

# FIRST TRUST HEDGED STRATEGIES FUND

Class A Shares – HDGAX

Class I Shares – HFLEX

**Semi-Annual Report**

September 30, 2025

**(Unaudited)**



## First Trust Hedged Strategies Fund

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*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**  
**SCHEDULE OF INVESTMENTS**  
**As of September 30, 2025 (Unaudited)**

| Number of<br>Shares | Cost        |  | Value                             |
|---------------------|-------------|--|-----------------------------------|
|                     |             | <b>PRIVATE INVESTMENT VEHICLES – 96.3%</b>                                 |                                   |
|                     |             | <b>INVESTMENT PARTNERSHIPS – 96.3%</b>                                     |                                   |
| N/A <sup>1</sup>    | \$3,000,000 | Acer Tree Credit Opportunities Partners LP <sup>*,2</sup>                  | \$ 3,098,617                      |
| N/A <sup>1</sup>    | 1,500,000   | Cartenna Partners LP <sup>*,2</sup>  | 1,613,849                         |
| N/A <sup>1</sup>    | 3,081,531   | Dorsal Capital Partners LP <sup>*,2</sup>                                  | 3,967,576                         |
| N/A <sup>1</sup>    | 3,910,352   | DSC Meridian Credit Opportunities Onshore Fund LP <sup>*,2</sup>           | 5,286,224                         |
| N/A <sup>1</sup>    | 4,500,000   | Eisler Capital Multi Strategy Fund Ltd. <sup>*,2</sup>                     | 4,735,827                         |
| N/A <sup>1</sup>    | 4,113,818   | Linden Investors LP <sup>*,2</sup>   | 5,662,246                         |
| N/A <sup>1</sup>    | 3,750,000   | Old Orchard Credit Fund Ltd. <sup>*,2</sup>                                | 4,267,121                         |
| N/A <sup>1</sup>    | 2,532,236   | Point72 Capital, L.P. <sup>*,2</sup>                                       | 3,446,413                         |
| N/A <sup>1</sup>    | 3,106,309   | Prana Absolute Return Fund LP <sup>*,2</sup>                               | 3,953,022                         |
| N/A <sup>1</sup>    | 1,979,792   | RA Capital Healthcare Fund, LP <sup>*,2</sup>                              | 3,012,293                         |
| N/A <sup>1</sup>    | 1,418,742   | RiverNorth Capital Partners, L.P. <sup>*,2</sup>                           | 1,749,007                         |
| N/A <sup>1</sup>    | 1,653,764   | RiverNorth Inst. Partners, L.P. <sup>*,2</sup>                             | 2,028,671                         |
| N/A <sup>1</sup>    | 3,709,797   | Sachem Head LP <sup>*,2</sup>  | 5,961,244                         |
| N/A <sup>1</sup>    | 1,000,000   | Schonfeld Strategic Partners Fund, LLC <sup>*,2</sup>                      | 1,050,188                         |
| N/A <sup>1</sup>    | 3,285,477   | Sofinnova BioEquities LP <sup>*,2</sup>                                    | 3,568,768                         |
| N/A <sup>1</sup>    | 4,542,027   | Walleye Opportunities Fund LP <sup>*,2</sup>                               | 5,834,211                         |
|                     |             | <b>TOTAL PRIVATE INVESTMENT VEHICLES</b><br>(Cost \$47,083,845)            | <b><u>59,235,277</u></b>          |
|                     |             | <b>SHORT-TERM INVESTMENTS – 3.3%</b>                                       |                                   |
| 2,044,226           |             | UMB Bank Money Market Special II Deposit<br>Investment, 3.94% <sup>3</sup> | <u>2,044,226</u>                  |
|                     |             | <b>TOTAL SHORT-TERM INVESTMENTS</b><br>(Cost \$2,044,226)                  | <b><u>2,044,226</u></b>           |
|                     |             | <b>TOTAL INVESTMENTS – 99.6%</b><br>(Cost \$49,128,071)                    | <b><u>61,279,503</u></b>          |
|                     |             | Other Assets in Excess of Liabilities – 0.4%                               | <u>223,826</u>                    |
|                     |             | <b>TOTAL NET ASSETS – 100.0%</b>   | <b><u><u>\$61,503,329</u></u></b> |

LP – Limited Partnership

\* Non-income producing security.

<sup>1</sup> Investment does not issue shares.

<sup>2</sup> 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.

<sup>3</sup> 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 September 30, 2025 (Unaudited)**

| Securities With Restrictions on Redemptions                              | Redemptions Permitted  | Redemption Notice Period | Cost                | Fair Value          | Original Acquisition Date |
|--|------------------------|--------------------------|---------------------|---------------------|---------------------------|
| Acer Tree Credit Opportunities Partners LP <sup>1</sup> . . . . .        | Quarterly              | 45 Days                  | \$ 3,000,000        | \$ 3,098,617        | 2/1/2025                  |
| Cartenna Partners LP <sup>1</sup> . . . . .                              | Quarterly              | 45 Days                  | 1,500,000           | 1,613,849           | 3/1/2025                  |
| Dorsal Capital Partners LP <sup>1</sup> . . . . .                        | Quarterly              | 45 Days                  | 3,081,531           | 3,967,576           | 7/3/2023                  |
| DSC Meridian Credit Opportunities Onshore Fund LP <sup>1</sup> . . . . . | Quarterly <sup>2</sup> | 65 Days                  | 3,910,352           | 5,286,224           | 7/3/2023                  |
| Eisler Capital Multi Strategy Fund Ltd. <sup>1</sup> . . . . .           | Quarterly <sup>2</sup> | 65 Days                  | 4,500,000           | 4,735,827           | 7/3/2023                  |
| Linden Investors LP <sup>1</sup> . . . . .                               | Quarterly <sup>2</sup> | 65 Days                  | 4,113,818           | 5,662,246           | 7/3/2023                  |
| Old Orchard Credit Fund Ltd. <sup>1</sup> . . . . .                      | Quarterly <sup>2</sup> | 65 Days                  | 3,750,000           | 4,267,121           | 9/1/2023                  |
| Point72 Capital, L.P. <sup>1</sup> . . . . .                             | Quarterly <sup>2</sup> | 45 Days                  | 2,532,236           | 3,446,413           | 8/1/2023                  |
| Prana Absolute Return Fund LP <sup>1</sup> . . . . .                     | Quarterly              | 50 Days                  | 3,106,309           | 3,953,022           | 7/3/2023                  |
| RA Capital Healthcare Fund, LP <sup>1</sup> . . . . .                    | Quarterly <sup>3</sup> | 95 Days                  | 1,979,792           | 3,012,293           | 7/3/2023                  |
| RiverNorth Capital Partners, L.P. <sup>1</sup> . . . . .                 | Quarterly <sup>3</sup> | 65 Days                  | 1,418,742           | 1,749,007           | 7/3/2023                  |
| RiverNorth Inst. Partners, L.P. <sup>1</sup> . . . . .                   | Monthly <sup>3</sup>   | 65 Days                  | 1,653,764           | 2,028,671           | 7/3/2023                  |
| Sachem Head LP <sup>1</sup> . . . . .                                    | Quarterly <sup>2</sup> | 70 Days                  | 3,709,797           | 5,961,244           | 7/3/2023                  |
| Schonfeld Strategic Partners Fund, LLC <sup>1</sup> . . . . .            | Quarterly <sup>4</sup> | 45 Days                  | 1,000,000           | 1,050,188           | 4/1/2025                  |
| Sofinnova BioEquities LP <sup>1</sup> . . . . .                          | Quarterly              | 65 Days                  | 3,285,477           | 3,568,768           | 7/3/2023                  |
| Walleye Opportunities Fund LP <sup>1</sup> . . . . .                     | Monthly <sup>2</sup>   | 30 Days                  | 4,542,027           | 5,834,211           | 7/3/2023                  |
| <b>Totals:</b> . . . . .   |                        |                          | <b>\$47,083,845</b> | <b>\$59,235,277</b> |                           |

<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 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.  
<sup>3</sup> 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.  
<sup>4</sup> The Underlying Fund can institute a gate provision on redemptions at the investor level of 12.5% 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 September 30, 2025 (Unaudited)**

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| <b>Country of Investment</b>                    | <b>Value</b>        | <b>Percent of Total Net Assets</b> |
|---|---------------------|------------------------------------|
| United States . . . . .                         | \$61,279,503        | 99.6%                              |
| <b>Total Investments</b> . . . . .              | <b>61,279,503</b>   | <b>99.6%</b>                       |
| Other Assets in Excess of Liabilities . . . . . | 223,826             | 0.4%                               |
| <b>Total Net Assets</b> . . . . .               | <b>\$61,503,329</b> | <b>100.0%</b>                      |

*See accompanying Notes to Financial Statements.*

**First Trust Hedged Strategies Fund**  
**SUMMARY OF INVESTMENTS**  
**As of September 30, 2025 (Unaudited)**

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| <b>Security Type/Sector</b>                     | <b>Percent of Total<br/>Net Assets</b> |
|---|--|
| Private Investment Vehicles . . . . .           | 96.3%                                  |
| Short-Term Investments . . . . .                | <u>3.3%</u>                            |
| <b>Total Investments</b> . . . . .              | <b>99.6%</b>                           |
| Other Assets in Excess of Liabilities . . . . . | 0.4%                                   |
| <b>Total Net Assets</b> . . . . .               | <b><u>100.0%</u></b>                   |

*See accompanying Notes to Financial Statements.*

**First Trust Hedged Strategies Fund**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**As of September 30, 2025 (Unaudited)**

**Assets:**

|  |                   |
|--|-------------------|
| Investments, at fair value (cost \$49,128,071) . . . . . | \$61,279,503      |
| Receivables:   |                   |
| Redemptions from private investment vehicles . . . . .   | 422,135           |
| Dividends and interest . . . . .                         | 5,806             |
| Prepaid expenses . . . . .                               | 96,684            |
| Total assets . . . . .                                   | <u>61,804,128</u> |

**Liabilities:**

|  |                |
|--|----------------|
| Payables:                                      |                |
| Distribution fees – Class I (Note 3) . . . . . | 135,366        |
| Tax service fees . . . . .                     | 32,863         |
| Shareholder reporting fees . . . . .           | 30,583         |
| Audit fees . . . . .                           | 26,023         |
| Legal fees . . . . .                           | 22,809         |
| Investment Management Fees . . . . .           | 18,043         |
| Pricing expense . . . . .                      | 16,999         |
| Fund services expense . . . . .                | 10,498         |
| Interest payable . . . . .                     | 2,014          |
| Chief Compliance Officer fees . . . . .        | 363            |
| Distribution fees – Class A (Note 3) . . . . . | 153            |
| Accrued other expenses . . . . .               | 5,085          |
| Total liabilities . . . . .                    | <u>300,799</u> |

**Net Assets** . . . . . **\$61,503,329**

**Components of Net Assets:**

|   |              |
|---|--------------|
| Paid-in Capital (par value of \$0.01 per share with an unlimited number of shares authorized) . . . . . | \$61,212,141 |
| Total distributable earnings (accumulated deficit) . . . . .  | 291,188      |

**Net Assets** . . . . . **\$61,503,329**

Class A Shares:

|  |                 |
|--|-----------------|
| Net assets applicable to shares outstanding . . . . .          | \$ 16,083       |
| Shares of beneficial interest issued and outstanding . . . . . | 1,362           |
| Redemption price per share . . . . .                           | <u>\$ 11.81</u> |
| Maximum sales charge (4.50% of offering price) . . . . .       | <u>\$ 0.56</u>  |
| Maximum offering price to public . . . . .                     | <u>\$ 12.37</u> |

Class I Shares:

|  |                 |
|--|-----------------|
| Net assets applicable to shares outstanding . . . . .              | \$61,487,246    |
| Shares of beneficial interest issued and outstanding . . . . .     | 5,155,908       |
| Net asset value, offering and redemption price per share . . . . . | <u>\$ 11.93</u> |

*See accompanying Notes to Financial Statements.*

**First Trust Hedged Strategies Fund**  
**STATEMENT OF OPERATIONS**  
**For the Six Months Ended September 30, 2025 (Unaudited)**

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**Investment Income:**

|                                   |               |
|-----------------------------------|---------------|
| Interest . . . . .                | \$ 23,662     |
| Total investment income . . . . . | <u>23,662</u> |

**Expenses:**

|   |                         |
|---|-------------------------|
| Investment Management Fees . . . . .          | 307,284                 |
| Legal fees . . . . .                          | 79,513                  |
| Distribution fees (Note 3) . . . . .          | 73,219                  |
| Shareholder reporting fees . . . . .          | 33,867                  |
| Trustees' fees and expenses . . . . .         | 31,591                  |
| Fund services expense . . . . .               | 30,503                  |
| Audit fees . . . . .                          | 28,852                  |
| Registration fees . . . . .                   | 19,945                  |
| Tax services . . . . .                        | 15,341                  |
| Interest expense (Note 9) . . . . .           | 15,053                  |
| Pricing expense . . . . .                     | 15,025                  |
| Chief Compliance Officer fees . . . . .       | 13,836                  |
| Insurance fees . . . . .                      | 2,742                   |
| SEC fees . . . . .                            | 700                     |
| Miscellaneous . . . . .                       | 61,885                  |
| Total expenses . . . . .                      | <u>729,356</u>          |
| Investment Management Fees waived . . . . .   | <u>(216,739)</u>        |
| Net expenses . . . . .                        | <u>512,617</u>          |
| <b>Net investment income (loss) . . . . .</b> | <b><u>(488,955)</u></b> |

**Realized and Unrealized Gain:**

|   |                           |
|---|---------------------------|
| Net realized gain (loss) on investments . . . . .                           | 144,519                   |
| Net change in unrealized appreciation/depreciation on investments . . . . . | <u>4,315,503</u>          |
| <b>Net realized and unrealized gain (loss) on investments . . . . .</b>     | <b><u>4,460,022</u></b>   |
| <b>Net Increase (Decrease) in Net Assets from Operations . . . . .</b>      | <b><u>\$3,971,067</u></b> |

*See accompanying Notes to Financial Statements.*

**First Trust Hedged Strategies Fund**  
**STATEMENT OF CHANGES IN NET ASSETS**

|  | For the<br>Six Months Ended<br>September 30, 2025<br>(Unaudited) | For the<br>Year Ended<br>March 31, 2025 |
|--|--|---|
| <b>Increase (Decrease) in Net Assets From:</b>                                   |  |   |
| <b>Operations:</b>   |  |   |
| Net investment gain (loss) . . . . .   | \$ (488,955)   | \$ (853,101)                            |
| Net realized gain (loss) on investments . . . . .                                | 144,519  | 687,639                                 |
| Net change in unrealized appreciation/depreciation on<br>investments . . . . .   | 4,315,503  | 3,407,755                               |
| <b>Net increase (decrease) in net assets from operations . . . . .</b>           | <u>3,971,067</u>   | <u>3,242,293</u>                        |
| <b>Distributions to Shareholders . . . . .</b>                                   | <u>—</u>   | <u>(908,205)</u>                        |
| <b>Total distributions to shareholders . . . . .</b>                             | <u>—</u>   | <u>(908,205)</u>                        |
| <b>Capital Transactions:</b>   |  |   |
| Net proceeds from shares sold:   |  |   |
| Class A . . . . .  | 3,490  | 10,104                                  |
| Class I . . . . .  | 3,067,591  | 11,414,950                              |
| Reinvestment of distributions:   |  |   |
| Class A . . . . .  | —  | 16                                      |
| Class I . . . . .  | —  | 16,543                                  |
| Cost of shares repurchased:  |  |   |
| Class A . . . . .  | —  | —                                       |
| Class I . . . . .  | (3,277,887)  | (5,082,786)                             |
| <b>Net increase (decrease) resulting from capital<br/>transactions . . . . .</b> | <u>(206,806)</u>   | <u>6,358,827</u>                        |
| <b>Total increase (decrease) in net assets . . . . .</b>                         | <u>3,764,261</u>   | <u>8,692,915</u>                        |
| <b>Net Assets:</b>   |  |   |
| Beginning of period . . . . .  | 57,739,068   | 49,046,153                              |
| End of period . . . . .  | <u>\$61,503,329</u>  | <u>\$57,739,068</u>                     |
| <b>Capital Share Transactions:</b>   |  |   |
| Shares sold:   |  |   |
| Class A . . . . .  | 320  | 940                                     |
| Class I . . . . .  | 265,564  | 1,042,833                               |
| Shares reinvested:   |  |   |
| Class A . . . . .  | —  | 1                                       |
| Class I . . . . .  | —  | 1,480                                   |
| Shares repurchased:  |  |   |
| Class A . . . . .  | —  | —                                       |
| Class I . . . . .  | (293,359)  | (466,008)                               |
| <b>Net increase (decrease) in capital share transactions . . . . .</b>           | <u>(27,475)</u>  | <u>579,246</u>                          |

See accompanying Notes to Financial Statements.

**First Trust Hedged Strategies Fund**  
**STATEMENT OF CASH FLOWS**  
**For the Six Months Ended September 30, 2025 (Unaudited)**

**Increase (Decrease) in Cash**

|   |                    |
|---|--------------------|
| Cash flows provided by (used in) operating activities:  |                    |
| Net increase in net assets from operations  | \$ 3,971,067       |
| Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities: |                    |
| Purchases of Underlying Funds   | (1,000,000)        |
| Sales of Underlying Funds   | 750,000            |
| Change in short-term investments, net   | (185,617)          |
| Net realized (gain) loss  | (144,519)          |
| Net change in unrealized appreciation/depreciation  | (4,335,304)        |
| (Increase)/Decrease in operating assets:  |                    |
| Underlying Funds paid in advance  | 1,000,000          |
| Redemptions from Underlying Funds   | 210,681            |
| Dividends and interest  | 3,076              |
| Prepaid expenses  | (74,085)           |
| Increase/(Decrease) in operating liabilities:   |                    |
| Distribution fees – Class I (Note 3)  | 32,163             |
| Tax service fees  | 406                |
| Shareholder reporting fees  | 22,267             |
| Audit fees  | (32,148)           |
| Legal fees  | 5,005              |
| Investment Management Fees  | (38,316)           |
| Pricing expense   | 15,025             |
| Fund services expense   | 244                |
| Interest payable  | (1,031)            |
| Chief Compliance Officer fees   | 363                |
| Distribution fees – Class A (Note 3)  | 65                 |
| Trustees' fees and expenses   | (66)               |
| Accrued other expenses  | 4,042              |
| Net cash used in operating activities   | <u>203,318</u>     |
| Cash flows provided by (used in) financing activities:  |                    |
| Proceeds from shares sold   | 3,074,569          |
| Redemption of shares  | <u>(3,277,887)</u> |
| Net cash provided by financing activities   | <u>(203,318)</u>   |
| Net Increase (Decrease) in Cash   | <u>—</u>           |
| Cash:   |                    |
| Beginning of period balances:   |                    |
| Cash  | <u>—</u>           |
| Total beginning of period balances  | <u>—</u>           |
| End of period balances:   |                    |
| Cash  | <u>—</u>           |
| Total end of period balances  | <u>\$ —</u>        |
| Supplemental disclosure of non-cash activities:   |                    |
| Reinvested dividends  | <u>\$ —</u>        |
| Supplemental disclosure of non-cash activities:   |                    |
| Interest paid   | <u>\$ 16,084</u>   |

*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<br>Six Months Ended<br>September 30, 2025<br>(Unaudited) | For the<br>Year Ended<br>March 31, 2025 | For the Period<br>July 3, 2023*<br>Through<br>March 31, 2024 |
|--|--|---|--|
| <b>Net asset value, beginning of period</b> . . . . .                          | \$11.07  | \$10.68                                 | \$10.00  |
| <b>Income (loss) from Investment Operations:</b>                               |  |   |  |
| Net investment income (loss) <sup>1</sup> . . . . .                            | (0.14)   | (0.26)                                  | (0.26)   |
| Net realized and unrealized gain (loss) on<br>investments . . . . .            | 0.88   | 0.80                                    | 1.09   |
| Total from investment operations . . . . .                                     | <u>0.74</u>  | <u>0.54</u>                             | <u>0.83</u>  |
| <b>Less Distributions:</b>   |  |   |  |
| From net investment income . . . . .   | —  | (0.02)                                  | (0.15)   |
| From net realized gain . . . . .   | —  | (0.13)                                  | —  |
| Total from distributions . . . . .   | <u>—</u>   | <u>(0.15)</u>                           | <u>(0.15)</u>  |
| <b>Net asset value, end of period</b> . . . . .                                | <u>\$11.81</u>   | <u>\$11.07</u>                          | <u>\$10.68</u>   |
| <b>Total return</b> <sup>2</sup> . . . . .                                     | 6.68%  | 5.58%                                   | 7.87% <sup>3</sup>   |
| <b>Ratios and Supplemental Data:</b>   |  |   |  |
| Net assets, end of period (in thousands) . . . . .                             | \$ 16  | \$ 12                                   | \$ 1   |
| Ratio of expenses to average net assets: <sup>4,5</sup>                        |  |   |  |
| Before fees waived and expenses absorbed . . . . .                             | 3.24%  | 3.49%                                   | 5.62% <sup>6</sup>   |
| After fees waived and expenses absorbed . . . . .                              | 2.50%  | 2.52%                                   | 3.57% <sup>6</sup>   |
| Ratio of net investment income (loss) to average net<br>assets: <sup>4,7</sup> |  |   |  |
| Before fees waived and expenses absorbed . . . . .                             | (3.16)%  | (3.32)%                                 | (5.52)% <sup>6</sup>   |
| After fees waived and expenses absorbed . . . . .                              | (2.42)%  | (2.35)%                                 | (3.47)% <sup>6</sup>   |
| Portfolio turnover rate . . . . .  | 1%   | 13%                                     | 7% <sup>3</sup>  |

\* Commencement of operations of Class A Shares.

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

<sup>2</sup> 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.

<sup>3</sup> Not Annualized.

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

<sup>5</sup> If interest expense had been excluded, the expense ratios would have been lowered by 0.05% and 0.07%, for the six months ended September 30, 2025 and for the year ended March 31, 2025, respectively. For the period ended March 31, 2024, the ratios would have been lowered by 0.22%.

<sup>6</sup> Annualized.

<sup>7</sup> 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<br>Six Months Ended<br>September 30, 2025<br>(Unaudited) | For the<br>Year Ended<br>March 31, 2025 | For the Period<br>July 3, 2023*<br>Through<br>March 31, 2024 |
|--|--|---|--|
| <b>Net asset value, beginning of period</b> . . . . .                          | \$ 11.14   | \$ 10.65                                | \$ 10.00   |
| <b>Income (loss) from Investment Operations:</b>                               |  |   |  |
| Net investment income (loss) <sup>1</sup> . . . . .                            | (0.10)   | (0.18)                                  | (0.21)   |
| Net realized and unrealized gain (loss) on<br>investments . . . . .            | 0.89   | 0.85                                    | 1.04   |
| Total from investment operations . . . . .                                     | <u>0.79</u>  | <u>0.67</u>                             | <u>0.83</u>  |
| <b>Less Distributions:</b>   |  |   |  |
| From net investment income . . . . .   | —  | (0.05)                                  | (0.18)   |
| From net realized gain . . . . .   | —  | (0.13)                                  | —  |
| Total from distributions . . . . .   | <u>—</u>   | <u>(0.18)</u>                           | <u>(0.18)</u>  |
| <b>Net asset value, end of period</b> . . . . .                                | <u>\$ 11.93</u>  | <u>\$ 11.14</u>                         | <u>\$ 10.65</u>  |
| <b>Total return</b> <sup>2</sup> . . . . .                                     | 7.09%  | 6.34%                                   | 8.42% <sup>3</sup>   |
| <b>Ratios and Supplemental Data:</b>   |  |   |  |
| Net assets, end of period (in thousands) . . . . .                             | \$61,487   | \$57,728                                | \$49,045   |
| Ratio of expenses to average net assets: <sup>4,5</sup>                        |  |   |  |
| Before fees waived and expenses absorbed . . . . .                             | 2.49%  | 2.74%                                   | 4.87% <sup>6</sup>   |
| After fees waived and expenses absorbed . . . . .                              | 1.75%  | 1.77%                                   | 2.82% <sup>6</sup>   |
| Ratio of net investment income (loss) to average net<br>assets: <sup>4,7</sup> |  |   |  |
| Before fees waived and expenses absorbed . . . . .                             | (2.41)%  | (2.57)%                                 | (4.76)% <sup>6</sup>   |
| After fees waived and expenses absorbed . . . . .                              | (1.67)%  | (1.60)%                                 | (2.71)% <sup>6</sup>   |
| Portfolio turnover rate . . . . .  | 1%   | 13%                                     | 7% <sup>3</sup>  |

\* Commencement of operations of Class I Shares.

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

<sup>2</sup> 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.

<sup>3</sup> Not Annualized.

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

<sup>5</sup> Annualized.

<sup>6</sup> If interest expense had been excluded, the expense ratios would have been lowered by 0.05% and 0.07%, for the six months ended September 30, 2025 for the year ended March 31, 2025, respectively . For the period ended March 31, 2024, the ratios would have been lowered by 0.22%.

<sup>7</sup> 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2025 (Unaudited)**

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**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. The reorganization was accomplished by the following tax-free exchange in which each shareholder of the Predecessor Fund received the same aggregate share net asset value as noted below:

|                   | <u>Shares Issued</u> | <u>Net Assets</u> |
|-------------------|----------------------|-------------------|
| Class I . . . . . | 3,682,676            | \$36,826,763      |

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*.

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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**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.

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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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 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

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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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.

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, for the year ended March 31, 2025, and for the six months ended September 30, 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 in amounts 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.

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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**(e) Segments**

The Fund has adopted Accounting Standards Update (“ASU”) 2023-07, *Segment Reporting (Topic 280) — Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). 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 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 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 six months ended September 30, 2025, the Investment Adviser has waived \$216,739 in Investment Management Fees. At September 30, 2025, the amount of these potentially recoverable expenses was \$1,396,386. The Investment Adviser may recapture all or a portion of this amount no later than March 31st of the year stated below:

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

|                 |                    |
|-----------------|--------------------|
| 2027 . . . . .  | \$ 665,665         |
| 2028 . . . . .  | 513,982            |
| 2029 . . . . .  | 216,739            |
| Total . . . . . | <u>\$1,396,386</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 \$74, and \$73,145 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 six months ended September 30, 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 six months ended September 30, 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.

At September 30, 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>\$ 62,817,466</u>  |
| Gross unrealized appreciation . . . . .                             | \$ 12,151,432         |
| Gross unrealized depreciation . . . . .                             | (13,689,395)          |
| Net unrealized appreciation (depreciation) on investments . . . . . | <u>\$ (1,537,963)</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, 2025, permanent differences in book and tax accounting have been reclassified as follows:

| Increase (Decrease) |                              |
|---------------------|------------------------------|
| Paid-in Capital     | Total Distributable Earnings |
| <u>\$54,938</u>     | <u>\$(54,938)</u>            |

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

As of September 30, 2025, accumulated earnings (deficit) on a tax basis were as the components of follows:

|  |                   |
|--|-------------------|
| Undistributed ordinary income . . . . .              | \$ 1,251,091      |
| Undistributed long-term capital gains . . . . .      | 532,421           |
| Tax accumulated earnings . . . . .                   | 1,783,512         |
| Accumulated capital and other losses . . . . .       | —                 |
| Net unrealized appreciation on investments . . . . . | (1,537,963)       |
| Total accumulated earnings (deficit) . . . . .       | <u>\$ 245,549</u> |

The tax character of distributions paid during the tax years ended September 30, 2025 and September 30, 2024 were as follows:

| Distribution paid from:               | <u>2025</u>      | <u>2024</u>      |
|---------------------------------------|------------------|------------------|
| Ordinary income . . . . .             | \$255,545        | \$788,695        |
| Net long-term capital gains . . . . . | 652,660          | —                |
| Total taxable distributions . . . . . | <u>\$908,205</u> | <u>\$788,695</u> |

As of September 30, 2025, the Fund had no short-term or long-term capital loss carryovers.

As of September 30, 2025, the Fund had qualified late-year ordinary losses of deferred until fiscal year 2026 for tax purposes.

**Note 5 — Investment Transactions**

For the six months ended September 30, 2025, purchases and sales of investments, excluding short-term investments, were \$1,000,000 and \$750,000, 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 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 \$1,000 worth of Shares

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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 six months ended September 30, 2025, are as follows:

|   | <u>Repurchase Offer</u> | <u>Repurchase Offer</u> |
|---|-------------------------|-------------------------|
| Commencement Date .....                       | March 7, 2025           | June 6, 2025            |
| Repurchase Request Date .....                 | April 7, 2025           | July 7, 2025            |
| Repurchase Pricing Date .....                 | April 7, 2025           | July 7, 2025            |
| Net Asset Value as of Repurchase Pricing Date |                         |                         |
| Class A Shares .....                          | \$10.75                 | \$11.42                 |
| Class I Shares .....                          | \$10.82                 | \$11.51                 |
| Amount Repurchased                            |                         |                         |
| Class A Shares .....                          | \$—                     | \$—                     |
| Class I Shares .....                          | \$1,547,364             | \$1,730,523             |
| Percentage of Outstanding Shares Repurchased  |                         |                         |
| Class A Shares .....                          | —%                      | —%                      |
| Class I Shares .....                          | 2.74%                   | 2.91%                   |

**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 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.

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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 September 30, 2025:

|                                       | <u>Level 1</u>     | <u>Level 2</u> | <u>Level 3</u>      | <u>Total</u>        |
|---------------------------------------|--------------------|----------------|---------------------|---------------------|
| <b>Assets</b>                         |                    |                |                     |                     |
| Investments                           |                    |                |                     |                     |
| Private Investment Vehicles . . . . . | \$ —               | \$ —           | \$59,235,277        | \$59,235,277        |
| Short-Term Investments . . . . .      | <u>2,044,226</u>   | <u>—</u>       | <u>—</u>            | <u>2,044,226</u>    |
| Total Investments . . . . .           | <u>\$2,044,226</u> | <u>\$ —</u>    | <u>\$59,235,277</u> | <u>\$61,279,503</u> |

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

|   | <u>Private Investment Vehicles</u> |
|---|------------------------------------|
| Balance as of March 31, 2025 . . . . .  | \$54,505,454                       |
| Transfers into Level 3 . . . . .  | —                                  |
| Transfers out Level 3 . . . . .   | —                                  |
| Total gains (losses) for the period . . . . .   | 4,479,823                          |
| Purchases . . . . .   | 1,000,000                          |
| Sales . . . . .   | (750,000)                          |
| Balance as of September 30, 2025 . . . . .  | <u>\$59,235,277</u>                |
| Change in unrealized gains (losses) for the period for assets held at the end of the reporting period . . . . . | <u>\$ 4,335,304</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 September 30, 2025:

| <u>Investments</u>                    | <u>Fair Value</u> | <u>Valuation Technique(s)</u> | <u>Unobservable Inputs</u>                | <u>Range of Input</u> | <u>Weighted Average</u> | <u>Impact on Valuation from an Increase in Input</u> |
|---------------------------------------|-------------------|-------------------------------|---|-----------------------|-------------------------|--|
| Private Investment Vehicles . . . . . | \$59,235,277      | Adjusted Net Asset Value      | Reported Net Asset/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

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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 to 1 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 nineteen (19) days the Fund had outstanding borrowings were 7.45%, \$584,211, \$1,000,000, and \$15,053, respectively. As of September 30, 2025 the Fund had no outstanding borrowings and \$2,014 in interest payable on prior borrowings.

**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 September 30, 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. . . . . | 90.3%                               |

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

**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.

**First Trust Hedged Strategies Fund**  
**NOTES TO FINANCIAL STATEMENTS — Continued**  
**September 30, 2025 (Unaudited)**

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**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 INFORMATION**  
**September 30, 2025 (Unaudited)**

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|  | <u>TICKER</u> | <u>CUSIP</u> |
|--|---------------|--------------|
| <b>First Trust Hedged Strategies Fund – Class A Shares</b> | HDGAX         | 336935101    |
| <b>First Trust Hedged Strategies Fund – Class I Shares</b> | 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](http://www.sec.gov) or without charge and upon request by calling the Fund at (877)-779-1999.

**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).

**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).

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

**First Trust Hedged Strategies Fund  
 PRIVACY POLICY  
 (Unaudited)**

| FACTS | WHAT DOES THE FUND DO WITH YOUR PERSONAL INFORMATION?  |
|-------|--|
| Why?  | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.   |
| What? | <p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number</li> <li>• Account balances</li> <li>• Account transactions</li> <li>• Transaction history</li> <li>• Wire transfer instructions</li> <li>• Checking account information</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p> |
| How?  | All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons funds choose to share; and whether you can limit this sharing.  |

| Reasons we can share your personal information  | Does the Fund share? | Can you limit this sharing? |
|---|----------------------|-----------------------------|
| <b>For our everyday business purposes</b> – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus | Yes                  | No                          |
| <b>For our marketing purposes</b> – to offer our products and services to you   | No                   | We don't share              |
| <b>For joint marketing with other financial companies</b>   | No                   | We don't share              |
| <b>For our affiliates' everyday business purposes</b> – information about your transactions and experiences   | Yes                  | No                          |
| <b>For our affiliates' everyday business purposes</b> – information about your creditworthiness   | No                   | We don't share              |
| <b>For our affiliates to market to you</b>  | No                   | We don't share              |
| <b>For nonaffiliates to market to you</b>   | No                   | We don't share              |
| Questions?  | Call 1-844-440-4450  |                             |

**First Trust Hedged Strategies Fund  
 PRIVACY POLICY — Continued  
 (Unaudited)**

|   |  |
|---|--|
| <b>What we do</b>   |  |
| <b>How does the Fund protect my personal information?</b> | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.  |
| <b>How does the Fund collect my personal information?</b> | We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• Open an account</li> <li>• Provide account information</li> <li>• Give us your contact information</li> <li>• Make a wire transfer</li> <li>• Tell us where to send the money</li> </ul> We also collect your information from others, such as credit bureaus, affiliates, or other companies.        |
| <b>Why can't I limit all sharing?</b>                     | Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes-information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for nonaffiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing. |

|                        |  |
|------------------------|--|
| <b>Definitions</b>     |  |
| <b>Affiliates</b>      | Companies related by common ownership or control. They can be financial and nonfinancial companies.<br><i>Our affiliates include companies such as First Trust Capital Management L.P.</i> |
| <b>Nonaffiliates</b>   | Companies not related by common ownership or control. They can be financial and nonfinancial companies.<br><i>The Fund doesn't share with nonaffiliates so they can market to you.</i>     |
| <b>Joint marketing</b> | A formal agreement between nonaffiliated financial companies that together market financial products or services to you.<br><i>The Fund doesn't jointly market.</i>                        |