



FOR IMMEDIATE RELEASE

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**First Trust Launches the First Trust Municipal High Income ETF**

*An ETF that is actively managed using a rigorous, disciplined approach and active credit analysis to provide the potential for tax-exempt income and long-term capital appreciation*

WHEATON, IL – (BUSINESS WIRE) – November 2, 2017 – [First Trust Advisors L.P.](http://FirstTrustAdvisors.com) (“First Trust”) announced today that they have launched a new actively managed exchange-traded fund (“ETF”), the First Trust Municipal High Income ETF (Nasdaq: FMHI) (the “fund”). By investing primarily in municipal debt securities, the fund seeks to provide federally tax-exempt income with a secondary objective of long-term capital appreciation. The fund is managed by First Trust using a disciplined approach that focuses on a combination of quantitative analysis and fundamental research. In seeking attractive income, the fund will focus on non-rated bonds, lower investment-grade bonds and below investment-grade or “high yield” municipal bonds, while offering daily liquidity and full transparency of holdings.

We believe federal and state tax increases implemented in recent years, coupled with favorable historical risk-adjusted total returns, have boosted the demand for tax exempt investments. At the same time, some municipalities have faced increasing economic challenges, which we believe has raised the importance of active credit analysis and municipal bond expertise. Unlike index-based ETFs that may simply rely on rating agencies for credit analysis, we believe it is critical to understand an issuer’s ability to meet its financial obligations. Active portfolio management allows the fund managers to make portfolio adjustments as conditions change. “Our experienced municipal securities team at First Trust employs a rigorous, disciplined approach to managing risk, while seeking to capitalize on opportunities,” said Ryan Issakainen, CFA, Senior Vice President, ETF Strategist at First Trust. “Investor demand for tax-free income continues to grow, even as interest rates remain stubbornly low. For investors willing to take additional credit risk in pursuit of higher levels of tax-free income, we believe that active management is paramount.”

The municipal securities team at First Trust sees ample opportunities in municipal bonds. In their view, credit fundamentals are improving for many municipal bond issuers and taxable equivalent yields are attractive relative to other fixed income asset classes. Given the rising interest rate environment as a result of stronger economic growth, they believe that, in the current market, positioning the fund along the intermediate portion of the yield curve provides investors less interest rate sensitivity than longer duration portfolios.

Johnathan N. Wilhelm, Senior Vice President and Tom Futrell, CFA, Senior Vice President at First Trust, serve as senior portfolio managers of the fund. The two will share responsibilities for the day-to-day management of the fund’s investment portfolio.

For more information about First Trust, please contact Ryan Issakainen at (630) 765-8689 or [Rissakainen@FTAdvisors.com](mailto:Rissakainen@FTAdvisors.com).



### **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 \$111 billion as of September 30, 2017 through unit investment trusts, exchange-traded funds, closed-end funds, mutual funds and separate managed accounts. First Trust is based in Wheaton, Illinois. For more information, visit <http://www.ftportfolios.com>.

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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 Nasdaq Stock Market LLC. 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 management risk because it is an actively managed portfolio. In managing the 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 the fund's investment objectives will be achieved.

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 values of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments.

Municipal bonds are subject to numerous additional risks, including credit risk, income risk, interest rate risk, call risk, zero coupon bond risk, and political and economic 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. Income risk is the risk that income from the fund's fixed income investments could decline during periods of falling interest rates. Interest rate risk is the risk that the value of the securities in the fund will decline because of rising market interest rates. Call risk is the risk that performance could be adversely impacted if an issuer calls higher-yielding debt instruments held by the fund. Zero coupon bond risk is the risk that zero coupon bonds may be highly volatile as interest rates rise or fall because they do not pay interest on a current basis. Political and economic risk is the risk that the values of municipal securities held by the fund may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers.

Income from municipal bonds held by the fund could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. The fund has no limit as to the amount that can be invested in alternative minimum tax bonds. All or a portion of the fund's otherwise exempt-interest dividends may be taxable to those shareholders subject to the federal alternative minimum tax.

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Inventories of municipal securities have decreased in recent years, lessening the ability to make a market in these securities. This reduction in market making capacity has the potential to decrease the fund's ability to buy or sell municipal securities, and increase price volatility and trading costs.

Custodial receipt trusts may issue inverse floater securities in which the fund may invest. Inverse floater securities may be leveraged and their market values may be more volatile than other types of fixed-income instruments.

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. Such events could cause the funds to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

If the fund has lower average daily trading volumes, it may rely on a small number of third-party market makers to provide a market for the purchase and sale of shares. Any trading halt or other problem relating to the trading activity of these market makers could result in a dramatic change in the spread between the fund's net asset value and the price at which the fund's shares are trading.

The fund is subject to industrial development bond risk which is the risk that to the extent that the industrial development sector continues to represent a significant portion of the fund, the fund will be sensitive to changes in, and its performance may depend to a greater extent on, the overall condition of the industrial development sector.

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The payment of principal and interest of a pre-refunded bond is funded from securities held in a designated escrow account where such securities are obligations of and carry the full faith and credit of the U.S. Treasury. The securities held in the escrow fund do not guarantee the price of the bond.

Private activity bonds, issued by municipalities or other public authorities, can have a substantially different credit profile than the municipality or public authority and may be negatively impacted by conditions affecting either the general credit of the use of the private activity project or the project itself.

An investment in inverse floaters typically will involve greater risk than an investment in a fixed rate municipal bond. Investments in inverse floaters create effective leverage. In addition, distributions paid to the fund on its inverse floaters will be reduced or even eliminated as short-term municipal interest rates rise and will increase as short-term municipal interest rates fall.

The fund may invest in distressed municipal securities and many distressed securities are illiquid or trade in low volumes and thus may be more difficult to value.

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. The market for high-yield securities is smaller and less liquid than that for investment-grade securities.

Participation interests in municipal leases pose special risks because many leases and contracts contain "non-appropriation" clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for this purpose by the appropriate legislative body.

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 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 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

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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.