



First Trust JFL Fixed Income Core Plus ETF • FJFB

Interim Management Report of Fund Performance
June 30, 2022

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2022

First Trust JFL Fixed Income Core Plus ETF **(the “First Trust ETF”)**

This interim management report of fund performance contains financial highlights but does not contain the complete unaudited interim financial statements of the First Trust ETF. All references to dollars contained herein are to Canadian dollars.

Securityholders may also contact us to request a copy of the First Trust ETF’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosures relating to the First Trust ETF by calling 1-877-622-5552, by writing to us at FT Portfolios Canada Co., 40 King Street West, Suite 5102, Scotia Plaza, Box 312, Toronto, Ontario M5H 3Y2 or by visiting our website at www.firsttrust.ca or SEDAR at www.sedar.com.

Forward-looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent beliefs regarding future events. By their nature, forward-looking statements are based on assumptions and are subject to inherent risks and uncertainties. There is significant risk that forward-looking statements will not prove to be accurate. Readers of this document should not place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors include but are not limited to market and general economic conditions, interest rates, foreign currency exchange rates, the extent of industry sector exposure, the performance of the securities of the issuers held in the portfolio and regulatory developments and the risks detailed in the First Trust ETF’s prospectus. The Manager does not undertake and specifically disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Investment Objective and Strategy

The fundamental investment objective of **First Trust JFL Fixed Income Core Plus ETF** (the “First Trust ETF”) is to provide unitholders with income and preserve capital by investing at least 75% of the First Trust ETF’s net assets in a diversified portfolio of investment grade Canadian corporate, federal, provincial, and municipal bonds. The First Trust ETF may also invest up to 25% of the fund’s net assets in non-investment grade corporate bonds (at the time of purchase, as rated by a designated rating organization), high yield bonds, developed international bonds, emerging market bonds, preferred shares and convertible bonds of North American and/or international issuers.

Risk

The risks associated with an investment in the First Trust ETF remain as discussed in the First Trust ETF’s most recent prospectus. There have been no significant changes during the period that affected the overall level of risk associated with the First Trust ETF.

Results of Operations

General

The First Trust ETF’s net asset value as of June 30, 2022 was \$1,760,752 or \$17.61 per unit. The First Trust ETF’s net asset value as of December 31, 2021 was \$2,033,978 or \$20.34 per unit.

For the six-month period ended June 30, 2022, the First Trust ETF paid total cash distributions per unit of \$0.2071. In addition, the First Trust ETF declared cash distributions per unit of \$0.0418 for record date of June 30, 2022 with payment date of July 8, 2022.

Investment Performance

For the six-month period ended June 30, 2022, the First Trust ETF returned -12.44% compared to FTSE Canada Universe Bond Index (the “benchmark”) total return of -12.23%. Unlike the benchmark, the First Trust ETF’s return is net of fees and expenses.

For the first quarter, the First Trust ETF outperformed the benchmark. The bulk of this outperformance was from the security selection side where names like Nuvista, Rogers and Corus had attractive gains in the quarter. With the weakness in provincial and corporate bond spreads, valuations had improved, and we have started adding to positions to take advantage.

For the second quarter, the First Trust ETF underperformed its benchmark. After maintaining a neutral stance relative to the index in terms of duration, we took advantage of the higher yields to increase the relative duration during the quarter. Our timing was slightly early, but we believe that the economic weakness which leading economic indicators are pointing to, as well as moderating inflation pressures should lead to positive returns in the near future. The First Trust ETF’s duration position as well as its overweight in corporate bonds were detractors to quarterly performance. Security selection, including specific corporate bond holdings in Communications and Energy sectors, provided positive relative performance to the First Trust ETF’s quarterly return. The First Trust ETF’s high yield corporate bond holdings were a detraction to absolute and relative performance as high yield bond spreads widened notably in the second quarter.

As at June 30, 2022, the First Trust ETF held 106 individual positions. The portfolio has a strong Canada focus and as at June 30, 2022 is comprised of 97.21% bonds, 1.09% in preferreds, and 1.69% cash. The top 10 holdings by issuer accounted for 29.62% of the total portfolio.

By comparison, at December 31, 2021, the First Trust ETF held 94 individual positions. The portfolio has a strong Canada focus and as at December 31, 2021, was comprised of 98.86% bonds and 0.88% cash. The top 10 holdings by issuer accounted for 32.33% of the total portfolio.

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Recent Developments

Bond markets posted their worst performance in decades as interest rates rose sharply in the first quarter. The weakness in bond markets was primarily due to inflation and inflation expectations moving higher. Thoughts that inflation would gradually decline with the re-opening of economies as the virus transitioned to an endemic phase were dashed when commodity prices jumped higher on the Russian invasion of Ukraine.

The second quarter was another tough one for financial markets as interest rates rose dramatically along with rising inflation. Bond markets outperformed equity markets, although they still posted losses with interest rates at the front end of the yield curve increasing approximately 0.6% and long-term rates rising by 0.3%.

Unique to this cycle, the magnitude and stubbornness of inflation means central banks will have to err on the side of caution. At the end of the day, we are at the point where we have to choose whether we are in a mid-cycle slowdown with a recovery ahead or on the path to the end of the business cycle; we think the risk is tilted toward the latter. Just as the economy quickly went up, following the fiscal and monetary stimulus introduced during the pandemic, it is now quickly going down as the liquidity retreats. However, the financial system is healthy, and credit is flowing, which is key in a heavily leveraged economy. In addition, the excesses in the economy are not obvious (outside of real estate). We believe the liquidity withdrawal should be more painful for Wall Street than Main Street.

Financial markets have put the pandemic and Ukraine war on the backburner and are now squarely focused on the prospects of a recession. The weakness in housing markets and manufacturing orders relative to inventories is an indicator of an economic contraction ahead. Weakness in commodity prices such as lumber, copper, and fertilizers point to an eventual easing of inflation numbers. With consumer sentiment at record lows, we have to acknowledge that inflation is having an impact on spending intentions.

Related Party Transactions

FT Portfolios Canada Co. is the Manager of the First Trust ETF and is a Canadian affiliate of First Trust Advisors L.P., the investment advisor (the "Advisor") of the First Trust ETF.

Pursuant to terms of the declaration of trust of the First Trust ETF, the Manager provides or arranges for all management, administrative and other services required by the First Trust ETF. The Manager receives a management fee from the First Trust ETF. For further details, please see "Management Fees".

The Manager has retained the Advisor to provide certain services to the First Trust ETF pursuant to an investment advisory agreement. The Advisor receives advisory fees from the Manager out of the management fee.

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Financial Highlights

The following tables show selected key financial information about the First Trust ETF and are intended to help you understand the First Trust ETF's financial performance for the past year. This information is derived from the First Trust ETF's current unaudited interim and audited annual financial statements.

Net Asset Value per Unit

FJFB	June 30, 2022	December 31, 2021
Net asset value, beginning of period ⁽¹⁾	\$20.34	\$20.00 ^(a)
Increase (Decrease) from operations:		
Total revenue	0.28	0.46
Total expenses	(0.06)	(0.11)
Realized gains (losses) for the period	(0.32)	0.11
Unrealized gains (losses) for the period	(2.42)	0.22
Total increase (decrease) from operations ⁽²⁾	\$(2.52)	\$0.68
Distributions:		
From income (excluding dividends)	(0.21)	(0.30)
From dividends	-	(0.03)
From capital gains	-	(0.12)
Return of capital	-	-
Total annual distributions ⁽³⁾	\$(0.21)	\$(0.45)
Net asset value, end of period ⁽⁴⁾	\$17.61	\$20.34

(a) Seed capital

(1) This information is provided as at June 30, 2022 and for the period from March 19, 2021 (commencement of operations) to December 31, 2021 and is prepared under IFRS.

(2) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period.

(3) Distributions were paid in cash or reinvested in additional units of the First Trust ETF, or both. Non-cash distributions are reinvested in additional units of the First Trust ETF and subsequently consolidated. Neither the number of units held by the unitholder, nor the net asset per unit of the First Trust ETF change as a result of any non-cash distributions.

(4) This table is not intended to be a reconciliation of beginning to ending net asset value per unit.

Ratios and Supplemental Data

FJFB	June 30, 2022	December 31, 2021
Net asset value (000's)	\$1,761	\$2,034
Number of units outstanding	100,000	100,000
Management expense ratio ⁽¹⁾	0.67%	0.68%
Management expense ratio before waivers or absorption	0.79%	0.80%
Trading expense ratio ⁽²⁾	0.00%	0.03%
Portfolio turnover rate ⁽³⁾	28.46%	34.11%

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(3) The First Trust ETF's portfolio turnover rate indicates how actively the First Trust ETF's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the First Trust ETF buying and selling all of the securities in its portfolio once in the course of the period. The higher a First Trust ETF's portfolio turnover rate in a period, the greater the trading cost payable by the First Trust ETF in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between high turnover rate and the performance of a First Trust ETF.

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Management Fees

The First Trust ETF will pay the Manager a management fee of 0.70% based on the average daily NAV of the First Trust ETF. The management fee, plus applicable taxes including HST, will be 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.

The First Trust ETF currently pays the Manager a management fee equal to 0.60%.

The Manager has agreed to waive a portion of the management fee equal to 0.10% of average daily net assets of the First Trust ETF until December 31, 2022 in response to the current low interest rate environment. The Manager anticipates that if the trailing average 30-day yield of the current 10-year Canadian Treasury Bond exceeds 3.50% before December 31, 2022, the fee waiver may not be continued past December 31, 2022. Given that the 0.10% waiver is on an annualized basis, if the waiver is for less than a year, the net management fee will be higher than 0.60%. Following December 31, 2022, the Manager may waive a portion of the management fee at any time in its discretion.

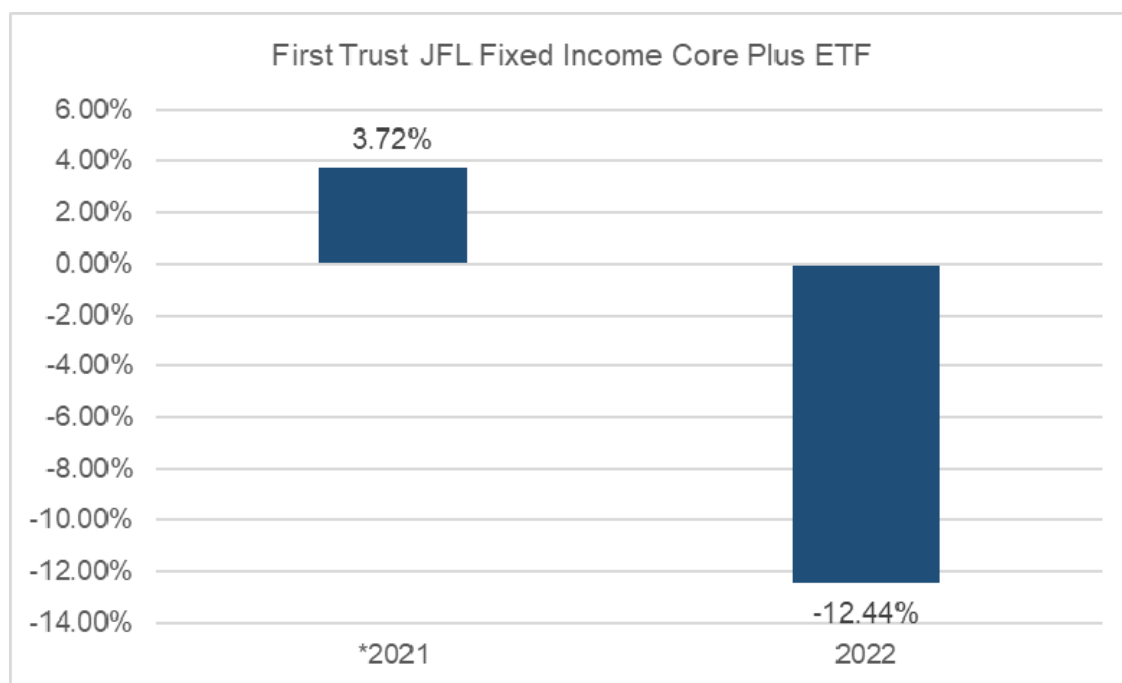
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the periods shown were reinvested in additional securities of the First Trust ETF. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the First Trust ETF has performed in the past does not necessarily indicate how it will perform in the future.

Year by Year Returns

The bar chart below shows the First Trust ETF's performance for the six-month period ended June 30, 2022 and for the period from commencement of operations to December 31, 2021 and illustrates how the investment fund's performance has changed for the period.



*First Trust ETF Commencement: March 19, 2021

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Summary of Investment Portfolio

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's top 25 holdings, by issuer, as at June 30, 2022. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. Daily and quarterly updates are available at www.firsttrust.ca.

Top 25 Holdings	Coupon Rate/Yield	Maturity Date	% of ETF Total Net Asset Value
Royal Bank of Canada	3.30%	26-Sep-23	4.22%
Government of Canada	4.00%	01-Jun-41	3.46%
Canada Housing Trust No. 1, Series '104'	2.15%	15-Dec-31	3.44%
Walt Disney Co. (The)	3.06%	30-Mar-27	3.09%
Canadian Imperial Bank of Commerce	2.43%	09-Jun-23	3.08%
Province of New Brunswick	3.10%	14-Aug-28	2.63%
Province of Quebec	3.50%	01-Dec-48	2.53%
Government of Canada	2.00%	01-Dec-51	2.43%
Province of Ontario	2.65%	02-Dec-50	2.41%
National Bank of Canada	2.98%	04-Mar-24	2.23%
Suncor Energy Inc., Callable	3.10%	24-May-29	2.13%
Wells Fargo & Co.	3.87%	21-May-25	2.05%
Province of Ontario	2.80%	02-Jun-48	2.03%
Federation des Caisses Desjardins du Québec	1.09%	21-Jan-26	1.86%
Manulife Bank of Canada	2.38%	19-Nov-24	1.85%
Toronto-Dominion Bank (The), Variable Rate, Callable	3.11%	22-Apr-30	1.84%
Bank of Montreal	2.70%	11-Sep-24	1.77%
Corus Entertainment Inc., Callable	5.00%	11-May-28	1.75%
Canadian Imperial Bank of Commerce	2.00%	17-Apr-25	1.65%
Bank of Montreal, Callable	3.65%	01-Apr-27	1.63%
Government of Canada	1.25%	01-Jun-30	1.62%
Canada Housing Trust No. 1	1.10%	15-Dec-26	1.59%
Wells Fargo & Co.	2.49%	18-Feb-27	1.59%
Province of British Columbia	5.70%	18-Jun-29	1.58%
CPPIB Capital Inc.	3.00%	15-Jun-28	1.42%
Total			55.88%

Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, by sector, as at June 30, 2022.

Sector Weightings	% of ETF Total Net Asset Value
Corporate Bonds	56.94%
Provincial Bonds & Guarantees	22.00%
Federal Bonds & Guarantees	19.04%
Cash and Cash Equivalents	1.69%
Other Assets, Less Liabilities	0.33%
Total	100.00%

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The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, including equities, by country, as at June 30, 2022.

Country Weightings	% of ETF Total Net Asset Value
Canada	87.48%
United States	8.77%
Jersey C.I.	1.49%
United Kingdom	0.24%
Total	97.98%

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio by credit rating, as at June 30, 2022.

S&P Rating	% of ETF Total Net Asset Value
AAA	19.06%
AA	13.15%
A	35.00%
BBB	25.28%
Below BBB	5.49%
Total	97.98%

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