

# First Trust Merger Arbitrage Fund

CLASS I / VARBX



## SEMI-ANNUAL SHAREHOLDER REPORT | MARCH 31, 2026

This semi-annual shareholder report contains important information about the First Trust Merger Arbitrage Fund (“Fund”) for the period of October 1, 2025 to March 31, 2026. You can find additional information about the Fund at <https://www.firsttrustcapital.com/fund-literature/>. You can also request this information by contacting us at (877) 779-1999.

### Fund Expenses

(Based on a hypothetical \$10,000 investment)

Fund (Class)	Cost of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
First Trust Merger Arbitrage Fund (Class I / VARBX)	\$90	1.78% <sup>1</sup>

<sup>1</sup> Annualized.

### Management's Discussion of Fund Performance

#### SUMMARY OF RESULTS

We are pleased to report that the First Trust Merger Arbitrage Fund (or the “Fund”) delivered another year of positive absolute returns. This marked our 26th positive calendar year with no down years, continuing our track record of preserving capital and providing investors non-correlated performance across market cycles. Throughout the year, the Fund remained focused on delivering non-correlated returns while navigating a merger and acquisition (M&A) environment that continued to be challenged by macroeconomic uncertainty and an evolving political and regulatory landscape.

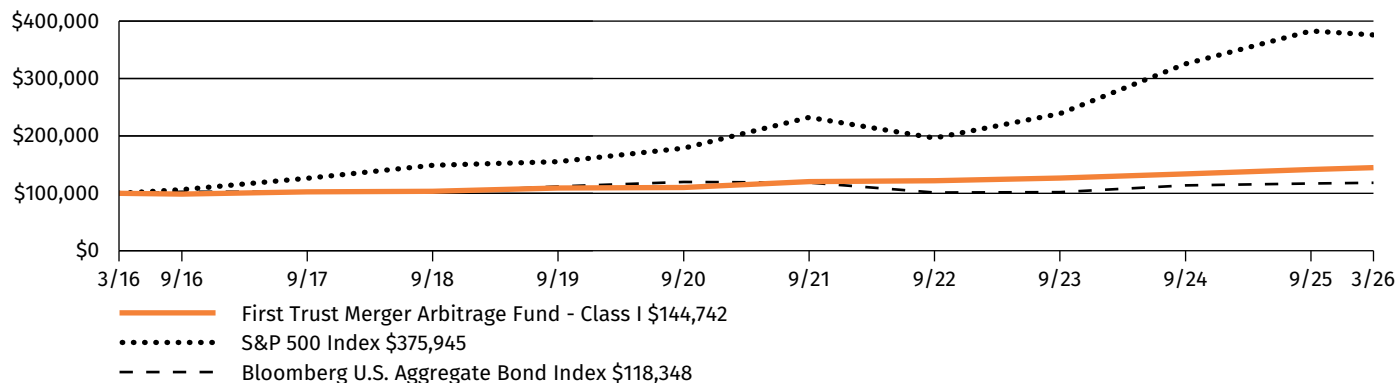
Deal activity during the fiscal year remained uneven, with overall deal volume constrained and select large-cap transactions exhibiting elevated risk, particularly where regulatory scrutiny and geopolitical considerations were significant. The Fund maintained its disciplined investment approach, emphasizing fully financed transactions with clearly defined timelines, attractive asymmetric risk/reward profiles, and a high probability of deal completion. Portfolio construction reflected a diversified mix of both strategic and financial buyer-driven transactions, consistent with the Fund’s long-term objectives. Rather than pursuing higher headline spreads associated with lower-quality or more complex deals, the Fund continued to prioritize deals with a higher certainty of close.

Arbitrage spreads remained relatively resilient despite periods of broader market volatility, allowing the Fund to selectively deploy capital without compromising its risk framework. We believe this continued focus on quality, diversification, and disciplined underwriting positions the Fund well to pursue compelling risk-adjusted returns. While the broader M&A backdrop remains fluid, we are encouraged by signs of improving conditions and remain hopeful for a more constructive arbitrage environment. 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.

## Fund Performance

The following graph and chart compare the initial and subsequent account values at the end of each of the most recently completed 10 fiscal years of the Fund, or for the life of the Fund, if shorter. It assumes a \$100,000 initial investment at the beginning of the first fiscal year in an appropriate, broad-based securities market index for the same period.

### GROWTH OF \$100,000



AVERAGE ANNUAL TOTAL RETURN	1 Year	5 Years	10 Years
First Trust Merger Arbitrage Fund (Class I/VARBX)	5.46%	4.10%	3.77%
S&P 500 Index	17.80%	12.06%	14.16%
Bloomberg U.S. Aggregate Bond Index	4.35%	0.31%	1.70%

**Keep in mind that the Fund's past performance is not a good predictor of how the Fund will perform in the future.**

The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

## Key Fund Statistics

The following table outlines key fund statistics that you should pay attention to.

Fund net assets	\$1,578,245,482
Total number of portfolio holdings	205
Portfolio turnover rate as of the end of the reporting period	194%

## Graphical Representation of Holdings

The tables below show the investment makeup of the Fund, representing percentage of the total net assets of the Fund. The Top Ten Holdings and Sector Allocation exclude short-term holdings, if any. The Sector Allocation chart represents Common Stocks held by the Fund.

TOP TEN HOLDINGS		ASSET ALLOCATION		SECTOR ALLOCATION	
Chart Industries, Inc.	7.1%	Common Stocks	99.4%	Financials	47.1%
Hologic, Inc.	5.4%	Master Limited Partnerships	0.0%	Health Care	17.6%
Sealed Air Corp.	5.3%	Rights	0.0%	Real Estate	7.5%
Masimo Corp.	4.5%	Special Purpose Acquisition Companies	1.8%	Industrials	7.4%
Electronic Arts, Inc.	4.4%	Warrants	0.0%	Technology	5.4%
Tri Pointe Homes, Inc.	4.0%	Short-Term Investments	0.2%	Materials	5.3%
National Storage Affiliates Trust - REIT	3.7%	Liabilities in Excess of Other Assets	-1.4%	Communications	4.4%
Air Lease Corp.	3.4%			Consumer Discretionary	4.2%
Clearwater Analytics Holdings, Inc. - Class A	2.7%			Energy	0.5%
Terns Pharmaceuticals, Inc.	2.6%				

## Changes in and Disagreements with Accountants

There were no changes in or disagreements with the Fund's accountants during the reporting period.

## Availability of Additional Information

You can find additional information about the Fund such as the prospectus, financial information, fund holdings and proxy voting information at <https://www.firsttrustcapital.com/fund-literature/>. You can also request this information by contacting us at (877) 779-1999.

## Householding

In order to reduce expenses, we will deliver a single copy of prospectuses, proxies, financial reports and other communication to shareholders with the same residential address, provided they have the same last name, or we reasonably believe them to be members of the same family. Unless we are notified otherwise, we will continue to send recipients only one copy of these materials for as long as they remain a shareholder of the Fund. If you would like to receive individual mailings, please call (877) 799-1999 and we will begin sending you separate copies of these materials within 30 days after receiving your request.