

INVESTMENT OBJECTIVE

The First Trust Hedged Strategies Fund (HFLEX or “the Fund”) seeks long-term capital appreciation by strategic allocations to a selected group of hedge funds that employ a variety of alternative investment strategies.

STRATEGY OVERVIEW¹

Arbitrage/ Relative Value

- Strategies seek to profit from mispricing opportunities across various asset classes.
- Utilizes a combination of quantitative and fundamental analyses to uncover premium or discounted valuations.
- Historically has demonstrated low correlation to other alternative strategies and traditional asset classes.

Credit

- Focuses on credit opportunities invested across all capital structures derived from a fundamental, bottom-up industry analysis.
- Seeks to take advantage of market disruptions and/or credit spread widenings with intention of offering attractive risk-adjusted returns.

Event Driven

- Aims to exploit market inefficiencies via equity/credit positions through catalyst-driven opportunities.
- Exposure includes hard catalyst-driven trades with defined outcomes, along with soft-catalyst and special situations where a potential edge on a corporate event can be developed.

Long/Short Equity

- Intends to take advantage of profit opportunities from securities identified as both under-valued and over-valued.
- Highly selective portfolio construction focused on deep fundamental research of equity markets.
- Employs non-directional equity-market risk to seek to produce alpha and low volatility.

Multi-Strategy

- Provides an attractive risk/return profile through a diversified blend of long/short equity and credit, relative value, and event driven strategies.
- Intends to generate consistently positive absolute returns with low correlation and volatility to both equity and fixed-income markets.

Asset Class	Underlying Managers ³	Weighting
Arbitrage/ Relative Value	RiverNorth	7.8%
Credit	Linden Advisors	10.0%
Credit	DSC Meridian	11.1%
Credit	Old Orchard	2.4%
Event Driven	Sachem Head	7.0%
Event Driven	Hudson Bay	6.7%
Long/Short Equity	Dorsal	6.4%
Long/Short Equity	RA Capital	6.7%
Long/Short Equity	Broad Bay	6.3%
Long/Short Equity	Prana	6.4%
Long/Short Equity	Sofinnova	6.7%
Multi-Strategy	Walleye	9.1%
Multi-Strategy	Eisler	6.1%
Multi-Strategy	Point72	7.3%
HFLEX		100%

FUND TERMS

Ticker	HFLEX
Structure	Closed-End Interval Fund
HFLEX Inception	July 1, 2023
Predecessor Fund Inception	July 1, 2017
Purchase	Daily, Continuous Offering
Liquidity	Quarterly Redemption (5% of Outstanding Shares) ²
Paperwork	None
Eligibility	Accredited Investor
Minimum Investment	\$25,000
Tax Reporting	1099 (Consolidated at Custodian)
Seed AUM	\$40mm

PORTFOLIO CONSTRUCTION



ASSET CLASS BREAKDOWN (AS OF 9/30/2023)

Arbitrage/Relative Value	7.8%
Credit	23.5%
Event Driven	13.7%
Long/Short Equity	32.5%
Multi-Strategy	22.5%
HFLEX	100%

¹The allocation among the Fund's current strategies implemented will vary over time in response to changing market opportunities. These strategies may include, without limitation, Arbitrage/Relative Value, Credit, Event Driven, Long/Short Equity, Multi-Strategy, Global Macro, and Mortgages.

²Subject 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.

³Holdings as of 9/29/2023 and are subject to change. The weights are intended as guidelines and may vary based on market conditions and other factors. Portfolio allocations should not be relied upon as an indicator of future results or used as the basis for investment decisions.

RISK & RETURN STATISTICS

7/1/2017 - 9/30/2023

	HFLEX	HFRI Fund Weighted Composite Index	60/40 Portfolio ¹
Net Annualized Return	5.33%	5.02%	7.11%
Standard Deviation	6.03%	7.11%	11.34%
Return/Risk	0.88	0.71	0.63
Beta to HFRI	0.75	1.00	1.28
Beta to 60/40 Portfolio ¹	0.33	0.50	1.00

NET HISTORICAL PERFORMANCE²

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HFLEX	HFRI	60/40 ¹
2023 [^]	2.63%	-0.08%	-0.29%	0.65%	1.44%	1.30%	0.50%	1.00%	-1.18%				6.08%	4.27%	7.24%
2022	-2.30%	0.40%	0.21%	-0.61%	-2.22%	-1.52%	0.37%	1.08%	-1.33%	0.77%	0.84%	1.62%	-2.75%	-4.14%	-15.79%
2021	0.23%	4.40%	-1.39%	1.75%	-0.02%	0.95%	-0.22%	1.19%	0.66%	0.82%	-1.49%	0.40%	7.39%	10.16%	15.86%
2020	0.84%	-0.19%	-8.81%	2.38%	2.92%	1.99%	2.00%	2.39%	0.83%	-0.11%	3.85%	4.16%	12.23%	11.83%	14.73%
2019	2.56%	1.41%	1.06%	1.57%	-0.45%	0.78%	0.03%	-0.02%	-0.72%	0.23%	0.29%	2.42%	9.49%	10.45%	22.18%
2018	1.30%	-0.59%	-1.18%	0.60%	0.88%	-0.26%	0.36%	0.68%	0.19%	-2.19%	-0.35%	-1.71%	-2.31%	-4.75%	-2.35%
2017							0.95%	0.53%	0.86%	0.64%	0.05%	0.91%	4.00%	4.85%	7.26%

FUND PERFORMANCE (%)

AS OF 9/30/23²

Net Asset Value (NAV)*	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
HFLEX - Class I Shares	0.31%	6.08	9.54	6.18	5.45	N/A	5.33
Index Performance**							
HFRI Fund Weighted Composite Index	0.85%	4.27	6.69	6.89	5.03	N/A	5.02

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.

*NAV returns represent the Fund's net assets (assets less liabilities) divided by the Fund's outstanding shares. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. The fund's performance reflects fee waivers and expense reimbursements, absent which performance would have been lower.

**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.

HFLEX Gross Expense Ratio: 6.93%; Net Expense Ratio: 6.85%. 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 1.70% of the average daily net assets of Class I Shares for an initial term ending 7/1/2024.

[^]On July 1, 2023, the Fund was converted from a non-registered Limited Partnership to 1940 Act Registered Fund.

¹The **60/40 Portfolio** refers to a portfolio invested in 60% stocks (S&P 500 Index) and 40% bonds (Bloomberg U.S. Aggregate Bond Index) and rebalanced monthly.

²Simultaneous with the Fund's Commencement of Operations, Passport Select: Model Class of FT Alternative Platform I LLC (the "Predecessor Fund") reorganized with and into the Fund. 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 and at the time of the conversion of the Predecessor Fund was managed by the same Investment Adviser and portfolio managers as the Fund. The Predecessor Fund commenced operations on July 1, 2017. The performance quoted is that of the Predecessor Fund and reflects the fees and expenses incurred by the Predecessor Fund. The performance returns of the Predecessor Fund are unaudited and are calculated by the Investment Adviser on a total return basis. The Predecessor Fund was a privately placed fund and was not registered under the Investment Company Act and was not subject to certain investment limitations, diversification requirements, and other restrictions imposed by the Investment Company Act and the Code, which, if applicable, may have adversely affected its performance.

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 to obtain a prospectus which contains this and other information about a fund. The prospectus should be read carefully before investing.

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.

Risk Considerations

You could lose money by investing in a fund. An investment in a fund is not a deposit of a bank and is not insured or guaranteed. There can be no assurance that a fund's objective(s) will be achieved. Please refer to each fund's prospectus and Statement of Additional Information for additional details on a fund's risks. The order of the below risk factors does not indicate the significance of any particular risk factor.

The Fund is a newly-organized closed-end management investment company that has no operating history and no public trading of its Shares. An investment in the Fund's Shares should not constitute a complete investment program for any investor and involves a high degree of risk.

There is a risk that the Fund may not raise capital sufficient to maintain profitability and meet its investment objective. An inability to raise sufficient capital may adversely affect the Fund's diversification, financial condition, liquidity and results of operations, as well as its compliance with regulatory requirements and tax diversification requirements.

If, in any year, a fund which intends to qualify as a Registered Investment Company (RIC) under the applicable tax laws fails to do so, it would be taxed as an ordinary corporation.

The Fund may temporarily depart from its principal investment strategies as a defensive measure and invest all or a portion of its assets in cash or cash equivalents or accept lower current income from short-term investments rather than investing in high yielding long-term securities. In such a case, Shareholders of the Fund may be adversely affected and the Fund may not pursue or achieve its investment objectives.

The Fund may invest in other investment funds that are advised by or affiliated with the Advisor providing a financial incentive for the Fund to invest in those investment funds for which it also serves as investment advisor. The Advisor may invest in an affiliated fund even in circumstances where an unaffiliated fund may have lower fees or better performance over certain time periods.

If the Fund is not able to obtain exemptive relief, the Fund will not be permitted to participate in co-investment opportunities. This may reduce the Fund's ability to deploy capital and invest its assets. The Fund may be forced to invest in cash, cash equivalents or other assets that may result in lower returns than otherwise may be available through these co-investment opportunities.

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

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.

Current market conditions risk is the risk that a particular investment, or shares of the fund in general, may fall in value due to current market conditions. As a means to fight inflation, the Federal Reserve and certain foreign central banks have raised interest rates and expect to continue to do so, and the Federal Reserve has announced that it intends to reverse previously implemented quantitative easing. Recent and potential future bank failures could result in disruption to the broader banking industry or markets generally and reduce confidence in financial institutions and the economy as a whole, which may also heighten market volatility and reduce liquidity. 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 have and could continue to have a significant impact on certain fund investments as well as fund performance and liquidity. The COVID-19 global pandemic, or any future public health crisis, and the ensuing policies enacted by governments and central banks have caused and may continue to cause significant volatility and uncertainty in global financial markets, negatively impacting global growth prospects.

Market risk is the risk that a particular security, or shares of a fund in general may fall in value. Securities are subject to market fluctuations caused by such factors as general economic conditions, political events, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Shares of a fund could decline in value or underperform other investments as a result. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious disease or other public health issues, recessions, natural disasters or other events could have significant negative impact on a fund.

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).

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, 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.

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.

A fund is susceptible to operational risks through breaches in cyber security. Such events could cause a fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss.

The London Interbank Offered Rate ("LIBOR") has ceased to be made available as a reference rate. Any potential effects of the transition away from LIBOR on the fund or on certain instruments in which the fund invests is difficult to predict and could result in losses to the fund. 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.

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.

Definitions

Accredited Investor refers to an investor who has a net worth exceeding \$1 million (including spouse and excluding the value of his or her primary residence), or who receives income in excess of \$200,000 (or joint income in excess of \$300,000 with spouse) in each of the two most recent tax years with expectation of reaching the same income level in the current year.

Standard Deviation is a measure of price variability (risk).

Alpha is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark.

Beta is a measure of price variability relative to the market.

Return/Risk is the relationship between the amount of return gained on an investment and the amount of risk undertaken in that investment.

Hard Catalysts tend to have a more defined outcome and timeline (i.e. announced merger, spin-off, buybacks).

Soft Catalysts can have a wider range of outcomes and may be more nuanced in nature (i.e. earnings turnaround, management changes).

Long/Short Equity is an investment term used to describe ownership of securities. To buy securities is to "go long." The opposite of going long is "selling short." Short selling is an advanced trading strategy that involves selling a borrowed security. Short sellers make a profit if the price of the security goes down and they are able to buy the security at a lower amount than the price at which they sold the security short.

The **HFRI Fund Weighted Composite Index** is a global, equal-weighted index of single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or \$10 Million under management and a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

The **Bloomberg U.S. Aggregate Bond Index** covers the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS, and CMBs.

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