



## 2019 Annual Financial Statements

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First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged) • FDE, FDE.A

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged) • EUR, EUR.A

First Trust Senior Loan ETF (CAD-Hedged) • FSL, FSL.A

First Trust Canadian Capital Strength ETF • FST, FST.A

First Trust Global Risk Managed Income Index ETF • ETP, ETP.A

First Trust Tactical Bond Index ETF • FTB

First Trust Value Line® Dividend Index ETF (CAD-Hedged) • FUD, FUD.A

First Trust AlphaDEX™ U.S. Financial Sector Index ETF • FHF

First Trust AlphaDEX™ U.S. Energy Sector Index ETF • FHE

First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF • FHD

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF • FHC, FHC.F

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF • FHH, FHH.F

First Trust AlphaDEX™ U.S. Materials Sector Index ETF • FHM

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF • FHG, FHG.F

First Trust AlphaDEX™ U.S. Technology Sector Index ETF • FHQ, FHQ.F

First Trust AlphaDEX™ U.S. Utilities Sector Index ETF • FHU

First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged) • FSR

First Trust Indxx Innovative Transaction and Process ETF • BLCK

First Trust International Capital Strength ETF • FINT

First Trust Cboe Vest U.S. Equity Buffer ETF – August • AUGB.F

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As at December 31, 2019

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# MANAGEMENT REPORT

## Management's Responsibility for Financial Reporting

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)  
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First Trust Indxx Innovative Transaction and Process ETF  
First Trust International Capital Strength ETF  
First Trust Cboe Vest U.S. Equity Buffer ETF – August

**(collectively referred to as the “First Trust ETFs”)**

The accompanying annual financial statements have been prepared by FT Portfolios Canada Co. the Manager of the First Trust ETFs and approved by the Board of Directors of the Manager. The First Trust ETFs' Manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Reports. The First Trust ETFs' Manager maintains appropriate procedures to ensure that relevant and reliable information is produced. These annual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies which management believes are appropriate for the First Trust ETFs are described in Notes 2 and 3 to the financial statements.



Andrew Roggensack  
Director



David G. McGarel  
Director

## Independent Auditor's Report

To the unitholders of:

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)  
 First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)  
 First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
 First Trust Senior Loan ETF (CAD-Hedged)  
 First Trust Global Risk Managed Income Index ETF  
 First Trust AlphaDEX™ U.S. Financial Sector Index ETF  
 First Trust AlphaDEX™ U.S. Energy Sector Index ETF  
 First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF  
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 First Trust Canadian Capital Strength ETF  
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 First Trust International Capital Strength ETF  
 First Trust Cboe Vest U.S. Equity Buffer ETF – August

(each individually, the "ETF")

ETF	Statements of Financial Position as at:	Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows for:
First Trust Value Line® Dividend Index ETF (CAD-Hedged)  First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)  First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)  First Trust AlphaDEX™ U.S. Financial Sector Index ETF	December 31, 2019 and December 31, 2018	the years ended December 31, 2019 and December 31, 2018

<p>First Trust AlphaDEX™ U.S. Energy Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Health Care Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Materials Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Industrials Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Technology Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Utilities Sector Index ETF</p> <p>First Trust Global Risk Managed Income Index ETF</p> <p>First Trust Senior Loan ETF (CAD-Hedged)</p> <p>First Trust Tactical Bond Index ETF</p> <p>First Trust Canadian Capital Strength ETF</p> <p>First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)</p> <p>First Trust Indxx Innovative Transaction and Process ETF</p> <p>First Trust International Capital Strength ETF</p>		
<p>First Trust Cboe Vest U.S. Equity Buffer ETF – August</p>	<p>December 31, 2019</p>	<p>the period August 30, 2019 to December 31, 2019</p>

## **Opinion**

We have audited the financial statements of the ETF, which comprise the statements of financial position as at the dates listed above, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years or periods listed above, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETF as at the dates listed above, and its financial performance and its cash flows for the years or periods listed above in accordance with International Financial Reporting Standards ("IFRS").

## **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the ETF in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

Management is responsible for the other information which comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ETF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is George Kosmas.

The signature of Deloitte LLP is written in a cursive, handwritten style.

Chartered Professional Accountants  
Licensed Public Accountants  
March 13, 2020



# First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	4,108,713	4,377,306
Cash	16,600	27,370
Accrued dividend receivable	17,554	13,799
Derivative assets	74,556	9,858
Other assets	1,888	2,259
	4,219,311	4,430,592
<b>Liabilities</b>		
Accrued liabilities	6,899	6,668
Distributions payable to holders of redeemable units	9,006	12,506
Derivative liabilities	-	88,300
	15,905	107,474
<b>Total net assets attributable to holders of redeemable units</b>	<b>4,203,406</b>	<b>4,323,118</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Common Class</b>	2,536,258	2,891,989
<b>Advisor Class</b>	1,667,148	1,431,129
<b>Redeemable units outstanding [note 6]</b>		
<b>Common Class</b>	150,600	200,600
<b>Advisor Class</b>	99,399	99,399
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Common Class</b>	16.84	14.42
<b>Advisor Class</b>	16.77	14.40

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	131,671	273,974
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	135,313	103,293
Net realized gain (loss) on derivatives	(5,117)	(630,046)
Net realized gain (loss) on foreign exchange	(875)	859
Net change in unrealized appreciation (depreciation) of investments	437,799	(468,361)
Net change in unrealized appreciation (depreciation) of derivatives	152,998	(128,516)
	851,789	(848,797)
Foreign exchange gain (loss) on cash	674	125
	852,463	(848,672)
<b>Expenses [note 7]</b>		
Management fees	26,316	44,767
Service fees	15,250	16,939
Transaction costs [note 3 and note 9]	11,919	13,682
HST expense	3,443	5,842
Independent Review Committee fees	825	1,107
Interest expense	8	15
	57,761	82,352
Expenses waived by the manager	(825)	(1,107)
	56,936	81,245
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>795,527</b>	<b>(929,917)</b>
<b>Withholding taxes</b>	<b>20,866</b>	<b>28,259</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>774,661</b>	<b>(958,176)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Common Class</b>	500,374	(768,941)
<b>Advisor Class</b>	274,287	(189,235)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Common Class</b>	3.05	(2.45)
<b>Advisor Class</b>	2.77	(1.80)

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Common Class	December 31 2018 (\$) Common Class	December 31 2019 (\$) Advisor Class	December 31 2018 (\$) Advisor Class
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	2,891,989	7,513,780	1,431,129	2,490,083
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	500,374	(768,941)	274,287	(189,235)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	780,994	5,734,760	-	-
Reinvested distributions	-	-	-	-
Redemption of units	(1,554,296)	(9,444,313)	-	(834,876)
	(773,302)	(3,709,553)	-	(834,876)
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(63,355)	(132,088)	(29,280)	(34,843)
Capital gains	-	-	-	-
Return of capital	(19,448)	(11,209)	(8,988)	-
	(82,803)	(143,297)	(38,268)	(34,843)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(355,731)	(4,621,791)	236,019	(1,058,954)
<b>Net assets attributable to holders of redeemable units, end of year</b>	2,536,258	2,891,989	1,667,148	1,431,129
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			4,323,118	10,003,863
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			774,661	(958,176)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			780,994	5,734,760
Reinvested distributions			-	-
Redemption of units			(1,554,296)	(10,279,189)
			(773,302)	(4,544,429)
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(92,635)	(166,931)
Capital gains			-	-
Return of capital			(28,436)	(11,209)
			(121,071)	(178,140)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(119,712)	(5,680,745)
<b>Net assets attributable to holders of redeemable units, end of year</b>			4,203,406	4,323,118

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	774,661	(958,176)
Adjustments for:		
Net realized (gain) loss on sale of investments	(135,313)	(103,293)
Change in unrealized (appreciation) depreciation of investments and derivatives	(590,797)	596,877
Dividends receivable	(3,755)	(6,577)
Other assets	371	(171)
Other liabilities	231	(5,012)
Purchases of investments	(4,681,147)	(11,965,889)
Proceeds from the sale of investments	5,522,852	17,142,960
	887,103	4,700,719
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	780,994	5,734,760
Amount paid on redemptions of units	(1,554,296)	(10,279,189)
Distributions paid to unitholders	(124,571)	(193,393)
	(897,873)	(4,737,822)
<b>Increase (Decrease) in cash for the year</b>	(10,770)	(37,103)
<b>Cash, beginning of year</b>	27,370	64,473
<b>Cash, end of year</b>	16,600	27,370
Dividends received, net of withholding taxes	107,050	239,138

See accompanying notes which are an integral part of these financial statements.

**First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to provide unitholders with exposure to the performance of a portfolio of dividend paying equity securities domiciled in the emerging markets and selected from the countries represented in the S&P BMI Emerging Markets Index as well as providing unitholders with monthly distributions.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	4,108,713	–	–	4,108,713
Derivative assets	–	74,556	–	74,556
<b>Total</b>	<b>4,108,713</b>	<b>74,556</b>	<b>–</b>	<b>4,183,269</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	4,377,306	–	–	4,377,306
Derivative assets	–	9,858	–	9,858
Derivative liabilities	–	(88,300)	–	(88,300)
<b>Total</b>	<b>4,377,306</b>	<b>(78,442)</b>	<b>–</b>	<b>4,298,864</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2018	450,600	149,399
Redeemable units issued	350,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(600,000)	(50,000)
Outstanding units – December 31, 2018	200,600	99,399
Redeemable units issued	50,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(100,000)	–
Outstanding units – December 31, 2019	150,600	99,399

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Common Class	Advisor Class <sup>1</sup>
0.65%	1.65%

<sup>1</sup>Includes a service fee of 1.00%

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
910,940	910,940	-	-

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
11,919	13,682

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
26,316	44,767	2,239	2,196

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
MSCI Emerging Markets Index (USD)	147,826	(147,826)	152,606	(152,606)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	1,903	0.05	157,529	3.64

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$19 (December 31, 2018 - \$1,575). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Concentration Risk** - The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Brazil	28.26	30.28
China	17.15	6.98
Mexico	14.28	6.88
India	12.24	7.72
Chile	7.75	6.02
Russia	4.01	2.21
Greece	4.01	–
Colombia	3.86	5.42
South Africa	2.62	6.81
Taiwan	2.18	12.92
United States	0.71	0.67
Indonesia	0.68	–
Luxembourg	–	3.57
Hong Kong	–	3.25
Monaco	–	3.18
Peru	–	1.71
Netherlands	–	1.42
Turkey	–	1.53
Philippines	–	0.68
<b>Total</b>	<b>97.75</b>	<b>101.25</b>

# First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Brazil—28.26%</b>				
Banco Santander (Brasil) SA, ADR	2,065	29,207	32,527	0.77
Companhia de Saneamento Basico do Estado de Sao Paulo, ADR	7,215	130,867	141,004	3.35
Companhia Energetica de Minas Gerais SA, ADR	39,825	153,929	176,347	4.20
Companhia Paranaense de Energia	6,612	71,617	145,447	3.46
Companhia Siderurgica Nacional SA, ADR	21,742	122,288	97,404	2.32
Gerdau SA, ADR	16,211	87,288	103,149	2.45
Petroleo Brasileiro SA, ADR	6,554	128,459	135,661	3.23
Telefonica Brasil SA, ADR	7,341	129,506	136,508	3.25
Tim Participacoes SA, ADR	7,472	147,892	185,420	4.41
Ultrapar Participações SA, ADR	4,231	29,365	34,393	0.82
		<b>1,030,418</b>	<b>1,187,860</b>	<b>28.26</b>
<b>Chile—7.75%</b>				
Compania Cervecerias Unidas SA, ADR	1,159	39,578	28,550	0.68
Enel Americas SA, ADR	12,479	162,916	177,927	4.23
Latam Airlines Group SA, ADR	9,047	127,788	119,359	2.84
		<b>330,282</b>	<b>325,836</b>	<b>7.75</b>
<b>China—17.15%</b>				
China Life Insurance Co. Ltd., ADR	7,662	126,511	137,601	3.27
China Petroleum and Chemical Corp. (Sinopec), ADR	2,161	158,965	168,791	4.01
Huazhu Group Ltd., ADR	627	27,247	32,625	0.78
NetEase Inc., ADR	383	127,041	152,506	3.63
PetroChina Co. Ltd., ADR	2,107	127,194	137,705	3.28
ZTO Express (Cayman) Inc., ADR	3,024	82,640	91,691	2.18
		<b>649,598</b>	<b>720,919</b>	<b>17.15</b>
<b>Colombia—3.86%</b>				
Bancolombia SA, ADR	1,000	57,914	71,148	1.69
Ecopetrol SA, ADR	3,515	78,573	91,105	2.17
		<b>136,487</b>	<b>162,253</b>	<b>3.86</b>
<b>Greece—4.01%</b>				
Star Bulk Carriers Corp.	10,980	155,474	168,388	4.01
		<b>155,474</b>	<b>168,388</b>	<b>4.01</b>
<b>India—12.24%</b>				
Dr. Reddy's Laboratories Ltd., ADR	1,580	83,833	83,258	1.98
HDFC Bank Ltd., ADR	782	61,182	64,350	1.53
ICICI Bank Ltd., ADR	6,851	102,665	134,246	3.19
Vedanta Ltd., ADR	14,990	164,653	167,985	4.00
Wipro Ltd., ADR	13,297	75,933	64,751	1.54
		<b>488,266</b>	<b>514,590</b>	<b>12.24</b>
<b>Indonesia—0.68%</b>				
PT Telekomunikasi Indonesia Persero TBK, ADR	775	28,468	28,682	0.68
		<b>28,468</b>	<b>28,682</b>	<b>0.68</b>
<b>Mexico—14.28%</b>				
America Movil SAB de CV, Series 'L', Class 'L', ADR	3,157	61,990	65,592	1.56
Banco Santander (Mexico) SA, ADR	7,649	71,279	67,343	1.60
Cemex SAB de CV, ADR	17,254	80,832	84,692	2.02
Coca-Cola FEMSA SAB de CV, Series 'L', ADR	1,113	87,087	87,613	2.08
Fomento Economico Mexicano SAB de CV, ADR	236	28,284	28,963	0.69
Grupo Aeroportuario del Centro Norte SAB de CV, ADR	907	56,307	70,597	1.68
Grupo Aeroportuario del Pacifico SAB de CV, ADR	636	76,896	97,957	2.33
Grupo Aeroportuario del Sureste SAB de CV, ADR	125	25,727	30,417	0.72
Grupo Televisa SA, ADR	4,400	62,513	67,021	1.60
		<b>550,915</b>	<b>600,195</b>	<b>14.28</b>
<b>Russia—4.01%</b>				
Mobile TeleSystems PJSC, ADR	12,783	153,508	168,484	4.01
		<b>153,508</b>	<b>168,484</b>	<b>4.01</b>

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)  
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<b>South Africa—2.62%</b>				
AngloGold Ashanti Ltd., ADR	1,127	18,070	32,694	0.78
Gold Fields Ltd., ADR	9,022	56,999	77,322	1.84
	<b>75,069</b>	<b>110,016</b>	<b>2.62</b>	
<b>Taiwan—2.18%</b>				
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	1,212	61,091	91,440	2.18
	<b>61,091</b>	<b>91,440</b>	<b>2.18</b>	
<b>United States—0.71%</b>				
Yum China Holdings Inc.	482	25,393	30,050	0.71
	<b>25,393</b>	<b>30,050</b>	<b>0.71</b>	
<b>Total investments</b>	<b>3,684,969</b>	<b>4,108,713</b>	<b>97.75</b>	
Transaction costs		(3,319)		
Unrealized appreciation on derivatives - see Schedule 1			74,556	1.78
Other assets, less liabilities			20,137	0.47
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>	<b>3,681,650</b>	<b>4,203,406</b>	<b>100.00</b>	

Schedule 1

Counterparty	Credit		Settlement Date	Currency	Amount Sold	Currency	Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
	Rating of Counterparty*	Sell								
Bank of New York Mellon (The), New York	A-1+		2020/01/31	USD	2,986,090	CAD	3,949,000	0.756	0.770	71,997
Bank of New York Mellon (The), New York	A-1+		2020/01/31	USD	190,581	CAD	250,000	0.762	0.770	2,559
										<b>74,556</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide



# First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	11,421,684	15,533,366
Cash	74,721	124,165
Accrued dividend receivable	114,020	173,706
Derivative assets	110,102	-
Other assets	2,936	4,164
	11,723,463	15,835,401
<b>Liabilities</b>		
Accrued liabilities	11,421	13,583
Distributions payable to holders of redeemable units	58,860	108,701
Derivative liabilities	-	462,433
	70,281	584,717
<b>Total net assets attributable to holders of redeemable units</b>	<b>11,653,182</b>	<b>15,250,684</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
Common Class	9,882,947	13,702,299
Advisor Class	1,770,235	1,548,385
<b>Redeemable units outstanding [note 6]</b>		
Common Class	424,022	674,022
Advisor Class	75,979	75,979
<b>Net assets attributable to holders of redeemable units per unit</b>		
Common Class	23.31	20.33
Advisor Class	23.30	20.38

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	648,268	910,008
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	(324,069)	1,227,916
Net realized gain (loss) on derivatives	211,489	208,241
Net realized gain (loss) on foreign exchange	(6,486)	26,437
Net change in unrealized appreciation (depreciation) of investments	1,496,994	(3,195,636)
Net change in unrealized appreciation (depreciation) of derivatives	572,535	(408,100)
	2,598,731	(1,231,134)
Foreign exchange gain (loss) on cash	(2,390)	2,073
	2,596,341	(1,229,061)
<b>Expenses [note 7]</b>		
Management fees	82,432	134,394
Service fees	16,734	17,872
Transaction costs [note 3 and note 9]	16,514	20,207
HST expense	9,936	15,745
Independent Review Committee fees	2,788	3,537
Interest expense	12	-
	128,416	191,755
Expenses waived by manager	(2,788)	(3,537)
	125,628	188,218
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>2,470,713</b>	<b>(1,417,279)</b>
<b>Withholding taxes</b>	<b>84,757</b>	<b>90,447</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>2,385,956</b>	<b>(1,507,726)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
Common Class	2,109,972	(1,354,721)
Advisor Class	275,984	(153,005)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
Common Class	3.85	(1.52)
Advisor Class	3.64	(1.99)

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Common Class	December 31 2018 (\$) Common Class	December 31 2019 (\$) Advisor Class	December 31 2018 (\$) Advisor Class
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	13,702,299	23,886,452	1,548,385	2,940,715
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	2,109,972	(1,354,721)	275,984	(153,005)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	-	3,411,884	-	-
Reinvested distributions	-	-	-	-
Redemption of units	(5,460,510)	(11,596,225)	-	(1,202,741)
	(5,460,510)	(8,184,341)	-	(1,202,741)
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(468,814)	(645,061)	(52,769)	(36,581)
Capital gains	-	-	-	-
Return of capital	-	(30)	(1,365)	(3)
	(468,814)	(645,091)	(54,134)	(36,584)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(3,819,352)	(10,184,153)	221,850	(1,392,330)
<b>Net assets attributable to holders of redeemable units, end of year</b>	9,882,947	13,702,299	1,770,235	1,548,385
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			15,250,684	26,827,167
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			2,385,956	(1,507,726)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			-	3,411,884
Reinvested distributions			-	-
Redemption of units			(5,460,510)	(12,798,966)
			(5,460,510)	(9,387,082)
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(521,583)	(681,642)
Capital gains			-	-
Return of capital			(1,365)	(33)
			(522,948)	(681,675)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(3,597,502)	(11,576,483)
<b>Net assets attributable to holders of redeemable units, end of year</b>			11,653,182	15,250,684

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	2,385,956	(1,507,726)
Adjustments for:		
Net realized (gain) loss on sale of investments	324,069	(1,227,916)
Change in unrealized (appreciation) depreciation of investments and derivatives	(2,069,529)	3,603,736
Dividends receivable	59,686	(13,589)
Other assets	1,228	(1,307)
Other liabilities	(2,162)	(5,625)
Purchases of investments	(9,801,858)	(18,921,081)
Proceeds from the sale of investments	15,086,465	28,045,651
	5,983,855	9,972,143
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	-	3,411,884
Amount paid on redemptions of units	(5,460,510)	(12,798,966)
Distributions paid to unitholders	(572,789)	(650,765)
	(6,033,299)	(10,037,847)
<b>Increase (Decrease) in cash for the year</b>	(49,444)	(65,704)
<b>Cash, beginning of year</b>	124,165	189,869
<b>Cash, end of year</b>	74,721	124,165
Dividends received, net of withholding taxes	623,197	805,972

See accompanying notes which are an integral part of these financial statements.

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the AlphaDEX™ European Dividend Index (the “Index”), net of expenses. The Index results from applying the AlphaDEX™ methodology to a universe of ADRs of European companies that are listed on the NYSE, NYSE Market and NASDAQ exchanges.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	11,421,684	–	–	11,421,684
Derivative assets	–	110,102	–	110,102
<b>Total</b>	<b>11,421,684</b>	<b>110,102</b>	<b>–</b>	<b>11,531,786</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	15,533,366	–	–	15,533,366
Derivative assets	–	–	–	–
Derivative liabilities	–	(462,433)	–	(462,433)
<b>Total</b>	<b>15,533,366</b>	<b>(462,433)</b>	<b>–</b>	<b>15,070,933</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2018	1,024,022	125,979
Redeemable units issued	150,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(500,000)	(50,000)
Outstanding units – December 31, 2018	674,022	75,979
Redeemable units issued	–	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(250,000)	–
Outstanding units – December 31, 2019	424,022	75,979

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Common Class	Advisor Class <sup>1</sup>
0.60%	1.60%

<sup>1</sup>Includes a service fee of 1.00%

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)  
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**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
440,199	323,531	-	-

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
16,514	20,207

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
82,432	134,394	5,898	7,939

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
MSCI Europe Index (Local Currency)	619,900	(619,900)	631,378	(631,378)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	11,538,032	99.01	15,706,677	102.99
Swiss Francs	(981,243)	(8.42)	(529,270)	(3.47)
British Pound Sterling	(3,377,807)	(28.99)	(6,841,300)	(44.86)
Euro	(5,875,809)	(50.42)	(6,919,076)	(45.37)
Total	1,303,173	11.18	1,417,031	9.29

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First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

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As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$13,032 (December 31, 2018 - \$14,170). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** - The table below summarizes the concentration risk for years ended December 31, 2019 and 2018:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
United Kingdom	28.90	40.61
Netherlands	16.29	13.98
Spain	9.10	7.58
Switzerland	8.39	3.37
Luxembourg	7.85	6.19
France	5.65	5.95
Ireland	4.67	4.38
Germany	4.18	0.71
Russia	3.34	2.54
Norway	3.33	3.25
Italy	3.20	5.01
Denmark	1.60	–
Sweden	1.51	5.42
Finland	–	2.86
Total	98.01	101.85

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)  
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For the year ended December 31, 2019

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Denmark—1.60%</b>				
Novo Nordisk AS, ADR	2,481	173,304	186,472	1.60
		<b>173,304</b>	<b>186,472</b>	<b>1.60</b>
<b>France—5.65%</b>				
Orange SA, ADR	14,635	292,547	277,272	2.38
TOTAL SA, ADR	5,303	365,207	380,808	3.27
		<b>657,754</b>	<b>658,080</b>	<b>5.65</b>
<b>Germany—4.18%</b>				
Fresenius Medical Care AG & Co. KGaA, ADR	3,803	180,687	181,881	1.56
SAP SE, ADR	1,757	301,867	305,705	2.62
		<b>482,554</b>	<b>487,586</b>	<b>4.18</b>
<b>Ireland—4.67%</b>				
CRH PLC, ADR	10,393	455,195	544,287	4.67
		<b>455,195</b>	<b>544,287</b>	<b>4.67</b>
<b>Italy—3.20%</b>				
Eni SPA, ADR	9,273	394,837	372,804	3.20
		<b>394,837</b>	<b>372,804</b>	<b>3.20</b>
<b>Luxembourg—7.85%</b>				
ArcelorMittal	23,265	748,217	529,897	4.55
Tenaris SA, ADR	13,088	476,535	384,776	3.30
		<b>1,224,752</b>	<b>914,673</b>	<b>7.85</b>
<b>Netherlands—16.29%</b>				
ASML Holding NV, Registered	883	232,455	339,331	2.91
ING Groep NV, ADR	12,094	185,704	189,241	1.62
Koninklijke Philips NV, ADR	1,499	69,860	94,990	0.82
Royal Dutch Shell PLC, Class 'A', ADR	6,924	549,430	530,299	4.55
STMicroelectronics NV	16,334	318,218	570,775	4.90
VEON Ltd., ADR	52,773	179,404	173,377	1.49
		<b>1,535,071</b>	<b>1,898,013</b>	<b>16.29</b>
<b>Norway—3.33%</b>				
Equinor ASA, ADR	15,037	417,878	388,769	3.33
		<b>417,878</b>	<b>388,769</b>	<b>3.33</b>
<b>Russia—3.34%</b>				
Mobile TeleSystems PJSC, ADR	29,517	350,487	389,042	3.34
		<b>350,487</b>	<b>389,042</b>	<b>3.34</b>
<b>Spain—9.10%</b>				
Banco Bilbao Vizcaya Argentaria SA, ADR	45,666	387,423	330,892	2.84
Banco Santander SA, ADR	61,714	391,921	331,774	2.84
Grifols SA, ADR	10,439	318,092	315,709	2.71
Telefónica SA, ADR	9,142	118,599	82,743	0.71
		<b>1,216,035</b>	<b>1,061,118</b>	<b>9.10</b>
<b>Sweden—1.51%</b>				
Telefonaktiebolaget LM Ericsson, Class 'B', ADR	15,412	158,013	175,716	1.51
		<b>158,013</b>	<b>175,716</b>	<b>1.51</b>
<b>Switzerland—8.39%</b>				
ABB Ltd., ADR	12,764	380,306	399,284	3.43
Logitech International SA, Registered	6,397	323,980	391,750	3.36
Novartis AG, ADR	755	86,928	92,835	0.80
UBS Group AG	5,733	89,796	93,653	0.80
		<b>881,010</b>	<b>977,522</b>	<b>8.39</b>
<b>United Kingdom—28.90%</b>				
AstraZeneca PLC, ADR	5,748	363,486	372,158	3.19
Barclays PLC, ADR	45,183	510,268	558,561	4.79
BP PLC, ADR	1,862	94,138	91,251	0.78
British American Tobacco PLC, ADR	3,517	199,802	193,915	1.66

# First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

Carnival PLC, ADR	9,348	527,550	584,607	5.02
GlaxoSmithKline PLC, ADR	3,063	170,387	186,901	1.60
HSBC Holdings PLC, ADR	1,870	109,748	94,922	0.82
Lloyds Banking Group PLC, ADR	22,471	93,190	96,585	0.83
Rio Tinto PLC, ADR	7,296	535,774	562,390	4.83
Royal Bank of Scotland Group PLC (The), ADR	40,757	316,799	340,837	2.93
Vodafone Group PLC, ADR	3,515	97,091	88,230	0.76
WPP PLC, ADR	2,161	197,576	197,245	1.69
	<b>3,215,809</b>	<b>3,367,602</b>	<b>28.90</b>	
<b>Total investments</b>	<b>11,162,699</b>	<b>11,421,684</b>	<b>98.01</b>	
Transaction costs		(8,089)		
Unrealized appreciation on derivatives - see Schedule 1			110,102	0.94
Other assets, less liabilities			121,396	1.05
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>	<b>11,154,610</b>	<b>11,653,182</b>	<b>100.00</b>	

Schedule 1

Counterparty	Credit		Settlement Date	Currency	Amount Sold	Currency	Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
	Rating of Counterparty*	Sell								
Bank of New York Mellon (The), New York	A-1+		2020/01/31	CHF	697,961	CAD	942,000	0.741	0.744	3,713
Bank of New York Mellon (The), New York	A-1+		2020/01/31	CHF	31,953	CAD	43,000	0.743	0.744	44
Bank of New York Mellon (The), New York	A-1+		2020/01/31	EUR	4,027,735	CAD	5,932,000	0.679	0.685	55,610
Bank of New York Mellon (The), New York	A-1+		2020/01/31	GBP	1,852,850	CAD	3,239,000	0.572	0.581	49,820
Bank of New York Mellon (The), New York	A-1+		2020/01/31	GBP	109,855	CAD	190,000	0.578	0.581	915
										<b>110,102</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide



# First Trust Senior Loan ETF (CAD-Hedged)

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	58,946,149	77,895,576
Cash	4,168,290	4,720,788
Accrued interest receivable	209,297	296,879
Receivable for portfolio securities sold	360,526	7,120,842
Derivative assets	1,155,596	45,594
Other assets	17,086	20,777
	64,856,944	90,100,456
<b>Liabilities</b>		
Accrued liabilities	65,584	79,583
Payable for portfolio securities purchased	1,237,991	1,354,266
Distributions payable to holders of redeemable units	278,037	699,701
Derivative liabilities	-	1,787,141
	1,581,612	3,920,691
<b>Total net assets attributable to holders of redeemable units</b>	<b>63,275,332</b>	<b>86,179,765</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Common Class</b>	<b>54,624,759</b>	<b>85,087,174</b>
<b>Advisor Class</b>	<b>8,650,573</b>	<b>1,092,591</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Common Class</b>	<b>2,934,316</b>	<b>4,690,010</b>
<b>Advisor Class</b>	<b>463,948</b>	<b>59,990</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Common Class</b>	<b>18.62</b>	<b>18.14</b>
<b>Advisor Class</b>	<b>18.65</b>	<b>18.21</b>

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Interest income for distribution purposes	3,783,207	6,333,460
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	70,245	(417,722)
Net realized gain (loss) on derivatives	72,683	(7,613,686)
Net realized gain (loss) on foreign exchange	105,824	(598,024)
Net change in unrealized appreciation (depreciation) of investments	(326,262)	4,611,914
Net change in unrealized appreciation (depreciation) of derivatives	2,897,142	(2,447,120)
	6,602,839	(131,178)
Foreign exchange gain (loss) on cash	(364,209)	458,762
	6,238,630	327,584
<b>Expenses [note 7]</b>		
Management fees	591,012	998,810
HST expense	57,269	106,533
Independent Review Committee fees	14,112	18,577
Service fees	11,616	5,763
	674,009	1,129,683
Expenses waived by the manager	(14,112)	(18,577)
	659,897	1,111,106
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>5,578,733</b>	<b>(783,522)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Common Class</b>	<b>5,306,506</b>	<b>(762,318)</b>
<b>Advisor Class</b>	<b>272,227</b>	<b>(21,204)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Common Class</b>	<b>1.46</b>	<b>(0.12)</b>
<b>Advisor Class</b>	<b>2.16</b>	<b>(0.36)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust Senior Loan ETF (CAD-Hedged)

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Common Class	December 31 2018 (\$) Common Class	December 31 2019 (\$) Advisor Class	December 31 2018 (\$) Advisor Class
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	85,087,174	138,693,986	1,092,591	1,158,860
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	5,306,506	(762,318)	272,227	(21,204)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	6,319,869	8,660,739	7,392,661	-
Reinvested distributions	-	15,008	-	-
Redemption of units	(38,943,599)	(56,255,072)	-	-
	(32,623,730)	(47,579,325)	7,392,661	-
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(3,145,191)	(5,264,959)	(105,635)	(45,065)
Capital gains	-	-	-	-
Return of capital	-	(210)	(1,271)	-
	(3,145,191)	(5,265,169)	(106,906)	(45,065)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(30,462,415)	(53,606,812)	7,557,982	(66,269)
<b>Net assets attributable to holders of redeemable units, end of year</b>	54,624,759	85,087,174	8,650,573	1,092,591
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			86,179,765	139,852,846
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			5,578,733	(783,522)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			13,712,530	8,660,739
Reinvested distributions			-	15,008
Redemption of units			(38,943,599)	(56,255,072)
			(25,231,069)	(47,579,325)
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(3,250,826)	(5,310,024)
Capital gains			-	-
Return of capital			(1,271)	(210)
			(3,252,097)	(5,310,234)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(22,904,433)	(53,673,081)
<b>Net assets attributable to holders of redeemable units, end of year</b>			63,275,332	86,179,765

See accompanying notes which are an integral part of these financial statements.

# First Trust Senior Loan ETF (CAD-Hedged)

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	5,578,733	(783,522)
Adjustments for:		
Net realized (gain) loss on sale of investments	(70,245)	417,722
Change in unrealized (appreciation) depreciation of investments and derivatives	(2,570,880)	(2,164,794)
Interest receivable	87,582	199,723
Other assets	3,691	1,801
Other liabilities	(13,999)	(43,096)
Purchases of investments	(57,157,883)	(187,069,941)
Proceeds from the sale of investments	82,495,333	232,206,330
	28,352,332	42,764,223
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	13,712,530	8,660,739
Amount paid on redemptions of units	(38,943,599)	(56,255,072)
Distributions paid to unitholders	(3,673,761)	(5,029,445)
	(28,904,830)	(52,623,778)
<b>Increase (Decrease) in cash for the year</b>	(552,498)	(9,859,555)
<b>Cash, beginning of year</b>	4,720,788	14,580,343
<b>Cash, end of year</b>	4,168,290	4,720,788
Interest received	3,870,789	6,533,183

See accompanying notes which are an integral part of these financial statements.

**First Trust Senior Loan ETF (CAD-Hedged)**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to provide unitholders with a high level of current income by investing primarily in a diversified portfolio of senior floating rate loans and debt securities, with capital appreciation as a secondary objective. The First Trust ETF invests primarily in senior loans, which are generally rated below investment grade debt. Settlement periods for senior secured loans may be longer than for other types of debt securities, such as corporate bonds. The First Trust ETF is not a substitute for holding cash or money market securities.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	58,919,791	–	58,919,791
Equities	–	–	26,358	26,358
Derivative assets	–	1,155,596	–	1,155,596
<b>Total</b>	<b>–</b>	<b>60,075,387</b>	<b>26,358</b>	<b>60,101,745</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	77,848,317	–	77,848,317
Equities	–	–	47,259	47,259
Derivative assets	–	45,594	–	45,594
Derivative liabilities	–	(1,787,141)	–	(1,787,141)
<b>Total</b>	<b>–</b>	<b>76,106,770</b>	<b>47,259</b>	<b>76,154,029</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018. All fair value measurements above are recurring. The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented below.

	December 31, 2019	December 31, 2018
Beginning Balance	47,259	–
Purchases	–	49,465
Sales	–	–
Net Transfers	–	–
Realized Gains (Losses)	–	–
Change in Unrealized Appreciation (Depreciation)	(20,901)	(2,206)
<b>Ending Balance</b>	<b>26,358</b>	<b>47,259</b>

As at December 31, 2019, Level 3 investments were not significant to the First Trust ETF. Equity positions are classified as Level 1 when the security is actively traded, and a reliable price is observable. If equities do not trade frequently and observable prices are not available, fair value is determined using observable market data (e.g. transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

The Level 3 investment is valued using a broker quote received through a service provider which is indicative of fair value. The unobservable input used to value the security is the broker quote. The effect of a change in input by 5% increase/decrease will increase/decrease fair value by \$1,318 (December 31, 2018 – \$2,363).

First Trust Senior Loan ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2018	7,190,010	59,990
Redeemable units issued	450,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(2,950,000)	–
Outstanding units – December 31, 2018	4,690,010	59,990
Redeemable units issued	344,306	403,958
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(2,100,000)	–
Outstanding units December 31, 2019	2,934,316	463,948

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Common Class	Advisor Class <sup>1</sup>
0.85%	1.35%

<sup>1</sup>Includes a service fee of 0.50%

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
10,869,375	10,869,375	–	–

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
N/A	N/A

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
591,012	998,810	45,788	67,979

First Trust Senior Loan ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

**Interest rate risk** - The table below summarizes the First Trust ETF's exposure to Senior Loans and High Yield bonds as at December 31, 2019 and 2018:

	At December 31, 2019				
	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	–	6,016,451	30,696,010	22,207,330	58,919,791
<b>Total</b>		<b>6,016,451</b>	<b>30,696,010</b>	<b>22,207,330</b>	<b>58,919,791</b>
	At December 31, 2018				
	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	379,634	2,273,483	18,431,374	56,763,826	77,848,317
<b>Total</b>	<b>379,634</b>	<b>2,273,483</b>	<b>18,431,374</b>	<b>56,763,826</b>	<b>77,848,317</b>

At December 31, 2019, the weighted average duration of the First Trust ETF was 0.37 years (December 31, 2018 – 0.36 years). If interest rates increased or decreased by 1% at December 31, 2019, with all other variables remaining constant, net assets would have decreased or increased by approximately \$589,198 (December 31, 2018 – \$778,483). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

**Credit risk** – Below are the First Trust ETF's breakdown by credit rating as at December 31, 2019 and 2018:

Debt Securities by S&P Rating	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
BBB+	–	–
BBB	–	–
BBB-	3.40	5.34
BB+	1.66	3.03
BB	8.05	7.26
BB-	12.61	12.82
B+	19.81	22.12
B	28.34	27.35
B-	14.04	11.21
CCC+	4.42	0.26
CCC	0.69	0.28
CCC-	0.08	–
CC	–	–
C	–	–
D	0.01	0.62
NR	0.04	0.03

First Trust Senior Loan ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	489,246	0.77	(542,295)	(0.63)

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$4,892 (December 31, 2018 - \$5,423). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** - The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Health Care	31.28	31.06
Consumer Discretionary	15.68	17.17
Financials	13.52	8.44
Information Technology	11.70	14.75
Communication Services	9.14	5.21
Industrials	6.49	7.41
Materials	2.38	2.25
Energy	1.40	3.07
Consumer Staples	1.37	1.02
Real Estate	0.19	–
Total	93.16	90.39

Below are the First Trust ETF's breakdown by geographic exposure as at December 31, 2019 and 2018:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
United States	87.30	82.83
Canada	4.81	5.60
Ireland	0.61	0.56
Luxembourg	0.44	0.21
United Kingdom	–	0.69
Spain	–	0.27
Netherlands	–	0.23
Total	93.16	90.39

# First Trust Senior Loan ETF (CAD-Hedged)

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total		
<b>Equities - 0.04%</b>						
Ascent Resources Marcellus Holdings LLC	11,973	49,070	26,237	0.04		
Ascent Resources Marcellus Holdings LLC, Warrants	3,100	395	121	0.00		
		<b>49,465</b>	<b>26,358</b>	<b>0.04</b>		
	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
<b>High Yield Bonds - 12.08%</b>						
Bausch Health Cos. Inc., Callable	125,000	5.875%	15-May-23	167,791	163,840	0.26
Brinker International Inc., Callable	50,000	5.000%	01-Oct-24	70,156	68,850	0.11
Calpine Corp., Callable	504,000	5.375%	15-Jan-23	675,443	663,502	1.05
CCO Holdings LLC / CCO Holdings Capital Corp., Callable	38,000	5.750%	15-Jan-24	51,196	50,352	0.08
Constellation Merger Sub Inc., Callable	170,000	8.500%	15-Sep-25	159,765	193,251	0.31
DaVita Inc., Callable	10,000	5.125%	15-Jul-24	13,472	13,337	0.02
Diamond 1 Finance Corp. / Diamond 2 Finance Corp., Callable	300,000	7.125%	15-Jun-24	426,509	411,478	0.65
Eagle Holding Co. II LLC, Callable	164,000	7.625%	15-May-22	217,987	216,845	0.34
Eldorado Resorts Inc., Callable	150,000	7.000%	01-Aug-23	206,536	203,142	0.32
Golden Nugget Inc., Callable	47,000	6.750%	15-Oct-24	63,792	63,320	0.10
Level 3 Financing Inc., Callable	11,000	5.375%	15-Aug-22	14,789	14,340	0.02
Mallinckrodt International Finance SA / Mallinckrodt CB LLC, Callable	100,000	5.750%	01-Aug-22	53,233	53,565	0.08
MEDNAX Inc., Callable	180,000	5.250%	01-Dec-23	239,771	239,485	0.38
MGM Resorts International	50,000	7.750%	15-Mar-22	73,771	72,753	0.12
MPH Acquisition Holdings LLC, Callable	244,000	7.125%	01-Jun-24	298,264	307,338	0.49
Nexstar Escrow Corp., Callable	616,000	5.625%	01-Aug-24	831,635	835,571	1.32
Peabody Securities Finance Corp., Callable	606,000	6.000%	31-Mar-22	796,122	769,216	1.22
Peabody Securities Finance Corp., Callable	11,000	6.375%	31-Mar-25	11,946	13,177	0.02
Polaris Intermediate Corp., Callable	227,000	8.500%	01-Dec-22	249,884	275,240	0.44
Post Holdings Inc., Callable	220,000	5.500%	01-Mar-25	303,988	299,847	0.47
Realogy Group LLC / Realogy Co-Issuer Corp., Callable	34,000	5.250%	01-Dec-21	43,452	44,692	0.07
Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC / Reynolds Group Issuer (Luxembourg) SA, Callable	100,000	7.000%	15-Jul-24	136,396	134,481	0.21
Ritchie Bros. Auctioneers Inc., Callable	25,000	5.375%	15-Jan-25	34,421	33,911	0.05
Sanchez Energy Corp., Callable	100,000	7.750%	15-Jun-21	6,572	6,493	0.01
SBA Communications Corp., Callable	50,000	4.875%	01-Sep-24	68,526	67,552	0.11
Sinclair Television Group Inc., Callable	550,000	5.625%	01-Aug-24	740,588	736,225	1.16
Six Flags Entertainment Corp., Callable	150,000	4.875%	31-Jul-24	204,210	202,249	0.32
Taylor Morrison Communities Inc. / Monarch Communities Inc., Callable	20,000	5.625%	01-Mar-24	28,522	28,059	0.04
Tenet Healthcare Corp., Callable	612,000	8.125%	01-Apr-22	864,620	880,565	1.39
Tenet Healthcare Corp., Callable	175,000	4.625%	01-Sep-24	231,700	237,211	0.38
TRI Pointe Holdings Inc.	193,000	5.875%	15-Jun-24	268,239	273,280	0.43
Virgin Media Finance PLC, Callable	50,000	6.000%	15-Oct-24	68,020	67,065	0.11
				<b>7,621,316</b>	<b>7,640,232</b>	<b>12.08</b>
<b>Senior Loans - 81.04%</b>						
21st Century Oncology Holdings Inc.	927,550	7.125%	16-Jan-23	1,126,520	1,192,426	1.88
Air Medical Group Holdings Inc.	207,330	4.250%	28-Apr-22	261,720	263,127	0.42
Air Medical Group Holdings Inc.	125,281	5.250%	14-Mar-25	153,799	157,397	0.25
Air Methods Corp.	790,736	4.500%	21-Apr-24	1,015,861	895,891	1.42
Akorn Inc.	522,842	8.000%	16-Apr-21	587,034	643,855	1.02
Albertson's LLC	139,380	3.500%	15-Aug-26	185,046	182,446	0.29
Alight Inc.	459,619	3.000%	1-May-24	609,362	599,947	0.95
AlixPartners LLP	978,634	2.750%	4-Apr-24	1,226,218	1,276,764	2.02
Alliant Holdings Intermediate LLC	485,860	3.000%	9-May-25	623,457	630,561	1.00
Alliant Holdings Intermediate LLC	56,013	3.250%	10-May-25	74,718	72,791	0.12
AMC Entertainment Inc.	320,390	3.000%	22-Apr-26	423,701	418,938	0.66
AmWINS Group Inc.	1,026,350	3.750%	25-Jan-24	1,319,335	1,342,096	2.12
Applied Systems Inc.	433,520	4.250%	19-Sep-24	543,922	564,652	0.90
Applied Systems Inc.	182,885	8.000%	19-Sep-25	222,836	241,444	0.38
Asurion LLC	730,207	3.000%	4-Aug-22	934,441	953,150	1.51
Asurion LLC	172,600	6.500%	4-Aug-25	222,807	226,707	0.37
Bausch Health Cos. Inc. (Valeant)	1,047,421	3.000%	1-Jun-25	1,352,422	1,366,929	2.16
Beacon Roofing Supply Inc	62,977	2.250%	2-Jan-25	78,215	82,085	0.13
BellRing Brands LLC	34,140	6.000%	21-Oct-24	44,490	44,748	0.07
Berry Global Inc.	277,638	2.000%	1-Jul-26	364,928	361,820	0.57
BJ's Wholesale Club Inc.	129,262	2.750%	3-Feb-24	168,143	168,864	0.27
Cablevision (CSC Holdings Inc.)	111,131	2.250%	17-Jul-25	143,919	144,389	0.23
Cablevision (CSC Holdings Inc.)	708,080	2.500%	15-Apr-27	938,609	922,540	1.46
Capital Automotive L.P.	72,008	7.000%	15-Mar-25	94,647	93,646	0.15
CenturyLink Inc. (Qwest)	712,886	2.750%	31-Jan-25	915,298	928,959	1.46



# First Trust Senior Loan ETF (CAD-Hedged)

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

Change Healthcare Holdings LLC	1,075,598	3.500%	1-Mar-24	1,401,351	1,400,433	2.21
CHG Healthcare Services Inc.	767,933	4.000%	7-Jun-23	990,097	1,003,123	1.58
CineWorld Group PLC (Crown)	722,289	2.250%	5-Feb-25	950,587	936,644	1.47
Citadel Securities L.P.	405,739	3.500%	28-Feb-26	531,420	527,864	0.84
CityCenter Holdings LLC	500,000	3.000%	18-Apr-24	658,447	651,502	1.03
ClubCorp Holdings Inc.	656,692	2.750%	18-Sep-24	831,569	804,781	1.27
CommScope Inc.	119,079	3.250%	6-Apr-26	158,094	155,451	0.24
Cumulus Media Holdings Inc.	124,772	4.750%	31-Mar-26	164,892	163,534	0.26
Cushman & Wakefield (DTZ U.S. Borrower LLC)	29,001	3.250%	21-Aug-25	38,048	37,671	0.06
DaVita Inc.	255,573	2.250%	12-Aug-26	338,296	334,183	0.52
Duff & Phelps Corporation (Deerfield Dakota)	877,125	4.250%	13-Feb-25	1,122,204	1,134,103	1.80
DuPage Medical Group (Midwest Physician Administrative Services LLC)	846,972	3.500%	15-Aug-24	1,063,289	1,092,961	1.73
Dynatrace LLC	425,895	2.750%	22-Aug-25	555,675	555,982	0.87
Endo Luxembourg Finance Co. I SARL	966,368	5.000%	29-Apr-24	1,275,848	1,198,407	1.90
Envision Healthcare Corp.	905,745	3.750%	10-Oct-25	1,153,601	1,000,318	1.58
EW Scripps Co. (The)	303,469	2.500%	1-May-26	399,988	395,303	0.62
Gentiva Health Services Inc. (Kindred at Home)	96,422	3.750%	30-Jun-25	126,938	125,757	0.20
Golden Nugget Inc.	573,474	3.500%	4-Oct-23	722,923	746,547	1.18
GoodRX Inc.	337,638	3.000%	15-Oct-25	436,702	440,447	0.70
Gray Television Inc.	57,328	2.500%	2-Jan-26	75,517	74,863	0.12
Hostess Brands LLC (HB Holdings)	283,496	3.000%	3-Aug-25	372,641	369,330	0.58
HUB International Ltd.	796,803	2.750%	25-Apr-25	1,026,540	1,033,324	1.63
Hyland Software Inc.	190,080	4.250%	1-Jul-24	248,761	247,911	0.39
iHeartCommunications Inc.	483,484	4.000%	1-May-26	654,313	632,273	1.01
Infor (US) Inc.	41,182	3.750%	2-Feb-22	54,121	53,688	0.09
Informatica Corp.	194,479	3.250%	6-Aug-22	243,986	253,396	0.40
Lumileds (Bright Bidco BV)	656,071	4.500%	30-Jun-24	748,099	497,168	0.79
Mallinckrodt International Finance SA	182,066	3.500%	24-Sep-24	227,731	192,421	0.30
Mallinckrodt International Finance SA	130,610	3.750%	24-Feb-25	164,648	137,167	0.22
MGM Growth Properties Operating Partnership L.P.	50,550	2.000%	23-Mar-25	64,724	65,861	0.10
Micro Focus International (MA Financeco LLC)	1,050,202	2.500%	21-Jun-24	1,331,556	1,364,316	2.15
Misys Financial Software Ltd. (Almonde Inc.) (Finastra)	764,343	4.500%	13-Jun-24	990,055	984,270	1.56
Multiplan Inc (MPH Acquisition Holdings LLC)	665,227	3.750%	7-Jun-23	896,267	850,407	1.34
Nexstar Broadcasting Inc.	669,565	2.750%	19-Sep-26	878,707	873,516	1.38
ON Semiconductor Corp.	53,733	2.000%	19-Sep-26	71,002	70,220	0.11
Ortho-Clinical Diagnostics Inc.	148,198	3.250%	31-May-25	191,577	189,997	0.30
Packers Holdings LLC	586,077	4.250%	4-Dec-24	753,427	760,815	1.20
Parexel International Corp.	474,212	2.750%	27-Sep-24	595,041	603,251	0.95
Peabody Energy Corp.	76,302	2.750%	31-Mar-25	96,851	86,615	0.14
Pharmaceutical Product Development Inc. (PPDI)	358,413	3.500%	18-Aug-22	466,735	467,586	0.74
Pike Corp.	17,478	4.250%	24-Jul-26	22,770	22,802	0.04
Playtika Holding Corp.	111,316	1.000%	10-Dec-24	145,067	145,923	0.23
Press Ganey (Azalea TopCo Inc.)	65,190	3.500%	25-Jul-26	85,264	85,050	0.13
Qlik Technologies (Project Alpha Intermediate Holding Inc.)	324,361	4.500%	26-Apr-24	429,328	421,465	0.67
Qlik Technologies (Project Alpha Intermediate Holding Inc.)	87,600	4.250%	26-Apr-24	115,894	114,464	0.18
Quikrete Holdings Inc.	533,332	2.750%	15-Nov-23	703,443	694,906	1.09
Realogy Group LLC	493,719	3.000%	8-Feb-25	647,689	634,707	1.00
Refinitiv US Holdings Inc.	591,691	3.250%	1-Oct-25	775,618	774,872	1.22
Reynolds Group Holdings Inc.	777,215	2.750%	5-Feb-23	996,604	1,011,625	1.60
Riverbed Technology Inc.	928,256	4.250%	24-Apr-22	1,165,995	1,047,940	1.66
RP Crown Parent LLC (JDA Software Group)	48,500	3.750%	12-Oct-23	63,605	63,334	0.10
Scientific Games International Inc.	218,731	2.750%	14-Aug-24	286,584	284,507	0.45
Select Medical Corp.	301,211	2.500%	6-Mar-25	396,876	391,627	0.62
Simply Good Foods (Atkins Nutritionals Inc.)	35,809	4.750%	7-Jul-24	46,862	46,790	0.07
SS&C European Holdings SARL	49,494	2.250%	16-Apr-25	65,218	64,666	0.10
Stars Group Holdings BV (Amaya)	1,131,291	3.500%	10-Jul-25	1,481,603	1,480,615	2.34
Surgery Centers Holdings Inc.	818,070	4.250%	31-Aug-24	1,077,475	1,056,112	1.67
SUSE (Marcel Lux IV SARL)	217,457	3.250%	15-Mar-26	283,179	280,261	0.44
Team Health Inc.	642,179	3.750%	6-Feb-24	838,298	672,592	1.06
Trans Union LLC	500,000	1.750%	13-Nov-26	662,525	651,489	1.03
TransDigm Inc.	624,022	2.500%	9-Jun-23	823,705	812,521	1.27
TransDigm Inc.	159,101	2.500%	30-May-25	205,076	207,046	0.33
Twin River Worldwide Holding Inc.	81,396	2.750%	10-May-26	108,740	105,338	0.17
U.S. Renal Care Inc.	241,975	5.000%	28-Jun-26	318,058	311,074	0.49
US Foods Inc	127,541	2.000%	31-Aug-26	168,991	166,188	0.26
USI Inc.	854,763	3.000%	15-May-24	1,136,170	1,108,842	1.75
Versant Health (Wink Holdco Inc.)	779,526	4.000%	2-Dec-24	997,769	1,012,892	1.61
Verscend Holding Corp.	235,554	4.500%	27-Aug-25	309,987	307,662	0.49
Vertafore Inc.	718,601	3.250%	2-Jul-25	924,899	921,261	1.46
Virgin Media Investment Holdings Ltd.	70,000	2.500%	31-Jan-28	92,955	91,410	0.14
				<b>52,079,963</b>	<b>51,279,559</b>	<b>81.04</b>

# First Trust Senior Loan ETF (CAD-Hedged)

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

<b>Total investments</b>	<b>59,750,744</b>	<b>58,946,149</b>	<b>93.16</b>
Unrealized appreciation on derivatives - see Schedule 1		1,155,596	1.82
Other assets, less liabilities		3,173,587	5.02
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>	<b>59,750,744</b>	<b>63,275,332</b>	<b>100.00</b>

Schedule 1

Counterparty	Credit		Currency	Amount	Currency	Amount	Forward	Current	Appreciation (Depreciation)
	Rating of Counterparty*	Settlement Date							
CIBC World Markets Inc, Toronto	A-1	2020/01/31	USD	47,455,782	CAD	62,770,000	0.756	0.770	1,155,596
									<b>1,155,596</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide

# First Trust Canadian Capital Strength ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	60,300,148	68,667,216
Cash	311,624	300,474
Accrued dividend receivable	84,087	130,947
Other assets	46,120	46,492
	60,741,979	69,145,129
<b>Liabilities</b>		
Accrued liabilities	114,316	120,093
Distributions payable to holders of redeemable units	203,719	176,425
	318,035	296,518
<b>Total net assets attributable to holders of redeemable units</b>	<b>60,423,944</b>	<b>68,848,611</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units per class</b>		
<b>Advisor Class</b>	27,809,801	26,802,768
<b>Common Class</b>	32,614,143	42,045,843
<b>Redeemable units outstanding [note 6]</b>		
<b>Advisor Class</b>	960,726	1,060,726
<b>Common Class</b>	942,993	1,392,993
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Advisor Class</b>	28.95	25.27
<b>Common Class</b>	34.59	30.18

## STATEMENTS OF COMPREHENSIVE INCOME As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	1,652,382	1,610,899
Interest income for distribution purposes	-	24
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on investments	4,741,571	480,463
Change in unrealized appreciation (depreciation) of foreign exchange	764	75
Change in unrealized appreciation (depreciation) of investments	4,856,716	(8,446,825)
	11,251,433	(6,355,364)
Foreign exchange gain (loss) on cash	(1,334)	4,046
	11,250,099	(6,351,318)
<b>Expenses [note 7]</b>		
Management fees	401,821	433,404
Service fees	283,919	313,354
HST expense	67,673	75,872
Independent Review Committee fees	13,638	11,382
Transaction costs [note 3 and note 9]	11,833	19,548
Interest expense	20	-
	778,904	853,560
Expenses waived by manager	(13,638)	(11,382)
	765,266	842,178
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>10,484,833</b>	<b>(7,193,496)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Advisor Class</b>	4,032,491	(3,035,066)
<b>Common Class</b>	6,452,342	(4,158,430)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Advisor Class</b>	4.03	(2.71)
<b>Common Class</b>	5.67	(3.38)

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust Canadian Capital Strength ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$) Advisor Class	December 31 2018 (\$) Advisor Class	December 31 2019 (\$) Common Class	December 31 2018 (\$) Common Class
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	26,802,768	35,547,473	42,045,843	39,814,662
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	4,032,491	(3,035,066)	6,452,342	(4,158,430)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from redeemable units issued	1,282,306	-	4,929,223	15,142,654
Reinvested distributions	-	-	-	-
Redemption of redeemable units	(4,067,136)	(5,571,168)	(20,113,390)	(8,321,669)
	(2,784,830)	(5,571,168)	(15,184,167)	6,820,985
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(176,525)	(33,718)	(513,428)	(431,374)
Capital gains	-	(104,753)	-	-
Return of capital	(64,103)	-	(186,447)	-
	(240,628)	(138,471)	(699,875)	(431,374)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	1,007,033	(8,744,705)	(9,431,700)	2,231,181
<b>Net assets attributable to holders of redeemable units, end of year</b>	27,809,801	26,802,768	32,614,143	42,045,843
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			68,848,611	75,362,135
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			10,484,833	(7,193,496)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from redeemable units issued			6,211,529	15,142,654
Reinvested distributions			-	-
Redemption of redeemable units			(24,180,526)	(13,892,837)
			(17,968,997)	1,249,817
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(689,953)	(465,092)
Capital gains			-	(104,753)
Return of capital			(250,550)	-
			(940,503)	(569,845)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(8,424,667)	(6,513,524)
<b>Net assets attributable to holders of redeemable units, end of year</b>			60,423,944	68,848,611

See accompanying notes which are an integral part of these financial statements.

# First Trust Canadian Capital Strength ETF

## STATEMENTS OF CASH FLOW As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	10,484,833	(7,193,496)
Adjustments for:		
Net realized (gain) loss on investments	(4,741,571)	(480,463)
Change in unrealized (appreciation) depreciation of investments	(4,856,716)	8,446,825
Dividends receivable	46,860	(29,604)
Other assets	372	1,323
Other liabilities	(5,777)	(23,876)
Purchases of investments	(29,899,869)	(47,068,373)
Proceeds from the sale of investments	47,865,224	45,595,308
	18,893,356	(752,356)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	6,211,529	15,142,654
Amount paid on redemptions of units	(24,180,526)	(13,892,837)
Distributions paid to unitholders	(913,209)	(484,181)
	(18,882,206)	765,636
<b>Increase (Decrease) in cash for the year</b>	11,150	13,280
<b>Cash, beginning of year</b>	300,474	287,194
<b>Cash, end of year</b>	311,624	300,474
Interest received	-	24
Dividends received, net of withholding taxes	1,699,242	1,581,295

See accompanying notes which are an integral part of these financial statements.

First Trust Canadian Capital Strength ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**A. INVESTMENT OBJECTIVE (NOTE 1)** - The First Trust ETF seeks to provide unitholders with long term capital appreciation by investing primarily in securities traded on a Canadian exchange or market.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	60,300,148	–	–	60,300,148
Total	60,300,148	–	–	60,300,148
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	68,667,216	–	–	68,667,216
Total	68,667,216	–	–	68,667,216

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2018	1,190,807	1,263,337
Redeemable units issued	452,186	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(250,000)	(202,611)
Outstanding units – December 31, 2018	1,392,993	1,060,726
Redeemable units issued	150,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(600,000)	(150,000)
Outstanding units – December 31, 2019	942,993	960,726

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Common Class	Advisor Class <sup>1</sup>
0.60%	1.60%

<sup>1</sup>Includes a service fee of 1.00%

First Trust Canadian Capital Strength ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
22,747,482	22,747,482	-	-

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
11,833	19,549

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
401,821	433,404	31,097	34,941

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018 with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P/TSX Composite® Index	3,344,465	(3,344,465)	3,466,528	(3,466,528)

**Concentration Risk** - The table below summarizes the concentration risk as at December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	At December 31, 2019	At December 31, 2018
Financials	32.15	27.68
Industrials	16.22	15.90
Materials	12.36	12.27
Information Technology	11.66	12.17
Consumer Staples	11.27	8.05
Energy	8.40	11.99
Consumer Discretionary	3.91	7.84
Communication Services	3.83	3.84
Total	99.80	99.74

First Trust Canadian Capital Strength ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019**

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Communication Services—3.83%</b>				
BCE Inc.	38,447	2,108,405	2,312,971	3.83
		<b>2,108,405</b>	<b>2,312,971</b>	<b>3.83</b>
<b>Consumer Discretionary—3.91%</b>				
Magna International Inc.	33,173	1,909,883	2,361,918	3.91
		<b>1,909,883</b>	<b>2,361,918</b>	<b>3.91</b>
<b>Consumer Staples—11.27%</b>				
Alimentation Couche-Tard Inc., Class 'B'	55,862	1,427,314	2,302,073	3.81
Canada Goose Holdings Inc.	48,075	2,883,384	2,260,006	3.74
Metro Inc., Class 'A'	41,897	1,840,621	2,245,260	3.72
		<b>6,151,319</b>	<b>6,807,339</b>	<b>11.27</b>
<b>Energy—8.40%</b>				
Pembina Pipeline Corp.	53,087	2,455,999	2,555,077	4.23
Suncor Energy Inc.	59,244	2,210,449	2,521,425	4.17
		<b>4,666,448</b>	<b>5,076,502</b>	<b>8.40</b>
<b>Financials—32.15%</b>				
Bank of Montreal	24,130	2,124,681	2,428,443	4.02
Bank of Nova Scotia	32,768	2,336,454	2,403,533	3.98
Colliers International Group Inc.	25,474	2,372,351	2,575,421	4.26
Intact Financial Corp.	17,874	2,181,073	2,509,867	4.15
Manulife Financial Corp.	93,424	2,117,308	2,462,657	4.08
Royal Bank of Canada	22,558	1,893,663	2,317,835	3.84
Sun Life Financial Inc.	40,496	1,934,101	2,397,768	3.97
Toronto-Dominion Bank (The)	31,971	1,954,684	2,328,448	3.85
		<b>16,914,315</b>	<b>19,423,972</b>	<b>32.15</b>
<b>Industrials—16.22%</b>				
CAE Inc.	68,365	1,410,983	2,350,389	3.89
Canadian National Railway Co.	20,228	1,920,155	2,376,183	3.93
Canadian Pacific Railway Ltd.	7,770	1,535,615	2,572,103	4.26
Toromont Industries Ltd.	35,476	2,435,300	2,504,251	4.14
		<b>7,302,053</b>	<b>9,802,926</b>	<b>16.22</b>
<b>Information Technology—11.66%</b>				
CGI Inc.	22,265	1,326,878	2,419,538	4.00
Constellation Software Inc.	1,733	1,645,249	2,185,590	3.62
Open Text Corp.	42,679	1,557,764	2,442,092	4.04
		<b>4,529,891</b>	<b>7,047,220</b>	<b>11.66</b>
<b>Materials—12.36%</b>				
CCL Industries Inc., Class 'B'	43,024	2,452,415	2,380,088	3.94
Nutrien Ltd.	39,155	2,730,868	2,434,266	4.03
Teck Resources Ltd., Class 'B'	117,804	3,598,648	2,652,946	4.39
		<b>8,781,931</b>	<b>7,467,300</b>	<b>12.36</b>
<b>Total investments</b>				
		<b>52,364,245</b>	<b>60,300,148</b>	<b>99.80</b>
Transaction costs		(8,632)		
Other assets, less liabilities			123,796	0.20
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>52,355,613</b>	<b>60,423,944</b>	<b>100.00</b>



# First Trust Global Risk Managed Income Index ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	28,514,533	26,738,758
Cash	106,909	70,684
Accrued dividend receivable	118,783	121,246
Other assets	37,785	40,001
	28,778,010	26,970,689
<b>Liabilities</b>		
Accrued liabilities	12,978	13,568
Distributions payable to holders of redeemable units	88,863	88,863
	101,841	102,431
<b>Total net assets attributable to holders of redeemable units</b>	<b>28,676,169</b>	<b>26,868,258</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Common Class</b>	<b>26,486,344</b>	<b>24,818,491</b>
<b>Advisor Class</b>	<b>2,189,825</b>	<b>2,049,767</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Common Class</b>	<b>1,386,214</b>	<b>1,386,214</b>
<b>Advisor Class</b>	<b>113,800</b>	<b>113,800</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Common Class</b>	<b>19.11</b>	<b>17.90</b>
<b>Advisor Class</b>	<b>19.24</b>	<b>18.01</b>

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	1,171,618	1,695,471
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on sale of investments	(165,089)	(1,145,280)
Net change in unrealized appreciation (depreciation) of investments	1,983,141	(2,005,735)
	2,989,670	(1,455,544)
<b>Expenses [note 7]</b>		
Management fees	166,945	287,821
Transaction costs [note 3 and note 9]	17,370	36,098
Service fees	10,290	11,750
HST expense	9,865	19,024
Independent Review Committee fees	5,689	7,615
	210,159	362,308
Expenses waived by manager	(58,575)	(98,329)
	151,584	263,979
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>2,838,086</b>	<b>(1,719,523)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Common Class</b>	<b>2,634,306</b>	<b>(1,609,333)</b>
<b>Advisor Class</b>	<b>203,780</b>	<b>(110,190)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Common Class</b>	<b>1.93</b>	<b>(0.67)</b>
<b>Advisor Class</b>	<b>1.87</b>	<b>(0.89)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust Global Risk Managed Income Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Common Class	December 31 2018 (\$) Common Class	December 31 2019 (\$) Advisor Class	December 31 2018 (\$) Advisor Class
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	24,818,491	61,861,576	2,049,767	3,197,796
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	2,634,306	(1,609,333)	203,780	(110,190)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	1,885,702	4,831,190	950,601	-
Reinvested distributions	-	-	-	-
Redemption of units	(1,866,081)	(38,447,592)	(948,543)	(956,733)
	19,621	(33,616,402)	2,058	(956,733)
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(888,407)	(1,461,794)	(59,489)	(63,780)
Capital gains	-	-	-	-
Return of capital	(97,667)	(355,556)	(6,291)	(17,326)
	(986,074)	(1,817,350)	(65,780)	(81,106)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	1,667,853	(37,043,085)	140,058	(1,148,029)
<b>Net assets attributable to holders of redeemable units, end of year</b>	26,486,344	24,818,491	2,189,825	2,049,767
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			26,868,258	65,059,372
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			2,838,086	(1,719,523)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			2,836,303	4,831,190
Reinvested distributions			-	-
Redemption of units			(2,814,624)	(39,404,325)
			21,679	(34,573,135)
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(947,896)	(1,525,574)
Capital gains			-	-
Return of capital			(103,958)	(372,882)
			(1,051,854)	(1,898,456)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			1,807,911	(38,191,114)
<b>Net assets attributable to holders of redeemable units, end of year</b>			28,676,169	26,868,258

See accompanying notes which are an integral part of these financial statements.

# First Trust Global Risk Managed Income Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	2,838,086	(1,719,523)
Adjustments for:		
Net realized (gain) loss on sale of investments	165,089	1,145,280
Change in unrealized (appreciation) depreciation of investments	(1,983,141)	2,005,735
Dividends receivable	2,463	146,616
Other assets	2,216	(2,869)
Other liabilities	(590)	(12,538)
Purchases of investments	(20,747,253)	(41,302,186)
Proceeds from the sale of investments	20,789,530	76,274,905
	1,066,400	36,535,420
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	2,836,303	4,831,190
Amount paid on redemptions of units	(2,814,624)	(39,404,325)
Distributions paid to unitholders	(1,051,854)	(2,024,396)
	(1,030,175)	(36,597,531)
<b>Increase (Decrease) in cash for the year</b>	36,225	(62,111)
<b>Cash, beginning of year</b>	70,684	132,795
<b>Cash, end of year</b>	106,909	70,684
Dividends received, net of withholding taxes	1,174,081	1,842,087

See accompanying notes which are an integral part of these financial statements.

**First Trust Global Risk Managed Income Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the NASDAQ Global Risk Managed Income Index<sup>SM</sup>, net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of the Index.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	28,514,533	–	–	28,514,533
Total	28,514,533	–	–	28,514,533
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	26,738,758	–	–	26,738,758
Total	26,738,758	–	–	26,738,758

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2018	3,186,214	163,800
Redeemable units issued	250,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(2,050,000)	(50,000)
Outstanding units – December 31, 2018	1,386,214	113,800
Redeemable units issued	100,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(100,000)	(50,000)
Outstanding units – December 31, 2019	1,386,214	113,800

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee <sup>1</sup>	
Common Class	Advisor Class <sup>2</sup>
0.41%	0.91%

<sup>1</sup>Pays a management fee up to a maximum of 0.60%

<sup>2</sup>Includes a service fee of 0.50%

First Trust Global Risk Managed Income Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
818,997	892,910	-	-

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
17,370	36,098

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
166,945	287,821	9,978	10,670

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and interest rates. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Reference Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
NASDAQ Global Risk Managed Income Index <sup>SM</sup>	1,396,529	(1,396,529)	1,235,940	(1,235,940)

**Concentration Risk** - The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Holdings	At December 31, 2019	At December 31, 2018
	% Net Assets	% Net Assets
Bonds	47.33	50.52
Equities	20.37	21.61
Senior Loans	19.54	13.17
REITs and Preferred Shares	12.20	14.22
Total	99.44	99.52

# First Trust Global Risk Managed Income Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Exchange Traded Funds—99.44%</b>				
BMO Emerging Markets Bond Hedged to CAD Index ETF	112,710	1,780,002	1,763,912	6.15
BMO Equal Weight REITs Index ETF	47,971	1,085,813	1,191,120	4.15
BMO Equal Weight Utilities Index ETF	67,418	1,149,554	1,359,147	4.74
BMO High Yield US Corporate Bond Hedged to CAD ETF	288,533	3,957,376	3,961,558	13.81
BMO Mid-Term US IG Corporate Bond Index ETF	45,084	845,194	880,040	3.07
First Trust Senior Loan ETF (CAD-Hedged)	301,097	5,663,614	5,603,415	19.54
Horizons Cdn Select Universe Bond ETF	18,399	831,754	880,944	3.07
iShares Canadian Corporate Bond Index ETF	53,653	1,131,490	1,159,441	4.04
iShares Canadian Government Bond Index ETF	30,186	649,705	665,601	2.32
iShares Convertible Bond Index ETF, Convertible Bonds	106,221	1,962,337	1,951,280	6.80
iShares Core Canadian Long Term Bond Index ETF	20,251	478,567	515,185	1.80
iShares Core S&P / TSX Composite High Dividend Index ETF	62,577	1,290,417	1,394,841	4.86
iShares Global Monthly Dividend Index ETF (CAD-Hedged)	49,802	962,999	1,040,364	3.63
iShares Global Real Estate Index ETF	15,977	464,134	503,276	1.76
iShares S&P/TSX Canadian Preferred Share Index ETF	146,475	1,933,969	1,803,107	6.29
iShares S&P/TSX Capped Financials Index ETF	18,458	681,128	729,829	2.55
Vanguard Canadian Short-Term Bond Index ETF	75,454	1,801,654	1,795,051	6.26
Vanguard FTSE Canadian High Dividend Yield Index ETF	30,636	1,011,583	1,068,277	3.73
Vanguard U.S. Dividend Appreciation Index ETF	4,497	223,103	248,145	0.87
<b>Total Exchange Traded Funds</b>		<b>27,904,393</b>	<b>28,514,533</b>	<b>99.44</b>
<b>Total investments</b>		<b>27,904,393</b>	<b>28,514,533</b>	<b>99.44</b>
Transaction costs		(12,337)		
Other assets, less liabilities			161,636	0.56
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>27,892,056</b>	<b>28,676,169</b>	<b>100.00</b>

# First Trust Tactical Bond Index ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	10,950,117	21,499,888
Cash	22,508	50,850
Accrued dividend receivable	33,000	92,501
Other assets	2,591	4,148
	11,008,216	21,647,387
<b>Liabilities</b>		
Accrued liabilities	5,451	10,668
Distributions payable to holders of redeemable units	30,000	60,000
	35,451	70,668
<b>Total net assets attributable to holders of redeemable units</b>	<b>10,972,765</b>	<b>21,576,719</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>10,972,765</b>	<b>21,576,719</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>600,000</b>	<b>1,200,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>18.29</b>	<b>17.98</b>

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	540,890	947,904
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on sale of investments	(644,927)	(451,086)
Net realized gain (loss) on foreign exchange	69	-
Net change in unrealized appreciation (depreciation) of investments	1,134,007	(1,486,379)
	1,030,039	(989,561)
Foreign exchange gain (loss) on cash	(14)	-
	1,030,025	(989,561)
<b>Expenses [note 7]</b>		
Management fees	82,042	147,703
Transaction costs [note 3 and note 9]	22,559	68,868
HST expense	7,867	14,989
Independent Review Committee fees	3,316	4,669
Interest expense	5	48
	115,789	236,277
Expenses waived by manager	(3,316)	(4,669)
	112,473	231,608
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>917,552</b>	<b>(1,221,169)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>917,552</b>	<b>(1,221,169)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>1.03</b>	<b>(0.79)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust Tactical Bond Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	21,576,719	34,097,106
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	917,552	(1,221,169)
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from issuance of units	912,468	971,543
Reinvested distributions	-	-
Redemption of units	(11,913,974)	(11,285,761)
	(11,001,506)	(10,314,218)
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(464,662)	(779,592)
Capital gains	-	-
Return of capital	(55,338)	(205,408)
	(520,000)	(985,000)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units, for the year</b>	(10,603,954)	(12,520,387)
<b>Net assets attributable to holders of redeemable units, end of year</b>	10,972,765	21,576,719

See accompanying notes which are an integral part of these financial statements.



# First Trust Tactical Bond Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	917,552	(1,221,169)
Adjustments for:		
Net realized (gain) loss on sale of investments	644,927	451,086
Change in unrealized (appreciation) depreciation of investments	(1,134,007)	1,486,379
Dividends receivable	59,501	50,170
Other assets	1,557	2,755
Other liabilities	(5,217)	(5,687)
Purchases of investments	(22,127,359)	(67,991,571)
Proceeds from the sale of investments	33,166,210	78,554,465
	11,523,164	11,326,428
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	912,468	971,543
Amount paid on redemptions of units	(11,913,974)	(11,285,761)
Distributions paid to unitholders	(550,000)	(1,030,000)
	(11,551,506)	(11,344,218)
<b>Increase (Decrease) in cash for the year</b>	(28,342)	(17,790)
<b>Cash, beginning of year</b>	50,850	68,640
<b>Cash, end of year</b>	22,508	50,850
Dividends received, net of withholding taxes	600,391	998,074

See accompanying notes which are an integral part of these financial statements.

**First Trust Tactical Bond Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the NASDAQ Canadian Preservation CAD TR<sup>SM</sup> (the “Index”), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The below fair value hierarchy table presents information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	10,950,117	–	–	10,950,117
Total	10,950,117	–	–	10,950,117
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	21,499,888	–	–	21,499,888
Total	21,499,888	–	–	21,499,888

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Outstanding units – January 1, 2018	1,750,000
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(600,000)
Outstanding units – December 31, 2018	1,200,000
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(650,000)
Outstanding units – December 31, 2019	600,000

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.50%

First Trust Tactical Bond Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
1,128,319	799,718	-	-

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
22,559	68,868

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
82,042	147,703	4,824	9,441

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and interest rates. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
NASDAQ Canadian Preservation CAD TR Index <sup>SM</sup>	511,331	(511,331)	832,861	(832,861)

**Concentration Risk** - The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Holdings	At December 31, 2019	At December 31, 2018
	% Net Assets	% Net Assets
Exchange-Traded Funds	99.79	99.64
Total	99.79	99.64

First Trust Tactical Bond Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019**

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Exchange Traded Funds—99.79%</b>				
BMO Aggregate Bond Index ETF	136,723	2,208,941	2,168,427	19.76
iShares Canadian Government Bond Index ETF	97,962	2,207,964	2,160,062	19.69
iShares Canadian Universe Bond Index ETF	68,426	2,105,078	2,169,788	19.77
iShares Convertible Bond Index ETF, Convertible Bonds	119,550	2,236,864	2,196,134	20.01
iShares U.S. High Yield Bond Index ETF	116,094	2,226,711	2,255,706	20.56
<b>Total Exchange Traded Funds</b>		<b>10,985,558</b>	<b>10,950,117</b>	<b>99.79</b>
<b>Total investments</b>		<b>10,985,558</b>	<b>10,950,117</b>	<b>99.79</b>
Transaction costs		(4,775)		
Other assets, less liabilities			22,648	0.21
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>10,980,783</b>	<b>10,972,765</b>	<b>100.00</b>

# First Trust Value Line® Dividend Index ETF (CAD-Hedged)

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	18,167,488	14,215,582
Cash	67,706	208,280
Accrued dividend receivable	31,707	29,089
Derivative assets	333,078	3,807
Other assets	6,101	2,879
	18,606,080	14,459,637
<b>Liabilities</b>		
Accrued liabilities	23,724	21,035
Payable for portfolio securities purchased	-	171,019
Distributions payable to holders of redeemable units	32,304	21,054
Derivative liabilities	-	290,648
	56,028	503,756
<b>Total net assets attributable to holders of redeemable units</b>	<b>18,550,052</b>	<b>13,955,881</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
Common Class	13,984,787	10,207,766
Advisor Class	4,565,265	3,748,115
<b>Redeemable units outstanding [note 6]</b>		
Common Class	452,160	402,160
Advisor Class	147,835	147,835
<b>Net assets attributable to holders of redeemable units per unit</b>		
Common Class	30.93	25.38
Advisor Class	30.88	25.35

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	595,134	307,072
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	1,634,094	528,094
Net realized gain (loss) on derivatives	(2,199)	(638,405)
Net realized gain (loss) on foreign exchange	(1,444)	(262)
Net change in unrealized appreciation (depreciation) of investments	1,583,715	(499,605)
Net change in unrealized appreciation (depreciation) of derivatives	619,918	(328,043)
	4,429,218	(631,149)
Foreign exchange gain (loss) on cash	(191)	701
	4,429,027	(630,448)
<b>Expenses [note 7]</b>		
Management fees	131,199	66,377
Service fees	38,337	28,476
HST expense	16,240	9,397
Transaction costs [note 3 and note 9]	4,114	2,373
Independent Review Committee fees	3,818	1,500
Interest expense	87	-
	193,795	108,123
Expenses waived by manager	(3,818)	(1,500)
	189,977	106,623
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>4,239,050</b>	<b>(737,071)</b>
<b>Withholding taxes</b>	<b>76,738</b>	<b>41,452</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>4,162,312</b>	<b>(778,523)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
Common Class	3,330,884	(619,724)
Advisor Class	831,428	(158,799)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
Common Class	6.42	(2.49)
Advisor Class	6.24	(1.50)

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust Value Line® Dividend Index ETF (CAD-Hedged)

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Common Class	December 31 2018 (\$) Common Class	December 31 2019 (\$) Advisor Class	December 31 2018 (\$) Advisor Class
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	10,207,766	6,820,897	3,748,115	1,340,106
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	3,330,884	(619,724)	831,428	(158,799)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	8,028,882	5,507,451	1,501,702	2,631,773
Reinvested distributions	-	-	-	-
Redemption of units	(7,230,896)	(1,368,574)	(1,466,433)	(39,326)
	797,986	4,138,877	35,269	2,592,447
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(284,992)	(123,673)	(40,132)	(19,065)
Capital gains	-	(7,567)	-	(6,574)
Return of capital	(66,857)	(1,044)	(9,415)	-
	(351,849)	(132,284)	(49,547)	(25,639)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	3,777,021	3,386,869	817,150	2,408,009
<b>Net assets attributable to holders of redeemable units, end of year</b>	13,984,787	10,207,766	4,565,265	3,748,115
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			13,955,881	8,161,003
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			4,162,312	(778,523)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			9,530,584	8,139,224
Reinvested distributions			-	-
Redemption of units			(8,697,329)	(1,407,900)
			833,255	6,731,324
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(325,124)	(142,738)
Capital gains			-	(14,141)
Return of capital			(76,272)	(1,044)
			(401,396)	(157,923)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			4,594,171	5,794,878
<b>Net assets attributable to holders of redeemable units, end of year</b>			18,550,052	13,955,881

See accompanying notes which are an integral part of these financial statements.

# First Trust Value Line® Dividend Index ETF (CAD-Hedged)

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	4,162,312	(778,523)
Adjustments for:		
Net realized (gain) loss on sale of investments	(1,634,094)	(528,094)
Change in unrealized (appreciation) depreciation of investments and derivatives	(2,203,633)	827,648
Dividends receivable	(2,618)	(15,579)
Other assets	(3,222)	(961)
Other liabilities	2,689	11,688
Purchases of investments	(21,875,984)	(15,036,889)
Proceeds from the sale of investments	20,970,867	9,036,524
	(583,683)	(6,484,186)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	9,530,584	8,139,224
Amount paid on redemptions of units	(8,697,329)	(1,407,900)
Distributions paid to unitholders	(390,146)	(169,052)
	443,109	6,562,272
<b>Increase (Decrease) in cash for the year</b>	(140,574)	78,086
<b>Cash, beginning of year</b>	208,280	130,194
<b>Cash, end of year</b>	67,706	208,280
Dividends received, net of withholding taxes	515,778	250,041

See accompanying notes which are an integral part of these financial statements.

First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the years ended December 31, 2019

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the Value Line® Dividend Index (the “Index”) on a currency hedged basis, net of expenses. The Index is a modified equal-dollar weighted index comprised of U.S. exchange-listed securities of companies that pay above-average dividends and have the potential for capital appreciation.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	18,167,488	–	–	18,167,488
Derivative assets	–	333,078	–	333,078
Derivative liabilities	–	–	–	–
<b>Total</b>	<b>18,167,488</b>	<b>333,078</b>	<b>–</b>	<b>18,500,566</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	14,215,582	–	–	14,215,582
Derivative assets	–	3,807	–	3,807
Derivative liabilities	–	(290,648)	–	(290,648)
<b>Total</b>	<b>14,215,582</b>	<b>(286,841)</b>	<b>–</b>	<b>13,928,741</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2018	250,663	49,335
Redeemable units issued	201,497	100,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	(1,500)
Outstanding units – December 31, 2018	402,160	147,835
Redeemable units issued	300,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(250,000)	(50,000)
Outstanding units – December 31, 2019	452,160	147,835

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Common Class	Advisor Class <sup>1</sup>
0.70%	1.70%

<sup>1</sup>Includes a service fee of 1.00%



First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the years ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
83,701	543,047	-	-

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
4,114	2,373

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
131,199	66,377	13,771	8,553

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P 500 Index (CAD-Hedged)	722,144	(722,144)	519,857	(519,857)
Dow Jones U.S. Select Dividend™ Index USD	889,807	(889,807)	701,981	(701,981)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and, 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	269,646	1.45	198,051	1.42

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$2,696 (December 31, 2018 - \$1,981). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the years ended December 31, 2019

**Concentration Risk** - The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
<i>Canada</i>		
Financials	2.93	2.72
Communication Services	1.46	0.54
Information Technology	0.98	1.09
Utilities	0.49	0.55
Industrials	0.48	–
<i>United States</i>		
Utilities	21.07	20.17
Financials	20.04	20.75
Industrials	11.61	12.48
Consumer Staples	9.73	11.54
Information Technology	3.88	4.54
Materials	3.41	3.40
Health Care	3.39	3.98
Consumer Discretionary	3.38	5.08
Communication Services	1.95	1.68
Energy	1.45	2.26
<i>International</i>		
United Kingdom	2.45	3.28
Switzerland	2.43	2.25
Bermuda	1.47	1.12
France	0.97	1.11
Ireland	0.97	0.56
Japan	0.95	1.11
Germany	0.49	–
Denmark	0.49	–
India	0.49	0.56
Belgium	0.49	0.53
Taiwan	0.49	0.56
<b>Total</b>	<b>97.94</b>	<b>101.86</b>

First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the years ended December 31, 2019

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>CANADIAN EQUITIES</b>				
<b>Communication Services—1.46%</b>				
BCE Inc.	1,498	89,875	90,161	0.48
Rogers Communications Inc., Class 'B'	1,404	85,994	90,557	0.49
TELUS Corp.	1,806	85,591	90,829	0.49
		<b>261,460</b>	<b>271,547</b>	<b>1.46</b>
<b>Financials—2.93%</b>				
Bank of Montreal	901	88,105	90,674	0.49
Bank of Nova Scotia	1,244	92,343	91,254	0.49
Canadian Imperial Bank of Commerce	827	90,924	89,349	0.48
Royal Bank of Canada	881	88,331	90,607	0.49
Sun Life Financial Inc.	1,529	90,007	90,478	0.49
Toronto-Dominion Bank (The)	1,241	90,986	90,453	0.49
		<b>540,696</b>	<b>542,815</b>	<b>2.93</b>
<b>Industrials—0.48%</b>				
Canadian National Railway Co.	767	94,289	90,087	0.48
		<b>94,289</b>	<b>90,087</b>	<b>0.48</b>
<b>Information Technology—0.98%</b>				
Shaw Communications Inc., Class 'B'	3,443	90,854	90,715	0.49
Thomson Reuters Corp.	971	66,420	90,280	0.49
		<b>157,274</b>	<b>180,995</b>	<b>0.98</b>
<b>Utilities—0.49%</b>				
Fortis Inc.	1,686	79,022	90,902	0.49
		<b>79,022</b>	<b>90,902</b>	<b>0.49</b>
		<b>1,132,741</b>	<b>1,176,346</b>	<b>6.34</b>
<b>UNITED STATES EQUITIES</b>				
<b>Communication Services—1.95%</b>				
AT&T Inc.	1,776	78,160	90,127	0.49
Comcast Corp., Class 'A'	1,573	92,785	91,857	0.49
Omnicom Group Inc.	859	84,153	90,374	0.49
Verizon Communications Inc.	1,130	82,997	90,096	0.48
		<b>338,095</b>	<b>362,454</b>	<b>1.95</b>
<b>Consumer Discretionary—3.38%</b>				
Cheesecake Factory Inc. (The)	1,750	104,602	88,308	0.48
Cracker Barrel Old Country Store Inc.	446	94,939	89,039	0.48
Genuine Parts Co.	651	84,029	89,802	0.48
Home Depot Inc. (The)	316	79,090	89,610	0.48
Lowe's Cos. Inc.	580	74,952	90,198	0.49
McDonald's Corp.	354	85,298	90,839	0.49
Starbucks Corp.	786	89,553	89,737	0.48
		<b>612,463</b>	<b>627,533</b>	<b>3.38</b>
<b>Consumer Staples—9.73%</b>				
Altria Group Inc.	1,346	92,768	87,235	0.47
Archer-Daniels-Midland Co.	1,507	84,721	90,703	0.49
Campbell Soup Co.	1,413	72,893	90,678	0.49

**First Trust Value Line® Dividend Index ETF (CAD-Hedged)**  
**Notes to Financial Statements - Specific Information**  
**For the years ended December 31, 2019**

Clorox Co. (The)	455	89,187	90,718	0.49
Coca-Cola Co. (The)	1,263	79,698	90,778	0.49
Colgate-Palmolive Co.	1,009	87,924	90,197	0.49
CVS Health Corp.	933	80,516	90,006	0.48
General Mills Inc.	1,316	81,360	91,528	0.49
Hershey Co. (The)	474	73,312	90,468	0.49
Hormel Foods Corp.	1,528	82,266	89,507	0.48
J.M. Smucker Co. (The)	671	96,094	90,731	0.49
Kellogg Co.	1,009	80,888	90,616	0.49
Kimberly-Clark Corp.	506	79,172	90,380	0.49
Mondelez International Inc., Class 'A'	1,267	75,664	90,621	0.49
PepsiCo Inc.	506	79,063	89,801	0.48
Philip Morris International Inc.	806	88,280	89,058	0.48
Procter & Gamble Co. (The)	555	70,172	90,015	0.49
Sysco Corp.	813	69,669	90,306	0.49
Walgreens Boots Alliance Inc.	1,184	99,894	90,650	0.49
Walmart Inc.	583	91,693	89,968	0.48
	<b>1,655,234</b>	<b>1,803,964</b>	<b>1,803,964</b>	<b>0.49</b>
<b>Energy—1.45%</b>				
Chevron Corp.	576	88,491	90,137	0.49
Exxon Mobil Corp.	987	98,211	89,435	0.48
Phillips 66	616	78,673	89,118	0.48
	<b>265,375</b>	<b>268,690</b>	<b>268,690</b>	<b>0.48</b>
<b>Financials—20.04%</b>				
Aflac Inc.	1,320	79,835	90,675	0.49
Allstate Corp. (The)	626	93,126	91,410	0.49
Arthur J. Gallagher & Co.	736	70,399	91,014	0.49
Assurant Inc.	542	71,142	92,256	0.50
AvalonBay Communities Inc.	335	83,431	91,223	0.49
AXA Equitable Holdings Inc.	2,804	80,033	90,227	0.49
Bank of Hawaii Corp.	730	75,959	90,206	0.49
Bank of New York Mellon Corp. (The)	1,377	88,525	89,995	0.48
BlackRock Inc.	139	80,118	90,737	0.49
Capitol Federal Financial Inc.	4,998	88,933	89,110	0.48
Cincinnati Financial Corp.	674	74,281	92,030	0.50
CNA Financial Corp.	1,574	96,168	91,588	0.49
Discover Financial Services	813	76,798	89,546	0.48
Equity Residential	870	82,617	91,418	0.49
Erie Indemnity Co., Class 'A'	418	105,394	90,104	0.48
Federal Realty Investment Trust	546	92,778	91,271	0.49
Fidelity National Financial Inc.	1,538	75,907	90,572	0.49
First American Financial Corp.	1,190	79,032	90,120	0.48
Franklin Resources Inc.	2,649	109,493	89,368	0.48
Goldman Sachs Group Inc. (The)	303	87,668	90,468	0.49
Hanover Insurance Group Inc.	505	90,951	89,624	0.48
Hartford Financial Services Group Inc. (The)	1,154	75,383	91,065	0.49
JPMorgan Chase & Co.	506	68,714	91,595	0.49
M&T Bank Corp.	411	87,619	90,596	0.49
Mid-America Apartment Communities Inc.	538	73,677	92,120	0.50
Northwest Bancshares Inc.	4,174	93,603	90,137	0.49

**First Trust Value Line® Dividend Index ETF (CAD-Hedged)**  
**Notes to Financial Statements - Specific Information**  
**For the years ended December 31, 2019**

Park National Corp.	669	86,179	88,941	0.48
People's United Financial Inc.	4,124	88,883	90,503	0.49
PNC Financial Services Group Inc.	435	73,468	90,170	0.49
Prologis Inc.	792	86,439	91,676	0.49
Public Storage Inc.	330	93,746	91,258	0.49
Realty Income Corp.	964	83,056	92,170	0.50
Simon Property Group Inc.	479	104,561	92,654	0.50
T. Rowe Price Group Inc.	570	74,390	90,183	0.49
Travelers Cos. Inc. (The)	509	85,787	90,519	0.49
Truist Financial Corp.	1,234	78,436	90,248	0.49
U.S. Bancorp	1,164	78,532	89,618	0.48
Washington Federal Inc.	1,861	84,504	88,568	0.48
Washington REIT	2,388	87,881	90,485	0.49
Wells Fargo & Co.	1,289	86,665	90,052	0.48
WP Carey Inc.	890	86,641	92,503	0.50
	<b>3,460,752</b>	<b>3,718,023</b>	<b>20.04</b>	
<b>Health Care—3.39%</b>				
Amgen Inc.	285	71,034	89,217	0.48
Bristol-Myers Squibb Co.	1,097	73,741	91,439	0.49
Eli Lilly and Co.	529	81,990	90,284	0.49
Johnson & Johnson	474	83,313	89,785	0.49
Merck & Co. Inc.	756	73,169	89,286	0.48
Pfizer Inc.	1,764	92,284	89,747	0.48
Quest Diagnostics Inc.	647	78,303	89,721	0.48
	<b>553,834</b>	<b>629,479</b>	<b>3.39</b>	
<b>Industrials—11.61%</b>				
3M Co.	389	96,009	89,116	0.48
Boeing Co. (The)	206	99,420	87,141	0.47
C.H. Robinson Worldwide Inc.	903	99,972	91,697	0.50
Caterpillar Inc.	467	78,032	89,557	0.48
Cummins Inc.	382	74,466	88,772	0.48
Emerson Electric Co.	903	77,165	89,422	0.48
Fastenal Co.	1,878	72,370	90,109	0.49
FedEx Corp.	457	91,701	89,734	0.48
General Dynamics Corp.	386	84,238	88,394	0.48
Honeywell International Inc.	393	78,224	90,328	0.49
Hubbell Inc.	466	70,553	89,449	0.48
Illinois Tool Works Inc.	383	72,603	89,338	0.48
Lockheed Martin Corp.	177	71,360	89,496	0.48
MSC Industrial Direct Co. Inc., Class 'A'	881	92,698	89,771	0.48
Norfolk Southern Corp.	357	82,329	89,995	0.49
Republic Services Inc.	776	91,346	90,318	0.49
Robert Half International Inc.	1,116	82,946	91,516	0.49
Rockwell Automation Inc.	340	74,937	89,480	0.48
Snap-On Inc.	408	83,960	89,750	0.48
Union Pacific Corp.	387	86,115	90,854	0.49
United Parcel Service Inc., Class 'B'	583	83,030	88,621	0.48
United Technologies Corp.	463	75,106	90,040	0.49
Waste Management Inc.	614	92,097	90,861	0.49
Watsco Inc., Class 'A'	382	78,639	89,363	0.48
	<b>1,989,316</b>	<b>2,153,122</b>	<b>11.61</b>	

First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the years ended December 31, 2019

<b>Information Technology—3.88%</b>				
Analog Devices Inc.	582	88,284	89,814	0.48
Automatic Data Processing Inc.	408	87,453	90,332	0.49
Cisco Systems Inc.	1,442	84,511	89,806	0.48
Intel Corp.	1,171	72,906	91,008	0.49
International Business Machines Corp.	512	89,979	89,118	0.48
Oracle Corp.	1,292	91,087	88,886	0.48
Paychex Inc.	817	77,508	90,241	0.49
Texas Instruments Inc.	540	72,525	89,959	0.49
		<b>664,253</b>	<b>719,164</b>	<b>3.88</b>
<b>Materials—3.41%</b>				
Air Products and Chemicals Inc.	295	67,613	90,018	0.48
Avery Dennison Corp.	522	91,413	88,675	0.48
Dow Inc.	1,263	81,016	89,761	0.48
DuPont de Nemours Inc.	1,085	94,533	90,453	0.49
International Flavors & Fragrances Inc.	560	95,177	93,822	0.51
Sensient Technologies Corp.	1,055	88,292	90,541	0.49
Sonoco Products Co.	1,112	81,676	89,123	0.48
		<b>599,720</b>	<b>632,393</b>	<b>3.41</b>
<b>Utilities—21.07%</b>				
Allete Inc.	862	90,228	90,858	0.49
Alliant Energy Corp.	1,278	75,649	90,811	0.49
Ameren Corp.	917	80,006	91,451	0.49
American Electric Power Co. Inc.	740	76,175	90,817	0.49
Aqua America Inc.	1,501	72,621	91,492	0.49
Atmos Energy Corp.	624	94,202	90,640	0.49
Avangrid Inc.	1,350	88,901	89,686	0.48
Avista Corp.	1,453	89,422	90,736	0.49
Black Hills Corp.	897	78,195	91,483	0.49
CMS Energy Corp.	1,114	76,484	90,903	0.49
Consolidated Edison Inc.	773	82,996	90,812	0.49
Dominion Energy Inc.	852	83,926	91,629	0.49
DTE Energy Co.	539	82,130	90,899	0.49
Duke Energy Corp.	769	87,367	91,081	0.49
El Paso Electric Co.	1,024	77,366	90,274	0.49
Entergy Corp.	585	91,982	91,006	0.49
Evergy Inc.	1,087	83,499	91,876	0.50
Eversource Energy	828	72,620	91,467	0.49
Exelon Corp.	1,535	97,574	90,873	0.49
FirstEnergy Corp.	1,434	74,652	90,499	0.49
Hawaiian Electric Industries Inc.	1,485	75,382	90,362	0.49
IDACORP Inc.	654	84,431	90,700	0.49
MDU Resources Group Inc.	2,359	81,606	91,010	0.49
MGE Energy Inc.	891	92,178	91,195	0.49
New Jersey Resources Corp.	1,561	93,687	90,345	0.49
NextEra Energy Inc.	291	68,363	91,507	0.49
NiSource Inc.	2,527	89,082	91,355	0.49
Northwest Natural Holding Co.	959	82,176	91,817	0.49
NorthWestern Corp.	972	83,002	90,461	0.49

First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the years ended December 31, 2019

OGE Energy Corp.	1,583	81,767	91,413	0.49
ONE Gas Inc.	749	85,687	91,008	0.49
Otter Tail Corp.	1,354	87,151	90,180	0.49
Pinnacle West Capital Corp.	780	89,903	91,087	0.49
Portland General Electric Co.	1,239	79,927	89,761	0.48
PPL Corp.	1,945	79,905	90,621	0.49
Public Services Enterprise Group Inc.	1,184	86,171	90,788	0.49
Sempra Energy	461	71,718	90,681	0.49
South Jersey Industries Inc.	2,148	88,182	91,991	0.50
Southern Co. (The)	1,097	71,795	90,741	0.49
Spire Inc.	833	85,690	90,116	0.49
UGI Corp.	1,552	107,956	91,013	0.49
WEC Energy Group Inc.	758	74,191	90,782	0.49
Xcel Energy Inc.	1,101	75,743	90,772	0.49
		<b>3,571,688</b>	<b>3,908,999</b>	<b>21.07</b>
		<b>13,710,730</b>	<b>14,823,821</b>	<b>79.91</b>
<b>INTERNATIONAL EQUITIES</b>				
<b>Belgium—0.49%</b>				
Anheuser-Busch InBev NV, ADR	847	88,409	90,233	0.49
		<b>88,409</b>	<b>90,233</b>	<b>0.49</b>
<b>Bermuda—1.47%</b>				
Argo Group International Holdings Ltd.	1,074	93,674	91,698	0.50
Axis Capital Holdings Ltd.	1,161	85,274	89,613	0.48
Everest Re Group Ltd.	254	75,327	91,310	0.49
		<b>254,275</b>	<b>272,621</b>	<b>1.47</b>
<b>Denmark—0.49%</b>				
Novo Nordisk AS, ADR	1,203	90,070	90,418	0.49
		<b>90,070</b>	<b>90,418</b>	<b>0.49</b>
<b>France—0.97%</b>				
Sanofi SA, ADR	1,379	79,453	89,893	0.48
TOTAL SA, ADR	1,260	90,977	90,481	0.49
		<b>170,430</b>	<b>180,374</b>	<b>0.97</b>
<b>Germany—0.49%</b>				
Fresenius Medical Care AG & Co. KGaA, ADR	1,911	95,049	91,395	0.49
		<b>95,049</b>	<b>91,395</b>	<b>0.49</b>
<b>India—0.49%</b>				
Infosys Technologies Ltd., ADR	6,741	84,589	90,336	0.49
		<b>84,589</b>	<b>90,336</b>	<b>0.49</b>
<b>Ireland—0.97%</b>				
Eaton Corp. PLC	729	72,814	89,666	0.48
Medtronic PLC	609	73,812	89,718	0.49
		<b>146,626</b>	<b>179,384</b>	<b>0.97</b>
<b>Japan—0.95%</b>				
Canon Inc., ADR	2,469	97,843	87,687	0.47
Toyota Motor Corp., ADR	489	80,476	89,242	0.48
		<b>178,319</b>	<b>176,929</b>	<b>0.95</b>
<b>Switzerland—2.43%</b>				
ABB Ltd., ADR	2,895	79,073	90,562	0.49
Chubb Ltd.	450	82,288	90,959	0.49
Garmin Ltd.	704	80,909	89,187	0.48

First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the years ended December 31, 2019

Novartis AG, ADR	731	78,357	89,884	0.48
TE Connectivity Ltd.	730	81,327	90,851	0.49
		<b>401,954</b>	<b>451,443</b>	<b>2.43</b>
<b>Taiwan—0.49%</b>				
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	1,191	63,314	89,856	0.49
		<b>63,314</b>	<b>89,856</b>	<b>0.49</b>
<b>United Kingdom—2.45%</b>				
Diageo PLC, ADR	417	82,320	91,199	0.49
GlaxoSmithKline PLC, ADR	1,481	78,000	90,369	0.49
Royal Dutch Shell PLC, Class 'B', ADR	1,164	96,174	90,645	0.49
Unilever PLC, ADR	1,220	90,174	90,570	0.49
WPP PLC, ADR	1,003	81,897	91,549	0.49
		<b>428,565</b>	<b>454,332</b>	<b>2.45</b>
<b>Total investments</b>		<b>16,845,071</b>	<b>18,167,488</b>	<b>97.94</b>
Transaction costs		(1,532)		
Unrealized appreciation on derivatives - see Schedule 1			333,078	1.79
Other assets, less liabilities			49,486	0.27
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>16,843,539</b>	<b>18,550,052</b>	<b>100.00</b>

Schedule 1

Counterparty	Credit			Amount Sold	Currency Buy	Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation)
	Rating of Counterparty*	Settlement Date	Currency Sell						
Bank of New York Mellon (The), New York	A-1+	2020/01/31	USD	13,814,354	CAD	18,269,000	0.756	0.770	333,078
									<b>333,078</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide



# First Trust AlphaDEX™ U.S. Financial Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	6,187,800	6,600,636
Cash	39,199	33,631
Accrued dividend receivable	11,400	35,212
Other assets	617	1,638
	6,239,016	6,671,117
<b>Liabilities</b>		
Accrued liabilities	4,217	12,722
Distributions payable to holders of redeemable units	29,000	22,500
	33,217	35,222
<b>Total net assets attributable to holders of redeemable units</b>	<b>6,205,799</b>	<b>6,635,895</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>6,205,799</b>	<b>6,635,895</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>200,000</b>	<b>250,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>31.03</b>	<b>26.54</b>

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	205,895	302,328
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on sale of investments	182,640	(908,397)
Net realized gain (loss) on foreign exchange	(234)	(22)
Net change in unrealized appreciation (depreciation) of investments	926,176	(594,965)
	1,314,477	(1,201,056)
Foreign exchange gain (loss) on cash	(105)	2,371
	1,314,372	(1,198,685)
<b>Expenses [note 7]</b>		
Management fees	45,038	61,132
HST expense	5,280	6,209
Transaction costs [note 3 and note 9]	3,007	3,044
Independent Review Committee fees	1,311	1,409
Interest expense	1	10
	54,637	71,804
Expenses waived by manager	(1,311)	(1,409)
	53,326	70,395
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>1,261,046</b>	<b>(1,269,080)</b>
<b>Withholding taxes</b>	<b>29,209</b>	<b>44,318</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>1,231,837</b>	<b>(1,313,398)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>1,231,837</b>	<b>(1,313,398)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>5.69</b>	<b>(4.30)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Financial Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	6,635,895	4,220,265
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	1,231,837	(1,313,398)
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from issuance of units	-	30,985,183
Reinvested distributions	-	329,900
Redemption of units	(1,532,683)	(27,170,130)
	(1,532,683)	4,144,953
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(108,933)	-
Capital gains	-	(415,909)
Return of capital	(20,317)	(16)
	(129,250)	(415,925)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(430,096)	2,415,630
<b>Net assets attributable to holders of redeemable units, end of year</b>	6,205,799	6,635,895

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Financial Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	1,231,837	(1,313,398)
Adjustments for:		
Net realized (gain) loss on sale of investments	(182,640)	908,397
Change in unrealized (appreciation) depreciation of investments	(926,176)	594,965
Dividends receivable	23,812	(11,513)
Other assets	1,021	146
Other liabilities	(8,505)	5,631
Purchases of investments	(5,784,304)	(37,262,119)
Proceeds from the sale of investments	7,305,956	33,358,081
	1,661,001	(3,719,810)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	-	30,985,183
Amount paid on redemptions of units	(1,532,683)	(27,182,647)
Distributions paid to unitholders	(122,750)	(80,175)
	(1,655,433)	3,722,361
<b>Increase (Decrease) in cash for the year</b>	5,568	2,551
<b>Cash, beginning of year</b>	33,631	31,080
<b>Cash, end of year</b>	39,199	33,631
Dividends received, net of withholding taxes	200,498	246,497

See accompanying notes which are an integral part of these financial statements.

**First Trust AlphaDEX™ U.S. Financial Sector Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Financials Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Financial Services Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	6,187,800	–	–	6,187,800
<b>Total</b>	<b>6,187,800</b>	<b>–</b>	<b>–</b>	<b>6,187,800</b>
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	6,600,636	–	–	6,600,636
<b>Total</b>	<b>6,600,636</b>	<b>–</b>	<b>–</b>	<b>6,600,636</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Outstanding units – January 1, 2018	150,000
Redeemable units issued	1,100,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1,000,000)
Outstanding units – December 31, 2018	250,000
Redeemable units issued	–
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(50,000)
Outstanding units – December 31, 2019	200,000

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Financial Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
422,266	–	–	–

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
3,007	3,044

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
45,038	61,132	3,731	11,258

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Financial Services Index	301,794	(301,794)	297,288	(297,288)
Russell 1000® Index	288,052	(288,052)	286,671	(286,671)
S&P 500 Financials Index	264,727	(264,727)	267,758	(267,758)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and December 31, 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	6,204,126	99.97	6,631,593	99.94

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$62,041 (December 31, 2018 – \$66,316). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Financial Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Financials	94.37	86.61
Information Technology	3.02	10.52
Industrials	1.07	1.67
Communication Services	0.87	–
Consumer Discretionary	0.38	0.38
Materials	–	0.29
Total	99.71	99.47

# First Trust AlphaDEX™ U.S. Financial Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Communication Services—0.87%</b>				
Equinix Inc.	71	44,976	53,815	0.87
		<b>44,976</b>	<b>53,815</b>	<b>0.87</b>
<b>Consumer Discretionary—0.38%</b>				
Lamar Advertising Co., Class 'A'	99	10,107	11,475	0.19
Wyndham Destinations Inc.	177	10,496	11,881	0.19
		<b>20,603</b>	<b>23,356</b>	<b>0.38</b>
<b>Financials—94.37%</b>				
Aflac Inc.	311	18,513	21,364	0.34
Alleghany Corp.	51	46,285	52,952	0.85
Allstate Corp. (The)	150	17,733	21,903	0.35
Ally Financial Inc.	1,229	41,928	48,771	0.79
American Express Co.	138	19,855	22,309	0.36
American Financial Group Inc.	76	9,815	10,821	0.17
American Homes 4 Rent, Class 'A'	944	32,052	32,129	0.52
American International Group Inc.	439	25,793	29,261	0.47
American Tower Corp.	111	29,781	33,126	0.53
Americold Realty Trust	1,099	52,565	50,034	0.80
Ameriprise Financial Inc.	111	20,326	24,011	0.39
Aon PLC	42	8,591	11,360	0.18
Apartment Investment & Management Co.	781	49,403	52,382	0.84
Apple Hospitality REIT Inc.	983	21,242	20,743	0.33
Arch Capital Group Ltd.	971	42,686	54,080	0.87
Arthur J. Gallagher & Co.	364	41,423	45,013	0.73
Associated Banc-Corp.	1,610	48,550	46,078	0.74
Assured Guaranty Ltd.	916	47,537	58,308	0.94
Athene Holding Ltd.	969	56,397	59,178	0.95
AXA Equitable Holdings Inc.	1,103	29,053	35,492	0.57
Axis Capital Holdings Ltd.	611	49,007	47,161	0.76
Bank of America Corp.	838	31,473	38,326	0.62
Bank of New York Mellon Corp. (The)	541	34,805	35,358	0.57
Bank OZK	1,494	55,498	59,181	0.95
BankUnited Inc.	727	33,341	34,514	0.56
Berkshire Hathaway Inc., Class 'B'	118	32,822	34,706	0.56
BGC Partners Inc., Class 'A'	7,408	55,680	57,141	0.92
BlackRock Inc.	18	9,957	11,750	0.19
BOK Financial Corp.	309	33,248	35,069	0.57
Brighthouse Financial Inc.	1,007	49,280	51,299	0.83
Brixmor Property Group Inc.	402	8,216	11,281	0.18
Brown & Brown Inc.	1,130	49,975	57,931	0.93
Capital One Financial Corp.	448	51,947	59,868	0.97
Cboe Global Markets Inc.	142	20,906	22,127	0.36
CBRE Group Inc., Class 'A'	769	44,376	61,203	0.99
Charles Schwab Corp. (The)	195	9,149	12,043	0.19
Chimera Investment Corp.	417	10,080	11,133	0.18
Chubb Ltd.	50	8,823	10,107	0.16
Cincinnati Financial Corp.	140	19,692	19,116	0.31
CIT Group Inc.	899	54,792	53,268	0.86
Citigroup Inc.	472	41,063	48,966	0.79
Citizens Financial Group Inc.	922	44,649	48,621	0.78
Colony Capital Inc.	4,061	31,232	25,049	0.40
Comerica Inc.	494	48,857	46,026	0.74
Commerce Bancshares Inc.	141	10,631	12,439	0.20
Coresite Realty Corp.	134	19,552	19,509	0.31

# First Trust AlphaDEX™ U.S. Financial Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

Corporate Office Properties Trust	274	10,754	10,453	0.17
Credit Acceptance Corp.	35	18,123	20,104	0.32
Crown Castle International Corp.	176	30,168	32,488	0.52
Cullen/Frost Bankers Inc.	184	22,430	23,363	0.38
Discover Financial Services	402	38,420	44,277	0.71
E*TRADE Financial Corp.	560	33,437	32,992	0.53
East West Bancorp Inc.	552	37,270	34,908	0.56
Eaton Vance Corp.	544	31,047	32,982	0.53
EPR Properties	106	9,574	9,723	0.16
Equity Commonwealth	1,325	55,615	56,487	0.91
Equity Lifestyle Properties Inc.	488	40,576	44,606	0.72
Erie Indemnity Co., Class 'A'	44	15,128	9,485	0.15
Evercore Inc., Class 'A'	509	61,755	49,414	0.80
Everest Re Group Ltd.	153	49,663	55,002	0.89
Extra Space Storage Inc.	279	43,394	38,266	0.62
F.N.B. Corp.	2,827	44,670	46,622	0.75
Fidelity National Financial Inc.	550	25,505	32,389	0.52
Fifth Third Bancorp	1,190	43,198	47,502	0.77
First American Financial Corp.	552	35,169	41,804	0.67
First Citizens Bancshares Inc.	35	19,545	24,189	0.39
First Hawaiian Inc.	610	21,327	22,853	0.37
First Horizon National Corp.	2,012	39,217	43,266	0.70
First Republic Bank	84	10,407	12,811	0.21
Fiserv Inc.	236	29,341	35,436	0.57
Franklin Resources Inc.	1,412	61,085	47,636	0.77
Goldman Sachs Group Inc. (The)	157	41,940	46,876	0.76
Hanover Insurance Group Inc.	61	9,189	10,826	0.17
Hartford Financial Services Group Inc. (The)	269	18,520	21,228	0.34
Healthpeak Properties Inc.	457	19,071	20,456	0.33
Host Hotels & Resorts Inc.	2,356	55,925	56,752	0.91
Howard Hughes Corp. (The)	252	42,730	41,493	0.67
Huntington Bancshares Inc.	1,713	33,013	33,544	0.54
Interactive Brokers Group Inc., Class 'A'	303	20,457	18,343	0.30
Intercontinental Exchange Inc.	265	30,633	31,848	0.51
Invesco Ltd.	1,924	54,506	44,921	0.72
Iron Mountain Inc.	252	11,843	10,429	0.17
Janus Henderson Group PLC	1,814	51,536	57,594	0.93
Jefferies Financial Group Inc.	2,214	59,656	61,439	0.99
Jones Lang LaSalle Inc.	234	44,653	52,899	0.85
JPMorgan Chase & Co.	138	19,741	24,980	0.40
Kemper Corp.	418	48,617	42,067	0.68
KeyCorp	1,370	31,287	36,007	0.58
Kimco Realty Corp.	390	7,996	10,488	0.17
Lazard Ltd., Class 'A'	466	23,852	24,181	0.39
LendingTree Inc.	26	14,090	10,245	0.17
Life Storage Inc.	77	9,394	10,827	0.17
Lincoln National Corp.	540	45,150	41,379	0.67
Loews Corp.	158	10,045	10,769	0.17
LPL Financial Holdings Inc.	497	41,284	59,536	0.96
M&T Bank Corp.	155	32,917	34,166	0.55
Markel Corp.	34	51,227	50,472	0.81
MarketAxess Holdings Inc.	100	32,751	49,229	0.79
Marsh & McLennan Cos. Inc.	163	19,455	23,581	0.38
MasterCard Inc., Class 'A'	90	24,708	34,896	0.56
Medical Properties Trust Inc.	2,083	44,013	57,100	0.92
Mercury General Corp.	437	32,797	27,653	0.45
MetLife Inc.	691	40,513	45,735	0.74
MFA Financial Inc.	4,429	41,840	43,997	0.71
MGIC Investment Corp.	3,239	57,697	59,599	0.96
Morgan Stanley	764	45,627	50,716	0.82



# First Trust AlphaDEX™ U.S. Financial Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

Morningstar Inc.	112	17,981	22,006	0.35
Navient Corp.	2,546	39,404	45,228	0.73
New Residential Investment Corp.	520	11,618	10,878	0.18
New York Community Bancorp Inc.	649	8,762	10,130	0.16
Northern Trust Corp.	87	11,088	12,002	0.19
Old Republic International Corp.	1,383	40,640	40,174	0.65
OneMain Holdings Inc.	1,111	43,780	60,809	0.98
Outfront Media Inc.	1,467	48,473	51,091	0.82
PacWest Bancorp	897	46,498	44,577	0.72
Park Hotels & Resorts Inc.	653	25,593	21,937	0.35
People's United Financial Inc.	1,564	33,216	34,323	0.55
Pinnacle Financial Partners Inc.	431	32,055	35,819	0.58
PNC Financial Services Group Inc.	174	31,097	36,068	0.58
Popular Inc.	603	42,863	46,003	0.74
Primerica Inc.	192	30,963	32,551	0.52
Principal Financial Group Inc.	428	29,440	30,568	0.49
Progressive Corp. (The)	422	34,606	39,669	0.64
Prosperity Bancshares Inc.	231	21,071	21,564	0.35
Prudential Financial Inc.	362	42,893	44,065	0.71
Public Storage Inc.	33	10,821	9,126	0.15
Raymond James Financial Inc.	296	31,616	34,386	0.55
Regions Financial Corp.	1,545	31,704	34,427	0.56
Reinsurance Group of America Inc.	102	19,748	21,598	0.35
RenaissanceRe Holdings Ltd.	211	50,666	53,708	0.87
S&P Global Inc.	67	19,109	23,756	0.38
Santander Consumer USA Holdings Inc.	1,597	39,740	48,464	0.78
SBA Communications Corp.	135	33,651	42,247	0.68
SEI Investments Co.	275	20,395	23,383	0.38
Service Properties Trust	316	10,552	9,984	0.16
Signature Bank	137	21,573	24,303	0.39
SITE Centers Corp.	1,618	28,825	29,457	0.47
SLM Corp.	3,693	46,977	42,728	0.69
Spirit Realty Capital Inc.	170	8,740	10,857	0.18
State Street Corp.	551	51,493	56,596	0.91
Sterling Bancorp	1,625	41,070	44,482	0.72
Sun Communities Inc.	274	50,116	53,406	0.86
SVB Financial Group	78	22,693	25,427	0.41
Synchrony Financial	1,195	44,081	55,879	0.90
Synovus Financial Corp.	456	21,955	23,212	0.37
T. Rowe Price Group Inc.	285	37,363	45,091	0.73
TCF Financial Corp.	856	42,043	52,021	0.84
TD Ameritrade Holding Corp.	349	18,781	22,524	0.36
Texas Capital Bancshares Inc.	596	44,126	43,936	0.71
Travelers Cos. Inc. (The)	164	28,666	29,165	0.47
Truist Financial Corp.	305	20,463	22,306	0.36
U.S. Bancorp	147	10,363	11,318	0.18
UDR Inc.	336	21,786	20,376	0.33
Umpqua Holdings Corp.	1,485	36,653	34,132	0.55
Unum Group	823	38,914	31,163	0.50
VICI Properties Inc.	1,079	31,587	35,799	0.58
Virtu Financial Inc.	498	15,591	10,340	0.17
Visa Inc., Class 'A'	47	8,347	11,468	0.19
Vornado Realty Trust	659	55,785	56,907	0.92
Voya Financial Inc.	449	32,003	35,554	0.57
W.R. Berkley Corp.	113	7,576	10,139	0.16
Webster Financial Corp.	348	25,189	24,113	0.39
Weingarten Realty Investors	559	20,828	22,677	0.37
Wells Fargo & Co.	646	44,393	45,131	0.73
Western Alliance Bancorp	531	31,129	39,303	0.63
Western Union Co. (The)	1,758	51,233	61,135	0.99

First Trust AlphaDEX™ U.S. Financial Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

White Mountains Insurance Group Ltd.	38	52,239	55,045	0.89
Wintrust Financial Corp.	252	25,311	23,201	0.37
Zions Bancorporation NA	732	46,621	49,352	0.80
		<b>5,458,626</b>	<b>5,856,920</b>	<b>94.37</b>
<b>Industrials—1.07%</b>				
Equifax Inc.	58	9,162	10,553	0.17
TransUnion	502	47,733	55,807	0.90
		<b>56,895</b>	<b>66,360</b>	<b>1.07</b>
<b>Information Technology—3.02%</b>				
Alliance Data Systems Corp.	191	36,123	27,828	0.45
CoreLogic Inc.	352	20,157	19,979	0.32
Euronet Worldwide Inc.	56	8,033	11,458	0.18
Fair Issac Corp.	54	16,567	26,273	0.42
Fidelity National Information Services Inc.	123	20,134	22,216	0.36
FleetCor Technologies Inc.	57	17,762	21,296	0.34
Global Payments Inc.	51	10,448	12,090	0.20
Jack Henry & Associates Inc.	56	10,069	10,593	0.17
Moody's Corp.	40	8,969	12,331	0.20
MSCI Inc., Class 'A'	37	8,964	12,405	0.20
WEX Inc.	40	10,576	10,880	0.18
		<b>167,802</b>	<b>187,349</b>	<b>3.02</b>
<b>Total investments</b>		<b>5,748,902</b>	<b>6,187,800</b>	<b>99.71</b>
Transaction costs		(1,479)		
Other assets, less liabilities			17,999	0.29
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>5,747,423</b>	<b>6,205,799</b>	<b>100.00</b>

# First Trust AlphaDEX™ U.S. Energy Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	1,385,652	1,575,738
Cash	1,153	11,262
Accrued dividend receivable	5,719	651
Other assets	634	496
	1,393,158	1,588,147
<b>Liabilities</b>		
Accrued liabilities	899	1,379
	899	1,379
<b>Total net assets attributable to holders of redeemable units</b>	1,392,259	1,586,768
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	1,392,259	1,586,768
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	150,000	150,000
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	9.28	10.58

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	49,641	58,897
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on sale of investments	274,197	983,262
Net realized gain (loss) on foreign exchange	(145)	(145)
Net change in unrealized appreciation (depreciation) of investments	417,399	(550,933)
	741,092	491,081
Foreign exchange gain (loss) on cash	(473)	248
	740,619	491,329
<b>Expenses [note 7]</b>		
Management fees	25,295	21,992
Transaction costs [note 3 and note 9]	6,567	2,581
HST expense	2,624	2,324
Independent Review Committee fees	715	506
Interest expense	2	3
	35,203	27,406
Expenses waived by manager	(715)	(506)
	34,488	26,900
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	706,131	464,429
<b>Withholding taxes</b>	7,251	6,644
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	698,880	457,785
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	698,880	457,785
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	2.11	1.92

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Energy Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	1,586,768	1,298,240
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	698,880	457,785
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from issuance of units	13,670,091	8,136,789
Reinvested distributions	-	122,685
Redemption of units	(14,557,480)	(8,306,046)
	(887,389)	(46,572)
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	-	-
Capital gains	-	(122,685)
Return of capital	(6,000)	-
	(6,000)	(122,685)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(194,509)	288,528
<b>Net assets attributable to holders of redeemable units, end of year</b>	1,392,259	1,586,768

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Energy Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	698,880	457,785
Adjustments for:		
Net realized (gain) loss on sale of investments	(274,197)	(983,262)
Change in unrealized (appreciation) depreciation of investments	(417,399)	550,933
Dividends receivable	(5,068)	(287)
Other assets	(138)	(402)
Other liabilities	(480)	412
Purchases of investments	(19,192,088)	(11,315,012)
Proceeds from the sale of investments	20,073,770	11,464,930
	883,280	175,097
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	13,670,091	8,136,789
Amount paid on redemptions of units	(14,557,480)	(8,306,046)
Distributions paid to unitholders	(6,000)	-
	(893,389)	(169,257)
<b>Increase (Decrease) in cash for the year</b>	(10,109)	5,840
<b>Cash, beginning of year</b>	11,262	5,422
<b>Cash, end of year</b>	1,153	11,262
Dividends received, net of withholding taxes	37,322	51,966

See accompanying notes which are an integral part of these financial statements.

**First Trust AlphaDEX™ U.S. Energy Sector Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Energy Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Energy Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	1,385,652	–	–	1,385,652
Total	1,385,652	–	–	1,385,652
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	1,575,738	–	–	1,575,738
Total	1,575,738	–	–	1,575,738

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Outstanding units – January 1, 2018	100,000
Redeemable units issued	650,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(600,000)
Outstanding units – December 31, 2018	150,000
Redeemable units issued	1,250,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1,250,000)
Outstanding units – December 31, 2019	150,000

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Energy Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
-	-	1,162,837	1,340,866

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
6,567	2,581

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
25,295	21,992	790	1,215

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Energy Index	89,271	(89,271)	85,844	(85,844)
Russell 1000® Index	76,441	(76,441)	78,624	(78,624)
S&P 500 Energy Index	92,196	(92,196)	86,241	(86,241)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	1,391,493	99.94	1,585,474	99.92

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$13,915 (December 31, 2018 - \$15,855). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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First Trust AlphaDEX™ U.S. Energy Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

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**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Energy	99.53	98.30
Materials	–	1.00
Total	99.53	99.30



First Trust AlphaDEX™ U.S. Energy Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Energy—99.53%</b>				
Antero Midstream Corp.	1,280	12,022	12,616	0.91
Antero Resources Corp.	15,679	92,313	58,026	4.17
Apache Corp.	370	13,765	12,295	0.88
Apergy Corp.	350	13,752	15,353	1.11
Baker Hughes Co.	816	25,750	27,158	1.95
Cabot Oil & Gas Corp.	2,156	59,188	48,742	3.50
Centennial Resource Development Inc.	6,293	62,522	37,754	2.71
Chesapeake Energy Corp.	26,866	61,585	28,803	2.07
Chevron Corp.	319	50,955	49,920	3.59
Cimarex Energy Co.	988	76,596	67,343	4.84
Concho Resources Inc.	418	45,215	47,532	3.41
ConocoPhillips	831	66,628	70,174	5.04
Continental Resources Inc.	1,230	58,707	54,784	3.93
Devon Energy Corp.	1,968	64,405	66,368	4.77
Diamondback Energy Inc.	316	39,977	38,104	2.74
EOG Resources Inc.	510	56,160	55,471	3.98
EQT Corp.	1,780	30,798	25,194	1.81
Exxon Mobil Corp.	268	27,097	24,284	1.74
Halliburton Co.	1,507	42,813	47,886	3.44
Helmerich & Payne Inc.	236	14,011	13,922	1.00
HollyFrontier Corp.	706	45,995	46,490	3.34
Kinder Morgan Inc.	460	12,284	12,646	0.91
Marathon Oil Corp.	3,859	74,804	68,051	4.89
Marathon Petroleum Corp.	468	33,894	36,615	2.63
Murphy Oil Corp.	1,285	41,994	44,719	3.21
Noble Energy Inc.	422	11,782	13,612	0.98
Occidental Petroleum Corp.	1,065	74,192	56,992	4.09
Parsley Energy Inc., Class 'A'	1,691	39,889	41,523	2.98
Patterson-UTI Energy Inc.	2,215	33,092	30,201	2.17
PBF Energy Inc.	348	12,738	14,176	1.02
Phillips 66	370	47,643	53,528	3.84
Pioneer Natural Resources Co.	151	27,520	29,681	2.13
Schlumberger Ltd.	554	26,268	28,920	2.08
Valero Energy Corp.	222	24,103	26,997	1.94
WPX Energy Inc.	4,471	67,215	79,772	5.73
		<b>1,487,672</b>	<b>1,385,652</b>	<b>99.53</b>
<b>Total investments</b>		<b>1,487,672</b>	<b>1,385,652</b>	<b>99.53</b>
Transaction costs		(281)		
Other assets, less liabilities			6,607	0.47
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>1,487,391</b>	<b>1,392,259</b>	<b>100.00</b>

# First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	2,778,720	2,383,814
Cash	14,090	14,480
Accrued dividend receivable	2,394	11,630
Other assets	1,315	917
	<b>2,796,519</b>	<b>2,410,841</b>
<b>Liabilities</b>		
Accrued liabilities	1,879	9,693
Distributions payable to holders of redeemable units	10,650	7,000
	12,529	16,693
<b>Total net assets attributable to holders of redeemable units</b>	<b>2,783,990</b>	<b>2,394,148</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>2,783,990</b>	<b>2,394,148</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>100,000</b>	<b>100,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>27.84</b>	<b>23.94</b>

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	62,610	127,341
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on sale of investments	298,470	(74,386)
Net realized gain (loss) on foreign exchange	(144)	298
Net change in unrealized appreciation (depreciation) of investments	277,794	(396,215)
	<b>638,730</b>	<b>(342,962)</b>
Foreign exchange gain (loss) on cash	(252)	361
	<b>638,478</b>	<b>(342,601)</b>
<b>Expenses [note 7]</b>		
Management fees	27,250	47,493
HST expense	2,414	5,441
Transaction costs [note 3 and note 9]	1,853	1,906
Independent Review Committee fees	786	1,104
Interest expense	7	9
	<b>32,310</b>	<b>55,953</b>
Expenses waived by manager	(786)	(1,104)
	<b>31,524</b>	<b>54,849</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>606,954</b>	<b>(397,450)</b>
<b>Withholding taxes</b>	<b>9,054</b>	<b>15,836</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>597,900</b>	<b>(413,286)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>597,900</b>	<b>(413,286)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>4.09</b>	<b>(1.56)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	2,394,148	3,792,914
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	597,900	(413,286)
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from issuance of units	2,552,726	21,072,016
Reinvested distributions	-	290,110
Redemption of units	(2,715,134)	(22,015,496)
	(162,408)	(653,370)
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(45,604)	(50,548)
Capital gains	-	(281,553)
Return of capital	(46)	(9)
	(45,650)	(332,110)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	389,842	(1,398,766)
<b>Net assets attributable to holders of redeemable units, end of year</b>	2,783,990	2,394,148

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	597,900	(413,286)
Adjustments for:		
Net realized (gain) loss on sale of investments	(298,470)	74,386
Change in unrealized (appreciation) depreciation of investments	(277,794)	396,215
Dividends receivable	9,236	343
Other assets	(398)	776
Other liabilities	(7,814)	155
Purchases of investments	(6,520,711)	(25,561,717)
Proceeds from the sale of investments	6,702,069	26,479,449
	<b>204,018</b>	<b>976,321</b>
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	2,552,726	21,072,016
Amount paid on redemptions of units	(2,715,134)	(22,036,082)
Distributions paid to unitholders	(42,000)	(64,470)
	<b>(204,408)</b>	<b>(1,028,536)</b>
<b>Increase (decrease) in cash for the year</b>	<b>(390)</b>	<b>(52,215)</b>
<b>Cash, beginning of year</b>	<b>14,480</b>	<b>66,695</b>
<b>Cash, end of year</b>	<b>14,090</b>	<b>14,480</b>
Dividends received, net of withholding taxes	62,792	111,848

See accompanying notes which are an integral part of these financial statements.

**First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Consumer Discretionary Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Consumer Discretionary Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	2,778,720	–	–	2,778,720
<b>Total</b>	<b>2,778,720</b>	<b>–</b>	<b>–</b>	<b>2,778,720</b>
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	2,383,814	–	–	2,383,814
<b>Total</b>	<b>2,383,814</b>	<b>–</b>	<b>–</b>	<b>2,383,814</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Outstanding units – January 1, 2018	150,000
Redeemable units issued	850,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(900,000)
Outstanding units – December 31, 2018	100,000
Redeemable units issued	100,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(100,000)
Outstanding units – December 31, 2019	100,000

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
36,015	-	-	-

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
1,853	1,906

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
27,250	47,493	1,663	8,579

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Consumer Discretionary and Services Index	127,134	(127,134)	103,427	(103,427)
Russell 1000® Index	133,445	(133,445)	107,497	(107,497)
S&P 500 Consumer Discretionary Index	122,612	(122,612)	97,801	(97,801)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	2,781,964	99.93	2,391,909	99.91

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$27,820 (December 31, 2018 - \$23,919). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

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**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Consumer Discretionary	78.36	87.45
Communication Services	15.15	7.39
Consumer Staples	4.00	1.92
Industrials	1.79	2.81
Health Care	0.27	–
Information Technology	0.24	–
Total	99.81	99.57

# First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Communication Services—15.15%</b>				
Alice USA Inc., Class 'A'	1,003	33,010	35,609	1.28
Booking Holdings Inc.	3	7,848	8,001	0.29
Cable One Inc.	14	16,259	27,060	0.97
Carvana Co.	436	36,559	52,116	1.87
Comcast Corp., Class 'A'	489	24,198	28,555	1.03
Discovery Inc., Series 'A'	828	30,697	35,202	1.26
Fox Corp., Class 'A'	699	31,535	33,648	1.21
News Corp., Class 'A'	792	14,471	14,542	0.52
Nexstar Broadcasting Group Inc., Class 'A'	169	24,346	25,731	0.92
Omnicom Group Inc.	70	7,094	7,364	0.27
Roku Inc.	283	34,578	49,207	1.77
Sinclair Broadcast Group Inc., Class 'A'	404	30,250	17,491	0.63
Sirius XM Holdings Inc.	2,758	23,393	25,607	0.92
Uber Technologies Inc.	181	7,177	6,990	0.25
ViacomCBS Inc, Class 'B'	712	43,869	38,804	1.39
Walt Disney Co. (The)	85	12,595	15,964	0.57
		<b>377,879</b>	<b>421,891</b>	<b>15.15</b>
<b>Consumer Discretionary—78.36%</b>				
Advance Auto Parts Inc.	33	7,036	6,863	0.25
Aptiv PLC	126	13,246	15,539	0.56
Aramark	126	5,229	7,101	0.25
AutoNation Inc.	340	17,830	21,471	0.77
AutoZone Inc.	5	5,369	7,735	0.28
Best Buy Co. Inc.	250	21,717	28,503	1.02
BorgWarner Inc.	784	41,326	44,164	1.59
Bright Horizons Family Solutions Inc.	113	19,170	22,053	0.79
Brunswick Corp.	331	22,417	25,781	0.93
Burlington Stores Inc.	144	35,985	42,640	1.53
Capri Holdings Ltd.	665	36,658	32,944	1.18
CarMax Inc.	251	27,260	28,575	1.03
Carnival Corp.	658	47,203	43,432	1.56
Carter's Inc.	121	15,609	17,180	0.62
Charter Communications Inc., Class 'A'	42	18,966	26,456	0.95
Chipotle Mexican Grill Inc., Class 'A'	26	18,537	28,263	1.02
Choice Hotels International Inc.	62	7,226	8,327	0.30
Cinemark Holdings Inc.	285	14,606	12,527	0.45
Columbia Sportswear Co.	57	7,090	7,416	0.27
D.R. Horton Inc.	418	21,083	28,632	1.03
Dick's Sporting Goods Inc.	540	24,270	34,703	1.25
DISH Network Corp., Class 'A'	649	26,647	29,893	1.07
Dollar General Corp.	181	28,155	36,661	1.32
Dollar Tree Inc.	151	21,158	18,441	0.66
Expedia Group Inc.	82	14,451	11,515	0.41
Extended Stay America Inc.	1,506	31,768	29,060	1.04
Floor & Decor Holdings Inc., Class 'A'	562	33,698	37,080	1.33
Foot Locker Inc.	666	38,408	33,720	1.21
Ford Motor Co.	1,884	21,980	22,752	0.82
Gap Inc. (The)	1,657	52,412	38,042	1.37
Garmin Ltd.	65	5,574	8,235	0.30
General Motors Co.	767	37,249	36,453	1.31
Gentex Corp.	627	17,417	23,595	0.85
Genuine Parts Co.	55	6,941	7,587	0.27
Goodyear Tire & Rubber Co. (The)	1,531	39,864	30,925	1.11



# First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

Graham Holdings Co., Class 'B'	33	26,902	27,382	0.98
Grand Canyon Education Inc.	112	16,013	13,931	0.50
H&R Block Inc.	467	15,302	14,239	0.51
Hanesbrands Inc.	720	15,419	13,884	0.50
Harley-Davidson Inc.	306	14,643	14,778	0.53
Hasbro Inc.	93	13,588	12,754	0.46
Hilton Grand Vacations Inc.	344	14,484	15,362	0.55
Hilton Worldwide Holdings Inc.	59	7,070	8,497	0.31
Home Depot Inc. (The)	95	27,367	26,940	0.97
Hyatt Hotels Corp., Class 'A'	234	22,078	27,259	0.98
International Game Technology PLC	776	14,039	15,085	0.54
Interpublic Group of Cos. Inc. (The)	511	14,433	15,328	0.55
John Wiley & Sons Inc., Class 'A'	393	25,302	24,761	0.89
Kohl's Corp.	444	35,145	29,376	1.06
Lear Corp.	244	44,743	43,471	1.56
Leggett & Platt Inc.	135	6,926	8,911	0.32
Lennar Corp., Class 'A'	515	31,103	37,310	1.34
Live Nation Inc.	260	17,511	24,130	0.87
LKQ Corp.	701	25,939	32,497	1.17
Lowe's Cos. Inc.	50	7,094	7,776	0.28
Lululemon Athletica Inc.	90	17,988	27,075	0.97
Macy's Inc.	1,851	58,481	40,862	1.47
McDonald's Corp.	26	7,283	6,672	0.24
MGM Resorts International	398	14,331	17,195	0.62
Mohawk Industries Inc.	232	38,298	41,086	1.48
Nike Inc., Class 'B'	184	22,632	24,206	0.87
Norwegian Cruise Line Holdings Ltd.	426	27,221	32,311	1.16
NVR Inc.	8	30,366	39,563	1.42
O'Reilly Automotive Inc.	28	14,465	15,935	0.57
Penske Automotive Group Inc.	466	27,826	30,389	1.09
Polaris Inc.	125	14,451	16,508	0.59
Pool Corp.	86	19,764	23,718	0.85
PulteGroup Inc.	603	20,898	30,381	1.09
PVH Corp.	326	43,292	44,513	1.60
Qurate Retail Inc.	2,137	53,090	23,393	0.84
Ralph Lauren Corp.	181	25,504	27,551	0.99
Ross Stores Inc.	157	21,345	23,735	0.85
Royal Caribbean Cruises Ltd.	204	29,490	35,367	1.27
Service Corp. International	231	14,308	13,807	0.50
Skechers U.S.A. Inc., Class 'A'	770	32,598	43,185	1.55
Starbucks Corp.	249	22,476	28,428	1.02
Target Corp.	269	30,320	44,785	1.61
Tempur Sealy International Inc.	373	28,893	42,168	1.51
Tesla Motors Inc.	46	14,297	24,988	0.90
Thor Industries Inc.	195	16,732	18,812	0.68
Tiffany & Co.	119	14,783	20,653	0.74
TJX Cos. Inc. (The)	198	14,257	15,699	0.56
Toll Brothers Inc.	701	32,199	35,965	1.29
Urban Outfitters Inc.	785	23,558	28,308	1.02
V.F. Corp.	62	7,055	8,024	0.29
Wendy's Co. (The)	864	19,336	24,918	0.89
Whirlpool Corp.	70	14,296	13,410	0.48
Williams-Sonoma Inc.	254	18,896	24,223	0.87
Wyndham Hotels & Resorts Inc.	107	8,353	8,727	0.31
Wynn Resorts Ltd.	51	8,722	9,197	0.33
Yum China Holdings Inc.	121	6,235	7,544	0.27
		<b>2,012,695</b>	<b>2,181,236</b>	<b>78.36</b>
<b>Consumer Staples—4.00%</b>				
Costco Wholesale Corp.	100	29,530	38,167	1.37
Estée Lauder Cos. Inc. (The), Class 'A'	111	22,459	29,770	1.07

First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

Five Below Inc.	44	7,237	7,305	0.26
L Brands Inc.	281	6,959	6,612	0.24
Tapestry Inc.	846	36,738	29,629	1.06
	<b>102,923</b>	<b>111,483</b>		<b>4.00</b>
<b>Health Care—0.27%</b>				
Henry Schein Inc.	87	7,178	7,538	0.27
	<b>7,178</b>	<b>7,538</b>		<b>0.27</b>
<b>Industrials—1.79%</b>				
AMERCO Inc.	44	20,747	21,473	0.77
Fortune Brands Home & Security Inc.	101	6,759	8,569	0.31
KAR Auction Services Inc.	449	14,818	12,705	0.45
WABCO Holdings Inc.	41	6,270	7,214	0.26
	<b>48,594</b>	<b>49,961</b>		<b>1.79</b>
<b>Information Technology—0.24%</b>				
eBay Inc.	141	7,148	6,611	0.24
	<b>7,148</b>	<b>6,611</b>		<b>0.24</b>
<b>Total investments</b>		<b>2,556,417</b>	<b>2,778,720</b>	<b>99.81</b>
Transaction costs		(369)		
Other assets, less liabilities			5,270	0.19
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>2,556,048</b>	<b>2,783,990</b>	<b>100.00</b>

# First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	2,277,696	6,688,636
Cash	19,573	42,867
Accrued dividend receivable	2,422	3,386
Derivative assets	18,104	1,092
	2,317,795	6,735,981
<b>Liabilities</b>		
Accrued liabilities	3,448	6,024
Distributions payable to holders of redeemable units	17,000	37,975
Derivative liabilities	-	84,587
	20,448	128,586
<b>Total net assets attributable to holders of redeemable units</b>	<b>2,297,347</b>	<b>6,607,395</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	1,285,323	2,279,556
<b>Hedged Units</b>	1,012,024	4,327,839
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	50,000	100,000
<b>Hedged Units</b>	50,000	250,000
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	25.71	22.80
<b>Hedged Units</b>	20.24	17.31

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	121,417	132,741
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	79,578	160,496
Net realized gain (loss) on derivatives	(18,628)	(160,594)
Net realized gain (loss) on foreign exchange	(2,190)	(2,056)
Net change in unrealized appreciation (depreciation) of investments	565,253	(547,711)
Net change in unrealized appreciation (depreciation) of derivatives	101,600	(88,550)
	847,030	(505,674)
Foreign exchange gain (loss) on cash	10,653	1,444
	857,683	(504,230)
<b>Expenses [note 7]</b>		
Management fees	37,236	35,065
HST expense	4,484	4,074
Transaction costs [note 3 and note 9]	2,823	2,600
Independent Review Committee fees	1,067	789
Interest expense	1	1
	45,611	42,529
Expenses waived by manager	(1,067)	(789)
	44,544	41,740
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>813,139</b>	<b>(545,970)</b>
<b>Withholding taxes</b>	<b>17,401</b>	<b>31,761</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>795,738</b>	<b>(577,731)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	275,905	(110,263)
<b>Hedged Units</b>	519,833	(467,468)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	4.03	(1.10)
<b>Hedged Units</b>	2.68	(3.45)

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Units	December 31 2018 (\$) Units	December 31 2019 (\$) Hedged Units	December 31 2018 (\$) Hedged Units
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	2,279,556	2,421,369	4,327,839	1,001,267
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	275,905	(110,263)	519,833	(467,468)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	-	1,221,141	-	3,820,065
Reinvested distributions	-	26,540	-	-
Redemption of units	(1,248,638)	(1,221,141)	(3,795,148)	-
	(1,248,638)	26,540	(3,795,148)	3,820,065
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(21,500)	(31,546)	(40,376)	(26,025)
Capital gains	-	(26,544)	-	-
Return of capital	-	-	(124)	-
	(21,500)	(58,090)	(40,500)	(26,025)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(994,233)	(141,813)	(3,315,815)	3,326,572
<b>Net assets attributable to holders of redeemable units, end of year</b>	1,285,323	2,279,556	1,012,024	4,327,839
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			6,607,395	3,422,636
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			795,738	(577,731)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			-	5,041,206
Reinvested distributions			-	26,540
Redemption of units			(5,043,786)	(1,221,141)
			(5,043,786)	3,846,605
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(61,876)	(57,571)
Capital gains			-	(26,544)
Return of capital			(124)	-
			(62,000)	(84,115)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(4,310,048)	3,184,759
<b>Net assets attributable to holders of redeemable units, end of year</b>			2,297,347	6,607,395

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	795,738	(577,731)
Adjustments for:		
Net realized (gain) loss on sale of investments	(79,578)	(160,496)
Change in unrealized (appreciation) depreciation of investments and derivatives	(666,853)	636,261
Dividends receivable	964	(1,864)
Other liabilities	(2,576)	2,594
Purchases of investments	(6,436,443)	(9,529,371)
Proceeds from the sale of investments	11,492,215	5,864,906
	5,103,467	(3,765,701)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	-	5,041,206
Amount paid on redemptions of units	(5,043,786)	(1,221,141)
Distributions paid to unitholders	(82,975)	(58,220)
	(5,126,761)	3,761,845
<b>Increase (decrease) in cash for the year</b>	(23,294)	(3,856)
<b>Cash, beginning of year</b>	42,867	46,723
<b>Cash, end of year</b>	19,573	42,867
Dividends received, net of withholding taxes	104,980	99,116

See accompanying notes which are an integral part of these financial statements.

**First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Consumer Staples Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Consumer Staples Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	2,277,696	–	–	2,277,696
Derivative assets*	–	18,104	–	18,104
<b>Total</b>	<b>2,277,696</b>	<b>18,104</b>	<b>–</b>	<b>2,295,800</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	6,688,636	–	–	6,688,636
Derivative assets*	–	1,092	–	1,092
Derivative liabilities*	–	(84,587)	–	(84,587)
<b>Total</b>	<b>6,688,636</b>	<b>(83,495)</b>	<b>–</b>	<b>6,605,141</b>

\* The derivative assets and derivative liabilities relate to the Hedged Units only.

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2018	100,000	50,000
Redeemable units issued	50,000	200,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	–
<b>Outstanding units – December 31, 2018</b>	<b>100,000</b>	<b>250,000</b>
Redeemable units issued	–	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	(200,000)
<b>Outstanding units – December 31, 2019</b>	<b>50,000</b>	<b>50,000</b>

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019 and 2018.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
2,823	2,600

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
37,236	35,065	1,366	3,761

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
<b>Units</b>				
Russell 1000® Consumer Staples Index	96,551	(96,551)	292,377	(292,377)
Russell 1000® Index	77,929	(77,929)	222,669	(222,669)
S&P 500 Consumer Staples Index	95,593	(95,593)	289,734	(289,734)
<b>Hedged Units</b>				
Russell 1000® Consumer Staples Index USD	110,240	(110,240)	301,958	(301,958)
Russell 1000® Index USD	91,597	(91,597)	240,509	(240,509)
S&P 500 Consumer Staples Index USD	110,352	(110,352)	301,297	(301,297)

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	1,305,652	56.83	2,130,184	32.24

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$13,057 (December 31, 2018 - \$21,302). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Consumer Staples	96.52	98.79
Consumer Discretionary	2.62	2.44
Total	99.14	101.23



# First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Consumer Discretionary—2.62%</b>				
Nu Skin Enterprises Inc., Class 'A'	1,131	76,716	60,186	2.62
		<b>76,716</b>	<b>60,186</b>	<b>2.62</b>
<b>Consumer Staples—96.52%</b>				
Altria Group Inc.	1,176	70,367	76,217	3.32
Archer-Daniels-Midland Co.	1,562	89,115	94,013	4.09
Brown-Forman Corp., Class 'B'	766	63,395	67,241	2.93
Bunge Ltd.	1,133	84,173	84,671	3.69
Campbell Soup Co.	1,709	85,440	109,674	4.77
Casey's General Stores Inc.	498	85,330	102,815	4.48
Church & Dwight Co. Inc.	426	38,478	38,911	1.69
Coca-Cola Co. (The)	589	42,291	42,334	1.84
Conagra Brands Inc.	1,046	42,422	46,508	2.03
Constellation Brands Inc., Class 'A'	155	40,459	38,192	1.66
CVS Health Corp.	763	62,393	73,606	3.20
Flowers Foods Inc.	607	15,077	17,136	0.75
General Mills Inc.	255	16,174	17,735	0.77
Grocery Outlet Holding Corp.	405	18,313	17,066	0.74
Hershey Co. (The)	517	83,107	98,675	4.30
Hormel Foods Corp.	734	38,234	42,996	1.87
Ingredion Inc.	785	102,147	94,750	4.13
J.M. Smucker Co. (The)	437	62,540	59,090	2.57
Kellogg Co.	997	83,491	89,538	3.90
Kroger Co. (The)	2,489	81,889	93,698	4.08
Lamb Weston Holdings Inc.	662	66,703	73,955	3.22
McCormick & Co. Inc.	90	14,611	19,836	0.86
Molson Coors Brewing Co., Class 'B'	1,395	119,398	97,639	4.25
Mondelez International Inc., Class 'A'	254	15,340	18,167	0.79
PepsiCo Inc.	234	35,850	41,529	1.81
Philip Morris International Inc.	185	20,943	20,441	0.89
Pilgrim's Pride Corp.	2,503	80,769	106,333	4.63
Post Holdings Inc.	133	15,419	18,842	0.82
Procter & Gamble Co. (The)	516	78,569	83,689	3.64
Sprouts Farmers Markets Inc.	2,488	60,156	62,516	2.72
Sysco Corp.	1,010	97,090	112,189	4.88
TreeHouse Foods Inc.	253	17,624	15,934	0.69
Tyson Foods Inc., Class 'A'	745	62,941	88,074	3.83
US Foods Holding Corp.	781	37,056	42,484	1.85
Walgreens Boots Alliance Inc.	1,450	115,029	111,016	4.83
		<b>2,042,333</b>	<b>2,217,510</b>	<b>96.52</b>
<b>Total investments</b>		<b>2,119,049</b>	<b>2,277,696</b>	<b>99.14</b>
Transaction costs		(425)		
Unrealized appreciation on derivatives - see Schedule 1			18,104	0.78
Other assets, less liabilities			1,547	0.08
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>2,118,624</b>	<b>2,297,347</b>	<b>100.00</b>

Schedule 1

Counterparty	Counterparty*	Rating of Settlement Date	Credit		Currency		Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
			Sell	Sold	Buy	Sold				
Bank of New York Mellon (The), New York	A-1+	2020/01/31	USD	750,871	CAD	993,000	0.756	0.770	18,104	
									<b>18,104</b>	

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide

# First Trust AlphaDEX™ U.S. Health Care Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	10,107,917	13,910,624
Cash	18,064	9,746
Accrued dividend receivable	4,120	2,955
Derivative assets	21,350	1,188
Other assets	1,692	1,374
	10,153,143	13,925,887
<b>Liabilities</b>		
Accrued liabilities	6,854	9,529
Derivative liabilities	-	21,212
	6,854	30,741
<b>Total net assets attributable to holders of redeemable units</b>	<b>10,146,289</b>	<b>13,895,146</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
Units	8,948,671	12,897,954
Hedged Units	1,197,618	997,192
<b>Redeemable units outstanding [note 6]</b>		
Units	300,000	500,000
Hedged Units	50,000	50,000
<b>Net assets attributable to holders of redeemable units per unit</b>		
Units	29.83	25.80
Hedged Units	23.95	19.94

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	69,166	58,140
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	388,639	634,092
Net realized gain (loss) on derivatives	(1,787)	(78,565)
Net realized gain (loss) on foreign exchange	(924)	177
Net change in unrealized appreciation (depreciation) of investments	1,582,452	(740,201)
Net change in unrealized appreciation (depreciation) of derivatives	41,374	(25,174)
	2,078,920	(151,531)
Foreign exchange gain (loss) on cash	1,314	1,214
	2,080,234	(150,317)
<b>Expenses [note 7]</b>		
Management fees	84,582	75,720
HST expense	9,181	8,228
Transaction costs [note 3 and note 9]	4,068	2,830
Independent Review Committee fees	2,444	1,709
Interest expense	10	4
	100,285	88,491
Expenses waived by manager	(2,444)	(1,709)
	97,841	86,782
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>1,982,393</b>	<b>(237,099)</b>
<b>Withholding taxes</b>	<b>9,666</b>	<b>8,061</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>1,972,727</b>	<b>(245,160)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
Units	1,768,301	(132,518)
Hedged Units	204,426	(112,642)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
Units	4.43	(0.37)
Hedged Units	4.09	(1.88)

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Health Care Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Units	December 31 2018 (\$) Units	December 31 2019 (\$) Hedged Units	December 31 2018 (\$) Hedged Units
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	12,897,954	4,824,406	997,192	1,022,052
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	1,768,301	(132,518)	204,426	(112,642)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	2,651,713	9,535,539	-	2,197,749
Reinvested distributions	-	203,850	-	-
Redemption of units	(8,314,297)	(1,329,473)	-	(2,109,967)
	(5,662,584)	8,409,916	-	87,782
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	-	-	-	-
Capital gains	-	(203,841)	-	-
Return of capital	(55,000)	(9)	(4,000)	-
	(55,000)	(203,850)	(4,000)	-
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(3,949,283)	8,073,548	200,426	(24,860)
<b>Net assets attributable to holders of redeemable units, end of year</b>	8,948,671	12,897,954	1,197,618	997,192
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			13,895,146	5,846,458
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			1,972,727	(245,160)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			2,651,713	11,733,288
Reinvested distributions			-	203,850
Redemption of units			(8,314,297)	(3,439,440)
			(5,662,584)	8,497,698
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			-	-
Capital gains			-	(203,841)
Return of capital			(59,000)	(9)
			(59,000)	(203,850)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(3,748,857)	8,048,688
<b>Net assets attributable to holders of redeemable units, end of year</b>			10,146,289	13,895,146

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Health Care Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	1,972,727	(245,160)
Adjustments for:		
Net realized (gain) loss on sale of investments	(388,639)	(634,092)
Change in unrealized (appreciation) depreciation of investments and derivatives	(1,623,826)	765,375
Dividends receivable	(1,165)	(1,023)
Other assets	(318)	(837)
Other liabilities	(2,675)	5,720
Purchases of investments	(18,089,428)	(21,410,326)
Proceeds from the sale of investments	23,863,226	13,219,728
	5,729,902	(8,300,615)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	2,651,713	11,733,288
Amount paid on redemptions of units	(8,314,297)	(3,439,440)
Distributions paid to unitholders	(59,000)	-
	(5,721,584)	8,293,848
<b>Increase (Decrease) in cash for the year</b>	8,318	(6,767)
<b>Cash, beginning of year</b>	9,746	16,513
<b>Cash, end of year</b>	18,064	9,746
Dividends received, net of withholding taxes	58,335	49,056

See accompanying notes which are an integral part of these financial statements.

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Health Care Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Health Care Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	10,107,917	–	–	10,107,917
Derivative assets*	–	21,350	–	21,350
<b>Total</b>	<b>10,107,917</b>	<b>21,350</b>	<b>–</b>	<b>10,129,267</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	13,910,624	–	–	13,910,624
Derivative assets*	–	1,188	–	1,188
Derivative liabilities*	–	(21,212)	–	(21,212)
<b>Total</b>	<b>13,910,624</b>	<b>(20,024)</b>	<b>–</b>	<b>13,890,600</b>

\* The derivative assets and derivative liabilities relate to the Hedged Units only.

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2018	200,000	50,000
Redeemable units issued	350,000	100,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	(100,000)
<b>Outstanding units – December 31, 2018</b>	<b>500,000</b>	<b>50,000</b>
Redeemable units issued	100,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(300,000)	–
<b>Outstanding units – December 31, 2019</b>	<b>300,000</b>	<b>50,000</b>

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019 and 2018.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
4,068	2,830

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
84,582	75,720	6,065	8,432

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
<b>Units</b>				
Russell 1000® Health Care Index	516,450	(516,450)	678,083	(678,083)
Russell 1000® Index	521,647	(521,647)	681,557	(681,557)
S&P 500 Health Care Index	526,982	(526,982)	670,441	(670,441)
<b>Hedged Units</b>				
Russell 1000® Health Care Index USD	548,527	(548,527)	707,958	(707,958)
Russell 1000® Index USD	571,315	(571,315)	722,548	(722,548)
S&P 500 Health Care Index USD	573,400	(573,400)	700,315	(700,315)

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	8,973,141	88.44	12,895,271	92.80

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$89,731 (December 31, 2018 - \$128,953). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Health Care	99.62	100.11
Total	99.62	100.11

# First Trust AlphaDEX™ U.S. Health Care Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Health Care—99.62%</b>				
Abbott Laboratories	682	76,324	76,924	0.76
AbbVie Inc.	377	37,136	43,345	0.43
Agilent Technologies Inc.	1,192	125,385	132,049	1.30
Alexion Pharmaceuticals Inc.	1,555	231,258	218,381	2.15
AmerisourceBergen Corp.	1,110	127,448	122,547	1.21
Amgen Inc.	472	121,931	147,756	1.46
Anthem Inc.	381	127,663	149,429	1.47
Baxter International Inc.	653	69,666	70,906	0.70
Becton	226	73,306	79,816	0.79
Biogen Inc.	654	218,624	251,998	2.48
Bio-Rad Laboratories Inc., Class 'A'	458	175,232	220,070	2.17
Bio-Techne Corp.	146	37,628	41,617	0.41
Boston Scientific Corp.	702	31,622	41,222	0.41
Bristol-Myers Squibb Co.	2,252	139,623	187,713	1.85
Bruker Corp.	2,080	101,017	137,669	1.36
Cantel Medical Corp.	382	39,374	35,170	0.35
Cardinal Health Inc.	2,420	147,881	158,947	1.57
Catalent Inc.	599	38,305	43,792	0.43
Centene Corp.	2,640	167,507	215,529	2.12
Cerner Corp.	838	71,358	79,862	0.79
Charles River Laboratories International Inc.	431	76,441	85,496	0.84
Chemed Corp.	365	170,373	208,196	2.05
Cigna Corp.	752	164,609	199,686	1.97
Cooper Cos. Inc. (The)	192	65,819	80,105	0.79
Danaher Corp.	633	120,178	126,158	1.24
DaVita Inc.	1,601	128,586	155,986	1.54
Dexcom Inc.	765	132,642	217,294	2.14
Edwards Lifesciences Corp.	692	190,914	209,634	2.07
Elanco Animal Health Inc.	1,074	38,473	41,072	0.40
Eli Lilly and Co.	255	36,491	43,520	0.43
Encompass Health Corp.	902	74,651	81,135	0.80
Exact Sciences Corp.	316	31,952	37,948	0.37
Exelixis Inc.	8,610	254,531	197,001	1.94
Gilead Sciences Inc.	1,802	157,310	152,052	1.50
HCA Healthcare Inc.	759	119,806	145,681	1.44
Hill-Rom Holdings Inc.	543	69,390	80,051	0.79
Hologic Inc.	1,809	115,946	122,645	1.21
Horizon Therapeutics PLC	5,592	189,323	262,866	2.59
Humana Inc.	447	156,620	212,747	2.10
ICU Medical Inc.	179	37,262	43,494	0.43
IDEXX Laboratories Inc.	336	111,868	113,934	1.12
Incyte Corp.	385	41,616	43,655	0.43
Insulet Corp.	923	127,747	205,194	2.02
Intuitive Surgical Inc.	53	36,690	40,685	0.40
Ionis Pharmaceuticals Inc.	477	35,448	37,418	0.37
IQVIA Holdings Inc.	382	80,586	76,644	0.75
Jazz Pharmaceuticals PLC	1,188	222,979	230,291	2.27
Johnson & Johnson	706	124,100	133,730	1.32
Laboratory Corp. of America Holdings	680	134,685	149,380	1.47
Masimo Corp.	384	58,608	78,816	0.78
McKesson Corp.	836	153,737	150,159	1.48
MEDNAX Inc.	6,731	315,379	242,900	2.39
Medtronic PLC	526	67,314	77,491	0.76
Merck & Co. Inc.	678	71,031	80,074	0.79



First Trust AlphaDEX™ U.S. Health Care Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

Molina Healthcare Inc.	1,388	211,495	244,566	2.41
Mylan NV	7,698	262,098	200,924	1.98
Neurocrine Biosciences Inc.	634	76,047	88,494	0.87
PerkinElmer Inc.	335	43,239	42,240	0.42
Perrigo Co. PLC	1,022	70,099	68,559	0.67
Pfizer Inc.	3,178	156,599	161,688	1.59
PRA Health Sciences Inc.	288	38,891	41,568	0.41
Premier Inc., Class 'A'	1,974	73,582	97,099	0.96
QIAGEN NV	1,732	73,685	76,019	0.75
Quest Diagnostics Inc.	854	103,279	118,426	1.17
Regeneron Pharmaceuticals Inc.	412	186,614	200,883	1.98
ResMed Inc.	1,127	189,628	226,793	2.23
Seattle Genetics Inc.	1,783	194,388	264,548	2.61
STERIS PLC	632	126,378	125,089	1.23
Stryker Corp.	528	137,876	143,942	1.42
Teleflex Inc.	336	118,646	164,246	1.62
Thermo Fisher Scientific Inc.	314	95,906	132,464	1.30
UnitedHealth Group Inc.	131	40,479	50,009	0.49
Universal Health Services Inc., Class 'B'	768	124,717	143,071	1.41
Varian Medical Systems Inc.	240	39,408	44,258	0.44
Veeva Systems Inc., Class 'A'	748	90,955	136,625	1.35
WellCare Health Plans Inc.	353	110,315	151,364	1.49
West Pharmaceutical Services Inc.	805	127,474	157,145	1.55
Zoetis Inc.	1,222	148,894	210,017	2.07
		<b>8,912,085</b>	<b>10,107,917</b>	<b>99.62</b>
<b>Total investments</b>		<b>8,912,085</b>	<b>10,107,917</b>	<b>99.62</b>
Transaction costs		(1,018)		
Unrealized appreciation on derivatives - see Schedule 1			21,350	0.21
Other assets, less liabilities			17,022	0.17
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>8,911,067</b>	<b>10,146,289</b>	<b>100.00</b>

Schedule 1

Counterparty	Credit		Currency		Amount		Forward		Current		Appreciation
	Rating of Counterparty*	Settlement Date	Sell	Sold	Buy	Bought	Rate	Rate	Rate	Rate	(Depreciation) \$
Bank of New York Mellon (The), New York	A-1+	2020/01/31	USD	885,468	CAD	1,171,000	0.756	0.770			21,350
											<b>21,350</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide

# First Trust AlphaDEX™ U.S. Materials Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	1,181,495	2,200,813
Cash	11,073	8,223
Accrued dividend receivable	17,756	2,533
Receivable for portfolio securities sold	82,639	-
Other assets	829	545
	1,293,792	2,212,114
<b>Liabilities</b>		
Accrued liabilities	20,314	1,499
Payable for portfolio securities purchased	2,535	-
Distributions payable to holders of redeemable units	69,000	-
	91,849	1,499
<b>Total net assets attributable to holders of redeemable units</b>	<b>1,201,943</b>	<b>2,210,615</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>1,201,943</b>	<b>2,210,615</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>50,000</b>	<b>100,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>24.04</b>	<b>22.11</b>

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	220,655	68,131
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on sale of investments	1,741,686	249,028
Net realized gain (loss) on foreign exchange	(150)	332
Net change in unrealized appreciation (depreciation) of investments	481,137	(571,224)
	2,443,328	(253,733)
Foreign exchange gain (loss) on cash	(1,939)	649
	2,441,389	(253,084)
<b>Expenses [note 7]</b>		
Management fees	59,872	27,634
HST expense	6,906	3,047
Independent Review Committee fees	1,814	631
Transaction costs [note 3 and note 9]	943	1,341
Interest expense	2	1
	69,537	32,654
Expenses waived by manager	(1,814)	(631)
	67,723	32,023
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>2,373,666</b>	<b>(285,107)</b>
<b>Withholding taxes</b>	<b>28,973</b>	<b>8,631</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>2,344,693</b>	<b>(293,738)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>2,344,693</b>	<b>(293,738)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>6.83</b>	<b>(1.94)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Materials Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	2,210,615	2,654,909
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	2,344,693	(293,738)
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from issuance of units	38,554,084	8,138,866
Reinvested distributions	1,971,000	-
Redemption of units	(41,838,449)	(8,270,172)
	(1,313,365)	(131,306)
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(2,037,950)	-
Capital gains	-	-
Return of capital	(2,050)	(19,250)
	(2,040,000)	(19,250)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(1,008,672)	(444,294)
<b>Net assets attributable to holders of redeemable units, end of year</b>	1,201,943	2,210,615

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Materials Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	2,344,693	(293,738)
Adjustments for:		
Net realized (gain) loss on sale of investments	(1,741,686)	(249,028)
Change in unrealized (appreciation) depreciation of investments	(481,137)	571,224
Dividends receivable	(15,223)	2,221
Other assets	(284)	(545)
Other liabilities	18,815	(2,763)
Purchases of investments	(40,446,140)	(10,881,903)
Proceeds from the sale of investments	43,608,177	10,942,518
	3,287,215	87,986
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	38,554,084	8,138,866
Amount paid on redemptions of units	(41,838,449)	(8,306,019)
Distributions paid to unitholders	-	(161,045)
	(3,284,365)	(328,198)
<b>Increase (Decrease) in cash for the year</b>	2,850	(240,212)
<b>Cash, beginning of year</b>	8,223	248,435
<b>Cash, end of year</b>	11,073	8,223
Dividends received, net of withholding taxes	176,459	61,721

See accompanying notes which are an integral part of these financial statements.

First Trust AlphaDEX™ U.S. Materials Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Materials Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Materials and Processing Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	1,181,495	–	–	1,181,495
Total	1,181,495	–	–	1,181,495
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	2,200,813	–	–	2,200,813
Total	2,200,813	–	–	2,200,813

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Outstanding units – January 1, 2018	100,000
Redeemable units issued	300,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(300,000)
Outstanding units – December 31, 2018	100,000
Redeemable units issued	1,600,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1,650,000)
Outstanding units – December 31, 2019	50,000

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Materials Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** - The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
-	-	-	291,651

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
943	1,341

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
59,872	27,634	17,977	1,326

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Materials and Processing Index	63,619	(63,619)	109,094	(109,094)
Russell 1000® Index	66,860	(66,860)	104,231	(104,231)
S&P 500 Materials Index	61,551	(61,551)	105,888	(105,888)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	1,199,215	99.77	2,209,555	99.95

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$11,992 (December 31, 2018 - \$22,096). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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First Trust AlphaDEX™ U.S. Materials Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

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**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Materials	84.81	80.32
Industrials	13.49	19.24
Total	98.30	99.56

# First Trust AlphaDEX™ U.S. Materials Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Industrials—13.49%</b>				
Acuity Brands Inc.	126	20,703	22,579	1.88
Armstrong World Industries Inc.	117	15,101	14,277	1.19
Fastenal Co.	173	8,312	8,301	0.69
GrafTech International Ltd.	881	14,481	13,294	1.11
Hexcel Corp.	206	20,045	19,611	1.63
Ingersoll-Rand PLC	92	14,460	15,879	1.32
Owens Corning	357	28,942	30,188	2.51
Timken Co. (The)	519	31,978	37,950	3.16
		<b>154,022</b>	<b>162,079</b>	<b>13.49</b>
<b>Materials—84.81%</b>				
Albemarle Corp.	243	21,350	23,048	1.92
AptarGroup Inc.	48	7,402	7,207	0.60
Axalta Coating Systems Ltd.	187	7,158	7,382	0.61
Ball Corp.	232	21,707	19,483	1.62
Berry Global Group Inc.	144	7,953	8,880	0.74
Cabot Corp.	498	29,394	30,730	2.56
Celanese Corp.	46	7,328	7,354	0.61
CF Industries Holdings Inc.	229	13,651	14,196	1.18
Chemours Co. (The)	1,510	33,003	35,471	2.95
Crown Holdings Inc.	474	43,273	44,649	3.71
Domtar Corp.	875	42,407	43,450	3.62
Dow Inc.	237	15,557	16,844	1.40
Eastman Chemical Co.	306	30,601	31,494	2.62
Ecolab Inc.	28	6,996	7,017	0.58
FMC Corp.	64	7,001	8,296	0.69
Freeport-McMoRan Inc., Class 'B'	1,768	23,078	30,121	2.51
Graphic Packaging Holding Co.	765	15,466	16,540	1.38
Huntsman Corp.	970	29,330	30,432	2.53
International Paper Co.	405	22,669	24,218	2.01
Linde PLC	58	14,720	16,035	1.33
LyondellBasell Industries NV, Class 'A'	252	29,535	30,917	2.57
Martin Marietta Materials Inc.	114	39,734	41,396	3.44
Mosaic Co. (The)	825	22,076	23,183	1.93
NewMarket Corp.	12	7,520	7,581	0.63
Nucor Corp.	616	43,338	45,019	3.75
O-I Glass Inc.	1,098	15,355	17,010	1.42
Olin Corp.	1,205	30,082	26,992	2.25
Packaging Corp. of America	159	22,845	23,123	1.92
Reliance Steel & Aluminum Co.	314	46,958	48,832	4.06
Royal Gold Inc.	92	14,511	14,605	1.22
RPM International Inc.	246	22,868	24,520	2.04
Scotts Miracle-Gro Co. (The), Class 'A'	308	38,574	42,467	3.53
Sherwin-Williams Co. (The)	31	23,327	23,490	1.95
Silgan Holdings Inc.	188	7,537	7,587	0.63
Sonoco Products Co.	97	7,391	7,774	0.65
Southern Copper Corp.	331	15,516	18,259	1.52
Steel Dynamics Inc.	1,052	42,305	46,501	3.87
United States Steel Corp.	2,713	42,578	40,197	3.34
Vulcan Materials Co.	149	28,216	27,860	2.32
Westlake Chemical Corp.	344	28,690	31,336	2.61
WestRock Co.	860	42,735	47,920	3.99
		<b>971,735</b>	<b>1,019,416</b>	<b>84.81</b>
<b>Total investments</b>		<b>1,125,757</b>	<b>1,181,495</b>	<b>98.30</b>
Transaction costs		(13)		
Other assets, less liabilities			<b>20,448</b>	<b>1.70</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>1,125,744</b>	<b>1,201,943</b>	<b>100.00</b>



# First Trust AlphaDEX™ U.S. Industrials Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	10,034,610	10,507,371
Cash	37,980	223,006
Accrued dividend receivable	29,234	23,864
Derivative assets	40,019	1,202
Other assets	2,663	4,130
	10,144,506	10,759,573
<b>Liabilities</b>		
Accrued liabilities	14,792	15,003
Distributions payable to holders of redeemable units	14,350	90,800
Derivative liabilities	-	91,624
	29,142	197,427
<b>Total net assets attributable to holders of redeemable units</b>	<b>10,115,364</b>	<b>10,562,146</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>7,887,435</b>	<b>6,290,809</b>
<b>Hedged Units</b>	<b>2,227,929</b>	<b>4,271,337</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>250,000</b>	<b>250,000</b>
<b>Hedged Units</b>	<b>100,000</b>	<b>250,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>31.55</b>	<b>25.16</b>
<b>Hedged Units</b>	<b>22.28</b>	<b>17.09</b>

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	220,221	409,263
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	2,370,631	322,932
Net realized gain (loss) on derivatives	(4,494)	(185,723)
Net realized gain (loss) on foreign exchange	(588)	935
Net change in unrealized appreciation (depreciation) of investments	1,204,216	(1,112,862)
Net change in unrealized appreciation (depreciation) of derivatives	130,441	(95,597)
	3,920,427	(661,052)
Foreign exchange gain (loss) on cash	(4,797)	2,919
	3,915,630	(658,133)
<b>Expenses [note 7]</b>		
Management fees	92,599	97,653
HST expense	9,537	9,407
Transaction costs [note 3 and note 9]	4,278	3,273
Independent Review Committee fees	2,729	2,243
Interest expense	9	8
	109,152	112,584
Expenses waived by manager	(2,729)	(2,243)
	106,423	110,341
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>3,809,207</b>	<b>(768,474)</b>
<b>Withholding taxes</b>	<b>31,503</b>	<b>32,986</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>3,777,704</b>	<b>(801,460)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>2,762,525</b>	<b>(168,118)</b>
<b>Hedged Units</b>	<b>1,015,179</b>	<b>(633,342)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>9.09</b>	<b>(0.41)</b>
<b>Hedged Units</b>	<b>4.97</b>	<b>(5.02)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Industrials Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)	December 31 2019 (\$) Hedged Units	December 31 2018 (\$) Hedged Units
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	6,290,809	6,926,065	4,271,337	1,032,071
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	2,762,525	(168,118)	1,015,179	(633,342)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	17,857,439	33,023,517	-	3,917,883
Reinvested distributions	17,500	324,075	5,000	-
Redemption of units	(18,982,838)	(33,402,430)	(3,033,787)	-
	(1,107,899)	(54,838)	(3,028,787)	3,917,883
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(57,816)	(187,162)	(29,800)	(45,266)
Capital gains	-	(225,106)	-	-
Return of capital	(184)	(32)	-	(9)
	(58,000)	(412,300)	(29,800)	(45,275)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	1,596,626	(635,256)	(2,043,408)	3,239,266
<b>Net assets attributable to holders of redeemable units, end of year</b>	7,887,435	6,290,809	2,227,929	4,271,337
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			10,562,146	7,958,136
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			3,777,704	(801,460)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			17,857,439	36,941,400
Reinvested distributions			22,500	324,075
Redemption of units			(22,016,625)	(33,402,430)
			(4,136,686)	3,863,045
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(87,616)	(232,428)
Capital gains			-	(225,106)
Return of capital			(184)	(41)
			(87,800)	(457,575)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(446,782)	2,604,010
<b>Net assets attributable to holders of redeemable units, end of year</b>			10,115,364	10,562,146

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Industrials Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	3,777,704	(801,460)
Adjustments for:		
Net realized (gain) loss on sale of investments	(2,370,631)	(322,932)
Change in unrealized (appreciation) depreciation of investments and derivatives	(1,334,657)	1,208,459
Dividends receivable	(5,370)	(18,665)
Other assets	1,467	(2,982)
Other liabilities	(211)	6,500
Purchases of investments	(29,458,725)	(46,995,444)
Proceeds from the sale of investments	33,506,333	43,631,595
	4,115,910	(3,294,929)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	17,857,439	36,941,400
Amount paid on redemptions of units	(22,016,625)	(33,404,708)
Distributions paid to unitholders	(141,750)	(50,200)
	(4,300,936)	3,486,492
<b>Increase (Decrease) in cash for the year</b>	(185,026)	191,563
<b>Cash, beginning of year</b>	223,006	31,443
<b>Cash, end of year</b>	37,980	223,006
Dividends received, net of withholding taxes	183,348	357,612

See accompanying notes which are an integral part of these financial statements.

**First Trust AlphaDEX™ U.S. Industrials Sector Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Industrials Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Industrials/Producer Durables Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	10,034,610	–	–	10,034,610
Derivative assets*	–	40,019	–	40,019
<b>Total</b>	<b>10,034,610</b>	<b>40,019</b>	<b>–</b>	<b>10,074,629</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	10,507,371	–	–	10,507,371
Derivative assets*	–	1,202	–	1,202
Derivative liabilities*	–	(91,624)	–	(91,624)
<b>Total</b>	<b>10,507,371</b>	<b>(90,422)</b>	<b>–</b>	<b>10,416,949</b>

\* The derivative assets and derivative liabilities relate to the Hedged Units only.

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2018	250,000	50,000
Redeemable units issued	1,250,000	200,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(1,250,000)	–
<b>Outstanding units – December 31, 2018</b>	<b>250,000</b>	<b>250,000</b>
Redeemable units issued	600,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(600,000)	(150,000)
<b>Outstanding units – December 31, 2019</b>	<b>250,000</b>	<b>100,000</b>

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019 and 2018.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
4,278	3,273

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
92,599	97,653	13,037	13,224

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
<b>Units</b>				
Russell 1000® Producer Durables Index	477,541	(477,541)	497,477	(497,477)
Russell 1000® Index	540,301	(540,301)	503,814	(503,814)
S&P 500 Industrials Index	488,087	(488,087)	492,196	(492,196)
<b>Hedged Units</b>				
Russell 1000® Producer Durables Index USD	516,255	(516,255)	518,073	(518,073)
Russell 1000® Index USD	609,658	(609,658)	529,692	(529,692)
S&P 500 Industrials Index USD	534,326	(534,326)	511,208	(511,208)

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	7,915,942	78.26	6,366,680	60.28

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$79,159 (December 31, 2018 – \$63,667). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Industrials	89.63	90.50
Information Technology	9.57	8.27
Materials	–	0.71
Total	99.20	99.48

# First Trust AlphaDEX™ U.S. Industrials Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Industrials—89.63%</b>				
3M Co.	154	33,499	35,280	0.35
A.O. Smith Corp.	1,065	70,040	65,884	0.65
AECOM	1,353	67,689	75,777	0.75
AGCO Corp.	1,063	99,062	106,633	1.05
Air Lease Corp.	3,207	177,623	197,895	1.96
Alaska Air Group Inc.	1,240	108,554	109,091	1.08
Allegion PLC	489	71,222	79,082	0.78
Allison Transmission Holdings Inc.	536	32,031	33,632	0.33
Ametek Inc.	553	61,627	71,623	0.71
Arconic Inc.	970	32,019	38,758	0.38
BWX Technologies Inc.	888	66,968	71,585	0.71
C.H. Robinson Worldwide Inc.	300	33,722	30,464	0.30
Carlisle Cos. Inc.	698	131,959	146,690	1.45
Caterpillar Inc.	637	109,961	122,157	1.21
Cintas Corp.	500	161,116	174,707	1.73
Colfax Corp.	868	35,647	41,005	0.41
Copart Inc.	1,265	126,560	149,384	1.48
Crane Co.	998	108,825	111,944	1.11
CSX Corp.	734	67,206	68,969	0.68
Cummins Inc.	824	179,731	191,488	1.89
Curtiss-Wright Corp.	393	65,240	71,900	0.71
Deere & Co.	477	103,767	107,319	1.06
Delta Air Lines Inc.	2,328	164,743	176,787	1.75
Dover Corp.	255	34,692	38,166	0.38
Eaton Corp. PLC	968	103,226	119,063	1.18
Emerson Electric Co.	760	68,767	75,261	0.74
Expeditors International of Washington Inc.	341	32,305	34,548	0.34
FedEx Corp.	175	35,858	34,362	0.34
Gardner Denver Holdings Inc.	898	36,572	42,773	0.42
General Dynamics Corp.	278	63,424	63,662	0.63
HD Supply Holdings Inc.	1,297	67,568	67,739	0.67
HEICO Corp.	644	90,648	95,460	0.94
Honeywell International Inc.	152	33,620	34,936	0.35
Hubbell Inc.	612	107,862	117,474	1.16
Huntington Ingalls Industries Inc.	380	109,720	123,797	1.22
ITT Inc.	1,315	103,312	126,208	1.25
J.B. Hunt Transport Services Inc.	919	132,458	139,361	1.38
JetBlue Airways Corp.	8,007	188,257	194,641	1.92
Johnson Controls International PLC	575	29,527	30,397	0.30
Kansas City Southern Industries Inc.	383	66,259	76,173	0.75
Kirby Corp.	308	32,769	35,808	0.35
Knight-Swift Transportation Holdings Inc.	3,695	173,162	171,965	1.70
Landstar System Inc.	450	65,036	66,540	0.66
Lincoln Electric Holdings Inc.	586	67,302	73,607	0.73
Lockheed Martin Corp.	345	168,706	174,442	1.72
Macquarie Infrastructure Corp.	1,288	67,781	71,651	0.71
ManpowerGroup Inc.	1,207	137,150	152,190	1.50
MSC Industrial Direct Co. Inc., Class 'A'	1,401	141,163	142,758	1.41
Norfolk Southern Corp.	448	106,652	112,935	1.12
Northrop Grumman Corp.	358	161,875	159,905	1.58
nVent Electric PLC	4,612	134,930	153,196	1.51
Old Dominion Freight Line Inc.	598	137,322	147,370	1.46
Oshkosh Corp.	1,769	176,652	217,424	2.15
PACCAR Inc.	1,970	185,448	202,349	2.00

# First Trust AlphaDEX™ U.S. Industrials Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

Parker Hannifin Corp.	281	66,779	75,102	0.74
Paylocity Holding Corp.	521	69,448	81,740	0.81
Pentair PLC	1,344	71,265	80,055	0.79
Quanta Services Inc., Inc.	2,689	135,855	142,151	1.41
Raytheon Co.	410	108,135	116,991	1.16
Regal-Beloit Corp.	1,841	179,776	204,662	2.02
Republic Services Inc.	294	31,554	34,218	0.34
Resideo Technologies Inc.	9,346	153,690	144,785	1.43
Ryder System Inc.	2,591	184,041	182,728	1.81
Schneider National Inc.	6,175	178,767	174,965	1.73
Sensata Technologies Holding PLC	1,607	105,408	112,414	1.11
Snap-On Inc.	649	138,193	142,763	1.41
Southwest Airlines Inc.	1,882	133,938	131,920	1.30
Spirit Aerosystems Holdings Inc., Class 'A'	978	105,153	92,556	0.92
Textron Inc.	2,739	172,725	158,630	1.57
Toro Co. (The)	1,387	133,261	143,493	1.42
TransDigm Group Inc.	272	175,828	197,795	1.96
Trinity Industries Inc.	4,089	103,782	117,611	1.16
United Airlines Holdings Inc.	1,150	131,469	131,548	1.30
United Parcel Service Inc., Class 'B'	671	101,550	101,998	1.01
United Rentals Inc.	815	142,560	176,496	1.74
United Technologies Corp.	186	34,192	36,172	0.36
Verisk Analytics Inc., Class 'A'	509	95,561	98,708	0.98
W.W. Grainger Inc.	88	35,555	38,684	0.38
Waste Management Inc.	442	62,532	65,408	0.65
WESCO International Inc.	2,807	186,849	216,478	2.14
Woodward Governor Co.	943	137,058	145,034	1.43
XPO Logistics Inc.	1,420	133,724	146,962	1.45
		<b>8,477,482</b>	<b>9,066,282</b>	<b>89.63</b>
<b>Information Technology—9.57%</b>				
Accenture PLC, Class 'A'	263	63,694	71,914	0.71
Booz Allen Hamilton Holding Corp.	1,888	151,908	174,387	1.72
CoStar Group Inc.	171	122,345	132,854	1.31
Flir Systems Inc.	481	33,331	32,523	0.32
Genpact Ltd.	2,623	128,537	143,635	1.42
Keysight Technologies Inc.	1,045	133,598	139,267	1.38
Littelfuse Inc.	145	34,826	36,020	0.36
Paychex Inc.	307	33,762	33,909	0.33
Xerox Holdings Corp.	3,398	133,575	162,688	1.61
Zebra Technologies Corp., Class 'A'	124	32,045	41,131	0.41
		<b>867,621</b>	<b>968,328</b>	<b>9.57</b>
<b>Total investments</b>		<b>9,345,103</b>	<b>10,034,610</b>	<b>99.20</b>
Transaction costs		(686)		
Unrealized appreciation on derivatives - see Schedule 1			40,019	0.40
Other assets, less liabilities			40,735	0.40
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>9,344,417</b>	<b>10,115,364</b>	<b>100.00</b>

Schedule 1

Counterparty	Credit Rating of Settlement Counterparty*	Currency Date	Currency Sell	Amount Sold	Currency Buy	Amount Bought	Forward Rate	Current Rate	Appreciation
									(Depreciation)
									\$
Bank of New York Mellon (The), New York	A-1+	2020/01/31	USD	1,659,779	CAD	2,195,000	0.756	0.770	40,019
									<b>40,019</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide



# First Trust AlphaDEX™ U.S. Technology Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	37,145,552	41,335,457
Cash	60,548	106,273
Accrued dividend receivable	15,781	77,133
Derivative assets	50,115	2,405
Other assets	5,736	6,361
	37,277,732	41,527,629
<b>Liabilities</b>		
Accrued liabilities	24,895	27,490
Distributions payable to holders of redeemable units	32,500	77,000
Derivative liabilities	-	132,019
	57,395	236,509
<b>Total net assets attributable to holders of redeemable units</b>	<b>37,220,337</b>	<b>41,291,120</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>34,430,521</b>	<b>35,122,211</b>
<b>Hedged Units</b>	<b>2,789,816</b>	<b>6,168,909</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>750,000</b>	<b>1,000,000</b>
<b>Hedged Units</b>	<b>100,000</b>	<b>300,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>45.91</b>	<b>35.12</b>
<b>Hedged Units</b>	<b>27.90</b>	<b>20.56</b>

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	459,663	362,493
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	7,553,095	4,906,189
Net realized gain (loss) on derivatives	25,631	(268,968)
Net realized gain (loss) on foreign exchange	(3,175)	(3,622)
Net change in unrealized appreciation (depreciation) of investments	4,769,102	(3,391,241)
Net change in unrealized appreciation (depreciation) of derivatives	179,729	(134,764)
	12,984,045	1,470,087
Foreign exchange gain (loss) on cash	(1,818)	6,520
	12,982,227	1,476,607
<b>Expenses [note 7]</b>		
Management fees	335,607	280,137
HST expense	38,031	30,084
Transaction costs [note 3 and note 9]	21,094	14,872
Independent Review Committee fees	9,754	6,275
Interest expense	29	29
	404,515	331,397
Expenses waived by manager	(9,754)	(6,275)
	394,761	325,122
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>12,587,466</b>	<b>1,151,485</b>
<b>Withholding taxes</b>	<b>56,414</b>	<b>48,996</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>12,531,052</b>	<b>1,102,489</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>10,147,219</b>	<b>1,731,979</b>
<b>Hedged Units</b>	<b>2,383,833</b>	<b>(629,490)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>10.88</b>	<b>1.72</b>
<b>Hedged Units</b>	<b>7.11</b>	<b>(4.37)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Technology Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$) Units	December 31 2018 (\$) Units	December 31 2019 (\$) Hedged Units	December 31 2018 (\$) Hedged Units
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	35,122,211	25,513,428	6,168,909	1,024,269
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	10,147,219	1,731,979	2,383,833	(629,490)
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units	14,985,162	26,054,941	13,696,189	5,800,130
Reinvested distributions	3,112,514	3,275,700	250,000	-
Redemption of units	(25,605,571)	(17,911,637)	(19,398,615)	-
	(7,507,895)	11,419,004	(5,452,426)	5,800,130
<b>Distributions to holders of redeemable units from:</b>				
Net investment income	(100,984)	-	(16,276)	-
Capital gains	(3,230,030)	(3,542,173)	(294,224)	(26,000)
Return of capital	-	(27)	-	-
	(3,331,014)	(3,542,200)	(310,500)	(26,000)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(691,690)	9,608,783	(3,379,093)	5,144,640
<b>Net assets attributable to holders of redeemable units, end of year</b>	34,430,521	35,122,211	2,789,816	6,168,909
			<b>December 31 2019 (\$) Total</b>	<b>December 31 2018 (\$) Total</b>
<b>Net assets attributable to holders of redeemable units, beginning of year</b>			41,291,120	26,537,697
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>			12,531,052	1,102,489
<b>Redeemable unit transactions [note 6]</b>				
Proceeds from issuance of units			28,681,351	31,855,071
Reinvested distributions			3,362,514	3,275,700
Redemption of units			(45,004,186)	(17,911,637)
			(12,960,321)	17,219,134
<b>Distributions to holders of redeemable units from:</b>				
Net investment income			(117,260)	-
Capital gains			(3,524,254)	(3,568,173)
Return of capital			-	(27)
			(3,641,514)	(3,568,200)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>			(4,070,783)	14,753,423
<b>Net assets attributable to holders of redeemable units, end of year</b>			37,220,337	41,291,120

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Technology Sector Index ETF

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	12,531,052	1,102,489
Adjustments for:		
Net realized (gain) loss on sale of investments	(7,553,095)	(4,906,189)
Change in unrealized (appreciation) depreciation of investments and derivatives	(4,948,831)	3,526,005
Dividends receivable	61,352	(67,062)
Other assets	625	(3,417)
Other liabilities	(2,595)	8,451
Purchases of investments	(84,652,870)	(75,329,412)
Proceeds from the sale of investments	101,164,972	62,018,237
	16,600,610	(13,650,898)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	28,681,351	31,855,071
Amount paid on redemptions of units	(45,004,186)	(17,911,637)
Distributions paid to unitholders	(323,500)	(267,500)
	(16,646,335)	13,675,934
<b>Increase (Decrease) in cash for the year</b>	(45,725)	25,036
<b>Cash, beginning of year</b>	106,273	81,237
<b>Cash, end of year</b>	60,548	106,273
Dividends received, net of withholding taxes	464,601	246,435

See accompanying notes which are an integral part of these financial statements.

First Trust AlphaDEX™ U.S. Technology Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Technology Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Technology Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	37,145,552	–	–	37,145,552
Derivative assets*	–	50,115	–	50,115
Derivative liabilities*	–	–	–	–
<b>Total</b>	<b>37,145,552</b>	<b>50,115</b>	<b>–</b>	<b>37,195,667</b>

  

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	41,335,457	–	–	41,335,457
Derivative assets*	–	2,405	–	2,405
Derivative liabilities*	–	(132,019)	–	(132,019)
<b>Total</b>	<b>41,335,457</b>	<b>(129,614)</b>	<b>–</b>	<b>41,205,843</b>

\* The derivative assets and derivative liabilities relate to the Hedged Units only.

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during years ended December 31, 2019 and 2018:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2018	800,000	50,000
Redeemable units issued	700,000	250,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(500,000)	–
Outstanding units – December 31, 2018	1,000,000	300,000
Redeemable units issued	350,000	550,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(600,000)	(750,000)
Outstanding units – December 31, 2019	750,000	100,000

First Trust AlphaDEX™ U.S. Technology Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below are the current annual management fees charged to the First Trust ETF:

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019 and 2018.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
21,094	14,872

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
335,607	280,137	22,030	24,327

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
<b>Units</b>				
Russell 1000® Technology Index	1,695,641	(1,695,641)	1,988,167	(1,988,167)
Russell 1000® Index	2,213,632	(2,213,632)	2,417,595	(2,417,595)
S&P 500 Information Technology Index	1,810,971	(1,810,971)	1,984,038	(1,984,038)
<b>Hedged Units</b>				
Russell 1000® Technology Index USD	1,768,230	(1,768,230)	2,070,750	(2,070,750)
Russell 1000® Index USD	2,430,635	(2,430,635)	2,516,693	(2,516,693)
S&P 500 Information Technology Index USD	1,927,309	(1,927,309)	2,060,427	(2,060,427)

First Trust AlphaDEX™ U.S. Technology Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	34,388,466	92.39	35,389,145	85.71

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$343,885 (December 31, 2018 - \$353,891). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Information Technology	93.59	97.34
Communication Services	4.78	2.77
Industrials	1.43	–
Total	99.80	100.11

# First Trust AlphaDEX™ U.S. Technology Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Communication Services—4.78%</b>				
Alphabet Inc., Class 'C'	212	337,427	368,072	0.99
Facebook Inc., Class 'A'	483	114,352	128,733	0.35
RingCentral Inc.	3,426	452,765	750,384	2.02
Switch Inc., Class 'A'	27,559	456,879	530,359	1.42
	<b>1,361,423</b>	<b>1,777,548</b>	<b>1,777,548</b>	<b>4.78</b>
<b>Industrials—1.43%</b>				
L3Harris Technologies Inc.	2,063	505,840	530,076	1.43
	<b>505,840</b>	<b>530,076</b>	<b>530,076</b>	<b>1.43</b>
<b>Information Technology—93.59%</b>				
Activision Blizzard Inc.	4,881	313,652	376,617	1.01
Adobe Inc.	312	103,074	133,622	0.36
Akamai Technologies Inc.	4,711	530,384	528,427	1.42
Alteryx Inc., Class 'A'	3,206	478,447	416,607	1.12
Amdocs Ltd.	3,907	322,964	366,251	0.98
Amphenol Corp., Class 'A'	1,784	221,642	250,727	0.67
Analog Devices Inc.	1,541	213,375	237,807	0.64
ANSYS Inc.	1,556	413,625	520,108	1.40
Apple Inc.	1,153	326,012	439,661	1.18
Applied Materials Inc.	5,176	289,682	410,268	1.10
Aspen Technology Inc.	1,399	222,211	219,690	0.59
Atlassian Corp. PLC	2,059	238,306	321,755	0.86
Avalara Inc.	3,838	396,641	365,066	0.98
Avnet Inc.	5,806	340,289	319,971	0.86
Black Knight Inc.	2,820	208,698	236,120	0.63
Broadcom Inc.	312	115,030	128,035	0.34
CACI International Inc., Class 'A'	745	209,303	241,845	0.65
Cadence Design Systems Inc.	2,606	199,194	234,716	0.63
CDW Corp.	3,493	415,443	647,899	1.74
Ceridian HCM Holding Inc.	1,744	118,032	153,726	0.41
Ciena Corp.	4,389	219,209	243,305	0.65
Citrix Systems Inc.	892	114,765	128,456	0.35
Cognizant Technology Solutions Corp., Class 'A'	5,714	491,448	460,183	1.24
Coherent Inc.	1,120	201,234	241,935	0.65
CommScope Holding Inc.	7,321	159,833	134,900	0.36
Corning Inc.	15,094	632,293	570,565	1.53
Coupa Software Inc.	3,322	586,295	630,891	1.70
Covetrus Inc.	28,963	728,926	496,451	1.33
Cree Inc.	1,757	134,198	105,294	0.28
Cypress Semiconductor Corp.	7,377	169,319	223,487	0.60
Dell Technologies Inc., Class 'C'	3,320	232,760	221,552	0.60
DocuSign Inc.	6,952	578,648	669,029	1.80
Dolby Laboratories Inc., Class 'A'	2,664	226,567	238,002	0.64
DXC Technology Co.	14,592	887,218	712,272	1.91
EchoStar Communications Corp., Class 'A'	6,519	382,590	366,630	0.99
Electronic Arts Inc.	3,521	443,889	491,557	1.32
Entergris Inc.	9,147	507,350	594,961	1.60
EPAM Systems Inc.	1,889	370,547	520,420	1.40
F5 Network Inc.	1,839	336,428	333,489	0.90
Fortinet Inc.	1,122	117,064	155,546	0.42
Guidewire Software Inc.	2,451	308,675	349,370	0.94
Hewlett Packard Enterprise Co.	17,026	348,353	350,651	0.94
HP Inc.	13,651	361,468	364,280	0.98
IAC/InterActiveCorp	790	193,311	255,551	0.69
IHS Markit Ltd.	5,149	440,088	503,808	1.35

**First Trust AlphaDEX™ U.S. Technology Sector Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

Intel Corp.	8,354	534,988	649,258	1.74
International Business Machines Corp.	1,184	222,928	206,084	0.55
Intuit Inc.	647	209,007	220,064	0.59
IPG Photonics Corp.	1,905	363,267	358,494	0.96
Jabil Inc.	12,034	473,202	645,854	1.74
Juniper Networks Inc.	13,914	481,839	445,015	1.20
KLA Corp.	2,700	526,186	624,679	1.68
Lam Research Corp.	1,490	355,974	565,747	1.52
Leidos Holdings Inc.	2,005	172,828	254,866	0.68
LogMeIn Inc.	2,427	246,156	270,217	0.73
Manhattan Associates Inc.	4,269	387,051	442,095	1.19
Match Group Inc.	4,820	344,331	513,927	1.38
Maxim Integrated Products Inc.	2,973	224,786	237,465	0.64
Microchip Technology Inc.	4,633	549,075	630,015	1.69
Micron Technology Inc.	10,046	527,422	701,573	1.89
Microsoft Corp.	2,477	393,484	507,243	1.36
MKS Instruments Inc.	2,799	332,176	399,847	1.07
MongoDB Inc.	715	143,080	122,195	0.33
Monolithic Power Systems Inc.	2,213	448,945	511,575	1.37
Motorola Solutions Inc.	2,526	433,931	528,561	1.42
NCR Corp.	10,912	441,262	498,209	1.34
Okta Inc.	2,623	274,949	392,961	1.06
ON Semiconductor Corp.	22,409	597,196	709,439	1.91
Palo Alto Networks Inc.	422	118,089	126,722	0.34
Paycom Software Inc.	1,233	272,873	423,910	1.14
Proofpoint Inc.	2,669	442,455	397,808	1.07
Pure Storage Inc., Class 'A'	5,082	111,240	112,913	0.30
Qorvo Inc.	3,484	333,537	525,842	1.41
QUALCOMM Inc.	4,515	456,778	517,288	1.39
RealPage Inc.	2,739	219,120	191,174	0.51
Sabre Corp.	3,844	113,312	112,012	0.30
salesforce.com Inc.	580	114,176	122,494	0.33
ServiceNow Inc.	678	183,004	248,559	0.67
Skyworks Solutions Inc.	5,432	592,613	852,654	2.29
Splunk Inc.	730	105,177	141,973	0.38
SS&C Technologies Holdings Inc.	1,669	126,926	133,071	0.36
SYNNEX Corp.	3,050	403,412	510,122	1.37
Synopsys Inc.	2,509	366,145	453,522	1.22
Take-Two Interactive Software Inc.	2,748	431,173	436,881	1.17
Teradyne Inc.	7,433	474,398	658,178	1.77
Texas Instruments Inc.	1,998	341,358	332,849	0.89
Twilio Inc.	783	95,575	99,928	0.27
Twitter Inc.	10,448	528,583	434,830	1.17
Tyler Technologies Inc.	1,312	459,654	511,143	1.37
Ubiquiti Inc.	728	105,973	178,651	0.48
Universal Display Corp.	1,026	231,379	274,550	0.74
Western Digital Corp.	1,444	92,073	119,013	0.32
Workday Inc., Class 'A'	507	112,383	108,268	0.29
Xilinx Inc.	898	115,499	114,009	0.31
Zynga Inc.	44,378	360,563	352,678	0.95
	<b>30,840,011</b>	<b>34,837,928</b>	<b>93.59</b>	
<b>Total investments</b>	<b>32,707,274</b>	<b>37,145,552</b>	<b>99.80</b>	
Transaction costs		(4,457)		
Unrealized appreciation on derivatives - see Schedule 1			50,115	0.13
Other assets, less liabilities			24,670	0.07
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>	<b>32,702,817</b>	<b>37,220,337</b>	<b>100.00</b>	



First Trust AlphaDEX™ U.S. Technology Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

Schedule 1

Counterparty	Credit				Appreciation				
	Rating of Counterparty*	Settlement Date	Currency	Amount	Currency	Amount	Forward Rate	Current Rate	(Depreciation)
			Sell	Sold	Buy	Bought			\$
Bank of New York Mellon (The), New York	A-1+	2020/01/31	USD	2,022,738	CAD	2,675,000	0.756	0.770	48,770
Bank of New York Mellon (The), New York	A-1+	2020/01/31	USD	114,495	CAD	150,000	0.763	0.770	1,345
									<b>50,115</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide

# First Trust AlphaDEX™ U.S. Utilities Sector Index ETF

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	2,604,868	2,514,467
Cash	20,808	21,323
Accrued dividend receivable	6,702	3,757
Other assets	605	140
	2,632,983	2,539,687
<b>Liabilities</b>		
Accrued liabilities	2,282	1,742
Distributions payable to holders of redeemable units	13,250	11,000
	15,532	12,742
<b>Total net assets attributable to holders of redeemable units</b>	<b>2,617,451</b>	<b>2,526,945</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>2,617,451</b>	<b>2,526,945</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>100,000</b>	<b>100,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>26.17</b>	<b>25.27</b>

## STATEMENTS OF COMPREHENSIVE INCOME

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	99,486	47,558
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on sale of investments	64,393	13,972
Net realized gain (loss) on foreign exchange	(198)	179
Net change in unrealized appreciation (depreciation) of investments	45,099	90,818
	208,780	152,527
Foreign exchange gain (loss) on cash	(586)	366
	208,194	152,893
<b>Expenses [note 7]</b>		
Management fees	22,613	9,298
HST expense	2,323	1,048
Transaction costs [note 3 and note 9]	1,320	498
Independent Review Committee fees	666	213
	26,922	11,057
Expenses waived by manager	(666)	(213)
	26,256	10,844
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>181,938</b>	<b>142,049</b>
<b>Withholding taxes</b>	<b>14,955</b>	<b>7,105</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>166,983</b>	<b>134,944</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>166,983</b>	<b>134,944</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>1.37</b>	<b>2.42</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust AlphaDEX™ U.S. Utilities Sector Index ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	2,526,945	1,128,574
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	166,983	134,944
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from issuance of units	1,292,856	1,290,927
Reinvested distributions	61,172	2,830
Redemption of units	(1,317,583)	-
	36,445	1,293,757
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(56,841)	(29,225)
Capital gains	(56,081)	(1,091)
Return of capital	-	(14)
	(112,922)	(30,330)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	90,506	1,398,371
<b>Net assets attributable to holders of redeemable units, end of year</b>	2,617,451	2,526,945

See accompanying notes which are an integral part of these financial statements.

# First Trust AlphaDEX™ U.S. Utilities Sector Index ETF

## STATEMENTS OF CASH FLOW As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	166,983	134,944
Adjustments for:		
Net realized (gain) loss on sale of investments	(64,393)	(13,972)
Change in unrealized (appreciation) depreciation of investments	(45,099)	(90,818)
Dividends receivable	(2,945)	(1,017)
Other assets	(465)	(116)
Other liabilities	540	954
Purchases of investments	(3,432,585)	(2,112,027)
Proceeds from the sale of investments	3,451,676	827,707
	73,712	(1,254,345)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	1,292,856	1,290,927
Amount paid on redemptions of units	(1,317,583)	-
Distributions paid to unitholders	(49,500)	(22,000)
	(74,227)	1,268,927
<b>Increase (Decrease) in cash for the year</b>	(515)	14,582
<b>Cash, beginning of year</b>	21,323	6,741
<b>Cash, end of year</b>	20,808	21,323
Dividends received, net of withholding taxes	81,586	39,436

See accompanying notes which are an integral part of these financial statements.

**First Trust AlphaDEX™ U.S. Utilities Sector Index ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of the StrataQuant® Utilities Index ("Index"), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large capitalization segment of the U.S. equity universe, and then selecting the constituent securities for the Index from those qualifying stocks included in the Utilities Sector.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	2,604,868	–	–	2,604,868
<b>Total</b>	<b>2,604,868</b>	<b>–</b>	<b>–</b>	<b>2,604,868</b>
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	2,514,467	–	–	2,514,467
<b>Total</b>	<b>2,514,467</b>	<b>–</b>	<b>–</b>	<b>2,514,467</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Outstanding units – January 1, 2018	50,000
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	–
Outstanding units – December 31, 2018	100,000
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(50,000)
Outstanding units – December 31, 2019	100,000

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Utilities Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019 and 2018.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018 are as follows:

Transaction Cost (\$)	
2019	2018
1,320	498

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
22,613	9,298	2,013	1,536

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Utilities Index	119,897	(119,897)	117,756	(117,756)
Russell 1000® Index	82,275	(82,275)	73,534	(73,534)
S&P 500 Utilities Index	101,012	(101,012)	109,417	(109,417)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	2,615,407	99.92	2,526,315	99.98

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$26,154 (December 31, 2018 - \$25,263). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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First Trust AlphaDEX™ U.S. Utilities Sector Index ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

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**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2019	December 31, 2018
Utilities	70.02	69.96
Communication Services	29.50	29.55
Total	99.52	99.51

# First Trust AlphaDEX™ U.S. Utilities Sector Index ETF

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Communication Services—29.50%</b>				
AT&T Inc.	2,968	128,902	150,618	5.75
GCI Liberty Inc., Class 'A'	1,810	152,843	166,524	6.36
Sprint Corp.	12,483	99,224	84,453	3.23
Telephone and Data Systems Inc.	4,354	170,325	143,778	5.49
T-Mobile US Inc.	978	87,243	99,592	3.80
Verizon Communications Inc.	1,276	94,179	101,737	3.89
Zayo Group Holdings Inc.	568	24,620	25,557	0.98
		<b>757,336</b>	<b>772,259</b>	<b>29.50</b>
<b>Utilities—70.02%</b>				
AES Corp. (The)	1,178	27,404	30,441	1.16
Alliant Energy Corp.	714	41,930	50,735	1.94
Ameren Corp.	481	43,672	47,970	1.83
American Electric Power Co. Inc.	411	43,266	50,440	1.93
Atmos Energy Corp.	169	21,026	24,548	0.94
Avangrid Inc.	1,474	97,118	97,923	3.74
CenterPoint Energy Inc.	1,914	72,537	67,778	2.59
Consolidated Edison Inc.	611	64,824	71,780	2.74
DTE Energy Co.	290	43,692	48,906	1.87
Duke Energy Corp.	803	90,668	95,108	3.63
Entergy Corp.	328	41,312	51,026	1.95
Evergy Inc.	868	69,194	73,366	2.80
Exelon Corp.	1,594	90,112	94,366	3.61
FirstEnergy Corp.	399	22,857	25,181	0.96
Hawaiian Electric Industries Inc.	422	21,100	25,679	0.98
IDACORP Inc.	171	23,149	23,715	0.91
MDU Resources Group Inc.	2,049	70,141	79,050	3.02
National Fuel Gas Co.	2,394	165,014	144,680	5.53
OGE Energy Corp.	1,273	63,971	73,511	2.81
Pinnacle West Capital Corp.	595	66,757	69,483	2.65
PPL Corp.	3,567	146,849	166,194	6.35
Public Services Enterprise Group Inc.	931	68,596	71,389	2.73
Sempra Energy	261	50,699	51,340	1.96
Southern Co. (The)	1,247	86,263	103,149	3.94
UGI Corp.	766	52,301	44,920	1.72
Vistra Energy Corp.	4,202	126,169	125,445	4.79
Xcel Energy Inc.	297	19,685	24,486	0.94
		<b>1,730,306</b>	<b>1,832,609</b>	<b>70.02</b>
<b>Total investments</b>		<b>2,487,642</b>	<b>2,604,868</b>	<b>99.52</b>
Transaction costs		(432)		
Other assets, less liabilities			12,583	0.48
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>2,487,210</b>	<b>2,617,451</b>	<b>100.00</b>



# First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)

## STATEMENTS OF FINANCIAL POSITION As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	2,453,048	4,123,307
Cash	1,472	5,482
Accrued dividend receivable	5,286	14,717
Derivative assets	44,832	4,005
Other assets	346	442
	2,504,984	4,147,953
<b>Liabilities</b>		
Accrued liabilities	711	1,206
Distributions payable to holders of redeemable units	-	3,200
Derivative liabilities	-	84,869
	711	89,275
<b>Total net assets attributable to holders of redeemable units</b>	<b>2,504,273</b>	<b>4,058,678</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>		
<b>Units</b>	<b>2,504,273</b>	<b>4,058,678</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>100,000</b>	<b>200,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>25.04</b>	<b>20.29</b>

## STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	14,094	22,665
<b>Other changes in fair value of investments and derivatives</b>		
Net realized gain (loss) on sale of investments	376,979	201,333
Net realized gain (loss) on derivatives	25,759	(311,848)
Net realized gain (loss) on foreign exchange		
Net change in unrealized appreciation (depreciation) of investments	226,127	(364,613)
Net change in unrealized appreciation (depreciation) of derivatives	125,697	(92,472)
	768,656	(544,935)
Foreign exchange gain (loss) on cash	(3)	5
	768,653	(544,930)
<b>Expenses [note 7]</b>		
Management fees	9,220	12,806
HST expense	779	1,128
Independent Review Committee fees	621	674
Transaction costs [note 3 and note 9]	478	3,969
Interest expense	1	14
	11,099	18,591
Expenses waived by manager	(621)	(674)
	10,478	17,917
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>758,175</b>	<b>(562,847)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>758,175</b>	<b>(562,847)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>5.71</b>	<b>(3.01)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	4,058,678	2,259,644
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	758,175	(562,847)
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from issuance of units	-	3,537,861
Reinvested distributions	221,000	121,480
Redemption of units	(2,312,580)	(1,172,780)
	(2,091,580)	2,486,561
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	-	(12,992)
Capital gains	(220,362)	(96,767)
Return of capital	(638)	(14,921)
	(221,000)	(124,680)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(1,554,405)	1,799,034
<b>Net assets attributable to holders of redeemable units, end of year</b>	2,504,273	4,058,678

See accompanying notes which are an integral part of these financial statements.

# First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)

## STATEMENTS OF CASH FLOW For the years ended December 31, 2019 and 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	758,175	(562,847)
Adjustments for:		
Net realized (gain) loss on sale of investments	(376,979)	(201,333)
Change in unrealized (appreciation) depreciation of investments and derivatives	(351,824)	457,085
Dividends receivable	9,431	(11,028)
Other assets	96	(442)
Other liabilities	(495)	552
Purchases of investments	(720,617)	(8,104,361)
Proceeds from the sale of investments	2,993,983	6,058,035
	2,311,770	(2,364,339)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	-	3,537,861
Amount paid on redemptions of units	(2,312,580)	(1,172,780)
Distributions paid to unitholders	(3,200)	(37,610)
	(2,315,780)	2,327,471
<b>Increase (Decrease) in cash for the year</b>	(4,010)	(36,868)
<b>Cash, beginning of year</b>	5,482	42,350
<b>Cash, end of year</b>	1,472	5,482
Dividends received, net of withholding taxes	23,525	11,637

See accompanying notes which are an integral part of these financial statements.

**First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of Dorsey Wright® U.S. Sector Focus Five Index, (the “Index”), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	2,453,048	–	–	2,453,048
Derivative assets	–	44,832	–	44,832
<b>Total</b>	<b>2,453,048</b>	<b>44,832</b>	<b>–</b>	<b>2,497,880</b>
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	4,123,307	–	–	4,123,307
Derivative assets	–	4,005	–	4,005
Derivative liabilities	–	(84,869)	–	(84,869)
<b>Total</b>	<b>4,123,307</b>	<b>(80,864)</b>	<b>–</b>	<b>4,042,443</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of either reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Outstanding units – January 1, 2018	100,000
Redeemable units issued	150,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(50,000)
Outstanding units – December 31, 2018	200,000
Redeemable units issued	–
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(100,000)
Outstanding units – December 31, 2019	100,000

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.30%

First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019 and 2018.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018:

Transaction Cost (\$)	
2019	2018
478	3,969

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
9,220	12,806	632	1,070

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and interest rates. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Dorsey Wright® U.S. Sector Focus Five Index USD	116,699	(116,699)	201,716	(201,716)
S&P 500 Index (CAD Hedged)	98,293	(98,293)	165,188	(165,188)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	(2,414,111)	(96.40)	(4,048,805)	(99.76)

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$24,141 (December 31, 2018 - \$40,488). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

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**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Holdings	At December 31, 2019	At December 31, 2018
	% Net Assets	% Net Assets
Exchange-Traded Funds	97.95	101.59
Total	97.95	101.59

# First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)

## Notes to Financial Statements - Specific Information

### For the year ended December 31, 2019

#### SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Exchange Traded Funds—97.95%</b>				
First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF	17,723	564,453	493,406	19.70
First Trust AlphaDEX™ U.S. Financial Sector Index ETF	15,610	490,421	484,363	19.34
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	16,242	472,871	484,481	19.35
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	15,512	467,595	489,397	19.54
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	10,922	442,215	501,401	20.02
		<b>2,437,555</b>	<b>2,453,048</b>	<b>97.95</b>
<b>Total investments</b>		<b>2,437,555</b>	<b>2,453,048</b>	<b>97.95</b>
Transaction costs		(795)		
Unrealized appreciation on derivatives - see Schedule 1			44,832	1.79
Other assets, less liabilities			6,393	0.26
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>2,436,760</b>	<b>2,504,273</b>	<b>100.00</b>

Schedule 1

Counterparty	Credit		Settlement Date	Currency	Amount	Currency	Amount	Forward Rate	Current Rate	Appreciation (Depreciation) \$
	Rating of Counterparty*	Sell								
Bank of New York Mellon (The), New York	A-1+		2020/01/31	USD	1,859,406	CAD	2,459,000	0.756	0.770	44,832
										<b>44,832</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide

# First Trust Indxx Innovative Transaction and Process ETF

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	2,082,620	4,426,227
Cash	37,160	36,998
Other assets	292	203
	2,120,072	4,463,428
<b>Liabilities</b>		
Accrued liabilities	304	644
Distributions payable to holders of redeemable units	29,000	37,725
	29,304	38,369
<b>Total net assets attributable to holders of redeemable units</b>	<b>2,090,768</b>	<b>4,425,059</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units per class</b>		
Units	2,090,768	4,425,059
<b>Redeemable units outstanding [note 6]</b>		
Units	100,000	250,000
<b>Net assets attributable to holders of redeemable units per unit</b>		
Units	20.91	17.70

## STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2019 and for the period from March 23, 2018 to December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	71,542	41,834
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on investments	40,830	(944)
Change in unrealized appreciation (depreciation) of foreign exchange	100	89
Change in unrealized appreciation (depreciation) of investments	639,840	(504,176)
	752,312	(463,197)
Foreign exchange gain (loss) on cash	59	820
	752,371	(462,377)
<b>Expenses [note 7]</b>		
Management fees	5,575	3,639
Independent Review Committee fees	745	396
HST expense	464	270
Transaction costs [note 3 and note 9]	20	11
	6,804	4,316
Expenses waived by manager	(745)	(396)
	6,059	3,920
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>746,312</b>	<b>(466,297)</b>
<b>Withholding taxes</b>	<b>10,829</b>	<b>6,327</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>735,483</b>	<b>(472,624)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
Units	735,483	(472,624)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
Units	3.92	(2.87)

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director



# First Trust Indxx Innovative Transaction and Process ETF

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the year ended December 31, 2019 and for the period from March 23, 2018 to December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	4,425,059	-
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	735,483	(472,624)
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from redeemable units issued	-	4,935,428
Reinvested distributions	-	100
Redemption of redeemable units	(3,001,274)	(20)
	(3,001,274)	4,935,508
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(68,105)	(37,714)
Capital gains	-	(109)
Return of capital	(395)	(2)
	(68,500)	(37,825)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	(2,334,291)	4,425,059
<b>Net assets attributable to holders of redeemable units, end of year</b>	2,090,768	4,425,059

See accompanying notes which are an integral part of these financial statements.

# First Trust Indxx Innovative Transaction and Process ETF

## STATEMENTS OF CASH FLOW

For the year ended December 31, 2019 and for the period from March 23, 2018 to December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	735,483	(472,624)
Adjustments for:		
Net realized (gain) loss on investments	(40,830)	944
Change in unrealized (appreciation) depreciation of investments	(639,840)	504,176
Other assets	(89)	(203)
Other liabilities	(340)	644
Purchases of investments	(15,371)	(4,939,333)
Proceeds from the sale of investments	3,039,648	7,986
	3,078,661	(4,898,410)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	-	4,935,428
Amount paid on redemptions of units	(3,001,274)	(20)
Distributions paid to unitholders	(77,225)	-
	(3,078,499)	4,935,408
<b>Increase (Decrease) in cash for the year</b>	162	36,998
<b>Cash, beginning of year</b>	36,998	-
<b>Cash, end of year</b>	37,160	36,998
Dividends received, net of withholding taxes	60,713	7,171

See accompanying notes which are an integral part of these financial statements.

First Trust Indxx Innovative Transaction and Process ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to replicate, to the extent possible, the performance of an innovative transaction and process index. Currently, the First Trust ETF seeks to replicate, to the extent possible, the performance of the Indxx Blockchain Index, net of expenses. The First Trust ETF will obtain exposure to the Indxx Blockchain Index by investing in the Underlying Fund, a U.S.-listed index ETF which itself seeks to replicate or substantially replicate the performance of such index.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy table present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	2,082,620	–	–	2,082,620
Total	2,082,620	–	–	2,082,620

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	4,426,227	–	–	4,426,227
Total	4,426,227	–	–	4,426,227

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of the reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Beginning balance – March 23, 2018*	–
Redeemable units issued	250,001
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1)
Outstanding units – December 31, 2018	250,000
Redeemable units issued	–
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(150,000)
Outstanding units – December 31, 2019	100,000

\*commencement of operations

First Trust Indxx Innovative Transaction and Process ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee <sup>1</sup>
Units
0.15%

<sup>1</sup>The First Trust ETF will bear the Underlying Fund's management fee of 0.65% per annum on average daily net assets on the First Trust ETF's portfolio assets invested in the Underlying Fund. Accordingly, the management fee cost to unitholders of their investment will be 0.80% per annum of NAV of the Units plus applicable taxes. There will be no management fees payable by the First Trust ETF that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service. Further, no sales fees or redemption fees are payable by the First Trust ETF in relation to its purchases or redemptions of the securities of the Underlying Fund and there will be no sales or redemption fees payable by the First Trust ETF that, to a reasonable person, would duplicate a fee payable by an investor in the First Trust ETF.

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019 and 2018.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018:

Transaction Cost (\$)	
2019	2018
20	11

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
5,575	3,639	269	570

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and interest rates. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P 500® Index	86,848	(86,848)	172,799	(172,799)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	2,088,992	99.92	4,424,129	99.98

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## First Trust Indxx Innovative Transaction and Process ETF

### Notes to Financial Statements - Specific Information

#### For the year ended December 31, 2019

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As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$20,890 (December 31, 2018 - \$44,241). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Holdings	At December 31, 2019	At December 31, 2018
	% Net Assets	% Net Assets
Exchange-Traded Funds	99.61	100.03
Total	99.61	100.03

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First Trust Indxx Innovative Transaction and Process ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

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SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Exchange Traded Funds—99.61%</b>				
First Trust Indxx Innovative Transaction & Process ETF	50,170	1,947,632	2,082,620	99.61
<b>Total Exchange Traded Funds</b>		<b>1,947,632</b>	<b>2,082,620</b>	<b>99.61</b>
<b>Total investments</b>		<b>1,947,632</b>	<b>2,082,620</b>	<b>99.61</b>
Transaction costs		(675)		
Other assets, less liabilities			8,148	0.39
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>1,946,957</b>	<b>2,090,768</b>	<b>100.00</b>

# First Trust International Capital Strength ETF

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Assets</b>		
Investments (non-derivative financial assets)	2,063,338	1,668,261
Cash	9,663	8,983
Accrued dividend receivable	3,554	2,352
Receivable for portfolio securities sold	40,038	-
Other assets	376	358
	2,116,969	1,679,954
<b>Liabilities</b>		
Accrued liabilities	1,398	1,127
Payable for portfolio securities purchased	19,663	-
Distributions payable to holders of redeemable units	25,000	-
	46,061	1,127
<b>Total net assets attributable to holders of redeemable units</b>	<b>2,070,908</b>	<b>1,678,827</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units per class</b>		
<b>Units</b>	<b>2,070,908</b>	<b>1,678,827</b>
<b>Redeemable units outstanding [note 6]</b>		
<b>Units</b>	<b>100,000</b>	<b>100,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>20.71</b>	<b>16.79</b>

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019 and for the period from May 17, 2018 to December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Revenues</b>		
Dividends	55,831	19,081
Interest income for distribution purposes	2,858	3,578
<b>Other changes in fair value of investments</b>		
Net realized gain (loss) on investments	(149,807)	(12,078)
Change in unrealized appreciation (depreciation) of foreign exchange	33	1,495
Change in unrealized appreciation (depreciation) of investments	425,521	(290,817)
	334,436	(278,741)
Foreign exchange gain (loss) on cash	(78)	138
	334,358	(278,603)
<b>Expenses [note 7]</b>		
Management fees	11,247	6,208
Transaction costs [note 3 and note 9]	4,876	3,930
HST expense	1,143	449
Independent Review Committee fees	327	139
	17,593	10,726
Expenses waived by manager	(327)	(139)
	17,266	10,587
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>317,092</b>	<b>(289,190)</b>
<b>Withholding taxes</b>	<b>5,121</b>	<b>2,073</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>311,971</b>	<b>(291,263)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>		
<b>Units</b>	<b>311,971</b>	<b>(291,263)</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>		
<b>Units</b>	<b>3.63</b>	<b>(3.78)</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust International Capital Strength ETF

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the year ended December 31, 2019 and for the period from May 17, 2018 to December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	1,678,827	
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	311,971	(291,263)
<b>Redeemable unit transactions [note 6]</b>		
Proceeds from redeemable units issued	1,011,491	1,970,110
Reinvested distributions	-	-
Redemption of redeemable units	(906,381)	(20)
	105,110	1,970,090
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(19,390)	-
Capital gains	-	-
Return of capital	(5,610)	-
	(25,000)	-
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the year</b>	392,081	1,678,827
<b>Net assets attributable to holders of redeemable units, end of year</b>	2,070,908	1,678,827

See accompanying notes which are an integral part of these financial statements.



# First Trust International Capital Strength ETF

## STATEMENT OF CASH FLOW

For the year ended December 31, 2019 and for the period from May 17, 2018 to December 31, 2018

	December 31 2019 (\$)	December 31 2018 (\$)
<b>Cash flows from (used in) Operating Activities</b>		
Increase (Decrease) in net assets attributable to holders of redeemable units	311,971	(291,263)
Adjustments for:		
Net realized (gain) loss on investments	149,807	12,078
Change in unrealized (appreciation) depreciation of investments	(425,521)	290,817
Dividends receivable	(1,202)	(2,352)
Other assets	(18)	(358)
Other liabilities	271	1,127
Purchases of investments	(1,764,271)	(2,104,483)
Proceeds from the sale of investments	1,624,533	133,327
	(104,430)	(1,961,107)
<b>Cash flows from (used in) Financing Activities</b>		
Amount received from the issuance of units	1,011,491	1,970,110
Amount paid on redemptions of units	(906,381)	(20)
Distributions paid to unitholders	-	-
	105,110	1,970,090
<b>Increase (Decrease) in cash for the year</b>	680	8,983
<b>Cash, beginning of year</b>	8,983	-
<b>Cash, end of year</b>	9,663	8,983
Interest received	2,858	3,578
Dividends received, net of withholding taxes	49,508	14,656

See accompanying notes which are an integral part of these financial statements.

**First Trust International Capital Strength ETF**  
**Notes to Financial Statements - Specific Information**  
**For the year ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in equity securities of developed market companies, excluding the US and Canada, that are traded on global exchanges, with a focus on fundamental strength and growth.

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy table present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

	Financial Assets at Fair Value (\$) As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	2,063,338	–	–	2,063,338
<b>Total</b>	<b>2,063,338</b>	<b>–</b>	<b>–</b>	<b>2,063,338</b>
	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	1,668,261	–	–	1,668,261
<b>Total</b>	<b>1,668,261</b>	<b>–</b>	<b>–</b>	<b>1,668,261</b>

There have been no transfers from one Level to another for the years ended December 31, 2019 and 2018.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of the reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2019 and 2018:

Redeemable Units	Units
Beginning balance – May 17, 2018*	–
Redeemable units issued	100,001
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1)
<b>Outstanding units – December 31, 2018</b>	<b>100,000</b>
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(50,000)
<b>Outstanding units – December 31, 2019</b>	<b>100,000</b>

\*commencement of operations

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Units
0.70%

First Trust International Capital Strength ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – The net capital losses and/or non-capital losses as at December 31, 2019 and 2018, where applicable, are as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2019	2018	2019	2018
–	–	–	291,380

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2019 and 2018:

Transaction Cost (\$)	
2019	2018
4,876	3,930

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the years ended December 31, 2019 and 2018, including amounts owing as at December 31, 2019 and 2018, are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2019	2018	2019	2018
11,247	6,208	1,237	997

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019 and 2018, the First Trust ETF's market risk is affected by changes in actual market prices and interest rates. If the following index had increased (decreased) by 5% at December 31, 2019 and 2018, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019		At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
MSCI EAFE Index	89,360	(89,360)	84,529	(84,529)

First Trust International Capital Strength ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019 and 2018:

Currency	At December 31, 2019		At December 31, 2018	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
British Pound Sterling	568,497	27.45	339,616	20.23
Euro	561,586	27.12	517,291	30.81
Japanese Yen	369,401	17.84	282,778	16.84
Swiss Francs	202,736	9.79	94,986	5.66
Hong Kong Dollar	146,720	7.08	165,777	9.87
South Korean Won	56,189	2.71	82,873	4.94
Australian Dollar	55,535	2.68	45,046	2.68
Danish Krone	53,586	2.59	49,865	2.97
Swedish Krona	53,203	2.57	40,929	2.44
Norwegian Krone	126	0.01	51,452	3.06
United States Dollar	(17,900)	(0.86)	–	–
<b>Total</b>	<b>2,049,679</b>	<b>98.98</b>	<b>1,670,613</b>	<b>99.51</b>

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$20,497 (December 31, 2018 - \$16,706). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** – The table below summarizes the concentration risk for the years ended December 31, 2019 and 2018:

Country	At December 31, 2019	At December 31, 2018
	% Net Assets	% Net Assets
United Kingdom	25.13	17.72
Japan	17.77	16.80
France	9.78	7.44
Switzerland	9.75	8.13
Germany	9.63	21.12
Australia	4.96	2.68
Hong Kong	4.67	7.31
South Korea	2.67	4.88
Netherlands	2.63	2.25
Italy	2.61	–
Denmark	2.59	2.97
Sweden	2.57	2.44
Finland	2.46	–
Macau	2.41	2.57
Norway	–	3.06
<b>Total</b>	<b>99.63</b>	<b>99.37</b>

First Trust International Capital Strength ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Australia—4.96%</b>				
BHP Group PLC	1,545	45,744	47,218	2.28
CSL Ltd.	221	48,089	55,535	2.68
		<b>93,833</b>	<b>102,753</b>	<b>4.96</b>
<b>Denmark—2.59%</b>				
Novo Nordisk AS, Series 'B'	711	48,570	53,586	2.59
		<b>48,570</b>	<b>53,586</b>	<b>2.59</b>
<b>Finland—2.46%</b>				
Neste Oil OYJ	1,128	47,873	50,967	2.46
		<b>47,873</b>	<b>50,967</b>	<b>2.46</b>
<b>France—9.78%</b>				
Kering	69	49,209	58,815	2.84
Legrand SA	482	48,671	50,999	2.46
LVMH Moët Hennessy-Louis Vuitton SA	87	45,439	52,489	2.54
Thales SA	298	45,626	40,159	1.94
		<b>188,945</b>	<b>202,462</b>	<b>9.78</b>
<b>Germany—9.63%</b>				
Adidas AG	119	42,220	50,232	2.43
Henkel AG & Co. KGaA	379	49,266	46,372	2.24
Infineon Technologies AG	1,725	53,054	51,031	2.46
SAP AG	296	49,352	51,876	2.50
		<b>193,892</b>	<b>199,511</b>	<b>9.63</b>
<b>Hong Kong—4.67%</b>				
China Gas Holdings Ltd.	9,000	44,399	43,794	2.11
Techtronic Industries Co. Ltd.	5,000	49,587	52,952	2.56
		<b>93,986</b>	<b>96,746</b>	<b>4.67</b>
<b>Italy—2.61%</b>				
Moncler SPA	927	50,597	54,105	2.61
		<b>50,597</b>	<b>54,105</b>	<b>2.61</b>
<b>Japan—17.77%</b>				
Astellas Pharma Inc.	2,550	55,079	56,989	2.75
KDDI Corp.	1,400	50,611	54,428	2.63
Koito Manufacturing Co. Ltd.	800	59,425	48,760	2.35
Shionogi & Co.	600	44,981	48,524	2.34
Sony Corp.	550	41,197	48,648	2.35
Tokyo Electron Ltd.	200	48,156	57,186	2.76
Trend Micro Inc.	800	53,375	53,541	2.59
		<b>352,824</b>	<b>368,076</b>	<b>17.77</b>
<b>Macau—2.41%</b>				
Sands China Ltd.	7,200	47,662	49,973	2.41
		<b>47,662</b>	<b>49,973</b>	<b>2.41</b>
<b>Netherlands—2.63%</b>				
ASML Holding NV	142	43,613	54,542	2.63
		<b>43,613</b>	<b>54,542</b>	<b>2.63</b>
<b>South Korea—2.67%</b>				
Samsung Electronics Co. Ltd.	881	50,592	55,200	2.67
		<b>50,592</b>	<b>55,200</b>	<b>2.67</b>
<b>Sweden—2.57%</b>				
Sandvik AB	2,101	49,216	53,203	2.57
		<b>49,216</b>	<b>53,203</b>	<b>2.57</b>

First Trust International Capital Strength ETF  
Notes to Financial Statements - Specific Information  
For the year ended December 31, 2019

<b>Switzerland—9.75%</b>				
Logitech International SA, Registered	838	47,002	51,531	2.49
Nestlé SA, Registered	330	43,430	46,394	2.24
Novartis AG, Registered, Registered	405	47,491	49,939	2.41
Roche Holding AG Genussscheine	128	45,623	53,928	2.61
		<b>183,546</b>	<b>201,792</b>	<b>9.75</b>
<b>United Kingdom—25.13%</b>				
AstraZeneca PLC	415	50,211	54,301	2.62
BAE Systems PLC	4,887	49,556	47,477	2.29
Barratt Developments PLC	4,324	47,648	55,529	2.68
British American Tobacco PLC	970	48,622	53,916	2.60
Diageo PLC	870	43,472	47,894	2.31
Ferguson PLC	460	49,892	54,199	2.62
Legal & General Group PLC	11,146	51,662	58,090	2.81
M&G PLC	1,903	7,321	7,764	0.38
Prudential PLC	1,903	49,487	47,430	2.29
Rio Tinto PLC	650	45,648	50,345	2.43
Unilever PLC	581	43,963	43,477	2.10
		<b>487,482</b>	<b>520,422</b>	<b>25.13</b>
<b>Total investments</b>		<b>1,932,631</b>	<b>2,063,338</b>	<b>99.63</b>
Transaction costs		(3,997)		
Other assets, less liabilities			7,570	0.37
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>		<b>1,928,634</b>	<b>2,070,908</b>	<b>100.00</b>

# First Trust Cboe Vest U.S. Equity Buffer ETF - August

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	December 31 2019 (\$)
<b>Assets</b>	
Investments (non-derivative financial assets)	-
Cash	77,728
Derivative assets:	
Options purchased, at fair value	6,546,940
Unrealized appreciation on forward currency contracts	115,444
Other assets	590
	6,740,702
<b>Liabilities</b>	
Derivative liabilities:	
Options written, at fair value	323,448
Accrued liabilities	5,188
Distributions payable to holders of redeemable units	-
	328,636
<b>Total net assets attributable to holders of redeemable units</b>	<b>6,412,066</b>
<b>Total Net Assets Attributable to Holders of Redeemable Units for each class</b>	
<b>Hedged Units</b>	<b>6,412,066</b>
<b>Redeemable units outstanding [note 6]</b>	
<b>Hedged Units</b>	<b>200,000</b>
<b>Net assets attributable to holders of redeemable units per unit</b>	
<b>Hedged Units</b>	<b>32.06</b>

## STATEMENT OF COMPREHENSIVE INCOME

For the period from August 30, 2019 to December 31, 2019

	December 31 2019 (\$)
<b>Revenues</b>	
Interest income for distribution purposes	30
<b>Other changes in fair value of investments and derivatives</b>	
Net realized gain (loss) on options	7,550
Net realized gain (loss) on foreign currency contracts	20,961
Net realized gain (loss) on foreign exchange transactions	(367)
Net change in unrealized appreciation (depreciation) of options	223,135
Net change in unrealized appreciation (depreciation) of foreign currency contracts	115,444
	366,753
Foreign exchange gain (loss) on cash	(371)
	366,382
<b>Expenses [note 7]</b>	
Management fees	15,346
Transaction costs [note 3 and note 9]	1,887
HST expense	1,397
Independent Review Committee fees	164
	18,794
Expenses waived by manager	(164)
	18,630
<b>Increase (Decrease) in net assets attributable to holders of redeemable units before tax</b>	<b>347,752</b>
<b>Withholding taxes</b>	
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	<b>347,752</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for each class</b>	
<b>Hedged Units</b>	<b>347,752</b>
<b>Increase (Decrease) in net assets attributable to holders of redeemable units per unit</b>	
<b>Hedged Units</b>	<b>2.06</b>

See accompanying notes which are an integral part of these financial statements.

On behalf of the Trustee,  
FT Portfolios Canada Co.



..... Director



..... Director

# First Trust Cboe Vest U.S. Equity Buffer ETF - August

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the period from August 30, 2019 to December 31, 2019

	December 31 2019 (\$)
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	-
<b>Increase (Decrease) in net assets attributable to holders of redeemable units</b>	347,752
<b>Redeemable unit transactions [note 6]</b>	
Proceeds from issuance of units	6,064,344
Reinvested distributions	284,000
Redemption of units	(30)
	6,348,314
<b>Distributions to holders of redeemable units from:</b>	
Net investment income	-
Capital gains	(283,834)
Return of capital	(166)
	(284,000)
<b>Increase (Decrease) in net assets attributable to holders of redeemable units for the period</b>	6,412,066
<b>Net assets attributable to holders of redeemable units, end of period</b>	6,412,066

See accompanying notes which are an integral part of these financial statements.



# First Trust Cboe Vest U.S. Equity Buffer ETF - August

## STATEMENT OF CASH FLOW

For the period from August 30, 2019 to December 31, 2019

	December 31 2019 (\$)
<b>Cash flows from (used in) Operating Activities</b>	
Increase (Decrease) in net assets attributable to holders of redeemable units	347,752
Adjustments for:	
Net realized (gain) loss on options	(7,550)
Change in unrealized (appreciation) depreciation of options and foreign currency contracts	(338,579)
Other assets	(590)
Other liabilities	5,188
Purchases of options	(6,369,829)
Proceeds from the sale of options	377,022
	(5,986,586)
<b>Cash flows from (used in) Financing Activities</b>	
Amount received from the issuance of units	6,064,344
Amount paid on redemptions of units	(30)
Distributions paid to unitholders	-
	6,064,314
<b>Increase (Decrease) in cash for the period</b>	<b>77,728</b>
<b>Cash, beginning of period</b>	<b>-</b>
<b>Cash, end of period</b>	<b>77,728</b>
Interest received	30

See accompanying notes which are an integral part of these financial statements.

**First Trust Cboe Vest U.S. Equity Buffer ETF – August**  
**Notes to Financial Statements - Specific Information**  
**For the period ended December 31, 2019**

**A. INVESTMENT OBJECTIVE (NOTE 1)** – The First Trust ETF seeks to provide unitholders with returns (before fees, expenses and taxes) that match the price return of the SPDR® S&P 500® ETF Trust (the “Underlying ETF”) up to a predetermined upside cap (before fees, expenses and taxes), while providing a buffer against the first 10% (before fees, expenses and taxes) of the decrease in market price of the Underlying ETF, over a period of approximately one year from the third Friday of August of each year to on or about the third Friday of August of the following year (a “Target Outcome Period”).

**B. FAIR VALUE MEASUREMENT (NOTE 5)** - The following fair value hierarchy table presents information about the First Trust ETF assets measured at fair value on a recurring basis for the period ended December 31, 2019:

	Financial Assets (Liabilities) at Fair Value (\$)			
	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Derivative assets	–	6,662,384	–	6,662,384
Derivative liabilities	–	(323,448)	–	(323,448)
<b>Total</b>	<b>–</b>	<b>6,338,936</b>	<b>–</b>	<b>6,338,936</b>

There have been no transfers from one Level to another for the period ended December 31, 2019.

The First Trust ETF did not hold any Level 3 instruments at the beginning of, during, or at the end of the reporting period.

**C. REDEEMABLE UNITS (NOTE 6)** - The First Trust ETF issued (redeemed) the following units during the period ended December 31, 2019:

Redeemable Units	Hedged Units
Beginning balance – August 30, 2019*	–
Redeemable units issued	200,001
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1)
<b>Outstanding units – December 31, 2019</b>	<b>200,000</b>

\*commencement of operations

**D. MANAGEMENT FEES AND EXPENSES (NOTE 7)** - Below is the current annual management fee charged to the First Trust ETF:

Annual Management Fee
Hedged Units
0.85%

**E. TAXATION (NOTE 8)**

**Tax loss carry-forwards** – There were no net capital losses nor non-capital losses as at December 31, 2019.

**F. COMMISSION (NOTE 9)** - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the period ended December 31, 2019:

Transaction Cost (\$)
2019
1,887

First Trust Cboe Vest U.S. Equity Buffer ETF – August  
Notes to Financial Statements - Specific Information  
For the period ended December 31, 2019

**G. RELATED PARTY INFORMATION (NOTE 10)** - The total management fees earned by the Manager for the period ended December 31, 2019, including amounts owing as at December 31, 2019 are as follows:

Management Fee Expense (\$)	Management Fee Payable (\$)
2019	2019
15,346	4,599

**H. FINANCIAL RISK MANAGEMENT (NOTE 11)**

**Market risk** - As at December 31, 2019, the First Trust ETF's market risk is affected by changes in actual market prices and interest rates. If the following index had increased (decreased) by 5% at December 31, 2019, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2019	
	5% Increase (\$)	5% Decrease (\$)
S&P 500 Price Return Index (CAD-Hedged)	218,137	(218,137)

**Currency risk** - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2019:

Currency	At December 31, 2019	
	Net Exposure (\$)	% Net Assets
United States Dollar	60,247	0.94

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$602. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Concentration Risk** – The table below summarizes the concentration risk for the period ended December 31, 2019:

Holdings	At December 31, 2019
	% Net Assets
Options	97.06
Total	97.06

First Trust Cboe Vest U.S. Equity Buffer ETF – August  
Notes to Financial Statements - Specific Information  
For the period ended December 31, 2019

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2019

	Expiry Date	Strike Price (\$)	Currency	Number of Options	Underlying Interest on Equity Options	Average Cost (\$)	Fair Value (\$)	% of Total
<b>Purchased Put Options</b>								
SPDR S&P 500 ETF Trust	2020/08/21	288.84	USD	156	15,600	367,799	142,502	2.22
						<b>367,799</b>	<b>142,502</b>	<b>2.22</b>
<b>Purchased Call Options</b>								
SPDR S&P 500 ETF Trust	2020/08/21	2.89	USD	156	15,600	5,918,868	6,404,438	99.88
						<b>5,918,868</b>	<b>6,404,438</b>	<b>99.88</b>
<b>Written Put Options</b>								
SPDR S&P 500 ETF Trust	2020/08/21	259.96	USD	(156)	(15,600)	(202,399)	(66,785)	(1.04)
						<b>(202,399)</b>	<b>(66,785)</b>	<b>(1.04)</b>
<b>Written Call Options</b>								
SPDR S&P 500 ETF Trust	2020/08/21	326.97	USD	(156)	(15,600)	(83,029)	(256,663)	(4.00)
						<b>(83,029)</b>	<b>(256,663)</b>	<b>(4.00)</b>
<b>Total Options</b>						<b>6,001,239</b>	<b>6,223,492</b>	<b>97.06</b>
Transaction costs						(881)		
Unrealized appreciation on foreign currency contracts - see Schedule 1							115,444	1.80
Other assets, less liabilities							73,130	1.14
<b>Total Net Assets Attributable to Holders of Redeemable Units</b>						<b>6,000,358</b>	<b>6,412,066</b>	<b>100.00</b>

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency	Amount		Currency	Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
				Sell	Sold					
Bank of New York Mellon (The), New York	A-1+	2020/01/31	USD	4,788,028		CAD	6,332,000	0.756	0.770	115,444
										<b>115,444</b>

\* Commercial paper rating per Standard and Poor's Commercial Paper Guide

# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

#### 1. GENERAL INFORMATION

The following First Trust exchange-traded funds (each, a “First Trust ETF” and collectively, the “First Trust ETFs”) are continuously distributed exchange-traded mutual funds established as trusts formed on the dates noted below under the laws of the Province of Ontario pursuant to a declaration of trust last amended on November 4, 2019. The units of the First Trust ETFs are listed for trading on the Toronto Stock Exchange (“TSX”), except for some of the Hedged Units<sup>1</sup> of the U.S. Sector Index ETFs.

First Trust ETFs	Ticker Symbols	Inception Date
<b>Actively Managed Funds</b>		
First Trust Canadian Capital Strength ETF	FST,FST.A	November 30, 2001
First Trust Senior Loan ETF (CAD-Hedged) <sup>2</sup>	FSL, FSL.A	August 28, 2013
First Trust International Capital Strength ETF	FINT	May 17, 2018
First Trust Cboe Vest U.S. Equity Buffer ETF – August <sup>3</sup>	AUGB.F	August 30, 2019
<b>Income Funds</b>		
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	FUD, FUD.A	May 15, 2013
First Trust Global Risk Managed Income Index ETF	ETP, ETP.A	July 23, 2014
First Trust Tactical Bond Index ETF	FTB	June 19, 2015
<b>AlphaDEX™ Dividend Funds</b>		
First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)	FDE, FDE.A	May 15, 2013
First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)	EUR, EUR.A	February 4, 2014
<b>AlphaDEX™ U.S. Sector Funds</b>		
First Trust AlphaDEX™ U.S. Financial Sector Index ETF	FHF	October 30, 2014
	FHF.F	-
First Trust AlphaDEX™ U.S. Energy Sector Index ETF	FHE	October 30, 2014
	FHE.F	-
First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF	FHD	October 30, 2014
	FHD.F	-
First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF	FHC	October 30, 2014
	FHC.F	December 8, 2017
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	FHH	October 30, 2014
	FHH.F	December 8, 2017
First Trust AlphaDEX™ U.S. Materials Sector Index ETF	FHM	October 30, 2014
	FHM.F	-
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	FHG	October 30, 2014
	FHG.F	December 8, 2017
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	FHQ	October 30, 2014
	FHQ.F	December 8, 2017
First Trust AlphaDEX™ U.S. Utilities Sector Index ETF	FHU	October 30, 2014
	FHU.F	-
<b>Specialty Funds</b>		
First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)	FSR	September 29, 2016
First Trust Indxx Innovative Transaction and Process ETF	BLCK	March 23, 2018

<sup>1</sup>The Hedged Units of the U.S. Sector Index ETFs were qualified for distribution by a prospectus last renewed on June 7, 2019. As of the date of these annual financial statements, four of the U.S. Sector Index ETFs have offered securities to the public effective December 8, 2017 (i.e. FHC.F, FHH.F, FHG.F, FHQ.F).

<sup>2</sup>Effective November 4, 2019, First Trust Short Duration High Yield Bond ETF (CAD-Hedged) (“FSD”) was merged (“Merger”) with First Trust Senior Loan ETF (CAD-Hedged) (“FSL”) upon receiving management, regulatory and unitholder approval. Pursuant to the Merger, each holder of common units of FSD automatically received 1.108414 common units of FSL for each

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# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

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*common unit of FSD held and each holder of advisor class units of FSD automatically received 1.001905 advisor class units of FSL for each advisor class unit of FSD held on the effective date of the Merger.*

<sup>3</sup>*The Units of First Trust Cboe Vest U.S. Equity Buffer ETF – August was qualified for by a prospectus dated August 14, 2019 and amended on August 30, 2019. As of the date of this management report of fund performance (“MRFP”), the First Trust ETF has not offered any Units to the public.*

The Manager is also the trustee and promoter of the First Trust ETFs. First Trust Advisors L.P., an affiliate of the Manager, is the Portfolio Advisor of the First Trust ETFs. CIBC Mellon Trust Company is the custodian of the assets of the First Trust ETFs.

The address of the Manager is 40 King Street West, Suite 5102, Scotia Plaza, Box 312, Toronto, Ontario M5H 3Y2. The financial statements were authorized for issuance by the Manager on March 13, 2020.

## 2. BASIS OF PRESENTATION

The information provided in these financial statements and notes thereto is as at December 31, 2019 with comparatives as at December 31, 2018 and for the year ended December 31, 2019 with comparatives for the year ended December 31, 2018.

These annual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### Financial instruments

#### (i) Classification

##### Financial Assets

A First Trust ETF classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. A First Trust ETF also manages these financial assets with the objective of realizing cash flows through sales. A First Trust ETF has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income (“FVOCI”). Consequently, these financial assets are mandatorily measured at FVTPL.

##### Financial Liabilities

A First Trust ETF makes short sales in which a borrowed security is sold in anticipation of a future decline in its market value or used as an arbitrage strategy.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that a First Trust ETF manages together and have recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

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# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

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#### **Hedge Accounting**

A First Trust ETF does not apply hedge accounting to any of its derivative positions.

#### **(ii) Financial assets and financial liabilities at amortized cost**

The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

At each reporting date, a First Trust ETF measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, a First Trust ETF measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, a First Trust ETF has determined that the expected credit loss allowances are not material.

#### **(iii) Recognition and measurement**

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, which is the date on which the First Trust ETFs become a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Subsequent to initial recognition, financial assets and liabilities at FVTPL are measured at fair value. Net realized gain (loss) on sale of investments and net change in unrealized appreciation (depreciation) of investments arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income. Fair value is determined in the manner described in item (v) below.

#### **(iv) Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the First Trust ETF has transferred substantially all risks and rewards of ownership.

Financial liabilities at FVTPL are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Net realized gain (loss) on sale of investments and derivatives are determined on a weighted average cost basis.

#### **(v) Fair value measurement**

For the majority of First Trust ETFs, investments in listed securities are measured at fair value, which is determined in reference to their quoted close prices on the principal securities exchange on which the issue is traded. The change in the difference between the fair value and average cost is included in the statement of comprehensive income as unrealized appreciation (depreciation) on investments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

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## First Trust Exchange-Traded Funds

### Notes to Financial Statements

#### For the year ended December 31, 2019

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Forward foreign exchange contracts are valued at the current market value thereof on the valuation date. The value of these forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. A First Trust ETF uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the First Trust ETF may use internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value unlisted equity and debt securities for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the First Trust ETF holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability. The following shows financial instruments recognized at fair value, categorized between those whose fair value is based on:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The determination of what constitutes "observable" requires significant judgment by the First Trust ETF. The First Trust ETF considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of



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## First Trust Exchange-Traded Funds

### Notes to Financial Statements

### For the year ended December 31, 2019

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Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the First Trust ETFs determine whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying values of cash, other assets, other liabilities and the First Trust ETFs' obligation for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

See Note 5 for additional details related to the First Trust ETFs' fair value measurements.

#### **Cash**

Cash consists of cash on deposit and bank overdraft.

#### **Receivable for portfolio securities sold and Payable for portfolio securities purchased**

Receivable for portfolio securities sold and Payable for portfolio securities purchased are recorded on the statement of financial position at the amount to be received or delivered.

#### **Net assets attributable to holders of redeemable units per unit**

First Trust ETFs under the U.S. Sector Funds currently have two classes of redeemable units in issue: Units and Hedged Units. However, the Hedged Units have not offered any securities to the public yet, except for FHC.F, FHH.F, FHQ.F, and FHG.F. Since the U.S. Sector ETFs will seek to hedge their U.S. dollar currency exposure only in respect of the Hedged Units, all of the gains or losses associated with any hedging transactions in that regard will be solely for the account of the Hedged Units.

Majority of the First Trust ETFs not under U.S. Sectors Funds have two classes of redeemable units in issue: Common Class and Advisor Class. For U.S. Sector Funds, four funds have also two classes of redeemable units in issue: Units and Hedged Units. FINT, FTB, FSR, and BLCK have only one class of redeemable units (See note 1 – “The First Trust ETFs”). These classes of redeemable units are the most subordinate classes of financial instruments in First Trust ETFs and rank *pari passu* in all material respects and have the same terms and conditions other than differences in management fee rate where the Advisor Class pays additional amount for service fees (See note 7 – “Management Fees and Expenses”).

A separate net asset value is calculated for each class of Units of the First Trust ETFs. The net asset value of a particular class of unit is computed by calculating the value of the class' proportionate share of the assets and liabilities of the First Trust ETF common to all series less direct expenses attributable only to that class. The net asset value is divided by the number of units outstanding for each class on the day of valuation to compute net asset value per unit. Other expenses are allocated proportionately to each series based upon the relative net assets value of each class. Expenses are accrued daily.

Dividends are distributed according to the dividend policy discussed in the respective simplified prospectuses of the First Trust ETFs. Income not distributed is included in net assets attributable to holders of redeemable shares.

#### **Investment income**

The “Interest income for distribution purposes” shown on the Statement of Comprehensive Income represents the coupon interest received by the First Trust ETFs accounted for on a straight-line basis. The First Trust ETFs do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight-line basis.

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## First Trust Exchange-Traded Funds

### Notes to Financial Statements

#### For the year ended December 31, 2019

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Dividend income is recognized on the ex-dividend date in the statement of comprehensive income within dividend income, gross of withholding taxes, when the Fund's right to receive payments is established.

The First Trust ETFs generally incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

#### **Foreign currencies**

The Manager considers the currency of the primary economic environment in which the First Trust ETFs operate to be the Canadian dollar as this is the currency which, in their opinion, most faithfully represents the economic effects of underlying transactions, events and conditions. Furthermore, Canadian dollars is the currency in which the First Trust ETFs measure its performance and also issues and redeems its redeemable shares.

Investments purchased or sold in foreign currencies are translated into Canadian dollars using the exchange rate prevailing on the trade date. Income on foreign investments is recorded at gross, withholding taxes are shown separately as a line item, and are translated at the rate of exchange on the dates of such transactions. The fair values of investments and other assets and liabilities in foreign currencies are translated at the period-end exchange rates.

#### **Increase (decrease) in net assets attributable to holders of redeemable units per unit**

Increase (decrease) in net assets from operations per unit represents the increase (decrease) in net assets from operations by class divided by the average units outstanding per class during the period.

#### **Transaction costs**

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are presented as a separate line item in the Statement of Comprehensive Income in the period incurred.

First Trust Senior Loan ETF (CAD-Hedged) ("FSL") typically does not incur transaction costs because this First Trust ETFs invests in senior loans and high yield bonds. Transaction costs are not incurred on the purchase and sale of senior loans and high yield bonds.

#### **Forward foreign exchange currency agreements**

Some of the First Trust ETFs may purchase forward foreign exchange currency agreements to hedge assets and liabilities denominated in foreign currencies.

The value of the forward foreign exchange currency agreements is the gain or loss that would be realized if, on the valuation date, the position in the forward contract was closed out in accordance with its terms. The unrealized gains or losses on the forward contract are reported as part of the net change in unrealized appreciation or depreciation of derivatives in the statement of comprehensive income until it is closed out or partially settled.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

Upon the closing out of the instrument, any gain or loss on forward foreign exchange currency agreements is disclosed in the Statement of Comprehensive Income as net realized (loss) gain on foreign exchange.

Forward contracts entered into by the First Trust ETFs represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity.

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# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

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#### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the First Trust ETF currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### **Critical accounting estimates and assumptions**

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing these financial statements. Actual results may differ from these estimates.

#### **Fair value of securities not quoted in an active market**

The fair value of such securities not quoted in an active market may be determined by the First Trust ETFs using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. The First Trust ETF would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the First Trust ETFs. The First Trust ETFs considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 5 for further information about the fair value measurement of the First Trust ETFs' financial instruments.

#### **4. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS**

Certain First Trust ETFs may enter into forward foreign exchange currency agreements to minimize the impact of changes in the Canadian-U.S. foreign exchange rate or Canadian-CHF/EUR/GBP foreign exchange rates on the First Trust ETFs' net asset value. The typical duration for a forward contract is one month but some contracts may be for longer periods up to six months. Bank of New York Mellon is the counterparty to all forward contracts of the First Trust ETFs except for FSL for which Canadian Imperial Bank of Commerce is the counterparty.

*The forward foreign exchange currency agreements, as applicable, shown in the Notes to Financial Statements - Specific Information under Schedule of Portfolio Investments for each First Trust ETF.*

#### **5. FAIR VALUE MEASUREMENT**

Valuation techniques and inputs used for the fair value measurements categorized within Level 2 of the fair value hierarchy is given below:

##### **Unlisted debt securities**

Unlisted debt securities are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices.

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# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

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#### Senior loans

The senior loans in which the First Trust ETF invest are not listed on any securities exchange or board of trade. Senior loans are typically bought and sold by institutional investors in individually negotiated private transactions that function in many respects like an over-the-counter secondary market, although typically no formal market-makers exist. This market, while having grown substantially in the past several years, generally has fewer trades and less liquidity than the secondary market for other types of securities. Some senior loans have few or no trades, or trade infrequently, and information regarding specific senior loans may not be widely available or may be incomplete. Accordingly, determinations of the fair value of senior loans may be based on infrequent and dated information. Because there is less reliable, objective data available, judgment and estimates play a greater role in valuation of senior loans than for other types of securities. Senior loans with readily available quotations are valued at fair value using the current bid price quotations provided by a prominent pricing service. Senior loans for which current quotations are not readily available are valued at fair value as determined by the Portfolio Advisor Pricing Committee. The Pricing Committee prices the assets if a price is unavailable from the pricing service.

#### Forward foreign exchange currency contracts

The value of the forward foreign exchange currency agreements is the gain or loss that would be realized if, on the valuation date, the position in the forward contract was closed out in accordance with its terms. The most significant observable input is the forward foreign currency exchange rate.

#### Options

Options are classified as level 1 when they are exchange traded and prices are readily available on the market. When the options do not trade and prices are not readily available, they are priced by a third-party pricing service that uses an options pricing model to price the options. The option pricing model utilizes, as inputs, observable traded prices of other options with similar or nearby strike prices and expiration dates. Since the inputs to the option pricing model are observable, the options are classified into level 2.

*The fair value hierarchy classifications of assets and liabilities are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF, where applicable.*

## 6. REDEEMABLE UNITS

Many of the First Trust ETFs have two classes of redeemable units in issue: Common Class and Advisor Class (See note 1 – “The First Trust ETFs”). The only difference between these units is the service fee component of the management fee payable by a First Trust ETF in respect of the units of each class (as described under “Management Fees and Expenses” – See note 7). Accordingly, the net asset value per unit of each class may not be the same as a result of the different fees allocable to each class of units.

Majority of the U.S. Sector Funds currently have one class of redeemable units called Units. The Hedged Units have not offered any securities to the public yet, except for FHC.F, FHH.F, FHQ.F, and FHG.F.

FINT, FTB, FSR, BLCK have also only one class of redeemable units called Units.

AUGB.F has only one class of redeemable units called Hedged Units.

Units of each of the First Trust ETFs are being issued and sold on a continuous basis and there is no maximum number of units that may be issued. The Units of the First Trust ETFs are Canadian dollar denominated. The First Trust ETFs are listed on the TSX and an investor is able to buy or sell Units of the First Trust ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units.

Investors that redeem Units prior to the distribution record date for any distribution will not be entitled to receive that distribution.

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# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

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#### **7. MANAGEMENT FEES AND EXPENSES**

Each First Trust ETF will pay the Manager a management fee and, in respect of the Advisor Class Units, an additional amount for a service fee based on the average daily NAV of the applicable First Trust ETF.

The management fee, plus applicable taxes, including HST, are accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

**Advisor Class Units Service Fee:** The Manager pays to registered dealers a service fee equal to 1.00% per annum of the NAV of the Advisor Class Units in respect of all First Trust ETFs, other than First Trust Global Risk Managed Income Index ETF (“ETP”), FSL, and 0.50% per annum of the NAV of the Advisor Class Units in respect of ETP, FSL, for each Advisor Class Unit held by clients of the registered dealer, plus any applicable taxes. The service fee will be calculated and accrued daily and paid quarterly at the end of each calendar quarter.

In addition to the payment of the management fee, each First Trust ETF is responsible for the costs and expenses incurred in complying with NI 81-107 (including any expenses related to the implementation and on-going operation of an independent review committee), brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, the costs of complying with any new governmental or regulatory requirement introduced after the First Trust ETFs were established and extraordinary expenses and, in the discretion of the Manager, any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in the First Trust ETF. The Manager is responsible for all other costs and expenses of the First Trust ETFs, including fees payable to the Portfolio Advisor, Custodian, Valuation Agent, Registrar and Transfer Agent and Plan Agent and fees payable to other service providers retained by the Manager.

*The management fees charged are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.*

#### **8. TAXATION**

##### **Income taxes**

The First Trust ETFs are trusts and are expected to meet the requirements to be mutual fund trusts under the provisions of the Income Tax Act (Canada) (the “Tax Act”). The First Trust ETFs will generally not be subject to tax under Part I of the Tax Act in respect of its net income or net realized capital gains in each taxation year to the extent that such net income and net realized capital gains are paid or payable in the year to the unitholders.

##### **Distributions**

Cash distributions on Units of a First Trust ETF are paid primarily out of dividends or distributions and other income or gains received by the First Trust ETF less the expenses of the First Trust ETF but may also consist of non-taxable amounts including return of capital, which may be paid in the Manager’s sole discretion. To the extent that the expenses of a First Trust ETF exceed the income generated by such First Trust ETF in any given month, quarter or year, as the case may be, it is not expected that a monthly distribution will be paid. As a result of the higher management fees on the Advisor Class Units, any such cash distributions on the Advisor Class Units are expected to be less than the distributions payable on the Common Units. Non-cash distributions are reinvested in units of the First Trust ETFs.

Distributions of sufficient net realized capital gains (reduced by loss carry-forwards, if any) are made, on record date, after December 15 but on or before December 31 to ensure that the First Trust ETF will not be liable for income taxes.

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# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

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#### **Tax loss carry-forwards**

The non-capital losses for income tax purposes may be carried forward for 20 years. The net capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years.

*The net capital losses and non-capital losses, as applicable, are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.*

#### **9. COMMISSION**

*Total commissions and other transaction costs paid or payable to dealers by the First Trust ETFs for their portfolio transactions, where applicable, are discussed in the Specific Information for each First Trust ETF. Note that FSL typically does not incur transaction costs because this First Trust ETF invests in senior loans and bonds (see Note 3 - Significant Accounting Policies, under Transaction Costs).*

#### **10. RELATED PARTY INFORMATION**

The Manager is responsible for the management and administration of the First Trust ETFs. In consideration for the services provided by the Manager, the First Trust ETFs pay management fees (see note 7 – Management Fees and Expenses).

*The total management fees earned by the Manager including amounts owing where applicable, are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.*

#### **11. FINANCIAL RISK MANAGEMENT**

The First Trust ETFs are exposed to a number of risks due to the nature of their activities and as further set out in its offering memorandum. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The First Trust ETFs' objective in managing these risks is the protection and enhancement of share value.

*The financial risk management (market risk, interest rate risk, credit risk, currency risk, liquidity risk, and concentration risk) as applicable, are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.*

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the First Trust ETFs are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the First Trust ETFs is determined by the fair value of the financial instruments. The Portfolio Advisor moderates this risk through a careful selection of securities within specified limits and the First Trust ETFs' market price risk is moderated through diversification of the investment portfolio. The Investment Manager monitors the First Trust ETFs' overall market positions on a daily basis and positions are maintained within established ranges.

ETP, FSR, FTB, and BLCK, hold other ETFs. There is no look-through of the financial risks. Thus, they are indirectly exposed to the market risk through the investments held by the ETFs in their investment portfolio.

For the years ended December 31, 2019 and 2018, the overall market exposures relate to the First Trust ETFs' investments in securities.

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# First Trust Exchange-Traded Funds

## Notes to Financial Statements

### For the year ended December 31, 2019

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#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Certain First Trust ETFs are exposed to interest rate risk as they invest in listed debt securities bearing interest at fixed and floating interest rates. Other financial assets and liabilities exposed to interest rate risk include borrowings which are invested at long term interest rates and cash and bank balances which are invested at short term interest rate. The Portfolio Advisors manage the First Trust ETFs' exposure to interest rate risk on a daily basis in accordance with the First Trust ETFs' investment objectives and policies. The First Trust ETFs' overall exposure to interest rate risk is monitored closely by the Portfolio Advisors.

Interest rate risk arises on interest-bearing financial instruments. The majority of the First Trust ETFs', except FSL, FTB, and ETP, financial assets and liabilities are non-interest bearing. As a result, the majority of the First Trust ETFs' are not subject to significant amounts of interest rate risks due to fluctuations in the prevailing level of market interest rates.

FSL, FTB, and ETP, invest in interest-bearing securities. The income of these First Trust ETFs may be affected by changes in interest rates relevant to particular securities or as a result of the Portfolio Advisor being unable to secure similar returns on the expiry or sale of securities. In addition, the price of interest-bearing securities will also fluctuate with interest rate changes. FSL holds senior loans that have an interest rate reset period of approximately 30 - 90 days. As a result, this First Trust ETF is not exposed to a significant risk, relative to a fixed rate fund, that the NAV will fluctuate due to changes in the prevailing levels of market interest rates. FTB and ETP hold various exchange traded funds (the "Underlying ETFs") that invest in interest bearing securities, some of which are fixed rate. As a result, the price of the Underlying ETFs may fluctuate due to changes in the prevailing levels of market interest rates.

ETP, FSR, and FTB hold other ETFs. There is no look-through of the financial risks. Thus, they are indirectly exposed to the interest rate risk through the investments held by the ETFs in their investment portfolio.

As noted above, senior loans have very little interest rate sensitivity due to their floating interest rate. High yield bonds, by contrast, typically have a fixed interest rate and are subject to greater interest rate sensitivity.

#### **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will cause a loss by failing to discharge its obligations. The First Trust ETFs are exposed to credit risk on its debt instruments, derivative assets, cash and cash equivalents and other short-term trade receivables.

The First Trust ETFs, except FTB, ETP, and FSL, had no significant investments in debt instruments and/or derivatives as of December 31, 2019, as applicable.

FTB and ETP - The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. For more information regarding the credit risk of underlying funds, refer to the underlying funds' financial statements available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

FSL - The value of senior loans is affected by the creditworthiness of borrowers and by general economic and specific industry conditions. If this First Trust ETF acquires a senior loan from another lender, for example, by acquiring a participation, this First Trust ETF may also be subject to credit risks with respect to that lender. As at December 31, 2019, the maximum credit risk exposure of this First Trust ETF is \$58,946,149 (December 31, 2018 - \$77,895,576).

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## First Trust Exchange-Traded Funds

### Notes to Financial Statements

#### For the year ended December 31, 2019

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ETP, FSR, and FTB hold other ETFs. There is no look-through of the financial risks. Thus, they are indirectly exposed to the credit risk through the investments held by the ETFs in their investment portfolio.

#### **Currency risk**

Many of the First Trust ETFs hold assets and liabilities, including cash, short-term investments, equities, fixed income instruments and currency-based derivative contracts that are denominated in foreign currencies. These First Trust ETFs are therefore exposed to currency risk, as the value of the securities denominated in another currency fluctuates due to changes in exchange rates.

The currency risk will typically be hedged by entering into foreign currency forward contracts if required, however some moderate currency exposure may be assumed if deemed to be beneficial to the First Trust ETFs.

ETP, FSR, FTB, and BLCK hold other ETFs. There is no look-through of the financial risks. Thus, they are indirectly exposed to the currency risk through the investments held by the ETFs in their investment portfolio.

ETP, FTB, and FST are Canadian funds therefore they have insignificant currency risk as at December 31, 2019.

#### **Liquidity risk**

Liquidity risk is defined as the risk that the First Trust ETFs may not be able to settle or meet their obligation. The First Trust ETFs are exposed to daily cash redemptions of redeemable units. Therefore, the First Trust ETFs invest the majority of the assets in investments that are traded in the active market and can be readily disposed. In addition, the First Trust ETFs retain sufficient cash and cash equivalent positions to maintain liquidity.

FSL invests substantial portions of its assets 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, these First Trust ETFs 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 exchange or redemption requests by unitholders of these First Trust ETFs.

#### **Concentration Risk**

Concentration risk indicates the relative sensitivity of the First Trust ETFs' performance to developments affecting a particular industry or geographical location. Concentrations of risk also arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Portfolio Advisor monitors concentration risk through diversification and a thorough understanding of each investment in the portfolio.

## **12. CAPITAL MANAGEMENT**

The First Trust ETFs' capital are the net assets, representing unitholders' equity. The First Trust ETFs' objectives when managing capital is to safeguard the First Trust ETFs' ability to continue as a going concern in order to provide returns for unitholders, maximize unitholder value and maintain financial strength.

The First Trust ETFs are not subject to any externally imposed capital requirements.



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First Trust Exchange-Traded Funds  
Notes to Financial Statements  
For the year ended December 31, 2019

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**13. SECURITIES LENDING**

A First Trust ETF may, in compliance with NI 81-102, lend portfolio securities to third parties pursuant to the terms of a securities lending agreement between the First Trust ETF and a securities lending agent under which: (i) the borrower will pay to the First Trust ETF a negotiated securities lending fee and will make compensation payments to the First Trust ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the First Trust ETF will receive collateral security equal to at least 102% of the value of the portfolio securities loaned. The securities lending agent for a First Trust ETF will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

As of December 31, 2019, and 2018, there were no securities lending done by the First Trust ETFs.

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