

FIRST TRUST HIGH INCOME LONG/SHORT FUND
Form N-CSR
January 08, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT
COMPANIES

Investment Company Act file number 811-22442

First Trust High Income Long/Short Fund

(Exact name of registrant as specified in charter)

120 East Liberty Drive, Suite 400
Wheaton, IL 60187

(Address of principal executive offices) (Zip code)

W. Scott Jardine, Esq.

First Trust Portfolios L.P.
120 East Liberty Drive, Suite 400
Wheaton, IL 60187

(Name and address of agent for service)

registrant's telephone number, including area code: 630-765-8000

Date of fiscal year end: October 31

Date of reporting period: October 31, 2017

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

FIRST TRUST
HIGH INCOME LONG/SHORT FUND (FSD)

ANNUAL REPORT
FOR THE YEAR ENDED
OCTOBER 31, 2017

FIRST TRUST

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October 31, 2017

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of First Trust Advisors L.P. ("First Trust" or the "Advisor") and/or MacKay Shields LLC ("MacKay" or the "Sub-Advisor") and their respective representatives, taking into account the information currently available to them. Forward-looking statements include all statements that do not relate solely to current or historical fact. For example, forward-looking statements include the use of words such as "anticipate," "estimate," "intend," "expect," "believe," "plan," "may," "should," "would" or other words that convey uncertainty of future events or outcomes.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of First Trust High Income Long/Short Fund (the "Fund") to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. When evaluating the information included in this report, you are cautioned not to place undue reliance on these forward-looking statements, which reflect the judgment of the Advisor and/or Sub-Advisor and

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their respective representatives only as of the date hereof. We undertake no obligation to publicly revise or update these forward-looking statements to reflect events and circumstances that arise after the date hereof.

PERFORMANCE AND RISK DISCLOSURE

There is no assurance that the Fund will achieve its investment objectives. The Fund is subject to market risk, which is the possibility that the market values of securities owned by the Fund will decline and that the value of the Fund shares may therefore be less than what you paid for them. Accordingly, you can lose money by investing in the Fund. See "Risk Considerations" in the Additional Information section of this report for a discussion of certain other risks of investing in the Fund.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit <http://www.ftportfolios.com> or speak with your financial advisor. Investment returns, net asset value and common share price will fluctuate and Fund shares, when sold, may be worth more or less than their original cost.

The Advisor may also periodically provide additional information on Fund performance on the Fund's webpage at <http://www.ftportfolios.com>.

HOW TO READ THIS REPORT

This report contains information that may help you evaluate your investment in the Fund. It includes details about the Fund and presents data and analysis that provide insight into the Fund's performance and investment approach.

By reading the portfolio commentary by the portfolio management team of the Fund, you may obtain an understanding of how the market environment affected the Fund's performance. The statistical information that follows may help you understand the Fund's performance compared to that of a relevant market benchmark.

It is important to keep in mind that the opinions expressed by personnel of MacKay are just that: informed opinions. They should not be considered to be promises or advice. The opinions, like the statistics, cover the period through the date on the cover of this report. The material risks of investing in the Fund are spelled out in the prospectus, the statement of additional information, this report and other Fund regulatory filings.

SHAREHOLDER LETTER

FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
ANNUAL LETTER FROM THE CHAIRMAN AND CEO
OCTOBER 31, 2017

Dear Shareholders:

Thank you for your investment in First Trust High Income Long/Short Fund.

First Trust is pleased to provide you with the annual report which contains detailed information about your investment for the 12 months ended October 31,

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2017, including a market overview and a performance analysis for the period. We encourage you to read this report carefully and discuss it with your financial advisor.

The U.S. bull market continued through the November 2016 election and the first nine months of the Trump presidency. During that period, November 8, 2016 (Election Day 2016) through October 31, 2017, the S&P 500(R) Index (the "Index") posted a total return of 22.73%, according to Bloomberg. Ten of the eleven Index sectors were up on a total return basis as well. Since the beginning of 2017 through October 31, 2017, the Index has closed its trading sessions at all-time highs on 50 occasions. Finally, as of October 31, 2017, the Index has spent the entire year in positive territory. This has only happened in 10 different years over the past seven decades.

The current bull market, as measured from March 9, 2009 through October 31, 2017 is the second longest in history. While we are optimistic about the U.S. economy, we are aware that no one can know how markets will perform in different economic environments. We are also upbeat about the potential for world economic growth turning higher. While no one can predict the future, the International Monetary Fund sees world real gross domestic product rising by an estimated 0.5 percentage points from the 3.2% posted in 2016 to the 3.7% it is projecting for 2018.

We believe that one should invest for the long term and be prepared for market volatility by keeping current on your portfolio and investing goals by speaking regularly with your investment professional. It is also important to keep in mind that past performance can never guarantee future results.

Thank you for giving First Trust the opportunity to be a part of your investment plan. We value our relationship with you and will continue to focus on bringing the types of investments that we believe can help you reach your financial goals.

Sincerely,

/s/ James A. Bowen

James A. Bowen
Chairman of the Board of Trustees
Chief Executive Officer of First Trust Advisors L.P.

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First Trust High Income Long/Short Fund (FSD)
"AT A GLANCE"
October 31, 2017 (Unaudited)

FUND STATISTICS

Symbol on NYSE	FSD
Common Share Price	\$16.91
Common Share Net Asset Value ("NAV")	\$18.23
Premium (Discount) to NAV	(7.24)%
Net Assets Applicable to Common Shares	\$546,047,096
Current Monthly Distribution per Common Share (1)	\$0.1272
Current Annualized Distribution per Common Share	\$1.5264

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Current Distribution Rate on Common Share Price (2) 9.03%
 Current Distribution Rate on NAV (2) 8.37%

 COMMON SHARE PRICE & NAV (WEEKLY CLOSING PRICE)

	Common Share Price	NAV
10/16	15.52	17.71
	15.12	17.45
	15.02	17.45
	15.47	17.37
11/16	15.59	17.48
	15.44	17.42
	15.89	17.71
	15.98	17.69
12/16	15.92	17.78
	16.08	17.71
	16.42	17.92
	16.46	17.97
1/17	16.41	17.94
	16.60	18.06
	16.64	18.03
	16.55	18.05
2/17	16.85	18.08
	16.90	18.20
	16.95	18.16
	16.53	17.86
3/17	16.60	17.88
	16.47	17.82
	16.66	18.03
	16.75	17.97
4/17	16.90	17.93
	16.92	17.99
	17.30	18.14
	17.04	18.01
5/17	17.12	18.10
	17.12	18.13
	17.25	18.22
	17.14	18.16
6/17	17.15	18.16
	17.21	18.17
	17.20	18.11
	17.24	18.17
7/17	17.07	18.00
	17.09	18.09
	17.15	18.27
	17.14	18.33
8/17	17.15	18.21
	16.85	18.03
	16.78	18.05
	16.93	18.14
9/17	16.87	18.09
	16.79	18.08
	16.95	18.13
	17.01	18.19
10/17	17.02	18.27
	16.92	18.17
	17.06	18.17
	17.06	18.25
	17.02	18.23
	16.91	18.23

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 PERFORMANCE

	1 Year Ended 10/31/17	5 Yea 10/
FUND PERFORMANCE (3)		
NAV	11.98%	7
Market Value	18.52%	5
INDEX PERFORMANCE		
ICE BofAML US High Yield Constrained Index(4)	9.14%	6

INDUSTRY CLASSIFICATION	% OF LONG-TERM INVESTMENTS (5)
Basic Industry	13.4%
Telecommunications	9.2
Healthcare	9.1
Energy	8.1
Capital Goods	7.5
Services	6.6
Technology & Electronics	6.6
Media	5.8
Banking	5.1
Leisure	5.0
Automotive	5.0
Consumer Goods	4.9
Insurance	3.3
Financial Services	3.0
Retail	2.9
Transportation	2.4
Commercial Mortgage-Backed Securities	0.7
Utility	0.5
Foreign Sovereign	0.5
Collateralized Mortgage Obligations	0.3
Asset-Backed Securities	0.1
Total	100.0%
	=====

COUNTRY EXPOSURE	% OF TOTAL INVESTMENTS (5)
United States	79.6%
Luxembourg	4.7
Canada	4.0
United Kingdom	2.4
Netherlands	2.1
Ireland	1.4
Cayman Islands	0.9
France	0.8
Finland	0.8
Bermuda	0.7

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Liberia	0.6
Jersey	0.5
Portugal	0.5
Australia	0.4
Mexico	0.3
Multinational	0.3

Total	100.0%
	=====

ASSET CLASSIFICATION	% OF LONG-TERM INVESTMENTS (5)
Corporate Bonds and Notes	71.6%
Foreign Corporate Bonds and Notes	18.8
Capital Preferred Securities	6.8
Senior Floating-Rate Loan Interests	1.2
Mortgage-Backed Securities	1.0
Foreign Sovereign Bonds and Notes	0.5
Asset-Backed Securities	0.1

Total	100.0%
	=====

CREDIT QUALITY (6)	% OF LONG FIXED-INCOME INVESTMENTS (5)
BBB- and above	13.3%
BB	52.1
B	29.0
CCC+ and below	4.8
Not Rated	0.8

Total	100.0%
	=====

- (1) Most recent distribution paid or declared through 10/31/2017. Subject to change in the future. The distribution was increased subsequent to 10/31/2017.
- (2) Distribution rates are calculated by annualizing the most recent distribution paid or declared through the report date and then dividing by Common Share price or NAV, as applicable, as of 10/31/2017. Subject to change in the future.
- (3) Total return is based on the combination of reinvested dividend, capital gain and return of capital distributions, if any, at prices obtained by the Dividend Reinvestment Plan and changes in NAV per share for net asset value returns and changes in Common Share price for market value returns. Total returns do not reflect sales load and are not annualized for periods of less than one year. Past performance is not indicative of future results.
- (4) Effective October 22, 2017, the index name changed from BofA Merrill Lynch US High Yield Constrained Index to ICE BofAML US High Yield Constrained Index.
- (5) Percentages are based on the long positions only. Short positions are excluded.

- (6) 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 Ratings 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.

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PORTFOLIO COMMENTARY

FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
ANNUAL REPORT
OCTOBER 31, 2017 (UNAUDITED)

ADVISOR

First Trust Advisors L.P. ("First Trust") is the investment advisor to the First Trust High Income Long/Short Fund (the "Fund"). First Trust is responsible for the ongoing monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain administrative services necessary for the management of the Fund.

SUB-ADVISOR

MacKay Shields LLC is a registered investment adviser founded in 1938, and is Sub-Advisor to First Trust High Income Long/Short Fund (the "Fund"). The Fund trades under the ticker symbol FSD on the New York Stock Exchange. As of October 31, 2017, MacKay had approximately \$97.8 billion in assets under management.

PORTFOLIO MANAGEMENT TEAM

DAN ROBERTS, PHD - EXECUTIVE MANAGING DIRECTOR, HEAD OF GLOBAL FIXED INCOME DIVISION AND CHIEF INVESTMENT OFFICER

LOUIS N. COHEN, CFA - SENIOR MANAGING DIRECTOR, GLOBAL FIXED INCOME DIVISION

MICHAEL KIMBLE, CFA - SENIOR MANAGING DIRECTOR, GLOBAL FIXED INCOME DIVISION

MARKET RECAP

This report covers the Fund for the 12-month period ending October 31, 2017.

For the 12-month period ended October 31, 2017, risk-based assets rallied following the strong performance which began in early 2016. The prolonged rally in credit-sensitive fixed income markets has been driven by a generally sound economic backdrop and optimistic investor outlook. Factors that contributed to the market's robust performance were optimism following the U.S. presidential election, a rebound in oil prices, buoyant job growth in the U.S., and a positive global economic backdrop, including the Organization for Economic Cooperation and Development's ("OECD") announcement that all 45 countries it

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tracks have shown economic growth in 2017. This is the first instance of simultaneous global growth since 2007. Concurrently, the International Monetary Fund ("IMF") increased its global growth forecast to 3.5% for 2017, up from 3.2% in 2016. Japan, Brazil, Spain, and Italy were among the countries to post improved economic numbers recently, providing some reassurance for investors worried about the future trajectory of Chinese and U.S. growth. As widely anticipated, the Federal Reserve (the "Fed") also raised the Fed funds target rate to 1.25% at their June meeting. Expectations remain high that the Federal Open Market Committee ("FOMC") will embark on tapering before year end and that the European Central Bank ("ECB") will begin to outline its plans for reducing its own quantitative easing ("QE"). Hurricanes, tensions with North Korea, and presidential tweets were not as friendly for risky assets during the last few months, and we observed a brief period of softness in the markets during the summer. For the fiscal year ended October 31, 2017, equities soared, delivering high double-digit returns. The Russell 2000(R) Index, which tracks small-cap U.S. equities, was the best performer during the period, delivering a return of 27.9%. The MSCI EAFE Index, which tracks international equities, followed with a return of 24.0%, while the S&P 500(R) Index, which tracks large-cap U.S. equities, increased by 23.6%. Outside of equities, U.S. high-yield securities delivered respectable results, gaining 9.1% according to the ICE BofAML US High Yield Constrained Index. U.S. Corporates were next in line, returning 3.5% for this period, according to the Bloomberg Barclays US Corporate Index. U.S. Treasuries, as measured by the ICE BofAML 10 Year US Treasury Index, declined by 3.0%.

At the start of the period (November, 2016), U.S. capital markets were highly focused on the U.S. Presidential election and responded favorably to the Trump victory. This marked a watershed moment as the Republican Party gained control of both the executive and legislative branches of government. Sentiment-based economic indicators continue to remain high in the U.S., although progress on the Trump administration's economic, tax, trade, and infrastructure policies has diminished given the confrontational political atmosphere in Washington, D.C. Nevertheless, the U.S. economy continues to expand modestly although auto sales are weakening. The outcome of the Dodd Frank bank exams was released in late June, and all 34 of the largest banks in the U.S. cleared the Fed's stress test. Fed Board of Governor Jerome Powell noted, "this year's results show that, even during a severe recession, our large banks would remain well capitalized."

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PORTFOLIO COMMENTARY (CONTINUED)

FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
ANNUAL REPORT
OCTOBER 31, 2017 (UNAUDITED)

During the period, the Fed officially laid out plans to reduce its \$4.5 trillion balance sheet, announcing in September, an October start date for the plan. The FOMC stated that it "intends to gradually reduce holdings by decreasing the reinvestment of principal payments it receives". U.S. Treasuries and agency debt and mortgage-backed securities holdings will be affected based on a formula and schedule detailed in the Fed's press release. The FOMC added that it would cease the incremental tapering if "a material deterioration of the economic outlook was to warrant a sizeable reduction in the Committee's target for the federal funds rate." Although the FOMC left short-term rates unchanged after its October

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meeting, we believe the markets continue to attach a high probability of a final 2017 rate increase at the December meeting. On November 2, 2017, President Trump announced Jerome Powell as his nominee to replace Janet Yellen as Fed Chair. If confirmed by the Senate, Powell will be the first Fed Chairperson in four decades to not have a Ph.D. in economics. Mr. Powell is an attorney and past Fed governor with extensive regulatory experience and is considered a policy centrist by many.

Other central banks were in the news as well. Although the ECB announced that it will trim its corporate bond buying program from (euro)60 billion to (euro)30 billion per month commencing in January of 2018, the central bank indicated that it intends to keep its main rate at zero for "an extended period of time, and well past the horizon of net asset purchases."

Global growth continues to improve. The IMF revised its global growth forecasts, and U.S. gross domestic product ("GDP") for the third quarter of 2017 came in at 3.0%, following 3.1% for the second quarter. These data follow a late September rise in European business and consumer sentiment as tracked by the European Commission. Second quarter investment in the Eurozone continued to advance at 3.5% for the entire region, with Germany up 6.2% and Italy up 3.6% according to data released in early October, 2017.

PERFORMANCE ANALYSIS

Overall, U.S. high-yield (HY) securities have performed quite well for the 12-month period ended October 31, 2017. According to JP Morgan, par-weighted HY defaults over the last 12 months ("LTM") have dropped, and the drop is largely due to the rolling off of early 2016 energy company defaults. JP Morgan pegged the HY default rate - including distressed exchanges - down to 1.34% as of October 2017. LTM recoveries of 49.0% topped the 25-year historical average of 41.2% and have been improving throughout 2017. All sectors within the widely watched ICE BofAML US High Yield Constrained Index(1) delivered positive returns; the Transportation (17.0%), Financial Services (11.8%), and Services (10.8%) sectors were the strongest performers.

The Fund outperformed its benchmark, the ICE BofAML US High Yield Constrained Index, on a total gross return(2), share price and net asset value ("NAV") basis for the 12-month period ended October 31, 2017. The Fund returned 18.52% and 11.98% on a share price and NAV basis, respectively, compared with the benchmark, which gained 9.14% for the period. The Fund's exposure to insurance hybrid preferred bonds as well as issue selection within the basic industries, specifically the building & construction and steel producers subsectors, were beneficial to performance, whereas the Fund's underweight positioning within the energy sector detracted from relative results.

The Fund maintained short positions in U.S. Treasury bonds during the period, which were used to reduce the portfolio's exposure to interest rate risk, while at the same time purchasing additional high-yield securities to increase the size of the portfolio. The Fund benefited from its additional long exposure to high-yield bonds, offset slightly by the borrowing costs involved, as the high-yield market rallied in the period. Given that the U.S. Treasury curve exhibited a bear flattener during the period, the short U.S. Treasury position added to results.

- (1) The ICE BofAML US High Yield Constrained Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market but caps issuer exposure at 2%. Indexes are unmanaged and an investor cannot invest directly in an index.
- (2) Total return is based on a combination of reinvested dividends, capital gain and return of capital distributions, if any, at prices obtained by

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the Dividend Reinvestment Plan and changes in NAV per share for net asset value returns and changes in Common Share price for market value returns. Total returns do not affect sales load and are not annualized for periods less than one year. Past performance is not indicative of future results.

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PORTFOLIO COMMENTARY (CONTINUED)

FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
ANNUAL REPORT
OCTOBER 31, 2017 (UNAUDITED)

OUTLOOK

While we believe the markets continue to embrace the 'reflation trade' supported by an expectation of favorable corporate tax reform, we do expect U.S. economic growth to slow over the coming months. Lower corporate tax rates could further extend the current earnings cycle, but headwinds remain as the Fed continues to tighten monetary conditions. We have observed that U.S. economic growth slows substantially 24 to 36 months into a tightening cycle. While we do realize that the pace of tightening has been unusually slow and therefore the lag could be greater, we also recognize that the Fed has had to use every tool at its disposal just to achieve moderate credit growth, which is the fuel of all expansions. Given this relatively slow credit growth, it is not too hard to imagine that credit might be more sensitive to tightening monetary policy than has been the case in the past, in our opinion.

From a technical perspective, we believe there are also many signs that we are in the later stages of an expansion as both high-yield and investment-grade credit premiums have narrowed dramatically over the past year and the S&P 500(R) Index's trailing price-to-earnings ratio is near a record. In our opinion, market participants are indiscriminately chasing returns which is typical of the final stages of a rally. While spreads could continue to tighten further, incremental risk is being rewarded less and less.

This material contains the opinions of the Global Fixed Income team of MacKay Shields LLC but not necessarily those of MacKay Shields LLC. The opinions expressed herein are subject to change without notice. This material is distributed for informational purposes only. Forecasts, estimates, and opinions contained herein should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this document may be reproduced in any form, or referred to in any other publication, without express written permission of MacKay Shields LLC. (c) 2016, MacKay Shields LLC.

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PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2017

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	M
CORPORATE BONDS AND NOTES - 88.8%			
	Automotive - 5.0%		
\$ 4,025,000	Dana, Inc. (a).....	5.50%	1
220,000	Ford Motor Co.....	8.90%	0
1,400,000	Ford Motor Co. (a).....	7.75%	0
1,620,000	Ford Motor Co. (a).....	9.98%	0
4,360,000	Gates Global LLC/Gates Global Co. (a) (b).....	6.00%	0
1,275,000	Goodyear Tire & Rubber (The) Co.....	5.00%	0
3,300,000	Goodyear Tire & Rubber (The) Co.....	4.88%	0
3,857,000	Navistar International Corp.....	8.25%	1
1,970,000	Tenneco, Inc.....	5.00%	0
3,155,000	ZF North America Capital, Inc. (b).....	4.75%	0
	Banking - 1.7%		
6,165,000	Ally Financial, Inc. (a).....	8.00%	1
612,000	Ally Financial, Inc. (a).....	8.00%	1
	Basic Industry - 10.5%		
650,000	AK Steel Corp.....	7.63%	1
1,000,000	AK Steel Corp.....	7.50%	0
2,100,000	AK Steel Corp.....	6.38%	1
1,865,000	Aleris International, Inc.....	7.88%	1
2,425,000	Beazer Homes USA, Inc.....	8.75%	0
4,600,000	CalAtlantic Group, Inc. (a).....	8.38%	0
500,000	CalAtlantic Group, Inc.....	5.88%	1
1,800,000	Cleveland-Cliffs, Inc. (a) (b).....	5.75%	0
800,000	Cleveland-Cliffs, Inc.....	4.88%	0
2,720,000	Core & Main L.P. (b).....	6.13%	0
200,000	Freeport-McMoRan, Inc.....	4.00%	1
1,000,000	Freeport-McMoRan, Inc.....	3.55%	0
3,680,000	Freeport-McMoRan, Inc.....	3.88%	0
960,000	Freeport-McMoRan, Inc.....	4.55%	1
2,979,000	KB Home.....	7.50%	0
1,100,000	Koppers, Inc. (a) (b).....	6.00%	0
3,180,000	Meritage Homes Corp.....	6.00%	0
1,000,000	Novelis Corp. (b).....	6.25%	0
2,862,000	Novelis Corp. (b).....	5.88%	0
2,045,000	Olin Corp.....	5.13%	0
1,760,000	PQ Corp. (a) (b).....	6.75%	1
4,570,000	PulteGroup, Inc. (a).....	7.88%	0
2,025,000	Shea Homes L.P./Shea Homes Funding Corp. (a) (b).....	6.13%	0
4,250,000	Standard Industries, Inc. (b).....	5.00%	0
3,765,000	TRI Pointe Group, Inc./TRI Pointe Homes, Inc.....	5.88%	0

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	Capital Goods - 6.9%		
3,045,000	Ball Corp.....	4.00%	1
4,100,000	BWAY Holding Co. (a) (b).....	5.50%	0

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See Notes to Financial Statements

FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	M
CORPORATE BONDS AND NOTES (Continued)			
	Capital Goods (Continued)		
\$ 3,500,000	Crown Americas LLC/Crown Americas Capital Corp. IV.....	4.50%	0
4,645,000	KLX, Inc. (b).....	5.88%	1
1,350,000	Orbital ATK, Inc.....	5.50%	1
2,840,000	Owens-Brockway Glass Container, Inc. (a) (b).....	5.00%	0
5,700,000	Reynolds Group Issuer, Inc./Reynolds Group Issuer LLC/ Reynolds Group Issuer LU (a) (b).....	5.13%	0
3,725,000	Sealed Air Corp. (b).....	5.50%	0
3,770,000	Terex Corp. (b).....	5.63%	0
2,925,000	Triumph Group, Inc.....	4.88%	0
	Consumer Goods - 5.5%		
4,895,000	B&G Foods, Inc.....	5.25%	0
3,245,000	Cott Holdings, Inc. (b).....	5.50%	0
1,920,000	First Quality Finance Co., Inc. (b).....	5.00%	0
3,640,000	Kronos Acquisition Holdings, Inc. (b).....	9.00%	0
1,915,000	Lamb Weston Holdings, Inc. (b).....	4.63%	1
2,000,000	Pilgrim's Pride Corp. (b).....	5.75%	0
1,765,000	Post Holdings, Inc. (b).....	5.50%	0
3,610,000	Post Holdings, Inc. (b).....	5.00%	0
3,910,000	Spectrum Brands, Inc. (a).....	5.75%	0
2,040,000	US Foods, Inc. (b).....	5.88%	0
	Energy - 7.7%		
5,100,000	AmeriGas Partners L.P./AmeriGas Finance Corp.....	5.88%	0
1,875,000	Andeavor Logistics L.P./Tesoro Logistics Finance Corp. (a)....	5.25%	0
2,026,000	California Resources Corp. (b).....	8.00%	1
2,060,000	Carrizo Oil & Gas, Inc.....	6.25%	0
3,825,000	Continental Resources, Inc.....	5.00%	0
2,720,000	Crestwood Midstream Partners L.P./Crestwood Midstream Finance Corp.....	6.25%	0

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4,465,000	Denbury Resources, Inc.....	5.50%	0
1,955,000	Hilcorp Energy I L.P./Hilcorp Finance Co. (b).....	5.00%	1
1,990,000	Sanchez Energy Corp. (a).....	6.13%	0
2,020,000	SM Energy Co.....	5.63%	0
2,110,000	Suburban Propane Partners L.P./Suburban Energy Finance Corp.....	5.75%	0
2,280,000	Suburban Propane Partners L.P./Suburban Energy Finance Corp.....	5.88%	0
1,300,000	Sunoco L.P./Sunoco Finance Corp. (a).....	5.50%	0
1,560,000	Sunoco L.P./Sunoco Finance Corp.....	6.38%	0
4,000,000	Targa Resources Partners L.P./Targa Resources Partners Finance Corp. (b).....	5.00%	0
1,520,000	Ultra Resources, Inc. (b).....	7.13%	0
3,135,000	Whiting Petroleum Corp.....	5.75%	0

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	M
CORPORATE BONDS AND NOTES (Continued)			
	Financial Services - 3.8%		
\$ 6,855,000	Icahn Enterprises L.P./Icahn Enterprises Finance Corp. (a)....	6.00%	0
2,885,000	MSCI, Inc. (b).....	5.75%	0
3,640,000	OneMain Financial Holdings LLC (b).....	7.25%	1
1,395,000	Springleaf Finance Corp.....	6.00%	0
4,555,000	Springleaf Finance Corp. (a).....	7.75%	1
	Healthcare - 7.8%		
1,265,000	Alere, Inc.....	6.50%	0
3,345,000	Becton Dickinson and Co. (a).....	4.67%	0
3,825,000	Catalent Pharma Solutions, Inc. (b).....	4.88%	0
2,335,000	CHS/Community Health Systems, Inc.....	6.88%	0
2,085,000	CHS/Community Health Systems, Inc.....	6.25%	0
3,400,000	Greatbatch Ltd. (b).....	9.13%	1
6,285,000	HCA, Inc. (a).....	5.00%	0
3,910,000	Hologic, Inc. (a) (b).....	5.25%	0
2,670,000	inVentiv Group Holdings, Inc./inVentiv Health, Inc./inVentiv Health Clinical, Inc. (b).....	7.50%	1
3,665,000	MPH Acquisition Holdings LLC (b).....	7.13%	0
3,000,000	Quintiles IMS, Inc. (b).....	5.00%	1
2,720,000	Tenet Healthcare Corp.....	8.13%	0

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2,680,000	West Street Merger Sub, Inc. (b).....	6.38%	0
Leisure - 5.0%			
2,500,000	Boyd Gaming Corp.....	6.38%	0
2,500,000	Eldorado Resorts, Inc.....	6.00%	0
3,400,000	ESH Hospitality, Inc. (b).....	5.25%	0
1,680,000	GLP Capital LP/GLP Financing II, Inc. (a).....	5.38%	0
3,120,000	Live Nation Entertainment, Inc. (b).....	4.88%	1
4,825,000	MGM Resorts International (a).....	6.75%	1
3,410,000	Scientific Games International, Inc.....	10.00%	1
4,225,000	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp. (a) (b).....	5.50%	0
Media - 4.4%			
2,000,000	Clear Channel Worldwide Holdings, Inc., Series B.....	7.63%	0
2,841,000	Clear Channel Worldwide Holdings, Inc., Series B.....	6.50%	1
1,250,000	CSC Holdings LLC (b).....	6.63%	1
2,325,000	CSC Holdings LLC (b).....	5.50%	0
5,830,000	Dish DBS Corp.....	6.75%	0
4,765,000	iHeartCommunications, Inc.....	9.00%	0
2,115,000	Lamar Media Corp.....	5.75%	0
3,150,000	Sirius XM Radio, Inc. (b).....	5.38%	0

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	M
CORPORATE BONDS AND NOTES (Continued)			
Retail - 3.1%			
\$ 3,270,000	Dollar Tree, Inc.....	5.75%	0
5,445,000	Hanesbrands, Inc. (a) (b).....	4.63%	0
1,320,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC (b).....	5.00%	0
3,300,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC (b).....	5.25%	0
2,975,000	Murphy Oil USA, Inc.....	6.00%	0

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	Services - 7.4%		
4,000,000	Advanced Disposal Services, Inc. (b).....	5.63%	1
2,125,000	CoreCivic, Inc. (a).....	5.00%	1
1,090,000	GEO (The) Group, Inc. (a).....	5.88%	1
2,385,000	GEO (The) Group, Inc.....	6.00%	0
950,000	H&E Equipment Services, Inc. (b).....	5.63%	0
2,654,000	Herc Rentals, Inc. (b).....	7.50%	0
958,000	Herc Rentals, Inc. (b).....	7.75%	0
2,280,000	Iron Mountain, Inc.....	5.75%	0
2,574,000	Iron Mountain, Inc. (b).....	4.88%	0
4,615,000	KAR Auction Services, Inc. (a) (b).....	5.13%	0
3,055,000	ServiceMaster (The) Co. LLC (a) (b).....	5.13%	1
3,650,000	Tempo Acquisition LLC/Tempo Acquisition Finance Corp. (b).....	6.75%	0
1,400,000	United Rentals North America, Inc. (a).....	5.50%	0
2,900,000	United Rentals North America, Inc. (a).....	5.88%	0
2,250,000	United Rentals North America, Inc.....	4.88%	0
1,975,000	Wrangler Buyer Corp. (b).....	6.00%	1
	Technology & Electronics - 7.0%		
2,595,000	CDK Global, Inc. (b).....	4.88%	0
590,000	CDW LLC/CDW Finance Corp.....	5.50%	1
145,000	CDW LLC/CDW Finance Corp.....	5.00%	0
3,700,000	CommScope Technologies LLC (a) (b).....	5.00%	0
2,800,000	CommScope, Inc. (b).....	5.00%	0
4,166,000	Dell International LLC/EMC Corp. (a) (b).....	8.35%	0
5,783,000	First Data Corp. (a) (b).....	7.00%	1
2,870,000	Match Group, Inc.....	6.38%	0
4,015,000	NCR Corp. (a).....	6.38%	1
3,019,000	PTC, Inc.....	6.00%	0
3,825,000	Qorvo, Inc. (a).....	7.00%	1
1,451,000	Zebra Technologies Corp. (a).....	7.25%	1
	Telecommunications - 9.5%		
4,260,000	CenturyLink, Inc., Series P.....	7.60%	0
2,570,000	CyrusOne L.P./CyrusOne Finance Corp. (b).....	5.38%	0
3,025,000	Equinix, Inc.....	5.88%	0
2,500,000	Equinix, Inc.....	5.38%	0

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL
 VALUE

DESCRIPTION

STATED
 COUPON

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CORPORATE BONDS AND NOTES (Continued)

		Telecommunications (Continued)		
\$	400,000	Frontier Communications Corp.....	6.25%	0
	4,750,000	Frontier Communications Corp. (a).....	11.00%	0
	1,956,000	Hughes Satellite Systems Corp.....	5.25%	0
	3,070,000	Level 3 Financing, Inc.....	5.38%	0
	2,900,000	Level 3 Financing, Inc.....	5.25%	0
	1,850,000	Qualitytech L.P./QTS Finance Corp. (b).....	4.75%	1
	8,825,000	Sprint Capital Corp. (a).....	8.75%	0
	570,000	Sprint Communications, Inc. (a).....	9.25%	0
	6,295,000	T-Mobile USA, Inc. (a).....	6.00%	0
	2,925,000	T-Mobile USA, Inc.....	6.00%	0
	3,375,000	Zayo Group LLC/Zayo Capital, Inc. (b).....	5.75%	0
		Transportation - 2.9%		
	2,000,000	American Airlines Group, Inc.....	6.13%	0
	752,018	Continental Airlines 2003-ERJ1 Pass Through Trust.....	7.88%	0
	1,156,445	Continental Airlines 2005-ERJ1 Pass Through Trust (a).....	9.80%	0
	5,324,121	US Airways 2000-3C Pass Through Trust.....	8.39%	0
	5,775,000	XPO Logistics, Inc. (a) (b).....	6.50%	0
		Utility - 0.6%		
	3,420,000	Calpine Corp.....	5.75%	0
		TOTAL CORPORATE BONDS AND NOTES.....		
		(Cost \$462,105,436)		

PRINCIPAL VALUE (LOCAL CURRENCY)	DESCRIPTION	STATED COUPON	M
FOREIGN CORPORATE BONDS AND NOTES - 23.3%			
Automotive - 0.1%			
650,000	Dana Financing Luxembourg Sarl (USD) (b).....	5.75%	0
Banking - 0.7%			
1,320,000	Barclays PLC (USD).....	4.84%	0
2,400,000	Royal Bank of Scotland Group PLC (USD).....	5.13%	0
Basic Industry - 6.1%			
409,000	Anglo American Capital PLC (USD) (b).....	4.13%	0
1,401,000	Anglo American Capital PLC (USD) (a) (b).....	4.88%	0

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7,052,000	ArcelorMittal (USD) (a).....	7.50%	1
1,700,000	Cemex SAB de CV (USD) (b).....	7.75%	0
2,345,000	FMG Resources (August 2006) Pty Ltd. (USD) (b).....	9.75%	0
2,825,000	MMC Norilsk Nickel OJSC via MMC Finance DAC (USD) (b).....	6.63%	1
1,625,000	SPCM S.A. (USD) (b).....	4.88%	0
4,200,000	Stora Enso OYJ (USD) (a) (b).....	7.25%	0

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL VALUE (LOCAL CURRENCY)	DESCRIPTION	STATED COUPON	M

FOREIGN CORPORATE BONDS AND NOTES (Continued)			
	Basic Industry (Continued)		
2,505,000	Teck Resources Ltd. (USD).....	6.00%	0
1,795,000	Teck Resources Ltd. (USD) (a).....	6.25%	0
2,975,000	Trinseo Materials Operating SCA/Trinseo Materials Finance, Inc. (USD) (b).....	5.38%	0
	Capital Goods - 1.9%		
5,100,000	Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc. (USD) (a) (b).....	7.25%	0
535,000	Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc. (USD) (b).....	6.00%	0
890,000	Bombardier, Inc. (USD) (b).....	6.00%	1
3,288,000	Bombardier, Inc. (USD) (b).....	6.13%	0
	Consumer Goods - 0.6%		
2,925,000	Minerva Luxembourg S.A. (USD) (b).....	6.50%	0
	Energy - 2.4%		
2,350,000	Gazprom OAO Via Gaz Capital S.A. (USD) (b).....	8.63%	0
4,350,000	Petrobras Global Finance B.V. (USD) (a).....	6.88%	0
2,120,000	Petrobras Global Finance B.V. (USD).....	7.25%	0
3,350,000	Weatherford International Ltd. (USD).....	4.50%	0

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	Healthcare - 2.4%			
2,275,000	Endo Dac./Endo Finance LLC/Endo Finco, Inc. (USD) (a) (b).....	6.00%	0	
3,625,000	Valeant Pharmaceuticals International, Inc. (USD) (a) (b).....	7.50%	0	
5,319,000	Valeant Pharmaceuticals International, Inc. (USD) (a) (b).....	5.88%	0	
3,724,000	Valeant Pharmaceuticals International, Inc. (USD) (a) (b).....	6.13%	0	
	Insurance - 0.9%			
1,800,000	Aviva PLC (GBP) (e).....	6.13%	1	
2,220,000	Oil Insurance Ltd., 3 Mo. LIBOR + 2.98% (USD) (b) (c).....	4.32%		
	Leisure - 1.2%			
3,205,000	Royal Caribbean Cruises Ltd. (USD) (a).....	7.50%	1	
2,360,000	Wynn Macau Ltd. (USD) (b).....	4.88%	1	
	Media - 2.8%			
6,895,000	Altice Luxembourg S.A. (USD) (b).....	7.75%	0	
3,695,000	UPCB Finance IV Ltd. (USD) (b).....	5.38%	0	
2,800,000	Virgin Media Finance PLC (GBP).....	6.38%	1	

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL VALUE (LOCAL CURRENCY)	DESCRIPTION	STATED COUPON	M
FOREIGN CORPORATE BONDS AND NOTES (Continued)			
	Retail - 0.5%		
2,720,000	1011778 BC ULC/New Red Finance, Inc. (USD) (b).....	4.25%	0
	Services - 0.7%		
2,040,000	GFL Environmental, Inc. (USD) (b).....	5.63%	0
1,690,000	Ritchie Bros. Auctioneers, Inc. (USD) (a) (b).....	5.38%	0

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	Technology & Electronics - 1.1%		
2,500,000	NXP B.V./NXP Funding LLC (USD) (b).....	4.63%	0
3,060,000	Sensata Technologies UK Financing Co., PLC (USD) (a) (b).....	6.25%	0

	Telecommunications - 1.9%		
4,280,000	Telecom Italia Capital S.A. (USD) (a).....	7.72%	0
4,850,000	VEON Holdings B.V. (USD) (a) (b).....	4.95%	0

TOTAL FOREIGN CORPORATE BONDS AND NOTES.....
(Cost \$117,202,239)

PAR AMOUNT (LOCAL CURRENCY)	DESCRIPTION	STATED RATE	M
--------------------------------------	-------------	----------------	---

CAPITAL PREFERRED SECURITIES - 8.4%

	Automotive - 0.8%		
3,935,000	General Motors Financial Co., Inc., Series A (USD) (e).....	5.75%	

	Banking - 3.9%		
5,155,000	Bank of America Corp., Series DD (USD) (a) (e).....	6.30%	
2,475,000	Citigroup, Inc., Series M (USD) (e).....	6.30%	
2,775,000	Dresdner Funding Trust I (USD) (b).....	8.15%	0
4,370,000	Goldman Sachs Group (The), Inc., Series P (USD) (e).....	5.00%	
2,400,000	HBOS Capital Funding L.P. (GBP) (e).....	6.46%	
1,450,000	RBS Capital Trust II (USD) (e).....	6.43%	

	Capital Goods - 0.5%		
3,210,000	Textron Financial Corp., 3 Mo. LIBOR + 1.74% (USD) (b) (c)....	3.05%	0

	Insurance - 3.2%		
2,700,000	Chubb (The) Corp., 3 Mo. LIBOR + 2.25% (USD) (c).....	3.61%	0
3,000,000	CNP Assurances (EUR) (e).....	5.25%	
6,950,000	Hartford Financial Services Group (The), Inc., 3 Mo. LIBOR + 2.13% (USD) (a) (b) (c).....	3.44%	0
1,000,000	Lincoln National Corp., 3 Mo. LIBOR + 2.04% (USD) (a) (c).....	3.40%	0
3,500,000	Lincoln National Corp., 3 Mo. LIBOR + 2.36% (USD) (c).....	3.67%	0

TOTAL CAPITAL PREFERRED SECURITIES.....

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(Cost \$42,452,049)

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL VALUE	DESCRIPTION	RATE (f)	MAT
SENIOR FLOATING-RATE LOAN INTERESTS - 1.5%			
\$ 1,708,875	Automotive - 0.3% Navistar, Inc. Term Loan B, 1 Mo. LIBOR + 4.00%, 1.00% Floor.....	5.24%	0
6,104,925	Healthcare - 1.2% Ortho-Clinical Term Loan B3, 3 Mo. LIBOR + 4.00%, 1.00% Floor.....	5.08%	0
	TOTAL SENIOR FLOATING-RATE LOAN INTERESTS..... (Cost \$7,769,705)		

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	M
MORTGAGE-BACKED SECURITIES - 1.2%			
93,160	Collateralized Mortgage Obligations - 0.4% Morgan Stanley Mortgage Loan Trust Series 2007-6XS, Class 2A1S, 1 Mo. LIBOR + 0.11% (c).....	1.35%	0
1,357,502	Specialty Underwriting & Residential Finance Trust Series 2006-BC4, Class A2B, 1 Mo. LIBOR + 0.11% (c).....	1.35%	0
1,414,542	Wells Fargo Mortgage Backed Securities Series 2006-AR7 Trust, Class 2A4 (h).....	3.33%	0
174,913	Commercial Mortgage-Backed Securities - 0.8% Carrington Mortgage Loan Trust Series 2006-NC4, Class A5, 1 Mo. LIBOR + 0.06% (c).....	1.30%	1
12,893	HSI Asset Securitization Corp. Trust Series 2007-NC1, Class A1, 1 Mo. LIBOR + 0.10% (c).....	1.34%	0
616,467	Morgan Stanley ABS Capital I, Inc. Trust Series 2006-HE6, Class A2B, 1 Mo. LIBOR + 0.10% (c).....	1.34%	0
7,955,492	Securitized Asset Backed Receivables LLC Trust Series 2006-FR4, Class A2A, 1 Mo. LIBOR + 0.08% (c).....	1.32%	0
707,057	Soundview Home Loan Trust Series 2006-EQ2, Class A2, 1 Mo. LIBOR + 0.11% (c).....	1.35%	0

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TOTAL MORTGAGE-BACKED SECURITIES.....
 (Cost \$8,990,610)

ASSET-BACKED SECURITIES - 0.1%
 Keycorp Student Loan Trust
 669,631 Series 2000-A, Class A2, 3 Mo. LIBOR + 0.32% (c)..... 1.64% 0
 (Cost \$626,805)

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 OCTOBER 31, 2017

PRINCIPAL VALUE (LOCAL CURRENCY)	DESCRIPTION	STATED COUPON	M
FOREIGN SOVEREIGN BONDS AND NOTES - 0.6%			
3,000,000	Portugal - 0.6% Portugal Government International Bond (USD)..... (Cost \$2,970,202)	5.13%	1
	TOTAL INVESTMENTS - 123.9%..... (Cost \$642,117,046) (i)		

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	M
U.S. GOVERNMENT BONDS SOLD SHORT - (17.9%)			
\$ (101,950,000)	United States Treasury Note..... (Proceeds \$98,822,755)	1.38%	0
CORPORATE BONDS SOLD SHORT - (1.8%)			
	Energy - (0.9%)		
(2,400,000)	Noble Energy, Inc.....	4.15%	1
(2,100,000)	Noble Energy, Inc.....	3.90%	1
	Media - (0.9%)		

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(5,145,000) Netflix, Inc.....	4.38%	1
TOTAL CORPORATE BONDS SOLD SHORT.....		
(Proceeds \$9,150,271)		
TOTAL INVESTMENTS SOLD SHORT - (19.7%).....		
(Proceeds \$107,973,026)		
OUTSTANDING LOAN - (5.2%).....		
NET OTHER ASSETS AND LIABILITIES - 1.0%.....		
NET ASSETS - 100.0%.....		

FORWARD FOREIGN CURRENCY CONTRACTS (see Note 2D - Forward Foreign Currency Contracts in the Notes to Financial Statements):

FORWARD FOREIGN CURRENCY CONTRACTS					
SETTLEMENT DATE	COUNTERPARTY	AMOUNT PURCHASED	AMOUNT SOLD	PURCHASE VALUE AS OF OCTOBER 31, 2017	SALE VALUE AS OF OCTOBER 31, 2017
02/01/18	JPM	USD 4,023,836	EUR 3,388,000	\$ 4,023,836	\$ 3,988,000
02/01/18	JPM	USD 10,438,500	GBP 7,854,000	10,438,500	10,438,500

Net Unrealized Appreciation (Depreciation).....

Counterparty Abbreviations:
JPM JPMorgan Chase

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
PORTFOLIO OF INVESTMENTS (CONTINUED)
OCTOBER 31, 2017

- (a) This security or a portion of this security is segregated as collateral for investments sold short.
- (b) This security, sold within the terms of a private placement memorandum, is exempt from registration upon resale under Rule 144A of the Securities Act of 1933, and may be resold in transactions exempt from registration, normally to qualified institutional buyers. Pursuant to procedures adopted by the Fund's Board of Trustees, this security has been determined to be liquid by MacKay Shields LLC, the Fund's sub-advisor (the "Sub-Advisor"). Although market instability can result in periods of increased overall market illiquidity, liquidity for each security is determined based on security-specific factors and assumptions, which require subjective

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judgment. At October 31, 2017, securities noted as such amounted to \$298,970,230 of total investments or 54.8% of net assets.

- (c) Floating or variable rate security.
- (d) Perpetual maturity.
- (e) Fixed-to-floating or fixed-to-variable rate security. The interest rate shown reflects the fixed rate in effect at October 31, 2017. At a predetermined date, the fixed rate will change to a floating rate or a variable rate.
- (f) Senior Floating-Rate Loan Interests ("Senior Loans") in which the Fund invests pay interest at rates which are periodically predetermined by reference to a base lending rate plus a premium. These base lending rates are generally (i) the lending rate offered by one or more major European banks, such as the London Inter-Bank Offered Rate ("LIBOR"), (ii) the prime rate offered by one or more United States banks or (iii) the certificate of deposit rate. Certain Senior Loans are subject to a LIBOR floor that establishes a minimum LIBOR rate.
- (g) Senior Loans generally are subject to mandatory and/or optional prepayment. As a result, the actual remaining maturity of Senior Loans may be substantially less than the stated maturities shown.
- (h) Collateral Strip Rate security. Interest is based on the weighted net interest rate of the investment's underlying collateral. The interest rate resets periodically.
- (i) Aggregate cost federal income tax purposes is \$533,650,834. As of October 31, 2017, the aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost was \$44,400,729 and the aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value was \$8,951,380. The net unrealized appreciation was \$35,449,349. The amounts presented are inclusive of investments sold short and derivative contracts.

Currency Abbreviations:

EUR	Euro
GBP	British Pound Sterling
USD	United States Dollar

See Notes to Financial Statements

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
PORTFOLIO OF INVESTMENTS (CONTINUED)
OCTOBER 31, 2017

VALUATION INPUTS

A summary of the inputs used to value the Fund's investments as of October 31, 2017 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

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ASSETS TABLE			
	TOTAL VALUE AT 10/31/2017	LEVEL 1 QUOTED PRICES	LEVEL 2 SIGNIFICA OBSERVAB INPUTS
Corporate Bonds and Notes*.....	\$ 484,611,307	\$ --	\$ 484,611,307
Foreign Corporate Bonds and Notes*.....	127,375,623	--	127,375,623
Capital Preferred Securities*.....	46,102,299	--	46,102,299
Senior Floating-Rate Loan Interests*.....	7,841,821	--	7,841,821
Mortgage-Backed Securities			
Collateralized Mortgage Obligations.....	2,122,999	--	2,122,999
Commercial Mortgage-Backed Securities.....	4,616,893	--	4,616,893
Asset-Backed Securities.....	666,239	--	666,239
Foreign Sovereign Bonds and Notes**.....	3,180,960	--	3,180,960
Total Investments.....	\$ 676,518,141	\$ --	\$ 676,518,141
Forward Foreign Currency Contracts***.....	55,543	--	55,543
Total.....	\$ 676,573,684	\$ --	\$ 676,573,684

LIABILITIES TABLE			
	TOTAL VALUE AT 10/31/2017	LEVEL 1 QUOTED PRICES	LEVEL 2 SIGNIFICA OBSERVAB INPUTS
U.S. Government Bonds Sold Short.....	\$ (97,688,853)	\$ --	\$ (97,688,853)
Corporate Bonds Sold Short*.....	(9,760,730)	--	(9,760,730)
Forward Foreign Currency Contracts***.....	(23,918)	--	(23,918)
Total.....	\$ (107,473,501)	\$ --	\$ (107,473,501)

* See the Portfolio of Investments for industry breakout.

** See the Portfolio of Investments for country breakout.

*** See the Forward Foreign Currency Contracts table for contract and currency detail.

All transfers in and out of the Levels during the period are assumed to occur on the last day of the period at their current value. There were no transfers between Levels at October 31, 2017.

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for the period presented.

BEGINNING BALANCE AT OCTOBER 31, 2016		
Corporate Bonds and Notes.....	\$	2
Net Realized Gain (Loss).....		--
Net Change in Unrealized Appreciation/		
Depreciation.....		--
Purchases.....		--
Sales:		
Corporate Bonds and Notes.....		(2)
Transfers In.....		--
Transfers Out.....		--
ENDING BALANCE AT OCTOBER 31, 2017		
Corporate Bonds and Notes.....		--

Total Level 3 holdings.....	\$	--
	=====	

There was no net change in unrealized appreciation (depreciation) from Level 3 investments held as of October 31, 2017.

See Notes to Financial Statements

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
STATEMENT OF ASSETS AND LIABILITIES
OCTOBER 31, 2017

ASSETS:

Investments, at value	
(Cost \$642,117,046).....	
Cash.....	
Foreign currency (Cost \$21,227).....	
Unrealized appreciation on forward foreign currency contracts.....	
Receivables:	
Interest.....	
Investment securities sold.....	
Miscellaneous.....	
Prepaid expenses.....	
 Total Assets.....	

LIABILITIES:

Borrowings.....	
Investments sold short, at value (proceeds \$107,973,026).....	
Due to broker.....	
Unrealized depreciation on forward foreign currency contracts.....	
Payables:	
Investment securities purchased.....	
Investment advisory fees.....	
Interest on investments sold short.....	
Audit and tax fees.....	
Printing fees.....	
Administrative fees.....	
Custodian fees.....	

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Transfer agent fees.....
Legal fees.....
Trustees' fees and expenses.....
Financial reporting fees.....
Other liabilities.....

Total Liabilities.....

NET ASSETS.....

NET ASSETS CONSIST OF:

Paid-in capital.....
Par value.....
Accumulated net investment income (loss).....
Accumulated net realized gain (loss) on investments, forward foreign currency contracts,
swap contracts, foreign currency transactions, futures and investments sold short.....
Net unrealized appreciation (depreciation) on investments, forward foreign currency contracts,
foreign currency translation and investments sold short.....

NET ASSETS.....

NET ASSET VALUE, per Common Share (par value \$0.01 per Common Share).....

Number of Common Shares outstanding (unlimited number of Common Shares has been authorized).....

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See Notes to Financial Statements

FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2017

INVESTMENT INCOME:

Interest.....
Other.....

Total investment income.....

EXPENSES:

Investment advisory fees.....
Margin interest expense.....
Interest expense on investments sold short.....
Administrative fees.....
Offering costs.....
Legal fees.....
Printing fees.....
Custodian fees.....
Audit and tax fees.....
Transfer agent fees.....
Trustees' fees and expenses.....
Short sale fees.....
Financial reporting fees.....
Other.....

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Total expenses.....	
NET INVESTMENT INCOME (LOSS).....	
NET REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss) on:	
Investments.....	
Forward foreign currency contracts.....	
Foreign currency transactions.....	
Short sales.....	
Swap contracts.....	
Net realized gain (loss).....	
Net change in unrealized appreciation (depreciation) on:	
Investments.....	
Forward foreign currency contracts.....	
Foreign currency translation.....	
Short positions.....	
Net change in unrealized appreciation (depreciation).....	
NET REALIZED AND UNREALIZED GAIN (LOSS).....	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	

See Notes to Financial Statements

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FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
STATEMENTS OF CHANGES IN NET ASSETS

	YEAR ENDED 10/31/2017
OPERATIONS:	
Net investment income (loss).....	\$ 34,918,6
Net realized gain (loss).....	7,455,4
Net change in unrealized appreciation (depreciation).....	21,272,2
Net increase (decrease) in net assets resulting from operations.....	63,646,3
DISTRIBUTIONS TO SHAREHOLDERS FROM:	
Net investment income.....	(36,417,8
Return of capital.....	(11,394,7
Total distributions to shareholders.....	(47,812,6
CAPITAL TRANSACTIONS:	
Purchase of Common Shares pursuant to a tender offer*.....	(93,689,8
Repurchase of Common Shares**.....	(205,5

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Net increase (decrease) in net assets resulting from capital transactions.....	(93,895,3
Total increase (decrease) in net assets.....	(78,061,6
NET ASSETS:	
Beginning of period.....	624,108,7
End of period.....	\$ 546,047,0
Accumulated net investment income (loss) at end of period.....	\$ 539,3
CAPITAL TRANSACTIONS WERE AS FOLLOWS:	
Common Shares at beginning of period.....	35,245,6
Common Shares purchased pursuant to a tender offer*.....	(5,284,7
Common Shares repurchased**.....	(13,6
Common Shares at end of period.....	29,947,1

* On June 14, 2017, the Fund commenced a tender offer for up to 15% of its outstanding common shares for cash at a price per share equal to 98% of the net asset value per share determined on the expiration date. The Fund's tender offer expired at 5:00 p.m. New York City time on Thursday, July 13, 2017. Since the Fund's tender offer was oversubscribed, the Fund purchased 5,284,792 (15%) of its outstanding common shares on a pro-rata basis based on the number of shares properly tendered.

** On September 15, 2015, the Fund commenced a share repurchase program. The program originally expired on March 15, 2016, but the Board of Trustees of the Fund has subsequently authorized the continuation of the Fund's share repurchase program until March 15, 2018. For the years ended October 31, 2017 and 2016, the Fund repurchased 13,654 and 656,620, respectively, of its shares at a weighted-average discount of 13.69% and 15.14%, respectively, from net asset value per share. The Fund expects to continue to repurchase its outstanding shares until the earlier of (i) the repurchase of an additional 978,598 common shares (for an aggregate of 1,802,808), or (ii) March 15, 2018.

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See Notes to Financial Statements

FIRST TRUST HIGH INCOME LONG/SHORT FUND (FSD)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net increase (decrease) in net assets resulting from operations.....	\$ 63,646,3
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities:	
Purchases of investments.....	(391,651,7
Borrowed investments sold short.....	49,909,3

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Sales, maturities and paydowns of investments.....	520,437,7
Borrowed investments purchased.....	(55,504,0
Net amortization/accretion of premiums/discounts on investments.....	(294,4
Net realized gain/loss on investments.....	(7,700,6
Net realized gain/loss on investments sold short.....	(270,0
Net change in unrealized appreciation/depreciation on forward foreign currency contracts.....	(53,6
Net change in unrealized appreciation/depreciation on investments sold short.....	(1,059,81
Net change in unrealized appreciation/depreciation on investments.....	(20,113,0
CHANGES IN ASSETS AND LIABILITIES:	
Decrease in due from broker.....	825,5
Decrease in interest receivable.....	2,660,0
Increase in miscellaneous receivable.....	(16,9
Increase in prepaid expenses.....	(12,2
Increase in due to broker.....	133,7
Decrease in interest payable on investments sold short.....	(7,9
Decrease in investment advisory fees payable.....	(68,4
Decrease in legal fees payable.....	(1,4
Decrease in printing fees payable.....	(4,9
Increase in administrative fees payable.....	7,9
Decrease in custodian fees payable.....	(11,9
Decrease in transfer agent fees payable.....	(3
Decrease in Trustees' fees and expenses payable.....	(
Decrease in financial reporting fees payable.....	(1,6
Decrease in other liabilities.....	(1,6

CASH PROVIDED BY OPERATING ACTIVITIES.....	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Purchase of Common Shares pursuant to a tender offer.....	(93,689,8
Repurchase of Common Shares.....	(205,5
Distributions to Common Shareholders from net investment income.....	(36,417,8
Distributions to Common Shareholders from return of capital.....	(11,394,7
Net proceeds from borrowing.....	(18,954,0

CASH USED IN FINANCING ACTIVITIES.....	
Increase in cash and foreign currency (a).....	
Cash and foreign currency at beginning of period.....	
Cash and foreign currency at end of period.....	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the period for interest and fees.....	

(a) Includes net change in unrealized appreciation (depreciation) on foreign currency of \$45,778.

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FINANCIAL HIGHLIGHTS
FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD

	YEAR ENDED OCTOBER 31,			
	2017	2016	2015	
Net asset value, beginning of period.....	\$ 17.71	\$ 17.28	\$ 19.47	\$
INCOME FROM INVESTMENT OPERATIONS:				
Net investment income (loss).....	1.04	1.00	1.11	
Net realized and unrealized gain (loss).....	0.83	0.44	(2.05)	
Total from investment operations.....	1.87	1.44	(0.94)	
DISTRIBUTIONS PAID TO SHAREHOLDERS FROM:				
Net investment income.....	(1.07)	(1.06)	(1.26)	
Return of capital.....	(0.34)	--	--	
Total distributions to Common Shareholders.....	(1.41)	(1.06)	(1.26)	
Common share repurchases.....	0.00 (a)	0.05	0.01	
Tender offer purchases.....	0.06	--	--	
Net asset value, end of period.....	\$ 18.23	\$ 17.71	\$ 17.28	\$
Market value, end of period.....	\$ 16.91	\$ 15.52	\$ 14.96	\$
TOTAL RETURN BASED ON NET ASSET VALUE (b).....	11.98%	10.24%	(3.89)%	
TOTAL RETURN BASED ON MARKET VALUE (b).....	18.52%	11.58%	(5.76)%	

RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:				
Net assets, end of period (in 000's).....	\$546,047	\$624,109	\$620,309	\$7
Ratio of total expenses to average net assets.....	1.86%	1.54%	1.66%	
Ratio of total expenses to average net assets excluding interest expense.....	1.19%	1.16%	1.21%	
Ratio of net investment income (loss) to average net assets.....	5.76%	5.92%	6.05%	
Portfolio turnover rate.....	39%	36%	26%	

(a) Amount represents less than \$0.01 per share.

(b) Total return is based on the combination of reinvested dividend, capital gain and return of capital distributions, if any, at prices obtained by the Dividend Reinvestment Plan, and changes in net asset value per share for net asset value returns and changes in Common Share Price for market