

First Trust Variable Insurance Trust
Annual Report
For the Year Ended December 31, 2016

**First Trust Variable Insurance Trust
Annual Report
December 31, 2016**

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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”), Energy Income Partners, LLC (“EIP” or a “Sub-Advisor”), Stonebridge Advisors, LLC (“Stonebridge” or a “Sub-Advisor”) and their 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 any series of the First Trust Variable Insurance Trust (the “Trust”) 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-Advisors and their 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 any series (individually called a “Fund” and collectively the “Funds”) of the Trust will achieve its investment objectives. Each 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 a Fund. See “Risk Considerations” in the Additional Information section of this report for a discussion of certain other risks of investing in the Funds.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit <http://www.ftportfolios.com> or speak with your financial advisor. Investment returns and net asset value 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 each Fund’s webpage at <http://www.ftportfolios.com>.

How to Read This Report

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

By reading the portfolio commentary by each Fund’s portfolio management team, you may obtain an understanding of how the market environment affected each Fund’s performance. The statistical information that follows may help you understand each 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 the Sub-Advisors 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 each Fund are spelled out in the prospectus, the statement of additional information, this report and other Fund regulatory filings.

**First Trust Variable Insurance Trust
Annual Letter from the Chairman and CEO
December 31, 2016**

Dear Shareholders:

Now that 2016 is over, many will remember some of the historic events that occurred during the year: from the Brexit vote in the UK to leave the European Union, to the results of the U.S. Presidential Election which seemed unlikely at the beginning of the year, to the first World Series Championship for the Chicago Cubs in 108 years!

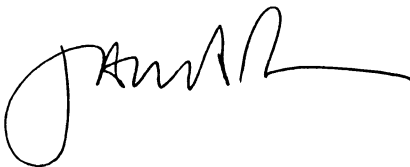
First Trust Advisors L.P. (“First Trust”) is pleased to provide you with this annual report which contains detailed information about your investment for the 12 months ended December 31, 2016, including a performance analysis and the financial statements for you to review. We encourage you to read this report and discuss it with your financial advisor.

On November 8, Donald J. Trump was elected to become the 45th president of the United States. While no one has a crystal ball and the ability to predict how his presidency will shape our country (and the world), there is no doubt that his populist message resonated for many Americans. His message of improving lives for the “average” American, while reducing the size and scope of the federal government, also won him millions of votes. Many of his supporters believe that with his background in business, President Trump will make policy changes that will continue to grow the economy and spur stock markets even higher. Many analysts predicted the Dow Jones Industrial Average would hit a new benchmark, 20,000, in the first days of the New Year. As with all change and a new administration, only time will tell.

As of December 31, 2016, the S&P 500® Index was up 11.96% calendar year-to-date, on a total return basis, as measured by Bloomberg. The current bull market (measuring from March 9, 2009 through December 31, 2016) is the second longest in history. We remain bullish on the economy, but continue to have a long-term perspective. We believe investors should think long-term as well, since no one can predict volatility and the inevitable ups and downs that occur in the market.

Thank you for your investment in the First Trust Variable Insurance Trust and for giving First Trust the opportunity to be a part of your investment plan. We value our relationship with you and will continue our relentless focus on bringing you the types of investments that we believe could help you reach your financial goals.

Sincerely,



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

First Trust/Dow Jones Dividend & Income Allocation Portfolio Annual Report December 31, 2016 (Unaudited)

First Trust/Dow Jones Dividend & Income Allocation Portfolio

For the year ended December 31, 2016, the First Trust/Dow Jones Dividend & Income Allocation Portfolio (the “Fund”) Class I Shares returned 11.74% versus 9.54% for the Blended Benchmark: 50% Russell 3000® Index and 50% Bloomberg Barclays U.S Corporate Investment-Grade Index. As of December 31, 2016, the total investments for the Fund were allocated as follows: Equities, 55.9% and Fixed Income, 44.1%.

Equities Commentary

U.S. equity markets extended a seven year bull market into an eighth year in 2016. During the first quarter, the Russell 3000® Index rallied back from the worst-ever start to a year to end the quarter slightly positive. Fears over a more hawkish Federal Reserve after the December 2015 rate hike, slowing global growth and falling commodity prices, sent the Russell 3000® Index down 8% in the first two weeks of the trading year. The sell-off continued until the middle of February before rebounding sharply, led by economically sensitive sectors. Domestic equities ended a volatile second quarter higher as the U.K.’s vote to leave the European Union (“Brexit”) was unable to derail the market. Stocks benefited from a resilient consumer and policy makers continued support in mitigating Brexit ramifications and sluggish global growth. The labor market continued to add jobs, but at a slower pace in May with an initial reading of 38,000 jobs added, which was later revised higher. In the third quarter, U.S. equities enjoyed solid gains in July, experienced a quiet August only to experience some volatility in September. Signs of consumer strength were chiefly responsible for the improved sentiment toward the domestic economy. Internationally, newly installed U.K. Prime Minister Theresa May signaled patience about the timing of Britain’s exit from the European Union, reducing near term uncertainty, while China reported stronger than expected second quarter GDP growth, reassuring emerging market investors. Volatility returned in September and started with equities selling off early in the month on the European Central Bank decision not to announce an expansion of its quantitative easing program, as many expected, and fears that the Federal Reserve might raise rates at the September meeting. Volatility in energy prices also weighed on the market as the International Energy Administration issued a revised forecast calling for crude oil markets to remain in surplus during 2017. By the end of September, however, equities rallied on the Federal Reserve decision to hold off on raising its benchmark rate, and U.S. stocks finished unchanged on the month with small-cap stocks higher. While U.S. equities declined early in the fourth quarter, the Russell 3000® Index surged after the results of U.S. elections handed over power to President-elect Donald Trump and a Republican congress, increasing the possibility of pro-growth policies such as corporate tax cuts, increased infrastructure spending and regulatory relief. All told, the Russell 3000® Index gained 4.21% for the fourth quarter, and had a robust 12.74% return for 2016.

The equity portion of the Fund has a quarterly rebalance in early January, April, July and October. The equity portion of the Fund seeks capital appreciation, below market risk and above market dividend yield. To accomplish this, the selection process is focused on dividend strength, capital strength and price stability. This process resulted in overweight positions in Financials and Industrials stocks, while Health Care, Information Technology, Energy and Real Estate were underweight. The Utilities and Telecommunication Services sectors were also underweight as the Fund had no stocks allocated in these sectors.

The equity portion of the Fund outperformed the Russell 3000® Index. Of the 11 GICS sectors, seven had a positive total attribution effect (allocation effect combined with selection effect) and four had a negative total attribution effect. Six sectors had a positive selection effect: Industrials, Information Technology, Health Care, Consumer Discretionary, Consumer Staples and Real Estate. Two sectors had a negative selection effect: Materials and Energy. The Financials sector had a flat selection effect. The equity portion of the Fund benefited from both a positive selection effect and positive allocation effect, which led to the outperformance of the Russell 3000® Index.

The Industrials sector was the largest overall contributor to relative performance. The equity portion of the Fund was overweight this outperforming sector in the Russell 3000® Index, which led to a positive allocation effect. The Fund also had a positive selection effect for the sector which led to positive overall relative performance for the sector. The Fund’s relative performance for the sector was helped by the selection of MSC Industrial Direct Co., Inc., CLARCOR, Inc., Cummins, Inc., Toro (The) Co. and Donaldson Co., Inc.

**First Trust/Dow Jones Dividend & Income Allocation Portfolio
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The Energy sector was the biggest detractor from relative performance. The equity portion of the Fund was underweight the best performing sector in the Russell 3000® Index. The Fund had negative selection and allocation effects, which led to overall relative underperformance for the sector.

Relative to the Russell 3000® Index, the equity portion of the Fund also outperformed in the Health Care sector and in the Financials sector. The Fund was underweight the underperforming Health Care sector, resulting in a positive allocation effect. The Fund's relative performance for the sector was also helped by positive stock selection. In the Financials sector, the Fund was overweight this outperforming sector, resulting in positive allocation effect.

The Fund's top five equity contributors to performance were MSC Industrial Direct Co., Inc., Cummins, Inc., Toro (The) Co., Columbia Banking System, Inc. and CLARCOR, Inc. The top five equity detractors from performance were East West Bancorp, Inc., NIKE, Inc., CVS Health Corp., Wells Fargo & Co. and Carter's, Inc.

As we look forward to 2017, after the Presidential Inauguration in January, we believe the political landscape in America will look very different. President-Elect Trump made some major campaign promises which would likely impact U.S. financial markets if they come to fruition. These included the repeal and replacement of Obamacare, personal and corporate tax reform, swaths of deregulation and significant trade renegotiations. The U.S. economy remained strong and steady to end 2016 and we believe any of these new pro-growth policies may strengthen the economy further. However, economic strength also increases the probability of future rate hikes by the Federal Reserve and rising inflation. The equity portion of the Fund will remain consistent in its objectives of capital appreciation, below market risk and above market dividend yield.

Fixed-Income Commentary

The investment-grade corporate bond market had a strong 2016. Following two years of credit spread widening, the combined impact of improving fundamentals, attractive valuations and strong demand from overseas accounts (seeking alternatives to the negative yields available in their local currency) resulted in an impressive recovery in credit spreads.

For the 12-month period ended December 31, 2016, corporate bonds outperformed Treasuries. As measured by the Bloomberg Barclays U.S. Corporate Investment Grade Index, spreads tightened 32 basis points to 123 basis points at year end. Investment-grade corporate bonds had a positive total return for the year, as the rally in credit spreads, along with the better carry provided by corporate bonds, offset the dramatic post-election move higher in interest rates.

Corporate spreads actually began the year under significant pressure as concerns about volatile energy prices, anemic global growth, and the adverse impact of falling government bond yields on the Financials sector resulted in a sharp spread widening early in the year. As sentiment improved, however, a dramatic recovery followed and a period of spread tightening ensued, that was only reversed by the surprising Brexit vote in June. Nonetheless, as was the case with the widening earlier in the year, credit spreads quickly recovered and once again continued their slow grind tighter. Later in the year, spreads again came under pressure – this time as expectations for a tapering of global quantitative easing, and rising inflation expectations, caused interest rates to begin a steady climb from their post-Brexit lows. This bout of widening did not last either, however, since credit spreads once again moved tighter following the U.S. election, as risk appetite improved, and as the higher all-in-yields resulting from the spike in interest rates were promptly met with increased demand.

The total return on the fixed-income portion of the Fund was 5.26% (gross of fees) versus the Bloomberg Barclays U.S. Corporate Investment-Grade Index which was 6.11%. At year's end, fixed income was approximately 44% of the portfolio.

The fixed-income portion of the Fund seeks to provide income along with preservation of capital. To accomplish this, the selection process is primarily value oriented, strongly emphasizes downside protection and focuses on free cash flow, leverage, interest coverage, and revenue growth rates. This process resulted in overweight positions in Banking, Utilities, and Transportation bonds, while Consumer Non-cyclical, Basic Industry and real estate investment trusts ("REITs") were the largest underweight.

**First Trust/Dow Jones Dividend & Income Allocation Portfolio
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Yield curve changes had a neutral effect on relative performance. Treasury yields climbed higher during the second half of the year although yields in the 20-30 year part of the curve increased by less, resulting in a flatter curve. The portfolio maintained a moderate duration underweight throughout the period. Among credit quality and maturity cohorts, lower credit quality and long credit duration risk had the best returns. The top performing credit rating category was BBB's and the best by maturity bucket was 10+ years.

Among the 15 fixed-income industry groups, six had positive contributions to relative performance from allocation decisions. The allocation to Treasury securities was a seventh positive contributor. Allocations to Electric, Energy, and Insurance Industry had the greatest positive impact. Allocations to Basic Industry, Consumer Non-cyclical, and REITs had the greatest negative impact. Overall, allocation effects subtracted from relative performance owing chiefly to the strategy's underweight to Basic Industry.

As weighted by percent of market value, 24 of the top 25 issuers held in the fixed-income portion of the Fund had positive contributions to relative performance. Within this cohort, Conoco Phillips, Citigroup, and Kinder Morgan were the three largest contributors. Within industry categories, selections of Technology and Consumer Non-cyclical issuers had the greatest positive impact. However these were offset by issuer selections within Energy, Basic Industry, and Communications. In sum, selection effects subtracted from relative performance. With the strategy's higher quality bias, we believe it is not surprising to see this result in an environment where riskier, lower quality segments of the market perform best.

Looking into 2017, we have a positive outlook for credit spreads as we believe modestly higher global growth should result in improved earnings and cash flow. In particular, we expect continued improvement in the credit profiles for the Energy and Basic Materials sectors, as well as for the Financials sector which should benefit from rising interest rates. Moreover, we expect higher Treasury yields to help longer-maturity credit spreads given the current steepness of credit spread curves. While valuations are not as attractive as was the case at the beginning of 2016, we believe that lower net supply amidst continued demand for yield will provide support for the investment-grade corporate bond market. Against this broadly constructive spread outlook, however, we believe Treasury yields will continue their move higher as the Federal Reserve gradually normalizes interest rates and its balance sheet. These developments will run counter to the positive impacts of spread tightening and carry. Accordingly, our focus for the portfolio will be on issuers and sectors where improving credit profiles offer sufficient potential for spread tightening to offset the likely headwind of higher interest rates.

Performance Summary and Portfolio Components (Continued)

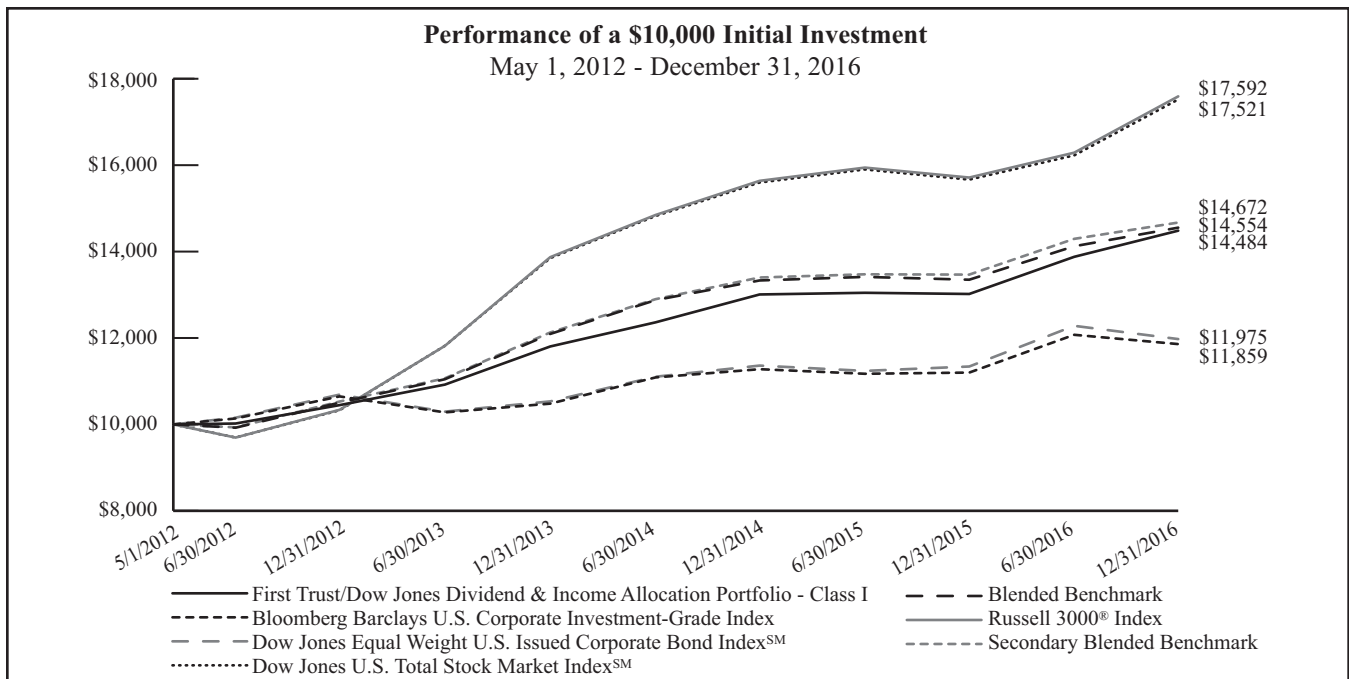
**First Trust/Dow Jones Dividend & Income Allocation Portfolio
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Return Comparison	Inception Date	Period ended December 31, 2016	
		1 Year Annual Total Return	Since Inception Average Annual Total Return
First Trust/Dow Jones Dividend & Income Allocation Portfolio - Class I	5/1/12	11.74%	8.25%
Blended Benchmark (a)		9.54%	8.37%
Bloomberg Barclays U.S. Corporate Investment-Grade Index (b)		6.11%	3.72%
Russell 3000® Index (c)		12.74%	12.86%
Secondary Blended Benchmark (d)		9.47%	8.55%
Dow Jones Equal Weight U.S. Issued Corporate Bond Index SM (e)		5.84%	3.93%
Dow Jones U.S. Total Stock Market Index SM (f)		12.60%	12.76%

	Inception Date	1 Year Annual Total Return	
		1 Year Annual Total Return	Since Inception Average Annual Total Return
First Trust/Dow Jones Dividend & Income Allocation Portfolio - Class II	5/1/14	12.07%	7.44%
Blended Benchmark (a)		9.54%	5.99%
Bloomberg Barclays U.S. Corporate Investment-Grade Index (b)		6.11%	3.05%
Russell 3000® Index (c)		12.74%	8.67%
Secondary Blended Benchmark (d)		9.47%	6.23%
Dow Jones Equal Weight U.S. Issued Corporate Bond Index SM (e)		5.84%	3.34%
Dow Jones U.S. Total Stock Market Index SM (f)		12.60%	8.56%

- (a) The Blended Benchmark returns are a 50/50 split between the Russell 3000® Index and the Bloomberg Barclays U.S. Corporate Investment-Grade Index returns.
- (b) Bloomberg Barclays U.S. Corporate Investment-Grade Index measures the performance of investment grade U.S. corporate bonds. The index includes all publicly issued, dollar-denominated corporate bonds with a minimum of \$250 million par outstanding that are investment grade-rated (Baa3/BBB- or higher). The index excludes bonds having less than one year to final maturity as well as floating rate bonds, non-registered private placements, structured notes, hybrids, and convertible securities. (Bloomberg). (The index reflects no deduction for fees, expenses or taxes).
- (c) The Russell 3000® Index is composed of 3,000 large U.S. companies, as determined by market capitalization. This index represents approximately 98% of the investable U.S. equity market. (Bloomberg). (The index reflects no deduction for fees, expenses or taxes).
- (d) The Secondary Blended Benchmark return is a 50/50 split between the Dow Jones U.S. Total Stock Market IndexSM and the Dow Jones Equal Weight U.S. Issued Corporate Bond IndexSM returns.
- (e) The Dow Jones Equal Weight U.S. Issued Corporate Bond IndexSM measures the return of readily tradable, high-grade U.S. corporate bonds. The index includes an equally weighted basket of 96 recently issued investment-grade corporate bonds with laddered maturities. (The index reflects no deduction for fees, expenses or taxes).
- (f) The Dow Jones U.S. Total Stock Market IndexSM measures all U.S. equity securities that have readily available prices. (The index reflects no deduction for fees, expenses or taxes).

The returns for the Fund do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges or the effect of taxes. These expenses would reduce the overall returns shown.



Performance Summary and Portfolio Components (Continued)

First Trust/Dow Jones Dividend & Income Allocation Portfolio Annual Report December 31, 2016 (Unaudited)

Top Equity Holdings	% of Total Investments
Endurance Specialty Holdings, Ltd.	0.5%
Columbia Banking System, Inc.	0.5
TCF Financial Corp.	0.5
Alaska Air Group, Inc.	0.5
Allied World Assurance Co. Holdings AG	0.5
Robert Half International, Inc.	0.4
CLARCOR, Inc.	0.4
Cracker Barrel Old Country Store, Inc.	0.4
MSC Industrial Direct Co., Inc., Class A	0.4
Landstar System, Inc.	0.4
Total	4.5%

Top Fixed-Income Holdings by Issuer	% of Total Investments
Goldman Sachs Group (The), Inc.	2.0%
Citigroup, Inc.	1.7
Wells Fargo & Co.	1.6
Bank of America Corp.	1.5
Verizon Communications, Inc.	1.4
JPMorgan Chase & Co.	1.3
Morgan Stanley	1.2
AT&T, Inc.	1.2
Ford Motor Credit Co., LLC	1.1
U.S. Government	1.0
Total	14.0%

Credit Quality ⁽¹⁾	% of Total Fixed-Income Investments
AAA	4.3%
AA+	0.7
AA	5.0
AA-	9.5
A+	9.3
A	24.0
A-	18.8
BBB+	8.7
BBB	10.6
BBB-	6.4
A-1 (short-term)	0.3
A-2 (short-term)	1.2
A-3 (short-term)	1.2
Total	100.0%

Sector Allocation	% of Total Investments
Common Stocks:	
Financials	17.3%
Industrials	15.3
Consumer Discretionary	7.0
Information Technology	6.1
Consumer Staples	5.1
Health Care	2.1
Materials	1.6
Energy	0.7
Real Estate	0.7
Total Common Stocks	55.9
Corporate Bonds & Notes:	
Financials	14.0
Utilities	4.6
Energy	4.1
Consumer Staples	3.4
Industrials	3.0
Health Care	2.9
Information Technology	2.8
Consumer Discretionary	2.6
Telecommunication Services	2.6
Materials	0.4
Real Estate	0.2
Total Corporate Bonds & Notes	40.6
Foreign Corporate Bonds & Notes:	
Financials	0.8
Energy	0.2
Health Care	0.2
Telecommunication Services	0.1
Materials	0.1
Consumer Discretionary	0.0*
Total Foreign Corporate Bonds & Notes	1.4
Commercial Paper:	
Consumer Discretionary	0.3
Industrials	0.2
Information Technology	0.2
Consumer Staples	0.2
Energy	0.1
Health Care	0.1
Total Commercial Paper	1.1
U.S. Government Bonds & Notes	1.0
Total	100.0%

* Amount is less than 0.1%.

⁽¹⁾ The credit quality information presented reflects the ratings assigned by one or more nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc., Moody's Investors Service, Inc., Fitch Ratings or a comparably rated NRSRO. For situations in which a security is rated by more than one NRSRO and ratings are not equivalent, the highest ratings are used. Sub-investment grade ratings are those rated BB+/Ba1 or lower. Investment grade ratings are those rated BBB-/Baa3 or higher. The credit ratings shown relate to the creditworthiness of the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Credit ratings are subject to change.

**First Trust Multi Income Allocation Portfolio
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First Trust Multi Income Allocation Portfolio

For the year ended December 31, 2016, the First Trust Multi Income Allocation Portfolio (the “Fund”) Class I Shares returned 9.27% versus 6.77% for the Broad Blended Benchmark (60% Bloomberg Barclays U.S. Aggregate Index and 40% Russell 3000® Index) and 10.31% for the Multi Asset Class Blended Benchmark (15% Russell 3000® Index; 8% BofA Merrill Lynch Fixed Rate Preferred Securities Index; 15% Alerian MLP Index; 15% S&P U.S. REIT Index; 8% BofA Merrill Lynch U.S. High Yield Index; 15% S&P/LSTA Leveraged Loan Index; 8% Bloomberg Barclays U.S. Corporate Investment-Grade Index; 8% BofA Merrill Lynch U.S. MBS Index; and 8% BofA Merrill Lynch U.S. Inflation-Linked Treasury Index).

The Fund invests in nine asset classes which are: dividend-paying stocks, preferred stocks, energy infrastructure companies and master limited partnerships (“MLPs”), real estate investment trusts (“REITs”), high yield or “junk” bonds, floating-rate loans, corporate bonds, mortgage-backed securities (“MBS”) and Treasury Inflation Protected Securities (“TIPS”). The weight assigned to each asset class is determined on a quarterly basis. As of December 31, 2016, the dividend-paying securities were the highest-weighted asset class, while the preferred stocks asset class was the lowest-weighted asset class. The MLPs and REITs had the most positive impact on the overall Fund performance, while the MBS and TIPS asset classes had the most negative impact on the overall Fund performance.

Dividend-paying stocks returned 5.50% (Gross of Fees) for the year ended December 31, 2016 and represented 18.7% of the portfolio as of that date. Unlike 2015, a bias toward more growth-oriented dividend-paying names was a detriment to the portfolio, especially in the first half of the year when growth concerns and the prospect of “lower for longer” drove performance in defensive areas of the market. Overall, the portfolio allocation effect was neutral to performance for the year with the first half a drag on performance and the second half positive for performance. Stock selection, especially in consumer discretionary, consumer staples and health care names, was responsible for the underperformance for the year versus the Russell 3000® Index. Within the health care sector, drug distributors Cardinal Health, Inc. and AmerisourceBergen Corp., along with generic pharmaceutical manufacturer Teva Pharmaceutical Industries, were notable laggards in the portfolio. An underweight in the health care sector, the only one in negative territory for the year, helped negate some of the underperformance. Within consumer staples, CVS Health Corp. and Walgreens Boots Alliance hurt relative performance while Toyota Motor Co. and Walt Disney Co. were a drag on consumer discretionary performance. A roughly 11% allocation to non-U.S. stocks over the course of the year was also a drag on relative performance as foreign markets lagged the U.S. amid dollar strength. Stock selection in the information technology and utilities sectors were among the few bright spots in the portfolio for the year.

The preferred stocks and hybrid capital securities returned 6.15% (Gross of Fees) for the year ended December 31, 2016 and represented 6.9% of the portfolio as of that date. The positive performance was a result of security selection and increased exposure to institutional hybrid capital securities, which significantly outperformed retail \$25 par securities as interest rates rose during the last quarter of the year.

The energy infrastructure companies and MLPs returned 26.74% (Gross of Fees) for the year ended December 31, 2016 and represented 13.2% of the portfolio as of that date. Positive price performance was driven by continued dividend growth in addition to improved sentiment in the Energy sector and the MLP asset class. Owning non-cyclical energy infrastructure companies in North America with long-lived assets, high dividend payout ratios, and stable cash flows also helped performance.

REITs returned 15.19% (Gross of Fees) for the year ended December 31, 2016 and represented 10.8% of the portfolio as of that date. While the REITs asset class benchmark return trailed the broad equity market benchmark return for 2016, largely due to the steady rise in market interest rates during the second half of the year, superior selection and property allocation decisions drove outperformance of the Fund’s REITs component compared to the asset class benchmark. Superior selection in the Diversified and Specialized property types contributed most positively to relative performance versus the asset class benchmark. An underweight position and poor selection in the Health Care property type contributed negatively to relative performance. The top-performing REITs for the year in terms of contribution were Hospitality Properties Trust, Lexington Realty Trust and Washington Real Estate Investment Trust. The bottom-performing REITs were Sabra Health Care REIT, Inc., Weyerhaeuser Co., and STORE Capital Corp.

**First Trust Multi Income Allocation Portfolio
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High-yield bonds returned 8.20% (Gross of Fees) in 2016 and represented 7.0% of the Fund as of December 31, 2016. The high-yield bond asset class experienced its strongest annual return in 2016 since it returned 58.10% when exiting the recession in 2009. This was predominantly driven by the renewed strength in commodity industries. More specifically, the energy and metals/mining industries experienced strong returns driven by the stabilization of the underlying commodity prices. As of the writing of this report, fundamentals remain healthy within the high-yield bond market and yet spreads remain well above the pre-crisis tights of T+245 in May 2007. Additionally, the recent spike in defaults, which was driven by the commodity industry, has tapered, leading to a trailing 12-month default rate that is directly in line with the long-term average default rate of 3.32% (March 1999 – December 2016). This figure is a mere 0.68% when excluding the energy and metals/mining sectors. We believe the commodity sector has bottomed and we expect the overall default rate to continue to decline as a result.

Floating rate loans returned 7.36% (Gross of Fees) in 2016 and represented 16.1% of the Fund as of December 31, 2016. Similar to the high-yield bond asset class, the senior loan asset class experienced its strongest annual return in 2016 since it returned 51.62% in 2009. After several years of senior loan outflows from retail investors, investors have begun to find favor with the senior loan asset class again. According to JP Morgan, the senior loan asset class ended the year with retail inflows totaling \$6.9 billion. We believe the appeal of senior loans has increased as LIBOR has been increasing and climbed from approximately 61 basis points (“bps”) to 100 bps in 2016. Moreover, we believe that with the potential for additional interest rate hikes on the horizon, LIBOR should continue to migrate higher in 2017. In our view, the primary challenge in the senior loan market will likely be the pace of refinancing, whereby issuers come to the market to reduce the spread they are paying on their senior loans. This could potentially reduce the yield to investors while we wait for LIBOR to move higher and ultimately push the yield up on the asset class.

Corporate bonds returned 6.13% (Gross of Fees) for the year ended December 31, 2016 and represented 8.7% of the portfolio as of that date. Investment grade corporate bond spreads rebounded sharply over 2016 following a weak start to the year. This improvement in credit valuations caused corporate bond yields, as measured by the Bloomberg Barclays US Corporate Index, to end the year lower compared to the prior year end. This is noteworthy, in our view, as it occurred amid a record level of new corporate bond issuance and rising Treasury yields. Our outlook is constructive for corporate bonds as credit fundamentals are broadly supportive of debt maintenance and we expect new issuance to decline compared to recent years.

The MBS asset class returned 4.38% (Gross of Fees) in 2016 and represented 8.9% of the portfolio as of December 31, 2016. Although a defensive duration was maintained during 2016, the sleeve improved performance by reducing MBS basis exposure, rotating some MBS exposure out of index and into higher-coupon, lower-duration pools, maintaining elevated cash balances, and maintaining its allocation to shorter, high-yielding and high credit quality Non-Agency Residential MBS and Commercial MBS.

TIPS returned 4.80% (Gross of Fees) for the year ended December 31, 2016 and represented 9.7% of the portfolio as of that date. Rising inflation was a market theme during 2016 and this was the key factor driving returns in TIPS. On average, year-over-year inflation as measured by the Consumer Price Index was 1.3% during the year compared to 0.1% during 2015. While Treasury returns were held back by rising interest rates, TIPS outperformed nominal Treasury bonds because TIPS investors are generally compensated for the effects of inflation. This is observed by wider levels of breakeven rates of inflation. Within the portfolio, returns were greatest in maturities over 10 years as wider inflation breakevens more than offset the rise in yields. We expect inflationary pressures to continue through 2017 and to be supportive of the allocation to TIPS.

A year ago we commented that if U.S. economic growth were to accelerate it might cause interest rates to rise, something investors have been anticipating for some time, in our opinion. As it turned out, the only strong quarter of GDP growth occurred in Q3'16, with growth coming in at an annualized rate of 3.5%, according to data from the Bureau of Economic Analysis. The other two quarters (Q1'16 & Q2'16) failed to exceed 1.5% (annualized). The results for the fourth quarter have yet to be released. U.S. GDP growth has averaged just 2.1% in the current recovery, which commenced in Q3'09, according to the National Bureau of Economic Research. Interest rates did not move much on a net basis in 2016. The yield on the 10-year Treasury note (“T-note”) rose 18 bps, from 2.27% to 2.45%, according to Bloomberg. Interest rates, however,

**First Trust Multi Income Allocation Portfolio
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did receive a spark after Donald J. Trump's win in the U.S. presidential election on November 8, 2016. The yield on the 10-year T-note surged from 1.86% to 2.45% by year-end. We believe that the U.S. economy may be poised to strengthen following the election. President-Elect Donald Trump's economic agenda looks to be pro-growth, in our opinion.

For the second consecutive year, at its December Federal Open Market Committee meeting, the Federal Reserve (the "Fed") initiated a 25 basis point increase to the federal funds target rate trading range, which now stands at 0.50% to 0.75%. The Fed commented in December that inflation expectations have increased "considerably" and noted that the labor market is tightening, according to Bloomberg. The Fed is forecasting three quarter-point increases in 2017. For the 30-year period ended December 31, 2016, the federal funds target rate (upper bound) averaged 3.54%, compared to 2.70% for the Consumer Price Index, according to Bloomberg. As of the close of 2016, the federal funds target rate (upper bound) stood at 0.75%, while the Consumer Price Index stood at 2.10%. Instead of being 84 bps point above inflation (CPI), it stood 135 bps below on December 31, 2016. We believe this suggests that the Fed is still pro-growth in its bias. The combination of the Fed's easy monetary policy and President-Elect Donald J. Trump's proposed pro-growth policies, including corporate tax cuts and less government regulations on businesses, could prove to be a positive catalyst for growth in 2017, in our opinion. Brian Wesbury, Chief Economist at First Trust Advisors L.P., sees the yield on the 10-year T-note rising to 3.25% by the end of 2017.

Investors continue to funnel capital into taxable bond mutual funds and exchange-traded funds ("ETFs"). The estimated net inflows to Taxable Bond funds and ETFs totaled \$194.1 billion in 2016, according to Morningstar. That is more than the total estimated net inflows to "All Long Term" funds and ETFs, which was \$164.6 billion in 2016. That indicates that some of the other categories experienced net outflows in 2016, in our view. The Multisector Bond category reported estimated net inflows totaling \$2.5 billion.

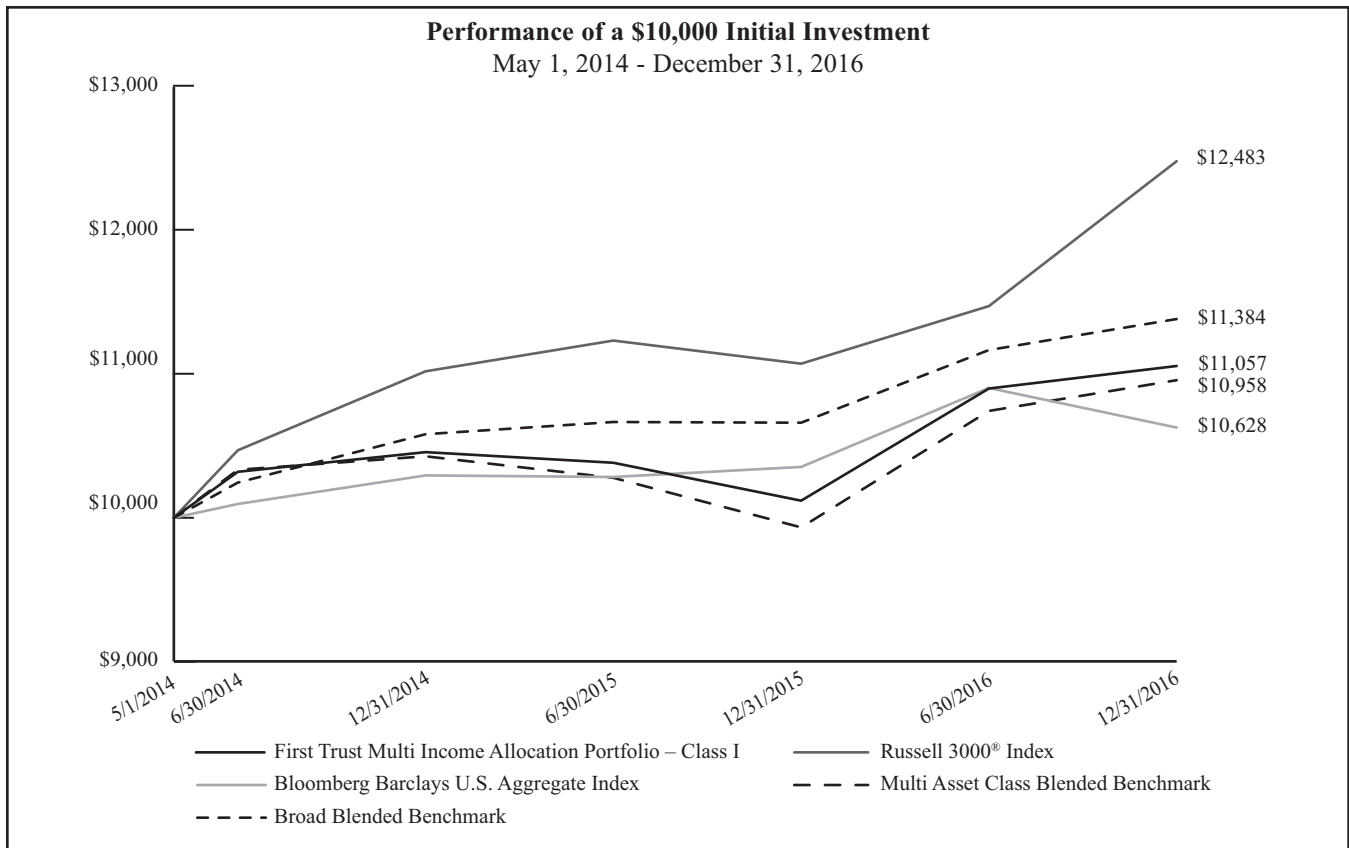
Performance Summary and Portfolio Components (Continued)

**First Trust Multi Income Allocation Portfolio
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Return Comparison	Inception Date	Period ended December 31, 2016	
		1 Year Annual Total Return	Since Inception Average Annual Total Return
First Trust Multi Income Allocation Portfolio - Class I	5/1/14	9.27%	3.84%
First Trust Multi Income Allocation Portfolio - Class II	5/1/14	9.53%	4.08%
Broad Blended Benchmark (a)		6.77%	4.97%
Bloomberg Barclays U.S. Aggregate Index (b)		2.65%	2.31%
Russell 3000® Index (c)		12.74%	8.67%
Multi Asset Class Blended Benchmark (d)		10.31%	3.48%

- (a) The Broad Blended Benchmark return is split between the Bloomberg Barclays U.S. Aggregate Index (60%) and the Russell 3000® Index (40%).
- (b) The Bloomberg Barclays U.S. Aggregate Index represents the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. Bonds included in the index are U.S. dollar denominated; have a fixed rate coupon; carry an investment-grade rating; have at least one year to final maturity; and meet certain criteria for minimum amount of outstanding par value. (The index reflects no deduction for fees, expenses or taxes).
- (c) The Russell 3000® Index is composed of 3,000 large U.S. companies, as determined by market capitalization. This index represents approximately 98% of the investable U.S. equity market. (Bloomberg). (The index reflects no deduction for fees, expenses or taxes).
- (d) The Multi Asset Class Blended Benchmark is weighted to include nine indexes: Russell 3000® Index (15%), BofA Merrill Lynch Fixed Rate Preferred Securities Index (8%), Alerian MLP Index (15%), S&P U.S. REIT Index (15%), BofA Merrill Lynch U.S. High Yield Index (8%), S&P/LSTA Leveraged Loan Index (15%), Bloomberg Barclays U.S. Corporate Investment-Grade Index (8%), BofA Merrill Lynch U.S. MBS Index (8%), and BofA Merrill Lynch U.S. Inflation-Linked Treasury Index (8%).

The returns for the Fund do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges or the effect of taxes. These expenses would reduce the overall returns shown.



Performance Summary and Portfolio Components (Continued)

First Trust Multi Income Allocation Portfolio Annual Report December 31, 2016 (Unaudited)

Top 10 Holdings	% of Total Investments
First Trust Senior Loan Fund	16.2%
iShares iBoxx \$ Investment Grade Corporate Bond ETF	8.7
First Trust Tactical High Yield ETF	7.0
First Trust Preferred Securities and Income ETF	6.9
iShares MBS ETF	1.4
Enterprise Products Partners, L.P.	1.3
Spectra Energy Partners, L.P.	0.9
Enbridge Energy Partners, L.P.	0.8
Magellan Midstream Partners, L.P.	0.8
Plains All American Pipeline, L.P.	0.7
Total	<u>44.7%</u>

Sector Allocation	% of Total Investments
Exchange-Traded Funds	40.7%
Common Stocks:	
Financials	3.6
Industrials	3.1
Information Technology	3.1
Energy	3.1
Utilities	3.0
Consumer Discretionary	2.5
Health Care	1.9
Consumer Staples	1.0
Materials	0.6
Telecommunication Services	0.3
Total Common Stocks	22.2
Real Estate Investment Trusts:	
Financials	10.8
Total Real Estate Investment Trusts	10.8
U.S. Government Bonds & Notes	9.6
Master Limited Partnerships:	
Energy	8.4
Utilities	0.8
Materials	0.3
Total Master Limited Partnerships	9.5
U.S. Government Agency Mortgage-Backed Securities	6.4
Mortgage-Backed Securities	0.7
Asset-Backed Securities	0.1
Total	<u>100.0%</u>

**First Trust Dorsey Wright Tactical Core Portfolio
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First Trust Dorsey Wright Tactical Core Portfolio

For the year ended December 31, 2016, the First Trust Dorsey Wright Tactical Core Portfolio (the “Fund”) Class I Shares returned 0.95% versus 8.31% for the Broad Blended Benchmark, which includes the S&P 500® Index (60%) and the Bloomberg Barclays U.S. Aggregate Bond Index (40%).

The Fund seeks to provide total return. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its net assets (plus any investment borrowings) in exchange-traded funds (“ETFs”) and cash and cash equivalents that comprise the Dorsey Wright Tactical Tilt Moderate Core Index (the “Index”). It is expected that a majority of the ETFs in which the Fund invests will be advised by First Trust.

The Index is owned and was developed by Dorsey, Wright & Associates (the “Index Provider”). The Index is constructed pursuant to the Index Provider’s proprietary methodology, which takes into account the performance of four distinct asset classes relative to one another. The Index is designed to strategically allocate its investments among (i) domestic equity securities; (ii) international equity securities; (iii) fixed income securities; and (iv) cash and cash equivalents. The Index will gain exposure to the first three asset classes by investing in ETFs that invest in such assets. The Index Provider has retained Nasdaq, Inc. (“Nasdaq”) to calculate and maintain the Index.

The Index will utilize the Dynamic Asset Level Investing (“DALI”) asset allocation process developed by the Index Provider in order to allocate assets over the four asset classes. The asset class allocations are determined using a relative strength methodology that is based upon each asset class’s market performance and characteristics that offer the greatest potential to outperform the other asset classes at a given time. Relative strength is a momentum technique that relies on unbiased, unemotional and objective data, rather than biased forecasting and subjective research. Relative strength is a way of recording historic performance patterns, and the Index Provider uses relative strength signals as a trend indicator for current momentum trends of each asset class against the others.

Performance Review

The Fund started 2016 with the following allocations to the four asset classes: domestic equity securities (74.4%), international equity securities (4.6%), fixed income securities (19.8%), cash and cash equivalents (1.2%). In March 2016, the DALI asset allocation to domestic equity securities decreased to 20%, while the fixed income securities allocation increased to 60%. Later in 2016, the DALI asset allocation to domestic equity securities increased and by the end of 2016, the Fund had the following allocations: domestic equity securities (73.1%), international equity securities (4.6%), fixed income securities (18.4%), cash and cash equivalents (3.9%).

The Fund’s largest contributing holdings in 2016 were the First Trust Energy AlphaDEX® Fund, the First Trust Utilities AlphaDEX® Fund, and the First Trust Large Cap Growth AlphaDEX® Fund. The Fund’s largest detracting holdings were the First Trust NYSE Arca Biotechnology Index Fund, the First Trust Health Care AlphaDEX® Fund, and the First Trust Small Cap Growth AlphaDEX® Fund.

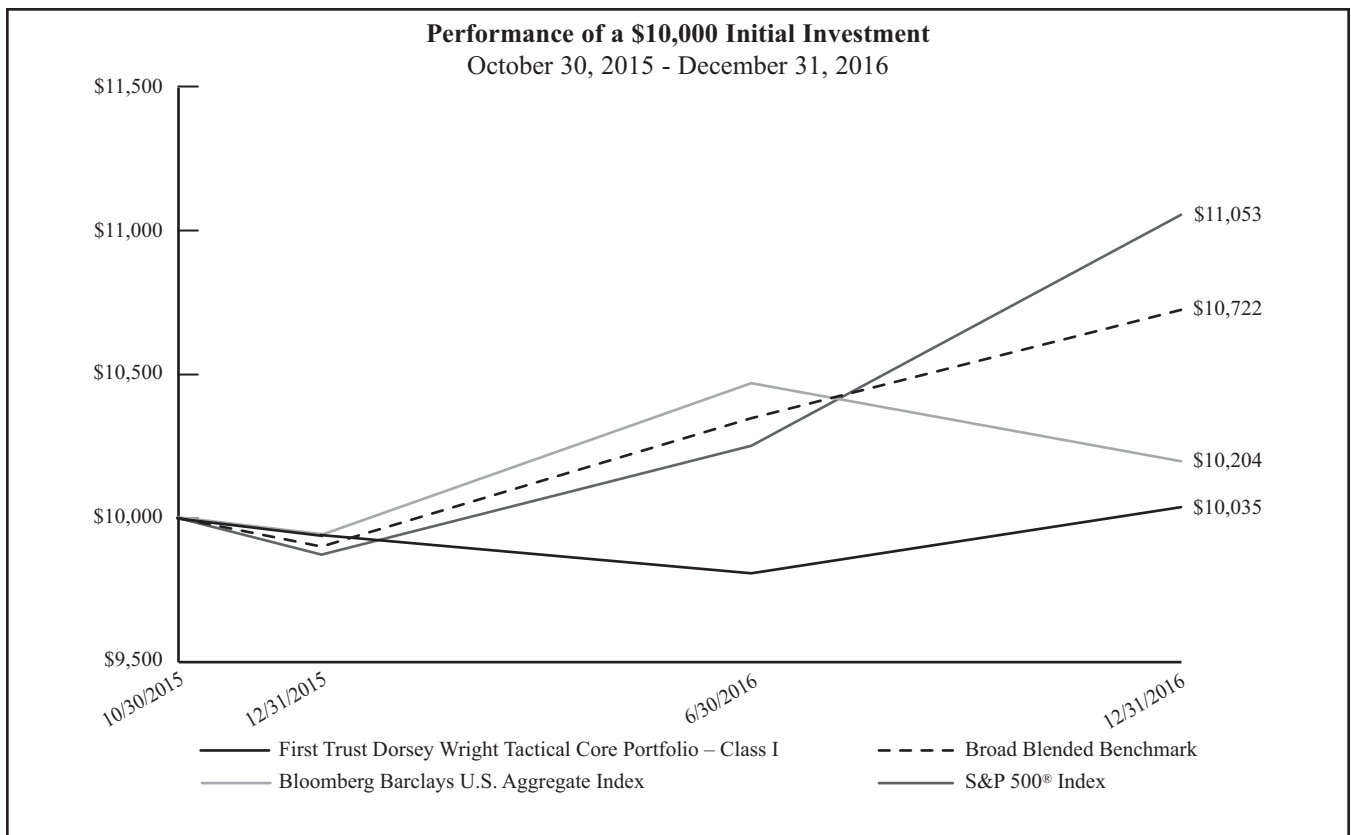
Performance Summary and Portfolio Components (Continued)

**First Trust Dorsey Wright Tactical Core Portfolio
Annual Report
December 31, 2016 (Unaudited)**

Return Comparison	Inception Date	Period ended December 31, 2016	
		1 Year Annual Total Return	Since Inception Average Annual Total Return
First Trust Dorsey Wright Tactical Core Portfolio - Class I	10/30/15	0.95%	0.30%
First Trust Dorsey Wright Tactical Core Portfolio - Class II	10/30/15	0.88%	0.33%
Broad Blended Benchmark (a)		8.31%	6.16%
Bloomberg Barclays U.S. Aggregate Index (b)		2.65%	1.75%
S&P 500® Index (c)		11.96%	8.95%

- (a) The Broad Blended Benchmark return is split between Bloomberg Barclays U.S. Aggregate Index (40%) and the S&P 500® Index (60%).
- (b) The Bloomberg Barclays U.S. Aggregate Index represents the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. Bonds included in the index are U.S. dollar denominated; have a fixed rate coupon; carry an investment-grade rating; have at least one year to final maturity; and meet certain criteria for minimum amount of outstanding par value. (The index reflects no deduction for fees, expenses or taxes).
- (c) The S&P 500® Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. (The index reflects no deduction for fees, expenses or taxes).

The returns for the Fund do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges or the effect of taxes. These expenses would reduce the overall returns shown.



Performance Summary and Portfolio Components (Continued)**First Trust Dorsey Wright Tactical Core Portfolio
Annual Report
December 31, 2016 (Unaudited)**

Top 10 Holdings	% of Total Investments
First Trust Mid Cap Core AlphaDEX® Fund	10.4%
First Trust Small Cap Growth AlphaDEX® Fund	9.7
First Trust Energy AlphaDEX® Fund	9.7
First Trust Large Cap Growth AlphaDEX® Fund	9.4
First Trust Utilities AlphaDEX® Fund	8.9
First Trust Dow Jones Internet Index Fund	8.8
First Trust NASDAQ-100-Technology Sector Index Fund	8.7
First Trust Industrials/Producer Durables AlphaDEX® Fund	8.2
iShares Core U.S. Aggregate Bond ETF	5.7
SPDR Bloomberg Barclays Convertible Securities ETF	3.4
Total	<u>82.9%</u>

First Trust Variable Insurance Trust
Understanding Your Fund Expenses
December 31, 2016 (Unaudited)

As a shareholder of First Trust/Dow Jones Dividend & Income Allocation Portfolio, First Trust Multi Income Allocation Portfolio or First Trust Dorsey Wright Tactical Core Portfolio (each a “Fund” and collectively, the “Funds”), you incur two types of costs: (1) transaction costs; and (2) ongoing costs, including management fees; distribution and/or service (12b-1) fees, if any; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in U.S. dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held through the six-month period ended December 31, 2016.

Actual Expenses

The first three columns of the table below provide information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the third column under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes

The next three columns of the table below provide information about hypothetical account values and hypothetical expenses based on each Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not each Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing cost of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) or contingent deferred sales charges. Therefore, the hypothetical section of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Actual Expenses			Hypothetical (5% Return Before Expenses)			
	Beginning Account Value 7/1/2016	Ending Account Value 12/31/2016	Expenses Paid During Period 7/1/2016- 12/31/2016 (a)	Beginning Account Value 7/1/2016	Ending Account Value 12/31/2016	Expenses Paid During Period 7/1/2016- 12/31/2016 (a)	Annual- ized Expense Ratio (b)
First Trust/Dow Jones Dividend & Income Allocation Portfolio							
Class I	\$1,000.00	\$1,049.10	\$ 6.18	\$1,000.00	\$1,019.10	\$ 6.09	1.20%
Class II	\$1,000.00	\$1,050.30	\$ 4.90	\$1,000.00	\$1,020.36	\$ 4.82	0.95%
First Trust Multi Income Allocation Portfolio							
Class I	\$1,000.00	\$1,014.40	\$ 4.20	\$1,000.00	\$1,020.96	\$ 4.22	0.83%
Class II	\$1,000.00	\$1,016.60	\$ 2.94	\$1,000.00	\$1,022.22	\$ 2.95	0.58%
First Trust Dorsey Wright Tactical Core Portfolio							
Class I	\$1,000.00	\$1,023.20	\$ 4.02	\$1,000.00	\$1,021.17	\$ 4.01	0.79%
Class II	\$1,000.00	\$1,021.40	\$ 2.69	\$1,000.00	\$1,022.47	\$ 2.69	0.53%

- (a) Expenses are equal to the annualized expense ratio as indicated in the table, multiplied by the average account value over the period (July 1, 2016 through December 31, 2016), multiplied by 184/366 (to reflect the one-half year period).
- (b) The expense ratios reflect an expense cap. First Trust Multi Income Allocation Portfolio expense ratios reflect an additional waiver. See Note 3 in the Notes to Financial Statements.

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments
December 31, 2016

Shares	Description	Value
COMMON STOCKS - 54.8%		
Aerospace & Defense - 1.5%		
11,946	General Dynamics Corp.	\$ 2,062,597
7,732	Lockheed Martin Corp.	1,932,536
8,664	Northrop Grumman Corp.	2,015,073
13,614	Raytheon Co.	1,933,188
		<u>7,943,394</u>
Air Freight & Logistics - 0.7%		
26,303	CH Robinson Worldwide, Inc.	1,926,958
35,974	Expeditors International of Washington, Inc.	1,905,183
		<u>3,832,141</u>
Airlines - 0.9%		
28,139	Alaska Air Group, Inc.	2,496,774
47,086	Delta Air Lines, Inc.	2,316,160
		<u>4,812,934</u>
Automobiles - 0.4%		
21,882	Thor Industries, Inc.	2,189,294
Banks - 2.6%		
25,521	Bank of Hawaii Corp.	2,263,458
56,643	Columbia Banking System, Inc.	2,530,809
39,504	Commerce Bancshares, Inc.	2,283,726
24,698	South State Corp.	2,158,605
127,730	TCF Financial Corp.	2,502,231
43,212	U.S. Bancorp	2,219,800
		<u>13,958,629</u>
Beverages - 1.0%		
43,794	Coca-Cola (The) Co.	1,815,699
20,297	Dr. Pepper Snapple Group, Inc.	1,840,329
17,039	PepsiCo, Inc.	1,782,791
		<u>5,438,819</u>
Building Products - 0.3%		
37,521	A.O. Smith Corp.	1,776,619
Capital Markets - 3.2%		
18,577	Ameriprise Financial, Inc.	2,060,932
5,114	BlackRock, Inc.	1,946,082
28,580	CBOE Holdings, Inc.	2,111,776
17,733	CME Group, Inc.	2,045,502
11,433	FactSet Research Systems, Inc.	1,868,495
11,191	MarketAxess Holdings, Inc.	1,644,182
23,381	Morningstar, Inc.	1,719,906
27,441	Nasdaq, Inc.	1,841,840
27,870	T. Rowe Price Group, Inc.	2,097,496
		<u>17,336,211</u>
Chemicals - 0.9%		
12,963	International Flavors & Fragrances, Inc.	1,527,431
4,317	NewMarket Corp.	1,829,717
6,699	Sherwin-Williams (The) Co.	1,800,289
		<u>5,157,437</u>

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Shares	Description	Value
COMMON STOCKS (Continued)		
Commercial Services & Supplies - 0.7%		
16,460	Cintas Corp.	\$ 1,902,117
63,297	Rollins, Inc.	2,138,173
		<u>4,040,290</u>
Communications Equipment - 0.3%		
58,429	Cisco Systems, Inc.	1,765,724
Containers & Packaging - 0.3%		
23,826	Avery Dennison Corp.	1,673,062
Distributors - 0.3%		
18,450	Genuine Parts Co.	1,762,713
Electrical Equipment - 1.4%		
38,789	AMETEK, Inc.	1,885,145
34,001	Emerson Electric Co.	1,895,556
17,201	Hubbell, Inc.	2,007,357
15,149	Rockwell Automation, Inc.	2,036,025
		<u>7,824,083</u>
Electronic Equipment, Instruments & Components - 1.1%		
28,547	Amphenol Corp., Class A	1,918,358
45,137	Avnet, Inc.	2,148,973
28,789	TE Connectivity, Ltd.	1,994,502
		<u>6,061,833</u>
Equity Real Estate Investment Trusts - 1.0%		
28,811	Equity Residential	1,854,276
16,318	PS Business Parks, Inc.	1,901,373
8,306	Public Storage	1,856,391
		<u>5,612,040</u>
Food & Staples Retailing - 0.6%		
20,827	CVS Health Corp.	1,643,458
25,698	Wal-Mart Stores, Inc.	1,776,246
		<u>3,419,704</u>
Food Products - 2.0%		
48,862	Hormel Foods Corp.	1,700,886
13,929	Ingredion, Inc.	1,740,568
15,559	J&J Snack Foods Corp.	2,076,037
18,548	McCormick & Co., Inc.	1,731,085
42,218	Mondelez International, Inc., Class A	1,871,524
19,240	Sanderson Farms, Inc.	1,813,178
		<u>10,933,278</u>
Health Care Equipment & Supplies - 0.3%		
23,642	Danaher Corp.	1,840,293
Health Care Providers & Services - 1.4%		
14,789	Anthem, Inc.	2,126,215
23,853	Cardinal Health, Inc.	1,716,700
40,343	Patterson Cos., Inc.	1,655,273
13,238	UnitedHealth Group, Inc.	2,118,610
		<u>7,616,798</u>

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Shares	Description	Value
COMMON STOCKS (Continued)		
Hotels, Restaurants & Leisure - 1.2%		
37,023	Cheesecake Factory (The), Inc.	\$ 2,216,937
14,017	Cracker Barrel Old Country Store, Inc.	2,340,559
34,233	Starbucks Corp.	1,900,616
		<u>6,458,112</u>
Household Products - 0.6%		
38,675	Church & Dwight Co., Inc.	1,709,048
20,650	Procter & Gamble (The) Co.	1,736,252
		<u>3,445,300</u>
Industrial Conglomerates - 1.4%		
10,517	3M Co.	1,878,020
18,069	Carlisle Cos., Inc.	1,992,830
15,987	Honeywell International, Inc.	1,852,094
10,159	Roper Industries, Inc.	1,859,910
		<u>7,582,854</u>
Insurance - 11.5%		
25,789	AFLAC, Inc.	1,794,914
45,852	Allied World Assurance Co. Holdings AG	2,462,711
26,791	Allstate (The) Corp.	1,985,749
24,710	American Financial Group, Inc.	2,177,445
31,530	AMERISAFE, Inc.	1,965,896
16,477	Aon PLC	1,837,680
32,850	Argo Group International Holdings, Ltd.	2,164,815
39,781	Aspen Insurance Holdings, Ltd.	2,187,955
20,091	Assurant, Inc.	1,865,650
34,113	Axis Capital Holdings, Ltd.	2,226,556
49,148	Brown & Brown, Inc.	2,204,779
14,750	Chubb, Ltd.	1,948,770
53,861	CNA Financial Corp.	2,235,231
28,316	Endurance Specialty Holdings, Ltd.	2,616,398
9,755	Everest Re Group, Ltd.	2,110,982
47,184	First American Financial Corp.	1,728,350
24,574	Hanover Insurance Group (The), Inc.	2,236,480
43,282	Hartford Financial Services (The) Group, Inc.	2,062,387
50,567	Horace Mann Educators Corp.	2,164,268
27,558	Marsh & McLennan Cos., Inc.	1,862,645
105,184	Old Republic International Corp.	1,998,496
35,980	Principal Financial Group, Inc.	2,081,803
35,315	ProAssurance Corp.	1,984,703
58,837	Progressive (The) Corp.	2,088,713
17,170	Reinsurance Group of America, Inc.	2,160,501
15,423	RenaissanceRe Holdings, Ltd.	2,100,921
29,009	Torchmark Corp.	2,139,704
16,181	Travelers (The) Cos., Inc.	1,980,878
37,202	Validus Holdings, Ltd.	2,046,482
55,110	XL Group, Ltd.	2,053,399
		<u>62,475,261</u>

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Shares	Description	Value
COMMON STOCKS (Continued)		
IT Services - 3.1%		
15,170	Accenture PLC, Class A	\$ 1,776,862
32,037	Amdocs, Ltd.	1,866,155
21,015	Automatic Data Processing, Inc.	2,159,922
27,339	Broadridge Financial Solutions, Inc.	1,812,576
11,669	International Business Machines Corp.	1,936,937
21,664	Jack Henry & Associates, Inc.	1,923,330
18,210	MasterCard, Inc., Class A	1,880,183
32,026	Paychex, Inc.	1,949,743
22,411	Visa, Inc., Class A	1,748,506
		17,054,214
Leisure Products - 0.4%		
37,994	Brunswick Corp.	2,072,193
Machinery - 3.8%		
28,513	CLARCOR, Inc.	2,351,467
14,462	Cummins, Inc.	1,976,522
49,647	Donaldson Co., Inc.	2,089,146
25,045	Graco, Inc.	2,080,989
19,808	IDEX Corp.	1,783,908
15,464	Illinois Tool Works, Inc.	1,893,721
27,280	Ingersoll-Rand PLC	2,047,091
12,196	Snap-On, Inc.	2,088,809
39,567	Toro (The) Co.	2,213,774
22,698	Wabtec Corp.	1,884,388
		20,409,815
Media - 1.1%		
82,923	Interpublic Group of (The) Cos., Inc.	1,941,227
21,805	Omnicom Group, Inc.	1,855,824
19,958	Walt Disney (The) Co.	2,080,023
		5,877,074
Multiline Retail - 0.4%		
26,987	Target Corp.	1,949,271
Oil, Gas & Consumable Fuels - 0.7%		
21,234	Exxon Mobil Corp.	1,916,581
23,009	Phillips 66	1,988,208
		3,904,789
Paper & Forest Products - 0.4%		
23,458	Neenah Paper, Inc.	1,998,622
Personal Products - 0.3%		
20,926	Estee Lauder (The) Cos., Inc., Class A	1,600,630
Pharmaceuticals - 0.7%		
15,688	Johnson & Johnson	1,807,414
54,720	Pfizer, Inc.	1,777,306
		3,584,720

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Shares	Description	Value
COMMON STOCKS (Continued)		
Professional Services - 1.3%		
36,298	Exponent, Inc.	\$ 2,188,770
25,648	ManpowerGroup, Inc.	2,279,338
48,953	Robert Half International, Inc.	2,387,927
		<u>6,856,035</u>
Road & Rail - 1.2%		
22,842	JB Hunt Transport Services, Inc.	2,217,273
27,223	Landstar System, Inc.	2,322,122
19,002	Union Pacific Corp.	1,970,127
		<u>6,509,522</u>
Semiconductors & Semiconductor Equipment - 0.4%		
26,409	Texas Instruments, Inc.	1,927,065
Software - 0.7%		
56,027	CA, Inc.	1,779,978
16,848	Intuit, Inc.	1,930,949
		<u>3,710,927</u>
Specialty Retail - 1.8%		
27,368	Foot Locker, Inc.	1,940,118
14,403	Home Depot (The), Inc.	1,931,154
28,824	Ross Stores, Inc.	1,890,854
24,784	TJX (The) Cos., Inc.	1,862,022
27,517	Tractor Supply Co.	2,086,064
		<u>9,710,212</u>
Textiles, Apparel & Luxury Goods - 1.0%		
21,374	Carter's, Inc.	1,846,500
35,201	NIKE, Inc., Class B	1,789,267
33,066	VF Corp.	1,764,071
		<u>5,399,838</u>
Tobacco - 0.4%		
39,307	Reynolds American, Inc.	2,202,764
Trading Companies & Distributors - 1.5%		
44,360	Fastenal Co.	2,084,033
25,247	MSC Industrial Direct Co., Inc., Class A	2,332,570
8,241	W.W. Grainger, Inc.	1,913,972
13,155	Watsco, Inc.	1,948,519
		<u>8,279,094</u>
	Total Common Stocks	<u>298,003,608</u>
	(Cost \$265,906,159)	

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES - 39.8%				
Aerospace & Defense - 1.0%				
\$ 100,000	Boeing (The) Co.....	1.65%	10/30/20	\$ 98,136
250,000	Boeing (The) Co.....	2.35%	10/30/21	251,636
100,000	Boeing (The) Co.....	2.20%	10/30/22	98,273
175,000	Boeing (The) Co.....	1.88%	06/15/23	167,061
150,000	Boeing (The) Co.....	2.50%	03/01/25	145,472
100,000	Boeing (The) Co.....	2.60%	10/30/25	97,304
175,000	Boeing (The) Co.....	2.25%	06/15/26	164,387
25,000	Boeing (The) Co.....	6.63%	02/15/38	33,914
308,000	Boeing (The) Co.....	3.38%	06/15/46	281,253
300,000	Boeing Capital Corp.....	4.70%	10/27/19	323,773
200,000	Lockheed Martin Corp.....	2.50%	11/23/20	201,872
250,000	Lockheed Martin Corp.....	3.55%	01/15/26	255,908
220,000	Lockheed Martin Corp.....	4.70%	05/15/46	240,276
250,000	Northrop Grumman Corp.....	3.20%	02/01/27	247,879
200,000	Northrop Grumman Corp.....	5.05%	11/15/40	223,599
250,000	United Technologies Corp.....	1.80%	06/01/17	250,668
285,000	United Technologies Corp. (a).....	1.24%	11/01/19	285,839
250,000	United Technologies Corp.....	1.95%	11/01/21	245,234
650,000	United Technologies Corp.....	3.10%	06/01/22	668,595
100,000	United Technologies Corp.....	2.65%	11/01/26	96,147
100,000	United Technologies Corp.....	6.05%	06/01/36	125,484
150,000	United Technologies Corp.....	4.50%	06/01/42	160,933
500,000	United Technologies Corp.....	3.75%	11/01/46	477,097
				5,140,740
Air Freight & Logistics - 0.5%				
250,000	FedEx Corp.....	2.30%	02/01/20	250,479
300,000	FedEx Corp.....	3.20%	02/01/25	299,945
50,000	FedEx Corp.....	3.25%	04/01/26	49,755
250,000	FedEx Corp.....	4.75%	11/15/45	259,939
548,000	FedEx Corp.....	4.55%	04/01/46	554,440
545,000	United Parcel Service, Inc.....	2.45%	10/01/22	543,184
500,000	United Parcel Service, Inc.....	2.40%	11/15/26	473,336
500,000	United Parcel Service, Inc.....	3.40%	11/15/46	462,164
				2,893,242
Airlines - 0.2%				
180,000	Southwest Airlines Co.....	5.13%	03/01/17	181,054
385,000	Southwest Airlines Co.....	2.75%	11/06/19	392,315
420,000	Southwest Airlines Co.....	2.65%	11/05/20	421,436
250,000	Southwest Airlines Co.....	3.00%	11/15/26	236,134
				1,230,939
Automobiles - 0.1%				
250,000	Ford Motor Co.....	4.35%	12/08/26	253,121
250,000	Ford Motor Co.....	5.29%	12/08/46	254,195
				507,316
Banks - 6.7%				
657,000	Bank of America Corp.....	3.88%	03/22/17	660,756
1,400,000	Bank of America Corp.....	2.60%	01/15/19	1,412,662

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Banks (Continued)				
\$ 400,000	Bank of America Corp. (a)	1.87%	04/01/19	\$ 402,014
100,000	Bank of America Corp.	2.63%	10/19/20	100,147
600,000	Bank of America Corp.	2.63%	04/19/21	596,483
725,000	Bank of America Corp.	5.70%	01/24/22	815,251
250,000	Bank of America Corp. (a)	2.06%	10/21/22	254,502
250,000	Bank of America Corp.	2.50%	10/21/22	242,105
450,000	Bank of America Corp.	4.00%	04/01/24	464,830
100,000	Bank of America Corp.	4.00%	01/22/25	100,297
400,000	Bank of America Corp.	4.45%	03/03/26	412,989
950,000	Bank of America Corp.	3.50%	04/19/26	939,182
150,000	Bank of America Corp.	3.25%	10/21/27	143,527
250,000	Bank of America Corp.	4.18%	11/25/27	250,663
225,000	Bank of America Corp.	5.88%	02/07/42	272,911
225,000	Bank of America Corp.	4.88%	04/01/44	245,090
600,000	Bank of America N.A.	5.30%	03/15/17	604,677
1,000,000	BB&T Corp.	2.05%	05/10/21	982,057
1,000,000	Citigroup, Inc. (a)	1.49%	03/10/17	1,000,647
800,000	Citigroup, Inc.	2.15%	07/30/18	802,955
300,000	Citigroup, Inc.	2.50%	09/26/18	302,997
1,000,000	Citigroup, Inc. (a)	1.88%	06/07/19	1,008,122
300,000	Citigroup, Inc.	2.05%	06/07/19	299,043
250,000	Citigroup, Inc.	2.40%	02/18/20	249,679
600,000	Citigroup, Inc.	2.70%	03/30/21	599,223
350,000	Citigroup, Inc.	2.35%	08/02/21	342,738
1,000,000	Citigroup, Inc. (a)	2.02%	12/08/21	1,004,549
250,000	Citigroup, Inc.	2.90%	12/08/21	249,610
775,000	Citigroup, Inc.	4.50%	01/14/22	827,217
450,000	Citigroup, Inc.	4.60%	03/09/26	465,982
300,000	Citigroup, Inc.	3.40%	05/01/26	292,075
250,000	Citigroup, Inc.	3.20%	10/21/26	239,552
300,000	Citigroup, Inc.	4.30%	11/20/26	303,344
100,000	Citigroup, Inc.	4.45%	09/29/27	101,800
350,000	Citigroup, Inc.	4.13%	07/25/28	346,526
200,000	Citigroup, Inc.	5.88%	01/30/42	237,789
100,000	Citigroup, Inc.	6.68%	09/13/43	127,194
35,000	Citigroup, Inc.	4.65%	07/30/45	37,040
250,000	Citigroup, Inc.	4.75%	05/18/46	251,278
500,000	Discover Bank	3.45%	07/27/26	483,777
600,000	HSBC Bank USA N.A.	4.88%	08/24/20	636,392
100,000	HSBC USA, Inc.	1.50%	11/13/17	99,946
1,000,000	HSBC USA, Inc.	1.63%	01/16/18	998,404
400,000	JPMorgan Chase & Co.	1.85%	03/22/19	398,867
400,000	JPMorgan Chase & Co.	2.20%	10/22/19	401,769
150,000	JPMorgan Chase & Co.	2.55%	03/01/21	149,616
550,000	JPMorgan Chase & Co.	4.63%	05/10/21	592,553
450,000	JPMorgan Chase & Co.	2.40%	06/07/21	446,145
1,000,000	JPMorgan Chase & Co. (a)	1.94%	01/15/23	1,004,423
325,000	JPMorgan Chase & Co.	3.20%	01/25/23	328,887
500,000	JPMorgan Chase & Co.	2.70%	05/18/23	489,620

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Banks (Continued)				
\$ 250,000	JPMorgan Chase & Co. (a)	2.11%	10/24/23	\$ 255,228
400,000	JPMorgan Chase & Co.	3.88%	02/01/24	414,936
850,000	JPMorgan Chase & Co.	3.30%	04/01/26	836,160
300,000	JPMorgan Chase & Co.	4.13%	12/15/26	306,819
250,000	JPMorgan Chase & Co.	3.63%	12/01/27	243,087
400,000	JPMorgan Chase & Co.	6.40%	05/15/38	519,312
100,000	JPMorgan Chase & Co.	4.85%	02/01/44	111,538
150,000	JPMorgan Chase & Co.	4.95%	06/01/45	160,321
437,000	JPMorgan Chase Bank N.A.	6.00%	10/01/17	451,026
1,000,000	Wachovia Corp. (a)	1.23%	06/15/17	1,000,308
600,000	Wells Fargo & Co.	6.00%	11/15/17	622,754
575,000	Wells Fargo & Co.	2.13%	04/22/19	577,054
200,000	Wells Fargo & Co.	2.15%	01/30/20	199,143
100,000	Wells Fargo & Co.	2.55%	12/07/20	100,170
900,000	Wells Fargo & Co.	3.00%	01/22/21	916,343
550,000	Wells Fargo & Co.	2.50%	03/04/21	546,246
300,000	Wells Fargo & Co.	2.10%	07/26/21	292,105
250,000	Wells Fargo & Co. (a)	2.12%	10/31/23	253,293
425,000	Wells Fargo & Co.	3.30%	09/09/24	421,067
550,000	Wells Fargo & Co.	3.00%	04/22/26	525,458
100,000	Wells Fargo & Co.	4.10%	06/03/26	101,437
250,000	Wells Fargo & Co.	3.00%	10/23/26	238,399
200,000	Wells Fargo & Co.	4.30%	07/22/27	205,976
200,000	Wells Fargo & Co.	3.90%	05/01/45	190,178
100,000	Wells Fargo & Co.	4.90%	11/17/45	102,952
275,000	Wells Fargo & Co.	4.40%	06/14/46	263,827
750,000	Wells Fargo & Co.	4.75%	12/07/46	762,971
1,000,000	Wells Fargo Bank N.A. (a)	1.45%	11/28/18	1,000,473
250,000	Wells Fargo Bank N.A.	1.75%	05/24/19	248,878
500,000	Wells Fargo Bank N.A. (a)	1.60%	12/06/19	501,427
200,000	Wells Fargo Bank N.A.	5.95%	08/26/36	235,882
				36,624,670
Beverages - 1.5%				
63,000	Anheuser-Busch InBev Finance, Inc.	1.90%	02/01/19	63,122
690,000	Anheuser-Busch Inbev Worldwide, Inc.	2.65%	02/01/21	694,617
200,000	Anheuser-Busch Inbev Worldwide, Inc.	2.50%	07/15/22	197,093
375,000	Anheuser-Busch Inbev Worldwide, Inc.	3.30%	02/01/23	382,159
600,000	Anheuser-Busch Inbev Worldwide, Inc.	3.65%	02/01/26	610,258
875,000	Anheuser-Busch Inbev Worldwide, Inc.	4.70%	02/01/36	923,264
1,100,000	Anheuser-Busch Inbev Worldwide, Inc.	4.90%	02/01/46	1,193,672
250,000	Coca-Cola (The) Co.	1.38%	05/30/19	248,426
150,000	Coca-Cola (The) Co.	1.88%	10/27/20	148,807
250,000	Coca-Cola (The) Co.	1.55%	09/01/21	243,090
975,000	Coca-Cola (The) Co.	3.20%	11/01/23	1,007,819
100,000	Coca-Cola (The) Co.	2.88%	10/27/25	98,797
100,000	Coca-Cola (The) Co.	2.55%	06/01/26	94,901
250,000	Coca-Cola (The) Co.	2.25%	09/01/26	235,744
250,000	Dr. Pepper Snapple Group, Inc.	3.13%	12/15/23	250,446
250,000	Dr. Pepper Snapple Group, Inc.	3.43%	06/15/27	249,762

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Beverages (Continued)				
\$ 250,000	Dr. Pepper Snapple Group, Inc.	4.42%	12/15/46	\$ 255,803
100,000	Molson Coors Brewing Co.	2.10%	07/15/21	97,496
400,000	Molson Coors Brewing Co.	3.00%	07/15/26	378,898
550,000	Molson Coors Brewing Co.	4.20%	07/15/46	514,881
250,000	PepsiCo, Inc.	3.45%	10/06/46	228,360
				8,117,415
Biotechnology - 0.5%				
350,000	AbbVie, Inc.	2.50%	05/14/20	350,372
375,000	AbbVie, Inc.	2.90%	11/06/22	370,899
250,000	AbbVie, Inc.	3.60%	05/14/25	248,066
175,000	AbbVie, Inc.	4.40%	11/06/42	165,249
300,000	AbbVie, Inc.	4.70%	05/14/45	295,479
450,000	Amgen, Inc.	2.70%	05/01/22	446,130
200,000	Amgen, Inc.	3.63%	05/22/24	203,766
100,000	Amgen, Inc.	2.60%	08/19/26	92,166
200,000	Amgen, Inc.	5.38%	05/15/43	219,271
100,000	Amgen, Inc.	4.40%	05/01/45	96,235
100,000	Gilead Sciences, Inc.	2.95%	03/01/27	95,830
125,000	Gilead Sciences, Inc.	4.50%	02/01/45	125,192
100,000	Gilead Sciences, Inc.	4.15%	03/01/47	95,220
				2,803,875
Building Products - 0.0%				
100,000	Masco Corp.	3.50%	04/01/21	100,750
Capital Markets - 3.2%				
398,000	Goldman Sachs Group (The), Inc.	5.63%	01/15/17	398,489
800,000	Goldman Sachs Group (The), Inc. (a)	1.57%	06/04/17	801,326
825,000	Goldman Sachs Group (The), Inc.	6.15%	04/01/18	868,091
1,000,000	Goldman Sachs Group (The), Inc. (a)	2.09%	04/30/18	1,008,907
300,000	Goldman Sachs Group (The), Inc.	2.00%	04/25/19	298,976
600,000	Goldman Sachs Group (The), Inc.	2.55%	10/23/19	604,811
700,000	Goldman Sachs Group (The), Inc. (a)	1.76%	12/13/19	700,315
500,000	Goldman Sachs Group (The), Inc.	2.30%	12/13/19	499,785
500,000	Goldman Sachs Group (The), Inc.	2.60%	04/23/20	500,908
700,000	Goldman Sachs Group (The), Inc.	2.63%	04/25/21	695,620
500,000	Goldman Sachs Group (The), Inc.	2.35%	11/15/21	486,333
700,000	Goldman Sachs Group (The), Inc.	3.63%	01/22/23	715,955
600,000	Goldman Sachs Group (The), Inc.	4.00%	03/03/24	623,419
150,000	Goldman Sachs Group (The), Inc.	3.50%	01/23/25	148,262
600,000	Goldman Sachs Group (The), Inc.	4.25%	10/21/25	610,618
550,000	Goldman Sachs Group (The), Inc.	3.75%	02/25/26	552,652
500,000	Goldman Sachs Group (The), Inc.	3.50%	11/16/26	489,501
400,000	Goldman Sachs Group (The), Inc.	6.25%	02/01/41	497,516
50,000	Goldman Sachs Group (The), Inc.	4.75%	10/21/45	52,992
800,000	Morgan Stanley (a)	1.73%	01/24/19	805,235
695,000	Morgan Stanley	2.50%	01/24/19	702,656
400,000	Morgan Stanley	2.65%	01/27/20	402,178
750,000	Morgan Stanley	2.50%	04/21/21	742,597
550,000	Morgan Stanley	5.50%	07/28/21	610,095

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Capital Markets (Continued)				
\$ 500,000	Morgan Stanley	2.63%	11/17/21	\$ 494,541
300,000	Morgan Stanley	3.75%	02/25/23	308,564
500,000	Morgan Stanley (a)	2.28%	10/24/23	505,965
450,000	Morgan Stanley	3.88%	04/29/24	462,240
800,000	Morgan Stanley	3.88%	01/27/26	809,620
250,000	Morgan Stanley	4.35%	09/08/26	256,692
350,000	Morgan Stanley	6.38%	07/24/42	451,395
100,000	Morgan Stanley	4.30%	01/27/45	100,061
300,000	Nasdaq, Inc.	3.85%	06/30/26	298,608
				17,504,923
Chemicals - 0.3%				
250,000	Chevron Phillips Chemical Co., LLC/Chevron Phillips Chemical Co., L.P. (b)	3.40%	12/01/26	249,889
525,000	Dow Chemical (The) Co.	8.55%	05/15/19	602,021
200,000	Dow Chemical (The) Co.	3.00%	11/15/22	200,358
25,000	Dow Chemical (The) Co.	4.25%	10/01/34	24,715
75,000	Dow Chemical (The) Co.	4.63%	10/01/44	75,548
228,000	Eastman Chemical Co.	4.65%	10/15/44	226,994
100,000	Westlake Chemical Corp. (b)	3.60%	08/15/26	96,376
250,000	Westlake Chemical Corp. (b)	5.00%	08/15/46	247,884
				1,723,785
Communications Equipment - 0.4%				
100,000	Cisco Systems, Inc.	1.40%	09/20/19	98,949
100,000	Cisco Systems, Inc.	2.45%	06/15/20	101,059
800,000	Cisco Systems, Inc.	2.20%	09/20/23	770,277
500,000	Cisco Systems, Inc.	3.63%	03/04/24	522,401
100,000	Cisco Systems, Inc.	2.95%	02/28/26	99,146
200,000	Cisco Systems, Inc.	2.50%	09/20/26	190,465
225,000	Cisco Systems, Inc.	5.90%	02/15/39	286,322
				2,068,619
Consumer Finance - 2.3%				
400,000	American Express Centurion Bank	6.00%	09/13/17	412,408
50,000	American Express Co.	8.13%	05/20/19	56,901
450,000	American Express Co.	3.63%	12/05/24	452,631
800,000	American Express Credit Corp.	2.13%	07/27/18	805,340
200,000	American Express Credit Corp.	1.88%	11/05/18	200,342
297,000	American Express Credit Corp. (a)	1.54%	03/18/19	297,663
500,000	American Express Credit Corp.	1.70%	10/30/19	495,322
150,000	American Express Credit Corp.	2.60%	09/14/20	151,332
575,000	American Express Credit Corp.	2.25%	05/05/21	568,498
550,000	Capital One Financial Corp.	3.75%	04/24/24	558,038
350,000	Capital One Financial Corp.	3.75%	07/28/26	339,962
250,000	Capital One N.A.	2.25%	09/13/21	244,197
1,039,000	Caterpillar Financial Services Corp.	1.70%	08/09/21	998,626
150,000	Caterpillar Financial Services Corp.	3.25%	12/01/24	151,641
1,700,000	Ford Motor Credit Co., LLC (a)	1.66%	01/17/17	1,700,377
1,000,000	Ford Motor Credit Co., LLC (a)	1.63%	03/27/17	1,000,806
400,000	Ford Motor Credit Co., LLC	2.88%	10/01/18	404,949

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Consumer Finance (Continued)				
\$ 500,000	Ford Motor Credit Co., LLC	1.90%	08/12/19	\$ 492,259
200,000	Ford Motor Credit Co., LLC	2.46%	03/27/20	197,584
100,000	Ford Motor Credit Co., LLC	3.22%	01/09/22	98,993
450,000	Ford Motor Credit Co., LLC	3.10%	05/04/23	435,191
725,000	Ford Motor Credit Co., LLC	4.38%	08/06/23	749,266
350,000	Ford Motor Credit Co., LLC	4.13%	08/04/25	351,049
100,000	General Motors Financial Co., Inc.	2.40%	05/09/19	99,792
400,000	General Motors Financial Co., Inc.	4.20%	03/01/21	413,084
250,000	General Motors Financial Co., Inc.	3.20%	07/06/21	248,172
200,000	General Motors Financial Co., Inc.	5.25%	03/01/26	210,472
100,000	General Motors Financial Co., Inc.	4.00%	10/06/26	96,343
				12,231,238
Containers & Packaging - 0.0%				
100,000	International Paper Co.	3.00%	02/15/27	94,547
150,000	International Paper Co.	4.40%	08/15/47	142,332
				236,879
Diversified Financial Services - 0.3%				
175,000	Berkshire Hathaway, Inc.	2.20%	03/15/21	174,740
125,000	Berkshire Hathaway, Inc.	2.75%	03/15/23	124,637
425,000	Berkshire Hathaway, Inc.	3.13%	03/15/26	422,742
350,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp. (b)	3.48%	06/01/19	357,488
250,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp. (b)	4.42%	06/15/21	258,942
				1,338,549
Diversified Telecommunication Services - 2.5%				
1,000,000	AT&T, Inc. (a)	1.42%	03/30/17	1,000,634
850,000	AT&T, Inc.	1.70%	06/01/17	851,250
500,000	AT&T, Inc.	2.30%	03/11/19	502,183
300,000	AT&T, Inc.	2.45%	06/30/20	298,157
250,000	AT&T, Inc.	2.80%	02/17/21	248,254
275,000	AT&T, Inc.	3.88%	08/15/21	284,222
300,000	AT&T, Inc.	3.00%	06/30/22	294,852
150,000	AT&T, Inc.	3.60%	02/17/23	151,479
150,000	AT&T, Inc.	3.90%	03/11/24	151,901
350,000	AT&T, Inc.	3.40%	05/15/25	337,945
650,000	AT&T, Inc.	4.13%	02/17/26	659,383
100,000	AT&T, Inc.	4.50%	05/15/35	96,914
425,000	AT&T, Inc.	4.80%	06/15/44	403,078
250,000	AT&T, Inc.	4.35%	06/15/45	223,621
250,000	AT&T, Inc.	4.75%	05/15/46	237,767
550,000	AT&T, Inc.	5.65%	02/15/47	592,063
1,544,000	Verizon Communications, Inc. (a)	1.35%	06/09/17	1,545,890
523,000	Verizon Communications, Inc. (a)	2.71%	09/14/18	534,807
450,000	Verizon Communications, Inc. (a)	1.76%	06/17/19	454,254
250,000	Verizon Communications, Inc.	1.38%	08/15/19	246,266
1,006,000	Verizon Communications, Inc.	2.63%	02/21/20	1,016,411
250,000	Verizon Communications, Inc.	1.75%	08/15/21	240,088
525,000	Verizon Communications, Inc.	5.15%	09/15/23	581,344
650,000	Verizon Communications, Inc.	3.50%	11/01/24	649,016

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Diversified Telecommunication Services (Continued)				
\$ 100,000	Verizon Communications, Inc.	2.63%	08/15/26	\$ 92,248
231,000	Verizon Communications, Inc.	4.27%	01/15/36	221,803
298,000	Verizon Communications, Inc.	4.13%	08/15/46	270,800
500,000	Verizon Communications, Inc.	4.86%	08/21/46	508,643
250,000	Verizon Communications, Inc.	4.52%	09/15/48	240,716
249,000	Verizon Communications, Inc.	5.01%	08/21/54	249,580
522,000	Verizon Communications, Inc.	4.67%	03/15/55	492,322
				13,677,891
Electric Utilities - 3.4%				
250,000	AEP Transmission Co., LLC (b)	3.10%	12/01/26	246,742
250,000	AEP Transmission Co., LLC (b)	4.00%	12/01/46	249,068
100,000	Alabama Power Co.	3.75%	03/01/45	94,727
675,000	American Electric Power Co., Inc.	1.65%	12/15/17	675,369
250,000	American Electric Power Co., Inc.	2.95%	12/15/22	251,914
300,000	Appalachian Power Co.	4.40%	05/15/44	305,616
250,000	Baltimore Gas & Electric Co.	2.40%	08/15/26	233,717
250,000	Baltimore Gas & Electric Co.	3.50%	08/15/46	225,544
240,000	CenterPoint Energy Houston Electric LLC	2.25%	08/01/22	234,873
250,000	CenterPoint Energy Houston Electric LLC	2.40%	09/01/26	234,933
295,000	CenterPoint Energy Houston Electric LLC	4.50%	04/01/44	321,250
200,000	Commonwealth Edison Co.	2.55%	06/15/26	190,780
300,000	Commonwealth Edison Co.	3.40%	09/01/21	311,500
300,000	Commonwealth Edison Co.	3.70%	03/01/45	282,865
400,000	Commonwealth Edison Co.	3.65%	06/15/46	376,896
575,000	Constellation Energy Group, Inc.	5.15%	12/01/20	622,133
100,000	Duke Energy Carolinas LLC	2.50%	03/15/23	99,196
250,000	Duke Energy Carolinas LLC	2.95%	12/01/26	246,249
350,000	Duke Energy Carolinas LLC	6.00%	01/15/38	434,355
50,000	Duke Energy Carolinas LLC	3.75%	06/01/45	47,719
100,000	Duke Energy Carolinas LLC	3.88%	03/15/46	98,074
200,000	Duke Energy Corp.	2.10%	06/15/18	200,918
250,000	Duke Energy Corp.	1.80%	09/01/21	241,092
300,000	Duke Energy Corp.	3.55%	09/15/21	310,860
51,000	Duke Energy Corp.	2.65%	09/01/26	47,700
450,000	Duke Energy Corp.	3.75%	09/01/46	406,831
250,000	Duke Energy Florida LLC	3.40%	10/01/46	223,440
100,000	Duke Energy Indiana LLC	3.75%	05/15/46	94,302
250,000	Duke Energy Progress LLC	3.70%	10/15/46	237,355
350,000	Entergy Corp.	2.95%	09/01/26	328,082
200,000	Exelon Corp.	2.45%	04/15/21	197,796
50,000	Exelon Corp.	3.95%	06/15/25	51,492
50,000	Exelon Corp.	5.10%	06/15/45	53,353
250,000	Exelon Corp.	4.45%	04/15/46	245,721
350,000	Florida Power & Light Co.	3.25%	06/01/24	357,495
210,000	Florida Power & Light Co.	4.05%	06/01/42	214,588
100,000	Indiana Michigan Power Co.	4.55%	03/15/46	104,138
410,000	Metropolitan Edison Co. (b)	3.50%	03/15/23	409,933
125,000	Monongahela Power Co. (b)	5.40%	12/15/43	146,651
150,000	Ohio Edison Co.	6.88%	07/15/36	190,993

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Electric Utilities (Continued)				
\$ 295,000	Pacific Gas & Electric Co.	5.63%	11/30/17	\$ 306,012
250,000	Pacific Gas & Electric Co.	3.50%	06/15/25	257,343
100,000	Pacific Gas & Electric Co.	2.95%	03/01/26	98,166
600,000	Pacific Gas & Electric Co.	4.30%	03/15/45	616,150
250,000	Pacific Gas & Electric Co.	4.25%	03/15/46	255,115
250,000	Pacific Gas & Electric Co.	4.00%	12/01/46	247,620
100,000	Public Service Electric & Gas Co.	1.90%	03/15/21	98,276
195,000	Public Service Electric & Gas Co.	2.38%	05/15/23	190,767
550,000	Public Service Electric & Gas Co.	2.25%	09/15/26	511,035
275,000	Public Service Electric & Gas Co.	3.95%	05/01/42	275,200
100,000	Public Service Electric & Gas Co.	3.80%	03/01/46	97,301
550,000	Southern (The) Co.	1.85%	07/01/19	548,629
815,000	Southern (The) Co.	2.35%	07/01/21	802,003
250,000	Southern (The) Co.	3.25%	07/01/26	243,799
400,000	Southern (The) Co.	4.25%	07/01/36	399,101
425,000	Southern (The) Co.	4.40%	07/01/46	422,098
200,000	Southern California Edison Co.	3.50%	10/01/23	208,027
200,000	Southern California Edison Co.	3.60%	02/01/45	189,670
250,000	Southern Power Co.	1.85%	12/01/17	250,717
250,000	Southern Power Co.	2.50%	12/15/21	245,110
250,000	Southern Power Co.	4.95%	12/15/46	244,547
500,000	Southwestern Electric Power Co.	2.75%	10/01/26	472,788
100,000	Southwestern Electric Power Co.	6.20%	03/15/40	120,448
200,000	Virginia Electric & Power Co.	3.45%	02/15/24	205,844
100,000	Virginia Electric & Power Co.	3.15%	01/15/26	99,475
250,000	Virginia Electric & Power Co.	2.95%	11/15/26	243,536
475,000	Virginia Electric & Power Co.	4.45%	02/15/44	500,661
250,000	Virginia Electric & Power Co.	4.00%	11/15/46	250,326
250,000	Xcel Energy, Inc.	2.60%	03/15/22	249,281
				18,495,305
Equity Real Estate Investment Trusts - 0.2%				
250,000	American Tower Corp.	2.25%	01/15/22	239,749
100,000	American Tower Corp.	3.13%	01/15/27	92,461
500,000	Crown Castle International Corp.	2.25%	09/01/21	484,253
100,000	Liberty Property L.P.	3.25%	10/01/26	95,957
100,000	Realty Income Corp.	3.00%	01/15/27	94,350
100,000	Simon Property Group L.P.	2.35%	01/30/22	98,727
100,000	Simon Property Group L.P.	3.25%	11/30/26	98,259
100,000	Simon Property Group L.P.	4.25%	11/30/46	98,540
				1,302,296
Food & Staples Retailing - 1.2%				
600,000	CVS Health Corp.	1.90%	07/20/18	602,534
150,000	CVS Health Corp.	2.80%	07/20/20	152,316
600,000	CVS Health Corp.	2.13%	06/01/21	588,940
700,000	CVS Health Corp.	4.00%	12/05/23	738,631
178,000	CVS Health Corp.	3.88%	07/20/25	183,950
150,000	CVS Health Corp.	2.88%	06/01/26	143,266
675,000	CVS Health Corp.	5.13%	07/20/45	755,177
200,000	Kroger (The) Co.	3.50%	02/01/26	201,301

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Food & Staples Retailing (Continued)				
\$ 250,000	Kroger (The) Co.....	2.65%	10/15/26	\$ 232,757
300,000	Kroger (The) Co.....	5.15%	08/01/43	324,621
250,000	Kroger (The) Co.....	3.88%	10/15/46	228,559
100,000	Sysco Corp.....	2.50%	07/15/21	99,038
150,000	Sysco Corp.....	4.50%	04/01/46	151,839
325,000	Wal-Mart Stores, Inc.	3.30%	04/22/24	334,496
300,000	Wal-Mart Stores, Inc.	4.30%	04/22/44	317,350
300,000	Walgreens Boots Alliance, Inc.....	3.10%	06/01/23	298,447
600,000	Walgreens Boots Alliance, Inc.....	3.45%	06/01/26	590,133
600,000	Walgreens Boots Alliance, Inc.....	4.65%	06/01/46	611,292
				6,554,647
Food Products - 0.3%				
100,000	Kraft Heinz Foods Co.	2.80%	07/02/20	101,032
450,000	Kraft Heinz Foods Co.	3.50%	07/15/22	457,353
200,000	Kraft Heinz Foods Co.	3.95%	07/15/25	202,963
150,000	Kraft Heinz Foods Co.	3.00%	06/01/26	141,110
200,000	Kraft Heinz Foods Co.	5.00%	06/04/42	205,528
150,000	Kraft Heinz Foods Co.	5.20%	07/15/45	157,611
300,000	Kraft Heinz Foods Co.	4.38%	06/01/46	283,429
				1,549,026
Health Care Equipment & Supplies - 0.7%				
250,000	Abbott Laboratories.....	2.90%	11/30/21	249,571
250,000	Abbott Laboratories.....	3.40%	11/30/23	249,441
250,000	Abbott Laboratories.....	4.90%	11/30/46	257,593
139,000	Becton Dickinson and Co.	3.73%	12/15/24	142,381
200,000	Becton Dickinson and Co.	4.69%	12/15/44	207,998
50,000	Medtronic, Inc.	1.50%	03/15/18	50,010
300,000	Medtronic, Inc.	2.50%	03/15/20	303,496
750,000	Medtronic, Inc.	3.15%	03/15/22	768,717
600,000	Medtronic, Inc.	3.50%	03/15/25	618,487
900,000	Medtronic, Inc.	4.63%	03/15/45	975,644
				3,823,338
Health Care Providers & Services - 1.1%				
715,000	Aetna, Inc.	2.80%	06/15/23	705,312
250,000	Aetna, Inc.	3.50%	11/15/24	254,060
300,000	Aetna, Inc.	3.20%	06/15/26	297,381
339,000	Aetna, Inc.	4.75%	03/15/44	357,996
500,000	UnitedHealth Group, Inc. (a)	1.33%	01/17/17	500,089
750,000	UnitedHealth Group, Inc.	1.63%	03/15/19	747,361
275,000	UnitedHealth Group, Inc.	4.70%	02/15/21	297,913
100,000	UnitedHealth Group, Inc.	2.13%	03/15/21	98,889
550,000	UnitedHealth Group, Inc.	2.88%	12/15/21	557,889
100,000	UnitedHealth Group, Inc.	3.75%	07/15/25	103,637
250,000	UnitedHealth Group, Inc.	3.10%	03/15/26	246,869
500,000	UnitedHealth Group, Inc.	3.45%	01/15/27	508,558
150,000	UnitedHealth Group, Inc.	6.88%	02/15/38	204,505
573,000	UnitedHealth Group, Inc.	4.75%	07/15/45	632,762
500,000	UnitedHealth Group, Inc.	4.20%	01/15/47	507,033
				6,020,254

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Hotels, Restaurants & Leisure - 0.1%				
\$ 330,000	McDonald's Corp.....	2.10%	12/07/18	\$ 332,116
150,000	McDonald's Corp.....	3.70%	01/30/26	153,001
100,000	McDonald's Corp.....	4.88%	12/09/45	107,530
				592,647
Household Durables - 0.3%				
250,000	Newell Brands, Inc.....	3.15%	04/01/21	254,671
100,000	Newell Brands, Inc.....	4.00%	12/01/24	102,442
350,000	Newell Brands, Inc.....	4.20%	04/01/26	365,733
625,000	Newell Brands, Inc.....	5.50%	04/01/46	719,168
				1,442,014
Household Products - 0.1%				
250,000	Procter & Gamble (The) Co.	1.70%	11/03/21	245,892
250,000	Procter & Gamble (The) Co.	2.45%	11/03/26	239,878
100,000	Procter & Gamble (The) Co.	1.85%	02/02/21	99,010
100,000	Procter & Gamble (The) Co.	2.70%	02/02/26	98,455
				683,235
Independent Power and Renewable Electricity Producers - 0.2%				
250,000	NextEra Energy Capital Holdings, Inc.	2.06%	09/01/17	251,142
250,000	NextEra Energy Capital Holdings, Inc.	2.30%	04/01/19	252,040
525,000	NextEra Energy Capital Holdings, Inc.	2.40%	09/15/19	528,305
				1,031,487
Industrial Conglomerates - 0.3%				
250,000	3M Co.....	1.63%	09/19/21	243,792
250,000	3M Co.....	2.25%	09/19/26	234,970
250,000	3M Co.....	3.13%	09/19/46	223,427
129,000	General Electric Co.	6.75%	03/15/32	171,982
425,000	General Electric Co.	4.50%	03/11/44	457,326
250,000	Roper Technologies, Inc.....	2.80%	12/15/21	250,167
250,000	Roper Technologies, Inc.....	3.80%	12/15/26	252,435
				1,834,099
Insurance - 1.3%				
250,000	Allstate (The) Corp.	3.28%	12/15/26	251,348
250,000	Allstate (The) Corp.	4.20%	12/15/46	256,390
400,000	American International Group, Inc.	3.38%	08/15/20	411,869
200,000	American International Group, Inc.	4.13%	02/15/24	207,963
100,000	American International Group, Inc.	3.90%	04/01/26	101,950
50,000	American International Group, Inc.	3.88%	01/15/35	47,116
300,000	American International Group, Inc.	6.25%	05/01/36	359,815
250,000	Arch Capital Finance LLC	5.03%	12/15/46	262,711
490,000	Chubb INA Holdings, Inc.	2.30%	11/03/20	490,156
200,000	Chubb INA Holdings, Inc.	2.88%	11/03/22	201,794
350,000	Chubb INA Holdings, Inc.	3.35%	05/03/26	354,933
600,000	Chubb INA Holdings, Inc.	4.35%	11/03/45	635,358
150,000	Hartford Financial Services Group (The), Inc.	5.95%	10/15/36	171,915
250,000	Lincoln National Corp.	3.63%	12/12/26	249,935
100,000	MetLife, Inc.	3.00%	03/01/25	98,214
150,000	MetLife, Inc.	3.60%	11/13/25	152,681

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Insurance (Continued)				
\$ 300,000	MetLife, Inc.	4.88%	11/13/43	\$ 325,549
170,000	MetLife, Inc.	4.60%	05/13/46	179,401
325,000	Metropolitan Life Global Funding I (a) (b)	1.42%	12/19/18	325,539
500,000	Metropolitan Life Global Funding I (b)	3.45%	12/18/26	505,240
200,000	Principal Financial Group, Inc.	3.10%	11/15/26	193,716
200,000	Principal Financial Group, Inc.	4.30%	11/15/46	196,769
275,000	Prudential Financial, Inc.	4.60%	05/15/44	287,327
325,000	Travelers (The) Cos., Inc.	6.75%	06/20/36	436,925
80,000	Travelers (The) Cos., Inc.	3.75%	05/15/46	75,685
				6,780,299
IT Services - 0.8%				
250,000	Fidelity National Information Services, Inc.	2.25%	08/15/21	244,021
250,000	Fidelity National Information Services, Inc.	3.00%	08/15/26	235,216
100,000	Fidelity National Information Services, Inc.	4.50%	08/15/46	95,585
500,000	International Business Machines Corp.	1.63%	05/15/20	494,158
100,000	International Business Machines Corp.	3.63%	02/12/24	104,233
600,000	Visa, Inc.	2.20%	12/14/20	602,198
950,000	Visa, Inc.	2.80%	12/14/22	956,083
550,000	Visa, Inc.	3.15%	12/14/25	553,039
303,000	Visa, Inc.	4.15%	12/14/35	317,853
450,000	Visa, Inc.	4.30%	12/14/45	476,171
				4,078,557
Machinery - 0.1%				
650,000	Caterpillar, Inc.	3.90%	05/27/21	685,867
Media - 1.4%				
150,000	21st Century Fox America, Inc.	3.00%	09/15/22	149,489
175,000	21st Century Fox America, Inc.	5.40%	10/01/43	189,127
50,000	21st Century Fox America, Inc.	4.95%	10/15/45	51,582
610,000	Charter Communications Operating LLC/Charter Communications Operating Capital	4.91%	07/23/25	643,995
600,000	Charter Communications Operating LLC/Charter Communications Operating Capital	6.48%	10/23/45	696,067
300,000	Comcast Corp.	1.63%	01/15/22	287,761
200,000	Comcast Corp.	3.38%	08/15/25	201,426
200,000	Comcast Corp.	3.15%	03/01/26	197,568
300,000	Comcast Corp.	2.35%	01/15/27	276,914
50,000	Comcast Corp.	3.20%	07/15/36	45,069
100,000	Comcast Corp.	4.60%	08/15/45	105,079
400,000	Comcast Corp.	3.40%	07/15/46	350,252
200,000	Discovery Communications LLC.	4.90%	03/11/26	210,985
100,000	Time Warner Cable LLC.	8.75%	02/14/19	112,750
329,000	Time Warner Cable, Inc.	6.75%	07/01/18	351,372
200,000	Time Warner Cable, Inc.	4.50%	09/15/42	181,792
350,000	Time Warner, Inc.	4.88%	03/15/20	373,891
150,000	Time Warner, Inc.	3.60%	07/15/25	149,432
100,000	Time Warner, Inc.	2.95%	07/15/26	93,343
200,000	Time Warner, Inc.	6.50%	11/15/36	242,619
50,000	Time Warner, Inc.	4.85%	07/15/45	50,246

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Media (Continued)				
\$ 50,000	Viacom, Inc.....	2.75%	12/15/19	\$ 49,970
250,000	Viacom, Inc.....	2.25%	02/04/22	235,214
125,000	Viacom, Inc.....	3.88%	04/01/24	121,504
250,000	Viacom, Inc.....	3.45%	10/04/26	231,519
500,000	Walt Disney (The) Co.	0.88%	07/12/19	490,131
100,000	Walt Disney (The) Co.	2.15%	09/17/20	100,500
150,000	Walt Disney (The) Co.	3.00%	02/13/26	149,425
350,000	Walt Disney (The) Co.	1.85%	07/30/26	315,511
475,000	Walt Disney (The) Co.	4.13%	06/01/44	492,297
250,000	Walt Disney (The) Co.	3.00%	07/30/46	213,207
				7,360,037
Multi-Utilities - 0.8%				
250,000	Ameren Illinois Co.....	4.15%	03/15/46	256,901
493,000	CMS Energy Corp.	3.00%	05/15/26	475,442
100,000	CMS Energy Corp.	4.88%	03/01/44	107,614
95,000	Consolidated Edison Co. of New York, Inc.	4.50%	12/01/45	100,981
230,000	Consolidated Edison Co. of New York, Inc.	3.30%	12/01/24	234,015
335,000	Consolidated Edison Co. of New York, Inc.	4.45%	03/15/44	349,595
100,000	Consolidated Edison Co. of New York, Inc.	3.85%	06/15/46	95,660
250,000	Consolidated Edison Co. of New York, Inc.	4.30%	12/01/56	250,369
100,000	Consolidated Edison, Inc.....	2.00%	05/15/21	97,834
100,000	Consumers Energy Co.	3.25%	08/15/46	88,523
50,000	Dominion Gas Holdings LLC.....	2.50%	12/15/19	50,585
250,000	Dominion Resources, Inc.....	1.60%	08/15/19	246,345
200,000	Dominion Resources, Inc.....	5.20%	08/15/19	215,133
495,000	Dominion Resources, Inc.....	4.70%	12/01/44	510,861
250,000	Public Service Enterprise Group, Inc.	1.60%	11/15/19	246,578
250,000	Public Service Enterprise Group, Inc.	2.00%	11/15/21	242,348
500,000	Southern Co. Gas Capital Corp.....	2.45%	10/01/23	480,285
500,000	Southern Co. Gas Capital Corp.....	3.95%	10/01/46	464,617
				4,513,686
Oil, Gas & Consumable Fuels - 4.1%				
150,000	Anadarko Petroleum Corp.....	5.55%	03/15/26	168,189
761,000	Anadarko Petroleum Corp.....	6.45%	09/15/36	908,405
344,000	Anadarko Petroleum Corp.....	6.60%	03/15/46	425,797
250,000	Boardwalk Pipelines L.P.	5.95%	06/01/26	272,042
550,000	Chevron Corp.....	1.56%	05/16/19	547,931
175,000	Chevron Corp.....	2.19%	11/15/19	176,816
200,000	Chevron Corp.....	1.96%	03/03/20	199,426
750,000	Chevron Corp.....	2.10%	05/16/21	744,032
182,000	Chevron Corp. (a)	1.47%	03/03/22	181,988
550,000	Chevron Corp.....	2.57%	05/16/23	542,712
150,000	Chevron Corp.....	3.33%	11/17/25	153,045
1,110,000	Chevron Corp.....	2.95%	05/16/26	1,093,206
368,000	ConocoPhillips	5.75%	02/01/19	395,561
225,000	ConocoPhillips	6.50%	02/01/39	285,748
300,000	ConocoPhillips Co.....	4.20%	03/15/21	318,968
350,000	ConocoPhillips Co.....	2.40%	12/15/22	338,886
250,000	ConocoPhillips Co.....	4.95%	03/15/26	276,505

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Oil, Gas & Consumable Fuels (Continued)				
\$ 50,000	ConocoPhillips Co.	4.15%	11/15/34	\$ 49,025
250,000	ConocoPhillips Co.	5.95%	03/15/46	310,542
325,000	Devon Energy Corp.	3.25%	05/15/22	323,332
50,000	Enbridge Energy Partners L.P.	4.38%	10/15/20	52,243
185,000	Enbridge Energy Partners L.P.	5.50%	09/15/40	184,320
310,000	Enbridge Energy Partners L.P.	7.38%	10/15/45	385,793
50,000	Energy Transfer Partners L.P.	4.15%	10/01/20	51,820
400,000	Energy Transfer Partners L.P.	3.60%	02/01/23	393,934
50,000	Energy Transfer Partners L.P.	4.05%	03/15/25	49,581
50,000	Energy Transfer Partners L.P.	4.75%	01/15/26	51,785
175,000	Energy Transfer Partners L.P.	6.50%	02/01/42	189,664
50,000	Energy Transfer Partners L.P.	6.13%	12/15/45	53,381
450,000	Enterprise Products Operating LLC.	3.70%	02/15/26	452,480
100,000	Exxon Mobil Corp.	1.71%	03/01/19	100,248
500,000	Exxon Mobil Corp.	2.22%	03/01/21	501,437
150,000	Exxon Mobil Corp.	2.71%	03/06/25	146,179
200,000	Exxon Mobil Corp.	3.04%	03/01/26	199,967
200,000	Exxon Mobil Corp.	3.57%	03/06/45	186,806
825,000	Exxon Mobil Corp.	4.11%	03/01/46	847,172
250,000	HollyFrontier Corp.	5.88%	04/01/26	255,922
450,000	Kinder Morgan Energy Partners L.P.	6.00%	02/01/17	451,372
220,000	Kinder Morgan Energy Partners L.P.	3.50%	03/01/21	223,560
100,000	Kinder Morgan Energy Partners L.P.	4.15%	02/01/24	101,514
175,000	Kinder Morgan Energy Partners L.P.	6.95%	01/15/38	203,590
300,000	Kinder Morgan, Inc.	3.05%	12/01/19	304,512
715,000	Kinder Morgan, Inc.	4.30%	06/01/25	737,403
650,000	Kinder Morgan, Inc.	5.05%	02/15/46	645,873
250,000	Marathon Oil Corp.	3.85%	06/01/25	242,863
259,000	Marathon Oil Corp.	5.20%	06/01/45	244,999
200,000	Occidental Petroleum Corp.	4.40%	04/15/46	204,027
250,000	Occidental Petroleum Corp.	4.10%	02/15/47	244,134
750,000	ONEOK Partners L.P.	2.00%	10/01/17	752,194
400,000	ONEOK Partners L.P.	3.38%	10/01/22	402,170
200,000	ONEOK Partners L.P.	4.90%	03/15/25	214,878
250,000	Phillips 66 Partners L.P.	3.55%	10/01/26	242,435
250,000	Phillips 66 Partners L.P.	4.90%	10/01/46	240,992
50,000	Pioneer Natural Resources Co.	3.45%	01/15/21	51,141
425,000	Pioneer Natural Resources Co.	3.95%	07/15/22	441,474
50,000	Pioneer Natural Resources Co.	4.45%	01/15/26	53,171
300,000	Plains All American Pipeline L.P./PAA Finance Corp.	4.65%	10/15/25	310,484
250,000	Plains All American Pipeline L.P./PAA Finance Corp.	4.50%	12/15/26	254,107
350,000	Spectra Energy Capital LLC.	3.30%	03/15/23	338,820
250,000	Spectra Energy Partners L.P.	3.38%	10/15/26	239,610
250,000	Spectra Energy Partners L.P.	4.50%	03/15/45	238,640
100,000	Sunoco Logistics Partners Operations L.P.	4.40%	04/01/21	105,410
350,000	Sunoco Logistics Partners Operations L.P.	3.90%	07/15/26	339,444
250,000	Valero Energy Corp.	3.40%	09/15/26	239,992
125,000	Valero Energy Corp.	6.63%	06/15/37	146,730
500,000	Valero Energy Partners L.P.	4.38%	12/15/26	505,472
300,000	Williams Partners L.P.	3.60%	03/15/22	301,932

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Oil, Gas & Consumable Fuels (Continued)				
\$ 250,000	Williams Partners L.P.....	3.90%	01/15/25	\$ 245,607
95,000	Williams Partners L.P.....	4.00%	09/15/25	94,105
625,000	Williams Partners L.P.....	4.90%	01/15/45	579,746
270,000	Williams Partners L.P.....	5.10%	09/15/45	257,563
				22,014,852
Pharmaceuticals - 0.5%				
125,000	Merck & Co, Inc.	1.85%	02/10/20	125,134
450,000	Merck & Co, Inc.	3.70%	02/10/45	430,195
300,000	Merck & Co., Inc.	2.75%	02/10/25	294,877
300,000	Pfizer, Inc.	1.20%	06/01/18	299,276
100,000	Pfizer, Inc.	1.45%	06/03/19	99,426
100,000	Pfizer, Inc.	1.70%	12/15/19	99,949
100,000	Pfizer, Inc.	1.95%	06/03/21	98,965
100,000	Pfizer, Inc.	2.20%	12/15/21	99,853
250,000	Pfizer, Inc.	3.40%	05/15/24	258,660
100,000	Pfizer, Inc.	2.75%	06/03/26	97,204
100,000	Pfizer, Inc.	3.00%	12/15/26	98,847
100,000	Pfizer, Inc.	4.00%	12/15/36	102,666
250,000	Pfizer, Inc.	4.40%	05/15/44	264,705
250,000	Pfizer, Inc.	4.13%	12/15/46	254,974
				2,624,731
Road & Rail - 0.7%				
425,000	CSX Corp.....	3.40%	08/01/24	433,613
350,000	CSX Corp.....	2.60%	11/01/26	328,340
250,000	CSX Corp.....	3.80%	11/01/46	232,772
200,000	CSX Corp.....	4.50%	08/01/54	196,879
250,000	CSX Corp.....	4.25%	11/01/66	229,261
100,000	Kansas City Southern	4.95%	08/15/45	101,856
250,000	Norfolk Southern Corp.....	2.90%	06/15/26	241,066
300,000	Ryder System, Inc.	3.50%	06/01/17	302,569
425,000	Ryder System, Inc.	2.45%	09/03/19	427,620
300,000	Ryder System, Inc.	2.65%	03/02/20	301,985
250,000	Ryder System, Inc.	2.25%	09/01/21	244,413
300,000	Union Pacific Corp.....	3.75%	03/15/24	315,378
100,000	Union Pacific Corp.....	2.75%	03/01/26	97,630
183,000	Union Pacific Corp.....	4.15%	01/15/45	184,738
225,000	Union Pacific Corp.....	4.05%	03/01/46	226,216
100,000	Union Pacific Corp.....	3.35%	08/15/46	89,823
70,000	Union Pacific Corp.....	3.80%	10/01/51	65,526
				4,019,685
Semiconductors & Semiconductor Equipment - 0.3%				
100,000	Intel Corp.	1.70%	05/19/21	97,721
100,000	Intel Corp.	3.10%	07/29/22	102,911
375,000	Intel Corp.	2.70%	12/15/22	377,000
100,000	Intel Corp.	2.60%	05/19/26	96,838
160,000	Intel Corp.	4.80%	10/01/41	176,527
150,000	Intel Corp.	4.90%	07/29/45	168,204
300,000	Intel Corp.	4.10%	05/19/46	298,110
75,000	QUALCOMM, Inc.....	3.45%	05/20/25	76,395
				1,393,706

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Software - 0.9%				
\$ 150,000	Microsoft Corp.	1.30%	11/03/18	\$ 149,921
250,000	Microsoft Corp.	1.10%	08/08/19	246,732
75,000	Microsoft Corp.	1.85%	02/12/20	74,986
150,000	Microsoft Corp.	2.00%	11/03/20	150,236
250,000	Microsoft Corp.	1.55%	08/08/21	242,638
450,000	Microsoft Corp.	2.65%	11/03/22	452,983
100,000	Microsoft Corp.	2.00%	08/08/23	95,668
150,000	Microsoft Corp.	3.63%	12/15/23	158,128
200,000	Microsoft Corp.	3.13%	11/03/25	202,461
100,000	Microsoft Corp.	2.40%	08/08/26	94,590
100,000	Microsoft Corp.	3.45%	08/08/36	95,236
275,000	Microsoft Corp.	4.45%	11/03/45	293,713
350,000	Microsoft Corp.	3.70%	08/08/46	330,379
100,000	Oracle Corp.	2.25%	10/08/19	101,253
200,000	Oracle Corp.	1.90%	09/15/21	195,569
100,000	Oracle Corp.	2.50%	05/15/22	99,380
500,000	Oracle Corp.	2.40%	09/15/23	484,846
250,000	Oracle Corp.	3.40%	07/08/24	254,971
350,000	Oracle Corp.	2.65%	07/15/26	332,638
50,000	Oracle Corp.	3.85%	07/15/36	48,895
400,000	Oracle Corp.	5.38%	07/15/40	465,827
350,000	Oracle Corp.	4.00%	07/15/46	335,626
				4,906,676
Specialty Retail - 0.6%				
500,000	Home Depot (The), Inc.	2.00%	04/01/21	496,326
770,000	Home Depot (The), Inc.	4.40%	04/01/21	835,397
100,000	Home Depot (The), Inc.	3.35%	09/15/25	102,669
550,000	Home Depot (The), Inc.	3.00%	04/01/26	549,605
250,000	Home Depot (The), Inc.	2.13%	09/15/26	230,901
200,000	Home Depot (The), Inc.	5.40%	09/15/40	238,837
100,000	Home Depot (The), Inc.	4.40%	03/15/45	106,831
500,000	Home Depot (The), Inc.	4.25%	04/01/46	526,257
250,000	Home Depot (The), Inc.	3.50%	09/15/56	219,498
				3,306,321
Technology Hardware, Storage & Peripherals - 0.4%				
250,000	Apple, Inc.	1.10%	08/02/19	246,358
450,000	Apple, Inc.	2.85%	05/06/21	459,616
250,000	Apple, Inc.	1.55%	08/04/21	241,865
375,000	Apple, Inc.	2.40%	05/03/23	365,463
100,000	Apple, Inc.	2.45%	08/04/26	93,973
100,000	Apple, Inc.	4.45%	05/06/44	103,796
100,000	Apple, Inc.	3.45%	02/09/45	88,492
100,000	Apple, Inc.	4.65%	02/23/46	108,249
150,000	Hewlett Packard Enterprise Co.	2.45%	10/05/17	150,862
50,000	Hewlett Packard Enterprise Co.	2.85%	10/05/18	50,505
100,000	Hewlett Packard Enterprise Co.	3.60%	10/15/20	101,819
150,000	Hewlett Packard Enterprise Co.	4.40%	10/15/22	156,399
125,000	Hewlett Packard Enterprise Co.	4.90%	10/15/25	128,825
50,000	Hewlett Packard Enterprise Co.	6.35%	10/15/45	50,671
				2,346,893

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
CORPORATE BONDS AND NOTES (Continued)				
Textiles, Apparel & Luxury Goods - 0.1%				
\$ 250,000	NIKE, Inc.	2.38%	11/01/26	\$ 236,180
100,000	NIKE, Inc.	3.88%	11/01/45	98,821
250,000	NIKE, Inc.	3.38%	11/01/46	226,368
				561,369
Tobacco - 0.3%				
450,000	Reynolds American, Inc.	4.00%	06/12/22	471,240
300,000	Reynolds American, Inc.	4.45%	06/12/25	317,287
525,000	Reynolds American, Inc.	5.85%	08/15/45	623,984
				1,412,511
Water Utilities - 0.1%				
350,000	American Water Capital Corp.	3.40%	03/01/25	358,544
350,000	American Water Capital Corp.	4.00%	12/01/46	352,366
				710,910
	Total Corporate Bonds and Notes			216,245,279
	(Cost \$218,728,016)			
FOREIGN CORPORATE BONDS AND NOTES - 1.3%				
Auto Components - 0.0%				
100,000	Delphi Automotive PLC	4.40%	10/01/46	92,245
Banks - 0.5%				
500,000	HSBC Holdings PLC (a)	3.19%	03/08/21	523,315
700,000	HSBC Holdings PLC (a)	2.59%	05/25/21	715,436
475,000	HSBC Holdings PLC	2.65%	01/05/22	464,047
625,000	HSBC Holdings PLC	3.90%	05/25/26	630,006
350,000	HSBC Holdings PLC	4.38%	11/23/26	353,302
250,000	Standard Chartered PLC (b)	2.10%	08/19/19	247,300
				2,933,406
Biotechnology - 0.1%				
100,000	Shire Acquisitions Investments Ireland DAC	1.90%	09/23/19	98,797
100,000	Shire Acquisitions Investments Ireland DAC	2.40%	09/23/21	96,706
100,000	Shire Acquisitions Investments Ireland DAC	2.88%	09/23/23	95,188
				290,691
Capital Markets - 0.0%				
200,000	Credit Suisse	5.40%	01/14/20	214,578
Chemicals - 0.0%				
75,000	LYB International Finance, B.V.	4.88%	03/15/44	77,962
Diversified Financial Services - 0.3%				
444,000	GE Capital International Funding Co.	4.42%	11/15/35	466,171
250,000	Shell International Finance, B.V.	2.88%	05/10/26	241,992
250,000	Shell International Finance, B.V.	2.50%	09/12/26	234,865
250,000	Shell International Finance, B.V.	4.00%	05/10/46	239,671
250,000	Shell International Finance, B.V.	3.75%	09/12/46	230,633
				1,413,332
Diversified Telecommunication Services - 0.1%				
150,000	Deutsche Telekom International Finance, B.V. (b)	1.95%	09/19/21	144,698
150,000	Deutsche Telekom International Finance, B.V. (b)	2.49%	09/19/23	143,498
				288,196

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
FOREIGN CORPORATE BONDS AND NOTES (Continued)				
Metals & Mining - 0.0%				
\$ 186,000	Rio Tinto Finance USA, Ltd.	3.75%	06/15/25	\$ 191,881
Oil, Gas & Consumable Fuels - 0.2%				
100,000	BP Capital Markets PLC.	2.11%	09/16/21	98,181
100,000	BP Capital Markets PLC.	3.12%	05/04/26	97,784
100,000	BP Capital Markets PLC.	3.02%	01/16/27	96,630
100,000	Canadian Natural Resources, Ltd.	3.80%	04/15/24	99,814
250,000	Enbridge, Inc.	4.25%	12/01/26	256,478
250,000	Enbridge, Inc.	5.50%	12/01/46	268,510
200,000	Petroleos Mexicanos (b)	5.38%	03/13/22	205,046
				1,122,443
Pharmaceuticals - 0.1%				
300,000	Actavis Funding SCS	3.45%	03/15/22	304,852
300,000	Actavis Funding SCS	3.80%	03/15/25	300,879
100,000	Actavis Funding SCS	4.75%	03/15/45	98,551
				704,282
	Total Foreign Corporate Bonds and Notes			7,329,016
	(Cost \$7,369,073)			

Principal Value	Description	Annualized Yield on Date of Purchase	Stated Maturity	Value
COMMERCIAL PAPER - 1.1%				
Building Products - 0.2%				
900,000	Tyco International Holding S.a.r.l.	0.90%	01/03/17	899,924
Electronic Equipment, Instruments & Components - 0.2%				
900,000	Amphenol Corp.	0.80%	01/03/17	899,924
Food & Staples Retailing - 0.2%				
900,000	Kroger (The) Co.	0.85%	01/03/17	899,924
Health Care Providers & Services - 0.1%				
693,000	UnitedHealth Group, Inc.	0.80%	01/03/17	692,943
Hotels, Restaurants & Leisure - 0.2%				
950,000	Wyndham Worldwide Corp.	0.85%	01/03/17	949,891
Oil, Gas & Consumable Fuels - 0.1%				
900,000	Energy Transfer Partners L.P.	1.50%	01/04/17	899,870
Specialty Retail - 0.1%				
875,000	AutoNation, Inc.	1.25%	01/03/17	874,900
	Total Commercial Paper			6,117,376
	(Cost \$6,117,624)			

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT BONDS AND NOTES - 1.0%				
\$ 350,000	U.S. Treasury Bond	2.25%	08/15/46	\$ 294,301
1,125,000	U.S. Treasury Note (c)	0.88%	10/15/17	1,125,307
240,000	U.S. Treasury Note	1.75%	11/30/21	238,242
3,800,000	U.S. Treasury Note	2.13%	11/30/23	3,775,285
	Total U.S. Government Bonds and Notes			<u>5,433,135</u>
	(Cost \$5,403,305)			
	Total Investments - 98.0%			533,128,414
	(Cost \$503,524,177) (d)			
	Net Other Assets and Liabilities - 2.0%			10,840,144
	Net Assets - 100.0%			<u>\$ 543,968,558</u>

- (a) Floating rate security. The interest rate shown reflects the rate in effect at December 31, 2016.
- (b) This security, sold within the terms of a private placement memorandum, is exempt from registration upon resale under Rule 144A under the Securities Act of 1933, as amended, and may be resold in transactions exempt from registration, normally to qualified institutional buyers. Pursuant to procedures adopted by the Trust's Board of Trustees, this security has been determined to be liquid by First Trust Advisors L.P., the Fund's advisor. Although market instability can result in periods of increased overall market illiquidity, liquidity for each security is determined based on security-specific factors and assumptions, which require subjective judgement. At December 31, 2016, securities noted as such amounted to \$3,834,294 or 0.70% of net assets.
- (c) All or a portion of this security is segregated as collateral for open futures contracts.
- (d) Aggregate cost for federal income tax purposes is \$503,810,641. As of December 31, 2016, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$35,897,512 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$6,579,739.

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of December 31, 2016 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

ASSETS TABLE

	Total Value at 12/31/2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Common Stocks*	\$ 298,003,608	\$ 298,003,608	\$ —	\$ —
Corporate Bonds and Notes*	216,245,279	—	216,245,279	—
Foreign Corporate Bonds and Notes*	7,329,016	—	7,329,016	—
Commercial Paper*	6,117,376	—	6,117,376	—
U.S. Government Bonds and Notes	5,433,135	—	5,433,135	—
Total Investments	<u>\$ 533,128,414</u>	<u>\$ 298,003,608</u>	<u>\$ 235,124,806</u>	<u>\$ —</u>
Other Financial Instruments:				
Futures Contracts**	15,531	15,531	—	—
Total	<u>\$ 533,143,945</u>	<u>\$ 298,019,139</u>	<u>\$ 235,124,806</u>	<u>\$ —</u>

LIABILITIES TABLE

	Total Value at 12/31/2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Futures Contracts**	<u>\$ (9,656)</u>	<u>\$ (9,656)</u>	<u>\$ —</u>	<u>\$ —</u>

* See Portfolio of Investments for industry breakout.

** Includes accumulated appreciation/depreciation on futures contracts as presented on the Statements of Operations. Only the current day's variation margin is presented on the Statements of Assets and Liabilities.

All transfers in and out of the Levels during the period are assumed to be transferred on the last day of the period at their current value. There were no transfers between Levels at December 31, 2016.

Open Futures Contracts at December 31, 2016 (see Note 2D - Futures Contracts in the Notes to Financial Statements):

Short Futures Contracts	Number of Contracts	Expiration Month	Notional Value	Unrealized Appreciation/ (Depreciation)
U.S. Treasury 5-Year Notes	45	Mar-2017	\$ 5,294,883	\$ 7,031
U.S. Treasury 10-Year Notes	24	Mar-2017	2,982,750	6,375
U.S. Treasury CME Ultra Long Term Bonds	3	Mar-2017	480,750	(9,656)
U.S. Treasury Ultra 10-Year Notes	50	Mar-2017	6,703,125	2,125
Total Futures Contracts			<u>\$ 15,461,508</u>	<u>\$ 5,875</u>

First Trust Multi Income Allocation Portfolio
Portfolio of Investments
December 31, 2016

Shares	Description	Value
EXCHANGE-TRADED FUNDS — 40.0%		
Capital Markets — 40.0%		
600	First Trust Low Duration Opportunities ETF (a)	\$ 31,308
64,727	First Trust Preferred Securities and Income ETF (a)	1,229,166
59,444	First Trust Senior Loan Fund (a)	2,886,006
25,954	First Trust Tactical High Yield ETF (a)	1,251,761
250	iShares 20+ Year Treasury Bond ETF	29,783
255	iShares 7-10 Year Treasury Bond ETF	26,729
13,168	iShares iBoxx \$ Investment Grade Corporate Bond ETF	1,543,026
2,302	iShares MBS ETF	244,795
1	Vanguard Mortgage-Backed Securities ETF	52
Total Exchange-Traded Funds		<u>7,242,626</u>
(Cost \$7,308,806)		
COMMON STOCKS — 21.8%		
Aerospace & Defense — 0.8%		
434	General Dynamics Corp.	74,935
492	Raytheon Co.	69,864
		<u>144,799</u>
Banks — 1.9%		
1,144	JPMorgan Chase & Co.	98,716
1,501	U.S. Bancorp	77,106
1,661	Webster Financial Corp.	90,159
1,338	Wells Fargo & Co.	73,737
		<u>339,718</u>
Capital Markets — 0.3%		
168	BlackRock, Inc.	63,931
Chemicals — 0.6%		
486	International Flavors & Fragrances, Inc.	57,265
567	LyondellBasell Industries N.V., Class A	48,637
		<u>105,902</u>
Communications Equipment — 0.4%		
2,326	Cisco Systems, Inc.	70,292
Consumer Finance — 0.5%		
984	Capital One Financial Corp.	85,844
Diversified Telecommunication Services — 0.3%		
1,180	Verizon Communications, Inc.	62,988
Electric Utilities — 1.8%		
496	Alliant Energy Corp.	18,793
566	American Electric Power Co., Inc.	35,635
382	Duke Energy Corp.	29,651
911	Edison International	65,583
354	Emera, Inc. (CAD)	11,967
643	Eversource Energy	35,513
446	NextEra Energy, Inc.	53,279
867	Pinnacle West Capital Corp.	67,652
		<u>318,073</u>

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Shares	Description	Value
COMMON STOCKS (Continued)		
Electrical Equipment — 0.3%		
915	Eaton Corp. PLC	\$ 61,387
Energy Equipment & Services — 0.3%		
584	Schlumberger Ltd.	49,027
Food & Staples Retailing — 0.3%		
712	CVS Health Corp.	56,184
Gas Utilities — 0.3%		
176	Atmos Energy Corp.	13,050
177	Chesapeake Utilities Corp.	11,850
337	New Jersey Resources Corp.	11,964
502	UGI Corp.	23,132
		<u>59,996</u>
Health Care Equipment & Supplies — 0.7%		
1,621	Abbott Laboratories	62,263
862	Medtronic PLC	61,400
		<u>123,663</u>
Health Care Providers & Services — 0.8%		
582	Aetna, Inc.	72,174
1,010	Cardinal Health, Inc.	72,690
		<u>144,864</u>
Hotels, Restaurants & Leisure — 0.7%		
1,401	Carnival Corp.	72,936
1,039	Starbucks Corp.	57,685
		<u>130,621</u>
Industrial Conglomerates — 1.2%		
2,210	General Electric Co.	69,836
635	Honeywell International, Inc.	73,565
624	Siemens AG, ADR	76,390
		<u>219,791</u>
Insurance — 0.8%		
1,999	FNF Group	67,886
1,478	MetLife, Inc.	79,649
		<u>147,535</u>
IT Services — 0.8%		
716	Accenture PLC, Class A	83,865
880	Fidelity National Information Services, Inc.	66,563
		<u>150,428</u>
Machinery — 0.4%		
379	Snap-on, Inc.	64,911
Media — 0.3%		
771	Scripps Networks Interactive, Inc., Class A	55,026
Multi-Utilities — 0.8%		
407	National Grid PLC, ADR	23,740
808	Public Service Enterprise Group, Inc.	35,455
473	SCANA Corp.	34,661
340	Sempra Energy	34,218
398	WEC Energy Group, Inc.	23,343
		<u>151,417</u>

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Shares	Description	Value
COMMON STOCKS (Continued)		
Oil, Gas & Consumable Fuels — 2.8%		
585	Chevron Corp.	\$ 68,855
1,377	Enbridge Income Fund Holdings, Inc. (CAD)	35,660
263	Enbridge, Inc.	11,078
884	Exxon Mobil Corp.	79,790
1,073	Inter Pipeline Ltd. (CAD)	23,687
3,406	Kinder Morgan, Inc.	70,538
618	Targa Resources Corp.	34,651
1,585	TOTAL S.A., ADR	80,788
2,092	TransCanada Corp.	94,454
		499,501
Pharmaceuticals — 0.4%		
677	Johnson & Johnson	77,997
Road & Rail — 0.3%		
619	Union Pacific Corp.	64,178
Semiconductors & Semiconductor Equipment — 0.7%		
327	Broadcom Ltd.	57,804
1,695	Intel Corp.	61,478
		119,282
Software — 0.8%		
1,448	Microsoft Corp.	89,979
1,468	Oracle Corp.	56,445
		146,424
Specialty Retail — 0.8%		
619	Home Depot (The), Inc.	82,996
860	TJX (The) Cos., Inc.	64,612
		147,608
Technology Hardware, Storage & Peripherals — 0.4%		
574	Apple, Inc.	66,481
Textiles, Apparel & Luxury Goods — 0.6%		
1,145	NIKE, Inc., Class B	58,200
876	VF Corp.	46,735
		104,935
Tobacco — 0.7%		
955	Altria Group, Inc.	64,577
505	British American Tobacco PLC, ADR	56,898
		121,475
	Total Common Stocks	3,954,278
	(Cost \$3,672,069)	
REAL ESTATE INVESTMENT TRUSTS — 10.6%		
Diversified REITs — 1.7%		
7,511	Lexington Realty Trust	81,119
685	PS Business Parks, Inc.	79,816
2,752	STORE Capital Corp.	68,002
2,551	Washington Real Estate Investment Trust	83,392
		312,329

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Shares	Description	Value
REAL ESTATE INVESTMENT TRUSTS (Continued)		
Health Care REITs — 1.2%		
1,006	National Health Investors, Inc.	\$ 74,615
2,409	Omega Healthcare Investors, Inc.	75,305
3,829	Physicians Realty Trust	72,598
		222,518
Hotel & Resort REITs — 1.0%		
2,683	Hospitality Properties Trust	85,158
4,671	Host Hotels & Resorts, Inc.	88,002
		173,160
Industrial REITs — 0.9%		
2,925	Duke Realty Corp.	77,688
1,445	Prologis, Inc.	76,282
		153,970
Residential REITs — 1.7%		
1,661	Apartment Investment & Management Co., Class A	75,492
430	AvalonBay Communities, Inc.	76,174
1,023	Equity LifeStyle Properties, Inc.	73,758
781	Mid-America Apartment Communities, Inc.	76,476
		301,900
Retail REITs — 1.6%		
2,879	Kimco Realty Corp.	72,436
1,661	National Retail Properties, Inc.	73,416
4,902	Retail Properties of America, Inc., Class A	75,148
403	Simon Property Group, Inc.	71,601
		292,601
Specialized REITs — 2.5%		
1,703	CyrusOne, Inc.	76,175
786	Digital Realty Trust, Inc.	77,232
1,045	EPR Properties	75,000
990	Extra Space Storage, Inc.	76,468
897	Life Storage, Inc.	76,478
1,615	QTS Realty Trust, Inc., Class A	80,185
		461,538
	Total Real Estate Investment Trusts	1,918,016
	(Cost \$1,777,125)	

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT BONDS AND NOTES — 9.4%				
\$ 29,366	U.S. Treasury Inflation Indexed Bond	2.38%	01/15/27	\$ 34,433
68,075	U.S. Treasury Inflation Indexed Bond	1.75%	01/15/28	76,084
39,405	U.S. Treasury Inflation Indexed Bond	2.50%	01/15/29	47,584
5,881	U.S. Treasury Inflation Indexed Bond	3.88%	04/15/29	8,033
30,096	U.S. Treasury Inflation Indexed Bond	3.38%	04/15/32	41,655
23,485	U.S. Treasury Inflation Indexed Bond	2.13%	02/15/40	29,133
37,308	U.S. Treasury Inflation Indexed Bond	2.13%	02/15/41	46,519
27,599	U.S. Treasury Inflation Indexed Bond	0.75%	02/15/42	26,181
42,685	U.S. Treasury Inflation Indexed Bond	0.63%	02/15/43	39,161
32,982	U.S. Treasury Inflation Indexed Bond	1.38%	02/15/44	36,052
31,103	U.S. Treasury Inflation Indexed Bond	0.75%	02/15/45	29,321
29,584	U.S. Treasury Inflation Indexed Bond	1.00%	02/15/46	29,742
88,151	U.S. Treasury Inflation Indexed Note.....	0.13%	04/15/18	88,979
38,112	U.S. Treasury Inflation Indexed Note.....	1.38%	07/15/18	39,563
2,252	U.S. Treasury Inflation Indexed Note.....	2.13%	01/15/19	2,380
98,929	U.S. Treasury Inflation Indexed Note.....	0.13%	04/15/19	100,195
20,377	U.S. Treasury Inflation Indexed Note.....	1.88%	07/15/19	21,707
29,510	U.S. Treasury Inflation Indexed Note.....	1.38%	01/15/20	31,050
75,350	U.S. Treasury Inflation Indexed Note.....	0.13%	04/15/20	76,159
50,985	U.S. Treasury Inflation Indexed Note.....	1.25%	07/15/20	53,873
57,680	U.S. Treasury Inflation Indexed Note.....	1.13%	01/15/21	60,554
45,895	U.S. Treasury Inflation Indexed Note.....	0.13%	04/15/21	46,189
55,769	U.S. Treasury Inflation Indexed Note.....	0.63%	07/15/21	57,590
63,971	U.S. Treasury Inflation Indexed Note.....	0.13%	01/15/22	64,134
62,016	U.S. Treasury Inflation Indexed Note.....	0.13%	07/15/22	62,225
61,785	U.S. Treasury Inflation Indexed Note.....	0.13%	01/15/23	61,382
61,282	U.S. Treasury Inflation Indexed Note.....	0.38%	07/15/23	61,884
61,121	U.S. Treasury Inflation Indexed Note.....	0.63%	01/15/24	62,248
60,266	U.S. Treasury Inflation Indexed Note.....	0.13%	07/15/24	59,258
60,212	U.S. Treasury Inflation Indexed Note.....	0.25%	01/15/25	59,257
53,218	U.S. Treasury Inflation Indexed Note.....	2.38%	01/15/25	61,149
60,138	U.S. Treasury Inflation Indexed Note.....	0.38%	07/15/25	59,848
63,072	U.S. Treasury Inflation Indexed Note.....	0.63%	01/15/26	63,664
35,927	U.S. Treasury Inflation Indexed Note.....	2.00%	01/15/26	40,510
35,295	U.S. Treasury Inflation Indexed Note.....	0.13%	07/15/26	34,151
	Total U.S. Government Bonds and Notes			1,711,847
	(Cost \$1,722,791)			

Units	Description	Value
MASTER LIMITED PARTNERSHIPS — 9.3%		
Chemicals — 0.2%		
2,068	Westlake Chemical Partners, L.P.	44,876
Gas Utilities — 0.4%		
1,404	AmeriGas Partners, L.P.	67,280
Independent Power and Renewable Electricity Producers — 0.4%		
3,018	NextEra Energy Partners, L.P.	77,080

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Units	Description	Value
MASTER LIMITED PARTNERSHIPS (Continued)		
Oil, Gas & Consumable Fuels — 8.3%		
916	Alliance Holdings GP, L.P.	\$ 25,740
2,603	Alliance Resource Partners, L.P.	58,437
480	Buckeye Partners, L.P.	31,757
810	Dominion Midstream Partners L.P.	23,935
5,548	Enbridge Energy Partners, L.P.	141,363
8,777	Enterprise Products Partners, L.P.	237,330
1,410	EQT Midstream Partners, L.P.	108,119
3,579	Holly Energy Partners, L.P.	114,743
1,867	Magellan Midstream Partners, L.P.	141,201
1,681	NGL Energy Partners, L.P.	35,301
1,322	ONEOK Partners, L.P.	56,859
726	Phillips 66 Partners, L.P.	35,313
3,774	Plains All American Pipeline, L.P.	121,862
816	Shell Midstream Partners L.P.	23,737
3,368	Spectra Energy Partners, L.P.	154,389
755	Tallgrass Energy Partners, L.P.	35,825
2,060	TC PipeLines, L.P.	121,210
260	TransMontaigne Partners, L.P.	11,510
622	Williams Partners, L.P.	23,655
		1,502,286
	Total Master Limited Partnerships	1,691,522
	(Cost \$1,449,962)	

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES — 6.3%				
Collateralized Mortgage Obligations — 3.6%				
Fannie Mae REMICS				
\$ 59	Series 1988-16, Class B	9.50%	06/25/18	60
991	Series 1988-30, Class D	9.50%	12/25/18	1,034
289	Series 1989-69, Class G	7.60%	10/25/19	301
888	Series 1989-82, Class G	8.40%	11/25/19	953
21,956	Series 1990-37, Class K	9.50%	04/25/20	23,082
3,034	Series 1990-109, Class J	7.00%	09/25/20	3,170
1,363	Series 1992-24, Class Z	6.50%	04/25/22	1,471
50	Series 1992-44, Class ZQ	8.00%	07/25/22	52
3,028	Series 1993-1, Class KA	7.90%	01/25/23	3,392
2,053	Series 1993-62, Class E	7.00%	04/25/23	2,249
720	Series 1993-119, Class H	6.50%	07/25/23	789
4,588	Series 1993-178, Class PK	6.50%	09/25/23	5,048
4,491	Series 1995-24, Class G	6.50%	04/25/23	4,871
2,540	Series 1999-56, Class Z	7.00%	12/18/29	2,872
67	Series 2002-2, Class UC	6.00%	02/25/17	66
49,067	Series 2002-9, Class MS, IO (b)	7.34%	03/25/32	10,092
420	Series 2002-10, Class FB (b)	1.26%	03/25/17	420
56	Series 2002-19, Class PE	6.00%	04/25/17	56
2,124	Series 2002-67, Class PE	5.50%	11/25/32	2,357
5,620	Series 2002-90, Class A1	6.50%	06/25/42	6,554
139	Series 2003-9, Class EB	5.00%	02/25/18	141

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES (Continued)				
Collateralized Mortgage Obligations (Continued)				
Fannie Mae REMICS (Continued)				
\$ 5,519	Series 2003-14, Class AQ	3.50%	03/25/33	\$ 5,633
7,887	Series 2003-41, Class OA	4.00%	05/25/33	8,245
255	Series 2003-92, Class HP	4.50%	09/25/18	261
10,508	Series 2004-10, Class ZB	6.00%	02/25/34	12,576
7,294	Series 2004-76, Class CL	4.00%	10/25/19	7,408
6,020	Series 2004-92, Class S, IO (b)	5.94%	08/25/34	409
1,674	Series 2005-46, Class LW	5.00%	06/25/20	1,702
252	Series 2005-48, Class MD	5.00%	04/25/34	256
11,794	Series 2005-68, Class BC	5.25%	06/25/35	12,397
6,394	Series 2005-70, Class KJ	5.50%	09/25/34	6,600
24,558	Series 2005-79, Class NF (b)	1.17%	09/25/35	24,530
224	Series 2005-120, Class NF (b)	0.86%	01/25/21	224
21	Series 2010-39, Class PG	4.00%	06/25/38	21
1,558	Series 2011-38, Class AH	2.75%	05/25/20	1,573
4,004	Series 2012-35, Class PL	2.00%	11/25/41	3,936
1,354	Series 2013-14, Class QE	1.75%	03/25/43	1,322
60,686	Series 2013-31, Class NT	3.00%	04/25/43	61,833
Fannie Mae REMIC Trust				
24,719	Series 2007-W8, Class 1A5 (b)	6.27%	09/25/37	26,292
Fannie Mae Trust				
7,466	Series 2004-W8, Class 3A	7.50%	06/25/44	8,576
FHLMC - GNMA				
579	Series 1993-5, Class HA	7.50%	02/25/23	628
1,271	Series 1994-27, Class D	7.00%	03/25/24	1,413
Freddie Mac REMICS				
1,547	Series 1988-23, Class F	9.60%	04/15/20	1,622
1,178	Series 1989-84, Class F	9.20%	10/15/20	1,254
5,114	Series 1991-1074, Class I	6.75%	05/15/21	5,342
3,141	Series 1991-1078, Class GZ	6.50%	05/15/21	3,234
990	Series 1992-1250, Class J	7.00%	05/15/22	1,082
29,636	Series 1992-1401, Class Q (b)	1.30%	10/15/22	29,964
7,876	Series 1994-1673, Class FB (b)	1.76%	02/15/24	7,840
1,514	Series 1996-1807, Class G	9.00%	10/15/20	1,592
95	Series 1996-1847, Class LL	7.50%	04/15/26	106
20,175	Series 1998-2033, Class IA, IO	7.00%	02/15/28	2,741
290	Series 1998-2056, Class TD	6.50%	05/15/18	297
5,238	Series 1999-2130, Class KB	6.38%	03/15/29	5,723
15,931	Series 1999-2174, Class PN	6.00%	07/15/29	17,672
10,735	Series 2001-2277, Class B	7.50%	01/15/31	12,288
23	Series 2002-2399, Class PG	6.00%	01/15/17	23
113	Series 2002-2447, Class LB	5.50%	05/15/17	113
761	Series 2002-2453, Class BD	6.00%	05/15/17	771
10,112	Series 2002-2542, Class ES	5.00%	12/15/17	10,236
677	Series 2003-2559, Class PB	5.50%	08/15/30	701
5,056	Series 2003-2590, Class NV	5.00%	03/15/18	5,142
3,347	Series 2003-2649, Class KA	4.50%	07/15/18	3,405
23,695	Series 2004-2768, Class PW	4.25%	03/15/34	24,301
10,000	Series 2004-2778, Class MM	5.25%	04/15/34	10,972

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES (Continued)				
Collateralized Mortgage Obligations (Continued)				
Freddie Mac REMICS (Continued)				
\$ 1,288	Series 2004-2780, Class JA	4.50%	04/15/19	\$ 1,335
1,080	Series 2005-2922, Class QE	5.00%	05/15/34	1,110
33,449	Series 2005-2958, Class QJ	4.00%	04/15/20	34,245
41,210	Series 2006-3114, Class GI, IO (b)	5.90%	02/15/36	9,261
59,178	Series 2006-3199, Class DS, IO (b)	6.45%	08/15/36	11,629
1,880	Series 2006-3237, Class CB	5.50%	07/15/36	1,967
27,926	Series 2010-3758, Class M	4.50%	10/15/38	29,300
6,354	Series 2010-3775, Class KZ	4.00%	08/15/25	6,561
15,965	Series 2011-3824, Class FA (b)	0.85%	03/15/26	15,932
3,974	Series 2012-3994, Class AE	1.63%	02/15/22	3,970
2,774	Series 2012-4097, Class DC	1.50%	06/15/41	2,668
19,381	Series 2013-4178, Class ZN	3.50%	03/15/43	17,155
5,070	Series 2013-4253, Class TD	2.00%	07/15/40	5,079
Freddie Mac Strips				
28,368	Series 1994-169, Class IO, IO	8.50%	03/01/23	5,687
Government National Mortgage Association				
16,071	Series 1999-30, Class S, IO (b)	7.89%	08/16/29	3,482
48,227	Series 2002-92, Class PB	5.50%	12/20/32	53,505
1,562	Series 2004-42, Class LE	5.50%	07/20/33	1,568
323	Series 2008-85, Class HP	4.00%	04/20/38	325
12,032	Series 2009-29, Class TA	4.50%	03/16/39	12,725
367	Series 2009-81, Class PA	5.50%	02/16/38	385
1,916	Series 2009-93, Class PB	3.00%	12/16/38	1,938
11,376	Series 2009-102, Class MA	4.00%	06/16/39	11,778
7,927	Series 2010-44, Class NK	4.00%	10/20/37	8,073
601	Series 2010-117, Class MA	2.50%	09/16/23	606
4,939	Series 2010-121, Class PQ	3.00%	02/20/39	5,007
4,698	Series 2011-136, Class GB	2.50%	05/20/40	4,713
41,510	Series 2013-20, Class KI, IO	5.00%	01/20/43	7,243
				658,533
Pass-through Securities — 2.7%				
Federal Home Loan Mortgage Corporation				
19,679	Pool A47829	4.00%	08/01/35	20,760
11,679	Pool C01252	6.50%	11/01/31	13,587
25,289	Pool G06358	4.00%	04/01/41	26,754
4,968	Pool G11418	6.50%	07/01/17	5,000
4,801	Pool O20138	5.00%	11/01/30	5,225
27,990	Pool U90316	4.00%	10/01/42	29,670
Federal National Mortgage Association				
8,868	Pool 888366	7.00%	04/01/37	10,420
19,934	Pool 890383	4.00%	01/01/42	21,080
57,300	Pool AD0659	6.00%	02/01/23	61,794
14,940	Pool AH1568	4.50%	12/01/40	16,157
12,588	Pool AL0791	4.00%	02/01/41	13,331
32,861	Pool AS9194	4.50%	12/01/44	35,939
61,971	Pool AU4289	4.00%	09/01/43	65,508
9,924	Pool MA0561	4.00%	11/01/40	10,475
48,718	Pool MA1028	4.00%	04/01/42	51,474

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES (Continued)				
Pass-through Securities (Continued)				
Government National Mortgage Association				
\$ 15,514	Pool 3428	5.00%	08/20/33	\$ 17,296
16,786	Pool 3500	5.50%	01/20/34	18,850
11,813	Pool 3711	5.50%	05/20/35	13,269
37,364	Pool MA3525	5.50%	03/20/46	41,810
				478,399
	Total U.S. Government Agency Mortgage-Backed Securities			1,136,932
	(Cost \$1,135,892)			
MORTGAGE-BACKED SECURITIES — 0.6%				
Collateralized Mortgage Obligations — 0.4%				
Credit Suisse First Boston Mortgage Securities Corp.				
2,391	Series 2004-4, Class 1A3	5.75%	08/25/34	2,429
13,180	Series 2004-6, Class 2A1	4.75%	09/25/19	13,419
Jefferies Resecuritization Trust				
4,827	Series 2009-R7, Class 4A1 (b) (c)	3.21%	09/26/34	4,815
JPMorgan Resecuritization Trust				
6,196	Series 2009-7, Class 5A1 (b) (c)	6.00%	02/27/37	6,216
MASTR Alternative Loan Trust				
5,142	Series 2004-10, Class 2A1	5.50%	10/25/19	5,277
MASTR Asset Securitization Trust				
5,288	Series 2003-5, Class 2A1	5.00%	06/25/18	5,485
7,201	Series 2004-1, Class 5A4	5.50%	02/25/34	7,374
RAAC Trust				
3,040	Series 2005-SP1, Class 2A1	5.25%	09/25/34	3,099
Structured Asset Mortgage Investments Trust				
13,240	Series 1999-1, Class 2A (b)	8.91%	06/25/29	13,490
Structured Asset Securities Corp. Mortgage Pass-Through Certificates				
2,650	Series 2004-21XS, Class 2A6A	5.24%	12/25/34	2,699
WAMU Mortgage Pass-Through Certificates				
374	Series 2002-S8, Class 2A7	5.25%	01/25/18	376
Wells Fargo Alternative Loan Trust				
657	Series 2007-PA5, Class 2A1	6.00%	11/25/22	661
Wells Fargo Mortgage Backed-Securities Trust				
2,606	Series 2006-17, Class A4	5.50%	11/25/21	2,681
				68,021
Commercial Mortgage-Backed Securities — 0.2%				
Bear Stearns Commercial Mortgage Securities Trust				
29,172	Series 2007-PW16, Class A1A (b)	5.71%	06/11/40	29,455
18,850	Series 2007-PW16, Class A4 (b)	5.71%	06/11/40	18,874
				48,329
	Total Mortgage-Backed Securities			116,350
	(Cost \$115,593)			

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Principal Value	Description	Stated Coupon	Stated Maturity	Value
ASSET-BACKED SECURITIES — 0.1%				
\$ 991	AFC Home Equity Loan Trust Series 1997-4, Class 1A2 (b)	1.29%	12/22/27	\$ 888
7,027	Bear Stearns Asset Backed Securities Trust Series 2005-SD1, Class 1A3 (b)	0.98%	08/25/43	6,984
1,134	Conseco Financial Corp. Series 1993-4, Class A5	7.05%	01/15/19	1,151
	Total Asset-Backed Securities			<u>9,023</u>
	(Cost \$8,752)			
	Total Investments — 98.1%			17,780,594
	(Cost \$17,190,990) (d)			
	Net Other Assets and Liabilities — 1.9%			340,466
	Net Assets — 100.0%			<u>\$ 18,121,060</u>

- (a) Investment in an affiliated fund.
- (b) Floating or variable rate security. The interest rate shown reflects the rate in effect at December 31, 2016.
- (c) This security, sold within the terms of a private placement memorandum, is exempt from registration upon resale under Rule 144A under the Securities Act of 1933, as amended, and may be resold in transactions exempt from registration, normally to qualified institutional buyers. Pursuant to procedures adopted by the Trust's Board of Trustees, this security has been determined to be liquid by First Trust Advisors L.P., the Fund's advisor. Although market instability can result in periods of increased overall market illiquidity, liquidity for each security is determined based on security-specific factors and assumptions, which require subjective judgment. At December 31, 2016, securities noted as such amounted to \$11,031 or 0.06% of net assets.
- (d) Aggregate cost for federal income tax purposes is \$17,497,434. As of December 31, 2016, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$605,524 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$322,364.

ADR American Depositary Receipt

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

IO Interest-Only Security – Principal amount shown represents par value on which interest payments are based.

First Trust Multi Income Allocation Portfolio
Portfolio of Investments (Continued)
December 31, 2016

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of December 31, 2016 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

	Total Value at 12/31/2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Exchange-Traded Funds*	\$ 7,242,626	\$ 7,242,626	\$ —	\$ —
Common Stocks*	3,954,278	3,954,278	—	—
Real Estate Investment Trusts*	1,918,016	1,918,016	—	—
U.S. Government Bonds and Notes	1,711,847	—	1,711,847	—
Master Limited Partnerships*	1,691,522	1,691,522	—	—
U.S. Government Agency Mortgage-Backed Securities	1,136,932	—	1,136,932	—
Mortgage-Backed Securities	116,350	—	116,350	—
Asset-Backed Securities	9,023	—	9,023	—
Total Investments	\$ 17,780,594	\$ 14,806,442	\$ 2,974,152	\$ —

* See Portfolio of Investments for industry breakout.

All transfers in and out of the Levels during the period are assumed to be transferred on the last day of the period at their current value. There were no transfers between Levels at December 31, 2016.

First Trust Dorsey Wright Tactical Core Portfolio
Portfolio of Investments
December 31, 2016

Shares	Description	Value
EXCHANGE-TRADED FUNDS - 97.1%		
Capital Markets - 97.1%		
3,508	First Trust Brazil AlphaDEX® Fund (a)	\$ 47,954
2,576	First Trust Developed Markets ex-US AlphaDEX® Fund (a)	121,845
11,472	First Trust Dow Jones Internet Index Fund (a) (b)	915,810
5,922	First Trust Emerging Markets AlphaDEX® Fund (a)	120,217
60,848	First Trust Energy AlphaDEX® Fund (a)	1,004,600
1,348	First Trust Germany AlphaDEX® Fund (a)	49,013
26,079	First Trust Industrials/Producer Durables AlphaDEX® Fund (a)	857,478
1,666	First Trust Chindia ETF (a)	45,532
19,913	First Trust Large Cap Growth AlphaDEX® Fund (a)	976,533
2,700	First Trust Latin America AlphaDEX® Fund (a)	50,247
19,138	First Trust Mid Cap Core AlphaDEX® Fund (a)	1,079,192
17,281	First Trust NASDAQ-100-Technology Sector Index Fund (a)	910,017
29,139	First Trust Small Cap Growth AlphaDEX® Fund (a)	1,009,666
1,248	First Trust Switzerland AlphaDEX® Fund (a)	50,943
34,767	First Trust Utilities AlphaDEX® Fund (a)	929,322
5,453	iShares Core U.S. Aggregate Bond ETF	589,251
7,766	SPDR Bloomberg Barclays Convertible Securities ETF	354,518
9,371	SPDR Bloomberg Barclays High Yield Bond ETF	341,573
9,637	SPDR Bloomberg Barclays Intermediate Term Corporate Bond ETF	326,791
7,709	SPDR Wells Fargo Preferred Stock ETF	323,393
	Total Investments – 97.1%	10,103,895
	(Cost \$9,912,996) (c)	
	Net Other Assets and Liabilities – 2.9%	306,098
	Net Assets – 100.0%	\$ 10,409,993

- (a) Investment in an affiliated fund.
(b) Non-income producing security.
(c) Aggregate cost for federal income tax purposes is \$9,929,647. As of December 31, 2016, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$270,937 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$96,689.

Valuation Inputs

A summary of the inputs used to value the Fund's investments as of December 31, 2016 is as follows (see Note 2A - Portfolio Valuation in the Notes to Financial Statements):

	Total Value at 12/31/2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Exchange-Traded Funds*	\$ 10,103,895	\$ 10,103,895	\$ —	\$ —

* See Portfolio of Investments for industry breakout.

All transfers in and out of the Levels during the period are assumed to be transferred on the last day of the period at their current value. There were no transfers between Levels at December 31, 2016.

First Trust Variable Insurance Trust
Statements of Assets and Liabilities
December 31, 2016

	First Trust/Dow Jones Dividend & Income Allocation Portfolio	First Trust Multi Income Allocation Portfolio	First Trust Dorsey Wright Tactical Core Portfolio
ASSETS:			
Investments, at value	\$ 533,128,414	\$ 12,382,353	\$ 1,935,526
Investments in affiliated funds, at value	—	5,398,241	8,168,369
Cash and cash equivalents	13,018,354	403,696	388,671
Receivables:			
Interest	1,899,395	11,052	—
Investment securities sold	791,530	258,828	—
Dividends	526,734	18,101	5,972
Fund shares sold	462,829	11,767	3,452
From investment advisor	—	11,800	3,587
Reclaim	—	583	—
Prepaid expenses	6,247	171	32
Total Assets	<u>549,833,503</u>	<u>18,496,592</u>	<u>10,505,609</u>
LIABILITIES:			
Payables:			
Investment securities purchased	5,126,920	282,741	—
Investment advisory fees	175,097	—	—
12b-1 service fees (Class I)	112,249	3,752	4,081
Fund shares redeemed	92,502	9,048	899
Administrative service fees	89,802	3,028	1,734
Accounting and administration fees	52,031	1,653	32,319
Variation margin	47,445	—	—
Custodian fees	42,257	2,123	9,254
Licensing fees	41,259	—	2,507
Audit and tax fees	28,909	50,908	22,620
Transfer agent fees	26,433	16,993	17,729
Printing fees	18,366	3,236	1,101
Legal fees	6,994	394	1,921
Commitment fees	2,756	1,504	—
Financial reporting fees	771	—	503
Trustees' fees and expenses	—	—	415
Other liabilities	1,154	152	533
Total Liabilities	<u>5,864,945</u>	<u>375,532</u>	<u>95,616</u>
NET ASSETS	<u>\$ 543,968,558</u>	<u>\$ 18,121,060</u>	<u>\$ 10,409,993</u>
NET ASSETS consist of:			
Paid-in capital	\$ 509,575,375	\$ 17,898,158	\$ 10,235,745
Accumulated net investment income (loss)	200,834	—	71
Accumulated net realized gain (loss) on investments, futures and foreign currency transactions	4,582,237	(366,703)	(16,722)
Net unrealized appreciation (depreciation) on investments, futures and foreign currency translation	29,610,112	589,605	190,899
NET ASSETS	<u>\$ 543,968,558</u>	<u>\$ 18,121,060</u>	<u>\$ 10,409,993</u>
Investments, at cost	<u>\$ 503,524,177</u>	<u>\$ 11,751,919</u>	<u>\$ 1,982,239</u>
Investments in affiliated funds, at cost	<u>\$ —</u>	<u>\$ 5,439,071</u>	<u>\$ 7,930,757</u>
Class I Shares:			
NET ASSETS	<u>\$ 543,951,263</u>	<u>\$ 17,965,521</u>	<u>\$ 10,359,787</u>
NET ASSET VALUE, per share	<u>\$ 12.85</u>	<u>\$ 10.54</u>	<u>\$ 9.85</u>
Number of Shares outstanding	<u>42,344,252</u>	<u>1,705,087</u>	<u>1,052,004</u>
Class II Shares:			
NET ASSETS	<u>\$ 17,295</u>	<u>\$ 155,539</u>	<u>\$ 50,206</u>
NET ASSET VALUE, per share	<u>\$ 12.87</u>	<u>\$ 10.54</u>	<u>\$ 9.83</u>
Number of Shares outstanding	<u>1,344</u>	<u>14,764</u>	<u>5,106</u>

First Trust Variable Insurance Trust
Statements of Operations
For the Year Ended December 31, 2016

	First Trust/Dow Jones Dividend & Income Allocation Portfolio	First Trust Multi Income Allocation Portfolio	First Trust Dorsey Wright Tactical Core Portfolio
INVESTMENT INCOME:			
Dividends	\$ 4,764,216	\$ 189,761	\$ 107,922
Dividends from affiliated funds	—	197,337	72,500
Interest	4,631,959	53,389	887
Foreign withholding tax on dividend income	—	(2,403)	—
Other	—	—	25
Total investment income	<u>9,396,175</u>	<u>438,084</u>	<u>181,334</u>
EXPENSES:			
Investment advisory fees	2,265,103	89,761	35,073
12b-1 distribution and service fees (Class I)	943,755	37,129	24,931
Administrative service fees	755,024	29,714	19,866
Accounting and administration fees	252,610	11,552	32,140
Custodian fees	213,125	10,515	8,004
Licensing fees	124,812	—	10,021
Transfer agent fees	89,700	51,874	55,623
Printing fees	69,312	4,112	3,823
Legal fees	58,349	2,179	1,231
Commitment fees	31,713	17,958	—
Audit and tax fees	29,211	51,211	22,923
Trustees' fees and expenses	17,915	17,280	17,661
Financial reporting fees	9,250	—	7,309
Excise tax	—	—	248
Other	9,040	8,816	1,844
Total expenses	<u>4,868,919</u>	<u>332,101</u>	<u>240,697</u>
Fees waived or expenses reimbursed by the investment advisor	<u>(338,513)</u>	<u>(208,203)</u>	<u>(157,770)</u>
Net expenses	<u>4,530,406</u>	<u>123,898</u>	<u>82,927</u>
NET INVESTMENT INCOME (LOSS)	<u>4,865,769</u>	<u>314,186</u>	<u>98,407</u>
NET REALIZED AND UNREALIZED GAIN (LOSS):			
Net realized gain (loss) on:			
Investments	8,279,545	(102,522)	153,379
Investments in affiliated funds	—	(15,620)	(80,502)
Futures	107,733	—	—
Capital gains distributions received from investment companies	—	354	—
Foreign currency transactions	—	6	—
Net realized gain (loss)	<u>8,387,278</u>	<u>(117,782)</u>	<u>72,877</u>
Net increase from payment by the advisor	<u>1,000</u>	<u>—</u>	<u>—</u>
Net change in unrealized appreciation (depreciation) on:			
Investments	27,993,302	962,579	(44,500)
Investments in affiliated funds	—	101,809	287,250
Futures	(16,930)	—	—
Foreign currency translation	—	1	—
Net change in unrealized appreciation (depreciation)	<u>27,976,372</u>	<u>1,064,389</u>	<u>242,750</u>
NET REALIZED AND UNREALIZED GAIN (LOSS)	<u>36,364,650</u>	<u>946,607</u>	<u>315,627</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 41,230,419</u>	<u>\$ 1,260,793</u>	<u>\$ 414,034</u>

First Trust Variable Insurance Trust
Statements of Changes in Net Assets

	First Trust/Dow Jones Dividend & Income Allocation Portfolio	
	Year Ended 12/31/2016	Year Ended 12/31/2015
OPERATIONS:		
Net investment income (loss)	\$ 4,865,769	\$ 3,342,508
Net realized gain (loss)	8,387,278	8,084,683
Net increase from payment by the advisor	1,000	—
Net change in unrealized appreciation (depreciation)	27,976,372	(12,219,844)
Net increase (decrease) in net assets resulting from operations	<u>41,230,419</u>	<u>(792,653)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM NET INVESTMENT INCOME:		
Class I	(4,438,978)	(5,442,059)
Class II	(208)	(382)
	<u>(4,439,186)</u>	<u>(5,442,441)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM NET REALIZED GAIN:		
Class I	(10,878,302)	(4,388,357)
Class II	(458)	(185)
	<u>(10,878,760)</u>	<u>(4,388,542)</u>
Total distributions to shareholders	<u>(15,317,946)</u>	<u>(9,830,983)</u>
CAPITAL TRANSACTIONS:		
Proceeds from shares sold	269,075,333	112,078,962
Proceeds from shares reinvested	15,317,510	9,830,537
Cost of shares redeemed	(9,596,894)	(63,164,485)
Net increase (decrease) in net assets resulting from capital transactions	<u>274,795,949</u>	<u>58,745,014</u>
Total increase (decrease) in net assets	300,708,422	48,121,378
NET ASSETS:		
Beginning of period	<u>243,260,136</u>	<u>195,138,758</u>
End of period	<u>\$ 543,968,558</u>	<u>\$ 243,260,136</u>
Accumulated net investment income (loss) at end of period	<u>\$ 200,834</u>	<u>\$ —</u>

First Trust Variable Insurance Trust
Statements of Changes in Net Assets (Continued)

	First Trust Multi Income Allocation Portfolio	
	Year Ended 12/31/2016	Year Ended 12/31/2015
OPERATIONS:		
Net investment income (loss)	\$ 314,186	\$ 236,497
Net realized gain (loss)	(117,782)	(192,777)
Net increase from payment by the advisor	—	5,471
Net change in unrealized appreciation (depreciation)	1,064,389	(564,737)
Net increase (decrease) in net assets resulting from operations	<u>1,260,793</u>	<u>(515,546)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM NET INVESTMENT INCOME:		
Class I	(363,323)	(234,799)
Class II	(3,315)	(2,203)
Total distributions to shareholders	<u>(366,638)</u>	<u>(237,002)</u>
CAPITAL TRANSACTIONS:		
Proceeds from shares sold	6,360,314	9,660,473
Proceeds from shares reinvested	364,038	234,279
Cost of shares redeemed	(1,854,130)	(3,784,387)
Net increase (decrease) in net assets resulting from capital transactions	<u>4,870,222</u>	<u>6,110,365</u>
Total increase (decrease) in net assets	<u>5,764,377</u>	<u>5,357,817</u>
NET ASSETS:		
Beginning of period	12,356,683	6,998,866
End of period	<u>\$ 18,121,060</u>	<u>\$ 12,356,683</u>
Accumulated net investment income (loss) at end of period	<u>\$ —</u>	<u>\$ 24,736</u>

First Trust Variable Insurance Trust
Statements of Changes in Net Assets (Continued)

	First Trust Dorsey Wright Tactical Core Portfolio	
	Year Ended 12/31/2016	For the Period Ended 12/31/2015 (a)
OPERATIONS:		
Net investment income (loss)	\$ 98,407	\$ 6,431
Net realized gain (loss)	72,877	—
Net change in unrealized appreciation (depreciation)	242,750	(51,851)
Net increase (decrease) in net assets resulting from operations	<u>414,034</u>	<u>(45,420)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM NET INVESTMENT INCOME:		
Class I	(96,102)	—
Class II	(572)	—
	<u>(96,674)</u>	<u>—</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM NET REALIZED GAIN:		
Class I	(97,931)	—
Class II	(477)	—
	<u>(98,408)</u>	<u>—</u>
Total distributions to shareholders	<u>(195,082)</u>	<u>—</u>
CAPITAL TRANSACTIONS:		
Proceeds from shares sold	13,236,943	5,538,309
Proceeds from shares reinvested	195,082	—
Cost of shares redeemed	(8,731,398)	(2,475)
Net increase (decrease) in net assets resulting from capital transactions	<u>4,700,627</u>	<u>5,535,834</u>
Total increase (decrease) in net assets	4,919,579	5,490,414
NET ASSETS:		
Beginning of period	5,490,414	—
End of period	<u>\$ 10,409,993</u>	<u>\$ 5,490,414</u>
Accumulated net investment income (loss) at end of period	<u>\$ 71</u>	<u>\$ 6,431</u>

(a) The Fund's Class I and Class II Shares were seeded on October 29, 2015, and commenced operations on October 30, 2015.

First Trust/Dow Jones Dividend & Income Allocation Portfolio
Financial Highlights
For a Share outstanding throughout each period

Class I Shares

	Year Ended December 31,				For the Period Ended
	2016	2015	2014	2013	12/31/2012 (a)
Net asset value, beginning of period	\$ 11.94	\$ 12.41	\$ 11.37	\$ 10.31	\$ 10.00
Income from investment operations:					
Net investment income (loss)	0.14	0.16	0.15	0.14	0.15
Net realized and unrealized gain (loss)	1.25 (b)	(0.15)	0.99	1.17	0.29
Total from investment operations	1.39	0.01	1.14	1.31	0.44
Distributions paid to shareholders from:					
Net investment income	(0.13)	(0.27)	(0.10)	(0.09)	(0.07)
Net realized gain	(0.35)	(0.21)	—	(0.16)	(0.04)
Return of capital	—	—	—	—	(0.02)
Total from distributions	(0.48)	(0.48)	(0.10)	(0.25)	(0.13)
Net asset value, end of period	\$ 12.85	\$ 11.94	\$ 12.41	\$ 11.37	\$ 10.31
Total return (c) (d)	11.74% (b)	0.09%	10.04%	12.75%	4.38%
Ratios to average net assets/supplemental data:					
Net assets, end of period (in 000's)	\$ 543,951	\$ 243,244	\$ 195,128	\$ 106,079	\$ 32,176
Ratio of total expenses to average net assets	1.29%	1.34%	1.43%	1.65%	2.69% (e)
Ratio of net expenses to average net assets	1.20%	1.20%	1.20%	1.20%	1.20% (e)
Ratio of net investment income (loss) to average net assets	1.29%	1.35%	1.40%	1.27%	2.25% (e)
Portfolio turnover rate	96%	81%	65%	73%	34%

Class II Shares

	Year Ended December 31,		For the Period Ended
	2016	2015	12/31/2014 (f)
Net asset value, beginning of period	\$ 11.95	\$ 12.43	\$ 11.63
Income from investment operations:			
Net investment income (loss)	0.19	0.17	0.14
Net realized and unrealized gain (loss)	1.24 (b)	(0.14)	0.77
Total from investment operations	1.43	0.03	0.91
Distributions paid to shareholders from:			
Net investment income	(0.16)	(0.30)	(0.11)
Net realized gain	(0.35)	(0.21)	—
Total from distributions	(0.51)	(0.51)	(0.11)
Net asset value, end of period	\$ 12.87	\$ 11.95	\$ 12.43
Total return (c) (d)	12.07% (b)	0.25%	7.82%
Ratios to average net assets/supplemental data:			
Net assets, end of period (in 000's)	\$ 17	\$ 16	\$ 11
Ratio of total expenses to average net assets	1.04%	1.09%	1.21% (e)
Ratio of net expenses to average net assets	0.95%	0.95%	0.95% (e)
Ratio of net investment income (loss) to average net assets	1.53%	1.64%	1.69% (e)
Portfolio turnover rate	96%	81%	65%

- (a) The Fund's Class I shares were seeded on April 12, 2012, and commenced operations on May 1, 2012.
(b) First Trust/Dow Jones Dividend & Income Allocation Portfolio received a reimbursement from the Advisor in the amount of \$1,000 in connection with a trade error, which represents less than \$0.01 per share. Since the Advisor reimbursed the Fund, there was no effect on the total return.
(c) Total return is based on the combination of reinvested dividends, capital gain and return of capital distributions, if any. Total return is not annualized for periods of less than one year. The returns for the Fund do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges or the effect of taxes. These expenses would reduce the overall returns above.
(d) Total returns would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor.
(e) Annualized.
(f) The Fund's Class II shares were seeded on April 30, 2014, and commenced operations on May 1, 2014.

First Trust Multi Income Allocation Portfolio
Financial Highlights (Continued)
For a Share outstanding throughout each period

Class I Shares

	Year Ended December 31,		For the
	2016	2015	Period
			Ended
			12/31/2014 (a)
Net asset value, beginning of period	\$ 9.86	\$ 10.39	\$ 10.00
Income from investment operations:			
Net investment income (loss)	0.20	0.19	0.07
Net realized and unrealized gain (loss)	0.71	(0.53) (b)	0.39
Total from investment operations	0.91	(0.34)	0.46
Distributions paid to shareholders from:			
Net investment income	(0.23)	(0.19)	(0.07)
Total from distributions	(0.23)	(0.19)	(0.07)
Net asset value, end of period	\$ 10.54	\$ 9.86	\$ 10.39
Total return (c) (d)	9.27%	(3.24)% (b)	4.57%
Ratios to average net assets/supplemental data:			
Net assets, end of period (in 000's)	\$ 17,965	\$ 12,257	\$ 6,894
Ratio of total expenses to average net assets	2.22%	2.60%	6.00% (e)
Ratio of net expenses to average net assets	0.83%	0.90%	1.20% (e)
Ratio of net investment income (loss)			
to average net assets	2.10%	2.17%	2.35% (e)
Portfolio turnover rate	46%	93%	15%

Class II Shares

	Year Ended December 31,		For the
	2016	2015	Period
			Ended
			12/31/2014 (a)
Net asset value, beginning of period	\$ 9.86	\$ 10.39	\$ 10.00
Income from investment operations:			
Net investment income (loss)	0.20	0.24	0.04
Net realized and unrealized gain (loss)	0.74	(0.55) (b)	0.43
Total from investment operations	0.94	(0.31)	0.47
Distributions paid to shareholders from:			
Net investment income	(0.26)	(0.22)	(0.08)
Total from distributions	(0.26)	(0.22)	(0.08)
Net asset value, end of period	\$ 10.54	\$ 9.86	\$ 10.39
Total return (c) (d)	9.53%	(3.01)% (b)	4.74%
Ratios to average net assets/supplemental data:			
Net assets, end of period (in 000's)	\$ 156	\$ 100	\$ 105
Ratio of total expenses to average net assets	1.99%	2.31%	14.44% (e)
Ratio of net expenses to average net assets	0.58%	0.67%	0.95% (e)
Ratio of net investment income (loss)			
to average net assets	2.34%	2.32%	0.54% (e)
Portfolio turnover rate	46%	93%	15%

- (a) The Fund's Class I and Class II shares were seeded on April 30, 2014, and commenced operations on May 1, 2014.
(b) First Trust Multi Income Allocation Portfolio received a reimbursement from the Advisor in the amount of \$5,471 in connection with a trade error, which represents less than \$0.01 per share. Since the Advisor reimbursed the Fund, there was no effect on the total return.
(c) Total return is based on the combination of reinvested dividends, capital gain and return of capital distributions, if any. Total return is not annualized for periods of less than one year. The returns for the Fund do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges or the effect of taxes. These expenses would reduce the overall returns above.
(d) Total returns would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor.
(e) Annualized.

First Trust Dorsey Wright Tactical Core Portfolio
Financial Highlights (Continued)
For a Share outstanding throughout each period

Class I Shares

	Year Ended 12/31/2016	For the Period Ended 12/31/2015 (a)
Net asset value, beginning of period	\$ 9.94	\$ 10.00
Income from investment operations:		
Net investment income (loss)	0.09	0.01
Net realized and unrealized gain (loss)	0.01	(0.07)
Total from investment operations	<u>0.10</u>	<u>(0.06)</u>
Distributions paid to shareholders from:		
Net investment income	(0.09)	—
Net realized gain	(0.10)	—
Total from distributions	<u>(0.19)</u>	<u>—</u>
Net asset value, end of period	<u>\$ 9.85</u>	<u>\$ 9.94</u>
Total return (b) (c)	<u>0.95%</u>	<u>(0.60)%</u>
Ratios to average net assets/supplemental data:		
Net assets, end of period (in 000's)	\$ 10,360	\$ 5,440
Ratio of total expenses to average net assets	2.13%	11.71% (d)
Ratio of net expenses to average net assets	0.83%	0.79% (d)
Ratio of net investment income (loss) to average net assets	0.98%	1.54% (d)
Portfolio turnover rate	265%	—%

Class II Shares

	Year Ended 12/31/2016	For the Period Ended 12/31/2015 (a)
Net asset value, beginning of period	\$ 9.95	\$ 10.00
Income from investment operations:		
Net investment income (loss)	0.11	0.01
Net realized and unrealized gain (loss)	(0.02)	(0.06)
Total from investment operations	<u>0.09</u>	<u>(0.05)</u>
Distributions paid to shareholders from:		
Net investment income	(0.11)	—
Net realized gain	(0.10)	—
Total from distributions	<u>(0.21)</u>	<u>—</u>
Net asset value, end of period	<u>\$ 9.83</u>	<u>\$ 9.95</u>
Total return (b) (c)	<u>0.88%</u>	<u>(0.50)%</u>
Ratios to average net assets/supplemental data:		
Net assets, end of period (in 000's)	\$ 50	\$ 50
Ratio of total expenses to average net assets	57.64%	37.40% (d)
Ratio of net expenses to average net assets	0.57%	0.51% (d)
Ratio of net investment income (loss) to average net assets	1.13%	0.86% (d)
Portfolio turnover rate	265%	—%

- (a) The Fund's Class I and Class II shares were seeded on October 29, 2015, and commenced operations on October 30, 2015.
(b) Total return is based on the combination of reinvested dividends, capital gain and return of capital distributions, if any. Total return is not annualized for periods of less than one year. The returns for the Fund do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges or the effect of taxes. These expenses would reduce the overall returns above.
(c) Total returns would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor.
(d) Annualized.

**First Trust Variable Insurance Trust
December 31, 2016****1. Organization**

First Trust Variable Insurance Trust (the “Trust”) is an open-end management investment company organized as a Massachusetts business trust on December 14, 2011 and is registered with the Securities and Exchange Commission (the “SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust currently offers shares of three series (each a “Fund” and collectively, the “Funds”), First Trust/Dow Jones Dividend & Income Allocation Portfolio (“First Trust Dow Jones”), which commenced investment operations on May 1, 2012, First Trust Multi Income Allocation Portfolio (“First Trust Multi Income”), which commenced investment operations on May 1, 2014, and First Trust Dorsey Wright Tactical Core Portfolio (“First Trust Dorsey Wright”), which commenced investment operations on October 30, 2015. Each Fund’s shares are sold only to variable insurance accounts (each an “Account”) to fund the benefits of the variable annuity and variable life insurance contracts (each a “Contract” and collectively the “Contracts”) issued by life insurance companies writing variable annuity contracts and variable life insurance contracts with which the Trust has a contract (each a “Participating Insurance Company”).

First Trust Dow Jones’ investment objective is to seek to provide total return by allocating among dividend-paying stocks and investment-grade bonds. First Trust Dow Jones seeks to achieve its investment objective by investing, under normal market conditions, approximately 40-60% of its net assets in equity securities and approximately 40-60% of its net assets in fixed-income securities at the time of purchase. The equity portion of the portfolio will be derived from a quantitative process that seeks to provide total return through investing generally in dividend paying stocks included in the Dow Jones U.S. Total Stock Market IndexSM. First Trust Advisors L.P. (“First Trust” or the “Advisor”) reserves the right to over-weight, under-weight or exclude certain securities from the Fund that would otherwise be selected pursuant to the quantitative process in certain instances.

First Trust Dow Jones’ fixed-income component seeks to provide income and preserve capital through investing in a diversified investment-grade bond portfolio. Investment-grade bonds are those bonds rated “BBB-” or higher by Standard & Poor’s Ratings Group or Fitch Ratings, Inc. or “Baa3” or higher by Moody’s Investors Service, Inc. at the time of purchase. Under normal market conditions, at the time of purchase approximately 80% of the net assets of the Fund allocated to corporate bonds are invested in: investment-grade bonds included in the Dow Jones Equal Weight U.S. Issued Corporate Bond IndexSM (the “Bond Index”⁽¹⁾) and other investment-grade bonds of issuers whose securities are included in the Bond Index; and investment-grade bonds of issuers included in the Dow Jones Composite Average. The Fund may also invest in U.S. government and agency securities, including mortgage-backed securities. The Fund may, at certain times, also hold exchange-traded funds (“ETFs”) that invest in investment-grade corporate bonds and U.S. government bonds in lieu of investing directly in bonds.

First Trust Multi Income’s investment objective is to maximize current income, with a secondary objective of capital appreciation. First Trust Multi Income seeks to achieve its objectives through diversified exposure to nine income generating asset classes: dividend paying stocks, preferred stocks, energy infrastructure companies and master limited partnerships (“MLPs”), real estate investment trusts (“REITs”), high yield or “junk” bonds, floating rate loans, corporate bonds, mortgage-backed securities and Treasury Inflation Protected Securities (“TIPS”). The Fund is actively managed by First Trust and implementing the strategy involves multiple portfolio managers.

The Advisor tactically adjusts allocation weights in a manner deemed to offer attractive levels of total return relative to the level of expected risk. The Advisor intends to adjust asset allocation weights quarterly but may do so more or less frequently depending upon market conditions. The maximum weight of any asset class, at the time of adjustment, is 20%. The minimum weight of any asset class, at the time of adjustment, is 5%.

First Trust Multi Income may, at certain times, invest in ETFs that generally provide exposure to the nine asset classes in lieu of investing directly in such asset classes. Certain of the ETFs may be advised by First Trust. As a result, First Trust will also earn advisory fees on the underlying ETFs.

In general, the U.S. dollar-denominated fixed-income securities in which First Trust Multi Income invests may be issued by U.S. and non-U.S. issuers, of any credit quality, including high yield securities. The high yield securities in which the Fund invests are rated below investment-grade at the time of purchase or unrated and deemed by the Advisor to be of comparable quality, commonly referred to as “junk” bonds. The Fund also invests in the equity securities of domestic and foreign issuers listed on a U.S. or foreign securities exchange and non-U.S. securities that are listed on a U.S. securities exchange in the form of American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”). The Fund may invest in equity securities issued by small, mid- or large capitalization companies.

⁽¹⁾ Prior to April 30, 2013, the Dow Jones Equal Weight U.S. Issued Corporate Bond IndexSM was known as the Dow Jones Corporate Bond IndexSM.

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First Trust Dorsey Wright's investment objective is to provide total return. First Trust Dorsey Wright seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its net assets (plus any investment borrowings) in ETFs and cash and cash equivalents that comprise the Dorsey Wright Tactical Tilt Moderate Core Index. It is expected that a majority of the ETFs in which the Fund invests will be advised by First Trust.

Each Fund offers two classes of shares: Class I and Class II. Each class represents an interest in the same portfolio of investments but with a different combination of service (12b-1) fees, eligibility requirements and other features.

2. Significant Accounting Policies

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

A. Portfolio Valuation

The net asset value ("NAV") for each class of shares in each Fund is determined daily as of the close of regular trading on the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern time, on each day the NYSE is open for trading. If the NYSE closes early on a valuation day, the NAV is determined as of that time. Domestic debt securities and foreign securities are priced using data reflecting the earlier closing of the principal markets for those securities. The NAV for each class is calculated by dividing the value of each Fund's total assets attributable to such class (including accrued interest and dividends), less all liabilities attributable to such class (including accrued expenses, dividends declared but unpaid, and any borrowings of each Fund) by the total number of shares of the class outstanding. Differences in the NAV of each class of each Fund's shares are generally expected to be due to the daily expense accruals of the specified service (12b-1) fees, if any, and transfer agency costs applicable to such class of shares and the resulting differential in the dividends that may be paid on each class of shares.

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

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

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

Corporate bonds, corporate notes, U.S. government securities and other debt securities are fair valued on the basis of valuations provided by dealers who make markets in such securities or by a third-party pricing service approved by the Trust's Board, which may use the following valuation inputs when available:

- 1) benchmark yields;
- 2) reported trades;
- 3) broker/dealer quotes;
- 4) issuer spreads;
- 5) benchmark securities;
- 6) bids and offers; and
- 7) reference data including market research publications.

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

Commercial paper, fixed income and other debt securities having a remaining maturity of 60 days or less when purchased are fair valued at cost adjusted for amortization of premiums and accretion of discounts (amortized cost), provided the Advisor's Pricing Committee has determined that the use of amortized cost is an appropriate reflection of fair value given market and issuer-specific conditions existing at the time of the determination. Factors that may be considered in determining the appropriateness of the use of amortized cost include, but are not limited to, the following:

- 1) the credit conditions in the relevant market and changes thereto;
- 2) the liquidity conditions in the relevant market and changes thereto;
- 3) the interest rate conditions in the relevant market and changes thereto (such as significant changes in interest rates);
- 4) issuer-specific conditions (such as significant credit deterioration); and
- 5) any other market-based data the Advisor's Pricing Committee considers relevant. In this regard, the Advisor's Pricing Committee may use last-obtained market-based data to assist it when valuing portfolio securities using amortized cost.

Certain securities may not be able to be priced by pre-established pricing methods. Such securities may be valued by the Trust's Board or its delegate, the Advisor's Pricing Committee, at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a third-party pricing service is unable to provide a market or fair value 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 a Fund's NAV or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the third-party pricing service, does not reflect the security's fair value. As a general principle, the current fair value of a security would appear to be the amount which the owner might reasonably expect to receive for the security upon its current sale. When fair value prices are used, generally they will differ from market quotations or official closing prices on the applicable exchanges. A variety of factors may be considered in determining the fair value of such securities.

Fair valuation of a debt security will be based on the consideration of all available information, including, but not limited to, the following:

- 1) the fundamental business data relating to the issuer;
- 2) an evaluation of the forces which influence the market in which these securities are purchased and sold;
- 3) the type, size and cost of security;
- 4) the financial statements of the issuer;
- 5) the credit quality and cash flow of the issuer, based on the Advisor's or external analysis;
- 6) the information as to any transactions in or offers for the security;
- 7) the price and extent of public trading in similar securities (or equity securities) of the issuer/borrower, or comparable companies;
- 8) the coupon payments;
- 9) the quality, value and salability of collateral, if any, securing the security;
- 10) the business prospects of the issuer, including any ability to obtain money or resources from a parent or affiliate and an assessment of the issuer's management (for corporate debt only);
- 11) the prospects for the issuer's industry, and multiples (of earnings and/or cash flows) being paid for similar businesses in that industry (for corporate debt only); and
- 12) other relevant factors.

Fair valuation of an equity security will be based on the consideration of all available information, including, but not limited to, the following:

- 1) the type of security;
- 2) the size of the holding;
- 3) the initial cost of the security;
- 4) transactions in comparable securities;
- 5) price quotes from dealers and/or third-party pricing services;
- 6) relationships among various securities;

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- 7) information obtained by contacting the issuer, analysts, or the appropriate stock exchange;
- 8) an analysis of the issuer's financial statements; and
- 9) the existence of merger proposals or tender offers that might affect the value of the security.

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

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

The Funds are 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 each Fund's investments as of December 31, 2016, is included with each 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 on the accrual basis. Amortization of premiums and accretion of discounts are recorded using the effective interest method.

Distributions received from a Fund's investments in MLPs generally are comprised of return of capital and investment income. A Fund records estimated return of capital and investment income based on historical information available from each MLP. These estimates may subsequently be revised based on information received from the MLPs after their tax reporting periods are concluded.

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

C. Cash and Cash Equivalents

Normally, the Funds invest substantially all of their assets to meet their investment objectives. The Funds may invest the remainder of their assets in securities with maturities of less than one year or cash equivalents, or they may hold cash. The investment in such instruments is not a principal investment strategy of First Trust Dow Jones or First Trust Multi Income. The percentage of each Fund's net

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December 31, 2016**

assets invested in such holdings varies and depends on several factors, including market conditions. For temporary defensive purposes and during periods of high cash inflows or outflows, the Funds may depart from their principal investment strategies and invest part or all of their assets in these securities, or they may hold cash.

D. Futures Contracts

First Trust Dow Jones purchases or sells (i.e., is long or short) futures contracts to hedge against changes in interest rates (interest rate risk). Futures contracts are agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the contract, futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. Open futures contracts can also be closed out prior to settlement by entering into an offsetting transaction in a matching futures contract. If the Fund is not able to enter into an offsetting transaction, the Fund will continue to be required to maintain margin deposits on the futures contract. When the contract is closed or expires, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed or expired. This gain or loss is included in “Net realized gain (loss) on Futures” on the Statements of Operations.

Upon entering into a futures contract, the Fund must deposit funds, called margin, with its custodian in the name of the clearing broker equal to a specified percentage of the current value of the contract. Open futures contracts are marked-to-market daily with the change in value recognized as a component of, “Net change in unrealized appreciation (depreciation) on Futures” on the Statements of Operations. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are included in “Variation margin payable or receivable” on the Statements of Assets and Liabilities. If market conditions change unexpectedly, the Fund may not achieve the anticipated benefits of the futures contract and may realize a loss. The use of futures contracts involves the risk of imperfect correlation in movements in the price of the futures contracts, interest rates and the underlying instruments.

E. Dividends and Distributions to Shareholders

Distributions from net investment income of each Fund, if any, are declared and paid semi-annually. Each Fund distributes its net realized capital gains, if any, to shareholders at least annually. All dividends payable by each Fund will be reinvested in the Fund.

Distributions from income and capital gains are determined in accordance with 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 Funds 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. Permanent differences incurred during the tax year ended December 31, 2016, have been reclassified at year end to reflect the following:

	Accumulated Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss) on Investments	Paid-in Capital
First Trust Dow Jones	\$ (225,749)	\$ 225,749	\$ —
First Trust Multi Income	27,716	(40,134)	12,418
First Trust Dorsey Wright	(8,093)	8,809	(716)

The tax character of distributions paid by each applicable Fund during the year ended December 31, 2016 was as follows:

	Distributions paid from Ordinary Income	Distributions paid from Capital Gains	Distributions paid from Return of Capital
First Trust Dow Jones	\$ 8,174,962	\$ 7,142,984	\$ —
First Trust Multi Income	366,638	—	—
First Trust Dorsey Wright	195,082	—	—

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The tax character of distributions paid by each applicable Fund during the period ended December 31, 2015 was as follows:

	Distributions paid from Ordinary Income	Distributions paid from Capital Gains	Distributions paid from Return of Capital
First Trust Dow Jones	\$ 7,639,768	\$ 2,191,215	\$ —
First Trust Multi Income	237,002	—	—
First Trust Dorsey Wright	—	—	—

As of December 31, 2016, the components of distributable earnings on a tax basis for each Fund were as follows:

	Undistributed Ordinary Income	Accumulated Capital and Other Gain (Loss)	Net Unrealized Appreciation (Depreciation)
First Trust Dow Jones	\$ 200,834	\$ 4,874,576	\$ 29,317,773
First Trust Multi Income	—	(60,259)	283,161
First Trust Dorsey Wright	—	—	174,248

F. Income Taxes

Each 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 (the "Internal Revenue Code"), which includes distributing substantially all of their net investment income and net realized gains to shareholders. Each Fund intends to comply with the provisions of Section 817(h) of the Internal Revenue Code, which impose certain diversification requirements upon variable contracts that are based on segregated asset accounts. Accordingly, no provision has been made for federal and state income taxes. However, due to the timing and amount of distributions, each 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 Funds are 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 2013, 2014, 2015 and 2016 remain open to federal and state audit for First Trust Dow Jones. Taxable years ended 2014, 2015 and 2016 remain open to federal and state audit for First Trust Multi Income. Also, taxable years ended 2015 and 2016 remain open to federal and state audit for First Trust Dorsey Wright. As of December 31, 2016, management has evaluated the application of these standards to the Funds and has determined that no provision for income tax is required in the Funds' financial statements for uncertain tax positions.

Each Fund intends to utilize provisions of the federal income tax laws which allow it to carry realized capital losses forward indefinitely following the year of the loss and offset such loss against any future realized capital gains. Each 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 December 31, 2016, for federal income tax purposes, the Fund's had capital loss carryforward available, to the extent provided by regulations, to offset capital gains as follows:

	Non-Expiring Capital Loss Carryforwards
First Trust Dow Jones	\$ —
First Trust Multi Income	60,259
First Trust Dorsey Wright	—

During the taxable year ended December 31, 2016, the following Funds utilized capital loss carryforwards in the following amounts:

	Capital Loss Carryforward Utilized
First Trust Dow Jones	\$ —
First Trust Multi Income	53,421
First Trust Dorsey Wright	—

**First Trust Variable Insurance Trust
December 31, 2016*****G. Expenses***

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

Each Participating Insurance Company performs certain administrative services for the Funds, their Accounts and the Contracts. Each Fund pays an administrative services fee of 0.20% of average daily net assets to cover expenses incurred by Participating Insurance Companies in connection with these services.

First Trust has entered into various licensing agreements, which allow First Trust to use certain trademarks and trade names of the applicable licensors (see Licensing Information in the Additional Information section of this report). The Trust, on behalf of First Trust Dow Jones and First Trust Dorsey Wright, is a sub-licensee to these license agreements and is required to pay licensing fees, which are shown on the Statements of Operations.

H. Foreign Currency

The books and records of the Funds are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of investments and items of income and expense are translated on the respective dates of such transactions. Unrealized gains and losses on assets and liabilities, other than investments in securities, which result from changes in foreign currency exchange rates have been included in “Net change in unrealized appreciation (depreciation) on foreign currency translation” on the Statements of Operations. Unrealized gains and losses on investments in securities which result from changes in foreign exchange rates are included with fluctuations arising from changes in market price and are shown in “Net change in unrealized appreciation (depreciation) on investments” on the Statements of Operations. Net realized foreign currency gains and losses include the effect of changes in exchange rates between trade date and settlement date on investment security transactions, foreign currency transactions and interest and dividends received and are shown in “Net realized gain (loss) on foreign currency transactions” on the Statements of Operations. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase settlement date and subsequent sale trade date is included in “Net realized gain (loss) on investments” on the Statements of Operations.

I. Interest-Only Securities

An interest-only security (“IO Security”) is the interest-only portion of a mortgage-backed security that receives some or all of the interest portion of the underlying mortgage-backed security and little or no principal. A reference principal value called a notional value is used to calculate the amount of interest due to the IO Security. IO Securities are sold at a deep discount to their notional principal amount. Generally speaking, when interest rates are falling and prepayment rates are increasing, the value of an IO Security will fall. Conversely, when interest rates are rising and prepayment rates are decreasing, generally the value of an IO Security will rise. These securities, if any, are identified on the Portfolio of Investments.

J. New and Amended Financial Reporting Rules and Forms

On October 13, 2016, the SEC adopted new rules and forms, and amended existing rules and forms. The new and amended rules and forms are intended to modernize the reporting of information provided by funds and to improve the quality and type of information that funds provide to the SEC and investors. The new and amended rules and forms will be effective for the First Trust funds, including the Funds, for reporting periods beginning on and after June 1, 2018. Management is evaluating the new and amended rules and forms to determine the impact to the Funds.

K. New Accounting Pronouncement

In December 2016, the FASB released accounting standards update (“ASU”) 2016-19 that makes technical changes to various sections of the ASC, including Topic 820, Fair Value Measurement. The changes to Topic 820 are intended to clarify the difference between a valuation approach and a valuation technique. The changes to ASC 820-10-50-2 require a reporting entity to disclose, for Level 2 and Level 3 fair value measurements, a change in either or both a valuation approach and a valuation technique and the reason(s) for the change. The changes to Topic 820 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. At this time, management is evaluating the implications of the ASU and has not yet determined its impact on the financial statements and disclosures.

3. Investment Advisory Fee and Other Affiliated Transactions

First Trust, the investment advisor to the Funds, 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 provides each Fund with discretionary investment services and certain administrative services necessary for the management of the Funds. For its investment advisory and management services, First Trust is entitled to a monthly fee

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calculated at an annual rate of 0.60% of the average daily net assets for both First Trust Dow Jones and First Trust Multi Income, and 0.35% of the average daily net assets for First Trust Dorsey Wright. First Trust also provides fund reporting services to First Trust Dow Jones and First Trust Dorsey Wright for a flat annual fee in the amount of \$9,250 per Fund.

First Trust Multi Income and First Trust have retained Energy Income Partners, LLC (“EIP”) and Stonebridge Advisors LLC (“Stonebridge”) (collectively the “Sub-Advisors”), affiliates of First Trust, to serve as investment sub-advisors. In this capacity, the Sub-Advisors provide recommendations to the Advisor regarding the selection and on-going monitoring of certain securities in First Trust Multi Income’s investment portfolio. EIP acts as sub-advisor for, and manages on a discretionary basis the investment and reinvestment of, only the assets of First Trust Multi Income allocated to EIP by the Advisor and furnishes an investment program in respect of and makes investment decisions only with respect to the portion of First Trust Multi Income’s investment portfolio allocated to it by the Advisor. EIP, an affiliate of the Advisor, has been retained by First Trust Multi Income and the Advisor to provide recommendations regarding the selection and ongoing monitoring of the MLP, MLP affiliate and energy infrastructure securities in First Trust Multi Income’s investment portfolio and to exercise discretion only with respect to assets of First Trust Multi Income allocated to EIP. Stonebridge serves as a non-discretionary sub-advisor. Stonebridge has been retained by First Trust Multi Income and the Advisor to provide recommendations regarding the selection and ongoing monitoring of the preferred and hybrid securities in First Trust Multi Income’s investment portfolio.

For the services provided and the expenses assumed pursuant to the investment sub-advisory agreement, First Trust will pay EIP a sub-advisory fee equal to 40% monthly in arrears of any remaining monthly investment management fee paid to the Advisor for the average daily net assets allocated to EIP after First Trust’s waiver of any of its investment management fee to comply with the then-current expense cap, as defined below. For the services provided and the expenses assumed pursuant to the investment sub-advisory agreement, First Trust will pay Stonebridge a portfolio management fee equal to an annual rate of 0.20% of the Fund’s average daily net assets allocated to Stonebridge.

During the year ended December 31, 2016, First Trust Dow Jones received a reimbursement from the Advisor of \$1,000 in connection with a trade error. During the year ended December 31, 2015, First Trust Multi Income received a reimbursement from the Advisor of \$5,471 in connection with a trade error.

First Trust has agreed to waive fees and/or pay First Trust Dow Jones’ and First Trust Multi Income’s expenses to the extent necessary to prevent the operating expenses of Class I shares and Class II shares (excluding interest expense, brokerage commissions and other trading expenses, acquired fund fees and expenses, and taxes and extraordinary expenses) from exceeding 1.20% and 0.95% (the “Expense Cap”), respectively, of each Fund’s average daily net assets per year at least until May 1, 2018. First Trust has agreed to waive fees and/or pay First Trust Dorsey Wright’s expenses to the extent necessary to prevent the operating expenses of Class I shares and Class II shares (excluding interest expense, brokerage commissions and other trading expenses, taxes and extraordinary expenses) from exceeding 1.30% and 1.05%, respectively, of each Fund’s average daily net assets per year at least until May 1, 2018. In First Trust Dorsey Wright, because acquired fund fees and expenses are estimated, First Trust will periodically adjust the amount of the fee waiver and expense reimbursement in order to attempt to meet the Expense Cap. However, total net annual fund expense may be higher or lower than the Expense Cap.

Expenses borne and fees waived by First Trust are subject to reimbursement by each Fund for up to three years from the date the fee or expense was incurred by the Fund, but no reimbursement payment will be made by the Fund at any time if it would result in the Fund’s expenses exceeding the Expense Cap. These amounts, if any, are included in “Expenses previously waived or reimbursed” on the Statements of Operations.

The advisory fee waivers and expense reimbursements for the year ended December 31, 2016, and the expenses borne by First Trust subject to recovery from the applicable Fund at December 31, 2016, are included in the table below.

	Fees Waived	Expenses Reimbursed	Fees Waived or Expenses Borne by First Trust Subject to Recovery			Total
			Year Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2016	
First Trust Dow Jones	\$ 338,513	\$ —	\$ 308,178	\$ 347,277	\$ 338,513	\$ 993,968
First Trust Multi Income	89,761	63,090	101,172	151,967	152,851	405,990
First Trust Dorsey Wright	35,073	122,697	—	48,180	157,770	205,950

During the year ended December 31, 2016, First Trust did not recover any fees that were previously waived or reimbursed.

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First Trust agreed to waive and/or reimburse the acquired fund fees and expenses of the shares of investment companies held by First Trust Multi Income up to 0.37% of the Fund's average daily net assets through May 1, 2018. During the period ended December 31, 2016, First Trust reimbursed First Trust Multi Income \$55,352 of fees that are not subject to recovery.

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

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

The Bank of New York Mellon ("BNYM") serves as First Trust Dow Jones' and First Trust Multi Income's custodian in accordance with certain fee arrangements. As custodian, BNYM is responsible for custody of each Fund's assets. BNYM is a subsidiary of The Bank of New York Mellon Corporation, a financial holding company.

Brown Brothers Harriman & Co. ("BBH") serves as First Trust Dorsey Wright's administrator, fund accountant and custodian. As custodian, BBH is responsible for custody of the Fund's assets. As administrator and fund accountant, BBH 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. BNYM IS serves as the Fund's transfer agent in accordance with certain fee arrangements. As transfer agent, BNYM IS is responsible for maintaining shareholder records for the Fund.

Each Trustee who is not an officer or employee of First Trust, any sub-advisor or any of their affiliates ("Independent Trustees") is paid a fixed annual retainer that is allocated equally among each fund in the First Trust Fund Complex. Each Independent Trustee is also paid an annual per fund fee that varies based on whether the fund is a closed-end or other actively managed fund, or is an index fund.

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

4. Capital Share Transactions

Capital transactions for First Trust Dow Jones were as follows:

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Value	Shares	Value
Sales:				
Class I	21,522,285	\$ 269,075,266	9,010,497	\$ 112,072,958
Class II	5	67	485	6,004
Total Sales:	<u>21,522,290</u>	<u>\$ 269,075,333</u>	<u>9,010,982</u>	<u>\$ 112,078,962</u>
Dividend Reinvestment:				
Class I	1,224,785	\$ 15,317,280	810,396	\$ 9,830,416
Class II	18	230	11	121
Total Dividend Reinvestment:	<u>1,224,803</u>	<u>\$ 15,317,510</u>	<u>810,407</u>	<u>\$ 9,830,537</u>
Redemptions:				
Class I	(782,373)	\$ (9,596,410)	(5,160,259)	\$ (63,164,485)
Class II	(42)	(484)	—	—
Total Redemptions:	<u>(782,415)</u>	<u>\$ (9,596,894)</u>	<u>(5,160,259)</u>	<u>\$ (63,164,485)</u>

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Capital transactions for First Trust Multi Income were as follows:

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Value	Shares	Value
Sales:				
Class I	607,792	\$ 6,311,829	929,411	\$ 9,657,422
Class II	4,618	48,485	290	3,051
Total Sales:	<u>612,410</u>	<u>\$ 6,360,314</u>	<u>929,701</u>	<u>\$ 9,660,473</u>
Dividend Reinvestment:				
Class I	34,761	\$ 363,323	23,869	\$ 234,274
Class II	68	715	—	5
Total Dividend Reinvestment:	<u>34,829</u>	<u>\$ 364,038</u>	<u>23,869</u>	<u>\$ 234,279</u>
Redemptions:				
Class I	(180,072)	\$ (1,854,107)	(374,076)	\$ (3,781,375)
Class II	(2)	(23)	(290)	(3,012)
Total Redemptions:	<u>(180,074)</u>	<u>\$ (1,854,130)</u>	<u>(374,366)</u>	<u>\$ (3,784,387)</u>

Capital transactions for First Trust Dorsey Wright were as follows:

	Year Ended December 31, 2016		Period Ended December 31, 2015	
	Shares	Value	Shares	Value
Sales:				
Class I	1,367,166	\$ 13,236,943	547,381	\$ 5,488,309
Class II	—	—	5,000	50,000
Total Sales:	<u>1,367,166</u>	<u>\$ 13,236,943</u>	<u>552,381</u>	<u>\$ 5,538,309</u>
Dividend Reinvestment:				
Class I	19,542	\$ 194,032	—	\$ —
Class II	106	1,050	—	—
Total Dividend Reinvestment:	<u>19,648</u>	<u>\$ 195,082</u>	<u>—</u>	<u>\$ —</u>
Redemptions:				
Class I	(881,838)	\$ (8,731,398)	(247)	\$ (2,475)
Class II	—	—	—	—
Total Redemptions:	<u>(881,838)</u>	<u>\$ (8,731,398)</u>	<u>(247)</u>	<u>\$ (2,475)</u>

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5. Derivative Transactions

The following table presents the types of derivatives held by First Trust Dow Jones at December 31, 2016, the primary underlying risk exposure and the location of these instruments as presented on the Statements of Assets and Liabilities. First Trust Multi Income and First Trust Dorsey Wright did not hold any derivative instruments as of December 31, 2016.

Derivative Instrument	Risk Exposure	Asset Derivatives		Liability Derivatives	
		Statements of Assets and Liabilities Location	Value	Statements of Assets and Liabilities Location	Value
Futures	Interest Rate Risk	Variation Margin Receivable	\$ —	Variation Margin Payable	\$ 47,445

The following table presents the amount of net realized gain (loss) and change in net unrealized appreciation (depreciation) recognized for the year ended December 31, 2016, on derivatives instruments held by First Trust Dow Jones, as well as the primary underlying risk exposure associated with each instrument.

Statements of Operations Location	Interest Rate Risk
Net realized gain (loss) on futures	\$ 107,733
Net change in unrealized gain (loss) on futures	(16,930)

During the year ended December 31, 2016, the amount of notional values of futures contracts opened and closed were \$69,325,788 and \$65,014,124, respectively.

First Trust Dow Jones does not have the right to offset financial assets and financial liabilities related to futures contracts on the Statements of Assets and Liabilities.

6. Affiliated Transactions

First Trust Multi Income and First Trust Dorsey Wright invest in securities of affiliated funds. Dividend income and realized gains and losses from affiliated funds are presented on the Statements of Operations. Each Fund's investment performance and risks are directly related to the investment performance and risks of the affiliated funds.

Amounts relating to these investments in First Trust Multi Income at December 31, 2016, and for the year then ended are as follows:

Security Name	Share Activity			Balance at 12/31/2016	Value at 12/31/2016	Dividend Income	Realized Gain (Loss)
	Balance at 12/31/2015	Purchases	Sales				
First Trust Low Duration Opportunities ETF	—	4,897	(4,297)	600	\$ 31,308	\$ 212	\$ 654
First Trust Preferred Securities and Income ETF	45,430	25,417	(6,120)	64,727	1,229,166	57,628	(2,496)
First Trust Senior Loan Fund	37,730	23,926	(2,212)	59,444	2,886,006	87,149	(4,122)
First Trust Tactical High Yield ETF	17,680	11,164	(2,890)	25,954	1,251,761	52,348	(9,656)
					<u>\$ 5,398,241</u>	<u>\$ 197,337</u>	<u>\$ (15,620)</u>

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Amounts relating to these investments in First Trust Dorsey Wright at December 31, 2016, and for the year then ended are as follows:

Security Name	Share Activity			Balance at 12/31/2016	Value at 12/31/2016	Dividend Income	Realized Gain (Loss)
	Balance at 12/31/2015	Purchases	Sales				
First Trust Brazil AlphaDEX® Fund	—	5,608	(2,100)	3,508	\$ 47,954	\$ 272	\$ 2,761
First Trust Consumer Discretionary AlphaDEX® Fund	11,835	37,029	(48,864)	—	—	4,582	30,758
First Trust Consumer Staples AlphaDEX® Fund	10,272	25,667	(35,939)	—	—	7,666	(9,799)
First Trust Developed Markets ex-US AlphaDEX® Fund	1,405	3,020	(1,849)	2,576	121,845	2,618	3,182
First Trust Dow Jones Internet Index Fund	7,025	16,391	(11,944)	11,472	915,810	—	1,191
First Trust Emerging Markets AlphaDEX® Fund	3,196	7,621	(4,895)	5,922	120,217	3,452	14,314
First Trust Energy AlphaDEX® Fund	—	86,879	(26,031)	60,848	1,004,600	8,030	27,254
First Trust Germany AlphaDEX® Fund	760	1,497	(909)	1,348	49,013	902	1,678
First Trust Health Care AlphaDEX® Fund	7,993	3,663	(11,656)	—	—	—	(46,498)
First Trust Hong Kong AlphaDEX® Fund	707	249	(956)	—	—	—	(4,252)
First Trust Industrials/Producer Durables AlphaDEX® Fund	—	26,079	—	26,079	857,478	1,046	—
First Trust Chindia ETF	870	2,140	(1,344)	1,666	45,532	687	3,615
First Trust Japan AlphaDEX® Fund	—	1,663	(1,663)	—	—	335	2,230
First Trust Large Cap Growth AlphaDEX® Fund	—	39,056	(19,143)	19,913	976,533	6,446	70,387
First Trust Latin America AlphaDEX® Fund	—	3,543	(843)	2,700	50,247	4	(114)
First Trust Mid Cap Core AlphaDEX® Fund	10,218	30,863	(21,943)	19,138	1,079,192	9,493	(35,022)
First Trust Mid Cap Growth AlphaDEX® Fund	18,758	45,113	(63,871)	—	—	1,701	68,402
First Trust NASDAQ-100-Technology Sector Index Fund	—	17,281	—	17,281	910,017	1,804	—
First Trust NYSE Arca Biotechnology Index Fund	5,574	1,965	(7,539)	—	—	—	(204,063)
First Trust Small Cap Growth AlphaDEX® Fund	18,576	35,689	(25,126)	29,139	1,009,666	1,929	(39,815)
First Trust Switzerland AlphaDEX® Fund	692	1,399	(843)	1,248	50,943	1,336	1,359
First Trust United Kingdom AlphaDEX® Fund	698	1,215	(1,913)	—	—	732	(10,726)
First Trust Utilities AlphaDEX® Fund	—	67,930	(33,163)	34,767	929,322	19,465	42,656
					<u>\$ 8,168,369</u>	<u>\$ 72,500</u>	<u>\$ (80,502)</u>

7. 12b-1 Service Plan

The Trust has adopted a plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act, which provides that Class I shares of each of the Funds will be subject to an annual service fee.

First Trust Portfolios L.P. (“FTP”), an affiliate of First Trust, serves as the distributor of shares of the Funds. FTP uses the service fee to compensate each Participating Insurance Company for providing account services to policy owners. These services include establishing and maintaining Contract owners’ accounts, supplying information to Contract owners, delivering Fund materials to Contract owners, answering inquiries, and providing other personal services to Contract owners. Each Fund may spend up to 0.25% per year of the average daily net assets of its Class I shares as a service fee under the Plan. In addition, the Plan permits First Trust to use a portion of its advisory fee to compensate FTP for expenses incurred in connection with the sale of a Fund’s Class I shares including, without limitation, compensation of its sales force, expenses of printing and distributing the Prospectus to persons other than Contract owners, expenses of preparing, printing and distributing advertising and sales literature and reports to Contract owners used in connection with the sale of a Fund’s Class I Shares, certain other expenses associated with the servicing of Class I shares of a Fund, and any service-related expenses that may be authorized from time to time by the Board.

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During the year ended December 31, 2016, all service fees received by FTP were paid to the Participating Insurance Companies, with no portion of such fees retained by FTP. The Plan may be renewed from year to year if approved by a vote of the Trust's Board and a vote of the Independent Trustees, who have no direct or indirect financial interest in the Plan, cast in person at a meeting called for the purpose of voting on the Plan.

8. Purchases and Sales of Securities

Cost of purchases and proceeds from sales of investment securities, excluding U.S. Government securities and short-term investments, for the year ended December 31, 2016, were as follows:

	<u>Purchases</u>	<u>Sales</u>
First Trust Dow Jones	\$ 446,203,005	\$ 192,981,120
First Trust Multi Income	9,595,478	6,410,969
First Trust Dorsey Wright	29,760,912	25,414,552

Cost of purchases and proceeds from sales of U.S. Government investment securities, excluding short-term investments, for the year ended December 31, 2016, were as follows:

	<u>Purchases</u>	<u>Sales</u>
First Trust Dow Jones	\$ 148,975,063	\$ 159,764,991
First Trust Multi Income	2,006,100	405,678
First Trust Dorsey Wright	—	—

9. Borrowings

The Trust, on behalf of First Trust Dow Jones and First Trust Multi Income, along with First Trust Series Fund and First Trust Exchange-Traded Fund IV, has a \$135 million Credit Agreement with BNYM (the "BNYM Line of Credit") to be a liquidity backstop during periods of high redemption volume. A commitment fee of 0.15% of the daily amount of the excess of the commitment amount over the outstanding principal balance of the loans will be charged by BNYM, which First Trust will allocate amongst the funds that have access to the BNYM Line of Credit. These fees are reflected in the Statements of Operations in the Commitment fees line item. To the extent that either fund accesses the BNYM Line of Credit, there would also be an interest fee charged. Neither First Trust Dow Jones or First Trust Multi Income drew on the BNYM Line of Credit during the year ended December 31, 2016.

10. Indemnification

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

11. Subsequent Events

Management has evaluated the impact of all subsequent events on the Funds through the date the financial statements were issued, and has determined that there was the following subsequent event.

On February 3, 2017, the commitment amount under the BNYM Line of Credit was increased to \$200 million.

To the Board of Trustees and Shareholders of First Trust Variable Insurance Trust:

We have audited the accompanying statements of assets and liabilities of First Trust/Dow Jones Dividend & Income Allocation Portfolio, First Trust Multi Income Allocation Portfolio, and First Trust Dorsey Wright Tactical Core Portfolio, each a series of the First Trust Variable Insurance Trust (the "Funds"), including the portfolios of investments, as of December 31, 2016, and the related statements of operations for the year then ended and changes in net assets and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

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

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the funds listed above included in the First Trust Variable Insurance Trust, as of December 31, 2016, and the results of their operations for the year then ended and changes in their net assets and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

Chicago, Illinois
February 10, 2017

**First Trust Variable Insurance Trust
December 31, 2016 (Unaudited)****Proxy Voting Policies and Procedures**

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

Portfolio Holdings

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

Federal Tax Information

For the taxable year ended December 31, 2016, the following percentages of income dividend paid by the Funds qualify for the dividends received deduction available to corporations:

	<u>Dividends Received Deduction</u>
First Trust/Dow Jones Dividend & Income Allocation Portfolio	50.51%
First Trust Multi Income Allocation Portfolio	18.77%
First Trust Dorsey Wright Tactical Core Portfolio	0.00%

For the year ended December 31, 2016, the amount of long-term capital gain distributions designated by the Funds which are taxable at the applicable taxable gains rates for federal income tax purposes were:

	<u>Long-Term Capital Gain Distributions</u>
First Trust/Dow Jones Dividend & Income Allocation Portfolio	\$7,142,984
First Trust Multi Income Allocation Portfolio	—
First Trust Dorsey Wright Tactical Core Portfolio	—

Licensing Information

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Risk Considerations

Risks are inherent in all investing. The following summarizes some of the risks that should be considered for the Funds. For additional information about the risks associated with investing in the Funds, please see the Funds' prospectuses and statements of additional information, as well as other regulatory filings.

Affiliated Fund Risk. The First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in securities of affiliated ETFs, which involves additional expenses that would not be present in a direct investment in such affiliated ETFs. Furthermore, the Funds' investment performance and risks are directly related to the investment performance and risks of the affiliated ETFs.

Call Risk. If an issuer calls higher-yielding debt instruments held by the Funds, performance could be adversely impacted.

Convertible Securities Risk. The ETFs in which the First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest may invest in convertible securities. Convertible securities have characteristics of both equity and debt securities and, as a result, are exposed to certain additional risks. The market values of convertible securities tend to decline as interest rates

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increase and, conversely, to increase as interest rates decline. However, a convertible security's market value also tends to reflect the market price of the common stock of the issuing company, particularly when the stock price is greater than the convertible security's conversion price (i.e., the predetermined price or exchange ratio at which the convertible security can be converted or exchanged for the underlying common stock). Convertible securities are also exposed to the risk that an issuer is unable to meet its obligation to make dividend or principal payments when due as a result of changing financial or market conditions. Convertible securities generally offer lower interest or dividend yields than non-convertible debt securities of similar credit quality because of their potential for capital appreciation.

Credit Risk. The Funds are subject to credit risk. Credit risk is the risk that an issuer of a security will be unable or unwilling to make dividend, interest and/or principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments.

Currency Risk. The ETFs in which the First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest may hold investments that are denominated in non-U.S. currencies, or in securities that provide exposure to such currencies, currency exchange rates or interest rates denominated in such currencies. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Funds' investment and the value of your Fund shares. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Funds may change quickly and without warning and you may lose money.

Depository Receipts Risk. The First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in equity securities in the form of Depository Receipts, which may be less liquid than the underlying securities in their primary trading market. Any distributions paid to the holders of Depository Receipts are usually subject to a fee charged by the depository. Holders of Depository Receipts may have limited voting rights, and investment restrictions in certain countries may adversely impact the value of Depository Receipts because such restrictions may limit the ability to convert the securities into Depository Receipts and vice versa. Such restrictions may cause the securities of the underlying issuer to trade at a discount or premium to the market price of the Depository Receipts.

Dividend Risk. The Funds are subject to dividend risk. There is no guarantee that the issuers of the Funds' equity securities will declare dividends in the future or that, if declared, they will either remain at current levels or increase over time.

Energy Infrastructure Companies Risk. The First Trust Multi Income Allocation Portfolio invests in energy infrastructure companies. These companies principally include publicly-traded MLPs and limited liability companies taxed as partnerships, MLP affiliates, Canadian income trusts and their successor companies, pipeline companies, utilities, and other companies that derive at least 50% of their revenues from operating or providing services in support of infrastructure assets such as pipeline, power transmission and petroleum and natural gas storage in the petroleum, natural gas and power generation industries. The Fund invests in energy infrastructure companies and is subject to certain risks inherent in investing in these types of securities. Energy infrastructure companies may be directly affected by energy commodity prices, especially those companies that own the underlying energy commodity. A decrease in the production or availability of natural gas, natural gas liquids, crude oil, coal or other energy commodities or a decrease in the volume of such commodities available for transportation, processing, storage or distribution may adversely impact the financial performance of energy infrastructure companies. Energy infrastructure companies are subject to significant federal, state and local government regulation in virtually every aspect of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for products and services. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of energy infrastructure companies. Natural disasters, such as hurricanes in the Gulf of Mexico, also may impact energy infrastructure companies.

Certain energy infrastructure companies in the utilities industry are subject to imposition of rate caps, increased competition due to deregulation, difficulty in obtaining an adequate return on invested capital or in financing large construction projects, limitations on operations and increased costs and delays attributable to environmental considerations, and the capital market's ability to absorb utility debt. In addition, taxes, government regulation, international politics, price and supply fluctuations, volatile interest rates and energy conservation may cause difficulties for these companies. Such issuers have been experiencing certain of these problems to varying degrees.

Equity Securities Risk. Because the Funds and the ETFs in which the First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest hold equity securities, the value of the Funds' shares will fluctuate with changes in the value of these equity securities. Equity securities prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, such as market volatility, or when political or economic events affecting the issuers occur. In addition, common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase. The equity markets have experienced recent volatility that may lead to sharp declines in the value of the underlying ETFs and the Funds.

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ETF Risk. An ETF trades like common stock and represents a portfolio of securities. The risks of owning an ETF generally reflect the risks of owning the underlying securities, although lack of liquidity in an ETF could result in it being more volatile. ETFs have management fees and other operating expenses that increase their costs. In general, as a shareholder in other investment companies, the Funds bear their ratable share of the underlying fund's expenses, and are subject to duplicative expenses to the extent a Fund invests in other ETFs.

Financial Companies Risk. Financial companies are especially subject to the adverse effects of economic recession, currency exchange rates, government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentrations in geographic markets and in commercial and residential real estate loans, and competition from new entrants in their fields of business.

Fixed Income Securities Risk. An investment in the Funds involves risk associated with an investment in fixed income securities including the risk that certain of the securities in the Funds may not have the benefit of covenants that would prevent the issuer from engaging in capital restructurings or borrowing transactions in connection with corporate acquisitions, leveraged buyouts or restructurings. This limitation could reduce the ability of the issuer to meet its payment obligations and might result in increased credit risk. In addition, certain of the securities may be redeemed or prepaid by the issuer, resulting in lower interest payments by the Funds and reduced distributions to shareholders.

Floating Rate Loan Risk. The Funds and the ETFs in which the First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest may invest in floating rate loans, which may include high yield securities, or "junk" loans. An investment in floating rate loans subjects the Funds to credit risk, which is heightened for loans in which the Funds invest because companies that issue such loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral and/or bankruptcy. The loans are usually rated below investment grade but may also be unrated. An economic downturn would generally lead to a higher non-payment rate, and a loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. Loans are subject to a number of risks described elsewhere in this annual report, including liquidity risk and the risk of investing in below investment grade debt instruments. Floating rate loans are subject to prepayment risk. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among loan investors, among others. Floating rate loans may also not be considered "securities" under the 1940 Act and therefore prevent the Funds from relying on the anti-fraud provisions of the Act.

Fund of Funds Risk. The First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in securities of other ETFs, which involves additional expenses that would not be present in a direct investment in such ETFs. Furthermore, the Funds' investment performance and risks are directly related to the investment performance and risks of the underlying ETFs in which the Funds invest.

High Yield Securities Risk. The First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in high yield securities, or "junk" bonds, which are subject to greater market fluctuations and risk of loss than securities with higher ratings, and therefore, may be highly speculative. These securities are issued by companies that may have limited operating history, narrowly focused operations, and/or other impediments to the timely payment of periodic interest and principal at maturity. If the economy slows down or dips into recession, the issuers of high yield securities may not have sufficient resources to continue making timely payment of periodic interest and principal at maturity. The market for high yield securities is generally smaller and less liquid than that for investment grade securities. High yield securities are generally not listed on a national securities exchange but trade in the over-the-counter markets. Due to the smaller, less liquid market for high yield securities, the bid-offer spread on such securities is generally greater than it is for investment grade securities and the purchase or sale of such securities may take longer to complete.

Illiquid Securities Risk. Some of the securities held by the First Trust Multi Income Allocation Portfolio may be illiquid. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximately the value at which the Fund is carrying the securities on its books.

Income Risk. Income from the Funds' fixed income investments could decline during periods of falling interest rates.

Index Constituent Risk. The Fund may be a constituent of one or more indices. As a result, the Fund may be included in one or more index-tracking ETFs or mutual funds. Being a component security of such a vehicle could greatly affect the trading activity involving the Fund, the size of the Fund and the market volatility of the Fund. Inclusion in an index could significantly increase demand for the Fund and removal from an index could result in outsized selling activity in a relatively short period of time. As a result, the Fund's NAV could be negatively impacted and the Fund's market price may be significantly below the Fund's net asset value during certain periods. In addition, index rebalances may potentially result in increased trading activity. To the extent buying or selling activity increases, the Fund can be exposed to increased brokerage costs and adverse tax consequences and the market price of the Fund can be negatively affected.

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Index Rebalance Risk. Pursuant to the methodology that the Fund's index provider uses to calculate and maintain the Fund's underlying index, the Fund may own a significant portion of the First Trust ETF's included in the Fund. Such ETFs may be removed from the underlying Index in the event that it does not comply with the eligibility requirements of the underlying index. As a result, the Fund may be forced to sell shares of certain First Trust ETFs at inopportune times or for prices other than at current market values or may elect not to sell such shares on the day that they are removed from the underlying index, due to market conditions or otherwise. Due to these factors, the variation between the Fund's annual return and the return of the underlying index may increase significantly. Apart from scheduled rebalances, the index provider may carry out additional ad hoc rebalances to the underlying index to, for example, correct an error in the selection of constituents. When the Fund in turn rebalances its portfolio, any transaction costs and market exposure arising from such portfolio rebalancing will be borne by the Fund and its shareholders. Unscheduled rebalances may also expose the Fund to additional tracking error risk. Therefore, errors and additional ad hoc rebalances carried out by the index provider may increase the Fund's costs and market exposure.

Interest Rate Risk. Interest rate risk is the risk that the value of the fixed-income securities in the Funds will decline because of rising market interest rates. Interest rate risk is generally lower for shorter term investments and higher for longer term investments. Mortgage-related securities are particularly subject to the risk that interest rate volatility may adversely impact the valuation and price of such securities. Additionally, the return on the floating rate loans in which the Funds may invest will decline during a period of falling interest rates.

Investment Companies Risk. The Funds may invest in the shares of other investment companies, and therefore, the Funds' investment performance and risks may be related to the investment performance and risks of the underlying funds. In general, as a shareholder in other investment companies, the Funds bear their ratable share of the underlying Fund's expenses, and would be subject to duplicative expenses to the extent the Funds invest in other investment companies.

Liquidity Risk. The First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest a portion of their assets in other funds which invest in lower-quality debt issued by companies that are highly leveraged. Lower-quality debt tends to be less liquid than higher-quality debt. Moreover, smaller debt issues tend to be less liquid than larger debt issues. If the economy experiences a sudden downturn, or if the debt markets for such companies become distressed, the Funds may have particular difficulty selling their assets in sufficient amounts, at reasonable prices and in a sufficiently timely manner to raise the cash necessary to meet any potentially heavy redemption requests by shareholders.

Since the fourth quarter of 2015, the market for high yield debt has experienced decreased liquidity, and investor perception of increased risk has caused yield spreads to widen. Decreased liquidity may negatively affect the First Trust Multi Income Allocation Portfolio's and the First Trust Dorsey Wright Tactical Core Portfolio's ability to mitigate risk and to meet redemptions.

Loan Prepayment Risk. Loans are subject to prepayment risk. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among loan investors, among others. As such prepayments cannot be predicted with accuracy. Upon a prepayment, either in part or in full, the actual outstanding debt on which the Funds derive interest income will be reduced. The Funds may not be able to reinvest the proceeds received on terms as favorable as the prepaid loan.

Loan Risk. An investment in loans subjects the Funds to credit risk, which is heightened for loans in which the Funds invest because companies that issue such loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy. The loans are usually rated below investment grade but may also be unrated. An economic downturn would generally lead to a higher non-payment rate, and a loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. Unlike the securities markets, there is no central clearinghouse for loan trades, and the loan market has not established enforceable settlement standards or remedies for failure to settle. Therefore, portfolio transactions in loans may have uncertain settlement time periods. Loans are subject to a number of risks described elsewhere in this annual report, including liquidity risk and the risk of investing in below investment grade debt instruments.

Management Risk. The Funds are subject to management risk because they have actively managed portfolios. The Advisor will apply investment techniques and risk analyses in making investment decisions for the Funds, but there can be no guarantee that the Funds will achieve their investment objectives.

Market Risk. Market risk is the risk that a particular security owned by a Fund or shares of the Funds in general may fall in value. Shares are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Overall Fund share values could decline generally or could underperform other investments.

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MLP Risk. The First Trust Multi Income Allocation Portfolio's investment in MLP units involves risks which differ from an investment in common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLP units and conflicts of interest may exist between common unit holders and the general partner, including those arising from incentive distribution payments. In addition, there is the risk that an MLP could be, contrary to its intention, taxed as a corporation, resulting in decreased returns from such MLP.

MLP Tax Risk. With respect to First Trust Multi Income Allocation Portfolio, the Fund's ability to meet its investment objectives depends, in part, on the level of taxable income and distributions it receives from the MLP and MLP-related entities in which the Fund invests, a factor over which the Fund has no control. The benefit the Fund derives from its investment in MLPs is dependent on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no income tax liability at the entity level. If, as a result of a change in an MLP's business, an MLP were treated as a corporation for federal income tax purposes, such MLP would be obligated to pay federal income tax on its income at the applicable corporate tax rate. If an MLP was classified as a corporation for federal income tax purposes, the amount of cash available for distribution with respect to its units would be reduced and any such distributions received by the Fund would be taxed entirely as dividend income if paid out of the earnings of the MLP. Therefore, treatment of an MLP as a corporation for federal income tax purposes would result in a material reduction in the after-tax return to the Fund, likely causing a substantial reduction in the value of the shares of a Fund.

Mortgage Securities Risk. The ETFs in which the First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in mortgage-related securities, including mortgage-backed securities, which may make the Funds more susceptible to adverse economic, political or regulatory events that affect the value of real estate. The First Trust/Dow Jones Dividend & Income Allocation Portfolio may invest in such securities. Changes in local, state and federal policies could negatively impact the mortgage-related securities market, which include various government initiated and sponsored homeowner assistance programs and eminent domain issues. Mortgage related securities may also face liquidity issues when a Fund seeks to sell such securities, but is unable to find buyers at a bid-ask spread to make the transaction feasible. These securities are also subject to the risk that the underlying borrowers may default on their mortgages, resulting in a non-payment of principal and interest. Finally, the mortgage-related securities market may be negatively impacted by regulatory changes including those that are related to the mandate or existence of the government-sponsored enterprises, Fannie Mae, Freddie Mac and Ginnie Mae. Mortgage-related securities are subject to prepayment risk. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among loan investors, among others. As such, prepayments cannot be predicted with accuracy.

Upon a prepayment, either in part or in full, the actual outstanding debt on which a Fund derives interest income will be reduced. In declining interest rate environments, the extent to which borrowers prepay a mortgage generally increases, which increase reinvestment risk, or the risk that the proceeds received are not reinvested on terms as favorable as the prepaid loan. Conversely, mortgage-related securities are subject to the risk that the rate of mortgage prepayments decreases, which extends the average life of a security and increases the interest rate risk exposure.

Municipal Bonds Risk. Certain of the ETFs in which the First Trust Dorsey Wright Tactical Core Portfolio invests may invest in municipal bonds. In addition to being subject to credit, income and interest rate risk (as described in the prospectus), municipal bonds are subject to tax risk. Interest income from municipal bonds is normally not subject to regular federal income tax, but income from municipal bonds held by the underlying ETFs could be declared taxable because of, among other things, unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities or noncompliant conduct of a bond issuer. Consequently, the attractiveness of municipal bonds in relation to other investment alternatives is affected by changes in federal income tax rates or changes in the tax-exempt status of interest income from municipal bonds.

New Fund Risk. The First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio currently have fewer assets than larger funds, and like other relatively new funds, large inflows and outflows may impact the Funds' market exposure for limited periods of time. This impact may be positive or negative, depending on the direction of market movement during the period affected.

Non-Correlation Risk. The Funds' returns may not match the return of an Index for a number of reasons. For example, the Funds incur operating expenses not applicable to the Indexes, and may incur costs in buying and selling securities, especially when rebalancing the Funds' portfolio holdings to reflect changes in the composition of the Indexes. In addition, the Funds' portfolio holdings may not exactly replicate the securities included in the Indexes or the ratios between the securities included in the Indexes.

Non-Diversification Risk. The First Trust Dorsey Wright Tactical Core Portfolio is classified as "non-diversified" under the 1940 Act. As a result, the First Trust Dorsey Wright Tactical Core Portfolio is only limited as to the percentage of its assets that may be invested in the securities of any one issuer by the diversification requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"). The First Trust Dorsey Wright Tactical Core Portfolio may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the First Trust Dorsey Wright Tactical Core Portfolio may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility and be highly invested in certain issuers.

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Non-U.S. Securities and Emerging Markets Risk. The First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in securities of non-U.S. issuers. Non-U.S. securities are subject to higher volatility than securities of domestic issuers due to possible adverse political, social or economic developments; restrictions on foreign investment or exchange of securities; lack of liquidity; currency exchange rates; excessive taxation; government seizure of assets; different legal or accounting standards and less government supervision and regulation of exchanges in foreign countries. These risks may be heightened for securities of companies located in, or with significant operations in, emerging market countries.

Preferred Securities Risk. The Funds and certain of the ETFs in which the First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in preferred securities. Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred securities are typically subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income, and therefore will be subject to greater credit risk than those debt instruments. Preferred securities are also subject to credit risk, interest rate risk and income risk.

REIT Risk. The First Trust Multi Income Allocation Portfolio invests in REITs, and as a result, the Fund is subject to the risks associated with investing in real estate, which may include, but are not limited to, fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local operating expenses; and other economic, political or regulatory occurrences affecting companies in the real estate industry. In addition to risks related to investments in real estate generally, investing in REITs involves certain other risks related to their structure and focus, which include, but are not limited to, dependency upon management skills, limited diversification, the risks of locating and managing financing for projects, heavy cash flow dependency, possible default by borrowers, the costs and potential losses of self-liquidation of one or more holdings, the risk of a possible lack of mortgage funds and associated interest rate risks, overbuilding, property vacancies, increases in property taxes and operating expenses, changes in zoning laws, losses due to environmental damages, changes in neighborhood values and appeal to purchases, the possibility of failing to maintain exemptions from registration under the 1940 Act and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility. REITs are also subject to the risk that the real estate market may experience an economic downturn generally, which may have a material effect on the real estate in which the REITs invest and their underlying portfolio securities.

Small Fund Risk. The Funds currently have fewer assets than larger funds, and like other relatively smaller funds, large inflows and outflows may impact the Funds' market exposure for limited periods of time. This impact may be positive or negative, depending on the direction of market movement during the period affected.

Smaller Company Risk. The Funds and certain of the ETFs in which the First Trust Multi Income Allocation Portfolio and the First Trust Dorsey Wright Tactical Core Portfolio invest in small- and mid-capitalization companies. Such companies may be more vulnerable to adverse general market or economic developments, and their securities may be less liquid and may experience greater price volatility than larger, more established companies as a result of several factors, including limited trading volumes, products or financial resources, management inexperience and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger, more established companies.

TIPS Risk. The First Trust Multi Income Allocation Portfolio invests in TIPS. TIPS are inflation-indexed fixed-income securities issued by the U.S. Department of Treasury and are subject to the same risks as other fixed income investments. In a falling inflationary environment, both interest payments and the value of the TIPS will decline.

Board of Trustees and Officers

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The Trust's statement of additional information includes additional information about the Trustees and is available, without charge, upon request, by calling (800) 988-5891.

Name, Address, Date of Birth and Position with the Trust	Term of Office and Year First Elected or Appointed	Principal Occupations During Past 5 Years	Number of Portfolios in the First Trust Fund Complex Overseen by Trustee	Other Trusteeships or Directorships Held by Trustee During Past 5 Years
INDEPENDENT TRUSTEES				
Richard E. Erickson, Trustee c/o First Trust Advisors L.P. 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 04/51	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	Physician; Officer, Wheaton Orthopedics; Limited Partner, Gundersen Real Estate Limited Partnership (June 1992 to December 2016); Member, Sportsmed LLC (April 2007 to November 2015)	138	None
Thomas R. Kadlec, Trustee c/o First Trust Advisors L.P. 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 11/57	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	President, ADM Investor Services, Inc. (Futures Commission Merchant)	138	Director of ADM Investor Services, Inc., ADM Investor Services International, and Futures Industry Association
Robert F. Keith, Trustee c/o First Trust Advisors L.P. 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 11/56	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	President, Hibs Enterprises (Financial and Management Consulting)	138	Director of Trust Company of Illinois
Niel B. Nielson, Trustee c/o First Trust Advisors L.P. 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 03/54	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	Managing Director and Chief Operating Officer (January 2015 to Present), Pelita Harapan Educational Foundation (Educational Products and Services); President and Chief Executive Officer (June 2012 to September 2014), Servant Interactive LLC (Educational Products and Services); President and Chief Executive Officer (June 2012 to September 2014), Dew Learning LLC (Educational Products and Services); President (June 2002 to June 2012), Covenant College	138	Director of Covenant Transport, Inc. (May 2003 to May 2014)
INTERESTED TRUSTEE				
James A. Bowen ⁽¹⁾ , Trustee and Chairman of the Board 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 09/55	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	Chief Executive Officer, First Trust Advisors L.P. and First Trust Portfolios L.P.; Chairman of the Board of Directors, BondWave LLC (Software Development Company) and Stonebridge Advisors LLC (Investment Advisor)	138	None

⁽¹⁾ Mr. Bowen is deemed an "interested person" of the Trust due to his position as Chief Executive Officer of First Trust Advisors L.P., investment advisor of the Trust.

Board of Trustees and Officers (Continued)

**First Trust Variable Insurance Trust
December 31, 2016 (Unaudited)**

Name, Address and Date of Birth	Position and Offices with Trust	Term of Office and Length of Service	Principal Occupations During Past 5 Years
OFFICERS⁽²⁾			
James M. Dykas 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 01/66	President and Chief Executive Officer	<ul style="list-style-type: none"> • Indefinite Term • Since January 2016 	Managing Director and Chief Financial Officer (January 2016 to Present), Controller (January 2011 to January 2016), Senior Vice President (April 2007 to January 2016), First Trust Advisors L.P. and First Trust Portfolios L.P.; Chief Financial Officer, BondWave LLC (Software Development Company) (January 2016 to Present) and Stonebridge Advisors LLC (Investment Advisor) (January 2016 to Present)
Donald P. Swade 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 08/72	Treasurer, Chief Financial Officer and Chief Accounting Officer	<ul style="list-style-type: none"> • Indefinite Term • Since January 2016 	Senior Vice President (July 2016 to Present), Vice President (April 2012 to July 2016), First Trust Advisors L.P. and First Trust Portfolios L.P.; Vice President (September 2006 to April 2012), Guggenheim Funds Investment Advisors, LLC/ Claymore Securities, Inc.
W. Scott Jardine 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 05/60	Secretary and Chief Legal Officer	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	General Counsel, First Trust Advisors L.P. and First Trust Portfolios L.P.; Secretary and General Counsel, BondWave LLC; Secretary of Stonebridge Advisors LLC
Daniel J. Lindquist 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 02/70	Vice President	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	Managing Director (July 2012 to Present), Senior Vice President (September 2005 to July 2012), First Trust Advisors L.P. and First Trust Portfolios L.P.
Kristi A. Maher 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 12/66	Chief Compliance Officer and Assistant Secretary	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	Deputy General Counsel, First Trust Advisors L.P. and First Trust Portfolios L.P.
Roger F. Testin 120 E. Liberty Drive, Suite 400 Wheaton, IL 60187 D.O.B.: 06/66	Vice President	<ul style="list-style-type: none"> • Indefinite Term • Since Trust Inception 	Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P.

⁽²⁾ Officers of the Trust have an indefinite term. The term “officer” means the president, vice president, secretary, treasurer, controller or any other officer who performs a policy making function.

First Trust Variable Insurance Trust December 31, 2016 (Unaudited)

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

Sources of Information

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

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

Information Collected

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

Disclosure of Information

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

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

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

Privacy Online

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

Confidentiality and Security

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

Policy Updates and Inquiries

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

March 2016

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First Trust

INVESTMENT ADVISOR

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

INVESTMENT SUB-ADVISORS

First Trust Multi Income Allocation Portfolio
Energy Income Partners, LLC
10 Wright Street
Westport, CT 06880

Stonebridge Advisors, LLC
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First Trust Multi Income Allocation Portfolio
BNY Mellon Investment Servicing (US) Inc.
301 Bellevue Parkway
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Brown Brothers Harriman & Co.
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CUSTODIAN

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New York, NY 10286

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