

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

FIRST TRUST MLP & ENERGY INCOME FUND  
Form N-CSR  
January 05, 2017

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 811-22738  
-----

First Trust MLP and Energy Income Fund  
-----

(Exact name of registrant as specified in charter)

10 Westport Road, Suite C101a  
Wilton, CT 06897  
-----

(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, 2016  
-----

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.

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

FIRST TRUST  
MLP & ENERGY INCOME FUND (FEI)

ANNUAL REPORT  
FOR THE YEAR ENDED  
OCTOBER 31, 2016

ENERGY INCOME PARTNERS, LLC

FIRST TRUST

TABLE OF CONTENTS

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
ANNUAL REPORT  
OCTOBER 31, 2016

Shareholder Letter.....	1
At a Glance.....	2
Portfolio Commentary.....	3
Portfolio of Investments.....	5
Statement of Assets and Liabilities.....	10
Statement of Operations.....	11
Statements of Changes in Net Assets.....	12
Statement of Cash Flows.....	13
Financial Highlights.....	14
Notes to Financial Statements.....	15
Report of Independent Registered Public Accounting Firm.....	23
Additional Information.....	24
Board of Trustees and Officers.....	29
Privacy Policy.....	31

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 Energy Income Partners, LLC ("EIP" 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 MLP and Energy 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

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

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 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 objective. 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 relevant market benchmarks.

It is important to keep in mind that the opinions expressed by personnel of EIP 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 MLP AND ENERGY INCOME FUND (FEI) ANNUAL  
LETTER FROM THE CHAIRMAN AND CEO  
OCTOBER 31, 2016

Dear Shareholders:

Thank you for your investment in First Trust MLP and Energy Income Fund.

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

First Trust Advisors L.P. ("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, 2016, including a market overview and a performance analysis for the period. We encourage you to read this report and discuss it with your financial advisor.

Early in 2016, many investors were concerned that the volatility witnessed in the stock market in 2015 would continue, and it did. During the first six months of the year, one of the events that affected the global markets was the "Brexit" vote (where citizens in the UK voted to leave the European Union). Just a few days after the historic vote, the global equity markets rebounded to close June 30, 2016 at a combined market capitalization of \$62 trillion. As of October 31, 2016, the S&P 500(R) Index was up 5.87% calendar year-to-date, according to Bloomberg. From October 30, 2015 through October 31, 2016, the S&P 500(R) Index was also in positive territory at 4.51%. The last few months have had investors keenly watching the presidential election in anticipation of the outcome of the vote and its effect on the stock market and economy. I will discuss that more in my next letter.

The current bull market (measuring from March 9, 2009 through October 31, 2016) is the second longest in history. First Trust believes that having a long-term investment horizon and investing in quality products can help you reach your goals, regardless of ups and downs in the market. We strive to provide quality investment products, which has been one of the hallmarks of our firm since its inception more than 25 years ago.

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 helping investors like 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.

Page 1

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
"AT A GLANCE"  
AS OF OCTOBER 31, 2016 (UNAUDITED)

-----  
FUND STATISTICS  
-----

Symbol on New York Stock Exchange	FEI
Common Share Price	\$15.66
Common Share Net Asset Value ("NAV")	\$15.42
Premium (Discount) to NAV	1.56%
Net Assets Applicable to Common Shares	\$701,457,408
Current Monthly Distribution per Common Share (1)	\$0.1183
Current Annualized Distribution per Common Share	\$1.4196
Current Distribution Rate on Closing Common Share Price (2)	9.07%
Current Distribution Rate on NAV (2)	9.21%

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

-----  
 -----  
 COMMON SHARE PRICE & NAV (WEEKLY CLOSING PRICE)  
 -----

	Common Share Price	NAV
10/15	16.86	17.30
	15.76	16.91
	14.41	16.05
	14.15	16.00
11/15	14.33	15.94
	12.93	13.92
	11.50	13.00
	11.56	12.86
12/15	13.59	14.54
	13.22	14.40
	12.00	13.36
	10.36	11.93
1/16	10.60	12.33
	11.48	13.07
	11.46	12.84
	9.96	11.54
2/16	11.31	12.54
	12.47	13.07
	13.40	13.78
	13.33	13.83
3/16	13.63	14.33
	13.19	13.82
	13.28	13.56
	13.33	13.73
4/16	13.63	13.97
	14.78	15.13
	15.13	15.23
	14.27	14.92
5/16	14.41	14.97
	14.89	15.31
	15.14	15.24
	15.39	15.41
6/16	15.30	15.43
	15.27	15.37
	15.26	15.52
	15.58	15.64
7/16	15.28	15.63
	15.36	15.93
	15.81	15.99
	15.81	15.93
8/16	15.45	15.68
	15.86	15.81
	16.30	15.80
	15.99	15.64
9/16	15.90	15.62
	15.98	15.56
	15.68	15.33
	16.19	15.80
10/16	16.56	15.86
	15.90	15.53
	15.76	15.65
	16.02	15.76
	15.68	15.50
	15.66	15.42

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

PERFORMANCE

	1 Year Ended 10/31/16	AVERAGE ANNUAL TOTAL RETURN Inception (10/31/07) to 10/31/16
Fund Performance (3)		
NAV	-1.57%	1.91%
Market Value	2.98%	1.12%
Index Performance		
S&P 500(R) Index	4.51%	13.62%
Alerian MLP Total Return Index	-1.80%	-0.58%
Wells Fargo Midstream MLP Total Return Index	-2.33%	3.14%

INDUSTRY CLASSIFICATION	% OF TOTAL INVESTMENTS
Pipelines	75.4%
Electric Power	14.0
Coal	4.6
Propane	4.5
Natural Gas Utility	0.5
Gathering & Processing	0.5
Other	0.5
Total	100.0% =====

TOP 10 HOLDINGS	% OF TOTAL INVESTMENTS
Enterprise Products Partners, L.P.	10.5%
Magellan Midstream Partners, L.P.	6.6
Enbridge Energy Partners, L.P.	6.3
Plains All American Pipeline, L.P.	6.1
TransCanada Corp.	5.9
Spectra Energy Partners, L.P.	5.9
EQT Midstream Partners, L.P.	4.4
Alliance Resource Partners, L.P.	3.8
ONEOK Partners, L.P.	3.6
Holly Energy Partners, L.P.	3.6
Total	56.7% =====

- (1) Most recent distribution paid or declared through 10/31/2016. 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 10/31/2016. Subject to

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

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 NAV returns and changes in Common Share price for market value returns. Total returns do not reflect sales load and are not annualized for periods less than one year. Past performance is not indicative of future results.

Page 2

---

### PORTFOLIO COMMENTARY

---

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
ANNUAL REPORT  
OCTOBER 31, 2016 (UNAUDITED)

SUB-ADVISOR

ENERGY INCOME PARTNERS, LLC

Energy Income Partners, LLC ("EIP"), located in Westport, CT, was founded in 2003 to provide professional asset management services in the area of energy-related master limited partnerships ("MLPs") and other high-payout securities such as pipeline companies, power utilities, Yield-Co's, and energy infrastructure real estate investment trusts ("REITs"). EIP mainly focuses on investments in energy-related infrastructure assets such as pipelines, power transmission and distribution, petroleum storage and terminals that receive fee-based or regulated income from their corporate and individual customers. As of October 31, 2016, EIP manages or supervises approximately \$5.3 billion of assets. Private funds advised by EIP include a partnership for U.S. high net worth individuals and an open-end mutual fund. EIP also manages separately managed accounts and provides its model portfolio to unified managed accounts. Finally, EIP serves as a sub-advisor to three closed-end management investment companies in addition to the First Trust MLP and Energy Income Fund ("FEI" or the "Fund"), an actively managed exchange-traded fund ("ETF"), a sleeve of an actively managed ETF and a sleeve of a series of a variable insurance trust. EIP is a registered investment advisor with the Securities and Exchange Commission.

PORTFOLIO MANAGEMENT TEAM

JAMES J. MURCHIE - CO-PORTFOLIO MANAGER, FOUNDER AND CEO OF  
ENERGY INCOME PARTNERS, LLC

EVA PAO - CO-PORTFOLIO MANAGER, PRINCIPAL OF ENERGY INCOME PARTNERS, LLC

JOHN TYSSSELAND - CO-PORTFOLIO MANAGER, PRINCIPAL OF ENERGY INCOME PARTNERS, LLC

COMMENTARY

FIRST TRUST MLP AND ENERGY INCOME FUND

The Fund's investment objective is to seek a high level of total return with an emphasis on current distributions paid to common shareholders. Under normal market conditions, the Fund will invest at least 85% of its managed assets in equity and debt securities of MLPs, MLP-related entities and other energy sector

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

and energy utilities companies that EIP believes offer opportunities for growth and income. Under normal market conditions, the Fund will invest at least 65% of its managed assets in equity securities issued by energy sector MLPs and energy sector and energy utilities MLP-related entities. There can be no assurance that the Fund's investment objective will be achieved. The Fund may not be appropriate for all investors.

### MARKET RECAP

As measured by the Alerian MLP Total Return Index ("AMZX") and the Wells Fargo Midstream MLP Total Return Index ("WCHWMIDT") (collectively the "MLP benchmarks"), the total return for energy-related MLP benchmarks over the fiscal year ended October 31, 2016 was -1.80% and -2.33%, respectively. For AMZX, these returns reflect a positive 7.53% from distribution payments, while the remaining negative returns are due to share price depreciation. For WCHWMIDT, these returns reflect a positive 7.10% from distribution payments, while the remaining negative returns are due to share price depreciation. These figures are according to data collected from several sources, including the MLP benchmarks and Bloomberg. While in the short term market share price appreciation can be volatile, we believe that over the long term share price appreciation will approximate growth in per share quarterly cash distributions paid by MLPs. Growth in per share MLP distributions has averaged about 2.3% per year over the last 10 years(1). The cash distributions of MLPs, as represented by the AMZX, decreased by about 11.6% over the last 12 months.

### PERFORMANCE ANALYSIS

On a net asset value ("NAV") basis, for the fiscal year ended October 31, 2016, the Fund provided a total return of -1.57%, including the reinvestment of dividends(2). This compares, according to collected data, to a total return of 4.51% for the S&P 500(R) Index, -1.80% for AMZX and -2.33% for WCHWMIDT. On a market value basis, the Fund had a total return, including the reinvestment of dividends, of 2.98% for the fiscal year ended October 31, 2016. At the end of the period, the Fund was priced at \$15.66, while the NAV was \$15.42, a premium of 1.56%. On October 31, 2015, the Fund was priced at \$16.86, while the NAV was \$17.37, a discount of 2.94%.

-----  
(1) Source: Alerian Capital Management, EIP Calculations.

(2) 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, changes in NAV per share for NAV returns and changes in Common Share price for market value returns. Total returns do not reflect a sales load. Past performance is not indicative of future results.

Page 3

-----  
PORTFOLIO COMMENTARY (CONTINUED)  
-----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
ANNUAL REPORT  
OCTOBER 31, 2016 (UNAUDITED)



## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

The Fund maintained its regular monthly Common Share distribution of \$0.1183 for the fiscal year ended October 31, 2016.

For the fiscal year ended October 31, 2016, the Fund's NAV outperformed the -2.07% average of the MLP benchmarks by 50 basis points. We believe our adherence to a strategy of owning non-cyclical energy infrastructure companies in North America with high dividend payout ratios across a number of diverse asset classes has helped the Fund outperform its benchmarks. We believe the MLP structure and a high payout ratio are only suitable for a narrow set of long-lived assets that have stable non-cyclical cash flows, such as regulated pipelines or other infrastructure assets that are legal or natural monopolies.

Two important factors affecting the return of the Fund, relative to the average of the MLP benchmarks, are the Fund's accrual for taxes and use of financial leverage through a line of credit. The Fund established a committed facility agreement with The Bank of Nova Scotia with a current maximum commitment amount of \$270,000,000. The Fund uses leverage because its portfolio managers believe that, over time, leverage can enhance total return for common shareholders. However, the use of leverage can also increase the volatility of the NAV and therefore the share price. For example, if the prices of securities held by the Fund decline, the effect of changes in common share NAV and common shareholder total return loss would be magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by the Fund generally are rising. Unlike the Fund, the MLP benchmarks are not leveraged, nor are their returns net of an accrual for taxes. Leverage had a negative impact on the performance of the Fund over the reporting period. The accrual for taxes had a positive impact on the performance of the Fund over the reporting period.

### MARKET AND FUND OUTLOOK

MLPs continue to play an integral role in the restructuring of diversified energy conglomerates. This restructuring includes the creation by these diversified conglomerates of MLP subsidiaries that contain assets such as pipelines and storage terminals. It also includes the divestiture by some of these parent companies of most or all of their cyclical businesses, leaving the parent company looking very similar to an old-fashioned pipeline utility with a large holding in a subsidiary MLP. We believe these diversified energy conglomerates are restructuring so their regulated infrastructure assets with predictable cash flows may be better valued by the market. In our opinion, the result is a better financing tool to raise capital for new energy infrastructure projects. This phenomenon has spread to the power utility industry but instead of spinning out an MLP, diversified power companies are spinning out a regular "C" corporation with a higher dividend payout ratio (relative to earnings).

From January 1, 2016 through October 31, 2016, the MLP asset class experienced one IPO that raised \$0.3 billion compared to nine IPOs that raised \$4.9 billion during the same time period in 2015. Reduced activity may be attributed to weak MLP equity markets as many indexes were down sharply during the trailing 12 months. From January 1, 2016 through October 31, 2016, total MLP equity issuance was down 33% to \$10.9 billion compared to \$16.2 billion over the same time period in 2015. Total MLP debt transactions were down 48% to \$18.9 billion from January 1, 2016 through October 31, 2016, which compares to \$36.4 billion over the same time period in 2015. (Barclays MLP Weekly)

The Fund continues to seek to invest primarily in MLPs and other energy infrastructure companies with mostly non-cyclical cash flows, investment-grade ratings, conservative balance sheets, modest and/or flexible organic growth commitments and liquidity on their revolving lines of credit. Non-cyclical cash flows are, in our opinion, a good fit with a steady anticipated dividend distribution that is meant to be most or all of an energy infrastructure company's free cash flow.

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Page 4

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 PORTFOLIO OF INVESTMENTS  
 OCTOBER 31, 2016

SHARES/ UNITS	DESCRIPTION	
-----		
MASTER LIMITED PARTNERSHIPS - 94.7%		
	CHEMICALS - 0.1%	
43,000	Westlake Chemical Partners, L.P. (a).....	\$
	GAS UTILITIES - 6.0%	
524,974	AmeriGas Partners, L.P. (a).....	
523,902	Suburban Propane Partners, L.P. (a).....	
	INDEPENDENT POWER AND RENEWABLE ELECTRICITY PRODUCERS - 2.5%	
30,011	Brookfield Renewable Energy Partners, L.P. (CAD) (a).....	
601,001	NextEra Energy Partners, L.P. (a) (b).....	
	OIL, GAS & CONSUMABLE FUELS - 86.1%	
226,534	Alliance Holdings GP, L.P. (a).....	
1,437,260	Alliance Resource Partners, L.P. (a).....	
306,500	Buckeye Partners, L.P. (a).....	
683,900	Columbia Pipeline Partners, L.P. (a).....	
2,399,625	Enbridge Energy Partners, L.P. (a).....	
3,889,441	Enterprise Products Partners, L.P. (a).....	
546,700	EQT Midstream Partners, L.P. (a).....	
1,106,305	Holly Energy Partners, L.P. (a).....	
920,800	Magellan Midstream Partners, L.P. (a).....	
262,000	NGL Energy Partners, L.P. (a).....	
860,300	ONEOK Partners, L.P. (a).....	
51,000	Phillips 66 Partners, L.P.....	
1,894,467	Plains All American Pipeline, L.P. (a).....	
17,400	Shell Midstream Partners, L.P.....	
1,296,911	Spectra Energy Partners, L.P. (a).....	
350,210	Tallgrass Energy Partners, L.P. (a).....	
624,600	TC PipeLines, L.P. (a).....	
108,200	TransMontaigne Partners, L.P. (a).....	
815,307	Williams Partners, L.P. (a).....	
	TOTAL MASTER LIMITED PARTNERSHIPS.....	

# Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

(Cost \$535,074,095)

COMMON STOCKS - 37.9%

ELECTRIC UTILITIES - 9.2%	
148,400	American Electric Power Co., Inc.....
172,600	Duke Energy Corp.....
153,700	Emera, Inc. (CAD) (a).....
179,500	Eversource Energy (a).....
582,750	Exelon Corp.....
8,599	Hydro One Ltd. (CAD) (a) (c).....
31,900	NextEra Energy, Inc.....
31,200	Southern (The) Co.....
4,300	Xcel Energy, Inc.....

See Notes to Financial Statements

Page 5

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 OCTOBER 31, 2016

SHARES	DESCRIPTION
-----	
COMMON STOCKS (CONTINUED)	
GAS UTILITIES - 0.8%	
13,633	Atmos Energy Corp. (a).....
62,000	Chesapeake Utilities Corp. (a).....
9,624	UGI Corp. (a).....
MULTI-UTILITIES - 6.4%	
111,500	CMS Energy Corp.....
138,200	National Grid PLC, ADR (a).....
305,200	Public Service Enterprise Group, Inc.....
61,500	SCANA Corp.....
126,500	Sempra Energy.....
OIL, GAS & CONSUMABLE FUELS - 21.5%	
630,000	Enbridge Income Fund Holdings, Inc. (CAD) (a).....
228,900	Enbridge, Inc.....
479,800	Inter Pipeline, Ltd. (CAD) (a).....
493,296	Keyera Corp. (CAD) (a).....
556,443	Kinder Morgan, Inc. (a).....
106,000	ONEOK, Inc.....

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

153,000	Spectra Energy Corp.....
1,222,186	TransCanada Corp. (a).....
765,887	Williams (The) Cos., Inc.....

TOTAL COMMON STOCKS.....  
 (Cost \$250,094,276)

REAL ESTATE INVESTMENT TRUSTS - 1.0%

	EQUITY REAL ESTATE INVESTMENT TRUSTS - 1.0%
104,540	CorEnergy Infrastructure Trust, Inc.....
265,690	InfraREIT, Inc. (a).....

TOTAL REAL ESTATE INVESTMENT TRUSTS.....  
 (Cost \$9,843,735)

TOTAL INVESTMENTS - 133.6%.....  
 (Cost \$795,012,106) (d)

NUMBER OF CONTRACTS	DESCRIPTION
-----	
CALL OPTIONS WRITTEN - (0.4%)	
	American Electric Power Co., Inc. Calls
600	@ \$65.00 due November 2016.....
500	@ 72.50 due November 2016 (e).....

Page 6 See Notes to Financial Statements

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 OCTOBER 31, 2016

NUMBER OF CONTRACTS	DESCRIPTION
-----	
CALL OPTIONS WRITTEN (CONTINUED)	
	Enbridge Energy Partners, L.P. Call
8,300	@ \$30.00 due April 2017 (e).....

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

	Enbridge, Inc. Calls	
1,500	@ 45.00	due December 2016.....
200	@ 45.00	due January 2017.....
	Enterprise Products Partners, L.P. Calls	
4,000	@ 29.00	due November 2016 (e).....
5,000	@ 28.00	due December 2016.....
3,500	@ 29.00	due December 2016.....
600	@ 31.00	due December 2016 (e).....
4,000	@ 29.00	due January 2017.....
1,100	@ 30.00	due January 2017.....
400	@ 29.00	due March 2017.....
	Exelon Corp. Calls	
1,200	@ 34.00	due November 2016.....
100	@ 36.00	due November 2016 (e).....
1,900	@ 34.00	due December 2016.....
1,100	@ 35.00	due January 2017.....
	Kinder Morgan, Inc. Calls	
2,600	@ 24.00	due November 2016.....
100	@ 23.00	due December 2016.....
	Magellan Midstream Partners, L.P. Calls	
1,800	@ 72.50	due November 2016.....
2,500	@ 75.00	due November 2016 (e).....
100	@ 75.00	due January 2017.....
	NextEra Energy, Inc. Call	
200	@ 135.00	due December 2016.....
	ONEOK, Inc. Calls	
300	@ 50.00	due November 2016.....
400	@ 52.50	due December 2016.....
	Plains All American Pipeline, L.P. Calls	
998	@ 30.00	due November 2016.....
600	@ 31.00	due November 2016.....
1,200	@ 33.00	due December 2016.....
6,000	@ 35.00	due December 2016.....
200	@ 35.00	due February 2017.....
	Public Service Enterprise Group, Inc. Call	
2,200	@ 50.00	due December 2016.....

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

See Notes to Financial Statements

Page 7

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 OCTOBER 31, 2016

NUMBER OF CONTRACTS	DESCRIPTION	
CALL OPTIONS WRITTEN (CONTINUED)		
	Sempra Energy Calls	
600	@ \$115.00 due November 2016 (e).....	\$
300	@ 110.00 due January 2017.....	
	Southern (The) Co. Call	
200	@ 57.50 due November 2016 (e).....	
	Spectra Energy Corp. Call	
1,500	@ 38.00 due December 2016.....	
	TransCanada Corp. Calls	
400	@ 45.00 due November 2016.....	
1,300	@ 50.00 due November 2016 (e).....	
6,800	@ 50.00 due January 2017.....	
600	@ 50.00 due February 2017.....	
	Williams (The) Cos., Inc. Calls	
800	@ 31.00 due November 2016.....	
3,400	@ 32.00 due November 2016.....	
600	@ 33.00 due November 2016.....	
	TOTAL CALL OPTIONS WRITTEN.....	
	(Premiums received \$3,160,531)	
	OUTSTANDING LOAN - (31.7%).....	(2
	NET OTHER ASSETS AND LIABILITIES - (1.5%).....	(
	NET ASSETS - 100.0%.....	\$7

(a) All or a portion of this security serves as collateral on the outstanding loan.

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

- (b) NextEra Energy Partners, L.P. is taxed as a "C" corporation for federal income tax purposes.
- (c) This security is restricted in the U.S. and cannot be offered for public sale without first being registered under the Securities Act of 1933, as amended. This security is not restricted on the foreign exchange where it trades freely without any additional registration. As such, it does not require the additional disclosure required of restricted securities.
- (d) Aggregate cost for federal income tax purposes is \$690,296,505. As of October 31, 2016, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$255,831,702 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$9,100,214.
- (e) This investment is fair valued by the Advisor's Pricing Committee in accordance with procedures adopted by the Fund's Board of Trustees, and in accordance with the provisions of the Investment Company Act of 1940, as amended. At October 31, 2016, investments noted as such are valued at \$(512,200) or (0.1)% of net assets.

ADR American Depositary Receipt

CAD Canadian Dollar - Security is denominated in Canadian Dollars and is translated into U.S. Dollars based upon the current exchange rate.

Page 8

See Notes to Financial Statements

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 OCTOBER 31, 2016

INTEREST RATE SWAP AGREEMENTS:

COUNTERPARTY	FLOATING RATE (1)	EXPIRATION DATE	NOTIONAL AMOUNT	FIXED RATE (1)
Bank of Nova Scotia	1 month LIBOR	10/08/23	\$ 77,250,000	2.734%
Bank of Nova Scotia	1 month LIBOR	09/03/24	97,000,000	2.367%
			\$ 174,250,000	
			=====	

(1) The Fund pays the fixed rate and receives the floating rate. The floating rates on October 31, 2016 were 0.530% and 0.528%, respectively.

VALUATION INPUTS

A summary of the inputs used to value the Fund's investments as of October 31,

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

2016 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

### ASSETS TABLE

	TOTAL VALUE AT 10/31/2016	LEVEL 1 QUOTED PRICES	SI OB
	-----	-----	-----
Master Limited Partnerships*.....	\$ 663,919,924	\$ 663,919,924	\$
Common Stocks*.....	265,861,358	265,861,358	
Real Estate Investment Trusts*.....	7,246,711	7,246,711	
	-----	-----	-----
Total Investments.....	\$ 937,027,993	\$ 937,027,993	\$
	=====	=====	=====

### LIABILITIES TABLE

	TOTAL VALUE AT 10/31/2016	LEVEL 1 QUOTED PRICES	SI OB
	-----	-----	-----
Call Options Written.....	\$ (2,767,740)	\$ (1,447,040)	\$
Interest Rate Swaps**.....	(14,641,445)	--	
	-----	-----	-----
Total Investments.....	\$ (17,409,185)	\$ (1,447,040)	\$
	=====	=====	=====

\* See Portfolio of Investments for industry breakout.

\*\* See Interest Rate Swap Agreements for contract detail.

All transfers in and out of the Levels during the period are assumed to be transferred on the last day of the period at their current value. As of October 31, 2016, the Fund transferred a common stock valued at \$156,876 from Level 2 to Level 1 of the fair value hierarchy. The common stock that transferred from Level 2 to Level 1 did so as a result of being valued based on quoted prices. Previously, this common stock was fair valued because a price was not available from a third-party pricing service.

See Notes to Financial Statements

Page 9

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
STATEMENT OF ASSETS AND LIABILITIES  
OCTOBER 31, 2016

ASSETS:



Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Investments, at value	
(Cost \$795,012,106)	.....
Cash	.....
Foreign currency (Cost \$384,704)	.....
Cash segregated as collateral for open swap contracts	.....
Receivables:	
Dividends	.....
Income Taxes	.....
Interest	.....
 Total Assets	.....
 LIABILITIES:	
Outstanding loan	.....
Deferred income taxes	.....
Options written, at value (Premiums received \$3,160,531)	.....
Swap contracts, at value (\$968)	.....
Payables:	
Investment securities purchased	.....
Investment advisory fees	.....
Interest and fees on loan	.....
Audit and tax fees	.....
Printing fees	.....
Custodian fees	.....
Administrative fees	.....
Legal fees	.....
Transfer agent 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), net of income taxes	.....
Accumulated net realized gain (loss) on investments, written options, swap contracts and foreign currency transactions, net of income taxes	.....
Net unrealized appreciation (depreciation) on investments, written options, swap contracts and foreign currency translation, net of income taxes	.....
 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)	.....

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

INVESTMENT INCOME:

Dividends (net of foreign withholding tax of \$719,257).....  
 Interest.....  
 Total investment income.....

EXPENSES:

Investment advisory fees.....  
 Interest and fees on loan.....  
 Administrative fees.....  
 Printing fees.....  
 Audit and tax fees.....  
 Custodian fees.....  
 Transfer agent fees.....  
 Legal fees.....  
 Trustees' fees and expenses.....  
 Financial reporting fees.....  
 Other.....  
 Total expenses.....

NET INVESTMENT INCOME (LOSS) BEFORE TAXES.....

Current state income tax benefit (expense)..... (1  
 Current federal income tax benefit (expense)..... 70  
 Current foreign income tax benefit (expense).....  
 Deferred federal income tax benefit (expense)..... (14  
 Deferred state income tax benefit (expense)..... (1,82

Total income tax benefit (expense).....

NET INVESTMENT INCOME (LOSS).....

NET REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain (loss) before taxes on:  
 Investments.....  
 Written options.....  
 Swap contracts.....  
 Foreign currency transactions.....

Net realized gain (loss) before taxes.....

Deferred federal income tax benefit (expense)..... 38,40  
 Deferred state income tax benefit (expense)..... 1,72

Total income tax benefit (expense).....

Net realized gain (loss) on investments, written options, swap contracts and  
 foreign currency transactions.....

Net increase from payment by the sub-advisor before taxes.....

Deferred federal income tax benefit (expense)..... (  
 Deferred state income tax benefit (expense).....

Total income tax benefit (expense).....

Net increase from payment by the sub-advisor.....

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Net change in unrealized appreciation (depreciation) before taxes on:

Investments.....  
 Written options.....  
 Swap contracts.....  
 Foreign currency translation.....

Net change in unrealized appreciation (depreciation) before taxes.....

Deferred federal income tax benefits (expense)..... (24,31  
 Deferred state income tax benefits (expense)..... (1,13

Total income tax benefit (expense).....

Net change in unrealized appreciation (depreciation) on investments, written  
 options, swap contracts and foreign currency translation.....

NET REALIZED AND UNREALIZED GAIN (LOSS).....

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....

See Notes to Financial Statements

Page 11

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 STATEMENTS OF CHANGES IN NET ASSETS

	YEAS ENDE 10/31/ -----
OPERATIONS:	
Net investment income (loss).....	\$ (2,4
Net realized gain (loss).....	(65,4
Net increase from payment by the sub-advisor.....	44,0
Net change in unrealized appreciation (depreciation).....	----- (23,8 -----
Net increase (decrease) in net assets resulting from operations.....	(23,8
DISTRIBUTIONS TO SHAREHOLDERS FROM:	
Net investment income.....	(64,5
Return of capital.....	----- (64,5 -----
Total distributions to shareholders.....	(64,5
CAPITAL TRANSACTIONS:	
Proceeds from Common Shares reinvested.....	7
Net increase (decrease) in net assets resulting from capital transactions.....	----- 7 -----

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Total increase (decrease) in net assets.....	(87,6
-----	
NET ASSETS:	
Beginning of period.....	789,0
-----	
End of period.....	\$ 701,4
=====	
Accumulated net investment income (loss), net of income taxes at end of period.....	\$ (3,0
=====	
CAPITAL TRANSACTIONS WERE AS FOLLOWS:	
Common Shares at beginning of period.....	45,4
Common Shares issued as reinvestment under the Dividend Reinvestment Plan.....	
-----	
Common Shares at end of period.....	45,4
=====	

Page 12

See Notes to Financial Statements

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED OCTOBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase (decrease) in net assets resulting from operations.....	\$ (23,
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities:	
Purchases of investments.....	(605,
Sales of investments.....	667,
Proceeds from written options.....	16,
Amount paid to close written options.....	(2,
Return of capital received from investment in MLPs.....	45,
Net realized gain/loss on investments and written options.....	101,
Net change in unrealized appreciation/depreciation on investments and written options.....	(73,
Net change in unrealized appreciation/depreciation on swap contracts.....	4,
Increase in cash segregated as collateral for open swap contracts.....	(5,
Net increase from payment from sub-advisor.....	

CHANGES IN ASSETS AND LIABILITIES:

Increase in income tax receivable.....	(
Increase in interest receivable.....	
Decrease in dividends receivable.....	3,
Decrease in prepaid expenses.....	
Increase in interest and fees on loan payable.....	
Decrease in investment advisory fees payable.....	(
Increase in legal fees payable.....	
Increase in printing fees payable.....	
Decrease in administrative fees payable.....	(
Increase in custodian fees payable.....	
Increase in transfer agent fees payable.....	
Decrease in Trustees' fees and expenses payable.....	

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Increase in financial reporting fees payable.....	
Decrease in deferred income tax payable.....	(12,
Increase in other liabilities payable.....	
-----	
CASH PROVIDED BY OPERATING ACTIVITIES.....	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Common Shares reinvested.....	
Distributions to Common Shareholders from return of capital.....	(64,
Proceeds from borrowing.....	20,
Repayment of borrowing.....	(72,
-----	
CASH USED IN FINANCING ACTIVITIES.....	
Decrease 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.....	
Cash paid during the period for taxes.....	
-----	
(a)	Includes net change in unrealized appreciation (depreciation) on foreign currency of \$1,123.

See Notes to Financial Statements

Page 13

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 FINANCIAL HIGHLIGHTS  
 FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD

	YEAR ENDED OCTOBER 31,		
	2016	2015	2014
	-----	-----	-----
Net asset value, beginning of period.....	\$ 17.37	\$ 23.27	\$ 23.27
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income (loss).....	(0.05)	0.07	0.07
Net realized and unrealized gain (loss).....	(0.48)	(4.59)	(4.59)
Total from investment operations.....	(0.53)	(4.52)	(4.52)
DISTRIBUTIONS PAID TO SHAREHOLDERS FROM:			
Net realized gain.....	--	--	--

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Return of capital.....	(1.42)	(1.38)	
	-----	-----	-----
Total distributions.....	(1.42)	(1.38)	
	-----	-----	-----
Common Shares offering costs charged to paid-in capital.....	--	--	
	-----	-----	-----
Capital reduction resulting from issuance of Common Shares related to over-allotment.....	--	--	
	-----	-----	-----
Net asset value, end of period.....	\$ 15.42	\$ 17.37	\$
	=====	=====	=====
Market value, end of period.....	\$ 15.66	\$ 16.86	\$
	=====	=====	=====
TOTAL RETURN BASED ON NET ASSET VALUE (c).....	(1.57)% (d)	(19.82)%	
	=====	=====	=====
TOTAL RETURN BASED ON MARKET VALUE (c).....	2.98%	(16.20)%	
	=====	=====	=====
-----			
Net assets, end of period (in 000's).....	\$ 701,457	\$ 789,061	\$1,05
Portfolio turnover rate.....	68%	32%	
RATIOS OF EXPENSES TO AVERAGE NET ASSETS:			
Including current and deferred income taxes (e)...	(0.11)%	(10.66)%	
Excluding current and deferred income taxes.....	1.88%	1.74%	
Excluding current and deferred income taxes and interest expense.....	1.47%	1.45%	
RATIOS OF NET INVESTMENT INCOME (LOSS) TO AVERAGE NET ASSETS:			
Net investment income (loss) ratio before tax expenses.....	(0.17)%	0.54%	
Net investment income (loss) ratio including tax expenses (e).....	1.82%	12.93%	
INDEBTEDNESS:			
Total loan outstanding (in 000's).....	\$ 222,500	\$ 275,000	\$ 35
Asset coverage per \$1,000 of indebtedness (g).....	\$ 4,153	\$ 3,869	\$

- (a) The Fund was seeded on October 11, 2012 and commenced operations on November 27, 2012.
- (b) Beginning net asset value is net of sales load of \$0.90 per share from the initial offering.
- (c) 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 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.
- (d) The Fund received a reimbursement from the sub-advisor in the amount of \$23,511 in connection with a trade error. The reimbursement from the sub-advisor represents less than \$0.01 per share and had no effect on the Fund's total return.
- (e) Includes current and deferred income taxes associated with each component of the Statement of Operations.
- (f) Annualized.

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

- (g) Calculated by taking the Fund's total assets less the Fund's total liabilities (not including the loan outstanding) and dividing by the loan outstanding in 000's.

Page 14

See Notes to Financial Statements

---

### NOTES TO FINANCIAL STATEMENTS

---

#### FIRST TRUST MLP AND ENERGY INCOME FUND (FEI) OCTOBER 31, 2016

##### 1. ORGANIZATION

First Trust MLP and Energy Income Fund (the "Fund") is a non-diversified, closed-end management investment company organized as a Massachusetts business trust on August 17, 2012 and is registered with the Securities and Exchange Commission (the "SEC") under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund trades under the ticker symbol FEI on the New York Stock Exchange ("NYSE").

The Fund's investment objective is to seek a high level of total return with an emphasis on current distributions paid to common shareholders. The Fund seeks to provide its shareholders with an efficient vehicle to invest in a portfolio of cash generating securities of energy companies. The Fund, under normal market conditions, invests at least 85% of its managed assets in equity and debt securities of master limited partnerships ("MLPs"), MLP-related entities and other energy sector and energy utilities companies that Energy Income Partners, LLC ("EIP" or the "Sub-Advisor") believes offer opportunities for growth and income. Under normal market conditions, the Fund invests at least 65% of its managed assets in equity securities issued by energy sector MLPs and energy sector and energy utilities MLP-related entities. There can be no assurance that the Fund will achieve its investment objective. The Fund may not be appropriate for all investors.

##### 2. SIGNIFICANT ACCOUNTING POLICIES

The Fund is considered an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification Topic 946, "Financial Services-Investment Companies." The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

##### A. PORTFOLIO VALUATION

The net asset value ("NAV") of the Common Shares of the Fund is determined daily as of the close of regular trading on the NYSE, normally 4:00 p.m. Eastern time, on each day the NYSE is open for trading. If the NYSE closes early on a valuation day, the NAV is determined as of that time. Foreign securities are priced using data reflecting the earlier closing of the principal markets for

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

those securities. The Fund's NAV per Common Share is calculated by dividing the value of all assets of the Fund (including accrued interest and dividends), less all liabilities (including accrued expenses, dividends declared but unpaid, deferred income taxes and any borrowings of the Fund) by the total number of Common Shares outstanding.

The Fund's investments are valued daily at market value or, in the absence of market value with respect to any portfolio securities, at fair value. Market value prices represent last sale or official closing prices from a national or foreign exchange (i.e., a regulated market) and are primarily obtained from third-party pricing services. Fair value prices represent any prices not considered market value prices and are either obtained from a third-party pricing service or are determined by the Pricing Committee of the Fund's investment advisor, First Trust Advisors L.P. ("First Trust" or the "Advisor"), in accordance with valuation procedures adopted by the Fund's Board of Trustees, and in accordance with provisions of the 1940 Act. Investments valued by the Advisor's Pricing Committee, if any, are footnoted as such in the footnotes to the Portfolio of Investments. The Fund's investments are valued as follows:

Common stocks, MLPs, real estate investment trusts and other equity securities listed on any national or foreign exchange (excluding The Nasdaq Stock Market LLC ("Nasdaq") and the London Stock Exchange Alternative Investment Market ("AIM")) are valued at the last sale price on the exchange on which they are principally traded or, for NASDAQ and AIM securities, the official closing price. Securities traded on more than one securities exchange are valued at the last sale price or official closing price, as applicable, at the close of the securities exchange representing the principal market for such securities.

Exchange-traded options contracts are valued at the closing price in the market where such contracts are principally traded. If no closing price is available, exchange-traded options contracts are fair valued at the mean of their most recent bid and asked price, if available, and otherwise at their closing bid price. Over-the-counter options contracts are fair valued at the mean of their most recent bid and asked price, if available, and otherwise at their closing bid price.

Securities traded in an over-the-counter market are fair valued at the mean of their most recent bid and asked price, if available, and otherwise at their closing bid price.

Swaps are fair valued utilizing quotations provided by a third-party pricing service or, if the third-party pricing service does not provide a value, by quotes provided by the selling dealer or financial institution.

Certain securities may not be able to be priced by pre-established pricing methods. Such securities may be valued by the Fund's Board of Trustees or its delegate, the Advisor's Pricing Committee, at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a third-party pricing service is unable to provide a market price; securities whose trading has been formally suspended; a security whose market or fair value price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to



## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

---

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

#### FIRST TRUST MLP AND ENERGY INCOME FUND (FEI) OCTOBER 31, 2016

materially affect the value of the security after the market has closed but before the calculation of the Fund's NAV or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the third-party pricing service, does not reflect the security's fair value. As a general principle, the current fair value of a security would appear to be the amount which the owner might reasonably expect to receive for the security upon its current sale. When fair value prices are used, generally they will differ from market quotations or official closing prices on the applicable exchanges. A variety of factors may be considered in determining the fair value of such securities, including, but not limited to, the following:

- 1) the type of security;
- 2) the size of the holding;
- 3) the initial cost of the security;
- 4) transactions in comparable securities;
- 5) price quotes from dealers and/or third-party pricing services;
- 6) relationships among various securities;
- 7) information obtained by contacting the issuer, analysts, or the appropriate stock exchange;
- 8) an analysis of the issuer's financial statements; and
- 9) the existence of merger proposals or tender offers that might affect the value of the security.

If the securities in question are foreign securities, the following additional information may be considered:

- 1) the value of similar foreign securities traded on other foreign markets;
- 2) ADR trading of similar securities;
- 3) closed-end fund trading of similar securities;
- 4) foreign currency exchange activity;
- 5) the trading prices of financial products that are tied to baskets of foreign securities;
- 6) factors relating to the event that precipitated the pricing problem;
- 7) whether the event is likely to recur; and
- 8) whether the effects of the event are isolated or whether they affect entire markets, countries or regions.

The Fund is subject to fair value accounting standards that define fair value, establish the framework for measuring fair value and provide a three-level hierarchy for fair valuation based upon the inputs to the valuation as of the measurement date. The three levels of the fair value hierarchy are as follows:

- o Level 1 - Level 1 inputs are quoted prices in active markets for identical investments. An active market is a market in which transactions for the investment occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- o Level 2 - Level 2 inputs are observable inputs, either directly or indirectly, and include the following:
  - o Quoted prices for similar investments in active markets.
  - o Quoted prices for identical or similar investments in markets

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

that are non-active. A non-active market is a market where there are few transactions for the investment, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.

- o Inputs other than quoted prices that are observable for the investment (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- o Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- o Level 3 - Level 3 inputs are unobservable inputs. Unobservable inputs may reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the investment.

The inputs or methodologies used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. A summary of the inputs used to value the Fund's investments as of October 31, 2016, is included with the Fund's Portfolio of Investments.

### B. OPTION CONTRACTS

The Fund is subject to equity price risk in the normal course of pursuing its investment objective and may write (sell) options to hedge against changes in the value of equities. Also, the Fund seeks to generate additional income, in the form of premiums received, from writing (selling) the options. The Fund may write (sell) covered call or put options ("options") on all or a portion of the common stock and MLPs held in the Fund's portfolio as determined to be appropriate by the Sub-Advisor. The number of options the Fund can write (sell) is limited by the amount of common stock and MLPs the Fund holds in its portfolio. The Fund will not write (sell) "naked" or uncovered options. When the Fund writes (sells) an option, an amount equal to the premium received by the Fund is included in "Options written, at value" on the Fund's Statement of Assets and Liabilities. Options are marked-to-market daily and their value will be affected by changes in the value and dividend rates of the underlying equity securities, changes in interest rates, changes in the actual or perceived volatility of the securities markets and the underlying equity securities and the remaining time to the options' expiration. The value of options may also be adversely affected if the market for the options becomes less liquid or trading volume diminishes.

Page 16

-----  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
-----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016

Options the Fund writes (sells) will either be exercised, expire or be cancelled pursuant to a closing transaction. If the price of the underlying equity

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

security exceeds the option's exercise price, it is likely that the option holder will exercise the option. If an option written (sold) by the Fund is exercised, the Fund would be obligated to deliver the underlying security to the option holder upon payment of the strike price. In this case, the option premium received by the Fund will be added to the amount realized on the sale of the underlying security for purposes of determining gain or loss. If the price of the underlying equity security is less than the option's strike price, the option will likely expire without being exercised. The option premium received by the Fund will, in this case, be treated as short-term capital gain on the expiration date of the option. The Fund may also elect to close out its position in an option prior to its expiration by purchasing an option of the same series as the option written (sold) by the Fund. Gain or loss on options is presented separately as "Net realized gain (loss) before taxes on written options" on the Statement of Operations.

The options that the Fund writes (sells) give the option holder the right, but not the obligation, to purchase a security from the Fund at the strike price on or prior to the option's expiration date. The ability to successfully implement the writing (selling) of covered call options depends on the ability of the Sub-Advisor to predict pertinent market movements, which cannot be assured. Thus, the use of options may require the Fund to sell portfolio securities at inopportune times or for prices other than current market value, which may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. As the writer (seller) of a covered option, the Fund foregoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the option above the sum of the premium and the strike price of the option, but has retained the risk of loss should the price of the underlying security decline. The writer (seller) of an option has no control over the time when it may be required to fulfill its obligation as a writer (seller) of the option. Once an option writer (seller) has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security to the option holder at the exercise price.

Over-the-counter options have the risk of the potential inability of counterparties to meet the terms of their contracts. The Fund's maximum equity price risk for purchased options is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts including the risk that an illiquid secondary market will limit the Fund's ability to close out an option contract prior to the expiration date and that a change in the value of the option contract may not correlate exactly with changes in the value of the securities hedged.

### C. SWAP AGREEMENTS

The Fund may enter into total return equity swap and interest rate swap agreements. A swap is a financial instrument that typically involves the exchange of cash flows between two parties ("Counterparties") on specified dates (settlement dates) where the cash flows are based on agreed upon prices, rates, etc. Payments received or made by the Fund for interest rate swaps are recorded in the Statement of Operations as "Net realized gain (loss) before taxes on swap contracts." When a swap is terminated, the Fund will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract, if any. Generally, the basis of the contracts, if any, is the premium received or paid. Swap agreements are individually negotiated and involve the risk of the potential inability of the Counterparties to meet the terms of the agreement. In connection with these agreements, cash and securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default under the swap agreement or bankruptcy/insolvency of a party to the swap agreement. In the event of a

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

default by the Counterparty, the Fund will seek withdrawal of this collateral and may incur certain costs exercising its right with respect to the collateral. If a Counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The Fund may obtain only limited recovery or may obtain no recovery in such circumstances.

Swap agreements may increase or decrease the overall volatility of the investments of the Fund. The performance of swap agreements may be affected by a change in the specific interest rate, security, currency, or other factors that determine the amounts of payments due to and from the Fund. The Fund's maximum equity price risk to meet its future payments under swap agreements outstanding at October 31, 2016 is equal to the total notional amount as shown on the Portfolio of Investments. The notional amount represents the U.S. dollar value of the contract as of the day of the opening transaction or contract reset. When the Fund enters into a swap agreement, any premium paid is included in "Swap contracts, at value" on the Statement of Assets and Liabilities.

The Fund held interest rate swap agreements at October 31, 2016 to hedge against changes in borrowing rates under the Fund's committed facility agreement. An interest rate swap agreement involves the Fund's agreement to exchange a stream of interest payments for another party's stream of cash flows. Interest rate swaps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Fund is contractually obligated to make.

### D. SECURITIES TRANSACTIONS AND INVESTMENT INCOME

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded daily on the accrual basis, including amortization of premiums and accretion of discounts. The Fund will rely to some extent on information provided by the MLPs, which is not necessarily timely, to estimate taxable income allocable to the MLP units held in the Fund's portfolio and to estimate the associated deferred tax asset or liability.

Page 17

---

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

#### FIRST TRUST MLP AND ENERGY INCOME FUND (FEI) OCTOBER 31, 2016

From time to time, the Fund will modify its estimates and/or assumptions regarding its deferred tax liability as new information becomes available. To the extent the Fund modifies its estimates and/or assumptions, the NAV of the Fund will likely fluctuate.

Distributions received from the Fund's investments in MLPs generally are comprised of return of capital and investment income. The Fund records estimated return of capital and investment income based on historical information available from each MLP. These estimates may subsequently be revised based on

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

information received from the MLPs after their tax reporting periods are concluded.

### E. DISTRIBUTIONS TO SHAREHOLDERS

The Fund intends to make monthly distributions to Common Shareholders. The Fund's distributions generally will consist of cash and paid-in-kind distributions from MLPs or their affiliates, dividends from common stocks, and income from other investments held by the Fund less operating expenses, including taxes. Distributions to Common Shareholders are recorded on the ex-date and are based on U.S. GAAP, which may differ from their ultimate characterization for federal income tax purposes. Distributions made from current or accumulated earnings and profits of the Fund will be taxable to shareholders as dividend income. Distributions that are in an amount greater than the Fund's current and accumulated earnings and profits will represent a tax-deferred return of capital to the extent of a shareholder's basis in the Common Shares, and such distributions will correspondingly increase the realized gain upon the sale of the Common Shares. Additionally, distributions not paid from current or accumulated earnings and profits that exceed a shareholder's tax basis in the Common Shares will generally be taxed as a capital gain.

Distributions of \$64,513,936 paid during the year ended October 31, 2016, are anticipated to be characterized as return of capital for federal income tax purposes. However, the ultimate determination of the character of the distributions will be made after the 2016 calendar year. Distributions will automatically be reinvested in additional Common Shares pursuant to the Fund's Dividend Reinvestment Plan unless cash distributions are elected by the shareholder.

### F. INCOME TAXES

The Fund is treated as a regular C corporation for U.S. federal income tax purposes and as such will be obligated to pay federal and applicable state and foreign corporate taxes on its taxable income. The Fund's tax expense or benefit is included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. The current U.S. federal maximum graduated income tax rate for corporations is 35%. The Fund may be subject to a 20% federal alternative minimum tax on its federal alternative minimum taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax. This differs from most investment companies, which elect to be treated as "regulated investment companies" under the U.S. Internal Revenue Code of 1986, as amended. The various investments of the Fund may cause the Fund to be subject to state income taxes on a portion of its income at various rates.

The tax deferral benefit the Fund derives from its investment in MLPs results largely because the MLPs are treated as partnerships for federal income tax purposes. As a partnership, an MLP has no income tax liability at the entity level. As a limited partner in the MLPs in which it invests, the Fund will be allocated its pro rata share of income, gains, losses, deductions and credits from the MLPs, regardless of whether or not any cash is distributed from the MLPs.

To the extent that the distributions received from the MLPs exceed the net taxable income realized by the Fund from its investment, a tax liability results. This tax liability is a deferred liability to the extent that MLP distributions received have not exceeded the Fund's adjusted tax basis in the respective MLPs. To the extent that distributions from an MLP exceed the Fund's adjusted tax basis, the Fund will recognize a taxable capital gain. For the year ended October 31, 2016, distributions of \$45,611,126 received from MLPs have been reclassified as a return of capital. The cost basis of applicable MLPs has been reduced accordingly.

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

The Fund's provision for income taxes consists of the following:

Current federal income tax benefit (expense).....	\$	706,092
Current state income tax benefit (expense).....		(19,144)
Current foreign income tax benefit (expense).....		--
Deferred federal income tax benefit (expense).....		13,943,333
Deferred state income tax benefit (expense).....		(1,232,842)
		-----
Total income tax benefit (expense).....	\$	13,397,439
		=====

Page 18

-----  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
-----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. At October 31, 2016, the Fund had a net operating loss carryforward for federal and state income tax purposes of \$78,590,508 and \$111,245,259, respectively. The Fund's 2016 income tax provision includes a full valuation allowance against the deferred tax assets associated with the state net operating loss. Components of the Fund's deferred tax assets and liabilities as of October 31, 2016 are as follows:

Deferred tax assets:		
Federal net operating loss.....	\$	27,506,678
State net operating loss.....		8,125,991
State income taxes.....		1,332,041
Capital loss carryforward.....		27,030,903
Other.....		314,620
		-----
Total deferred tax assets.....		64,310,233
Less: valuation allowance.....		(8,125,991)
		-----
Net deferred tax assets.....	\$	56,184,242
		=====
Deferred tax liabilities:		
Unrealized gains on investment securities.....	\$	(85,316,939)
		-----
Total deferred tax liabilities.....		(85,316,939)
		-----
Total net deferred tax liabilities.....	\$	(29,132,697)
		=====

Total income taxes differ from the amount computed by applying the maximum graduated federal income tax rate of 35% to net investment income and realized and unrealized gains on investments.

Application of statutory income tax rate.....	\$	(13,020,192)
---	----	--------------

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

State income taxes, net.....	(752,153)
Change in valuation allowance.....	1,438,761
Other.....	(1,063,855)
	-----
Total.....	\$ (13,397,439)
	=====

The Fund intends to utilize provisions of the federal income tax laws, which allow it to carry realized capital losses forward for five years following the year of the loss and offset such loss against any future realized capital gains. The Fund is subject to certain limitations under U.S. tax rules on the use of capital loss carryforwards and net unrealized built-in losses. These limitations apply when there has been a 50% change in ownership. At October 31, 2016, the Fund had a capital loss carryforward of \$77,231,151 that will expire according to the following schedule:

Fiscal Year	Amount Generated	Amount Utilized	Amount Expired	Remaining	Expiration
-----	-----	-----	-----	-----	-----
10/31/2015	\$11,494,135	\$ --	\$ --	\$11,494,135	10/31/2020
10/31/2016	65,737,016	--	--	65,737,016	10/31/2021
	-----			-----	
	\$77,231,151	\$ --	\$ --	\$77,231,151	
	=====	=====	=====	=====	

The Fund is subject to accounting standards that establish a minimum threshold for recognizing, and a system for measuring, the benefits of a tax position taken or expected to be taken in a tax return. Taxable years ending 2014, 2015 and 2016 remain open to federal and state audit. As of October 31, 2016, management has evaluated the application of these standards to the Fund, and has determined that no provision for income tax is required in the Fund's financial statements for uncertain tax positions.

### G. EXPENSES

The Fund will pay all expenses directly related to its operations.

### H. FOREIGN CURRENCY

The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of investments and items of income and expense are translated on the respective dates of such transactions. Unrealized gains and losses on assets and liabilities, other than investments in securities, which result from changes in foreign currency exchange rates have been included in "Net change in unrealized appreciation (depreciation) before taxes on foreign currency translation" on the Statement of Operations. Unrealized gains and losses on investments in securities which result from changes in foreign exchange rates are included with fluctuations arising from changes in market price and are shown in "Net change in unrealized appreciation (depreciation) before taxes on investments" on the Statement of Operations. Net realized foreign currency gains and losses include the effect of changes in exchange rates between trade date and settlement date on investment security

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

-----  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 -----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 OCTOBER 31, 2016

transactions, foreign currency transactions and interest and dividends received and are shown in "Net realized gain (loss) before taxes on Foreign currency transactions" on the Statement of Operation. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase settlement date and subsequent sale trade date is included in "Net realized gain (loss) before taxes on investments" on the Statement of Operations.

I. OFFSETTING ON THE STATEMENT OF ASSETS AND LIABILITIES

Offsetting Assets and Liabilities require entities to disclose both gross and net information about instruments and transactions eligible for offset on the Statements of Assets and Liabilities, and disclose instruments and transactions subject to master netting or similar agreements. These disclosure requirements are intended to help investors and other financial statement users better assess the effect or potential effect of offsetting arrangements on a fund's financial position. The transactions subject to offsetting disclosures are derivative instruments, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions.

For financial reporting purposes, the Fund does not offset financial assets and financial liabilities that are subject to master netting arrangements ("MNAs") or similar agreements on the Statement of Assets and Liabilities. MNAs provide the right, in the event of default (including bankruptcy and insolvency), for the non-defaulting counterparty to liquidate the collateral and calculate the net exposure to the defaulting party or request additional collateral.

At October 31, 2016, derivative assets and liabilities (by type) on a gross basis are as follows:

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Assets and Liabilities	Net Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Gross Amount in the Assets a ----- Financial Instrument
Interest Rate Swap Contracts	\$ (14,641,445)	\$ --	\$ (14,641,445)	\$ --

J. NEW AND AMENDED FINANCIAL REPORTING RULES AND FORMS

On October 13, 2016, the SEC adopted new rules and forms, and amended existing rules and forms. The new and amended rules and forms are intended to modernize the reporting of information provided by funds and to improve the quality and type of information that funds provide to the SEC and investors. The new and



## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

amended rules and forms will be effective for the First Trust funds, including the Fund, for reporting periods beginning on and after June 1, 2018. Management is evaluating the new and amended rules and forms to determine the impact to the Fund.

### 3. INVESTMENT ADVISORY FEE, AFFILIATED TRANSACTIONS AND OTHER FEE ARRANGEMENTS

First Trust, the investment advisor to the Fund, is a limited partnership with one limited partner, Grace Partners of DuPage L.P., and one general partner, The Charger Corporation. The Charger Corporation is an Illinois corporation controlled by James A. Bowen, Chief Executive Officer of First Trust. 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. For these investment management services, First Trust is entitled to a monthly fee calculated at an annual rate of 1.00% of the Fund's Managed Assets (the average daily total asset value of the Fund minus the sum of the Fund's liabilities other than the principal amount of borrowings). First Trust also provides fund reporting services to the Fund for a flat annual fee in the amount of \$9,250.

EIP serves as the Fund's sub-advisor and manages the Fund's portfolio subject to First Trust's supervision. The Sub-Advisor receives a monthly sub-advisory fee calculated at an annual rate of 0.50% of the Fund's Managed Assets that is paid by First Trust out of its investment advisory fee.

During the year ended October 31, 2016, the Fund received a reimbursement from the Sub-Advisor of \$23,511 in connection with trade errors.

First Trust Capital Partners, LLC ("FTCP"), an affiliate of First Trust, owns, through a wholly-owned subsidiary, a 15% ownership interest in each of EIP and EIP Partners, LLC, an affiliate of EIP.

BNY Mellon Investment Servicing (US) Inc. ("BNYM IS") serves as the Fund's administrator, fund accountant and transfer agent in accordance with certain fee arrangements. As administrator and fund accountant, BNYM IS is responsible for providing certain administrative and accounting services to the Fund, including maintaining the Fund's books of account, records of the Fund's securities transactions, and certain other books and records. As transfer agent, BNYM IS is responsible for maintaining shareholder records for the Fund. The Bank of New York Mellon ("BNYM") serves as the Fund's custodian in accordance with certain fee arrangements. As custodian, BNYM is responsible for custody of the Fund's assets. BNYM IS and BNYM are subsidiaries of the Bank of New York Mellon Corporation, a financial holding company.

Page 20

-----  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
-----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016

Each Trustee who is not an officer or employee of First Trust, any sub-advisor or any of their affiliates ("Independent Trustees") is paid a fixed annual retainer that is allocated equally among each fund in the First Trust Fund Complex. Prior to January 1, 2016, the fixed annual retainer was allocated pro

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

rata based on each fund's net assets. Each Independent Trustee is also paid an annual per fund fee that varies based on whether the fund is a closed-end or other actively managed fund, or is an index fund.

Additionally, the Lead Independent Trustee and the Chairmen of the Audit Committee, Nominating and Governance Committee and Valuation Committee are paid annual fees to serve in such capacities, with such compensation allocated pro rata among each fund in the First Trust Fund Complex based on net assets. Independent Trustees are reimbursed for travel and out-of-pocket expenses in connection with all meetings. The Lead Independent Trustee and Committee Chairmen rotate every three years. The officers and "Interested" Trustee receive no compensation from the Fund for acting in such capacities.

### 4. PURCHASES AND SALES OF SECURITIES

Cost of purchases and proceeds from sales of investments, excluding short-term investments, for the year ended October 31, 2016, were \$608,710,730 and \$666,942,578, respectively.

### 5. DERIVATIVE TRANSACTIONS

Written option activity for the Fund was as follows:

WRITTEN OPTIONS	NUMBER OF CONTRACTS	PREMIUMS
Options outstanding at October 31, 2015....	88,110	\$ 4,684,788
Options Written.....	312,922	16,078,851
Options Expired.....	(188,900)	(9,433,076)
Options Exercised.....	(124,929)	(7,115,903)
Options Closed.....	(17,505)	(1,054,129)
Options outstanding at October 31, 2016....	69,698	\$ 3,160,531

The following table presents the types of derivatives held by the Fund at October 31, 2016, the primary underlying risk exposure and the location of these instruments as presented on the Statement of Assets and Liabilities.

DERIVATIVE INSTRUMENT	RISK EXPOSURE	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
		STATEMENT OF ASSETS AND LIABILITIES LOCATION	VALUE	STATEMENT OF ASSETS AND LIABILITIES LOCATION	VALUE
Written Options	Equity Risk	--	--	Options written, at value	
Interest Rate Swap Agreement	Interest Rate Risk	Swap contracts, at value	--	Swap contracts, at value	

The following table presents the amount of net realized gain (loss) and change in net unrealized appreciation (depreciation) recognized for the year ended October 31, 2016, on derivative instruments, as well as the primary underlying risk exposure associated with each instrument.

# Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

## STATEMENT OF OPERATIONS LOCATION

---

### EQUITY RISK

Net realized gain (loss) before taxes on written options	\$ 8,034,9
Net change in unrealized appreciation (depreciation) before taxes on written options	(1,776,8

### INTEREST RATE RISK

Net realized gain (loss) before taxes on swap contracts	(3,736,2
Net change in unrealized appreciation (depreciation) before taxes on swap contracts	(4,188,4

The average notional value of interest rate swaps was \$174,250,000 for the year ended October 31, 2016.

Page 21

---

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### FIRST TRUST MLP AND ENERGY INCOME FUND (FEI) OCTOBER 31, 2016

#### 6. BORROWINGS

The Fund has a committed facility agreement (the "Agreement") with The Bank of Nova Scotia ("Scotia") that has a maximum commitment amount of \$270,000,000. Absent certain events of default or failure to maintain certain collateral requirements, Scotia may not terminate the Agreement except upon 180 calendar days' prior notice. The borrowing rate under the facility is equal to the 1-month LIBOR plus 85 basis points. Prior to March 1, 2016, the maximum commitment amount was \$400,000,000 and the borrowing rate was 1-month LIBOR plus 65 basis points. In addition, under the facility, the Fund pays a commitment fee of 0.15% on the undrawn amount of such facility when the utilization is below 50% of the maximum commitment amount. The average amount outstanding for the year ended October 31, 2016 was \$223,890,710 with a weighted average interest rate of 1.22%. As of October 31, 2016, the Fund had outstanding borrowings of \$222,500,000 under this committed facility Agreement. The high and low annual interest rates for the year ended October 31, 2016 were 1.40% and 0.84%, respectively. The interest rate at October 31, 2016 was 1.38%.

#### 7. INDEMNIFICATION

The Fund has a variety of indemnification obligations under contracts with its service providers. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

#### 8. INDUSTRY CONCENTRATION RISK

Under normal market conditions, the Fund will invest at least 85% of its Managed Assets in equity and debt securities of MLPs, MLP-related entities and other energy sector and energy utilities companies and at least 65% of its Managed Assets in equity securities issued by energy sector MLPs and energy sector and energy utilities MLP-related entities. Given this industry concentration, the

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Fund is more susceptible to adverse economic or regulatory occurrences affecting that industry than an investment company that is not concentrated in a single industry. Energy issuers may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

### 9. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events to the Fund through the date the financial statements were issued, and has determined that there was the following subsequent event:

On November 21, 2016, the Fund declared a distribution of \$0.1183 per share to Common Shareholders of record on December 5, 2016, payable December 12, 2016.

Page 22

-----  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
-----

TO THE BOARD OF TRUSTEES AND SHAREHOLDERS OF FIRST TRUST MLP AND ENERGY INCOME FUND:

We have audited the accompanying statement of assets and liabilities of First Trust MLP and Energy Income Fund (the "Fund"), including the portfolio of investments, as of October 31, 2016, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2016, by correspondence with the Fund's custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the First Trust MLP and Energy Income Fund as of October 31, 2016, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Chicago, Illinois  
December 22, 2016

Page 23

---

### ADDITIONAL INFORMATION

---

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016 (UNAUDITED)

#### DIVIDEND REINVESTMENT PLAN

If your Common Shares are registered directly with the Fund or if you hold your Common Shares with a brokerage firm that participates in the Fund's Dividend Reinvestment Plan (the "Plan"), unless you elect, by written notice to the Fund, to receive cash distributions, all dividends, including any capital gain distributions, on your Common Shares will be automatically reinvested by BNY Mellon Investment Servicing (US) Inc. (the "Plan Agent"), in additional Common Shares under the Plan. If you elect to receive cash distributions, you will receive all distributions in cash paid by check mailed directly to you by the Plan Agent, as the dividend paying agent.

If you decide to participate in the Plan, the number of Common Shares you will receive will be determined as follows:

- (1) If Common Shares are trading at or above net asset value ("NAV") at the time of valuation, the Fund will issue new shares at a price equal to the greater of (i) NAV per Common Share on that date or (ii) 95% of the market price on that date.
- (2) If Common Shares are trading below NAV at the time of valuation, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Shares in the open market, on the NYSE or elsewhere, for the participants' accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price at the time of valuation, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market within 30 days of the valuation date except where temporary curtailment or suspension of purchases is necessary to comply with federal securities laws. Interest will not be paid on any uninvested

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

cash payments.

You may elect to opt-out of or withdraw from the Plan at any time by giving written notice to the Plan Agent, or by telephone at (866) 340-1104, in accordance with such reasonable requirements as the Plan Agent and the Fund may agree upon. If you withdraw or the Plan is terminated, you will receive a certificate for each whole share in your account under the Plan, and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus brokerage commissions.

The Plan Agent maintains all Common Shareholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. Common Shares in your account will be held by the Plan Agent in non-certificated form. The Plan Agent will forward to each participant any proxy solicitation material and will vote any shares so held only in accordance with proxies returned to the Fund. Any proxy you receive will include all Common Shares you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions. Capital gains and income are realized although cash is not received by you. Consult your financial advisor for more information.

If you hold your Common Shares with a brokerage firm that does not participate in the Plan, you will not be able to participate in the Plan and any dividend reinvestment may be effected on different terms than those described above.

The Fund reserves the right to amend or terminate the Plan if in the judgment of the Board of Trustees the change is warranted. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained by writing BNY Mellon Investment Servicing (US) Inc., 301 Bellevue Parkway, Wilmington, Delaware 19809.

### PROXY VOTING POLICIES AND PROCEDURES

A description of the policies and procedures that the Fund uses to determine how to vote proxies and information on how the Fund voted proxies relating to portfolio investments during the most recent 12-month period ended June 30 is available (1) without charge, upon request, by calling (800) 988-5891; (2) on the Fund's website located at <http://www.ftportfolios.com>; and (3) on the Securities and Exchange Commission's ("SEC") website located at <http://www.sec.gov>.

---

### PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Qs are available (1) by calling (800) 988-5891; (2) on the Fund's website located at <http://www.ftportfolios.com>; (3) on the SEC's website at <http://www.sec.gov>; and (4) for review and copying at the SEC's Public Reference Room ("PRR") in Washington, DC. Information regarding the operation of the PRR may be obtained by calling (800) SEC-0330.

-----  
ADDITIONAL INFORMATION (CONTINUED)  
-----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016 (UNAUDITED)

NYSE CERTIFICATION INFORMATION

In accordance with Section 303A-12 of the New York Stock Exchange ("NYSE") Listed Company Manual, the Fund's President has certified to the NYSE that, as of April 26, 2016, he was not aware of any violation by the Fund of NYSE corporate governance listing standards. In addition, the Fund's reports to the SEC on Forms N-CSR, N-CSRS, and N-Q contain certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's public disclosure in such reports and are required by Rule 30a-2 under the 1940 Act.

SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

The Joint Annual Meeting of Shareholders of the Common Shares of Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, First Trust Energy Income and Growth Fund, First Trust Enhanced Equity Income Fund, First Trust/Aberdeen Global Opportunity Income Fund, First Trust Mortgage Income Fund, First Trust Strategic High Income Fund II, First Trust/Aberdeen Emerging Opportunity Fund, First Trust Specialty Finance and Financial Opportunities Fund, First Trust High Income Long/Short Fund, First Trust Energy Infrastructure Fund, First Trust MLP and Energy Income Fund, First Trust Intermediate Duration Preferred & Income Fund and First Trust New Opportunities MLP & Energy Fund was held on April 22, 2016 (the "Annual Meeting"). At the Annual Meeting, James A. Bowen and Niel B. Nielson were elected by the Common Shareholders of the First Trust MLP and Energy Income Fund as Class III Trustees for a three-year term expiring at the Fund's annual meeting of shareholders in 2019. The number of votes cast in favor of Mr. Bowen was 36,096,642, the number of votes against Mr. Bowen was 604,317, and the number of broker non-votes was 8,738,495. The number of votes cast in favor of Mr. Nielson was 36,076,405, the number of votes against Mr. Nielson was 624,554, and the number of broker non-votes was 8,738,495. Richard E. Erickson, Thomas R. Kadlec and Robert F. Keith are the other current and continuing Trustees.

CLARIFICATION TO INVESTMENT STRATEGY RELATING TO CANADIAN INCOME EQUITIES

On March 7, 2016, the Board of Trustees for the Fund (the "Board") approved a clarification to the Fund's investment strategy relating to the Fund's investment in Canadian Income Equities. The Fund's investment strategy outlined in the Fund's prospectus provides as follows:

The Fund currently expects that its investments in Canadian Income Equities will be, under normal market conditions, between 10% to 20% of its Managed Assets.

The extent to which the Fund invests in Canadian Income Equities has evolved over time. Accordingly, the Board approved the following clarification to the Fund's investment strategy:

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

The Fund expects that its investments in Canadian Income Equities will be, under normal market conditions, up to 20% of its Managed Assets.

Subsequently, on July 19, 2016, the Board approved an investment strategy change to eliminate the 20% Canadian Income Equity prospectus limitation.

### RISK CONSIDERATIONS

Risks are inherent in all investing. The following summarizes some, but not all, of the risks that should be considered for the Fund. For additional information about the risks associated with investing in the Fund, please see the Fund's prospectus and statement of additional information, as well as other Fund regulatory filings.

**INDUSTRY CONCENTRATION RISK:** Under normal market conditions, the Fund will invest at least 85% of its Managed Assets in equity and debt securities of MLPs, MLP-related entities and other energy sector and energy utilities companies and at least 65% of its Managed Assets in equity securities issued by energy sector MLPs and energy sector and energy utilities MLP-related entities. Given this industry concentration, the Fund is more susceptible to adverse economic or regulatory occurrences affecting that industry than an investment company that is not concentrated in a single industry. Energy issuers may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

**INVESTMENT AND MARKET RISK:** An investment in the Fund's Common Shares is subject to investment risk, including the possible loss of the entire principal invested. An investment in Common Shares represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. Common Shares at any point in time may be worth less than the original investment, even after taking into account the reinvestment of Fund dividends and distributions. Security prices can fluctuate for several reasons including the general condition of the securities markets, or when political or economic events affecting the issuers occur. When the Advisor or Sub-Advisor determines that it is temporarily unable to follow the Fund's investment strategy or that it is impractical to do so (such as when a market disruption event has occurred and trading in the securities is extremely limited or absent), the Fund may take temporary defensive positions.

Page 25

-----  
ADDITIONAL INFORMATION (CONTINUED)  
-----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016 (UNAUDITED)

**MLP RISK:** An investment in MLP units involves risks which differ from an investment in common stock of a corporation. Holders of MLP units have limited



## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

control and voting rights on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLP units and conflicts of interest exist between common unit holders and the general partner, including those arising from incentive distribution payments.

**LEVERAGE RISK:** The use of leverage results in additional risks and can magnify the effect of any losses. The funds borrowed pursuant to a leverage borrowing program constitute a substantial lien and burden by reason of their prior claim against the income of the Fund and against the net assets of the Fund in liquidation. If the Fund is not in compliance with certain credit facility provisions, the Fund may not be permitted to declare dividends or other distributions.

**RESTRICTED SECURITIES RISK:** The Fund may invest in unregistered or otherwise restricted securities. The term "restricted securities" refers to securities that are unregistered or are held by control persons of the issuer and securities that are subject to contractual restrictions on their resale. As a result, restricted securities may be more difficult to value and the Fund may have difficulty disposing of such assets either in a timely manner or for a reasonable price. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that the Fund could sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquirer of the securities. The Fund would, in either case, bear market risks during that period.

**NON-DIVERSIFICATION RISK:** The Fund is a non-diversified investment company under the 1940 Act and will not be treated as a regulated investment company under the Internal Revenue Code. Accordingly, there are no regulatory requirements under the 1940 Act or the Internal Revenue Code on the minimum number or size of securities held by the Fund.

**CURRENCY RISK:** The value of securities denominated or quoted in foreign currencies may be adversely affected by fluctuations in the relative currency exchange rates and by exchange control regulations. The Fund's investment performance may be negatively affected by a devaluation of a currency in which the Fund's investments are denominated or quoted. Further, the Fund's investment performance may be significantly affected, either positively or negatively, by currency exchange rates because the U.S. dollar value of securities denominated or quoted in another currency will increase or decrease in response to changes in the value of such currency in relation to the U.S. dollar. While certain of the Fund's non-U.S. dollar-denominated securities may be hedged into U.S. dollars, hedging may not alleviate all currency risks.

**NON-U.S. RISK:** The Fund may invest a portion of its assets in the equity securities of issuers domiciled in jurisdictions other than the U.S. Investments in the securities and instruments of non-U.S. issuers involve certain considerations and risks not ordinarily associated with investments in securities and instruments of U.S. issuers. Non-U.S. companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Non-U.S. securities exchanges, brokers and listed companies may be subject to less government supervision and regulation than exists in the United States. Dividend and interest income may be subject to withholding and other non-U.S. taxes, which may adversely affect the net return on such investments. A related risk is that there may be difficulty in obtaining or enforcing a court judgment abroad

### ADVISORY AND SUB-ADVISORY AGREEMENTS

BOARD CONSIDERATIONS REGARDING APPROVAL OF CONTINUATION OF INVESTMENT MANAGEMENT

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

### AND INVESTMENT SUB-ADVISORY AGREEMENTS

The Board of Trustees (the "Board") of First Trust MLP and Energy Income Fund (the "Fund"), including the Independent Trustees, unanimously approved the continuation of the Investment Management Agreement (the "Advisory Agreement") between the Fund and First Trust Advisors L.P. (the "Advisor") and the Investment Sub-Advisory Agreement (the "Sub-Advisory Agreement" and together with the Advisory Agreement, the "Agreements") among the Fund, the Advisor and Energy Income Partners, LLC (the "Sub-Advisor") for a one-year period ending June 30, 2017 at a meeting held on June 13, 2016. The Board determined that the continuation of the Agreements is in the best interests of the Fund in light of the extent and quality of the services provided and such other matters as the Board considered to be relevant in the exercise of its reasonable business judgment.

To reach this determination, the Board considered its duties under the Investment Company Act of 1940, as amended (the "1940 Act"), as well as under the general principles of state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; the fiduciary duty of investment advisors with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards have fulfilled their duties; and the factors to be considered by the Board in voting on such agreements. At meetings held on April 22, 2016 and June 13, 2016, the Board, including the Independent Trustees, reviewed materials provided by the Advisor and the Sub-Advisor responding to requests for information from counsel to the Independent Trustees that, among other things, outlined the services provided by the Advisor and the Sub-Advisor to the Fund (including the relevant personnel responsible for these services and their experience); the advisory fee rate payable by the Fund and the sub-advisory fees for the Fund as compared to fees charged to a peer group of funds compiled by Management Practice, Inc. ("MPI"), an independent source (the "MPI Peer Group"), and as compared to fees charged to other clients of the Advisor and the Sub-Advisor; expenses of the Fund as compared to expense ratios of the funds in the MPI Peer Group;

Page 26

-----  
ADDITIONAL INFORMATION (CONTINUED)  
-----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016 (UNAUDITED)

performance information for the Fund; the nature of expenses incurred in providing services to the Fund and the potential for economies of scale, if any; financial data on the Advisor and the Sub-Advisor; any fall out benefits to the Advisor and its affiliate, First Trust Capital Partners, LLC ("FTCP"), and the Sub-Advisor; and information on the Advisor's and the Sub-Advisor's compliance programs. The Board reviewed initial materials with the Advisor at a special meeting held on April 22, 2016, prior to which the Independent Trustees and their counsel met separately to discuss the information provided by the Advisor and the Sub-Advisor. Following the April meeting, independent legal counsel on behalf of the Independent Trustees requested certain clarifications and supplements to the materials provided, and the information provided in response to those requests was considered at an executive session of the Independent Trustees and independent legal counsel held prior to the June 13, 2016 meeting, as well as at the meeting held that day. The Board applied its business judgment

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

to determine whether the arrangements between the Fund and the Advisor and among the Fund, the Advisor and the Sub-Advisor continue to be reasonable business arrangements from the Fund's perspective as well as from the perspective of shareholders. The Board determined that, given the totality of the information provided with respect to the Agreements, the Board had received sufficient information to renew the Agreements. The Board considered that shareholders chose to invest or remain invested in the Fund knowing that the Advisor and the Sub-Advisor manage the Fund.

In reviewing the Agreements, the Board considered the nature, extent and quality of the services provided by the Advisor and the Sub-Advisor under the Agreements. With respect to the Advisory Agreement, the Board considered that the Advisor is responsible for the overall management and administration of the Fund and reviewed all of the services provided by the Advisor to the Fund, including the oversight of the Sub-Advisor, as well as the background and experience of the persons responsible for such services. In reviewing the services provided, the Board noted the compliance program that had been developed by the Advisor and considered that it includes a robust program for monitoring the Advisor's, the Sub-Advisor's and the Fund's compliance with the 1940 Act, as well as the Fund's compliance with its investment objective and policies. In addition, as part of the Board's consideration of the Advisor's services, the Advisor, in its written materials and at the April 22, 2016 meeting, described to the Board the scope of its ongoing investment in additional infrastructure and personnel to maintain and improve the quality of services provided to the Fund and the other funds in the First Trust Fund Complex. With respect to the Sub-Advisory Agreement, the Board reviewed the materials provided by the Sub-Advisor and considered the services that the Sub-Advisor provides to the Fund, including the Sub-Advisor's day-to-day management of the Fund's investments. In considering the Sub-Advisor's management of the Fund, the Board noted the background and experience of the Sub-Advisor's portfolio management team. In light of the information presented and the considerations made, the Board concluded that the nature, extent and quality of the services provided to the Fund by the Advisor and the Sub-Advisor under the Agreements have been and are expected to remain satisfactory and that the Sub-Advisor, under the oversight of the Advisor, has managed the Fund consistent with its investment objective and policies.

The Board considered the advisory and sub-advisory fee rates payable under the Agreements for the services provided. The Board noted that the sub-advisory fee is paid by the Advisor from its advisory fee. The Board received and reviewed information showing the advisory fee rates and expense ratios of the peer funds in the MPI Peer Group, as well as advisory fee rates charged by the Advisor and the Sub-Advisor to other fund and non-fund clients, as applicable. With respect to the MPI Peer Group, the Board discussed with representatives of the Advisor the limitations in creating a relevant peer group for the Fund, including that (i) the Fund is unique in its composition, which makes assembling peers with similar strategies and asset mix difficult; (ii) peer funds may use different amounts and types of leverage with different costs associated with them or may use no leverage; (iii) only half of the peer funds employ an advisor/sub-advisor management structure, and only three of those peer funds employ an unaffiliated sub-advisor; and (iv) some of the peer funds are part of a larger fund complex that may allow for additional economies of scale. The Board took these limitations into account in considering the peer data, and noted that the advisory fee rate payable by the Fund, based on average net assets, was equal to the median of the MPI Peer Group. With respect to fees charged to other clients, the Board considered differences between the Fund and other clients that limited their comparability. In considering the advisory fee rate overall, the Board also considered the Advisor's statement that it seeks to meet investor needs through innovative and value-added investment solutions and the Advisor's description of its long-term commitment to the Fund.

The Board considered performance information for the Fund. The Board noted the

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

process it has established for monitoring the Fund's performance and portfolio risk on an ongoing basis, which includes quarterly performance reporting from the Advisor and Sub-Advisor for the Fund. The Board determined that this process continues to be effective for reviewing the Fund's performance. The Board received and reviewed information comparing the Fund's performance for periods ended December 31, 2015 to the performance of the MPI Peer Group and to two benchmark indexes. In reviewing the Fund's performance as compared to the performance of the MPI Peer Group, the Board took into account the limitations described above with respect to creating a relevant peer group for the Fund. Based on the information provided on net asset value performance, the Board noted that the Fund outperformed the MPI Peer Group average for the one- and three-year periods ended December 31, 2015. The Board also noted that the Fund underperformed the Wells Fargo Midstream MLP Total Return Index for the one- and three-year periods, but outperformed the Alerian MLP Total Return Index for the one- and three-year periods ended December 31, 2015. In addition, the Board considered information provided by the Advisor on the impact of leverage on the Fund's returns. The Board also received information on the Fund's annual distribution rate as of December 31, 2015 and the Fund's average trading discount during 2015 and comparable information for the peer group.

Page 27

---

### ADDITIONAL INFORMATION (CONTINUED)

---

#### FIRST TRUST MLP AND ENERGY INCOME FUND (FEI) OCTOBER 31, 2016 (UNAUDITED)

On the basis of all the information provided on the fees, expenses and performance of the Fund and the ongoing oversight by the Board, the Board concluded that the advisory and sub-advisory fees continue to be reasonable and appropriate in light of the nature, extent and quality of the services provided by the Advisor and the Sub-Advisor to the Fund under the Agreements.

The Board considered information and discussed with the Advisor whether there were any economies of scale in connection with providing advisory services to the Fund and noted the Advisor's statement that it expects its expenses to increase over the next twelve months as the Advisor continues to make investments in personnel and infrastructure. The Board determined that due to the Fund's closed-end structure, the potential for realization of economies of scale as Fund assets grow was not a material factor to be considered. The Board considered the revenues and allocated costs (including the allocation methodology) of the Advisor in serving as investment advisor to the Fund for the twelve months ended December 31, 2015 and the estimated profitability level for the Fund calculated by the Advisor based on such data, as well as complex-wide and product-line profitability data for the same period. The Board noted the inherent limitations in the profitability analysis, and concluded that, based on the information provided, the Advisor's profitability level for the Fund was not unreasonable. In addition, the Board considered fall-out benefits described by the Advisor that may be realized from its relationship with the Fund. The Board considered the ownership interest of FTCP in the Sub-Advisor and potential fall-out benefits to the Advisor from such ownership interest. The Board noted that in addition to the advisory fees paid by the Fund, the Advisor is compensated for fund reporting services pursuant to a separate Fund Reporting Services Agreement.

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

The Board considered that the Sub-Advisor's investment services expenses are primarily fixed, and that the Sub-Advisor has made recent investments in infrastructure and personnel. The Board considered that the Sub-Advisory fee rate was negotiated at arm's length between the Advisor and the Sub-Advisor. The Board also considered information provided by the Sub-Advisor as to the profitability of the Sub-Advisory Agreement to the Sub-Advisor. The Board noted the inherent limitations in the profitability analysis and concluded that the profitability analysis for the Advisor was more relevant. The Board considered fall-out benefits that may be realized by the Sub-Advisor from its relationship with the Fund, including soft-dollar arrangements, and considered a summary of such arrangements. The Board also considered the potential fall-out benefits to the Sub-Advisor from FTCP's ownership interest in the Sub-Advisor.

Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, unanimously determined that the terms of the Agreements continue to be fair and reasonable and that the continuation of the Agreements is in the best interests of the Fund. No single factor was determinative in the Board's analysis.

Page 28

-----  
 BOARD OF TRUSTEES AND OFFICERS  
 -----

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
 OCTOBER 31, 2016 (UNAUDITED)

NAME, ADDRESS, DATE OF BIRTH AND POSITION WITH THE FUND	TERM OF OFFICE AND LENGTH OF SERVICE (1)	PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS
----- INDEPENDENT TRUSTEES -----		
Richard E. Erickson, Trustee c/o First Trust Advisors L.P. 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 04/51	<ul style="list-style-type: none"> <li>o Three-Year Term</li> <li>o Since Fund Inception</li> </ul>	Physician; President, Wheaton Orthopedics; Limited Partner, Gundersen Real Estate Limited Partnership; Member, Sportsmed LLC (April 2007 to November 2015)
Thomas R. Kadlec, Trustee c/o First Trust Advisors L.P. 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 11/57	<ul style="list-style-type: none"> <li>o Three-Year Term</li> <li>o Since Fund Inception</li> </ul>	President, ADM Investor Services, Inc. (Futures Commission Merchant)

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Robert F. Keith, Trustee c/o First Trust Advisors L.P. 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 11/56	o Three-Year Term  o Since Fund Inception	President, Hibs Enterprises (Financial and Management Consulting)
---	---	--

Niel B. Nielson, Trustee c/o First Trust Advisors L.P. 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 03/54	o Three-Year Term  o Since Fund Inception	Managing Director and Chief Operating Officer (January 2015 to Present), Pelita Harapan Educational Foundation (Educational Products and Services); President and Chief Executive Officer (June 2012 to September 2014), Servant Interactive LLC (Educational Products and Services); President and Chief Executive Officer (June 2012 to September 2014), Dew Learning LLC (Educational Products and Services); President (June 2002 to June 2012), Covenant College
---	---	--

-----  
 INTERESTED TRUSTEE  
 -----

James A. Bowen(2), Trustee, Chairman of the Board 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 09/55	o Three-Year Term  o Since Fund Inception	Chief Executive Officer, First Trust Advisors L.P. and First Trust Portfolios L.P.; Chairman of the Board of Directors, BondWave LLC (Software Development Company) and Stonebridge Advisors LLC (Investment Advisor)
--	---	--

- 
- (1) Mr. Bowen is deemed an "interested person" of the Fund due to his position as Chief Executive Officer of First Trust Advisors L.P., investment advisor of the Fund.
- (2) Currently, Robert F. Keith, as a Class I Trustee, is serving as a trustee until the Fund's 2017 annual meeting of shareholders. Richard E. Erickson and Thomas R. Kadlec, as Class II Trustees, are serving as trustees until the Fund's 2018 annual meeting of shareholders. James A. Bowen and Niel B. Nielson, as Class III Trustees, are serving as trustees until the Fund's 2019 annual meeting of shareholders.

-----  
 BOARD OF TRUSTEES AND OFFICERS (CONTINUED)  
 -----

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

NAME, ADDRESS AND DATE OF BIRTH	POSITION AND OFFICES WITH FUND	TERM OF OFFICE AND LENGTH OF SERVICE	PRINCIPAL DUTIES
----- OFFICERS (3) -----			
James M. Dykas 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 01/66	President and Chief Executive Officer	o Indefinite Term o Since January 2016	Managing Director and Officer (January 2016 to January 2011) and President (April 2007 to January 2011) of First Trust Advisors L.P. a First Trust Portfolios L.P.; Chief Executive Officer of BondWave LLC (Software Company) (January 2011 to January 2016) and Stonebridge Advisors (January 2016 to Present)
Donald P. Swade 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 08/72	Treasurer, Chief Financial Officer and Chief Accounting Officer	o Indefinite Term o Since January 2016	Senior Vice President and Vice President (April 2012 to January 2016) of First Trust Advisors L.P. a First Trust Portfolios L.P.; Vice President (January 2006 to April 2012), Investment Advisors, Securities, Inc.
W. Scott Jardine 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 05/60	Secretary and Chief Legal Officer	o Indefinite Term o Since Fund Inception	General Counsel, First Trust Portfolios L.P. and Counsel, BondWave LLC and Stonebridge Advisors
Daniel J. Lindquist 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 02/70	Vice President	o Indefinite Term o Since Fund Inception	Managing Director (January 2016 to Present) and Vice President (September 2011 to January 2016) of First Trust Advisors L.P.
Kristi A. Maher 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 12/66	Chief Compliance Officer and Assistant Secretary	o Indefinite Term o Since Fund Inception	Deputy General Counsel and First Trust Advisors L.P. and First Trust Portfolios L.P.

-----  
(3) Officers of the Fund have an indefinite term. The term "officer" means the president, vice president, secretary, treasurer, controller or any other officer who performs a policy making function.

# Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

FIRST TRUST MLP AND ENERGY INCOME FUND (FEI)  
OCTOBER 31, 2016 (UNAUDITED)

## PRIVACY POLICY

First Trust values our relationship with you and considers your privacy an important priority in maintaining that relationship. We are committed to protecting the security and confidentiality of your personal information.

## SOURCES OF INFORMATION

We collect nonpublic personal information about you from the following sources:

- o Information we receive from you and your broker-dealer, investment advisor or financial representative through interviews, applications, agreements or other forms;
- o Information about your transactions with us, our affiliates or others;
- o Information we receive from your inquiries by mail, e-mail or telephone; and
- o Information we collect on our website through the use of "cookies". For example, we may identify the pages on our website that your browser requests or visits.

## Information Collected

The type of data we collect may include your name, address, social security number, age, financial status, assets, income, tax information, retirement and estate plan information, transaction history, account balance, payment history, investment objectives, marital status, family relationships and other personal information.

## DISCLOSURE OF INFORMATION

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. In addition to using this information to verify your identity (as required under law), the permitted uses may also include the disclosure of such information to unaffiliated companies for the following reasons:

- o In order to provide you with products and services and to effect transactions that you request or authorize, we may disclose your personal information as described above to unaffiliated financial service providers and other companies that perform administrative or other services on our behalf, such as transfer agents, custodians and trustees, or that assist us in the distribution of investor materials such as trustees, banks, financial representatives, proxy services, solicitors and printers.
- o We may release information we have about you if you direct us to do so, if we are compelled by law to do so, or in other legally limited circumstances (for example to protect your account from fraud).

In addition, in order to alert you to our other financial products and services, we may share your personal information within First Trust.

## PRIVACY ONLINE



## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

We allow third-party companies, including AddThis (a social media sharing service), to collect certain anonymous information when you visit our website. These companies may use non-personally identifiable information during your visits to this and other websites in order to provide advertisements about goods and services likely to be of greater interest to you. These companies typically use a cookie, third party web beacon or pixel tags, to collect this information. To learn more about this behavioral advertising practice, you can visit [www.networkadvertising.org](http://www.networkadvertising.org).

### CONFIDENTIALITY AND SECURITY

With regard to our internal security procedures, First Trust restricts access to your nonpublic personal information to those First Trust employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

### POLICY UPDATES AND INQUIRIES

As required by federal law, we will notify you of our privacy policy annually. We reserve the right to modify this policy at any time, however, if we do change it, we will tell you promptly. For questions about our policy, or for additional copies of this notice, please go to [www.ftportfolios.com](http://www.ftportfolios.com), or contact us at 1-800-621-1675 (First Trust Portfolios) or 1-800-222-6822 (First Trust Advisors).

March 2016

Page 31

This Page Left Blank Intentionally.

### FIRST TRUST

INVESTMENT ADVISOR  
First Trust Advisors L.P.  
120 E. Liberty Drive, Suite 400  
Wheaton, IL 60187

INVESTMENT SUB-ADVISOR  
Energy Income Partners, LLC  
10 Wright Street  
Westport, CT 06880

ADMINISTRATOR,  
FUND ACCOUNTANT &  
TRANSFER AGENT  
BNY Mellon Investment Servicing (US) Inc.  
301 Bellevue Parkway  
Wilmington, DE 19809

### CUSTODIAN

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

The Bank of New York Mellon  
101 Barclay Street, 20th Floor  
New York, NY 10286

INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM  
Deloitte & Touche LLP  
111 S. Wacker Drive  
Chicago, IL 60606

LEGAL COUNSEL  
Chapman and Cutler LLP  
111 W. Monroe Street  
Chicago, IL 60603

[BLANK BACK COVER]

### ITEM 2. CODE OF ETHICS.

- (a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.
- (d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

As of the end of the period covered by the report, the Registrant's board of trustees has determined that Thomas R. Kadlec and Robert F. Keith are qualified to serve as audit committee financial experts serving on its audit committee and that each of them is "independent," as defined by Item 3 of Form N-CSR.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

- (a) Audit Fees (Registrant) -- The aggregate fees billed for each of the last

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$57,000 for the fiscal year ended October 31, 2016 and \$57,000 for the fiscal year ended October 31, 2015.

- (b) Audit-Related Fees (Registrant) -- The aggregate fees billed for each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item were \$3,000 for the fiscal year ended October 31, 2016 and \$0 for the fiscal year ended October 31, 2015.

Audit-Related Fees (Investment Advisor) -- The aggregate fees billed for each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item were \$0 for the fiscal year ended October 31, 2016 and \$0 for the fiscal year ended October 31, 2015.

- (c) Tax Fees (Registrant) -- The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning were \$42,000 for the fiscal year ended October 31, 2016 and \$42,000 for the fiscal year ended October 31, 2015.

Tax Fees (Investment Advisor) -- The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning were \$0 for the fiscal year ended October 31, 2016 and \$0 for the fiscal year ended October 31, 2015.

- (d) All Other Fees (Registrant) -- The aggregate fees billed for each of the last two fiscal years for products and services provided by the principal accountant to the Registrant, other than the services reported in paragraphs (a) through (c) of this Item were \$0 for the fiscal year ended October 31, 2016 and \$0 for the fiscal year ended October 31, 2015.

All Other Fees (Investment Advisor) The aggregate fees billed for each of the last two fiscal years for products and services provided by the principal accountant to the Registrant, other than the services reported in paragraphs (a) through (c) of this Item were \$0 for the fiscal year ended October 31, 2016 and \$0 for the fiscal year ended October 31, 2015.

- (e)(1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X.

Pursuant to its charter and its Audit and Non-Audit Services Pre-Approval Policy, the Audit Committee (the "Committee") is responsible for the pre-approval of all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the registrant by its independent auditors. The Chairman of the Committee is authorized to give such pre-approvals on behalf of the Committee up to \$25,000 and report any such pre-approval to the full Committee.

The Committee is also responsible for the pre-approval of the independent auditor's engagements for non-audit services with the registrant's adviser (not including a sub-adviser whose role is primarily portfolio management and is sub-contracted or overseen by another investment adviser) and any entity controlling, controlled by or under common control with the investment adviser

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

that provides ongoing services to the registrant, if the engagement relates directly to the operations and financial reporting of the registrant, subject to the de minimis exceptions for non-audit services described in Rule 2-01 of Regulation S-X. If the independent auditor has provided non-audit services to the registrant's adviser (other than any sub-adviser whose role is primarily portfolio management and is sub-contracted with or overseen by another investment adviser) and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to its policies, the Committee will consider whether the provision of such non-audit services is compatible with the auditor's independence.

- (e) (2) The percentage of services described in each of paragraphs (b) through (d) for the Registrant and the Registrant's investment adviser of this Item that were approved by the audit committee pursuant to the pre-approval exceptions included in paragraph (c) (7) (i) (c) or paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X are as follows:

(b) 0%  
(c) 0%  
(d) 0%

- (f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was less than fifty percent.
- (g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for the Registrant's fiscal year ended October 31, 2016 were \$42,000 for the Registrant and \$13,000 for the Registrant's investment advisor and for the fiscal year ended October 31, 2015 were \$42,000 for the Registrant and \$12,500 for the Registrant's investment advisor.
- (h) The registrant's audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

- (a) The Registrant has a separately designated audit committee consisting of all the independent directors of the Registrant. The members of the audit committee are: Thomas R. Kadlec, Niel B. Nielson, Richard E. Erickson and Robert F. Keith.

### ITEM 6. INVESTMENTS.

- (a) Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

shareholders filed under Item 1 of this form.

(b) Not applicable.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

#### PROXY VOTING POLICIES AND PROCEDURES

If an adviser exercises voting authority with respect to client securities, Advisers Act Rule 206(4)-6 requires the adviser to adopt and implement written policies and procedures reasonably designed to ensure that client securities are voted in the best interest of the client. This is consistent with legal interpretations which hold that an adviser's fiduciary duty includes handling the voting of proxies on securities held in client accounts over which the adviser exercises investment or voting discretion, in a manner consistent with the best interest of the client.

Absent unusual circumstances, EIP exercises voting authority with respect to securities held in client accounts pursuant to provisions in its advisory agreements. Accordingly, EIP has adopted these policies and procedures with the aim of meeting the following requirements of Rule 206(4)-6:

- o ensuring that proxies are voted in the best interest of clients;
- o addressing material conflicts that may arise between EIP's interests and those of its clients in the voting of proxies;
- o disclosing to clients how they may obtain information on how EIP voted proxies with respect to the client's securities;
- o describing to clients EIP's proxy voting policies and procedures and, upon request, furnishing a copy of the policies and procedures to the requesting client.

#### ENGAGEMENT OF INSTITUTIONAL SHAREHOLDER SERVICES INC.

With the aim of ensuring that proxies are voted in the best interest of EIP clients, EIP has engaged Institutional Shareholder Services Inc. ("ISS"), as its independent proxy voting service to provide EIP with proxy voting recommendations, as well as to handle the administrative mechanics of proxy voting. EIP has directed ISS to utilize its Proxy Voting Guidelines in making recommendations to vote, as those guidelines may be amended from time to time.

#### CONFLICTS OF INTEREST IN PROXY VOTING

There may be instances where EIP's interests conflict, or appear to conflict, with client interests in the voting of proxies. For example, EIP may provide services to, or have an investor who is a senior member of, a company whose management is soliciting proxies. There may be a concern that EIP would vote in favor of management because of its relationship with the company or a senior officer. Or, for example, EIP (or its senior executive officers) may have business or personal relationships with corporate directors or candidates for directorship.

EIP addresses these conflicts or appearances of conflicts by ensuring that proxies are voted in accordance with the recommendations made by ISS, an independent third party proxy voting service. As previously noted, in most cases, proxies will be voted in accordance with ISS's own pre-existing proxy voting guidelines.

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

### DISCLOSURE ON HOW PROXIES WERE VOTED

EIP discloses to clients in its Form ADV how clients can obtain information on how their proxies were voted, by contacting EIP at its office in Westport, CT. EIP also discloses in the ADV a summary of these proxy voting policies and procedures and that upon request, clients will be furnished a full copy of these policies and procedures.

It is the responsibility of the CCO to ensure that any requests made by clients for proxy voting information are responded to in a timely fashion and that a record of requests and responses are maintained in EIP's books and records.

### PROXY MATERIALS

EIP personnel instructs custodians to forward to ISS all proxy materials received on securities held in EIP client accounts.

### LIMITATIONS

In certain circumstances, where EIP has determined that it is consistent with the client's best interest, EIP will not take steps to ensure that proxies are voted on securities in the client's account. The following are circumstances where this may occur:

- \* Limited Value: Proxies will not be required to be voted on securities in a client's account if the value of the client's economic interest in the securities is indeterminable or insignificant (less than \$1,000). Proxies will also not be required to be voted for any securities that are no longer held by the client's account.
- \* Securities Lending Program: When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. In most cases, EIP will not take steps to see that loaned securities are voted. However, where EIP determines that a proxy vote, or other shareholder action, is materially important to the client's account, EIP will make a good faith effort to recall the security for purposes of voting, understanding that in certain cases, the attempt to recall the security may not be effective in time for voting deadlines to be met.
- \* Unjustifiable Costs: In certain circumstances, after doing a cost-benefit analysis, EIP may choose not to vote where the cost of voting a client's proxy would exceed any anticipated benefits to the client of the proxy proposal.

### OVERSIGHT OF POLICY

The CCO is responsible for overseeing these proxy voting policies and procedures. In addition, the CCO will review these policies and procedures not less than annually with a view to determining whether their implementation has been effective and that they are operating as intended and in such a fashion as to maintaining EIP's compliance with all applicable requirements.

### RECORDKEEPING ON PROXIES

In it the responsibility of EIP's CCO to ensure that the following proxy voting records are maintained:

- o a copy of EIP's proxy voting policies and procedures;
- o a copy of all proxy statements received on securities in client accounts (EIP may rely on ISS or the SEC's EDGAR system to satisfy this requirement);

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

- o a record of each vote cast on behalf of a client (EIP relies on ISS to satisfy this requirement);
- o a copy of any document prepared by EIP that was material to making a voting decision or that memorializes the basis for that decision;
- o a copy of each written client request for information on how proxies were voted on the client's behalf or for a copy of EIP's proxy voting policies and procedures, and
- o a copy of any written response to any client request for information on how proxies were voted on their behalf or furnishing a copy of EIP's proxy voting policies and procedures.

The CCO will see that these books and records are made and maintained in accordance with the requirements and time periods provided in Rule 204-2 of the Advisers Act.

For any registered investment companies advised by EIP, votes made on its behalf will be stored electronically or otherwise recorded so that they are available for preparation of the Form N-PX, Annual Report of Proxy Voting Record of Registered Management Investment Company.

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

#### (A) (1) IDENTIFICATION OF PORTFOLIO MANAGERS OR MANAGEMENT TEAM MEMBERS AND DESCRIPTION OF ROLE OF PORTFOLIO MANAGERS OR MANAGEMENT TEAM MEMBERS

Information provided as of January 5, 2016.

#### Energy Income Partners, LLC

Energy Income Partners, LLC ("EIP"), Westport, CT, was founded in 2003 to provide professional asset management services in the area of energy-related master limited partnerships ("MLPs") and other high-payout securities such as pipeline companies, power utilities, Yield-Co's, and energy infrastructure real estate investment trusts ("REITs"). EIP mainly focuses on investments in energy-related infrastructure assets such as pipelines, power transmission and distribution, petroleum storage and terminals that receive fee-based or regulated income from their corporate and individual customers. As of October 31, 2015, EIP manages or supervises approximately \$4.9 billion of assets. Private funds advised by EIP include a partnership for U.S. high net worth individuals and a master-and-feeder fund for institutions. EIP also manages separately managed accounts and provides its model portfolio to unified managed accounts. Finally, EIP serves as a sub-advisor to three closed-end management investment companies in addition to the First Trust MLP and Energy Income Fund ("FEI" or the "Fund"), an actively managed exchange-traded fund ("ETF"), a sleeve of an actively managed ETF and a sleeve of a series of a variable insurance trust. EIP is a registered investment advisor with the Securities and Exchange Commission.

James J. Murchie, Portfolio Manager James J. Murchie is the Founder, Chief Executive Officer, co-portfolio manager and a Principal of Energy Income Partners. After founding Energy Income Partners in October 2003, Mr. Murchie and the Energy Income Partners investment team joined Pequot Capital Management Inc. ("Pequot Capital") in December 2004. In August 2006, Mr. Murchie and the Energy Income Partners investment team left Pequot Capital and re-established Energy Income Partners. Prior to founding Energy Income Partners, Mr. Murchie was a Portfolio Manager at Lawhill Capital Partners, LLC ("Lawhill Capital"), a long/short equity hedge fund investing in commodities and equities in the energy

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

and basic industry sectors. Before Lawhill Capital, Mr. Murchie was a Managing Director at Tiger Management, LLC, where his primary responsibility was managing a portfolio of investments in commodities and related equities. Mr. Murchie was also a Principal at Sanford C. Bernstein. He began his career at British Petroleum, PLC. Mr. Murchie holds a BA from Rice University and an MA from Harvard University.

Eva Pao, Co-Portfolio Manager

Eva Pao is a Principal of Energy Income Partners and is co-portfolio manager for all its funds. She has been with EIP since inception in 2003. From 2005 to mid-2006, Ms. Pao joined Pequot Capital Management during EIP's affiliation with Pequot. Prior to Harvard Business School, Ms. Pao was a Manager at Enron Corp where she managed a portfolio in Canadian oil and gas equities for Enron's internal hedge fund that specialized in energy-related equities and managed a natural gas trading book. Ms. Pao holds degrees from Rice University and Harvard Business School.

John K. Tysseland

John Tysseland is a Senior Research Analyst. From 2005 to 2014, he worked at Citi Research most currently serving as a Managing Director where he covered midstream energy companies and MLPs. From 1998 to 2005, he worked at Raymond James & Associates as a Vice President who covered the oilfield service industry and established the firm's initial coverage of MLPs in 2001. Prior to that, he was an Equity Trader at Momentum Securities from 1997 to 1998 and an Assistant Executive Director at Sumar Enterprises from 1996 to 1997. He graduated from The University of Texas at Austin in 1996 with a BA in economics.

(A) (2) OTHER ACCOUNTS MANAGED BY PORTFOLIO MANAGERS OR MANAGEMENT TEAM MEMBER  
AND POTENTIAL CONFLICTS OF INTEREST

Information provided as of October 31, 2016.

Name of Portfolio Manager or Team Member	Type of Accounts*	Total # of Accounts Managed**	Total Assets
1. James Murchie	Registered Investment Companies:	7	\$ 2,933.8
	Other Pooled Investment Vehicles:	1	\$ 188.4
	Other Accounts:	653	\$ 1,298.6
2. Eva Pao	Registered Investment Companies:	7	\$ 2,933.8
	Other Pooled Investment Vehicles:	1	\$ 188.4
	Other Accounts:	653	\$ 1,298.6
3. John Tysseland	Registered Investment Companies:	7	\$ 2,933.8
	Other Pooled Investment Vehicles:	1	\$ 188.4
	Other Accounts:	653	\$ 1,298.6

\* Examples for Types of Accounts:

Other Registered Investment Companies: Any investment vehicle which is registered with the SEC, such as mutual funds of registered hedge funds.



## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

Other Pooled Investment Vehicles: Any unregistered account for which investor assets are pooled together, such as an unregistered hedge fund.

Other Accounts: Any accounts managed not covered by the other two categories, such as privately managed accounts.

\*\* Core Component FEI: \$ 0  
Senior Loan Component FEI: \$ 0

### PORTFOLIO MANAGER POTENTIAL CONFLICTS OF INTERESTS

Potential conflicts of interest may arise when a fund's portfolio manager has day-to-day management responsibilities with respect to one or more other funds or other accounts, as is the case for the portfolio managers of the Fund. These potential conflicts may include:

Besides the Fund, Energy Income Partners, LLC ("EIP") portfolio managers serves as portfolio managers to separately managed accounts, one of which has a performance fee, and provides its model portfolio to unified managed accounts and serve as portfolio managers to three closed-end management investment companies other than the Fund, an actively managed exchange-traded fund (ETF), a sleeve of an ETF and a sleeve of a series of a variable insurance trust.

The portfolio managers also serve as portfolio managers to one private investment fund (the "Private Fund"), which charges a performance fee and an open end registered mutual fund.

EIP has written policies and procedures regarding order aggregation and allocation that seek to ensure that all accounts are treated fairly and equitably and that no account is at a disadvantage. EIP will generally execute client transactions on an aggregated basis when EIP believes that to do so will allow it to obtain best execution and to negotiate more favorable commission rates or avoid certain transaction costs that might have otherwise been paid had such orders been placed independently. EIP's ability to implement this may be limited by an account's custodian, directed brokerage arrangements or other constraints limiting EIP's use of a common executing broker.

An aggregated order may be allocated on a basis different from that specified herein provided that all clients receive fair and equitable treatment and there is a legitimate reason for the different allocation. Reasons for deviation may include (but are not limited to): a client's investment guidelines and restrictions, available cash, liquidity or legal reasons, and to avoid odd-lots or in cases when an allocation would result in a de minimis allocation to one or more clients.

Notwithstanding the above, due to differing tax ramifications and compliance ratios, as well as dissimilar risk constraints and tolerances, accounts with similar investment mandates may trade the same securities at differing points in time. Additionally, for the reasons noted above, certain accounts, including funds in which EIP, its affiliates and/or employees ("EIP Funds") have a financial interest, may trade separately from other accounts and participate in transactions which are deemed to be inappropriate for other accounts with similar investment mandates. Further, during periods in which EIP intends to trade the same securities across multiple accounts, transactions for those accounts that must be traded through specific brokers and/or platforms will often be executed after those for accounts over which EIP exercises full brokerage discretion, including the EIP Funds.

(A) (3) COMPENSATION STRUCTURE OF PORTFOLIO MANAGERS OR MANAGEMENT TEAM MEMBERS

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

### PORTFOLIO MANAGER COMPENSATION

Information provided as of October 31, 2016.

The Fund's portfolio managers are compensated by a competitive minimum base salary and share in the profits of EIP in relation to their ownership of EIP. The profits of EIP are influenced by the assets under management and the performance of the Funds (i.e. all Funds managed or sub-advised by EIP) as described above. Therefore, their success is based on the growth and success for all the funds, not just the funds that charge an incentive fee. The Fund's portfolio managers understand that you cannot have asset growth without the trust and confidence of investors, therefore, they do not engage in taking undue risk to generate performance.

The compensation of the EIP team members is determined according to prevailing rates within the industry for similar positions. EIP wishes to attract, retain and reward high quality personnel through a competitive compensation package.

### (A) (4) DISCLOSURE OF SECURITIES OWNERSHIP

Information provided as of October 31, 2016.

Name	Dollar Range of Fund Shares Beneficially Owned
James J. Murchie	\$0
Eva Pao	\$0
John Tysseland	\$0

(B) Not applicable.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

At the registrant's organizational meeting the registrant's Board of Trustees adopted a Nominating and Governance Committee Charter which includes procedures by which shareholders may recommend nominees to the registrant's board of trustees as described below:

When a vacancy on the Board of Trustees of a First Trust Fund occurs and nominations are sought to fill such vacancy, the Nominating and Governance Committee may seek nominations from those sources it deems appropriate in its discretion, including shareholders of the Fund. A shareholder may recommend a person for nomination as a candidate at any time. If a recommendation is received with satisfactorily completed information (as set forth below) regarding a candidate during a time when a vacancy exists on the Board or during such other time as the Committee is accepting recommendations, the recommendation will be forwarded to the Chair of the Committee and the outside counsel to the independent trustees. Recommendations received at any other time will be kept on file until such time as the Committee is accepting recommendations, at which point they may be considered for nomination.

## Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

To submit a recommendation for nomination as a candidate for a position on the Board of Trustees, shareholders of the Fund shall mail such recommendation to W. Scott Jardine, Secretary, at the Fund's address, 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187. Such recommendation shall include the following information: (i) a statement in writing setting forth (A) the name, age, date of birth, business address, residence address and nationality of the person or persons to be nominated; (B) the class or series and number of all shares of the Registrant owned of record or beneficially by each such person or persons, as reported to such shareholder by such nominee(s); (C) any other information regarding each such person required by paragraphs (a), (d), (e) and (f) of Item 401 of Regulation S-K or paragraph (b) of Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (or any successor provision thereto); (D) any other information regarding the person or persons to be nominated that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of trustees or directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (E) whether such shareholder believes any nominee is or will be an "interested person" of the Registrant (as defined in the Investment Company Act of 1940) and, if not an "interested person," information regarding each nominee that will be sufficient for the Registrant to make such determination; and (ii) the written and signed consent of any person to be nominated to be named as a nominee and to serve as a trustee if elected. In addition, the trustees may require any proposed nominee to furnish such other information as they may reasonably require or deem necessary to determine the eligibility of such proposed nominee to serve as a trustee. The Committee will not consider new trustee candidates who are 72 years of age or older.

A copy of the Nominating and Governance Committee Charter is available on the Registrant's website at [www.ftportfolios.com](http://www.ftportfolios.com).

### ITEM 11. CONTROLS AND PROCEDURES.

- (a) The Registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the Registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS.

- (a) (1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

Edgar Filing: FIRST TRUST MLP & ENERGY INCOME FUND - Form N-CSR

(a) (2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a) (3) Not applicable.

(b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) First Trust MLP and Energy Income Fund  
-----

By (Signature and Title)\*

/s/ James M. Dykas  
-----

James M. Dykas, President and  
Chief Executive Officer  
(principal executive officer)

Date: December 20, 2016  
-----

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\*

/s/ James M. Dykas  
-----

James M. Dykas, President and  
Chief Executive Officer  
(principal executive officer)

Date: December 20, 2016  
-----

By (Signature and Title)\*

/s/ Donald P. Swade  
-----

Donald P. Swade, Treasurer,  
Chief Financial Officer and  
Chief Accounting Officer  
(principal financial officer)

Date: December 20, 2016  
-----

\* Print the name and title of each signing officer under his or her signature.