

FIRST TRUST HIGH INCOME LONG/SHORT FUND  
Form N-14 8C  
March 20, 2018

**As filed electronically with the Securities and Exchange Commission on March 20, 2018**

**Registration No. 333-\_\_\_\_\_**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM N-14**

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

[  ] Pre-Effective Amendment No. \_\_\_\_ [  ] Post-Effective Amendment No. \_\_\_\_

FIRST TRUST HIGH INCOME LONG/SHORT FUND  
(Exact Name of Registrant as Specified in Charter)

120 East Liberty Drive  
Suite 400  
Wheaton, Illinois 60187  
(Address of Principal Executive Offices) (Zip Code)

**(630) 765-8000**  
(Registrant's Area Code and Telephone Number)

W. Scott  
Jardine  
First Trust  
Advisors L.P.  
Suite 400  
120 East  
Liberty Drive  
Wheaton,  
Illinois 60187  
(Name and Address of Agent for Service)

**With copies to:**

**Eric F. Fess  
Chapman and Cutler LLP  
111 West Monroe Street  
Chicago, Illinois 60603**

TITLE OF SECURITIES BEING REGISTERED:

Common shares of beneficial interest, par value \$0.01

**Approximate date of proposed public offering:** As soon as practicable after the effective date of this Registration Statement.

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

| <b>Title of Securities Being Registered</b> | <b>Amount Being Registered<sup>(1)</sup></b> | <b>Proposed Maximum Offering Price Per Unit<sup>(1)</sup></b> | <b>Proposed Maximum Aggregate Offering Price<sup>(1)</sup></b> | <b>Amount of Registration Fee</b> |
|---|--|---|--|-----------------------------------|
| <b>Common Shares, \$0.01 par value</b>      | 5,579,220 shares                             | \$17.35 <sup>(2)</sup>  | \$96,799,467.00  | \$12,051.53                       |

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Net asset value per common share on March 14, 2018.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

First Trust Strategic High Income Fund II

A Message from the Chairman of the Board of Trustees

[ ], 2018

Dear Shareholder:

I am writing to you to ask for your vote on a very important matter that will significantly affect your investment in First Trust Strategic High Income Fund II (“FHY”). Enclosed is a combined proxy statement and prospectus (“Proxy Statement/Prospectus”) seeking your approval of a proposal at a special meeting of shareholders of FHY (the “Meeting”).

At the Meeting, which will be held at the offices of First Trust Advisors L.P., 120 East East Liberty Drive, Suite 400, Wheaton, Illinois 60187, on June [ ], 2018, at [ ] p.m., shareholders will be asked to consider and vote upon a proposed transaction involving a merger transaction (the “Merger”) whereby FHY will be combined with First Trust High Income Long/Short Fund (“FSD”), another closed-end fund, pursuant to which shareholders of FHY would become shareholders of FSD.

Through the Merger, FHY will merge with and into a wholly-owned subsidiary of FSD, with shares of FHY being converted into newly issued shares of FSD with an equal aggregate net asset value, on a tax-free basis for federal income tax purposes, and FHY shareholders will become shareholders of FSD. In lieu of receiving a fractional share of FSD, FHY shareholders will receive an amount in cash equal to the net asset value of such fractional share. Please note that a FHY shareholder may incur certain tax liabilities if the shareholder receives cash in lieu of the fractional share.

The Board of Trustees of FHY and FSD has unanimously approved the Agreement and Plan of Merger (the “Plan”) and the transactions it contemplates and recommends that FHY shareholders vote “**FOR**” approval of the Plan and the Merger it contemplates. A copy of the form of the Plan is attached as Exhibit A to the enclosed Proxy Statement/Prospectus.

Also included in this booklet are the following materials concerning the upcoming Meeting:

- a Notice of Special Meeting of Shareholders, which summarizes the proposal for which you are being asked to provide voting instructions; and
- a Proxy Statement/Prospectus, which provides detailed information on FSD, the specific proposal being considered at the Meeting and why the proposal is being made, including the similarities and differences between the investment policies and risks of FHY and FSD.

While you are, of course, welcome to join us at the Meeting, most shareholders cast their vote by filling out and signing the enclosed proxy card or by voting via the Internet. We urge you to review the enclosed materials thoroughly. Once you've determined how you would like your interests to be represented, please promptly complete, sign, date and return the enclosed proxy card or vote via the Internet. A postage-paid envelope is enclosed for mailing, and Internet voting instructions are listed at the top of your proxy card.

**Your vote is very important.** As a shareholder, you are entitled to cast one vote for each share of FHY that you own. Please take a few moments to read the enclosed materials and then cast your vote.

Our proxy solicitor, AST Fund Solutions LLC, may contact you to encourage you to exercise your right to vote.

We appreciate your participation in this important Meeting. Thank you.

Sincerely yours,

James A. Bowen

Chairman of the Board of Trustees,  
First Trust High Income Fund II

If You Need Any Assistance, Or Have Any Questions Regarding The Proposed Merger Or how to vote your shares,  
call AST Fund Solutions LLC at (800) 331-5963 Weekdays from 9:00 a.m. to 10:00 p.m. Eastern Time.

## Important Notice to Shareholders of

### First Trust Strategic High Income Fund II

#### Questions & Answers

[ ], 2018

Although we recommend that you read the entire Proxy Statement/Prospectus, for your convenience, we have provided a brief overview of the issues to be voted on.

Q. What is happening?

A. You are being asked to vote on the following proposal to be considered at a special meeting of shareholders (the “Meeting”) of First Trust Strategic High Income Fund II (“FHY”):  
the approval of an Agreement and Plan of Merger (the “Plan”) between FHY and First Trust High Income Long/Short Fund (“FSD” and FHY are each a “Fund” and, together, the “Funds”), and the merger transaction contemplated therein whereby FHY will be combined with FSD (the “Merger”).

The Board of Trustees of FHY has determined that the proposal is in the best interests of the Fund. **The Board of Trustees unanimously recommends that you vote FOR the proposal.**

Q. How will the Merger be effected?

A. Assuming FHY shareholders approve the Merger, FHY will merge with and into a wholly-owned subsidiary of FSD, with the subsidiary continuing as the surviving company in the Merger, and shares of FHY will be converted into shares of FSD. Following the Merger, FHY’s registration under the Investment Company Act of 1940, as amended (the “1940 Act”), will be terminated.

Upon the closing of the Merger, FHY shareholders will receive newly issued shares of FSD and cash in lieu of any fractional shares. The aggregate net asset value of FSD shares received by FHY shareholders (including, for this purpose, fractional FSD shares to which FHY shareholders would be entitled) will be equal to the aggregate net asset value of the FHY shares held by such shareholders, each computed as of the close of regular trading on the New York Stock Exchange (the “NYSE”) on the business day immediately prior to the date of the closing of the Merger (the “Valuation Time”), which will also reflect the applicable costs of the Merger.

**Q.** Why is the Merger being recommended?

As explained in greater detail below, the investment objectives and strategies of FHY and FSD are similar. FSD has, and the combined fund after the Merger is expected to maintain, a lower total annual expense ratio on net assets than FHY as a result of spreading the expenses of the combined fund over a larger asset base and eliminating duplicative costs. FHY's shareholders will also have the opportunity to continue their investment in a similar high-yield debt strategy as shareholders of FSD. FSD is a much larger fund than FHY which may lead to certain advantages in the secondary market. For example, larger funds are more likely to receive coverage by research analysts. FHY shareholders may realize other benefits from being shareholders of a larger fund, including that there may be an improved secondary market as a result of the greater share volume possibly leading to narrower bid-ask spreads and smaller trade-to-trade price movements. Furthermore, over the last two years, FSD's shares have tended to trade at a discount to net asset value less than or equal to the trading discount on FHY's shares.

The Board of Trustees and management of FSD believe a larger fund and an increase in the number of FSD shares outstanding as a result of the Merger may help FSD's trading profile.

**Q. Will shareholders of the Funds have to pay any fees or expenses in connection with the Merger?**

Yes. Regardless of whether the Merger is completed, the direct costs associated with the proposed Merger, including the costs associated with the Meeting, will be borne directly by FHY. In addition, the indirect expenses of the Merger, primarily relating to the costs of deleveraging FHY prior to the Merger, will be borne by FHY. FSD shareholders may bear some expenses associated with repositioning or releveraging of the portfolio post-Merger. Under certain limited circumstances, First Trust Advisors L.P. ("First Trust Advisors") may reimburse the combined fund for a portion of the direct and/or indirect expenses of the Merger borne by the Funds.

**Q. How will the Merger affect distribution rates?**

In considering the proposed Merger, and based on the most recently declared monthly distribution of FSD, each Fund's Board of Trustees took into account information indicating that, under current market conditions, the proposed Merger is not expected to adversely impact distributions to shareholders of either Fund. Because the direct costs of the proposed Merger will be borne by FHY, and indirectly by FHY's shareholders, such shareholders will realize the benefits of such fee and expense savings only after the recoupment of such Merger-related expenses.

**Q. Do the Funds have similar investment objectives, strategies and risks?**

While the investment objectives and strategies of FHY and FSD are similar in many respects, there are some important distinctions. However, as a result of such similarities, the Funds are subject to many of the same investment risks.

The primary investment objective of FHY is to seek a high level of current income. As a secondary objective, FHY seeks capital growth. The primary investment objective of FSD is to provide current income. FSD has a secondary investment objective of capital appreciation.

FHY seeks its investment objectives by investing in a diversified portfolio of below-investment grade, (*i.e.* high-yield) and investment grade debt securities and equity securities that its sub-adviser believes offer attractive yield and/or capital appreciation potential. Under normal market conditions, FHY invests in a wide range of securities, including, but not limited to, mortgage-backed securities, asset-backed securities, corporate bonds, collateralized debt obligations, loans, convertible securities, municipal obligations and foreign government obligations, as well as securities of companies in bankruptcy reorganization proceedings or otherwise in the process of debt restructuring. FHY utilizes traditional financial leverage through the use of a bank credit facility, which borrowings thereunder may be in an amount up to 33 1/3% of its managed assets.

FSD seeks to achieve its investment objectives by investing, under normal market conditions, a majority of its assets in a diversified portfolio of U.S. and foreign (including emerging markets) high-yield corporate fixed-income securities of varying maturities that are rated below-investment grade at the time of purchase. FSD's investments in below-investment grade fixed-income securities are commonly referred to as "high-yield" or "junk" bonds and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. As part of its investment strategy, FSD maintains both long and short positions in securities under normal market conditions. FSD takes long positions in securities that its sub-adviser believes offer the potential for attractive returns and that it considers in the aggregate to have the potential to outperform FSD's benchmark, the ICE BofAML US High Yield Constrained Index (the "Index"). FSD takes short positions in securities that its sub-adviser believes in the aggregate will underperform the Index. The Fund's long positions, either directly or through derivatives, may total up to 130% of FSD's managed assets. FSD's short positions, either directly or through derivatives, may total up to 30% of FSD's managed assets.

The principal similarities between the investment strategies of FHY and FSD are as follows: (i) each Fund invests in below-investment grade fixed-income securities; and (ii) each Fund may invest in U.S. and foreign issuers.

FHY and FSD manage leverage differently. FHY employs leverage through a traditional bank credit facility while FSD primarily employs leverage through the sale of borrowed securities ("short sales") and uses the proceeds of those short sales to purchase long positions in securities. As a result of such differences, each Fund is subject to the additional risks associated with such additional investments and strategies.

Q. Are the Funds managed by the same portfolio management team?

First Trust Advisors serves as the investment adviser to both FHY and FSD. However, FHY is sub-advised by Brookfield Investment Management, Inc., which manages FHY's portfolio, and FSD is sub-advised by MacKay A. Shields LLC, which manages FSD's portfolio. Accordingly, different individuals serve as portfolio managers to the Funds. FSD's current sub-adviser and portfolio managers will continue to manage FSD's investment portfolio after the Merger.

Q. Will the Merger constitute a taxable event for FHY shareholders?

No. The Merger is expected to qualify as a tax-free reorganization for federal income tax purposes and will not occur unless FHY's counsel provides a tax opinion to that effect. For federal income tax purposes, no gain or loss is expected to be recognized by FHY or its shareholders as a direct result of the Merger other than with respect to the cash paid for fractional shares as explained below. Through the Merger, FHY shares will be exchanged, on a tax-free basis for federal income tax purposes, for shares of FSD with an equal aggregate net asset value, and FHY A. shareholders will become shareholders of FSD. FHY shareholders may receive cash in lieu of receiving a fractional share of FSD in an amount equal to the net asset value of such fractional share. FHY shareholders may incur certain tax liabilities if they receive cash in lieu of fractional shares. If a shareholder chooses to sell FHY shares prior to the Merger, the sale will generate taxable gain or loss; therefore, such shareholder may wish to consult a tax advisor before doing so. Of course, the shareholder also may be subject to periodic capital gains as a result of the normal operations of FHY whether or not the proposed Merger occurs.

In addition, FHY expects to dispose of some assets in order to use the proceeds of such dispositions to repay all outstanding borrowings in advance of the Merger and reposition its portfolio prior to the Merger. FHY intends to pay a dividend of any undistributed net investment income immediately prior to the closing of the Merger. The amount of the dividend actually paid, if any, will depend on a number of factors, such as changes in the value of FHY's holdings and the extent of the liquidation of securities between the date of the Meeting and the closing of such Merger. Any dividend distributed to FHY shareholders will be taxed as capital gain dividends and/or ordinary dividends.

Q. Will the value of my investment change as a result of the approval of the proposed Merger?

The aggregate net asset value of FSD shares received by a FHY shareholder in the Merger will be the same as the aggregate net asset value, rather than the market value, of the shareholder's FHY shares as of the Valuation Time taking into account any cash received in lieu of a fractional share of FSD (as discussed above). The direct costs of A. the Merger will be borne by FHY. In addition, it is anticipated that FHY will sell certain assets and repay outstanding borrowing prior to the Merger. The cost of such repositioning activities will be borne by FHY shareholders.

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It is likely that the number of shares a FHY shareholder owns will change as a result of the Merger because shares of FHY will be exchanged at the net asset value per share of FSD, which will likely be different than the net asset value per share of FHY at the Valuation Time. Accordingly, in lieu of receiving a fractional share of FSD, a FHY shareholder will receive an amount in cash equal to the net asset value of such fractional share.

Q. What vote is required to approve the proposed Merger?

A. The approval of the proposed Merger requires the affirmative vote of (i) 67% or more of the FHY shares present at the Meeting, if the holders of more than 50% of the outstanding shares of FHY are present at the Meeting or represented by proxy, or (ii) more than 50% of the outstanding shares of FHY, whichever is less.

Q. How does the Board of Trustees recommend that shareholders vote on the proposal?

A. After careful consideration, the Board of Trustees has determined that the Merger is in the best interests of FHY and recommends that shareholders vote FOR the proposal.

Q. What will happen if the required shareholder approval is not obtained?

A. In the event that shareholders of FHY do not approve the Merger, each Fund will continue to exist and operate on a stand alone basis.

Q. When would the proposed Merger be effective?

A. If approved, the Merger is expected to occur as soon as reasonably practicable after shareholder approval is obtained. Shortly after completion of the Merger, shareholders of FHY will receive notice indicating that the Merger was completed.

Q. How can I vote?

A. You can vote in any one of three ways:

by mail, by sending the enclosed proxy card, signed and dated;

via the Internet by following the instructions set forth on your proxy card; or

in person, by attending the Meeting.

Whichever method you choose, please take the time to read the full text of the enclosed Proxy Statement/Prospectus before you vote.

Q. Whom should I call for additional information about the Proxy Statement/Prospectus?

A. Please call AST Fund Solutions LLC, the Fund's proxy solicitor, at (800) 331-5963.

v

First Trust Strategic High Income Fund II

120 East Liberty Drive, Suite 400  
Wheaton, Illinois 60187

Notice of Special Meeting of Shareholders

To be held on [                    ], 2018

[                    ], 2018

To the Shareholders of First Trust Strategic High Income Fund II:

Notice is hereby given that a Special Meeting of Shareholders (the "Meeting") of First Trust Strategic High Income Fund II ("FHY"), a Massachusetts business trust, will be held at the offices of First Trust Advisors L.P., 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, on June [ ], 2018, at [ ] p.m. Central time, to consider the following (the "Proposal"):

To approve an Agreement and Plan of Merger by and among FHY, First Trust High Income Long/Short Fund ("FSD"), and Liberty Street Merger Sub II, LLC, a Massachusetts limited liability company and a wholly-owned subsidiary of FSD (the "Merger Sub"), and the transactions it contemplates, including the merger of FHY with and into the Merger Sub, with shares of FHY being converted into shares of FSD, and the subsequent liquidation of the Merger Sub (collectively, the "Merger").

The persons named as proxies will vote in their discretion on any other business that may properly come before the Meeting and any adjournments or postponements thereof.

Holders of record of shares of FHY at the close of business on March 15, 2018 are entitled to notice of and to vote at the Meeting and at any adjournments or postponements thereof.

By order of the Board of Trustees of FHY,

W. Scott Jardine

Secretary

SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE REQUESTED TO PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE PROXY CARD IN THE ENCLOSED ENVELOPE WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE CONTINENTAL UNITED STATES. INSTRUCTIONS FOR THE PROPER EXECUTION OF PROXIES ARE SET FORTH ON THE NEXT PAGE. IF YOU NEED ANY ASSISTANCE, OR HAVE ANY QUESTIONS REGARDING YOUR FUND'S PROPOSAL OR HOW TO VOTE YOUR SHARES, CALL AST FUND SOLUTIONS LLC AT (800) 331-5963 WEEKDAYS FROM 9:00 A.M. TO 10:00 P.M. EASTERN TIME.

INSTRUCTIONS FOR SIGNING PROXY CARDS

The following general rules for signing proxy cards may be of assistance to you and help you to avoid the time and expense involved in validating your vote if you fail to sign your proxy card properly.

1. Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.
2. Joint Accounts: Either party may sign, but the name of the party signing should conform exactly to the name shown in the registration on the proxy card.
3. All Other Accounts: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

| Registration  | Valid Signature                |
|---|--------------------------------|
| <b>Corporate Accounts</b>                                   |                                |
| (1) ABC Corp.   | ABC Corp.                      |
| (2) ABC Corp.   | John Doe, Treasurer            |
| (3) ABC Corp. c/o John Doe, Treasurer                       | John Doe                       |
| (4) ABC Corp. Profit Sharing Plan                           | John Doe, Director             |
| <b>Partnership Accounts</b>                                 |                                |
| (1) The XYZ Partnership                                     | Jane B. Smith, Partner         |
| (2) Smith and Jones, Limited Partnership                    | Jane B. Smith, General Partner |
| <b>Trust Accounts</b>                                       |                                |
| (1) ABC Trust Account                                       | Jane B. Doe, Director          |
| (2) Jane B. Doe, Trustee u/t/d 12/28/78                     | Jane B. Doe                    |
| <b>Custodial or Estate Accounts</b>                         |                                |
| (1) John B. Smith, Cust. f/b/o John B. Smith Jr. UGMA/ UTMA | John B. Smith                  |
| (2) Estate of John B. Smith                                 | John B. Smith, Jr., Executor   |

**IMPORTANT INFORMATION FOR SHAREHOLDERS OF FIRST TRUST STRATEGIC HIGH INCOME FUND II**

This document contains a Proxy Statement/Prospectus and is accompanied by a proxy card. A proxy card is, in essence, a ballot. When you vote your proxy, it tells us how to vote on your behalf on an important issue relating to your fund. If you complete and sign the proxy card and return it to us in a timely manner (or tell us how you want to vote via the Internet), we'll vote exactly as you tell us. If you simply sign and return the proxy card without indicating how you wish to vote, we'll vote it in accordance with the recommendation of the Board of Trustees as indicated on the cover of the Proxy Statement/Prospectus.

We urge you to review the Proxy Statement/Prospectus carefully and either fill out your proxy card and return it to us by mail or vote via the Internet. Your prompt return of the enclosed proxy card (or vote via the Internet) may save the necessity and expense of further solicitations.

If you have any questions, please call AST Fund Solutions LLC, the proxy solicitor, at the special toll-free number we have set up for you (800) 331-5963.

The information contained in this Proxy Statement/Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Proxy Statement/Prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 20, 2018

FIRST TRUST STRATEGIC HIGH INCOME FUND II (FHY)

120 East Liberty Drive, Suite 400  
Wheaton, Illinois 60187

**(630) 765-8000**

PROXY STATEMENT/PROSPECTUS

[ ], 2018

This Proxy Statement/Prospectus is being furnished to shareholders of First Trust Strategic High Income Fund II (“FHY”), a Massachusetts business trust that is a closed-end fund, in connection with a Special Meeting of Shareholders (the “Meeting”) called by the Board of Trustees of FHY (the “Board of Trustees”) to be held at the offices of FHY, 120 E. Liberty Drive, Suite 400, Wheaton, Illinois 60187, on June [ ], 2018, at [ ] p.m. Central time, as may be adjourned or postponed, to consider the proposal listed below and discussed in greater detail elsewhere in this Proxy Statement/Prospectus.

This Proxy Statement/Prospectus explains concisely what you should know before voting on the proposal described in this Proxy Statement/Prospectus or investing in First Trust High Income Long/Short Fund, a Massachusetts business trust that is a closed-end fund, (“FSD”). FHY and FSD are each a “Fund” and, together, the “Funds.” Please read it carefully and keep it for future reference.

At the Meeting, the shareholders of FHY will be asked to approve the proposal, as described below:

To approve an Agreement and Plan of Merger by and among FHY, FSD, and Liberty Street Merger Sub II, LLC, a Massachusetts limited liability company and a wholly-owned subsidiary of FSD (the “Merger Sub”), the form of which is attached to this Proxy Statement/Prospectus as Exhibit A (the “Plan”), and the transactions it contemplates, including the merger of FHY with and into the Merger Sub, with shares of FHY being converted into shares of FSD, and the subsequent liquidation of the Merger Sub, as described herein and provided for in the Plan (collectively, the “Merger”).

The Board of Trustees has unanimously approved the proposal as being in the best interests of FHY, and unanimously recommends that you vote **FOR** the proposal. FSD is expected to maintain a lower total annual expense ratio than FHY and there are expected to be fee and expense savings for shareholders of FHY, following recoupment of reorganization-related expenses born by FHY, through economies of scale. The Board of Trustees also believes an increase in the number of FSD shares outstanding as a result of the Merger may help FSD's trading profile in addition to other potential benefits to FSD shareholders. FSD is a significantly larger fund than FHY which may lead to certain advantages in the secondary market. For example, larger funds are more likely to receive coverage by research analysts. Larger funds often trade at a lower discount to net asset value ("NAV") than smaller funds and there may be an improved secondary market as a result of the greater share volume possibly leading to narrower bid-ask spreads and smaller trade-to-trade price movements.

The proposed Merger seeks to combine the Funds, which have similar investment objectives, strategies and risks, but also have important distinctions. The Plan provides for the merger of FHY with and into the Merger Sub, with shares of FHY being converted into newly issued shares of FSD (with cash being distributed in lieu of any fractional shares of FSD). As a result, all of the assets of FHY will be transferred to the Merger Sub and the Merger Sub will assume all of the liabilities of FHY. As soon as practicable following the completion of the Merger, the Merger Sub will be liquidated and distribute its assets to FSD and FSD will assume the liabilities of the Merger Sub, in complete liquidation and dissolution of the Merger Sub under Massachusetts law. The aggregate NAV of FSD shares received by the shareholders of FHY in the Merger will equal the aggregate NAV (and not the market value) of the FHY shares held by such shareholders (including, for this purpose, fractional FSD shares to which FHY shareholders would be entitled), each as of the close of regular trading on the New York Stock Exchange (the "NYSE") on the business day immediately prior to the closing of the merger of FHY with and into the Merger Sub (the "Valuation Time"), which will also reflect the applicable costs of the Merger. Through the Merger, shares of FHY would be exchanged on a tax-free basis for federal income tax purposes for shares of FSD. In the event that shareholders of FHY do not approve the Merger, each Fund will continue to exist and operate on a stand-alone basis.

**The securities offered by this Proxy Statement/Prospectus have not been approved or disapproved by the Securities and Exchange Commission (the "SEC"), nor has the SEC passed upon the accuracy or adequacy of this Proxy Statement/Prospectus. Any representation to the contrary is a criminal offense.**

The common shares of FSD and FHY are listed on the NYSE. Upon the closing of the Merger, it is expected that the common shares of FSD will continue to be listed on the NYSE. Reports, proxy statements and other information concerning the Funds can be inspected at the offices of the NYSE, 11 Wall Street, New York, New York 10005.

Additional information about FHY and FSD has been filed with the SEC. This information, including the documents incorporated by reference into this Proxy Statement/Prospectus as noted below, is available upon oral or written request at no charge by calling First Trust Advisors L.P. ("First Trust Advisors" or the "Advisor") at (800) 621-1675 or by writing to First Trust at 120 E. Liberty Drive, Suite 400, Wheaton, Illinois 60187, Attention:[\_\_\_\_\_]. In addition, each Fund will furnish, without charge, a copy of its most recent Annual Report or Semi-Annual Report to a shareholder upon request.

The following documents have been filed with the SEC and are incorporated into this Proxy Statement/Prospectus by reference:

(i) the Statement of Additional Information relating to the proposed Merger, dated March [ ], 2018 (the "Merger SAI");

(ii) the audited financial statements and related independent registered public accounting firm's report for FSD and the financial highlights for FSD contained in FSD's Annual Report to Shareholders for the fiscal year ended October 31, 2017 (SEC File No. 811-22442); and

(iii) the audited financial statements and related independent registered public accounting firm's report for FHY and the financial highlights for FHY contained in FHY's Annual Report to Shareholders for the fiscal year ended October 31, 2017 (SEC File No. 811-21842).

No other parts of the Funds' Annual or Semi-Annual Reports are incorporated by reference herein.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and the Investment Company Act of 1940, as amended (the "1940 Act"), and in accordance therewith are required to file reports and other information with the SEC. Reports, proxy statements, registration statements and other information filed by the Funds, including the Registration Statement on Form N-14 relating to the shares of FSD of which this Proxy Statement/Prospectus is a part, may be inspected without charge and copied (for a duplication fee at prescribed rates) at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. You may call the SEC at (202) 551-8090 for information about the operation of the public reference room. You may obtain copies of this information, with payment of a duplication fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, DC 20549. You may also access reports and other information about the Funds on the EDGAR database on the SEC's Internet website at <http://www.sec.gov>. Reports, proxy materials and other information concerning FHY and FSD may be inspected at the offices of the NYSE, 11 Wall Street, New York, New York 10005.

This Proxy Statement/Prospectus serves as a prospectus of FSD in connection with the issuance of the FSD common shares in the Merger. In this connection, no person has been authorized to give any information or make any representation not contained in this Proxy Statement/Prospectus and, if so given or made, such information or representation must not be relied upon as having been authorized. This Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

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## INTRODUCTION

This Proxy Statement/Prospectus, along with the Notice of Special Meeting of Shareholders and the proxy card, is being mailed to shareholders of FHY on or about [ ], 2018. Much of the information is required to be disclosed under rules of the SEC. If there is anything you don't understand, please contact AST Fund Solutions LLC, proxy solicitor for the Funds, at (800) 331-5963.

Shareholders of record of FHY as of the close of business on March 15, 2018 (the "Record Date") are entitled to notice of and to vote at the Meeting and any and all adjournments or postponements thereof. If you are unable to attend the Meeting or any adjournment or postponement thereof, the Board of Trustees requests that you vote your shares by completing and returning the enclosed proxy card or by recording your voting instructions via the Internet. On the matters coming before the Meeting as to which a choice has been specified by shareholders on the accompanying proxy card, the shares will be voted accordingly where such proxy card is properly executed and not properly revoked. If a proxy is returned and no choice is specified, the shares will be voted **FOR** the applicable proposal. Shareholders who execute proxies or provide voting instructions by Internet may revoke them at any time before a vote is taken on the proposal by filing with FHY a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Meeting and voting in person. A prior proxy can also be revoked by voting again through the Internet address listed in the proxy card. Merely attending the Meeting, however, will not revoke any previously submitted proxy. Shareholders who intend to attend the Meeting will need to show valid identification and proof of share ownership to be admitted to the Meeting.

AST Fund Solutions LLC has been engaged to assist in the solicitation of proxies for FHY, at an estimated cost to FHY of approximately \$\_\_\_\_\_, plus expenses. As the date of the Meeting approaches, certain shareholders of FHY may receive a telephone call from a representative of AST Fund Solutions LLC if their votes have not yet been received. Authorization to permit AST Fund Solutions LLC to execute proxies may be obtained by telephonic instructions from shareholders of the Funds. Proxies that are obtained telephonically will be recorded in accordance with the procedures described below. The Board of Trustees believes that these procedures are reasonably designed to ensure that both the identity of the shareholder casting the vote and the voting instructions of the shareholder are accurately determined.

In all cases where a telephonic proxy is solicited, the representative of AST Fund Solutions LLC is required to ask for each shareholder's full name and address, or zip code, or both, and to confirm that the shareholder has received the proxy materials in the mail. If the shareholder is a corporation or other entity, the representative is required to ask for the person's title and confirmation that the person is authorized to direct the voting of the shares. If the information solicited agrees with the information provided to AST Fund Solutions LLC, then the representative has the responsibility to explain the process, read the proposal on the proxy card, and ask for the shareholder's instructions on the proposal. Although the representative is permitted to answer questions about the process, he or she is not permitted to recommend to the shareholder how to vote, other than to read any recommendation set forth in this Proxy Statement/Prospectus. AST Fund Solutions LLC will record the shareholder's instructions on the proxy card. Within 72 hours, the shareholder will be sent a letter or mailgram to confirm his or her vote and asking the shareholder to call AST Fund Solutions LLC immediately if the shareholder's instructions are not correctly reflected in the confirmation.

Please see the instructions on your proxy card for Internet voting. Shareholders will have an opportunity to review their voting instructions and make any necessary changes before submitting their voting instructions via the Internet.

Under the By-Laws of FHY, a quorum for the transaction of business is constituted by the presence in person or by proxy of the holders of at least thirty-three and one-third percent (33-1/3%) of the voting power of the outstanding shares of FHY entitled to vote at the Meeting. For purposes of establishing whether a quorum is present, all shares present and entitled to vote, including abstentions and broker non-votes (*i.e.*, shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter), are counted.

If a quorum is not present, the chair of the Meeting or person presiding thereat, as applicable, may adjourn the Meeting from time to time until a quorum is present. For FHY, in the event that a quorum is present but sufficient votes in favor of the Merger proposal have not been received, the chair of the Meeting may adjourn the Meeting or, upon motion of the chair of the Meeting, the question of adjournment may be submitted to a vote of the shareholders, and, in that case, any adjournment must be approved by the vote of holders of a majority of the shares of FHY present and entitled to vote with respect to the matter to be adjourned. Unless a proxy is otherwise limited in this regard, any shares of the Fund present and entitled to vote at the Meeting that are represented by broker non-votes may, at the discretion of the proxies named therein, be voted in favor of adjournment.

Broker-dealer firms holding shares of FHY in “street name” for the benefit of their customers and clients will request the instructions of such customers and clients on how to vote their shares on the applicable proposal. The NYSE has taken the position that broker-dealers that are members of the NYSE and that have not received instructions from a customer prior to the date specified in the broker-dealer’s request for voting instructions may not vote such customer’s shares on the proposal being considered at the Meeting. Broker-dealers who are not members of the NYSE may be subject to other rules, which may or may not permit them to vote customer shares without instruction.

The affirmative vote of a majority of the outstanding voting securities of FHY is required to approve the Proposal relating to the Plan as set forth on the cover of this Proxy Statement/Prospectus. The “vote of a majority of the outstanding voting securities” is defined in the 1940 Act as the vote of the lesser of (i) 67% or more of the shares of FHY present at the Meeting, if the holders of more than 50% of such outstanding shares are present in person or represented by proxy; or (ii) more than 50% of such outstanding shares of FHY. For purposes of determining the approval of the Plan and the Merger it contemplates by FHY shareholders, abstentions and broker non-votes will have the effect of a vote against such proposal.

Proxy solicitations will be made, beginning on or about [ ], 2018, primarily by mail, but such solicitations may also be made by telephone or personal interviews conducted by (i) officers of FHY; (ii) AST Fund Solutions LLC, FHY's proxy solicitor that will provide proxy solicitation services in connection with the proposal set forth herein; (iii) First Trust Advisors L.P. ("First Trust Advisors" or, the "Advisor"), the investment adviser of the Funds; (iv) The Bank of New York Mellon ("BNY Mellon"), the administrator and accounting agent of FHY; (v) BNY Mellon Investment Servicing (US) Inc. ("BNYM"), the transfer agent of FHY; or (vi) any affiliates of those entities.

The direct expenses associated with the preparation of the proposal and of the proxy solicitation activities with respect thereto, including the costs incurred in connection with the preparation of this Proxy Statement/Prospectus and its enclosures, will be paid by FHY as it will receive a large majority of the benefit of the Merger. FHY will also reimburse brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of FHY shares. The total amount of these normal expenses is expected to be approximately \$373,135.

The indirect expenses of the Merger, primarily relating to the costs of deleveraging FHY prior to the Merger, will be borne by FHY. FHY and ultimately its shareholders will bear substantially all of the direct and indirect costs and expenses incurred by FHY and FSD in connection with the Merger. FSD shareholders may bear some expenses associated with repositioning or releveraging of the portfolio post-Merger. Under certain circumstances, First Trust Advisors may reimburse the combined fund for a portion of the direct and/or indirect expenses of the Merger borne by the Funds.

As of the Record Date, 6,970,226 shares of FHY were outstanding. Shareholders of record on the Record Date are entitled to one vote for each share of FHY that the shareholder owns.

## A. Synopsis

The following is a summary of certain information contained elsewhere in this Proxy Statement/Prospectus with respect to the proposed Merger and is qualified in its entirety by reference to the more complete information contained in this Proxy Statement/Prospectus and in the Merger SAI and the appendices thereto. Shareholders should read the entire Proxy Statement/Prospectus carefully. Certain capitalized terms used but not defined in this summary are defined elsewhere in this Proxy Statement/Prospectus.

### **The Proposed Merger**

The Board of Trustees, including the trustees who are not “interested persons” of the Fund (as defined in the 1940 Act), has unanimously approved the proposed Merger, including the Plan. If the shareholders of FHY approve the Plan (as set forth under the Proposal), FHY will merge with and into the Merger Sub, with shares of FHY being converted into shares of FSD, and, as soon as practicable thereafter, the Merger Sub will dissolve under state law and be liquidated into FSD. In connection with the Merger, FSD will issue shares of FSD pro rata to FHY shareholders. FHY will then terminate its registration under the 1940 Act. The aggregate NAV of FSD shares received by a FHY shareholder in the Merger will equal the aggregate NAV (and not the market value) of the FHY shares held by such shareholder as of the Valuation Time, which will also reflect the applicable costs of the Merger (although FHY shareholders may receive cash for their fractional shares). Through the Merger, shares of FHY would be exchanged on a tax-free basis for federal income tax purposes for shares of FSD.

### Background and Reasons for the Proposed Merger

FHY’s Board of Trustees and management have noted that FHY and FSD have similar high-yield debt strategies and have similar primary and secondary objectives. Additionally, with only approximately \$100 million in net assets, FHY is a relatively small closed-end fund. Smaller funds often trade at wider discounts than other larger funds. FHY’s small size also makes it more vulnerable to activist investors that can manipulate a fund to meet short-term investment goals. Smaller funds often have a higher total expense ratio than larger funds as their expenses, some of which are fixed, are spread over a smaller asset base. FHY’s Board of Trustees and FHY’s management have discussed alleviating the disadvantages associated with the FHY’s small size by merging with a larger fund. Such a merger could also benefit a larger fund by decreasing its expense ratio and increasing its trading profile. Additionally, shares of FHY have historically traded at market prices that are below their NAV. FHY’s Board of Trustees and FHY’s management have regularly monitored the trading discount and considered a variety of alternatives to reduce or eliminate the discount. For example, FHY conducted a self-tender offer in September 2017 to allow shareholders to sell a portion of their shares for close to NAV and FHY uses traditional financial leverage in an effort to increase cash flow to support a higher distribution. In addition, management of FHY has been seeking to develop other viable approaches to address the discount while maintaining FHY’s investment strategy and discussed potential options with the Board on multiple occasions during 2017.

## **Board Considerations Relating to the Proposed Merger**

Based on information provided by First Trust Advisors, the Board of Trustees of FHY considered the following factors, among others, in determining to recommend that shareholders of FHY approve the Plan and the Merger it contemplates:

*Compatibility of Investment Objectives and Policies.* The Board noted that FHY and FSD have similar primary investment objectives that focus on the provision of current income and similar secondary investment objectives that focus on capital appreciation. The Board noted that both Funds primarily invest in below investment grade securities, including high yield bonds, loans and asset-backed securities.

*Closed-End Fund Structure.* The Board noted that both FHY and FSD are structured as closed-end investment companies and considered the advantages of such structure, including the ability of closed-end funds to use leverage to achieve higher distribution rates than other non-levered investment companies and the ability to hold less liquid and potentially higher yielding assets.

*Portfolio Management.* The Board considered the presentation from MacKay Shields LLC (“MacKay”), the investment sub-adviser for FSD, updating the Board on the capabilities of the firm, discussing the current high yield market and reviewing how MacKay would transition the FHY portfolio into the FSD portfolio if the Merger were approved.

*Comparison of Fees and Expense Ratios; Expense Savings.* The Board considered comparative expense information for FHY and FSD, including comparisons between the current effective advisory fee rates and expense ratios for FHY and FSD and the estimated pro forma effective advisory fee rate and expense ratio of the combined fund. The Board noted that the Merger is expected to result in cost savings to FHY shareholders and that, as a result of the larger asset size of FSD after the Merger, FSD may experience a slight reduction in its expense ratio after the Merger.

*Fund Performance and Distribution Rates.* The Board noted that FSD has better longer-term performance than FHY and that FSD’s current distribution rate is slightly higher than FHY’s current distribution rate.

*Anticipated Tax-Free Reorganization.* The Board noted the Advisor’s statement that the Merger will be structured with the intention that it qualify as a tax-free reorganization for federal income tax purposes and that FHY and FSD will obtain an opinion of counsel substantially to this effect (based on certain factual representations and certain customary assumptions).

*Potential Improved Trading and Liquidity and Narrower Discounts.* The Board considered the larger asset size and trading volume of FSD as compared to FHY and that FHY shareholders may benefit from becoming shareholders of a larger fund with higher trading volume, potentially resulting in improved liquidity and narrower bid-ask spreads. The Board also noted the Advisor’s statement that historical data indicates that larger funds tend to trade at narrower discounts than smaller funds and that FSD’s common shares had recently traded at a narrower discount to net asset value than FHY’s common shares.

*Expenses of the Merger.* The Board noted that the direct costs of the Merger, including costs associated with proxy solicitation, would be borne by FHY, as its shareholders are expected to be the primary beneficiaries of the Merger. The Board also noted the indirect costs to be borne by the Funds as a result of portfolio repositioning in connection with the Merger. The Board considered the Advisor's estimate that shareholders of FHY and FSD would recoup the direct and indirect Merger costs within 12 months of the completion of the Merger. In addition, the Board noted the Advisor's commitment to cover all Merger-related costs, including trading costs, to the extent such costs have not been recouped by shareholders of FHY and FSD through Merger-related cost savings within 12 months of the completion of the Merger.

*Terms and Conditions of the Merger.* The Board considered the terms and conditions of the Merger and whether the Merger would result in the dilution of the interests of existing shareholders of FHY and FSD in light of the basis on which shares of FSD would be issued to shareholders of FHY.

Please see "Information About the Merger—Background and Trustees' Considerations Relating to the Proposed Merger" below for a further discussion of the deliberations and considerations undertaken by the Board of Trustees in connection with the proposed Merger.

The Board of Trustees of each Fund has concluded that the Merger is in the best interests of its respective Fund and the interests of the existing shareholders of each Fund will not be diluted as a result of the Merger. In the event that shareholders of FHY do not approve the Merger, each Fund will continue to exist and operate on a stand-alone basis.

### **Material Federal Income Tax Consequences of the Merger**

For federal income tax purposes, no gain or loss is expected to be recognized by FHY, FSD or their shareholders as a direct result of the Merger other than with respect to the cash paid for fractional shares as explained below. Capital gains, if any, realized prior to the Merger will be distributed to FHY's shareholders as capital gain dividends (to the extent of net realized long-term capital gains distributed) and/or ordinary dividends (to the extent of net realized short-term capital gains distributed) during or with respect to the year of sale, and such distributions will be taxable to FHY's shareholders. Through the Merger, FHY shares will be exchanged, on a tax-free basis for federal income tax purposes, for shares of FSD with an equal aggregate NAV, and FHY shareholders will become shareholders of FSD. In lieu of receiving a fractional share of FSD, FHY shareholders will receive an amount in cash equal to the NAV of such fractional share. Please note that FHY shareholders may incur certain tax liabilities if they receive cash in lieu of fractional shares.

### **Comparison of the Funds**

*General.* FHY is a diversified, closed-end fund organized as a Massachusetts business trust on January 17, 2006. FSD is a diversified, closed-end fund organized as a Massachusetts business trust on June 21, 2010.

*Investment Objectives, Policies and Strategies.* The investment objectives and strategies of FHY and FSD are similar, but have some important distinctions, each as discussed and summarized below. The principal similarities between the investment strategies of FHY and FSD are as follows: (i) each Fund invests primarily in below-investment grade (*i.e.* high-yield) fixed-income securities; and (ii) each Fund may invest in U.S. and foreign issuers. FSD and FHY differ in how they manage leverage. FHY employs leverage through borrowings under a traditional bank credit facility which it uses to purchase additional securities. FSD primarily employs leverage through the sale of borrowed securities ("short sales") (typically U.S. treasury bonds) and uses the proceeds of those short sales to purchase long positions in securities. As a result of these differences in how the Funds employ leverage, each Fund is subject to additional risks associated with how it manages leverage. The similarities and differences