First Trust
Capital Management

August 19, 2026

ADV PART 2A: FIRM BROCHURE

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This brochure (the "Brochure") provides information about the qualifications and business practices of First Trust Capital Management L.P. ("FTCM") and certain of its personnel. FTCM is an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). Registration with the SEC or any state securities authority does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this brochure, please contact us at 773-828-6700 or info@FirstTrustCapital.com. Additional information about FTCM is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Since FTCM's last Brochure, dated March 31, 2026, we have updated Item 5 (Fees and Compensation) and Item 10 (Other Financial Industry Activities and Affiliations) of the Brochure to reflect changes in the business activities of a related party of FTCM and with which FTCM has certain business arrangements. We have also updated Item 6 (Performance Fees and Side by Side Management) and Item 8 (Investment Strategies, Methods of Analysis & Risk of Loss) to describe co-investments and joint ventures and related risks. In addition, Item 8 was updated to enhance the descriptions of material risks associated with our investment advisory business and related activities.

We will ensure that you receive a summary of any material changes to this and any subsequently issued Brochure within one hundred and twenty (120) days of the close of our fiscal year-end. We may provide other disclosure information about material changes to our business, products, services or personnel as necessary.

You may obtain a copy of the Brochure at any time, without charge, by contacting FTCM at 773-828-6700. The Firm's Brochure is also available free of charge on the SEC's Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov).

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Firm Overview

First Trust Capital Management L.P. ("FTCM") is the successor to Vivaldi Asset Management, LLC ("VAM"), which first registered with the SEC as an investment adviser in February 2012. On November 1, 2021, VFT Holdings LP, the controlling member of VAM, partnered with First Trust Capital Partners, LLC in a joint venture to create a new entity called First Trust Capital Solutions L.P. ("FTCS"). As part of the joint venture arrangement, (i) VAM was contributed to FTCS and changed its name to FTCM and (ii) FTCM acquired certain investment management services to several private funds. FTCM operates as a subsidiary of FTCS.

As of December 31, 2025, FTCM's assets under management were $12,657,989,489, of which $11,689,580,880 were managed on a discretionary basis and $968,408,609 were managed on a non-discretionary basis.

Firm Products & Services

FTCM is an asset management firm that specializes in providing investment management services as the adviser to or manager of pooled investment vehicles, including funds registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") (the "Registered Funds"), private investment funds (including funds offering alternative investments) (the registered and private funds are jointly referred to as "FTCM Funds") and separately managed accounts for other Registered Investment Advisors ("RIAs") (collectively with the FTCM Funds, "Clients").

FTCM Registered Funds
FTCM provides discretionary investment management services to open-end and closed-end funds. These services are described in the prospectus of each registered fund.

FTCM Private Funds
FTCM serves as the investment manager of seven privately offered alternative investment allocation vehicles (together, the "FTCM Private Funds"):

- FT Alternative Platform I LLC;
- FT Private Investment Platform I LLC;
- FT Real Estate Platform I LLC;
- VCM Core Opportunities Fund LLC;
- FT Offshore I LP;
- FT Ventures Platform I LLC; and
- FT Strategic I LLC.

The FTCM Private Funds provide investors with the ability to customize their investment allocations to various underlying investments through the selection of different single-investment or multi-investment classes within each investment strategy group (arbitrage; credit; equity long/short; event driven; mortgages; private equity; venture capital; and real estate). The investment programs of each class of the FTCM Private Funds are based upon the specific objectives of each over-arching strategy and the underlying investment(s) in which the class invests. Investors should refer to the FTCM Private Funds' private placement memoranda and class supplement documents, as well as any underlying funds' private placement memoranda, for a more complete discussion of these investments.

The FTCM Private Funds are limited liability companies or limited partnerships and are exempt from registration under federal securities laws and regulations, including the Investment Company Act and the Securities Act of 1933, as amended (the "Securities Act"). As a result, investment in the FTCM Private Funds

is limited to persons who are "accredited investors" as defined under the Securities Act rules and "qualified purchasers" as defined in the Investment Company Act.

FTCM is the Managing Member of FT Vest Hedged Equity Enhanced Income Fund LLC and Destiny Target Outcome Fund 2024-1 LLC (the "FT Vest Funds"), each a multi-class private investment vehicle pursuing a hedged equity investment strategy. Vest Financial LLC ("Vest"), an affiliate of FTCM, serves as Sub-adviser. The FT Vest Funds are exempt from registration under federal securities laws and regulations, including the Investment Company Act and the Securities Act. Investment in the FT Vest Funds is limited to persons who are "accredited investors" as defined under the Securities Act rules and in the case of FT Vest Hedged Equity Enhanced Income Fund LLC, "qualified purchasers" as defined in the Investment Company Act.

FTCM also is the Managing Member of Highland Capital Management Institutional Fund II, LLC (the "Highland Fund"). The Highland Fund is exempt from registration under federal securities laws and regulations, including the Investment Company Act and the Securities Act. Investment in the Highland Fund is limited to persons who are "accredited investors" as defined under the Securities Act rules.

Custom Private Funds
FTCM serves as the investment manager of five privately offered alternative investment vehicles (together, the "Custom Private Funds"):

- Destiny Alternative Fund II LLC
- Park Shore Multi Asset Strategy Fund LLC
- CP Special Assets Fund LLC
- Aaron Wealth Private Access Fund LLC
- Rehmann Master Fund LLC

The Custom Private Funds are structured in the same manner as the FTCM Private Funds, providing third parties the ability to have a separate private fund dedicated to their clients. The third parties may serve as sub-adviser, manager or distributor to the fund, where they may assist in customizing the various single-investment or multi-investment classes within each fund to meet the specific investment needs and objectives of their clients. Investors should refer to the Custom Private Funds' private placement memoranda and class supplement documents, as well as the underlying funds' private placement memoranda, for a more complete discussion of these investments. The Custom Private Funds are limited liability companies and are exempt from registration under federal securities laws and regulations, including the Investment Company Act and the Securities Act. As a result, investment in the Custom Private Funds is limited to persons who are "accredited investors" as defined under the Securities Act rules, and "qualified purchasers" as defined in the Investment Company Act.

First Trust Innovative Technologies L.P.
FTCS also owns First Trust Innovative Technologies L.P. ("FTIT"), a relying adviser of FTCM which offers specialized services to a select group of RIAs, Family Offices, and Institutional clients. FTCM's investment research team, First Trust Alternative Investment Research ("FTAIR") is housed within FTIT and performs due diligence on managers across all asset classes and strategies, and maintains a proprietary database of firms, portfolio managers, and all related correspondence. FTAIR performs ongoing due diligence on approved managers that includes both investment and operational oversight.

In addition to manager due diligence, FTIT is also responsible for the oversight of strategy models (referred to as building blocks) which span a range of asset classes and objectives. See "**Investment Strategies** – *Managed Portfolios*" below. RIAs utilize these building blocks to construct diversified client portfolios to meet client goals and objectives.

FTCS holds the intellectual property relating to its proprietary databases, strategy models and other

technology systems that FTIT has developed or may develop in the future to provide tools and efficiencies to wealth and asset management businesses. FTCS licenses that intellectual property to FTCM and may license it to select third parties in return for licensing fees.

Technology services include:

- Access to Institutional-Quality Managers
- Research & Due Diligence
- Customized Portfolio Solutions

Item 5 - Fees & Compensation

FTCM Fund Management Fees

The FTCM Funds are subject to a variety of fees and expenses. These fees and expenses generally include management fees and may include performance-based incentive allocations collected by both FTCM and/or the unaffiliated managers chosen by FTCM; fund legal, administrative, and audit costs; costs incurred in connection with the acquisition, ownership, financing, hedging or sale of investments; and taxes for the FTCM Funds and for the underlying funds in which they invest. These fees and expenses are described in detail in each registered fund's prospectus, each private fund's confidential offering materials, and the offering materials for the underlying funds.

Each investor that invests in the FTCM Funds indirectly bears his or her proportional share of the fees and expenses of the applicable fund. These fees and expenses are charged to the relevant FTCM Fund and not billed directly to each investor. If the above expenses are incurred jointly for the accounts of an FTCM Fund and any other fund managed by FTCM or its affiliates, such expenses will generally be allocated in proportion to the size of the investment made by each fund to which the expense relates, or in such other manner as FTCM considers fair and reasonable to all of the funds over time.

The payment of management fees, performance-based fees, and administrative and operating expenses at the underlying fund, and possibly sub-fund levels, as well as the payment of administrative and operating expenses incurred by the FTCM Funds, may result in a layering of fees and significant expenses.

Additional Services

Fees for institutional due diligence and other services are negotiated on a project-by-project basis.

Other Fees & Expenses

FTCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be imposed by custodians, brokers, third party managers, and other third parties. These additional charges may include custodial fees, deferred sales charges, transfer taxes, wire transfer fees, electronic fund fees, commissions or mark-ups, and other fees and taxes on brokerage accounts and transactions in those accounts. These fees are paid directly to the custodian and/or broker. See "Brokerage Practices" below for a description of the factors that FTCM considers in selecting or recommending broker-dealers for Client transactions and in determining the reasonableness of their compensation (e.g., commissions).

Separately managed accounts, non-affiliated managed funds, mutual funds, ETFs, and other investment products (including certificates of deposit ("CDs") and other instruments) are subject to additional fees, commissions and administrative costs that are borne by their investors, including management fees and/or incentive fees which are disclosed in a fund's prospectus or offering documents. Clients' trading activity in stocks, bonds, mutual funds, ETFs, and other financial instruments (including CDs) will result in commissions

and other transaction costs in accordance with each Client's arrangements with its broker/dealer and custodian.

Neither FTCM nor its supervised persons accept compensation for the sale of securities or other investment products.

Transactions or Arrangement between Certain Related Parties

As a component of FTCM investment strategies, FTCM may utilize underlying mutual funds, ETFs or FTCM Private Funds advised by FTCM or its affiliate(s) or distributed by a registered broker-dealer affiliate, First Trust Portfolios L.P. ("FTP") ("Affiliated Funds"). Vest, an affiliated RIA, also acts as sub-adviser for several FTCM Funds. In such situations, FTCM or its affiliate(s) receive fees from the Affiliated Funds for serving as investment adviser, sub-adviser, distributor, or other service provider to the Affiliated Fund, as detailed in the Affiliated Fund's offering materials. These fees create a financial incentive for FTCM to utilize Affiliated Funds so that fees and expenses charged by the fund or manager are earned by FTCM or its affiliate, rather than a non-affiliate.

FTCM and Debussy Capital Management LP ("DCM", formerly known as Vivaldi Capital Management LP) are parties to a Services Agreement that provides DCM certain administrative and other services for a fixed annual fee to FTCM. DCM is controlled by VFT Holdings LP, which controls one of the members of FTCS, which in turn controls FTCM.

Item 6 - Performance Based Fees & Side by Side Management

Payment of management fees, performance-based fees, and administrative and operating expenses charged by any of the funds in which a Client directly or indirectly invests results in a layering of fees which may result in a significant cost of investment.

Performance Based Fees

In addition to performance-based fees charged to FTCM Funds by the underlying funds they invest in, the investors in the FTCM Funds may also be subject to performance-based fees charged by FTCM as set forth in the offering materials for a particular offering, including the Highland Fund. These performance-based fees usually are calculated based on a percentage share of the net profit on, or capital appreciation of, the assets of the applicable fund. A performance allocation payable by an FTCM-managed fund to FTCM may create an incentive for FTCM to cause the fund to make investments that are riskier or more speculative than if FTCM were allocated only a fixed amount. For additional information, please see the FTCM managed funds' offering materials (in particular, the Class Supplements, if applicable, and supporting documentation).

Performance-based fees are only charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 (the "Advisers Act") and any applicable state regulations.

Side by Side Management

From time to time, conflicts could exist between the allocation of investment opportunities for separately managed accounts, FTCM Private Funds, investment company assets managed by FTCM, and other affiliates. Conflicts may exist due to available funds or restrictions defined in the investment management agreement. FTCM has designed its procedures to provide fair and equitable allocation among the FTCM Private Funds, separately managed accounts and the registered investment company assets advised by FTCM and affiliates.

Co-Investments

From time to time, FTCM may have opportunities to co-invest in certain private investments alongside third-party funds. FTCM has broad discretion to determine which clients participate in a particular investment opportunity, the size of each client's allocation, and the timing and structure of such participation. This creates a conflict of interest because FTCM has an incentive to allocate more favorable investment opportunities, or larger allocations, to clients that pay higher fees or performance-based compensation, newer clients or strategic relationships FTCM seeks to develop or maintain, and/or proprietary accounts or accounts in which FTCM or its personnel have an economic interest.

In addition, an investor in the same transaction may invest on different terms (including with respect to fees, expenses, liquidity, governance rights, or exit opportunities), which may be more or less favorable than those applicable to other participants. To address these types of conflicts, FTCM has adopted policies and procedures pursuant to which investment opportunities will be allocated among similarly situated clients in a manner that FTCM believes is fair and equitable over time. See below for a description of the allocation policy.

Joint Ventures

FTCM may participate in joint ventures with third parties or Clients. These arrangements create conflicts because FTCM may have financial interests in these joint ventures that differ from those of its Clients.

Because we endeavor at all times to put the interest of our Clients first, we take the following additional steps to address any potential conflicts:

- We disclose the existence of material conflicts of interest; and
- We have implemented policies and procedures for fair and consistent allocation of investment opportunities among any funds, subject to each fund's underlying strategy, cash availability, availability of interests in the underlying funds, and other appropriate considerations.

In particular, certain of the FTCM Private Funds and Custom Private Funds offer both "vintage classes" (which are generally expected to invest in all investment opportunities within the class's investment strategy effected by FTCM or a sub-adviser during a specific time period) as well as "single opportunity classes" (which invest exclusively in a single identified investment opportunity). FTCM has adopted special allocation rules that apply where one or more vintage classes and one or more single opportunity classes (including, for this purpose, any other Clients such as one of the Registered Funds investing *pari passu* with such classes) seek to invest in the same investment opportunity, but FTCM is unable to allocate each such class its full targeted allocation of such investment. Under these rules, the applicable vintage class(es), as a group, will be allocated the lesser of (i) their full targeted allocation of such investment, and (ii) 50% of the amount of such investment received by FTCM to allocate to its Clients. The remaining portion of the investment will be allocated to the relevant single opportunity class(es), as a group, up to the full amount of their targeted allocation to such investment (with any excess remaining thereafter available to be allocated to the relevant vintage class(es)). Thereafter, as among the participating vintage classes and the participating single opportunity classes, respectively, the investment will be further apportioned on a pro rata basis, based on the targeted allocation of each such class (with earlier vintage classes generally having allocation priority over later vintage classes), unless FTCM determines that it is impracticable to do so. Due to differences in availability, access, and timing in certain alternative investments, FTCM-advised clients may not always participate on identical terms, which could result in differing outcomes among clients. FTCM aggregates alternative investments only when the investment is confirmed or the terms are identical and does not aggregate investments that are still under due diligence or unconfirmed.

Item 7 - Types of Clients

FTCM provides investment management services to institutional accounts such as funds registered under the Investment Company Act and private investment funds offering a wide spectrum of alternative investments. FTCM currently serves as the investment adviser to two daily liquid mutual funds (First Trust Merger Arbitrage Fund and First Trust Multi-Strategy Fund) and to eight closed-end funds (First Trust Alternative Opportunities Fund, First Trust Real Assets Fund, First Trust Private Credit Fund, First Trust Private Assets Fund, First Trust Hedged Strategies Fund, First Trust Enhanced Private Credit Fund, Destiny Alternative Fund, and Infinity Core Alternative Fund) in addition to a series of closed-end funds with substantially identical investment strategies which are offered at varying periods throughout the year (FT Vest Registered Fund Series). FTCM will serve as the investment advisor to additional closed-end funds as they may be created and registered in the future. FTIT provides research, model strategies and technology-related services to FTCM and third-party investment advisory firms on a contract basis.

Item 8 - Investment Strategies, Methods of Analysis & Risk of Loss

Investment Committees

FTCM's Investment Committees, which are comprised of FTCM's executive team and certain other FTCM employees, are each responsible for the construction, management and oversight of certain holdings in the FTCM Private Funds, the Registered Funds and the Custom Private Funds. One of the Investment Committees meets at least quarterly to review detailed investment and due diligence reports prepared by FTAIR to determine whether changes should be made to the list of investments made available through the FTCM Private Funds and the Custom Private Funds or held by the Registered Funds. All Investment Committees meet as needed to approve certain types of new investments and review existing investments. All Investment Committee approval decisions must be unanimous. Any vote to remove a manager must be approved by a simple majority of the members of the Investment Committee.

Investment Strategies

Managed Portfolios
Within each core asset class, FTCM employs a variety of strategies that form the "building blocks" for client portfolio construction. These strategies and their relative emphasis will change over time, depending upon market conditions and perceived opportunities. Some of these strategies are managed by FTAIR, while others are managed by third-party managers selected by FTAIR. The strategies differ in structure (e.g. mutual funds, ETFs, limited partnerships, closed-end funds), liquidity (e.g. daily, monthly, quarterly or longer), investment minimums and investor qualifications.

Below is a list of FTCM's core asset classes and some of the strategies within each class. Investments within these strategies usually are in the form of mutual funds, ETFs, closed-end funds, interval or tender offer funds, private funds, special purpose vehicles, or individual securities.

- Equities
  - Global Equities
  - Domestic Equities
  - Tax Managed Equities
  - Active Equities
  - Thematic Equities
  - Master Limited Partnerships
- Fixed Income
  - Core Fixed Income Strategies
  - Flexible Fixed Income Strategies

- Direct Lending
- Bank Regulatory Relief Trades
- Specialty Finance
- Collateralized Loan Obligations (both in middle markets and broadly syndicated markets, including debt, equity, and warehouse facilities)
- Co-Investments

- Alternatives
  - Strategic Alternatives
  - Multi-Manager Models
  - Individual Managers
- Real Estate
  - Real Estate Strategies (REITs)
  - Select Real Estate (including debt and equity)
  - Qualified Opportunity Zone Funds
  - Co-Investments
- Private Equity
  - Private Equity Strategies
  - Growth/Venture Capital
  - Private Equity Secondaries
  - Select Private Equity
  - Co-Investments
  - Private Companies (in both primary and secondary markets)

Registered Funds
Each fund's prospectus contains a detailed discussion of the fund's investment objectives and investment strategies, which are summarized below.

First Trust Merger Arbitrage Fund. The fund's investment objective is to seek returns that are largely uncorrelated with the returns of the general stock market, and capital appreciation by investing in companies that are involved in a publicly announced significant corporate event, such as a merger or acquisition, including investments in special purpose acquisition corporations or "SPACs".

First Trust Alternative Opportunities Fund and First Trust Multi-Strategy Fund. The funds' investment objective is to seek long-term capital appreciation by pursuing positive absolute returns across market cycles using a multi-manager approach. FTCM has overall supervisory responsibility for the general management of the funds and is responsible for selecting and determining the percentage of fund assets allocated to itself and each sub-advisor.

First Trust Real Assets Fund. The fund's investment objective is to achieve long-term real return through current income and long-term capital appreciation. The fund seeks to achieve its investment objective by investing in physical or tangible assets such as real estate, infrastructure, natural resources and precious metals. FTCM has overall supervisory responsibility for the general management of the fund and is responsible for selecting and determining the percentage of fund assets allocated to itself and a sub-advisor.

First Trust Private Credit Fund. The fund's investment objective is to produce current income by allocating its assets across a wide array of credit strategies, using a multi-manager approach. FTCM has overall supervisory responsibility for the general management of the fund and is responsible for selecting and determining the percentage of fund assets allocated to itself and each sub-advisor.

First Trust Enhanced Private Credit Fund. The fund's investment objective is to achieve total return through income and capital appreciation. The fund seeks to achieve its investment objective by investing across the full spectrum of structured and private credit, in which the focus of the fund is to offer exposure to both bank

syndicated and non-bank originated debt instruments. FTCM has overall supervisory responsibility for the general management of the fund and is responsible for managing the fund's portfolio of investments.

First Trust Private Assets Fund. The fund's investment objective is to generate capital appreciation over the medium- and long-term through investments in private assets globally. The fund is a "fund of funds" that invests primarily in general or limited partnerships, funds, corporations, trusts, closed-end private funds, secondary investments in other funds or private companies and co-investment vehicles. FTCM has overall supervisory responsibility for the general management of the fund and is responsible for managing the fund's portfolio of investments.

First Trust Hedged Strategies Fund. The fund's investment objective is to seek long-term capital appreciation. The Fund is a fund of hedge funds and seeks to invest primarily in private investment funds, commonly known as "hedge funds," managed by multiple third-party investment managers that employ a variety of alternative investment strategies. FTCM has overall supervisory responsibility for the general management of the fund and is responsible for managing the fund's portfolio of investments.

Destiny Alternative Fund. The fund's investment objective is to seek long-term capital appreciation. The fund is a "fund of funds" that invests primarily in hedge funds, private equity funds, growth equity funds, venture capital funds, and to a lesser extent, credit funds, real estate funds, co-investment vehicles, managed accounts and open-end and closed-end registered investment companies and other types of investment vehicles that employ a broad range of investment strategies and invest or trade in a wide range of securities. FTCM has overall supervisory responsibility for the general management of the fund and is responsible for managing the fund's portfolio of investments.

Infinity Core Alternative Fund. The fund's investment objective is to seek long-term capital growth. The fund is a "fund of funds" that invests primarily in general or limited partnerships, funds, corporations, trusts or other investment vehicles based primarily in the United States. Infinity Capital Advisors, LLC serves as the sub-adviser to the fund.

FT Vest Registered Fund Series. Each fund in the FT Vest Registered Fund Series seeks to achieve attractive risk-adjusted returns over a specified period through a combination of current income and potential (although limited) long-term capital appreciation, while attempting to mitigate the risk of loss of principal. Vest, an affiliate of FTCM, serves as the sub-adviser to each fund. Each fund seeks to replicate the returns of broad U.S. large cap equity markets, generally in line with the performance of an index, while mitigating the risk of loss of principal by purchasing a hedge (usually in the form of a long-term put on the S&P 500® index) against a long-term decline in the market value of the securities held. Each fund seeks to generate current income by writing short-term call options. Each fund in the series has a unique closing date, tender offer dates and in some cases utilizes a different index but otherwise are substantially similar.

Unregistered Funds

Each fund's offering materials contain a detailed discussion of the fund's investment objective and investment strategies, which are summarized below.

FTCM Private Funds. The FTCM Private Funds' investment objective is to achieve capital appreciation by providing investors with access to a variety of investment advisors who implement various proprietary investment programs. An investment in the FTCM Private Funds provides investors with the opportunity to invest indirectly in various underlying hedge funds, private equity funds, growth equity funds, venture capital funds, credit funds, real estate funds, co-investment vehicles, private companies, managed accounts, or other investment vehicles, the assets of which are generally traded and/or managed by third-party hedge fund, real estate and private equity advisors (some of whom may be affiliated with FTCM).

FT Vest Funds. The principal investment objective of the FT Vest Funds is to achieve attractive risk-adjusted

returns over specified periods primarily through employing a variety of equity-based alternative investment strategies. Vest, an affiliate of FTCM, serves as the sub-adviser. The FT Vest Funds attempt to replicate the returns of the broad US large cap equity markets, generally in line with the performance of the S&P 500® index, mitigate the risk of loss of principal by purchasing a level of protection (usually in the form of a long-term put on the S&P 500® index) against the long-term decline in the market value of the securities held by the fund, and produce income (by writing short-term covered calls against some of the securities in the portfolio and/or the S&P 500® index) with a target income objective on an annual basis net of fees and expenses.

Highland Fund. The principal investment objective of the Highland Fund is to achieve superior risk adjusted returns. The Highland Fund has broad authority to trade, buy, sell (including sell short), and otherwise acquire (potentially through the use of margin and other forms of leverage), hold, dispose of, and deal in (directly and indirectly through pooled investments, other investment vehicles, participations and otherwise) such other instruments or interests as the portfolio manager deems appropriate. The Highland Fund currently engages primarily in merger arbitrage transactions (i.e. buying, selling and selling short securities of issuers undergoing fundamental corporate transactions), as well as investments in SPACs.

Custom Private Funds. The Custom Private Funds' investment objective is to achieve capital appreciation by providing clients of third parties a separate vehicle (in which the third party may act as a sub-adviser, manager or distributor) to implement various investment programs to meet the investment needs and objectives of their clients. An investment in the Custom Private Funds provides specific investors with the opportunity to invest indirectly in various hedge funds, private equity funds, growth equity funds, venture capital funds, credit funds, real estate funds, co-investment vehicles, private companies, managed accounts or other types of investment vehicles, each of which is managed by a third-party investment advisor (which could be the sub-adviser) or by FTCM or an affiliate of FTCM.

Methods of Analysis

FTCM Private Funds and Custom Private Funds
When FTCM examines potential investment managers in which to invest, to recommend or to make available via the FTCM Private Funds and the Custom Private Funds, FTAIR reviews the manager's performance record and methods of evaluating and managing risk, as well as its back-office support, infrastructure and service providers to confirm that controls are in place that are designed to safeguard investor assets. The due diligence process includes both direct research (such as examining underlying governing documents and offering materials, past audits, the investment team's experience, sophistication and depth, and the firm's operational processes and infrastructure) as well as indirect methods of analysis (such as background checks, reference checks, public filings, valuation confirmations, regulatory history reviews, and confirmation of third-party service providers). FTCM monitors chosen managers continuously to confirm, and understand factors impacting, their performance as well as periodically to review any material changes to the manager's business, discuss the manager's views on the market and/or their targeted industry, and assess whether there are factors that warrant revisiting if and to what extent a particular investment opportunity should continue to be offered.

When investing in a single private company, FTCM generally accesses the investment through a third-party manager. For these types of investments, FTAIR completes their due diligence procedures through discussions with the third-party manager. As part of that process, or if the investment is accessed directly, FTAIR also reviews financial statement data and market comparables, as well as conducts background checks and reference checks, reviews any public filings, and monitors relevant news articles.

FT Vest Funds
Pursuant to a sub-advisory agreement, Vest has full discretion of the FT Vest Funds' assets. The funds attempt to replicate the returns of the broad US large cap equity markets, generally in line with the

performance of the S&P 500® index, by acquiring and holding a diversified basket of approximately 100 of the component securities of the S&P 500® index. The funds will purchase a long-dated put option on the S&P 500® index (including using FLexible EXchange® Options, which are exchange-traded option contracts with uniquely customizable terms) at the inception of each fund as a level of protection against long-term decline in the market value of the securities in such basket. The funds will attempt to produce income by selling short-term call options periodically on select securities held in the basket and/or the S&P 500® index to produce option premia. The funds may terminate at the expiration of the long-dated put option.

Highland Fund
The typical merger arbitrage strategy employed by the Highland Fund seeks to generate returns by purchasing the stock of the company being acquired, while shorting the stock of the acquiring company. The Portfolio Managers look for opportunities to capture upside movements, as well as protect from downside draws. In selecting investments using the merger arbitrage strategy, the Portfolio Managers analyze the attractiveness of the merger or acquisition, the length of time until the proposed transaction closes and the potential downside risk to the portfolio in the event the merger or acquisition does not occur. In selecting SPACs for investment, the Portfolio Managers analyze the attractiveness of the SPAC through the life of the SPAC from IPO to liquidation. The Portfolio Managers evaluate pre- and post-merger announcements, the potential rate of return, the length of time until the proposed transaction closes or SPAC liquidates, and the potential risk to the fund in the event the proposed acquisition/liquidation is abandoned or does not close on time and is extended.

Registered Funds
The Portfolio Managers of the Registered Funds rely on the procedures mentioned above performed by FTAIR for potential investment opportunities for the funds, such as alternative investments (including private funds and REITs) and sub-advisors to manage a portion of the assets in the funds. For the merger arbitrage strategies within the Registered Funds, the Portfolio Managers perform a similar analysis as described above for the Highland Fund. For the FT Vest Registered Fund Series, the funds operate similarly to what is described above for the FT Vest Funds.

Principal Investment Risks

No investment is free of risk. Current and prospective investors are cautioned that investments in securities involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear these risks. Based on the types of investments that FTCM may recommend, all investors should be aware of certain risk factors, which include, but are not limited to, those discussed in the following paragraphs. Investors also should carefully review the offering materials of any investment funds advised by FTCM to ensure that they are aware of and understand the risks and costs involved with such investments.

General Risks
FTCM relies on programs and systems using AI, machine learning, probabilistic modeling, and other data science technologies ("AI Tools"). AI Tools are complex and may be flawed, produce inaccurate outputs, reflect training-data biases, lack transparency, infringe third-party intellectual property rights, or otherwise cause harm. FTCM generally uses human oversight, including governance standards and policies, to reduce the risk of relying on defective outputs.

FTCM obtains data, including alternative data, from third-party sources it considers reliable but does not guarantee its availability, accuracy, timeliness, or completeness. If data feeds or formats are corrupted, compromised, discontinued, delayed, or inaccessible, tools relying on that data may not function properly or may be adversely affected.

As technology use increases, FTCM and its service providers face greater cybersecurity risks, including data theft, loss, misuse, unauthorized access or corruption, and failures of systems, networks, applications, AI

Tools, or cloud-based resources. These events may cause financial losses, business disruptions, transaction-processing issues, legal or privacy violations, regulatory penalties, reputational harm, and compliance, remediation, legal, and other costs.

Cybersecurity incidents affecting service providers, financial intermediaries, portfolio companies, or transaction counterparties may also harm FTCM or its Clients. Although FTCM uses measures designed to reduce cybersecurity risks, they may not be effective, particularly where FTCM does not control third-party defenses. AI Tools may increase the risk of automated, targeted, and coordinated cyberattacks or data breaches.

The success of a fund's investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, climate change, local epidemics and global pandemics, political circumstances (including wars, terrorist acts or security operations) and changes in laws that could have a negative impact on the economy and business activity in any of the regions in which a fund may invest and thereby adversely affect the performance of its investments.

Risks Associated with Equity Securities

All investments in equity securities are subject to market risks that may cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of the securities may fluctuate substantially from day to day. Owning an equity security can also subject an investor to the risk that the issuer may discontinue paying dividends. Investments in common stocks are subject to the risk that in the event a company is liquidated, the holders of preferred stock and creditors of that company will be paid in full before any payments are made to the holder of common stock. It is possible that all assets of that company will be exhausted before any payments are made to a common stockholder.

An investment in rights and warrants may entail greater risks than certain other types of investments. A right is a privilege granted to existing shareholders of a corporation to subscribe to shares of a new issue of common stock and it is issued at a predetermined price in proportion to the number of shares already owned. Rights normally have a short life, usually two to four weeks, are freely transferable and entitle the holder to buy the new common stock at a lower price than the current market. Warrants are options to purchase equity securities at a specific price for a specific period of time. They do not represent ownership of the securities, but only the right to buy them. Hence, warrants have no voting rights, pay no dividends and have no rights with respect to the assets of the corporation issuing them. Warrants differ from call options in that the underlying corporation issues warrants, whereas call options may be written by anyone. Generally, rights and warrants do not carry the right to receive dividends or exercise voting rights with respect to the underlying securities, and they do not represent any rights in the assets of the issuer. In addition, although their value is influenced by the value of the underlying security, their value does not necessarily change with the value of the underlying securities, and they cease to have value if they are not exercised on or before their expiration date.

Risks Associated with Fixed Income Investments

The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

Traditional convertible securities include corporate bonds, notes and preferred stocks that may be converted into or exchanged for common stock, and other securities that also provide an opportunity for equity participation. These securities are convertible either at a stated price or a stated rate (that is, for a specific number of shares of common stock or other security). As with other fixed income securities, the price of a convertible security generally varies inversely with interest rates. While providing a fixed income stream, a

convertible security also affords the investor an opportunity, through its conversion feature, to participate in the capital appreciation of the common stock into which it is convertible. As the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the price of a convertible security tends to rise as a reflection of higher yield or capital appreciation. In such situations, an investor may have to pay more for a convertible security than the value of the underlying common stock.

Risks Associated with Exchange-Traded Funds

ETFs are open-end investment companies whose shares are listed on a national securities exchange. An ETF is similar to a traditional mutual fund, but trades at different prices during the day on a securities exchange like a stock. To the extent that a Client invests in ETFs which focus on a particular market segment or industry, the Client will also be subject to the risks associated with investing in those sectors or industries. To the extent the Client invests in inverse ETFs, these are subject to the risk that their performance will decline as the values of their benchmark indices rise. As a purchaser of ETF shares on the secondary market, a Client will be subject to the market risk associated with owning any security whose value is based on market price. ETF shares historically have tended to trade at or near their net asset value, but there is no guarantee that they will continue to do so.

Risks Associated with Alternative Investments

FTCM may recommend the use of alternative investments such as investments in real estate, private equity, or hedge funds. FTCM may also recommend a direct investment in a private company. Investments in such "alternative assets" may be illiquid, which may impair the ability of the Client or direct investors to exit such investments in times of adversity. Alternative investments may utilize highly speculative investment techniques, including leverage, highly concentrated portfolios, senior and/or subordinated securities positions, control positions and illiquid investments. Leverage generally magnifies opportunities for gain and risk of loss from investment activities. In addition, they may utilize derivative instruments to attempt to hedge the risks associated with certain of their investments. Transactions in such derivative instruments may expose the assets of investment funds to the risks of material financial loss. Clients that invest in alternative investments will pay FTCM's advisory fees and those of the underlying investment managers, and certain other fees and expenses of underlying investment funds in which the Client or direct investor invests. Investors in alternative investments may also pay carried interest, performance or incentive allocations to an underlying manager or sponsor of an underlying investment fund in which they invest, in addition to FTCM's carried interest, performance or incentive allocations, all of which contribute to the overall cost of the investment.

Risks Associated with the Structure of FTCM Private Funds and Custom Private Funds

The FTCM Private Funds and Custom Private Funds offer classes or sub-classes of interests, which each own their own interest in one or more investment vehicles. Although each investor will acknowledge and agree in the governing documents of the fund that, with respect to any claim, action or proceeding brought or asserted by a member, such member will only have recourse against the assets of the class out of which such claim, action or proceeding arises, the classes are not treated statutorily as separate legal entities under Delaware law. Due to the class-based structure of the FTCM Private Funds and Custom Private Funds, a default by one investor in the class may result in significant penalties, liquidity shortfalls, and reduced returns for all investors in the affected class. Although the Fund has remedies against defaulting members, those remedies may not fully offset losses or penalties imposed by the underlying fund, potentially adversely affecting non-defaulting investors.

Additionally, the FTCM Private Funds and Custom Private Funds intend to retain a portion of the assets invested in each class to cover current fund-related and/or class-related expenses. As a result, the investment returns generated by the various classes may diverge from the returns generated by the underlying assets themselves and may be lower than the returns that would be experienced by a direct investor.

A class of the FTCM Private Funds and Custom Private Funds may not limit the amount of capital that it invests in any operating company, geographic area or industry. Consequently, an investor's investment may be more concentrated in a limited number of strategies or asset classes than originally expected, and a loss in any single position or strategy could have a material adverse impact on such invested capital.

Risks Associated with FTCM Fund Investments in Investment Funds

Investments in pooled investments and other investment vehicles generally are subject to legal or contractual restrictions on their resale. If the fund requests a complete or partial withdrawal of its interest in an underlying fund, the investment adviser of the underlying fund generally may, in its discretion or at the election of the fund, (i) not satisfy the fund's withdrawal request with respect to the portion of the investment's assets represented by illiquid investments until the disposition of those illiquid investments, (ii) satisfy the fund's withdrawal request with an in-kind distribution of illiquid investments (either directly or through an in-kind distribution of interests in a special purpose vehicle or other investment vehicle established to hold such illiquid investments), or (iii) in some cases, satisfy the withdrawal amount by valuing illiquid investments at the lower of cost or market or otherwise in the sole discretion of the applicable investment adviser. Furthermore, under certain circumstances, distributions may be made by the underlying funds to the fund in kind and could consist of securities for which there is no readily available market. If the fund receives distributions in-kind from an investment, the fund may incur additional costs and risks to dispose of such assets. In addition, certain underlying funds may require maintenance of investment minimums and/or have holding periods and/or other withdrawal provisions more restrictive than those of the fund. These may include, but are not limited to, lock-ups, "side pockets," withdrawal "gates" and fees, suspensions and delays of withdrawals and other similar limitations. In addition, investors should realize that FTCM has no control over the day-to-day operations of the underlying managers in the FTCM Private Funds, the Custom Private Funds, or the Registered Funds.

An FTCM Fund's direct fees and expenses, coupled with its indirect portion of the fees and expenses of the other investment funds, including the compensation of the investment manager to such other investment funds, results in greater fees and expenses than would be associated with direct investment in the other investment funds. An FTCM Fund's expenses thus may constitute a higher percentage of net assets than expenses associated with other investment entities.

Additional Risks of Private Equity and Venture Capital

Access to underlying funds, direct investments, secondary investments, co-investments, and attractive managers is highly competitive and often limited or oversubscribed. Although FTCM seeks to maintain strong sponsor and manager relationships, there is no assurance that it will secure desired opportunities, allocations of desired size, co-investments, full investment of committed capital, profitable investments, or any return of capital. FTCM Funds also depend on unaffiliated underlying fund managers to identify, evaluate, finance, manage, and dispose of investments successfully.

Venture capital investments involve significant business and financial risks and may result in substantial losses. These risks are heightened for early-stage companies, companies with little or no operating history, companies with losses or volatile results, and companies needing substantial additional capital. Such investments may require a longer investment horizon, may fail or decline substantially in value at any stage, and may not be successful.

An underlying fund's assets may become highly concentrated in a company, industry, asset category, trading style, or market, making returns more volatile and more dependent on one or a few holdings or adverse conditions affecting that exposure. Underlying fund managers are not required to hedge their positions.

Certain underlying funds may operate as venture capital operating companies ("VCOCs") to avoid their assets being treated as "plan assets" under ERISA. As a result, their investment activities may be constrained,

including by requirements to invest a specified portion of assets in operating companies that provide management rights.

An underlying fund may co-invest with third parties through joint ventures or other structures. These investments involve additional risks, including that a co-venturer or partner may become bankrupt, have conflicting interests or goals, act contrary to the underlying fund's objectives, or default on funding obligations. Any shortfall may be difficult to replace, may require an underlying fund to make additional contributions, reduce diversification, and, in certain cases, expose the underlying fund to liability for a co-venturer's or partner's actions. These outcomes will adversely affect an FTCM Fund and its investors.

Investments of an FTCM Fund generally will be carried at the values provided to FTCM by the underlying funds pursuant to their valuation procedures, which may be subjective in nature, may not conform to any particular industry standard and may not reflect actual values at which investments are ultimately realized. Underlying funds may hold noncontrolling interests and have limited ability to influence portfolio company management, operations, or policies, and investor rights may be unavailable or insufficient to protect an FTCM Fund's interests. Conversely, control positions may create additional liability risks, including for environmental damage, product defects, failure to supervise management, securities law or other regulatory violations, or other claims that could increase the likelihood of losses.

Initial-round investments in underlying private equity or venture capital funds may be more susceptible to the "J curve" effect, as early drawdowns often fund management fees and start-up costs before portfolio value is recognized. This effect may positively or negatively affect an FTCM Fund's returns.

Portfolio companies in non-U.S. jurisdictions may be subject to additional risks, including changes in currency exchange rates, exchange control regulations, risks associated with different types (and lower quality) of available information, expropriation or confiscatory taxation and adverse political developments. Due to confidentiality concerns, certain underlying funds may not permit FTCM to fully disclose information regarding the underlying fund's investment strategies, investments, risks, or prior performance. In addition, certain underlying funds may provide limited information regarding their investment strategies or investments.

Risks of Co-Investment Exemptive Order

The Registered Funds, FTCM, and private funds managed by FTCM have received an exemptive order permitting the Registered Funds to invest alongside certain other persons in negotiated private placement securities, subject to its terms and conditions. Opportunities meeting a Registered Fund's investment criteria are generally expected to be offered to that Registered Fund, and the order may restrict private funds advised by FTCM from investing alongside a Registered Fund except at the same time and on the same terms. These restrictions may limit investments in different parts of an issuer's capital structure, reduce or reallocate opportunities available to FTCM private funds, constrain structuring options, increase costs, and create conflicts of interest. SEC rules, guidance, and the exemptive order's terms may change, and FTCM may seek amendments or additional relief, any of which could affect allocations among Registered Funds and private funds.

Risks of Secondary Investments

Secondary interests in underlying funds can be difficult to value because no established market exists, and returns depend significantly on the negotiated acquisition price. Secondary interests may be purchased at a discount and later revalued based on net asset value, but transfers often require consent of the general partner, investment manager, stockholders, or board, which may not be obtained. FTCM generally will not negotiate investment terms or special rights and may acquire interests with disadvantageous legal, tax, regulatory, or other terms.

Risks of Joint Ventures and Co-Ownership Arrangements
FTCM Funds may participate in investments through joint ventures, partnerships, or other co-ownership arrangements with third parties, including affiliates of FTCM.

These arrangements involve additional risks and conflicts, including that FTCM or its affiliates may have economic or other interests in the joint venture that differ from those of a client, the joint venture partner(s) may have investment, operational, or exit objectives that are inconsistent with those of the client, decision-making authority may be shared or delegated, which may limit a client's ability to control the investment, and disputes, deadlocks, or the financial distress or insolvency of a joint venture partner could adversely affect the investment.

Multiple Roles
FTCM and its affiliates may participate in a transaction in multiple capacities, including as investment adviser to one or more participating clients, sponsor or manager of a co-investment vehicle, equity holder, lender, or service provider to the underlying investment, and/or joint venture partner.

These multiple roles create conflicts of interest because FTCM may have incentives to structure or manage investments in a manner that benefits one client, account, or affiliate over another.

Risks of Syndication, Warehousing, and Failed Allocations
FTCM may initially acquire investments for one or more client accounts with the expectation of syndicating or allocating portions of such investments to other clients or third parties (including co-investment vehicles or joint venture partners). If FTCM is unable to fully syndicate or allocate such investments a client account may be required to hold a larger position than originally intended, such account may bear a disproportionate share of transaction costs, broken-deal expenses, or financing costs, and such concentration may increase the risk profile of the investment.

Item 9 - Disciplinary Information

Neither FTCM nor any of its management has been involved in any legal or disciplinary events that would be material to a Client's evaluation of FTCM or its management.

Item 10 - Other Financial Industry Activities & Affiliations

FTCM is not actively engaged in a business other than (i) providing investment advice to its Clients; (ii) structuring, offering and managing private investment vehicles; and (iii) offering a technology platform and administrative services for private investment opportunities. Neither FTCM nor any of its management is registered, or has an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or associated person of the foregoing, and FTCM does not anticipate such affiliations in the future.

DCM is an exempt reporting adviser that provides investment advisory and administrative services to several private funds and is controlled by VFT Holdings LP. Clients should note that FTCM and DCM have certain overlapping officers and share certain expenses, although they operate independently. FTCS and FTCM are related parties to DCM, and FTCM and DCM are parties to the Services Agreement described above. See "**Fees & Compensation -** *Transactions or Arrangement between Certain Related Parties*" above.

First Trust Capital Partners LLC ("FTCP"), an owner of FTCS, is affiliated with FTP, which is an SEC-registered broker-dealer that specializes in sponsoring the First Trust series of unit investment trusts and is the distributor of ETF creation units, mutual fund shares, and non-affiliated third-party structured investments.

FTCP also is affiliated with First Trust Advisors L.P. ("FTA"), which is an SEC-registered investment adviser

that specializes in providing supervisory, evaluation and administrative services to unit investment trusts sponsored by FTP. FTA also provides investment management services to institutional clients such as exchange traded funds, mutual funds, and closed-end funds and separately managed accounts, including acting as sub-adviser to the First Trust Multi-Strategy Fund. FTA is also registered with the National Futures Association (NFA) as an NFA member, Commodity Pool Operator and Commodity Trading Advisor. In addition, FTA is registered as a Portfolio Manager with the Ontario Securities Commission.

FTCP is also the largest single holder of voting shares in the holding company of Vest. Vest serves as a sub-adviser to several of the FTCM Funds.

Messrs. Michael D. Peck and Chad Eisenberg are members of the board of managers of FTCS and are partners of VFT Holdings LP. Certain other officers of FTCM are partners and officers of VFT Holdings LP and DCM.

Mr. Thomas Reckley is registered with FTP.

Mr. James A. Bowen is a member of the board of managers of FTCS and Chief Executive Officer of FTA and FTP. Mr. Bowen is also Chairman of the Board of Stonebridge Advisors LLC (Stonebridge) and FTCP. He is also a Director of First Trust Global Portfolios Limited (FTGP). Stonebridge and First Trust Global Portfolios are registered investment advisors and affiliates of FTA. FTCP primarily invests in private investment opportunities. Mr. Bowen is also registered with FTP.

Messrs. Scott Friske and Jonathan Phillips are members of the board of managers of FTCS and are also registered with FTP.

FTCM has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, tax preparation, insurance brokerage, certain boutique investment strategies, and other services. None of these relationships creates a material conflict of interest with any of FTCM's Clients.

Item 11 - Code of Ethics, Interest in Client Transactions & Personal Trading

Code of Ethics

FTCM has adopted a Code of Ethics for all supervised persons that includes policies and procedures governing their conduct and addressing the firm's fiduciary duty to its Clients. The Code of Ethics includes provisions relating to standards of business conduct, the confidentiality of Client information, and a prohibition on insider trading. At the beginning of employment and at least annually thereafter, all FTCM supervised persons must acknowledge in writing the terms of the Code of Ethics and agree to be bound by it. FTCM employees who violate the Code of Ethics may be subject to disciplinary action, including, but not limited to, profit disgorgement, fines, loss of ability to trade in personal accounts, censure, suspension or dismissal. Personnel are also required to promptly report any violations of the Code of Ethics of which they become aware.

Subject to satisfying FTCM's policies as set forth in the Code of Ethics and applicable laws, officers, directors and employees of FTCM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FTCM's Clients. The Code of Ethics is designed to allow employees to invest for their own accounts while assuring that material non-public information is not being used and the personal securities transactions, activities and interests of FTCM's employees will not interfere with making and implementing decisions in the best interest of FTCM's Clients.

FTCM's Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at 773-828-6700.

Conflicts of Interest

The fund offering documents provided to each investor contain a description of what FTCM believes to be the most significant conflicts of interest associated with the investment. Some of these conflicts are summarized in this Brochure; however, this summary does not attempt to describe all conflicts of interest associated with a prospective investment. Investors should carefully consider the conflicts of interest discussed in this Brochure, as well as those outlined in the fund offering materials.

Participation or Interest in Client Transactions
FTCM anticipates that, in appropriate circumstances consistent with a Clients' investment objectives, it will recommend to the Clients the purchase or sale of securities in which FTCM, its affiliates directly or indirectly, have a position or interest. FTCM and certain employees and affiliates of FTCM may invest in and alongside funds it manages, either through the general partner, as direct investors in the fund, with outside fund managers, or otherwise.

FTCM will not effect any principal or agency cross securities transactions for Client accounts without pre-approval. Principal transactions are generally transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between affiliated funds. An agency cross transaction is a transaction where an investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. FTCM will seek the necessary pre-approvals prior to executing a cross trade.

Revenue Sharing Arrangements
A related party of FTCM has negotiated arrangements with several unrelated third-party fund managers to receive payments (called "revenue sharing payments") from those managers equal to a portion of the management fees or other revenues they earn for managing their funds. These arrangements are tied to FTCM Funds investing in these unrelated third-party funds. Revenue sharing payments are allocated to the FTCM Fund class making the investment, and a portion of the payments are split with FTCM or an affiliate. These revenue sharing payments create a financial incentive for FTCM to invest with third-party fund managers with whom such an arrangement is in place. FTCM provides specific disclosures regarding these payments in the FTCM Fund offering materials for the classes where there are revenue sharing arrangements.

Transactions or Arrangements between Certain Related Parties
As a component of its investment strategy, FTCM may utilize Affiliated Funds (private funds managed by FTCM or mutual funds for which it is the adviser or funds where FTP is the distributor).

In certain instances, FTCM may decide to engage affiliated service providers to provide services to the FTCM Funds. In these situations, FTCM and the affiliated service providers share a common interest in marketing the funds because they benefit from the compensation received for their respective roles.

When applicable, FTCM aggregates and allocates investment opportunities among its Clients by applying such considerations as it deems appropriate, including the Client's relative size, amount of available capital, size of existing positions in the same or similar securities, leverage and other factors. FTCM will attempt to allocate investment opportunities pro rata, when possible, among participating Clients. FTCM may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular Clients. Additionally, if FTCM is unable to fully execute a batched transaction and it is determined that it would be impractical to allocate a small number of securities/investments among the participating accounts in the transaction on a pro-rata basis, FTCM may

allocate such securities/investments in a manner determined in good faith to be a reasonable and fair allocation. Refer to the "Side by Side Management" Section in Item 6 above for a summary of our allocation policy for private investments with limited capacity.

FTCM's principals devote as much of their time to the business of FTCM as in their judgment is reasonably required but are not required to devote a particular amount of time to this business. As described above, the principals are currently involved in other business ventures and/or may organize or become involved in other business ventures in the future. FTCM Clients will not share in the risks or rewards of such other ventures, which may compete with current investments made by FTCM Clients for the time and attention of the principals and therefore create additional conflicts of interest.

Item 12 - Brokerage Practices

In selecting a broker or dealer, FTCM may consider, among other things, the broker or dealer's execution capabilities, reputation and access to the markets for the securities being traded. Other considerations include the amount of transaction costs, the quality of execution, the expertise in particular markets, the experience and financial stability of the firm, the availability of stock loans, the quality of service, the familiarity both with investment practices generally and the techniques employed by FTCM particularly, the research and analytic services, clearing and settlement capabilities. FTCM generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible transaction commission. FTCM will arrange for the execution of securities transactions through brokers or dealers that it reasonably believes will provide "best execution". FTCM seeks to execute Client transactions in such a manner that the Client's total cost or proceeds in each transaction is the most favorable under the circumstances.

Soft Dollars

FTCM may effect transactions with broker-dealers who provide research or brokerage services meant to assist FTCM in making investment and trading decisions on behalf of its Clients. The negotiated commissions paid to broker-dealers supplying such research or brokerage services may not represent the lowest obtainable commission rates. Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers like FTCM who use commission dollars generated by their advisory accounts to obtain investment research, brokerage and other services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities ("soft-dollar" arrangements), provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services so provided. FTCM complies with this soft-dollar "safe harbor" afforded by Section 28(e) under the Exchange Act.

FTCM utilizes allocations of commission dollars solely to pay for products or services that qualify as "research and brokerage services," within the meaning of Section 28(e), pursuant to arrangements that meet the other requirements of that section.

FTCM may have an incentive to select or recommend a broker-dealer based on its interest in establishing soft-dollar arrangements with that firm. Further, FTCM may, in its discretion, cause an account to pay one or more brokers a commission greater than another qualified broker might charge to effect the same transaction where FTCM determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. Such arrangements are periodically reviewed along with the broker's execution performance to ensure that any potential conflict of interest issues are identified and addressed.

The benefits of research and other services obtained through the use of soft-dollars are not limited to those Clients who have helped to acquire the particular benefit through the payment of commissions generated by transactions in their accounts. Rather, the research obtained through FTCM's brokerage allocations may be

used by FTCM in connection with services rendered to all of FTCM's Clients, to only certain Clients, or to other accounts or entities managed by FTCM – and consequently brokerage commissions paid by a particular Client may be used to pay for research that is not used in managing that particular Client's account.

Given that research obtained by FTCM may be useful to a variety of Clients, FTCM will not generally attempt to allocate the relative costs or benefits of research among its Clients. Accordingly, brokerage allocations from one Client may have the effect of indirectly benefiting other investment accounts managed by FTCM or its affiliates.

Order Aggregation

As a matter of general policy and practice, FTCM will aggregate transactions for its Clients where practicable, except in the case of certain alternative investments, as permitted under applicable rules and regulations. Aggregating transactions allows the trading of aggregate blocks of securities from multiple Client accounts. Generally, aggregating transactions allows FTCM to execute transactions in a more timely, efficient and equitable manner and to seek best execution and/or to reduce commission charges.

FTCM may not necessarily apportion shares to participating Clients in equal percentage amounts but endeavors to achieve balance where possible. In general, FTCM will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all managed Clients. All participants in an aggregated trade generally will be allocated securities on a pro rata, average price per share basis, subject to adjustment if necessary to avoid holding odd-lot or small numbers of shares for particular Clients.

FT Strategic I LLC is a pooled investment vehicle used by FTCM to aggregate certain alternative investments across the FTCM Private Funds and Custom Private Funds. Due to uncertainties in certain alternative asset classes regarding availability, access and timing of investment opportunities, there may be instances where FTCM-advised or managed Clients may not be able to participate on identical terms. This could lead to some FTCM Clients receiving better terms than other Clients invested in the same or similar investments. FTCM will only aggregate alternative investments when each investment has been confirmed, or if the investment terms are identical. If FTAIR is still conducting due diligence on an investment or the availability of an investment has not yet been confirmed, it would not be aggregated with other similar investments.

Allocation

Investment opportunities may be allocated among co-investment vehicles based on factors including available capital, investment objectives, and strategic considerations.

Trade Errors

FTCM has policies and procedures in place to minimize the occurrence of trade errors and, should a trade error occur, detect and correct such trade errors in a timely manner. While the method of correction may vary depending on the nature of the error, the intent is to make the Client whole.

Item 13 - Review of Accounts

FTCM has multiple Investment Committees, which are comprised of FTCM's executive team and certain other FTCM employees. The Investment Committees are responsible for the construction, management and oversight of certain holdings in the FTCM Private Funds, the Registered Funds and the Custom Private Funds. One of the Investment Committees meets at least quarterly to review detailed investment and due diligence reports prepared by FTAIR to approve certain investments and determine whether any changes should be made to the list of investments made available through the FTCM Private Funds and the Custom Private Funds or held by the Registered Funds, but may review accounts more often if investment conditions require.

A separate Investment Committee for venture capital investments meets weekly to consider, review and approve potential investments. In the case of the Registered Funds, the FT Vest Funds and the Highland Fund, these accounts are monitored by the portfolio managers of each respective fund daily. For the funds where they serve as portfolio managers, the portfolio managers and analysts have a weekly call to discuss their review of the performance for the week and month-to-date to determine whether any changes need to be made to the portfolios. They also monitor economic, investment and market conditions that might dictate changes in strategy or portfolio holdings. Several of the Custom Private Funds have a sub-adviser responsible for monitoring the fund's investments. FTAIR has a separate Investment Committee for the Custom Private Funds which meets monthly and otherwise as needed and performs operational due diligence over the investments and may override the sub-adviser if they believe it warranted based on their review.

Item 14 – Client Referrals and Other Compensation

FTCM does not compensate any third party for referring clients to FTCM.

FTCM and FTP are parties to a Placement Agent Agreement whereby FTP is retained to assist FTCM in the offer and sale of interests in the FTCM Private Funds. As compensation for such services, FTCM agrees to pay FTP a percentage of principal amount invested plus an additional fee based on committed capital or the net asset value, depending on the structure of the fund. An affiliate of FTP has an ownership interest in FTCM, providing an additional incentive for FTP to offer interests in the FTCM Private Funds. These arrangements create a conflict of interest for FTP and FTCM, who manage the conflict through disclosure of the arrangement.

Item 15 - Custody

Private Funds

In its capacity as the managing member of the FTCM Private Funds, the Custom Private Funds, the FT Vest Funds and the Highland Fund, FTCM is deemed to have custody of assets managed on a discretionary basis in those entities. To abide by the Custody Rule, these funds are audited annually by an independent public accountant and the audited financial statements are delivered to each investor within 120 days (or 180 days for "fund of funds") of the fund's fiscal year end. In addition, the third-party administrator for the FTCM Private Funds, the Custom Private Funds, the FT Vest Funds and the Highland Fund distributes statements at least quarterly to each of the funds' investors.

Item 16 - Investment Discretion

Discretionary Trading Authority

Registered Funds

FTCM is retained by the Board of Trustees of each Registered Fund on a fully discretionary basis and is authorized to determine and direct execution of portfolio transactions pursuant to the terms of a fund's prospectus or offering documents, or any other documents executed between FTCM and each Registered Fund. The terms upon which FTCM serves as an adviser are established each time a Registered Fund retains FTCM as its investment manager. In certain instances, FTCM delegates its discretionary authority to a sub-adviser.

FTCM Private Funds, Custom Private Funds, FT Vest Funds and the Highland Fund

FTCM generally has complete discretionary authority via the relevant organizational documents and/or advisory agreements to manage the funds' investment portfolios, without any specific limitations. In certain instances, FTCM delegates its discretionary authority to a sub-adviser.

Item 17 - Voting Client Securities

FTCM generally votes proxies for Clients on all matters when FTCM has discretionary investment authority. For assets that are under the discretion of a sub-advisor, generally the sub-adviser is responsible for voting proxies in accordance with its policy.

When FTCM votes, proxies are voted in accordance with its Proxy Voting Policy, a copy of which is available from our Chief Compliance Officer upon request. FTCM's Proxy Voting Policy is based on the principle that proxies are voted in the best long-term economic interest of the Client. FTCM maintains records pertaining to its proxy voting as required under the Advisers Act. Our Chief Compliance Officer may be contacted for information pertaining to how FTCM voted proxies on any specific proxy issue.

When FTCM has voting authority with respect to proxies solicited by Affiliated Funds, it votes those proxies in accordance with FTCM's Proxy Voting Policy.

FTCM uses third-party proxy service provider Institutional Shareholder Services Inc. to vote publicly traded securities. The FTCM Private Funds, the Custom Private Funds, and several of the Registered Funds invest predominantly in unaffiliated private funds rather than publicly traded securities, so FTCM does not exercise proxy voting authority for these investments in the conventional sense. From time-to-time private fund managers seek consent from FTCM and other investors in their funds. FTCM's investment team will carefully evaluate all such proposals and seek to act in the affected fund's best interests.

Item 18 - Financial Information

FTCM has no financial condition that impairs its ability to meet contractual or any other obligations to Clients and has not been the subject of a bankruptcy proceeding.