

First Trust High Income Long/Short Fund (FSD)

Investment Objective/Strategy - First Trust High Income Long/Short Fund (the "Fund") is a diversified, closed-end management investment company. The Fund's primary investment objective is to provide current income. The Fund's secondary objective is capital appreciation. The Fund seeks to achieve its investment objectives by investing, under normal market conditions, a majority of its assets in a diversified portfolio of U.S. and foreign (including emerging markets) high-yield corporate fixed-income securities of varying maturities that are rated below-investment grade at the time of purchase. For purposes of this strategy, "corporate fixed-income securities" include corporate bonds, debentures, notes, commercial paper and other similar types of corporate debt instruments, including instruments issued by corporations with direct or indirect government ownership, as well as asset-backed securities, preferred shares, senior floating-rate loan participations, commitments and assignments, payment-in-kind securities, zero-coupon bonds, bank certificates of deposit, fixed time deposits, bankers' acceptances and derivative instruments that provide the same or similar economic impact as a physical investment in the above securities. Below-investment grade fixed-income securities are commonly referred to as "high-yield" or "junk" bonds and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. As part of its investment strategy, the Fund intends to maintain both long and short positions in securities under normal market conditions. The Fund will take long positions in securities that the Fund's Sub-Advisor believes offer the potential for attractive returns and that it considers in the aggregate to have the potential to outperform the Fund's benchmark, the ICE BofAML US High Yield Constrained Index (the "Index"). The Fund will take short positions in securities that the Sub-Advisor believes in the aggregate will underperform the Index. The Fund's long positions, either directly or through derivatives, may total up to 130% of the Fund's Managed Assets. The Fund's short positions, either directly or through derivatives, may total up to 30% of the Fund's Managed Assets. "Managed Assets" means the average daily gross asset value of the Fund (which includes the principal amount of any borrowings), minus the sum of the Fund's liabilities.

There can be no assurance that the Fund's investment objectives will be achieved. The Fund may not be appropriate for all investors.

Fund Overview	
Ticker	FSD
Fund Type	High Yield Bond
Investment Advisor	First Trust Advisors L.P.
Portfolio Manager/Sub-Advisor	MacKay Shields LLC
Investor Servicing Agent	BNY Mellon Investment Servicing (US) Inc.
CUSIP	33738E109
Fiscal Year-End	10/31
Exchange	NYSE
Inception	9/27/2010
Inception Price	\$20.00
Inception NAV	\$19.10
Contact Fund	1.800.988.5891
Website	www.ftportfolios.com

Portfolio Statistics (as of 10/31/2018) ⁷	
Avg Position Size as % of Total Investments	0.35%
Largest Position as % of Total Investments	0.90%
Weighted Average Effective Duration ⁵	4.74 Years
Weighted Average Effective Maturity	4.53 Years
Weighted Average Yield-to-Worst	7.34%
Gross Assets	93.62%
Net Long Positions	71.72%
Short Positions	-21.90%
Short Position Exposure - U.S. Treasury Securities	93.19%
Short Position Exposure - Corporate Bond Securities	6.81%

NOTE: Portfolio Statistics are exclusive of cash and other assets and liabilities.

Current Fund Data (as of 12/14/2018)	
Closing NAV ¹	\$16.16
Closing Share Price ²	\$13.64
Discount to Net Asset Value (NAV)	15.59%
Total Net Assets	\$559,454,264
Common Shares Outstanding	34,612,285
Dividend Frequency	Monthly
Dividend Per Share Amt ³	\$0.1050
Distribution Rate ⁴	9.24%
Daily Volume	142,739
Average 30-Day Daily Volume	132,376
Closing Share Price 52-Week High/Low	\$16.81 / \$13.64
Closing NAV 52-Week High/Low	\$18.06 / \$16.07

Average Annual Returns (as of 11/30/2018) ⁶		
Period	Share Price	NAV
3 Years	7.73%	7.39%
5 Years	3.44%	4.28%
Inception to Date	3.55%	6.23%

Cumulative Total Returns (as of 11/30/2018) ⁶		
Period	Share Price	NAV
3 Months	-5.71%	-2.48%
1 Year	-7.85%	-1.84%
3 Years	25.03%	23.86%
5 Years	18.43%	23.31%
Year to Date	-9.66%	-2.27%
Inception to Date	33.05%	63.92%

First Trust High Income Long/Short Fund (FSD)

Asset Type Breakdown (as of 10/31/2018)⁷

Asset	Percent
Corporate Bonds and Notes	73.44%
Foreign Corporate Bonds and Notes	19.87%
Capital Preferred Securities	4.75%
Senior Floating-Rate Loan Interests	1.22%
Mortgage Backed	0.60%
Asset-Backed Securities	0.06%
Equity	0.06%

Credit Quality of Fixed-Income Investments (as of 10/31/2018)⁷

Credit Quality	Percent
BBB- and above	11.35%
BB	54.39%
B	28.58%
CCC+ and below	5.68%

The credit quality and ratings information presented above reflect the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's Rating Group, a division of the McGraw Hill Companies, Inc., Moody's Investors Service, Inc., Fitch Ratings, or a comparably rated NRSRO. For situations in which a security is rated by more than one NRSRO and the ratings are not equivalent, the highest ratings are used. Sub-investment grade ratings are those rated BB+/Ba1 or lower. Investment grade ratings are those rated BBB-/Baa3 or higher. The credit ratings shown relate to the creditworthiness of the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Credit ratings are subject to change.

Percentages of credit quality are based on the Fixed-Income Investments Long positions only; Short positions are excluded.

Industry Breakdown (as of 10/31/2018)⁷

Industry	Percent
Basic Industry	11.69%
Energy	10.55%
Telecommunications	10.01%
Services	8.86%
Capital Goods	8.78%
Healthcare	8.48%
Leisure	7.02%
Consumer Goods	6.66%
Media	6.08%
Technology & Electronics	5.04%
Banking	3.91%
Automotive	3.01%
Retail	2.35%
Insurance	1.95%
Financial Services	1.88%
Transportation	1.70%
Utility	1.25%
Commercial Mortgage-Backed Securities	0.45%
Collateralized Mortgage Obligations	0.14%
Real Estate	0.13%
Asset Backed	0.06%

Footnotes

- 1 The NAV represents the fund's net assets (assets less liabilities) divided by the fund's common shares outstanding.
- 2 Fund shares are purchased and sold on an exchange at their share price rather than net asset value (NAV), which may cause the shares to trade at a price greater than NAV (premium) or less than NAV (discount).
- 3 Most recent distribution paid or declared to today's date. Subject to change in the future. There is no guarantee that the fund will declare dividends.
- 4 Distribution rates are calculated by annualizing the most recent distribution paid or declared through today's date and then dividing by the most recent market price. The distribution consists of the sum of net investment income, net realized short-term capital gains, net realized long-term capital gains, and return of capital. Distribution rates may vary. Any distribution adjustment will not be reflected until after the declaration date for the next distribution. See the fund's 19a-1 Notices, if any, located under the "News & Literature" section of the website for estimates of distribution sources. Final determination of the source and tax status of all distributions paid in the current year will be made after year-end.
- 5 A measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield. It accounts for the likelihood of changes in the timing of cash flows in response to interest rate movements. The number shown is based on Net Assets.
- 6 Total return is the combination of reinvested dividend income and reinvested capital gains distributions, at prices obtained by the Dividend Reinvestment Plan, if any, and changes in the NAV and Share Price. The NAV total return takes into account the fund's total annual expenses and does not reflect sales load. Past performance is not indicative of future results.
- 7 Market value information used in calculating the percentages is based upon trade date plus one recording of transactions, which can differ from regulatory financial reports (Forms N-CSR and N-Q) that are based on trade date recording of security transactions. Holdings are subject to change.

First Trust High Income Long/Short Fund (FSD)

Risk Considerations

Investment return and market value of an investment in the fund will fluctuate. Shares, when sold, may be worth more or less than their original cost.

The fund invests in non-investment grade debt instruments, commonly referred to as "high-yield securities". High yield securities are subject to greater market fluctuations and risk of loss than securities with higher ratings. Lower-quality debt tends to be less liquid than higher-quality debt.

The debt securities in which the fund invests are subject to certain risks, including issuer risk, reinvestment risk, prepayment risk, credit risk, and interest rate risk. Issuer risk is the risk that the value of fixed-income securities may decline for a number of reasons which directly relate to the issuer. Reinvestment risk is the risk that income from the fund's portfolio will decline if the fund invests the proceeds from matured, traded or called bonds at market interest rates that are below the fund portfolio's current earnings rate. Prepayment risk is the risk that, upon a prepayment, the actual outstanding debt on which the fund derives interest income will be reduced. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and/or principal payments when due and that the value of a security may decline as a result. Interest rate risk is the risk that fixed-income securities will decline in value because of changes in market interest rates.

In times of unusual or adverse market, economic, regulatory or political conditions, the fund may not be able, fully or partially, to implement its short selling strategy. Short selling creates special risks which could result in increased volatility of returns and may result in greater gains or greater losses.

The fund invests in securities of non-U.S. issuers which are subject to higher volatility than securities of U.S. issuers. Because the fund invests in non-U.S. securities, you may lose money if the local currency of a non-U.S. market depreciates against the U.S. dollar.

The risks of investing in the fund are spelled out in the prospectus, shareholder report and other regulatory filings.

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 and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value