the funds are not entirely clear. If, in any year, the funds fail to qualify as RICs under the applicable tax laws, the funds would be taxed as ordinary corporations.

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.

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.

Cboe® is a registered trademark of Cboe Exchange, Inc., which has been licensed for use in the name of the fund. The fund is not sponsored, endorsed, sold or marketed by Cboe Exchange, Inc. or any of its affiliates (“Cboe”) or their respective third-party providers, and Cboe and its third-party providers make no representation regarding the advisability of investing in the funds and shall have no liability whatsoever in connection with the fund.

Source: First Trust Advisors L.P.