



2016 Annual Financial Statements

First Trust AlphaDEX™ Canadian Dividend ETF
First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
First Trust Senior Loan ETF (CAD-Hedged)
First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
First Trust Global Risk Managed Income Index ETF
First Trust Tactical Bond 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
First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF
First Trust AlphaDEX™ U.S. Materials Sector Index ETF
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF
First Trust AlphaDEX™ U.S. Technology Sector Index ETF
First Trust AlphaDEX™ U.S. Utilities Sector Index ETF
First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)
First Trust Canadian Capital Strength ETF

As at December 31, 2016

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MANAGEMENT REPORT

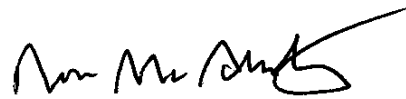
Management's Responsibility for Financial Reporting

First Trust AlphaDEX™ Canadian Dividend ETF
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First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)
First Trust Canadian Capital Strength ETF
(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.



Fraser Howell
Director



Ron McAlister
Director

Independent Auditor's Report

To the Unitholders of:

First Trust AlphaDEX™ Canadian Dividend ETF
First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
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First Trust Tactical Bond Index ETF
First Trust Canadian Capital Strength ETF
(collectively, the "First Trust ETFs")

We have audited the accompanying financial statements of the First Trust ETFs, per below, and a summary of significant accounting policies and other explanatory information.

Fund	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 AlphaDEX™ Canadian Dividend ETF First Trust AlphaDEX™ U.S. Dividend 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 First Trust AlphaDEX™ U.S. Energy Sector Index ETF First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF First Trust AlphaDEX™ U.S. Health Care Sector Index ETF First Trust AlphaDEX™ U.S. Materials Sector Index ETF First Trust AlphaDEX™ U.S. Industrials Sector Index ETF First Trust AlphaDEX™ U.S. Technology Sector Index ETF First Trust AlphaDEX™ U.S. Utilities Sector Index ETF First Trust Global Risk Managed Income Index ETF First Trust Senior Loan ETF (CAD-Hedged)	December 31, 2016 and December 31, 2015	the years ended December 31, 2016 and December 31, 2015
First Trust Tactical Bond Index ETF	December 31, 2016 and December 31, 2015	the year ended December 31, 2016 and the period June 19, 2015 to December 31, 2015
First Trust Short Duration High Yield Bond ETF (CAD-Hedged) First Trust Canadian Capital Strength ETF (formerly, First Trust Canadian Capital Strength Portfolio)	December 31, 2016 and June 30, 2016	the period July 1, 2016 to December 31, 2016 and the year ended June 30, 2016
First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)	December 31, 2016	the period September 29, 2016 to December 31, 2016

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the First Trust ETFs as at the dates listed above, and its financial performance and its cash flows for the periods listed above in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 23, 2017

First Trust AlphaDEX™ Canadian Dividend ETF

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	4,807,705	4,017,712
Cash	25,742	36,280
Accrued dividend receivable	19,452	23,218
Other assets	855	11,621
	4,853,754	4,088,831
Liabilities		
Accrued liabilities	5,400	10,389
Distributions payable to holders of redeemable units	11,190	-
	16,590	10,389
Total net assets attributable to holders of redeemable units	4,837,164	4,078,442
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	3,869,087	3,262,362
Advisor Class	968,077	816,080
Redeemable units outstanding [note 6]		
Common Class	200,000	200,000
Advisor Class	50,000	50,000
Net assets attributable to holders of redeemable units per class		
Common Class	19.35	16.31
Advisor Class	19.36	16.32

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

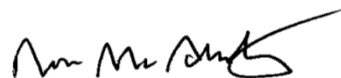
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	157,039	259,656
Interest income for distribution purposes	1,896	-
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	252,974	(926,292)
Net realized loss on foreign exchange	(145)	(605)
Net change in unrealized appreciation (depreciation) of investments	535,051	(2,104)
	946,815	(669,345)
Foreign exchange gain on cash	130	1,671
	946,945	(667,674)
Expenses [note 7]		
Management fees	26,878	37,400
Service fees	8,962	18,359
Transaction costs [note 3 and note 9]	3,779	5,337
HST expense	3,682	4,841
Independent Review Committee fees	903	1,196
Interest expense	-	18
	44,204	67,151
Expenses waived by manager	(903)	(1,196)
	43,301	65,955
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	903,644	(733,629)
Withholding taxes	(5,257)	-
Increase (Decrease) in net assets attributable to holders of redeemable units	898,387	(733,629)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	726,545	(459,459)
Advisor Class	171,842	(274,170)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	3.64	(1.97)
Advisor Class	3.44	(2.80)

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™ Canadian Dividend ETF

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

For the years ended December 31, 2016 and 2015

	December 31, 2016 (\$) Common Class (\$)	December 31, 2015 (\$) Common Class (\$)	December 31, 2016 (\$) Advisor Class (\$)	December 31, 2015 (\$) Advisor Class (\$)
Net assets attributable to holders of redeemable units, beginning of year	3,262,362	5,843,196	816,080	1,948,874
Increase (Decrease) in net assets attributable to holders of redeemable units	726,545	(459,459)	171,842	(274,170)
Redeemable unit transactions [note 6]				
Redemption of units	-	(1,965,665)	-	(811,174)
	-	(1,965,665)	-	(811,174)
Distributions to holders of redeemable units from:				
Net investment income	(96,577)	(143,586)	(15,995)	(43,755)
Return of capital	(23,243)	(12,124)	(3,850)	(3,695)
	(119,820)	(155,710)	(19,845)	(47,450)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	606,725	(2,580,834)	151,997	(1,132,794)
Net assets attributable to holders of redeemable units, end of year	3,869,087	3,262,362	968,077	816,080
			December 31, 2016 (\$) Total (\$)	December 31, 2015 (\$) Total (\$)
Net assets attributable to holders of redeemable units, beginning of year			4,078,442	7,792,070
Increase (Decrease) in net assets attributable to holders of redeemable units			898,387	(733,629)
Redeemable unit transactions [note 6]				
Redemption of units			-	(2,776,839)
			-	(2,776,839)
Distributions to holders of redeemable units from:				
Net investment income			(112,572)	(187,341)
Return of capital			(27,093)	(15,819)
			(139,665)	(203,160)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			758,722	(3,713,628)
Net assets attributable to holders of redeemable units, end of year			4,837,164	4,078,442

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

First Trust AlphaDEX™ Canadian Dividend ETF

STATEMENTS OF CASH FLOW For the years ended December 31, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	898,387	(733,629)
Adjustments for:		
Foreign exchange gain on cash	(130)	(1,671)
Net realized (gain) loss on sale of investments	(252,974)	926,292
Change in unrealized (appreciation) depreciation of investments	(535,051)	2,104
Dividends receivable	3,766	10,921
Other assets	10,766	(11,621)
Other liabilities	(4,989)	9,066
Purchases of investments	(4,156,232)	(5,003,851)
Proceeds from the sale of investments	4,154,264	7,817,152
	117,807	3,014,763
Cash flows from (used in) Financing Activities		
Amount paid on redemptions of units	-	(2,776,839)
Distributions paid to unitholders	(128,475)	(224,749)
	(128,475)	(3,001,588)
(Decrease) increase in cash for the year	(10,668)	13,175
Foreign exchange gain on cash	130	1,671
Cash, beginning of year	36,280	21,434
Cash, end of year	25,742	36,280
Interest received	1,896	-
Dividends received, net of withholding taxes	155,548	270,577

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

First Trust AlphaDEX™ Canadian Dividend ETF

Notes to Financial Statements - Specific Information

For the year ended December 31, 2016

A. INVESTMENT OBJECTIVE (NOTE 1) - The First Trust ETF seeks to provide unitholders with exposure to the performance of a portfolio of higher yielding Canadian dividend paying stocks, as well as providing unitholders with monthly distributions. The First Trust ETF will primarily invest in Canadian dividend paying equities.

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, 2016 and 2015:

Financial Assets at Fair Value (\$)				
As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	4,807,705	–	–	4,807,705
	4,807,705	–	–	4,807,705

Financial Assets at Fair Value (\$)				
As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	4,017,712	–	–	4,017,712
	4,017,712	–	–	4,017,712

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	–	–	–	200,000	–	–	(100,000)	200,000
Advisor	–	–	–	50,000	–	–	(50,000)	50,000

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 ¹
0.60%	1.60%

¹Includes a service fee of 1.00%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
396,586	960,840	–	–

First Trust AlphaDEX™ Canadian Dividend ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015:

Transaction Cost (\$)	
2016	2015
3,779	5,337

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
26,878	37,400	2,443	2,342

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P/TSX Composite Index	237,021	(237,021)	206,165	(206,165)

Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Financials	21.37	19.90
Energy	19.92	13.05
Real Estate	13.94	15.88
Industrials	13.45	13.22
Utilities	12.18	16.48
Consumer Discretionary	6.08	5.25
Telecommunication Services	4.39	7.47
Information Technology	3.68	-
Materials	3.24	7.26
Consumer Staples	1.14	-
Total	99.39	98.51

First Trust AlphaDEX™ Canadian Dividend ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Consumer Discretionary—6.08%				
EnerCare Inc.	4,327	72,953	77,194	1.60
Magna International Inc., Class 'A'	2,328	121,782	135,722	2.81
Shaw Communications Inc., Class 'B'	3,006	75,073	80,982	1.67
		269,808	293,898	6.08
Consumer Staples—1.14%				
Cott Corp.	3,630	53,289	55,176	1.14
		53,289	55,176	1.14
Energy—19.92%				
AltaGas Ltd.	808	26,284	27,391	0.57
ARC Resources Ltd.	1,083	25,840	25,028	0.52
Cameco Corp.	8,308	113,557	116,644	2.41
Canadian Natural Resources Ltd.	1,148	42,418	49,123	1.02
Enbridge Inc.	1,886	103,548	106,559	2.20
Enbridge Income Fund Holdings Inc.	757	26,185	26,321	0.54
Gibson Energy Inc.	2,810	52,350	53,334	1.10
Inter Pipeline Ltd.	950	26,362	28,158	0.58
Parkland Fuel Corp.	3,777	104,850	106,247	2.20
Pembina Pipeline Corp.	666	26,405	27,945	0.58
Peyto Exploration & Development Corp.	776	26,156	25,771	0.53
PrairieSky Royalty Ltd.	1,572	51,279	50,210	1.04
Suncor Energy Inc.	1,835	73,657	80,556	1.67
TORC Oil & Gas Ltd.	6,251	47,939	51,696	1.07
TransCanada Corp.	1,337	72,657	80,942	1.67
Veresen Inc.	2,159	26,448	28,304	0.58
Vermilion Energy Inc.	942	52,648	53,214	1.10
Whitecap Resources Inc.	2,161	25,673	26,278	0.54
		924,256	963,721	19.92
Financials—21.37%				
Bank of Nova Scotia	1,410	90,212	105,411	2.18
Canadian Western Bank	2,652	72,037	80,462	1.66
Home Capital Group Inc.	3,464	100,642	108,562	2.25
Industrial Alliance Insurance and Financial Services Inc.	2,287	122,168	122,103	2.52
Manulife Financial Corp.	5,634	130,991	134,709	2.79
National Bank of Canada	1,542	77,354	84,085	1.74
Power Financial Corp.	3,111	104,841	104,405	2.16
Sun Life Financial Inc.	2,509	116,140	129,339	2.67
TMX Group Ltd.	1,536	105,108	109,855	2.27
Toronto-Dominion Bank (The)	826	47,801	54,698	1.13
		967,294	1,033,629	21.37
Industrials—13.45%				
Aecon Group Inc.	8,438	116,580	128,680	2.66
Finning International Inc.	4,831	126,058	127,007	2.63
New Flyer Industries Inc.	3,156	129,428	128,891	2.66
WestJet Airlines Ltd.	6,183	141,946	142,456	2.95
WSP Global Inc.	2,760	110,141	123,344	2.55
		624,153	650,378	13.45

First Trust AlphaDEX™ Canadian Dividend ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Information Technology—3.68%				
DH Corp.	5,633	103,422	125,503	2.59
MacDonald, Dettwiler and Associates Ltd.	788	52,166	52,710	1.09
		155,588	178,213	3.68
Materials—3.24%				
Methanex Corp.	1,794	81,413	105,649	2.18
Potash Corp. of Saskatchewan Inc.	1,081	25,411	26,257	0.54
Tahoe Resources Inc.	1,966	26,089	24,870	0.52
		132,913	156,776	3.24
Real Estate—13.94%				
Allied Properties REIT	3,033	93,526	109,036	2.25
Boardwalk REIT	1,685	78,521	81,975	1.69
Canadian Apartment Properties REIT	4,295	115,135	134,734	2.79
Chartwell Retirement Residences	1,823	22,896	26,707	0.55
Cominar REIT	9,334	129,249	137,397	2.84
First Capital Realty Inc.	3,896	80,311	80,530	1.67
RioCan REIT	3,906	102,463	104,017	2.15
		622,101	674,396	13.94
Telecommunication Services—4.39%				
BCE Inc.	1,367	71,553	79,327	1.64
Rogers Communications Inc., Class 'B'	1,026	48,029	53,136	1.10
TELUS Corp.	1,873	74,672	80,071	1.65
		194,254	212,534	4.39
Utilities—12.18%				
Algonquin Power & Utilities Corp.	4,711	44,729	53,658	1.11
ATCO Ltd., Class 'I'	2,437	102,949	108,836	2.25
Brookfield Renewable Partners L.P.	2,009	78,833	80,059	1.66
Canadian Utilities Ltd., Class 'A'	1,489	52,309	53,887	1.11
Capital Power Corp.	5,577	128,717	129,554	2.68
Emera Inc.	1,177	46,813	53,424	1.11
Fortis Inc.	1,961	68,671	81,303	1.68
Northland Power Inc.	1,213	22,474	28,263	0.58
		545,495	588,984	12.18
Total investments		4,489,151	4,807,705	99.39
Transaction costs		(1,772)		
Other assets, less liabilities			29,459	0.61
Total Net Assets Attributable to Holders of Redeemable Units		4,487,379	4,837,164	100.00

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	8,442,985	10,729,386
Cash	32,750	149,055
Accrued dividend receivable	19,995	30,239
Derivative assets	76,804	11,178
Other assets	1,879	11,452
	8,574,413	10,931,310
Liabilities		
Accrued liabilities	8,348	16,264
Distributions payable to holders of redeemable units	31,185	31,075
	39,533	47,339
Total net assets attributable to holders of redeemable units	8,534,880	10,883,971
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	7,333,541	9,797,583
Advisor Class	1,201,339	1,086,388
Redeemable units outstanding [note 6]		
Common Class	300,663	450,000
Advisor Class	49,335	50,000
Net assets attributable to holders of redeemable units per class		
Common Class	24.39	21.77
Advisor Class	24.35	21.73

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

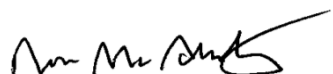
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	336,547	902,285
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	90,779	925,388
Net realized gain (loss) on derivatives	185,275	(2,739,659)
Net realized gain (loss) on foreign exchange	4,336	(168,705)
Net change in unrealized appreciation (depreciation) of investments	588,465	(633,244)
Net change in unrealized appreciation (depreciation) of derivatives	65,626	(6,247)
	1,271,028	(1,720,182)
Foreign exchange gain on cash	1,120	6,369
Securities lending revenue	-	5,452
	1,272,148	(1,708,361)
Expenses [note 7]		
Management fees	56,801	105,070
Service fees	11,159	21,668
HST expense	6,956	14,505
Transaction costs [note 3 and note 9]	6,662	10,018
Independent Review Committee fees	1,918	3,352
Interest expense	106	510
	83,602	155,123
Expenses waived by manager	(1,918)	(3,352)
	81,684	151,771
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	1,190,464	(1,860,132)
Withholding taxes	(43,533)	(80,233)
Increase (Decrease) in net assets attributable to holders of redeemable units	1,146,931	(1,940,365)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	1,001,046	(1,667,864)
Advisor Class	145,885	(272,501)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	2.69	(2.57)
Advisor Class	2.97	(2.95)

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. Dividend ETF (CAD-Hedged)

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

For the years ended December 31, 2016 and 2015

	December 31, 2016 (\$) Common Class (\$)	December 31, 2015 (\$) Common Class (\$)	December 31, 2016 (\$) Advisor Class (\$)	December 31, 2015 (\$) Advisor Class (\$)
Net assets attributable to holders of redeemable units, beginning of year	9,797,583	13,590,342	1,086,388	1,232,795
Increase (Decrease) in net assets attributable to holders of redeemable units	1,001,046	(1,667,864)	145,885	(272,501)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	3,521,816	4,856,967	-	1,238,885
Reinvested distributions	-	216,000	-	24,000
Redemption of units	(6,769,423)	(6,570,547)	(13,746)	(1,078,536)
	(3,247,607)	(1,497,580)	(13,746)	184,349
Distributions to holders of redeemable units from:				
Net investment income	(217,239)	(625,256)	(17,188)	(58,064)
Return of capital	(242)	(2,059)	-	(191)
	(217,481)	(627,315)	(17,188)	(58,255)
(Decrease) Increase in net assets attributable to holders of redeemable units for the year	(2,464,042)	(3,792,759)	114,951	(146,407)
Net assets attributable to holders of redeemable units, end of year	7,333,541	9,797,583	1,201,339	1,086,388
			December 31, 2016 (\$) Total (\$)	December 31, 2015 (\$) Total (\$)
Net assets attributable to holders of redeemable units, beginning of year			10,883,971	14,823,137
Increase (Decrease) in net assets attributable to holders of redeemable units			1,146,931	(1,940,365)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			3,521,816	6,095,852
Reinvested distributions			-	240,000
Redemption of units			(6,783,169)	(7,649,083)
			(3,261,353)	(1,313,231)
Distributions to holders of redeemable units from:				
Net investment income			(234,427)	(683,320)
Return of capital			(242)	(2,250)
			(234,669)	(685,570)
Decrease in net assets attributable to holders of redeemable units for the year			(2,349,091)	(3,939,166)
Net assets attributable to holders of redeemable units, end of year			8,534,880	10,883,971

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

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)

STATEMENTS OF CASH FLOW For the years ended December 31, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	1,146,931	(1,940,365)
Adjustments for:		
Foreign exchange gain on cash	(1,120)	(6,369)
Net realized gain on sale of investments	(90,779)	(925,388)
Change in unrealized (appreciation) depreciation of investments and derivatives	(654,091)	639,491
Dividends receivable	10,244	(6,843)
Other assets	9,573	(11,452)
Other liabilities	(7,916)	11,542
Purchases of investments	(16,403,555)	(26,355,961)
Proceeds from the sale of investments	19,369,200	30,692,239
	3,378,487	2,096,894
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	3,521,816	6,095,852
Amount paid on redemptions of units	(6,783,169)	(7,649,083)
Distributions paid to unitholders	(234,559)	(453,890)
	(3,495,912)	(2,007,121)
(Decrease) Increase in cash for the year	(117,425)	89,773
Foreign exchange gain on cash	1,120	6,369
Cash, beginning of year	149,055	52,913
Cash, end of year	32,750	149,055
Dividends received, net of withholding taxes	303,258	815,209

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

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks to provide unitholders with exposure to the performance of a portfolio of higher yielding U.S. dividend paying stocks, as well as providing Unitholders with monthly distributions. The First Trust ETF will primarily invest in U.S. dividend paying equities.

B. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS (NOTE 4) - The below table shows information about the First Trust ETF's forward foreign exchange currency agreement for the years ended December 31, 2016 and 2015:

December 31, 2016			December 31, 2015		
Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)	Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)
8,590,000	100.65%	76,804	11,040,000	101.43%	11,178

C. 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, 2016 and 2015:

Financial Assets and Financial Liabilities at Fair Value (\$)				
As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	8,442,985	–	–	8,442,985
Derivative assets	–	76,804	–	76,804
	8,442,985	76,804	–	8,519,789

Financial Assets at Fair Value (\$)				
As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	10,729,386	–	–	10,729,386
Derivative assets	–	11,178	–	11,178
	10,729,386	11,178	–	10,740,564

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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

D. REDEEMABLE UNITS (NOTE 6) - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	150,663	–	(300,000)	300,663	200,000	–	(300,000)	450,000
Advisor	–	–	(665)	49,335	50,000	–	(50,000)	50,000

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

E. 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 ¹
0.60%	1.60%

¹Includes a service fee of 1.00%

F. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
968,662	1,892,349	—	—

G. 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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
6,662	10,018

H. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
56,801	105,070	4,387	6,256

I. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P 500 Index (CAD-Hedged)	367,853	(367,853)	477,262	(477,262)
S&P High Yield Dividend Aristocrats Index Total Return (CAD-Hedged)	398,579	(398,579)	512,091	(512,091)

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Currency risk - The table below summarizes the First Trust ETF's unhedged foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	(62,583)	(0.73)%	(207,286)	(1.90)%

As at December 31, 2016, 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 \$626 (December 31, 2015 - \$2,073). 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, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
United States		
Financials	23.51	16.87
Consumer Discretionary	14.97	12.54
Utilities	12.45	7.02
Industrials	11.75	11.55
Information Technology	11.25	14.33
Materials	5.08	4.67
Energy	4.92	15.03
Consumer Staples	3.85	9.50
Health Care	2.80	—
Telecommunication Services	2.48	1.56
International		
Ireland	2.77	4.96
Switzerland	1.91	0.55
Netherlands	0.65	—
Bermuda	0.53	—
Total	98.92	98.58

J. SECURITIES LENDING (NOTE 13)

The table below shows a reconciliation of the gross amount generated from the securities lending transactions of the First Trust ETF to the revenue from the securities lending disclosed in the Statement of Comprehensive Income as of December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	\$	% of Gross securities lending revenue	\$	% of Gross securities lending revenue
Gross securities lending revenue	—	—	5,452	100.00%

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
UNITED STATES EQUITIES				
Consumer Discretionary—14.97%				
Best Buy Co. Inc.	1,219	52,326	69,838	0.82
Carnival Corp.	1,122	73,876	78,426	0.92
Coach Inc.	298	15,102	14,012	0.16
Darden Restaurants Inc.	748	63,871	73,033	0.86
Ford Motor Co.	4,490	74,817	73,126	0.86
Gap Inc. (The)	1,767	55,292	53,238	0.62
General Motors Co.	1,563	68,331	73,114	0.86
H&R Block Inc.	1,000	35,561	30,867	0.36
Harley-Davidson Inc.	908	64,339	71,124	0.83
Hasbro Inc.	390	41,993	40,733	0.48
Home Depot Inc.	84	14,507	15,122	0.18
Interpublic Group of Cos. Inc.	452	13,680	14,207	0.17
Kohl's Corp.	1,010	59,250	66,963	0.78
Leggett & Platt Inc.	227	15,017	14,898	0.17
Macy's Inc.	1,025	57,765	49,282	0.58
Mattel Inc.	359	14,269	13,279	0.16
Nordstrom Inc.	767	51,371	49,359	0.58
Omnicom Group Inc.	376	38,958	42,967	0.50
Royal Caribbean Cruises Ltd.	705	74,516	77,656	0.91
Staples Inc.	1,115	12,972	13,548	0.16
Target Corp.	561	52,857	54,406	0.64
TEGNA Inc.	2,502	81,227	71,856	0.84
Tiffany & Co.	268	22,299	27,862	0.33
V.F. Corp.	195	14,454	13,968	0.16
Viacom Inc., Class 'B'	886	51,651	41,754	0.49
Whirlpool Corp.	262	58,626	63,942	0.75
Wyndham Worldwide Corp.	150	14,412	15,381	0.18
Wynn Resorts Ltd.	331	43,163	38,446	0.45
Yum! Brands Inc.	175	19,251	14,880	0.17
		1,255,753	1,277,287	14.97
Consumer Staples—3.85%				
Archer-Daniels-Midland Co.	985	50,828	60,373	0.71
CVS Health Corp.	421	43,413	44,604	0.52
J.M. Smucker Co. (The)	174	31,480	29,917	0.35
L Brands Inc.	152	14,521	13,437	0.16
Reynolds American Inc.	605	34,654	45,521	0.53
Sysco Corp.	1,045	62,491	77,688	0.91
Wal-Mart Stores Inc.	618	54,451	57,353	0.67
		291,838	328,893	3.85
Energy—4.92%				
Chevron Corp.	193	25,136	30,500	0.36
Exxon Mobil Corp.	125	13,791	15,148	0.18
Helmerich & Payne Inc.	277	21,645	28,786	0.34
Marathon Petroleum Corp.	677	38,003	45,767	0.54
Murphy Oil Corp.	331	14,422	13,835	0.16

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
ONEOK Inc.	1,020	60,320	78,623	0.92
Phillips 66	256	25,520	29,701	0.35
Tesoro Corp.	666	67,899	78,198	0.92
Valero Energy Corp.	917	61,699	84,116	0.98
Williams Cos. Inc. (The)	359	14,707	15,010	0.17
		343,142	419,684	4.92
Financials—23.51%				
Aflac Inc.	317	28,245	29,623	0.35
American International Group Inc.	170	14,398	14,907	0.17
Ameriprise Financial Inc.	191	28,792	28,450	0.33
Apartment Investment & Management Co., Class 'A'	261	14,246	15,927	0.19
Arthur J. Gallagher & Co.	664	41,663	46,323	0.54
Assurant Inc.	504	57,333	62,838	0.74
Avalonbay Communities Inc.	66	14,434	15,698	0.18
BB&T Corp.	1,237	70,693	78,094	0.91
Cincinnati Financial Corp.	426	37,505	43,327	0.51
CME Group Inc., Class 'A'	189	29,035	29,271	0.34
Equity Residential	930	83,916	80,364	0.94
Fifth Third Bancorp	2,148	57,241	77,782	0.91
General Growth Properties Inc.	863	29,198	28,945	0.34
Hartford Financial Services Group Inc. (The)	460	28,982	29,430	0.34
Host Hotels & Resorts Inc.	3,121	65,225	78,947	0.92
Huntington Bancshares Inc.	2,527	32,824	44,854	0.53
Invesco Ltd.	693	28,516	28,230	0.33
JPMorgan Chase & Co.	537	46,063	62,215	0.73
KeyCorp	3,124	67,894	76,632	0.90
Kimco Realty Corp.	1,290	48,212	43,578	0.51
M&T Bank Corp.	300	54,651	63,009	0.74
Macerich Co. (The)	825	81,927	78,469	0.92
Marsh & McLennan Cos. Inc.	319	26,131	28,949	0.34
MetLife Inc.	783	51,137	56,654	0.66
Morgan Stanley	1,046	37,183	59,336	0.70
Navient Corp.	3,316	57,005	73,150	0.86
People's United Financial Inc.	1,755	43,385	45,619	0.53
PNC Financial Services Group Inc.	295	33,846	46,326	0.54
Principal Financial Group Inc.	759	44,593	58,964	0.69
Progressive Corp. (The)	978	38,978	46,615	0.55
Prologis Inc.	217	13,618	15,381	0.18
Prudential Financial Inc.	555	58,645	77,542	0.91
Regions Financial Corp.	4,069	56,167	78,452	0.92
SL Green Realty Corp.	306	43,236	44,187	0.52
State Street Corp.	276	25,100	28,801	0.34
SunTrust Banks Inc.	837	47,387	61,640	0.72
T. Rowe Price Group Inc.	289	27,229	29,203	0.34
Travelers Cos. Inc. (The)	378	51,044	62,131	0.73
U.S. Bancorp	654	43,446	45,108	0.53
Wells Fargo & Co.	406	27,960	30,041	0.35
Welltower Inc.	347	32,601	31,183	0.37
Western Union Co.	1,052	26,891	30,679	0.36
		1,746,575	2,006,874	23.51
Health Care—2.80%				
Amgen Inc.	229	45,700	44,955	0.53
Cardinal Health Inc.	153	15,795	14,784	0.17
Gilead Sciences Inc.	769	79,890	73,937	0.87
Johnson & Johnson	97	14,427	15,005	0.18

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Merck & Co. Inc.	179	14,537	14,148	0.16
Patterson Cos. Inc.	279	17,442	15,370	0.18
Quest Diagnostics Inc.	495	49,010	61,078	0.71
		236,801	239,277	2.80
Industrials—11.75%				
Boeing Co. (The)	216	42,439	45,149	0.53
C.H. Robinson Worldwide Inc.	292	26,921	28,722	0.34
Caterpillar Inc.	456	57,635	56,780	0.66
CSX Corp.	897	29,980	43,273	0.51
Cummins Inc.	305	43,900	55,967	0.66
Deere & Co.	430	57,981	59,489	0.70
Dover Corp.	146	12,086	14,688	0.17
Emerson Electric Co.	194	12,541	14,521	0.17
Fastenal Co.	459	27,278	28,953	0.34
General Electric Co.	349	14,240	14,807	0.17
Honeywell International Inc.	97	14,056	15,088	0.18
Illinois Tool Works Inc.	262	39,235	43,078	0.50
Lockheed Martin Corp.	210	65,140	70,472	0.83
Norfolk Southern Corp.	206	21,849	29,891	0.35
Pitney Bowes Inc.	741	17,170	15,113	0.18
Raytheon Co.	292	51,640	55,672	0.65
Republic Services Inc.	785	49,117	60,130	0.70
Robert Half International Inc.	720	39,051	47,156	0.55
Rockwell Automation Inc.	159	28,893	28,692	0.34
Ryder System Inc.	708	58,115	70,762	0.83
Stanley Black & Decker Inc.	185	29,057	28,488	0.33
Union Pacific Corp.	106	11,330	14,756	0.17
United Parcel Service Inc., Class 'B'	281	41,648	43,252	0.51
United Technologies Corp.	202	29,041	29,731	0.35
W.W. Grainger Inc.	92	26,377	28,688	0.34
Waste Management Inc.	623	49,348	59,314	0.69
		896,068	1,002,632	11.75
Information Technology—11.25%				
Analog Devices Inc.	476	44,336	46,411	0.54
Apple Inc.	300	39,267	46,652	0.55
Automatic Data Processing Inc.	230	29,101	31,739	0.37
CA Inc.	1,075	43,615	45,855	0.54
Cisco Systems Inc.	1,490	54,418	60,457	0.71
Corning Inc.	2,382	71,806	77,620	0.91
Harris Corp.	538	71,682	74,019	0.87
HP Inc.	2,875	56,485	57,284	0.67
Intel Corp.	1,663	65,390	80,985	0.95
International Business Machines Corp.	138	25,963	30,756	0.36
KLA Tencor Corp.	434	40,254	45,848	0.54
Microchip Technology Inc.	713	54,199	61,411	0.72
Motorola Solutions Inc.	277	29,256	30,828	0.36
NetApp Inc.	917	38,077	43,425	0.51
QUALCOMM Inc.	331	23,747	28,976	0.34

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Texas Instruments Inc.	310	26,338	30,372	0.35
Western Digital Corp.	895	72,021	81,654	0.96
Xerox Corp.	5,898	77,136	69,132	0.81
Xilinx Inc.	204	14,695	16,535	0.19
		877,786	959,959	11.25
Materials—5.08%				
Air Products and Chemicals Inc.	76	14,594	14,676	0.17
CF Industries Holdings Inc.	377	15,425	15,935	0.19
Dow Chemical Co. (The)	1,004	66,272	77,134	0.90
E.I. du Pont de Nemours & Co.	149	14,476	14,684	0.17
Eastman Chemical Co.	582	52,388	58,771	0.69
International Paper Co.	440	26,470	31,346	0.37
Mosaic Co. (The)	1,498	63,375	58,991	0.69
Nucor Corp.	896	55,257	71,603	0.84
Praxair Inc.	91	14,456	14,318	0.17
WestRock Co.	1,112	64,288	75,801	0.89
		387,001	433,259	5.08
Telecommunication Services—2.48%				
AT&T Inc.	1,127	58,349	64,355	0.75
CenturyLink Inc.	2,368	91,205	75,606	0.89
Frontier Communications Corp.	12,396	67,216	56,255	0.66
Verizon Communications Inc.	219	14,817	15,696	0.18
		231,587	211,912	2.48
Utilities—12.45%				
AES Corp. (The)	978	13,726	15,258	0.18
Alliant Energy Corp.	303	14,490	15,415	0.18
Ameren Corp.	882	55,445	62,124	0.73
American Electric Power Co. Inc.	187	15,783	15,808	0.19
American Water Works Co. Inc.	151	15,034	14,670	0.17
CenterPoint Energy Inc.	910	26,934	30,105	0.35
CMS Energy Corp.	547	29,201	30,567	0.36
Consolidated Edison Inc.	471	45,810	46,594	0.55
DTE Energy Co.	345	41,737	45,631	0.53
Duke Energy Corp.	594	60,686	61,905	0.73
Edison International	474	39,865	45,816	0.54
Entergy Corp.	808	75,335	79,705	0.93
Eversource Energy	638	45,522	47,311	0.55
Exelon Corp.	1,316	55,113	62,708	0.73
NextEra Energy Inc.	192	29,816	30,795	0.36
NiSource Inc.	1,005	28,969	29,875	0.35
PG&E Corp.	562	43,306	45,855	0.54
Pinnacle West Capital Corp.	445	42,299	46,621	0.55
PPL Corp.	1,317	59,299	60,210	0.71
Public Services Enterprise Group Inc.	1,055	56,880	62,156	0.73
SCANA Corp.	463	38,847	45,554	0.53
Sempra Energy	329	43,831	44,456	0.52
Southern Co.	701	44,595	46,298	0.54
WEC Energy Group Inc.	393	30,619	30,947	0.36
Xcel Energy Inc.	849	44,828	46,394	0.54
		997,970	1,062,778	12.45
Total United States Equities		7,264,521	7,942,555	93.06

First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
INTERNATIONAL EQUITIES				
Bermuda—0.53%				
XL Group Ltd.	908	36,760	45,425	0.53
		36,760	45,425	0.53
Ireland—2.77%				
Accenture PLC, Class 'A'	188	29,293	29,566	0.35
Eaton Corp. PLC	645	49,464	58,101	0.68
Ingersoll-Rand PLC	754	74,627	75,967	0.89
Medtronic PLC	151	14,446	14,441	0.17
Seagate Technology	1,133	59,176	58,065	0.68
		227,006	236,140	2.77
Netherlands—0.65%				
LyondellBasell Industries NV, Class 'A'	482	51,144	55,513	0.65
		51,144	55,513	0.65
Switzerland—1.91%				
Chubb Ltd.	170	28,019	30,156	0.35
Garmin Ltd.	850	50,402	55,339	0.65
TE Connectivity Ltd.	837	73,539	77,857	0.91
		151,960	163,352	1.91
Total International Equities		466,870	500,430	5.86
Total investments		7,731,391	8,442,985	98.92
Transaction costs		(1,572)		
Unrealized appreciation on derivatives - see Schedule 1			76,804	0.90
Other assets, less liabilities			15,091	0.18
Total Net Assets Attributable to Holders of Redeemable Units		7,729,819	8,534,880	100.00

Schedule 1 - Foreign Exchange Contracts

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount Currency		Amount Bought	Forward Rate	Appreciation	
				Sold	Buy			Current Rate	(Depreciation) \$
Bank of New York Mellon (The), New York	A-1+	2017/01/31	USD	6,342,760	CAD	8,590,000	0.738	0.745	76,804
									76,804

* Commercial paper rating per Stand and Poor's Commercial Paper Guide

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	8,505,147	2,351,236
Cash	29,518	13,781
Accrued dividend receivable	31,538	10,581
Derivative assets	76,894	2,373
Other assets	543	10,032
	8,643,640	2,388,003
Liabilities		
Accrued liabilities	7,447	6,449
Distributions payable to holders of redeemable units	8,343	-
	15,790	6,449
Total net assets attributable to holders of redeemable units	8,627,850	2,381,554
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	7,918,042	1,786,584
Advisor Class	709,808	594,970
Redeemable units outstanding [note 6]		
Common Class	550,599	150,000
Advisor Class	49,400	50,000
Net assets attributable to holders of redeemable units per class		
Common Class	14.38	11.91
Advisor Class	14.37	11.90

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

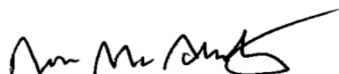
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	148,977	141,915
Other changes in fair value of investments and derivatives		
Net realized loss on sale of investments	(45,828)	(525,385)
Net realized loss on derivatives	(141,899)	(681,168)
Net realized gain (loss) on foreign exchange	97	(31,886)
Net change in unrealized appreciation of investments	282,632	99,501
Net change in unrealized appreciation (depreciation) of derivatives	74,521	(3,435)
	318,500	(1,000,458)
Foreign exchange gain on cash	67	4,253
	318,567	(996,205)
Expenses [note 7]		
Management fees	26,151	27,505
Transaction costs [note 3 and note 9]	10,422	6,872
Service fees	6,850	7,433
HST expense	3,764	3,857
Independent Review Committee fees	788	805
Interest expense	13	261
	47,988	46,733
Expenses waived by the manager	(788)	(805)
	47,200	45,928
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	271,367	(1,042,133)
Withholding taxes	(14,073)	(16,755)
Increase (Decrease) in net assets attributable to holders of redeemable units	257,294	(1,058,888)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	124,312	(846,736)
Advisor Class	132,982	(212,152)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	0.53	(3.75)
Advisor Class	2.70	(4.24)

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)	December 31, 2016 (\$)	December 31, 2015 (\$)
	Common Class (\$)	Common Class (\$)	Advisor Class (\$)	Advisor Class (\$)
Net assets attributable to holders of redeemable units, beginning of year	1,786,584	4,091,186	594,970	817,912
Increase (Decrease) in net assets attributable to holders of redeemable units	124,312	(846,736)	132,982	(212,152)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	6,796,908	1,502,209	-	-
Redemption of units	(692,432)	(2,876,285)	(6,940)	-
	6,104,476	(1,374,076)	(6,940)	-
Distributions to holders of redeemable units from:				
Net investment income	(75,997)	(67,361)	(8,748)	(8,674)
Return of capital	(21,333)	(16,429)	(2,456)	(2,116)
	(97,330)	(83,790)	(11,204)	(10,790)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	6,131,458	(2,304,602)	114,838	(222,942)
Net assets attributable to holders of redeemable units, end of year	7,918,042	1,786,584	709,808	594,970
			December 31, 2016 (\$) Total (\$)	December 31, 2015 (\$) Total (\$)
Net assets attributable to holders of redeemable units, beginning of year			2,381,554	4,909,098
Increase (Decrease) in net assets attributable to holders of redeemable units			257,294	(1,058,888)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			6,796,908	1,502,209
Redemption of units			(699,372)	(2,876,285)
			6,097,536	(1,374,076)
Distributions to holders of redeemable units from:				
Net investment income			(84,745)	(76,035)
Return of capital			(23,789)	(18,545)
			(108,534)	(94,580)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			6,246,296	(2,527,544)
Net assets attributable to holders of redeemable units, end of year			8,627,850	2,381,554

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	257,294	(1,058,888)
Adjustments for:		
Foreign exchange gain on cash	(67)	(4,253)
Net realized loss on sale of investments	45,828	525,385
Change in unrealized appreciation of investments and derivatives	(357,153)	(96,066)
Dividends receivable	(20,957)	(6,250)
Other assets	9,489	(2,487)
Other liabilities	998	915
Purchases of investments	(11,523,692)	(4,681,336)
Proceeds from the sale of investments	5,606,585	6,793,046
	(5,981,675)	1,470,066
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	6,796,908	1,502,209
Amount paid on redemptions of units	(699,372)	(2,876,285)
Distributions paid to unitholders	(100,191)	(105,860)
	5,997,345	(1,479,936)
Increase (decrease) in cash for the year	15,670	(9,870)
Foreign exchange gain on cash	67	4,253
Cash, beginning of year	13,781	19,398
Cash, end of year	29,518	13,781
Dividends received, net of withholding taxes	113,947	118,910

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, 2016

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 countries represented in the S&P Emerging Markets BMI Index as well as providing Unitholders with monthly distributions.

B. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS (NOTE 4) - The below table shows information about the First Trust ETF's forward foreign exchange currency agreements for the years ended December 31, 2016 and 2015:

December 31, 2016			December 31, 2015		
Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)	Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)
8,600,000	99.68%	76,894	2,445,000	102.66%	2,373

C. 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, 2016 and 2015:

	Financial Assets at Fair Value (\$) As at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Equities	8,505,147	–	–	8,505,147
Derivative assets	–	76,894	–	76,894
	8,505,147	76,894	–	8,582,041

	Financial Assets at Fair Value (\$) As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Equities	2,351,236	–	–	2,351,236
Derivative assets	–	2,373	–	2,373
	2,351,236	2,373	–	2,353,609

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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

D. REDEEMABLE UNITS (NOTE 6) - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	450,599	–	(50,000)	550,599	100,000	–	(200,000)	150,000
Advisor	–	–	(600)	49,400	–	–	–	50,000

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

E. 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 ¹
0.65%	1.65%

¹Includes a service fee of 1.00%

F. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
982,074	1,660,608	-	-

G. COMMISSION (NOTE 9) - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during during the years ended December 31, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
10,422	6,872

H. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
26,151	27,505	4,712	1,323

I. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
MSCI Emerging Market Index	399,469	(399,469)	91,690	(91,690)

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Currency risk - The table below summarizes the First Trust ETF's unhedged foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	17,909	0.21%	(75,649)	(3.18)%

As at December 31, 2016, 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 \$179 (December 31, 2015 - \$756). 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, 2016 and 2015:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Brazil	46.94	23.05
Taiwan	9.02	23.10
South Africa	8.15	9.97
China	5.44	8.14
India	4.92	5.67
Chile	4.33	7.15
Colombia	3.01	2.20
Luxembourg	2.82	0.65
Russia	2.37	0.61
Monaco	2.18	0.58
Mexico	2.12	7.33
Netherlands	1.60	0.65
Cyprus	1.42	1.44
Peru	1.41	0.62
United States	1.37	-
Philippines	0.75	1.39
Marshall Islands	0.73	-
Greece	-	2.86
Indonesia	-	1.52
Turkey	-	1.80
Total	98.58	98.73

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
INTERNATIONAL EQUITIES				
Brazil—46.94%				
Braskem SA, ADR	15,040	353,218	428,303	4.96
BRF Brasil Foods SA, ADR	6,418	135,331	127,189	1.47
Companhia Brasileira de Distribuicao Grupo Pao deAçucar, ADR	17,874	335,962	397,176	4.60
Companhia Energetica de Minas Gerais-CEMIG SA, ADR	122,787	418,782	375,881	4.36
Companhia Paranaense de Energia-Copel, ADR	31,891	420,926	363,100	4.21
Cosan Ltd., Class 'A'	36,181	326,973	364,824	4.23
CPFL Energia SA, ADR	12,975	233,078	268,282	3.11
Fibria Celulose SA, ADR	28,116	292,289	362,777	4.21
Gerdau SA, ADR	70,213	349,753	296,012	3.43
Itau Unibanco Holding SA, ADR	18,500	233,519	255,345	2.96
Telefonica Brasil SA	11,240	187,554	201,923	2.34
Tim Participacoes SA, ADR	12,017	195,732	190,388	2.21
Ultrapar Participações SA, ADR	6,920	188,241	192,698	2.23
Vale SA ADR, ADR	22,069	247,715	225,788	2.62
		3,919,073	4,049,686	46.94
Chile—4.33%				
Banco de Chile, ADR	670	60,484	63,375	0.73
Banco Santander Chile, ADR	2,129	59,615	62,516	0.73
Enel Generacion Chile SA, ADR	4,771	120,414	124,528	1.44
Sociedad Quimica y Minera de Chile SA, ADR	3,202	103,049	123,171	1.43
		343,562	373,590	4.33
China—5.44%				
Hollysys Automation Technologies Ltd.	9,389	232,101	230,945	2.68
NetEase Inc., ADR	825	221,184	238,529	2.76
		453,285	469,474	5.44
Colombia—3.01%				
Bancolombia SA, ADR	5,271	256,269	259,588	3.01
		256,269	259,588	3.01
Cyprus—1.42%				
QIWI PLC, ADR	7,121	121,645	122,094	1.42
		121,645	122,094	1.42
India—4.92%				
Infosys Technologies Ltd., ADR	3,169	68,201	63,099	0.73
Sesa Sterlite Ltd.	13,871	240,638	231,309	2.68
Tata Motors Ltd., ADR	2,821	119,950	130,256	1.51
		428,789	424,664	4.92
Luxembourg—2.82%				
Temium SA, ADR	7,493	200,433	242,961	2.82
		200,433	242,961	2.82
Marshall Islands—0.73%				
Seaspan Corp.	5,152	92,677	63,224	0.73
		92,677	63,224	0.73
Mexico—2.12%				
Fomento Economico Mexicano SAB de CV, Class 'B', ADR	1,784	197,516	182,545	2.12
		197,516	182,545	2.12

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Monaco—2.18%				
GasLog Ltd.	8,717	172,899	188,432	2.18
		172,899	188,432	2.18
Netherlands—1.60%				
VimpelCom Ltd., ADR	26,698	130,766	138,007	1.60
		130,766	138,007	1.60
Peru—1.41%				
Compañía de Minas Buenaventura SA, Series 'B', ADR	4,045	61,630	61,262	0.71
Credicorp Ltd.	287	56,723	60,830	0.70
		118,353	122,092	1.41
Philippines—0.75%				
PLDT Inc., ADR	1,741	75,922	64,400	0.75
		75,922	64,400	0.75
Russia—2.37%				
Mobile TeleSystems PJSC, ADR	16,735	181,847	204,695	2.37
		181,847	204,695	2.37
South Africa—8.15%				
Gold Fields Ltd., ADR	29,294	159,122	118,388	1.37
Harmony Gold Mining Co. Ltd., ADR	111,175	339,663	329,885	3.82
Sasol Ltd., ADR	5,316	199,401	204,062	2.37
Sibanye Gold Ltd., ADR	5,379	78,142	50,988	0.59
		776,328	703,323	8.15
Taiwan—9.02%				
Advanced Semiconductor Engineering Inc., ADR	8,534	63,561	57,749	0.67
AU Optronics Corp., ADR	52,087	244,198	247,569	2.87
Chunghwa Telecom Co. Ltd., ADR	4,092	183,463	173,340	2.01
Silicon Motion Technology Corp., ADR	2,041	120,335	116,410	1.35
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	4,746	172,527	183,201	2.12
		784,084	778,269	9.02
United States—1.37%				
Southern Copper Corp.	2,754	121,162	118,103	1.37
		121,162	118,103	1.37
Total investments		8,374,610	8,505,147	98.58
Transaction costs		(4,462)		
Unrealized appreciation on derivatives - see Schedule 1			76,894	0.89
Other assets, less liabilities			45,809	0.53
Total Net Assets Attributable to Holders of Redeemable Units		8,370,148	8,627,850	100.00

Schedule 1 - Foreign Exchange Contract

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount Currency		Amount Bought	Forward Rate	Appreciation Current (Depreciation) \$	
				Sold	Buy			Rate	Rate
Bank of New York Mellon (The), New York	A-1+	2017/01/31	USD	6,350,144	CAD	8,600,000	0.738	0.745	76,894
									76,894

* Commercial paper rating per Stand and Poor's Commercial Paper Guide

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	27,787,837	35,806,496
Cash	289,692	70,451
Accrued dividend receivable	149,805	155,651
Derivative assets	5,386	411,986
Other assets	4,602	14,211
	28,237,322	36,458,795
Liabilities		
Accrued liabilities	20,432	75,809
Distributions payable to holders of redeemable units	89,480	72,536
Derivative liabilities	20,826	-
	130,738	148,345
Total net assets attributable to holders of redeemable units	28,106,584	36,310,450
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	26,462,714	34,739,774
Advisor Class	1,643,870	1,570,676
Redeemable units outstanding [note 6]		
Common Class	1,224,001	1,770,000
Advisor Class	76,000	80,000
Net assets attributable to holders of redeemable units per class		
Common Class	21.62	19.63
Advisor Class	21.63	19.63

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

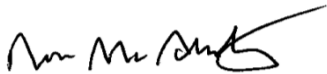
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	1,207,213	1,449,581
Other changes in fair value of investments and derivatives		
Net realized (loss) gain on sale of investments	(2,408,418)	169,938
Net realized gain (loss) on derivatives	3,423,802	(3,757,443)
Net realized gain (loss) on foreign exchange	12,919	(418,366)
Net change in unrealized appreciation of investments	1,882,549	1,388,822
Net change in unrealized (depreciation) appreciation of derivatives	(427,426)	374,186
	3,690,639	(793,282)
Foreign exchange (loss) gain on cash	(15,473)	56,034
	3,675,166	(737,248)
Expenses [note 7]		
Management fees	254,555	296,295
Transaction costs [note 3 and note 9]	37,839	31,454
HST expense	22,902	25,955
Service fees	14,945	16,899
Independent Review Committee fees	6,459	7,096
Interest expense	758	4,511
	337,458	382,210
Expenses waived by manager	(69,964)	(81,343)
	267,494	300,867
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	3,407,672	(1,038,115)
Withholding taxes	(162,502)	(118,974)
Increase (Decrease) in net assets attributable to holders of redeemable units	3,245,170	(1,157,089)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	3,068,110	(1,166,471)
Advisor Class	177,060	9,382
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	1.97	(0.69)
Advisor Class	2.33	0.12

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)	December 31, 2016 (\$)	December 31, 2015 (\$)
	Common Class (\$)	Common Class (\$)	Advisor Class (\$)	Advisor Class (\$)
Net assets attributable to holders of redeemable units, beginning of year	34,739,774	24,181,973	1,570,676	1,585,567
Increase (decrease) in net assets attributable to holders of redeemable units	3,068,110	(1,166,471)	177,060	9,382
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	3,832,126	16,577,966	-	-
Reinvested distributions	2,866	-	-	-
Redemption of units	(14,310,195)	(3,905,346)	(76,065)	-
	(10,475,203)	12,672,620	(76,065)	-
Distributions to holders of redeemable units from:				
Net investment income	(869,967)	(868,539)	(27,801)	(22,230)
Return of capital	-	(79,809)	-	(2,043)
	(869,967)	(948,348)	(27,801)	(24,273)
(Decrease) increase in net assets attributable to holders of redeemable units for the year	(8,277,060)	10,557,801	73,194	(14,891)
Net assets attributable to holders of redeemable units, end of year	26,462,714	34,739,774	1,643,870	1,570,676
			December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year			Total (\$)	Total (\$)
			36,310,450	25,767,540
Increase (decrease) in net assets attributable to holders of redeemable units			3,245,170	(1,157,089)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			3,832,126	16,577,966
Reinvested distributions			2,866	-
Redemption of units			(14,386,260)	(3,905,346)
			(10,551,268)	12,672,620
Distributions to holders of redeemable units from:				
Net investment income			(897,768)	(890,769)
Return of capital			-	(81,852)
			(897,768)	(972,621)
(Decrease) increase in net assets attributable to holders of redeemable units for the year			(8,203,866)	10,542,910
Net assets attributable to holders of redeemable units, end of year			28,106,584	36,310,450

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	3,245,170	(1,157,089)
Adjustments for:		
Foreign exchange loss (gain) on cash	15,473	(56,034)
Net realized loss (gain) on sale of investments	2,408,418	(169,938)
Change in unrealized appreciation of investments and derivatives	(1,455,123)	(1,763,008)
Dividends receivable	5,846	(78,079)
Other assets	9,609	(14,211)
Other liabilities	(55,377)	61,845
Purchases of investments	(29,939,562)	(49,691,723)
Proceeds from the sale of investments	37,432,352	41,062,714
	11,666,806	(11,805,523)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	3,832,126	16,577,966
Amount paid on redemptions of units	(14,386,260)	(3,905,346)
Distributions paid to unitholders	(877,958)	(976,668)
	(11,432,092)	11,695,952
Increase (decrease) in cash for the year	234,714	(109,571)
Foreign exchange (loss) gain on cash	(15,473)	56,034
Cash, beginning of year	70,451	123,988
Cash, end of year	289,692	70,451
Dividends received, net of withholding taxes	1,050,557	1,252,528

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, 2016

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks to replicate, to the extent possible, the performance of the AlphaDEX™ European Dividend Index, net of expenses. The AlphaDEX™ European Dividend 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. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS (NOTE 4) - The below table shows information about the First Trust ETF's forward foreign exchange currency agreements for the years ended December 31, 2016 and 2015:

December 31, 2016			December 31, 2015		
Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)	Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)
22,788,000	81.08%	(15,440)	33,265,000	91.61%	411,986

C. 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, 2016 and 2015:

Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	27,787,837	–	–	27,787,837
Derivative assets	–	5,386	–	5,386
Derivative liabilities	–	(20,826)	–	(20,826)
	27,787,837	(15,440)	–	27,772,397

Financial Assets at Fair Value (\$) As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	35,806,496	–	–	35,806,496
Derivative assets	–	411,986	–	411,986
	35,806,496	411,986	–	36,218,482

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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

D. REDEEMABLE UNITS (NOTE 6) - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	204,001	–	(750,000)	1,224,001	750,000	–	(200,000)	1,770,000
Advisor	–	–	(4,000)	76,000	–	–	–	80,000

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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

Annual Management Fee ¹	
Common Class	Advisor Class ²
0.60%	1.60%

¹Pays a management fee up to a maximum of 0.80%

²Includes a service fee of 1.00%

F. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
1,429,468	2,051,493	–	–

G. 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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
37,839	31,454

H. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
254,555	296,295	14,244	59,960

I. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
BNY Mellon Europe ADR Index	1,187,503	(1,187,503)	1,664,834	(1,664,834)

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Currency risk - The table below summarizes the First Trust ETF's unhedged foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	27,880,200	99.19%	35,682,058	98.27%
Swiss Francs	(1,981,907)	(7.05)%	(3,305,497)	(9.10)%
British Pound Sterling	(6,849,707)	(24.37)%	(12,537,591)	(34.53)%
Euro	(13,971,827)	(49.71)%	(17,009,926)	(46.85)%
Total	5,076,759	18.06%	2,829,044	7.79%

As at December 31, 2016, 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 \$50,768 (December 31, 2015 - \$28,290). 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, 2016 and 2015:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
United Kingdom	23.60	31.61
Netherlands	21.80	10.70
Spain	9.37	10.34
France	8.96	5.00
Switzerland	7.07	9.16
Israel	5.42	3.70
Sweden	4.42	0.75
Germany	4.14	7.65
Ireland	4.03	7.04
Russia	3.61	1.99
Norway	3.26	1.38
Luxembourg	1.72	3.29
Denmark	0.74	0.80
Jersey, Channel Islands	0.73	0.77
Belgium	—	2.95
Finland	—	1.48
Total	98.87	98.61

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
INTERNATIONAL EQUITIES				
Denmark—0.74%				
Novo Nordisk AS, ADR	4,300	303,901	207,034	0.74
		303,901	207,034	0.74
France—8.96%				
Orange SA, ADR	56,916	1,141,126	1,156,972	4.12
Sanofi SA, ADR	3,594	193,180	195,143	0.69
Total SA, ADR	17,053	1,117,357	1,167,020	4.15
		2,451,663	2,519,135	8.96
Germany—4.14%				
Fresenius Medical Care AG & Co. KGaA, ADR	12,517	677,989	709,379	2.53
SAP SE, ADR	3,907	401,191	453,389	1.61
		1,079,180	1,162,768	4.14
Ireland—4.03%				
CRH PLC, ADR	24,547	884,919	1,133,097	4.03
		884,919	1,133,097	4.03
Israel—5.42%				
NICE Ltd., ADR	7,412	515,389	684,280	2.43
Teva Pharmaceutical Industries Ltd., ADR	17,247	868,409	839,430	2.99
		1,383,798	1,523,710	5.42
Jersey, Channel Islands—0.73%				
Randgold Resources Ltd., ADR	2,010	198,624	206,021	0.73
		198,624	206,021	0.73
Luxembourg—1.72%				
Tenaris SA ADR, ADR	10,093	411,349	483,919	1.72
		411,349	483,919	1.72
Netherlands—21.80%				
AEGON NV	159,364	1,171,749	1,183,255	4.21
ASML Holding NV, Registered	1,401	181,173	211,054	0.75
ING Groep NV, ADR	47,915	831,920	907,096	3.23
Koninklijke Philips NV	22,727	807,069	932,825	3.32
Royal Dutch Shell PLC, Class 'A', ADR	12,724	914,553	929,021	3.30
STMicroelectronics NV	79,604	736,557	1,213,092	4.32
VimpelCom Ltd., ADR	145,135	703,371	750,232	2.67
		5,346,392	6,126,575	21.80
Norway—3.26%				
Statoil ASA, ADR	37,368	816,189	915,140	3.26
		816,189	915,140	3.26
Russia—3.61%				
Mobile TeleSystems PJSC, ADR	83,040	836,210	1,015,707	3.61
		836,210	1,015,707	3.61
Spain—9.37%				
Banco Bilbao Vizcaya Argentaria SA, ADR	79,165	754,073	719,589	2.56
Banco Santander SA, ADR	179,814	1,292,815	1,250,593	4.45
Grifols SA, ADR	20,800	474,107	448,789	1.60
Telefónica SA, ADR	17,429	273,059	215,290	0.76
		2,794,054	2,634,261	9.37

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Sweden—4.42%				
Telefonaktiebolaget LM Ericsson, Class 'B', ADR	158,742	1,405,136	1,242,577	4.42
		1,405,136	1,242,577	4.42
Switzerland—7.07%				
ABB Ltd., ADR	15,913	436,064	450,173	1.60
Logitech International SA, Registered	33,201	863,230	1,104,180	3.93
UBS Group AG	20,511	422,967	431,538	1.54
		1,722,261	1,985,891	7.07
United Kingdom—23.60%				
Barclays PLC, ADR	30,242	476,582	446,649	1.59
BHP Billiton PLC, ADR	14,724	672,559	621,938	2.21
BP PLC, ADR	18,572	882,780	932,096	3.32
BT Group PLC, ADR	21,645	893,303	669,290	2.38
HSBC Holdings PLC, ADR	12,333	626,065	665,337	2.37
InterContinental Hotels Group PLC, ADR	7,870	400,107	468,420	1.67
Lloyds Banking Group PLC, ADR	167,005	707,324	695,111	2.47
National Grid PLC, ADR	5,697	509,293	446,171	1.59
Prudential PLC, ADR	3,751	207,530	200,393	0.71
Rio Tinto PLC, ADR	17,151	917,299	885,649	3.15
Smith & Nephew PLC, ADR	5,075	224,256	204,963	0.73
Vodafone Group PLC, ADR	5,912	246,035	193,919	0.69
WPP PLC, ADR	1,360	183,409	202,066	0.72
		6,946,542	6,632,002	23.60
Total investments		26,580,218	27,787,837	98.87
Transaction costs		(20,741)		
Unrealized appreciation on derivatives - see Schedule 1			5,386	0.02
Unrealized depreciation on derivatives - see Schedule 1			(20,826)	(0.07)
Other assets, less liabilities			334,187	1.18
Total Net Assets Attributable to Holders of Redeemable Units		26,559,477	28,106,584	100.00

Schedule 1 - Foreign Exchange Contracts

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount Currency		Amount Bought	Forward Rate	Appreciation (Depreciation)	
				Sold	Buy			Current Rate	\$
Bank of New York Mellon (The), New York	A-1+	2017/01/31	CHF	1,500,572	CAD	1,982,000	0.757	0.757	93
Bank of New York Mellon (The), New York	A-1+	2017/01/31	GBP	4,137,744	CAD	6,855,000	0.604	0.604	5,293
									5,386
Bank of New York Mellon (The), New York	A-1+	2017/01/31	EUR	9,874,367	CAD	13,951,000	0.708	0.707	(20,826)
									(20,826)

* Commercial paper rating per Stand and Poor's Commercial Paper Guide

First Trust Senior Loan ETF (CAD-Hedged)

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	147,543,703	85,073,835
Cash	16,428,463	6,422,327
Accrued interest receivable	559,270	454,524
Receivable for portfolio securities sold	65,738	2,789,919
Derivative assets	1,352,796	75,485
Other assets	15,130	-
	165,965,100	94,816,090
Liabilities		
Accrued liabilities	120,253	60,665
Payable for portfolio securities purchased	14,394,251	2,155,912
Distributions payable to holders of redeemable units	513,038	367,700
	15,027,542	2,584,277
Total net assets attributable to holders of redeemable units	150,937,558	92,231,813
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	149,762,199	90,331,140
Advisor Class	1,175,359	1,900,673
Redeemable units outstanding [note 6]		
Common Class	7,640,000	4,750,000
Advisor Class	60,000	100,000
Net assets attributable to holders of redeemable units per class		
Common Class	19.60	19.02
Advisor Class	19.59	19.01

STATEMENTS OF COMPREHENSIVE INCOME For the years ending December 31, 2016 and 2015

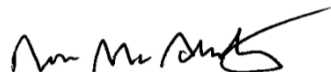
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Interest income for distribution purposes	5,376,407	5,258,353
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	161,785	4,936,189
Net realized gain (loss) on derivatives	187,367	(14,987,795)
Net realized gain (loss) on foreign exchange	3,579,967	(1,425,117)
Net change in unrealized (depreciation) appreciation of investments	(782,477)	5,541,647
Net change in unrealized appreciation (depreciation) of derivatives	1,277,311	(768)
	9,800,360	(677,491)
Foreign exchange (loss) gain on cash	(593,011)	903,702
	9,207,349	226,211
Expenses [note 7]		
Management fees	916,053	806,238
HST expense	105,584	90,777
Independent Review Committee fees	21,634	18,219
Service fees	8,188	10,729
Transaction costs [note 3 and note 9]	47	-
	1,051,506	925,963
Expenses waived by the manager	(21,634)	(18,219)
	1,029,872	907,744
Increase (decrease) in net assets attributable to holders of redeemable units before tax	8,177,477	(681,533)
Withholding taxes	(216)	-
Increase (Decrease) in net assets attributable to holders of redeemable units	8,177,261	(681,533)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	8,056,154	(686,111)
Advisor Class	121,107	4,578
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	1.47	(0.15)
Advisor Class	1.43	0.04

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 ending December 31, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)	December 31, 2016 (\$)	December 31, 2015 (\$)
	Common Class (\$)	Common Class (\$)	Advisor Class (\$)	Advisor Class (\$)
Net assets attributable to holders of redeemable units, beginning of year	90,331,140	74,588,983	1,900,673	1,987,787
Increase (Decrease) in net assets attributable to holders of redeemable units	8,056,154	(686,111)	121,107	4,578
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	63,111,710	30,213,312	195,488	999,809
Reinvested distributions	-	130,625	-	2,750
Redemption of units	(6,937,755)	(9,714,544)	(977,931)	(1,009,841)
	56,173,955	20,629,393	(782,443)	(7,282)
Distributions to holders of redeemable units from:				
Net investment income	(4,129,728)	(4,195,624)	(55,055)	(84,299)
Return of capital	(669,322)	(5,501)	(8,923)	(111)
	(4,799,050)	(4,201,125)	(63,978)	(84,410)
Increase (decrease) in net assets attributable to holders of redeemable units for the year	59,431,059	15,742,157	(725,314)	(87,114)
Net assets attributable to holders of redeemable units, end of year	149,762,199	90,331,140	1,175,359	1,900,673
			December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year			Total (\$)	Total (\$)
			92,231,813	76,576,770
Increase (Decrease) in net assets attributable to holders of redeemable units			8,177,261	(681,533)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			63,307,198	31,213,121
Reinvested distributions			-	133,375
Redemption of units			(7,915,686)	(10,724,385)
			55,391,512	20,622,111
Distributions to holders of redeemable units from:				
Net investment income			(4,184,783)	(4,279,923)
Return of capital			(678,245)	(5,612)
			(4,863,028)	(4,285,535)
Increase in net assets attributable to holders of redeemable units for the year			58,705,745	15,655,043
Net assets attributable to holders of redeemable units, end of year			150,937,558	92,231,813

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 ending December 31, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	8,177,261	(681,533)
Adjustments for:		
Foreign exchange loss (gain) on cash	593,011	(903,702)
Net realized gain on sale of investments	(161,785)	(4,936,189)
Change in unrealized appreciation of investments and derivatives	(494,834)	(5,540,879)
Interest receivable	(104,746)	(45,295)
Other assets	(15,130)	-
Other liabilities	59,588	3,997
Purchases of investments	(240,741,728)	(122,573,294)
Proceeds from the sale of investments	192,613,688	122,404,037
	(40,074,675)	(12,272,858)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	63,307,198	31,213,121
Amount paid on redemptions of units	(7,915,686)	(10,724,385)
Distributions paid to unitholders	(4,717,690)	(4,053,030)
	50,673,822	16,435,706
Increase in cash for the year	10,599,147	4,162,848
Foreign exchange (loss) gain on cash	(593,011)	903,702
Cash, beginning of year	6,422,327	1,355,777
Cash, end of year	16,428,463	6,422,327
Interest received	5,271,445	5,213,058

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, 2016

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks is 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.

B. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS (NOTE 4) - The below table shows information about the First Trust ETF's forward foreign exchange currency agreement for the years ended December 31, 2016 and 2015:

December 31, 2016			December 31, 2015		
Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)	Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)
151,300,000	100.24%	1,352,796	92,340,000	100.12%	75,485

C. 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, 2016 and 2015:

	Financial Assets at Fair Value (\$) As at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	147,534,419	–	147,534,419
Equities	9,284	–	–	9,284
Derivative assets	–	1,352,796	–	1,352,796
	9,284	148,887,215	–	148,896,499

	Financial Assets at Fair Value (\$) As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	85,073,835	–	85,073,835
Derivative assets	–	75,485	–	75,485
	–	85,149,320	–	85,149,320

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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

D. REDEEMABLE UNITS (NOTE 6) - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	3,250,000	–	(360,000)	7,640,000	1,500,000	–	(500,000)	4,750,000
Advisor	10,000	–	(50,000)	60,000	50,000	–	(50,000)	100,000

First Trust Senior Loan ETF (CAD-Hedged)
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E. 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 ¹
0.85%	1.35%

¹Includes a service fee of 0.50%

F. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
6,234,279	12,430,165	—	—

G. 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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
47	—

H. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
916,053	806,238	104,856	68,459

First Trust Senior Loan ETF (CAD-Hedged)
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I. 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, 2016 and 2015:

Holdings	At December 31, 2016		At December 31, 2015	
	Fair Value (\$)	% Net Assets	Fair Value (\$)	% Net Assets
Senior Loans	135,652,140	89.87%	75,041,308	81.36%
High Yield Bonds	11,882,279	7.87%	10,032,527	10.88%
Equity	9,284	0.01%	-	-
Total	147,543,703	97.75%	85,073,835	92.24%

At December 31, 2016, the weighted average duration of the First Trust ETF was 0.59 years (December 31, 2015 - 0.78 years). If interest rates increased or decreased by 1% at December 31, 2016, with all other variables remaining constant, net assets would have decreased or increased by approximately \$1,475,437 (December 31, 2015 - \$850,738). 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, 2016 and 2015:

Debt Securities by S&P Rating	At December 31, 2016 % of Net Assets	At December 31, 2015 % of Net Assets
BBB	-	2.67%
BBB-	3.57%	0.62%
BB+	5.17%	2.66%
BB	7.93%	5.41%
BB-	22.15%	13.32%
B+	22.25%	17.67%
B	22.52%	31.99%
B-	8.74%	9.98%
CCC+	3.70%	6.66%
CCC	1.60%	1.00%
CCC-	-	0.25%
CC	0.05%	-
C	0.03%	-
D	-	-
NR	0.04%	-

Currency risk - The table below summarizes the First Trust ETF's unhedged foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	(382,064)	(0.25)%	(510,286)	(0.55)%

As at December 31, 2016, 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 \$3,821 (December 31, 2015 - \$5,103). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust Senior Loan ETF (CAD-Hedged)
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Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Health Care	27.40%	28.59%
Consumer Discretionary	20.69%	20.07%
Consumer Staples	12.44%	10.86%
Industrials	11.81%	11.35%
Information Technology	11.01%	9.13%
Financials	6.73%	5.35%
Energy	5.17%	0.31%
Telecommunication Services	1.53%	3.93%
Materials	0.98%	2.65%
Total	97.75%	92.24%

Below are the First Trust ETF's breakdown by geographic exposure as at December 31, 2016 and 2015:

Country	At December 31, 2016 % of Net Assets	At December 31, 2015 % of Net Assets
United States	88.53%	82.21%
Canada	4.97%	4.18%
France	1.30%	2.41%
Netherlands	1.11%	0.62%
United Kingdom	0.90%	2.82%
Cayman Islands	0.71%	—
Ireland	0.23%	—
Total	97.75%	92.24%

First Trust Senior Loan ETF (CAD-Hedged)

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SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

			Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES						
Health Care—0.01%						
Millennium Laboratories LLC (New Millennium Holdco.)			3,950	27,943	9,284	0.01
				27,943	9,284	0.01
	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
High Yield Bonds—7.87%						
AMC Entertainment Holding Inc.	250,000	5.875%	15-Nov-26	339,603	344,054	0.23
Ardagh Packaging Finance PLC / Ardagh MP Holdings USA Inc.	250,000	6.750%	31-Jan-21	317,318	347,411	0.23
Argos Merger Sub Inc.	250,000	7.125%	15-Mar-23	321,300	343,215	0.23
Caesars Growth Properties Holdings LLC / Caesars Growth Properties Finance Inc.	300,000	9.375%	01-May-22	329,100	436,267	0.29
Calpine Corp.	125,000	5.500%	01-Feb-24	163,633	162,796	0.11
Cooper-Standard Automotive Inc.	127,000	5.625%	15-Nov-26	163,245	169,025	0.11
Crimson Merger Sub Inc.	625,000	6.625%	15-May-22	676,862	746,849	0.50
Garda World Security Corp.	250,000	7.250%	15-Nov-21	264,017	313,845	0.21
Gray Television Inc.	250,000	5.875%	15-Jul-26	326,494	333,984	0.22
HealthSouth Corp.	250,000	5.750%	01-Nov-24	331,198	341,537	0.23
Infor (US) Inc.	375,000	6.500%	15-May-22	489,675	527,410	0.35
JBS USA LLC / JBS USA Finance Inc.	243,000	5.875%	15-Jul-24	299,600	338,499	0.22
LifePoint Health Inc.	19,000	5.375%	01-May-24	24,284	25,051	0.02
LIN Television Corp.	125,000	5.875%	15-Nov-22	141,727	171,188	0.11
MPG Holdco I Inc.	125,000	7.375%	15-Oct-22	139,713	176,223	0.12
Nexstar Escrow Corp.	250,000	5.625%	01-Aug-24	331,774	333,984	0.22
Post Holdings Inc.	250,000	5.000%	15-Aug-26	318,063	322,236	0.21
PulteGroup Inc.	250,000	5.500%	01-Mar-26	328,832	334,404	0.22
Select Medical Corp.	250,000	6.375%	01-Jun-21	280,790	337,341	0.22
Sinclair Television Group Inc.	250,000	5.625%	01-Aug-24	332,467	344,054	0.23
Sprint Communications Inc.	250,000	7.000%	15-Aug-20	278,884	356,678	0.24
Standard Pacific Corp.	213,000	5.875%	15-Nov-24	292,125	291,704	0.19
Surgical Care Affiliates Inc.	325,000	6.000%	01-Apr-23	403,959	452,725	0.30
Tenet Healthcare Corp.	1,250,000	8.125%	01-Apr-22	1,566,149	1,591,879	1.05
TransDigm Inc.	500,000	6.000%	15-Jul-22	549,383	701,535	0.46
TRI Pointe Holdings Inc.	125,000	5.875%	15-Jun-24	171,933	173,705	0.12
Valeant Pharmaceuticals International Inc.	750,000	7.000%	01-Oct-20	1,046,477	872,932	0.57
Virgin Media Secured Finance PLC	250,000	5.500%	15-Aug-26	327,849	335,662	0.22
Ziggo Secured Finance B.V.	500,000	5.500%	15-Jan-27	656,154	656,086	0.44
				11,212,608	11,882,279	7.87
Senior Loans—89.87%						
21st Century Oncology Inc., Term Loan	590,516	6.500%	30-Apr-22	704,801	727,446	0.48
Acadia Healthcare Co. Inc., Term Loan	135,517	3.750%	11-Feb-22	177,866	183,317	0.12
Acadia Healthcare Co. Inc., Term Loan	620,313	3.750%	15-Feb-23	819,743	839,109	0.56
Acosta Inc., Term Loan	1,491,550	4.250%	26-Sep-21	1,815,426	1,950,061	1.29
Advantage Sales & Marketing Inc., Term Loan	1,498,064	4.250%	23-Jul-21	1,601,725	2,016,907	1.33
Air Medical Group Holdings Inc., Term Loan	743,750	4.500%	28-Apr-22	943,346	996,099	0.65
Akorn Inc., Term Loan	359,155	6.000%	16-Apr-21	375,985	488,248	0.32
Albertson's LLC, Term Loan	1,969,660	3.750%	22-Aug-21	2,616,398	2,673,759	1.77
Alere Inc., Term Loan	1,235,888	4.250%	15-Jun-22	1,636,440	1,657,291	1.11
Alix Partners LLP, Term Loan	1,561,074	4.000%	28-Jul-22	2,051,733	2,110,941	1.41
AMAG Pharmaceuticals Inc., Term Loan	118,750	4.750%	17-Aug-21	154,837	159,041	0.11
Amaya Holdings B.V., Term Loan	1,910,404	5.000%	01-Aug-21	2,136,894	2,572,853	1.70
AMC Entertainment Inc., Term Loan	60,000	2.750%	15-Dec-23	80,278	81,304	0.05
American Energy Marcellus Holdings LLC (Ascent Resources - Marcellus LLC), Term Loan	100,000	5.250%	04-Aug-20	106,197	72,727	0.05
American Energy Marcellus Holdings LLC (Ascent Resources - Marcellus LLC), Term Loan	250,000	8.500%	04-Aug-21	270,435	40,280	0.03
Amneal Pharmaceuticals LLC, Term Loan	1,076,640	4.500%	01-Nov-19	1,320,157	1,447,806	0.96
Amplify Snack Brands Inc., Term Loan	1,000,000	6.500%	31-Aug-23	1,280,526	1,303,485	0.86
Amwins Group LLC, Term Loan	507,404	4.750%	06-Sep-19	658,154	688,079	0.45
Applied Systems Inc., Term Loan	704,277	4.250%	25-Jan-21	946,114	953,872	0.63
Arch Coal Inc., Term Loan	42,081	10.000%	04-Oct-21	56,088	57,229	0.04
Asurion LLC, Term Loan	107,665	4.000%	08-Jul-20	141,908	145,686	0.10

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	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
Asurion LLC, Term Loan	176,471	8.500%	03-Mar-21	197,797	240,642	0.16
Asurion LLC, Term Loan	558,776	5.000%	04-Aug-22	723,825	759,807	0.50
Asurion LLC, Term Loan	1,373,452	4.750%	03-Nov-23	1,849,801	1,869,420	1.24
Avago Technologies Cayman Ltd. (BC Luxembourg S.A.R.L.), Term Loan	786,311	3.000%	01-Feb-23	1,030,068	1,070,257	0.71
Avast Software B.V. (Sybil Software LLC), Term Loan	750,000	5.000%	31-Aug-22	987,808	1,021,468	0.68
B&G Foods Inc., Term Loan	113,797	3.750%	02-Nov-22	148,507	154,592	0.10
B/E Aerospace Inc., Term Loan	100,000	3.750%	16-Dec-21	129,711	134,868	0.09
Berlin Packaging LLC, Term Loan	734,488	4.500%	01-Oct-21	841,705	993,399	0.66
BJ's Wholesale Club Inc., Term Loan	1,542,861	4.500%	26-Sep-19	1,773,674	2,089,980	1.39
BJ's Wholesale Club Inc., Term Loan	596,060	8.500%	26-Mar-20	674,948	808,968	0.53
BMC Software Finance Inc., Term Loan	2,138,194	5.000%	10-Sep-20	2,322,849	2,863,669	1.90
Brickman Group Holdings Inc., Term Loan	497,449	4.000%	18-Dec-20	630,495	669,036	0.44
Burger King Corp. (1011778 B.C. ULC), Term Loan	248,732	3.750%	10-Dec-21	299,694	336,674	0.22
Cablevision Systems Corp. (CSC Holdings Inc.), Term Loan	657,895	3.750%	01-Oct-24	855,433	891,970	0.59
Caesars Entertainment Resort Properties LLC, Term Loan	1,599,282	7.000%	11-Oct-20	2,108,351	2,164,734	1.43
Caesars Growth Properties Holdings LLC, Term Loan	1,613,453	6.250%	08-May-21	1,811,428	2,179,170	1.44
CareCore National LLC, Term Loan	705,450	5.500%	05-Mar-21	831,818	930,597	0.61
Cequel Communications LLC (Altice US Finance I Corp.), Term Loan	239,399	3.750%	31-Oct-24	319,035	324,644	0.22
CHG Healthcare Services Inc., Term Loan	236,500	4.750%	31-May-23	306,650	320,791	0.21
CHS/Community Health Systems Inc., Term Loan	1,728,627	4.000%	27-Jan-21	2,138,886	2,243,584	1.49
CITGO Petroleum Corp., Term Loan	402,056	4.250%	16-Oct-20	431,885	545,558	0.36
ClubCorp Club Operations Inc., Term Loan	395,245	4.000%	15-Dec-22	518,087	536,206	0.36
Coinstar Inc. (Aspen Merger Sub Inc.), Term Loan	128,378	5.250%	27-Sep-23	169,097	174,790	0.12
Compuware Corp., Term Loan	456,250	6.250%	31-Dec-19	519,617	613,736	0.41
Concentra Inc., Term Loan	617,052	4.000%	15-May-22	746,812	830,556	0.55
Concordia Healthcare Corp., Term Loan	1,590,487	5.250%	21-Oct-21	2,074,930	1,656,333	1.09
Confie Seguros Holding II Co., Term Loan	625,000	5.750%	19-Apr-22	817,228	841,884	0.56
Cooper Standard Holdings (CS Intermediate Holdco 2 LLC), Term Loan	60,000	3.500%	02-Nov-23	80,097	81,331	0.05
Cotiviti Corp., Term Loan	251,516	3.500%	28-Sep-23	331,108	340,230	0.22
Creative Artists Agency LLC (CAA Holdings LLC), Term Loan	196,513	5.000%	17-Dec-21	253,079	267,036	0.18
Curo Health Services Holdings Inc., Term Loan	689,500	6.500%	07-Feb-22	868,726	930,386	0.61
Dayton Power & Light Co., Term Loan	491,477	4.000%	31-Aug-22	666,100	667,721	0.44
Dell Inc. (Diamond 1 Finance Corp.), Term Loan	1,541,667	4.000%	15-Jun-22	2,018,473	2,104,010	1.40
DJO Finance LLC (ReAble Therapeutics Finance LLC), Term Loan	987,500	4.250%	08-Jun-20	1,188,618	1,270,763	0.84
DTZ Worldwide Ltd., Term Loan	1,742,278	4.250%	04-Nov-21	2,208,640	2,350,380	1.56
Duff & Phelps Corp., Term Loan	546,155	4.750%	23-Apr-20	661,432	737,877	0.49
Endo Pharmaceuticals Holdings Inc., Term Loan	1,241,247	3.750%	25-Nov-22	1,519,100	1,673,709	1.11
Envision Healthcare Corp. (Emergency Medical Services Corp.), Term Loan	992,500	3.750%	15-Nov-23	1,327,348	1,345,080	0.89
Epicor Software Corp., Term Loan	685,763	4.750%	01-Jun-22	893,842	923,373	0.62
ExamWorks Group Inc., Term Loan	133,333	4.750%	27-Jul-23	171,509	179,990	0.12
Extended Stay America (ESH Hospitality, Inc.), Term Loan	160,000	3.750%	31-Aug-23	204,718	217,206	0.14
First Data Corp., Term Loan	446,918	3.000%	24-Mar-21	593,642	606,806	0.40
Focus Brands Inc., Term Loan	83,444	5.000%	15-Oct-23	108,862	114,184	0.07
Formula One (Delta 2 Lux S.A.R.L.), Term Loan	687,647	4.750%	30-Jul-21	748,278	932,216	0.61
Four Seasons Holdings Inc., Term Loan	187,500	3.750%	21-Nov-23	251,796	254,443	0.17
Garda World Security Corp., Term Loan	734,858	4.000%	08-Nov-20	806,887	986,657	0.65
Gardner Denver, Term Loan	1,100,000	4.250%	30-Jul-20	1,440,289	1,460,640	0.97
Healogics Inc. (CDRH Parent Inc.), Term Loan	1,062,898	5.250%	01-Jul-21	1,136,970	1,296,277	0.86
Horizon Pharma Inc., Term Loan	641,875	4.500%	30-Apr-21	771,915	859,228	0.57
HUB International Ltd., Term Loan	841,006	4.000%	02-Oct-20	1,039,150	1,137,138	0.75
Immucor Inc., Term Loan	241,834	5.000%	19-Aug-18	254,079	313,334	0.21
Ineos Finance PLC, Term Loan	98,499	4.250%	31-Mar-22	124,632	133,738	0.09
Infor (US) Inc., Term Loan	233,618	3.750%	03-Jun-20	246,738	313,927	0.21
Informatica Corp. (Ithacalux S.A.R.L.), Term Loan	203,077	4.500%	05-Aug-22	253,281	271,183	0.18
Information Resources Inc., Term Loan	800,000	5.250%	31-Dec-23	1,067,953	1,080,833	0.72
Information Resources Inc., Term Loan	100,000	9.250%	31-Dec-24	132,153	133,147	0.09
InVentiv Health Inc., Term Loan	1,293,651	4.750%	30-Sep-23	1,698,281	1,751,181	1.16
JBS USA LLC, Term Loan	500,000	4.000%	18-Sep-22	677,884	676,917	0.45
JDA Software Group (RP Crown Parent Inc.), Term Loan	675,758	4.500%	12-Oct-23	888,838	916,152	0.61
Jeld-Wen Inc., Term Loan	250,000	4.750%	01-Jul-22	340,621	339,439	0.23
KAR Auction Services Inc., Term Loan	114,330	4.250%	09-Mar-23	150,945	155,425	0.10

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	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
Keurig Green Mountain Inc. (Maple Holdings Acquisition Corp.), Term Loan	913,880	5.500%	03-Mar-23	1,270,507	1,243,893	0.81
Kindred Healthcare Inc., Term Loan	1,041,732	4.250%	09-Apr-21	1,310,394	1,395,773	0.92
Kinetic Concepts Inc., Term Loan	827,591	5.000%	01-Nov-20	1,061,425	1,113,021	0.74
Kronos Inc., Term Loan	384,000	5.000%	31-Oct-23	505,259	521,620	0.35
Landry's Inc., Term Loan	360,000	4.000%	19-Sep-23	469,602	487,757	0.32
Life Time Fitness Inc., Term Loan	914,679	4.250%	10-Jun-22	1,165,303	1,234,812	0.82
Lightstone Generation LLC, Term Loan	162,162	6.500%	31-Dec-23	212,109	220,177	0.14
Live Nation Entertainment Inc., Term Loan	180,000	2.250%	31-Oct-23	239,784	243,490	0.16
Media General Inc., Term Loan	334,156	4.000%	31-Jul-20	411,864	448,727	0.30
Micron Technology Inc., Term Loan	199,500	3.750%	26-Apr-22	264,996	271,676	0.18
Millennium Laboratories LLC (New Millennium Holdco.), Term Loan	130,366	7.500%	21-Dec-20	164,044	87,518	0.06
Mitchell International Inc., Term Loan	467,203	4.500%	13-Oct-20	526,038	627,158	0.42
MultiPlan Inc. (MPH Acquisition Holdings LLC), Term Loan	306,167	5.000%	15-Jun-23	396,923	417,903	0.28
National Financial Partners Corp., Term Loan	375,000	4.500%	09-Dec-23	491,797	507,270	0.34
Neiman Marcus Group Ltd. LLC, Term Loan	513,692	4.250%	25-Oct-20	637,638	597,805	0.40
New HB Acquisition LLC, Term Loan	1,789,409	4.000%	03-Aug-22	2,416,548	2,425,374	1.60
Nexstar Broadcasting Inc., Term Loan	73,455	3.000%	22-Sep-23	96,981	99,394	0.07
Nexstar Broadcasting Inc., Term Loan	6,545	3.000%	26-Sep-23	8,642	8,857	0.01
Novelis Inc., Term Loan	1,000,000	4.000%	27-May-22	1,342,087	1,349,779	0.89
Numericable U.S. LLC (Altice France S.A.), Term Loan	586,140	5.000%	15-Jan-24	754,953	796,260	0.53
Numericable U.S. LLC (Altice France S.A.), Term Loan	857,788	4.000%	31-Jan-25	1,124,858	1,160,635	0.77
Ortho-Clinical Diagnostics Inc. (Crimson Merger Sub Inc.), Term Loan	651,667	4.750%	30-Jun-21	706,189	866,526	0.56
Party City Holdings Inc., Term Loan	137,298	3.750%	19-Aug-22	180,238	185,899	0.12
Patheon Inc. (JLL/Delta Dutch Newco B.V.), Term Loan	195,500	4.250%	11-Mar-21	217,271	264,239	0.18
PetSmart Inc., Term Loan	1,552,175	4.000%	10-Mar-22	2,061,755	2,089,238	1.38
Pharmaceutical Product Development Inc., Term Loan	1,415,548	4.250%	18-Aug-22	1,875,117	1,920,067	1.27
Pinnacle Operating Corp. (The), Term Loan	542	4.750%	15-Nov-18	678	598	0.00
Planet Fitness Holdings LLC, Term Loan	568,491	4.250%	31-Mar-21	758,506	769,964	0.51
Portillo's Holdings LLC, Term Loan	2,019,642	4.750%	15-Aug-21	2,358,946	2,698,114	1.78
Quikrete Holdings Inc., Term Loan	1,838,817	4.000%	04-Nov-23	2,457,088	2,491,527	1.65
Red Lobster Management LLC, Term Loan	210,000	6.250%	28-Jul-21	222,191	285,129	0.19
Rexnord (RBS Global Inc.), Term Loan	70,000	3.750%	21-Aug-23	92,697	94,314	0.07
Reynolds Group Holdings Inc., Term Loan	2,462,052	4.250%	05-Feb-23	1,919,110	3,346,234	2.22
Riverbed Technology Inc., Term Loan	140,000	4.250%	24-Apr-22	187,831	189,146	0.13
Select Medical Corp., Term Loan	861,497	6.000%	28-Feb-21	1,148,159	1,172,107	0.78
ServiceMaster Co. LLC, Term Loan	375,000	2.500%	02-Nov-23	501,375	504,752	0.33
Station Casinos LLC, Term Loan	897,750	3.750%	08-Jun-23	1,166,144	1,219,684	0.81
Sterigenics International (STHI Intermediate Holding Corp.), Term Loan	896,000	4.250%	16-May-22	1,144,444	1,206,780	0.80
Surgery Center Holdings Inc., Term Loan	838,236	4.750%	03-Nov-20	1,107,729	1,132,492	0.75
Surgical Care Affiliates Inc., Term Loan	328,333	3.750%	17-Mar-22	437,553	443,319	0.29
Team Health Inc., Term Loan	841,892	3.750%	23-Nov-22	1,096,565	1,130,841	0.75
Toys "R" US-Delaware, Inc.	239,985	5.250%	25-May-18	261,825	301,595	0.20
Trans Union LLC, Term Loan	51,169	3.500%	09-Apr-21	63,044	69,255	0.05
Transdigm Inc., Term Loan	1,635,358	3.750%	09-Jun-23	2,083,405	2,216,573	1.47
TransUnion LLC, Term Loan	245,953	3.500%	09-Apr-23	305,101	332,884	0.22
Tribune Media Co., Term Loan	822,421	3.750%	27-Dec-20	1,067,078	1,112,230	0.74
Trinseo Materials Operating SCA, Term Loan	98,750	4.250%	05-Nov-21	118,574	133,913	0.09
Triple Point Technologies Inc., Term Loan	112,879	5.250%	10-Jul-20	120,306	133,623	0.09
U.S. Renal Care Inc., Term Loan	771,182	5.250%	30-Dec-22	1,006,755	965,536	0.64
Univision Communications Inc., Term Loan	2,126,499	4.000%	01-Mar-20	2,658,496	2,869,420	1.90
UPC Financing Partnership, Term Loan	600,000	3.000%	25-Jul-24	779,625	813,646	0.54
US Foods Inc., Term Loan	299,250	4.000%	30-Jun-23	385,949	405,806	0.27
USI Inc. (Compass Investors Inc.), Term Loan	968,250	4.250%	27-Dec-19	1,226,388	1,305,442	0.87
Valeant Pharmaceuticals International Inc., Term Loan	1,799,104	5.000%	01-Apr-22	2,270,684	2,416,027	1.61
Vertafore Inc., Term Loan	1,150,000	4.250%	17-Jun-23	1,534,733	1,547,351	1.02
Vertiv Inc. (Cortes NP Acquisition), Term Loan	332,776	6.000%	30-Nov-23	423,603	452,387	0.30
Victory Capital Holdings (VCH Holdings LLC)	195,043	8.500%	31-Oct-21	245,596	264,985	0.18

First Trust Senior Loan ETF (CAD-Hedged)

Notes to Financial Statements - Specific Information

For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
Virgin Media Bristol LLC, Term Loan	70,000	2.750%	31-Jan-25	93,195	94,350	0.06
Vistra Energy Corp. (TXU/TEX/TCEH), Term Loan	2,269,846	1.000%	04-Aug-23	2,995,960	3,082,381	2.04
Vistra Energy Corp. (TXU/TEX/TCEH), Term Loan	1,200,000	4.000%	31-Dec-23	1,572,220	1,631,320	1.08
Walter Investment Management Corp., Term Loan	680,582	4.750%	18-Dec-20	735,029	867,180	0.57
Western Digital Corp., Term Loan	438,900	4.500%	29-Apr-23	568,902	598,311	0.40
WEX Inc., Term Loan	798,000	4.250%	30-Jun-23	1,027,150	1,085,663	0.72
WME IMG Worldwide Inc., Term Loan	121,710	5.250%	06-May-21	135,477	164,947	0.11
WTG Holdings III Corp. (EWT Holdings III Corp.), Term Loan	194,500	4.750%	15-Jan-21	206,398	262,616	0.17
				127,985,022	135,652,140	89.87
Total investments				139,225,573	147,543,703	97.75
Unrealized appreciation on derivatives - see Schedule 1					1,352,796	0.90
Other assets, less liabilities					2,041,059	1.35
Total Net Assets Attributable to Holders of Redeemable Units				139,225,573	150,937,558	100.00

Schedule 1 - Foreign Exchange Contract

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount Currency		Amount Bought	Forward Rate	Appreciation (Depreciation)	
				Sold	Buy			Current Rate	\$
Bank of New York Mellon (The), New York	A-1+	2017/01/31	USD	111,718,231	CAD	151,300,000	0.738	0.745	1,352,796
									1,352,796

* Commercial paper rating per Stand and Poor's Commercial Paper Guide

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and June 30, 2016

	December 31 2016 (\$)	June 30 2016 (\$)
Assets		
Investments (non-derivative financial assets)	22,638,631	24,132,153
Cash	720,779	856,165
Accrued dividend receivable	498	7,627
Accrued interest receivable	291,098	276,042
Receivable for portfolio securities sold	13,148	127,419
Derivative assets	211,905	276,185
Other assets	7,553	3,576
	23,883,612	25,679,167
Liabilities		
Accrued liabilities	43,006	45,940
Payable for portfolio securities purchased	92,100	107,442
Distributions payable	88,900	101,596
	224,006	254,978
Total net assets attributable to holders of redeemable units	23,659,606	25,424,189
Net assets attributable to holders of redeemable units per class		
Advisor Class	15,666,138	17,484,024
Common Class	7,993,468	7,940,165
Redeemable units outstanding [note 6]		
Advisor Class	808,162	908,162
Common Class	370,823	370,823
Net assets attributable to holders of redeemable units per class		
Advisor Class	19.38	19.25
Common Class	21.56	21.41

STATEMENTS OF COMPREHENSIVE INCOME For the period ended December 31, 2016 and year ended June 30, 2016

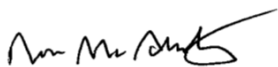
	December 31 2016 (\$) 6 months	June 30 2016 (\$) 12 months
Revenues		
Dividends	21,715	169,044
Interest income for distribution purposes	705,327	442,798
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	118,862	15,448,228
Net realized (loss) gain on derivatives	(921,866)	2,105,807
Net realized (loss) gain on foreign exchange	(27,017)	317,699
Net change in unrealized appreciation (depreciation) of investments	1,018,406	(19,468,838)
Net change in unrealized (depreciation) appreciation of derivatives	(64,279)	276,185
	851,148	(709,077)
Foreign exchange gain (loss) on cash	31,715	(440,023)
	882,863	(1,149,100)
Expenses [note 7]		
Management fees	106,929	114,645
Service fees	42,692	114,219
HST expense	14,384	23,365
Independent Review Committee fees	5,002	4,016
Transaction costs [note 3 and note 9]	1,068	6,244
Forward Agreement fees	-	45,082
Custody fees	-	13,530
Securityholder reporting costs	-	22,602
Other expenses	-	11,234
Audit fees	-	13,325
Legal fees	-	(561)
Trustee fees	-	4,100
	170,075	371,801
Expenses waived by manager	(14,716)	(4,082)
	155,359	367,719
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	727,504	(1,516,819)
Withholding taxes	(1,257)	(15,757)
Increase (Decrease) in net assets attributable to holders of redeemable units	726,247	(1,532,576)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Advisor Class	477,744	(1,794,626)
Common Class	248,503	262,050
Increase in net assets attributable to holders of redeemable units per unit		
Advisor Class	0.56	(0.82)
Common Class	0.67	1.20

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 Short Duration High Yield Bond ETF (CAD-Hedged)

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

For the period ended December 31, 2016 and year ended June 30, 2016

	December 31	June 30	December 31	June 30
	2016 (\$)	2016 (\$)	2016 (\$)	2016 (\$)
	6 months	12 months	6 months	12 months
	Advisor Class	Advisor Class	Common Class	Common Class
Net assets attributable to holders of redeemable units, beginning of period/year	17,484,024	35,323,995	7,940,165	1,471,438
Increase (decrease) in net assets attributable to holders of redeemable units	477,744	(1,794,626)	248,503	262,050
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	-	1,105,146	-	9,987,523
Redemption of units	(1,935,939)	(15,694,455)	-	(3,560,794)
	(1,935,939)	(14,589,309)	-	6,426,729
Distributions to holders of redeemable units from:				
Net investment income	-	(394,637)	-	(180,124)
Return of capital	(359,691)	(1,061,399)	(195,200)	(39,928)
	(359,691)	(1,456,036)	(195,200)	(220,052)
(Decrease) Increase in net assets attributable to holders of redeemable units for the period/year	(1,817,886)	(17,839,971)	53,303	6,468,727
Net assets attributable to holders of redeemable units, end of period/year	15,666,138	17,484,024	7,993,468	7,940,165
			2016	2016
			6 months	12 months
			Total (\$)	Total (\$)
Net assets attributable to holders of redeemable units, beginning of period/year			25,424,189	36,795,433
Increase (decrease) in net assets attributable to holders of redeemable units			726,247	(1,532,576)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			-	11,092,669
Redemption of units			(1,935,939)	(19,255,249)
			(1,935,939)	(8,162,580)
Distributions to holders of redeemable units from:				
Net investment income			-	(574,761)
Return of capital			(554,891)	(1,101,327)
			(554,891)	(1,676,088)
Decrease in net assets attributable to holders of redeemable units for the period/year			(1,764,583)	(11,371,244)
Net assets attributable to holders of redeemable units, end of period/year			23,659,606	25,424,189

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

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)

STATEMENTS OF CASH FLOW For the period ended December 31, 2016 and year ended June 30, 2016

	December 31 2016 (\$) 6 months	June 30 2016 (\$) 12 months
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	726,247	(1,532,576)
Adjustments for:		
Foreign exchange (gain) loss on cash	(31,715)	440,023
Net realized gain on investments	(118,862)	(15,448,228)
Change in unrealized (appreciation) depreciation of investments and derivatives	(954,127)	19,192,653
Interest receivable	(15,056)	(276,042)
Dividends receivable	7,129	(7,627)
Other assets	(3,977)	(3,576)
Accrued liabilities	(2,934)	(92,617)
Purchases of investments	(14,956,869)	(86,340,294)
Proceeds from the sale of investments	17,686,589	95,170,009
	2,336,425	11,101,725
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	-	11,092,669
Amount paid on redemptions of units	(1,935,939)	(19,255,249)
Distributions paid to unitholders	(567,587)	(1,746,529)
	(2,503,526)	(9,909,109)
(Decrease) increase in cash for the period/year	(167,101)	1,192,616
Foreign exchange gain (loss) on cash	31,715	(440,023)
Cash, beginning of period/year	856,165	103,572
Cash, end of period/year	720,779	856,165
Interest received	690,271	166,756
Dividends received, net of withholding taxes	27,587	145,877

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

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks is 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.

B. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS (NOTE 4) - The below table shows information about the First Trust ETF's forward foreign exchange currency agreement for the six-month period ended December 31, 2016 and year ended June 30, 2016:

December 31, 2016			June 30, 2016		
Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)	Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)
23,700,000	100.17%	211,905	23,492,040	92.40%	276,185

C. 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 six-month period ended December 31, 2016 and year ended June 30, 2016:

Financial Assets at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	22,638,631	–	22,638,631
Derivative assets	–	211,905	–	211,905
	–	22,850,536	–	22,850,536

Financial Assets at Fair Value (\$) As at June 30, 2016				
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	21,627,594	–	21,627,594
Equities	2,504,559	–	–	2,504,559
Derivative assets	–	276,185	–	276,185
	2,504,559	100,009,435	–	24,408,338

There have been no transfers from one Level to another for the six-month period ended December 31, 2016 and year ended June 30, 2016.

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

D. REDEEMABLE UNITS (NOTE 6) - The First Trust ETF issued (redeemed) the following units during the six-month period ended December 31, 2016 and year ended June 30, 2016:

	December 31, 2016				June 30, 2016			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	–	–	–	370,823	475,856	–	(230,104)	370,823
Advisor	–	–	(100,000)	808,162	70,995	–	(2,478,507)	908,162

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

E. 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 ¹
0.85%	1.35%

¹Includes a service fee of 0.50%

F. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
230	461	1,222,500	7,207,747

G. 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 six-month period ended December 31, 2016 and year ended June 30, 2016 are as follows:

Transaction Cost (\$)	
Dec. 31, 2016	June 30, 2016
1,068	6,244

H. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the six-month period ended December 31, 2016 and year ended June 30, 2016, including amounts owing as at December 31, 2016 and June 30, 2016 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
Dec. 31, 2016	June 30, 2016	Dec. 31, 2016	June 30, 2016
106,929	114,645	16,998	15,369

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

I. 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, 2016 and June 30, 2016:

	At December 31, 2016			
	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	1,418,495	6,498,415	14,721,721	22,638,631
Total	1,418,495	6,498,415	14,721,721	22,638,631

	At June 30, 2016			
	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	1,240,719	4,394,086	15,992,789	21,627,594
Total	1,240,719	4,394,086	15,992,789	21,627,594

At December 31, 2016, the weighted average duration of the First Trust ETF was 2.79 years (June 30, 2016 – 2.90 years). If interest rates increased or decreased by 1% at December 31, 2016, with all other variables remaining constant, net assets would have decreased or increased by approximately \$226,386 (June 30, 2016 - \$216,276). 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, 2016 and June 30, 2016:

Debt Securities by S&P Rating	At December 31, 2016 % of Net Assets	At June 30, 2016 % of Net Assets
BBB	–	3.25%
BBB-	1.70%	2.91%
BB+	5.52%	6.46%
BB	6.57%	8.33%
BB-	17.50%	16.13%
B+	18.12%	19.56%
B	17.32%	12.54%
B-	16.97%	13.76%
CCC+	9.85%	8.05%
CCC	2.14%	1.06%
CCC-	–	–
CC	–	0.13%
D	–	–
NR	–	–

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

Currency risk - The table below summarizes the First Trust ETF's unhedged foreign currency exposure as at December 31, 2016 and June 30, 2016:

	At December 31, 2016		At June 30, 2016	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	(60,802)	(0.26)%	(906,660)	(3.57)%

As at December 31, 2016, 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 \$608 (June 30, 2016 - \$9,067). 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 as at December 31, 2016 and June 30, 2016:

Sector	At December 31, 2016 % of Net Assets	At June 30, 2016 % of Net Assets
Consumer Discretionary	31.73%	31.85%
Health Care	27.18%	23.76%
Industrials	9.55%	9.88%
Consumer Staples	7.67%	9.03%
Information Technology	6.55%	8.34%
Energy	5.41%	0.02%
Telecommunication Services	4.64%	6.13%
Materials	2.68%	2.78%
Other	0.30%	2.39%
Financials	—	0.43%
Total	95.69%	94.60%

Below are the First Trust ETF's breakdown by geographic exposure as at December 31, 2016 and June 30, 2016:

Country	At December 31, 2016 % of Net Assets	At June 30, 2016 % of Net Assets
United States	83.42%	80.66%*
Canada	5.85%	4.96%
Netherlands	2.21%	0.97%
Ireland	1.75%	1.55%
France	1.65%	2.55%
Mexico	0.61%	0.54%
United Kingdom	0.20%	0.25%
Cayman Islands	—	2.79%
Luxembourg	—	0.65%
Total	95.69%	94.92%

*includes look through to ETFs held by the First Trust ETF

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)

Notes to Financial Statements - Specific Information

For the period ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES						
DOMESTIC BONDS						
Canada—1.70%						
Bombardier Inc., Callable	50,000	7.750%	15-Mar-20	51,811	70,993	0.30
Concordia International Corp., Callable	50,000	9.000%	01-Apr-22	67,597	57,147	0.24
Garda World Security Corp., Callable	100,000	7.250%	15-Nov-21	109,186	125,538	0.53
Ritchie Bros. Auctioneers Inc., Callable	25,000	5.375%	15-Jan-25	33,090	34,321	0.15
VRX Escrow Corp., Callable	100,000	5.375%	15-Mar-20	128,919	114,125	0.48
				390,603	402,124	1.70
INTERNATIONAL BONDS						
France—1.46%						
Numericable Group SA, Callable	250,000	6.000%	15-May-22	328,739	345,732	1.46
				328,739	345,732	1.46
Ireland—1.20%						
Ardagh Packaging Finance PLC and Ardagh MP Holdings USA Inc., Callable	200,000	7.250%	15-May-24	250,940	283,971	1.20
				250,940	283,971	1.20
Luxembourg—0.55%						
Mallinckrodt International Finance SA, Callable	100,000	5.750%	01-Aug-22	127,525	129,901	0.55
				127,525	129,901	0.55
Mexico—0.60%						
Cemex SAB de CV, Callable	100,000	7.250%	15-Jan-21	133,526	143,328	0.60
				133,526	143,328	0.60
Netherlands—2.21%						
Ziggo Secured Finance B.V., Callable	400,000	6.000%	15-Jan-27	528,050	522,291	2.21
				528,050	522,291	2.21
United States—55.77%						
Altice US Finance I Corp., Callable	250,000	5.500%	15-May-26	316,475	343,215	1.45
AMC Entertainment Holding Inc., Callable	50,000	5.875%	15-Nov-26	66,913	68,811	0.29
AmSurg Corp., Callable	50,000	5.625%	15-Jul-22	70,067	69,465	0.29
Argos Merger Sub Inc., Callable	300,000	7.125%	15-Mar-23	417,804	411,858	1.74
BMC Software Finance Inc., Callable	50,000	8.125%	15-Jul-21	41,118	63,063	0.27
Boyd Gaming Corp., Callable	100,000	6.375%	01-Apr-26	130,340	145,275	0.61
Brinker International Inc., Callable	50,000	5.000%	01-Oct-24	66,048	67,132	0.28
Caesars Growth Properties Holdings LLC / Caesars Growth Properties Finance Inc., Callable	150,000	9.375%	01-May-22	162,214	218,134	0.92
Calpine Corp., Callable	150,000	5.500%	01-Feb-24	190,113	195,356	0.83
Calpine Corp., Callable	100,000	5.750%	15-Jan-25	130,907	130,237	0.55
CCO Holdings LLC / CCO Holdings Capital Corp., Callable	250,000	5.875%	01-Apr-24	344,668	359,159	1.52
Centene Corp., Callable	100,000	6.125%	15-Feb-24	133,949	141,817	0.60
Cequel Communications Escrow 1 LLC / Cequel Communications Escrow Capital Corp., Callable	50,000	6.375%	15-Sep-20	66,904	69,314	0.29
CHS / Community Health Systems Inc., Callable	100,000	6.875%	01-Feb-22	123,790	93,985	0.40
CHS / Community Health Systems Inc.	300,000	8.000%	15-Nov-19	384,987	336,334	1.42
ClubCorp Club Operations Inc., Callable	100,000	8.250%	15-Dec-23	137,172	142,992	0.60
Cooper-Standard Automotive Inc., Callable	50,000	5.625%	15-Nov-26	67,778	66,545	0.28
Crimson Merger Sub Inc., Callable	100,000	6.625%	15-May-22	96,320	119,496	0.51
CSC Holdings LLC, Callable	50,000	5.500%	15-Apr-27	65,167	68,139	0.29
Diamond 1 Finance Corp. / Diamond 2 Finance Corp., Callable	50,000	5.875%	15-Jun-21	63,500	71,449	0.30
Diamond 1 Finance Corp. / Diamond 2 Finance Corp., Callable	200,000	7.125%	15-Jun-24	257,273	298,284	1.26
DJO Finco Inc. / DJO Finance LLC / DJO Finance Corp., Callable	100,000	8.125%	15-Jun-21	117,531	117,146	0.50
Endo Finance Co. (The), Callable	350,000	5.750%	15-Jan-22	474,303	417,061	1.76
Energizer Holdings Inc., Callable	50,000	5.500%	15-Jun-25	65,546	67,468	0.29
ESH Hospitality Inc., Callable	350,000	5.250%	01-May-25	464,424	468,753	1.98
Felcor Lodging L.P., Callable	50,000	6.000%	01-Jun-25	70,240	70,153	0.30
Frontier Communications Corp., Callable, Series 'W'	100,000	8.875%	15-Sep-20	137,943	143,496	0.61
Geo Group Inc. (The), Callable	50,000	5.875%	15-Jan-22	69,893	68,307	0.29
Gray Television Inc., Callable	100,000	5.875%	15-Jul-26	128,878	133,594	0.57
HCA Inc., Callable	500,000	7.500%	15-Feb-22	762,832	763,632	3.23
HealthSouth Corp., Callable	100,000	5.750%	01-Nov-24	132,740	136,615	0.58
Hertz Corp. (The), Callable	100,000	5.500%	15-Oct-24	129,290	117,985	0.50
Infor (US) Inc., Callable	25,000	6.500%	15-May-22	30,165	35,161	0.15
inVentiv Group Holdings Inc. / inVentiv Health Inc. / inVentiv Health Clinical Inc., Callable	50,000	7.500%	01-Oct-24	66,726	70,650	0.30

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)

Notes to Financial Statements - Specific Information

For the period ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
Jaguar Holding Co. II / Pharmaceutical Product Development LLC, Callable	50,000	6.375%	01-Aug-23	69,023	72,000	0.30
JBS USA LLC / JBS USA Finance Inc., Callable	100,000	7.250%	01-Jun-21	134,509	139,637	0.59
KB Home, Callable	200,000	7.000%	15-Dec-21	260,835	284,642	1.20
Kindred Healthcare Inc., Callable	150,000	6.375%	15-Apr-22	157,507	180,502	0.76
Kindred Healthcare Inc.	100,000	8.000%	15-Jan-20	125,876	134,265	0.57
Landry's Inc., Callable	83,000	6.750%	15-Oct-24	111,115	113,390	0.48
Level 3 Communications Inc., Callable	300,000	5.750%	01-Dec-22	420,269	414,879	1.75
MGM Resorts International	50,000	7.750%	15-Mar-22	73,978	77,370	0.33
Micron Technology Inc., Callable	100,000	7.500%	15-Sep-23	128,485	149,034	0.63
MPH Acquisition Holdings LLC, Callable	250,000	7.125%	01-Jun-24	334,938	354,157	1.50
Murphy Oil Corp., Callable	50,000	6.875%	15-Aug-24	65,620	71,664	0.30
Nexstar Finance Inc., Callable	250,000	6.125%	15-Feb-22	319,087	349,089	1.48
Novelis Corp., Callable	100,000	5.875%	30-Sep-26	129,000	135,943	0.57
NRG Energy Inc., Callable	100,000	6.250%	15-Jul-22	134,524	135,272	0.57
Post Holdings Inc., Callable	50,000	6.000%	15-Dec-22	69,632	70,321	0.30
PulteGroup Inc., Callable	127,000	5.500%	01-Mar-26	171,977	169,877	0.72
Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC, Callable	100,000	7.000%	15-Jul-24	130,966	142,992	0.60
Select Medical Corp., Callable	250,000	6.375%	01-Jun-21	312,018	337,341	1.43
Sinclair Television Group Inc., Callable	50,000	5.125%	15-Feb-27	64,588	64,112	0.27
Sinclair Television Group Inc., Callable	250,000	5.625%	01-Aug-24	336,723	344,054	1.45
Sinclair Television Group Inc., Callable	100,000	5.875%	15-Mar-26	134,269	135,104	0.57
Sprint Capital Corp., Callable	25,000	6.900%	01-May-19	26,340	35,622	0.15
Sprint Communications Inc.	75,000	9.000%	15-Nov-18	103,935	111,272	0.47
Station Casinos LLC, Callable	250,000	7.500%	01-Mar-21	356,765	352,446	1.49
Tallgrass Energy Partners L.P. / Tallgrass Energy Finance Corp., Callable	100,000	5.500%	15-Sep-24	129,743	133,929	0.57
Taylor Morrison Communities Inc. / Monarch Communities Inc., Callable	100,000	5.250%	15-Apr-21	129,615	138,293	0.58
Tenet Healthcare Corp., Callable	100,000	5.000%	01-Mar-19	126,553	131,580	0.56
Tenet Healthcare Corp., Callable	500,000	8.125%	01-Apr-22	675,327	636,752	2.69
TRI Pointe Holdings Inc.	68,000	5.875%	15-Jun-24	91,271	94,496	0.40
Tribune Media Co., Callable	100,000	5.875%	15-Jul-22	129,895	137,118	0.58
United Rentals North America Inc., Callable	200,000	5.750%	15-Nov-24	262,657	283,299	1.20
United Rentals North America Inc., Callable	50,000	5.500%	15-May-27	66,923	66,713	0.28
Univision Communications Inc., Callable	330,000	6.750%	15-Sep-22	467,739	466,890	1.97
Valeant Pharmaceuticals International Inc., Callable	500,000	6.750%	15-Aug-18	675,751	639,437	2.70
				12,911,471	13,193,573	55.77
Senior Loans—32.20%						
Acosta Inc., Term Loan	297,753	4.250%	26-Sep-21	387,949	389,284	1.64%
Advantage Sales & Marketing Inc., Term Loan	309,659	4.250%	23-Jul-21	404,675	416,907	1.76%
Albertson's LLC, Term Loan	426,908	3.750%	22-Aug-21	567,083	579,516	2.45%
Amaya Holdings B.V., Term Loan	296,882	5.000%	01-Aug-21	386,606	399,828	1.69%
Amplify Snack Brands Inc., Term Loan	100,000	6.500%	31-Aug-23	128,007	130,348	0.55%
Applied Systems Inc., Term Loan	100,000	7.500%	24-Jan-22	134,850	135,440	0.57%
Asurion LLC, Term Loan	100,000	8.500%	03-Mar-21	116,429	136,364	0.58%
BJ's Wholesale Club Inc., Term Loan	199,524	8.500%	26-Mar-20	247,523	270,792	1.14%
BMC Software Finance Inc., Term Loan	141,019	5.000%	10-Sep-20	157,078	188,866	0.80%
Cablevision Systems Corp. (CSC Holdings, Inc.), Term Loan	164,474	3.750%	01-Oct-24	213,965	222,993	0.94%
Caesars Entertainment Resort Properties LLC, Term Loan	149,795	7.000%	11-Oct-20	196,766	202,757	0.85%
Caesars Growth Properties Holdings LLC, Term Loan	50,000	6.250%	08-May-21	65,637	67,531	0.29%
Coinstar Inc. (Aspen Merger Sub, Inc.), Term Loan	50,000	5.250%	27-Sep-23	65,849	68,076	0.29%
Concordia Healthcare Corp., Term Loan	198,999	5.250%	21-Oct-21	256,224	207,237	0.88%
Envision Healthcare Corp. (Emergency Medical Services Corp.), Term Loan	124,063	3.750%	15-Nov-23	165,902	168,135	0.71%
Epicor Software Corp., Term Loan	84,231	4.750%	01-Jun-22	106,495	113,417	0.48%
Focus Brands Inc., Term Loan	46,833	5.000%	15-Oct-23	61,091	64,087	0.27%
Formula One (Delta 2 Lux S.A.R.L.), Term Loan	34,440	4.750%	30-Jul-21	43,389	46,689	0.20%
Healogics Inc. (CDRH Parent, Inc.), Term Loan	49,370	5.250%	01-Jul-21	55,472	60,210	0.25%
Horizon Pharma Inc., Term Loan	120,000	5.500%	07-May-21	157,871	160,615	0.68%
Immucor Inc., Term Loan	49,359	5.000%	19-Aug-18	62,720	63,952	0.27%
Infor (U.S.) Inc., Term Loan	114,735	3.750%	03-Jun-20	145,182	154,177	0.65%
InVentiv Health Inc., Term Loan	119,048	4.750%	09-Nov-23	155,765	161,152	0.68%
JDA Software Group (RP Crown Parent, Inc.), Term Loan	50,000	4.500%	12-Oct-23	64,978	67,787	0.29%
Keurig Green Mountain, Inc. (Maple Holdings Acquisition Corp.), Term Loan	188,743	5.500%	03-Mar-23	252,074	256,901	1.09%
Micron Technology Inc., Term Loan	13,840	3.750%	26-Apr-22	18,384	18,847	0.08%
Neiman Marcus Group Inc. (The), Term Loan	34,505	4.250%	25-Oct-20	40,735	40,155	0.17%
New HB Acquisition LLC, Term Loan	270,338	4.000%	03-Aug-22	365,084	366,418	1.55%
Nexstar Broadcasting Inc., Term Loan	36,727	3.000%	22-Sep-23	48,491	49,697	0.21%

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)

Notes to Financial Statements - Specific Information

For the period ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
Nexstar Broadcasting Inc., Term Loan	3,273	3.000%	26-Sep-23	4,321	4,428	0.02%
Numericable U.S. LLC (Altice France S.A.), Term Loan	20,542	5.000%	15-Jan-24	26,439	27,906	0.12%
Numericable U.S. LLC (Altice France S.A.), Term Loan	13,206	4.000%	31-Jan-25	17,318	17,869	0.08%
PetSmart Inc., Term Loan	248,111	4.000%	10-Mar-22	329,566	333,959	1.41%
Portillo's Holdings LLC, Term Loan	347,342	4.750%	02-Aug-21	444,010	464,027	1.96%
Reynolds Group Holdings Inc., Term Loan	46,205	4.250%	05-Feb-23	60,313	62,799	0.27%
Select Medical Corp., Term Loan	218,398	6.000%	28-Feb-21	286,736	297,141	1.26%
Team Health Inc., Term Loan	99,251	3.750%	23-Nov-22	129,275	133,316	0.56%
Toys "R" US-Delaware Inc., Term Loan	79,809	5.250%	25-May-18	87,397	100,298	0.42%
Tribune Media Co., Term Loan	33,029	3.750%	27-Dec-20	42,863	44,668	0.19%
U.S. Renal Care Inc., Term Loan	99,749	4.4925	30-Dec-22	126,669	124,887	0.53%
Univision Communications Inc., Term Loan	49,340	4.000%	01-Mar-20	66,554	66,577	0.28%
Vertiv, Inc. (Cortes NP Acquisition), Term Loan	66,555	6.000%	30-Nov-23	84,698	90,477	0.38%
Vistra Energy Corp. (TXU/TEX/TCEH), Term Loan	352,000	5.000%	04-Aug-23	464,767	478,005	2.02%
Western Digital Corp., Term Loan	119,700	4.500%	31-Aug-23	155,155	163,176	0.69%
				7,398,355	7,617,711	32.20
Total International Bonds				21,678,606	22,236,507	93.99
Total investments				22,069,209	22,638,631	95.69
Unrealized appreciation on derivatives - see Schedule 1					211,905	0.89
Other assets, less liabilities					809,070	3.42
Total Net Assets Attributable to Holders of Redeemable Units				22,069,209	23,659,606	100.00

Schedule 1 - Foreign Exchange Contract

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount Currency		Amount Bought	Forward Rate	Appreciation Current (Depreciation)	
				Sold	Buy			Rate	\$
Bank of New York Mellon (The), New York	A-1+	2017/01/31	USD	17,499,815	CAD	23,700,000	0.738	0.745	211,905
									211,905

* Commercial paper rating per Stand and Poor's Commercial Paper Guide

First Trust Global Risk Managed Income Index ETF

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	53,853,654	48,725,281
Cash	74,007	179,443
Accrued dividend receivable	194,316	217,173
Other assets	36,903	39,642
	54,158,880	49,161,539
Liabilities		
Accrued liabilities	22,079	19,098
Distributions payable to holders of redeemable units	164,211	162,224
	186,290	181,322
Total net assets attributable to holders of redeemable units	53,972,590	48,980,217
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	51,773,769	46,757,342
Advisor Class	2,198,821	2,222,875
Redeemable units outstanding [note 6]		
Common Class	2,686,214	2,530,000
Advisor Class	113,800	120,000
Net assets attributable to holders of redeemable units per class		
Common Class	19.27	18.48
Advisor Class	19.32	18.52

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

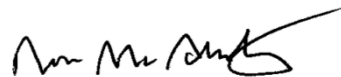
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	1,771,141	2,057,446
Other changes in fair value of investments		
Net realized loss on sale of investments	(625,062)	(1,461,110)
Net change in unrealized appreciation (depreciation) of investments	2,722,914	(2,321,240)
	3,868,993	(1,724,904)
Expenses [note 7]		
Management fees	279,854	301,516
Transaction costs [note 3 and note 9]	26,486	32,947
HST expense	20,337	19,434
Service fees	10,841	15,602
Independent Review Committee fees	9,382	9,601
Interest expense	10	132
	346,910	379,232
Expenses waived by manager	(94,657)	(126,983)
	252,253	252,249
Increase (Decrease) in net assets attributable to holders of redeemable units	3,616,740	(1,977,153)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	3,454,991	(1,889,881)
Advisor Class	161,749	(87,272)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	1.47	(0.75)
Advisor Class	1.42	(0.81)

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)	December 31, 2016 (\$)	December 31, 2015 (\$)
	Common Class (\$)	Common Class (\$)	Advisor Class (\$)	Advisor Class (\$)
Net assets attributable to holders of redeemable units, beginning of year	46,757,342	20,259,904	2,222,875	1,376,321
Increase (Decrease) in net assets attributable to holders of redeemable units	3,454,991	(1,889,881)	161,749	(87,272)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	13,552,039	49,409,338	-	995,159
Redemption of units	(10,250,416)	(19,008,454)	(113,768)	-
	3,301,623	30,400,884	(113,768)	995,159
Distributions to holders of redeemable units from:				
Net investment income	(1,522,989)	(1,786,920)	(63,044)	(54,429)
Return of capital	(217,198)	(226,645)	(8,991)	(6,904)
	(1,740,187)	(2,013,565)	(72,035)	(61,333)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	5,016,427	26,497,438	(24,054)	846,554
Net assets attributable to holders of redeemable units, end of year	51,773,769	46,757,342	2,198,821	2,222,875
			December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year			48,980,217	21,636,225
Increase (Decrease) in net assets attributable to holders of redeemable units			3,616,740	(1,977,153)
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			13,552,039	50,404,497
Redemption of units			(10,364,184)	(19,008,454)
			3,187,855	31,396,043
Distributions to holders of redeemable units from:				
Net investment income			(1,586,033)	(1,841,349)
Return of capital			(226,189)	(233,549)
			(1,812,222)	(2,074,898)
Increase in net assets attributable to holders of redeemable units for the year			4,992,373	27,343,992
Net assets attributable to holders of redeemable units, end of year			53,972,590	48,980,217

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	3,616,740	(1,977,153)
Adjustments for:		
Net realized loss on sale of investments	625,062	1,461,110
Change in unrealized (appreciation) depreciation of investments	(2,722,914)	2,321,240
Dividends receivable	22,857	(131,056)
Other assets	2,739	(39,642)
Other liabilities	2,981	12,645
Purchases of investments	(40,159,928)	(85,873,742)
Proceeds from the sale of investments	37,129,407	54,896,499
	(1,483,056)	(29,330,099)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	13,552,039	50,404,497
Amount paid on redemptions of units	(10,364,184)	(19,008,454)
Distributions paid to unitholders	(1,810,235)	(1,984,000)
	1,377,620	29,412,043
(Decrease) increase in cash for the year	(105,436)	81,944
Cash, beginning of year	179,443	97,499
Cash, end of year	74,007	179,443
Dividends received, net of withholding taxes	1,793,998	1,926,390

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, 2016

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 IndexSM, 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, 2016 and 2015:

Financial Assets at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	53,853,654	–	–	53,853,654
	53,853,654	–	–	53,853,654

Financial Assets at Fair Value (\$) As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	48,725,281	–	–	48,725,281
	48,725,281	–	–	48,725,281

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	706,214	–	(550,000)	2,686,214	2,500,000	–	(1,000,000)	2,530,000
Advisor	–	–	(6,200)	113,800	50,000	–	–	120,000

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

Annual Management Fee ¹	
Common Class	Advisor Class ²
0.41%	0.91%

¹Pays a management fee up to a maximum of 0.60%

²Includes 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, 2016

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
661,355	1,065,198	–	–

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
26,486	32,947

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
279,854	301,516	19,072	14,534

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Reference Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
NASDAQ Global Risk Managed Income Index SM	2,442,260	(2,442,260)	2,346,152	(2,346,152)

Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Holdings	At December 31, 2016		At December 31, 2015	
	Fair Value (\$)	% Net Assets	Fair Value (\$)	% Net Assets
Bonds	23,669,382	43.85%	30,849,963	62.98%
Senior Loans	11,917,368	22.08%	5,938,816	12.13%
Equities	9,260,689	17.16%	5,161,831	10.54%
REITs and Preferred Shares	9,006,215	16.69%	6,774,671	13.83%
Total	53,853,654	99.78%	48,725,281	99.48%

First Trust Global Risk Managed Income Index ETF

Notes to Financial Statements - Specific Information

For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Exchange Traded Funds—99.78%				
BMO Emerging Markets Bond Hedged to CAD Index ETF	141,685	2,390,793	2,353,388	4.36
BMO Equal Weight REITs Index ETF	109,707	2,118,411	2,114,054	3.92
BMO Equal Weight Utilities Index ETF	80,207	1,253,944	1,353,894	2.51
BMO High Yield US Corporate Bond Hedged to CAD ETF	382,266	5,627,044	5,508,453	10.21
BMO Mid-Term US IG Corporate Bond Index ETF	60,791	1,174,856	1,149,558	2.13
First Trust Senior Loan ETF (CAD-Hedged)	604,329	11,912,942	11,917,368	22.08
iShares Canadian Corporate Bond Index ETF	152,280	3,278,558	3,237,473	6.00
iShares Canadian Government Bond Index ETF	60,868	1,363,203	1,318,401	2.44
iShares Convertible Bond Index Fund, Convertible Bonds	238,423	4,445,072	4,515,732	8.37
iShares Core Canadian Long Term Bond Index Fund ETF	42,591	1,028,124	995,777	1.85
iShares Core S&P / TSX Composite High Dividend Index ETF	120,142	2,414,721	2,579,449	4.78
iShares Global Monthly Dividend Index Fund ETF (CAD-Hedged)	88,517	1,564,095	1,622,517	3.01
iShares Global Real Estate Index Fund	28,661	839,500	806,807	1.49
iShares S&P/TSX Canadian Preferred Share Index ETF	459,272	6,230,973	6,085,354	11.27
iShares S&P/TSX Capped Financials Index ETF	42,760	1,336,674	1,511,138	2.80
Vanguard Canadian Aggregate Bond Index ETF	60,812	1,556,104	1,545,233	2.86
Vanguard Canadian Short-Term Bond Index ETF	124,759	3,096,728	3,045,367	5.64
Vanguard FTSE Canadian High Dividend Yield Index ETF	50,528	1,538,615	1,679,045	3.11
Vanguard U.S. Dividend Appreciation Index ETF	13,213	471,270	514,646	0.95
		53,641,627	53,853,654	99.78
Total investments		53,641,627	53,853,654	99.78
Transaction costs		(18,604)		
Other assets, less liabilities			118,936	0.22
Total Net Assets Attributable to Holders of Redeemable Units		53,623,023	53,972,590	100.00

First Trust Tactical Bond Index ETF

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	34,990,532	25,304,899
Cash	87,297	109,525
Accrued dividend receivable	136,999	71,165
Other assets	7,588	986
	35,222,416	25,486,575
Liabilities		
Accrued liabilities	19,982	32,025
Distributions payable to holders of redeemable units	119,880	72,150
	139,862	104,175
Total net assets attributable to holders of redeemable units	35,082,554	25,382,400
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	35,082,554	25,382,400
Redeemable units outstanding [note 6]		
Common Class	1,800,000	1,300,000
Net assets attributable to holders of redeemable units per class		
Common Class	19.49	19.52

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2016 and for the period from June 19, 2015 to December 31, 2015

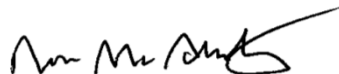
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	1,645,135	324,639
Other changes in fair value of investments		
Net realized loss on sale of investments	(198,968)	(270,877)
Net realized gain (loss) on foreign exchange	589	(87)
Net change in unrealized depreciation of investments	(72,998)	(81,005)
	1,373,758	(27,330)
Foreign exchange loss on cash	(1,250)	-
	1,372,508	(27,330)
Expenses [note 7]		
Management fees	209,006	43,899
Transaction costs [note 3 and note 9]	29,195	14,169
HST expense	19,990	4,721
Independent Review Committee fees	8,374	1,793
Interest expense	60	5
	266,625	64,587
Expenses waived by manager	(8,374)	(1,793)
	258,251	62,794
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	1,114,257	(90,124)
Withholding taxes	-	-
Increase (Decrease) in net assets attributable to holders of redeemable units	1,114,257	(90,124)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	1,114,257	(90,124)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	0.54	(0.10)

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 year ended December 31, 2016 and for the period from June 19, 2015 to December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year/period	25,382,400	-
Increase (Decrease) in net assets attributable to holders of redeemable units	1,114,257	(90,124)
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	41,260,764	26,736,891
Reinvested distributions	147,780	-
Redemption of units	(31,176,827)	(976,717)
	10,231,717	25,760,174
Distributions to holders of redeemable units from:		
Net investment income	(1,439,278)	(287,621)
Capital gains	(206,448)	-
Return of capital	(94)	(29)
	(1,645,820)	(287,650)
Increase in net assets attributable to holders of redeemable units for the year/period	9,700,154	25,382,400
Net assets attributable to holders of redeemable units, end of year/period	35,082,554	25,382,400

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

First Trust Tactical Bond Index ETF

STATEMENTS OF CASH FLOW For the year ended December 31, 2016 and for the period from June 19, 2015 to December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	1,114,257	(90,124)
Adjustments for:		
Foreign exchange loss on cash	1,250	-
Net realized loss on sale of investments	198,968	270,877
Change in unrealized depreciation of investments	72,998	81,005
Dividends receivable	(65,834)	(71,165)
Other assets	(6,602)	(986)
Other liabilities	(12,043)	32,025
Purchases of investments	(64,956,696)	(40,879,351)
Proceeds from the sale of investments	54,999,097	15,222,570
	<u>(8,654,605)</u>	<u>(25,435,149)</u>
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	41,260,764	26,736,891
Amount paid on redemptions of units	(31,176,827)	(976,717)
Distributions paid to unitholders	(1,450,310)	(215,500)
	<u>8,633,627</u>	<u>25,544,674</u>
(Decrease) increase in cash for the year/period	(20,978)	109,525
Foreign exchange loss on cash	(1,250)	-
Cash, beginning of year/period	109,525	-
Cash, end of year/period	<u>87,297</u>	<u>109,525</u>
Dividends received, net of withholding taxes	1,579,301	253,474

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, 2016

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks to replicate, to the extent possible, the performance of a total return fixed income index, net of expenses. Currently, the First Trust ETF seeks to replicate the performance of the NASDAQ IBIS Canadian Preservation Index CAD TRSM, net of expenses. The First Trust ETF will invest in and hold the Constituent Securities of the Index in the same proportion as they are reflected in the Index. The Index will consist of an equal weighted basket of TSX-listed ETFs that provide exposure to global fixed income securities which may include short-term and long-term Canadian government bonds, Canadian real return bonds, preferred shares, convertible, corporate, high yield, floating-rate, and developed and emerging market bonds.

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 year ended December 31, 2016 and period ended December 31, 2015:

Financial Assets at Fair Value (\$)				
As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	34,990,532	–	–	34,990,532
	34,990,532	–	–	34,990,532

Financial Assets at Fair Value (\$)				
As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	25,304,899	–	–	25,304,899
	25,304,899	–	–	25,304,899

There have been no transfers from one Level to another for the year ended December 31, 2016 and period ended December 31, 2015.

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 year ended December 31, 2016 and period ended December 31, 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	2,100,000	–	(1,600,000)	1,800,000	1,350,001	–	(50,001)	1,300,000

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

Common Class – 0.50%

First Trust Tactical Bond Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
-	278,981	-	-

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 year ended December 31, 2016 and period ended December 31, 2015, are as follows:

Transaction Cost (\$)	
2016	2015
29,195	14,169

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the year ended December 31, 2016 and period ended December 31, 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
209,006	43,899	17,683	28,341

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
NASDAQ IBIS Canadian Preservation Index CAD TR SM	1,543,632	(1,543,632)	1,152,361	(1,152,361)

Concentration Risk - The table below summarizes the concentration risk for the year ended December 31, 2016 and period ended December 31, 2015:

Holdings	At December 31, 2016		At December 31, 2015	
	Fair Value (\$)	% Net Assets	Fair Value (\$)	% Net Assets
Bonds	34,990,532	99.74%	25,304,899	99.69%
Total	34,990,532	99.74%	25,304,899	99.69%

First Trust Tactical Bond Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Exchange Traded Funds—99.74%				
BMO Emerging Markets Bond Hedged to CAD Index ETF	418,467	6,984,162	6,950,737	19.81
BMO High Yield US Corporate Bond Hedged to CAD ETF	503,970	6,909,452	7,262,208	20.70
iShares Canadian Universe Bond Index ETF	223,473	7,126,915	6,954,480	19.83
iShares U.S. High Yield Bond Index ETF	363,710	7,240,357	7,226,918	20.60
PowerShares Ultra Liquid Long Term Government Bond Index ETF	291,996	6,891,890	6,596,189	18.80
		35,152,776	34,990,532	99.74
Total investments		35,152,776	34,990,532	99.74
Transaction costs		(8,240)		
Other assets, less liabilities			92,022	0.26
Total Net Assets Attributable to Holders of Redeemable Units		35,144,536	35,082,554	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	2,570,412	5,691,261
Cash	22,815	95,752
Accrued dividend receivable	4,737	14,869
Other assets	759	76
	2,598,723	5,801,958
Liabilities		
Accrued liabilities	1,725	11,254
Distributions payable to holders of redeemable units	10,000	35,000
	11,725	46,254
Total net assets attributable to holders of redeemable units	2,586,998	5,755,704
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	2,586,998	5,755,704
Redeemable units outstanding [note 6]		
Common Class	100,000	250,000
Net assets attributable to holders of redeemable units per class		
Common Class	25.87	23.02

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

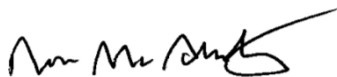
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	93,042	115,119
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	232,839	182,865
Net realized loss on derivatives	-	(181,737)
Net realized gain on foreign exchange	728	2,760
Net change in unrealized (depreciation) appreciation of investments	(125,867)	400,880
Net change in unrealized appreciation of derivatives	-	76
	200,742	519,963
Foreign exchange gain on cash	466	3,879
	201,208	523,842
Expenses [note 7]		
Management fees	26,010	29,057
HST expense	2,638	3,702
Transaction costs [note 3 and note 9]	1,931	1,734
Independent Review Committee fees	761	802
Interest expense	55	7
	31,395	35,302
Expenses waived by manager	(761)	(802)
	30,634	34,500
Increase in net assets attributable to holders of redeemable units before tax	170,574	489,342
Withholding taxes	(13,129)	(14,627)
Increase in net assets attributable to holders of redeemable units	157,445	474,715
Increase in net assets attributable to holders of redeemable units for each class		
Common Class	157,445	474,715
Increase in net assets attributable to holders of redeemable units per unit		
Common Class	0.93	2.50

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 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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	5,755,704	2,121,040
Increase in net assets attributable to holders of redeemable units	157,445	474,715
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	-	3,241,949
Reinvested distributions	79,314	610,465
Redemption of units	(3,276,631)	-
	(3,197,317)	3,852,414
Distributions to holders of redeemable units from:		
Net investment income	-	(680,882)
Capital gains	(128,834)	-
Return of capital	-	(11,583)
	(128,834)	(692,465)
(Decrease) Increase in net assets attributable to holders of redeemable units for the year	(3,168,706)	3,634,664
Net assets attributable to holders of redeemable units, end of year	2,586,998	5,755,704

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase in net assets attributable to holders of redeemable units	157,445	474,715
Adjustments for:		
Foreign exchange gain on cash	(466)	(3,879)
Net realized gain on sale of investments	(232,839)	(182,865)
Change in unrealized depreciation (appreciation) of investments and derivatives	125,867	(400,956)
Dividends receivable	10,132	(11,154)
Other assets	(683)	(76)
Other liabilities	(9,529)	8,480
Purchases of investments	(3,262,703)	(6,162,709)
Proceeds from the sale of investments	6,490,524	3,164,719
	3,277,748	(3,113,725)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	-	3,241,949
Amount paid on redemptions of units	(3,276,631)	-
Distributions paid to unitholders	(74,520)	(51,590)
	(3,351,151)	3,190,359
(Decrease) increase in cash for the year	(73,403)	76,634
Foreign exchange gain on cash	466	3,879
Cash, beginning of year	95,752	15,239
Cash, end of year	22,815	95,752
Dividends received, net of withholding taxes	90,045	89,338

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, 2016

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, 2016 and 2015:

Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	2,570,412	–	–	2,570,412
	2,570,412	–	–	2,570,412

Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	5,691,261	–	–	5,691,261
	5,691,261	–	–	5,691,261

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Redeemable units Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Redeemable units Outstanding
Common	–	–	(150,000)	100,000	150,000	–	–	250,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
30,848	–	510,601	–

First Trust AlphaDEX™ U.S. Financial Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
1,931	1,734

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
26,010	29,057	1,526	9,958

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Financial Services Index	120,166	(120,166)	249,222	(249,222)
Russell 1000® Index	128,574	(128,574)	250,373	(250,373)
S&P 500 Financials Index	110,206	(110,206)	240,588	(240,588)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	2,577,371	99.63%	5,716,105	99.31%

As at December 31, 2016, 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 \$25,774 (December 31, 2015 – \$57,161). 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, 2016

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Financials	86.91	85.23
Information Technology	8.14	10.68
Industrials	2.10	1.25
Consumer Discretionary	2.21	0.88
Materials	-	0.84
Total	99.36	98.88

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Consumer Discretionary—2.21%				
CoreCivic Inc.	1,177	27,474	38,654	1.49
Lamar Advertising Co., Class 'A'	50	4,260	4,514	0.18
Thomson Reuters Corp.	237	11,967	13,931	0.54
		43,701	57,099	2.21
Financials—86.91%				
Affiliated Managers Group Inc.	68	11,704	13,266	0.51
Aflac Inc.	182	14,533	17,008	0.66
Alexandria Real Estate Equities Inc.	90	12,292	13,429	0.52
Alleghany Corp.	19	10,676	15,513	0.60
Allied World Assurance Co. Holdings Ltd.	81	4,671	5,841	0.23
Allstate Corp. (The)	94	7,596	9,355	0.36
Ally Financial Inc.	838	21,424	21,400	0.83
American Express Co.	153	13,362	15,218	0.59
American Financial Group Inc.	87	6,792	10,293	0.40
American International Group Inc.	110	7,537	9,646	0.37
American Tower Corp., Class A	58	7,412	8,230	0.32
Ameriprise Financial Inc.	65	8,593	9,682	0.37
AmTrust Financial Services Inc.	487	19,556	17,903	0.69
Aon PLC	58	7,560	8,685	0.34
Apple Hospitality REIT Inc.	176	4,356	4,721	0.18
Arch Capital Group Ltd.	41	3,125	4,750	0.18
Arthur J. Gallagher & Co.	321	18,782	22,394	0.87
Aspen Insurance Holdings Ltd.	350	19,996	25,846	1.00
Associated Banc-Corp.	500	11,251	16,582	0.64
Assurant Inc.	106	12,046	13,216	0.51
Assured Guaranty Ltd.	588	17,885	29,819	1.15
Avalonbay Communities Inc.	18	4,444	4,281	0.17
Axis Capital Holdings Ltd.	300	19,705	26,290	1.02
Bank of America Corp.	834	16,580	24,747	0.96
Bank of New York Mellon Corp. (The)	327	16,238	20,802	0.80
BankUnited Inc.	324	13,553	16,396	0.63
BB&T Corp.	260	12,009	16,414	0.63
Berkshire Hathaway Inc., Class 'B'	113	20,027	24,727	0.96
BlackRock Inc.	9	3,962	4,598	0.18
BOK Financial Corp.	95	7,490	10,592	0.41
Boston Properties Inc.	24	4,058	4,053	0.16
Brown & Brown Inc.	173	7,385	10,420	0.40
Capital One Financial Corp.	227	21,768	26,589	1.03
Care Capital Properties Inc.	229	8,149	7,687	0.30
CBRE Group Inc.	350	12,718	14,798	0.57
Charles Schwab Corp. (The)	414	17,799	21,940	0.85
Chimera Investment Corp.	614	11,014	14,031	0.54
Chubb Ltd.	26	3,540	4,612	0.18
Cincinnati Financial Corp.	87	5,724	8,848	0.34
CIT Group Inc.	450	23,596	25,787	1.00
Citigroup Inc.	346	21,401	27,609	1.07
Citizens Financial Group Inc.	528	15,815	25,259	0.98

First Trust AlphaDEX™ U.S. Financial Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
CME Group Inc., Class 'A'	31	3,883	4,801	0.19
Columbia Property Trust Inc.	146	4,104	4,234	0.16
Comerica Inc.	138	7,687	12,620	0.49
Commerce Bancshares Inc.	69	3,901	5,356	0.21
Credit Acceptance Corp.	32	8,126	9,345	0.36
Cullen/Frost Bankers Inc.	91	7,253	10,780	0.42
CyrusOne Inc.	69	4,948	4,144	0.16
Digital Realty Trust Inc.	67	6,192	8,839	0.34
Discover Financial Services	231	16,566	22,359	0.86
East West Bancorp Inc.	267	11,779	18,222	0.70
Eaton Vance Corp.	167	8,560	9,390	0.36
Empire State Realty Trust Inc.	468	11,397	12,687	0.49
Endurance Specialty Holdings Ltd.	249	21,611	30,891	1.19
Entertainment Properties Trust	41	4,267	3,951	0.15
Equinix Inc.	18	5,903	8,638	0.33
Equity Commonwealth	324	12,348	13,155	0.51
Equity Lifestyle Properties Inc.	42	3,221	4,066	0.16
Equity Residential	254	22,604	21,949	0.85
Everest Re Group Ltd.	86	18,539	24,987	0.97
Federated Investors Inc., Class 'B'	110	4,142	4,177	0.16
Fifth Third Bancorp	798	18,943	28,897	1.12
First American Financial Corp.	332	17,423	16,328	0.63
First Horizon National Corp.	429	7,343	11,526	0.45
First Republic Bank	169	16,006	20,907	0.81
FNF Group	354	16,914	16,141	0.62
Forest City Realty Trust Inc., Class 'A'	706	19,390	19,754	0.76
Franklin Resources Inc.	459	25,733	24,392	0.94
Goldman Sachs Group Inc. (The)	61	13,976	19,611	0.76
Hanover Insurance Group Inc.	130	12,208	15,885	0.61
Hartford Financial Services Group Inc. (The)	305	16,716	19,513	0.75
Healthcare Trust of America Inc., Class 'A'	200	7,273	7,817	0.30
Host Hotels & Resorts Inc.	841	17,927	21,274	0.82
Howard Hughes Corp. (The)	143	20,477	21,907	0.85
Huntington Bancshares Inc.	1,324	16,996	23,501	0.91
Interactive Brokers Group Inc., Class 'A'	93	5,172	4,559	0.18
Intercontinental Exchange Inc.	180	11,372	13,635	0.53
Invesco Ltd.	313	13,462	12,750	0.49
Iron Mountain Inc.	87	4,144	3,794	0.15
Jones Lang LaSalle Inc.	143	24,234	19,400	0.75
JPMorgan Chase & Co.	196	15,095	22,708	0.88
KeyCorp	805	12,703	19,747	0.76
Kilroy Realty Corp.	94	8,159	9,241	0.36
Kimco Realty Corp.	338	12,107	11,418	0.44
Lazard Ltd., Class 'A'	449	17,125	24,771	0.96
Liberty Property Trust	81	3,587	4,296	0.17
Life Storage Inc.	37	4,160	4,236	0.16
Lincoln National Corp.	278	17,306	24,736	0.96
LPL Financial Holdings Inc.	327	9,125	15,459	0.60
M&T Bank Corp.	84	12,665	17,643	0.68
Macerich Co. (The)	161	17,036	15,313	0.59
Markel Corp.	4	4,461	4,858	0.19
MarketAxess Holdings Inc.	99	19,264	19,529	0.75

First Trust AlphaDEX™ U.S. Financial Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Marsh & McLennan Cos. Inc.	97	7,467	8,803	0.34
MetLife Inc.	220	13,540	15,918	0.62
MFA Financial Inc.	2,182	20,836	22,353	0.86
Moody's Corp.	30	3,615	3,797	0.15
Morgan Stanley	407	14,465	23,088	0.89
Nasdaq Inc.	97	7,243	8,742	0.34
Navient Corp.	902	17,074	19,898	0.77
Northern Trust Corp.	48	4,197	5,739	0.22
NorthStar Asset Management Group Inc.	505	8,606	10,116	0.39
Old Republic International Corp.	741	15,032	18,903	0.73
Omega Healthcare Investors Inc.	92	4,344	3,861	0.15
OneMain Holdings Inc.	316	9,469	9,394	0.36
Outfront Media Inc.	276	8,479	9,216	0.36
PacWest Bancorp	228	13,001	16,665	0.64
People's United Financial Inc.	413	8,305	10,735	0.41
Piedmont Office Realty Trust Inc., Series 'A'	600	16,157	16,845	0.65
PNC Financial Services Group Inc.	145	15,752	22,770	0.88
Popular Inc.	427	17,405	25,123	0.97
Principal Financial Group Inc.	190	11,090	14,760	0.57
Progressive Corp. (The)	207	7,658	9,866	0.38
Prologis Inc.	61	4,060	4,324	0.17
Prudential Financial Inc.	200	20,371	27,943	1.08
Raymond James Financial Inc.	112	6,987	10,417	0.40
Realogy Holdings Corp.	505	20,566	17,446	0.67
Regions Financial Corp.	1,323	14,834	25,508	0.99
Reinsurance Group of America Inc.	91	10,761	15,374	0.59
RenaissanceRe Holdings Ltd.	136	18,923	24,874	0.96
Retail Properties of America Inc.	194	4,178	3,993	0.15
S&P Global Inc.	129	19,135	18,626	0.72
Santander Consumer USA Holdings Inc.	1,342	28,304	24,325	0.94
Senior Housing Properties Trust	719	19,152	18,274	0.71
Signature Bank	28	4,676	5,647	0.22
SL Green Realty Corp.	30	4,096	4,332	0.17
SLM Corp.	874	7,577	12,932	0.50
Starwood Property Trust Inc.	290	7,717	8,547	0.33
State Street Corp.	141	11,213	14,713	0.57
SunTrust Banks Inc.	224	10,913	16,496	0.64
SVB Financial Group	30	4,265	6,914	0.27
Synchrony Financial	466	17,264	22,693	0.88
Synovus Financial Corp.	100	3,745	5,516	0.21
T. Rowe Price Group Inc.	196	18,252	19,805	0.77
Tanger Factory Outlet Centers Inc.	168	8,391	8,071	0.31
TCF Financial Corp.	1,125	20,498	29,590	1.14
TD Ameritrade Holding Corp.	278	12,841	16,274	0.63
Torchmark Corp.	102	7,017	10,101	0.39
Travelers Cos. Inc. (The)	143	18,086	23,505	0.91
Two Harbors Investment Corp.	383	4,392	4,484	0.17
U.S. Bancorp	228	12,342	15,726	0.61
Unum Group	462	18,776	27,250	1.05

First Trust AlphaDEX™ U.S. Financial Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Validus Holdings Ltd.	328	17,144	24,226	0.94
Ventas Inc.	92	8,723	7,723	0.30
Voya Financial Inc.	113	4,676	5,950	0.23
W.R. Berkley Corp.	170	10,990	15,181	0.59
Weingarten Realty Investors	84	4,526	4,037	0.16
Wells Fargo & Co.	295	18,615	21,828	0.84
Western Alliance Bancorp	435	21,367	28,449	1.10
Western Union Co.	314	8,185	9,157	0.35
XL Group Ltd.	194	6,385	9,705	0.37
Zions Bancorp	316	10,562	18,261	0.71
		1,827,897	2,248,223	86.91
Industrials—2.10%				
Dun & Bradstreet Corp. (The)	119	18,845	19,384	0.75
Equifax Inc.	97	11,762	15,398	0.59
TransUnion	473	20,893	19,643	0.76
		51,500	54,425	2.10
Information Technology—8.14%				
Alliance Data Systems Corp.	15	4,276	4,602	0.18
Broadridge Financial Solutions Inc., ADR	193	13,880	17,180	0.66
CoreLogic Inc.	250	12,332	12,362	0.48
Euronet Worldwide Inc.	160	16,719	15,560	0.60
FactSet Research Systems Inc.	20	4,147	4,389	0.17
Fidelity National Information Services Inc.	170	15,322	17,265	0.67
FleetCor Technologies Inc.	94	21,456	17,861	0.69
Global Payments Inc.	170	9,928	15,843	0.61
Jack Henry & Associates Inc.	38	3,607	4,530	0.18
MasterCard Inc., Class 'A'	64	8,638	8,872	0.34
MSCI Inc., Class 'A'	156	14,984	16,501	0.64
PayPal Holdings Inc.	319	17,007	16,905	0.65
Vantiv Inc., Class 'A'	174	8,401	13,928	0.54
Visa Inc., Class 'A'	79	8,680	8,276	0.32
WEX Inc.	121	16,949	18,131	0.70
Zillow Group Inc., Class 'C'	377	17,083	18,460	0.71
		193,409	210,665	8.14
Total investments		2,116,507	2,570,412	99.36
Transaction costs		(649)		
Other assets, less liabilities			16,586	0.64
Total Net Assets Attributable to Holders of Redeemable Units		2,115,858	2,586,998	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	2,936,996	1,902,248
Cash	7,440	12,997
Accrued dividend receivable	122	181
Other assets	112	78
	2,944,670	1,915,504
Liabilities		
Accrued liabilities	1,695	4,443
	1,695	4,443
Total net assets attributable to holders of redeemable units	2,942,975	1,911,061
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	2,942,975	1,911,061
Redeemable units outstanding [note 6]		
Common Class	200,000	150,000
Net assets attributable to holders of redeemable units per class		
Common Class	14.71	12.74

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

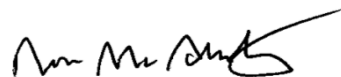
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	30,651	55,486
Other changes in fair value of investments and derivatives		
Net realized loss on sale of investments	(421,436)	(393,290)
Net realized loss on derivatives	-	(295,230)
Net realized gain on foreign exchange	240	4,154
Net change in unrealized appreciation (depreciation) of investments	666,431	(194,993)
Net change in unrealized depreciation of derivatives	-	(3,484)
	275,886	(827,357)
Foreign exchange (loss) gain on cash	(151)	3,305
	275,735	(824,052)
Expenses [note 7]		
Management fees	11,958	21,229
Transaction costs [note 3 and note 9]	2,472	3,906
HST expense	1,434	2,682
Independent Review Committee fees	345	581
Interest expense	19	34
	16,228	28,432
Expenses waived by manager	(345)	(581)
	15,883	27,851
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	259,852	(851,903)
Withholding taxes	(4,341)	(7,769)
Increase (Decrease) in net assets attributable to holders of redeemable units	255,511	(859,672)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	255,511	(859,672)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	1.91	(4.52)

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	1,911,061	3,500,537
Increase (Decrease) in net assets attributable to holders of redeemable units	255,511	(859,672)
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	1,429,453	-
Redemption of units	(643,660)	(703,804)
	785,793	(703,804)
Distributions to holders of redeemable units from:		
Return of capital	(9,390)	(26,000)
	(9,390)	(26,000)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	1,031,914	(1,589,476)
Net assets attributable to holders of redeemable units, end of year	2,942,975	1,911,061

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	255,511	(859,672)
Adjustments for:		
Foreign exchange loss (gain) on cash	151	(3,305)
Net realized loss on sale of investments	421,436	393,290
Change in unrealized (appreciation) depreciation of investments and derivatives	(666,431)	198,477
Dividends receivable	59	482
Other assets	(34)	(78)
Other liabilities	(2,748)	823
Purchases of investments	(3,164,837)	(3,280,953)
Proceeds from the sale of investments	2,375,084	4,280,388
	(781,809)	729,452
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	1,429,453	-
Amount paid on redemptions of units	(643,660)	(703,804)
Distributions paid to unitholders	(9,390)	(35,800)
	776,403	(739,604)
Decrease in cash for the year	(5,406)	(10,152)
Foreign exchange (loss) gain on cash	(151)	3,305
Cash, beginning of year	12,997	19,844
Cash, end of year	7,440	12,997
Dividends received, net of withholding taxes	26,369	48,199

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$)				
As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	2,936,996	–	–	2,936,996
	2,936,996	–	–	2,936,996

Financial Assets at Fair Value (\$)				
As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	1,902,248	–	–	1,902,248
	1,902,248	–	–	1,902,248

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	100,000	–	(50,000)	200,000	–	–	(50,000)	150,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2015 and 2016 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
49,314	–	928,105	1,225,129

First Trust AlphaDEX™ U.S. Energy Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
2,472	3,906

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
11,958	21,229	1,500	3,931

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Energy Index	177,314	(177,314)	108,930	(108,930)
Russell 1000® Index	143,470	(143,470)	80,933	(80,933)
S&P 500 Energy Index	178,344	(178,344)	109,217	(109,217)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	2,940,726	99.92%	1,910,306	99.96%

As at December 31, 2016, 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 \$29,407 (December 31, 2015 - \$19,103). 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, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Energy	96.86	94.30
Information Technology	2.94	5.24
Total	99.80	99.54

First Trust AlphaDEX™ U.S. Energy Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Energy—96.86%				
Antero Resources Corp.	2,023	71,435	64,238	2.18
Apache Corp.	855	70,186	72,861	2.48
Cabot Oil & Gas Corp.	480	14,074	15,055	0.51
Chesapeake Energy Corp.	8,691	72,498	81,916	2.78
Chevron Corp.	360	50,559	56,891	1.93
Cimarex Energy Co.	203	33,289	37,041	1.26
ConocoPhillips	855	55,403	57,559	1.96
CONSOL Energy Inc.	2,839	65,732	69,489	2.36
Continental Resources Inc.	715	41,293	49,478	1.68
Devon Energy Corp.	1,236	70,026	75,790	2.58
Diamond Offshore Drilling Inc.	1,547	44,727	36,764	1.25
Diamondback Energy Inc.	283	35,593	38,400	1.30
Dril-Quip Inc.	1,223	99,592	98,606	3.35
Ensco PLC	1,456	19,573	19,002	0.65
EOG Resources Inc.	384	45,942	52,125	1.77
EQT Corp.	171	14,301	15,015	0.51
Exxon Mobil Corp.	427	48,293	51,747	1.76
FMC Technologies Inc.	919	41,291	43,840	1.49
Frank's International NV	2,096	35,172	34,643	1.18
Helmerich & Payne Inc.	552	50,428	57,364	1.95
Hess Corp.	508	41,206	42,486	1.44
HollyFrontier Corp.	1,112	45,151	48,912	1.66
Kinder Morgan Inc.	1,179	31,335	32,784	1.11
Marathon Oil Corp.	3,447	83,067	80,113	2.72
Marathon Petroleum Corp.	1,679	96,254	113,504	3.86
Murphy Oil Corp.	408	16,884	17,053	0.58
Nabors Industries Ltd.	1,019	16,376	22,438	0.76
National-Oilwell Varco Inc.	339	21,227	17,041	0.58
Newfield Exploration Co.	627	35,462	34,095	1.16
Noble Corp. PLC	10,743	109,582	85,391	2.90
Oceaneering International Inc.	2,476	104,453	93,781	3.19
ONEOK Inc.	1,060	62,220	81,706	2.78
Parsley Energy Inc., Class 'A'	1,627	66,600	76,981	2.62
Patterson-UTI Energy Inc.	1,660	48,163	59,999	2.04
PBF Energy Inc.	1,640	59,474	61,390	2.09
Phillips 66	847	88,367	98,268	3.34
QEP Resources Inc.	635	14,430	15,696	0.53
Rowan Companies PLC, Class 'A'	4,492	100,256	113,929	3.87
SM Energy Co.	320	14,593	14,814	0.50
Southwestern Energy Co.	2,684	40,885	38,992	1.32
Spectra Energy Corp.	1,275	64,606	70,341	2.39
Targa Resources Corp.	756	43,782	56,913	1.93
Tesoro Corp.	856	90,016	100,507	3.42
Transocean Ltd.	6,388	104,059	126,423	4.30
Valero Energy Corp.	1,284	97,744	117,781	4.00

First Trust AlphaDEX™ U.S. Energy Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Weatherford International PLC	2,204	17,158	14,766	0.50
Whiting Petroleum Corp.	1,416	24,069	22,852	0.78
Williams Cos. Inc. (The)	1,208	45,265	50,507	1.72
World Fuel Services Corp.	1,179	68,626	72,675	2.47
WPX Energy Inc.	2,067	31,724	40,436	1.37
		2,662,441	2,850,398	96.86
Information Technology—2.94%				
First Solar Inc.	1,724	89,093	74,280	2.52
SunPower Corp.	1,388	14,775	12,318	0.42
		103,868	86,598	2.94
Total investments		2,766,309	2,936,996	99.80
Transaction costs		(980)		
Other assets, less liabilities			5,979	0.20
Total Net Assets Attributable to Holders of Redeemable Units		2,765,329	2,942,975	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	2,278,180	3,421,076
Cash	5,632	39,344
Accrued dividend receivable	2,328	2,730
Other assets	1,155	1,822
	2,287,295	3,464,972
Liabilities		
Accrued liabilities	1,562	9,142
Distributions payable to holders of redeemable units	-	12,750
	1,562	21,892
Total net assets attributable to holders of redeemable units	2,285,733	3,443,080
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	2,285,733	3,443,080
Redeemable units outstanding [note 6]		
Common Class	100,000	150,000
Net assets attributable to holders of redeemable units per class		
Common Class	22.86	22.95

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

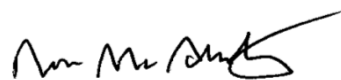
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	59,182	73,122
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	46,817	324,453
Net realized loss on derivatives	-	(183,508)
Net realized gain on foreign exchange	134	2,886
Net change in unrealized (depreciation) appreciation of investments	(116,571)	28,915
Net change in unrealized depreciation of derivatives	-	(2,164)
	(10,438)	243,704
Foreign exchange (loss) gain on cash	(49)	3,244
	(10,487)	246,948
Expenses [note 7]		
Management fees	16,035	27,257
Transaction costs [note 3 and note 9]	1,456	2,016
HST expense	1,209	1,721
Independent Review Committee fees	463	747
Interest expense	32	29
	19,195	31,770
Expenses waived by manager	(463)	(879)
	18,732	30,891
(Decrease) increase in net assets attributable to holders of redeemable units before tax	(29,219)	216,057
Withholding taxes	(9,551)	(8,876)
Income tax expense	-	(132)
(Decrease) increase in net assets attributable to holders of redeemable units	(38,770)	207,049
(Decrease) increase in net assets attributable to holders of redeemable units for each class		
Common Class	(38,770)	207,049
Increase in net assets attributable to holders of redeemable units per unit		
Common Class	0.37	1.19

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	3,443,080	2,198,434
(Decrease) increase in net assets attributable to holders of redeemable units	(38,770)	207,049
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	-	3,322,766
Reinvested distributions	-	6,000
Redemption of units	(1,078,577)	(2,257,669)
	(1,078,577)	1,071,097
Distributions to holders of redeemable units from:		
Net investment income	(32,721)	(32,994)
Return of capital	(7,279)	(506)
	(40,000)	(33,500)
(Decrease) increase in net assets attributable to holders of redeemable units for the year	(1,157,347)	1,244,646
Net assets attributable to holders of redeemable units, end of year	2,285,733	3,443,080

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
(Decrease) increase in net assets attributable to holders of redeemable units	(38,770)	207,049
Adjustments for:		
Foreign exchange loss (gain) on cash	49	(3,244)
Net realized gain on sale of investments	(46,817)	(324,453)
Change in unrealized depreciation (appreciation) of investments and derivatives	116,571	(26,751)
Dividends receivable	402	(1,300)
Other assets	667	(1,822)
Other liabilities	(7,580)	6,320
Purchases of investments	(2,747,975)	(7,339,519)
Proceeds from the sale of investments	3,821,117	6,465,067
	1,097,664	(1,018,653)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	-	3,322,766
Amount paid on redemptions of units	(1,078,577)	(2,257,669)
Distributions paid to unitholders	(52,750)	(27,090)
	(1,131,327)	1,038,007
(Decrease) increase in cash for the year	(33,663)	19,354
Foreign exchange (loss) gain on cash	(49)	3,244
Cash, beginning of year	39,344	16,746
Cash, end of year	5,632	39,344
Dividends received, net of withholding taxes	50,033	62,946

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$)				
As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	2,278,180	–	–	2,278,180
	2,278,180	–	–	2,278,180

Financial Assets at Fair Value (\$)				
As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	3,421,076	–	–	3,421,076
	3,421,076	–	–	3,421,076

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	–	–	(50,000)	100,000	150,000	–	(100,000)	150,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
29,096	58,193	–	–

First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
1,456	2,016

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
16,035	27,257	1,382	8,090

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Consumer Discretionary and Services Index	108,801	(108,801)	158,382	(158,382)
Russell 1000® Index	108,458	(108,458)	155,972	(155,972)
S&P 500 Consumer Discretionary Index	105,487	(105,487)	154,939	(154,939)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	2,283,578	99.91%	3,427,012	99.53%

As at December 31, 2016, 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 \$22,836 (December 31, 2015 - \$34,270). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Consumer Discretionary	90.49	90.65
Consumer Staples	3.22	4.08
Industrials	3.21	3.56
Telecommunication Services	1.49	–
Information Technology	1.26	–
Financials	–	1.07
Total	99.67	99.36

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Consumer Discretionary—90.49%				
Amazon.com Inc.	29	19,275	29,198	1.28
Aramark	493	22,772	23,644	1.04
AutoNation Inc.	301	18,293	19,661	0.86
Bed Bath & Beyond Inc.	567	32,149	30,939	1.35
Best Buy Co. Inc.	491	20,701	28,130	1.23
BorgWarner Inc.	695	25,908	36,803	1.61
Brinker International Inc.	291	18,711	19,352	0.85
Brunswick Corp.	192	12,223	14,060	0.62
Burlington Stores Inc.	302	26,317	34,364	1.50
Cabela's Inc., Class 'A'	341	23,060	26,807	1.17
Cable One Inc.	25	14,966	20,869	0.91
CalAtlantic Group Inc.	560	26,413	25,572	1.12
CarMax Inc.	176	12,334	15,216	0.67
Carnival Corp.	501	31,100	35,019	1.53
CBS Corp., Class 'B'	171	12,339	14,607	0.64
Charter Communications Inc.	91	27,818	35,178	1.54
Choice Hotels International Inc.	104	6,159	7,827	0.34
Cinemark Holdings Inc.	245	11,069	12,618	0.55
Coach Inc.	256	11,427	12,037	0.53
Comcast Corp., Class 'A'	221	16,568	20,489	0.90
CST Brands Inc.	195	8,821	12,606	0.55
D.R. Horton Inc.	620	22,853	22,751	1.00
Delphi Automotive PLC	66	6,243	5,968	0.26
Dick's Sporting Goods Inc.	431	24,428	30,728	1.34
Dillard's Inc., Class 'A'	388	42,039	32,658	1.43
Discovery Communications Inc., Series 'A', Class 'A'	908	34,008	33,416	1.46
DISH Network Corp., Class 'A'	86	5,750	6,689	0.29
Dollar Tree Inc.	119	12,078	12,331	0.54
Domino's Pizza Inc.	161	27,225	34,422	1.51
Dunkin' Brands Group Inc.	180	12,085	12,674	0.56
Expedia Inc.	80	11,325	12,168	0.53
Foot Locker Inc.	217	16,416	20,654	0.90
Ford Motor Co.	2,025	34,837	32,980	1.44
GameStop Corp., Class 'A'	886	37,906	30,049	1.32
Gap Inc. (The)	843	24,963	25,399	1.11
Garmin Ltd.	305	15,739	19,857	0.87
General Motors Co.	769	30,674	35,972	1.57
Gentex Corp.	1,067	21,430	28,208	1.23
Genuine Parts Co.	47	5,883	6,029	0.26
Goodyear Tire & Rubber Co. (The)	454	15,970	18,817	0.82
H&R Block Inc.	405	13,764	12,501	0.55
Harley-Davidson Inc.	89	6,019	6,971	0.31
Harman International Industries Inc.	222	20,357	33,133	1.45
Hasbro Inc.	59	5,876	6,162	0.27
Hertz Global Holdings Inc.	467	24,376	13,518	0.59
Hilton Worldwide Holdings Inc.	640	18,816	23,373	1.02
Home Depot Inc.	36	5,320	6,481	0.28

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Hyatt Hotels Corp., Class 'A'	190	12,883	14,097	0.62
Interpublic Group of Cos. Inc.	210	6,175	6,601	0.29
J.C. Penney Co. Inc.	508	6,043	5,668	0.25
John Wiley & Sons Inc., Class 'A'	182	12,148	13,318	0.58
Kohl's Corp.	559	37,648	37,062	1.62
Las Vegas Sands Corp.	163	12,644	11,689	0.51
Lear Corp.	202	26,414	35,901	1.57
Lennar Corp., Class 'A'	443	25,783	25,534	1.12
Liberty Interactive Corp., Class 'A'	936	28,781	25,109	1.10
Live Nation Inc.	889	30,711	31,750	1.39
LKQ Corp.	689	28,974	28,354	1.24
Lowe's Cos. Inc.	65	5,878	6,207	0.27
Macy's Inc.	396	20,963	19,040	0.83
Marriott International Inc., Class 'A'	70	6,222	7,771	0.34
Mattel Inc.	155	6,435	5,733	0.25
MGM Resorts International	720	24,609	27,870	1.22
Michaels Cos. Inc. (The)	388	14,124	10,653	0.47
Mohawk Industries Inc.	73	17,239	19,571	0.86
Murphy USA Inc.	263	22,353	21,706	0.95
Netflix Inc.	48	6,747	7,979	0.35
Newell Brands Inc.	464	28,429	27,816	1.22
News Corp., Class 'A'	1,049	20,216	16,141	0.71
Nielsen Holdings PLC	87	5,750	4,900	0.21
Nordstrom Inc.	90	6,288	5,792	0.25
Norwegian Cruise Line Holdings Ltd.	389	20,618	22,213	0.97
NVR Inc.	3	5,458	6,723	0.29
Omnicom Group Inc.	110	11,509	12,570	0.55
O'Reilly Automotive Inc.	17	4,808	6,355	0.28
Pandora Media Inc.	1,023	17,691	17,911	0.78
Penske Automotive Group Inc.	304	15,235	21,159	0.93
Pool Corp.	155	19,109	21,714	0.95
Priceline Group Inc. (The)	10	19,738	19,684	0.86
PulteGroup Inc.	935	23,030	23,074	1.01
PVH Corp.	221	25,785	26,777	1.17
Ralph Lauren Corp.	93	14,279	11,278	0.49
Regal Entertainment Group	215	5,703	5,947	0.26
Ross Stores Inc.	291	21,551	25,631	1.12
Royal Caribbean Cruises Ltd.	196	18,923	21,590	0.95
Scripps Networks Interactive Inc., Class A	148	12,485	14,182	0.62
Signet Jewelers Ltd.	328	37,125	41,511	1.82
Sirius XM Holdings Inc.	1,123	5,761	6,710	0.29
Target Corp.	273	25,744	26,475	1.16
TEGNA Inc.	857	29,323	24,612	1.08
Thor Industries Inc.	289	22,058	38,822	1.70
Tiffany & Co.	202	18,075	21,000	0.92
Time Warner Inc.	184	17,837	23,848	1.04
TJX Cos. Inc.	63	6,026	6,355	0.28

First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Toll Brothers Inc.	628	25,255	26,139	1.14
Tupperware Corp.	224	19,518	15,826	0.69
Twenty-First Century Fox Inc., Class 'A'	387	12,589	14,570	0.64
Ulta Salon	62	11,506	21,222	0.93
Urban Outfitters Inc.	543	21,869	20,764	0.91
Vail Resorts Inc.	156	29,590	33,787	1.48
Viacom Inc., Class 'B'	492	26,168	23,186	1.01
WABCO Holdings Inc.	83	12,377	11,829	0.52
Whirlpool Corp.	90	20,057	21,965	0.96
Wynn Resorts Ltd.	48	6,197	5,575	0.24
Yum! Brands Inc.	143	14,803	12,159	0.53
		1,906,060	2,068,330	90.49
Consumer Staples—3.22%				
Costco Wholesale Corp.	31	6,013	6,664	0.29
L Brands Inc.	132	12,002	11,669	0.51
Vista Outdoor Inc.	470	27,949	23,286	1.02
Wal-Mart Stores Inc.	260	23,862	24,129	1.06
Wendy's Co. (The)	434	5,798	7,878	0.34
		75,624	73,626	3.22
Industrials—3.21%				
AMERCO Inc.	58	28,315	28,782	1.26
Avis Budget Group Inc.	274	11,590	13,494	0.59
Fortune Brands Home & Security Inc.	161	10,105	11,556	0.51
KAR Auction Services Inc.	340	16,220	19,456	0.85
		66,230	73,288	3.21
Information Technology—1.26%				
eBay Inc.	570	24,153	22,722	0.99
Fitbit Inc.	631	11,434	6,202	0.27
		35,587	28,924	1.26
Telecommunication Services—1.49%				
Liberty Broadband Corp.	342	31,984	34,012	1.49
		31,984	34,012	1.49
Total investments		2,115,485	2,278,180	99.67
Transaction costs		(575)		
Other assets, less liabilities			7,553	0.33
Total Net Assets Attributable to Holders of Redeemable Units		2,114,910	2,285,733	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	2,448,759	3,685,527
Cash	23,361	48,215
Accrued dividend receivable	3,149	3,060
Other assets	1,233	198
	2,476,502	3,737,000
Liabilities		
Accrued liabilities	1,997	9,690
Distributions payable to holders of redeemable units	12,500	17,625
	14,497	27,315
Total net assets attributable to holders of redeemable units	2,462,005	3,709,685
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	2,462,005	3,709,685
Redeemable units outstanding [note 6]		
Common Class	100,000	150,000
Net assets attributable to holders of redeemable units per class		
Common Class	24.62	24.73

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

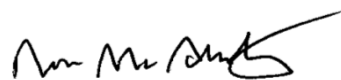
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	124,490	112,114
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	113,664	496,916
Net realized loss on derivatives	-	(324,902)
Net realized gain on foreign exchange	617	6,314
Net change in unrealized (depreciation) appreciation of investments	(252,390)	67,030
Net change in unrealized depreciation of derivatives	-	(2,140)
	(13,619)	355,332
Foreign exchange (loss) gain on cash	(266)	1,513
	(13,885)	356,845
Expenses [note 7]		
Management fees	34,685	27,711
HST expense	3,301	3,404
Transaction costs [note 3 and note 9]	2,922	1,588
Independent Review Committee fees	996	766
Interest expense	45	76
	41,949	33,545
Expenses waived by manager	(996)	(766)
	40,953	32,779
(Decrease) Increase in net assets attributable to holders of redeemable units before tax	(54,838)	324,066
Withholding taxes	(14,892)	(13,165)
(Decrease) Increase in net assets attributable to holders of redeemable units	(69,730)	310,901
(Decrease) Increase in net assets attributable to holders of redeemable units for each class		
Common Class	(69,730)	310,901
(Decrease) Increase in net assets attributable to holders of redeemable units per unit		
Common Class	(0.34)	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™ U.S. Consumer Staples Sector Index ETF

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

For the year ended December 31, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	3,709,685	2,162,647
(Decrease) Increase in net assets attributable to holders of redeemable units	(69,730)	310,901
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	7,465,289	8,015,044
Reinvested distributions	104,080	16,500
Redemption of units	(8,561,989)	(6,714,782)
	(992,620)	1,316,762
Distributions to holders of redeemable units from:		
Net investment income	(70,512)	(68,213)
Capital gains	(114,816)	-
Return of capital	(2)	(12,412)
	(185,330)	(80,625)
(Decrease) Increase in net assets attributable to holders of redeemable units for the year	(1,247,680)	1,547,038
Net assets attributable to holders of redeemable units, end of year	2,462,005	3,709,685

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
(Decrease) Increase in net assets attributable to holders of redeemable units	(69,730)	310,901
Adjustments for:		
Foreign exchange loss (gain) on cash	266	(1,513)
Net realized gain on sale of investments	(113,664)	(496,916)
Change in unrealized depreciation (appreciation) of investments and derivatives	252,390	(64,890)
Dividends receivable	(89)	59
Other assets	(1,035)	(198)
Other liabilities	(7,693)	6,870
Purchases of investments	(13,979,941)	(11,697,658)
Proceeds from the sale of investments	15,077,983	10,730,244
	1,158,487	(1,213,101)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	7,465,289	8,015,044
Amount paid on redemptions of units	(8,561,989)	(6,714,782)
Distributions paid to unitholders	(86,375)	(48,239)
	(1,183,075)	1,252,023
(Decrease) increase in cash for the year	(24,588)	38,922
Foreign exchange (loss) gain on cash	(266)	1,513
Cash, beginning of year	48,215	7,780
Cash, end of year	23,361	48,215
Dividends received, net of withholding taxes	109,509	99,008

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	2,448,759	–	–	2,448,759
	2,448,759	–	–	2,448,759

Financial Assets at Fair Value (\$) As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	3,685,527	–	–	3,685,527
	3,685,527	–	–	3,685,527

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	300,000	–	(350,000)	100,000	350,000	–	(300,000)	150,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
–	63,205	–	–

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
2,922	1,588

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
34,685	27,711	1,767	8,575

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Consumer Staples Index	108,451	(108,451)	168,420	(168,420)
Russell 1000® Index	90,356	(90,356)	155,992	(155,992)
S&P 500 Consumer Staples Index	107,713	(107,713)	167,863	(167,863)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	2,451,680	99.58%	3,689,782	99.46%

As at December 31, 2016, 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 \$24,517 (December 31, 2015 - \$36,898). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Consumer Staples	86.60	99.35
Consumer Discretionary	10.62	-
Industrials	2.24	-
Total	99.46	99.35

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Consumer Discretionary—10.62%				
Nu Skin Enterprises Inc., Class 'A'	1,356	100,731	86,990	3.53
Post Holdings Inc.	797	87,446	86,025	3.50
Rite Aid Corp.	7,994	80,060	88,441	3.59
		268,237	261,456	10.62
Consumer Staples—86.60%				
Archer-Daniels-Midland Co.	1,458	79,947	89,364	3.63
Blue Buffalo Pet Products Inc.	1,294	41,733	41,767	1.70
Brown-Forman Corp., Class 'B'	648	39,765	39,082	1.59
Bunge Ltd.	1,483	118,137	143,841	5.84
Casey's General Stores Inc.	256	43,073	40,861	1.66
Clorox Co.	123	21,322	19,821	0.80
Coca-Cola Co. (The)	363	20,008	20,207	0.82
Conagra Brands Inc.	838	48,878	44,499	1.81
Constellation Brands Inc., Class 'A'	277	56,304	57,018	2.32
CVS Health Corp.	518	60,949	54,881	2.23
Dr. Pepper Snapple Group Inc.	168	20,753	20,452	0.83
Flowers Foods Inc.	4,065	88,418	108,994	4.43
Hain Celestial Group Inc.	1,296	76,022	67,915	2.76
Herbalife Ltd.	496	41,133	32,059	1.30
Hormel Foods Corp.	810	38,772	37,857	1.54
Ingredion Inc.	660	102,508	110,733	4.50
J.M. Smucker Co. (The)	340	61,734	58,460	2.37
Kimberly-Clark Corp.	244	40,719	37,386	1.52
Kraft Heinz Co. (The)	687	77,390	80,544	3.27
McCormick & Co. Inc.	154	19,862	19,298	0.78
Mondelez International Inc., Class 'A'	2,000	116,715	119,039	4.83
PepsiCo Inc.	141	19,703	19,808	0.80
Philip Morris International Inc.	158	19,927	19,409	0.79
Pilgrim's Pride Corp.	2,911	87,628	74,222	3.01
Pinnacle Foods Inc.	306	20,052	21,960	0.89
Procter & Gamble Co. (The)	342	40,054	38,608	1.57
Reynolds American Inc.	1,304	83,438	98,116	3.99
Spectrum Brands Holdings Inc.	638	96,288	104,789	4.26
Sprouts Farmers Markets Inc.	744	20,190	18,900	0.77
Sysco Corp.	941	59,318	69,956	2.84
TreeHouse Foods Inc.	529	68,171	51,274	2.08
Tyson Foods Inc., Class 'A'	1,176	101,167	97,390	3.96
Walgreens Boots Alliance Inc.	572	61,038	63,559	2.58
WhiteWave Foods Co., Class 'A'	1,613	108,027	120,413	4.89
Whole Foods Market Inc.	2,168	85,488	89,538	3.64
		2,084,631	2,132,020	86.60
Industrials—2.24%				
Energizer Holdings Inc.	923	60,254	55,283	2.24
		60,254	55,283	2.24
Total investments				
		2,413,122	2,448,759	99.46
Transaction costs		(247)		
Other assets, less liabilities			13,246	0.54
Total Net Assets Attributable to Holders of Redeemable Units		2,412,875	2,462,005	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	4,236,791	9,263,705
Cash	6,345	23,192
Accrued dividend receivable	1,188	4,624
Other assets	1,552	1,200
	4,245,876	9,292,721
Liabilities		
Accrued liabilities	2,854	19,504
	2,854	19,504
Total net assets attributable to holders of redeemable units	4,243,022	9,273,217
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	4,243,022	9,273,217
Redeemable units outstanding [note 6]		
Common Class	200,000	400,000
Net assets attributable to holders of redeemable units per class		
Common Class	21.22	23.18

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

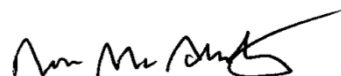
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	53,742	39,345
Other changes in fair value of investments and derivatives		
Net realized (loss) gain on sale of investments	(281,389)	138,555
Net realized loss on derivatives	-	(286,128)
Net realized gain on foreign exchange	1,103	1,418
Net change in unrealized (depreciation) appreciation of investments	(601,416)	485,117
Net change in unrealized depreciation of derivatives	-	(3,086)
	(827,960)	375,221
Foreign exchange (loss) gain on cash	(2,415)	6,296
	(830,375)	381,517
Expenses [note 7]		
Management fees	37,255	53,182
HST expense	3,552	5,713
Transaction costs [note 3 and note 9]	2,963	2,886
Independent Review Committee fees	1,086	1,465
Interest expense	3	275
	44,859	63,521
Expenses waived by manager	(1,086)	(1,465)
	43,773	62,056
(Decrease) Increase in net assets attributable to holders of redeemable units before tax	(874,148)	319,461
Withholding taxes	(4,872)	(5,822)
(Decrease) Increase in net assets attributable to holders of redeemable units	(879,020)	313,639
(Decrease) Increase in net assets attributable to holders of redeemable units for each class		
Common Class	(879,020)	313,639
(Decrease) Increase in net assets attributable to holders of redeemable units per unit		
Common Class	(3.48)	0.95

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	9,273,217	3,154,152
(Decrease) Increase in net assets attributable to holders of redeemable units	(879,020)	313,639
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	1,073,134	6,959,963
Redemption of units	(5,212,209)	(1,154,537)
	(4,139,075)	5,805,426
Distributions to holders of redeemable units from:		
Return of capital	(12,100)	-
	(12,100)	-
(Decrease) Increase in net assets attributable to holders of redeemable units for the year	(5,030,195)	6,119,065
Net assets attributable to holders of redeemable units, end of year	4,243,022	9,273,217

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
(Decrease) Increase in net assets attributable to holders of redeemable units	(879,020)	313,639
Adjustments for:		
Foreign exchange loss (gain) on cash	2,415	(6,296)
Net realized loss (gain) on sale of investments	281,389	(138,555)
Change in unrealized depreciation (appreciation) of investments and derivatives	601,416	(482,031)
Dividends receivable	3,436	(3,823)
Other assets	(352)	(1,200)
Other liabilities	(16,650)	15,598
Purchases of investments	(8,426,943)	(16,132,023)
Proceeds from the sale of investments	12,571,052	10,632,905
	4,136,743	(5,801,786)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	1,073,134	6,959,963
Amount paid on redemptions of units	(5,212,209)	(1,154,537)
Distributions paid to unitholders	(12,100)	-
	(4,151,175)	5,805,426
(Decrease) increase in cash for the year	(14,432)	3,640
Foreign exchange (loss) gain on cash	(2,415)	6,296
Cash, beginning of year	23,192	13,256
Cash, end of year	6,345	23,192
Dividends received, net of withholding taxes	52,306	29,700

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	4,236,791	–	–	4,236,791
	4,236,791	–	–	4,236,791

Financial Assets at Fair Value (\$) As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	9,263,705	–	–	9,263,705
	9,263,705	–	–	9,263,705

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	50,000	–	(250,000)	200,000	300,000	–	(50,000)	400,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2015	2015	2016	2015
241,817	302,192	19,735	30,756

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
2,963	2,886

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
37,255	53,182	2,526	17,261

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Health Care Index	194,967	(194,967)	444,651	(444,651)
Russell 1000® Index	205,150	(205,150)	444,651	(444,651)
S&P 500 Health Care Index	194,755	(194,755)	442,796	(442,796)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	4,240,209	99.93%	9,270,911	99.98%

As at December 31, 2016, 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 \$42,402 (December 31, 2015 - \$92,709). 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, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Health Care	98.45	99.90
Industrials	1.40	-
Total	99.85	99.90

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Health Care—98.45%				
Abbott Laboratories	351	19,025	18,101	0.43
AbbVie Inc.	471	38,325	39,600	0.93
ABIOMED Inc.	577	84,483	87,294	2.06
Acadia Healthcare Co. Inc.	600	37,672	26,665	0.63
Aetna Inc.	385	54,124	64,103	1.51
Agilent Technologies Inc.	947	52,903	57,929	1.37
Akorn Inc.	545	19,710	15,974	0.38
Align Technology Inc.	793	76,036	102,352	2.41
AmerisourceBergen Corp.	184	21,764	19,317	0.45
Amgen Inc.	267	57,132	52,414	1.24
Anthem Inc.	473	87,020	91,305	2.15
Baxter International Inc.	1,561	91,739	92,931	2.19
Becton	331	67,200	73,573	1.73
Biogen Inc.	189	77,126	71,962	1.70
BioMarin Pharmaceutical Inc.	161	20,042	17,907	0.42
Bio-Techne Corp.	136	18,333	18,777	0.44
Boston Scientific Corp.	2,497	64,194	72,517	1.71
Brookdale Senior Living Inc.	852	21,915	14,208	0.33
Cardinal Health Inc.	381	39,296	36,816	0.87
Centene Corp.	888	70,496	67,375	1.59
Cerner Corp.	481	35,744	30,592	0.72
Charles River Laboratories International Inc.	713	70,959	72,937	1.72
Cigna Corp.	228	37,168	40,834	0.96
Cooper Cos. Inc. (The)	249	52,295	58,483	1.38
DaVita Inc.	225	20,935	19,395	0.46
Dentsply Sirona Inc.	500	38,210	38,756	0.91
Edwards Lifesciences Corp.	616	59,600	77,497	1.83
Endo International PLC	2,949	79,866	65,213	1.54
Envision Healthcare Corp.	1,110	102,810	94,324	2.22
Express Scripts Holding Co.	843	83,673	77,860	1.83
HCA Holdings Inc.	393	39,513	39,058	0.92
Henry Schein Inc.	91	16,767	18,536	0.44
Hill-Rom Holdings Inc.	1,199	88,463	90,376	2.13
Hologic Inc.	765	39,829	41,208	0.97
Humana Inc.	84	20,520	23,011	0.54
IDEXX Laboratories Inc.	659	80,337	103,761	2.45
Illumina Inc.	164	37,676	28,194	0.66
Incyte Corp.	473	61,433	63,679	1.50
Intercept Pharmaceuticals Inc.	271	51,071	39,533	0.93
Intuitive Surgical Inc.	81	59,915	68,969	1.63
Johnson & Johnson	252	33,990	38,981	0.92
Laboratory Corp. of America Holdings	540	87,030	93,079	2.19
LifePoint Health Inc.	1,253	109,943	95,557	2.25
Mallinckrodt PLC	1,065	89,531	71,239	1.68
MEDNAX Inc.	673	58,269	60,234	1.42
Medtronic PLC	172	17,265	16,450	0.39
Merck & Co. Inc.	237	17,837	18,733	0.44
Mylan NV	1,559	90,411	79,855	1.88

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Neurocrine Biosciences Inc.	293	19,686	15,224	0.36
Opko Health Inc.	4,209	59,724	52,556	1.24
Patterson Cos. Inc.	647	36,963	35,643	0.84
PerkinElmer Inc.	793	56,002	55,525	1.31
Pfizer Inc.	439	18,725	19,144	0.45
Quest Diagnostics Inc.	701	66,982	86,496	2.04
Quintiles IMS Holdings Inc.	917	94,029	93,634	2.21
Regeneron Pharmaceuticals Inc.	73	37,891	35,980	0.85
ResMed Inc.	688	52,830	57,318	1.35
Seattle Genetics Inc.	1,376	101,321	97,492	2.30
St. Jude Medical Inc.	559	48,832	60,186	1.42
Stryker Corp.	128	18,405	20,590	0.49
Teleflex Inc.	88	18,731	19,040	0.45
Thermo Fisher Scientific Inc.	280	52,399	53,045	1.25
United Therapeutics Corp.	629	95,462	121,130	2.85
UnitedHealth Group Inc.	425	70,345	91,323	2.15
Universal Health Services Inc., Class 'B'	481	75,119	68,702	1.62
Varian Medical Systems Inc.	597	74,260	71,964	1.70
VCA Inc.	849	64,642	78,255	1.84
Veeva Systems Inc., Class 'A'	1,800	87,368	98,363	2.32
VWR Corp.	1,048	39,055	35,220	0.83
WellCare Health Plans Inc.	635	93,777	116,872	2.75
West Pharmaceutical Services Inc.	399	40,396	45,445	1.07
Zimmer Biomet Holdings Inc.	571	81,342	79,119	1.86
Zoetis Inc.	857	57,246	61,594	1.45
		4,061,127	4,177,324	98.45
Industrials—1.40%				
Danaher Corp.	569	58,841	59,467	1.40
		58,841	59,467	1.40
Total investments		4,119,968	4,236,791	99.85
Transaction costs		(713)		
Other assets, less liabilities			6,231	0.15
Total Net Assets Attributable to Holders of Redeemable Units		4,119,255	4,243,022	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	2,383,132	2,941,623
Cash	36,006	7,268
Accrued dividend receivable	4,018	4,240
	2,423,156	2,953,131
Liabilities		
Accrued liabilities	1,640	5,826
Distributions payable to holders of redeemable units	25,000	-
	26,640	5,826
Total net assets attributable to holders of redeemable units	2,396,516	2,947,305
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	2,396,516	2,947,305
Redeemable units outstanding [note 6]		
Common Class	100,000	150,000
Net assets attributable to holders of redeemable units per class		
Common Class	23.97	19.65

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

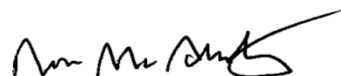
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	65,697	50,095
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	321,527	97,079
Net realized loss on derivatives	-	(168,706)
Net realized (loss) gain on foreign exchange	(107)	1,546
Net change in unrealized appreciation of investments	266,088	13,723
Net change in unrealized depreciation of derivatives	-	(1,991)
	653,205	(8,254)
Foreign exchange (loss) gain on cash	(152)	3,045
	653,053	(5,209)
Expenses [note 7]		
Management fees	18,743	18,564
HST expense	2,436	2,413
Transaction costs [note 3 and note 9]	1,717	1,760
Independent Review Committee fees	544	509
Interest expense	3	10
	23,443	23,256
Expenses waived by manager	(544)	(509)
	22,899	22,747
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	630,154	(27,956)
Withholding taxes	(7,855)	(7,403)
Increase (Decrease) in net assets attributable to holders of redeemable units	622,299	(35,359)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	622,299	(35,359)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	4.92	(0.26)

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	2,947,305	2,012,899
Increase (Decrease) in net assets attributable to holders of redeemable units	622,299	(35,359)
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	-	986,765
Reinvested distributions	550,723	32,517
Redemption of units	(1,116,838)	-
	(566,115)	1,019,282
Distributions to holders of redeemable units from:		
Net investment income	(606,973)	(32,517)
Return of capital	-	(17,000)
	(606,973)	(49,517)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(550,789)	934,406
Net assets attributable to holders of redeemable units, end of year	2,396,516	2,947,305

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	622,299	(35,359)
Adjustments for:		
Foreign exchange loss (gain) on cash	152	(3,045)
Net realized gain on sale of investments	(321,527)	(97,079)
Change in unrealized appreciation of investments and derivatives	(266,088)	(11,732)
Dividends receivable	222	(1,687)
Other liabilities	(4,186)	3,158
Purchases of investments	(2,941,572)	(3,978,740)
Proceeds from the sale of investments	4,087,678	3,152,621
	1,176,978	(971,863)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	-	986,765
Amount paid on redemptions of units	(1,116,838)	-
Distributions paid to unitholders	(31,250)	(18,919)
	(1,148,088)	967,846
Increase (decrease) in cash for the year	28,890	(4,017)
Foreign exchange (loss) gain on cash	(152)	3,045
Cash, beginning of year	7,268	8,240
Cash, end of year	36,006	7,268
Dividends received, net of withholding taxes	58,064	41,005

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	2,383,132	–	–	2,383,132
	2,383,132	–	–	2,383,132

Financial Assets at Fair Value (\$) As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	2,941,623	–	–	2,941,623
	2,941,623	–	–	2,941,623

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	–	–	(50,000)	100,000	50,000	–	–	150,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
–	–	–	19,282

First Trust AlphaDEX™ U.S. Materials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
1,717	1,760

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
18,743	18,564	1,452	5,155

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Materials and Processing Index	111,438	(111,438)	135,281	(135,281)
Russell 1000® Index	108,083	(108,083)	127,766	(127,766)
S&P 500 Materials Index	107,364	(107,364)	127,129	(127,029)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	2,387,096	99.61%	2,946,469	99.97%

As at December 31, 2016, 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 \$23,871 (December 31, 2015 - \$29,465). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Materials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Materials	76.60	83.50
Industrials	19.78	16.31
Utilities	2.47	-
Health Care	0.59	-
Total	99.44	99.81

First Trust AlphaDEX™ U.S. Materials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Health Care—0.59%				
Ashland Global Holdings Inc.	97	14,706	14,234	0.59
		14,706	14,234	0.59
Industrials—19.78%				
Acuity Brands Inc.	213	52,475	66,022	2.76
Arconic Inc.	494	19,410	12,297	0.51
Ingersoll-Rand PLC	665	56,076	67,000	2.80
Masco Corp.	1,316	51,384	55,870	2.33
Owens Corning	1,057	66,477	73,173	3.05
Timken Co. (The)	964	37,632	51,384	2.14
USG Corp.	2,183	76,969	84,648	3.53
Valmont Industries Inc.	168	25,668	31,782	1.33
Watsco Inc., Class 'A'	160	26,032	31,820	1.33
		412,123	473,996	19.78
Materials—76.60%				
Air Products and Chemicals Inc.	162	28,458	31,282	1.31
Albemarle Corp.	264	23,509	30,512	1.27
AptarGroup Inc.	292	24,617	28,796	1.20
Ball Corp.	413	43,226	41,627	1.74
Bemis Co. Inc.	443	24,872	28,443	1.19
Berry Plastics Group Inc.	1,287	64,736	84,205	3.51
Cabot Corp.	646	44,640	43,836	1.83
Celanese Corp., Series 'A'	170	12,578	17,972	0.75
CF Industries Holdings Inc.	1,391	42,835	58,793	2.45
Compass Minerals International Inc.	459	44,293	48,285	2.02
Crown Holdings Inc.	593	42,321	41,856	1.75
Domtar Corp.	1,520	73,155	79,653	3.32
Dow Chemical Co. (The)	1,089	66,376	83,664	3.49
E.I. du Pont de Nemours & Co.	169	15,166	16,655	0.70
Eagle Materials Inc.	146	13,961	19,315	0.81
Eastman Chemical Co.	667	58,864	67,354	2.81
FMC Corp.	934	51,916	70,928	2.96
Graphic Packaging Holding Co.	2,420	41,393	40,550	1.69
Huntsman Corp.	2,081	37,006	53,311	2.22
International Flavors and Fragrances Inc.	237	41,744	37,494	1.57
International Paper Co.	235	12,881	16,742	0.70
LyondellBasell Industries NV, Class 'A'	560	55,414	64,497	2.69
Martin Marietta Materials Inc.	63	11,664	18,739	0.78
Mosaic Co. (The)	2,307	102,662	90,849	3.79
NewMarket Corp.	26	13,701	14,796	0.62
Newmont Mining Corp.	287	8,257	13,129	0.55
Nucor Corp.	457	27,474	36,521	1.52
Owens Illinois Inc.	1,228	26,854	28,705	1.20
Packaging Corp. of America	695	65,050	79,149	3.30
Praxair Inc.	187	28,304	29,424	1.23
Reliance Steel & Aluminum Co.	627	48,048	66,960	2.79
Royal Gold Inc.	583	48,440	49,588	2.07

First Trust AlphaDEX™ U.S. Materials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
RPM International Inc.	840	53,490	60,711	2.53
Scotts Miracle-Gro Co. (The), Class 'A'	678	63,096	86,981	3.63
Sonoco Products Co.	427	22,259	30,214	1.26
Steel Dynamics Inc.	1,355	37,335	64,730	2.70
Vulcan Materials Co.	99	11,589	16,635	0.69
Westlake Chemical Corp.	1,055	78,069	79,310	3.31
WestRock Co.	931	53,092	63,463	2.65
		1,563,345	1,835,674	76.60
Utilities—2.47%				
Lennox International Inc.	288	38,583	59,228	2.47
		38,583	59,228	2.47
Total investments		2,028,757	2,383,132	99.44
Transaction costs		(511)		
Other assets, less liabilities			13,384	0.56
Total Net Assets Attributable to Holders of Redeemable Units		2,028,246	2,396,516	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	7,195,613	977,159
Cash	24,833	9,233
Accrued dividend receivable	3,323	1,187
Other assets	288	875
	7,224,057	988,454
Liabilities		
Accrued liabilities	3,082	3,645
	3,082	3,645
Total net assets attributable to holders of redeemable units	7,220,975	984,809
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	7,220,975	984,809
Redeemable units outstanding [note 6]		
Common Class	300,000	50,000
Net assets attributable to holders of redeemable units per class		
Common Class	24.07	19.70

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

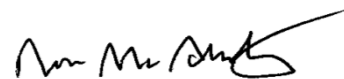
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	29,888	55,923
Other income	793	-
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	(5,937)	170,873
Net realized loss on derivatives	-	(177,143)
Net realized gain on foreign exchange	39	2,655
Net change in unrealized appreciation (depreciation) of investments	311,924	(153,986)
Net change in unrealized depreciation of derivatives	-	(2,090)
	336,707	(103,768)
Foreign exchange gain on cash	26	2,319
	336,733	(101,449)
Expenses [note 7]		
Management fees	10,228	14,048
HST expense	986	951
Transaction costs [note 3 and note 9]	560	955
Independent Review Committee fees	288	385
Interest expense	10	5
	12,072	16,344
Expenses waived by manager	(288)	(1,144)
	11,784	15,200
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	324,949	(116,649)
Withholding taxes	(3,256)	(4,623)
Income tax expense	-	(759)
Increase (Decrease) in net assets attributable to holders of redeemable units	321,693	(122,031)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	321,693	(122,031)
Increase (decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	4.65	(1.24)

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	984,809	2,097,380
Increase (Decrease) in net assets attributable to holders of redeemable units	321,693	(122,031)
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	5,917,403	-
Reinvested distributions	-	122,200
Redemption of units	-	(975,040)
	5,917,403	(852,840)
Distributions to holders of redeemable units from:		
Net investment income	-	(122,200)
Capital gains	(56)	-
Return of capital	(2,874)	(15,500)
	(2,930)	(137,700)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	6,236,166	(1,112,571)
Net assets attributable to holders of redeemable units, end of year	7,220,975	984,809

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	321,693	(122,031)
Adjustments for:		
Foreign exchange gain on cash	(26)	(2,319)
Net realized loss (gain) on sale of investments	5,937	(170,873)
Change in unrealized (appreciation) depreciation of investments and derivatives	(311,924)	156,076
Dividends receivable	(2,136)	406
Other assets	587	(875)
Other liabilities	(563)	880
Purchases of investments	(6,986,024)	(2,164,102)
Proceeds from the sale of investments	1,073,557	3,291,321
	(5,898,899)	988,483
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	5,917,403	-
Amount paid on redemptions of units	-	(975,040)
Distributions paid to unitholders	(2,930)	(17,009)
	5,914,473	(992,049)
Increase (decrease) in cash for the year	15,574	(3,566)
Foreign exchange gain on cash	26	2,319
Cash, beginning of year	9,233	10,480
Cash, end of year	24,833	9,233
Dividends received, net of withholding taxes	24,496	51,706

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$)				
As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	7,195,613	–	–	7,195,613
	7,195,613	–	–	7,195,613

Financial Assets at Fair Value (\$)				
As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	977,159	–	–	977,159
	977,159	–	–	977,159

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	250,000	–	–	300,000	–	–	(50,000)	50,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
32,479	–	147,927	134,032

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
560	955

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
10,228	14,048	2,727	3,226

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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 June 30, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Producer Durables Index	367,548	(367,548)	45,301	(45,301)
Russell 1000® Index	352,023	(352,023)	44,809	(44,809)
S&P 500 Industrials Index	366,103	(366,103)	44,907	(44,907)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	7,205,397	99.78%	982,133	99.73%

As at December 31, 2016, 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 \$72,054 (December 31, 2015 – \$9,821). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Industrials	88.50	87.63
Information Technology	7.99	9.56
Health Care	1.82	0.36
Consumer Discretionary	0.78	-
Materials	0.56	1.45
Energy	-	0.22
Total	99.65	99.22

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Consumer Discretionary—0.78%				
CoStar Group Inc.	156	41,129	39,480	0.55
R.R. Donnelley & Sons Co.	756	22,258	16,565	0.23
		63,387	56,045	0.78
Health Care—1.82%				
Mettler-Toledo International Inc.	126	70,343	70,810	0.98
Waters Corp.	336	64,521	60,627	0.84
		134,864	131,437	1.82
Industrials—88.50%				
A.O. Smith Corp.	1,368	84,631	86,970	1.20
AECOM	1,794	84,263	87,581	1.21
AGCO Corp.	1,368	98,006	106,274	1.47
Air Lease Corp.	3,108	137,813	143,258	1.98
Alaska Air Group Inc.	1,350	142,754	160,830	2.23
Allegion PLC	246	21,514	21,139	0.29
American Airlines Group Inc.	2,430	139,211	152,333	2.11
Ametek Inc.	702	45,151	45,807	0.63
B/E Aerospace Inc.	1,032	78,558	83,400	1.16
Boeing Co. (The)	126	24,630	26,337	0.36
BWX Technologies Inc.	1,758	89,096	93,707	1.30
Carlisle Cos. Inc.	522	75,715	77,298	1.07
Cintas Corp.	792	120,466	122,884	1.70
Clean Harbors Inc.	354	25,145	26,450	0.37
Colfax Corp.	1,074	50,874	51,811	0.72
Copart Inc.	1,260	89,925	93,739	1.30
Crane Co.	846	76,610	81,920	1.13
CSX Corp.	1,746	79,732	84,230	1.17
Cummins Inc.	414	73,345	75,969	1.05
Deere & Co.	198	24,995	27,393	0.38
Delta Air Lines Inc.	2,256	138,629	148,997	2.06
Donaldson Co. Inc.	900	48,892	50,849	0.70
Dover Corp.	456	44,587	45,876	0.64
Eaton Corp. PLC	1,026	89,107	92,420	1.28
Emerson Electric Co.	618	45,086	46,259	0.64
Expeditors International of Washington Inc.	324	22,809	23,039	0.32
FedEx Corp.	510	128,907	127,501	1.77
Flowserve Corp.	348	22,169	22,451	0.31
Fluor Corp.	654	46,632	46,117	0.64
General Dynamics Corp.	342	74,865	79,283	1.10
Genesee & Wyoming Inc., Class 'A'	978	91,624	91,143	1.26
HEICO Corp.	972	95,445	100,685	1.39
Honeywell International Inc.	144	21,902	22,399	0.31
Hubbell Inc.	156	22,867	24,443	0.34
Huntington Ingalls Industries Inc.	222	49,956	54,901	0.76
Ilex Corp.	360	43,223	43,531	0.60
Illinois Tool Works Inc.	444	72,624	73,003	1.01
ITT Inc.	1,878	97,877	97,254	1.35
Jacobs Engineering Group Inc.	324	23,747	24,796	0.34
JetBlue Airways Corp.	5,154	143,789	155,147	2.15
Johnson Controls International PLC	1,614	91,708	89,260	1.24
Kansas City Southern Industries Inc.	570	65,148	64,937	0.90
KBR Inc.	4,452	98,049	99,764	1.38
Kirby Corp.	1,428	125,495	127,501	1.77
Lincoln Electric Holdings Inc.	270	26,503	27,794	0.39

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Lockheed Martin Corp.	138	45,019	46,310	0.64
ManpowerGroup Inc.	930	103,206	110,969	1.54
Middleby Corp. (The)	432	74,053	74,713	1.03
MSC Industrial Direct Co. Inc., Class 'A'	456	51,627	56,566	0.78
Nordson Corp.	894	123,876	134,497	1.86
Norfolk Southern Corp.	552	75,830	80,095	1.11
Northrop Grumman Corp.	78	22,500	24,357	0.34
Old Dominion Freight Line Inc.	984	105,870	113,343	1.57
Oshkosh Corp., Class 'B'	600	48,510	52,049	0.72
Paccar Inc.	576	48,267	49,418	0.68
Parker Hannifin Corp.	132	23,359	24,812	0.34
Quanta Services Inc.	2,406	103,851	112,580	1.56
Raytheon Co.	246	45,467	46,901	0.65
Regal-Beloit Corp.	1,134	102,743	105,438	1.46
Republic Services Inc.	1,056	74,183	80,888	1.12
Rockwell Automation Inc.	138	23,629	24,902	0.34
Roper Industries Inc.	90	22,033	22,123	0.31
Ryder System Inc.	1,020	101,506	101,946	1.41
Snap-On Inc.	222	48,828	51,050	0.71
Spirit Aerosystems Holdings Inc., Class 'A'	1,998	144,402	156,531	2.17
Spirit Airlines Inc.	2,088	146,315	162,208	2.25
Stanley Black & Decker Inc.	546	85,466	84,078	1.16
Stericycle Inc.	210	21,279	21,722	0.30
Terex Corp.	2,100	82,174	88,901	1.23
Textron Inc.	1,692	101,113	110,317	1.53
Toro Co. (The)	1,140	76,763	85,638	1.19
TransDigm Group Inc.	336	115,174	112,313	1.56
Trinity Industries Inc.	3,678	130,609	137,086	1.90
Union Pacific Corp.	348	46,068	48,444	0.67
United Continental Holdings Inc.	1,692	145,353	165,566	2.29
United Parcel Service Inc., Class 'B'	156	23,625	24,012	0.33
United Rentals Inc.	1,134	144,075	160,752	2.23
United Technologies Corp.	168	23,959	24,726	0.34
Waste Management Inc.	264	23,599	25,135	0.35
WESCO International Inc.	1,446	127,347	129,205	1.79
Xylem Inc.	1,692	111,870	112,498	1.56
		6,087,622	6,390,769	88.50
Information Technology—7.99%				
Accenture PLC, Class 'A'	276	43,713	43,405	0.60
Booz Allen Hamilton Holding Corp.	1,686	76,967	81,652	1.13
Flir Systems Inc.	1,074	49,037	52,186	0.72
Keysight Technologies Inc.	2,802	127,569	137,580	1.91
Trimble Inc.	2,358	92,884	95,454	1.32
Xerox Corp.	6,648	83,782	77,924	1.08
Zebra Technologies Corp., Class 'A'	768	81,699	88,432	1.23
		555,651	576,633	7.99
Materials—0.56%				
Avery Dennison Corp.	432	39,868	40,729	0.56
		39,868	40,729	0.56
Total investments		6,881,392	7,195,613	99.65
Transaction costs		(259)		
Other assets, less liabilities			25,362	0.35
Total Net Assets Attributable to Holders of Redeemable Units		6,881,133	7,220,975	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	8,869,607	4,588,312
Cash	61,877	98,163
Accrued dividend receivable	3,249	2,667
Other assets	1,179	141
	8,935,912	4,689,283
Liabilities		
Accrued liabilities	5,960	14,487
Payable for portfolio securities purchased	-	37,437
Distributions payable to holders of redeemable units	43,750	20,000
	49,710	71,924
Total net assets attributable to holders of redeemable units	8,886,202	4,617,359
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	8,886,202	4,617,359
Redeemable units outstanding [note 6]		
Common Class	350,000	200,000
Net assets attributable to holders of redeemable units per class		
Common Class	25.39	23.09

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

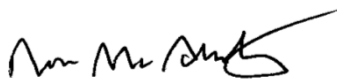
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	98,129	171,746
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	143,210	474,664
Net realized loss on derivatives	-	(185,633)
Net realized gain on foreign exchange	1,633	1,840
Net change in unrealized appreciation of investments	490,877	93,398
Net change in unrealized depreciation of derivatives	-	(2,190)
	733,849	553,825
Foreign exchange gain (loss) on cash	29	(2,023)
	733,878	551,802
Expenses [note 7]		
Management fees	35,007	29,516
Transaction costs [note 3 and note 9]	3,533	2,186
HST expense	3,414	3,696
Independent Review Committee fees	992	816
Interest expense	28	503
	42,974	36,717
Expenses waived by manager	(992)	(816)
	41,982	35,901
Increase in net assets attributable to holders of redeemable units before tax	691,896	515,901
Withholding taxes	(14,305)	(6,906)
Increase in net assets attributable to holders of redeemable units	677,591	508,995
Increase in net assets attributable to holders of redeemable units for each class		
Common Class	677,591	508,995
Increase in net assets attributable to holders of redeemable units per unit		
Common Class	3.10	2.70

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	4,617,359	2,195,622
Increase in net assets attributable to holders of redeemable units	677,591	508,995
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	4,748,170	7,631,818
Reinvested distributions	-	485,327
Redemption of units	(1,069,968)	(5,699,076)
	3,678,202	2,418,069
Distributions to holders of redeemable units from:		
Net investment income	(43,911)	(395,119)
Capital gains	-	(110,147)
Return of capital	(43,039)	(61)
	(86,950)	(505,327)
Increase in net assets attributable to holders of redeemable units for the year	4,268,843	2,421,737
Net assets attributable to holders of redeemable units, end of year	8,886,202	4,617,359

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, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase in net assets attributable to holders of redeemable units	677,591	508,995
Adjustments for:		
Foreign exchange (gain) loss on cash	(29)	2,023
Net realized gain on sale of investments	(143,210)	(474,664)
Change in unrealized appreciation of investments and derivatives	(490,877)	(91,208)
Dividends receivable	(582)	(1,876)
Other assets	(1,038)	(141)
Other liabilities	(8,527)	11,632
Purchases of investments	(10,911,962)	(11,151,784)
Proceeds from the sale of investments	7,227,317	9,353,168
	(3,651,317)	(1,843,855)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	4,748,170	7,631,818
Amount paid on redemptions of units	(1,069,968)	(5,699,076)
Distributions paid to unitholders	(63,200)	(4,499)
	3,615,002	1,928,243
(Decrease) increase in cash for the year	(36,315)	84,388
Foreign exchange gain (loss) on cash	29	(2,023)
Cash, beginning of year	98,163	15,798
Cash, end of year	61,877	98,163
Dividends received, net of withholding taxes	83,242	162,964

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$)				
As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	8,869,607	–	–	8,869,607
	8,869,607	–	–	8,869,607

Financial Assets at Fair Value (\$)				
As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	4,588,312	–	–	4,588,312
	4,588,312	–	–	4,588,312

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	200,000	–	(50,000)	350,000	350,000	–	(250,000)	200,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
–	–	–	–

First Trust AlphaDEX™ U.S. Technology Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
3,533	2,186

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
35,007	29,516	5,275	12,820

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Technology Index	406,099	(406,099)	202,240	(202,240)
Russell 1000® Index	467,414	(467,414)	224,635	(224,635)
S&P 500 Information Technology Index	409,210	(409,210)	202,240	(202,240)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	8,875,630	99.88%	4,591,643	99.44%

As at December 31, 2016, 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 \$88,756 (December 31, 2015 - \$45,916). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Technology Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Information Technology	98.34	94.66
Consumer Discretionary	1.47	–
Health Care	–	0.65
Telecommunication Services	–	4.06
Total	99.81	99.37

First Trust AlphaDEX™ U.S. Technology Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Consumer Discretionary—1.47%				
Groupon Inc.	29,245	195,397	130,363	1.47
		195,397	130,363	1.47
Information Technology—98.34%				
Activision Blizzard Inc.	2,550	128,469	123,632	1.39
Adobe Systems Inc.	781	102,277	107,954	1.21
Akamai Technologies Inc.	1,066	77,992	95,437	1.07
Alphabet Inc., Class 'A'	70	71,675	74,479	0.84
Amdocs Ltd.	1,464	111,257	114,498	1.29
Amphenol Corp., Class 'A'	1,305	109,843	117,745	1.32
Analog Devices Inc.	438	36,124	42,706	0.48
ANSYS Inc.	305	36,930	37,875	0.43
Apple Inc.	749	103,574	116,474	1.31
Applied Materials Inc.	4,995	161,266	216,420	2.44
Arista Networks Inc.	1,770	202,968	229,973	2.59
ARRIS Group Inc.	5,316	196,950	215,054	2.42
Arrow Electronics Inc.	2,354	191,642	225,351	2.54
Autodesk Inc.	1,171	113,712	116,362	1.31
Avnet Inc.	3,668	203,396	234,472	2.64
Broadcom Ltd.	655	135,574	155,458	1.75
Brocade Communications Systems Inc.	12,238	165,111	205,228	2.31
CA Inc.	2,561	105,072	109,242	1.23
Cadence Design Systems Inc.	1,106	34,878	37,451	0.42
CDK Global Inc.	985	72,048	78,941	0.89
CDW Corp.	3,294	193,804	230,378	2.59
Cisco Systems Inc.	3,561	136,840	144,487	1.63
Citrix Systems Inc.	663	70,414	79,502	0.89
Cognex Corp.	1,603	101,572	136,927	1.54
CommScope Holding Inc.	938	37,452	46,850	0.53
Corning Inc.	6,368	186,175	207,508	2.34
Dolby Laboratories Inc., Class 'A'	1,040	59,101	63,101	0.71
DST Systems Inc.	239	34,836	34,384	0.39
Electronic Arts Inc.	661	67,704	69,899	0.79
F5 Network Inc.	227	36,127	44,108	0.50
Facebook Inc., Class 'A'	881	132,926	136,090	1.53
Fortinet Inc.	1,529	68,050	61,834	0.70
GoDaddy Inc., Class 'A'	3,271	140,801	153,494	1.73
HP Inc.	1,818	38,492	36,223	0.41
IAC/InterActiveCorp.	1,356	107,947	117,959	1.33
Intel Corp.	2,992	131,171	145,704	1.64
International Business Machines Corp.	356	73,182	79,340	0.89
Intuit Inc.	257	37,075	39,547	0.44
IPG Photonics Corp.	1,029	117,227	136,376	1.53
Jabil Circuit Inc.	5,177	142,705	164,528	1.85
Juniper Networks Inc.	4,695	152,291	178,144	2.00
Lam Research Corp.	1,590	184,713	225,714	2.54
Leidos Holdings Inc.	2,610	162,773	179,211	2.02
Linear Technology Corp.	1,429	103,704	119,628	1.35
Maxim Integrated Products Inc.	707	37,161	36,613	0.41
Microchip Technology Inc.	2,424	196,348	208,781	2.35
Micron Technology Inc.	6,353	141,367	186,974	2.10

First Trust AlphaDEX™ U.S. Technology Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016 (continued)

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Motorola Solutions Inc.	370	36,929	41,178	0.46
NCR Corp.	3,509	150,370	191,093	2.15
NVIDIA Corp.	2,198	171,757	315,005	3.54
ON Semiconductor Corp.	12,225	164,924	209,441	2.36
Oracle Corp.	1,438	75,255	74,237	0.84
Palo Alto Networks Inc.	177	36,754	29,718	0.33
PTC Inc.	1,912	113,037	118,782	1.34
Qorvo Inc.	1,520	105,720	107,613	1.21
QUALCOMM Inc.	1,237	99,290	108,288	1.22
Red Hat Inc.	349	36,508	32,660	0.37
Sabre Corp.	1,002	35,475	33,566	0.38
ServiceNow Inc.	1,427	147,924	142,433	1.60
Skyworks Solutions Inc.	1,484	131,707	148,759	1.67
Splunk Inc.	963	75,214	66,135	0.74
SS&C Technologies Holdings Inc.	878	37,461	33,715	0.38
Symantec Corp.	2,250	75,070	72,171	0.81
Synopsys Inc.	1,903	135,406	150,391	1.69
Tableau Software Inc.	511	35,238	28,919	0.33
Teradata Corp.	1,822	71,475	66,466	0.75
Texas Instruments Inc.	1,207	102,599	118,254	1.33
Twitter Inc.	3,675	114,618	80,428	0.90
Tyler Technologies Inc.	330	70,594	63,258	0.71
VMware Inc., Class 'A'	1,155	104,683	122,091	1.37
Western Digital Corp.	966	74,611	88,131	0.99
Workday Inc., Class 'A'	1,232	143,019	109,322	1.23
Xilinx Inc.	1,039	67,813	84,217	0.95
Yelp Inc.	3,612	172,183	184,917	2.08
		7,838,350	8,739,244	98.34
Total investments		8,033,747	8,869,607	99.81
Transaction costs		(1,388)		
Other assets, less liabilities			16,595	0.19
Total Net Assets Attributable to Holders of Redeemable Units		8,032,359	8,886,202	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and December 31, 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Assets		
Investments (non-derivative financial assets)	1,216,696	1,051,423
Cash	16,598	10,726
Accrued dividend receivable	1,355	1,866
Other assets	81	76
	1,234,730	1,064,091
Liabilities		
Accrued liabilities	812	2,224
Distributions payable to holders of redeemable units	6,250	-
	7,062	2,224
Total net assets attributable to holders of redeemable units	1,227,668	1,061,867
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	1,227,668	1,061,867
Redeemable units outstanding [note 6]		
Common Class	50,000	50,000
Net assets attributable to holders of redeemable units per class		
Common Class	24.55	21.24

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2016 and 2015

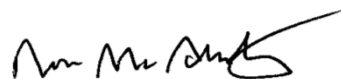
	December 31, 2016 (\$)	December 31, 2015 (\$)
Revenues		
Dividends	46,337	64,727
Other income	63	-
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments	151,090	252,199
Net realized loss on derivatives	-	(177,138)
Net realized gain on foreign exchange	201	2,780
Net change in unrealized appreciation (depreciation) of investments	68,698	(111,414)
Net change in unrealized depreciation of derivatives	-	(2,090)
	266,389	29,064
Foreign exchange gain on cash	65	1,795
	266,454	30,859
Expenses [note 7]		
Management fees	9,300	12,552
HST expense	1,113	1,555
Transaction costs [note 3 and note 9]	698	1,943
Independent Review Committee fees	269	345
Interest expense	12	24
	11,392	16,419
Expenses waived by manager	(269)	(405)
	11,123	16,014
Increase in net assets attributable to holders of redeemable units before tax	255,331	14,845
Withholding taxes	(6,972)	(7,872)
Income tax expense	-	(60)
Increase in net assets attributable to holders of redeemable units	248,359	6,913
Increase in net assets attributable to holders of redeemable units for each class		
Common Class	248,359	6,913
Increase in net assets attributable to holders of redeemable units per unit		
Common Class	4.29	0.08

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

For the years ended December 31, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Net assets attributable to holders of redeemable units, beginning of year	1,061,867	2,113,978
Increase in net assets attributable to holders of redeemable units	248,359	6,913
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	1,089,160	-
Reinvested distributions	80,199	181,826
Redemption of units	(1,147,733)	(1,020,024)
	21,626	(838,198)
Distributions to holders of redeemable units from:		
Net investment income	(45,714)	(181,826)
Capital gains	(54,637)	-
Return of capital	(3,833)	(39,000)
	(104,184)	(220,826)
Increase (decrease) in net assets attributable to holders of redeemable units for the year	165,801	(1,052,111)
Net assets attributable to holders of redeemable units, end of year	1,227,668	1,061,867

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 For the years ended December 31, 2016 and 2015

	December 31, 2016 (\$)	December 31, 2015 (\$)
Cash flows from (used in) Operating Activities		
Increase in net assets attributable to holders of redeemable units	248,359	6,913
Adjustments for:		
Foreign exchange gain on cash	(65)	(1,795)
Net realized gain on sale of investments	(151,090)	(252,199)
Change in unrealized (appreciation) depreciation of investments and derivatives	(68,698)	113,504
Dividends receivable	511	2,981
Other assets	(5)	(76)
Other liabilities	(1,412)	(515)
Purchases of investments	(1,937,144)	(2,073,151)
Proceeds from the sale of investments	1,991,659	3,275,193
	82,115	1,070,855
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	1,089,160	-
Amount paid on redemptions of units	(1,147,733)	(1,020,024)
Distributions paid to unitholders	(17,735)	(54,299)
	(76,308)	(1,074,323)
Increase (decrease) in cash for the year	5,807	(3,468)
Foreign exchange gain on cash	65	1,795
Cash, beginning of year	10,726	12,399
Cash, end of year	16,598	10,726
Dividends received, net of withholding taxes	39,876	59,836

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, 2016

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, 2016 and 2015:

Financial Assets at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	1,216,696	–	–	1,216,696
	1,216,696	–	–	1,216,696

Financial Assets at Fair Value (\$) As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Equities	1,051,423	–	–	1,051,423
	1,051,423	–	–	1,051,423

There have been no transfers from one Level to another for the years ended December 31, 2016 and 2015.

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, 2016 and 2015:

	December 31, 2016				December 31, 2015			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	50,000	–	(50,000)	50,000	–	–	(50,000)	50,000

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

Common Class – 0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards – The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
32,912	–	–	51,233

First Trust AlphaDEX™ U.S. Utilities Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

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, 2016 and 2015 are as follows:

Transaction Cost (\$)	
2016	2015
698	1,943

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2016	2015	2016	2015
9,300	12,552	719	1,968

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At December 31, 2015	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Utilities Index	55,306	(55,306)	49,271	(49,271)
Russell 1000® Index	41,863	(41,863)	39,873	(39,873)
S&P 500 Utilities Index	49,168	(49,168)	44,492	(44,492)

Currency risk - The table below summarizes the First Trust ETF's foreign currency exposure as at December 31, 2016 and 2015:

	At December 31, 2016		At December 31, 2015	
	Currency Exposure (\$)	% Net Assets	Currency Exposure (\$)	% Net Assets
United States Dollar	1,217,627	99.18%	1,060,946	99.91%

As at December 31, 2016, 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 \$12,176 (December 31, 2015 - \$10,609). 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, 2016 and 2015:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2016	December 31, 2015
Utilities	64.70	87.36
Telecommunication Services	34.41	11.66
Total	99.11	99.02

First Trust AlphaDEX™ U.S. Utilities Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Telecommunication Services—34.41%				
AT&T Inc.	1,029	51,147	58,759	4.79
CenturyLink Inc.	1,524	60,826	48,659	3.96
Frontier Communications Corp.	7,033	46,447	31,917	2.60
Level 3 Communications Inc.	901	61,768	68,180	5.55
Sprint Corp.	3,783	18,226	42,767	3.48
Telephone and Data Systems Inc.	1,538	53,048	59,616	4.86
T-Mobile US Inc.	895	48,290	69,108	5.63
Zayo Group Holdings Inc.	985	35,253	43,458	3.54
		375,005	422,464	34.41
Utilities—64.70%				
Alliant Energy Corp.	382	17,240	19,433	1.58
Ameren Corp.	595	34,274	41,909	3.41
American Electric Power Co. Inc.	456	33,701	38,547	3.14
Atmos Energy Corp.	98	9,122	9,757	0.79
Calpine Corp.	1,157	24,835	17,756	1.45
CMS Energy Corp.	174	9,263	9,723	0.79
Consolidated Edison Inc.	333	28,948	32,942	2.68
DTE Energy Co.	156	16,356	20,633	1.68
Duke Energy Corp.	366	36,218	38,143	3.11
Edison International	202	17,582	19,525	1.59
Entergy Corp.	327	31,765	32,257	2.63
Eversource Energy	463	31,316	34,333	2.80
Exelon Corp.	879	37,059	41,885	3.41
Great Plains Energy Inc.	1,532	53,713	56,257	4.58
Hawaiian Electric Industries Inc.	840	33,838	37,297	3.04
MDU Resources Group Inc.	288	7,099	11,125	0.91
NextEra Energy Inc.	60	8,312	9,624	0.78
NiSource Inc.	303	9,129	9,007	0.73
OGE Energy Corp.	231	8,650	10,375	0.85
PG&E Corp.	239	16,549	19,501	1.59
Pinnacle West Capital Corp.	385	32,999	40,335	3.29
PPL Corp.	846	35,942	38,677	3.15
Public Services Enterprise Group Inc.	998	52,699	58,798	4.79
SCANA Corp.	202	15,183	19,875	1.62
Southern Co.	285	18,595	18,823	1.53
UGI Corp.	323	17,408	19,984	1.63
Vectren Corp.	500	28,849	35,010	2.85
WEC Energy Group Inc.	122	9,215	9,607	0.78
Westar Energy Inc.	129	6,950	9,760	0.80
Xcel Energy Inc.	610	31,159	33,334	2.72
		713,968	794,232	64.70
Total investments		1,088,973	1,216,696	99.11
Transaction costs		(192)		
Other assets, less liabilities			10,972	0.89
Total Net Assets Attributable to Holders of Redeemable Units		1,088,781	1,227,668	100.00

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

STATEMENT OF FINANCIAL POSITION As at December 31, 2016

	December 31, 2016 (\$)
Assets	
Investments (non-derivative financial assets)	994,705
Cash	5,944
Accrued dividend receivable	2,831
Derivative assets	9,044
	1,012,524
Liabilities	
Accrued liabilities	292
Distributions payable to holders of redeemable units	6,000
	6,292
Total net assets attributable to holders of redeemable units	1,006,232
Total Net Assets Attributable to Holders of Redeemable Units for each class	
Common Class	1,006,232
Redeemable units outstanding [note 6]	
Common Class	50,000
Net assets attributable to holders of redeemable units per class	
Common Class	20.12

STATEMENT OF COMPREHENSIVE INCOME

For the period from September 29, 2016 to December 31, 2016

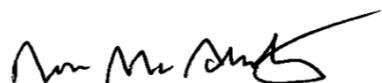
	December 31, 2016 (\$)
Revenues	
Dividends	4,087
Other changes in fair value of investments and derivatives	
Net realized gain on sale of investments	13,798
Net realized loss on derivatives	(29,337)
Net realized loss on foreign exchange	(5)
Net change in unrealized appreciation of investments	16,106
Net change in unrealized appreciation of derivatives	9,044
	13,693
Foreign exchange gain on cash	1
	13,694
Expenses [note 7]	
Management fees	765
Transaction costs [note 3 and note 9]	594
HST expense	100
Independent Review Committee fees	46
Interest expense	3
	1,508
Expenses waived by manager	(46)
	1,462
Increase in net assets attributable to holders of redeemable units	12,232
Increase in net assets attributable to holders of redeemable units for each class	
Common Class	12,232
Increase in net assets attributable to holders of redeemable units per unit	
Common Class	0.24

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)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the period from September 29, 2016 to December 31, 2016

	December 31, 2016 (\$)
Net assets attributable to holders of redeemable units, beginning of period	-
Increase in net assets attributable to holders of redeemable units	12,232
Redeemable unit transactions [note 6]	
Proceeds from issuance of units	1,000,020
Reinvested distributions	37,470
Redemption of units	(20)
	1,037,470
Distributions to holders of redeemable units from:	
Net investment income	(36,217)
Return of capital	(7,253)
	(43,470)
Increase in net assets attributable to holders of redeemable units for the period	1,006,232
Net assets attributable to holders of redeemable units, end of period	1,006,232

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

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

STATEMENT OF CASH FLOW For the period from September 29, 2016 to December 31, 2016

	December 31, 2016 (\$)
Cash flows from (used in) Operating Activities	
Increase in net assets attributable to holders of redeemable units	12,232
Adjustments for:	
Foreign exchange gain on cash	(1)
Net realized gain on sale of investments	(13,798)
Change in unrealized appreciation of investments and derivatives	(25,150)
Dividends receivable	(2,831)
Other liabilities	292
Purchases of investments	(1,632,742)
Proceeds from the sale of investments	667,941
	(994,057)
Cash flows from (used in) Financing Activities	
Amount received from the issuance of units	1,000,020
Amount paid on redemptions of units	(20)
	1,000,000
Increase in cash for the period	5,943
Foreign exchange gain on cash	1
Cash, beginning of period	-
Cash, end of period	5,944
Dividends received, net of withholding taxes	1,256

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 period ended December 31, 2016

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks to replicate, to the extent possible, the performance of a total return U.S. equities industry sector rotational index, net of expenses. Currently, the First Trust ETF seeks to replicate the performance of the Dorsey Wright® Dynamic U.S. Sector Focus Five Index, net of expenses and will generally seek to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar. The First Trust ETF will invest in and hold the constituent securities of the index in the same proportion as they are reflected in the Index. The index will consist of an equal weighted basket of ETFs that provide exposure to a variety of industry sectors in the U.S. equity markets and may provide exposure to U.S. cash equivalents.

B. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS (NOTE 4) - The below table shows information about the First Trust ETF's forward foreign exchange currency agreements for the period ended December 31, 2016:

December 31, 2016		
Contract Amount (\$)	% of net assets	Appreciation (Depreciation) (\$)
1,011,500	100.52%	9,044

C. 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 period ended December 31, 2016:

	Financial Assets at Fair Value (\$)			Total
	Level 1	Level 2	Level 3	
Equities	944,705	–	–	944,705
Derivative assets	–	9,044	–	9,044
	944,705	9,044	–	1,003,749

There have been no transfers from one Level to another for the period ended December 31, 2016.

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

D. REDEEMABLE UNITS (NOTE 6) - The First Trust ETF issued (redeemed) the following units during the period ended December 31, 2016:

	December 31, 2016			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Common	50,001	–	(1)	50,000

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

Common Class – 0.30%

First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

F. TAXATION (NOTE 8)

Tax loss carry-forwards – There were no capital losses and non-capital losses as at December 31, 2016.

G. 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, 2016, are as follows:

Transaction Cost (\$)
2016
594

H. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the period ended December 31, 2016, including amounts owing as at December 31, 2016 are as follows:

Management Fee Expense (\$)	Management Fee Payable (\$)
2016	2016
765	259

I. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016	
	5% Increase (\$)	5% Decrease (\$)
Dorsey Wright U.S. Sector Focus Five Index	47,041	(47,041)

Currency risk - The table below summarizes the First Trust ETF's unhedged foreign currency exposure as at December 31, 2016:

	At December 31, 2016	
	Currency Exposure (\$)	% Net Assets
United States Dollar	(1,002,397)	(99.62)%

As at December 31, 2016, 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 \$10,024. 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, 2016:

Holdings	At December 31, 2016	
	Fair Value (\$)	% Net Assets
Exchange-Traded Funds	994,705	98.86%
Total	994,705	98.86%

First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Exchange Traded Funds—98.86%				
First Trust AlphaDEX™ U.S. Energy Sector Index ETF	13,178	200,042	193,917	19.27
First Trust AlphaDEX™ U.S. Financial Sector Index ETF	7,711	198,944	199,488	19.83
First Trust AlphaDEX™ U.S. Industrials Sector IndexETF	8,102	188,372	195,019	19.38
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	7,948	191,905	201,797	20.05
First Trust AlphaDEX™ U.S. Utilities Sector Index ETF	8,328	199,522	204,484	20.33
Total Exchange Traded Funds		978,785	994,705	98.86
Total investments		978,785	994,705	98.86
Transaction costs		(186)		
Unrealized appreciation on derivatives - see Schedule 1			9,044	0.90
Other assets, less liabilities			2,483	0.24
Total Net Assets Attributable to Holders of Redeemable Units		978,599	1,006,232	100.00

Schedule 1 - Foreign Exchange Contract

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount Currency		Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	2017/01/31	USD	746,880	CAD	1,011,500	0.738	0.745	9,044
									9,044

* Commercial paper rating per Stand and Poor's Commercial Paper Guide

First Trust Canadian Capital Strength ETF

STATEMENTS OF FINANCIAL POSITION As at December 31, 2016 and June 30, 2016

	December 31 2016 (\$)	June 30 2016 (\$)
Assets		
Investments (non-derivative financial assets)	41,701,759	41,257,504
Cash	53,895	855,022
Accrued dividend receivable	98,882	117,962
Receivable for portfolio securities sold	-	6,198,942
Subscriptions receivable	-	179
Other assets	50,971	45,341
	41,905,507	48,474,950
Liabilities		
Accrued liabilities	72,092	230,820
Payable for portfolio securities purchased	-	6,066,640
Redemptions payable	-	100,652
	72,092	6,398,112
Total net assets attributable to holders of redeemable units	41,833,415	42,076,838
Total Net Assets Attributable to Holders of Redeemable Units per class		
Advisor Class	34,626,123	35,432,854
Common Class	7,207,292	6,643,984
Redeemable units outstanding [note 6]		
Advisor Class	1,402,854	1,630,111
Common Class	247,534	260,571
Net assets attributable to holders of redeemable units per class		
Advisor Class	24.68	21.74
Common Class	29.12	25.50

STATEMENTS OF COMPREHENSIVE INCOME For the period ended December 31, 2016 and year ended June 30, 2016

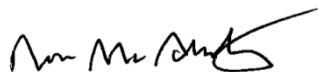
	December 31 2016 (\$) 6 months	June 30 2016 (\$) 12 months
Revenues		
Dividends	512,697	1,355,145
Interest income for distribution purposes	-	104,886
Other income	17	-
Other changes in fair value of investments		
Net realized gain (loss) on investments	1,905,554	(505,026)
Change in unrealized appreciation (depreciation) of investments	3,524,115	(4,196,415)
Change in unrealized (depreciation) appreciation of foreign currencies	(207)	1,359
	5,942,176	(3,240,051)
Foreign exchange gain on cash	72	750
	5,942,248	(3,239,301)
Expenses [note 7]		
Management fees	375,422	908,304
Other expenses	40,660	31,260
HST expense	40,601	113,038
Audit fees	17,680	11,680
Transaction costs [note 3 and note 9]	7,947	17,742
Custody fees	2,325	109,307
Trustee fees	2,500	5,000
Independent Review Committee fees	(298)	13,470
Securityholder reporting costs	(1,012)	50,027
	485,825	1,259,829
Increase (Decrease) in net assets attributable to holders of redeemable units	5,456,423	(4,499,130)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Advisor Class	4,556,160	(3,901,540)
Common Class	900,263	(597,590)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Advisor Class	3.01	(2.07)
Common Class	3.62	(2.06)

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

For the period ended December 31, 2016 and year ended June 30, 2015

	December 31	June 30	December 31	June 30
	2016 (\$)	2016 (\$)	2016 (\$)	2016 (\$)
	6 months	12 months	6 months	12 months
	Advisor Class	Advisor Class	Common Class	Common Class
Net assets attributable to holders of redeemable units, beginning of period/year	35,432,854	49,649,866	6,643,984	8,258,335
Increase (Decrease) in net assets attributable to holders of redeemable units	4,556,160	(3,901,540)	900,263	(597,590)
Redeemable unit transactions [note 6]				
Proceeds from redeemable units issued	958,994	922,059	1,266,036	1,493,469
Redemption of redeemable units	(6,321,885)	(11,237,531)	(1,602,991)	(2,510,230)
	(5,362,891)	(10,315,472)	(336,955)	(1,016,761)
(Decrease) Increase in net assets attributable to holders of redeemable units for the period/year	(806,731)	(14,217,012)	563,308	(1,614,351)
Net assets attributable to holders of redeemable units, end of period/year	34,626,123	35,432,854	7,207,292	6,643,984
			December 31	June 30
			2016 (\$)	2016 (\$)
			6 months	12 months
			Total (\$)	Total (\$)
Net assets attributable to holders of redeemable units, beginning of period/year			42,076,838	57,908,201
Increase (Decrease) in net assets attributable to holders of redeemable units			5,456,423	(4,499,130)
Redeemable unit transactions [note 6]				
Proceeds from redeemable units issued			2,225,030	2,415,528
Redemption of redeemable units			(7,924,876)	(13,747,761)
			(5,699,846)	(11,332,233)
Decrease in net assets attributable to holders of redeemable units for the period/year			(243,423)	(15,831,363)
Net assets attributable to holders of redeemable units, end of period/year			41,833,415	42,076,838

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

First Trust Canadian Capital Strength ETF

STATEMENTS OF CASH FLOW For the period ended December 31, 2016 and year ended June 30, 2015

	December 31 2016 (\$) 6 months	June 30 2016 (\$) 12 months
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	5,456,423	(4,499,130)
Adjustments for:		
Foreign exchange gain on cash	(72)	(750)
Net realized (gain) loss on investments	(1,905,554)	505,026
Change in unrealized (appreciation) depreciation of investments	(3,524,115)	4,196,415
Interest receivable	-	80,173
Dividends receivable	19,080	(117,962)
Other assets and liabilities	(164,359)	1,153
Purchases of investments	(17,295,177)	(19,710,333)
Proceeds from the sale of investments	22,412,894	31,070,664
	4,999,120	11,525,256
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	2,225,209	2,445,192
Amount paid on redemptions of units	(8,025,528)	(13,783,588)
	(5,800,319)	(11,338,396)
(Decrease) increase in cash for the period/year	(801,199)	186,860
Foreign exchange gain on cash	72	750
Cash, beginning of period/year	855,022	667,412
Cash, end of period/year	53,895	855,022
Interest received	-	185,059
Dividends received, net of withholding taxes	531,777	1,237,183

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 period ended December 31, 2016

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 six-month period ended December 31, 2016 and year ended June 30, 2016:

Financial Assets at Fair Value (\$) As at December 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	41,701,759	–	–	41,701,759
	41,701,759	–	–	41,701,759

Financial Assets at Fair Value (\$) As at June 30, 2016				
	Level 1	Level 2	Level 3	Total
Equities	41,257,504	–	–	41,257,504
	41,257,504	–	–	41,257,504

There have been no transfers from one Level to another for the six-month period ended December 31, 2016 and year ended June 30, 2016.

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 six-month period ended December 31, 2016 and twelve-month period ended June 30, 2016:

	December 31, 2016				June 30, 2016			
	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Outstanding
Advisor	40,551	–	(267,808)	1,402,854	40,933	–	(508,585)	1,630,111
Common	46,268	–	(59,306)	247,534	56,941	–	(97,153)	260,571

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 ¹
0.60%	1.60%

¹Includes a service fee of 1.00%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The capital losses and non-capital losses as at December 31, 2016 and 2015 were as follows:

Capital Losses (\$)		Non-Capital Losses (\$)	
2016	2015	2016	2015
26,164,485	52,328,969	–	–

First Trust Canadian Capital Strength ETF
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

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 six-month period ended December 31, 2016 and year ended June 30, 2016:

Transaction Cost (\$)	
Dec. 31, 2016	June 30, 2016
7,947	17,742

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager the six-month period ended December 31, 2016 and year ended June 30, 2016, including amounts owing as at December 31, 2016 and June 30, 2016 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
Dec. 31, 2016	June 30, 2016	Dec. 31, 2016	June 30, 2016
375,422	908,304	21,683	29,296

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Market risk - As at December 31, 2016, 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, 2016, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	At December 31, 2016		At June 30, 2016	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P/TSX Composite Index	1,872,045	(1,872,045)	1,741,213	(1,741,213)

Concentration Risk - The table below summarizes the concentration risk as at December 31, 2016 and June 30, 2016:

Sector	As a % of net assets attributable to holders of redeemable units	
	At December 31, 2016	At June 30, 2016
Financials	35.93	35.26
Information Technology	16.24	15.69
Consumer Discretionary	15.45	7.89
Industrials	11.93	15.80
Materials	8.09	11.57
Consumer Staples	8.04	7.94
Telecommunication Services	4.01	3.90
Total	99.69	98.05

First Trust Canadian Capital Strength ETF
Notes to Financial Statements - Specific Information
For the period ended December 31, 2016

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2016

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
EQUITIES				
Consumer Discretionary—15.45%				
Canadian Tire Corp. Ltd., Class 'A'	11,787	1,496,797	1,641,575	3.92
Gildan Activewear Inc.	45,709	1,676,149	1,558,220	3.73
Linamar Corp.	28,182	1,664,680	1,625,820	3.89
Magna International Inc., Class 'A'	28,077	1,012,355	1,636,889	3.91
		5,849,981	6,462,504	15.45
Consumer Staples—8.04%				
Alimentation Couche-Tard Inc., Class 'B'	26,880	709,607	1,636,455	3.91
Saputo Inc.	36,385	1,388,522	1,728,651	4.13
		2,098,129	3,365,106	8.04
Financials—35.93%				
Bank of Montreal	17,401	1,234,820	1,680,414	4.02
Bank of Nova Scotia	21,868	1,307,082	1,634,852	3.91
Canadian Imperial Bank of Commerce	14,969	1,427,428	1,640,004	3.92
Great-West Lifeco Inc.	46,824	1,583,511	1,646,800	3.94
Intact Financial Corp.	17,961	1,622,826	1,726,052	4.12
National Bank of Canada	30,467	1,619,044	1,661,365	3.97
Royal Bank of Canada	18,398	1,091,228	1,671,826	4.00
Sun Life Financial Inc.	32,716	1,424,961	1,686,510	4.03
Toronto-Dominion Bank (The)	25,394	1,093,508	1,681,591	4.02
		12,404,408	15,029,414	35.93
Industrials—11.93%				
CAE Inc.	88,938	1,402,655	1,670,256	3.99
Canadian National Railway Co.	18,685	1,403,139	1,688,376	4.04
Canadian Pacific Railway Ltd.	8,519	1,237,252	1,631,900	3.90
		4,043,046	4,990,532	11.93
Information Technology—16.24%				
Celestica Inc.	105,103	1,671,726	1,672,189	4.00
CGI Group Inc., Class 'A'	25,901	949,996	1,669,060	3.99
Kinaxis Inc.	27,820	1,466,779	1,738,750	4.16
Open Text Corp.	20,662	969,471	1,713,293	4.09
		5,057,972	6,793,292	16.24
Materials—8.09%				
CCL Industries Inc., Class 'B'	7,286	647,012	1,922,047	4.59
Kirkland Lake Gold Ltd.	208,506	1,677,537	1,463,712	3.50
		2,324,549	3,385,759	8.09
Telecommunication Services—4.01%				
BCE Inc.	28,867	1,697,472	1,675,152	4.01
		1,697,472	1,675,152	4.01
Total investments		33,475,557	41,701,759	99.69
Transaction costs		(14,046)		
Other assets, less liabilities			131,656	0.31
Total Net Assets Attributable to Holders of Redeemable Units		33,461,511	41,833,415	100.00

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

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 14, 2016. The units of the First Trust ETFs are listed for trading on the Toronto Stock Exchange (“TSX”).

First Trust ETF Name	TSX Ticker Symbol		Inception Date
	Common	Advisor	
Dividend Funds			
First Trust AlphaDEX™ Canadian Dividend ETF	FDY	FDY.A	May 15, 2013
First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged)	FUD	FUD.A	May 15, 2013
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
Actively Managed Fund			
First Trust Senior Loan ETF (CAD-Hedged)	FSL	FSL.A	August 28, 2013
First Trust Short Duration High Yield Bond ETF (CAD-Hedged)*	FSD	FSD.A	May 20, 2011
First Trust Canadian Capital Strength ETF**	FST	FST.A	November 30, 2001
Income Funds			
First Trust Global Risk Managed Income Index ETF	ETP	ETP.A	July 23, 2014
First Trust Tactical Bond Index ETF	FTB	–	June 19, 2015
U.S. Sector Funds			
First Trust AlphaDEX™ U.S. Financial Sector Index ETF	FHF	–	October 30, 2014
First Trust AlphaDEX™ U.S. Energy Sector Index ETF	FHE	–	October 30, 2014
First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF	FHD	–	October 30, 2014
First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF	FHC	–	October 30, 2014
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	FHH	–	October 30, 2014
First Trust AlphaDEX™ U.S. Materials Sector Index ETF	FHM	–	October 30, 2014
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	FHG	–	October 30, 2014
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	FHQ	–	October 30, 2014
First Trust AlphaDEX™ U.S. Utilities Sector Index ETF	FHU	–	October 30, 2014
Specialty Fund			
First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)	FSR	–	September 29, 2016

*On January 25, 2016, the First Trust ETF converted from a closed-end fund structure to an exchange-traded fund. The name changed from First Trust Advantaged Short Duration High Yield Bond Fund to First Trust Short Duration High Yield Bond ETF (CAD-Hedged). In connection with the conversion, the units of each class of the First Trust ETF were consolidated on a two for one basis. The First Trust ETF changed its year end to December 31st in accordance with the declaration of trust.

**On November 14, 2016, the First Trust ETF converted from an open ended mutual fund structure to an exchange-traded fund. The name changed from First Trust Canadian Capital Strength Portfolio to First Trust Canadian Capital Strength ETF. The First Trust ETF changed its year end to December 31st in accordance with the declaration of trust.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

Many of the First Trust ETFs have two classes of redeemable units in issue: Common Class and Advisor Class. The U.S. Sector Funds, the First Trust Tactical Bond Index ETF, and the First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged) have only one class of redeemable units. All units are collectively referred to as the "Units".

FT Portfolios Canada Co. is the trustee, manager and promoter (the "Manager") 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 3001, Scotia Plaza, Box 312, Toronto, Ontario M5H 3Y2. The financial statements are authorized for issuance by the Manager on March 31, 2017.

The investment objectives for each First Trust ETF are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.

2. BASIS OF PRESENTATION

The information provided in these financial statements and related notes is as at December 31, 2016 and 2015, and for the periods then ended, as applicable, with the exception of FSD and FST who changed their fiscal year end from June 30 to December 31. The current year figures for these two ETFs are for the 6-month period ended on December 31, 2016 while the comparative figures are for the full year ended on June 30, 2016. The change was to align the year end dates of FSD and FST with the other First Trust ETFs.

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 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.

Amendments to IAS 1 Disclosure Initiative

The First Trust ETFs have applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the basis of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the First Trust ETFs' financial position and financial performance.

Regarding the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or the financial position of the First Trust ETFs.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

Financial instruments

(i) Classification

The First Trust ETFs classify the investments in debt and equity securities, open-ended investment funds and derivatives as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are either held for trading (“HFT”) or at fair value through profit or loss (“FVTPL”) at inception.

Financial assets or financial liabilities under HFT are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are part of a portfolio of identified financial instruments that the First Trust ETFs manage together and has a recent actual pattern of short-term profit-taking. All derivatives are also included in this category. The First Trust ETFs do not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at FVTPL at inception are those that are managed and their performance evaluated on a fair value basis in accordance the First Trust ETFs’ investment strategy as documented in its prospectus, and information about these financial assets and liabilities are evaluated by the management of the First Trust ETFs on a fair value basis together with other relevant financial information. All Long Equity and fixed Income positions are included in this category.

All other financial assets and liabilities are classified as loans and receivables and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost

(ii) 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 (iv) below.

(iii) 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.

(iv) 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

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

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.

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.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

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 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 beginning 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

Majority 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”). First Trust ETFs under the U.S. Sector Funds and First Trust Tactical Bond Index ETF have only one class of redeemable units. 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 8 – “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

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

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.

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 dollars 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) and First Trust Short Duration High Yield Bond ETF (CAD-Hedged) typically do not incur transaction costs because these First Trust ETFs invest 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 change in unrealized appreciation or depreciation of forward foreign exchange currency agreements 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 ETF 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.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund 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.

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.

Senior loans

The senior loans in which the First Trust ETFs 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

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

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.

The fair value hierarchy classifications of assets and liabilities for each First Trust ETF are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.

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 8). 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. The U.S. Sector Funds and First Trust Tactical Bond Index ETF have only one class of redeemable 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.

The First Trust ETFs issue Units directly to Designated Brokers and Underwriters. From time to time as may be agreed between a First Trust ETF and the Designated Brokers and Underwriters, the Designated Brokers and Underwriters may agree to accept the securities of the issuers whose securities are included in the portfolio of the First Trust ETFs from time to time as payment for Units from prospective purchasers.

On any Trading Day, Unitholders may redeem units of any First Trust ETF for cash at a redemption price per unit equal to 95% of the closing price for the units on the TSX on the effective day of the redemption. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

Investors that redeem Units prior to the distribution record date for any distribution will not be entitled to receive that distribution.

The redemption rights described above must be exercised through the CDS Participant through which the beneficial owner holds Units. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times to allow such CDS Participants to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

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.

First Trust Exchange-Traded Funds

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For the year ended December 31, 2016

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, First Trust Senior Loan ETF (CAD-Hedged), and First Trust Short Duration High Yield Bond ETF (CAD-Hedged), and 0.50% per annum of the NAV of the Advisor Class Units in respect of First Trust Global Risk Managed Income Index ETF, First Trust Senior Loan ETF (CAD-Hedged) and First Trust Short Duration High Yield Bond ETF (CAD-Hedged), 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 ETF was established and extraordinary expenses including 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 ETFs. The Manager is responsible for all other costs and expenses of the First Trust ETFs, including the Advisor Class service fee (described above), the fees payable to the Portfolio Advisor, Custodian, Valuation Agent, Registrar, Transfer Agent and Plan Agent and fees payable to other service providers.

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 registered investments under Provisions of the Income Tax Act (Canada) (the "Tax Act") and are expected to meet the requirements to be mutual fund trusts under the provisions of the Tax Act. The First Trust ETFs will generally not be subject to tax under Part I of the Act in respect of its net income or net realized capital gain in each taxation year to the extent that such net income and net realized capital gain 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 back to the First Trust ETFs.

Distributions of sufficient net realized capital gains (reduced by loss carry-forwards, if any) are made after December 14 but on or before December 31 to ensure that the First Trust ETF will not be liable for income taxes.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

Tax loss carry-forwards

The non-capital losses for income tax purposes may be carried forward for 20 years. The capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years.

The capital losses and non-capital losses for each First Trust ETF, 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 during the years ended December 31, 2016 and 2015 are discussed in the Specific Information for each First Trust ETF. Note that First Trust Senior Loan ETF (CAD-Hedged) and First Trust Short Duration High Yield Bond ETF (CAD-Hedged) typically do not incur transaction costs because these First Trust ETFs invest 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 8 – Management Fees and Expenses).

The total management fees earned by the Manager for the years ended December 31, 2016 and 2015, including amounts owing as at December 31, 2016 and 2015 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 at December 31, 2016 and 2015, 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 and FTB 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, 2016 and 2015, the overall market exposures relate to the First Trust ETFs' investments in securities.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

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 First Trust Senior Loan ETF (CAD-Hedged) (the "FSL"), First Trust Tactical Bond Index ETF (the "FTB"), and First Trust Global Risk Managed Income Index ETF (the "ETP"), and First Trust Short Duration High Yield Bond ETF (CAD-Hedged) (the "FSD"), 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, ETP, and FSD 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 of non-payment of scheduled interest and/or principal payments because the issuer of the security experiences a decline in its financial status.

The First Trust ETFs, except FTB, ETP, FSL, and FSD had no significant investments in debt instruments and/or derivatives as of December 31, 2016 and 2015, 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.

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, 2016, the maximum credit risk exposure of this First Trust ETF is \$147,543,703 (December 31, 2015 - \$85,073,835).

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

FSD - 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, 2016, the maximum credit risk exposure of this First Trust ETF is \$22,638,631 (June 30, 2016 - \$21,627,594).

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.

ETP, FSR, and FTB 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, First Trust Canadian Capital Strength ETF, and First Trust AlphaDEX™ Canadian Dividend ETF are Canadian funds therefore they have insignificant currency risk as at December 31, 2016 and 2015.

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 and FSD invest 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.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year ended December 31, 2016

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, 2016, there were no securities lending done by the First Trust ETFs.

14. FUTURE ACCOUNTING POLICY CHANGES

Standards issued but not yet effective up to the date of issuance of the First Trust ETFs' financial statements are listed below. The First Trust ETFs intend to adopt the applicable standard when it becomes effective.

IFRS 9, Financial Instruments - Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The First Trust ETFs are in the process of assessing the impact of IFRS 9.

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