First Trust

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First Trust Launches the First Trust Institutional Preferred Securities and Income ETF

WHEATON, IL – (BUSINESS WIRE) – August 24, 2017 – First Trust Advisors L.P. ("First Trust"), a leading exchange-traded fund ("ETF") provider and asset manager, announced that it has launched a new actively managed ETF, the First Trust Institutional Preferred Securities and Income ETF **(NYSE Arca: FPEI)** (the "fund"). The fund seeks total return and current income by investing at least 80% of its assets in institutional preferred securities and income-producing debt securities. The fund is sub-advised by Stonebridge Advisors LLC ("Stonebridge" or "sub-advisor").

Stonebridge seeks an attractive total return by investing in high quality preferred securities. "The new fund, FPEI, will be a pure play on the institutional preferred securities market, which is not easily accessible to retail investors and that we believe offers great value in the current market environment from both an income and relative value standpoint," said Robert Wolf, Senior Vice President, Senior Portfolio Manager at Stonebridge. Institutional preferred securities provide a larger investable universe over traditional retail preferreds, as the majority of new issuance is currently in institutional preferred securities both in the U.S. and globally. "Stonebridge is excited to be collaborating with First Trust on another actively managed preferred securities ETF after the success of the first actively managed preferred securities ETF, the First Trust Preferred Securities and Income ETF **(NYSE Arca: FPE)**," Wolf said.

"We believe this ETF will be an effective tool for investment advisors seeking to generate income for their clients, while helping to enhance portfolio diversification through the use of institutional preferred securities, which are absent from many preferred securities ETFs," said Ryan Issakainen, CFA, Senior Vice President, Exchange-Traded Fund Strategist at First Trust. "Currently, the majority of institutional preferred securities have variable rate coupons, which we believe have the potential to hold up better than preferreds with fixed rate coupons in a rising interest rate environment." Variable rate, or fixed-to-floating rate securities, initially have a fixed rate of income for a set period and then reset to a floating rate of income, typically at the first call date if they are not redeemed. The rate of income in fixed-to-floating rate securities may reset as rates move higher or lower, making them less sensitive to interest rate changes.

In addition to Robert Wolf, the fund's portfolio management team from Stonebridge includes Scott Fleming, President and Chief Investment Officer, and Danielle Salters, CFA, Vice President, Portfolio Manager and Credit Analyst. 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 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 $109 billion as of July 31, 2017 through unit investment trusts, exchange-traded funds, closed-end funds, mutual funds and separately managed accounts. First Trust is based in Wheaton, Illinois. For more information, visit http://www.ftportfolios.com.

About Stonebridge Advisors LLC

Stonebridge is a registered investment adviser based in Wilton, Connecticut. Stonebridge is a niche asset management firm that provides highly specialized expertise in preferred and hybrid securities for institutional investors and high net worth individuals. Through years of experience, the Stonebridge team has developed a disciplined approach to managing portfolios of preferred securities. Their strategies are designed to allow them the potential for providing attractive returns while limiting risk.

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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 NYSE Arca, Inc.

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. If the 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.

Risk Considerations

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.

The fund is subject to management risk because the sub-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 objective.

The fund may be concentrated in a single industry or sector which involves additional risk including limited diversification.

Financial companies are especially subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentrations in geographic markets and in commercial and residential real estate loans, and competition from new entrants in their fields of business.

The fund may invest in preferred securities issued by real estate investment trusts (REITs). Companies involved in the real estate industry are subject to changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession.

Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred securities are typically subordinated to bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments.

Preferred securities are also subject to credit risk, interest rate risk, income risk and call 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 if the fund invests in "high-yield" or "junk" debt. 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 income from the fund's portfolio could decline if interest rates fall. Call risk is the risk that performance could be adversely impacted if an issuer calls higher-yielding debt instruments held by the fund.

The market value of floating rate securities may fall in a declining interest rate environment and may also fall in a rising interest rate environment if there is a lag between the rise in interest rates and the reset. Income earned by the Fund on floating rate and fixed-to-floating rate securities may decline due to lower coupon payments on floating-rate securities.

Convertible securities have characteristics of both equity and debt securities and, as a result, are exposed to certain additional risks. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. Mandatory convertible securities are a subset of convertible securities, the conversion of which into common stock is not optional, and the conversion price at maturity is based solely upon the market price of the underlying common stock, which may be significantly less than par or the price paid. Mandatory convertible securities generally are subject to a greater risk of loss of value than securities convertible at the option of the holder.

Contingent convertible securities ("CoCos") may provide for mandatory conversion into common stock of the issuer under certain circumstances. Since the common stock of the issuer may not pay a dividend, investors in these instruments could experience a reduced income rate, potentially to zero; and conversion would deepen the subordination of the investor, hence worsening standing in a bankruptcy.

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. The fund may invest in lower-quality debt issued by companies that are highly leveraged. Lower-quality debt tends to be less liquid than higher-quality debt. Investments in restricted securities could have the effect of increasing the amount of the fund's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase these securities.

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. The fund may invest in depositary receipts which may be less liquid than the underlying shares in their primary trading market. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the fund's investments and the value of the fund's shares.

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 will, under most circumstances, effect a significant portion of creations and redemptions for cash, rather than in-kind securities. As a result, an investment in the fund may be less tax-efficient

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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.

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 and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.

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.

Source: First Trust Advisors L.P.