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First Trust Intermediate Duration Preferred & Income Fund
Form N-CSRS
July 06, 2018

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

FORM N-CSR

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

Investment Company Act file number 811-22795

First Trust Intermediate Duration Preferred & Income Fund
(Exact name of registrant as specified in charter)

120 East Liberty Drive, Suite 400
Wheaton, IL 60187

(Address of principal executive offices) (Zip code)

W. Scott Jardine, Esq.

First Trust Portfolios L.P.

120 East Liberty Drive, Suite 400
Wheaton, IL 60187

(Name and address of agent for service)

Registrant's telephone number, including area code: (630) 765-8000

Date of fiscal year end: October 31

Date of reporting period: April 30, 2018

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

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

Item 1. Report to Stockholders.

The Report to Shareholders is attached herewith.

First Trust
Intermediate Duration Preferred & Income Fund (FPF)
Semi-Annual Report
For the Six Months Ended
April 30, 2018

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First Trust Intermediate Duration Preferred & Income Fund (FPF)

Semi-Annual Report

April 30, 2018

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Caution Regarding Forward-Looking Statements

This report contains certain forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of First Trust Advisors L.P. (“First Trust” or the “Advisor”) and/or Stonebridge Advisors LLC (“Stonebridge” or the “Sub-Advisor”) and their respective representatives, taking into account the information currently available to them. Forward-looking statements include all statements that do not relate solely to current or historical fact. For example, forward-looking statements include the use of words such as “anticipate,” “estimate,” “intend,” “expect,” “believe,” “plan,” “may,” “should,” “would” or other words that convey uncertainty of future outcomes.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of First Trust Intermediate Duration Preferred & Income Fund (the “Fund”) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. When evaluating the information included in this report, you are cautioned not to place undue reliance on these forward-looking statements, which reflect the judgment of the Advisor and/or Sub-Advisor and their respective representatives only as of the date hereof. We undertake no obligation to publicly revise or update these forward-looking statements to reflect events and circumstances that arise after the date hereof.

Performance and Risk Disclosure

There is no assurance that the Fund will achieve its investment objectives. The Fund is subject to market risk, which is the possibility that the market values of securities owned by the Fund will decline and that the value of the Fund shares may therefore be less than what you paid for them. Accordingly, you can lose money by investing in the Fund. See “Risk Considerations” in the Additional Information section of this report for a discussion of certain other risks of investing in the Fund.

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Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit www.ftportfolios.com or speak with your financial advisor. Investment returns, net asset value and common share price will fluctuate and Fund shares, when sold, may be worth more or less than their original cost. The Advisor may also periodically provide additional information on Fund performance on the Fund's web page at www.ftportfolios.com.

How to Read This Report

This report contains information that may help you evaluate your investment in the Fund. It includes details about the Fund and presents data and analysis that provide insight into the Fund's performance and investment approach. By reading the portfolio commentary by the portfolio management team of the Fund, you may obtain an understanding of how the market environment affected the Fund's performance. The statistical information that follows may help you understand the Fund's performance compared to that of relevant market benchmarks. It is important to keep in mind that the opinions expressed by personnel of First Trust and Stonebridge are just that: informed opinions. They should not be considered to be promises or advice. The opinions, like the statistics, cover the period through the date on the cover of this report. The material risks of investing in the Fund are spelled out in the prospectus, the statement of additional information, this report and other Fund regulatory filings.

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Shareholder Letter

First Trust Intermediate Duration Preferred & Income Fund (FPF)

Semi-Annual Letter from the Chairman and CEO

April 30, 2018

Dear Shareholders,

First Trust is pleased to provide you with the semi-annual report for the First Trust Intermediate Duration Preferred & Income Fund which contains detailed information about your investment for the period ended April 30, 2018, including a market overview and a performance analysis for the period. We encourage you to read this report carefully and discuss it with your financial advisor.

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

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

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

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

This market volatility is why we believe that one should invest for the long term and be prepared for market movements, which can happen at any time. This can be accomplished by keeping current on your portfolio and investing goals and by speaking regularly with your investment professional. It’s important to keep in mind that past performance of the U.S. and global stock markets or investment products can never guarantee future results. As we’ve said before, markets go up and they also go down, but savvy investors are prepared for either through careful attention to their portfolios and investment goals.

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

Sincerely,

James A. Bowen
Chairman of the Board of Trustees
Chief Executive Officer of First Trust Advisors L.P.
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First Trust Intermediate Duration Preferred & Income Fund (FPF)

“AT A GLANCE”

As of April 30, 2018 (Unaudited)

Fund Statistics

Symbol on New York Stock Exchange	FPF
Common Share Price	\$22.62
Common Share Net Asset Value (“NAV”)	\$24.04
Premium (Discount) to NAV	(5.91)%
Net Assets Applicable to Common Shares	\$1,460,916,200
Current Distribution per Common Share ⁽¹⁾	\$0.1525
Current Annualized Distribution per Common Share	\$1.8300
Current Distribution Rate on Common Share Price ⁽²⁾	8.09%
Current Distribution Rate on NAV ⁽²⁾	7.61%
Common Share Price & NAV (weekly closing price)	

Performance

	6 Months Ended 4/30/18	1 Year Ended 4/30/18	Average Annual Total Returns Inception (5/23/13) to 4/30/18
Fund Performance⁽³⁾			
NAV	-1.08%	6.08%	8.79%
Market Value	-5.23%	3.32%	6.47%
Index Performance			
ICE BofAML Fixed Rate Preferred Securities Index	-1.46%	1.97%	5.06%
ICE BofAML U.S. Capital Securities Index	-1.84%	2.59%	4.56%
Blended Index ⁽⁴⁾	-1.64%	2.29%	4.83%

(1) Most recent distribution paid or declared through 4/30/2018. Subject to change in the future.

(2) Distribution rates are calculated by annualizing the most recent distribution paid or declared through the report date and then dividing by Common Share Price or NAV, as applicable, as of 4/30/2018. Subject to change in the future.

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

The Blended Index consists of the following: ICE BofAML Fixed Rate Preferred Securities Index (50%) and ICE BofAML U.S. Capital Securities Index (50%). The Blended Index was added to reflect the diverse allocation of

(4) institutional preferred and hybrid securities in the Fund’s Portfolio. The indexes do not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. Indexes are unmanaged and an investor cannot invest directly in an index.

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First Trust Intermediate Duration Preferred & Income Fund (FPF)

“AT A GLANCE” (Continued)

As of April 30, 2018 (Unaudited)

Industry Classification	% of Total Investments
Banks	44.1%
Insurance	24.2
Food Products	5.4
Electric Utilities	4.8
Oil, Gas & Consumable Fuels	4.4
Capital Markets	4.1
Diversified Telecommunication Services	1.9
Multi-Utilities	1.3
Metals & Mining	1.3
Energy Equipment & Services	1.2
Diversified Financial Services	1.1
Independent Power and Renewable Electricity Producers	1.1
Mortgage Real Estate Investment Trusts	1.1
Transportation Infrastructure	1.0
Automobiles	1.0
Equity Real Estate Investment Trusts	1.0
Thrifts & Mortgage Finance	0.6
Wireless Telecommunication Services	0.3
Internet Software & Services	0.1
Total	100.0%

Top Ten Holdings	% of Total Investments
Enel S.p.A.	2.2%
Aquarius & Investments PLC for Swiss Reinsurance Co., Ltd.	1.9
Cooperatieve Rabobank UA	1.9
Emera, Inc., Series 16-A	1.9
Catlin Insurance Co., Ltd.	1.9
Barclays PLC	1.8
Land O'Lakes, Inc.	1.8
Credit Agricole S.A.	1.8
Royal Bank of Scotland Group PLC	1.6
BNP Paribas S.A.	1.5
Total	18.3%

Credit Quality ⁽⁵⁾	% of Total Fixed-Income Investments
A+	1.9%
A-	5.2
BBB+	12.2
BBB	14.5
BBB-	26.4
BB+	18.8
BB	8.7

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BB-	4.8
B+	2.6
B	0.2
Not Rated	4.7
Total	100.0%

The credit quality and ratings information presented above reflect 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 (5) situations in which a security is rated by more than one NRSRO and the ratings are not equivalent, the highest rating is 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.

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Portfolio Commentary

First Trust Intermediate Duration Preferred & Income Fund (FPF)

Semi-Annual Report

April 30, 2018 (Unaudited)

Advisor

First Trust Advisors L.P. (“First Trust”) is the investment advisor to the First Trust Intermediate Duration Preferred & Income Fund (the “Fund”). First Trust is responsible for the ongoing monitoring of the Fund’s investment portfolio, managing the Fund’s business affairs and providing certain administrative services necessary for the management of the Fund.

Sub-Advisor

Stonebridge Advisors LLC (“Stonebridge” or the “Sub-Advisor”) is the sub-advisor to the Fund and is a registered investment advisor based in Wilton, Connecticut. Stonebridge specializes in the management of preferred and hybrid securities.

Stonebridge Advisors LLC Portfolio Management Team

Scott T. Fleming – Chief Executive Officer and President

Robert Wolf – Chief Investment Officer, Senior Vice President and Senior Portfolio Manager

Commentary

Market Recap

The six-month period ended April 30, 2018 was relatively volatile for the preferred and hybrid markets as interest rates moved higher across the curve. Short-term interest rates, as measured by 3-Month London Interbank Offered Rate (“LIBOR”), spiked almost 100 basis points (“bps”) during the period while 10-Year Treasuries rose almost 60 bps. Additionally, outflows from passive preferred and hybrid exchange-traded funds (“ETFs”) created a weak market technical at the start of 2018. However, yield spread tightening in the preferred and hybrid market helped to cushion the asset class. The retail (\$25 par) preferred market was supported by net negative issuance during the period, which helped to offset the effect of the ETF redemptions. Conversely, the institutional preferred and hybrid market experienced robust net issuance during the period, particularly from master limited partnerships (“MLPs”) issuers and U.S. bank issuers, which created additional weakness. Contingent capital securities (“CoCos”), which are a subset of the institutional market, underperformed as rising USD LIBOR increased the cost of cross-currency hedges for non-U.S. investors, while new CoCos were issued at a concession to the secondary market, pushing prices lower. For the fiscal year to date, the retail market returned -1.46%, while the institutional market returned -1.84%, according to the ICE BofAML Fixed Rate Preferred Securities Index (POP1) and the ICE BofAML U.S. Capital Securities Index (COCS), respectively.

Performance Analysis

The Fund produced a total return of -5.23% based on market price and -1.08% based on net asset value (“NAV”) for the six-month period ended April 30, 2018, outperforming the Blended Index’s total return of -1.64%. The Blended Index is a 50/50 blend of the POP1 and the COCS return. This was achieved due to the Fund maintaining a more conservative interest rate stance relative to the benchmark during a period of rising rates. Throughout the period, the effective duration of the Fund excluding leverage was lower than the blended benchmark while still keeping income comparable to peer funds.

The primary factors that contributed to the outperformance of the Fund’s NAV relative to the benchmark were the Fund’s overall superior security selection, as well as the Fund’s overweight to floating rate securities. The Fund achieved superior security selection within both variable rate and fixed-for-life institutional securities by focusing on the most defensive security structures in regard to interest rate risk. This included variable rate securities with wide back-end reset spreads and shorter duration, high coupon fixed-for-life securities that are likely to be redeemed. Also, the Fund added significant outperformance due to its large overweight to floating rate securities, which benefited from the rise in 3-Month LIBOR during the period and are not held in the benchmark. The largest detractor to the relative performance of the Fund versus the benchmark was leverage.

The Fund also employed a hedging strategy throughout the year to further manage its interest rate risk. This strategy consisted of an interest rate swap, which was a positive contributor to the relative performance of the Fund as the curve shifted higher during the period.

Finally, effective with the dividend declaration in April, the distribution rate for the Fund was reduced due to strong interest rates, tightening yield spreads, and reduced income on the Fund's portfolio. While preferred and hybrid yields have drifted lower, leverage costs have increased as the Federal Reserve (the "Fed") has guided short-term rates higher. Consequently, the net income available for distribution to common shareholders has fallen. The new distribution rate reflects these current market conditions. Going forward, we continue to believe it is prudent to maintain a conservative interest rate stance relative to the benchmark, particularly if this can be done while continuing to pay a relatively high distribution rate.

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Portfolio Commentary (Continued)

First Trust Intermediate Duration Preferred & Income Fund (FPF)

Semi-Annual Report

April 30, 2018 (Unaudited)

Market and Fund Outlook

Despite increased volatility and market weakness during the six-month period ended April 30, 2018, we continue to believe that positive earnings in the financial sector, low inflation and solid gross domestic product (“GDP”) growth globally should be supportive of performance in the preferred and hybrid securities markets for the remainder of 2018. New risks have appeared in the form of U.S. trade policy and an expansionary U.S. fiscal agreement, which have pressured the equity market, but we believe these risks will have limited impact on the credit and preferred markets. Interest rate volatility also increased during the period, but we continue to believe that U.S. interest rates should broadly continue a gradual rise and the Treasury yield curve is likely to remain relatively flat. Nonetheless, we believe the preferred and hybrid market is likely to benefit from a subdued level of new issuance for the remainder of 2018 and will likely continue to be positively supported by its attractive yields compared to other fixed income asset classes and wide credit yield spreads relative to U.S. Treasuries. We will continue to position our strategies through active management to protect against the largest risks we see in the market, including geopolitical events, potential increases in interest rates, or an unexpected increase in new issuance supply.

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First Trust Intermediate Duration Preferred & Income Fund (FPF)

Portfolio of Investments

April 30, 2018 (Unaudited)

Shares	Description	Stated Rate	Stated Maturity	Value
\$25 PAR PREFERRED SECURITIES – 19.6%				
Banks – 3.2%				
85,593	Banc of California, Inc., Series E	7.00%	(a)	\$2,175,774
300,000	Citigroup, Inc., Series S (b)	6.30%	(a)	7,878,000
49,752	Fifth Third Bancorp, Series I (c)	6.63%	(a)	1,411,962
149,642	FNB Corp. (b) (c)	7.25%	(a)	4,185,487
864,211	GMAC Capital Trust I, Series 2, 3 Mo. LIBOR + 5.79% (b) (d)	7.62%	02/15/40	22,979,370
53,928	JPMorgan Chase & Co., Series BB	6.15%	(a)	1,414,531
44,878	Valley National Bancorp, Series A (c)	6.25%	(a)	1,178,945
100,000	Wells Fargo & Co., Series W	5.70%	(a)	2,502,000
98,964	Wintrust Financial Corp., Series D (b) (c)	6.50%	(a)	2,662,132
				46,388,201
Capital Markets – 2.6%				
211,494	Apollo Global Management, LLC, Series B (b)	6.38%	(a)	5,118,155
145,201	Apollo Investment Corp. (b)	6.88%	07/15/43	3,651,805
3,067	Ares Management L.P., Series A	7.00%	(a)	79,895