

FIRST TRUST ENERGY INCOME & GROWTH FUND  
Form N-CSRS  
August 09, 2018

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

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21549

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: May 31, 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)  
Semi-Annual Report  
For the Six Months Ended  
May 31, 2018

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Table of Contents

First Trust Energy Income and Growth Fund (FEN)

Semi-Annual Report

May 31, 2018

<u>Shareholder Letter</u>	1
<u>At a Glance</u>	2
<u>Portfolio Commentary</u>	3
<u>Portfolio of Investments</u>	6
<u>Statement of Assets and Liabilities</u>	9
<u>Statement of Operations</u>	10
<u>Statements of Changes in Net Assets</u>	11
<u>Statement of Cash Flows</u>	12
<u>Financial Highlights</u>	13
<u>Notes to Financial Statements</u>	14
<u>Additional Information</u>	22

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 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](http://www.ftportfolios.com) or speak with your financial advisor. Investment returns, net asset value and common share price will fluctuate and Fund shares, when sold, may be worth more or less than their original cost. The Advisor may also periodically provide additional information on Fund performance on the Fund's web page at [www.ftportfolios.com](http://www.ftportfolios.com).

#### How to Read This Report

This report contains information that may help you evaluate your investment in the Fund. It includes details about the Fund and presents data and analysis that provide insight into the Fund's performance and investment approach. By reading the portfolio commentary by the portfolio management team of the Fund, you may obtain an understanding of how the market environment affected the Fund's performance. The statistical information that follows may help you understand the Fund's performance compared to that of relevant market benchmarks. It is important to keep in mind that the opinions expressed by personnel of 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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Table of Contents

Shareholder Letter

First Trust Energy Income and Growth Fund (FEN)

Semi-Annual Letter from the Chairman and CEO

May 31, 2018

Dear Shareholders,

First Trust is pleased to provide you with the semi-annual report for the First Trust Energy Income and Growth Fund which contains detailed information about your investment for the six-month period ended May 31, 2018, including a market overview and a performance analysis for the period. We encourage you to read this report carefully and discuss it with your financial advisor.

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

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

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

For the entire first quarter of 2018, increased volatility was the norm. The S&P 500® Index was off to a strong start in January as it returned over 7.5% from January 2 to January 26. February, however, was a different story. Early in the month, the Dow Jones Industrial Average plunged 567 points and sank into “correction” territory (defined as a drop of 10% from the index’s high) and in just two weeks, was down more than 3,200 points. However, as February came to a close, the Dow Jones Industrial Average was back on track and up from the lows experienced earlier in the month. Volatility continued in March and April with the Dow Jones Industrial Average ending April with a small gain, while May ended with a slight decline. Across the globe, the first quarter saw the Emerging Market and Developing Market countries, as well as Europe, continue with the strong performances experienced in 2017.

The market volatility we saw during the first quarter of 2018 has continued into the second quarter, both in the U.S. and abroad. Both the U.S and international markets have been affected by talk of a so-called “trade war” and tariffs on imports from China (and other countries), as well as geopolitical concerns around a possible war with Syria, continued concerns regarding North Korea and the potential effects of the political goals of Italy’s new prime minister. This market volatility is why we believe that one should invest for the long term and be prepared for market movements, which can happen at any time. This can be accomplished by keeping current on your portfolio and investing goals and by speaking regularly with your investment professional. As we’ve said before, markets go up and they also go down, but savvy investors are prepared for either through careful attention to their portfolios and investment goals.

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

Sincerely,

James A. Bowen

Chairman of the Board of Trustees

Chief Executive Officer of First Trust Advisors L.P.

Page 1

---

Table of Contents

First Trust Energy Income and Growth Fund (FEN)

“AT A GLANCE”

As of May 31, 2018 (Unaudited)

**Fund Statistics**

Symbol on New York Stock Exchange	FEN
Common Share Price	\$22.76
Common Share Net Asset Value (“NAV”)	\$22.52
Premium (Discount) to NAV	1.07%
Net Assets Applicable to Common Shares	\$450,029,411
Current Quarterly Distribution per Common Share <sup>(1)</sup>	\$0.5800
Current Annualized Distribution per Common Share	\$2.3200
Current Distribution Rate on Common Share Price <sup>(2)</sup>	10.19%
Current Distribution Rate on NAV <sup>(2)</sup>	10.30%

Common Share Price &amp; NAV (weekly closing price)

**Performance**

	Average Annual Total Return				
	6 Months	1 Year	5 Years	10 Years	Inception
	Ended 5/31/18	Ended 5/31/18	Ended 5/31/18	Ended 5/31/18	(6/24/04) to 5/31/18
<b>Fund Performance<sup>(3)</sup></b>					
NAV	4.03%	0.75%	0.88%	6.87%	8.79%
Market Value	7.41%	-3.17%	0.46%	7.65%	8.52%
<b>Index Performance</b>					
S&P 500® Index	3.16%	14.38%	12.97%	9.13%	8.62%
Bloomberg Barclays U.S. Credit Index of Corporate Bonds	-1.76%	0.08%	2.87%	5.14%	4.91%
Alerian MLP Total Return Index	5.71%	-3.71%	-3.20%	6.09%	9.15%
Wells Fargo Midstream MLP Total Return Index	7.63%	-2.26%	-0.15%	8.44%	10.80%

Industry Classification	% of Total Investments
Petroleum Product Transmission	31.0%
Natural Gas Transmission	26.8
Electric Power & Transmission	17.0
Crude Oil Transmission	13.0
Propane	4.8
Natural Gas Gathering & Processing	3.7
Coal	2.7
Other	1.0
Total	100.0%

Top Ten Holdings	% of Total Investments
Enterprise Products Partners, L.P.	13.6%
Magellan Midstream Partners, L.P.	8.6
Enbridge Energy Partners, L.P.	5.5



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Kinder Morgan, Inc.	4.6
Holly Energy Partners, L.P.	4.2
Williams (The) Cos., Inc.	4.2
TransCanada Corp.	4.0
AmeriGas Partners, L.P.	3.8
Exelon Corp.	3.7
ONEOK, Inc.	3.5
Total	55.7%

(1) Most recent distribution paid or declared through 5/31/2018. 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 5/31/2018. Subject to change in the future.

Total return is based on the combination of reinvested dividend, capital gain, and return of capital distributions, if any, at prices obtained by the Dividend Reinvestment Plan and changes in NAV per share for NAV returns and (3) changes in Common Share Price for market value returns. Total returns do not reflect sales load and are not annualized for periods of less than one year. Past performance is not indicative of future results.

Page 2

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Table of Contents

Portfolio Commentary

First Trust Energy Income and Growth Fund (FEN)

Semi-Annual Report

May 31, 2018 (Unaudited)

Advisor

First Trust Advisors L.P. (“First Trust” or the “Advisor”) is 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 \$6.1 billion of assets as of May 31, 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 and Principal of Energy Income Partners, LLC

John Tysseland – Co-Portfolio Manager and 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 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 public 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 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 six months ended May 31, 2018 was 5.71% and 7.63%, respectively. For AMZX, these returns reflect a positive 4.06% from distribution payments, while the remaining returns are due to share price appreciation. For WCHWMIDT, these returns reflect a positive 4.10% from distribution payments, while the remaining returns are due to share price appreciation. These return 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, EIP believes that over the long term, such share price appreciation will approximate growth in per share quarterly cash distributions paid by MLPs. Growth in per share MLP distributions has averaged about 0.3% annually over the last 10 years<sup>1</sup>. The cash distributions of MLPs, as represented by the AMZX, decreased by about 1.6% over the last 12 months<sup>1</sup>.

Performance Analysis

On a net asset value (“NAV”) basis, the Fund provided a total return of 4.03%, including the reinvestment of dividends, for the six months ended May 31, 2018. This compares, according to collected data, to a total return of 3.16% for the

S&P 500<sup>®</sup> Index, -1.76% for the Bloomberg Barclays U.S. Credit Index of Corporate Bonds, 5.71% for AMZX, and 7.63% for WCHWMIDT. Unlike the Fund,

<sup>1</sup>Source: Alerian Capital Management, Bloomberg, EIP calculations.

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.

Page 3

---

Table of Contents

Portfolio Commentary (Continued)

First Trust Energy Income and Growth Fund (FEN)

Semi-Annual Report

May 31, 2018 (Unaudited)

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 7.41% for the six months ended May 31, 2018. At the end of the period, the Fund was priced at \$22.76 per share while the NAV per share was \$22.52, a premium of 1.07%. 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 six months ended May 31, 2018. For the six months ended May 31, 2018, the Fund's NAV underperformed the MLP benchmarks' average return of 6.67% by 264 basis points ("bps"). 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. As a result, holdings of the Fund are much more weighted toward regulated entities compared to the MLP benchmarks. While we believe this approach leads to a portfolio of companies at the blue-chip end of the spectrum with less volatility and higher growth long-term, regulated pipelines owned by MLPs underperformed during the period following a revised policy statement by the Federal Energy Regulatory Commission (FERC) on March 15, 2018. The FERC's revised policy statement puts regulated assets at a relative disadvantage if held in the MLP structure because it no longer allows MLPs to include a provision for income tax expense when calculating pipeline tariffs based on cost-of-service rates. The ruling reverses nearly 20 years of FERC policy and judicial deference that ultimately treated taxes paid by MLP unitholders on MLP income as a cost that should be recovered in tariffs, just as a taxable corporation can recover its tax expense. We believe it is unlikely that this policy statement will be overturned, and further believe that it adds to the growing list of factors that will drive many midstream MLPs to convert to taxable C-Corporations ("C-Corp"). This is a trend that is already underway as a number of C-Corp parents have acquired their subsidiary MLPs, while other MLPs have recently chosen to simply convert to a taxable corporation on their own.

Two important factors affecting the return of the Fund, relative to the MLP benchmarks, are the Fund's accrual for taxes and use of financial leverage through a line of credit. The Fund established a committed facility agreement with BNP Paribas Prime Brokerage Inc. 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 price of securities held by the Fund decline, the effect of changes in common share NAV and common share total return loss would be magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by the Fund generally are rising. Unlike the Fund, the MLP benchmarks are not leveraged, nor are their returns net of an accrual for taxes. Leverage had a negative impact on the performance of the Fund over the reporting period. The accrual for taxes had a positive impact on the performance of the Fund over the reporting period. 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. In our opinion, we believe this trend will likely continue following the revised policy statement by the FERC on March 15, 2018 that puts regulated assets at a relative disadvantage if held in the MLP structure.

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. From the fourth quarter of 2014 to the first quarter of 2018, about 42% of the MLPs in the AMZX have cut or eliminated their dividends.<sup>3</sup> Now, MLPs in the AMZX trade at valuations 40%-50% lower than at the peak in 2014, while the valuation multiples of non-MLP energy infrastructure companies like utilities have risen.<sup>4</sup> 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.

<sup>3</sup>Source: Bloomberg L.P. and FactSet Research Systems Inc.

<sup>4</sup>Source: Alerian Capital Management, Bloomberg

Page 4

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Table of Contents

Portfolio Commentary (Continued)

First Trust Energy Income and Growth Fund (FEN)

Semi-Annual Report

May 31, 2018 (Unaudited)

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 continued to grow with initial public offerings in 2017, while the number of stand-alone MLPs declined. 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 the cycle that saw most of US 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.

Page 5

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Table of Contents

First Trust Energy Income and Growth Fund (FEN)

Portfolio of Investments

May 31, 2018 (Unaudited)

Shares/ Units	Description	Value
	MASTER LIMITED PARTNERSHIPS – 89.3%	
	Chemicals – 0.3%	
49,000	Westlake Chemical Partners, L.P. (a)	\$1,139,250
	Gas Utilities – 5.7%	
577,181	AmeriGas Partners, L.P. (a)	23,877,978
75,000	Suburban Propane Partners, L.P.	1,755,750
	Independent Power and Renewable Electricity Producers – 4.1%	25,633,728
409,311	NextEra Energy Partners, L.P. (a) (b)	18,402,622
	Oil, Gas & Consumable Fuels – 79.2%	
198,401	Alliance Holdings GP, L.P. (a)	5,628,636
592,244	Alliance Resource Partners, L.P. (a)	11,400,697
184,074		