

# FIRST TRUST REAL ASSETS FUND

Class A Shares - FTRDX

Class I Shares - FTREX

**Annual Report**

March 31, 2025



## First Trust Real Assets Fund

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*This report and the consolidated financial statements contained herein are provided for the general information of the shareholders of the First Trust Real Assets Fund (the "Fund"). This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus.*



## **FIRST TRUST REAL ASSETS FUND MANAGEMENT DISCUSSION OF FUND PERFORMANCE**

### **Executive-Level Overview**

We like to preface our Management Discussion of Fund Performance with an Executive-Level Overview to reinforce our investment process and current mindset in present market conditions.

Last year marked another impressive year for risk assets as the U.S. economy demonstrated remarkable resilience, supported by strong gross domestic product growth, low but rising unemployment, persistent but easing inflation and robust consumer spending. This backdrop fueled U.S. equities higher, with meaningful performance driven by large-cap U.S. technology stocks. Throughout the year, the Federal Reserve officially pivoted monetary policy as the first interest rate cut materialized in September. Despite lowering the front end of the yield curve, duration assets largely surprised to the downside as the back end steepened in response. As we turned to a new political regime, the positive performance from U.S. equities was tempered by valuation concerns and trade policy which introduced meaningful volatility back into the markets. Shortly after the fiscal year ended March 31, 2025, the current presidential administration announced tariff policies that were substantially larger than markets expected resulting in an immediate sell off across risk assets. Tariffs have been implemented faster, at higher rates and with a broader scope than anticipated. The sharp downturn signaled a real-time price adjustment for reduced earnings, contracting price/earnings multiple and the increased risk of recession. Despite the public markets turmoil, we remain excited about the opportunity set present in private markets as dislocations can create compelling entry points in private markets.

While we do not seek to predict the market directionality, it's important to remain cognizant of the macroeconomic and capital markets backdrop. Our primary focus remains guiding investors through this evolving environment. Amidst amplified volatility in both equity and debt markets, short-term disruptions complicate portfolio management and how to best respond to economic data. Our unwavering approach prioritizes building robust, uncorrelated portfolios capable of delivering positive absolute performance across diverse market cycles. This strategy has proven to be prudent, offering investors an investment opportunity despite the increased market turbulence across our range of strategies.

As is customary in our Management Discussion of Fund Performance, we will review what we believe to be the important drivers of performance and opportunity in the Fund for the past fiscal year period.

### **First Trust Real Assets Fund**

Over the one-year period ended March 31, 2025, the Fund's Class I Shares produced a net return of +3.47%, underperforming the Bloomberg Investment Grade REITs Index's return of +6.44%. All sub-strategies of the Fund contributed positively to the Fund's performance with the real estate equity exposure being the best performing sub-sector, adding +2.14% to total gross return. The real estate lending sub-sector added +1.93% to total gross return, followed by the infrastructure sub-sector adding +0.37% over the one-year period. From a risk profile, the Fund displayed an attractive 1.14% daily annualized volatility over this period.

During its fiscal year, the Fund saw its real estate equity sub-sector start to rebound from valuation pressures within core real estate over the past couple of years. The Fund's core real estate exposure has seen valuation pressures since the Fund's launch, while its real estate debt positioning has been able to provide material attribution to the Fund's performance. Over the past year, infrastructure real estate returns were positively influenced by a surge in data center demand, urban redevelopment, and negatively affected by rising construction costs.

The Fund continued to maintain defensive positioning, allocating to real estate firms who use responsible leverage and focusing on triple net-lease, value-add and core-plus strategies. Despite some quantitative easing from the U.S. Federal Reserve in 2024, interest rates remained elevated, which led to persistent suppressed transaction volume. The Fund was able to position itself well in regard to its real estate debt exposure by focusing on real estate strategies that we believe do not have near-term refinancing risk. Based on current and go-forward expected yields of underlying positions within the Fund, we remain confident in the Fund's ability to generate net investment income that is sufficient to cover the intended distribution rate of the Fund. Over the fiscal period, the Fund made quarterly distributions to investors of 5% annually of the Fund's net asset value per share, meeting its defined income objective. If the yields of the Fund's underlying positions fall short of this target, it may result in a return of capital.

As always, we thank you for your continued support and intend to work hard to maintain it. We truly appreciate your trust and confidence in First Trust Capital Management.

Kind Regards,



**Michael D. Peck, CFA**

Portfolio Manager

mpeck@firsttrustcapital.com

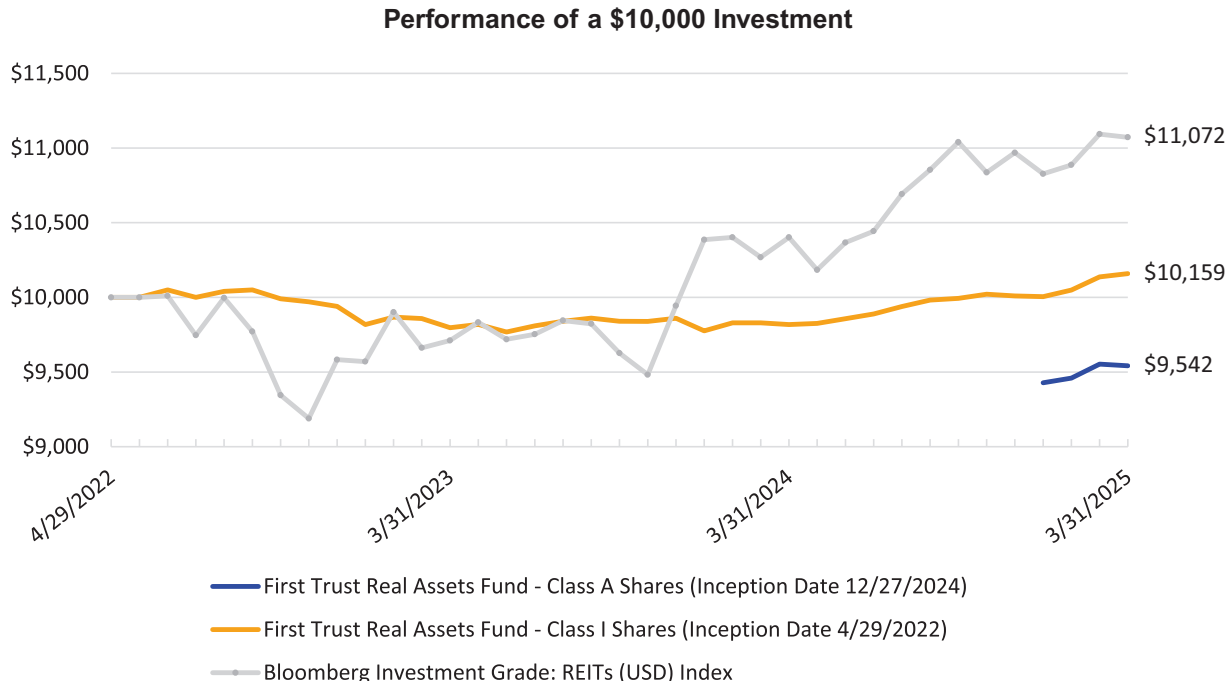


**Brian R. Murphy**

Portfolio Manager

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**First Trust Real Assets Fund**  
**FUND PERFORMANCE**  
**March 31, 2025 (Unaudited)**



This graph compares a hypothetical \$10,000 investment in the Fund's Class A Shares and Class I Shares with a similar investment in the Bloomberg Investment Grade: REITs (USD) Index. Results include the reinvestment of all dividends and capital gains. The index does not reflect expenses, fees, or sales charges, which would lower performance.

The Bloomberg Investment Grade: REITs (USD) Index measures the performance of the U.S. investment grade REIT market. The index invests in investment grade real estate company securities in the United States. The index is unmanaged and it is not available for investment.

Average Annual Total Returns as of March 31, 2025		Since Inception
Class A Shares (Inception Date 12/27/2024)		1.21%
Bloomberg Investment Grade: REITs (USD) Index		2.52%

Average Annual Total Returns as of March 31, 2025	1 Year	Since Inception
Class I Shares (Inception Date 4/29/2022)	3.47%	0.54%
Bloomberg Investment Grade: REITs (USD) Index	6.44%	3.55%

***The performance data quoted here represents past performance and past performance is not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. The most recent quarter end performance may be obtained by calling 1 (877) 779-1999.***

Performance results include the effect of expense reduction arrangements for some or all of the periods shown. If those arrangements had not been in place, the performance results for those periods would have been lower.

For the Fund's current expense ratios, please refer to the Consolidated Financial Highlights section of this report.

**First Trust Real Assets Fund**  
**FUND PERFORMANCE — Continued**  
**March 31, 2025 (Unaudited)**

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Returns reflect the reinvestment of distributions made by the Fund, if any. The graph and the performance table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Trustees of First Trust Real Assets Fund

### Opinion on the Financial Statements

We have audited the accompanying consolidated statement of assets and liabilities of First Trust Real Assets Fund (the "Fund"), including the consolidated schedule of investments, as of March 31, 2025, and the related consolidated statements of operations, changes in net assets and cash flows and the consolidated financial highlights for the year then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at March 31, 2025, the results of its operations, the changes in its net assets, its cash flows and its financial highlights for the year then ended, in conformity with U.S. generally accepted accounting principles.

The consolidated statement of changes in net assets for the year ended March 31, 2024, and the consolidated financial highlights for the periods ended March 31, 2024 and March 31, 2023, were audited by another independent registered public accounting firm whose report, dated June 5, 2024, expressed an unqualified opinion on that consolidated statement of changes in net assets and those consolidated financial highlights.

### Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund's internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of March 31, 2025, by correspondence with the custodian, agent banks and underlying managers or administrators of the private investment vehicles; when replies were not received from agent banks or an underlying manager or administrator, we performed other auditing procedures. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the auditor of one or more First Trust Capital Management L.P. investment companies since 2025.

Chicago, Illinois  
May 30, 2025

**First Trust Real Assets Fund**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**As of March 31, 2025**

<u>Principal Amount (\$)</u>		<u>Value</u>
	<b>ASSET-BACKED SECURITIES – 7.5%</b>	
119,051	Home Partners of America Trust Series 2021-2, Class F, 3.799%, 12/17/2026 <sup>1</sup>	\$ 114,083
103,616	Pretium Mortgage Credit Partners, LLC Series 2022-NPL1, Class A1, 5.981%, 1/25/2052 <sup>1,2,3</sup>	103,588
700,000	RCKT Mortgage Trust Series 2024-CES3, Class M1, 6.866%, 5/25/2044 <sup>1,2,4</sup>	712,624
184,157	Saluda Grade Alternative Mortgage Trust Series 2023-FIG3, Class A, 7.067%, 8/25/2053 <sup>1,2,4</sup>	188,573
184,157	Series 2023-FIG3, Class B, 7.712%, 8/25/2053 <sup>1,2</sup>	192,459
	<b>TOTAL ASSET-BACKED SECURITIES</b> (Cost \$1,292,717)	<b>1,311,327</b>
	<b>BANK LOANS – 0.4%</b>	
66,051	CIRE Alto OpCo, LLC 24.090%, Term Loan, 8/29/2025 <sup>4,5</sup>	66,051
	<b>TOTAL BANK LOANS</b> (Cost \$66,051)	<b>66,051</b>
<u>Number of Shares</u>		
43,328	<b>CLOSED-END FUNDS – 3.2%</b> StepStone Private Infrastructure Fund – Class I	567,591
	<b>TOTAL CLOSED-END FUNDS</b> (Cost \$500,000)	<b>567,591</b>
<u>Principal Amount (\$)</u>		
	<b>COLLATERALIZED MORTGAGE OBLIGATIONS – 13.5%</b>	
250,000	Freddie Mac Structured Agency Credit Risk Debt Notes Series 2022-HQA3, Class M2, 9.690% (30-Day SOFR Average+535 basis points), 8/25/2042 <sup>1,2,6</sup>	268,147
200,000	Series 2023-HQA2, Class M1B, 7.690% (30-Day SOFR Average+335 basis points), 6/25/2043 <sup>1,2,6</sup>	209,255
250,000	GCAT Trust Series 2021-NQM6, Class M1, 3.414%, 8/25/2066 <sup>1,2,4</sup>	185,434
155,882	Series 2022-NQM4, Class A3, 5.730%, 8/25/2067 <sup>1,2,3</sup>	156,298
227,000	GS Mortgage-Backed Securities Trust Series 2023-CCM1, Class B1, 7.400%, 8/25/2053 <sup>1,2,4</sup>	226,880
178,515	Series 2023-PJ4, Class A15, 6.000%, 1/25/2054 <sup>1,2,4</sup>	182,249
150,210	JP Morgan Mortgage Trust Series 2016-4, Class B3, 3.786%, 10/25/2046 <sup>1,2,4</sup>	141,358
120,700	Series 2016-4, Class B4, 3.786%, 10/25/2046 <sup>1,2,4</sup>	91,003
161,997	Series 2016-4, Class B5, 3.786%, 10/25/2046 <sup>1,2,4</sup>	89,684
250,000	New Residential Mortgage Loan Trust Series 2022-NQM1, Class M1, 3.601%, 4/25/2061 <sup>1,2,4</sup>	182,976



**First Trust Real Assets Fund**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS — Continued**  
**As of March 31, 2025**

Principal Amount (\$)		Value
<b>COLLATERALIZED MORTGAGE OBLIGATIONS (Continued)</b>		
	Radnor RE Ltd.	
200,000	Series 2022-1, Class M1B, 11.090% (30-Day SOFR Average+675 basis points), 9/25/2032 <sup>1,2,6</sup>	\$ 210,478
250,000	Series 2021-1, Class M2, 7.490% (30-Day SOFR Average+315 basis points), 12/27/2033 <sup>1,2,6</sup>	254,471
200,000	Verus Securitization Trust Series 2021-7, Class B1, 4.143%, 10/25/2066 <sup>1,2,4</sup>	155,477
	<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b> (Cost \$2,367,323)	<b>2,353,710</b>
Number of Shares		
	<b>PRIVATE INVESTMENT VEHICLES – 22.3%</b>	
	<b>INVESTMENT PARTNERSHIPS – 22.3%</b>	
N/A <sup>7</sup>	Blue Owl Real Estate Net Lease Property Fund LP <sup>8</sup>	1,228,345
465,543	CBRE U.S. Core Partners LP <sup>8</sup>	736,717
N/A <sup>7</sup>	Core Spaces Fund IV LP <sup>8</sup>	46,881
N/A <sup>7</sup>	FCP Realty Fund VI-A LP <sup>8</sup>	39,498
N/A <sup>7</sup>	Hillpointe Workforce Housing Partners V LP <sup>8,9</sup>	67,107
N/A <sup>7</sup>	Hillpointe Workforce Partnership IV LP <sup>8,9</sup>	581,740
N/A <sup>7</sup>	Nuveen Real Estate U.S. Cities Industrial Fund <sup>5</sup>	700,803
N/A <sup>7</sup>	Nuveen Real Estate U.S. Cities Multifamily Fund LP <sup>5</sup>	139,831
N/A <sup>7</sup>	Wynwood BN, LLC <sup>8</sup>	352,661
	<b>TOTAL PRIVATE INVESTMENT VEHICLES</b> (Cost \$4,243,397)	<b>3,893,583</b>
	<b>REAL ESTATE INVESTMENT TRUSTS – 32.8%</b>	
26,324	Bailard Real Estate Investment Trust, Inc. <sup>8</sup>	811,574
159,620	CIRE Real Estate Investment Trust, Inc. <sup>8</sup>	1,712,097
48,044	Invesco Real Estate Income Trust, Inc. <sup>5</sup>	1,282,908
45,744	Jones Lang LaSalle Income Property Trust, Inc. – Class M-I	521,937
55,985	RREEF Property Trust, Inc. – Class D	757,477
29,491	Starwood Real Estate Income Trust, Inc. <sup>5</sup>	636,112
	<b>TOTAL REAL ESTATE INVESTMENT TRUSTS</b> (Cost \$5,994,772)	<b>5,722,105</b>
	<b>SHORT-TERM INVESTMENTS – 20.5%</b>	
3,590,390	UMB Bank, Money Market Special II Deposit Investment, 4.19% <sup>10</sup>	3,590,390
	<b>TOTAL SHORT-TERM INVESTMENTS</b> (Cost \$3,590,390)	<b>3,590,390</b>
	<b>TOTAL INVESTMENTS – 100.2%</b> (Cost \$18,054,650)	<b>17,504,757</b>
	Liabilities in Excess of Other Assets – (0.2)%	(43,442)
	<b>TOTAL NET ASSETS – 100.0%</b>	<b>\$ 17,461,315</b>

**First Trust Real Assets Fund**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS — Continued**  
**As of March 31, 2025**

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LLC – Limited Liability Company

LP – Limited Partnership

SOFR – Secured Overnight Financing Rate

<sup>1</sup> Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities are restricted and may be resold in transactions exempt from registration normally to qualified institutional buyers. The total value of these securities is \$3,665,037, which represents 20.99% of the total net assets of the Fund.

<sup>2</sup> Callable.

<sup>3</sup> Step rate security.

<sup>4</sup> Variable rate security, upon which the interest rate adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. Rate shown is the rate in effect as of period end.

<sup>5</sup> The value of these securities was determined using significant unobservable inputs. These are reported as Level 3 securities in the Fair Value Hierarchy.

<sup>6</sup> Floating rate security, upon which the interest rate adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. Rate shown is the rate in effect as of period end.

<sup>7</sup> Investment does not issue shares.

<sup>8</sup> Investment valued using net asset value per share as practical expedient.

<sup>9</sup> All or a portion of this investment is a holding of FTRAF Sub1 LLC.

<sup>10</sup> The rate is the annualized seven-day yield at period end.

*See accompanying Notes to Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS — Continued**  
**As of March 31, 2025**

<b>Securities with Restrictions on Redemptions</b>	<b>Redemptions Permitted</b>	<b>Redemption Notice Period</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Original Acquisition Date</b>
Bailard Real Estate Investment Trust, Inc. <sup>1</sup> . . .	Quarterly	30 Days	\$ 928,594	\$ 811,574	6/29/2022
CBRE U.S. Core Partners LP <sup>1</sup> . . . . .	Quarterly	60 Days	950,000	736,717	9/30/2022
CIRE Real Estate Investment Trust, Inc. <sup>1</sup> . . .	Quarterly <sup>2</sup>	90 Days	1,383,809	1,712,097	4/4/2023
Core Spaces Fund IV LP <sup>1</sup> . . . . .	Not Permitted	N/A	46,635	46,881	10/24/2024
FCP Realty Fund VI-A LP <sup>1</sup> . . . . .	Not Permitted	N/A	45,421	39,498	5/14/2024
Hillpointe Workforce Housing Partners V LP <sup>1</sup> . . . . .	Not Permitted	N/A	70,000	67,107	8/16/2024
Hillpointe Workforce Partnership IV LP <sup>1</sup> . . . .	Not Permitted	N/A	522,500	581,740	3/9/2023
Invesco Real Estate Income Trust, Inc. . . . .	Monthly	30 Days	1,431,104	1,282,908	5/27/2022
Nuveen Real Estate U.S. Cities Industrial Fund <sup>1</sup> . . . . .	Quarterly	45 Days	735,166	700,803	10/2/2023
Nuveen Real Estate U.S. Cities Multifamily Fund LP <sup>1</sup> . . . . .	Quarterly	45 Days	188,675	139,831	10/3/2022
RREEF Property Trust, Inc. — Class D . . . . .	Quarterly <sup>3</sup>	10 Days	877,699	757,477	5/6/2022
Starwood Real Estate Income Trust, Inc. . . . .	Monthly	2 Days	717,104	636,112	9/1/2022
StepStone Private Infrastructure Fund — Class I . . . . .	Quarterly <sup>4</sup>	N/A	500,000	567,591	1/23/2024
Wynwood BN, LLC <sup>1</sup> . . . . .	Not Permitted	N/A	350,000	352,661	1/26/2023
<b>Totals</b> . . . . .			<u>\$8,746,707</u>	<u>\$8,432,997</u>	

<sup>1</sup> Securities generally offered in private placement transactions and as such are illiquid and generally restricted as to resale.

<sup>2</sup> The Real Estate Investment Trust can institute a limit on redemptions at the trust level of 5% of the fair value of the investment in the Real Estate Investment Trust.

<sup>3</sup> The Real Estate Investment Trust can institute a limit on redemptions at the fund level of 2% of the net asset value of the Real Estate Investment Trust.

<sup>4</sup> The Closed-End Fund can institute a limit on redemptions at the fund level of 5% of the net asset value of the Closed-End Fund.

*See accompanying Notes to Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED PORTFOLIO COMPOSITION**  
**As of March 31, 2025 (Unaudited)**

<b>Country of Investment</b>	<b>Value</b>	<b>Percent of Total Net Assets</b>
United States . . . . .	\$17,504,757	100.2%
<b>Total Investments . . . . .</b>	<b>17,504,757</b>	<b>100.2%</b>
Liabilities in Excess of Other Assets . . . . .	(43,442)	(0.2)%
<b>Total Net Assets . . . . .</b>	<b>\$17,461,315</b>	<b>100.0%</b>

*See accompanying Notes to Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED SUMMARY OF INVESTMENTS**  
**As of March 31, 2025 (Unaudited)**

<b>Security Type/Sector</b>	<b>Percent of Total Net Assets</b>
Asset-Backed Securities . . . . .	7.5%
Bank Loans . . . . .	0.4%
Closed-End Funds . . . . .	3.2%
Collateralized Mortgage Obligations . . . . .	13.5%
Private Investment Vehicles	
Investment Partnerships . . . . .	22.3%
Real Estate Investment Trusts . . . . .	32.8%
Short-Term Investments . . . . .	20.5%
<b>Total Investments</b> . . . . .	<b>100.2%</b>
Liabilities in Excess of Other Assets . . . . .	(0.2)%
<b>Total Net Assets</b> . . . . .	<b>100.0%</b>

*See accompanying Notes to Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**  
**As of March 31, 2025**

**Assets:**

Investments, at value (Cost \$18,054,650) . . . . .	\$17,504,757
Receivables:	
Due from Investment Adviser . . . . .	60,314
Dividends and interest . . . . .	52,758
Prepaid expenses . . . . .	11,227
Total assets . . . . .	<u>17,629,056</u>

**Liabilities:**

Payables:	
Audit fees . . . . .	50,000
Tax service fees . . . . .	46,723
Legal fees . . . . .	40,000
Distribution fees – Class I (Note 3) . . . . .	15,354
Shareholder reporting fees . . . . .	7,950
Fund services expense . . . . .	2,782
Chief Compliance Officer fees . . . . .	2,274
Unused line of credit fees (Note 10) . . . . .	1,749
Accrued other expenses . . . . .	909
Total liabilities . . . . .	<u>167,741</u>
Commitments and contingencies (Note 3 & Note 9)	

**Net Assets** . . . . . **\$17,461,315**

**Components of Net Assets:**

Paid-in Capital (par value of \$0.01 per share with an unlimited number of shares authorized) . . . . .	\$18,092,745
Total distributable earnings (accumulated deficit) . . . . .	<u>(631,430)</u>

**Net Assets** . . . . . **\$17,461,315**

**Maximum Offering Price per Share:**

Class A Shares:	
Net assets applicable to shares outstanding . . . . .	\$ 9,662
Shares of common stock issued and outstanding . . . . .	1,054
Net asset value per share . . . . .	<u>\$ 9.17<sup>1</sup></u>
Maximum sales charge (4.50% of offering price) <sup>2</sup> . . . . .	<u>\$ 0.43</u>
Maximum offering price to public . . . . .	<u>\$ 9.60</u>
Class I Shares:	
Net assets applicable to shares outstanding . . . . .	\$17,451,653
Shares of common stock issued and outstanding . . . . .	1,897,668
Net asset value per share . . . . .	<u>\$ 9.20</u>

<sup>1</sup> Includes adjustments in accordance with GAAP and accordingly the returns and net asset value per share for financial reporting may differ from the net asset value per share and returns for shareholder transactions.

<sup>2</sup> Investors in Class A Shares may be charged a sales charge of up to 4.50% of the subscription amount. For Class A Shares, no sales charge applies on investments of \$250,000 or more, but a contingent deferred sales charge ("CDSC") of 1.25% will be imposed on repurchase of such Shares within 12 months of the date of purchase to the extent a finder's fee was paid in connection with the purchase.

*See accompanying Notes to the Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2025**

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**Investment Income:**

Dividends .....	\$ 165,089
Interest .....	468,258
Total investment income .....	<u>633,347</u>

**Expenses:**

Investment Management Fees .....	258,018
Legal fees .....	99,850
Tax services .....	71,010
Audit fees .....	50,000
Trustees' fees and expenses .....	45,937
Shareholder reporting fees .....	40,914
Registration fees .....	34,760
Commitment fees (Note 10) .....	29,256
Chief Compliance Officer fees .....	27,407
Distribution fees – Class I (Note 3) .....	22,188
Fund services expense .....	18,342
Insurance fees .....	4,759
Unused line of credit fees (Note 10) .....	3,538
Excise tax .....	148
Miscellaneous .....	5,461
Total expenses .....	<u>711,588</u>
Investment Management Fees waived .....	(258,018)
Other expenses absorbed .....	(100,323)
Net expenses .....	<u>353,247</u>
<b>Net investment income (loss) .....</b>	<u><b>280,100</b></u>

**Realized and Unrealized Gain (Loss):**

Net realized gain (loss) on investments .....	(220,008)
Net change in unrealized appreciation/depreciation on investments .....	582,459
<b>Net realized and unrealized gain (loss) on investments .....</b>	<u><b>362,451</b></u>
<b>Net Increase (Decrease) in Net Assets from Operations .....</b>	<u><u><b>\$ 642,551</b></u></u>

*See accompanying Notes to the Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
<b>Increase (Decrease) in Net Assets From:</b>		
<b>Operations:</b>		
Net investment income (loss) . . . . .	\$ 280,100	\$ 231,728
Net realized gain (loss) on investments . . . . .	(220,008)	31,103
Net change in unrealized appreciation/depreciation on investments . . . . .	582,459	(225,275)
<b>Net increase (decrease) in net assets from operations . . . . .</b>	<b>642,551</b>	<b>37,556</b>
<b>Distributions to Shareholders:</b>		
Distributions:		
From net investment income:		
Class I . . . . .	(169,692)	(553,177)
From return of capital:		
Class I . . . . .	(851,852)	(353,776)
<b>Total distributions to shareholders . . . . .</b>	<b>(1,021,544)</b>	<b>(906,953)</b>
<b>Capital Transactions:</b>		
Net proceeds from shares sold:		
Class A . . . . .	9,547	—
Class I . . . . .	1,363,158	3,577,538
Reinvestment of distributions:		
Class I . . . . .	15,028	23,632
Cost of shares redeemed:		
Class I . . . . .	(5,689,914)	(3,429,301)
<b>Net increase (decrease) in net assets from capital transactions . . . . .</b>	<b>(4,302,181)</b>	<b>171,869</b>
<b>Total increase (decrease) in net assets . . . . .</b>	<b>(4,681,174)</b>	<b>(697,528)</b>
<b>Net Assets:</b>		
Beginning of period . . . . .	22,142,489	22,840,017
End of period . . . . .	<u>\$17,461,315</u>	<u>\$22,142,489</u>
<b>Capital Share Transactions:</b>		
Shares sold:		
Class A . . . . .	1,054	—
Class I . . . . .	147,735	378,091
Shares reinvested:		
Class I . . . . .	1,643	2,479
Shares redeemed:		
Class I . . . . .	(619,749)	(363,744)
<b>Net increase (decrease) in capital share transactions . . . . .</b>	<b>(469,317)</b>	<b>16,826</b>

*See accompanying Notes to the Consolidated Financial Statements.*



**First Trust Real Assets Fund**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2025**

**Increase (Decrease) in Cash**

Cash flows provided by (used in) operating activities:	
Net increase (decrease) in net assets from operations	\$ 642,551
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:	
Purchases of long-term portfolio investments	(1,052,526)
Sales of long-term portfolio investments	4,807,519
Change in short-term investments, net	(203,350)
Net amortization on investments	(22,326)
Net realized (gain) loss	216,451
Net change in unrealized appreciation/depreciation	(582,459)
Return of capital dividends received	625,387
(Increase)/Decrease in operating assets:	
Dividends and interest	15,770
Due from Investment Adviser	250,944
Prepaid expenses	(2,576)
Increase/(Decrease) in operating liabilities:	
Audit fees	6,900
Chief Compliance Officer fees	57
Distribution fees – Class I (Note 3)	(933)
Fund services expense	(2,509)
Legal fees	(17,408)
Shareholder reporting fees	3,097
Tax services fees	24,723
Unused line of credit fees (Note 10)	1,749
Accrued other expenses	(817)
Net cash provided by (used in) operating activities	<u>4,710,244</u>
Cash flows provided by (used in) financing activities:	
Proceeds from shares sold	1,372,705
Cost of shares redeemed	(5,689,914)
Dividends paid to shareholders, net of reinvestments	(1,006,516)
Net cash provided by (used in) financing activities	<u>(5,323,725)</u>
Net Increase (Decrease) in Cash	<u>(613,481)</u>
Cash:	
Beginning of period balances:	
Cash	613,481
Total beginning of period balances	<u>613,481</u>
End of period balances:	
Cash	—
Total end of period balances	<u>\$ —</u>
Supplemental disclosure of non-cash activities:	
Reinvested dividends	<u>\$ 15,028</u>
Supplemental disclosure of cash flow information:	
Taxes paid	<u>\$ 148</u>

*See accompanying Notes to the Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS**  
**Class A**

*Per share operating performance.*

*For a capital share outstanding throughout each period.*

	<b>For the Period December 27, 2024* Through March 31, 2025</b>
<b>Net asset value, beginning of period</b> . . . . .	<u>\$10.00</u>
<b>Income (Loss) from Investment Operations:</b>	
Net investment income (loss) <sup>1</sup> . . . . .	0.02
Net realized and unrealized gain (loss) on investments . . . . .	(0.85)
Total from investment operations . . . . .	<u>(0.83)</u>
<b>Net asset value, end of period</b> . . . . .	<u>\$ 9.17<sup>2</sup></u>
<b>Total return<sup>3</sup></b> . . . . .	1.21% <sup>2,4</sup>
<b>Ratios and Supplemental Data:</b>	
Net assets, end of period (in thousands) . . . . .	\$ 10
Ratio of expenses to average net assets:	
(including commitment fees, excise tax and unused line of credit fees)	
Before fees waived and expenses absorbed <sup>5,6</sup> . . . . .	4.63% <sup>7</sup>
After fees waived and expenses absorbed <sup>5,6</sup> . . . . .	2.66% <sup>7</sup>
Ratio of net investment income (loss) to average net assets:	
(including commitment fees, excise tax and unused line of credit fees)	
Before fees waived and expenses absorbed <sup>8</sup> . . . . .	(1.11)% <sup>7</sup>
After fees waived and expenses absorbed <sup>8</sup> . . . . .	0.86% <sup>7</sup>
Portfolio turnover rate . . . . .	0% <sup>4</sup>

\* Commencement of operations.

<sup>1</sup> Based on average shares outstanding for the period.

<sup>2</sup> Includes adjustments in accordance with GAAP and accordingly the returns and net asset value per share for financial reporting may differ from the net asset value per share and returns for shareholder transactions.

<sup>3</sup> Total returns would have been lower had expenses not been waived and absorbed by the Investment Adviser. Returns shown include Rule 12b-1 fees of up to 1.00% and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>4</sup> Not annualized.

<sup>5</sup> If commitment fees, excise tax, and unused line of credit fees had been excluded, the expense ratios would have been lowered by 0.26% for the period ended March 31, 2025.

<sup>6</sup> Ratios do not reflect the Fund's proportionate share of the expenses of the investment funds.

<sup>7</sup> Annualized.

<sup>8</sup> Ratios do not reflect the Fund's proportionate share of the income and expenses of the investment funds.

*See accompanying Notes to the Consolidated Financial Statements.*

**First Trust Real Assets Fund**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS**  
**Class I**

*Per share operating performance.*  
*For a capital share outstanding throughout each period.*

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024	For the Period May 2, 2022* Through March 31, 2023
<b>Net asset value, beginning of period</b> . . . . .	\$ 9.35	\$ 9.71	\$ 10.00
<b>Income (Loss) from Investment Operations:</b>			
Net investment income (loss) <sup>1</sup> . . . . .	0.13	0.10	0.25
Net realized and unrealized gain (loss) on investments . . . . .	0.18	(0.08)	(0.46)
Total from investment operations . . . . .	0.31	0.02	(0.20)
<b>Less Distributions:</b>			
From net investment income . . . . .	(0.06)	(0.23)	(0.09)
From net realized gain . . . . .	—	(0.01)	(0.00) <sup>2</sup>
From return of capital . . . . .	(0.40)	(0.14)	—
Total distributions . . . . .	(0.46)	(0.38)	(0.09)
<b>Net asset value, end of period</b> . . . . .	\$ 9.20	\$ 9.35	\$ 9.71
<b>Total return</b> <sup>3</sup> . . . . .	3.47%	0.21%	(2.03)% <sup>4</sup>
<b>Ratios and Supplemental Data:</b>			
Net assets, end of period (in thousands) . . . . .	\$17,451	\$22,142	\$22,840
Ratio of expenses to average net assets: (including commitment fees, excise tax and unused line of credit fees)			
Before fees waived and expenses absorbed <sup>5,6</sup> . . . . .	3.67%	3.61%	4.73% <sup>7</sup>
After fees waived and expenses absorbed <sup>5,6</sup> . . . . .	1.82%	1.65%	1.65% <sup>7</sup>
Ratio of net investment income (loss) to average net assets: (including commitment fees, excise tax and unused line of credit fees)			
Before fees waived and expenses absorbed <sup>8</sup> . . . . .	(0.41)%	(0.92)%	(0.26)% <sup>7</sup>
After fees waived and expenses absorbed <sup>8</sup> . . . . .	1.44%	1.04%	2.81% <sup>7</sup>
Portfolio turnover rate . . . . .	6%	32%	2% <sup>4</sup>

\* Commencement of operations.

<sup>1</sup> Based on average shares outstanding for the period.

<sup>2</sup> Amount represents less than \$0.01 per share.

<sup>3</sup> Total returns would have been lower had expenses not been waived and absorbed by the Investment Adviser. Returns shown include Rule 12b-1 fees of up to 0.25% and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>4</sup> Not annualized.

<sup>5</sup> If commitment fees, excise tax, and unused line of credit fees had been excluded, the expense ratios would have been lowered by 0.17%, 0.00% and 0.00%, for the years ended March 31, 2025 and 2024 and the period ended March 31, 2023, respectively.

<sup>6</sup> Ratios do not reflect the Fund's proportionate share of the expenses of the investment funds.

<sup>7</sup> Annualized.

<sup>8</sup> Ratios do not reflect the Fund's proportionate share of the income and expenses of the investment funds.

*See accompanying Notes to the Consolidated Financial Statements.*

**Note 1 — Organization**

First Trust Real Assets Fund (the “Fund”) is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), as a non-diversified, closed-end management investment company. The Fund operates as an interval fund. The Fund operates under an Amended and Restated Agreement and Declaration of Trust dated June 15, 2022 (the “Declaration of Trust”). First Trust Capital Management L.P. serves as the investment adviser (the “Investment Adviser”) of the Fund. Angel Oak Capital Advisors, LLC serves as sub-adviser to the Fund (the “Sub-Adviser” or “Angel Oak”). The Investment Adviser and the Sub-Adviser are investment advisers registered with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended. The Fund has elected to be treated as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”). The Fund currently offers shares of beneficial interest (the “Shares”) in two separate share Classes: Class A Shares and Class I Shares.

The Fund’s investment objective is to achieve long-term real return through current income and long-term capital appreciation. Real return is total return after adjusting for inflation. There can be no assurance that the Fund will achieve its investment objective or that the Fund’s investment strategies will be successful.

Class I Shares of the Fund commenced operations on April 29, 2022, and investment operations commenced on May 2, 2022. On June 29, 2022 the Fund commenced the public offering of Class I Shares. Class A Shares commenced operations, investment operations and public offering on December 27, 2024. The Shares are generally offered for purchase on any business day, which is any day the New York Stock Exchange is open for business, in each case subject to any applicable sales charges and other fees, as described herein. The Shares are issued at net asset value (“NAV”) per Share. No holder of Shares (each, a “Shareholder”) has the right to require the Fund to redeem its Shares.

The Shares of each Class represent an interest in the same portfolio of investments of the Fund and have equal rights as to voting, redemptions, dividends and liquidation, subject to the approval of the Board of Trustees (the “Board” and the members thereof, “Trustees”). Income, expenses (other than expenses attributable to a specific class) and realized and unrealized gains and losses on investments are allocated to each Class of Shares in proportion to their relative Shares outstanding. Shareholders of a Class that bears distribution and service expenses under the terms of a distribution plan have exclusive voting rights with respect to that distribution plan.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, *Financial Services — Investment Companies*.

**(a) Consolidation**

The Fund may make investments through its subsidiary, FTRAF Sub1 LLC, a Delaware limited liability company and wholly-owned and controlled subsidiary of the Fund. The Consolidated Schedule of Investments, Consolidated Statement of Assets and Liabilities, Consolidated Statement of Operations, Consolidated Statements of Changes in Net Assets, Consolidated Statement of Cash Flows and Consolidated Financial Highlights of the Fund include the accounts of FTRAF Sub1 LLC. All inter-company accounts and transactions have been eliminated in consolidation. FTRAF Sub1 LLC is advised by the Investment Adviser and acts as an investment vehicle in order to effect certain investments consistent with the Fund’s investment objectives and policies specified in the Fund’s prospectus and statement of additional information. FTRAF Sub1 LLC will generally invest in limited partnerships that invest in direct real estate. As of March 31, 2025, the net assets of FTRAF Sub1 LLC were \$671,675 representing 3.8% of the Fund’s consolidated net assets.

**Note 2 — Significant Accounting Policies**

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of its consolidated financial statements. The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from these estimates.

**(a) Valuation of Investments**

UMB Fund Services, Inc. (“UMBFS”), the Fund’s administrator, calculates the Fund’s net asset value (“NAV”) as of the close of business on each business day and at such other times as the Board may determine, including in connection with repurchases of Shares, in accordance with the procedures described below or as may be determined from time to time in accordance with policies established by the Board (each, a “Determination Date”).

For purposes of calculating NAV, portfolio securities and other assets for which market quotations are readily available are valued at market value. A market quotation is readily available only when that quotation is a quoted price (unadjusted) in active markets for identical investments that the Fund can access at the measurement date, provided that a quotation will not be readily available if it is not reliable.

Investments for which market quotations are not readily available are valued at fair value as determined in good faith pursuant to Rule 2a-5 under the Investment Company Act. As a general principle, the fair value of a security or other asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Pursuant to Rule 2a-5, the Board has designated the Investment Adviser as the valuation designee (“Valuation Designee”) for the Fund to perform in good faith the fair value determination relating to all Fund investments, under the Board’s oversight. The Investment Adviser carries out its designated responsibilities as Valuation Designee through its Valuation Committee. The fair values of one or more assets may not be the prices at which those assets are ultimately sold and the differences may be significant.

The Valuation Designee may value Fund portfolio securities for which market quotations are not readily available and other Fund assets utilizing inputs from pricing services, quotation reporting systems, valuation agents and other third-party sources.

Securities traded on one or more of the U.S. national securities exchanges, the Nasdaq Stock Market or any foreign stock exchange will be valued at the last sale price or the official closing price on the exchange or system where such securities are principally traded for the business day as of the relevant Determination Date. If no sale or official closing price of particular securities is reported on a particular day, the securities will be valued at the closing bid price for securities held long, or the closing ask price for securities held short, or if a closing bid or ask price, as applicable, is not available, at either the exchange or system-defined closing price on the exchange or system in which such securities are principally traded. Over-the-counter securities not quoted on the Nasdaq Stock Market will be valued at the last sale price on the relevant Determination Date or, if no sale occurs, at the last bid price, in the case of securities held long, or the last ask price, in the case of securities held short, at the time NAV is determined. Equity securities for which no prices are obtained under the foregoing procedures, including those for which a pricing service supplies no exchange quotation or a quotation that is believed by the Valuation Designee not to reflect the fair value, will be valued at the bid price, in the case of securities held long, or the ask price, in the case of securities held short, supplied by one or more dealers making a market in those securities or one or more brokers. Futures index options will be valued at the mid-point between the last bid price and the last ask price on the relevant determination date at the time net asset value is determined.

**First Trust Real Assets Fund**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued**  
**March 31, 2025**

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Fixed-income securities with a remaining maturity of sixty (60) days or more will normally be valued according to the mean between the last available bid and ask price from a recognized pricing service. Fixed-income securities for which market quotations are unavailable or are believed by the Valuation Designee not to reflect fair value will be valued based upon broker-supplied quotations, provided that if such quotations are unavailable or are believed by the Valuation Designee not to reflect fair value, such fixed-income securities will be valued by the Valuation Designee using valuation models that take into account spread and daily yield changes on government securities in the appropriate market (e.g., matrix pricing). High quality investment grade debt securities (e.g., treasuries, commercial paper, etc.) with a remaining maturity of sixty (60) days or less are valued at amortized cost, which the Valuation Designee has determined to approximate fair value.

The Fund will generally value private investment vehicles in accordance with the value determined as of such date by each private investment vehicle in accordance with the private investment vehicle's valuation policies and reported at the time of the Fund's valuation. As a general matter, the fair value of the Fund's interest in a private investment vehicle will represent the amount that the Fund could reasonably expect to receive from the private investment vehicle if the Fund's interest was redeemed at the time of valuation, based on information reasonably available at the time the valuation is made and that the Fund believes to be reliable. In the event that the private investment vehicle does not report a value to the Fund on a timely basis, the Fund will determine the fair value of such private investment vehicle based on the most recent final or estimated value reported by the private investment vehicle, as well as any other relevant information available at the time the Fund values its portfolio. A substantial amount of time may elapse between the occurrence of an event necessitating the pricing of Fund assets and the receipt of valuation information from the underlying manager of a private investment vehicle.

The Valuation Designee will consider whether it is appropriate, in light of all relevant circumstances, to value such interests at the NAV as reported by the underlying manager at the time of valuation, or whether to adjust such value to reflect a premium or discount to NAV. In accordance with GAAP and industry practice, the Fund may not always apply a discount in cases where there is no contemporaneous redemption activity in a particular private investment vehicle. In other cases, as when a private investment vehicle imposes extraordinary restrictions on redemptions, when other extraordinary circumstances exist or when there have been no recent transactions in private investment vehicle interests, the Fund may determine that it is appropriate to apply a discount to the NAV of the private investment vehicle. Any such decision will be made in good faith by the Valuation Designee, under oversight by the Board.

In certain circumstances, the Valuation Designee may determine that a private investment vehicle's NAV shall be adjusted more frequently. For these private investment vehicles, the NAVs are adjusted daily based on the total return that each private investment vehicle is estimated by the Valuation Designee to generate during the period (adjusted NAV). The Valuation Designee monitors these estimates daily and updates them as necessary if macro or individual fund changes warrant any adjustments, subject to the review and supervision of the Valuation Designee.

Where deemed appropriate by the Valuation Designee and consistent with the Investment Company Act, investments in private investment vehicles may be valued at cost. Cost will be used only when cost is determined to best approximate the fair value of the particular private investment vehicle under consideration.

The Fund values its investments in real estate investment trusts ("REITs") based in large part on valuations provided by the external property managers of the REITs or third-party appraisers. These fair value calculations will involve significant professional judgment by the external property managers of the REITs in the application of both observable and unobservable attributes. The calculated NAVs



of the REIT's assets may differ from their actual realizable value or future fair value. The Valuation Designee may not have the ability to assess the accuracy of these valuations. Because a significant portion of the Fund's assets are invested in REITs, these valuations have a considerable impact on the Fund's NAV.

For each period that the NAVs of the REITs are calculated by the external property managers of such REITs and Sub-REITs, each REIT's NAV is typically adjusted based on the actual income and appreciation or depreciation realized by such REIT when the valuations and income are reported. The Valuation Designee may conclude, in certain circumstances, that the information provided by any such external property manager does not represent the fair value of the Fund's investment in a REIT and is not indicative of what actual fair value would be under current market conditions. In those circumstances, the Valuation Designee may determine to value the Fund's investment in the REIT at a discount or a premium to the reported value received from the REIT. Any such decision will be made in good faith by the Valuation Designee, under the oversight of the Board.

In certain circumstances, the Valuation Designee may determine that a REIT's NAV shall be adjusted more frequently. For these REITs, the NAVs are adjusted daily based on the total return that each REIT is estimated by the Valuation Designee to generate during the period (adjusted NAV). The Valuation Designee monitors these estimates daily and updates them as necessary if macro or individual REIT changes warrant any adjustments, subject to the review and supervision of the Valuation Designee.

The Valuation Designee will determine the fair value of its shares of a private company based on numerous factors, including but not limited to market activity or events in the market. Absent such a transaction or event within a year, or as deemed necessary by the Valuation Designee, but in no instance greater than one year from the quarter end in which such event occurred, the Valuation Designee will engage qualified external valuation consultants to provide an independent valuation.

The Valuation Designee will evaluate each private debt investment's fair value based on numerous factors, including but not limited to changes in credit risk, construction risk, the financial strength of the borrower and the debt instrument's spread to US Treasuries. The Fund will also engage qualified external valuation consultants to provide valuation information, typically on a quarterly basis, but at least semiannually. The Fund will generally value any private debt investments at the lesser of their amortized cost or the mid-point of any valuation range as provided by a qualified external valuation consultant. In certain circumstances, the Valuation Designee may determine that this amount does not represent the fair value of the private debt investment based on current market conditions. In such an instance, the Valuation Designee will fair value the investment using another methodology. In its fair valuation assessment process, the Valuation Designee may consider any information it deems appropriate including from external valuation consultants.

Assets and liabilities initially expressed in foreign currencies will be converted into U.S. dollars using foreign exchange rates provided by a pricing service. Trading in foreign securities generally is completed and the values of such securities are determined, prior to the close of securities markets in the United States. Foreign exchange rates are also determined prior to such close. On occasion, the values of securities and exchange rates may be affected by events occurring between the time as of which determination of such values or exchange rates are made and the time as of which the NAV of the Fund is determined. When such events materially affect the values of securities held by the Fund or its liabilities, such securities and liabilities will be valued at fair value as determined in good faith by the Valuation Designee.

Investors should be aware that situations involving uncertainties as to the value of portfolio positions could have an adverse effect on the Fund's NAV if the judgments regarding appropriate valuations should prove incorrect.

#### **(b) Foreign Currency Translation**

The Fund's records are maintained in U.S. dollars. The value of securities, currencies and other assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based

upon foreign exchange rates prevailing at the end of the reporting period. The currencies are translated into U.S. dollars by using the exchange rates quoted as of 4:00 PM Eastern Standard Time. Purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions.

The Fund does not isolate that portion of its net realized and unrealized gains and losses on investments resulting from changes in foreign exchange rates from the impact arising from changes in market prices. Such fluctuations are included with net realized and unrealized gains or losses from investments and foreign currency.

Net realized foreign currency transaction gains and losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the differences between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency translation gains and losses arise from changes in the value of assets and liabilities, other than investments in securities, resulting from changes in the exchange rates.

**(c) Closed-End Funds (“CEFs”)**

A CEF is a pooled investment vehicle that is registered under the Investment Company Act and whose shares may be listed and traded on U.S. national securities exchanges. Investments in CEFs are subject to various risks, including reliance on management's ability to meet a CEF's investment objective and to manage a CEF's portfolio, and fluctuation in the market value of a CEF's shares compared to the changes in the value of the underlying securities that the CEF owns. In addition, the Fund bears a pro rata share of the management fees and expenses of each underlying CEF in addition to the Fund's management fees and expenses, which results in the Fund's shareholders being subject to higher expenses than if they invested directly in the CEFs.

**(d) Private Investment Vehicles**

Private Investment Vehicles generally exempt under Section 3(c)(1) or 3(c)(7) of the Investment Company Act invest or trade in a wide range of securities. When the Fund invests in securities issued by Private Investment Vehicles, it will bear its pro rata portion of the Private Investment Vehicles' expenses. These expenses are in addition to the direct expenses of the Fund's own operations, thereby increasing indirect costs and potentially reducing returns to Shareholders. A Private Investment Vehicle in which the Fund invests has its own investment risks, and those risks can affect the value of the Fund's investment in the Private Investment Vehicle. There can be no assurance that the investment objective of a Private Investment Vehicle will be achieved. A Private Investment Vehicle may change its investment objective or policies without the Fund's approval, which could force the Fund to withdraw its investment from such Private Investment Vehicle at a time that is unfavorable to the Fund. In addition, one Private Investment Vehicle may buy the same securities that another Private Investment Vehicle sells. Therefore, the Fund would indirectly bear the costs of these trades without accomplishing any investment purpose.

**(e) Real Estate Investment Trusts (“REITs”)**

REITs are companies that own interests in real estate (or specialize in acquiring, holding, and managing real estate) or in real estate-related loans or other interests, and their revenue principally consists of rent derived from owned, income-producing real estate properties and capital gains from the sale of such properties or from interest payments on real estate-related loans. A REIT is not taxed at the entity level on income distributed to its shareholders or unitholders if it distributes to such shareholders or unitholders at least 90% of its taxable income for each taxable year and complies with regulatory requirements relating to its organization, ownership, assets and income. By investing in REITs indirectly through the Fund, a Shareholder will bear expenses of the REITs in addition to



expenses of the Fund. Distributions received from REITs may be characterized as ordinary income, capital gain or a return of capital to the Fund. The proper characterization of distributions from REITs is generally not known until after the end of each calendar year. As such, estimates are used in reporting the character of income and distributions for financial statement purposes.

**(f) Investment Transactions, Investment Income and Expenses**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income and expense is recorded net of applicable withholding taxes on the ex-dividend date and interest income and expense, including where applicable, accretion of discount and amortization of premium on investments, is recorded on an accrual basis. Withholding taxes on foreign dividends, if applicable, are paid (a portion of which may be reclaimable) or provided for in accordance with the applicable country's tax rules and rates and are disclosed in the Consolidated Statement of Operations. Withholding tax reclaims are filed in certain countries to recover a portion of the amounts previously withheld. The Fund records a reclaim receivable based on a number of factors, including a jurisdiction's legal obligation to pay reclaims as well as payment history and market convention. Discounts or premiums on debt securities are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

Some or all of the interest payments of a loan or preferred equity may be structured in the form of paid-in-kind ("PIK"), which accrues to cost and principal on a current basis but is generally not paid in cash until maturity or some other determined payment date. Interest payments structured in the form of PIK are subject to the risk that a borrower could default when actual cash interest or principal payments are due.

**(g) Federal Income Taxes**

The Fund intends to continue to comply with the requirements of Subchapter M of the Code applicable to RICs and to distribute substantially all of its net investment income and any net realized gains to its Shareholders. Therefore, no provision is made for federal income or excise taxes. Due to the timing of dividend distributions and the differences in accounting for income and realized gains and losses for financial statement and federal income tax purposes, the fiscal year in which amounts are distributed may differ from the year in which the income and realized gains and losses are recorded by the Fund.

ASC 740, *Income Taxes* ("ASC 740") requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing the Fund's tax returns to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the "more-likely-than-not" recognition threshold is measured to determine the amount of benefit to recognize in the consolidated financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Consolidated Statement of Operations.

ASC 740 requires management of the Fund to analyze tax positions taken in the prior three open tax years, if any, and tax positions expected to be taken in the Fund's current tax year, as defined by the IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of March 31, 2025, and during the prior two open tax years, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

**(h) Distributions to Shareholders**

The Fund makes quarterly distributions to its Shareholders equal to 5% annually of the Fund's NAV per Share (the "Distribution Policy"). This predetermined dividend rate may be modified by the Board

from time to time, and may be increased to the extent of the Fund's investment company taxable income that it is required to distribute in order to maintain its status as a RIC. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. The character of distributions made during the year from net investment income or net realized gains may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain (loss) items for financial statement and tax purposes.

For financial reporting purposes, dividends and distributions to Shareholders are recorded on the ex-date. If, for any distribution, available cash is less than the amount of this predetermined dividend rate, then assets of the Fund will be sold and such disposition may generate additional taxable income. The Fund's final distribution for each calendar year will include any remaining investment company taxable income and net tax-exempt income undistributed during the year, as well as the remaining net capital gain realized during the year. If the total distributions made in any calendar year exceed investment company taxable income, net tax-exempt income and net capital gain, such excess distributed amount would be treated as ordinary dividend income to the extent of the Fund's current and accumulated earnings and profits. Payments in excess of the earnings and profits would first be a tax-free return of capital to the extent of the adjusted tax basis in the Shares. After such adjusted tax basis is reduced to zero, the payment would constitute capital gain (assuming the Shares are held as capital assets). This Distribution Policy may, under certain circumstances, have certain adverse consequences to the Fund and its Shareholders because it may result in a return of capital resulting in less of a Shareholder's assets being invested in the Fund and, over time, increase the Fund's expense ratio. The Distribution Policy also may cause the Fund to sell a security at a time it would not otherwise do so in order to manage the distribution of income and gain.

A Shareholder whose Shares are registered in its own name will automatically be a participant under the Fund's dividend reinvestment program (the "DRIP") and have all income dividends and/or capital gains distributions automatically reinvested in Shares unless such Shareholder, at any time, specifically elects to receive income dividends and/or capital gains distributions in cash.

Distributions received from REITs may be characterized as ordinary income, capital gain or a return of capital to the Fund. The proper characterization of distributions from REITs is generally not known until after the end of each calendar year. As such, estimates are used in reporting the character of income and distributions for financial statement purposes.

#### **(i) Segments**

In this reporting period, the Fund adopted Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280) — Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). Adoption of the new standard impacted financial statement disclosures only and did not affect the Fund's financial position or the results of its operations. An operating segment is defined as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and has discrete financial information available. The Fund's President acts as the Fund's CODM. The Fund represents a single operating segment, as the CODM monitors the operating results of the Fund as a whole and the Fund's long-term strategic asset allocation is pre-determined in accordance with the terms of the Fund's single investment objective which is executed by the Fund's portfolio managers as a team. The financial information in the form of the Fund's portfolio composition, total returns, expense ratios and changes in net assets, which are used by the CODM to assess the segment's performance versus the Fund's comparative benchmarks and to make resource allocation decisions for the Fund's single segment, is consistent with that presented within the Fund's consolidated financial statements. The total return and performance of the Fund is reflected within the accompanying Consolidated Financial Highlights. Segment assets are reflected on the accompanying Consolidated Statement of Assets and Liabilities as "total assets" and significant segment expenses are listed on the accompanying Consolidated Statement of Operations.

**First Trust Real Assets Fund**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued**  
**March 31, 2025**

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**Note 3 — Investment Advisory and Other Agreements**

The Fund has entered into an investment management agreement (the “Investment Management Agreement”) with the Investment Adviser. Pursuant to the Investment Management Agreement, the Fund pays the Investment Adviser a monthly fee equal to 1.35% on an annualized basis of the Fund’s net assets determined as of month-end (the “Investment Management Fee”), subject to certain adjustments. Pursuant to a separate Sub-Advisory agreement, the Investment Adviser pays Angel Oak a monthly sub-advisory fee with respect to the portion of the Fund’s assets managed by Angel Oak equal to 0.50% on an annualized basis of such sub-advised assets’ average daily net assets. The Sub-Adviser’s fee is paid by the Investment Adviser out of the Investment Management Fee.

The Investment Adviser has entered into an expense limitation and reimbursement agreement (the “Expense Limitation and Reimbursement Agreement”) with the Fund, whereby the Investment Adviser has agreed to waive fees that it would otherwise have been paid, and/or to assume expenses of the Fund (a “Waiver”), if required to ensure the Total Annual Expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization and extraordinary expenses, such as litigation expenses) do not exceed 2.40% and 1.65% of the average daily net assets of Class A Shares and Class I Shares, respectively (the “Expense Limit”) through April 29, 2025. The Expense Limitation and Reimbursement Agreement may not be terminated before that date by the Fund or the Investment Adviser. Thereafter, the Expense Limitation and Reimbursement Agreement may be terminated by the Fund or the Investment Adviser upon 30 days’ written notice. Unless it is terminated, the Expense Limitation and Reimbursement Agreement automatically renews for consecutive one-year terms. For a period not to exceed three years from the date on which a Waiver is made, the Investment Adviser may recoup amounts waived or assumed, provided they are able to effect such recoupment without causing the Fund’s expense ratio (after recoupment) to exceed the lesser of (i) the Expense Limit in effect at the time of the waiver and (ii) the Expense Limit in effect at the time of the recoupment. Because taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization and extraordinary expenses are excluded from the Expense Limit, Total Annual Expenses (after fee waivers and expense reimbursements) are expected to exceed 2.40% and 1.65% for the Class A Shares and Class I Shares, respectively.

For the year ended March 31, 2025, the Investment Adviser has waived \$258,018 in Investment Management Fees and absorbed \$100,323 in other expenses. As of March 31, 2025, the amount of these potentially recoverable expenses was \$1,253,016. The potential recoverable amount is noted as “Commitments and contingencies” as reported on the Consolidated Statement of Assets and Liabilities. The Investment Adviser may recapture all or a portion of this amount no later than March 31<sup>st</sup> of the year stated below:

2026 .....	\$ 456,465
2027 .....	438,210
2028 .....	358,341
Total .....	<u>\$1,253,016</u>

Pursuant to exemptive relief from the SEC, the Fund has adopted a Distribution and Service Plan with respect to Class A Shares and Class I Shares (the “Distribution and Service Plan”) in compliance with Rule 12b-1 under the Investment Company Act. The Distribution and Service Plan allows the Fund to pay distribution and servicing fees for the sale and servicing of its Class A and Class I Shares. Under the Distribution and Service Plan, Class A Shares are permitted to pay as compensation up to 1.00% on an annualized basis of the aggregate net assets of the Fund attributable to Class A Shares and Class I Shares are permitted to pay as compensation up to 0.25% on an annualized basis the

**First Trust Real Assets Fund**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued**  
**March 31, 2025**

aggregate net assets of the Fund attributable to Class I Shares (collectively, the “Distribution and Servicing Fee”) to the Fund’s Distributor and/or other qualified recipients. The Fund or the Distributor may pay all or a portion of these fees to any registered securities dealer, financial institution or any other person who renders assistance in distributing or promoting the sale of the respective Class of Shares or who provides certain shareholder services, pursuant to a written agreement. The Distribution and Servicing Fee is paid out of the Fund’s assets attributable to the applicable Class and decreases the net profits or increases the net losses of such Class.

First Trust Portfolios L.P., an affiliate of the Investment Adviser, serves as the Fund’s distributor. UMBFS serves as the Fund’s fund accountant, transfer agent and administrator; and UMB Bank, n.a., an affiliate of UMBFS, serves as a custodian of the assets of the Fund.

A trustee and certain officers of the Fund are employees of UMBFS. The Fund does not compensate trustees and officers affiliated with UMBFS or the Investment Adviser. For the year ended March 31, 2025, the Fund’s fees incurred for trustees are reported on the Consolidated Statement of Operations.

Vigilant Compliance, LLC provides Chief Compliance Officer (“CCO”) services to the Fund. The Fund’s fees incurred for CCO services for the year ended March 31, 2025 are reported on the Consolidated Statement of Operations.

**Note 4 — Federal Income Taxes**

The Fund has elected to be treated and intends to continue to qualify as a RIC for federal income tax purposes. As a RIC, the Fund will generally not be subject to federal corporate income tax, provided that it distributes substantially all of its income and gains each year.

As of March 31, 2025, gross unrealized appreciation/(depreciation) of investments owned by the Fund, based on cost for federal income tax purposes, were as follows:

Cost of investments . . . . .	\$17,819,694
Gross unrealized appreciation . . . . .	627,375
Gross unrealized (depreciation) . . . . .	(942,312)
Net unrealized appreciation/(depreciation) on investments . . . . .	<u>\$ (314,937)</u>

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to timing differences in recognizing certain gains and losses in securities transactions.

GAAP requires that certain components of net assets be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended March 31, 2025, permanent differences in book and tax accounting have been reclassified as follows:

	Increase (Decrease)
	Total distributable earnings
Paid-in Capital	(accumulated deficit)
\$1,724	\$(1,724)

As of March 31, 2025, the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income . . . . .	\$ —
Undistributed long-term capital gains . . . . .	—
Accumulated capital and other losses . . . . .	(316,492)
Unrealized appreciation/(depreciation) on investments . . . . .	(314,938)
Total accumulated earnings/(deficit) . . . . .	<u>\$(631,430)</u>

**First Trust Real Assets Fund**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued**  
**March 31, 2025**

The tax character of distributions paid during the year ended March 31, 2025 and March 31, 2024 were as follows:

Distribution paid from:	2025	2024
Ordinary income . . . . .	\$ 169,962	\$470,178
Net long-term capital gains . . . . .	—	82,999
Tax return of capital . . . . .	851,582	353,776
Total taxable distributions . . . . .	<u>\$1,021,544</u>	<u>\$906,953</u>

As of March 31, 2025, the Fund had \$0 in net short-term and \$316,492 in net long-term capital loss carryover.

FTRAF Sub1 LLC has elected to be treated as a corporation for federal and state income tax purposes; consequently it is obligated to pay federal, state and local income tax on taxable income. The Fund is required to account for FT Investments Sub I LLC's estimate of income taxes for federal and state purposes through the establishment of a current and a deferred income tax asset/recoverable or liability/payable. FTRAF Sub1 LLC's tax expense or benefit is consolidated into the Fund's Consolidated Statement of Operations based on the component of income or gains/ (losses) to which such expense or benefit relates. Deferred income taxes reflect the future tax effects of temporary differences between the carrying amounts of assets for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years such temporary differences are realized or otherwise settled. The deferred income tax is computed by applying the federal statutory income tax rate of 21.0% and estimated applicable state statutory income tax rate of 7.75% to net investment income and realized and unrealized gains (losses) on investments before taxes.

**Note 5 — Investment Transactions**

For the year ended March 31, 2025, purchases and sales of investments, excluding short-term investments, were \$1,052,526 and \$4,807,519, respectively.

**Note 6 — Indemnifications**

In the normal course of business, the Fund enters into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements cannot be known; however, the Fund expects any risk of loss to be remote.

**Note 7 — Repurchase of Shares**

The Fund provides a limited degree of liquidity to the Shareholders by conducting repurchase offers quarterly with a Valuation Date on or about January 22, April 22, July 22 and October 22 of each year. In each repurchase offer, the Fund may offer to repurchase its Shares at their NAV as determined as of approximately January 22, April 22, July 22 and October 22, of each year, as applicable (each such date, a "Valuation Date"). Each repurchase offer will be for no less than 5% of the Fund's Shares outstanding, but if the value of Shares tendered for repurchase exceeds the value the Fund intended to repurchase, the Fund may determine to repurchase less than the full number of Shares tendered. In such event, Shareholders will have their Shares repurchased on a pro rata basis, and tendering Shareholders will not have all of their tendered Shares repurchased by the Fund.

If Shareholders tender for repurchase more than the Repurchase Offer Amount for a given repurchase offer, the Fund may, but is not required to, repurchase an additional amount of Shares not to exceed 2% of the outstanding Shares of the Fund on the Repurchase Request Deadline. If the Fund determines not to repurchase more than the Repurchase Offer Amount, or if Shareholders tender



**First Trust Real Assets Fund**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued**  
**March 31, 2025**

Shares in an amount exceeding the Repurchase Offer Amount plus 2% of the outstanding Shares on the Repurchase Request Deadline, the Fund will repurchase the Shares on a pro rata basis. However, the Fund may accept all shares tendered for repurchase by Shareholders who own less than \$1,000 worth of Shares and who tender all of their Shares, before prorating other amounts tendered. In addition, the Fund will accept the total number of Shares tendered in connection with required minimum distributions from an IRA or other qualified retirement plan.

The results of the repurchase offers conducted for the year ended March 31, 2025 are as follows:

	Repurchase Offer	Repurchase Offer	Repurchase Offer	Repurchase Offer
Commencement Date: . . . . .	March 22, 2024	June 21, 2024	September 20, 2024	December 23, 2024
Repurchase Request: . . . . .	April 22, 2024	July 22, 2024	October 21, 2024	January 22, 2025
Repurchase Pricing Date: . . . . .	April 22, 2024	July 22, 2024	October 21, 2024	January 22, 2025
Net Asset Value as of Repurchase				
Pricing Date:				
Class A Shares . . . . .	N/A	N/A	N/A	\$9.07
Class I Shares . . . . .	\$9.24	\$9.21	\$9.19	\$9.07
Amount Repurchased:				
Class A Shares . . . . .	N/A	N/A	N/A	\$0
Class I Shares . . . . .	\$1,544,326	\$1,452,561	\$1,401,433	\$1,291,594
Percentage of Outstanding Shares				
Repurchased:				
Class A Shares . . . . .	N/A	N/A	N/A	0.00%
Class I Shares . . . . .	7.00%	7.00%	7.00%	7.00%

**Note 8 — Fair Value Measurements and Disclosure**

ASC 820, *Fair Value Measurement* (“ASC 820”) defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or a liability, when a transaction is not orderly and how that information must be incorporated into a fair value measurement.

Under ASC 820, various inputs are used in determining the value of the Fund’s investments. These inputs are summarized into three broad levels as described below:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 — Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 — Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the

**First Trust Real Assets Fund**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued**  
**March 31, 2025**

security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

In accordance with ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, investments valued at the NAV as practical expedient are not included in the fair value hierarchy. As such, investments in Private Investment Vehicles and REITs with a fair value of \$5,576,620 are excluded from the fair value hierarchy as of March 31, 2025.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following table summarizes the Fund's investments that are measured at fair value by level within the fair value hierarchy as of March 31, 2025:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Investments</b>				
Asset-Backed Securities . . . . .	\$ —	\$1,311,327	\$ —	\$ 1,311,327
Bank Loans . . . . .	—	—	66,051	66,051
Closed-End Funds . . . . .	567,591	—	—	567,591
Collateralized Mortgage Obligations . . . . .	—	2,353,710	—	2,353,710
Private Investment Vehicles . . . . .	—	—	—	—
Investment Partnerships . . . . .	—	—	840,634	840,634
Real Estate Investment Trusts . . . . .	1,279,414	—	1,919,020	3,198,434
Short-Term Investments . . . . .	3,590,390	—	—	3,590,390
Subtotal . . . . .	<u>\$5,437,395</u>	<u>\$3,665,037</u>	<u>\$2,825,705</u>	<u>\$11,928,137</u>
<b>Private Investment Vehicles</b>				
Investment Partnerships . . . . .	—	—	—	3,052,949
Real Estate Investment Trusts . . . . .	—	—	—	2,523,671
Total Investments . . . . .	—	—	—	<u>\$17,504,757</u>

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining value:

	Balance as of March 31, 2024	Transfers into Level 3	Transfers out of Level 3	Net gains (losses) for the period	Purchases	Sales	Balance as of March 31, 2025	Change in unrealized gains (losses) for the period for assets held at the end of the reporting period
Bank Loans . . . . .	\$ 500,000	\$—	\$—	\$(433,949)	\$—	\$ —	\$ 66,051	\$ —
Private Investment Vehicles . . . . .	934,985	—	—	(94,351)	—	—	840,634	12,983
Real Estate Investment Trusts . . . . .	2,787,362	—	—	(110,030)	—	(758,312)	1,919,020	31,446

**First Trust Real Assets Fund**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued**  
**March 31, 2025**

		Valuation Technique	Unobservable Inputs	Range of Input	Weighted average	Impact on Valuation from an Increase in Input
<b>Bank Loans</b> . . . . .	\$ 66,051	Transaction Price	Transaction Price	N/A	N/A	Increase
<b>Private Investment Vehicles</b> . . . . .	840,634	Adjusted Net Asset Value	Reported Net Asset Value/ Fair Value Adjustments	N/A	N/A	Increase
<b>Real Estate Investment Trusts</b>	1,919,020	Adjusted Net Asset Value	Reported Net Asset Value/ Fair Value Adjustments	N/A	N/A	Increase

**Note 9 — Commitments**

Private Investment Vehicles may be structured to be fully funded at the time of investment or include unfunded investment commitments, which are contractual obligations for future funding. The potential investment commitments are noted as “Commitments and contingencies” as reported on the Consolidated Statement of Assets and Liabilities.

**Note 10 — Credit Agreement**

The Fund, as the borrower, has entered into a credit agreement, as amended (the “Credit Agreement”), with TriState Capital Bank as the lender. The Credit Agreement establishes a commitment by the lender to make revolving loans to the Fund in an aggregate principal amount not in excess of \$1,000,000, which may be increased from time to time upon mutual agreement by the parties. The expiration date of the Credit Agreement is June 26, 2025. In connection with the Credit Agreement, the Fund has made certain customary representations and warranties and is required to comply with various customary covenants, reporting requirements and other requirements including maintaining a loan to value ratio of 3:00 to 1:00 at any time. The Credit Agreement contains events of default customary for similar financing transactions, including: (i) the failure to make principal, interest or other payments when due after the applicable grace period; (ii) the insolvency or bankruptcy of the Fund; or (iii) a change of management of the Fund. Upon the occurrence and during the continuation of an event of default, the lender may declare the outstanding advances and all other obligations under the Credit Agreement immediately due and payable. The Fund’s obligations to the lender under the Credit Agreement are secured by a first-priority security interest in substantially all of the assets of the Fund.

For the year ended March 31, 2025, the Fund incurred a cost related to the setup and maintenance of the Credit Agreement (the “Commitment fee”) and for the quarterly average daily unused portion of the revolving commitment (the “Unused line of credit fees”) as reported on the Consolidated Statement of Operations. The Fund did not utilize the Credit Agreement during the year ended March 31, 2025.

**Note 11 — Control Ownership**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of the Fund creates presumption of control of the Fund, under Section 2(a)(9) of the Investment Company Act. As of March 31, 2025, the Shareholders listed in the table immediately below held, for the benefit of their customers, the following percentages of the outstanding Shares of the Fund:

Beneficial Owner	% of Outstanding Shares of the Fund
Charles Schwab & Co. . . . .	72.1%
First Trust Capital Partners, LLC . . . . .	26.9%

The Fund has no knowledge as to whether all or any portion of the Shares owned of record are also owned beneficially.



**Note 12 — Risk Factors**

An investment in the Fund involves various risks. The Fund allocates assets to private investment vehicles that invest in and actively trade securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed income, commodity and currency markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the equities, currencies and over-the-counter derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults.

No guarantee or representation is made that the investment program will be successful.

Certain local, regional or global events such as war, acts of terrorism, the spread of infectious illnesses and/or other public health issues, financial institution instability, threatened or actual imposition of tariffs, recessions or other events may have a significant impact on a security or instrument. These types of events and other like them are collectively referred to as “Market Disruptions and Geopolitical Risks” and they may have adverse impacts on the worldwide economy, as well as the economies of individual countries, the financial health of individual companies and the market in general in significant and unforeseen ways. Some of the impacts noted in recent times include but are not limited to embargos, political actions, supply chain disruptions, bank failures, restrictions to investment and/or monetary movement including the forced selling of securities or the inability to participate in impacted markets. The duration of these events could adversely affect the Fund’s performance, the performance of the securities in which the Fund invests and may lead to losses. The ultimate impact of “Market Disruptions and Geopolitical Risks” on the financial performance of the Fund’s investments is not reasonably estimable at this time. Management is actively monitoring these events.

**Note 13 — Events Subsequent to the Fiscal Period End**

In preparing these consolidated financial statements, management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure or would be required to be recognized in the financial statements.

**First Trust Real Assets Fund**  
**FUND MANAGEMENT**  
**March 31, 2025 (Unaudited)**

The members of the Board and the Fund's officers and their brief biographical information, including their addresses, their year of birth and descriptions of their principal occupations during the past five years, is set forth below. The Fund's Statement of Additional Information includes additional information about the membership of the Board, and is available without charge, upon request, by calling the Fund at (877) 779-1999.

**INDEPENDENT TRUSTEES**

<b>NAME, ADDRESS AND YEAR OF BIRTH</b>	<b>POSITION(S) HELD WITH THE FUND</b>	<b>TERM OF OFFICE AND LENGTH OF TIME SERVED*</b>	<b>PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS</b>	<b>NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE</b>	<b>OTHER DIRECTORSHIPS HELD BY TRUSTEES</b>
David G. Lee Year of Birth: 1952  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chairman and Trustee	Since Inception	Retired (Since 2012); President and Director, Client Opinions, Inc. (2003 – 2012); Chief Operating Officer, Brandywine Global Investment Management (1998 – 2002).	26	None
Robert Seyferth Year of Birth: 1952  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Retired (Since 2009); Chief Procurement Officer/Senior Managing Director, Bear Stearns/ JP Morgan Chase (1993 – 2009).	26	None
Gary E. Shugrue Year of Birth: 1954  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Retired (Since 2023); Managing Director, Veritable LP (investment advisory firm) (2016 – 2023); Founder/ President, Ascendant Capital Partners, LP (private equity firm) (2001 – 2015).	26	Trustee, Quaker Investment Trust (3 portfolios) (registered investment company).

**First Trust Real Assets Fund**  
**FUND MANAGEMENT — Continued**  
**March 31, 2025 (Unaudited)**

**INTERESTED TRUSTEE AND OFFICERS**

<b>NAME, ADDRESS AND YEAR OF BIRTH</b>	<b>POSITION(S) HELD WITH THE FUND</b>	<b>TERM OF OFFICE AND LENGTH OF TIME SERVED*</b>	<b>PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS</b>	<b>NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE</b>	<b>OTHER DIRECTORSHIPS HELD BY TRUSTEES</b>
Terrance P. Gallagher*** Year of Birth: 1958  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since Inception	Executive Vice President and Trust Platform Director, UMB Fund Services, Inc. (2024 – Present); President and Trustee, Investment Managers Series Trust II (registered investment company) (2013 – Present); Executive Vice President and Director of Fund Accounting, Administration and Tax, UMB Fund Services, Inc. (2007 – 2023).	26	President and Trustee, Investment Managers Series Trust II (31 portfolios) (registered investment company).
Michael Peck Year of Birth: 1980  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	President	Since Inception	Chief Executive Officer and Co-CIO, First Trust Capital Management L.P. (formerly, Vivaldi Asset Management, LLC) (2012 – 2024) President and Co-CIO, Vivaldi Capital Management LP (2012 – 2024); Portfolio Manager, Coe Capital Management (2010 – 2012); Senior Financial Analyst and Risk Manager, the Bond Companies (2006 – 2008).	N/A	N/A
Chad Eisenberg Year of Birth: 1982  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Treasurer	Since Inception	Chief Operating Officer, First Trust Capital Management L.P. (formerly, Vivaldi Asset Management, LLC) (2012 – 2024); Chief Operating Officer, Vivaldi Capital Management LP (2012 – 2024); Director, Coe Capital Management LLC (2010 – 2011).	N/A	N/A

**First Trust Real Assets Fund**  
**FUND MANAGEMENT — Continued**  
**March 31, 2025 (Unaudited)**

<b>NAME, ADDRESS AND YEAR OF BIRTH</b>	<b>POSITION(S) HELD WITH THE FUND</b>	<b>TERM OF OFFICE AND LENGTH OF TIME SERVED*</b>	<b>PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS</b>	<b>NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE</b>	<b>OTHER DIRECTORSHIPS HELD BY TRUSTEES</b>
Bernadette Murphy Year of Birth: 1964  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chief Compliance Officer	Since Inception	Director, Vigilant Compliance, LLC (investment management solutions firm) (2018 – Present).	N/A	N/A
Ann Maurer Year of Birth: 1972  c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Secretary	Since Inception	Senior Vice President, Client Services (2017 – Present), Vice President, Senior Client Service Manager (2013 – 2017), Assistant Vice President, Client Relations Manager (2002 – 2013), UMB Fund Services, Inc.	N/A	N/A

\* Trustees serve on the Board for terms of indefinite duration. A Trustee's position in that capacity will terminate if the Trustee is removed or resigns or, among other events, upon the Trustee's death, incapacity or retirement. Officers hold office until their successors are chosen and qualified and serve at the pleasure of the Trustees.

\*\* As of March 31, 2025, the fund complex consists of the AFA Private Credit Fund, Agility Multi-Asset Income Fund, Aspiriant Risk-Managed Capital Appreciation Fund, Aspiriant Risk-Managed Real Assets Fund, Destiny Alternative Fund LLC, Destiny Alternative Fund (TEI) LLC, Felicitas Private Markets Fund, First Trust Alternative Opportunities Fund, First Trust Enhanced Private Credit Fund, First Trust Hedged Strategies Fund, First Trust Private Assets Fund, First Trust Private Credit Fund, First Trust Real Assets Fund, FT Vest Hedged Equity Income Fund: Series A2, FT Vest Hedged Equity Income Fund: Series A3, FT Vest Hedged Equity Income Fund: Series A4, FT Vest Rising Dividend Achievers Total Return Fund, FT Vest Total Return Income Fund: Series A2, FT Vest Total Return Income Fund: Series A3, FT Vest Total Return Income Fund: Series A4, Infinity Core Alternative Fund, Keystone Private Income Fund, Pender Real Estate Credit Fund, Variant Alternative Income Fund, Variant Alternative Lending Fund and Variant Impact Fund.

\*\*\* Mr. Gallagher is deemed to be an interested person of the Fund because of his affiliation with the Fund's Administrator.

**Board Consideration of the Continuation of the Investment Management Agreement and Subadvisory Agreement**

At the meeting of the Board of Trustees (the “Board” and the members thereof, “Trustees”) held on March 4 – 5, 2025 (the “Meeting”), the Board, including a majority of Trustees who are not “interested persons” within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “Independent Trustees”), approved the continuation of the investment management agreement between First Trust Capital Management L.P. (the “Investment Manager”) and First Trust Real Assets Fund (the “Fund”) (the “Investment Management Agreement”) and the sub-advisory agreement among the Investment Manager, the Fund and Angel Oak Capital Advisors, LLC, the Fund’s sub-adviser (the “Sub-Adviser” and together with the Investment Manager, the “Advisers”) (the “Sub-Advisory Agreement” and together with the Investment Management Agreement, the “Advisory Agreements”).

In advance of the Meeting, the Independent Trustees requested and received materials from the Advisers to assist them in considering the approval of the Advisory Agreements. Among other things, the Board reviewed reports from third parties and management about the below factors. The Board did not consider any single factor as controlling in determining whether or not to approve either Advisory Agreement. Nor are the items described herein all-encompassing of the matters considered by the Board.

The Board engaged in a detailed discussion of the materials with management of the Investment Manager. The Independent Trustees then met separately with their independent counsel for a full review of the materials. Following these sessions, the full Board reconvened and after further discussion determined that the information presented provided a sufficient basis upon which to approve the Advisory Agreements.

**NATURE, EXTENT AND QUALITY OF SERVICES**

The Board reviewed and considered the nature and extent of the investment advisory services provided by the Advisers to the Fund under the Advisory Agreements, including the selection of Fund investments. The Board also reviewed and considered the nature and extent of the non-advisory, administrative services provided by the Advisers to the Fund, including, among other things, providing office facilities, equipment, and personnel. The Board reviewed and considered the qualifications of the portfolio managers and other key personnel of the Advisers who provide the investment advisory and administrative services to the Fund. The Board determined that the Advisers’ portfolio managers and key personnel are well-qualified by education and/or training and experience to perform the services for the Fund in an efficient and professional manner. The Board also took into account the Advisers’ compliance policies and procedures, including those used by the Investment Manager to determine the value of the Fund’s investments. The Board concluded that the overall quality of the advisory and administrative services provided to the Fund was satisfactory.

**PERFORMANCE**

The Board considered the investment performance of the Advisers with respect to the Fund, noting that the Advisers also act as investment adviser to certain funds with a similar investment objective and strategy. The Board further considered performance information of the Fund compared to fourteen comparable diversified real assets and real estate unlisted closed-end funds selected by an independent third party (collectively, “Peer Group”), as well as one relevant index. The Board noted that the Fund’s total return for the three-month period ended December 31, 2024 was equal to its Peer Group median and below the Peer Group average. It also noted that the Fund underperformed its Peer Group median and average and a relevant index for the one-year period ended December 31, 2024, while its performance was approximately the same as the Peer Group median for the since inception period ended December 31, 2024. The Board considered the overall performance of the Fund and concluded that the performance of the Fund was satisfactory.

#### FEES AND EXPENSES

The Board reviewed and considered the advisory fee rate, sub-advisory fee rate and total net expense ratio of the Fund, noting that the Investment Manager pays the Sub-Adviser from its fee. The Board compared the advisory fees, sub-advisory fees and total net expense ratio for the Fund with various comparative data, including a third-party report on the advisory fees and expenses of the Fund's Peer Group. The Board noted that the Fund's advisory fees were higher than the Peer Group median and average, while total net expenses were lower. In addition, the Board noted that the Investment Manager has contractually agreed to limit total annual operating expenses and that such agreement would automatically renew for consecutive one-year terms unless the agreement was terminated. The Board concluded that the advisory fees paid by the Fund, the sub-advisory fees payable to the Sub-Adviser and total net expense ratio were reasonable and satisfactory in light of the services provided by the Investment Manager and the Sub-Adviser.

#### BREAKPOINTS AND ECONOMIES OF SCALE

The Board reviewed the structure of the advisory fees under the Investment Management Agreement and the fees paid by the Investment Manager to the Sub-Adviser under the Sub-Advisory Agreement, neither of which included breakpoints. It took into account the Investment Manager's and Sub-Adviser's assertions that that breakpoints were not necessary at current asset levels, but it would re-evaluate as assets grew. The Board considered the Fund's advisory fees and the fees paid by the Investment Manager to the Sub-Adviser and concluded that such fees were reasonable and satisfactory in light of the services provided.

#### PROFITABILITY OF INVESTMENT MANAGER

The Board considered and reviewed information concerning the costs incurred and profits realized by the Investment Manager from its relationship with the Fund, and did not consider the profitability of the Sub-Adviser. The Board also reviewed the Investment Manager's and Sub-Adviser's financial condition. The Board noted that the financial condition of each of the Investment Manager and Sub-Adviser appeared stable. The Board determined that the advisory and sub-advisory fees and the compensation to the Investment Manager and Sub-Adviser were reasonable and the financial condition of each was adequate.

#### ANCILLARY BENEFITS AND OTHER FACTORS

The Board also discussed other benefits to be received by the Investment Manager and Sub-Adviser from its management of the Fund including, without limitation, reputational benefits and the ability to market advisory services for similar products or other funds managed by the Investment Manager and/or Sub-Adviser in the future. The Board noted that the Investment Manager is an affiliate of the Fund's distributor (the "Distributor") and that the Distributor receives certain fees for its role as distributor and for other services related to the Fund that are paid by the Investment Manager. The Board further noted that the Sub-Adviser was not affiliated with the Distributor and did not derive any benefit from the Distributor's relationship with the Fund. The Board also considered that a registered investment adviser affiliated with the Investment Manager receives additional management fees for assets held in the Fund by the affiliate registered investment adviser's clients, noting that the Investment Manager does not participate in the management fees earned by the affiliate registered investment adviser. The Board noted that the Advisers do not have affiliations with the Fund's transfer agent, fund accountant or custodian and therefore, do not derive any benefits from the relationships these parties may have with the Fund. The Board concluded that the advisory fees were reasonable in light of the fall-out benefits.

#### GENERAL CONCLUSION

Based on its consideration of all factors that it deemed material, and assisted by the advice of its counsel, the Board concluded it would be in the best interest of the Fund and its shareholders to approve the continuance of the Advisory Agreements.

**First Trust Real Assets Fund**  
**FUND INFORMATION — Continued**  
**March 31, 2025 (Unaudited)**

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	<b>TICKER</b>	<b>CUSIP</b>
<b>First Trust Real Assets Fund – Class A Shares</b>	FTRDX	33742N103
<b>First Trust Real Assets Fund – Class I Shares</b>	FTREX	33742N202

**Proxy Voting Policies and Procedures**

A description of the Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at (877) 779-1999 or on the SEC website at [www.sec.gov](http://www.sec.gov).

**Proxy Voting Record**

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling the Fund at (877) 779-1999 or by accessing the Fund's Form N-PX on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Availability of Quarterly Portfolio Schedules**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT. The Fund's Form N-PORT is available on the SEC website at [www.sec.gov](http://www.sec.gov) or without charge and upon request by calling the Fund at (877) 779-1999.

**Qualified Dividend Income**

For the year ended December 31, 2024, 0.00% of dividends to be paid from net investment income, including short term capital gains from the Fund (if any), are designated as qualified dividend income.

**Corporate Dividends Received Deduction**

For the year ended December 31, 2024, 0.00% of the dividends to be paid from net investment income, including short-term capital gains from the Fund (if any), are designated as dividends received deduction available to corporate shareholders.

**Section 163(j) Interest Dividends**

For the year ended December 31, 2024, the Fund designated approximately 30.47% of its taxable ordinary income dividends, (dividend income and short-term gains, if any), or up to the maximum amount allowable, as Section 163(j) Interest Dividends. The Fund intends to pass through Section 163(j) Interest Dividends as defined in Proposed Treasury Regulation §1.163(j)-1(b).

**Section 199A Dividends**

For the year ended December 31, 2024, the Fund designated approximately 9.35% of its taxable ordinary income dividends, (dividend income and short-term gains, if any), or up to the maximum amount allowable, as Section 199A dividends. Non-corporate shareholders of the Fund meeting certain holding period requirements may be able to deduct up to 20 percent of qualified REIT dividends passed through and reported to the shareholders by the Fund as Section 199A dividends.

**Capital Gain**

For the year ended December 31, 2024, the Fund did not designate any long-term capital gain distributions.

**First Trust Real Assets Fund**  
**FUND INFORMATION — Continued**  
**March 31, 2025 (Unaudited)**

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First Trust Real Assets Fund  
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