

FIRST TRUST MORTGAGE INCOME FUND
Form N-CSRS
July 05, 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 811-21727

First Trust Mortgage Income 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: April 30, 2018

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. § 3507.

Item 1. Report to Stockholders.

The Report to Shareholders is attached herewith.

First Trust
Mortgage Income Fund (FMY)
Semi-Annual Report
For the Six Months Ended
April 30, 2018

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First Trust Mortgage Income Fund (FMY)

Semi-Annual Report

April 30, 2018

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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 its 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 to 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 Mortgage Income 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 its 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 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 web page at 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 the Advisor 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.

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Shareholder Letter

First Trust Mortgage Income Fund (FMY)

Semi-Annual Letter from the Chairman and CEO

April 30, 2018

Dear Shareholders,

First Trust is pleased to provide you with the semi-annual report for the First Trust Mortgage Income Fund which contains detailed information about your investment for the period ended April 30, 2018, 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.

As you are no doubt aware, 2017 was a very strong year for both the U.S. and global markets. The three major U.S. indices – the S&P 500® Index, the Dow Jones Industrial Average and the Nasdaq Composite – posted their best performance since 2013. And there was more good news for Wall Street as the year ended and analysts collected stock market data:

- The S&P 500® Index did something it had never previously done, finishing 2017 with 12 months of gains;
- The Dow Jones Industrial Average achieved a milestone as well, closing above 24,000 for the first time ever on November 30;
- The Nasdaq Composite set a record by having 11 months of gains in 2017 (June was the only down month, and by just 0.86%); and
- The MSCI AC World Index (containing constituents from 47 countries) ended 2017 at an all-time high and was up 22% at year-end.

As 2017 ended, President Trump signed the “Tax Cuts and Jobs Act of 2017” tax reform bill. As 2018 began, there was much enthusiasm for this tax reform package and the potential increase in take-home pay for many Americans, as well as the reduction in the federal corporate tax rate from 35% to 21%. Early in the year, many investors were also watching the Federal Reserve (the “Fed”) and its signaled intent to continue raising interest rates at a gradual pace. Based on strong job growth and the economic outlook in the U.S., the Fed did, in fact, raise interest rates on March 21, 2018.

For the entire first quarter of 2018, increased volatility was the norm. The S&P 500® Index was off to a strong start in January as it returned over 7.5% from January 2 to January 26. February, however, was a different story. Early in the month, the Dow Jones Industrial Average plunged 567 points and sank into “correction” territory (defined as a drop of 10% from the index’s high) and in just two weeks, was down more than 3,200 points. However, as February came to a close, the Dow Jones Industrial Average was back on track and up from the lows experienced earlier in the month. Volatility continued in March and April with the Dow Jones Industrial Average ending April with a small gain. This market volatility is why we believe that one should invest for the long term and be prepared for market movements, which can happen at any time. This can be accomplished by keeping current on your portfolio and investing goals and by speaking regularly with your investment professional. It’s important to keep in mind that past performance of the U.S. and global stock markets or investment products can never guarantee future results. As we’ve said before, markets go up and they also go down, but savvy investors are prepared for either through careful attention to their portfolios and investment goals.

At First Trust, we continue to be optimistic about the U.S. economy and we thank you for giving us the opportunity to be a part of your financial plan. We value our relationship with you and will report on your investment again in six months.

Sincerely,

James A. Bowen

Chairman of the Board of Trustees

Chief Executive Officer of First Trust Advisors L.P.

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First Trust Mortgage Income Fund (FMY)

“AT A GLANCE”

As of April 30, 2018 (Unaudited)

Fund Statistics

Symbol on New York Stock Exchange	FMY
Common Share Price	\$13.47
Common Share Net Asset Value (“NAV”)	\$15.19
Premium (Discount) to NAV	(11.32)%
Net Assets Applicable to Common Shares	\$64,005,371
Current Distribution per Common Share ⁽¹⁾	\$0.0600
Current Annualized Distribution per Common Share	\$0.7200
Current Distribution Rate on Common Share Price ⁽²⁾	5.35%
Current Distribution Rate on NAV ⁽²⁾	4.74%
Common Share Price & NAV (weekly closing price)	

Performance

	Average Annual Total Return				
	6 Months	1 Year	5 Years	10 Years	Inception
	Ended 4/30/2018	Ended 4/30/2018	Ended 4/30/2018	Ended 4/30/2018	(5/25/2005) to 4/30/2018
Fund Performance⁽³⁾					
NAV	0.95%	3.61%	3.10%	5.75%	5.74%
Market Value	-3.77%	1.15%	1.72%	5.35%	4.39%
Index Performance					
Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index	-1.51%	-0.38%	1.59%	3.40%	3.84%
Portfolio Characteristics					
Weighted Average Effective Duration	2.99%				
Weighted Average Effective Maturity	4.33				

Asset Classification	% of Total Investments
Mortgage-Backed Securities	57.8%
U.S. Government Agency MBS	36.1
Asset-Backed Securities	1.5
Cash & Cash Equivalents	4.6
Total	100.0%
Credit Quality⁽⁴⁾	
	% of Total Fixed-Income Investments
AAA	1.3%
AA+	12.0
AA	3.6
AA-	1.6
A+	7.4
A	1.6
BBB+	0.6
BBB	0.4

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BBB-	0.9
BB+	0.6
BB-	2.0
B+	2.0
B	0.8
B-	0.2
CCC	7.0
CC	0.8
Not Rated	16.5
Government	36.1
Cash & Cash Equivalents	4.6
Total	100.0%

(1) Most recent distribution paid or declared through 4/30/2018. Subject to change in the future.

(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 4/30/2018. Subject to change in the future.

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 NAV returns and

(3) 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.

The ratings are by Standard & Poor's. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO), of the creditworthiness of an issuer with respect to debt obligations. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Investment grade is defined as those

(4) issuers that have a long-term credit rating of BBB- or higher. Sub-investment grade ratings are those rated BB+ or

lower. "NR" indicates no rating. The credit ratings shown relate to the credit worthiness of the issuers of the underlying securities in the fund, and not to the fund or its shares. U.S. Treasury, U.S. Agency and U.S. Agency mortgage-backed securities appear under "Government". Credit ratings are subject to change.

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Portfolio Commentary

First Trust Mortgage Income Fund (FMY)

Semi-Annual Report

April 30, 2018 (Unaudited)

Investment Manager

First Trust Advisors L.P. (“First Trust”) was established in 1991 and is located in Wheaton, IL. First Trust is a registered investment advisor which offers customized portfolio management using its structured, quantitative approach to security selection. As of April 30, 2018, First Trust managed or supervised \$122.55 billion in assets.

Portfolio Management Team

Jeremiah Charles – Senior Vice President, Portfolio Manager

Jim Snyder – Senior Vice President, Portfolio Manager

Commentary

First Trust Mortgage Income Fund

The First Trust Mortgage Income Fund’s (the “Fund”) primary investment objective is to seek a high level of current income. As a secondary objective, the Fund seeks to preserve capital. The fund will pursue its objectives by investing primarily in mortgage-backed securities (“MBS”) representing part ownership in a pool of either residential or commercial mortgage loans that, in the opinion of the Fund’s investment advisor, offer an attractive combination of credit quality, yield and maturity. There can be no assurance the Fund will achieve its investment objectives. The Fund may not be appropriate for all investors.

Market Recap

The six-month period ended April 30, 2018 began with bond market yields under pressure as markets began to price in faster economic growth in the U.S. spurring concern for a potentially more hawkish Federal Reserve (the “Fed”) coupled with forecasted increase in Treasury supply issuance as future U.S. budget deficits trended higher. As such, yields across the curve moved meaningfully higher, led by the 2-year Treasury which sold off from 1.60% to a yield of 2.49%. As a result, the 2/30’s yield curve bear flattened rather dramatically, from 128 basis points (“bps”) to 63 bps, to close the period. As we expected, the Fed raised rates in December 2017 and again in March 2018, continuing the path to normalization of monetary policy. During the period in between the two rate hikes, we believe the acceleration of bond market yields moving higher caused measures of volatility to increase. A brief injection of volatility coupled with the Fed formally ramping up the pace of the balance sheet reduction saw Agency Mortgage-Backed Securities (“MBS”) spreads widen from a low of 19 bps to a wide of 32 bps, before closing the period at 28 bps as measures of market volatility declined.

Performance Analysis

For the six-month period ending April 30, 2018, the Fund returned 0.95% on a net asset value (“NAV”) basis and -3.77% on a market price basis. During the same period, the Fund’s benchmark, the Bloomberg Barclays U.S. MBS Index returned -1.51%. The Fund outperformed the index by 2.46%, net of fees, on a NAV basis, for the period. Over the six-month period, the Fund maintained a very defensive duration in the portfolio relative to the benchmark. This was a key driver of outperformance as U.S. bond market yields increased rather significantly. An additional key contributor to outperformance was the continued reinvestment in the Non-Agency Residential MBS (“RMBS”) sector, which performed well into the broader bond market yield backup. Additionally, the team continued to deploy cash runoff from previously held Commercial Mortgage-Backed Securities (“CMBS”) positions into more stable and less credit sensitive MBS cash flows which helped to generate more interest income. Lastly, a continued focus on active duration and yield curve management utilizing Treasury futures helped to drive alpha and stability into the strategy as the yield curve flattening trend persisted into 2018.

Fund and Market Outlook

In late 2017 and into 2018, the Fed continued monetary policy normalization with two 25 bps hikes occurring from December 2017 through April 2018. Additionally, the Fed followed through on previously announced plans to formally begin reducing the size of its fixed income balance sheet. In our opinion, we expect that the Fed will continue to raise the overnight Fed Funds rate with a potential of four total hikes during the 2018 calendar year, and we anticipate further hiking well into 2019. The labor markets have continued to tighten over the past six months, and with that, we expect income and wage growth to pick up modestly. Measures of inflation have begun to track closer to

the Fed's established 2% target, and we are wary of continued inflationary increases putting upward pressure on yields of the longer maturity segments of the bond market. As the Fed pushes on with interest rate normalization, we anticipate that the simultaneous tapering of the Fed's portfolio will have an impact on overall bond market valuations, causing measures of volatility to increase and fixed income spreads to come under pressure.

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Portfolio Commentary (Continued)

First Trust Mortgage Income Fund (FMY)

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April 30, 2018 (Unaudited)

Although the Fund has increased the overall duration over the last six months, given our outlook on the broader bond markets, we plan to continue to manage the Fund defensively versus the benchmark from a duration standpoint. From an asset allocation perspective, the Fund plans to maintain an ongoing strategy of reinvesting in higher yielding RMBS assets allocated to the short end. As runoff continues from the CMBS side of the portfolio, we expect to continue to reallocate to MBS. As part of the investment team's Agency MBS strategy, a substantial portion of the agency securities have been invested in the interest-only sector to increase the income and economic earnings of the portfolio. We believe this strategy can be very effective with proper security selection, particularly when combined with appropriate yield curve management. The investment team is also continuing to invest in the intermediate to longer segments of the Treasury futures markets to better position the Fund for the monetary tightening cycle and to partially offset the generally short maturity sensitivity of the portfolio. We will continue to deploy appropriate yield curve management strategies consistent with our market outlook, and, concurrent to that, we will continue to be bearish on the Agency MBS fixed rate index and as such will not look to deploy leverage at current valuations. We believe this strategy will continue to improve the portfolio results, particularly in the current interest rate normalization cycle.

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First Trust Mortgage Income Fund (FMY)

Portfolio of Investments

April 30, 2018 (Unaudited)

Principal Value	Description	Stated Coupon	Stated Maturity	Value
MORTGAGE-BACKED SECURITIES – 57.8%				
Collateralized Mortgage Obligations – 52.3%				
Accredited Mortgage Loan Trust				
\$344,914	Series 2003-2, Class A1	4.98%	10/01/33	\$352,501
915,451	ACE Securities Corp. Home Equity Loan Trust Series 2006-ASAP6, Class A2D, 1 Mo. LIBOR + 0.22% (a)	2.12%	12/25/36	492,142
94,291	Banc of America Funding Corp. Series 2008-R2, Class 1A4 (b)	6.00%	09/01/37	97,016
52,400	Banc of America Mortgage Trust Series 2002-L, Class 1A1 (c)	2.56%	12/01/32	47,008
231,324	Series 2005-A, Class 2A1 (c)	3.71%	02/01/35	230,892
190,118	Chase Mortgage Finance Trust Series 2007-A1, Class 1A3 (c)	3.77%	02/01/37	190,183
141,524	CHL Mortgage Pass-Through Trust Series 2005-HYB3, Class 2A6B (c)	3.46%	06/01/35	142,838
336,187	Citigroup Mortgage Loan Trust Series 2005-6, Class A1, US Treasury Yield Curve Rate T Note Constant Maturity 1 Year + 2.10% (a)	3.41%	09/01/35	341,500
810,840	Series 2012-7, Class 10A2 (b) (c)	3.76%	09/01/36	813,249
57,904	Countrywide Asset-Backed Certificates Series 2006-S8, Class A6	5.51%	04/01/36	57,558
495,187	Countrywide Home Loan Mortgage Pass-Through Trust Series 2003-46, Class 2A1 (c)	3.63%	01/01/34	494,927
305,313	Series 2006-21, Class A8	5.75%	02/01/37	266,883
488,522	Series 2006-HYB5, Class 3A1A (c)	3.65%	09/01/36	404,298
364,200	Credit Suisse First Boston Mortgage Securities Corp. Series 2004-AR2, Class 1A1 (c)	3.60%	03/01/34	364,563
470,501	Series 2004-AR8, Class 6A1 (c)	3.46%	09/01/34	477,885

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158,237	Series 2005-5, Class 3A2, 1 Mo. LIBOR + 0.30% (a)	2.20%	07/25/35	154,129
47,000	Credit Suisse Mortgage Trust Series 2011-12R, Class 3A1 (b) (c)	3.34%	07/27/36	47,381
150,333	Series 2014-11R, Class 9A1, 1 Mo. LIBOR + 0.14% (a) (b)	2.01%	10/27/36	149,771
22,888	Deutsche ALT-A Securities Inc Mortgage Loan Trust Series 2003-3, Class 3A1	5.00%	10/01/18	22,937
705,430	DSL A Mortgage Loan Trust Series 2004-AR3, Class 2A2A, 1 Mo. LIBOR + 0.37% (a)	2.64%	07/19/44	704,522
794,738	Series 2007-AR1, Class 2A1A, 1 Mo. LIBOR + 0.14% (a)	2.04%	04/19/47	748,103
133,180	GMAC Mortgage Corporation Loan Trust Series 2004-AR1, Class 22A (c)	4.12%	06/01/34	131,885
13,047	GSR Mortgage Loan Trust Series 2003-10, Class 1A12 (c)	3.40%	10/01/33	13,106
203,936	Series 2005-AR1, Class 4A1 (c)	3.04%	01/01/35	197,802
425,549	Harborview Mortgage Loan Trust Series 2004-6, Class 3A1 (c)	3.93%	08/01/34	421,733
64,677	Home Equity Asset Trust Series 2005-3, Class M4, 1 Mo. LIBOR + 0.64% (a)	2.54%	08/25/35	65,522
520,000	Series 2005-9, Class M1, 1 Mo. LIBOR + 0.41% (a)	2.31%	04/25/36	509,052
259,253	Impac CMB Trust Series 2004-6, Class 1A2, 1 Mo. LIBOR + 0.78% (a)	2.68%	10/25/34	254,839
1,136,955	IXIS Real Estate Capital Trust Series 2007-HE1, Class A3, 1 Mo. LIBOR + 0.16% (a)	2.06%	05/25/37	427,093
1,125,100	JP Morgan Mortgage Trust Series 2005-ALT1, Class 4A1 (c)	3.70%	10/01/35	1,058,283
914,207	Series 2006-A2, Class 4A1 (c)	3.72%	08/01/34	927,858
244,405	Series 2006-A2, Class 5A3 (c)	3.59%	11/01/33	250,009
153,020	JP Morgan Re-REMIC Series 2009-7, Class 12A1 (b)	6.25%	01/03/37	154,559

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Portfolio of Investments (Continued)

April 30, 2018 (Unaudited)

Principal Value	Description	Stated Coupon	Stated Maturity	Value
MORTGAGE-BACKED SECURITIES (Continued)				
Collateralized Mortgage Obligations (Continued)				
MASTR Adjustable Rate Mortgages Trust				
Series 2004-13, Class 3A7B, US Treasury Yield Curve Rate T Note				
\$62,059	Constant Maturity 1 Year + 2.00% (a)	4.09%	11/01/34	\$63,682
<hr/>				
MASTR Alternative Loan Trust				
Series 2006-2, Class 2A3, 1 Mo. LIBOR + 0.35% (a)				
3,804,851		2.25%	03/25/36	692,275
<hr/>				
MASTR Asset Backed Securities Trust				
Series 2006-HE5, Class A3, 1 Mo. LIBOR + 0.16% (a)				
883,594		2.06%	11/25/36	638,416
<hr/>				
Series 2006-NC2, Class A3, 1 Mo. LIBOR + 0.11% (a)				
1,344,506		2.01%	08/25/36	733,015
<hr/>				
Series 2006-NC2, Class A5, 1 Mo. LIBOR + 0.24% (a)				
613,703		2.14%	08/25/36	340,885
<hr/>				
MASTR Asset Securitization Trust				
Series 2003-11, Class 5A2				
21,085		5.25%	12/01/23	20,972
<hr/>				
Series 2003-11, Class 6A16				
66,649		5.25%	12/01/33	67,629
<hr/>				
Mellon Residential Funding Corp. Mortgage Pass-Through Trust				
Series 2001-TBC1, Class A1, 1 Mo. LIBOR + 0.70% (a)				
354,992		2.60%	11/15/31	355,868
<hr/>				
Series 2002-TBC2, Class A, 1 Mo. LIBOR + 0.86% (a)				
389,402		2.76%	08/15/32	376,956
<hr/>				
Meritage Mortgage Loan Trust				
Series 2004-2, Class M3, 1 Mo. LIBOR + 0.98% (a)				
228,470		2.87%	01/25/35	225,673
<hr/>				
Morgan Stanley Mortgage Loan Trust				
Series 2004-7AR, Class 2A6 (c)				
602,033		3.58%	09/01/34	619,763
<hr/>				
MortgageIT Trust				
Series 2005-2, Class 2A, 1 Mo. LIBOR + 1.65% (a)				
231,352		3.54%	05/01/35	228,928
<hr/>				
New Residential Mortgage Loan Trust				
Series 2014-2A, Class A2 (b)				
678,240		3.75%	05/01/54	679,848
<hr/>				
Series 2016-1A, Class A1 (b)				
135,117		3.75%	03/01/56	135,830
<hr/>				
Nomura Asset Acceptance Corporation				
Series 2004-AR4, Class M1, 1 Mo. LIBOR + 1.10% (a)				
544,894		3.00%	12/25/34	544,781

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1,260,884	Nomura Resecuritization Trust Series 2015-6R, Class 2A4 (b) (c)	6.48%	01/02/37	1,043,634
534,494	Pretium Mortgage Credit Partners I LLC Series 2017-NPL4, Class A1 (b) (d)	3.25%	08/27/32	531,378
104,169	Provident Funding Mortgage Loan Trust Series 2004-1, Class 1A1 (c)	3.87%	04/01/34	105,040
269,684	Series 2005-1, Class 1A1 (c)	3.65%	05/01/35	270,909
15,046	RBSSP Resecuritization Trust Series 2010-10, Class 2A1, 1 Mo. LIBOR + 0.13% (a) (b)	2.00%	09/26/36	15,023
144,875	Residential Accredit Loans, Inc. Series 2006-QO1, Class 2A1, 1 Mo. LIBOR + 0.27% (a)	2.17%	02/25/46	109,353
1,723,447	Series 2006-QS6, Class 1AV, IO (c)	0.75%	06/01/36	44,545
38,041	Residential Asset Securitization Trust Series 2004-A3, Class A7	5.25%	06/01/34	39,241
937,059	Saxon Asset Securities Trust Series 2007-2, Class A2D, 1 Mo. LIBOR + 0.30% (a)	2.20%	05/25/47	780,494
387,395	Structured Adjustable Rate Mortgage Loan Trust Series 2004-2, Class 4A2 (c)	3.61%	03/01/34	388,445
74,853	Structured Asset Securities Corp. Mortgage Pass-Through Certificates Series 2001-SB1, Class A2	3.38%	08/01/31	74,287
338,657	Thornburg Mortgage Securities Trust Series 2003-4, Class A1, 1 Mo. LIBOR + 0.64% (a)	2.54%	09/25/43	329,282
509,617	Towd Point Mortgage Trust Series 2015-2, Class 2A1 (b)	3.75%	11/01/57	514,263
293,457	Vericrest Opportunity Loan Transferee Series 2017-NPL1, Class A1 (b) (d)	3.50%	02/25/47	293,141
1,106,467	Series 2017-NPL3, Class A1 (b) (d)	3.50%	03/25/47	1,107,849
526,635	Series 2017-NPL5, Class A1 (b) (d)	3.38%	05/28/47	526,684

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Principal Value	Description	Stated Coupon	Stated Maturity	Value
MORTGAGE-BACKED SECURITIES (Continued)				
Collateralized Mortgage Obligations (Continued)				
Vericrest Opportunity Loan Transferee (Continued)				
\$790,401	Series 2017-NPL6, Class A1 (b) (d)	3.25%	05/25/47	\$787,461
Wachovia Mortgage Loan Trust, LLC				
315,462	Series 2006-A, Class 3A1 (c)	3.61%	05/01/36	310,900
WaMu Mortgage Pass-Through Certificates				
307,889	Series 2003-AR5, Class A7 (c)	3.23%	06/01/33	311,853
440,566	Series 2004-AR1, Class A (c)	3.71%	03/01/34	451,100
528,157	Series 2004-AR10, Class A1B, 1 Mo. LIBOR + 0.42% (a)	2.32%	07/25/44	530,849
397,466	Series 2004-AR13, Class A1A, 1 Mo. LIBOR + 0.72% (a)	2.62%	11/25/34	397,394
81,222	Series 2004-AR3, Class A2 (c)	3.48%	06/01/34	83,181
549,015	Series 2005-AR1, Class A1A, 1 Mo. LIBOR + 0.64% (a)	2.54%	01/25/45	567,318
803,047	Series 2005-AR11, Class A1A, 1 Mo. LIBOR + 0.32% (a)	2.22%	08/25/45	804,724
713,089	Series 2005-AR6, Class 2A1A, 1 Mo. LIBOR + 0.46% (a)	2.36%	04/25/45	702,931
306,170	Series 2005-AR9, Class A1A, 1 Mo. LIBOR + 0.64% (a)	2.54%	07/25/45	305,769
533,846	Series 2006-AR2, Class 1A1 (c)	3.41%	03/01/36	507,510
Washington Mutual Alternative Mortgage Pass-Through Certificates				
24,364	Series 2007-5, Class A11, 1 Mo. LIBOR x -6 + 39.48% (e)	28.10%	06/25/37	39,901
Washington Mutual MSC Mortgage Pass-Through Certificates				
366,620	Series 2004-RA1, Class 2A	7.00%	03/01/34	400,551
Wells Fargo Mortgage Backed Securities Trust				
421,149	Series 2003-H, Class A1 (c)	3.59%	09/01/33	430,478
449,716	Series 2004-A, Class A1 (c)	3.79%	02/01/34	466,114
60,957	Series 2004-EE, Class 3A1 (c)	3.79%	12/01/34	63,632

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799,155	Series 2004-R, Class 1A1 (c)	3.61%	09/01/34	813,582
190,398	Series 2004-S, Class A1 (c)	3.56%	09/01/34	195,606
394,185	Series 2004-Y, Class 1A2 (c)	3.74%	11/01/34	405,432
5,057	Series 2004-Z, Class 2A1 (c)	3.74%	12/01/34	5,167
21,300	Series 2004-Z, Class 2A2 (c)	3.74%	12/01/34	21,764
213,823	Series 2005-AR10, Class 2A17 (c)	3.71%	06/01/35	220,439
392,325	Series 2005-AR16, Class 1A1 (c)	3.76%	08/01/33	400,892
337,533	Series 2005-AR3, Class 2A1 (c)	3.61%	03/01/35	343,611
300,968	Series 2005-AR8, Class 1A1 (c)	3.72%	06/01/35	308,820
361,679	Series 2006-13, Class A5	6.00%	10/01/36	359,846
107,181	Series 2007-16, Class 1A1	6.00%	12/04/37	108,906
182,820	Series 2007-2, Class 1A13	6.00%	03/01/37	182,493
42,857	Series 2007-8, Class 2A2	6.00%	07/01/37	42,782
				33,481,122
	Commercial Mortgage-Backed Securities – 5.5%			
	Bayview Commercial Asset Trust			
422,985	Series 2004-2, Class A, 1 Mo. LIBOR + 0.65% (a) (b)	2.33%	08/25/34	420,394
	Hudsons Bay Simon JV Trust			
510,000	Series 2015-HBFL, Class DFL, 1 Mo. LIBOR + 3.65% (a) (b)	5.53%	08/05/34	511,315
	UBS-Barclays Commercial Mortgage Trust			
14,296,395	Series 2013-C5, Class XA, IO (b) (c)	1.11%	03/01/46	544,360
	Wachovia Bank Commercial Mortgage Trust			
382,173	Series 2007-C30, Class AJ	5.41%	12/01/43	384,843
650,000	Series 2007-C33, Class AJ, STRIP (c)	6.21%	02/01/51	647,684
	Waldorf Astoria Boca Raton Trust			
1,000,000	Series 2016-BOCA, Class E, 1 Mo. LIBOR + 4.35% (a) (f)	6.25%	06/15/29	1,001,749
				3,510,345
	Total Mortgage-Backed Securities			36,991,467

(Cost \$36,962,523)

See Notes to Financial Statements

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First Trust Mortgage Income Fund (FMY)

Portfolio of Investments (Continued)

April 30, 2018 (Unaudited)

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES – 36.1%				
Collateralized Mortgage Obligations – 25.0%				
Federal Home Loan Mortgage Corp.				
\$18,590	Series 1007, Class H, 1 Mo. LIBOR x -1 + 20.88% (e)	18.32%	10/15/20	\$20,323
35,421	Series 1394, Class ID, Cost of Funds 11th District of San Francisco x -4.67 + 44.56%, Capped at 9.57% (e)	9.57%	10/15/22	39,730
34,598	Series 2303, Class SW, Cost of Funds 11th District of San Francisco x -15.87 + 121.11%, Capped at 10.00% (e)	10.00%	03/01/24	6,633
93,858	Series 2334, Class QS, 1 Mo. LIBOR x -3.5 + 28.18% (e)	21.54%	07/15/31	133,341
215,584	Series 2383, Class SD, IO, 1 Mo. LIBOR x -1 + 8.00% (e)	6.10%	11/15/31	33,985
370,271	Series 2439, Class XI, IO, if 1 Mo. LIBOR x -1 + 7.74% is less than 7.50%, then 6.50%, otherwise 0.00% (e)	6.50%	03/01/32	76,317
19,389	Series 2641, Class KW	4.50%	07/01/18	19,406
831,739	Series 2807, Class SB, IO, 1 Mo. LIBOR x -1 + 7.45% (e)	5.55%	11/15/33	155,322
1,818,007	Series 2975, Class SJ, IO, 1 Mo. LIBOR x -1 + 6.65% (e)	4.75%	05/15/35	196,132
414,409	Series 3012, Class GK, 1 Mo. LIBOR x -4.5 + 24.75% (e)	16.21%	06/15/35	556,456
207,131	Series 3108, Class QZ	6.00%	02/01/36	265,237
13,874	Series 3195, Class SX, 1 Mo. LIBOR x -6.5 + 46.15% (e)	33.82%	07/15/36	43,882
282,034	Series 3210, Class ZA	6.00%	09/01/36	333,541
109,628	Series 3410, Class HC	5.50%	02/01/38	119,122
167,189	Series 3451, Class SB, IO, 1 Mo. LIBOR x -1 + 6.03% (e)	4.13%	05/15/38	12,793
667,595	Series 3471, Class SD, IO, 1 Mo. LIBOR x -1 + 6.08% (e)	4.18%	12/15/36	81,819
7,251	Series 3619, Class EI, IO	4.50%	05/01/24	1
32,796	Series 3692, Class PS, IO, 1 Mo. LIBOR x -1 + 6.60% (e)	4.70%	05/15/38	144

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1,207,718	Series 3726, Class KI, IO	3.50%	04/01/25	58,630
1,369,350	Series 3784, Class BI, IO	3.50%	01/01/21	44,008
250,000	Series 3797, Class KB	4.50%	01/01/41	264,874
1,148,016	Series 3870, Class WS, IO, 1 Mo. LIBOR x -1 + 6.60% (e)	4.70%	06/15/31	108,112
288,667	Series 3898, Class NI, IO	5.00%	07/01/40	14,323
986,283	Series 3985, Class GI, IO	3.00%	10/01/26	64,160
83,604	Series 4021, Class IP, IO	3.00%	03/01/27	6,753
1,070,820	Series 4206, Class IA, IO	3.00%	03/01/33	148,605
491,542	Series 4615, Class GT, 1 Mo. LIBOR x -4 + 16.00%, Capped at 4.00% (e)	4.00%	10/15/42	405,011
7,638,299	Series 4619, Class IB, IO	4.00%	12/01/47	1,056,323
53,239	Federal Home Loan Mortgage Corp. Structured Pass-Through Certificates Series T-56, Class APO	(g)	05/01/43	36,964
119,572	Federal Home Loan Mortgage Corp., STRIP Series 177, IO	7.00%	06/17/26	20,704
419,455	Series 243, Class 2, IO	5.00%	11/01/35	87,482
496,731	Federal National Mortgage Association Series 1997-85, Class M, IO	6.50%	12/01/27	65,373
72,937	Series 2002-80, Class IO	6.00%	09/01/32	14,286
123,276	Series 2003-15, Class MS, IO, 1 Mo. LIBOR x -1 + 8.00% (e)	6.10%	03/25/33	22,874
161,260	Series 2003-44, Class IU, IO	7.00%	06/01/33	38,836
868,425	Series 2004-49, Class SN, IO, 1 Mo. LIBOR x -1 + 7.10% (e)	5.20%	07/25/34	107,251
23,381	Series 2004-74, Class SW, 1 Mo. LIBOR x -1 + 15.50% (e)	11.71%	11/25/31	29,106
500,000	Series 2004-W10, Class A6	5.75%	08/01/34	544,765
303,374	Series 2005-122, Class SN, 1 Mo. LIBOR x -4 + 28.60% (e)	21.01%	01/25/36	486,255
41,302	Series 2005-59 SU, 1 Mo. LIBOR x -5 + 25.50% (e)	16.01%	06/25/35	53,788

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143,441	Series 2005-6, Class SE, IO, 1 Mo. LIBOR x -1 + 6.70% (e)	4.80%	02/25/35	20,480
203,010	Series 2006-105, Class ZA	6.00%	11/01/36	249,252
136,041	Series 2006-5, Class 3A2, 1 Mo. LIBOR + 2.08% (a)	3.53%	05/01/35	142,866
97,778	Series 2007-100, Class SM, IO, 1 Mo. LIBOR x -1 + 6.45% (e)	4.55%	10/25/37	13,094
219,245	Series 2007-30, Class ZM	4.25%	04/01/37	225,681
393,482	Series 2007-37, Class SB, IO, 1 Mo. LIBOR x -1 + 6.75% (e)	4.85%	05/25/37	65,077

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First Trust Mortgage Income Fund (FMY)

Portfolio of Investments (Continued)

April 30, 2018 (Unaudited)

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES (Continued)				
Collateralized Mortgage Obligations (Continued)				
Federal National Mortgage Association (Continued)				
\$294,177	Series 2008-17, Class BE	5.50%	10/01/37	\$334,708
182,000	Series 2008-2, Class PH	5.50%	02/01/38	205,622
3,552	Series 2008-50, Class AI, IO	5.50%	06/01/23	104
160,749	Series 2008-87, Class AS, IO, 1 Mo. LIBOR x -1 + 7.65% (e)	5.75%	07/25/33	26,692
399,000	Series 2009-28, Class HX	5.00%	05/01/39	452,155
168,354	Series 2009-37, Class NZ	5.71%	02/01/37	202,594
448,877	Series 2010-10, Class NI, IO	5.00%	01/01/39	6,855
1,894,639	Series 2010-103, Class ID, IO	5.00%	09/01/40	440,106
647,817	Series 2010-104, Class CI, IO	4.00%	09/01/20	18,407
2,445,826	Series 2010-139, Class KI, IO	1.09%	12/01/40	84,981
57,166	Series 2010-142, Class PS, IO, 1 Mo. LIBOR x -1 + 6.05% (e)	4.15%	05/25/40	364
247,900	Series 2010-145, Class TI, IO	3.50%	12/01/20	7,641
9,765	Series 2010-40, Class MI, IO	4.50%	08/01/24	1
86,686	Series 2010-99, Class SG, 1 Mo. LIBOR x -5 + 25.00% (e)	15.57%	09/01/40	121,304
280,591	Series 2011-13, Class GI, IO	5.00%	11/01/25	5,249
146,319	Series 2011-5, Class IK, IO	8.00%	02/01/21	10,043
250,000	Series 2011-52, Class LB	5.50%	06/01/41	272,696
2,157,230	Series 2011-66, Class QI, IO	3.50%	07/01/21	91,911
176,371	Series 2012-111, Class B	7.00%	10/01/42	200,477
2,139,069	Series 2012-112, Class BI, IO	3.00%	09/01/31	220,410

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1,785,974	Series 2012-125, Class MI, IO	3.50%	11/01/42	392,349
31,472	Series 2012-74, Class OA	(g)	03/01/42	28,294
440,609	Series 2012-74, Class SA, IO, 1 Mo. LIBOR x -1 + 6.65% (e)	4.75%	03/25/42	55,168
31,472	Series 2012-75, Class AO	(g)	03/01/42	27,522
149,284	Series 2013-132, Class SW, 1 Mo. LIBOR x -2.67 + 10.67% (e)	5.63%	01/01/44	145,245
74,797	Series 2013-14, Class ES, 1 Mo. LIBOR x -1.50 + 6.08% (e)	3.23%	03/25/43	62,001
2,381,486	Series 2013-32, Class IG, IO	3.50%	04/01/33	342,132
579,078	Series 2013-51, Class PI, IO	3.00%	11/01/32	69,264
4,035,850	Series 2015-20, Class ES, IO, 1 Mo. LIBOR x -1 + 6.15% (e)	4.25%	04/25/45	628,238
1,681,059	Series 2015-76, Class BI, IO	4.00%	10/01/39	214,978
4,631,990	Series 2015-97, Class AI, IO	4.00%	09/01/41	781,106
168,142	Series 2016-74, Class LI, IO	3.50%	09/01/46	56,614
79,807	Federal National Mortgage Association, STRIP Series 305, Class 12, IO (h)	6.50%	12/01/29	15,095
83,461	Series 355, Class 18, IO	7.50%	11/01/33	20,296
1,249,711	Series 406, Class 6, IO (h)	4.00%	01/01/41	257,569
182,690	Government National Mortgage Association Series 2004-95, Class QZ	4.50%	11/01/34	193,433
318,779	Series 2005-33, Class AY	5.50%	04/01/35	351,509
156,669	Series 2005-68, Class DP, 1 Mo. LIBOR x -2.41 + 16.43% (e)	11.86%	06/17/35	176,561
453,290	Series 2005-68, Class KI, IO, 1 Mo. LIBOR x -1 + 6.30% (e)	4.40%	09/20/35	59,809
51,176	Series 2006-28, Class VS, 1 Mo. LIBOR x -13 + 87.10% (e)	62.44%	06/20/36	134,464
730,795	Series 2007-14, Class PB	5.40%	03/01/37	772,281
118,207	Series 2007-50, Class AI, IO, 1 Mo. LIBOR x -1 + 6.78% (e)	4.88%	08/20/37	15,334

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377,350	Series 2007-68, Class PI, IO, 1 Mo. LIBOR x -1 + 6.65% (e)	4.75%	11/20/37	56,502
100,000	Series 2008-2, Class HB	5.50%	01/01/38	112,619
220,000	Series 2008-32, Class JD	5.50%	04/01/38	253,600
331,622	Series 2008-73, Class SK, IO, 1 Mo. LIBOR x -1 + 6.74% (e)	4.84%	08/20/38	41,323
1,173,892	Series 2009-100, Class SL, IO, 1 Mo. LIBOR x -1 + 6.50% (e)	4.60%	05/16/39	55,797
276,025	Series 2009-12, Class IE, IO	5.50%	03/01/39	53,771
124,806	Series 2009-65, Class NJ, IO	5.50%	07/01/39	7,363
118,507	Series 2009-79, Class PZ	6.00%	09/01/39	149,165
833,020	Series 2010-115, Class IQ, IO	4.50%	11/01/38	31,466
715,000	Series 2010-61, Class KE	5.00%	05/01/40	805,531

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First Trust Mortgage Income Fund (FMY)

Portfolio of Investments (Continued)

April 30, 2018 (Unaudited)

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES (Continued)				
Collateralized Mortgage Obligations (Continued)				
Government National Mortgage Association (Continued)				
\$474,429	Series 2011-131, Class EI, IO	4.50%	08/01/39	\$24,279
575,895	Series 2013-104, Class YS, IO, 1 Mo. LIBOR x -1 + 6.15% (e)	4.25%	07/16/43	77,584
11,281,155	Series 2016-112, Class AI, IO	0.12%	06/20/38	56,020
70,247	Series 2016-139, Class MZ	1.50%	07/01/45	40,256
137,038	Series 2017-4, Class CZ	3.00%	01/01/47	115,555
102,709	Series 2017-H18, Class DZ (h)	4.59%	09/01/67	107,561
				15,979,091
Commercial Mortgage-Backed Securities – 0.3%				
Government National Mortgage Association				
218,000	Series 2013-57, Class D (h)	2.35%	06/01/46	183,409
Pass-through Security – 10.8%				
Federal Home Loan Mortgage Corp.				
878,004	Gold Pool	3.00%	08/01/46	848,223
393,481	Pool A94738	4.50%	11/01/40	410,139
542,219	Pool K36017	5.00%	09/01/47	565,734
Federal National Mortgage Association				
17,313	Pool 535919	6.50%	05/01/21	19,293
937,150	Pool 831145	6.00%	12/01/35	1,047,170
939,963	Pool 843971	6.00%	11/01/35	1,067,662
1,366,585	Pool AB5688	3.50%	07/01/37	1,364,870
824,558	Pool AS9194	4.50%	12/01/44	865,128
784,636	Pool AT2720	3.00%	05/01/43	763,862
				6,952,081

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Total U.S. Government Agency Mortgage-Backed Securities 23,114,581

(Cost \$24,848,750)

ASSET-BACKED SECURITIES – 1.5%

Green Tree Financial Corp.

Series 1998-4, Class A7

84,481 6.87% 04/01/30 90,297

Mid-State Capital Corp. Trust

Series 2004-1, Class M1

400,123 6.50% 08/01/37 435,837

Series 2005-1, Class A

408,937 5.75% 01/01/40 444,425

Total Asset-Backed Securities

970,559

(Cost \$930,522)

Total Investments – 95.4%

61,076,607

(Cost \$62,741,795) (i)

Net Other Assets and Liabilities – 4.6%

2,928,764

Net Assets – 100.0%

\$64,005,371

Futures Contracts (See Note 2D - Futures Contracts in the Notes to Financial Statements):

Futures Contracts	Position	Number of Contracts	Expiration Date	Notional Value	Unrealized Appreciation (Depreciation)/ Value
U.S. Treasury 5-Year Notes	Long	11	Jun 2018	\$ 1,248,586	\$(5,508)

(a) Floating or variable rate security.

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First Trust Mortgage Income Fund (FMY)

Portfolio of Investments (Continued)

April 30, 2018 (Unaudited)

- This security, sold within the terms of a private placement memorandum, is exempt from registration upon resale under Rule 144A under the Securities Act of 1933, as amended (the “1933 Act”), and may be resold in transactions exempt from registration, normally to qualified institutional buyers. Pursuant to procedures adopted by the Fund’s
- (b) Board of Trustees, this security has been determined to be liquid by First Trust Advisors L.P. (“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 judgment. At April 30, 2018, securities noted as such amounted to \$8,373,156 or 13.1% of net assets.
- (c) Collateral Strip Rate security. Interest is based on the weighted net interest rate of the investment’s underlying collateral. The interest rate resets periodically.
- (d) Step-up security. A security where the coupon increases or steps up at a predetermined date. Interest rate shown reflects the rate in effect at April 30, 2018.
- (e) Inverse floating rate security.
- This security, sold within the terms of a private placement memorandum, is exempt from registration upon resale
- (f) under Rule 144A under the 1933 Act, and may be resold in transactions exempt from registration, normally to qualified institutional buyers (see Note 2C - Restricted Securities in the Notes to Financial Statements).
- (g) Zero coupon security.
- (h) Weighted Average Coupon security. Coupon is based on the blended interest rate of the underlying holdings, which may have different coupons. The coupon may change in any period.
- Aggregate cost for financial reporting purposes approximates the aggregate cost for federal income tax purposes. As of April 30, 2018, the aggregate gross unrealized appreciation for all investments in which there was an excess
- (i) of value over tax cost was \$1,659,871 and the aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value was \$3,330,567. The net unrealized depreciation was \$1,670,696. The amounts presented are inclusive of derivative contracts.

IO Interest-Only Security - Principal amount shown represents par value on which interest payments are based.

LIBOR London Interbank Offered Rate

STRIP Separate Trading of Registered Interest and Principal of Securities

Valuation Inputs

A summary of the inputs used to value the Fund’s investments as of April 30, 2018 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

ASSETS TABLE

	Total Value at 4/30/2018	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Mortgage-Backed Securities	\$ 36,991,467	—	\$ 36,991,467	—
U.S. Government Agency Mortgage-Backed Securities	23,114,581	—	23,114,581	—
Asset-Backed Securities	970,559	—	970,559	—
Total Investments	\$ 61,076,607	—	\$ 61,076,607	—

LIABILITIES TABLE

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	Total Value at 4/30/2018	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Futures	\$ (5,508)	\$ (5,508)	\$ —	\$ —

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 April 30, 2018.

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First Trust Mortgage Income Fund (FMY)

Statement of Assets and Liabilities

April 30, 2018 (Unaudited)

ASSETS:

Investments, at value

(Cost \$62,741,795)	\$ 61,076,607
<hr/>	
Cash	2,976,709
<hr/>	
Restricted Cash	50,000
<hr/>	
Receivables:	
Interest	300,223
<hr/>	
Investment securities sold	190,129
<hr/>	
Variation margin	23,788
<hr/>	
Prepaid expenses	17,158
<hr/>	
Total Assets	64,634,614
<hr/>	
LIABILITIES:	
Payables:	
Investment securities purchased	531,531
<hr/>	
Investment advisory fees	44,784
<hr/>	
Administrative fees	20,246
<hr/>	
Printing fees	14,166
<hr/>	
Transfer agent fees	6,613
<hr/>	
Custodian fees	4,867
<hr/>	
Audit and tax fees	4,004
<hr/>	
Trustees' fees and expenses	1,377
<hr/>	
Financial reporting fees	771
<hr/>	
Legal fees	651
<hr/>	
Other liabilities	233
<hr/>	

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Total Liabilities	629,243
<hr/>	
NET ASSETS	\$64,005,371
<hr/>	
NET ASSETS consist of:	
Paid-in capital	\$ 70,345,343
<hr/>	
Par value	42,131
<hr/>	
Accumulated net investment income (loss)	(1,310,589)
<hr/>	
Accumulated net realized gain (loss) on investments and futures	(3,400,818)
<hr/>	
Net unrealized appreciation (depreciation) on investments and futures	(1,670,696)
<hr/>	
NET ASSETS	\$64,005,371
<hr/>	
NET ASSET VALUE, per Common Share (par value \$0.01 per Common Share)	\$15.19
<hr/>	
Number of Common Shares outstanding (unlimited number of Common Shares has been authorized)	4,213,115
<hr/>	

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First Trust Mortgage Income Fund (FMY)

Statement of Operations

For the Six Months Ended April 30, 2018 (Unaudited)

INVESTMENT

INCOME:

Interest	\$ 1,376,967
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Total investment income	1,376,967
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EXPENSES:

Investment advisory fees	272,348
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Administrative fees	35,293
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Audit and tax fees	29,221
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Transfer agent fees	18,989
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Printing fees	16,007
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Legal fees	11,316
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Custodian fees	9,894
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Trustees' fees and expenses	8,095
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Financial reporting fees	4,625
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Other	16,737
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Total expenses	422,525
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NET INVESTMENT INCOME (LOSS)	954,442
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NET
REALIZED
AND

UNREALIZED	
GAIN (LOSS):	
Net realized	
gain (loss) on:	
Investments	6,247
<hr/>	
Futures	(27,924)
<hr/>	
Net realized	
gain (loss)	(21,677)
<hr/>	
Net change in	
unrealized	
appreciation	
(depreciation)	
on:	
Investments	(490,830)
<hr/>	
Futures	10,414
<hr/>	
Net change in	
unrealized	
appreciation	(480,416)
(depreciation)	
<hr/>	
NET	
REALIZED	
AND	
UNREALIZED	(502,093)
GAIN (LOSS)	
<hr/>	
NET	
INCREASE	
(DECREASE)	
IN NET	
ASSETS	\$ 452,349
RESULTING	
FROM	
OPERATIONS	
<hr/>	

See Notes to Financial Statements
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First Trust Mortgage Income Fund (FMY)

Statements of Changes in Net Assets

Six Months

Ended

4/30/2018

(Unaudited)