



First Trust Morningstar Dividend Leaders ETF
(CAD-Hedged) • FDL

Interim Management Report of Fund Performance
June 30, 2025

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2025

First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) (the “First Trust ETF”)

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the First Trust ETF. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, 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 web site at www.firsttrust.ca or SEDAR+ at www.sedarplus.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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 Morningstar Dividend Leaders ETF (CAD-Hedged)** (the “First Trust ETF”) is to replicate, to the extent possible, the performance of an index of U.S. companies that have shown dividend consistency and dividend sustainability, initially the Morningstar® Dividend Leaders IndexSM.

The Morningstar® Dividend Leaders IndexSM consist of stocks listed on one of the three major exchanges, NYSE, NYSE Amex or Nasdaq, that have shown dividend consistency and dividend sustainability. Real Estate Investment Trusts (REITs) are not included.

Risk

The First Trust ETF provides exposure to its index by investing all or substantially all of its assets in an underlying U.S. index fund known as First Trust Morningstar Dividend Leaders Index Fund (the “Underlying Fund”), which is managed by the First Trust ETF's portfolio advisor.

The risks associated with an investment in the First Trust ETF is discussed in the First Trust ETF's most recent prospectus.

Results of Operations

General

The First Trust ETF's net asset value as of June 30, 2025, was \$9,637,626 or \$34.42 per unit. The First Trust ETF's net asset value as of December 31, 2024, was \$9,365,548 or \$33.45 per unit.

For the six-month period ended June 30, 2025, the First Trust ETF paid total cash distributions of \$0.6250 per unit. In addition, the First Trust ETF declared cash distributions of \$0.2750 per unit for record date of June 30, 2025, with payment date of July 8, 2025.

Investment Performance

For the six-month period ended June 30, 2025, the First Trust ETF returned 4.67% compared to the S&P 500® Index (CAD-Hedged) (the “benchmark”) return of 5.38%. Unlike the benchmark, the First Trust ETF's return is net of fees and expenses.

The First Trust ETF's only holding, the Underlying Fund, held 100 equity securities as of June 30, 2025. The top ten equity holdings for the Underlying Fund accounted for 55.44% of the portfolio within the Underlying Fund.

The Underlying Fund slightly underperformed the benchmark during the period mostly due to an overweight allocation in the Energy sector and an underweight position in the Information Technology sector. Stock selection mitigated the underperformance, mostly within the Consumer Staples and Health Care sectors.

The Underlying Fund's top five stocks by contribution to return were Philip Morris International Inc., International Business Machines Corporation, CVS Health Corporation, Verizon Communications Inc., and Altria Group, Inc. The Underlying Fund's bottom five stocks by contribution to return were Exxon Mobil Corporation, United Parcel Service, Inc., Pfizer Inc., Dow Inc., and Edison International.

The U.S. dollar depreciated 5.31% against the Canadian dollar from December 31, 2024, to June 30, 2025. The First Trust ETF hedges its exposure to the U.S. dollar.

Recent Developments

U.S. stocks finished the period at all-time highs following a volatile first half amid optimism the U.S. will reach trade deals with its largest trading partners and the U.S. Federal Reserve will cut interest rates in the year's second half. The S&P 500® Index returned 6.20% during the period, including dividends. However, the U.S. dollar depreciated sharply relative to the Canadian dollar, meaning the index gained just 0.56% over the same period measured in Canadian dollars. The market sold off sharply in April after U.S. President Donald Trump announced wide-ranging

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tariffs, igniting a global trade war. The selloff nearly sent U.S. large-cap stocks into a bear market. However, the market reversed as tariff tensions eased and inflation trended lower, helping to sustain expectations for rate cuts in the year's second half. So far, the U.S. Federal Reserve has held off on cutting interest rates this year on concerns that tariffs will rekindle inflation. A recovery in the artificial-intelligence trade also propelled the rebound in large-cap stocks. Overall, the S&P 500® Index finished the period trading at a 24.4 P/E multiple with a 1.24% dividend yield, similar to where it stood at the end of 2024. Corporate earnings growth also held up well during the period, helping to fuel the gains despite a lack of multiple expansion.

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 six-month period ended June 30, 2025, and for the five years ended December 31. This information is derived from the First Trust ETF's unaudited interim and audited annual financial statements.

Net Asset Value per Unit

FDL	2025	2024	2023	2022	2021 ^(a)	2020
Net asset value, beginning of period/year ⁽¹⁾	\$33.45	\$30.15	\$30.92	\$30.58	\$24.43	\$25.04
Increase (Decrease) from operations:						
Total revenue	0.67	1.40	1.30	1.35	1.32	0.52
Total expenses	(0.13)	(0.26)	(0.24)	(0.25)	(0.25)	(0.11)
Realized gains (losses) for the period/year	1.22	(0.48)	(0.36)	(1.65)	6.02	(1.61)
Unrealized gains (losses) for the period/year	(0.25)	3.87	(1.17)	1.80	(0.21)	3.50
Total increase (decrease) from operations ⁽²⁾	\$1.51	\$4.53	\$(0.47)	\$1.25	\$6.88	\$2.30
Distributions:						
From income (excluding dividends)	(0.60)	(1.07)	(1.02)	(1.07)	(0.97)	(0.57)
From dividends	-	-	-	-	-	(0.05)
From capital gains	-	-	-	-	(2.11)	-
Return of capital	-	(0.13)	-	-	-	-
Total annual distributions ⁽³⁾	\$(0.60)	\$(1.20)	\$(1.02)	\$(1.07)	\$(3.08)	\$(0.62)
Net asset value, end of period/year ⁽⁴⁾	\$34.42	\$33.45	\$30.15	\$30.92	\$30.58	\$24.43

(a) For the years prior to February 12, 2021, represent returns for the First Trust ETF based on the First Trust ETF's investment objective prior to the change in investment objective which occurred on February 12, 2021.

(1) This information is provided as at June 30, 2025 and December 31 of the years shown and is prepared under IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

(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/year.

(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

FDL	2025	2024	2023	2022	2021 ^(a)	2020
Net asset value (000's)	\$9,638	\$9,366	\$9,348	\$11,750	\$4,892	\$2,443
Number of units outstanding	280,000	280,000	310,000	380,000	160,000	100,000
Management expense ratio ⁽¹⁾	0.59%	0.61%	0.61%	0.61%	0.66%	1.02%
Management expense ratio before waivers or absorption	0.60%	0.62%	0.63%	0.63%	0.67%	1.04%
Trading expense ratio ⁽²⁾	0.00%	0.00%	0.00%	0.01%	0.05%	0.23%
Portfolio turnover rate ⁽³⁾	8.53%	12.88%	44.39%	26.80%	133.70%	280.86%

(a) For the years prior to February 12, 2021, represent returns for the First Trust ETF based on the First Trust ETF's investment objective prior to the change in investment objective which occurred on February 12, 2021.

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period/year, including the First Trust ETF's proportionate share of the MER of the Underlying Fund in which the First Trust ETF has invested, and is expressed as an annualized percentage of daily average net asset value during the period/year.

(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/year. This includes the First Trust ETF's proportionate share of the commissions of Underlying Fund in which the First Trust ETF has invested.

(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/year. The higher a First Trust ETF's portfolio turnover rate in a period/year, the greater the trading cost payable by the First Trust ETF in the period/year, and the greater the chance of an investor receiving taxable capital gains in the period/year. 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 0.15% 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's management fee will also bear the management fee of the Underlying Fund.

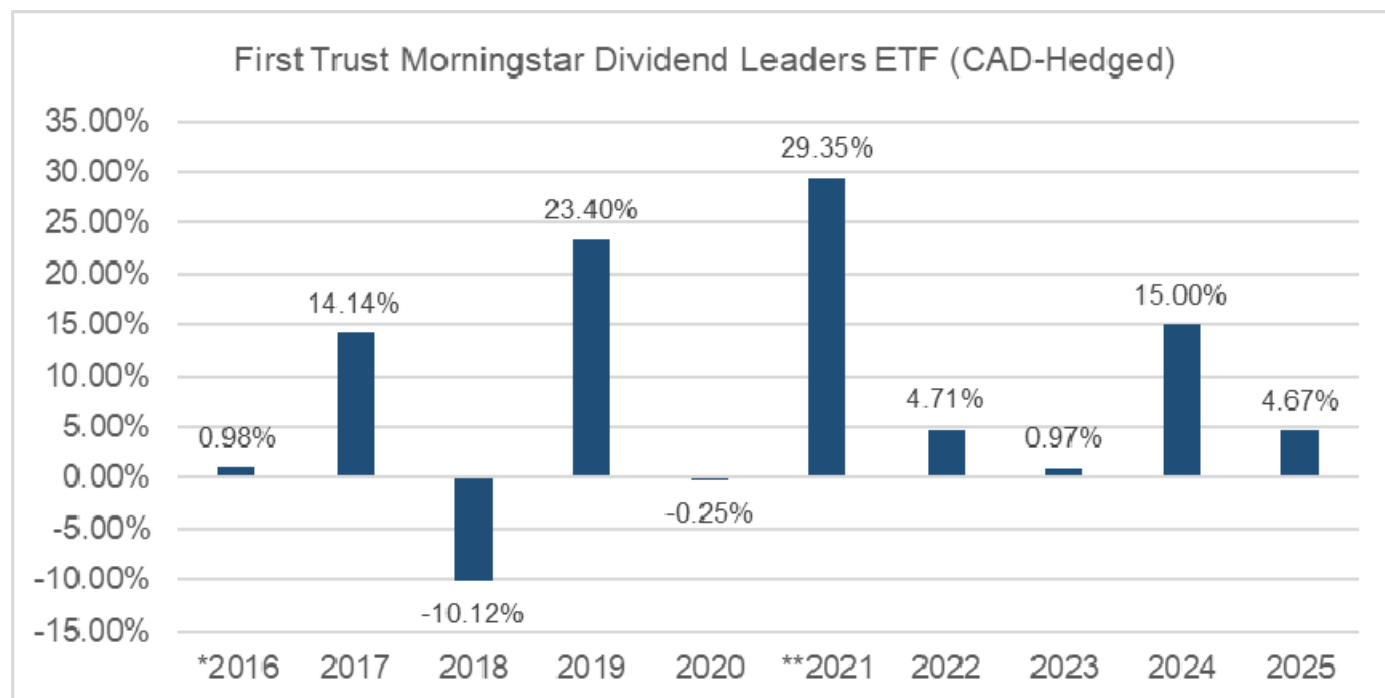
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the periods/years 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, 2025, for the years ended December 31 and for the period from commencement of operations to December 31, 2016, and illustrates how the investment fund's performance has changed from year to year. The chart also shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



*First Trust ETF Commencement: September 29, 2016

**For the years prior to February 12, 2021, represent returns for the First Trust ETF based on the First Trust ETF's investment objective prior to the change in investment objective which occurred on February 12, 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 holdings as at June 30, 2025. 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.

Holdings	% of ETF Total Net Asset Value
First Trust Morningstar Dividend Leaders Index Fund	99.17%
Cash and Cash Equivalents	0.88%
Other Assets, Less Liabilities	-0.05%
Total	100.00%

Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio as at June 30, 2025.

Breakdown	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.17%
Cash and Cash Equivalents	0.88%
Other Assets, Less Liabilities	-0.05%
Total	100.00%

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