First Trust

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First Trust Expands its ETF Lineup with the First Trust Merger Arbitrage ETF

An actively managed ETF that seeks to capitalize on the potential profit from a merger or other significant corporate activity.

WHEATON, IL – (BUSINESS WIRE) – February 5, 2020 – First Trust Advisors L.P. ("First Trust") a leading exchange-traded fund ("ETF") provider and asset manager, announced today that it has launched the First Trust Merger Arbitrage ETF (NYSE Arca: MARB) (the "fund"). The fund seeks to provide investors with capital appreciation by establishing long and short positions in the equity securities of companies that are involved in a publicly-announced significant corporate event, such as a merger or acquisition.

"As the leading provider of actively-managed ETFs, we are happy to expand our lineup to include this merger arbitrage strategy. Since this ETF is expected to have low correlations to both stocks and bonds, we believe it will be an effective tool for investment professionals seeking to further diversify their clients' portfolios," said Ryan Issakainen, CFA, Senior Vice President, ETF Strategist at First Trust. Merger arbitrage is driven by a corporate event which may impact an involved company's stock price. The strategy involves purchasing the stock of a company being acquired ("target company"), while shorting the stock of the acquiring company.

"We are very excited to work with First Trust and add to the firm's successful range of actively-managed ETF strategies," said Michael Grayson, Portfolio Manager at Vivaldi Asset Management, LLC ("Vivaldi"), the fund's sub-advisor. Vivaldi aims to take advantage of the return opportunity presented by the potential profit, or "spread", emerging from the public announcement of a merger or acquisition. "We believe merger arbitrage presents a compelling opportunity for investors as merger and acquisition activity continues to benefit from record levels of corporate cash reserves, favorable equity market conditions, low cost of debt, and corporate boardroom confidence to pursue growth through acquisitions," Grayson said. The fund will generally provide exposure to a portfolio of deals across sectors and market capitalizations, but only securities of companies involved in a publicly announced significant corporate event, such as a merger or acquisition, are eligible for inclusion in the fund's portfolio.

In addition to Michael Grayson, the fund's portfolio management team from Vivaldi includes Michael Peck, CFA, President and Co-Chief Investment Officer; Scott Hergott, Co-Chief Investment Officer; Brian Murphy; Jeff O'Brien; and Daniel Lancz. The portfolio managers are primarily and 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 $145 billion as of December 31, 2019 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 Vivaldi

Vivaldi is an SEC registered investment adviser, founded in 2013 and headquartered in Chicago, Illinois, that specializes in structuring and managing alternative investment, multi-manager, and multi-strategy mutual funds. Vivaldi prides itself on its ability to combine rigorous research and risk management processes with disciplined portfolio construction and management.

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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 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

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.

A fund's shares will change in value, and you could lose money by investing in a fund. Market risk is that a particular security or shares of a fund may fall in value. 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 objective will be achieved.

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

Securities issued by companies concentrated in a particular industry or sector involves additional risks, including limited diversification. Small capitalization and mid capitalization companies may experience greater price volatility than larger, more established companies.

Securities of non-U.S. issuers are 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. Depositary receipts may be less liquid than the underlying shares in their primary trading market.

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.

Investments in companies that are the subject of a publicly-announced transaction carry the risk the transaction is renegotiated, takes longer to complete than originally planned and that the transaction is never completed. Any such event could cause a fund to incur a loss.

A fund that holds cash or invests in money market or short-term securities may be less likely to achieve its investment objective and could lose money.

Shorting may result in greater gains or greater losses. Short selling creates special risks which could result in increased volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

As the use of Internet technology has become more prevalent in the course of business, a fund has become more susceptible to potential operational risks through breaches in cyber security.

A fund classified as “non-diversified” may invest a relatively high percentage of its assets in a limited number of issuers. As a result, a 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.

Large inflows and outflows may impact a newer fund’s market exposure for limited periods of times.

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.

Please see the fund’s prospectus for a complete list of all the risks of investing in the fund.

Definitions

“Long” and “short” are investment terms used to describe ownership of securities. To buy securities is to “go long.” The opposite of going long is “selling short.”

Source: First Trust Advisors L.P.