

FUND OVERVIEW

The First Trust Alternative Opportunities Fund (the “Fund”) offers investors access to a diversified portfolio of less-liquid alternative investments with access to unique illiquidity premiums and income characteristics. The interval fund structure provides investors: daily pricing; 1099 tax reporting; and quarterly liquidity subject to limitations. As portfolio managers, the interval fund structure provides the flexibility to invest across alternative asset classes that more closely mirror the full range of investment options presented in the qualified purchaser (QP)—only investment universe – including Private Equity, Real Estate, Alternative Credit and Hedged Strategies. Liquid alternative strategies are utilized to meet fund-level quarterly tender limits and mitigate illiquidity risk. The Fund provides access to these asset classes in a streamlined and cost-efficient vehicle when compared to implementing the identical portfolio on a standalone fund-by-fund basis.

INVESTMENT OBJECTIVE

The Fund seeks to achieve long-term capital appreciation by pursuing positive absolute returns across market cycles with low sensitivity to traditional equity and fixed income indices. The Fund uses a “multi-manager” approach, allocating assets amongst the First Trust Capital Management L.P. and one or more sub-advisers, in percentages determined at the discretion of the Investment Manager.

The Fund is able to employ leverage and has a modest bridge/subscription line in place that allows the Product Management team to more efficiently manage the portfolio around redemption periods.

However, the mandate for the Fund does not anticipate using leverage as a material component of the portfolio construction process over time and that bridge facility is meant to be short-term in nature.

FUND TERMS

- Closed-End Interval Fund
- Inception Date: June 12, 2017
- Continuous Offering
- Quarterly Redemption (5-25% of Outstanding Shares)¹
- 5% Targeted Distribution Rate²
- Minimum Investment: \$1,000
- No Capital Calls
- 1099 Tax Reporting
- Investment Manager: First Trust Capital Management L.P.

ASSET ALLOCATION³

Asset Class	Target
Private Equity	Up to 25%
Real Estate	Up to 25%
Alternative Credit	Up to 25%
Hedged Strategies	Up to 25%
Co-Investments	Up to 25%
Liquid Alternatives	Up to 25%

IMPLEMENTATION HURDLES AND THE FUND’S EFFICIENCIES

Implementation	Hurdles (without the Fund)	Efficiencies (with the Fund)
Paperwork	Tender offer funds, non-traded REITS and Limited Partnerships (LPs) require investor paperwork to enter – making implementation difficult to scale.	No paperwork is required. Investors can access a fully diversified portfolio on a daily basis.
Tender Offer Complexities	Every tender offer, interval fund and LP have different mechanisms for meeting quarterly redemptions. Knowing how to track and model these nuances while also working with custodians who lack the technology to aggregate tender requests has created a labor-intensive process for financial professionals.	Investors will gain a dynamic exposure through the Fund, as FTCM will manage the internal tender process with each underlying fund; therefore, eliminating the complexities of managing multiple tender offers. Clients of the Fund will have quarterly liquidity subject to fund tender limits.
Transaction Costs	Platform transaction costs have made it costly to implement a diversified approach, particularly with smaller client accounts.	Transaction costs will be reduced to simply one ticket charge for the Fund.
Net Worth and Investment Minimums	Tender offer funds, non-traded REITS and LPs have high net worth requirements and high investment minimums.	The Fund has no net worth requirements and \$1,000 investment minimums.
Platform Approvals	The best strategies can have substantial timelines to receive platform approvals across broker-dealers and custodians.	The Fund is already approved at top custodians and can purchase new interval and tender offer funds directly.

¹ Subject to limitations. A limited number of shares are eligible for quarterly repurchase. Each quarter, the Fund will offer to repurchase between 5% and 25% of its outstanding shares at net asset value. An investment in the Fund should be considered illiquid.

² The Fund has implemented a level distribution policy resulting in monthly distributions of \$0.11613 per share of common stock, representing an annual distribution rate of 5.0% as of 12/31/2021. The distribution policy may be modified at any time. There is no guarantee that the Fund will be able to meet or maintain its distribution policy. Distributions may be paid from sources of income other than ordinary income, such as net realized short-term capital gains, net realized long-term capital gains and return of capital. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund’s investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year’s distributions) contained in shareholders’ 1099-DIV forms at year-end.

³ This represents a model portfolio for The First Trust Alternative Opportunities Fund (the “Fund”). The model portfolio is a portfolio that represents First Trust Capital Management’s view on what the Fund portfolio may look like under normal market conditions. The portfolio is actively managed and will seek to achieve its investment objective by utilizing a flexible asset allocation strategy across a wide array of asset classes and sectors. First Trust Capital Management may choose to focus on countries or regions, asset classes, industries and sectors to the exclusion of others at any time or from time to time based on market conditions and other factors. Model portfolio allocations should not be relied upon as an indicator of future results or used as the basis for investment decisions.

FUND PERFORMANCE (%) AS OF 12/31/2021

Net Asset Value (NAV)*	Inception Date	3 Month	YTD	1 Year	2 Year	3 Year	Since Fund Inception
VFLEX - Class I Shares	6/12/2017	2.43	15.07	15.07	10.45	9.75	6.17
Index Performance**							
ICE BofA Merrill Lynch 3-Month US Treasury Bill Index	N/A	0.01	0.05	0.05	0.36	0.99	1.20
Bloomberg U.S. Aggregate Bond Index	N/A	0.01	-1.54	-1.54	2.88	4.79	3.40

Performance data quoted represents past performance. Past performance is not a guarantee of future results and current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and shares when sold or redeemed, may be worth more or less than their original cost. You can obtain performance information which is current through the most recent quarter-end by visiting www.firsttrustcapital.com.

Expense Ratio: 2.83%. Pursuant to contract, First Trust Capital Management has agreed to waive fees and/or pay Fund expenses to prevent the annual net expense ratio of Class I shares from exceeding 1.55% of the average daily net assets, respectively, excluding 12b-1 distribution and service fees and certain other expenses as described in the prospectus until 1/31/2022. Currently, the net expense ratio is the amount applied to each share's NAV. Expense limitations may be terminated or modified prior to their expiration only with the approval of the Board of Trustees of First Trust Capital Management.

*NAV represent the Fund's net assets (assets less liabilities) divided by the Fund's outstanding shares.

**Performance information for the indexes is for illustrative purposes only and does not represent actual fund performance. Indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. All Index returns assume that dividends are reinvested when they are received. Indexes are unmanaged and an investor cannot invest directly into an index.

FUND HOLDINGS AS OF 12/31/2021

Asset Class	Manager	Strategy	Structure	Weight
Private Equity	Pomona Investment Fund	Private Equity	Tender Offer Fund	6.7%
Private Equity	Stepstone CPRIM	Private Equity	Tender Offer Fund	5.6%
Real Estate	JLL Income Property Trust	Core Real Estate	Private REIT	5.1%
Real Estate	Bailard Real Estate Fund	Value-Add Real Estate	Private REIT	5.0%
Real Estate	Pender Capital Asset-Based Lending	CRE-Backed Bridge Lending	Limited Partnership (LP)	5.2%
Real Estate	Oak Street Real Estate Capital	Net Lease Real Estate	Private REIT	1.2%
Alternative Credit	Palmer Square Income Opportunities Fund	CLOs	Interval Fund	5.0%
Alternative Credit	Griffin Institutional Access Credit Fund	Private Credit	Interval Fund	5.6%
Alternative Credit	Cliffwater Corporate Lending	Multi Market Direct Lending	Interval Fund	5.6%
Direct Co-Investment	Undisclosed Operator	Asset-Backed Bridge Loans (8)	Co-Investment	4.9%
Direct Co-Investment	Undisclosed Operator	Static CLO Equity Tranches (14)	Co-Investment	11.8%
Direct Co-Investment	Undisclosed Operator	2nd Lien Loan & Equity Warrants	Co-Investment	3.2%
Direct Co-Investment	Undisclosed Operator	Venture Capital	Co-Investment	1.1%
Hedged Strategies	DSC Meridian Capital	Event Driven Credit	Limited Partnership (LP)	2.9%
Hedged Strategies	Linden Capital Advisors	Convertible Bonds	Limited Partnership (LP)	2.9%
Hedged Strategies	Hudson Bay	Multi-Strategy Mandate	Limited Partnership (LP)	2.9%
Hedged Strategies	Walleye Opportunities Fund	Multi-Strategy Trading	Limited Partnership (LP)	2.9%
Hedged Strategies	Point72 Capital	Multi-Strategy Platform	Limited Partnership (LP)	2.5%
Liquid Alternatives	RiverNorth Capital Management	Closed-End Fund Arbitrage	Separately-Managed Acct (SMA)	7.5%
Liquid Alternatives	Driehaus Event Driven Fund	Event Driven	Mutual Fund	2.2%
Liquid Alternatives	Glenmede Secured Options	Option Writing	Mutual Fund	2.3%
Liquid Alternatives	Angel Oak Capital Advisors	Structured Credit	Separately-Managed Acct (SMA)	7.5%

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Capital Management at 1-800-988-5196 or visit www.firsttrustcapital.com to obtain a prospectus which contains this and other information about the Fund. The prospectus should be read carefully before investing.

Risk Considerations

Alternative investments may employ complex strategies, have unique investment and risk characteristics and may not be appropriate for all investors.

The Fund's shares will change in value and you could lose money by investing in the Fund. There can be no assurance that the Fund's investment objective will be achieved. In managing the Fund's investment portfolio, the portfolio managers will apply investment techniques and risk analyses that may not have the desired result.

The investment manager and sub-advisors of a multi-managed fund make investment recommendations independently and they may not complement each other. This may result in an increase in the Fund's portfolio turnover rate and higher transaction costs and risks.

One of the principal risks of investing in a fund is market risk. Market risk is the risk that a particular stock owned by a fund, fund shares or stocks in general may fall in value. The outbreak of the respiratory disease designated as COVID-19 in December 2019 has caused significant volatility and declines in global financial markets, which have caused losses for investors. While the development of vaccines has slowed the spread of the virus and allowed for the resumption of "reasonably" normal business activity in the United States, many countries continue to impose lockdown measures to slow the spread. Additionally, there is no guarantee that vaccines will be effective against emerging variants of the disease.

The Fund is structured as an interval fund and has adopted a policy to make quarterly repurchase offers, at per-class NAV, of not less than 5% of the Fund's outstanding shares on the repurchase request deadline. There is no guarantee that shareholders will be able to sell all the shares that they want to sell in any repurchase offer. If a repurchase offer is oversubscribed, the Fund may repurchase only a pro rata portion of the shares tendered by each shareholder. The repurchase policy will decrease the size of the Fund over time and may force the Fund to sell assets. It may also reduce the investment opportunities available to it and cause its expense ratio to increase. In addition, the Fund may need to liquidate holdings earlier than desired, potentially resulting in losses and increasing portfolio turnover.

The Fund is subject to limited liquidity since shareholders will not be able to redeem shares daily or on demand. Shares are not transferable, and liquidity is only provided through repurchase offers made quarterly by the Fund. Fund holdings may be or may become illiquid.

A fund classified as "non-diversified" may invest a relatively high percentage of its assets in a limited number of issuers. As a result, a fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly concentrated in certain issuers.

Certain underlying funds are not registered under the securities laws and their portfolio holdings may not be disclosed. Unregistered funds may have less investor protection and transparency than registered funds.

Because the shares of CEFs cannot be redeemed upon demand, shares of many CEFs will trade on exchanges at market prices rather than net asset value, which may cause the shares to trade at a price greater than NAV (premium) or less than NAV (discount).

The Fund may invest in the shares of other investment funds which involves additional expenses that would not be present in a direct investment in the underlying funds. In addition, the Fund's investment performance and risks may be related to the investment performance and risks of the underlying funds.

Collateralized loan obligations ("CLOs") carry additional risks, including, the possibility that distributions from collateral securities

will not be adequate to make interest or other payments, the quality of the collateral may decline in value or default, the possibility that the investments in CLOs are subordinate to other classes or tranches, and the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Certain fund holdings may be thinly traded or have a limited trading market and as a result may be characterized by the Fund as illiquid securities.

Mortgage-related securities are more susceptible to adverse economic, political or regulatory events that affect the value of real estate. They are also subject to the risk that the rate of mortgage prepayments decreases, which extends the average life of a security and increases the interest rate exposure.

Investments in companies that are the subject of a publicly announced transaction carry the risk the transaction is renegotiated, takes longer to complete than originally planned and that the transaction is never completed. Any such event could cause the Fund to incur a loss. The risk/reward payout of merger arbitrage strategies typically is asymmetric, with the losses in failed transactions often far exceeding the gains in successful transactions.

The stocks of companies that have recently conducted an initial public offering are often subject to price volatility and speculative trading. These stocks may have exhibited above average price appreciation in connection with the initial public offering prior to inclusion in the Fund. The price of stocks included in the Fund may not continue to appreciate and their performance may not replicate the performance exhibited in the past.

The use of derivatives, including futures, options, swap agreements, and forward contracts, can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives.

Short selling creates special risks which could result in increased gains or losses and volatility of returns. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited.

The Fund's use of leverage may result in losses that exceed the amount originally invested and may accelerate the rates of losses.

The Fund may be subject to the risk that a counterparty will not fulfill its obligations which may result in significant financial loss to the Fund.

Certain securities held by the Fund are subject to call, credit, default, inflation, income, interest rate, extension, and prepayment risks. These risks could result in a decline in a security's value and/or income, increased volatility as interest rates rise or fall and have an adverse impact on the Fund's performance.

High yield securities, or "junk" bonds, are less liquid and are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, are considered to be highly speculative.

Repurchase agreements typically involve the acquisition by the Fund of fixed-income securities from a selling financial institution such as a bank or broker-dealer. The Fund may incur a loss if the other party to a repurchase agreement is unwilling or unable to fulfill its contractual obligations to repurchase the underlying security. Reverse repurchase agreements involve the risk that the other party may fail to return the securities in a timely manner or at all. The Fund could lose money if it is unable to recover the securities and/or if the value of collateral held by the Fund, including the value of the investments made with cash collateral, is less than the value of securities.

To the extent the Fund invests in floating or variable rate obligations that use the London Interbank Offered Rate ("LIBOR")

as a reference interest rate, it is subject to LIBOR Risk. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, will cease making LIBOR available as a reference rate over a phase-out period that will begin immediately after December 31, 2021. The unavailability or replacement of LIBOR may affect the value, liquidity or return on certain fund investments and may result in costs incurred in connection with closing out positions and entering into new trades. Any potential effects of the transition away from LIBOR on the Fund or on certain instruments in which the Fund invests can be difficult to ascertain, and they may vary depending on a variety of factors, and they could result in losses to the Fund.

Securities of micro, small- and mid-capitalization companies may experience greater price volatility and be less liquid than larger, more established companies.

Securities of non-U.S. issuers are subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange control restrictions impacting non-U.S. issuers. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries.

Changes in currency exchange rates and the relative value of non-US currencies may affect the value of the Fund's investments and the value of the Fund's shares.

Stocks with growth characteristics tend to be more volatile than certain other stocks and their prices may fluctuate more dramatically than the overall stock market.

A fund with significant exposure to a single sector may be more affected by an adverse economic or political development than a broadly diversified fund.

High portfolio turnover may result in higher levels of transaction costs and may generate greater tax liabilities for shareholders.

A fund may hold securities or other assets that may be valued on the basis of factors other than market quotations. This may occur because the asset or security does not trade on a centralized exchange, or in times of market turmoil or reduced liquidity. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" assets or securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. There is no assurance that a fund could sell or close out a portfolio position for the value established for it at any time.

Value stocks are subject to the risk that valuations never improve or that the returns on value stocks are less than returns on other styles of investing or the overall stock market.

Securities issued or guaranteed by federal agencies and U.S. government sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government.

As the use of Internet technology has become more prevalent in the course of business, funds have become more susceptible to potential operational risks through breaches in cyber security.

First Trust Capital Management is the adviser to the Fund. The Fund's distributor is First Trust Portfolios L.P.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

The Fund invests in securities with limited or no secondary market and are deemed to be illiquid. Valuation of illiquid securities is extremely limited. Portfolio holdings are priced either on a daily, monthly, and/or quarterly basis utilizing a variety of valuation methods such as proxy, matrix and third-party pricing. The accuracy of these valuations will vary, and actual tender price of the fund may be materially lower than any past valuation.