



# VFLEX

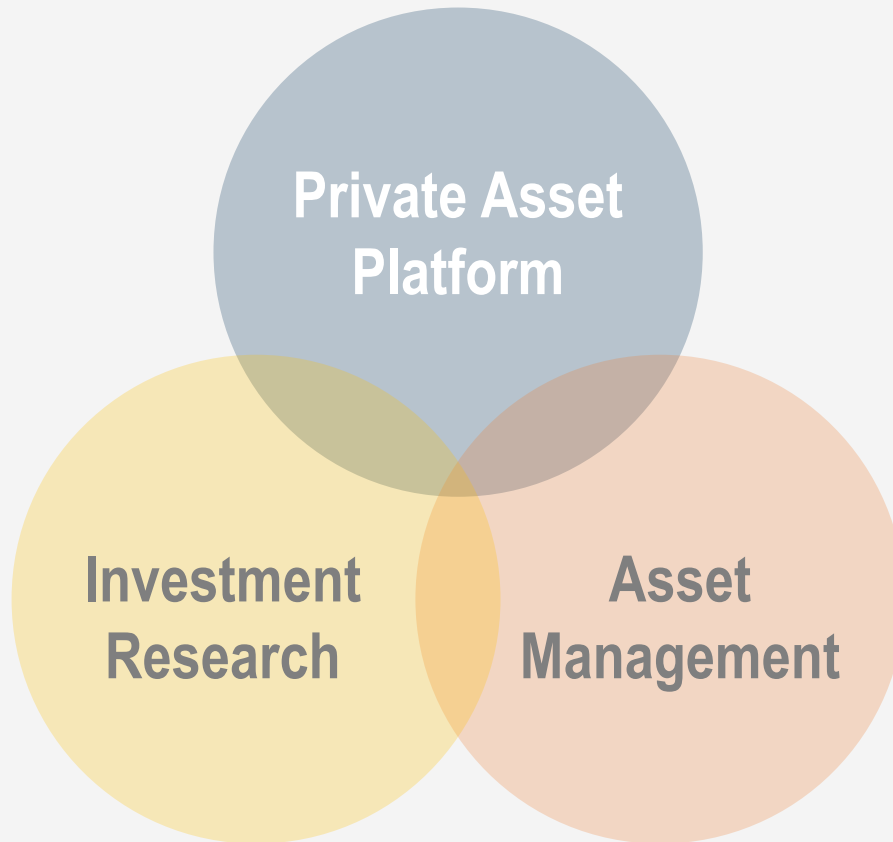
## First Trust Alternative Opportunities Fund CLASS I SHARES

1<sup>st</sup> Quarter 2022

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.

# First Trust Capital Solutions (“FTCS”) Firm Overview

FTCS is a newly formed joint venture between First Trust Capital Partners, LLC and VFT Holdings II L.P. FTCS offers various investment services through its operating units.



## Private Asset Platform

Various principals of FTCS have been managing alternative investments for qualified advisory clients since the 1990s. The platform offerings have always included options from a list of select hedge fund, real estate and private equity managers through direct investments and allocation vehicles.

## Investment Research

First Trust Alternative Investment Research (“FTAIR”) is a separate dedicated business unit that operates to support the Asset Management business in a variety of capacities and strategies. The team’s proprietary database and process is leveraged firm-wide and across our asset management strategies. FTAIR utilizes its expertise and extensive network to source private investments and has built a time-tested track record of offering highly-specialized strategies that seek to provide superior risk-adjusted returns.

## Asset Management

First Trust Capital Management (“FTCM”) is a multi-disciplinary investment organization headquartered in Chicago, IL. FTCM has a broad investor base that includes family offices, high-net-worth families, and institutions with a focus on innovative alternative investment solutions. FTCM has internal investment teams specializing in merger arbitrage, private funds, multi-asset mandates and private real estate.

## What Pain Points Have We Identified Within Alternative Investments?

- Private Equity, Private Credit and Real Estate operators have begun to enter the registered investment space as investment of interval funds, tender offer funds and non-traded REITs.
- Investors who previously failed to meet the net worth requirements or high investment minimums of unregistered funds can now access these asset classes, on a limited basis, through registered vehicles.
- While the democratization of private strategies is a positive, there are still paperwork, tender offer, cost and investment minimum hurdles associated with implementing a client solution.

## How is VFLEX Different?

- VFLEX enables ALL investors to gain exposure to Private Equity, Private Credit, Real Estate and other investment strategies within one comprehensive, streamlined investment vehicle.
- VFLEX, as an interval fund, provides indirect exposure to certain asset classes that are not otherwise available to most investors. VFLEX requires less paperwork with fewer complexities compared to a direct investment in these asset classes.
- From a management perspective, the Fund's flexibility is key to constructing an alternative investment portfolio with a longer-term outlook.

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

## VFLEX Offering

- Multi-manager, multi-alternative strategy diversified across the private asset class sectors of private equity, real estate, alternative credit, hedged strategies, co-investments and liquid alternatives.
- Targets absolute returns across market cycles through dynamic asset allocation and disciplined fund selection within each asset class sector.

# VFLEX – Potential Benefits of the Interval Fund Structure

## Fund Structures

	Interval Funds	Open-End Mutual Funds	Listed CEFs	LP Private Funds
Purchase	Click To Buy	Click To Buy	Click To Buy	Sub Docs
Liquidity*	Quarterly	Daily	Daily	Varies
Liquidity at NAV?	Yes	Yes	No	Yes
Leverage Constraints	Investment Company Act of 1940	Investment Company Act of 1940	Investment Company Act of 1940	Varies
1940-Act Registered	Yes	Yes	Yes	No
Performance Fees**	No (for VFLEX)	No	No	Yes
Tax Treatment	1099	1099	1099	K-1
Qualified Purchaser	No	No	No	Not exclusively

### VFLEX Offering:

**No Paperwork**  
Ticker Purchasable

**Accessible**  
No Accreditation Requirement

**Low Minimum**  
\$1,000 for I Share

**Liquidity\***  
Offered Quarterly

**1099**  
Tax Reporting

While FTFCM has sought to design an interval fund that will reflect key characteristics and features such as no paperwork, accessible with no accreditation, quarterly liquidity (subject to limitations), no capital calls and 1099 reporting, investors should understand that such characteristics of its structure may deviate to varying degrees from those stated herein.

\*The liquidity of interval funds, listed CEFs, and limited partnership private funds are subject to limitations. With respect to VFLEX, a limited number of shares are eligible for quarterly repurchase at net asset value. An investment in the Fund should be considered illiquid.

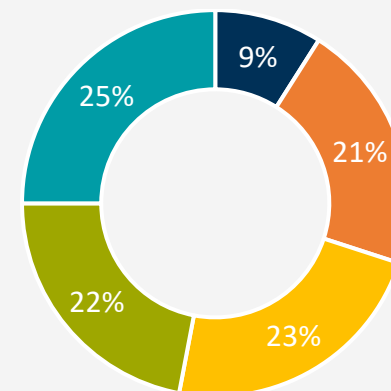
\*\*While some interval funds charge performance fees, VFLEX does not.

## Target Allocations

- VFLEX invests in interval funds, tender offer funds, non-traded REITs and other investment structures including direct co-investments to help provide better access to institutional alternative strategies, such as Private Equity, Real Estate, Alternative Credit, Hedged Strategies and Liquid Alternatives.
- Through a diversified, dynamic approach, the portfolio management team sets target allocations across private asset classes and then actively selects managers within those sectors to achieve potential outperformance.

Asset Class	Target <sup>1</sup>
Private Equity	Up to 30%
Real Estate	Up to 30%
Alternative Credit	Up to 30%
Hedged Strategies	Up to 30%
Co-Investments	Up to 30%

**Current Weightings<sup>2</sup>**



<sup>1</sup> 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’s 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. The weights are intended as guidelines and 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.

<sup>2</sup> Holdings as of 3/31/2022 and are subject to change.

## Alternative Asset Classes

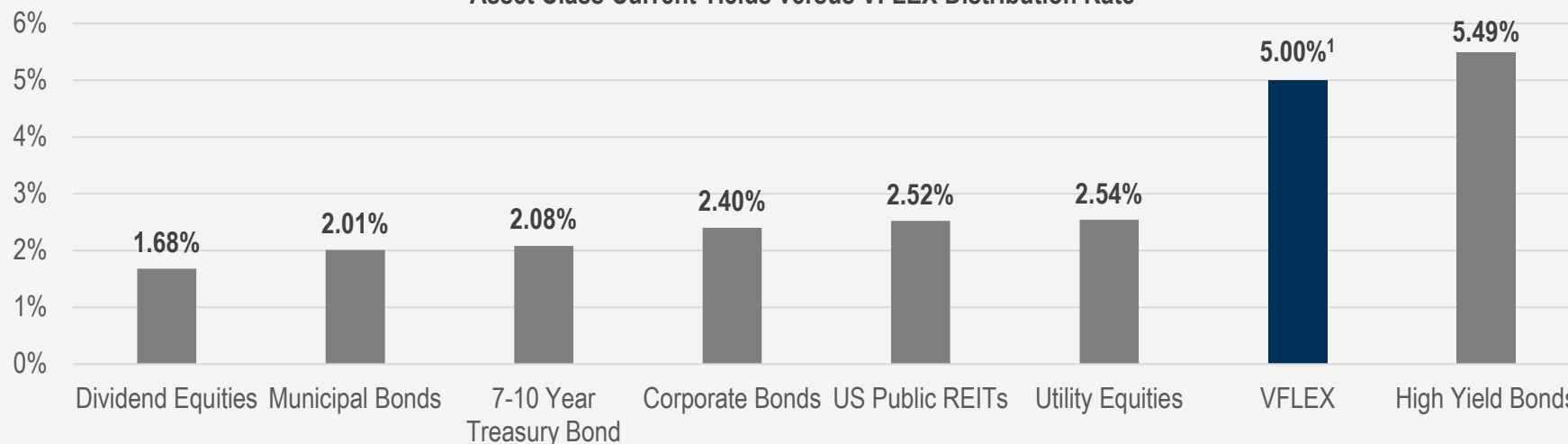
<b>Private Equity</b>	The Private Equity sub-strategy seeks to provide exposure to secondary and primary investments in private equity and other private asset funds and, to a limited degree, to direct investments in operating companies.
<b>Co-Investments</b>	Top co-investment opportunities are typically only available to investors that have substantial allocations to a manager's existing private vehicle. FTCM sources these opportunities across direct lending, distressed credit, leveraged buyouts, mezzanine equity and growth capital opportunities.
<b>Real Estate</b>	The managers of the Fund's Real Estate private funds invest across multiple core real-asset type funds, including industrial, multi-family, retail, and office, in multiple geographies across North America with the potential to expand the holdings to include real-assets in Europe.
<b>Alternative Credit</b>	The managers employ a multi-sector approach spanning residential, commercial, corporate, consumer and specialty finance markets. The emphasis is on alternative credit investments, including private loans, illiquid credit and stressed/distressed credit.
<b>Hedged Strategies</b>	The objective is to construct a balanced portfolio of hedge funds across Arbitrage, Credit, Event Driven, Long/Short Equity and Multi-Strategy managers. The exposure aims to provide a core alternatives exposure that is uncorrelated to stocks and bonds.

## Liquid Sub-Strategies

<b>Closed End Fund Arbitrage</b>	<p>The manager of the Closed-End Fund Arbitrage strategy has a core expertise in identifying themes in the closed-end fund ("CEF") universe that may cause constituents of that universe to trade at discounts or premiums to their underlying net-asset-value.</p> <p>The team looks for CEFs trading at a material discount to its NAV and then seeks to benefit from mean reversion of those discounts which historically ebb and flow due to cyclical and investor behavioral reasons.</p>
<b>Structured Credit</b>	<p>The manager of the Structured Credit strategy employs a top-down strategy to identify relative valuation opportunities within structured credit markets and a bottom-up credit selection process to selecting individual issuers.</p> <p>The managers will invest opportunistically across a wide range of credits and issuer types based on relative value within fixed income. Specifically, the strategy targets opportunities in: Residential Mortgage-Backed Securities (RMBS); Commercial Mortgage-Backed Securities (CMBS); Collateralized Loan Obligations (CLOs); and Asset-Backed Securities (ABS).</p>

# VFLEX Income Comparison

Asset Class Current Yields versus VFLEX Distribution Rate



Data as of 3/31/2022. Source: Morningstar. **7-10 Year Treasury Bond:** IDC US Treasury 7-10 Year Index, **Dividend Equities:** Russell 1000 Value Index, **Municipal Bonds:** ICE AMT-Free US National Municipal Index, **Corporate Bonds:** Bloomberg U.S. Aggregate Bond Index, **US Public REITs:** FTSE Nareit Equity REITS Index, **Utility Equities:** Russell 1000 Utilities, **High Yield Bonds:** Markit iBoxx USD Liquid High Yield Index. Indexes are unmanaged and an investor cannot directly invest in an index. The asset classes shown here offer different characteristics in terms of income, tax treatment, capital appreciation and risk. Stocks are subject to risks such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market. Bonds are subject to fluctuations due to higher interest rates, economic recession, deterioration of the bond market or investors' perception thereof, possible downgrades and defaults of interest and/or principal. REITs are subject to fluctuations due to higher interest rates and potentially choosing the wrong underlying investments, while its dividends are taxed as ordinary income. Please see index definitions at the end of this presentation.

<sup>1</sup>The Fund has implemented a level distribution policy resulting in monthly distributions of \$0.11583 per share of common stock, representing an annual distribution rate of 5.0% as of 3/31/2022. 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 other than ordinary income, such as net realized short-term capital gain, net realized long-term capital gain and return of capital. The actual amounts and sources of the amounts for tax reporting purposes will depend on 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 characteristics (for the full year's distributions) contained in shareholders' 1099-DIV forms at year-end.

***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](http://www.firsttrustcapital.com).***

# VFLEX – Portfolio Holdings as of 3/31/2022

Asset Class	Manager	Strategy	Structure	Weight
Private Equity	Pomona Investment Fund	Private Equity	Tender Offer Fund	4.7%
Private Equity	Stepstone CPRIM	Private Equity	Tender Offer Fund	4.0%
Real Estate	JLL Income Property Trust	Core Real Estate	Private REIT	5.4%
Real Estate	Bailard Real Estate Fund	Value-Add Real Estate	Private REIT	5.6%
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	1.8%
Real Estate	Nuveen	Sector Specific: Multi-Family	Private REIT	3.0%
Alternative Credit	Palmer Square Income Opportunities Fund	CLOs	Interval Fund	3.7%
Alternative Credit	Griffin Bain	Private Credit	Interval Fund	1.7%
Alternative Credit	Cliffwater Corporate Lending	Multi Market Direct Lending	Interval Fund	5.5%
Alternative Credit	Cliffwater Enhanced Lending	Opportunistic Private Credit	Interval Fund	3.0%
Alternative Credit	Angel Oak Capital Advisors	Structured Credit	Separately-Managed Acct (SMA)	9.1%
Direct Co-Investment	Undisclosed Operator	Asset-Backed Bridge Loans (11)	Co-Investment	8.9%
Direct Co-Investment	Undisclosed Operator	Static CLO Equity Tranches (14)	Co-Investment	8.8%
Direct Co-Investment	Undisclosed Operator	2nd Lien Loan & Equity Warrants	Co-Investment	5.3%
Direct Co-Investment	Undisclosed Operator	Venture Capital (2)	Co-Investment	2.3%
Hedged Strategies	DSC Meridian Capital	Event Driven Credit	Limited Partnership (LP)	2.3%
Hedged Strategies	Linden Capital Advisors	Convertible Bonds	Limited Partnership (LP)	2.2%
Hedged Strategies	Hudson Bay	Multi-Strategy Mandate	Limited Partnership (LP)	2.5%
Hedged Strategies	Walleye Opportunities Fund	Multi-Strategy Trading	Limited Partnership (LP)	1.9%
Hedged Strategies	Point72 Capital	Multi-Strategy Platform	Limited Partnership (LP)	1.9%
Hedged Strategies	RiverNorth Capital Management	Closed-End Fund Arbitrage	Separately-Managed Acct (SMA)	6.0%
Hedged Strategies	Driehaus Event Driven	Event Driven	Mutual Fund	2.4%
Hedged Strategies	Glenmede Secured Options	Option Writing	Mutual Fund	2.7%



# Direct Co-Investment Sleeve: CLO Program Example

To date, VFLEX has participated in fifteen static collateralized loan obligations (CLO) transactions since 2019. The CLO deals have:

- Gained anywhere from +2% to +73%, averaging a +29% gain.
- Contributed anywhere from 14 to 80 basis points, totaling +450 basis points in attribution since inception through 3/31/2022.
- Currently represent anywhere from 0.2% to 1.6% of Fund NAV, aggregating to 8.8% of Fund NAV as of 3/31/2022.

Metrics by co-investment deal can be found in the table below:

Name/Deal	Gain/Loss	Attribution	NAV
CLO LOAN 1	45%	0.67%	Exited Position
CLO LOAN 2	73%	0.69%	0.3%
CLO LOAN 3	72%	0.65%	0.2%
CLO LOAN 4	54%	0.80%	0.4%
CLO LOAN 5	22%	0.26%	0.3%
CLO LOAN 6	29%	0.19%	0.2%
CLO LOAN 7	24%	0.56%	0.6%
CLO LOAN 8	16%	0.20%	0.3%
CLO LOAN 9	17%	0.05%	0.5%
CLO LOAN 10	4%	0.14%	0.4%
CLO LOAN 11*	4%	0.15%	0.9%
CLO LOAN 12*	2%	0.14%	1.6%
CLO LOAN 13*	n/m	n/m	1.0%
CLO LOAN 14*	n/m	n/m	1.3%
CLO LOAN 15*	n/m	n/m	0.7%
	29% (average)	+4.50%	8.8%

\* New positions added in Q4 2021 & Q1 2022 and performance is not meaningful. Source: UMB Bank & Lightkeeper Portfolio Intelligence. The CLO deals above, in aggregate, represented 8.8% of Fund NAV as of 3/31/2022. Attribution represents the portion that each CLO contributed to VFLEX's total return from 1/1/2019 – 3/31/2022. Subject to change. Performance and attribution is gross of all fund fees and expenses. Definitions: Collateralized loan obligations (CLOs) are a form of securitization where payments from multiple middle sized and large business loans are pooled together and passed on to different classes of owners in various tranches. Net asset value (NAV) represents the Fund's net assets (assets less liabilities) divided by the Fund's outstanding shares.

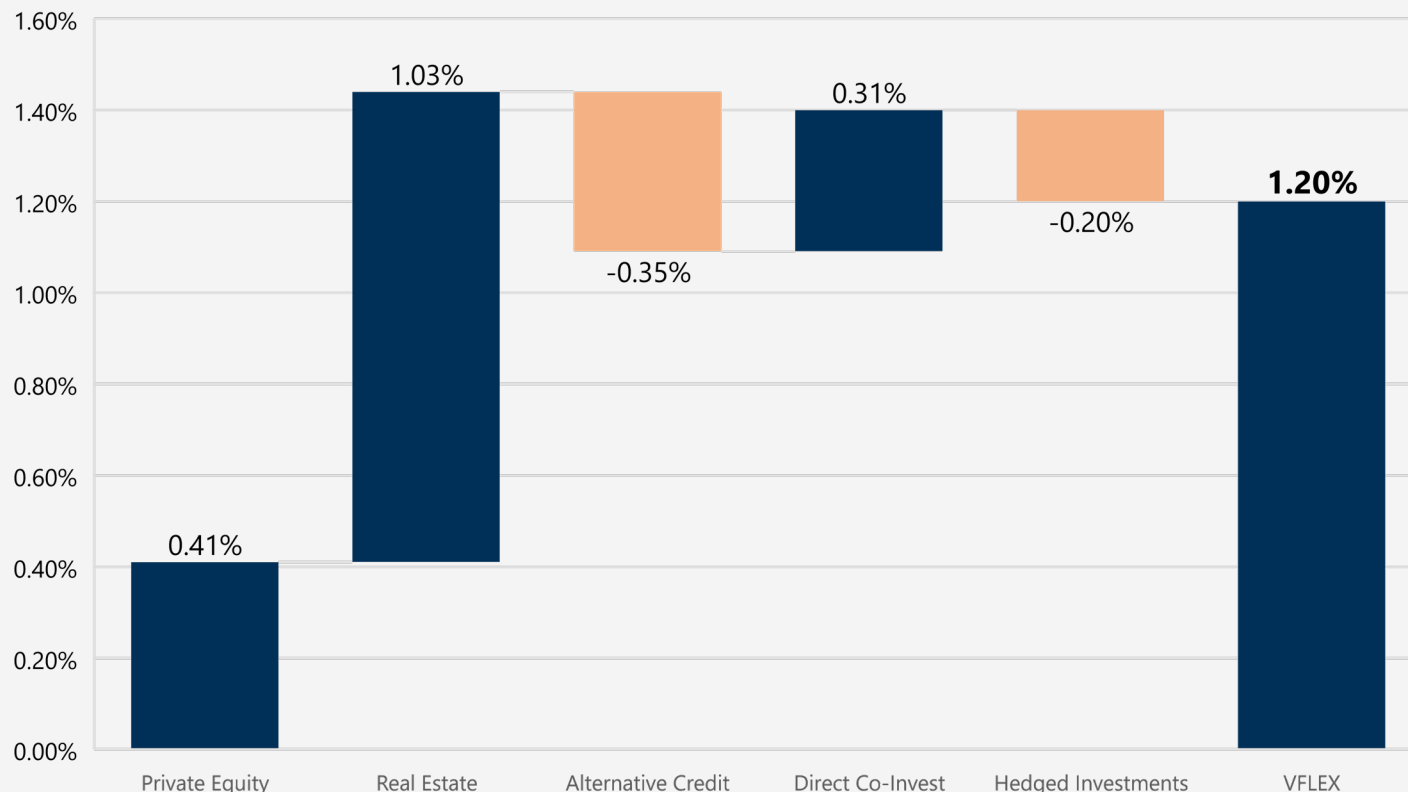
<sup>1</sup>A credit rating is an assessment provided by a NRSRO, of the creditworthiness of an issuer with respect to debt obligations. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Investment grade is defined as those issuers that have a long-term credit rating of BBB- or higher.

**Past performance does not guarantee future results.** See slide 14 for the Fund's standardized performance.

## Program Overview

- Diversified pool of institutional, large bank loans actively managed by an institutional credit manager.
- Individual loans vary in size, but the sponsor typically focuses on corporate loans, which are Fortune 1000-type and \$1 billion or more in size (i.e., broadly-syndicated).
- A typical CLO has a structure, which is quite like a typical corporation where there are assets, liabilities, and equity.
- Assets are expected to generate interest, which then pays the debt in order of priority (i.e., AAA, AA, A, BBB, BB, B).
- FTCM retains the equity portion which has potential upside if the institutional credit manager manages the CLO effectively, because they can potentially earn the yield from the assets less the amount paid to debt holders.

## Net Performance Attribution By Asset Class (as of 3/31/2022)



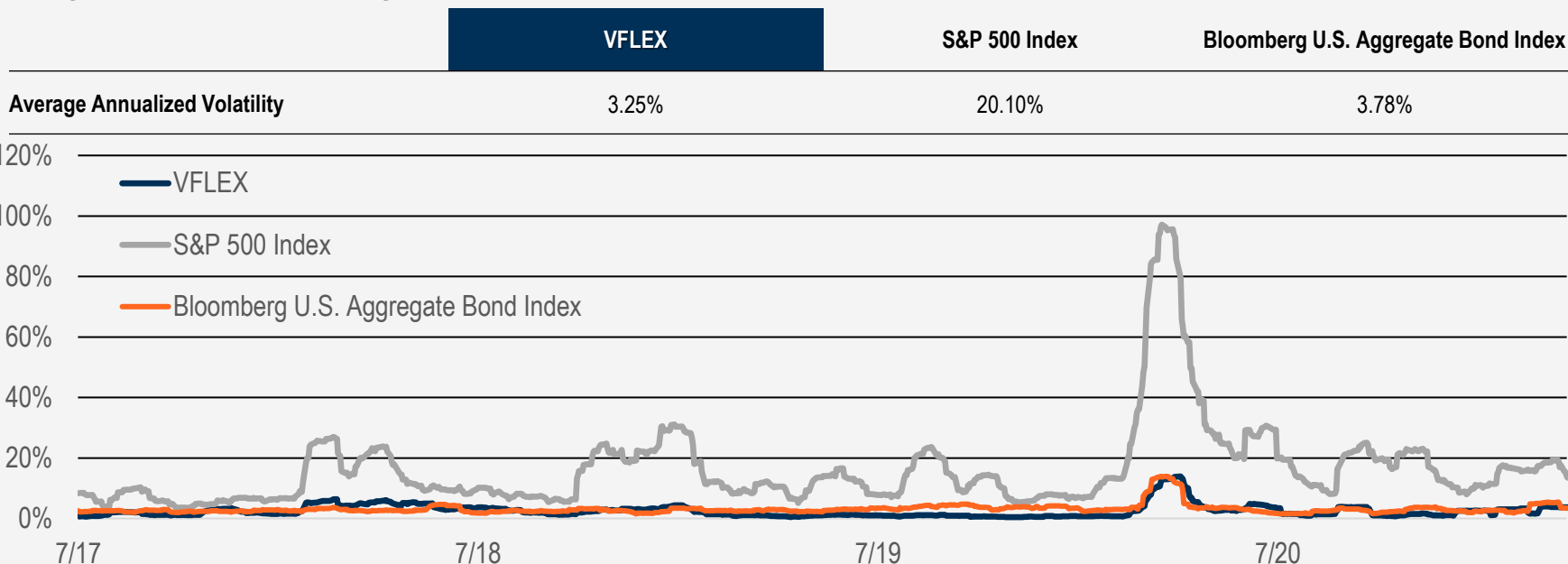
Source: Lightkeeper Portfolio Analytics. 1/1/22 - 3/31/22. Asset Classes subject to change and should not be considered investment advice.

Please note: Each of these assets have their own set of investment characteristics and risks to consider before investing. Please read the prospectus for more about these risks.

***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](http://www.firsttrustcapital.com).***

# VFLEX Performance – Low Volatility Profile

## Daily Annualized Volatility

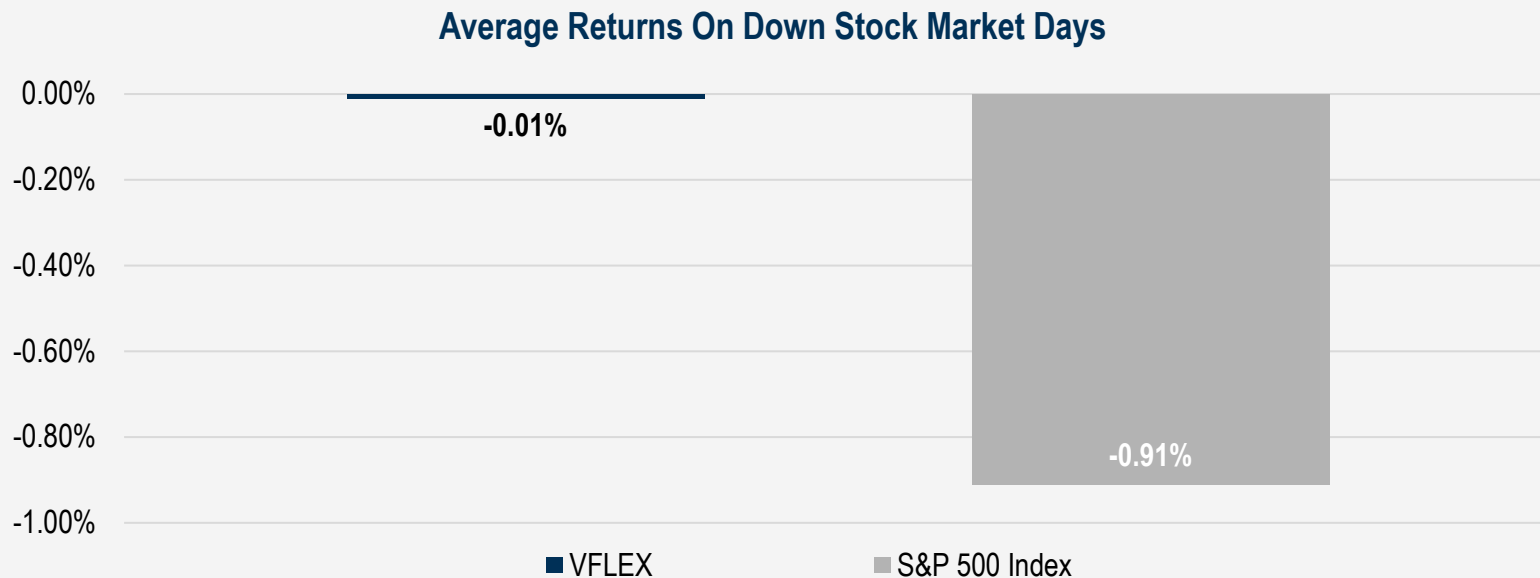


6/12/2017-3/31/2022. Source: Bloomberg. Time period is rolling 20-day volatility. Indexes are unmanaged and an investor cannot invest directly in an index. Please see index definitions at the end of this presentation. The asset classes shown here offer different characteristics in terms of income, tax treatment, capital appreciation and risk. Stocks are subject to risks such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market. Bonds are subject to fluctuations due to higher interest rates, economic recession, deterioration of the bond market or investors' perception thereof, possible downgrades and defaults of interest and/or principal.

**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](http://www.firsttrustcapital.com).**

# VFLEX Performance – Lack of Downside Capture to Stocks

- There have been 352 (out of 820) days in which the S&P 500 Index was down between 1/1/2019 and 3/31/2022.\*  
On those 352 days in which equity markets were down:
  - The S&P 500 Index averaged down -0.91%.
  - VFLEX averaged a return of -0.01%.
  - VFLEX only declined on 115 of those 352 days, or 32% of the time.



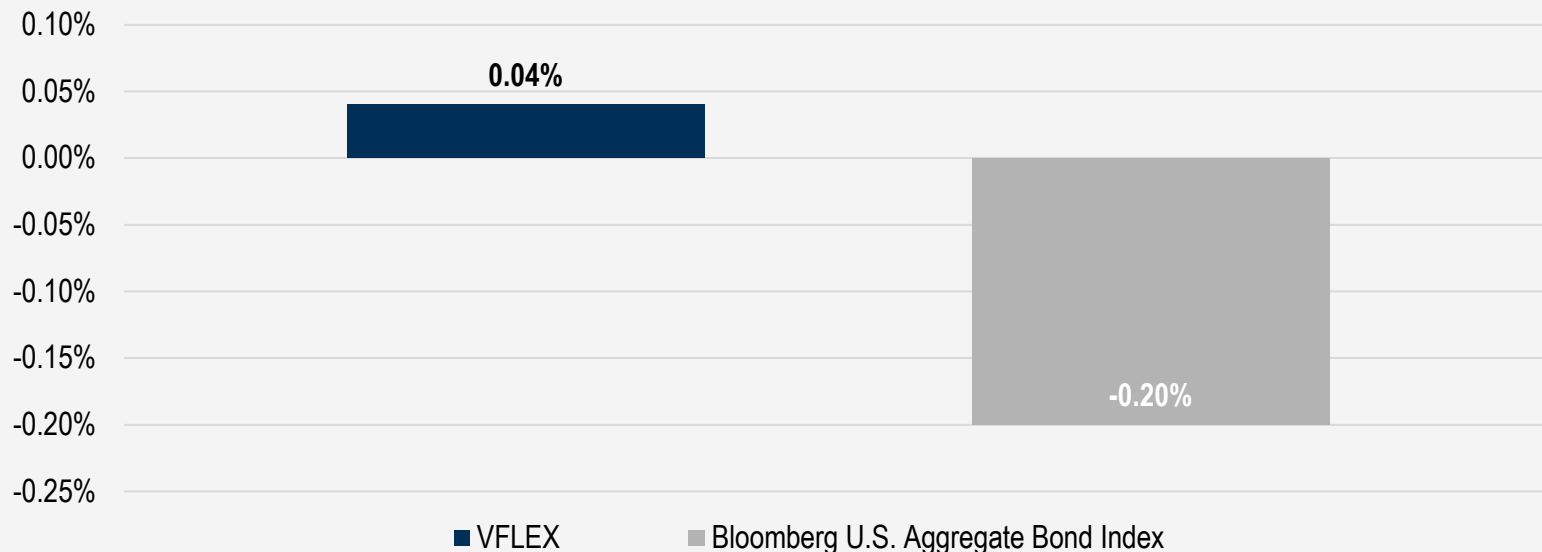
\*Fund mandate and portfolio construction was updated materially on 1/2019 to expand VFLEX to less-liquid alternative investments with unique illiquidity premiums. Indexes are unmanaged and it is not possible to invest directly in an index. Please see index definitions at the end of this presentation.

***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](http://www.firsttrustcapital.com).***

# VFLEX Performance – Differentiated Return from Bonds

- We believe VFLEX can provide a differentiated return stream from bonds.
- On down days for bond markets between 1/1/2019 and 3/31/2022\*, the Bloomberg U.S. Aggregate Bond Index has lost an average of -0.20%.
- On those same down days for bonds, VFLEX has averaged up +0.04% with positive returns 60% of the time.

**Average Returns On Down Bond Market Days**



\*Fund mandate and portfolio construction was updated materially on 1/2019 to expand VFLEX to less-liquid alternative investments with unique illiquidity premiums. Indexes are unmanaged and it is not possible to invest directly in an index. Please see index definitions at the end of this presentation.

***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](http://www.firsttrustcapital.com).***

# Fund Performance (%) as of 3/31/2022



Net Asset Value (NAV)*	3 Month	YTD	1 Year	2 Year	3 Year	Since Fund Inception
VFLEX – Class I Shares	1.20	1.20	10.80	16.62	8.96	6.11
<b>Index Performance**</b>						
ICE BofA 3-Month US Treasury Index	0.04	0.04	0.06	0.09	0.81	1.15
Bloomberg U.S. Aggregate Bond Index	-5.93	-5.93	-4.15	-1.72	1.69	1.95

***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](http://www.firsttrustcapital.com).***

Inception Date: June 12, 2017. Gross Expense Ratio: 3.27%. Net 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 1.25% of the average daily net assets, respectively, excluding 12b-1 distribution and service fees and certain other expenses as described in the prospectus until 11/1/2022. 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.

**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.**

The **IDC US Treasury 7-10 Year Index** measures the performance of public obligations of the U.S. Treasury that has a remaining maturity of greater than seven years and less than or equal to ten years.

The **Russell 1000 Value Index** refers to a composite of large and mid-cap companies located in the United States that also exhibit a value probability.

The **ICE AMT-Free US National Municipal Index** measures the performance of the investment-grade segment of the U.S. municipal bond market & there were 8,274 issues in the Index.

The **FTSE Nareit Equity REITS Index** is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

The **Russell 1000 Utilities Index** measures the US utility equities within the Russell 1000 Index.

The **Markit iBoxx USD Liquid High Yield Index** consists of liquid USD high yield bonds, selected to provide a balanced representation of the USD high yield.

The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance.

The **Bloomberg U.S. Aggregate Bond Index** represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

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. In February 2022, Russia invaded Ukraine which has caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, and the United States. The hostilities and sanctions resulting from those hostilities could have a significant impact on certain fund investments as well as fund performance. The COVID-19 global pandemic has caused and may continue to cause significant volatility and declines in global financial markets. While the U.S. has resumed "reasonably" normal business activity, many countries continue to impose lockdown measures. 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.



# Risk Considerations (Continued)

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 a 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, has ceased making LIBOR available as a reference rate over a phase-out period that began December 31, 2021. There is no assurance that any alternative reference rate, including the Secured Overnight Financing Rate ("SOFR") will be similar to or produce the same value or economic equivalence as LIBOR or that instruments using an alternative rate will have the same volume or liquidity. 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 a fund or on certain instruments in which a fund invests can be difficult to ascertain, and they may vary depending on a variety of factors, and they could result in losses to a 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.**



# Contact Us

**1-800-988-5196 | [www.firsttrustcapital.com](http://www.firsttrustcapital.com)**

*You should consider a 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](http://www.firsttrustcapital.com) to obtain a prospectus or summary prospectus which contains this and other information about a fund. The prospectus or summary prospectus should be read carefully before investing.*

First Trust Capital Management L.P. | 1-800-988-5196 | [www.firsttrustcapital.com](http://www.firsttrustcapital.com)