FIRST TRUST ENERGY INCOME & GROWTH FUND
Form N-CSR
February 05, 2019

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 811-21549

First Trust Energy Income and Growth 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:N30-765-8000

Date of fiscal year end: November 30

Date of reporting period: November 30, 2018

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

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

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

First Trust
Energy Income and Growth Fund (FEN)
Annual Report
For the Year Ended
November 30, 2018

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First Trust Energy Income and Growth Fund (FEN)

Annual Report

November 30, 2018



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 e 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 Energy Income and Growth Fund (the "Fund") to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. When evaluating the information included in this report, you are cautioned not to place undue reliance on these forward-looking statements, which reflect the judgment of the Advisor and/or Sub-Advisor and 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 www.ftportfolios.com or speak with your financial advisor. Investment returns, net asset value and common share price will fluctuate and Fund shares, when sold, may be worth more or less than their original cost. The Advisor may also periodically provide additional information on Fund performance on the Fund's web page at www.ftportfolios.com.

## How to Read This Report

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

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

It is important to keep in mind that the opinions expressed by personnel of First Trust and 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.

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Shareholder Letter

First Trust Energy Income and Growth Fund (FEN)

Annual Letter from the Chairman and CEO

November 30, 2018

Dear Shareholders,

First Trust is pleased to provide you with the annual report for the First Trust Energy Income and Growth Fund (the "Fund"), which contains detailed information about the Fund for the twelve months ended November 30, 2018, including a market overview and a performance analysis. We encourage you to read this report carefully and discuss it with your financial advisor.

As I mentioned in my May 2018 letter, 2017 was a very strong year for U.S. and global markets. Investors were rewarded with rising markets and very little volatility. As 2018 began, investors were hoping for another strong year in the markets. For the entire first quarter, however, increased market volatility was the norm for U.S. and global markets. The markets continued their volatility throughout the second quarter. During April and May, the Dow Jones Industrial Average ("DJIA") closed out each month slightly down, but ended both June and July slightly up. August was a strong month for stocks, and the DJIA finished August just under its previous high in January of 2018. At the close of the third quarter in September, the markets had moved higher into positive territory. In fact, all three major U.S. indices (the Nasdaq Composite Index, the DJIA and the S& P 500® Index) hit record levels during the third quarter. In October, markets were again very volatile, surprising analysts and investors alike. Both global and U.S. markets fell on fears of slowing growth, trade wars and higher interest rates. The DJIA was down 5% for October and the MSCI EAFE Index, an index of stocks in 21 developed markets (excluding the U.S. and Canada), was down 9% for the same period. After another volatile month, the DJIA climbed 617 points (2.5%) on November 28 to post its biggest one-day gain in eight months and ended November slightly up. The MSCI EAFE Index ended November slightly down.

Based on continued strong job growth and the economic outlook in the U.S., the Federal Reserve (the "Fed") raised interest rates in March, June and September. At their September meeting, the Fed also indicated the possibility of one more rate hike in 2018 as well as three more rate hikes in 2019, however at their November meeting, they announced no additional rate hike. Analysts and investors will be watching to see whether the Fed raises rates again in December.

Trade tensions have had an impact on markets around the world and could continue to do so in the future. However, our economists believe that the long-term impact of U.S. tariffs will be to encourage countries to come back to the table and talk about more equal trade. Despite market volatility, we continue to believe that the combination of low interest rates, low inflation and strong corporate earnings still point to a positive economic environment and further growth, though we understand that past performance can never guarantee future performance.

We continue to believe that you should invest for the long term and be prepared for market movements, which can happen at any time. You can do this by keeping current on your portfolio and by speaking regularly with your investment professional. Markets go up and they also go down, but savvy investors are prepared for either through careful attention to investment goals.

Thank you for giving First Trust the opportunity to be a part of your financial plan. We value our relationship with you and will report on the Fund again in six months.

Sincerely,

James A. Bowen

Chairman of the Board of Trustees

Chief Executive Officer of First Trust Advisors L.P.

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First Trust Energy Income and Growth Fund (FEN)
"AT A GLANCE"
As of November 30, 2018 (Unaudited)

| Fund Statistics | |
|---|---|
| Symbol on NYSE American | FEN |
| Common Share Price | $19.97 |
| Common Share Net Asset Value ("NAV") | $21.27 |
| Premium (Discount) to NAV | (6.11)% |
| Net Assets Applicable to Common Shares | $425,112,548 |
| Current Quarterly Distribution per Common Share(1) | $0.5800 |
| Current Annualized Distribution per Common Share | $2.3200 |
| Current Distribution Rate on Common Share Price(2) | 11.62% |
| Current Distribution Rate on NAV(2) | 10.91% |

Common Share Price & NAV (weekly closing price)

| Performance | | | | |
|---|---|---|---|---|
| | Average Annual Total Return | | | |
| | 1 Year Ended 11/30/18 | 5 Years Ended 11/30/18 | 10 Years Ended 11/30/18 | Inception (6/24/04) to 11/30/18 |
| Fund Performance(3) | | | | |
| NAV | 3.69% | -0.23% | 12.34% | 8.45% |
| Market Value | -0.55% | -1.15% | 11.86% | 7.64% |
| Index Performance | | | | |
| S&P 500® Index | 6.27% | 11.11% | 14.30% | 8.54% |
| Bloomberg Barclays U.S. Credit Index of Corporate Bonds | -2.79% | 2.86% | 6.01% | 4.66% |
| Alerian MLP Total Return Index | 1.21% | -5.15% | 10.24% | 8.49% |
| Wells Fargo Midstream MLP Total Return Index | 1.89% | -2.69% | 12.32% | 9.99% |

| Industry Classification | % of Total Investments |
|---|---|
| Natural Gas Transmission | 32.2% |
| Petroleum Product Transmission | 27.7 |
| Crude Oil Transmission | 15.4 |
| Electric Power & Transmission | 13.3 |
| Propane | 4.5 |
| Coal | 2.9 |
| Natural Gas Gathering & Processing | 2.9 |
| Other | 1.1 |
| Total | 100.0% |

| Top Ten Holdings | % of Total Investments |
|---|---|
| Enterprise Products Partners, L.P. | 13.2% |
| Magellan Midstream Partners, L.P. | 8.2 |
| Williams (The) Cos., Inc. | 7.0 |
| TransCanada Corp. | 5.9 |
| Kinder Morgan, Inc. | 4.8 |

| | |
|---|---|
| Energy Transfer, L.P. | 4.8 |
| TC PipeLines, L.P. | 4.6 |
| Plains All American Pipeline, L.P. | 4.3 |
| Enbridge Energy Partners, L.P. | 4.2 |
| Holly Energy Partners, L.P. | 3.7 |
| Total | 60.7% |

(1) Most recent distribution paid or declared through 11/30/2018. Subject to change in the future.

(2) Distribution rates are calculated by annualizing the most recent distribution paid or declared through the report date and then dividing by Common Share Price or NAV, as applicable, as of 11/30/2018. Subject to change in the future.

(3) Total return is based on the combination of reinvested dividend, capital gain, and return of capital distributions, if any, at prices obtained by the Dividend Reinvestment Plan and changes in NAV per share for 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 of less than one year. Past performance is not indicative of future results.

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Portfolio Commentary

First Trust Energy Income and Growth Fund (FEN)

Annual Report

November 30, 2018 (Unaudited)

## Advisor

First Trust Advisors L.P. (“First Trust” or the “Advisor”) serves as the investment advisor to the First Trust Energy Income and Growth Fund (the “Fund”). First Trust is responsible for the ongoing monitoring of the Fund’s investment portfolio, managing the Fund’s business affairs and providing certain administrative services necessary for the management of the Fund.

## Sub-Advisor

Energy Income Partners, LLC

Energy Income Partners, LLC (“EIP” or the “Sub-Advisor”), located in Westport, CT, serves as the investment sub-advisor to the Fund. EIP 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, YieldCos, 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. EIP manages or supervises approximately $6.0 billion of assets as of November 30, 2018. EIP advises two privately offered partnerships 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 Fund, an actively managed exchange-traded fund (“ETF”), a sleeve of an actively managed ETF, a sleeve of a series of a variable insurance trust, and an open-end UCITS fund incorporated in Ireland. 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 Tysseland – Co-Portfolio Manager, Principal of Energy Income Partners, LLC

## Commentary

First Trust Energy Income and Growth Fund

The Fund’s investment objective is to seek a high level of after-tax total return with an emphasis on current distributions paid to shareholders. The Fund pursues its investment objective by investing in cash-generating securities of energy companies, with a focus on investing in publicly-traded MLPs, related public entities in the energy sector and other energy companies, which EIP believes offer opportunities for income and growth. Under normal market conditions, the Fund will invest at least 85% of its managed assets in securities of energy companies, energy sector MLPs and energy sector 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.

## 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 AMZX and WCHWMIDT for the 12-month period ended November 30, 2018 was 1.21% and 1.89%, respectively. For AMZX, these returns reflect a positive 7.64% from distribution payments, while the remaining returns are due to share price depreciation. For WCHWMIDT, these returns reflect a positive 7.48% from distribution payments, while the remaining 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.

## Performance Analysis

On a net asset value (“NAV”) basis, the Fund provided a total return of 3.69%, including the reinvestment of dividends, for the 12-month period ended November 30, 2018. This compares, according to collected data, to a total return of

6.27% for the S&P 500® Index, -2.79% for the Bloomberg Barclays U.S. Credit Index of Corporate Bonds, 1.21% for AMZX, and 1.89% for WCHWMIDT. Unlike the Fund, the indices do not incur fees and expenses. On a market value basis, the Fund had a total return, including the reinvestment of dividends, of -0.55% for the 12-month period ended November 30, 2018. At the end of the period, the Fund was priced

1 Total return is based on the combination of reinvested dividends, capital gains and return of capital distributions, if any, at prices obtained by the Dividend Reinvestment Plan and changes in NAV per Common Share for 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 of less than one year. Past performance is not indicative of future results.

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Portfolio Commentary (Continued)
First Trust Energy Income and Growth Fund (FEN)
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at $19.97 per share while the NAV per share was $21.27, a discount of 6.11%. On November 30, 2017, the Fund was priced at $22.24 per share, while the NAV per share was $22.72, a discount of 2.11%.

The Fund maintained its regular quarterly Common Share dividend of $0.58 for the 12-month period ended November 30, 2018.

For the 12-month period ended November 30, 2018, the Fund's NAV outperformed the MLP benchmarks' average return of 1.55% by 214 basis points ("bps"). The Fund outperformed the MLP benchmarks in part due to overweight positions in regulated power utilities and underweight positions in cyclical MLPs that were affected by volatile commodity prices. 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. We believe this approach leads to a portfolio of companies at the blue-chip end of the spectrum with less volatility and higher growth.

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 the use of financial leverage through a line of credit. The Fund established a committed facility agreement with BNP Paribas Prime Brokerage International, Ltd. with a current maximum commitment amount of $225,000,000. 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. In addition, as a result of the "Tax Cuts and Jobs Act of 2017," which lowered federal corporate tax rates from 35% to 21%, an adjustment was made to the accrual for taxes in December 2017 which resulted in a positive increase on performance.

Market and Fund Outlook

Many of the assets held by MLPs were originally constructed decades ago by pipeline and power utilities. When the U.S. deregulated much of the energy industry, these utilities became cyclical commodity companies with too much debt and the resulting financial stress caused divestment of their pipeline assets to the MLP space that was trading at higher valuations. We believe the reverse trend is happening today. Corporate consolidations and simplifications are part of that trend. Corporate simplifications involving pipeline companies and their associated MLPs began late in 2014 and have continued in 2018. These simplifications involve the acquisition of the subsidiary MLP by the C-Corp parent as well as MLPs choosing to become taxable corporations. We believe that the continuation of this trend is supported by the Federal Energy Regulatory Commission's (FERC) Revised Policy Statement denying recovery of an Income Tax Allowance (ITA) by most partnership-owned pipelines.

While MLPs represented a way for the industry to lower its cost of financing between 2004 through 2014, the severe correction in the price of crude oil in 2014 caused a collapse in MLP valuations as much of the AMZX had become exposed to commodity prices between 2004 and 2014. MLP distribution cuts and even some bankruptcies followed. Over the last four years, about 49% of the MLPs in the AMZX have cut or eliminated their dividends. Now, MLPs in the AMZX trade at valuations that are about 42% lower than 2014, while, during the same period, the valuation multiples of non-MLP energy infrastructure companies like utilities have risen. (Source: Alerian, Bloomberg L.P., FactSet Research Systems Inc.) MLPs are now in many cases a higher-cost way of financing these industries; the reverse of the conditions that led to the growth of the asset class in the early part of the last decade. As a result, we are now witnessing the consolidation or simplification of corporate structures where the MLP sleeve of capital is being eliminated when it no longer reduces a company's cost of equity financing.

While some stand-alone pipeline companies are now seeking a lower cost of financing outside of the MLP structure, some cyclical companies continue to use the MLP structure to finance non-cyclical assets through sponsored entities.

In most cases, these sponsored entities formed as MLPs still trade at higher multiples compared to companies in cyclical industries such as refining, oil and gas production, and petrochemicals. Therefore, some of these cyclical energy companies still have an opportunity to lower their financing costs by divesting stable assets, such as pipelines and related storage facilities, to an MLP subsidiary as a method to reduce the overall company's cost of equity financing. The number and size of these sponsored entities have continued to grow with initial public offerings in 2018, while the number of stand-alone MLPs has declined. (Source: U.S. Capital Advisors) Whether from the perspective of a diversified energy company seeking to lower its overall financing costs or the energy industry in its entirety, we believe it is fair to say that generally MLPs are created when they lower the cost of equity financing and eliminated when they don't.

Historically, the pipeline utility industry has moved in very long cycles and we believe the cycle that saw most of U.S. pipeline assets move to the MLP space due to the MLP being a superior financing tool is reversing. In our view, the investment merits of owning these assets (stable, slow-growing earnings with a high dividend payout ratio) have not changed. The Fund continues to seek to invest primarily in energy infrastructure companies, including MLPs, 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.

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First Trust Energy Income and Growth Fund (FEN)
Portfolio of Investments
November 30, 2018

| Shares/ Units | Description | Value |
|---|---|---|
| | MASTER LIMITED PARTNERSHIPS – 89.0% | |
| | Chemicals – 0.3% | |
| 49,700 | Westlake Chemical Partners, L.P. (a) | $1,129,184 |
| | Gas Utilities – 5.1% | |
| 539,181 | AmeriGas Partners, L.P. (a) | 20,035,966 |
| 76,000 | Suburban Propane Partners, L.P. (a) | 1,775,360 |
| | | 21,811,326 |
| | Independent Power and Renewable Electricity Producers – 4.0% | |
| 361,211 | NextEra Energy Partners, L.P. (a) (b) | 16,868,554 |
| | Oil, Gas & Consumable Fuels – 79.6% | |
| 897,716 | Alliance Resource Partners, L.P. (a) | 17,640,119 |
| 351,574 | BP Midstream Partners, L.P. (a) | 5,931,053 |
| 2,329,261 | Enbridge Energy Partners, L.P. (a) | 25,319,067 |
| 1,972,436 | Energy Transfer, L.P. (a) | 28,738,393 |
| 3,012,006 | Enterprise Products Partners, L.P. (a) (c) | 79,065,157 |
| 218,900 | EQM Midstream Partners, L.P. (a) | 10,432,774 |
| 787,747 | Holly Energy Partners, L.P. (a) | 22,159,323 |
| 813,954 | Magellan Midstream Partners, L.P. (a) | 49,227,938 |
| 222,500 | MPLX, L.P. (a) | 7,371,425 |
| 155,100 | Phillips 66 Partners, L.P. (a) | 7,274,190 |
| 1,107,300 | Plains All American Pipeline, L.P. (a) (c) | 25,501,119 |
| 298,600 | Shell Midstream Partners, L.P. (a) | 5,625,624 |
| 177,651 | Spectra Energy Partners, L.P. (a) | 6,439,849 |
| 920,350 | TC PipeLines, L.P. (a) | 27,417,227 |

| | | |
|---|---|---|
| 90,326 | TransMontaigne Partners, L.P. (a) | 3,710,592 |
| 87,600 | Valero Energy Partners, L.P. | 3,685,332 |
| 213,300 | Western Gas Equity Partners, L.P. (a) | 6,181,434 |
| 152,400 | Western Gas Partners, L.P. (a) | 6,772,656 |
| | | 338,493,272 |
| | Total Master Limited Partnerships | 378,302,336 |
| | (Cost $245,246,304) | |
| COMMON STOCKS – 51.2% | | |
| | Electric Utilities – 8.7% | |
| 50,500 | American Electric Power Co., Inc. (c) | 3,925,870 |
| 400 | Duke Energy Corp. (c) | 35,428 |
| 107,600 | Emera, Inc. (CAD) (a) | 3,611,907 |
| 79,800 | Eversource Energy (c) | 5,453,532 |
| 265,000 | Exelon Corp. (c) | 12,293,350 |
| 25,000 | Hydro One Ltd. (CAD) (a) (d) | 369,924 |
| 17,000 | NextEra Energy, Inc. (c) | 3,089,070 |
| 196,000 | PPL Corp. (c) | 5,995,640 |
| 300 | Southern (The) Co. | 14,199 |
| 45,200 | Xcel Energy, Inc. (c) | 2,370,740 |
| | | 37,159,660 |
| | Gas Utilities – 1.3% | |
| 3,400 | Atmos Energy Corp. (a) | 325,278 |
| 3,699 | Chesapeake Utilities Corp. (a) | 318,262 |
| 86,700 | UGI Corp. (c) | 4,980,915 |
| | | 5,624,455 |
| | Multi-Utilities – 6.8% | |
| 67,500 | CMS Energy Corp. (c) | 3,516,075 |
| 177,700 | National Grid PLC, ADR (c) | 9,498,065 |

See Notes to Financial Statements

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First Trust Energy Income and Growth Fund (FEN)
Portfolio of Investments (Continued)
November 30, 2018

| Shares/ Units | Description | Value |
|---|---|---|
| COMMON STOCKS (Continued) | | |
| | Multi-Utilities (Continued) | |
| 221,999 | Public Service Enterprise Group, Inc. (c) | $12,409,744 |
| 28,400 | Sempra Energy (c) | 3,272,248 |
| | | 28,696,132 |
| | Oil, Gas & Consumable Fuels – 34.4% | |
| 285,694 | Enbridge, Inc. (a) | 9,350,765 |
| 366,480 | Equitrans Midstream Corp. | 8,179,833 |
| 337,600 | Inter Pipeline, Ltd. (CAD) (a) | 5,427,416 |
| 129,860 | Keyera Corp. (CAD) (a) | 2,844,185 |
| 1,686,555 | Kinder Morgan, Inc. (c) | 28,789,494 |
| 188,784 | ONEOK, Inc. (c) | 11,597,001 |
| 68,600 | Targa Resources Corp. (c) | 3,061,618 |
| 857,871 | TransCanada Corp. (c) | 35,104,081 |
| 1,650,441 | Williams (The) Cos., Inc. (c) | 41,789,166 |
| | | 146,143,559 |
| | Total Common Stocks | 217,623,806 |
| | (Cost $206,637,489) | |
| REAL ESTATE INVESTMENT TRUSTS – 0.4% | | |
| | Equity Real Estate Investment Trusts – 0.4% | |
| 43,736 | CorEnergy Infrastructure Trust, Inc. (a) | 1,585,430 |
| | (Cost $1,284,805) | |
| | Total Investments – 140.6% | 597,511,572 |
| | (Cost $453,168,598) (e) | |

| Number of Contracts | Description | Notional Amount | Exercise Price | Expiration Date | Value |
|---|---|---|---|---|---|
| CALL OPTIONS WRITTEN – (0.6)% | | | | | |
| 5 | American Electric Power Co., Inc | $38,870 | $77.50 | Jan 2019 | (960) |

| | | | | | |
|---|---|---|---|---|---|
| 500 | American Electric Power Co., Inc. | 3,887,000 | 75.00 | Jan 2019 | (180,000) |
| 10 | CMS Energy Corp. | 52,090 | 50.00 | Dec 2018 | (2,300) |
| 665 | CMS Energy Corp. | 3,463,985 | 55.00 | Mar 2019 | (43,225) |
| 4 | Duke Energy Corp. | 35,428 | 87.50 | Jan 2019 | (1,128) |
| 3,500 | Enterprise Products Partners, L.P. | 9,187,500 | 27.00 | Jan 2019 | (213,500) |
| 308 | Eversource Energy | 2,104,872 | 65.00 | Jan 2019 | (104,720) |
| 490 | Eversource Energy | 3,348,660 | 70.00 | Apr 2019 | (86,975) |
| 1,000 | Exelon Corp. | 4,639,000 | 47.00 | Apr 2019 | (170,000) |
| 16,865 | Kinder Morgan, Inc. | 28,788,555 | 19.00 | Dec 2018 | (16,865) |
| 1,777 | National Grid PLC, ADR | 9,498,065 | 55.00 | Mar 2019 | (355,400) |
| 100 | NextEra Energy, Inc. | 1,817,100 | 180.00 | Jan 2019 | (53,900) |
| 70 | NextEra Energy, Inc. | 1,271,970 | 185.00 | Jan 2019 | (18,900) |
| 1,887 | ONEOK, Inc. (f) | 11,591,841 | 70.00 | Dec 2018 | (5,661) |
| 3,500 | Plains All American Pipeline, L.P. | 8,060,500 | 24.00 | Jan 2019 | (245,000) |
| 300 | PPL Corp. | 917,700 | 32.00 | Dec 2018 | (2,400) |
| 210 | PPL Corp. | 642,390 | 31.00 | Jan 2019 | (11,550) |
| 1,450 | PPL Corp. | 4,435,550 | 32.00 | Jan 2019 | (37,700) |
| 2,219 | Public Service Enterprise Group, Inc. | 12,404,210 | 55.00 | Dec 2018 | (266,280) |
| 284 | Sempra Energy (f) | 3,272,248 | 120.00 | Dec 2018 | (7,100) |
| 686 | Targa Resources Corp. | 3,061,618 | 47.00 | Jan 2019 | (86,436) |
| 2,150 | TransCanada Corp. | 8,797,800 | 42.50 | Dec 2018 | (51,631) |
| 2,860 | TransCanada Corp. | 11,703,120 | 42.50 | Feb 2019 | (159,977) |
| 867 | UGI Corp. | 4,980,915 | 60.00 | Apr 2019 | (108,375) |

| | | | | | |
|---|---|---|---|---|---|
| 10,312 | Williams (The) Cos., Inc. | 26,109,984 | 28.00 | Dec 2018 | (61,872) |
| 4,000 | Williams (The) Cos., Inc. | 10,128,000 | 26.00 | Jan 2019 | (236,000) |

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First Trust Energy Income and Growth Fund (FEN)
Portfolio of Investments (Continued)
November 30, 2018

| Number of Contracts | Description | Notional Amount | Exercise Price | Expiration Date | Value |
|---|---|---|---|---|---|
| CALL OPTIONS WRITTEN (Continued) | | | | | |
| 452 | Xcel Energy, Inc. | $2,370,740 | $50.00 | Dec 2018 | $(113,000) |
| | Total Call Options Written | | | | (2,640,855) |
| | (Premiums received $2,091,590) | | | | |

| | |
|---|---|
| Outstanding Loan – (35.4)% | (150,500,000) |
| Net Other Assets and Liabilities – (4.6)% | (19,258,169) |
| Net Assets – 100.0% | $425,112,548 |

(a) All or a portion of this security serves as collateral on the outstanding loan.
(b) NextEra Energy Partners, L.P. is taxed as a "C" corporation for federal income tax purposes.
(c) All or a portion of this security's position represents cover for outstanding options written.
(d) 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.
(e) Aggregate cost for federal income tax purposes was $380,803,357. As of November 30, 2018, the aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost was $231,989,413 and the aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value was $17,922,053. The net unrealized appreciation was $214,067,360. The amounts presented are inclusive of derivative contracts.
(f) 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 November 30, 2018, investments noted as such are valued at $(12,761) or (0.0)% 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.

Valuation Inputs

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

ASSETS TABLE

| | Total Value at 11/30/2018 | Level 1 Quoted Prices | Level 2 Significant Observable Inputs | Level 3 Significant Unobservable Inputs |
|---|---|---|---|---|
| Master Limited Partnerships* | $ 378,302,336 | $ 378,302,336 | $ — | $ — |

| | | | | |
|---|---|---|---|---|
| Common Stocks* | 217,623,806 | 217,623,806 | — | — |
| Real Estate Investment Trusts* | 1,585,430 | 1,585,430 | — | — |
| Total Investments | $ 597,511,572 | $ 597,511,572 | $— | $— |

LIABILITIES TABLE

| | Total Value at 11/30/2018 | Level 1 Quoted Prices | Level 2 Significant Observable Inputs | Level 3 Significant Unobservable Inputs |
|---|---|---|---|---|
| Call Options Written | $ (2,640,855) | $ (1,650,211) | $ (990,644) | $ — |

* See Portfolio of Investments for industry breakout.



See Notes to Financial Statements

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First Trust Energy Income and Growth Fund (FEN)
Statement of Assets and Liabilities
November 30, 2018

| | |
|---|---|
| ASSETS: | |
| Investments, at value | |
| (Cost $453,168,598) | $ 597,511,572 |
| Cash | 5,613,433 |
| Receivables: | |
| Investment securities sold | 12,613,314 |
| Income taxes | 12,306,160 |
| Dividends | 409,168 |
| Interest | 180,000 |
| Prepaid expenses | 37,274 |
| Total Assets | 628,670,921 |
| LIABILITIES: | |
| Outstanding loan | 150,500,000 |
| Deferred income taxes | 49,181,798 |
| Options written, at value (Premiums received $2,091,590) | 2,640,855 |
| Payables: | |
| Interest and fees on loan | 487,795 |
| Investment advisory fees | 473,639 |
| Audit and tax fees | 99,909 |
| Offering costs | 78,750 |
| Shareholder reporting fees | 32,408 |
| Administrative fees | 26,128 |
| Custodian fees | 22,442 |
| Legal fees | 4,831 |

| | |
|---|---|
| Transfer agent fees | 3,149 |
| Trustees' fees and expenses | 2,692 |
| Financial reporting fees | 771 |
| Other liabilities | 3,206 |
| Total Liabilities | 203,558,373 |
| NET ASSETS | $425,112,548 |
| NET ASSETS consist of:<br>Paid-in capital | $ 383,304,141 |
| Par value | 199,844 |
| Accumulated distributable earnings (loss) | 41,608,563 |
| NET ASSETS | $425,112,548 |
| NET ASSET VALUE, per Common Share (par value $0.01 per Common Share) | $21.27 |
| Number of Common Shares outstanding (unlimited number of Common Shares has been authorized) | 19,984,376 |

See Notes to Financial Statements

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First Trust Energy Income and Growth Fund (FEN)
Statement of Operations
For the Year Ended November 30, 2018

| | | |
|---|---|---|
| INVESTMENT INCOME: | | |
| Dividends (net of foreign withholding tax of $494,984) | | $ 10,629,431 |
| Interest | | 241,993 |
| Total investment income | | 10,871,424 |
| EXPENSES: | | |
| Investment advisory fees | | 6,170,511 |
| Interest and fees on loan | | 5,728,395 |
| Administrative fees | | 294,982 |
| At the market offering costs | | 196,542 |
| Shareholder reporting fees | | 99,872 |
| Audit and tax fees | | 99,853 |
| Custodian fees | | 79,685 |
| Transfer agent fees | | 32,636 |
| Legal fees | | 28,096 |
| Trustees' fees and expenses | | 16,442 |
| Financial reporting fees | | 9,250 |
| Other | | 56,884 |
| Total expenses | | 12,813,148 |
| NET INVESTMENT INCOME (LOSS) BEFORE TAXES | | (1,941,724) |
| Current state income tax benefit (expense) | (203,384) | |
| Current federal income tax benefit (expense) | (2,669,313) | |
| Deferred federal income tax benefit (expense) | 1,738,578 | |
| Deferred state income tax benefit (expense) | (903,732) | |

| | | |
|---|---|---|
| Total income tax benefit (expense) | | (2,037,851) |
| NET INVESTMENT INCOME (LOSS) | | (3,979,575) |
| NET REALIZED AND UNREALIZED GAIN (LOSS): | | |
| Net realized gain (loss) before taxes on: | | |
| Investments | | 31,822,378 |
| Written options | | 4,423,884 |
| Foreign currency transactions | | (42,015) |
| Net realized gain (loss) before taxes | | 36,204,247 |
| Current federal income tax benefit (expense) | (7,602,893) | |
| Current state income tax benefit (expense) | (931,373) | |
| Total income tax benefit (expense) | | (8,534,266) |
| Net realized gain (loss) on investments, written options and foreign currency transactions | | 27,669,981 |
| Net change in unrealized appreciation (depreciation) before taxes on: | | |
| Investments | | (61,918,203) |
| Written options | | (922,747) |
| Net change in unrealized appreciation (depreciation) before taxes | | (62,840,950) |
| Deferred federal income tax benefit (expense) | 54,726,370 | |
| Deferred state income tax benefit (expense) | 1,671,833 | |
| Total income tax benefit (expense) | | 56,398,203 |
| Net change in unrealized appreciation (depreciation) on investments, written options and foreign currency translation | | (6,442,747) |
| NET REALIZED AND UNREALIZED GAIN (LOSS) | | 21,227,234 |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS | | $ 17,247,659 |

See Notes to Financial Statements

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First Trust Energy Income and Growth Fund (FEN)
Statements of Changes in Net Assets

| | Year Ended 11/30/2018 | Year Ended 11/30/2017 |
|---|---|---|
| OPERATIONS: | | |
| Net investment income (loss) | $ (3,979,575) | $ 2,529,323 |
| Net realized gain (loss) | 27,669,981 | 27,373,201 |
| Net increase from payment by the sub-advisor | — | 23,113 |
| Net change in unrealized appreciation (depreciation) | (6,442,747) | (34,889,511) |
| Net increase (decrease) in net assets resulting from operations | 17,247,659 | (4,963,874) |
| DISTRIBUTIONS TO SHAREHOLDERS FROM: | | |
| Investment operations | (40,205,780) | |
| Net realized gain | | (45,322,502) |
| Return of capital (See Note 2E) | (5,960,091) | — |
| Total distributions to shareholders | (46,165,871) | (45,322,502) |
| CAPITAL TRANSACTIONS: | | |
| Proceeds from Common Shares sold through at the market offerings | 4,111,227 | 9,197,404 |
| Proceeds from Common Shares reinvested | 534,902 | 730,764 |
| Net increase (decrease) in net assets resulting from capital transactions | 4,646,129 | 9,928,168 |
| Total increase (decrease) in net assets | (24,272,083) | (40,358,208) |
| NET ASSETS: | | |
| Beginning of period | 449,384,631 | 489,742,839 |
| End of period | $ 425,112,548 | $ 449,384,631 |
| Accumulated net investment income (loss), net of income taxes at end of period | | $(13,938,039) |
| CAPITAL TRANSACTIONS were as follows: | | |
| Common Shares at beginning of period | 19,778,270 | 19,379,021 |
| Common Shares sold through at the market offerings | 183,236 | 370,671 |
| Common Shares issued as reinvestment under the Dividend Reinvestment Plan | 22,870 | 28,578 |

| | | |
|---|---|---|
| Common Shares at end of period | 19,984,376 | 19,778,270 |

See Notes to Financial Statements

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First Trust Energy Income and Growth Fund (FEN)
Statement of Cash Flows
For the Year Ended November 30, 2018

| | |
|---|---|
| Cash flows from operating activities: | |
| Net increase (decrease) in net assets resulting from operations | $17,247,659 |
| Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities: | |
| Purchases of investments | (275,982,595) |
| Sales of investments | 292,585,734 |
| Proceeds from written options | 9,194,052 |
| Amount paid to close written options | (2,961,187) |
| Return of capital received from investment in MLPs | 30,764,764 |
| Net realized gain/loss on investments and written options | (36,246,262) |
| Net change in unrealized appreciation/depreciation on investments and written options | 62,840,950 |
| Decrease in deferred income tax payable | (57,233,052) |
| Changes in assets and liabilities: | |
| Decrease in income tax receivable | 498,048 |
| Increase in interest receivable | (180,000) |
| Decrease in dividends receivable | 272,191 |
| Decrease in prepaid expenses | 71,040 |
| Decrease in interest and fees payable on loan | (3,848) |
| Decrease in income tax payable | (2,464,690) |
| Decrease in investment advisory fees payable | (27,335) |
| Decrease in audit and tax fees payable | (269) |
| Increase in legal fees payable | 231 |
| Decrease in shareholder reporting fees payable | (4,844) |
| Increase in administrative fees payable | 86 |

| | | |
|---|---|---|
| Increase in custodian fees payable | 8,180 | |
| Decrease in transfer agent fees payable | (2,088) | |
| Decrease in Trustees' fees and expenses payable | (142) | |
| Increase in offering costs payable | 78,750 | |
| Increase in other liabilities payable | 3,048 | |
| Cash provided by operating activities | | $38,458,421 |
| Cash flows from financing activities: | | |
| Proceeds from Common Shares sold | 4,111,227 | |
| Proceeds from Common Shares reinvested | 534,902 | |
| Distributions to Common Shareholders from investment operations | (40,205,780) | |
| Distributions to Common Shareholders from return of capital | (5,960,091) | |
| Repayment of borrowing | (45,500,000) | |
| Proceeds from borrowing | 40,500,000 | |
| Cash used in financing activities | | (46,519,742) |
| Decrease in cash | | (8,061,321) |
| Cash at beginning of period | | 13,674,754 |
| Cash at end of period | | $5,613,433 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for interest and fees | | $5,732,243 |
| Cash paid during the period for taxes | | $13,373,607 |



See Notes to Financial Statements

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First Trust Energy Income and Growth Fund (FEN)
Financial Highlights
For a Common Share outstanding throughout each period

| | Year Ended November 30, | | | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net asset value, beginning of period | $ 22.72 | $ 25.27 | $ 25.41 | $ 38.08 | $ 32.93 |
| Income from investment operations: | | | | | |
| Net investment income (loss) (a) | (0.20) | 0.13 | 0.04 | 0.18 | (0.03) |
| Net realized and unrealized gain (loss) | 1.07 | (0.37) (b) | 2.14 (b) | (10.59) | 7.33 |
| Total from investment operations | 0.87 | (0.24) | 2.18 | (10.41) | 7.30 |
| Distributions paid to shareholders from: | | | | | |
| Net investment income | (0.38) | — | — | — | — |
| Net realized gain | (1.64) | (2.32) | (0.25) | (2.26) | (2.15) |
| Return of capital | (0.30) | — | (2.07) | — | — |
| Total distributions paid to Common Shareholders | (2.32) | (2.32) | (2.32) | (2.26) | (2.15) |
| Premiums from shares sold in at the market offering | 0.00 (c) | 0.01 | — | — | — |
| Net asset value, end of period | $21.27 | $22.72 | $25.27 | $25.41 | $38.08 |
| Market value, end of period | $19.97 | $22.24 | $26.30 | $23.12 | $35.47 |
| Total return based on net asset value (d) | 3.69% | (1.42)% (b) | 9.61% (b) | (28.30)% | 23.06% |
| Total return based on market value (d) | (0.55)% | (7.28)% | 25.39% | (29.96)% | 16.57% |
| Net assets, end of period (in 000's) | $ 425,113 | $ 449,385 | $ 489,743 | $ 491,820 | $ 737,135 |
| Portfolio turnover rate | 42% | 40% | 54% | 28% | 21% |
| Ratios of expenses to average net assets: | | | | | |
| Including current and deferred income taxes (e) | (7.20)% | 2.07% | 7.65% | (15.26)% | 13.34% |
| Excluding current and deferred income taxes | 2.79% | 2.68% | 2.60% | 2.21% | 2.04% |
| Excluding current and deferred income taxes and interest expense | 1.54% | 1.52% | 1.51% | 1.47% | 1.37% |
| Ratios of net investment income (loss) to average net assets: | | | | | |
| Net investment income (loss) ratio before tax expenses | (0.42)% | (0.09)% | (0.77)% | 0.72% | (0.15)% |

| | | | | | |
|---|---|---|---|---|---|
| Net investment income (loss) ratio including tax expenses (e) | 9.57% | 0.52% | (5.82)% | 18.18% | (11.46)% |
| Indebtedness: | | | | | |
| Total loan outstanding (in 000's) | $ 150,500 | $ 155,500 | $ 174,500 | $ 183,000 | $ 248,000 |
| Asset coverage per $1,000 of indebtedness (f) | $ 3,825 | $ 3,890 | $ 3,807 | $ 3,688 | $ 3,972 |

(a) Based on average shares outstanding.

(b) During the years ended November 30, 2017 and 2016, the sub-advisor reimbursed the Fund $39,539 and $55,570, respectively, in connection with trade errors which each represent less than $0.01 per share. Since the sub-advisor reimbursed the Fund, there was no effect on the total return.

(c) Amount is less than $0.01.

(d) 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.

(e) Includes current and deferred income taxes associated with each component of the Statement of Operations.

(f) Calculated by subtracting the Fund's total liabilities (not including the loan outstanding) from the Fund's total assets, and dividing by the outstanding loan balance in 000's.

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Notes to Financial Statements
First Trust Energy Income and Growth Fund (FEN)
November 30, 2018

1. Organization

First Trust Energy Income and Growth Fund (the "Fund") is a non-diversified, closed-end management investment company organized as a Massachusetts business trust on March 25, 2004, and is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund trades under the ticker symbol FEN on the NYSE American.

The Fund's investment objective is to seek a high level of after-tax total return with an emphasis on current distributions paid to 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 focuses on investing in publicly-traded master limited partnerships ("MLPs"), related public entities in the energy sector and other energy companies, which Energy Income Partners, LLC ("EIP" or the "Sub-Advisor") believes offer opportunities for income and growth. Under normal market conditions, the Fund will invest at least 85% of its managed assets in securities of energy companies, energy sector MLPs and energy sector 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 ("FASB") Accounting Standards Codification ("ASC") Topic 946, "Financial Services-Investment Companies." The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of the financial statements. The preparation of the 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 New York Stock Exchange ("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 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, real estate investment trusts, MLPs, 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.

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 materially affect the value of the security after the market has closed but before the calculation of

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Notes to Financial Statements (Continued)
First Trust Energy Income and Growth Fund (FEN)
November 30, 2018

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 or exchange-traded 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:

- 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.

- 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 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.

- 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 November 30, 2018, 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 MLPs and common stocks 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 MLPs and common stocks 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.

The options that the Fund writes (sells) will either be exercised, expire or be canceled pursuant to a closing transaction. If the price of the underlying equity 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 equity 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 and is included in "Net realized gain (loss) before taxes on investments" on the Statement of Operations. 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. Securities Transactions and Investment Income

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on an identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded daily on an 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. 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 information received

from the MLPs after their tax reporting periods are concluded.
D. 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

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First Trust Energy Income and Growth Fund (FEN)

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trade date and settlement date on investment security 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 Operations. 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.

E. Distributions to Shareholders

The Fund intends to make quarterly 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 $40,205,780 paid during the fiscal year ended November 30, 2018, are anticipated to be characterized as taxable dividends for federal income tax purposes. The amounts may be eligible to be taxed as qualified dividend income at the reduced capital gains tax rates, subject to shareholder holding period requirements. The remaining $5,960,091 in distributions paid during the fiscal year ended November 30, 2018, is expected to be return of capital. However, the ultimate determination of the character of the distributions will be made after the 2018 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 "Tax Cuts and Jobs Act of 2017" (the "Act") reduced the maximum graduated income tax rate for corporations from 35% to a flat 21% for tax years that begin after December 31, 2017. As a fiscal year-end filer, the Fund's current blended U.S. federal income tax rate is 22.2%. 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. For tax years that begin after December 31, 2017, the corporate alternative minimum tax is repealed. 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 November 30, 2018, distributions of $30,550,851 received from MLPs have been reclassified as a return of capital. The cost basis of applicable MLPs has been reduced accordingly.

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

| | |
|---|---|
| Current federal income tax benefit (expense) | $ (10,272,206) |
| Current state income tax benefit (expense) | (1,134,757) |
| Current foreign income tax benefit (expense) | — |
| Deferred federal income tax benefit (expense) | 56,464,948 |
| Deferred state income tax benefit (expense) | 768,101 |
| Total income tax benefit (expense) | $ 45,826,086 |

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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. The Fund's 2018 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 November 30, 2018 are as follows:

| | |
|---|---|
| Deferred tax assets: | |
| Federal net operating loss | $— |
| State net operating loss | 2,817,279 |
| State income taxes | 1,157,747 |
| Capital loss carryforward | — |
| Other | 184,678 |
| Total deferred tax assets | 4,159,704 |
| Less: valuation allowance | (2,817,279) |
| Net deferred tax assets | $1,342,425 |
| Deferred tax liabilities: | |
| Unrealized gains on investment securities | $(50,524,223) |
| Total deferred tax liabilities | (50,524,223) |
| Total net deferred tax liabilities | $(49,181,798) |

Total income taxes differ from the amount computed by applying the blended federal income tax rate of 22.2% to net investment income and realized and unrealized gains on investments.

| | |
|---|---|
| Application of statutory income tax rate | $ (6,341,279) |
| State income taxes, net | (61,749) |
| Change in valuation allowance | 679,882 |
| Impact of remeasuring deferred taxes for U.S. tax reform | (39,521,548) |
| Effect of permanent differences | (581,392) |
| Current year change in tax rate | — |
| Total | $ (45,826,086) |

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 ended 2015, 2016, 2017, and 2018 remain open to federal and state audit. As of November 30, 2018, 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. The Internal Revenue Service initiated a corporate income tax audit for the Fund's 2015 tax year. The audit is still ongoing.

G. Expenses

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

H. New Accounting Pronouncement

On August 28, 2018, the FASB issued Accounting Standards Update ("ASU") 2018-13, "Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement," which amends the fair value measurement disclosure requirements of ASC 820. The amendments of ASU 2018-13 include new, eliminated, and modified disclosure requirements of ASC 820. In addition, the amendments clarify that materiality is an appropriate consideration of entities when evaluating disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2019, including interim periods therein. Early adoption is permitted for any eliminated or modified disclosures upon issuance of this ASU. The Fund has early adopted ASU 2018-13 for these financial statements, which did not result in a material impact.

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

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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.

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.

During the fiscal year ended November 30, 2017, the Fund received a payment from the Sub-Advisor of $39,539 in connection with a trade error.

BNY Mellon Investment Servicing (US) Inc. ("BNYM IS") serves as the Fund's transfer agent in accordance with certain fee arrangements. 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 administrator, fund accountant, and custodian in accordance with certain fee arrangements. As administrator and fund accountant, BNYM 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 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.

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. 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

The cost of purchases and proceeds from sales of securities, excluding short-term investments, for the fiscal year ended November 30, 2018, were $275,444,540 and $304,323,518, respectively.

5. Derivative Transactions

The following table presents the types of derivatives held by the Fund at November 30, 2018, the primary underlying risk exposure and the location of these instruments as presented on the Statement of Assets and Liabilities.

| | | Asset Derivatives | | Liability Derivatives | |
|---|---|---|---|---|---|
| Derivative Instrument | Risk Exposure | Statement of Assets and Liabilities Location | Value | Statement of Assets and Liabilities Location | Value |
| Written Options | Equity Risk | — | — | Options written, at value | $ 2,640,855 |

The following table presents the amount of net realized gain (loss) and change in net unrealized appreciation (depreciation) recognized for the fiscal year ended November 30, 2018, on derivative instruments, as well as the primary underlying risk exposure associated with each instrument.

Statement of Operations Location
Equity Risk Exposure