

FIRST TRUST HEDGED STRATEGIES FUND

Class A Shares – HDGAX

Class I Shares – HFLEX

Annual Report

March 31, 2025



First Trust Hedged Strategies Fund

Table of Contents

Management Discussion of Fund Performance (Unaudited)	1
Fund Performance (Unaudited)	3
Report of Independent Registered Public Accounting Firm	5
Schedule of Investments	6
Portfolio Composition (Unaudited)	8
Summary of Investments (Unaudited)	9
Statement of Assets and Liabilities	10
Statement of Operations	11
Statement of Changes in Net Assets	12
Statement of Cash Flows	13
Financial Highlights	14
Notes to Financial Statements	16
Fund Management (Unaudited)	27
Fund Information (Unaudited)	31

This report and the financial statements contained herein are provided for the general information of the shareholders of the First Trust Hedged Strategies 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 HEDGED STRATEGIES 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 Fund's fiscal year ended March 31, 2025, the U.S. 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 Hedged Strategies Fund

Over the trailing one-year period ended March 31, 2025, the Fund produced a net return of +6.34%, outperforming the HFRX Global Hedge Fund Index's return of +3.23% over the same time period. Since the Fund launched in July 2023, the Fund has produced an +8.48% annualized net return while its benchmark gained +4.73%. We continue to be pleased with the Fund's performance, delivering on the absolute return mandate.

The trading environment during the Fund's fiscal year ended March 31, 2025, was more favorable than much of the prior year, as factor rotations, increased dispersion, and elevated event-driven activity broadened the opportunity set. Credit-oriented hedge fund managers led the Fund's performance, contributing +2.27%, with structured and dislocated segments benefiting from idiosyncratic catalysts and an elevated rate environment. Multi-strategy platforms also added +2.27%, driven largely by long-short equity trading teams that capitalized on dispersion and momentum factors — the latter having its strongest year since 2013. The combination of persistent momentum, meaningful cross-sectional dispersion, and elevated volatility created a favorable backdrop for performance. Event-driven and arbitrage strategies contributed an additional +1.42% and +0.55%, respectively.

The Fund's long-short equity segment modestly detracted from Fund performance over the fiscal year, primarily due to one biotech-focused manager. The biotechnology sector broadly faced challenges as market volatility reduced the appetite for small- and mid-capitalization companies, while shifting leadership at the U.S. Food and Drug Administration added further uncertainty to an already complex regulatory landscape.

Our hedge fund manager lineup continued to generate attractive risk-adjusted returns, and in our view, their role as diversifiers becomes even more valuable during periods of market dislocation. We believe the resilience of the Fund's diversified strategy mix positions us well to navigate market fluctuations, capitalize on opportunities, and deliver uncorrelated returns. Looking ahead, we remain committed to offering a high-conviction portfolio through our top-tier managers.

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



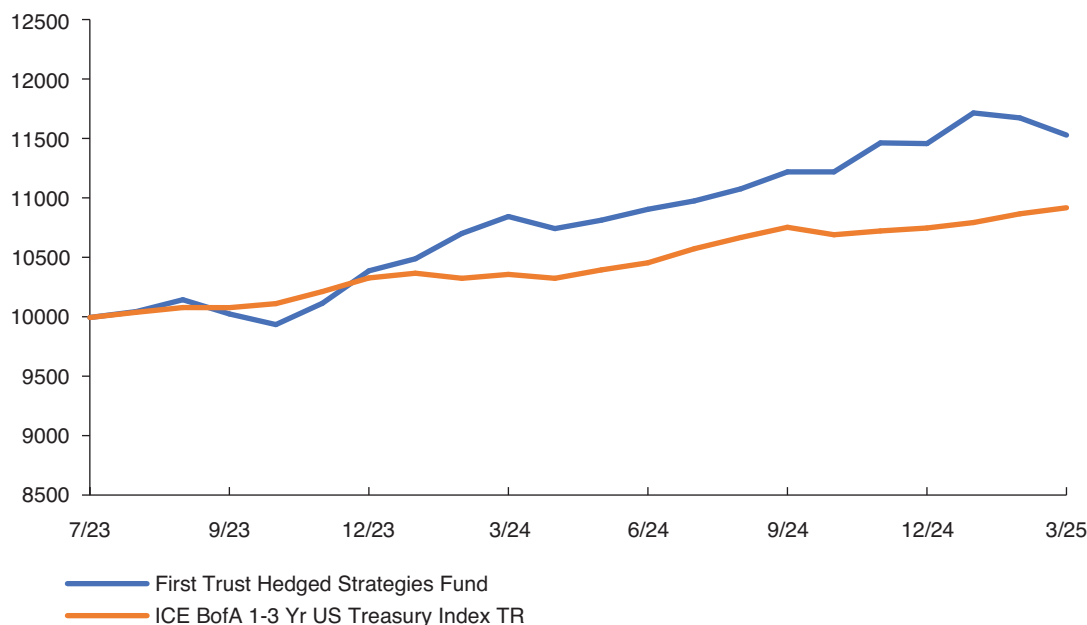
Brian R. Murphy

Portfolio Manager

bmurphy@firsttrustcapital.com

First Trust Hedged Strategies Fund
FUND PERFORMANCE
March 31, 2025 (Unaudited)

Performance of a \$10,000 Investment



This graph compares a hypothetical \$10,000 investment in the Fund's Class I Shares with a similar investment in the ICE BofA 1-3 Yr US Treasury Index TR. Results include the reinvestment of all dividends and capital gains. The index does not reflect expenses, fees, or sales charges, which would lower performance.

Please note that the performance of the Fund's other share class, Class A, will differ based on the differences in sales load and fees paid by shareholders investing in Class A Shares.

The ICE BofA 1-3 Yr US Treasury Index TR tracks the performance of the direct sovereign debt of the U.S. Government with a maturity of at least one year and less than three years. The index is unmanaged and it is not available for investment.

Cumulative Total Returns as of March 31, 2025	One Year	Since Inception
First Trust Hedged Strategies Fund – Class I (Inception Date July 3, 2023)	6.34%	8.48%
ICE BofA 1-3 Yr US Treasury Index TR	5.43%	5.15%

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.

First Trust Hedged Strategies Fund
FUND PERFORMANCE — Continued
March 31, 2025 (Unaudited)

Fund performance is shown net of fees. For the Fund's current expense ratios, please refer to the Financial Highlights Section of this report. 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.

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 Hedged Strategies Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of First Trust Hedged Strategies Fund (the "Fund"), including the schedule of investments, as of March 31, 2025, and the related statements of operations, changes in net assets and cash flows and the 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 statement of changes in net assets and the financial highlights for the period ended March 31, 2024, were audited by another independent registered public accounting firm whose report, dated June 11, 2024, expressed an unqualified opinion on that statement of changes in net assets and those 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 and underlying managers or administrators of the private investment vehicles; when replies were not received from 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 Hedged Strategies Fund
SCHEDULE OF INVESTMENTS
As of March 31, 2025

Number of Shares	Cost		Value
		PRIVATE INVESTMENT VEHICLES – 94.4%	
		INVESTMENT PARTNERSHIPS – 94.4%	
N/A ¹	\$3,000,000	Acer Tree Credit Opportunities Partners LP ^{*,2}	\$ 3,080,635
N/A ¹	1,500,000	Cartenna Partners LP ^{*,2}	1,464,945
N/A ¹	3,081,531	Dorsal Capital Partners LP ^{*,2}	3,640,665
N/A ¹	3,910,352	DSC Meridian Credit Opportunities Onshore Fund LP ^{*,2}	4,835,047
N/A ¹	4,500,000	Eisler Capital Multi Strategy Fund Ltd. ^{*,2}	4,848,151
N/A ¹	4,113,818	Linden Investors LP ^{*,2}	5,321,771
N/A ¹	3,750,000	Old Orchard Credit Fund Ltd. ^{*,2}	4,026,152
N/A ¹	2,532,236	Point72 Capital, L.P. ^{*,2}	3,171,379
N/A ¹	3,106,309	Prana Absolute Return Fund LP ^{*,2}	3,580,160
N/A ¹	1,979,792	RA Capital Healthcare Fund, LP ^{*,2}	2,336,012
N/A ¹	1,418,742	RiverNorth Capital Partners, L.P. ^{*,2}	1,652,197
N/A ¹	1,653,764	RiverNorth Inst. Partners, L.P. ^{*,2}	1,918,760
N/A ¹	3,709,797	Sachem Head LP ^{*,2}	4,961,460
N/A ¹	3,285,477	Sofinnova BioEquities LP ^{*,2}	3,480,405
N/A ¹	5,147,508	Walleye Opportunities Fund LP ^{*,2}	6,187,715
		TOTAL PRIVATE INVESTMENT VEHICLES (Cost \$46,689,326)	<u>54,505,454</u>
		SHORT-TERM INVESTMENTS – 3.2%	
1,858,609		UMB Bank Money Market Special II Deposit Investment, 4.19% ³	<u>1,858,609</u>
		TOTAL SHORT-TERM INVESTMENTS (Cost \$1,858,609)	<u>1,858,609</u>
		TOTAL INVESTMENTS – 97.6% (Cost \$48,547,935)	56,364,063
		Other Assets in Excess of Liabilities – 2.4%	<u>1,375,005</u>
		TOTAL NET ASSETS – 100.0%	<u><u>\$57,739,068</u></u>

LP – Limited Partnership

* Non-income producing security.

¹ Investment does not issue shares.

² The value of these securities was determined using significant unobservable inputs. These are reported as Level 3 securities in the Fair Value Hierarchy table located in Note 8.

³ The rate is the annualized seven-day yield at period end.

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
SCHEDULE OF INVESTMENTS — Continued
As of March 31, 2025

Securities With Restrictions on Redemptions	Redemptions Permitted	Redemption Notice Period	Cost	Fair Value	Original Acquisition Date
Acer Tree Credit Opportunities Partners LP ¹	Quarterly	45 Days	\$ 3,000,000	\$ 3,080,635	2/1/2025
Cartenna Partners LP ¹	Quarterly	45 Days	1,500,000	1,464,945	3/1/2025
Dorsal Capital Partners LP ¹	Quarterly	45 Days	3,081,531	3,640,665	7/3/2023
DSC Meridian Credit Opportunities Onshore Fund LP ¹	Quarterly ²	65 Days	3,910,352	4,835,047	7/3/2023
Eisler Capital Multi Strategy Fund Ltd. ¹	Quarterly ²	65 Days	4,500,000	4,848,151	7/3/2023
Linden Investors LP ¹	Quarterly ²	65 Days	4,113,818	5,321,771	7/3/2023
Old Orchard Credit Fund Ltd. ¹	Quarterly ²	65 Days	3,750,000	4,026,152	9/1/2023
Point72 Capital, L.P. ¹	Quarterly ²	45 Days	2,532,236	3,171,379	8/1/2023
Prana Absolute Return Fund LP ¹	Quarterly	50 Days	3,106,309	3,580,160	7/3/2023
RA Capital Healthcare Fund, LP ¹	Quarterly ³	95 Days	1,979,792	2,336,012	7/3/2023
RiverNorth Capital Partners, L.P. ¹	Quarterly ³	65 Days	1,418,742	1,652,197	7/3/2023
RiverNorth Inst. Partners, L.P. ¹	Monthly ³	65 Days	1,653,764	1,918,760	7/3/2023
Sachem Head LP ¹	Quarterly ²	70 Days	3,709,797	4,961,460	7/3/2023
Sofinnova BioEquities LP ¹	Quarterly	65 Days	3,285,477	3,480,405	7/3/2023
Walleye Opportunities Fund LP ¹	Monthly ²	30 Days	5,147,508	6,187,715	7/3/2023
Totals:			<u>\$46,689,326</u>	<u>\$54,505,454</u>	

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

² The Underlying Fund can institute a gate provision on redemptions at the investor level of 25% of the fair value of the investment in the Underlying Fund.

³ The Underlying Fund can institute a gate provision on redemptions at the fund level of 10 – 25% of the fair value of the investment in the Underlying Fund.

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
PORTFOLIO COMPOSITION
As of March 31, 2025 (Unaudited)

Country of Investment	Value	Percent of Total Net Assets
United States	\$56,364,063	97.6%
Total Investments	56,364,063	97.6%
Other Assets in Excess of Liabilities	1,375,005	2.4%
Total Net Assets	\$57,739,068	100.0%

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
SUMMARY OF INVESTMENTS
As of March 31, 2025 (Unaudited)

Security Type/Sector	Percent of Total Net Assets
Private Investment Vehicles	94.4%
Short-Term Investments	3.2%
Total Investments	97.6%
Other Assets in Excess of Liabilities	2.4%
Total Net Assets	<u>100.0%</u>

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
STATEMENT OF ASSETS AND LIABILITIES
As of March 31, 2025

Assets:

Investments, at fair value (cost \$48,547,935)	\$56,364,063
Receivables:	
Underlying Funds paid in advance	1,000,000
Redemptions from Underlying Funds	632,816
Fund shares sold	3,488
Dividends and interest	8,882
Prepaid expenses	22,599
Total assets	<u>58,031,848</u>

Liabilities:

Payables:	
Distribution fees – Class I (Note 3)	103,203
Audit fee	58,171
Investment Management fees	56,359
Tax service fees	32,457
Legal	17,804
Fund services expense	10,254
Shareholder reporting fees	8,316
Interest payable	3,045
Pricing expense	1,974
Distribution fees – Class A (Note 3)	88
Trustees' fees and expenses	66
Accrued other expenses	1,043
Total liabilities	<u>292,780</u>

Net Assets **\$57,739,068**

Components of Net Assets:

Paid-in Capital (par value of \$0.01 per share with an unlimited number of shares authorized)	\$61,364,009
Total distributable earnings	<u>(3,624,941)</u>

Net Assets **\$57,739,068**

Class A Shares:

Net assets applicable to shares outstanding	\$ 11,531
Shares of beneficial interest issued and outstanding	<u>1,042</u>
Redemption price per share	\$ 11.07
Maximum sales charge (4.50% of offering price)	\$ 0.52
Maximum offering price to public	<u>\$ 11.59</u>

Class I Shares:

Net assets applicable to shares outstanding	\$57,727,537
Shares of beneficial interest issued and outstanding	<u>5,183,703</u>
Net asset value, offering and redemption price per share	<u>\$ 11.14</u>

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2025

Investment Income:

Interest	\$ 89,124
Total investment income	<u>89,124</u>

Expenses:

Investment Management fees	558,463
Legal fees	164,775
Distribution fees (Note 3)	133,033
Shareholder reporting fees	61,816
Trustees' fees and expenses	59,503
Audit fee	58,171
Offering costs (Note 2)	55,795
Tax services	54,284
Fund services expense	53,188
Interest expense (Note 9)	37,971
Registration fees	37,386
Pricing expense	31,076
Chief Compliance Officer fees	24,516
Insurance fees	8,289
SEC fees	670
Miscellaneous	117,271
Total expenses	<u>1,456,207</u>
Investment Management fees waived	<u>(513,982)</u>
Net expenses	<u>942,225</u>

Net investment loss (853,101)

Realized and Unrealized Gain:

Net realized gain on investments	687,639
Net change in unrealized appreciation/depreciation on investments	<u>3,407,755</u>

Net realized and unrealized gain on investments 4,095,394

Net Increase in Net Assets from Operations \$3,242,293

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
STATEMENT OF CHANGES IN NET ASSETS

	For the Year Ended March 31, 2025	For the Period July 3, 2023* Through March 31, 2024
Increase (Decrease) in Net Assets From:		
Operations:		
Net investment loss	\$ (853,101)	\$ (881,209)
Net realized gain on investments	687,639	102,427
Net change in unrealized appreciation/depreciation on investments	3,407,755	4,408,373
Net increase (decrease) in net assets from operations	3,242,293	3,629,591
Distributions to Shareholders	(908,205)	(788,695)
Total distributions to shareholders	(908,205)	(788,695)
Capital Transactions:		
Net proceeds from shares sold:		
Class A	10,104	1,000
Class I	11,414,950	11,463,756
Capital issued in connection with reorganization of Fund (Note 1):		
Class I	—	36,826,763
Reinvestment of distributions:		
Class A	16	15
Class I	16,543	21,861
Cost of shares repurchased:		
Class A	—	—
Class I	(5,082,786)	(2,208,138)
Net increase (decrease) in net assets from capital transactions	6,358,827	46,105,257
Total increase (decrease) in net assets	8,692,915	48,946,153
Net Assets:		
Beginning of period	49,046,153	100,000 ¹
End of period	<u>\$57,739,068</u>	<u>\$49,046,153</u>
Capital Share Transactions:		
Shares sold:		
Class A	940	100
Class I	1,042,833	1,127,441
Shares issued in connection with reorganization of Fund (Note 1):		
Class I	—	3,682,676
Shares reinvested:		
Class A	1	1
Class I	1,480	2,190
Shares repurchased:		
Class A	—	—
Class I	(466,008)	(216,909)
Net increase (decrease) in capital share transactions	579,246	4,595,499

* Commencement of operations

¹ First Trust Capital Management L.P. made the initial share purchase of \$100,000 on May 31, 2023. The total initial share purchase of \$100,000 included 10,000 Class I Shares at \$10.00 per share.

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
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 in net assets from operations	\$ 3,242,293
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Purchases of Underlying Funds	(10,210,484)
Sales of Underlying Funds	6,879,819
Change in short-term investments, net	(871,231)
Net realized (gain) loss	(687,639)
Net change in unrealized appreciation/depreciation	(3,407,755)
(Increase)/Decrease in operating assets:	
Underlying Funds paid in advance	(500,000)
Redemptions from Underlying Funds	780,046
Dividends and interest	26,150
Due from Investment Adviser	324,694
Deferred organizational and offering costs (see Note 2)	55,795
Prepaid expenses	(4,086)
Increase/(Decrease) in operating liabilities:	
Distribution fees – Class I (Note 3)	41,784
Audit fee	10,071
Investment Management fees	56,359
Tax service fees	17,457
Legal fees	(4,460)
Fund services expense	2,442
Shareholder reporting fees	732
Interest payable	(9,137)
Pricing expense	1,974
Distribution fees – Class A (Note 3)	81
Trustees' fees and expenses	66
Accrued other expenses	(2,593)
Net cash used in operating activities	<u>(4,257,622)</u>
Cash flows provided by (used in) financing activities:	
Proceeds from shares sold	11,732,054
Repayments on line of credit	(1,500,000)
Redemption of shares	(5,082,786)
Dividends paid to shareholders, net of reinvestments	(891,646)
Net cash provided by financing activities	<u>4,257,622</u>
Net Increase (Decrease) in Cash	<u>—</u>
Cash:	
Beginning of period balances:	
Cash	—
Total beginning of period balances	<u>—</u>
End of period balances:	
Cash	—
Total end of period balances	<u>\$ —</u>
Supplemental disclosure of non-cash activities:	
Reinvested dividends	\$ 16,559
Supplemental disclosure of non-cash activities:	
Interest paid	\$ 47,108

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
FINANCIAL HIGHLIGHTS
Class A

Per share operating performance.

For a capital share outstanding throughout each period.

	For the Year Ended March 31, 2025	For the Period July 3, 2023* Through March 31, 2024
Net asset value, beginning of period	\$ 10.68	\$ 10.00
Income (loss) from Investment Operations:		
Net investment income (loss) ¹	(0.26)	(0.26)
Net realized and unrealized gain (loss) on investments	0.80	1.09
Total from investment operations	0.54	0.83
Less Distributions:		
From net investment income	(0.02)	(0.15)
From net realized gain	(0.13)	—
Total from distributions	(0.15)	(0.15)
Net asset value, end of period	<u>\$ 11.07</u>	<u>\$ 10.68</u>
Total return ²	5.58%	7.87% ³
Ratios and Supplemental Data:		
Net assets, end of period (in thousands)	\$ 12	\$ 1
Ratio of expenses to average net assets:		
Before fees waived and expenses absorbed ⁴	3.49%	5.62% ⁵
After fees waived and expenses absorbed ⁴	2.52% ⁶	3.57% ^{5,6}
Ratio of net investment income (loss) to average net assets:		
Before fees waived and expenses absorbed ⁷	(3.32)%	(5.52)% ⁵
After fees waived and expenses absorbed ⁷	(2.35)%	(3.47)% ⁵
Portfolio turnover rate	13%	7% ³

* Commencement of operations.

¹ Based on average shares outstanding for the period.

² Total returns would have been lower had expenses not been waived or absorbed by the Investment Adviser. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

³ Not Annualized.

⁴ Ratios do not reflect the Fund's proportionate share of the expenses of the investment funds.

⁵ Annualized.

⁶ If interest expense had been excluded, the expense ratios would have been lowered by 0.07% for the year ended March 31, 2025. For the period ended March 31, 2024, the ratios would have been lowered by 0.22%.

⁷ Ratios do not reflect the Fund's proportionate share of the income and expenses of the investment funds.

See accompanying Notes to Financial Statements.

First Trust Hedged Strategies Fund
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 Period July 3, 2023* Through March 31, 2024
Net asset value, beginning of period	<u>\$ 10.65</u>	<u>\$ 10.00</u>
Income (loss) from Investment Operations:		
Net investment income (loss) ¹	(0.18)	(0.21)
Net realized and unrealized gain (loss) on investments	0.85	1.04
Total from investment operations	<u>0.67</u>	<u>0.83</u>
Less Distributions:		
From net investment income	(0.05)	(0.18)
From net realized gain	(0.13)	—
Total from distributions	<u>(0.18)</u>	<u>(0.18)</u>
Net asset value, end of period	<u><u>\$ 11.14</u></u>	<u><u>\$ 10.65</u></u>
Total return ²	6.34%	8.42% ³
Ratios and Supplemental Data:		
Net assets, end of period (in thousands)	\$57,728	\$ 49,045
Ratio of expenses to average net assets:		
Before fees waived and expenses absorbed ⁴	2.74%	4.87% ⁵
After fees waived and expenses absorbed ⁴	1.77% ⁶	2.82% ^{5,6}
Ratio of net investment income (loss) to average net assets:		
Before fees waived and expenses absorbed ⁷	(2.57)%	(4.76)% ⁵
After fees waived and expenses absorbed ⁷	(1.60)%	(2.71)% ⁵
Portfolio turnover rate	13%	7% ³

* Commencement of operations.

¹ Based on average shares outstanding for the period.

² Total returns would have been lower had expenses not been waived or absorbed by the Investment Adviser. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

³ Not Annualized.

⁴ Ratios do not reflect the Fund's proportionate share of the expenses of the investment funds.

⁵ Annualized.

⁶ If interest expense had been excluded, the expense ratios would have been lowered by 0.07% for the year ended March 31, 2025. For the period ended March 31, 2024, the ratios would have been lowered by 0.22%.

⁷ Ratios do not reflect the Fund's proportionate share of the income and expenses of the investment funds.

See accompanying Notes to Financial Statements.

Note 1 — Organization

First Trust Hedged Strategies 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 Agreement and Declaration of Trust dated March 22, 2023 (the “Declaration of Trust”). First Trust Capital Management L.P. serves as the investment adviser (the “Investment Adviser”) of the Fund. The Investment Adviser is an investment adviser 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 (a “RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”). The Fund currently offers two separate Classes of shares of beneficial interest (the “Shares”) in Class I Shares and Class A Shares.

The Fund’s investment objective is to seek to achieve long-term capital appreciation. The Fund seeks to invest primarily in private investment funds, or commonly known as “hedge funds” (“Underlying Funds”), managed by multiple third-party investment managers (“Underlying Managers”) that employ a variety of alternative investment strategies. Because Underlying Funds following alternative investment strategies (whether hedged or not) are often described as “hedge funds,” the investment program of the Fund can be referred to as a fund of hedge funds.

The Fund commenced its public offering of both Class I and Class A Shares on July 3, 2023. 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 Fund’s 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.

Simultaneous with the commencement of the Fund’s operations on July 3, 2023 (“Commencement of Operations”), the Passport Select: Model Class of FT Alternative Platform I LLC (the “Predecessor Fund”) reorganized with and transferred substantially all its assets into the Fund in exchange for shares of the Fund’s Class I Shares. This exchange was nontaxable. The assets received by the Fund had a fair value of \$36,826,763, resulting in the issuance of 3,682,676 newly issued Class I Shares. For financial reporting purposes, assets received and shares issued by the Fund were recorded at fair value, however, the cost basis of the investments received from the Predecessor Fund was carried forward to align ongoing reporting of the Fund’s realized and unrealized gains and losses with amounts distributable to Shareholders for tax purposes. The Predecessor Fund maintained an investment objective, strategies and investment policies, guidelines and restrictions that are, in all material respects, equivalent to those of the Fund. The Predecessor Fund shared the same Investment Adviser and portfolio managers as the Fund.

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*.

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 financial statements. The preparation of 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 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 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.

As a general matter, the fair value of the Fund’s interest in an Underlying Fund (i.e., generally a private fund that is excluded from the definition of “investment company” pursuant to Sections 3(c)(1) or 3(c)(7) of the Investment Company Act) will represent the amount that the Fund could reasonably expect to receive from the Underlying Fund 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 Valuation Designee believes to be reliable. The Valuation Designee will determine the fair value of such Underlying Fund based on the most recent final or estimated value reported by the Underlying Fund, as well as any other relevant information available at the time the Valuation Designee 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 an Underlying Fund.

Between the periodic valuation periods, the NAVs of such Underlying Funds are adjusted daily based on the total return that each Underlying Fund is estimated by the Valuation Designee to generate during the period. The Valuation Designee monitors these estimates regularly and updates them as necessary if macro or individual Underlying Fund changes warrant any adjustments, subject to the review and supervision of the Board.

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 Underlying Fund. In other cases, as when an

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

Underlying Fund imposes extraordinary restrictions on redemptions, when other extraordinary circumstances exist, or when there have been no recent transactions in Underlying Fund interests, the Fund may determine that it is appropriate to apply a discount to the NAV of the Underlying Fund. Any such decision will be made in good faith by the Valuation Designee, under oversight by the Board.

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

Debt securities will generally be valued using a third-party pricing system, agent or dealer selected by the Valuation Designee, which may include the use of valuations furnished by a pricing service that employs a matrix to determine valuations for normal institutional size trading units. Debt securities with remaining maturities of 60 days or less, absent unusual circumstances, will be valued at amortized cost, so long as such valuations are determined by the Valuation Designee to represent fair value.

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 of the Valuation Designee (in reliance on the Underlying Funds and/or their administrators) regarding appropriate valuations should prove incorrect.

(b) 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 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.

(c) 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 an amount equal to at least the sum of 90% of its investment company taxable income (net investment income and the excess of net short-term capital gain over net long-term capital loss) and 90% of its tax-exempt income, if any, for the year. 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.

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

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 financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the 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 Internal Revenue Service statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. For the period from the Commencement of Operations through March 31, 2024 and for the year ended March 31, 2025, 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.

(d) Distributions to Shareholders

The Fund intends to pay distributions at least annually on the Shares representing substantially all of the net investment income and net capital gains, if any, earned each year (the “Distribution Policy”). 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 amount distributed 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 gains.

A Shareholder whose Shares are registered in its own name will automatically be a participant under the Fund’s dividend reinvestment program (the “DRIP”). Unless a Shareholder elects to receive income dividends and/or capital gains distributions in cash by contacting UMBFS, all income dividends and/or capital gains distributions declared on Shares will be automatically reinvested in full and fractional Shares at the Fund’s then current NAV.

(e) Organizational and Offering Costs

Organizational costs consist of the costs of forming the Fund; drafting of bylaws and administration, custody and transfer agency agreements; legal services in connection with the initial meeting of the Board; and the Fund’s seed audit costs. Offering costs consist of the costs of preparation, review and

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

filing with the SEC the Fund's registration statement; the costs of preparation, review and filing of any associated marketing or similar materials; the costs associated with the printing, mailing or other distribution of the Prospectus, Statement of Additional Information and/or marketing materials; and the amounts of associated filing fees and legal fees associated with the offering. The aggregate amount of the organizational costs and offering costs as of the date of the accompanying financial statements are \$0 and \$55,795, respectively, of which none remain as deferred.

Organizational costs incurred by the Fund are being reimbursed by the Investment Adviser and are subject to recoupment by the Investment Adviser in accordance with the Fund's expense limitation agreement discussed in Note 3. Offering costs, which are also subject to the Fund's expense limitation agreement discussed in Note 3, are amortized to expense over twelve months on a straight-line basis.

(f) 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 financial statements. The total return and performance of the Fund is reflected within the accompanying Financial Highlights. Segment assets are reflected on the accompanying Statement of Assets and Liabilities as "total assets" and significant segment expenses are listed on the accompanying Statement of Operations.

Note 3 — Investment Advisory and Other Agreements and Activity with Affiliates

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 1.05% on an annualized basis of the Fund's average daily net assets during the month (the "Investment Management Fee"), subject to certain adjustments.

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"), in the amount necessary to ensure that Total Annual Expenses of the Fund (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 2.45% and 1.70% of the average daily net assets of Class A Shares and Class I Shares, respectively (the "Expense Limit") for a term ending May 31, 2026. The Expense Limitation and Reimbursement Agreement may not be terminated before that date by the Investment Adviser. After that date, the Expense Limitation and Reimbursement Agreement may be

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

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 from year to year. 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 2.45% and 1.70% for the Class A Shares and Class I Shares, respectively. 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 it is able to affect such recoupment and remain in compliance with the Expense Limit in effect at the time of the Waiver and the Expense Limit at the time of the recoupment.

For the year ended March 31, 2025, the Investment Adviser has waived \$513,982 in Investment Management Fees. At March 31, 2025, the amount of these potentially recoverable expenses was \$1,179,647. The Investment Adviser may recapture all or a portion of this amount no later than March 31st of the year stated below:

2027	665,665
2028	513,982
Total	<u>\$1,179,647</u>

Pursuant to exemptive relief from the SEC, the Fund has adopted a distribution and service plan for Class A and Class I Shares (the "Distribution and Service Plan"). The Fund may pay a distribution and servicing fee (the "Distribution and Servicing Fee") of up to 1.00% and 0.25% on an annualized basis of the aggregate net assets of the Fund attributable to Class A and Class I Shares, respectively, to qualified recipients. Payment of the Distribution and Servicing Fee is governed by the Distribution and Service Plan for Class A and Class I Shares which, pursuant to the conditions of the exemptive order issued by the SEC, has been adopted by the Fund with respect to the applicable Class in compliance with Rule 12b-1 under the Investment Company Act. Pursuant to the Distribution and Service Plan, the Fund paid \$87, and \$132,946 as a Distribution and Servicing Fee for Class A Shares and Class I Shares, respectively, as reported on the Statement of Operations.

First Trust Portfolios L.P., an affiliate of the Investment Adviser, currently 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 the Fund's custodian.

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 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 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.

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

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

Cost of investments	<u>\$58,504,118</u>
Gross unrealized appreciation	\$ 7,816,128
Gross unrealized depreciation	(9,956,183)
Net unrealized appreciation (depreciation) on investments	<u>\$ (2,140,055)</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 tax period ended September 30, 2024, permanent differences in book and tax accounting have been reclassified as follows:

	Increase (Decrease)
Paid-in Capital	Total Distributable Earnings
<u>\$(901,596)</u>	<u>\$901,596</u>

As of September 30, 2024, the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ —
Undistributed long-term capital gains	—
Tax accumulated earnings	—
Accumulated capital and other losses	(508,540)
Net unrealized depreciation on investments	(3,635,080)
Total accumulated earnings (deficit)	<u>\$(4,143,620)</u>

The tax character of distributions paid during the tax years ended September 30, 2024 and September 30, 2023 were as follows:

Distribution paid from:	2024	2023
Ordinary income	\$788,695	\$ —
Net long-term capital gains	—	—
Total taxable distributions	<u>\$788,695</u>	<u>\$ —</u>

As of September 30, 2024, the Fund had no short-term or long-term capital loss carryovers.

As of September 30, 2024, the Fund had qualified late-year ordinary losses of \$508,540, which are deferred until fiscal year 2025 for tax purposes.

Note 5 — Investment Transactions

For the year ended March 31, 2025, purchases and sales of investments, excluding short-term investments, were \$10,210,484 and \$6,879,819, 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.

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

Note 7 — Repurchase of Shares

The Fund intends to provide a limited degree of liquidity to the Shareholders by conducting repurchase offers quarterly with a valuation date on or about January 5, April 5, July 5 and October 5 of each year. In each repurchase offer, the Fund may offer to repurchase its Shares at their NAV as determined as of approximately January 5, April 5, July 5 and October 5, of each year, as applicable (each such date, a “Valuation Date”). Each repurchase offer is expected to be for no less than 5% of the 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 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 \$25,000 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 Individual Retirement Account (IRA) or other qualified retirement plan. It is the Shareholder's obligation to both notify and provide the Fund supporting documentation of a required minimum distribution 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 8, 2024	June 12, 2024	September 6, 2024	December 6, 2024
Repurchase Request Date	April 5, 2024	July 5, 2024	October 7, 2024	January 6, 2025
Repurchase Pricing Date	April 5, 2024	July 5, 2024	October 7, 2024	January 6, 2025
Net Asset Value as of Repurchase Pricing Date				
Class A Shares	\$10.61	\$10.75	\$10.99	\$11.13
Class I Shares	\$10.61	\$10.75	\$10.99	\$11.13
Amount Repurchased				
Class A Shares	\$—	\$—	\$—	\$—
Class I Shares	\$1,044,085	\$512,371	\$2,716,242	\$810,088
Percentage of Outstanding Shares Repurchased				
Class A Shares	—%	—%	—%	—%
Class I Shares	2.12%	0.99%	4.96%	1.44%

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.

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

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 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 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 a practical expedient in accordance with GAAP are not included in the fair value hierarchy.

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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments				
Private Investment Vehicles	\$ —	\$ —	\$54,505,454	\$54,505,454
Short-Term Investments	1,858,609	—	—	1,858,609
Total Investments	<u>\$1,858,609</u>	<u>\$ —</u>	<u>\$54,505,454</u>	<u>\$56,364,063</u>

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

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

	Private Investment Vehicles
Balance as of March 31, 2024	\$47,079,395
Transfers into Level 3	—
Transfers out of Level 3	—
Total gains (losses) for the period	4,095,394
Purchases	10,210,484
Sales	(6,879,819)
Balance as of March 31, 2025	<u>\$54,505,454</u>
Change in unrealized gains (losses) for the period for assets held at the end of the reporting period	<u>\$ 3,407,755</u>

The following table presents additional quantitative information about valuation methodologies and inputs used for investments that are measured at fair value and categorized within Level 3 as of March 31, 2025:

Investments	Fair Value	Valuation Technique(s)	Unobservable Inputs	Range of Input	Weighted Average	Impact on Valuation from an Increase in Input
Private Investment Vehicles	\$54,505,454	Adjusted Net Asset Value	Reported net asset value/ fair value adjustments	N/A	N/A	Increase

Note 9 — 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 provides for borrowings on a committed basis in an aggregate principal amount up to \$4,000,000, which amount may be increased from time to time upon mutual agreement by the parties. The expiration date of the Credit Agreement is October 14, 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.

The average interest rate, average daily loan balance, maximum outstanding and amount recorded as interest expense for the eighty-seven (87) days the Fund had outstanding borrowings were 15.55%, \$1,010,345, \$3,000,000, and \$37,971, respectively. As of March 31, 2025 the Fund had no outstanding borrowings and \$3,045 in interest payable on prior borrowings.

First Trust Hedged Strategies Fund
NOTES TO FINANCIAL STATEMENTS — Continued
March 31, 2025

Note 10 — 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.	91.0%

Note 11 — Risk Factors

An investment in the Fund involves various risks. The Fund allocates assets to Underlying Funds 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, 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 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 12 — Events Subsequent to the Period End

In preparing these financial statements, management has evaluated subsequent events through the date of issuance of the 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 Hedged Strategies Fund
FUND MANAGEMENT
March 31, 2025 (Unaudited)

The Trustees 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

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
David G. Lee Year of Birth: 1952 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chairman and Trustee	Chairman Since May 2019; 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/J.P. 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 September 2021	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 Hedged Strategies Fund
FUND MANAGEMENT — Continued
March 31, 2025 (Unaudited)

INTERESTED TRUSTEE AND OFFICERS

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
Terrance P. Gallagher*** Year of Birth: 1958 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Trustee	Since June 2020	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

**First Trust Hedged Strategies Fund
FUND MANAGEMENT — Continued
March 31, 2025 (Unaudited)**

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEES
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
Bernadette Murphy Year of Birth: 1964 c/o UMB Fund Services, Inc. 235 W. Galena St. Milwaukee, WI 53212	Chief Compliance Officer	Since 2021	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 September 2018	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 Asset Based Lending 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, Infinity Core Alternative 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 Total Return Income Fund: Series A2, FT Vest Total Return Income Fund:

First Trust Hedged Strategies Fund
FUND MANAGEMENT — Continued
March 31, 2025 (Unaudited)

Series A3, FT Vest Total Return Income Fund: Series A4, FT Vest Rising Dividend Achievers Total Return 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

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 Hedged Strategies Fund (the “Fund”) (the “Investment Management Agreement”).

In advance of the Meeting, the Independent Trustees requested and received materials from the Investment Manager to assist them in considering the approval of the Investment Management Agreement. 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 the Investment Management 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 Investment Management Agreement.

NATURE, EXTENT AND QUALITY OF SERVICES

The Board reviewed and considered the nature and extent of the investment advisory services provided by the Investment Manager to the Fund under the Investment Management Agreement, 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 Investment Manager 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 Investment Manager who provide the investment advisory and administrative services to the Fund. The Board determined that the Investment Manager's 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 Investment Manager's 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 Investment Manager with respect to the Fund, noting that the Investment Manager also acted as investment adviser to certain funds with a similar investment objective and strategy. The Board further considered performance information of the Fund compared to sixteen comparable multi-strategy 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 one-year and three-month periods ended September 30, 2024 were above the Peer Group median and average, and the Fund outperformed the relevant index for the one-year period ended September 30, 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 and total net expense ratio of the Fund. The Board compared the 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

First Trust Hedged Strategies Fund
FUND INFORMATION — Continued
March 31, 2025 (Unaudited)

Board noted that the Fund's advisory fees and total net expenses were higher than the Peer Group median and average. 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 and total net expense ratio were reasonable and satisfactory in light of the services provided.

BREAKPOINTS AND ECONOMIES OF SCALE

The Board reviewed the structure of the advisory fees under the Investment Management Agreement, which does not include breakpoints. It took into the account the Investment Manager's assertion 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 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. The Board also reviewed the Investment Manager's financial condition. The Board noted that the financial condition of the Investment Manager appeared stable. The Board determined that the advisory fees and the compensation to the Investment Manager 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 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 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 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 Investment Manager does not have affiliations with the Fund's transfer agent, fund accountant or custodian, and therefore, does 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 Investment Management Agreement.

	TICKER	CUSIP
First Trust Hedged Strategies Fund – Class A Shares	HDGAX	336935101
First Trust Hedged Strategies Fund – Class I Shares	HFLEX	336935200

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 Part F of Form N-PORT. The Fund's Form N-PORT is available on the SEC website at www.sec.gov or without charge and upon request by calling the Fund at (877)-779-1999.

First Trust Hedged Strategies Fund
FUND INFORMATION — Continued
March 31, 2025 (Unaudited)

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.

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.

Qualified Dividend Income

For the taxable year ended September 30, 2024, 13.67% 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 taxable year ended September 30, 2024, 4.30% 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 taxable year ended September 30, 2024, the Fund designated approximately 0.00% 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 taxable year ended September 30, 2024, the Fund designated approximately 86.33% 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 taxable year ended September 30, 2024, the Fund designated \$0 as long-term capital gain distributions.

First Trust Hedged Strategies Fund
235 West Galena Street
Milwaukee, WI 53212
Toll Free: (877) 779-1999