First Trust

Specialty Finance and Financial Opportunities Fund (FGB)

Semi-Annual Report

For the Six Months Ended
May 31, 2024

Confluence
INVESTMENT MANAGEMENT

First Trust

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Semi-Annual Report
May 31, 2024

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Caution Regarding Forward-Looking Statements

This report contains certain forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of First Trust Advisors L.P. ("First Trust" or the "Advisor") and/or Confluence Investment Management LLC ("Confluence" 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 Specialty Finance and Financial Opportunities 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 objectives. The Fund is subject to market risk, which is the possibility that the market values of securities owned by the Fund will decline and that the value of the Fund's shares may therefore be less than what you paid for them. Accordingly, you can lose money by investing in the Fund. See "Principal Risks" 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 Confluence 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.

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
Semi-Annual Letter from the Chairman and CEO
May 31, 2024

Dear Shareholders,

First Trust is pleased to provide you with the semi-annual report for the First Trust Specialty Finance and Financial Opportunities Fund (the "Fund"), which contains detailed information about the Fund for the six months ended May 31, 2024.

As we enter the month of June, one question that remains at the forefront of many economic discussions is whether U.S. monetary policy is appropriately positioned to slow the pace of inflation without stifling economic growth. It is a difficult question, especially since the answer can only be known in hindsight. In late 2023, the Federal Reserve (the "Fed") stated that it expected to enact up to three interest rate cuts totaling 75 basis points in 2024. Following its meeting on June 11-12, 2024, however, the Fed revealed that current economic conditions lend support to just one interest rate cut during the year. The news came on the same day that the U.S. Bureau of Labor Statistics reported that the 12-month rate of change on the Consumer Price Index stood at 3.30% in May 2024, up 0.3 percentage points from its most recent low of 3.0% at the end of June 2023. As if stubborn inflation was not enough of a hurdle, it appears as though the pace of economic growth is slowing. U.S. gross domestic product rose at a tepid 1.30% annual rate in the first quarter of 2024, down from 3.40% in the fourth quarter of 2023. While one quarter does not indicate a trend, it is concerning to see such a rapid decline in the pace of U.S. productivity.

I'd like to take a moment to talk about the U.S. consumer. Stubbornly high inflation coupled with increasing consumer debt and rising delinquencies may be a signal that the consumer is weakening. In May 2024, the University of Michigan's Consumer Sentiment Index fell by 10.50% month-over-month, settling at a five-month low. Data on credit card debt and delinquency rates show deterioration as well. The Federal Reserve Bank of New York reported that total U.S. credit card debt stood at $1.12 trillion in the first quarter of 2024. Despite the figure representing a decline of $14 billion on a quarter-over-quarter basis, delinquency rates are rising. The delinquency rate on credit cards issued by all U.S. commercial banks stood at 3.16%, up from 2.45% in the first quarter of 2023 and well-above the pre-COVID-19 low of 2.11% set in the first quarter of 2015. Small businesses are struggling to pay their bills as well. In April 2024, 43% of small business renters were unable to pay their rent on time and in full.

Despite these issues, we remain optimistic regarding the ability of Americans to develop innovative solutions to complex problems. For example, consider the dramatic developments brought on by Artificial Intelligence and other technologies such as hybrid and electric vehicles, small modular reactors, innovative treatments for diseases, and vertical farming; the list goes on and on. American ingenuity knows no bounds. As such, we continue to caution investors against taking an overly myopic viewpoint when it comes to their allocations. Over time, the U.S. has a proven track record of innovation and growth. As such, we look forward to what the future holds.

Thank you for giving First Trust the opportunity to play a role in your financial future. We value our relationship with you and will report on the Fund again in six months.

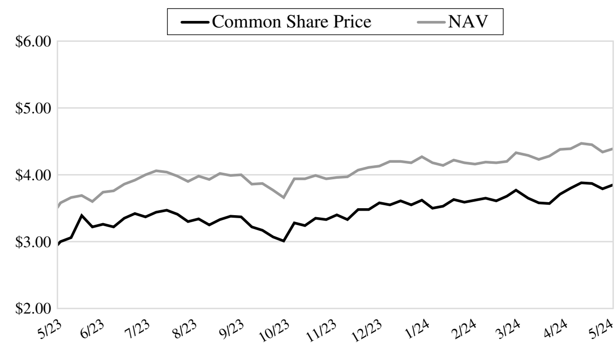
Sincerely,

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

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
"AT A GLANCE"
As of May 31, 2024 (Unaudited)

Fund Statistics	
Symbol on New York Stock Exchange	FGB
Common Share Price	$3.85
Common Share Net Asset Value ("NAV")	$4.39
Premium (Discount) to NAV	(12.30)%
Net Assets Applicable to Common Shares	$63,129,716
Current Quarterly Distribution per Common Share[1]	$0.1000
Current Annualized Distribution per Common Share	$0.4000
Current Distribution Rate on Common Share Price[2]	10.39%
Current Distribution Rate on NAV[2]	9.11%

Common Share Price & NAV (weekly closing price)



Performance

	6 Months Ended 5/31/24	1 Year Ended 5/31/24	Average Annual Total Returns: 5 Years Ended 5/31/24	10 Years Ended 5/31/24	Inception (5/25/07) to 5/31/24
Fund Performance[3]					
NAV	16.85%	37.67%	5.04%	4.30%	1.80%
Market Value	20.52%	43.66%	0.75%	3.36%	0.74%
Index Performance					
Blended Benchmark[4]	13.01%	28.83%	9.10%	7.46%	N/A
MSCI U.S. Investable Market Financials Index[5]	16.25%	32.40%	9.19%	8.24%	N/A

Asset Classification	% of Total Investments
Common Stocks - Business Development Companies	86.8%
Common Stocks	13.2
Total	100.0%

Industry Classification	% of Total Investments
Capital Markets	91.2%
Real Estate Investment Trusts	5.2
Financial Services	2.7
Banks	0.6
Insurance	0.3
Total	100.0%

Top Ten Holdings	% of Total Investments
Hercules Capital, Inc.	9.3%
Main Street Capital Corp.	7.8
Blackstone Secured Lending Fund	7.2
New Mountain Finance Corp.	6.3
Sixth Street Specialty Lending, Inc.	6.2
Golub Capital BDC, Inc.	6.1
Barings BDC, Inc.	5.6
PennantPark Investment Corp.	4.9
Annaly Capital Management, Inc.	3.8
SLR Investment Corp.	3.8
Total	61.0%

(1) Most recent distribution paid through May 31, 2024. Subject to change in the future.

(2) Distribution rates are calculated by annualizing the most recent distribution paid through the report date and then dividing by Common Share Price or NAV, as applicable, as of May 31, 2024. 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.

(4) The Blended Benchmark consists of a 70/20/10 blend of the MVIS U.S. Business Development Companies Index, the FTSE NARIET Mortgage REIT Index and the S&P SmallCap Financials Index. The Blended Benchmark return is calculated by using the monthly return of the three indices during each period shown above. At the beginning of each month, the three indices are rebalanced, to account for divergence from that ratio that occurred during the course of each month to the ratios noted above. The monthly returns are then compounded for each period shown above, giving the performance for the Blended Benchmark for each period shown above. Since the MVIS U.S. Business Development Companies Index had an inception date of August 4, 2011, the performance of the Blended Benchmark is not available for all of the periods disclosed.

(5) Because the index has an inception date of June 5, 2007, performance data is not available for all the periods shown.

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
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Proposed Reorganization

The First Trust Specialty Finance and Financial Opportunities Fund (the "Fund") called a special meeting of shareholders to consider reorganizing the Fund into abrdn Global Infrastructure Income Fund ("ASGI"), which is managed by abrdn Inc. and sub-advised by abrdn Investments Limited (formerly, Aberdeen Asset Managers Limited). The special meeting of shareholders was initially convened on March 7, 2024 but a quorum was not achieved. The meeting was adjourned several times as a quorum is sought, and the most recent adjournment re-scheduled the meeting for July 25, 2024. More information on the proposed transaction, including the risks and considerations associated with the proposed transaction, is contained in registration statement/proxy materials which are available at https://www.ftportfolios.com/Common/ContentFileLoader.aspx?ContentGUID=de49faa8-90bb-4a7d-97b2-5e0fafab8f37. This note is not intended to solicit a proxy from any shareholder of the Fund and is not intended to, and shall not, constitute an offer to purchase or sell shares of the Fund or ASGI.

Advisor

First Trust Advisors L.P. ("First Trust" or the "Advisor") serves as the investment advisor to 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

Confluence Investment Management LLC, a registered investment advisor ("Confluence" or the "Sub-Advisor"), located in St. Louis, Missouri, serves as the sub-advisor to the Fund. The investment professionals at Confluence have an average of over 20 years of portfolio management experience each. Confluence professionals have invested in a wide range of specialty finance and other financial company securities during various market cycles, working to provide attractive risk-adjusted returns to clients.

Confluence Portfolio Management Team

Mark Keller, CFA
Chief Executive Officer and Chief Investment Officer

David Miyazaki, CFA
Senior Vice President and Portfolio Manager

Daniel Winter, CFA
Senior Vice President and Chief Investment Officer - Value Equity

First Trust Specialty Finance and Financial Opportunities Fund (FGB)

The primary investment objective of the Fund is to seek a high level of current income. As a secondary objective, the Fund seeks an attractive total return. The Fund pursues its investment objectives by investing, under normal market conditions, at least 80% of its Managed Assets in a portfolio of securities of specialty finance and other financial companies that the Fund's Sub-Advisor believes offer attractive opportunities for income and capital appreciation. Under normal market conditions, the Fund concentrates its investments in securities of companies within the industries in the financial sector. "Managed Assets" means the total asset value of the Fund minus the sum of its liabilities, other than the principal amount of borrowings. There can be no assurance that the Fund's investment objectives will be achieved. The Fund may not be appropriate for all investors.

Market Recap

The Fund is a financial sector fund with a particular focus on a niche called business development companies ("BDCs"). BDCs lend to and invest in private companies, oftentimes working with those not large enough to efficiently access the public markets. Each BDC has a unique profile, determined by its respective management team. Some specialize in particular industries, while others apply a more generalized approach and maintain a diversified portfolio. Both approaches can work effectively and offer shareholders a unique and differentiated return opportunity derived from the private markets. During the six-month period ended May 31, 2024, the Fund had approximately 88% of its assets invested in 25 BDCs, with roughly 6% in mortgage-backed real estate investment trusts ("MBS REITs") and around 6% in large cap financial companies.

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
Semi-Annual Report
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Performance Analysis

			Average Annual Total Returns		
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Fund Performance[(1)]					
NAV	16.85%	37.67%	5.04%	4.30%	1.80%
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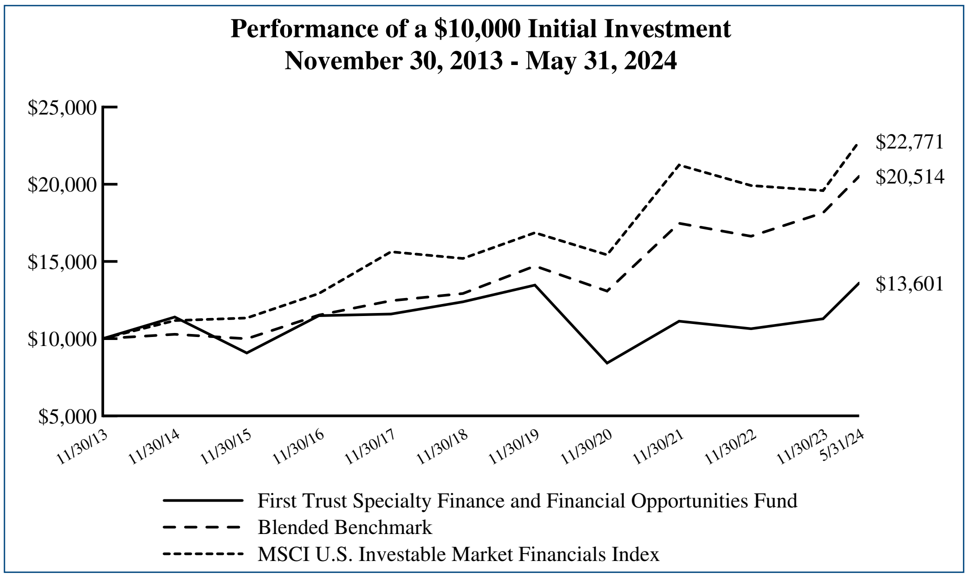
Index Performance					
Blended Benchmark[(2)]	13.01%	28.83%	9.10%	7.46%	N/A
MSCI U.S. Investable Market Financials Index[(3)]	16.25%	32.40%	9.19%	8.24%	N/A



Performance figures assume reinvestment of all distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund shares. An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, the indices do not actually hold a portfolio of securities and therefore do not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. The Fund's past performance does not predict future performance.

(1) Total return is based on the combination of reinvested dividend, capital gain and return of capital distribution, 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 period of less than one year. Past performance is not indicative of future results.

(2) The Blended Benchmark consists of a 70/20/10 blend of the MVIS U.S. Business Development Companies Index, the FTSE NARIET Mortgage REIT Index and the S&P SmallCap Financials Index. The Blended Benchmark returns are calculated by using the monthly return of the three indices during each period shown above. At the beginning of each month, the three indices are rebalanced, to account for divergence from that ratio that occurred during the course of each month to the ratios noted above. The monthly returns are then compounded for each period shown above, giving the performance for the Blended Benchmark for each period shown above.

(3) Because the index has an inception date of June 5, 2007, performance data is not available for all the periods shown in the table.

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
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The Fund's market value total return and the Fund's net asset value ("NAV") total return were both significantly higher than the Blended Benchmark's return for the six-month period ended May 31, 2024. The Fund's market value total return was higher than that of its NAV because the discount to NAV narrowed by 2.7% over the period. The Fund uses leverage because we believe that, over time, leverage provides opportunities for additional income and total return for common shareholders. However, the use of leverage exposes common shareholders to additional volatility. For example, as the prices of securities held by the Fund decline, the negative impact of valuation changes on Common Share NAV and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance Common Share returns during periods when the prices of securities held by the Fund are generally rising. For the performance referenced above, the use of leverage had a positive impact on returns.

During the six-month period ended May 31, 2024, the Fund remained principally invested in BDCs. This allocation remained as the foundation of the Fund's investments and delivered strong returns from the BDC industry. Since the Federal Reserve (the "Fed") began tightening in 2022, there have been concerns that small to mid-sized businesses, which are the lending target of BDCs, would begin to struggle from the higher interest burden caused by rising short-term rates. But BDC borrowers have been resilient and credit metrics for the industry have been stable. With generally low default levels, BDCs have been able to lock in low rates for their own funding, and then take advantage of rising rates by underwriting floating rate loans. This strategy set the stage for rising income, higher dividends, and strong total returns for investors.

The allocation to MBS REITs remained below the Blended Benchmark allocation. This industry has faced a variety of challenges in recent years, though conditions continue to stabilize and slowly improve. The Fund's focus continues to be on MBS REITs with substantial investments in Agency MBS. During the six-month period ended May 31, 2024, income and dividends were steady, while valuations improved. Accordingly, returns were much higher than they have been in quite some time.

The Fund maintained an allocation to large cap financials, which bring a measure of liquidity, diversification, and capital appreciation potential to the Fund. The general trend in recent years has been for financials to lag other sectors of the stock market, but during the period, large cap financials delivered some of the market's highest returns. The capital appreciation from this allocation contributed to the Fund's NAV accretion during the period.

The Fund has a practice of seeking to maintain a relatively stable quarterly distribution, which may be changed at any time. The practice has no impact on the Fund's investment strategy and may reduce the Fund's NAV. However, the Advisor believes the practice helps maintain the Fund's competitiveness and may benefit the Fund's market price and premium/discount to the Fund's NAV. The quarterly distribution rate began the period at $0.0825 per share and ended the period at $0.10 per share. Based on the $0.10 per share quarterly distribution, the annualized distribution rate at May 31, 2024 was 9.11% at NAV and 10.39% at market price. The final determination of the source and tax status of all 2024 distributions will be made after the end of 2024 and will be provided on Form 1099-DIV. The foregoing is not to be construed as tax advice. Please consult your tax advisor for further information regarding tax matters

Market and Fund Outlook

With its focus on BDCs, the Fund remains very unique among the universe of investment funds. And though this profile has been in place for many years, it has become increasingly useful for many investors as a way to pursue income from diverse sources. Investor interest in the private debt markets has risen in recent years and BDCs are able to help fulfill this allocation through liquid, publicly traded securities.

The fiscal second quarter included an increase in the FGB dividend, reflecting the higher income and dividends earned from BDCs. We're pleased the Fund has been positioned in a way to provide a higher dividend, as rising income is a useful way to help address higher inflation. We are also pleased the Fund was able to deliver these results utilizing a leverage profile near the lower end of its historical range. As we look forward, we are mindful of BDC credit quality, particularly if we were to enter into an environment of slower economic growth. We are also aware that BDC loans are predominantly underwritten with floating rates, so as the Fed eases, BDCs may face a different kind of headwind.

Our macro view includes an expectation that inflation will generally run higher than what we've experienced in recent decades, making the Fed's 2% inflation target quite difficult to attain. At the same time, it appears the economy should remain on a positive growth track, buoyed by high levels of employment and consumer spending. We believe this environment indicates Fed policy is likely to be "higher for longer," a condition that should be constructive for BDCs so long as their credit quality remains intact.

BDCs have experienced a variety of challenging environments since the Fund's inception, but the industry continues to evolve, growing in both size and liquidity, while including managers with high levels of experience and skill. To that end, the industry added

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
Semi-Annual Report
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five new BDCs to the public arena in the first half of the Fund's fiscal year. The Fund's initial thesis involved an effort to create a unique exposure to this growing industry, while delivering a high level of income.

Shares	Description	Value
	COMMON STOCKS – BUSINESS DEVELOPMENT COMPANIES – 96.3%	
	Capital Markets – 96.3%	
100,000	Ares Capital Corp. (a)	$ 2,157,000
100,000	Bain Capital Specialty Finance, Inc.	1,679,000
390,000	Barings BDC, Inc. (a)	3,919,500
212,000	BlackRock TCP Capital Corp. (a)	2,348,960
160,000	Blackstone Secured Lending Fund (a)	5,035,200
150,000	Blue Owl Capital Corp. (a)	2,529,000
71,000	Capital Southwest Corp. (a)	1,816,180
42,565	Crescent Capital BDC, Inc. (a)	772,129
38,500	FS KKR Capital Corp. (a)	789,250
135,000	Goldman Sachs BDC, Inc. (a)	2,076,300
260,000	Golub Capital BDC, Inc. (a)	4,308,200
330,000	Hercules Capital, Inc. (a)	6,514,200
90,000	Kanye Anderson BDC, Inc. (b)	1,440,000
111,000	Main Street Capital Corp. (a)	5,439,000
353,000	New Mountain Finance Corp. (a)	4,447,800
90,000	Oaktree Specialty Lending Corp.	1,756,800
98,000	OFS Capital Corp. (a)	959,420
50,000	Palmer Square Capital BDC, Inc.	822,000
456,000	PennantPark Investment Corp. (a)	3,415,440
44,000	Portman Ridge Finance Corp.	875,160
197,000	Sixth Street Specialty Lending, Inc. (a)	4,335,970
161,000	SLR Investment Corp. (a)	2,646,840
48,000	Trinity Capital, Inc.	715,680
	Total Common Stocks - Business Development Companies (Cost $57,475,950)	60,799,029
	COMMON STOCKS – 14.7%	
	Banks – 0.6%	
10,000	Bank of America Corp.	399,900
	Capital Markets – 4.9%	
11,000	Blackstone, Inc.	1,325,500
100,000	Nuveen Churchill Direct Lending Corp.	1,771,000
		3,096,500
	Financial Services – 3.0%	
4,500	Berkshire Hathaway, Inc., Class B (a) (b)	1,864,800
	Insurance – 0.4%	
150	Markel Group, Inc. (b)	246,239
	Mortgage REITs – 5.8%	
105,000	AGNC Investment Corp. (a)	1,006,950
	Mortgage REITs (Continued)	
135,000	Annaly Capital Management, Inc. (a)	$ 2,659,500
		3,666,450
	Total Common Stocks (Cost $8,184,952)	9,273,889
	Total Investments – 111.0% (Cost $65,660,902)	70,072,918
	Outstanding Loan – (13.6)%	(8,600,000)
	Net Other Assets and Liabilities – 2.6%	1,656,798
	Net Assets – 100.0%	$ 63,129,716

(a) All or a portion of this security serves as collateral for the outstanding loan. At May 31, 2024, the segregated value of these securities amounts to $42,708,740.
(b) Non-income producing security.

Abbreviations throughout the Portfolio of Investments:
REITs – Real Estate Investment Trusts

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of May 31, 2024 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

	Total Value at 5/31/2024	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Common Stocks - Business Development Companies*	$ 60,799,029	$ 60,799,029	$ —	$ —
Common Stocks*	9,273,889	9,273,889	—	—
Total Investments	$ 70,072,918	$ 70,072,918	$ —	$ —

* See Portfolio of Investments for industry breakout.

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
Statement of Assets and Liabilities
May 31, 2024 (Unaudited)

ASSETS:	
Investments, at value	$ 70,072,918
Cash	1,631,892
Foreign currency	20
Dividends receivable	195,522
Prepaid expenses	15,066
Total Assets	71,915,418
LIABILITIES:	
Outstanding loan	8,600,000
Payables:	
Investment advisory fees	60,793
Interest and fees on loan	53,437
Audit and tax fees	36,945
Shareholder reporting fees	22,268
Administrative fees	2,574
Trustees' fees and expenses	2,516
Legal fees	2,455
Custodian fees	1,840
Transfer agent fees	1,580
Financial reporting fees	771
Other liabilities	523
Total Liabilities	8,785,702
NET ASSETS	$ 63,129,716
NET ASSETS consist of:	
Paid-in capital	$ 112,902,839
Par value	143,676
Accumulated distributable earnings (loss)	(49,916,799)
NET ASSETS	$ 63,129,716
NET ASSET VALUE, per Common Share (par value $0.01 per Common Share)	$ 4.39
Number of Common Shares outstanding (unlimited number of Common Shares has been authorized)	14,367,591
Investments, at cost	$ 65,660,902
Foreign currency, at cost (proceeds)	$ 26

See Notes to Financial Statements

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
Statement of Operations
For the Six Months Ended May 31, 2024 (Unaudited)

INVESTMENT INCOME:	
Dividends	$ 3,733,402
Interest	26,583
Total investment income	3,759,985
EXPENSES:	
Investment advisory fees	345,901
Interest and fees on loan	319,225
Audit and tax fees	29,424
Legal fees	25,184
Shareholder reporting fees	23,724
Trustees' fees and expenses	17,348
Excise tax expense	15,000
Listing expense	12,286
Administrative fees	11,604
Transfer agent fees	10,072
Financial reporting fees	4,624
Custodian fees	1,946
Other	3,137
Total expenses	819,475
NET INVESTMENT INCOME (LOSS)	2,940,510
NET REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss) on investments	(2,178,319)
Net change in unrealized appreciation (depreciation) on investments	8,436,572
NET REALIZED AND UNREALIZED GAIN (LOSS)	6,258,253
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 9,198,763

Statements of Changes in Net Assets

	Six Months Ended 5/31/2024 (Unaudited)	Year Ended 11/30/2023
OPERATIONS:		
Net investment income (loss)	$ 2,940,510	$ 5,058,657
Net realized gain (loss)	(2,178,319)	(1,472,282)
Net change in unrealized appreciation (depreciation)	8,436,572	4,104,165
Net increase (decrease) in net assets resulting from operations	9,198,763	7,690,540
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Investment operations	(2,622,086)	(4,741,305)
Total increase (decrease) in net assets	6,576,677	2,949,235
NET ASSETS:		
Beginning of period	56,553,039	53,603,804
End of period	$ 63,129,716	$ 56,553,039
COMMON SHARES:		
Common Shares at end of period	14,367,591	14,367,591

See Notes to Financial Statements

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
Statement of Cash Flows
For the Six Months Ended May 31, 2024 (Unaudited)

Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 9,198,763	
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities:		
Purchases of investments	(8,615,778)	
Sales, maturities and paydown of investments	7,360,461	
Net realized gain/loss on investments	2,178,319	
Net change in unrealized appreciation/depreciation on investments	(8,436,572)	
Changes in assets and liabilities:		
Increase in dividends receivable	(75,701)	
Increase in prepaid expenses	(12,047)	
Increase in interest and fees payable on loan	1,057	
Increase in investment advisory fees payable	7,317	
Decrease in audit and tax fees payable	(22,196)	
Decrease in legal fees payable	(3,391)	
Increase in shareholder reporting fees payable	6,049	
Decrease in administrative fees payable	(63)	
Decrease in custodian fees payable	(468)	
Decrease in transfer agent fees payable	(1,510)	
Decrease in trustees' fees and expenses payable	(1,106)	
Decrease in other liabilities payable	(1,603)	
Cash provided by operating activities		$ 1,581,531
Cash flows from financing activities:		
Distributions to Common Shareholders from investment operations	(3,807,412)	
Cash used in financing activities		(3,807,412)
Decrease in cash and foreign currency		(2,225,881)
Cash and foreign currency at beginning of period		3,857,793
Cash and foreign currency at end of period		$ 1,631,912
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest and fees		$ 318,168

First Trust Specialty Finance and Financial Opportunities Fund (FGB)

Financial Highlights

For a Common Share outstanding throughout each period

	Six Months Ended 5/31/2024 (Unaudited)	Year Ended November 30,				
		2023	2022	2021	2020	2019
Net asset value, beginning of period	$ 3.94	$ 3.73	$ 4.33	$ 3.44	$ 5.92	$ 5.78
Income from investment operations:						
Net investment income (loss)	0.20 (a)	0.35 (a)	0.26	0.26	0.33	0.58
Net realized and unrealized gain (loss)	0.43	0.19	(0.53)	0.96	(2.37)	0.22
Total from investment operations	0.63	0.54	(0.27)	1.22	(2.04)	0.80
Distributions paid to shareholders from:						
Net investment income	(0.18)	(0.33)	(0.28)	(0.30)	(0.44)	(0.40)
Return of capital	—	—	(0.05)	(0.03)	—	(0.26)
Total distributions paid to Common Shareholders	(0.18)	(0.33)	(0.33)	(0.33)	(0.44)	(0.66)
Net asset value, end of period	$ 4.39	$ 3.94	$ 3.73	$ 4.33	$ 3.44	$ 5.92
Market value, end of period	$ 3.85	$ 3.35	$ 3.49	$ 4.00	$ 3.28	$ 5.90
Total return based on net asset value (b)	16.85%	16.69%	(5.60)%	36.49%	(34.67)%	14.58%
Total return based on market value (b)	20.52%	6.04%	(4.39)%	32.23%	(37.49)%	8.74%
Ratios to average net assets/supplemental data:						
Net assets, end of period (in 000's)	$ 63,130	$ 56,553	$ 53,604	$ 62,197	$ 49,437	$ 85,054
Ratio of total expenses to average net assets	2.71% (c)	2.71%	2.02%	1.78%	2.35%	2.56%
Ratio of total expenses to average net assets excluding interest expense	1.65% (c)	1.59%	1.53%	1.49%	1.78%	1.60%
Ratio of net investment income (loss) to average net assets	9.71% (c)	9.40%	6.44%	6.35%	8.87%	9.95%
Portfolio turnover rate	11%	16%	5%	8%	20%	7%
Indebtedness:						
Total loan outstanding (in 000's)	$ 8,600	$ 8,600	$ 8,600	$ 8,600	$ 6,500	$ 25,000
Asset coverage per $1,000 of indebtedness (d)	$ 8,341	$ 7,576	$ 7,233	$ 8,232	$ 8,606	$ 4,402

(a) Based on average shares outstanding.

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

(c) Annualized.

(d) 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.

See Notes to Financial Statements

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
May 31, 2024 (Unaudited)

1. Organization

First Trust Specialty Finance and Financial Opportunities Fund (the "Fund") is a diversified, closed-end management investment company organized as a Massachusetts business trust on March 20, 2007, and is registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund trades under the ticker symbol "FGB" on the New York Stock Exchange ("NYSE").

The primary investment objective of the Fund is to seek a high level of current income. As a secondary objective, the Fund seeks an attractive total return. The Fund pursues its investment objectives by investing, under normal market conditions, at least 80% of its Managed Assets in a portfolio of securities of specialty finance and other financial companies that Confluence Investment Management LLC ("Confluence" or the "Sub-Advisor") believes offer attractive opportunities for income and capital appreciation. Under normal market conditions, the Fund concentrates its investments in securities of companies within industries in the financial sector. "Managed Assets" means the total asset value of the Fund minus the sum of its liabilities, other than the principal amount of borrowings. There can be no assurance that the Fund will achieve its investment objectives. 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 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 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 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 readily available market quotations such as 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 approved by the Fund's Board of Trustees, and in accordance with provisions of the 1940 Act and rules thereunder. 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 and other equity securities listed on any national or foreign exchange (excluding Nasdaq, Inc. ("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 primary exchange for such securities.
>
> Equity securities traded in an over-the-counter market are valued at the close price or the last trade price.

Certain securities may not be able to be priced by pre-established pricing methods. Such securities may be valued by 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 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

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
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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 last sale price on the exchange on which they are principally traded or, for Nasdaq and AIM securities, the official closing price;
2) the type of security;
3) the size of the holding;
4) the initial cost of the security;
5) transactions in comparable securities;
6) price quotes from dealers and/or third-party pricing services;
7) relationships among various securities;
8) information obtained by contacting the issuer, analysts, or the appropriate stock exchange;
9) an analysis of the issuer's financial statements;
10) the existence of merger proposals or tender offers that might affect the value of the security; and
11) other relevant factors.

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

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

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 May 31, 2024, is included with the Fund's Portfolio of Investments.

B. 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.

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The Fund holds shares of business development companies ("BDCs"). The Fund records the character of distributions received from the BDCs during the year based on estimates available. The tax character of distributions received from these securities may vary when reported by the issuer after their tax reporting periods conclude.

Distributions received from the Fund's investments in real estate investment trusts ("REITs") may be comprised of return of capital, capital gains, and income. The actual character of the amounts received during the year are not known until after the REITs' fiscal year end. The Fund records the character of distributions received from the REITs during the year based on estimates available. The characterization of distributions received by the Fund may be subsequently revised based on information received from the REITs after their tax reporting periods conclude.

C. Dividends and Distributions to Shareholders

Dividends from net investment income of the Fund are declared and paid quarterly or as the Board of Trustees may determine from time to time. Distributions of any net realized capital gains earned by the Fund are distributed at least annually. Distributions will automatically be reinvested into additional Common Shares pursuant to the Fund's Dividend Reinvestment Plan unless cash distributions are elected by the shareholder.

Distributions from income and realized capital gains are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These permanent differences are primarily due to the varying treatment of income and gain/loss on portfolio securities held by the Fund and have no impact on net assets or NAV per share. Temporary differences, which arise from recognizing certain items of income, expense and gain/loss in different periods for financial statement and tax purposes, will reverse at some point in the future.

The tax character of distributions paid by the Fund during the fiscal year ended November 30, 2023, was as follows:

Distributions paid from:	
Ordinary income	$ 4,741,305
Capital gains	—
Return of capital	—

As of November 30, 2023, the components of distributable earnings and net assets on a tax basis were as follows:

Undistributed ordinary income	$ —
Undistributed capital gains	—
Total undistributed earnings	—
Accumulated capital and other losses	(50,972,396)
Net unrealized appreciation (depreciation)	(4,335,754)
Total accumulated earnings (losses)	(55,308,150)
Other	(1,185,326)
Paid-in capital	113,046,515
Total net assets	$ 56,553,039

D. Income Taxes

The Fund intends to continue to qualify as a regulated investment company by complying with the requirements under Subchapter M of the Internal Revenue Code of 1986, as amended, which includes distributing substantially all of its net investment income and net realized gains to shareholders. Accordingly, no provision has been made for federal and state income taxes. However, due to the timing and amount of distributions, the Fund may be subject to an excise tax of 4% of the amount by which approximately 98% of the Fund's taxable income exceeds the distributions from such taxable income for the calendar year.

The Fund intends to utilize provisions of the federal income tax laws, which allow it to carry a realized capital loss forward indefinitely 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 November 30, 2023, the Fund had $50,972,396 of non-expiring capital loss carryforwards for federal income tax purposes.

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Certain losses realized during the current fiscal year may be deferred and treated as occurring on the first day of the following fiscal year for federal income tax purposes. For the fiscal year ended November 30, 2023, the Fund did not incur any net late year ordinary losses.

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 2020, 2021, 2022, and 2023 remain open to federal and state audit. As of May 31, 2024, 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.

As of May 31, 2024, the aggregate cost, gross unrealized appreciation, gross unrealized depreciation, and net unrealized appreciation/(depreciation) on investments (including short positions and derivatives, if any) for federal income tax purposes were as follows:

Tax Cost	Gross Unrealized Appreciation	Gross Unrealized (Depreciation)	Net Unrealized Appreciation (Depreciation)
$65,660,902	$10,965,157	$(6,553,141)	$4,412,016

E. Expenses

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

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 services, First Trust is entitled to a monthly fee calculated at an annual rate of 1.00% of the Fund's Managed Assets. First Trust also provides fund reporting services to the Fund for a flat annual fee in the amount of $9,250.

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

Computershare, Inc. ("Computershare") serves as the Fund's transfer agent in accordance with certain fee arrangements. As transfer agent, Computershare 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 a subsidiary 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, a target outcome fund or an index fund.

Additionally, the Chairs of the Audit Committee, Nominating and Governance Committee and Valuation Committee, the Vice Chair of the Audit Committee, the Lead Independent Trustee and the Vice Lead Independent Trustee 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 Committee Chairs, the Audit Committee Vice Chair, the Lead Independent Trustee and the Vice Lead Independent Trustee rotate periodically in serving in such capacities. 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 six months ended May 31, 2024, were $8,615,778 and $7,360,461, respectively.

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5. Borrowings

The Fund has a committed facility agreement (the "BNP Facility") with BNP Paribas Prime Brokerage International, Ltd. ("PBL"), which currently has a maximum commitment amount of $25,000,000. Absent certain events of default or failure to maintain certain collateral requirements, PBL may not terminate the BNP Facility except upon 179 calendar days' prior notice. The interest rate under the BNP Facility is equal to the SOFR plus 95 basis points. In addition, under the BNP Facility, the Fund pays a commitment fee of 0.55% on the undrawn amount of the facility.

The average amount outstanding for the six months ended May 31, 2024 was $8,600,000, with a weighted average interest rate of 6.27%. As of May 31, 2024, the Fund had outstanding borrowings of $8,600,000, which approximates fair value, under the BNP Facility. The borrowings are categorized as Level 2 within the fair value hierarchy. The high and low annual interest rates for the six months ended May 31, 2024 were 6.35% and 6.25%, respectively, and the interest rate at May 31, 2024 was 6.28%. The interest and fees are included in "Interest and fees on loan" on the Statement of Operations.

6. 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.

7. Financial Sector Concentration Risk

Under normal market conditions, the Fund concentrates its investments (i.e., invests at least 25% of its total assets) in securities of companies within industries in the financial sector. A fund concentrated in a single industry or sector is likely to present more risks than a fund that is broadly diversified over several industries or groups of industries. Compared to the broad market, an individual sector may be more strongly affected by changes in the economic climate, broad market shifts, moves in a particular dominant stock, or regulatory changes. Specialty finance and other financial companies in general are subject to extensive government regulation, which may change frequently. The profitability of specialty finance and other financial companies is largely dependent upon the availability and cost of capital funds, and may fluctuate significantly in response to changes in interest rates, as well as changes in general economic conditions. From time to time, severe competition may also affect the profitability of specialty finance and other financial companies. Financial companies can be highly dependent upon access to capital markets and any impediments to such access, such as general economic conditions or a negative perception in the capital markets of a company's financial condition or prospects, could adversely affect its business. Leasing companies can be negatively impacted by changes in tax laws which affect the types of transactions in which such companies engage.

8. Subsequent Events

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements that have not already been disclosed.

First Trust Specialty Finance and Financial Opportunities Fund (FGB)
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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 Computershare Trust Company N.A. (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 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 Computershare, Inc., P.O. Box 43006, Providence, RI 02940-3006.

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 or emailing info@ftportfolios.com; (2) on the Fund's website at www.ftportfolios.com; and (3) on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

Portfolio Holdings

The Fund files portfolio holdings information for each month in a fiscal quarter within 60 days after the end of the relevant fiscal quarter on Form N-PORT. Portfolio holdings information for the third month of each fiscal quarter will be publicly available on the

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SEC's website at www.sec.gov. The Fund's complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year is included in the semi-annual and annual reports to shareholders, respectively, and is filed with the SEC on Form N-CSR. The semi-annual and annual report for the Fund is available to investors within 60 days after the period to which it relates. The Fund's Forms N-PORT and Forms N-CSR are available on the SEC's website listed above.

Submission of Matters to a Vote of Shareholders

The Fund called a special meeting of shareholders to consider the reorganization of the Fund with and into abrdn Global Infrastructure Income Fund. The special meeting was originally held on February 20, 2024, and has been adjourned to July 25, 2024.

Principal Risks

The Fund is a closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives. The following discussion summarizes the principal risks associated with investing in the Fund, which includes the risk that you could lose some or all of your investment in the Fund. The Fund is subject to the informational requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940 and, in accordance therewith, files reports, proxy statements and other information that is available for review.

Business Development Company ("BDC") Risk. The Fund invests in closed-end funds that have elected to be treated as BDCs. Investments in BDCs may be subject to a high degree of risk. BDCs typically invest in small and medium-sized private and certain public companies that may not have access to public equity markets or capital raising, and investments in these companies present a greater risk of loss due to the companies' youth and limited track record. BDCs are also generally more susceptible to competition and economic and market changes due to limited products and market shares. A BDC's portfolio could include a substantial amount of securities purchased in private placements, and its portfolio may carry risks similar to those of a private equity or venture capital fund. Securities that are not publicly registered may be difficult to value and may be difficult to sell at a price representative of their intrinsic value. Investments in BDCs are subject to various risks, including management's ability to meet the BDC's investment objective, and to manage the BDC's portfolio when the underlying securities are redeemed or sold, during periods of market turmoil and as investors' perceptions regarding a BDC or its underlying investments change. Certain BDCs in which the Fund invests employ the use of leverage in their portfolios through borrowings or in the issuance of preferred stock. While leverage often serves to increase the yield of a BDC, the leverage also subjects the BDC to increased risks, including the likelihood of increased volatility and the possibility that the BDC's common share income will fall if the dividend rate on any preferred shares or the interest rate on any borrowings rises. In addition, the market price for BDCs, together with other dividend paying stocks, may be negatively affected by a rise in interest rates. Alternatively, declining interest rates could adversely impact the earnings of BDCs in which the Fund invests, as new loan originations would likely be made at lower yields. BDC shares are not redeemable at the option of the BDC shareholder and, as with shares of other closed-end funds, they may trade in the secondary market at a discount to their NAV.

Current Market Conditions Risk. Current market conditions risk is the risk that a particular investment, or shares of the Fund in general, may fall in value due to current market conditions. As a means to fight inflation, which remains at elevated levels, the Federal Reserve and certain foreign central banks have raised interest rates and expect to continue to do so, and the Federal Reserve has announced that it intends to reverse previously implemented quantitative easing. U.S. regulators have proposed several changes to market and issuer regulations which would directly impact the Fund, and any regulatory changes could adversely impact the Fund's ability to achieve its investment strategies or make certain investments. Recent and potential future bank failures could result in disruption to the broader banking industry or markets generally and reduce confidence in financial institutions and the economy as a whole, which may also heighten market volatility and reduce liquidity. The ongoing adversarial political climate in the United States, as well as political and diplomatic events both domestic and abroad, have and may continue to have an adverse impact the U.S. regulatory landscape, markets and investor behavior, which could have a negative impact on the Fund's investments and operations. Other unexpected political, regulatory and diplomatic events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy. For example, ongoing armed conflicts between Russia and Ukraine in Europe and among Israel, Hamas and other kilitant groups in the Middle East, have caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, the Middle East and the United States. The hostilities and sanctions resulting from those hostilities have and could continue to have a significant impact on certain Fund investments as well as Fund performance and liquidity. The economies of the United States and its trading partners, as well as the financial markets generally, may be adversely impacted by trade disputes and other matters. For example, the United States has imposed trade barriers and restrictions on China. In addition, the Chinese government is engaged in a longstanding dispute with Taiwan, continually threatening an invasion. If the political climate between the United States and China does not improve or continues to deteriorate, if China were to attempt invading Taiwan, or if other geopolitical conflicts develop or worsen, economies, markets and individual securities may be adversely affected, and the value of the Fund's assets may go down. The COVID-19 global

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pandemic, or any future public health crisis, and the ensuing policies enacted by governments and central banks have caused and may continue to cause significant volatility and uncertainty in global financial markets, negatively impacting global growth prospects. While vaccines have been developed, there is no guarantee that vaccines will be effective against emerging future variants of the disease. As this global pandemic illustrated, such events may affect certain geographic regions, countries, sectors and industries more significantly than others. Advancements in technology may also adversely impact markets and the overall performance of the Fund. For instance, the economy may be significantly impacted by the advanced development and increased regulation of artificial intelligence. These events, and any other future events, may adversely affect the prices and liquidity of the Fund's portfolio investments and could result in disruptions in the trading markets.

Cyber Security Risk. The Fund is susceptible to potential operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Fund to lose proprietary information, suffer data corruption or lose operational capacity. Such events could cause the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to the Fund's digital information systems through "hacking" or malicious software coding, but may also result from outside attacks such as denial-of-service attacks through efforts to make network services unavailable to intended users. In addition, cyber security breaches of the Fund's third-party service providers, such as its administrator, transfer agent, custodian, or sub-advisor, as applicable, or issuers in which the Fund invests, can also subject the Fund to many of the same risks associated with direct cyber security breaches. The Fund has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially because the Fund does not directly control the cyber security systems of issuers or third party service providers. Substantial costs may be incurred by the Fund in order to resolve or prevent cyber incidents in the future.

Financial Sector Concentration Risk. Under normal market conditions, the Fund concentrates its investments (i.e., invests at least 25% of its total assets) in securities of companies within industries in the financial sector. A fund concentrated in a single industry or sector is likely to present more risks than a fund that is broadly diversified over several industries or groups of industries. Compared to the broad market, an individual sector may be more strongly affected by changes in the economic climate, broad market shifts, moves in a particular dominant stock, or regulatory changes. Specialty finance and other financial companies in general are subject to extensive government regulation, which may change frequently. The profitability of specialty finance and other financial companies is largely dependent upon the availability and cost of capital funds, and may fluctuate significantly in response to changes in interest rates, as well as changes in general economic conditions. From time to time, severe competition may also affect the profitability of specialty finance and other financial companies. Financial companies can be highly dependent upon access to capital markets and any impediments to such access, such as general economic conditions or a negative perception in the capital markets of a company's financial condition or prospects, could adversely affect its business. Leasing companies may be negatively impacted by changes in tax laws which affect the types of transactions in which such companies engage.

Illiquid Securities Risk. The Fund may invest in securities that are considered to be illiquid securities. Illiquid securities may be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. The market price of illiquid securities generally is more volatile than that of more liquid securities, which may adversely affect the price that the Fund pays for or recovers upon the sale of such securities. Illiquid securities are also more difficult to value, especially in challenging markets.

Income and Interest Rate Risk. The income common shareholders receive from the Fund is based primarily on the dividends and interest it earns from its investments, which can vary widely over the short and long-term. If prevailing market interest rates drop, distribution rates of the Fund's portfolio holdings may decline which then may adversely affect the Fund's distributions on its common shares as well. The Fund's income also would likely be adversely affected when prevailing short-term interest rates increase and the Fund is utilizing leverage.

Leverage Risk. The use of leverage by the Fund can magnify the effect of any losses. If the income and gains from the securities and investments purchased with leverage proceeds do not cover the cost of leverage, the return to the common shares will be less than if leverage had not been used. Leverage involves risks and special considerations for common shareholders including: (i) the likelihood of greater volatility of net asset value and market price of the common shares than a comparable portfolio without leverage; (ii) the risk that fluctuations in interest rates on borrowings will reduce the return to the common shareholders or will result in fluctuations in the dividends paid on the common shares; (iii) in a declining market, the use of leverage is likely to cause a greater decline in the net asset value of the common shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the common shares; and (iv) when the Fund uses certain types of leverage, the investment advisory fee payable to the Advisor and by the Advisor to the Sub-Advisor will be higher than if the Fund did not use leverage. To the extent the Fund uses leverage and invests in BDCs that also use leverage, the risks associated with leverage will be magnified, potentially significantly.

Management Risk and Reliance on Key Personnel. The implementation of the Fund's investment strategy depends upon the continued contributions of certain key employees of the Advisor and Sub-Advisor, some of whom have unique talents and experience and would be difficult to replace. The loss or interruption of the services of a key member of the portfolio management team could have a negative impact on the Fund.

Market Discount from Net Asset Value. Shares of closed-end investment companies such as the Fund frequently trade at a discount from their net asset value. The Fund cannot predict whether its common shares will trade at, below or above net asset value.

Market Risk. Investments held by the Fund, as well as shares of the Fund itself, are subject to market fluctuations caused by real or perceived adverse economic conditions, political events, regulatory factors or market developments, changes in interest rates and perceived trends in securities prices. Shares of the Fund could decline in value or underperform other investments as a result of the risk of loss associated with these market fluctuations. In addition, local, regional or global events such as war, acts of terrorism, market manipulation, government defaults, government shutdowns, regulatory actions, political changes, diplomatic developments, the imposition of sanctions and other similar measures, spread of infectious diseases or other public health issues, recessions, or other events could have a significant negative impact on the Fund and its investments. Any of such circumstances could have a materially negative impact on the value of the Fund's shares, the liquidity of an investment, and result in increased market volatility. During any such events, the Fund's shares may trade at increased premiums or discounts to their net asset value the bid/ask spread on the Fund's shares may widen and the returns on investment may fluctuate.

Operational Risk.The Fund is subject to risks arising from various operational factors, including, but not limited to, human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. The Fund relies on third parties for a range of services, including custody. Any delay or failure relating to engaging or maintaining such service providers may affect the Fund's ability to meet its investment objective. Although the Fund and the Advisor seek to reduce these operational risks through controls and procedures, there is no way to completely protect against such risks.

Potential Conflicts of Interest Risk. First Trust, Confluence and the portfolio managers have interests which may conflict with the interests of the Fund. In particular, First Trust and Confluence currently manage and may in the future manage and/or advise other investment funds or accounts with the same or substantially similar investment objective and strategies as the Fund. In addition, while the Fund is using leverage, the amount of the fees paid to First Trust (and by First Trust to Confluence) for investment advisory and management services are higher than if the Fund did not use leverage because the fees paid are calculated based on managed assets. Therefore, First Trust and Confluence have a financial incentive to leverage the Fund.

REIT, Mortgage-Related and Asset-Backed Securities Risk. Investing in REITs involves certain unique risks in addition to investing in the real estate industry in general. REITs are subject to interest rate risk (especially mortgage REITs) and the risk of default by lessees or borrowers. An equity REIT may be affected by changes in the value of the underlying properties owned by the REIT. A mortgage REIT may be affected by the ability of the issuers of its portfolio of mortgages to repay their obligations. REITs whose underlying assets are concentrated in properties used by a particular industry are also subject to risks associated with such industry. REITs may have limited financial resources, their securities may trade less frequently and in a limited volume, and their securities may be subject to more abrupt or erratic price movements than larger company securities.

In addition to REITs, the Fund may invest in a variety of other mortgage-related securities, including commercial mortgage securities and other mortgage-backed instruments. Mortgage-related securities are susceptible to adverse economic, political or regulatory events that affect the value of real estate. Mortgage-related securities are also significantly affected by other factors such as borrower defaults, delinquencies, realized or liquidation losses and other shortfalls. Rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates, and may reduce the market value of the securities. In addition, mortgage-related securities are subject to prepayment risk, the risk that borrowers may pay off their mortgages sooner than expected, particularly when interest rates decline. This can reduce the Fund's returns because the Fund may have to reinvest that money at lower prevailing interest rates.

The Fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. In general, mortgage-related securities and asset-backed securities are subject to credit risk, extension risk, interest rate risk, liquidity risk and valuation risk.

Reorganization Risk. The Board of Trustees of the Fund has approved the reorganization of the Fund into AOD. If approved by shareholders, the transaction is anticipated to be consummated during 2024, subject to the satisfaction of applicable regulatory requirements and approvals and customary closing conditions. There is no assurance when or whether such approvals, or any other approvals required for the transaction, will be obtained. Under the terms of the proposed transaction, shareholders of the Fund would receive shares of AOD, which has its own investment strategies, and thereafter cease to be a shareholder of the Fund. More information on the proposed transaction, including the risks and considerations associated with the transaction as well as the risks of investing in

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AOD, is contained in registration statement/proxy materials. Shareholders should refer to such registration statement/proxy materials, which are available at https://www.ftportfolios.com/LoadContent/gohdcqj3gy4y.

Specialty Finance and Other Financial Companies Risks. The profitability of specialty finance and other financial companies in which the Fund may invest is largely dependent upon the availability and cost of capital, and may fluctuate significantly in response to changes in interest rates, as well as changes in general economic conditions. Any impediments to a specialty finance or other financial company's access to capital markets, such as those caused by general economic conditions or a negative perception in the capital markets or the company's financial condition or prospects, could adversely affect such company's business. From time to time, severe competition may also affect the profitability of specialty finance and other financial companies. Specialty finance and other financial companies are subject to rapid business changes, significant competition, value fluctuations due to the concentration of loans in particular industries significantly affected by economic conditions (such as real estate or energy) and volatile performance based upon the availability and cost of capital and prevailing interest rates. In addition, credit and other losses resulting from the financial difficulties of borrowers or other third parties potentially may have an adverse effect on companies in these industries.

Valuation Risk. The valuation of the Fund's investments may carry more risk than that of traditional common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes may lead to inaccurate asset pricing.

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First Trust

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

INVESTMENT SUB-ADVISOR
Confluence Investment Management LLC
20 Allen Avenue, Suite 300
Saint Louis, MO 63119

TRANSFER AGENT
Computershare, Inc.
P.O. Box 43006
Providence, RI 02940

ADMINISTRATOR, FUND ACCOUNTANT, AND CUSTODIAN
The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286

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

LEGAL COUNSEL
Chapman and Cutler LLP
320 South Canal Street
Chicago, IL 60606