

First Trust Merger Arbitrage Fund

CLASS A/VARAX



ANNUAL SHAREHOLDER REPORT | SEPTEMBER 30, 2024

This annual shareholder report contains important information about the First Trust Merger Arbitrage Fund (“Fund”) for the period of October 1, 2023 to September 30, 2024. You can find additional information about the Fund at <https://www.firsttrustcapital.com/fund-literature/>. You can also request this information by contacting us at (877) 779-1999.

This report describes changes to the Fund that occurred during the reporting period.

Fund Expenses

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

Fund (Class)	Cost of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
First Trust Merger Arbitrage Fund (Class A/VARAX)	\$215	2.09%

Management's Discussion of Fund Performance

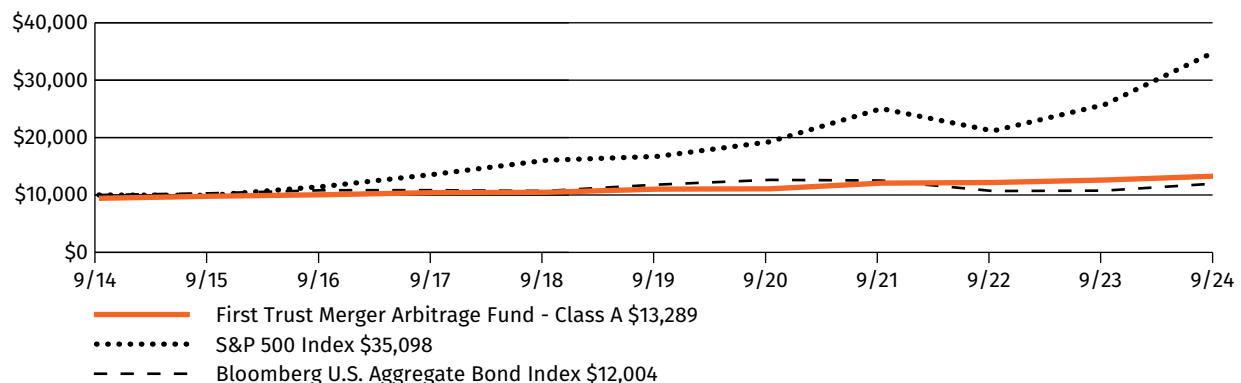
SUMMARY OF RESULTS

Over the past year, managing a merger arbitrage strategy has been complex due to an evolving opportunity set and increased regulatory challenges, especially across the technology, healthcare, and energy sectors. High-profile acquisitions in technology and healthcare faced regulatory scrutiny, while energy deals, notably by Exxon and Chevron, thrived amid the green energy shift. However, the current Federal Trade Commission regime has made the management of the strategy more difficult, as their influence has contributed to increased deal breaks and lower closure probabilities. Top contributors for the year included moves by Exxon and Chevron, acquiring Pioneer Natural Resources and Hess Corporation, respectively. The Fund’s top detractors for the year were Kimco Realty, acquiring RPT Realty, and Holly Energy Partners, acquired by HF Sinclair Corporation. Notable mega-deals announced throughout the year were Cisco’s acquisition of Splunk for \$28 billion and Johnson & Johnson’s acquisition of Shockwave Medical for \$13 billion. Private equity firms remained active in M&A, participating in a third of all deals, supported by substantial capital. With the Fed signaling stability in rates, corporate confidence for strategic acquisitions has improved. The First Trust Merger Arbitrage Fund has maintained its resilience through diligent research and risk management, avoiding all of the over 20 deal breaks in the past year. We remain committed to finding high-conviction opportunities for non-correlated returns.

Fund Performance

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

GROWTH OF \$10,000



AVERAGE ANNUAL TOTAL RETURN	1 Year	5 Years	10 Years
First Trust Merger Arbitrage Fund (Class A/VARAX)	-0.64%	2.60%	2.88%
First Trust Merger Arbitrage Fund (Class A/VARAX) - excluding sales load	5.40%	3.82%	3.50%
S&P 500 Index	36.35%	15.98%	13.38%
Bloomberg U.S. Aggregate Bond Index	11.57%	0.33%	1.84%

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

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

Key Fund Statistics

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

Fund net assets	\$1,519,020,513
Total number of portfolio holdings	122
Total advisory fees paid (net)	\$21,185,882
Portfolio turnover rate as of the end of the reporting period	403%

Graphical Representation of Holdings

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

TOP TEN HOLDINGS	ASSET ALLOCATION	SECTOR ALLOCATION
Avangrid, Inc. 5.9%	Common Stocks 90.4%	Financials 45.0%
Marathon Oil Corp. 5.1%	Rights 0.0%	Technology 17.8%
Squarespace, Inc. - Class A 4.3%	Units 2.5%	Industrials 7.9%
Stericycle, Inc. 4.3%	Warrants 0.0%	Utilities 6.5%
Smartsheet, Inc. - Class A 4.0%	Short-Term Investments 4.1%	Energy 5.3%
HashiCorp, Inc. - Class A 3.1%	Other Assets in Excess of Liabilities 3.0%	Consumer Staples 2.9%
Ares Acquisition Corp. II - Class A 2.9%		Health Care 1.7%
Kellanova 2.9%		Materials 1.5%
Nuvei Corp. 2.2%		Consumer Discretionary 1.4%
Investnet, Inc. 2.1%		Diversified 0.4%

Material Fund Changes

Effective November 18, 2024, the Fund has lowered the maximum sales charge for Class A shares from 5.75% to 4.50% and revised the sales charge and dealer reallowance schedules with respect to Class A Shares of the Fund, which vary by the amount invested. In connection with these revisions, no sales charge is applied to investments in Class A Shares of \$250,000 or more (previously, \$1 million or more); however, to the extent a finder's fee was paid, a contingent deferred sales charge will be imposed on certain redemptions of such shares within 12 months of the date of purchase. In addition, the amount of such contingent deferred sales charge is lowered from 1.00% to 0.50%.

Effective November 18, 2024, the redemption fee for the Fund was removed.

Effective November 18, 2024, the minimum initial investment for the Fund's Class A shares was increased from \$1,000 to \$5,000.

This is a summary of certain planned changes to the Fund since the beginning of the reporting period. For more complete information, you may review the Fund's prospectus at <https://www.firsttrustcapital.com/fund-literature/> or upon request at (877) 779-1999.

Changes in and Disagreements with Accountants

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

Availability of Additional Information

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

Householding

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