



2018 Annual Financial Statements

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged) • FDE, FDE.A
First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged) • EUR, EUR.A
First Trust Senior Loan ETF (CAD-Hedged) • FSL, FSL.A
First Trust Short Duration High Yield Bond ETF (CAD-Hedged) • FSD, FSD.A
First Trust Canadian Capital Strength ETF • FST, FST.A
First Trust Global Risk Managed Income Index ETF • ETP, ETP.A
First Trust Tactical Bond Index ETF • FTB
First Trust Value Line® Dividend Index ETF (CAD-Hedged) • FUD, FUD.A
First Trust AlphaDEX™ U.S. Financial Sector Index ETF • FHF
First Trust AlphaDEX™ U.S. Energy Sector Index ETF • FHE
First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF • FHD
First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF • FHC, FHC.F
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF • FHH, FHH.F
First Trust AlphaDEX™ U.S. Materials Sector Index ETF • FHM
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF • FHG, FHG.F
First Trust AlphaDEX™ U.S. Technology Sector Index ETF • FHQ, FHQ.F
First Trust AlphaDEX™ U.S. Utilities Sector Index ETF • FHU
First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged) • FSR
First Trust Indxx Innovative Transaction and Process ETF • BLCK
First Trust International Capital Strength ETF • FINT

As at December 31, 2018

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MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
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First Trust Indxx Innovative Transaction and Process ETF
First Trust International Capital Strength ETF
(collectively referred to as the "First Trust ETFs")

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



Andrew Roggensack
Director



David G. McGarel
Director

Independent Auditor's Report

To the unitholders of:

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
 First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
 First Trust Value Line® Dividend Index ETF (CAD-Hedged)
 First Trust Senior Loan ETF (CAD-Hedged)
 First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
 First Trust Global Risk Managed Income Index ETF
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 First Trust Indxx Innovative Transaction and Process ETF
 First Trust International Capital Strength ETF

(each individually, the "ETF")

ETF	Statements of Financial Position as at:	Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows for:
First Trust Value Line® Dividend Index ETF (CAD-Hedged) First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged) First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)	December 31, 2018 and December 31, 2017	the years ended December 31, 2018 and December 31, 2017

<p>First Trust AlphaDEX™ U.S. Financial Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Energy Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Health Care Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Materials Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Industrials Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Technology Sector Index ETF</p> <p>First Trust AlphaDEX™ U.S. Utilities Sector Index ETF</p> <p>First Trust Global Risk Managed Income Index ETF</p> <p>First Trust Senior Loan ETF (CAD-Hedged)</p> <p>First Trust Tactical Bond Index ETF</p> <p>First Trust Canadian Capital Strength ETF</p> <p>First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)</p> <p>First Trust Short Duration High Yield Bond ETF (CAD-Hedged)</p>		
<p>First Trust Indxx Innovative Transaction and Process ETF</p>	<p>December 31, 2018 and December 31, 2017</p>	<p>the period March 23, 2018 to December 31, 2018</p>
<p>First Trust International Capital Strength ETF</p>	<p>December 31, 2018 and December 31, 2017</p>	<p>the period May 17, 2018 to December 31, 2018</p>

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
March 22, 2019

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	4,377,306	9,919,445
Cash	27,370	64,473
Accrued dividend receivable	13,799	7,222
Derivative assets	9,858	50,074
Other assets	2,259	2,088
	4,430,592	10,043,302
Liabilities		
Accrued liabilities	6,668	11,680
Distributions payable to holders of redeemable units	12,506	27,759
Derivative liabilities	88,300	-
	107,474	39,439
Total net assets attributable to holders of redeemable units	4,323,118	10,003,863
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	2,891,989	7,513,780
Advisor Class	1,431,129	2,490,083
Redeemable units outstanding [note 6]		
Common Class	200,600	450,600
Advisor Class	99,399	149,399
Net assets attributable to holders of redeemable units per unit		
Common Class	14.42	16.68
Advisor Class	14.40	16.67

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	273,974	221,245
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	103,293	537,692
Net realized gain (loss) on derivatives	(630,046)	69,785
Net realized gain (loss) on foreign exchange	859	4,131
Net change in unrealized appreciation (depreciation) of investments	(468,361)	322,625
Net change in unrealized appreciation (depreciation) of derivatives	(128,516)	(26,820)
	(848,797)	1,128,658
Foreign exchange gain (loss) on cash	125	4,332
	(848,672)	1,132,990
Expenses [note 7]		
Management fees	44,767	46,275
Service fees	16,939	15,401
Transaction costs [note 3 and note 9]	13,682	11,871
HST expense	5,842	5,965
Independent Review Committee fees	1,107	1,459
Interest expense	15	109
	82,352	81,080
Expenses waived by the manager	(1,107)	(1,459)
	81,245	79,621
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(929,917)	1,053,369
Withholding taxes	28,259	30,341
Increase (Decrease) in net assets attributable to holders of redeemable units	(958,176)	1,023,028
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	(768,941)	833,406
Advisor Class	(189,235)	189,622
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	(2.45)	2.40
Advisor Class	(1.80)	1.97

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Common Class	Common Class	Advisor Class	Advisor Class
Net assets attributable to holders of redeemable units, beginning of year	7,513,780	7,918,042	2,490,083	709,808
Increase (Decrease) in net assets attributable to holders of redeemable units	(768,941)	833,406	(189,235)	189,622
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	5,734,760	7,420,351	-	1,630,130
Redemption of units	(9,444,313)	(8,484,011)	(834,876)	(16)
	(3,709,553)	(1,063,660)	(834,876)	1,630,114
Distributions to holders of redeemable units from:				
Net investment income	(132,088)	(99,687)	(34,843)	(16,126)
Capital gains	-	-	-	-
Return of capital	(11,209)	(74,321)	-	(23,335)
	(143,297)	(174,008)	(34,843)	(39,461)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(4,621,791)	(404,262)	(1,058,954)	1,780,275
Net assets attributable to holders of redeemable units, end of year	2,891,989	7,513,780	1,431,129	2,490,083
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			10,003,863	8,627,850
Increase (Decrease) in net assets attributable to holders of redeemable units			(958,176)	1,023,028
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			5,734,760	9,050,481
Redemption of units			(10,279,189)	(8,484,027)
			(4,544,429)	566,454
Distributions to holders of redeemable units from:				
Net investment income			(166,931)	(115,813)
Capital gains			-	-
Return of capital			(11,209)	(97,656)
			(178,140)	(213,469)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			(5,680,745)	1,376,013
Net assets attributable to holders of redeemable units, end of year			4,323,118	10,003,863

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(958,176)	1,023,028
Adjustments for:		
Net realized (gain) loss on sale of investments	(103,293)	(537,692)
Change in unrealized (appreciation) depreciation of investments and derivatives	596,877	(295,805)
Dividends receivable	(6,577)	24,316
Other assets	(171)	(1,545)
Other liabilities	(5,012)	4,233
Purchases of investments	(11,965,889)	(15,371,764)
Proceeds from the sale of investments	17,142,960	14,817,783
	4,700,719	(337,446)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	5,734,760	9,050,481
Amount paid on redemptions of units	(10,279,189)	(8,484,027)
Distributions paid to unitholders	(193,393)	(194,053)
	(4,737,822)	372,401
Increase (Decrease) in cash for the year	(37,103)	34,955
Cash, beginning of year	64,473	29,518
Cash, end of year	27,370	64,473
Dividends received, net of withholding taxes	239,138	215,220

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, 2018

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

B. FAIR VALUE MEASUREMENT (NOTE 5) - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	4,377,306	–	–	4,377,306
Derivative assets	–	9,858	–	9,858
Derivative liabilities	–	(88,300)	–	(88,300)
Total	4,377,306	(78,442)	–	4,298,864
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	9,919,445	–	–	9,919,445
Derivative assets	–	50,074	–	50,074
Total	9,919,445	50,074	–	9,969,519

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2017	550,599	49,400
Redeemable units issued	450,001	100,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(550,000)	(1)
Outstanding units – December 31, 2017	450,600	149,399
Redeemable units issued	350,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(600,000)	(50,000)
Outstanding units – December 31, 2018	200,600	99,399

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
0.65%	1.65%

¹Includes a service fee of 1.00%

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
910,940	790,163	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
13,682	11,871

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
44,767	46,275	2,196	5,345

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
MSCI Emerging Markets Index (USD)	152,606	(152,606)	349,135	(349,135)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	157,529	3.64	43,191	0.43

As at December 31, 2018, 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 \$1,575 (December 31, 2017 - \$432). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Brazil	30.28	24.00
Taiwan	12.92	12.36
India	7.72	5.64
China	6.98	10.15
Mexico	6.88	4.72
South Africa	6.81	9.60
Chile	6.02	8.12
Colombia	5.42	6.21
Luxembourg	3.57	3.91
Hong Kong	3.25	–
Monaco	3.18	2.33
Russia	2.21	2.95
Peru	1.71	2.85
Turkey	1.53	1.46
Netherlands	1.42	0.61
Philippines	0.68	1.44
United States	0.67	2.16
Indonesia	–	0.65
Total	101.25	99.16

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Brazil—30.28%				
Banco Santander (Brasil) SA, ADR	6,558	98,636	99,647	2.30
Braskem SA, ADR	2,847	97,980	95,069	2.20
Companhia Energetica de Minas Gerais-CEMIG SA, ADR	39,421	132,556	191,590	4.43
Companhia Paranaense de Energia	14,533	145,056	155,351	3.59
Cosan Ltd., Class 'A'	11,333	133,130	136,152	3.15
Embraer SA, ADR	3,429	97,275	103,596	2.40
Gerdau SA, ADR	24,421	130,944	125,357	2.90
Itau Unibanco Holding SA, ADR	10,729	122,323	133,876	3.10
Tim Participacoes SA, ADR	6,544	132,137	137,046	3.17
Vale SA, ADR	7,296	130,962	131,379	3.04
		1,220,999	1,309,063	30.28
Chile—6.02%				
Banco de Chile, ADR	772	30,633	30,143	0.70
Banco Santander Chile, ADR	712	29,479	29,063	0.67
Compania Cervecerias Unidas SA, ADR	3,851	130,210	132,118	3.06
Latam Airlines Group SA, ADR	4,895	66,151	68,831	1.59
		256,473	260,155	6.02
China—6.98%				
Hollysys Automation Technologies Ltd.	4,953	134,790	118,400	2.74
NetEase Inc., ADR	205	65,824	65,872	1.52
Yirendai Ltd., ADR	8,017	176,323	117,656	2.72
		376,937	301,928	6.98
Colombia—5.42%				
Bancolombia SA, ADR	2,381	134,349	123,846	2.87
Ecopetrol SA	5,093	109,223	110,413	2.55
		243,572	234,259	5.42
Hong Kong—3.25%				
Seaspan Corp.	13,126	149,666	140,311	3.25
		149,666	140,311	3.25
India—7.72%				
Dr. Reddy's Laboratories Ltd., ADR	1,948	99,085	100,260	2.32
HDFC Bank Ltd., ADR	220	28,528	31,113	0.72
ICICI Bank Ltd., ADR	7,456	99,632	104,741	2.42
Infosys Technologies Ltd., ADR	7,519	93,378	97,722	2.26
		320,623	333,836	7.72
Luxembourg—3.57%				
Ternium SA, ADR	4,170	164,694	154,277	3.57
		164,694	154,277	3.57
Mexico—6.88%				
Banco Santander (Mexico) SA, ADR	7,961	66,033	66,949	1.55
Fomento Economico Mexicano SAB de CV, ADR	589	67,783	69,193	1.60
Grupo Aeroportuario del Centro Norte SAB de CV, ADR	614	29,963	31,869	0.74
Grupo Aeroportuario del Pacifico SAB de CV, ADR	311	30,768	34,624	0.80
Grupo Aeroportuario del Sureste SAB de CV, ADR	158	31,815	32,485	0.75
Grupo Televisa SA, ADR	3,638	65,867	62,480	1.44
		292,229	297,600	6.88
Monaco—3.18%				
GasLog Ltd.	6,114	144,151	137,389	3.18
		144,151	137,389	3.18
Netherlands—1.42%				
VEON Ltd., ADR	19,272	63,761	61,566	1.42
		63,761	61,566	1.42
Peru—1.71%				
Compania de Minas Buenaventura SA, Series 'B', ADR	3,339	65,616	73,937	1.71
		65,616	73,937	1.71
Philippines—0.68%				
PLDT Inc., ADR	1,006	34,191	29,363	0.68
		34,191	29,363	0.68
Russia—2.21%				
Mobile TeleSystems PJSC, ADR	10,004	108,196	95,602	2.21
		108,196	95,602	2.21
South Africa—6.81%				
AngloGold Ashanti Ltd., ADR	11,373	165,778	194,857	4.51
Gold Fields Ltd., ADR	7,192	34,772	34,561	0.80
Sasol Ltd., ADR	1,625	67,723	64,978	1.50
		268,273	294,396	6.81

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Taiwan—12.92%				
AU Optronics Corp., ADR	30,022	160,864	161,485	3.74
Chunghwa Telecom Co. Ltd., ADR	637	29,003	31,124	0.72
Silicon Motion Technology Corp., ADR	2,040	98,336	96,083	2.22
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	2,008	98,584	101,182	2.34
United Microelectronics Corp., ADR	69,024	185,993	168,675	3.90
		572,780	558,549	12.92
Turkey—1.53%				
Turkcell İletişim Hizmetleri AS, ADR	8,645	77,416	66,328	1.53
		77,416	66,328	1.53
United States—0.67%				
Yum China Holdings Inc.	628	30,977	28,747	0.67
		30,977	28,747	0.67
Total investments		4,390,554	4,377,306	101.25
Transaction costs		(2,512)		
Unrealized appreciation on derivatives - see Schedule 1			9,858	0.22
Unrealized depreciation on derivatives - see Schedule 1			(88,300)	(2.04)
Other assets, less liabilities			24,254	0.57
Total Net Assets Attributable to Holders of Redeemable Units		4,388,042	4,323,118	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency	Amount Sold	Currency Buy	Amount Bought	Forward Rate	Appreciation (Depreciation)	
								Current Rate	\$
Bank of New York Mellon (The), New York	A-1+	2019-01-31	CAD	800,000	USD	593,674	1.348	1.364	9,858
									9,858
Bank of New York Mellon (The), New York	A-1+	2019-01-31	USD	3,272,034	CAD	4,377,000	0.748	0.733	(86,530)
Bank of New York Mellon (The), New York	A-1+	2019-01-31	USD	430,138	CAD	585,000	0.735	0.733	(1,770)
									(88,300)

* 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, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	15,533,366	26,625,655
Cash	124,165	189,869
Accrued dividend receivable	173,706	160,117
Other assets	4,164	2,857
	15,835,401	26,978,498
Liabilities		
Accrued liabilities	13,583	19,208
Distributions payable to holders of redeemable units	108,701	77,791
Derivative liabilities	462,433	54,332
	584,717	151,331
Total net assets attributable to holders of redeemable units	15,250,684	26,827,167
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	13,702,299	23,886,452
Advisor Class	1,548,385	2,940,715
Redeemable units outstanding [note 6]		
Common Class	674,022	1,024,022
Advisor Class	75,979	125,979
Net assets attributable to holders of redeemable units per unit		
Common Class	20.33	23.33
Advisor Class	20.38	23.34

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	910,008	1,050,396
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	1,227,916	1,935,910
Net realized gain (loss) on derivatives	208,241	(592,029)
Net realized gain (loss) on foreign exchange	26,437	(4,142)
Net change in unrealized appreciation (depreciation) of investments	(3,195,636)	737,355
Net change in unrealized appreciation (depreciation) of derivatives	(408,100)	(38,892)
	(1,231,134)	3,088,598
Foreign exchange gain (loss) on cash	2,073	(723)
	(1,229,061)	3,087,875
Expenses [note 7]		
Management fees	134,394	207,527
Transaction costs [note 3 and note 9]	20,207	23,238
Service fees	17,872	17,419
HST expense	15,745	19,884
Independent Review Committee fees	3,537	5,035
Interest expense	-	231
	191,755	273,334
Expenses waived by manager	(3,537)	(56,895)
	188,218	216,439
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(1,417,279)	2,871,436
Withholding taxes	90,447	115,107
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,507,726)	2,756,329
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	(1,354,721)	2,592,791
Advisor Class	(153,005)	163,538
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	(1.52)	2.44
Advisor Class	(1.99)	2.13

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Common Class	Common Class	Advisor Class	Advisor Class
Net assets attributable to holders of redeemable units, beginning of year	23,886,452	26,462,714	2,940,715	1,643,870
Increase (decrease) in net assets attributable to holders of redeemable units	(1,354,721)	2,592,791	(153,005)	163,538
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	3,411,884	6,923,115	-	1,173,138
Redemption of units	(11,596,225)	(11,300,580)	(1,202,741)	(479)
	(8,184,341)	(4,377,465)	(1,202,741)	1,172,659
Distributions to holders of redeemable units from:				
Net investment income	(645,061)	(681,437)	(36,581)	(29,552)
Capital gains	-	-	-	-
Return of capital	(30)	(110,151)	(3)	(9,800)
	(645,091)	(791,588)	(36,584)	(39,352)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(10,184,153)	(2,576,262)	(1,392,330)	1,296,845
Net assets attributable to holders of redeemable units, end of year	13,702,299	23,886,452	1,548,385	2,940,715
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			26,827,167	28,106,584
Increase (decrease) in net assets attributable to holders of redeemable units			(1,507,726)	2,756,329
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			3,411,884	8,096,253
Redemption of units			(12,798,966)	(11,301,059)
			(9,387,082)	(3,204,806)
Distributions to holders of redeemable units from:				
Net investment income			(681,642)	(710,989)
Capital gains			-	-
Return of capital			(33)	(119,951)
			(681,675)	(830,940)
Increase (Decrease) in net assets attributable to holders of redeemable units for the period			(11,576,483)	(1,279,417)
Net assets attributable to holders of redeemable units, end of year			15,250,684	26,827,167

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,507,726)	2,756,329
Adjustments for:		
Net realized (gain) loss on sale of investments	(1,227,916)	(1,935,910)
Change in unrealized (appreciation) depreciation of investments and derivatives	3,603,736	(698,463)
Dividends receivable	(13,589)	(10,312)
Other assets	(1,307)	1,745
Other liabilities	(5,625)	(1,224)
Purchases of investments	(18,921,081)	(24,611,718)
Proceeds from the sale of investments	28,045,651	28,447,165
	9,972,143	3,947,612
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	3,411,884	8,096,253
Amount paid on redemptions of units	(12,798,966)	(11,301,059)
Distributions paid to unitholders	(650,765)	(842,629)
	(10,037,847)	(4,047,435)
Increase (Decrease) in cash for the year	(65,704)	(99,823)
Cash, beginning of year	189,869	289,692
Cash, end of year	124,165	189,869
Dividends received, net of withholding taxes	805,972	924,977

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, 2018

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

B. FAIR VALUE MEASUREMENT (NOTE 5) - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	15,533,366	–	–	15,533,366
Derivative assets	–	–	–	–
Derivative liabilities	–	(462,433)	–	(462,433)
Total	15,533,366	(462,433)	–	15,070,933
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	26,625,655	–	–	26,625,655
Derivative assets	–	–	–	–
Derivative liabilities	–	(54,332)	–	(54,332)
Total	26,625,655	(54,332)	–	26,571,323

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2017	1,224,001	76,000
Redeemable units issued	300,021	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(500,000)	(21)
Outstanding units – December 31, 2017	1,024,022	125,979
Redeemable units issued	150,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(500,000)	(50,000)
Outstanding units – December 31, 2018	674,022	75,979

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%

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
323,531	1,155,920	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
20,207	23,238

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
134,394	207,527	7,939	12,534

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
MSCI Europe Index (Local Currency)	631,378	(631,378)	1,411,109	(1,411,109)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	15,706,677	102.99	26,790,392	99.86
Swiss Francs	(529,270)	(3.47)	(1,501,963)	(5.60)
British Pound Sterling	(6,841,300)	(44.86)	(9,630,205)	(35.90)
Euro	(6,919,076)	(45.37)	(12,380,712)	(46.15)
Total	1,417,031	9.29	3,277,512	12.21

As at December 31, 2018, 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 \$14,170 (December 31, 2017 - \$32,775). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ European Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
United Kingdom	40.61	32.51
Netherlands	13.98	20.10
Spain	7.58	8.12
Luxembourg	6.19	0.77
France	5.95	3.94
Sweden	5.42	–
Italy	5.01	4.05
Ireland	4.38	1.67
Switzerland	3.37	5.56
Norway	3.25	2.27
Finland	2.86	–
Russia	2.54	4.10
Germany	0.71	7.12
Jersey, Channel Islands	–	1.74
Israel	–	3.39
Denmark	–	2.22
United States	–	1.69
Total	101.85	99.25

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
INTERNATIONAL EQUITES				
Finland—2.86%				
Nokia OYJ, ADR	54,987	413,558	436,897	2.86
		413,558	436,897	2.86
France—5.95%				
Sanofi SA, ADR	6,632	363,620	393,034	2.58
TOTAL SA, ADR	7,212	492,186	513,755	3.37
		855,806	906,789	5.95
Germany—0.71%				
Fresenius Medical Care AG & Co. KGaA, ADR	2,460	116,852	108,778	0.71
		116,852	108,778	0.71
Ireland—4.38%				
CRH PLC, ADR	7,249	323,031	260,768	1.71
Shire PLC, ADR	1,713	343,384	407,008	2.67
		666,415	667,776	4.38
Italy—5.01%				
Eni SPA, ADR	17,765	756,083	763,962	5.01
		756,083	763,962	5.01
Luxembourg—6.19%				
ArcelorMittal	24,942	966,999	703,831	4.62
Tenaris SA, ADR	8,242	366,706	239,892	1.57
		1,333,705	943,723	6.19
Netherlands—13.98%				
AEGON NV	72,652	572,794	461,208	3.02
ING Groep NV, ADR	8,300	161,015	120,790	0.79
Koninklijke Philips NV	2,642	120,820	126,637	0.83
Royal Dutch Shell PLC, Class 'A', ADR	4,980	374,206	396,160	2.60
STMicroelectronics NV	27,006	474,984	511,736	3.36
Unilever NV	5,418	397,694	397,940	2.61
VEON Ltd., ADR	36,860	136,209	117,752	0.77
		2,237,722	2,132,223	13.98
Norway—3.25%				
Equinor ASA, ADR	17,153	494,707	495,744	3.25
		494,707	495,744	3.25
Russia—2.54%				
Mobile TeleSystems PJSC, ADR	40,591	467,061	387,904	2.54
		467,061	387,904	2.54
Spain—7.58%				
Banco Bilbao Vizcaya Argentaria SA, ADR	35,428	356,110	255,858	1.68
Banco Santander SA, ADR	63,189	485,976	386,470	2.53
Grifols SA, ADR	5,084	130,426	127,431	0.84
Telefónica SA, ADR	33,383	451,362	385,560	2.53
		1,423,874	1,155,319	7.58
Sweden—5.42%				
Telefonaktiebolaget LM Ericsson, Class 'B', ADR	68,286	691,486	826,897	5.42
		691,486	826,897	5.42
Switzerland—3.37%				
Novartis AG, ADR	4,382	508,062	513,342	3.37
		508,062	513,342	3.37
United Kingdom—40.61%				
AstraZeneca PLC, ADR	5,036	245,290	261,118	1.71
Barclays PLC, ADR	12,123	175,716	124,789	0.82
BP PLC, ADR	14,199	714,635	735,059	4.82
British American Tobacco PLC, ADR	16,430	945,405	714,627	4.69
BT Group PLC, ADR	34,286	800,686	711,470	4.67
Diageo PLC, ADR	1,389	255,774	268,890	1.76
GlaxoSmithKline PLC, ADR	9,578	493,938	499,630	3.28
HSBC Holdings PLC, ADR	4,714	278,546	264,566	1.73
Lloyds Banking Group PLC, ADR	35,428	157,992	123,818	0.81
National Grid PLC, ADR	7,503	530,103	491,464	3.22

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

RELX Group	4,779	130,681	133,878	0.88
Rio Tinto PLC, ADR	8,577	501,429	567,668	3.72
Smith & Nephew PLC, ADR	5,382	271,842	274,650	1.80
Vodafone Group PLC, ADR	9,331	347,516	245,602	1.61
WPP PLC, ADR	10,383	959,219	776,783	5.09
		6,808,772	6,194,012	40.61
Total investments		16,774,103	15,533,366	101.85
Transaction costs		(10,817)		
Unrealized depreciation on derivatives - see Schedule 1			(462,433)	(3.04)
Other assets, less liabilities			179,751	1.19
Total Net Assets Attributable to Holders of Redeemable Units		16,763,286	15,250,684	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount		Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	2019-01-31	CHF	380,338	CAD	515,000	0.739	0.719	(14,270)
Bank of New York Mellon (The), New York	A-1+	2019-01-31	EUR	4,416,269	CAD	6,724,300	0.657	0.638	(195,399)
Bank of New York Mellon (The), New York	A-1+	2019-01-31	GBP	3,929,087	CAD	6,589,000	0.596	0.574	(252,764)
									(462,433)

* 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, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	77,895,576	127,790,540
Cash	4,720,788	14,580,343
Accrued interest receivable	296,879	496,602
Receivable for portfolio securities sold	7,120,842	2,220,559
Derivative assets	45,594	705,574
Other assets	20,777	22,578
	90,100,456	145,816,197
Liabilities		
Accrued liabilities	79,583	122,679
Payable for portfolio securities purchased	1,354,266	5,406,752
Distributions payable to holders of redeemable units	699,701	433,920
Derivative liabilities	1,787,141	-
	3,920,691	5,963,351
Total net assets attributable to holders of redeemable units	86,179,765	139,852,846
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	85,087,174	138,693,986
Advisor Class	1,092,591	1,158,860
Redeemable units outstanding [note 6]		
Common Class	4,690,010	7,190,010
Advisor Class	59,990	59,990
Net assets attributable to holders of redeemable units per unit		
Common Class	18.14	19.29
Advisor Class	18.21	19.32

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Interest income for distribution purposes	6,333,460	9,289,603
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	(417,722)	(8,517,355)
Net realized gain (loss) on derivatives	(7,613,686)	11,536,758
Net realized gain (loss) on foreign exchange	(598,024)	9,077,126
Net change in unrealized appreciation (depreciation) of investments	4,611,914	(13,408,602)
Net change in unrealized appreciation (depreciation) of derivatives	(2,447,120)	(647,222)
	(131,178)	7,330,308
Foreign exchange gain (loss) on cash	458,762	(918,033)
	327,584	6,412,275
Expenses [note 7]		
Management fees	998,810	1,683,828
HST expense	106,533	199,581
Independent Review Committee fees	18,577	38,708
Service fees	5,763	5,845
	1,129,683	1,927,962
Expenses waived by the manager	(18,577)	(38,708)
	1,111,106	1,889,254
Increase (Decrease) in net assets attributable to holders of redeemable units	(783,522)	4,523,021
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	(762,318)	4,502,686
Advisor Class	(21,204)	20,335
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	(0.12)	0.44
Advisor Class	(0.36)	0.33

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

On behalf of the Trustee,
FT Portfolios Canada Co.



..... Director



..... Director

First Trust Senior Loan ETF (CAD-Hedged)

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

For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Common Class	Common Class	Advisor Class	Advisor Class
Net assets attributable to holders of redeemable units, beginning of year	138,693,986	149,762,199	1,158,860	1,175,359
Increase (Decrease) in net assets attributable to holders of redeemable units	(762,318)	4,502,686	(21,204)	20,335
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	8,660,739	82,287,423	-	-
Reinvested distributions	15,008	-	-	-
Redemption of units	(56,255,072)	(90,052,668)	-	(193)
	(47,579,325)	(7,765,245)	-	(193)
Distributions to holders of redeemable units from:				
Net investment income	(5,264,959)	(7,287,852)	(45,065)	(36,641)
Capital gains	-	-	-	-
Return of capital	(210)	(517,802)	-	-
	(5,265,169)	(7,805,654)	(45,065)	(36,641)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(53,606,812)	(11,068,213)	(66,269)	(16,499)
Net assets attributable to holders of redeemable units, end of year	85,087,174	138,693,986	1,092,591	1,158,860
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			139,852,846	150,937,558
Increase (Decrease) in net assets attributable to holders of redeemable units			(783,522)	4,523,021
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			8,660,739	82,287,423
Reinvested distributions			15,008	-
Redemption of units			(56,255,072)	(90,052,861)
			(47,579,325)	(7,765,438)
Distributions to holders of redeemable units from:				
Net investment income			(5,310,024)	(7,324,493)
Capital gains			-	-
Return of capital			(210)	(517,802)
			(5,310,234)	(7,842,295)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			(53,673,081)	(11,084,712)
Net assets attributable to holders of redeemable units, end of year			86,179,765	139,852,846

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

First Trust Senior Loan ETF (CAD-Hedged)

STATEMENTS OF CASH FLOW For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(783,522)	4,523,021
Adjustments for:		
Net realized (gain) loss on sale of investments	417,722	8,517,355
Change in unrealized (appreciation) depreciation of investments and derivatives	(2,164,794)	14,055,824
Interest receivable	199,723	62,668
Other assets	1,801	(7,448)
Other liabilities	(43,096)	2,426
Purchases of investments	(187,069,941)	(576,719,920)
Proceeds from the sale of investments	232,206,330	563,404,805
	42,764,223	13,838,731
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	8,660,739	82,287,423
Amount paid on redemptions of units	(56,255,072)	(90,052,861)
Distributions paid to unitholders	(5,029,445)	(7,921,413)
	(52,623,778)	(15,686,851)
Increase (Decrease) in cash for the year	(9,859,555)	(1,848,120)
Cash, beginning of year	14,580,343	16,428,463
Cash, end of year	4,720,788	14,580,343
Interest received	6,533,183	9,352,271

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, 2018

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. The First Trust ETF invests primarily in senior loans, which are generally rated below investment grade debt. Settlement periods for senior secured loans may be longer than for other types of debt securities, such as corporate bonds. The First Trust ETF is not a substitute for holding cash or money market securities.

B. FAIR VALUE MEASUREMENT (NOTE 5) - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	77,848,317	–	77,848,317
Equities	–	–	47,259	47,259
Derivative assets	–	45,594	–	45,594
Derivative liabilities	–	(1,787,141)	–	(1,787,141)
Total	–	76,106,770	47,259	76,154,029
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	127,790,540	–	127,790,540
Equities	–	–	–	–
Derivative assets	–	705,574	–	705,574
Total	–	128,496,114	–	128,496,114

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017. All fair value measurements above are recurring. The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented below.

Redeemable Units	December 31, 2018	December 31, 2017
Beginning Balance	–	–
Purchases	49,465	–
Sales	–	–
Net Transfers	–	–
Realized Gains (Losses)	–	–
Change in Unrealized Appreciation (Depreciation)	(2,206)	–
Ending Balance	47,259	–

As at December 31, 2018, Level 3 investments were not significant to the First Trust ETF. Equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. If equities do not trade frequently and observable prices are not available, fair value is determined using observable market data (e.g. transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

The Level 3 investment is valued using a broker quote received through a service provider which is indicative of fair value. The unobservable input used to value the security is the broker quote. The effect of a change in input by 5% increase/decrease will increase/decrease fair value by \$2,363 (December 31, 2017 – \$nil).

First Trust Senior Loan ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

C. REDEEMABLE UNITS (NOTE 6) - The First Trust ETF issued (redeemed) the following units during the years ended December 31, 2018 and 2017:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2017	7,640,000	60,000
Redeemable units issued	4,200,010	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(4,650,000)	(10)
Outstanding units – December 31, 2017	7,190,010	59,990
Redeemable units issued	450,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(2,950,000)	–
Outstanding units – December 31, 2018	4,690,010	59,990

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
0.85%	1.35%

¹Includes a service fee of 0.50%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
10,869,375	3,253,723	–	–

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
–	–

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
998,810	1,683,828	67,979	106,085

First Trust Senior Loan ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Interest rate risk - The table below summarizes the First Trust ETF's exposure to Senior Loans and High Yield bonds as at December 31, 2018 and 2017:

	At December 31, 2018				
	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	379,634	2,273,483	18,431,374	56,763,826	77,848,317
Total	379,634	2,273,483	18,431,374	56,763,826	77,848,317
	At December 31, 2017				
	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	6,093,266	6,989,027	50,454,394	64,253,853	127,790,540
Total	6,093,266	6,989,027	50,454,394	64,253,853	127,790,540

At December 31, 2018, the weighted average duration of the First Trust ETF was 0.36 years (December 31, 2017 – 0.41 years). If interest rates increased or decreased by 1% at December 31, 2018, with all other variables remaining constant, net assets would have decreased or increased by approximately \$778,483 (December 31, 2017 - \$1,277,905). 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, 2018 and 2017:

Debt Securities by S&P Rating	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
BBB+	–	–
BBB	–	–
BBB-	5.34	0.73
BB+	3.03	3.52
BB	7.26	6.45
BB-	12.82	18.96
B+	22.12	22.99
B	27.35	22.76
B-	11.21	12.22
CCC+	0.26	0.44
CCC	0.28	1.43
CCC-	–	0.60
CC	–	–
C	–	–
D	0.62	1.27
NR	0.03	–

First Trust Senior Loan ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	(542,295)	(0.63)	(494,438)	(0.35)

As at December 31, 2018, 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 \$5,423 (December 31, 2017 - \$4,944). 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, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Health Care	31.06	32.73
Consumer Discretionary	17.17	14.80
Information Technology	14.75	13.05
Financials	8.44	8.04
Industrials	7.41	5.55
Communication Services	5.21	1.53
Energy	3.07	4.98
Materials	2.25	1.98
Consumer Staples	1.02	8.72
Total	90.39	91.38

Below are the First Trust ETF's breakdown by geographic exposure as at December 31, 2018 and 2017:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
United States	82.83	83.36
Canada	5.60	6.77
United Kingdom	0.69	0.06
Ireland	0.56	-
Spain	0.27	0.16
Netherlands	0.23	0.12
Luxembourg	0.21	-
France	-	0.91
Total	90.39	91.38

First Trust Senior Loan ETF (CAD-Hedged)

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

			Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Equities - 0.05%						
Ascent Resources - Marcellus LLC			11,973	49,070	47,132	0.05
Ascent Resources - Marcellus LLC, Warrants			3,100	395	127	0.00
				49,465	47,259	0.05
High Yield Bonds - 2.34%						
	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
CSC Holdings LLC, Callable	177,000	5.500%	15-May-26	229,341	228,350	0.27
JDA Escrow LLC / JDA Bond Finance Inc., Callable	164,000	7.375%	15-Oct-24	218,430	226,132	0.26
MPH Acquisition Holdings LLC, Callable	500,000	7.125%	01-Jun-24	669,226	638,231	0.74
Nexstar Escrow Corp., Callable	250,000	5.625%	01-Aug-24	331,774	319,969	0.37
Sinclair Television Group Inc., Callable	250,000	5.625%	01-Aug-24	332,467	320,822	0.37
SPX FLOW Inc., Callable	97,000	5.625%	15-Aug-24	124,621	125,803	0.15
TRJ Pointe Holdings Inc.	125,000	5.875%	15-Jun-24	171,933	152,945	0.18
				2,077,792	2,012,252	2.34
Senior Loans - 88.00%						
1011778 B.C. ULC	108,505	3.250%	15-Feb-24	140,882	140,848	0.16
21st Century Oncology Inc.	936,991	7.125%	16-Jan-23	1,143,202	1,148,065	1.33
Advantage Sales & Marketing Inc.	259,712	4.250%	23-Jul-21	278,023	311,420	0.36
Advanz Pharma Corp.	341,759	6.500%	06-Sep-24	441,331	443,890	0.52
Air Medical Group Holdings Inc.	122,596	4.250%	28-Apr-22	155,904	155,913	0.18
Air Medical Group Holdings Inc.	126,556	5.250%	14-Mar-25	155,443	160,185	0.19
Air Methods Corp.	711,541	4.500%	21-Apr-24	935,068	764,624	0.89
Akorn Inc.	359,155	6.500%	16-Apr-21	375,960	395,320	0.46
Akzonobel Specialty Chemicals (Starfruit)	99,000	3.250%	01-Oct-25	127,125	129,073	0.15
Albertson's LLC	550,505	3.750%	22-Jun-23	740,208	712,092	0.82
AlixPartners LLP	988,671	2.750%	04-Apr-24	1,237,400	1,293,814	1.50
Alliant Holdings Intermediate LLC	390,023	2.750%	09-May-25	500,959	502,140	0.58
AmWINS Group Inc.	1,367,768	3.750%	25-Jan-24	1,753,349	1,780,915	2.07
Applied Systems Inc.	319,291	4.000%	13-Sep-24	394,625	414,463	0.48
Applied Systems Inc.	182,885	8.000%	13-Sep-25	222,836	242,808	0.28
Aristocrat Technologies	96,711	1.750%	19-Oct-24	123,428	126,420	0.14
Ascent Resources Marcellus Holdings LLC	16,667	7.500%	30-Mar-23	21,076	22,725	0.03
Asurion LLC	886,862	3.000%	04-Aug-22	1,130,564	1,160,584	1.35
Asurion LLC	117,000	6.500%	31-Jul-25	149,493	157,633	0.18
Avast Software BV (Sybil)	148,101	3.500%	30-Sep-23	195,090	195,212	0.23
Beacon Roofing Supply Inc.	63,616	2.250%	02-Jan-25	79,060	82,420	0.10
Berlin Packaging LLC	700,606	3.000%	07-Nov-25	898,845	898,399	1.05
Cablevision (CSC Holdings Inc.)	112,270	2.250%	17-Jul-25	145,404	145,072	0.17
Cablevision (CSC Holdings Inc.)	209,661	2.500%	25-Jan-26	260,292	273,944	0.32
Caesars Resort Collection LLC	1,841,362	2.750%	22-Dec-24	2,301,041	2,409,679	2.80
CCC Information Services Inc.	451,429	4.000%	26-Apr-24	599,152	583,935	0.68
CDRH Parent Inc. (Healogics Inc.)	1,041,206	5.250%	01-Jul-21	1,112,572	1,279,309	1.48
Century Link (Qwest)	332,308	2.750%	31-Jan-25	428,546	422,364	0.49
Change Healthcare Holdings LLC	1,351,000	3.750%	01-Mar-24	1,760,200	1,745,249	2.03
CHG Healthcare Services Inc.	556,574	4.000%	07-Jun-23	712,666	727,543	0.84
Cineworld Group PLC (Crown)	393,025	2.500%	05-Feb-25	492,812	506,151	0.59
CityCenter Holdings LLC	877,870	3.000%	18-Apr-24	1,151,504	1,132,121	1.31
ClubCorp Holdings Inc.	1,456,692	2.750%	18-Sep-24	1,844,609	1,871,006	2.17
Concentra Inc. (MJ Acquisitions Corp.)	428,182	2.750%	01-Jun-22	561,347	558,250	0.65
Cumulus Media New Holdings Inc.	133,296	5.500%	15-May-22	171,294	169,920	0.20
Duff & Phelps Corp. (Deerfield Dakota)	1,067,247	4.250%	13-Feb-25	1,366,211	1,375,357	1.61
Dupage Medical Group (Midwest Physician)	850,973	3.500%	15-Aug-24	1,068,312	1,115,278	1.29
Dynatrace LLC	734,134	3.250%	22-Aug-25	956,899	968,414	1.13
Endo Luxembourg Finance Co. I SARL	1,556,478	5.000%	29-Apr-24	2,064,487	2,008,033	2.33
Envision Healthcare Corp.	726,661	3.750%	10-Oct-25	936,319	922,237	1.07
Financial & Risk US Holdings Inc. (Refinitiv)	275,114	3.750%	01-Oct-25	356,260	356,806	0.41
Garda World Security Corp.	335,753	4.500%	26-May-24	426,474	435,833	0.50
Gates Global LLC	926,579	3.750%	31-Mar-24	1,188,112	1,198,947	1.39
GFL Environmental Inc.	500,686	4.000%	31-May-25	666,328	636,030	0.74
Golden Nugget Inc.	584,236	3.500%	04-Oct-23	736,490	765,696	0.89
GoodRX Inc.	280,343	3.000%	15-Oct-25	362,044	367,893	0.43
Gray Television Inc.	497,925	2.500%	01-Nov-25	650,651	655,493	0.76
Grifols Worldwide Operations USA Inc.	177,300	2.250%	31-Jan-25	222,380	231,797	0.27
H.B. Fuller Co.	137,568	2.000%	20-Oct-24	180,095	176,258	0.20
HUB International Ltd.	407,695	3.000%	25-Apr-25	515,074	524,408	0.61

First Trust Senior Loan ETF (CAD-Hedged)

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Immucor Inc.	97,153	6.00%	15-Jun-21	121,955	130,145	0.15
Ineos US Finance LLC	91,414	2.00%	31-Mar-24	117,496	117,623	0.14
Infomatica Corp.	489,906	3.25%	06-Aug-22	612,585	647,918	0.75
IRB Holding Corp. (Arby's / Inspire Brands)	126,124	4.25%	18-Jan-25	157,361	163,833	0.19
Kronos Inc.	378,266	3.00%	01-Nov-23	494,053	489,726	0.57
Las Vegas Sands LLC	398,997	1.75%	27-Mar-25	517,759	518,914	0.60
Level 3 Financing Inc.	512,127	2.25%	22-Feb-24	672,679	662,451	0.77
Lotus Midstream (Centurion Pipeline Company LLC)	222,812	3.25%	30-Sep-25	290,638	288,972	0.34
Lumileds (Bright Bidco BV)	508,902	4.50%	30-Jun-24	650,258	580,120	0.67
Mallinckrodt International Finance SA	193,194	3.50%	24-Sep-24	241,767	241,330	0.28
Mallinckrodt International Finance SA	193,204	3.75%	24-Feb-25	243,553	242,756	0.28
Messer Industries USA Inc.	141,004	2.50%	30-Sep-25	180,076	182,233	0.21
MGM Growth Properties Operating Partnership L.P.	69,643	2.00%	23-Mar-25	89,150	90,832	0.11
Micro Focus International (MA Financeco LLC)	757,899	2.50%	21-Jun-24	955,171	961,397	1.12
Misys Financial Software Ltd. (Almonde Inc.)	1,022,140	4.50%	13-Jun-24	1,323,888	1,296,755	1.51
Mitchell International Inc.	398,997	3.25%	30-Nov-24	517,064	523,947	0.61
Multi-Color Corp.	65,406	2.00%	31-Oct-24	85,263	84,660	0.10
MultiPlan Inc (MPH Acquisition Holdings LLC)	949,000	3.75%	07-Jun-23	1,277,901	1,224,318	1.42
Ortho-Clinical Diagnostics Inc.	1,181,701	3.25%	31-May-25	1,527,833	1,492,764	1.73
Packers Holdings LLC	488,139	4.00%	04-Dec-24	623,060	643,083	0.75
Parexel International Corp.	1,250,969	2.75%	27-Sep-24	1,574,215	1,539,176	1.78
Peabody Energy Corp.	77,077	2.75%	31-Mar-25	97,847	101,806	0.12
Pharmaceutical Product Development Inc. (PPDI)	398,969	3.50%	18-Aug-22	519,503	516,077	0.60
Qlik Technologies (Project Alpha Intermediate Holding Inc.)	225,714	4.50%	26-Apr-24	303,058	295,819	0.34
Quikrete Holdings Inc.	1,555,038	2.75%	15-Nov-23	2,050,241	2,018,128	2.34
Realogy Corp.	498,744	3.00%	08-Feb-25	654,331	643,436	0.75
Reece International Pty Ltd. (Hamilton)	55,559	2.00%	02-Jul-25	71,832	72,435	0.08
Reynolds Group Holdings Inc.	739,924	2.75%	05-Feb-23	946,299	959,638	1.11
Riverbed Technology Inc.	781,587	4.25%	24-Apr-22	1,019,163	1,004,144	1.16
Rodan & Fields LLC	48,665	4.00%	15-Jun-25	62,593	60,874	0.07
RP Crown Parent (JDA Software Group)	1,295,892	3.75%	12-Oct-23	1,654,594	1,700,685	1.97
Science Applications International Corp.	56,135	1.75%	31-Oct-25	73,186	72,996	0.08
Scientific Games International Inc.	220,951	2.75%	14-Aug-24	289,522	282,359	0.32
Sinclair Television Group Inc.	540,375	2.25%	03-Jan-24	723,696	698,990	0.81
Sotera Health Holdings LLC (Sterigenics)	1,197,575	4.00%	15-May-22	1,592,130	1,562,715	1.81
SS&C European Holdings SARL	1,386,194	2.25%	16-Apr-25	1,786,635	1,781,705	2.06
Stars Group Holdings BV (Amaya)	1,399,307	3.50%	10-Jul-25	1,830,890	1,841,886	2.14
Station Casinos Inc (Red Rocks)	355,459	3.25%	08-Jun-23	465,818	464,824	0.54
Surgery Center Holdings Inc.	826,418	4.25%	31-Aug-24	1,089,213	1,071,115	1.24
SUSE (Marcel Lux IV SARL)	140,507	3.25%	30-Sep-25	184,183	183,668	0.21
Team Health Inc.	1,118,751	3.75%	06-Feb-24	1,463,655	1,361,222	1.58
Tempo Acquisition LLC	446,312	3.00%	01-May-24	592,115	581,886	0.68
Toys "R" US-Delaware Inc.	567,509	5.25%	25-May-18	720,459	379,634	0.44
Toys "R" US-Delaware Inc.	240,027	9.75%	25-Apr-20	295,701	157,289	0.18
TransDigm Inc.	277,008	2.50%	30-May-25	357,118	356,014	0.41
U.S. Renal Care Inc.	755,643	5.25%	30-Dec-22	992,234	979,507	1.14
USI. Inc. of New York	1,121,827	3.00%	15-May-24	1,500,094	1,441,541	1.67
Valeant Pharmaceuticals International Inc.	1,956,734	3.00%	01-Jun-25	2,518,211	2,545,941	2.97
Versant Health (Wink Holdco Inc.)	787,460	4.00%	02-Dec-24	1,007,979	1,016,452	1.17
Verscend Holding Corp.	140,007	4.50%	27-Aug-25	182,439	184,448	0.21
Vertafore Inc.	925,036	3.25%	15-Jun-25	1,190,958	1,196,951	1.39
VICI Properties (Caesars)	626,429	2.00%	20-Dec-24	804,866	814,716	0.95
Virgin Media Finance PLC	70,000	2.50%	15-Jan-26	88,559	90,296	0.10
Vistra Operations Co. LLC	196,008	2.00%	04-Aug-23	256,501	257,405	0.30
Vistra Operations Co. LLC	756,258	2.25%	14-Dec-23	953,223	990,289	1.15
Vistra Operations Co. LLC	714,263	2.00%	31-Dec-25	912,674	936,243	1.09
Westinghouse Electric (Brookfield WEC Holdings Inc.)	218,239	4.50%	31-Jul-25	283,961	287,992	0.33
				76,246,652	75,836,065	88.00
Total investments				78,373,909	77,895,576	90.39
Unrealized appreciation on derivatives - see Schedule 1					45,594	0.05
Unrealized depreciation on derivatives - see Schedule 1					(1,787,141)	(2.07)
Other assets, less liabilities					10,025,736	11.63
Total Net Assets Attributable to Holders of Redeemable Units				78,373,909	86,179,765	100.00

First Trust Senior Loan ETF (CAD-Hedged)

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount Sold	Currency Buy	Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
Bank of New York Mellon (The), New York	A-1+	1/31/2019	CAD	3,700,000	USD	2,745,744	1.348	1.364	45,594
									45,594
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	67,578,680	CAD	90,400,000	0.748	0.733	(1,787,141)
									(1,787,141)

* 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, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	12,408,059	17,942,360
Cash	1,355,772	1,642,630
Accrued interest receivable	160,311	236,065
Receivable for portfolio securities sold	28,803	97,608
Derivative assets	-	99,575
Other assets	700	1,457
	13,953,645	20,019,695
Liabilities		
Accrued liabilities	27,219	33,478
Payable for portfolio securities purchased	84,759	148,363
Distributions payable	138,200	71,695
Derivative liabilities	273,804	-
	523,982	253,536
Total net assets attributable to holders of redeemable units	13,429,663	19,766,159
Net assets attributable to holders of redeemable units per class		
Advisor Class	9,004,652	11,721,793
Common Class	4,425,011	8,044,366
Redeemable units outstanding [note 6]		
Advisor Class	504,440	604,440
Common Class	224,171	374,171
Net assets attributable to holders of redeemable units per unit		
Advisor Class	17.85	19.39
Common Class	19.74	21.50

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Interest income for distribution purposes	1,067,297	1,296,626
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	(21,672)	(101,111)
Net realized gain (loss) on derivatives	(1,142,833)	1,340,413
Net realized gain (loss) on foreign exchange	(37,057)	341
Net change in unrealized appreciation (depreciation) of investments	215,649	(1,172,616)
Net change in unrealized appreciation (depreciation) of derivatives	(373,379)	(112,330)
	(291,995)	1,251,323
Foreign exchange gain (loss) on cash	101,910	(15,819)
	(190,085)	1,235,504
Expenses [note 7]		
Management fees	149,644	190,375
Service fees	55,733	67,982
HST expense	21,250	28,955
Independent Review Committee fees	2,775	4,378
	229,402	291,690
Expenses waived by manager	(2,775)	(4,378)
	226,627	287,312
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(416,712)	948,192
Withholding taxes	(211)	321
Increase (Decrease) in net assets attributable to holders of redeemable units	(416,501)	947,871
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Advisor Class	(307,474)	570,479
Common Class	(109,027)	377,392
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Advisor Class	(0.53)	0.82
Common Class	(0.36)	0.93

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 years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Advisor Class	Advisor Class	Common Class	Common Class
Net assets attributable to holders of redeemable units, beginning of year	11,721,793	15,666,138	8,044,366	7,993,468
Increase (decrease) in net assets attributable to holders of redeemable units	(307,474)	570,479	(109,027)	377,392
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	-	28,177	-	1,189,070
Reinvested distributions	16	266,558	-	160,295
Redemption of units	(1,890,024)	(4,010,902)	(3,175,215)	(1,102,242)
	(1,890,008)	(3,716,167)	(3,175,215)	247,123
Distributions to holders of redeemable units from:				
Net investment income	(519,659)	(215,667)	(335,113)	(185,703)
Capital gains	-	(582,990)	-	(387,914)
Return of capital	-	-	-	-
	(519,659)	(798,657)	(335,113)	(573,617)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(2,717,141)	(3,944,345)	(3,619,355)	50,898
Net assets attributable to holders of redeemable units, end of year	9,004,652	11,721,793	4,425,011	8,044,366
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			19,766,159	23,659,606
Increase (decrease) in net assets attributable to holders of redeemable units			(416,501)	947,871
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			-	1,217,247
Reinvested distributions			16	426,853
Redemption of units			(5,065,239)	(5,113,144)
			(5,065,223)	(3,469,044)
Distributions to holders of redeemable units from:				
Net investment income			(854,772)	(401,370)
Capital gains			-	(970,904)
Return of capital			-	-
			(854,772)	(1,372,274)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			(6,336,496)	(3,893,447)
Net assets attributable to holders of redeemable units, end of year			13,429,663	19,766,159

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 years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(416,501)	947,871
Adjustments for:		
Net realized (gain) loss on investments	21,672	101,111
Change in unrealized (appreciation) depreciation of investments and derivatives	157,730	1,284,946
Interest receivable	75,754	55,033
Dividends receivable	-	498
Other assets	757	6,096
Other liabilities	(6,259)	(9,528)
Purchases of investments	(14,049,419)	(23,286,439)
Proceeds from the sale of investments	19,782,898	26,680,786
	5,566,632	5,780,374
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	-	1,217,247
Amount paid on redemptions of units	(5,065,239)	(5,113,144)
Distributions paid to unitholders	(788,251)	(962,626)
	(5,853,490)	(4,858,523)
Increase (Decrease) in cash for the year	(286,858)	921,851
Cash, beginning of year	1,642,630	720,779
Cash, end of year	1,355,772	1,642,630
Interest received	1,143,262	1,351,338
Dividends received, net of withholding taxes	-	498

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 year ended December 31, 2018

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks to provide unitholders with a high level of current income by investing primarily in a diversified portfolio of below investment grade debt securities as rated by Moody’s Investor Services, Inc. (Ba1 or below), Standard & Poor’s (BB+ or below) or a similar rating by a designated rating organization (as defined in NI 81-102). As a secondary objective, the First Trust ETF will seek capital appreciation.

B. FAIR VALUE MEASUREMENT (NOTE 5) - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	12,408,059	–	12,408,059
Derivative liabilities	–	(273,804)	–	(273,804)
Total	–	12,134,255	–	12,134,255
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Bonds and Senior Loans	–	17,942,360	–	17,942,360
Derivative assets	–	99,575	–	99,575
Total	–	18,041,935	–	18,041,935

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2017	370,823	808,162
Redeemable units issued	54,639	1,435
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(51,291)	(205,157)
Outstanding units – December 31, 2017	374,171	604,440
Redeemable units issued	–	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(150,000)	(100,000)
Outstanding units – December 31, 2018	224,171	504,440

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
0.85%	1.35%

¹Includes a service fee of 0.50%

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
463,732	-	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
-	-

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
149,644	190,375	9,927	14,287

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

Interest rate risk - The table below summarizes the First Trust ETF's exposure to Senior Loans and High Yield bonds as at December 31, 2018 and 2017:

	At December 31, 2018				
	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	48,556	666,292	3,643,475	8,049,736	12,408,059
Total	48,556	666,292	3,643,475	8,049,736	12,408,059
	At December 31, 2017				
	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	>5 years (\$)	Total (\$)
High Yield Bonds and Senior Loans	213,991	858,097	7,558,186	9,312,086	17,942,360
Total	213,991	858,097	7,558,186	9,312,086	17,942,360

At December 31, 2018, the weighted average duration of the First Trust ETF was 2.90 years (December 31, 2017 - 2.52 years). If interest rates increased or decreased by 1% at December 31, 2018, with all other variables remaining constant, net assets would have decreased or increased by approximately \$124,081 (December 31, 2017 - \$179,424). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Credit risk – Below are the First Trust ETF’s breakdown by credit rating as at December 31, 2018 and 2017:

Debt Securities by S&P Rating	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
BBB+	–	–
BBB	–	–
BBB-	1.47	1.16
BB+	2.84	2.07
BB	12.88	8.44
BB-	10.03	15.97
B+	17.21	12.58
B	17.37	13.96
B-	14.43	20.52
CCC+	15.24	9.53
CCC	–	5.47
CCC-	0.56	0.80
CC	–	–
D	0.36	0.26
NR	–	–

Currency risk - The table below summarizes the First Trust ETF’s net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	(420,205)	(3.13)	(83,726)	(0.42)

As at December 31, 2018, if the exchange rate between the Canadian Dollar and the other currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by \$4,202 (December 31, 2017 - \$837). 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, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Health Care	25.09	26.01
Consumer Discretionary	17.09	26.74
Communication Services	16.45	2.37
Information Technology	11.02	7.48
Industrials	7.85	9.46
Energy	4.35	7.48
Consumer Staples	4.16	5.32
Materials	2.87	5.04
Financials	2.38	0.23
Other	1.13	0.64
Total	92.39	90.77

First Trust Short Duration High Yield Bond ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Below are the First Trust ETF's breakdown by geographic exposure as at December 31, 2018 and 2017:

Country	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
United States	85.23	79.62
Canada	5.38	5.68
Ireland	0.88	3.31
Netherlands	0.91	0.43
France	–	0.08
Mexico	–	1.33
United Kingdom	–	0.33
Total	92.39	90.77

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Par Value USD	Coupon Rate/Yield	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Total
DOMESTIC BONDS						
Canada—2.18%						
1011778 B.C. ULC / New Red Finance Inc., Callable	132,000	5.000%	15-Oct-25	169,242	166,240	1.24
Advanz Pharma Corp., Callable	32,000	8.000%	06-Sep-24	41,750	41,502	0.31
Bausch Health Cos. Inc., Callable	39,000	5.625%	01-Dec-21	50,429	52,478	0.39
Ritchie Bros. Auctioneers Inc., Callable	25,000	5.375%	15-Jan-25	33,090	33,277	0.24
				294,511	293,497	2.18
INTERNATIONAL BONDS						
Bermuda—0.31%						
Weatherford International Ltd., Callable	50,000	9.875%	15-Feb-24	77,708	41,980	0.31
				77,708	41,980	0.31
Luxembourg—0.88%						
Mallinckrodt International Finance SA / Mallinckrodt CB LLC, Callable	100,000	5.750%	01-Aug-22	127,525	118,090	0.88
				127,525	118,090	0.88
Netherlands—0.91%						
Alcoa Nederland Holding BV, Callable	87,000	7.000%	30-Sep-26	123,119	121,742	0.91
				123,119	121,742	0.91
United Kingdom—0.49%						
Virgin Media Finance PLC, Callable	50,000	6.000%	15-Oct-24	64,649	65,820	0.49
				64,649	65,820	0.49
United States—58.98%						
AMC Entertainment Holdings Inc., Callable	83,000	5.750%	15-Jun-25	113,651	100,139	0.75
American Axle & Manufacturing Inc., Callable	50,000	6.250%	01-Apr-25	63,951	62,373	0.46
Ashtead Capital Inc., Callable	20,000	4.125%	15-Aug-25	24,866	25,120	0.19
B&G Foods Inc., Callable	30,000	5.250%	01-Apr-25	40,178	38,243	0.28
Berry Global Inc., Callable	78,000	4.500%	15-Feb-26	97,412	97,701	0.73
Boyd Gaming Corp., Callable	100,000	6.375%	01-Apr-26	130,340	132,595	0.99
Brinker International Inc., Callable	50,000	5.000%	01-Oct-24	66,048	64,506	0.48
CCO Holdings LLC / CCO Holdings Capital Corp., Callable	250,000	5.750%	15-Jan-24	325,771	338,740	2.52
Change Healthcare Holdings LLC / Change Healthcare Finance Inc., Callable	187,000	5.750%	01-Mar-25	246,610	239,018	1.78
Constellation Merger Sub Inc., Callable	170,000	8.500%	15-Sep-25	216,776	209,456	1.56
CRC Escrow Issuer LLC / CRC Finco Inc., Callable	278,000	5.250%	15-Oct-25	347,996	327,341	2.44
Crown Americas LLC / Crown Americas Capital Corp.VI, Callable	77,000	4.750%	01-Feb-26	97,068	99,339	0.74
CSC Holdings LLC, Callable	158,000	5.500%	15-May-26	200,350	203,838	1.52
CSC Holdings LLC, Callable	50,000	5.500%	15-Apr-27	65,168	63,652	0.47
DaVita HealthCare Partners Inc., Callable	97,000	5.000%	01-May-25	123,823	120,672	0.90
DaVita HealthCare Partners Inc., Callable	10,000	5.125%	15-Jul-24	12,397	12,833	0.10
Diamond 1 Finance Corp. / Diamond 2 Finance Corp., Callable	200,000	7.125%	15-Jun-24	257,273	278,028	2.07
Eagle Holding Co. II LLC, Callable	164,000	7.625%	15-May-22	215,643	214,377	1.60
Endo Finance LLC / Endo Finco Inc., Callable	350,000	7.250%	15-Jan-22	473,222	415,703	3.10
Freeport-McMoRan Inc., Callable	226,000	6.875%	15-Feb-23	324,283	319,334	2.38
Gray Television Inc., Callable	103,000	5.875%	15-Jul-26	141,625	131,447	0.98
Infor (US) Inc., Callable	115,000	6.500%	15-May-22	148,902	152,429	1.13
inVentiv Group Holdings Inc. / inVentiv Health Inc. / inVentiv Health Clinical Inc., Callable	36,000	7.500%	01-Oct-24	48,043	51,359	0.38
IQVIA Inc., Callable	75,000	5.000%	15-Oct-26	97,112	98,166	0.73
IRB Holding Corp., Callable	135,000	6.750%	15-Feb-26	169,700	161,725	1.20
Jaguar Holding Co. II / Pharmaceutical Product Development LLC, Callable	50,000	6.375%	01-Aug-23	69,023	65,495	0.49
JDA Escrow LLC / JDA Bond Finance Inc., Callable	148,000	7.375%	15-Oct-24	202,991	204,070	1.52
Jeld-Wen Inc., Callable	23,000	4.625%	15-Dec-25	29,190	27,553	0.21
KAR Auction Services Inc., Callable	15,000	5.125%	01-Jun-25	20,275	18,584	0.14
Level 3 Parent LLC, Callable	300,000	5.750%	01-Dec-22	420,270	403,417	3.00
LPL Holdings Inc., Callable	70,000	5.750%	15-Sep-25	93,653	89,830	0.67
MEDNAX Inc., Callable	78,000	5.250%	01-Dec-23	99,937	104,622	0.78
MGM Resorts International	50,000	7.750%	15-Mar-22	73,979	72,782	0.54
MPH Acquisition Holdings LLC, Callable	244,000	7.125%	01-Jun-24	327,850	311,457	2.32
MSCI Inc., Callable	85,000	5.750%	15-Aug-25	109,366	117,493	0.87
Murphy Oil Corp., Callable	50,000	6.875%	15-Aug-24	65,620	68,062	0.51
Nexstar Escrow Corp., Callable	66,000	5.625%	01-Aug-24	86,386	84,472	0.63
Peabody Securities Finance Corp., Callable	6,000	6.000%	31-Mar-22	7,892	7,976	0.06
Peabody Securities Finance Corp., Callable	11,000	6.375%	31-Mar-25	14,469	14,004	0.10
Penn National Gaming Inc., Callable	51,000	5.625%	15-Jan-27	67,239	62,489	0.47
Polaris Intermediate Corp., Callable	227,000	8.500%	01-Dec-22	305,782	283,828	2.11
Post Holdings Inc., Callable	220,000	5.500%	01-Mar-25	291,664	289,399	2.15
Reynolds Group Issuer Inc. / Reynolds Group Issuer (Luxembourg) SA, Callable	100,000	7.000%	15-Jul-24	130,966	130,291	0.97

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Sanchez Energy Corp., Callable	100,000	7.750%	15-Jun-21	115,260	32,765	0.24
SBA Communications Corp., Callable	50,000	4.875%	01-Sep-24	61,537	64,420	0.48
Sinclair Television Group Inc., Callable	300,000	5.625%	01-Aug-24	404,625	384,986	2.87
Six Flags Entertainment Corp., Callable	150,000	4.875%	31-Jul-24	198,010	193,517	1.44
Taylor Morrison Communities Inc. / Monarch Communities Inc., Callable	20,000	5.625%	01-Mar-24	26,244	26,075	0.19
Tenet Healthcare Corp., Callable	312,000	8.125%	01-Apr-22	420,669	428,605	3.19
TRI Pointe Holdings Inc.	68,000	5.875%	15-Jun-24	91,271	83,202	0.62
United Rentals North America Inc., Callable	200,000	5.750%	15-Nov-24	262,657	263,825	1.96
Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	50,000	5.500%	01-Mar-25	62,652	63,823	0.48
Zayo Group LLC / Zayo Capital Inc., Callable	54,000	5.750%	15-Jan-27	71,981	65,980	0.49
				8,179,666	7,921,156	58.98
Senior Loans—28.64%						
Advantage Sales & Marketing Inc.	252,780	4.250%	23-Jul-21	328,314	303,107	2.26
Advantage Sales & Marketing Inc.	126,388	7.500%	25-Jul-22	166,503	134,585	1.00
Advanz Pharma Corp.	42,467	6.500%	06-Sep-24	54,802	55,158	0.41
Air Methods Corp. (ASP AMC Intermediate Holdings Inc.)	84,000	4.500%	21-Apr-24	107,193	90,267	0.67
Albertson's LLC	110,943	3.750%	21-Dec-22	137,684	145,127	1.08
Albertson's LLC	66,481	3.750%	22-Jun-23	83,526	85,995	0.64
Asurion LLC	55,600	6.500%	31-Jul-25	70,974	74,909	0.56
BMC Software Finance Inc. (Boxer Parent)	59,211	4.250%	02-Oct-25	77,851	77,778	0.58
Capital Automotive L.P.	93,744	7.000%	15-Mar-25	123,971	125,980	0.94
CCC Information Services Inc.	79,397	4.000%	26-Apr-24	102,914	102,702	0.76
CDRH Parent Inc. (Healogics Inc.)	48,363	5.250%	01-Jul-21	54,340	59,422	0.44
CHG Healthcare Services Inc.	50,000	4.000%	07-Jun-23	65,757	65,359	0.48
Cumulus Media New Holdings Inc.	53,318	5.500%	15-May-22	68,721	67,967	0.51
DJO Finance LLC (ReAble Therapeutics Finance LLC)	111,229	4.250%	08-Jun-20	135,963	149,649	1.12
Duff & Phelps Corp. (Deerfield Dakota)	61,752	4.250%	13-Feb-25	80,037	79,579	0.59
Gray Television Inc.	62,241	2.500%	01-Nov-25	81,331	81,937	0.61
Horizon Pharma nc.	115,486	4.000%	29-Mar-24	150,293	150,042	1.12
Immucor Inc.	49,375	6.000%	15-Jun-21	60,917	66,143	0.49
Infor (US) Inc.	41,324	3.750%	02-Feb-22	53,674	53,974	0.40
Informatica LLC	46,278	3.250%	06-Aug-22	60,521	61,204	0.46
Lumileds (Bright Bidco BV)	153,892	4.500%	30-Jun-24	198,898	175,430	1.30
Micro Focus International (MA FinanceCo, LLC)	106,958	2.500%	21-Jun-24	137,178	135,677	1.01
Parexel International Corp.	21,536	2.750%	27-Sep-24	28,213	26,498	0.20
Qlik Technologies (Project Alpha Intermediate Holding Inc.)	49,748	4.500%	26-Apr-24	64,071	65,199	0.49
Reynolds Group Holdings Inc.	45,283	2.750%	05-Feb-23	59,602	58,730	0.44
Riverbed Technology Inc.	150,000	4.250%	24-Apr-22	194,082	192,712	1.43
RP Crown Parent LLC (JDA Software Group)	49,125	3.750%	12-Oct-23	62,723	64,470	0.48
Scientific Games International Inc.	44,080	2.750%	14-Aug-24	56,952	56,331	0.42
SS&C European Holdings SARL	50,000	2.250%	16-Apr-25	65,266	64,293	0.48
Stars Group Holdings BV (Amaya)	357,644	3.500%	10-Jul-25	467,826	470,761	3.50
Tempo Acquisition LLC (Alight Solutions LLC)	99,496	3.000%	01-May-24	128,942	129,720	0.97
Toys "R" US-Delaware Inc.	72,586	5.250%	25-May-18	78,891	48,556	0.36
Tribune Media Co.	2,016	3.750%	27-Dec-20	2,616	2,728	0.02
Tribune Media Co.	56,126	3.750%	27-Jan-24	73,628	75,052	0.56
U.S. Renal Care Inc.	97,739	5.250%	30-Dec-22	124,118	126,694	0.95
USI Inc.	94,972	3.000%	15-May-24	120,134	122,039	0.91
				3,928,426	3,845,774	28.64
Total International Bonds				12,501,093	12,114,562	90.21
Total investments				12,795,604	12,408,059	92.39
Unrealized depreciation on derivatives - see Schedule 1					(273,804)	(2.04)
Other assets, less liabilities					1,295,408	9.65
Total Net Assets Attributable to Holders of Redeemable Units				12,795,604	13,429,663	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount		Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	10,353,592	CAD	13,850,000	0.748	0.733	(273,804)
									(273,804)

* 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, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	68,667,216	75,160,513
Cash	300,474	287,194
Accrued dividend receivable	130,947	101,343
Other assets	46,492	47,815
	69,145,129	75,596,865
Liabilities		
Accrued liabilities	120,093	143,969
Distributions payable to holders of redeemable units	176,425	90,761
	296,518	234,730
Total net assets attributable to holders of redeemable units	68,848,611	75,362,135
Total Net Assets Attributable to Holders of Redeemable Units per class		
Advisor Class	26,802,768	35,547,473
Common Class	42,045,843	39,814,662
Redeemable units outstanding [note 6]		
Advisor Class	1,060,726	1,263,337
Common Class	1,392,993	1,190,807
Net assets attributable to holders of redeemable units per unit		
Advisor Class	25.27	28.14
Common Class	30.18	33.44

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	1,610,899	1,012,035
Interest income for distribution purposes	24	-
Other changes in fair value of investments		
Net realized gain (loss) on investments	480,463	4,031,803
Change in unrealized appreciation (depreciation) of foreign exchange	75	389
Change in unrealized appreciation (depreciation) of investments	(8,446,825)	3,294,396
	(6,355,364)	8,338,623
Foreign exchange gain (loss) on cash	4,046	(855)
	(6,351,318)	8,337,768
Expenses [note 7]		
Management fees	433,404	311,312
Service fees	313,354	347,676
HST expense	75,872	66,426
Transaction costs [note 3 and note 9]	19,548	14,981
Independent Review Committee fees	11,382	11,025
Interest expense	-	32
	853,560	751,452
Expenses waived by manager	(11,382)	(11,025)
	842,178	740,427
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(7,193,496)	7,597,341
Withholding taxes	-	1,371
Increase (Decrease) in net assets attributable to holders of redeemable units	(7,193,496)	7,595,970
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Advisor Class	(3,035,066)	4,659,361
Common Class	(4,158,430)	2,936,609
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Advisor Class	(2.71)	3.55
Common Class	(3.38)	5.46

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 years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Advisor Class	Advisor Class	Common Class	Common Class
Net assets attributable to holders of redeemable units, beginning of year	35,547,473	34,626,123	39,814,662	7,207,292
Increase (Decrease) in net assets attributable to holders of redeemable units	(3,035,066)	4,659,361	(4,158,430)	2,936,609
Redeemable unit transactions [note 6]				
Proceeds from redeemable units issued	-	988,362	15,142,654	33,027,050
Redemption of redeemable units	(5,571,168)	(4,616,984)	(8,321,669)	(3,205,953)
	(5,571,168)	(3,628,622)	6,820,985	29,821,097
Distributions to holders of redeemable units from:				
Net investment income	(33,718)	-	(431,374)	(54,880)
Capital gains	(104,753)	-	-	-
Return of capital	-	(109,389)	-	(95,456)
	(138,471)	(109,389)	(431,374)	(150,336)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(8,744,705)	921,350	2,231,181	32,607,370
Net assets attributable to holders of redeemable units, end of year	26,802,768	35,547,473	42,045,843	39,814,662
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			75,362,135	41,833,415
Increase (Decrease) in net assets attributable to holders of redeemable units			(7,193,496)	7,595,970
Redeemable unit transactions [note 6]				
Proceeds from redeemable units issued			15,142,654	34,015,412
Redemption of redeemable units			(13,892,837)	(7,822,937)
			1,249,817	26,192,475
Distributions to holders of redeemable units from:				
Net investment income			(465,092)	(54,880)
Capital gains			(104,753)	-
Return of capital			-	(204,845)
			(569,845)	(259,725)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			(6,513,524)	33,528,720
Net assets attributable to holders of redeemable units, end of year			68,848,611	75,362,135

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

First Trust Canadian Capital Strength ETF

STATEMENTS OF CASH FLOW For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(7,193,496)	7,595,970
Adjustments for:		
Net realized (gain) loss on investments	(480,463)	(4,031,803)
Change in unrealized (appreciation) depreciation of investments	8,446,825	(3,294,396)
Dividends receivable	(29,604)	(2,461)
Other assets	1,323	3,156
Other liabilities	(23,876)	71,877
Purchases of investments	(47,068,373)	(54,724,659)
Proceeds from the sale of investments	45,595,308	28,592,104
	(752,356)	(25,790,212)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	15,142,654	34,015,412
Amount paid on redemptions of units	(13,892,837)	(7,822,937)
Distributions paid to unitholders	(484,181)	(168,964)
	765,636	26,023,511
Increase (Decrease) in cash for the year	13,280	233,299
Cash, beginning of year	287,194	53,895
Cash, end of year	300,474	287,194
Interest received	24	-
Dividends received, net of withholding taxes	1,581,295	1,008,203

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

First Trust Canadian Capital Strength ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

B. FAIR VALUE MEASUREMENT (NOTE 5) - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	68,667,216	–	–	68,667,216
Total	68,667,216	–	–	68,667,216
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	75,160,513	–	–	75,160,513
Total	75,160,513	–	–	75,160,513

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2017	247,534	1,402,854
Redeemable units issued	1,043,273	36,123
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(100,000)	(175,640)
Outstanding units – December 31, 2017	1,190,807	1,263,337
Redeemable units issued	452,186	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(250,000)	(202,611)
Outstanding units – December 31, 2018	1,392,993	1,060,726

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%

First Trust Canadian Capital Strength ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
22,747,482	24,106,211	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
19,549	14,981

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
433,404	311,312	34,941	37,961

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P/TSX Composite® Index	3,466,528	(3,466,528)	3,285,789	(3,285,789)

Concentration Risk - The table below summarizes the concentration risk as at December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	At December 31, 2018	At December 31, 2017
Financials	27.68	32.20
Industrials	15.90	16.00
Materials	12.27	7.36
Information Technology	12.17	11.38
Energy	11.99	8.75
Consumer Staples	8.05	8.35
Consumer Discretionary	7.84	15.69
Communication Services	3.84	-
Total	99.74	99.73

First Trust Canadian Capital Strength ETF

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Communication Services—3.84%				
BCE Inc.	49,023	2,662,439	2,643,810	3.84
		2,662,439	2,643,810	3.84
Consumer Discretionary—7.84%				
Canadian Tire Corp. Ltd., Class 'A'	18,902	2,757,581	2,698,072	3.92
Magna International Inc.	43,559	2,434,751	2,699,351	3.92
		5,192,332	5,397,423	7.84
Consumer Staples—8.05%				
Alimentation Couche-Tard Inc., Class 'B'	40,959	2,002,230	2,781,526	4.04
Metro Inc., Class 'A'	58,359	2,512,525	2,762,715	4.01
		4,514,755	5,544,241	8.05
Energy—11.99%				
Enerplus Corp.	262,446	3,016,127	2,787,177	4.05
Pembina Pipeline Corp.	66,218	3,057,922	2,682,491	3.89
Suncor Energy Inc.	73,084	2,655,873	2,786,693	4.05
		8,729,922	8,256,361	11.99
Financials—27.68%				
Bank of Montreal	30,643	2,654,534	2,733,049	3.97
Bank of Nova Scotia	39,510	2,819,799	2,688,656	3.91
Canadian Imperial Bank of Commerce	26,189	2,769,139	2,662,898	3.87
National Bank of Canada	48,088	2,747,078	2,695,332	3.92
Royal Bank of Canada	29,355	2,408,323	2,742,931	3.98
Sun Life Financial Inc.	61,480	2,927,578	2,784,429	4.04
Toronto-Dominion Bank (The)	40,478	2,395,917	2,746,837	3.99
		18,722,368	19,054,132	27.68
Industrials—15.90%				
CAE Inc.	105,835	2,089,518	2,655,400	3.86
Canadian National Railway Co.	27,183	2,497,203	2,748,473	3.99
Canadian Pacific Railway Ltd.	11,464	2,168,848	2,777,039	4.03
Waste Connections Inc.	27,329	2,694,913	2,769,248	4.02
		9,450,482	10,950,160	15.90
Information Technology—12.17%				
CGI Group Inc., Class 'A'	33,892	1,925,327	2,829,982	4.11
Constellation Software Inc.	3,186	3,000,720	2,784,118	4.05
Open Text Corp.	62,083	2,196,682	2,762,693	4.01
		7,122,729	8,376,793	12.17
Materials—12.27%				
Canfor Corp.	168,471	3,754,230	2,784,826	4.05
Kirkland Lake Gold Ltd.	80,884	1,993,021	2,879,470	4.18
Teck Resources Ltd., Class 'B'	94,590	3,448,409	2,780,000	4.04
		9,195,660	8,444,296	12.27
Total investments		65,590,687	68,667,216	99.74
Transaction costs		(11,291)		
Other assets, less liabilities			181,395	0.26
Total Net Assets Attributable to Holders of Redeemable Units		65,579,396	68,848,611	100.00

First Trust Global Risk Managed Income Index ETF

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	26,738,758	64,862,492
Cash	70,684	132,795
Accrued dividend receivable	121,246	267,862
Other assets	40,001	37,132
	26,970,689	65,300,281
Liabilities		
Accrued liabilities	13,568	26,106
Distributions payable to holders of redeemable units	88,863	214,803
	102,431	240,909
Total net assets attributable to holders of redeemable units	26,868,258	65,059,372
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	24,818,491	61,861,576
Advisor Class	2,049,767	3,197,796
Redeemable units outstanding [note 6]		
Common Class	1,386,214	3,186,214
Advisor Class	113,800	163,800
Net assets attributable to holders of redeemable units per unit		
Common Class	17.90	19.42
Advisor Class	18.01	19.52

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	1,695,471	2,127,373
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	(1,145,280)	429,275
Net change in unrealized appreciation (depreciation) of investments	(2,005,735)	414,440
	(1,455,544)	2,971,088
Expenses [note 7]		
Management fees	287,821	340,629
Transaction costs [note 3 and note 9]	36,098	13,352
HST expense	19,024	24,852
Service fees	11,750	11,449
Independent Review Committee fees	7,615	11,146
Interest expense	-	6
	362,308	401,434
Expenses waived by manager	(98,329)	(119,136)
	263,979	282,298
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,719,523)	2,688,790
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	(1,609,333)	2,589,587
Advisor Class	(110,190)	99,203
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	(0.67)	0.93
Advisor Class	(0.89)	0.83

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Common Class	Common Class	Advisor Class	Advisor Class
Net assets attributable to holders of redeemable units, beginning of year	61,861,576	51,773,769	3,197,796	2,198,821
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,609,333)	2,589,587	(110,190)	99,203
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	4,831,190	15,586,603	-	973,668
Redemption of units	(38,447,592)	(5,852,588)	(956,733)	-
	(33,616,402)	9,734,015	(956,733)	973,668
Distributions to holders of redeemable units from:				
Net investment income	(1,461,794)	(1,807,385)	(63,780)	(63,022)
Capital gains	-	-	-	-
Return of capital	(355,556)	(428,410)	(17,326)	(10,874)
	(1,817,350)	(2,235,795)	(81,106)	(73,896)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(37,043,085)	10,087,807	(1,148,029)	998,975
Net assets attributable to holders of redeemable units, end of year	24,818,491	61,861,576	2,049,767	3,197,796
			December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year			Total	Total
			65,059,372	53,972,590
Increase (Decrease) in net assets attributable to holders of redeemable units			(1,719,523)	2,688,790
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			4,831,190	16,560,271
Redemption of units			(39,404,325)	(5,852,588)
			(34,573,135)	10,707,683
Distributions to holders of redeemable units from:				
Net investment income			(1,525,574)	(1,870,407)
Capital gains			-	-
Return of capital			(372,882)	(439,284)
			(1,898,456)	(2,309,691)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			(38,191,114)	11,086,782
Net assets attributable to holders of redeemable units, end of year			26,868,258	65,059,372

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,719,523)	2,688,790
Adjustments for:		
Net realized (gain) loss on sale of investments	1,145,280	(429,275)
Change in unrealized (appreciation) depreciation of investments	2,005,735	(414,440)
Dividends receivable	146,616	(73,545)
Other assets	(2,869)	(229)
Other liabilities	(12,538)	4,027
Purchases of investments	(41,302,186)	(29,025,800)
Proceeds from the sale of investments	76,274,905	18,860,676
	36,535,420	(8,389,796)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	4,831,190	16,560,271
Amount paid on redemptions of units	(39,404,325)	(5,852,588)
Distributions paid to unitholders	(2,024,396)	(2,259,099)
	(36,597,531)	8,448,584
Increase (Decrease) in cash for the year	(62,111)	58,788
Cash, beginning of year	132,795	74,007
Cash, end of year	70,684	132,795
Dividends received, net of withholding taxes	1,842,087	2,053,827

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	26,738,758	–	–	26,738,758
Total	26,738,758	–	–	26,738,758
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	64,862,492	–	–	64,862,492
Total	64,862,492	–	–	64,862,492

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2017	2,686,214	113,800
Redeemable units issued	800,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(300,000)	–
Outstanding units – December 31, 2017	3,186,214	163,800
Redeemable units issued	250,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(2,050,000)	(50,000)
Outstanding units – December 31, 2018	1,386,214	113,800

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, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
892,910	437,022	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
36,098	13,352

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
287,821	340,629	10,670	22,624

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Reference Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
NASDAQ Global Risk Managed Income Index SM	1,235,940	(1,235,940)	2,911,407	(2,911,407)

Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Holdings	At December 31, 2018	At December 31, 2017
	% Net Assets	% Net Assets
Bonds	50.52	47.36
Equities	21.61	20.01
REITs and Preferred Shares	14.22	20.56
Senior Loans	13.17	11.77
Total	99.52	99.70

First Trust Global Risk Managed Income Index ETF

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Exchange Traded Funds—99.52%				
BMO Emerging Markets Bond Hedged to CAD Index ETF	117,295	1,905,876	1,789,922	6.66
BMO Equal Weight REITs Index ETF	32,120	610,056	661,672	2.46
BMO Equal Weight Utilities Index ETF	127,263	2,087,833	1,976,394	7.36
BMO High Yield US Corporate Bond Hedged to CAD ETF	196,456	2,778,212	2,538,212	9.45
BMO Mid-Term US IG Corporate Bond Index ETF	24,303	446,033	451,064	1.68
First Trust Senior Loan ETF (CAD-Hedged)	197,054	3,829,315	3,539,090	13.17
Horizons Cdn Select Universe Bond ETF	21,708	962,299	982,287	3.66
iShares Canadian Corporate Bond Index ETF	46,921	991,984	967,980	3.60
iShares Canadian Government Bond Index ETF	33,451	730,553	711,503	2.65
iShares Convertible Bond Index ETF, Convertible Bonds	113,538	2,102,444	1,983,509	7.38
iShares Core Canadian Long Term Bond Index ETF	22,890	545,015	532,879	1.98
iShares Core S&P / TSX Composite High Dividend Index ETF	45,454	940,411	848,626	3.16
iShares Global Monthly Dividend Index ETF (CAD-Hedged)	23,777	459,903	431,790	1.61
iShares Global Real Estate Index ETF	65,405	1,888,711	1,830,686	6.81
iShares S&P/TSX Canadian Preferred Share Index ETF	105,965	1,473,730	1,327,741	4.94
iShares S&P/TSX Capped Financials Index ETF	13,528	498,657	457,246	1.70
Vanguard Canadian Short-Term Bond Index ETF	153,109	3,657,238	3,615,669	13.46
Vanguard FTSE Canadian High Dividend Yield Index ETF	22,759	740,392	682,770	2.54
Vanguard U.S. Dividend Appreciation Index ETF	31,099	1,462,294	1,409,718	5.25
		28,110,956	26,738,758	99.52
Total investments		28,110,956	26,738,758	99.52
Transaction costs		(11,534)		
Other assets, less liabilities			129,500	0.48
Total Net Assets Attributable to Holders of Redeemable Units		28,099,422	26,868,258	100.00

First Trust Tactical Bond Index ETF

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	21,499,888	34,000,247
Cash	50,850	68,640
Accrued dividend receivable	92,501	142,671
Other assets	4,148	6,903
	21,647,387	34,218,461
Liabilities		
Accrued liabilities	10,668	16,355
Distributions payable to holders of redeemable units	60,000	105,000
	70,668	121,355
Total net assets attributable to holders of redeemable units	21,576,719	34,097,106
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	21,576,719	34,097,106
Redeemable units outstanding [note 6]		
Units	1,200,000	1,750,000
Net assets attributable to holders of redeemable units per unit		
Units	17.98	19.48

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	947,904	1,497,777
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	(451,086)	(432,651)
Net change in unrealized appreciation (depreciation) of investments	(1,486,379)	475,710
	(989,561)	1,540,836
Expenses [note 7]		
Management fees	147,703	171,059
Transaction costs [note 3 and note 9]	68,868	20,554
HST expense	14,989	15,399
Independent Review Committee fees	4,669	6,713
Interest expense	48	5
	236,277	213,730
Expenses waived by manager	(4,669)	(6,713)
	231,608	207,017
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,221,169)	1,333,819
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(1,221,169)	1,333,819
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(0.79)	0.76

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

On behalf of the Trustee,
FT Portfolios Canada Co.



..... Director



..... Director

First Trust Tactical Bond Index ETF

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

For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year	34,097,106	35,082,554
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,221,169)	1,333,819
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	971,543	1,967,707
Redemption of units	(11,285,761)	(2,934,394)
	(10,314,218)	(966,687)
Distributions to holders of redeemable units from:		
Net investment income	(779,592)	(1,270,488)
Capital gains	-	-
Return of capital	(205,408)	(82,092)
	(985,000)	(1,352,580)
Increase (Decrease) in net assets attributable to holders of redeemable units, for the year	(12,520,387)	(985,448)
Net assets attributable to holders of redeemable units, end of year	21,576,719	34,097,106

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

First Trust Tactical Bond Index ETF

STATEMENTS OF CASH FLOW For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,221,169)	1,333,819
Adjustments for:		
Net realized (gain) loss on sale of investments	451,086	432,651
Change in unrealized (appreciation) depreciation of investments	1,486,379	(475,710)
Dividends receivable	50,170	(5,672)
Other assets	2,755	685
Other liabilities	(5,687)	(3,627)
Purchases of investments	(67,991,571)	(22,998,528)
Proceeds from the sale of investments	78,554,465	24,031,872
	11,326,428	2,315,490
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	971,543	1,967,707
Amount paid on redemptions of units	(11,285,761)	(2,934,394)
Distributions paid to unitholders	(1,030,000)	(1,367,460)
	(11,344,218)	(2,334,147)
Increase (Decrease) in cash for the year	(17,790)	(18,657)
Cash, beginning of year	68,640	87,297
Cash, end of year	50,850	68,640
Dividends received, net of withholding taxes	998,074	1,492,105

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, 2018

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

B. FAIR VALUE MEASUREMENT (NOTE 5) - The below fair value hierarchy table presents information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	21,499,888	–	–	21,499,888
Total	21,499,888	–	–	21,499,888
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	34,000,247	–	–	34,000,247
Total	34,000,247	–	–	34,000,247

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units
Outstanding units – January 1, 2017	1,800,000
Redeemable units issued	100,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(150,000)
Outstanding units – December 31, 2017	1,750,000
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(600,000)
Outstanding units – December 31, 2018	1,200,000

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

Annual Management Fee
Units
0.50%

First Trust Tactical Bond Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
799,718	523,773	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
68,868	20,554

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
147,703	171,059	9,441	14,473

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
NASDAQ Canadian Preservation CAD TR Index	832,861	(832,861)	1,437,193	(1,437,193)

Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Holdings	At December 31, 2018	At December 31, 2017
	% Net Assets	% Net Assets
Exchange-Traded Funds	99.64	99.72
Total	99.64	99.72

First Trust Tactical Bond Index ETF

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Exchange Traded Funds—99.64%				
BMO Emerging Markets Bond Hedged to CAD Index ETF	294,447	4,533,977	4,493,261	20.82
BMO High Yield US Corporate Bond Hedged to CAD ETF	326,222	4,479,436	4,214,788	19.53
iShares Convertible Bond Index ETF, Convertible Bonds	244,978	4,590,874	4,279,766	19.84
iShares Floating Rate Index ETF	224,925	4,536,338	4,516,494	20.93
iShares S&P/TSX Canadian Preferred Share Index ETF	318,881	4,535,366	3,995,579	18.52
Total Exchange Traded Funds		22,675,991	21,499,888	99.64
Total investments		22,675,991	21,499,888	99.64
Transaction costs		(11,429)		
Other assets, less liabilities			76,831	0.36
Total Net Assets Attributable to Holders of Redeemable Units		22,664,562	21,576,719	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	14,215,582	8,089,647
Cash	208,280	130,194
Accrued dividend receivable	29,089	13,510
Receivable for portfolio securities sold	-	459,906
Derivative assets	3,807	41,203
Other assets	2,879	1,918
	14,459,637	8,736,378
Liabilities		
Accrued liabilities	21,035	9,347
Payable for portfolio securities purchased	171,019	533,845
Distributions payable to holders of redeemable units	21,054	32,183
Derivative liabilities	290,648	-
	503,756	575,375
Total net assets attributable to holders of redeemable units	13,955,881	8,161,003
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Common Class	10,207,766	6,820,897
Advisor Class	3,748,115	1,340,106
Redeemable units outstanding [note 6]		
Common Class	402,160	250,663
Advisor Class	147,835	49,335
Net assets attributable to holders of redeemable units per unit		
Common Class	25.38	27.21
Advisor Class	25.35	27.16

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	307,072	281,085
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	528,094	949,438
Net realized gain (loss) on derivatives	(638,405)	420,847
Net realized gain (loss) on foreign exchange	(262)	4,288
Net change in unrealized appreciation (depreciation) of investments	(499,605)	(473,328)
Net change in unrealized appreciation (depreciation) of derivatives	(328,043)	(35,602)
	(631,149)	1,146,728
Foreign exchange gain (loss) on cash	701	(5)
	(630,448)	1,146,723
Expenses [note 7]		
Management fees	66,377	48,764
Service fees	28,476	12,657
HST expense	9,397	5,939
Transaction costs [note 3 and note 9]	2,373	4,202
Independent Review Committee fees	1,500	1,570
Interest expense	-	27
	108,123	73,159
Expenses waived by manager	(1,500)	(1,570)
	106,623	71,589
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(737,071)	1,075,134
Withholding taxes	41,452	33,595
Increase (Decrease) in net assets attributable to holders of redeemable units	(778,523)	1,041,539
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Common Class	(619,724)	883,965
Advisor Class	(158,799)	157,574
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Common Class	(2.49)	3.39
Advisor Class	(1.50)	3.20

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 Value Line® Dividend Index ETF (CAD-Hedged)

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

For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Common Class	Common Class	Advisor Class	Advisor Class
Net assets attributable to holders of redeemable units, beginning of year	6,820,897	7,333,541	1,340,106	1,201,339
Increase (Decrease) in net assets attributable to holders of redeemable units	(619,724)	883,965	(158,799)	157,574
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	5,507,451	2,562,146	2,631,773	-
Redemption of units	(1,368,574)	(3,786,073)	(39,326)	-
	4,138,877	(1,223,927)	2,592,447	-
Distributions to holders of redeemable units from:				
Net investment income	(123,673)	(172,682)	(19,065)	(18,807)
Capital gains	(7,567)	-	(6,574)	-
Return of capital	(1,044)	-	-	-
	(132,284)	(172,682)	(25,639)	(18,807)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	3,386,869	(512,644)	2,408,009	138,767
Net assets attributable to holders of redeemable units, end of year	10,207,766	6,820,897	3,748,115	1,340,106
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			8,161,003	8,534,880
Increase (Decrease) in net assets attributable to holders of redeemable units			(778,523)	1,041,539
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			8,139,224	2,562,146
Redemption of units			(1,407,900)	(3,786,073)
			6,731,324	(1,223,927)
Distributions to holders of redeemable units from:				
Net investment income			(142,738)	(191,489)
Capital gains			(14,141)	-
Return of capital			(1,044)	-
			(157,923)	(191,489)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			5,794,878	(373,877)
Net assets attributable to holders of redeemable units, end of year			13,955,881	8,161,003

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

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

STATEMENTS OF CASH FLOW For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(778,523)	1,041,539
Adjustments for:		
Net realized (gain) loss on sale of investments	(528,094)	(949,438)
Change in unrealized (appreciation) depreciation of investments and derivatives	827,648	508,930
Dividends receivable	(15,579)	6,485
Other assets	(961)	(39)
Other liabilities	11,688	999
Purchases of investments	(15,036,889)	(11,225,687)
Proceeds from the sale of investments	9,036,524	12,129,073
	(6,484,186)	1,511,862
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	8,139,224	2,562,146
Amount paid on redemptions of units	(1,407,900)	(3,786,073)
Distributions paid to unitholders	(169,052)	(190,491)
	6,562,272	(1,414,418)
Increase (Decrease) in cash for the year	78,086	97,444
Cash, beginning of year	130,194	32,750
Cash, end of year	208,280	130,194
Dividends received, net of withholding taxes	250,041	253,975

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

First Trust Value Line® Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

B. FAIR VALUE MEASUREMENT (NOTE 5) - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets and Financial Liabilities at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	14,215,582	–	–	14,215,582
Derivative assets	–	3,807	–	3,807
Derivative liabilities	–	(290,648)	–	(290,648)
Total	14,215,582	(286,841)	–	13,928,741
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	8,089,647	–	–	8,089,647
Derivative assets	–	41,203	–	41,203
Total	8,089,647	41,203	–	8,130,850

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Common Class	Advisor Class
Outstanding units – January 1, 2017	300,663	49,335
Redeemable units issued	100,000	–
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(150,000)	–
Outstanding units – December 31, 2017	250,663	49,335
Redeemable units issued	201,497	100,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	(1,500)
Outstanding units – December 31, 2018	402,160	147,835

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
0.70%	1.70%

¹Includes a service fee of 1.00%

First Trust Value Line® Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
543,047	543,047	-	-

F. COMMISSION (NOTE 9) - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
2,373	4,202

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
66,377	48,764	8,553	4,874

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
S&P 500 Index (CAD-Hedged)	519,857	(519,857)	378,671	(378,671)
Dow Jones U.S. Select Dividend™ Index USD	701,981	(701,981)	441,510	(441,510)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	198,051	1.42	(36,992)	(0.45)

As at December 31, 2018, 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 \$1,981 (December 31, 2017 - \$370). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust Value Line® Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Concentration Risk - The table below summarizes the concentration risk years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
<i>Canada</i>		
Financials	2.72	2.62
Information Technology	1.09	0.52
Utilities	0.55	0.53
Communication Services	0.54	0.52
Consumer Discretionary	–	0.52
<i>United States</i>		
Financials	20.75	16.05
Utilities	20.17	21.47
Industrials	12.48	10.91
Consumer Staples	11.54	12.37
Consumer Discretionary	5.08	5.66
Information Technology	4.54	5.17
Health Care	3.98	5.16
Materials	3.40	2.60
Energy	2.26	1.54
Communication Services	1.68	1.03
<i>International</i>		
United Kingdom	3.28	3.65
Switzerland	2.25	1.56
Bermuda	1.12	2.59
France	1.11	1.03
Japan	1.11	1.02
India	0.56	0.52
Ireland	0.56	1.04
Taiwan	0.56	0.53
Belgium	0.53	0.52
Total	101.86	99.13

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
CANADIAN EQUITIES				
Communication Services—0.54%				
TELUS Corp	1,664	79,057	75,284	0.54
		79,057	75,284	0.54
Financials—2.72%				
Bank of Montreal	856	85,065	76,369	0.55
Bank of Nova Scotia	1,106	85,504	75,299	0.54
Canadian Imperial Bank of Commerce	733	83,140	74,592	0.53
Royal Bank of Canada	819	81,390	76,612	0.55
Toronto-Dominion Bank (The)	1,125	83,365	76,362	0.55
		418,464	379,234	2.72
Information Technology—1.09%				
Shaw Communications Inc., Class 'B'	3,055	80,109	75,448	0.54
Thomson Reuters Corp.	1,167	68,852	76,967	0.55
		148,961	152,415	1.09
Utilities—0.55%				
Fortis Inc.	1,693	74,028	77,104	0.55
		74,028	77,104	0.55
		720,510	684,037	4.90
UNITED STATES EQUITIES				
Communication Services—1.68%				
AT&T Inc.	1,986	88,291	77,380	0.56
Omnicom Group Inc.	787	74,649	78,690	0.56
Verizon Communications Inc.	1,024	69,965	78,594	0.56
		232,905	234,664	1.68
Consumer Discretionary—5.08%				
Cracker Barrel Old Country Store Inc.	342	72,212	74,638	0.53
Genuine Parts Co.	592	73,094	77,603	0.56
Home Depot Inc. (The)	344	81,225	80,692	0.58
Leggett & Platt Inc.	1,600	87,500	78,286	0.56
McDonald's Corp.	319	71,125	77,332	0.55
Starbucks Corp.	897	70,206	78,863	0.57
Tiffany & Co.	732	92,408	80,456	0.58
V.F. Corp.	807	81,738	78,596	0.56
Williams-Sonoma Inc.	1,193	82,553	82,167	0.59
		712,061	708,633	5.08
Consumer Staples—11.54%				
Altria Group Inc.	1,143	92,217	77,069	0.55
Archer-Daniels-Midland Co.	1,372	79,285	76,739	0.55
Campbell Soup Co.	1,626	85,169	73,232	0.52
Clorox Co.	374	69,908	78,702	0.56
Coca-Cola Co. (The)	1,182	71,282	76,407	0.55
Colgate-Palmolive Co.	936	80,550	76,056	0.55
Conagra Brands Inc.	2,593	104,466	75,614	0.54
CVS Health Corp.	864	84,167	77,283	0.55
General Mills Inc.	1,446	85,752	76,871	0.55
Hershey Co. (The)	526	73,418	76,965	0.55
J.M. Smucker Co. (The)	583	83,079	74,410	0.53
Kellogg Co.	974	81,188	75,806	0.54
Kimberly-Clark Corp.	509	74,269	79,175	0.57
Kraft Heinz Co. (The)	1,278	101,481	75,093	0.54
Mondelez International Inc., Class 'A'	1,377	76,164	75,252	0.54
PepsiCo Inc.	513	76,425	77,374	0.55
Philip Morris International Inc.	824	98,614	75,100	0.54
Procter & Gamble Co. (The)	622	69,926	78,054	0.56
Sysco Corp.	907	71,694	77,588	0.56
Walgreens Boots Alliance Inc.	833	80,463	77,706	0.56
Walmart Inc.	633	71,044	80,498	0.58
		1,710,561	1,610,994	11.54

First Trust Value Line® Dividend Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Energy—2.26%				
Chevron Corp.	538	80,789	79,904	0.57
Exxon Mobil Corp.	830	86,736	77,267	0.56
Phillips 66	692	88,464	81,387	0.58
Schlumberger Ltd.	1,544	105,503	76,052	0.55
		361,492	314,610	2.26
Financials—20.75%				
Aflac Inc.	1,284	70,619	79,863	0.57
Allstate Corp. (The)	703	78,299	79,303	0.57
Arthur J. Gallagher & Co.	788	67,131	79,285	0.57
Assurant Inc.	658	82,800	80,344	0.58
AvalonBay Communities Inc.	322	75,673	76,511	0.55
Bank of Hawaii Corp.	850	87,517	78,119	0.56
Bank of New York Mellon Corp. (The)	1,222	83,200	78,526	0.56
BB&T Corp.	1,317	83,765	77,888	0.56
BlackRock Inc.	150	89,258	80,442	0.58
Capitol Federal Financial Inc.	4,415	77,585	76,969	0.55
Cincinnati Financial Corp.	753	73,913	79,587	0.57
CNA Financial Corp.	1,293	82,692	77,934	0.56
Discover Financial Services	987	91,862	79,473	0.57
Equity Residential	853	74,891	76,870	0.55
Erie Indemnity Co., Class 'A'	436	71,405	79,350	0.57
Federal Realty Investment Trust	471	78,332	75,901	0.54
Fidelity National Financial Inc.	1,836	86,921	78,805	0.56
First American Financial Corp.	1,277	78,853	77,824	0.56
Franklin Resources Inc.	1,958	92,937	79,283	0.57
Hartford Financial Services Group Inc. (The)	1,333	85,052	80,891	0.58
JPMorgan Chase & Co.	590	75,058	78,630	0.56
M&T Bank Corp.	400	89,176	78,160	0.56
Mercury General Corp.	1,114	76,662	78,642	0.56
Mid-America Apartment Communities Inc.	589	73,794	76,953	0.55
Northwest Bancshares Inc.	3,388	75,137	78,352	0.56
Park National Corp.	686	91,240	79,558	0.57
People's United Financial Inc.	3,938	88,536	77,578	0.56
PNC Financial Services Group Inc.	495	82,476	79,005	0.57
Public Storage Inc.	276	75,408	76,267	0.55
Realty Income Corp.	902	68,323	77,628	0.56
Simon Property Group Inc.	338	74,160	77,517	0.55
T. Rowe Price Group Inc.	640	79,963	80,662	0.58
Travelers Cos. Inc. (The)	483	77,608	78,962	0.57
U.S. Bancorp	1,242	83,987	77,488	0.55
Washington REIT	2,375	88,921	74,574	0.53
Wells Fargo & Co.	1,246	87,414	78,384	0.56
WP Carey Inc.	838	73,873	74,751	0.53
		2,974,441	2,896,279	20.75
Health Care—3.98%				
Amgen Inc.	305	72,825	81,058	0.58
Bristol-Myers Squibb Co.	1,115	79,371	79,124	0.57
Eli Lilly and Co.	509	78,246	80,412	0.58
Johnson & Johnson	442	77,779	77,871	0.56
Merck & Co. Inc.	764	64,062	79,697	0.57
Pfizer Inc.	1,340	69,303	79,852	0.57
Quest Diagnostics Inc.	681	80,845	77,416	0.55
		522,431	555,430	3.98
Industrials—12.48%				
3M Co.	304	82,173	79,078	0.57
Boeing Co. (The)	185	82,706	81,451	0.58
C.H. Robinson Worldwide Inc.	687	77,958	78,867	0.56
Caterpillar Inc.	465	75,689	80,666	0.58
Cummins Inc.	433	80,081	78,999	0.57
Dover Corp.	817	89,986	79,135	0.57
Emerson Electric Co.	979	84,073	79,858	0.57
Fastenal Co.	1,101	77,227	78,596	0.56
General Dynamics Corp.	367	77,520	78,767	0.56
Honeywell International Inc.	435	83,034	78,461	0.56
Hubbell Inc.	586	85,049	79,473	0.57

First Trust Value Line® Dividend Index ETF (CAD-Hedged)
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For the year ended December 31, 2018

Illinois Tool Works Inc.	457	85,000	79,041	0.57
Lockheed Martin Corp.	222	84,782	79,357	0.57
MSC Industrial Direct Co. Inc., Class 'A'	738	81,781	77,498	0.56
PACCAR Inc.	1,013	79,269	79,022	0.57
Rockwell Automation Inc.	383	86,832	78,682	0.56
Snap-On Inc.	399	80,446	79,142	0.57
Stanley Black & Decker Inc.	489	80,012	79,936	0.57
Union Pacific Corp.	424	73,969	80,014	0.57
United Parcel Service Inc., Class 'B'	605	88,608	80,555	0.58
United Technologies Corp.	532	83,533	77,335	0.55
Watsco Inc., Class 'A'	410	86,586	77,881	0.56
		1,806,314	1,741,814	12.48
Information Technology—4.54%				
Analog Devices Inc.	676	79,078	79,210	0.57
Automatic Data Processing Inc.	446	86,932	79,836	0.57
Cisco Systems Inc.	1,349	69,541	79,799	0.57
Intel Corp.	1,247	71,221	79,894	0.58
International Business Machines Corp.	505	89,855	78,367	0.56
Leidos Holdings Inc.	1,075	76,948	77,371	0.56
Paychex Inc.	882	76,862	78,448	0.56
Texas Instruments Inc.	619	76,347	79,858	0.57
		626,784	632,783	4.54
Materials—3.40%				
Air Products and Chemicals Inc.	363	74,914	79,316	0.57
Avery Dennison Corp.	649	78,203	79,591	0.57
Bemis Co. Inc.	1,245	74,509	78,015	0.56
DowDuPont Inc.	1,107	84,552	80,823	0.58
Sensient Technologies Corp.	1,029	85,806	78,457	0.56
Sonoco Products Co.	1,079	75,048	78,263	0.56
		473,032	474,465	3.40
Utilities—20.17%				
Allete Inc.	738	74,734	76,793	0.55
Alliant Energy Corp.	1,319	73,120	76,079	0.55
Ameren Corp.	859	66,469	76,496	0.55
American Electric Power Co. Inc.	739	69,482	75,404	0.54
Aqua America Inc.	1,678	76,360	78,323	0.56
Avangrid Inc.	1,106	72,570	75,631	0.54
Avista Corp.	1,263	84,169	73,246	0.53
Black Hills Corp.	900	70,667	77,137	0.55
CMS Energy Corp.	1,126	70,151	76,323	0.55
Consolidated Edison Inc.	722	73,510	75,365	0.54
Dominion Energy Inc.	764	73,750	74,534	0.53
DTE Energy Co.	499	70,656	75,140	0.54
Duke Energy Corp.	648	69,443	76,345	0.55
El Paso Electric Co.	1,110	82,133	75,966	0.54
Eversource Energy	972	71,995	75,332	0.54
Eversource Energy	857	67,991	76,095	0.55
FirstEnergy Corp.	1,516	73,929	77,715	0.56
Hawaiian Electric Industries Inc.	1,532	72,578	76,590	0.55
IDACORP Inc.	596	73,706	75,719	0.54
MDU Resources Group Inc.	2,358	81,491	76,744	0.55
New Jersey Resources Corp.	1,229	71,476	76,627	0.55
NextEra Energy Inc.	323	66,059	76,648	0.55
Northwest Natural Holding Co.	918	77,294	75,772	0.54
NorthWestern Corp.	937	74,671	76,035	0.54
OGE Energy Corp.	1,422	66,825	76,080	0.55
Otter Tail Corp.	1,142	69,635	77,392	0.55
Pinnacle West Capital Corp.	642	68,680	74,674	0.54
Portland General Electric Co.	1,230	74,420	76,991	0.55
PPL Corp.	1,970	80,307	76,192	0.55
Public Services Enterprise Group Inc.	1,089	74,794	77,383	0.55
Sempra Energy	506	72,831	74,737	0.54
South Jersey Industries Inc.	2,029	83,121	77,006	0.55
Southern Co. (The)	1,263	77,084	75,729	0.54
Spire Inc.	764	75,214	77,266	0.55
Vectren Corp.	759	68,585	74,585	0.53
WEC Energy Group Inc.	804	69,316	76,021	0.54
Xcel Energy Inc.	1,118	68,949	75,200	0.54
		2,708,165	2,815,315	20.17
		12,128,186	11,984,987	85.88

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

INTERNATIONAL EQUITIES

Belgium—0.53%				
Anheuser-Busch InBev NV, ADR	831	98,297	74,660	0.53
		98,297	74,660	0.53
Bermuda—1.12%				
Axis Capital Holdings Ltd.	1,107	77,990	78,042	0.56
Everest Re Group Ltd.	264	75,833	78,484	0.56
		153,823	156,526	1.12
France—1.11%				
Sanofi SA, ADR	1,310	74,844	77,635	0.56
TOTAL SA, ADR	1,082	80,080	77,077	0.55
		154,924	154,712	1.11
India—0.56%				
Infosys Technologies Ltd., ADR	5,985	69,160	77,785	0.56
		69,160	77,785	0.56
Ireland—0.56%				
Eaton Corp. PLC	838	79,300	78,550	0.56
		79,300	78,550	0.56
Japan—1.11%				
Canon Inc., ADR	2,058	87,577	77,544	0.56
Toyota Motor Corp., ADR	486	79,199	77,018	0.55
		166,776	154,562	1.11
Switzerland—2.25%				
ABB Ltd., ADR	2,988	87,541	77,546	0.56
Chubb Ltd.	452	80,678	79,713	0.57
Novartis AG, ADR	659	73,134	77,201	0.55
TE Connectivity Ltd.	768	85,858	79,296	0.57
		327,211	313,756	2.25
Taiwan—0.56%				
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	1,540	78,978	77,600	0.56
		78,978	77,600	0.56
United Kingdom—3.28%				
British American Tobacco PLC, ADR	1,725	104,174	75,029	0.54
Diageo PLC, ADR	393	72,428	76,079	0.54
GlaxoSmithKline PLC, ADR	1,459	73,556	76,108	0.55
Royal Dutch Shell PLC, Class 'B', ADR	958	81,078	78,393	0.56
Unilever PLC, ADR	1,066	76,371	76,040	0.54
WPP PLC, ADR	1,026	91,669	76,758	0.55
		499,276	458,407	3.28
		1,627,745	1,546,558	11.08
Total investments		14,476,441	14,215,582	101.86
Transaction costs		(1,093)		
Unrealized appreciation on derivatives - see Schedule 1			3,807	0.02
Unrealized depreciation on derivatives - see Schedule 1			(290,648)	(2.08)
Other assets, less liabilities			27,140	0.20
Total Net Assets Attributable to Holders of Redeemable Units		14,475,348	13,955,881	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount		Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	2019-01-31	CAD	950,000	USD	699,198	1.359	1.364	3,807
									3,807
Bank of New York Mellon (The), New York	A-1+	2019-01-31	USD	10,990,506	CAD	14,702,000	0.748	0.733	(290,648)
									(290,648)

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

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	6,600,636	4,199,960
Cash	33,631	31,080
Accrued dividend receivable	35,212	23,699
Other assets	1,638	1,784
	6,671,117	4,256,523
Liabilities		
Accrued liabilities	12,722	7,091
Redemptions payable	-	12,517
Distributions payable to holders of redeemable units	22,500	16,650
	35,222	36,258
Total net assets attributable to holders of redeemable units	6,635,895	4,220,265
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	6,635,895	4,220,265
Redeemable units outstanding [note 6]		
Units	250,000	150,000
Net assets attributable to holders of redeemable units per unit		
Units	26.54	28.14

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	302,328	171,526
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	(908,397)	573,654
Net realized gain (loss) on foreign exchange	(22)	(5,532)
Net change in unrealized appreciation (depreciation) of investments	(594,965)	(345,387)
	(1,201,056)	394,261
Foreign exchange gain (loss) on cash	2,371	(279)
	(1,198,685)	393,982
Expenses [note 7]		
Management fees	61,132	36,191
HST expense	6,209	3,680
Transaction costs [note 3 and note 9]	3,044	1,865
Independent Review Committee fees	1,409	1,032
Interest expense	10	1
	71,804	42,769
Expenses waived by manager	(1,409)	(1,032)
	70,395	41,737
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(1,269,080)	352,245
Withholding taxes	44,318	20,906
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,313,398)	331,339
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(1,313,398)	331,339
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(4.30)	1.72

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year	4,220,265	2,586,998
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,313,398)	331,339
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	30,985,183	9,823,760
Reinvested distributions	329,900	-
Redemption of units	(27,170,130)	(8,471,687)
	4,144,953	1,352,073
Distributions to holders of redeemable units from:		
Net investment income	-	-
Capital gains	(415,909)	-
Return of capital	(16)	(50,145)
	(415,925)	(50,145)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	2,415,630	1,633,267
Net assets attributable to holders of redeemable units, end of year	6,635,895	4,220,265

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(1,313,398)	331,339
Adjustments for:		
Net realized (gain) loss on sale of investments	908,397	(573,654)
Change in unrealized (appreciation) depreciation of investments	594,965	345,387
Dividends receivable	(11,513)	(18,962)
Other assets	146	(1,025)
Other liabilities	5,631	5,366
Purchases of investments	(37,262,119)	(13,343,745)
Proceeds from the sale of investments	33,358,081	11,942,464
	(3,719,810)	(1,312,830)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	30,985,183	9,823,760
Amount paid on redemptions of units	(27,182,647)	(8,459,170)
Distributions paid to unitholders	(80,175)	(43,495)
	3,722,361	1,321,095
Increase (Decrease) in cash for the year	2,551	8,265
Cash, beginning of year	31,080	22,815
Cash, end of year	33,631	31,080
Dividends received, net of withholding taxes	246,497	131,658

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, 2018

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, 2018 and 2017:

	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	6,600,636	–	–	6,600,636
Total	6,600,636	–	–	6,600,636
	Financial Assets (Liabilities) at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	4,199,960	–	–	4,199,960
Total	4,199,960	–	–	4,199,960

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units
Outstanding units – January 1, 2017	100,000
Redeemable units issued	350,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(300,000)
Outstanding units – December 31, 2017	150,000
Redeemable units issued	1,100,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1,000,000)
Outstanding units – December 31, 2018	250,000

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

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Financial Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
-	-	-	281,856

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
3,044	1,865

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
61,132	36,191	11,258	6,276

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Financial Services Index	297,288	(297,288)	198,361	(198,361)
Russell 1000® Index	286,671	(286,671)	204,691	(204,691)
S&P 500 Financials Index	267,758	(267,758)	168,818	(168,818)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	6,631,593	99.94	4,223,545	100.08

As at December 31, 2018, 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 \$66,316 (December 31, 2017 – \$42,235). 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, 2018

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Financials	86.61	87.12
Information Technology	10.52	10.30
Industrials	1.67	0.99
Consumer Discretionary	0.38	1.11
Materials	0.29	-
Total	99.47	99.52

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Consumer Discretionary—0.38%				
Lamar Advertising Co., Class 'A'	267	25,797	25,217	0.38
		25,797	25,217	0.38
Financials—86.61%				
Affiliated Managers Group Inc.	374	61,002	49,751	0.75
Aflac Inc.	1,094	64,020	68,045	1.03
AGNC Investment Corp.	2,773	65,449	66,401	1.00
Alleghany Corp.	60	49,185	51,057	0.77
Allstate Corp. (The)	417	49,106	47,040	0.71
Ally Financial Inc.	1,952	66,311	60,386	0.91
American Express Co.	385	54,079	50,100	0.75
American Financial Group Inc.	97	13,358	11,988	0.18
Ameriprise Financial Inc.	76	13,107	10,829	0.16
Annaly Capital Management Inc.	5,057	67,013	67,796	1.02
Aon PLC	199	41,596	39,491	0.59
Apartment Investment & Management Co., Class 'A'	242	14,183	14,497	0.22
Apple Hospitality REIT Inc.	1,186	25,561	23,089	0.35
Arch Capital Group Ltd.	691	25,544	25,206	0.38
Arthur J. Gallagher & Co.	273	26,753	27,468	0.41
Associated Banc-Corp.	1,164	36,575	31,448	0.47
Assurant Inc.	195	25,180	23,810	0.36
Assured Guaranty Ltd.	1,222	62,449	63,862	0.96
Athene Holding Ltd.	1,001	59,040	54,430	0.82
AvalonBay Communities Inc.	56	13,336	13,306	0.20
Axis Capital Holdings Ltd.	520	37,119	36,659	0.55
Bank of America Corp.	1,025	38,079	34,480	0.52
Bank of New York Mellon Corp. (The)	813	54,938	52,243	0.79
Bank OZK	1,088	45,376	33,910	0.51
BankUnited Inc.	1,460	67,108	59,676	0.90
BB&T Corp.	626	42,044	37,022	0.56
Berkshire Hathaway Inc., Class 'B'	244	67,162	68,014	1.02
BlackRock Inc.	42	23,981	22,524	0.34
BOK Financial Corp.	208	23,961	20,823	0.31
Brandywine Realty Trust	1,922	36,614	33,770	0.51
Brixmor Property Group Inc.	1,182	24,323	23,705	0.36
Brown & Brown Inc.	1,023	37,789	38,490	0.58
Capital One Financial Corp.	314	37,158	32,403	0.49
Cboe Global Markets Inc.	433	60,943	57,830	0.87
CBRE Group Inc., Class 'A'	684	39,012	37,389	0.56
Chimera Investment Corp.	2,852	68,795	69,383	1.05
Chubb Ltd.	228	40,328	40,209	0.61
Cincinnati Financial Corp.	535	54,699	56,546	0.85
CIT Group Inc.	803	49,747	41,954	0.63
Citizens Financial Group Inc.	1,076	52,840	43,672	0.66
CME Group Inc.	239	58,242	61,380	0.92
CNA Financial Corp.	907	56,179	54,668	0.82
Colony Capital Inc.	3,394	26,586	21,685	0.33
Columbia Property Trust Inc.	874	24,731	23,088	0.35
Comerica Inc.	228	25,097	21,381	0.32
Coresite Realty Corp.	97	12,732	11,551	0.17
Credit Acceptance Corp.	114	58,192	59,414	0.90
Crown Castle International Corp.	96	13,897	14,237	0.21
Cullen/Frost Bankers Inc.	105	14,067	12,606	0.19
Discover Financial Services	395	37,114	31,805	0.48
Duke Realty Corp.	373	13,722	13,189	0.20
E*TRADE Financial Corp.	198	14,025	11,861	0.18
East West Bancorp Inc.	347	25,529	20,621	0.31
EPR Properties	307	27,394	26,836	0.40
Equity Commonwealth	1,401	57,306	57,399	0.86
Equity Lifestyle Properties Inc.	110	13,901	14,586	0.22
Evercore Inc., Class 'A'	301	35,199	29,406	0.44
Everest Re Group Ltd.	50	14,521	14,864	0.22

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

F.N.B. Corp.	2,371	39,137	31,851	0.48
Fidelity National Financial Inc.	1,052	47,214	45,154	0.68
Fifth Third Bancorp	1,853	68,023	59,524	0.90
First American Financial Corp.	1,005	63,733	61,247	0.92
First Citizens Bancshares Inc.	47	26,208	24,193	0.36
First Data Corp., Class 'A'	2,116	52,261	48,849	0.74
First Hawaiian Inc.	393	13,614	12,077	0.18
First Horizon National Corp.	617	13,621	11,085	0.17
Franklin Resources Inc.	680	29,750	27,535	0.41
Gaming and Leisure Properties Inc.	304	13,494	13,409	0.20
Goldman Sachs Group Inc. (The)	134	36,386	30,560	0.46
Hanover Insurance Group Inc.	88	13,193	14,029	0.21
Highwoods Properties Inc.	224	12,971	11,832	0.18
Hospitality Properties Trust	1,051	36,853	34,264	0.52
Host Hotels & Resorts Inc.	979	24,983	22,280	0.34
Howard Hughes Corp. (The)	169	25,561	22,523	0.34
Huntington Bancshares Inc.	2,774	54,052	45,142	0.68
Interactive Brokers Group Inc., Class 'A'	196	14,294	14,623	0.22
Intercontinental Exchange Inc.	278	28,673	28,590	0.43
Invesco Ltd.	2,257	66,030	51,580	0.78
Jones Lang LaSalle Inc.	208	39,302	35,950	0.54
JPMorgan Chase & Co.	263	37,987	35,050	0.53
KeyCorp	1,038	25,666	20,944	0.32
Kimco Realty Corp.	2,470	50,406	49,400	0.74
Lazard Ltd., Class 'A'	222	12,439	11,187	0.17
Legg Mason Inc.	1,655	66,327	57,637	0.87
Liberty Property Trust	254	14,326	14,522	0.22
Lincoln National Corp.	762	64,541	53,377	0.80
Loews Corp.	819	51,852	50,896	0.77
LPL Financial Holdings Inc.	643	53,010	53,618	0.81
M&T Bank Corp.	127	28,203	24,816	0.37
Markel Corp.	26	38,164	36,846	0.56
Marsh & McLennan Cos. Inc.	125	14,064	13,609	0.20
Medical Properties Trust Inc.	2,025	41,443	44,454	0.67
Mercury General Corp.	215	14,957	15,178	0.23
MetLife Inc.	885	51,490	49,609	0.75
MFA Financial Inc.	7,036	66,357	64,165	0.97
Moody's Corp.	61	12,412	11,662	0.18
Morgan Stanley	884	53,160	47,851	0.72
Morningstar Inc.	325	50,104	48,735	0.73
Nasdaq Inc.	356	41,268	39,644	0.60
National Retail Properties Inc.	241	14,820	15,960	0.24
Navient Corp.	2,240	35,645	26,941	0.41
New Residential Investment Corp.	2,901	65,309	56,278	0.85
New York Community Bancorp Inc.	3,992	54,008	51,283	0.77
Northern Trust Corp.	102	13,282	11,640	0.18
Old Republic International Corp.	1,843	51,452	51,755	0.78
OneMain Holdings Inc.	1,231	48,021	40,821	0.62
Outfront Media Inc.	1,039	28,056	25,702	0.39
PacWest Bancorp	631	35,742	28,669	0.43
Park Hotels & Resorts Inc.	1,574	62,447	55,827	0.84
People's United Financial Inc.	1,761	38,702	34,691	0.52
Pinnacle Financial Partners Inc.	341	25,604	21,461	0.32
PNC Financial Services Group Inc.	301	54,072	48,041	0.72
Popular Inc.	587	40,660	37,841	0.57
Principal Financial Group Inc.	707	48,223	42,633	0.64
Progressive Corp. (The)	723	58,916	59,548	0.90
Prologis Inc.	446	38,678	35,753	0.54
Prosperity Bancshares Inc.	436	39,785	37,083	0.56
Prudential Financial Inc.	510	63,605	56,779	0.86
Raymond James Financial Inc.	224	24,055	22,755	0.34
Rayonier Inc.	889	37,115	33,606	0.51
Realogy Holdings Corp.	2,502	65,044	50,143	0.76
Regions Financial Corp.	1,130	24,896	20,641	0.31
Reinsurance Group of America Inc.	353	68,229	67,579	1.02
RenaissanceRe Holdings Ltd.	79	13,567	14,420	0.22
Retail Properties of America Inc.	3,396	53,817	50,303	0.76

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Santander Consumer USA Holdings Inc.	2,577	63,794	61,884	0.93
Senior Housing Properties Trust	2,940	56,708	47,040	0.71
Signature Bank	180	27,429	25,264	0.38
SL Green Realty Corp.	107	13,166	11,552	0.17
SLM Corp.	1,852	25,503	21,011	0.32
Spirit Realty Capital Inc.	260	13,315	12,512	0.19
Starwood Property Trust Inc.	962	27,553	25,886	0.39
State Street Corp.	361	36,951	31,083	0.47
Sterling Bancorp	479	12,352	10,796	0.16
Store Capital Corp.	387	14,294	14,957	0.23
SunTrust Banks Inc.	456	38,651	31,401	0.47
SVB Financial Group	169	55,561	43,818	0.66
Synchrony Financial	1,331	48,967	42,629	0.64
Synovus Financial Corp.	236	12,934	10,307	0.16
T. Rowe Price Group Inc.	376	49,123	47,389	0.71
TCF Financial Corp.	1,740	51,384	46,298	0.70
Texas Capital Bancshares Inc.	126	11,459	8,788	0.13
Torchmark Corp.	599	67,338	60,947	0.92
Travelers Cos. Inc. (The)	228	38,892	37,274	0.56
Two Harbors Investment Corp.	3,465	66,136	60,739	0.92
U.S. Bancorp	394	27,810	24,582	0.37
Umpqua Holdings Corp.	992	26,377	21,533	0.32
Unum Group	1,319	64,908	52,905	0.80
Ventas Inc.	761	59,092	60,870	0.92
Virtu Financial Inc.	1,013	34,667	35,625	0.54
Visa Inc., Class 'A'	276	48,133	49,714	0.75
Voya Financial Inc.	419	25,228	22,961	0.35
W.R. Berkley Corp.	373	37,301	37,636	0.57
Webster Financial Corp.	181	14,169	12,180	0.18
Weingarten Realty Investors	1,740	64,841	58,935	0.89
Wells Fargo & Co.	573	40,545	36,047	0.54
Western Alliance Bancorp	190	12,585	10,243	0.15
Willis Towers Watson PLC	150	30,435	31,098	0.47
Wintrust Financial Corp.	240	25,352	21,785	0.33
Worldpay Inc.	405	44,710	42,259	0.64
WP Carey Inc.	166	14,538	14,808	0.22
Zions Bancorporation NA	606	39,292	33,705	0.51
		6,216,069	5,747,390	86.61
Industrials—1.67%				
Dun & Bradstreet Corp. (The)	290	53,391	56,512	0.85
Equifax Inc.	84	11,821	10,680	0.16
TransUnion	566	46,270	43,889	0.66
		111,482	111,081	1.67
Information Technology—10.52%				
Alliance Data Systems Corp.	45	12,163	9,220	0.14
Broadridge Financial Solutions Inc., ADR	310	41,569	40,734	0.61
CoreLogic Inc.	415	23,154	18,934	0.29
Euronet Worldwide Inc.	517	73,746	72,261	1.09
FactSet Research Systems Inc.	135	40,087	36,884	0.56
Fair Issac Corp.	228	56,106	58,207	0.88
Fidelity National Information Services Inc.	281	37,998	39,340	0.59
Fiserv Inc.	253	25,344	25,383	0.38
FleetCor Technologies Inc.	128	32,494	32,454	0.49
Global Payments Inc.	167	24,315	23,513	0.35
Jack Henry & Associates Inc.	319	57,901	55,099	0.83
MasterCard Inc., Class 'A'	237	58,774	61,038	0.92
MSCI Inc., Class 'A'	229	44,931	46,091	0.69
PayPal Holdings Inc.	472	49,804	54,186	0.82
Square Inc., Class 'A'	526	42,392	40,278	0.61
Total System Service Inc.	307	34,590	34,070	0.51
WEX Inc.	262	54,403	50,097	0.76
		709,771	697,789	10.52
Materials—0.29%				
Weyerhaeuser Co.	642	23,608	19,159	0.29
		23,608	19,159	0.29
Total investments		7,086,727	6,600,636	99.47
Transaction costs		(292)		
Other assets, less liabilities			35,259	0.53
Total Net Assets Attributable to Holders of Redeemable Units		7,086,435	6,635,895	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	1,575,738	1,293,326
Cash	11,262	5,422
Accrued dividend receivable	651	365
Other assets	496	94
	1,588,147	1,299,207
Liabilities		
Accrued liabilities	1,379	967
	1,379	967
Total net assets attributable to holders of redeemable units	1,586,768	1,298,240
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	1,586,768	1,298,240
Redeemable units outstanding [note 6]		
Units	150,000	100,000
Net assets attributable to holders of redeemable units per unit		
Units	10.58	12.98

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	58,897	44,401
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	983,262	(259,471)
Net realized gain (loss) on foreign exchange	(145)	(65)
Net change in unrealized appreciation (depreciation) of investments	(550,933)	(139,872)
	491,081	(355,007)
Foreign exchange gain (loss) on cash	248	103
	491,329	(354,904)
Expenses [note 7]		
Management fees	21,992	14,347
Transaction costs [note 3 and note 9]	2,581	2,076
HST expense	2,324	1,745
Independent Review Committee fees	506	399
Interest expense	3	4
	27,406	18,571
Expenses waived by manager	(506)	(399)
	26,900	18,172
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	464,429	(373,076)
Withholding taxes	6,644	5,325
Increase (Decrease) in net assets attributable to holders of redeemable units	457,785	(378,401)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	457,785	(378,401)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	1.92	(2.32)

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year	1,298,240	2,942,975
Increase (Decrease) in net assets attributable to holders of redeemable units	457,785	(378,401)
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	8,136,789	631,603
Reinvested distributions	122,685	-
Redemption of units	(8,306,046)	(1,894,112)
	(46,572)	(1,262,509)
Distributions to holders of redeemable units from:		
Net investment income	-	-
Capital gains	(122,685)	-
Return of capital	-	(3,825)
	(122,685)	(3,825)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	288,528	(1,644,735)
Net assets attributable to holders of redeemable units, end of year	1,586,768	1,298,240

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	457,785	(378,401)
Adjustments for:		
Net realized (gain) loss on sale of investments	(983,262)	259,471
Change in unrealized (appreciation) depreciation of investments	550,933	139,872
Dividends receivable	(287)	(243)
Other assets	(402)	18
Other liabilities	412	(728)
Purchases of investments	(11,315,012)	(2,670,495)
Proceeds from the sale of investments	11,464,930	3,914,822
	175,097	1,264,316
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	8,136,789	631,603
Amount paid on redemptions of units	(8,306,046)	(1,894,112)
Distributions paid to unitholders	-	(3,825)
	(169,257)	(1,266,334)
Increase (Decrease) in cash for the year	5,840	(2,018)
Cash, beginning of year	5,422	7,440
Cash, end of year	11,262	5,422
Dividends received, net of withholding taxes	51,966	38,833

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	1,575,738	–	–	1,575,738
Total	1,575,738	–	–	1,575,738
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	1,293,326	–	–	1,293,326
Total	1,293,326	–	–	1,293,326

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units
Outstanding units – January 1, 2017	200,000
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(150,000)
Outstanding units – December 31, 2017	100,000
Redeemable units issued	650,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(600,000)
Outstanding units – December 31, 2018	150,000

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

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Energy Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
-	-	1,340,866	1,368,623

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
2,581	2,076

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
21,992	14,347	1,215	850

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Energy Index	85,844	(85,844)	75,301	(75,301)
Russell 1000® Index	78,624	(78,624)	50,634	(50,634)
S&P 500 Energy Index	86,241	(86,241)	75,301	(75,301)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	1,585,474	99.92	1,297,859	99.97

As at December 31, 2018, 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 \$15,855 (December 31, 2017 - \$12,979). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Energy Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Energy	98.30	98.17
Materials	1.00	1.45
Total	99.30	99.62

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Energy—98.30%				
Anadarko Petroleum Corp.	193	16,543	11,551	0.73
Antero Resources Corp.	2,934	66,399	37,612	2.37
Apache Corp.	920	49,206	32,970	2.08
Centennial Resource Development Inc.	1,189	27,724	17,888	1.13
Cheniere Energy Inc.	1,052	87,104	85,008	5.36
Chesapeake Energy Corp.	2,893	14,581	8,294	0.52
Chevron Corp.	425	66,424	63,121	3.98
Cimarex Energy Co.	559	67,133	47,048	2.96
Concho Resources Inc.	287	53,161	40,274	2.54
ConocoPhillips	336	32,742	28,600	1.80
Continental Resources Inc.	642	47,449	35,225	2.22
Diamondback Energy Inc.	580	87,914	73,401	4.63
EOG Resources Inc.	344	51,448	40,956	2.58
EQT Corp.	1,080	41,017	27,852	1.75
Extraction Oil & Gas Inc.	2,301	29,941	13,476	0.85
Exxon Mobil Corp.	611	64,401	56,880	3.58
Helmerich & Payne Inc.	1,063	89,796	69,571	4.38
HollyFrontier Corp.	1,045	81,766	72,930	4.60
Kinder Morgan Inc.	733	16,555	15,391	0.97
Kosmos Energy Ltd.	5,557	57,469	30,877	1.95
Marathon Oil Corp.	558	13,624	10,924	0.69
Marathon Petroleum Corp.	914	86,236	73,632	4.64
Murphy Oil Corp.	779	31,377	24,875	1.57
Nabors Industries Ltd.	4,218	32,519	11,517	0.73
National-Oilwell Varco Inc.	302	16,197	10,596	0.67
Newfield Exploration Co.	1,521	52,331	30,441	1.92
Noble Energy Inc.	1,666	64,259	42,668	2.69
Occidental Petroleum Corp.	158	15,365	13,240	0.83
ONEOK Inc.	383	32,767	28,209	1.78
Parsley Energy Inc., Class 'A'	888	31,531	19,372	1.22
Patterson-UTI Energy Inc.	3,037	68,268	42,912	2.70
PBF Energy Inc.	1,464	80,043	65,296	4.11
Phillips 66	648	88,093	76,213	4.80
Pioneer Natural Resources Co.	75	16,491	13,466	0.85
QEP Resources Inc.	3,873	50,213	29,768	1.88
Range Resources Corp.	2,580	52,334	33,708	2.12
RPC Inc.	4,720	95,462	63,600	4.01
SM Energy Co.	1,648	51,469	34,828	2.19
Targa Resources Corp.	231	14,650	11,359	0.72
Valero Energy Corp.	642	81,165	65,708	4.14
Williams Cos. Inc. (The)	1,612	55,635	48,525	3.06
		2,078,802	1,559,782	98.30
Materials—1.00%				
Valvoline Inc.	604	16,318	15,956	1.00
		16,318	15,956	1.00
Total investments		2,095,120	1,575,738	99.30
Transaction costs		(244)		
Other assets, less liabilities			11,030	0.70
Total Net Assets Attributable to Holders of Redeemable Units		2,094,876	1,586,768	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	2,383,814	3,772,147
Cash	14,480	66,695
Accrued dividend receivable	11,630	11,973
Other assets	917	1,693
	2,410,841	3,852,508
Liabilities		
Accrued liabilities	9,693	9,538
Redemptions payable	-	20,586
Distributions payable to holders of redeemable units	7,000	29,470
	16,693	59,594
Total net assets attributable to holders of redeemable units	2,394,148	3,792,914
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	2,394,148	3,792,914
Redeemable units outstanding [note 6]		
Units	100,000	150,000
Net assets attributable to holders of redeemable units per unit		
Units	23.94	25.29

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	127,341	158,036
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	(74,386)	1,348,882
Net realized gain (loss) on foreign exchange	298	618
Net change in unrealized appreciation (depreciation) of investments	(396,215)	177,825
	(342,962)	1,685,361
Foreign exchange gain (loss) on cash	361	(2,529)
	(342,601)	1,682,832
Expenses [note 7]		
Management fees	47,493	46,345
HST expense	5,441	4,245
Transaction costs [note 3 and note 9]	1,906	2,063
Independent Review Committee fees	1,104	1,395
Interest expense	9	2
	55,953	54,050
Expenses waived by manager	(1,104)	(1,395)
	54,849	52,655
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(397,450)	1,630,177
Withholding taxes	15,836	14,563
Increase (Decrease) in net assets attributable to holders of redeemable units	(413,286)	1,615,614
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(413,286)	1,615,614
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(1.56)	5.77

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year	3,792,914	2,285,733
Increase (Decrease) in net assets attributable to holders of redeemable units	(413,286)	1,615,614
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	21,072,016	15,002,824
Reinvested distributions	290,110	20,995
Redemption of units	(22,015,496)	(15,053,787)
	(653,370)	(29,968)
Distributions to holders of redeemable units from:		
Net investment income	(50,548)	(78,465)
Capital gains	(281,553)	-
Return of capital	(9)	-
	(332,110)	(78,465)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(1,398,766)	1,507,181
Net assets attributable to holders of redeemable units, end of year	2,394,148	3,792,914

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(413,286)	1,615,614
Adjustments for:		
Net realized (gain) loss on sale of investments	74,386	(1,348,882)
Change in unrealized (appreciation) depreciation of investments	396,215	(177,825)
Dividends receivable	343	(9,645)
Other assets	776	(538)
Other liabilities	155	7,976
Purchases of investments	(25,561,717)	(19,076,778)
Proceeds from the sale of investments	26,479,449	19,109,518
	976,321	119,440
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	21,072,016	15,002,824
Amount paid on redemptions of units	(22,036,082)	(15,033,201)
Distributions paid to unitholders	(64,470)	(28,000)
	(1,028,536)	(58,377)
Increase (decrease) in cash for the year	(52,215)	61,063
Cash, beginning of year	66,695	5,632
Cash, end of year	14,480	66,695
Dividends received, net of withholding taxes	111,848	133,827

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	2,383,814	–	–	2,383,814
Total	2,383,814	–	–	2,383,814
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	3,772,147	–	–	3,772,147
Total	3,772,147	–	–	3,772,147

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units
Outstanding units – January 1, 2017	100,000
Redeemable units issued	650,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(600,000)
Outstanding units – December 31, 2017	150,000
Redeemable units issued	850,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(900,000)
Outstanding units – December 31, 2018	100,000

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

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
-	29,096	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
1,906	2,063

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
47,493	46,345	8,579	8,441

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Consumer Discretionary and Services Index	103,427	(103,427)	189,654	(189,654)
Russell 1000® Index	107,497	(107,497)	182,068	(182,068)
S&P 500 Consumer Discretionary Index	97,801	(97,801)	183,964	(183,964)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	2,391,909	99.91	3,788,496	99.88

As at December 31, 2018, 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 \$23,919 (December 31, 2017 - \$37,885). 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, 2018

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Consumer Discretionary	87.45	92.92
Communication Services	7.39	0.80
Industrials	2.81	1.92
Consumer Staples	1.92	2.46
Information Technology	–	1.35
Total	99.57	99.45

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Communication Services—7.39%				
Cable One Inc.	28	31,036	31,349	1.31
Comcast Corp., Class 'A'	921	42,422	42,813	1.79
Discovery Inc., Series 'A'	195	7,782	6,586	0.27
Liberty Broadband Corp.	387	39,107	38,056	1.59
Liberty Media Corp.	336	14,281	14,082	0.59
Lions Gate Entertainment Corp., Class 'A'	513	13,583	11,275	0.47
Twenty-First Century Fox Inc., Class 'A'	135	7,996	8,869	0.37
Walt Disney Co. (The)	160	23,300	23,951	1.00
		179,507	176,981	7.39
Consumer Discretionary—87.45%				
Adient PLC	318	14,778	6,538	0.27
Advance Auto Parts Inc.	148	30,654	31,815	1.33
Amazon.com Inc.	16	34,393	32,808	1.37
AMC Networks Inc.	189	13,660	14,160	0.59
Aramark	145	6,698	5,735	0.24
AutoNation Inc.	599	33,770	29,194	1.22
AutoZone Inc.	24	23,380	27,468	1.15
Best Buy Co. Inc.	236	21,152	17,063	0.71
BorgWarner Inc.	438	22,404	20,773	0.87
Bright Horizons Family Solutions Inc.	158	22,876	24,040	1.00
Brunswick Corp.	93	6,252	5,897	0.25
Burlington Stores Inc.	153	32,716	33,978	1.42
Caesars Entertainment Corp.	2,438	28,686	22,600	0.94
CarMax Inc.	84	7,797	7,194	0.30
Carnival Corp.	390	28,304	26,249	1.10
CBS Corp., Class 'B'	109	7,700	6,506	0.27
Charter Communications Inc., Class 'A'	100	38,728	38,904	1.63
Chipotle Mexican Grill Inc., Class 'A'	41	23,272	24,169	1.01
Choice Hotels International Inc.	75	7,030	7,329	0.31
Cinemark Holdings Inc.	311	15,906	15,200	0.64
Columbia Sportswear Co.	134	15,139	15,383	0.64
D.R. Horton Inc.	590	28,584	27,917	1.17
Darden Restaurants Inc.	165	22,639	22,494	0.94
Dick's Sporting Goods Inc.	919	39,429	39,144	1.64
DISH Network Corp., Class 'A'	912	35,296	31,089	1.30
Dollar General Corp.	171	23,470	25,231	1.05
Dollar Tree Inc.	303	33,586	37,361	1.56
Domino's Pizza Inc.	63	21,127	21,329	0.89
Dunkin' Brands Group Inc.	85	8,044	7,441	0.31
Expedia Group Inc.	48	7,627	7,382	0.31
Extended Stay America Inc.	618	13,491	13,077	0.55
Foot Locker Inc.	366	21,739	26,582	1.11
Ford Motor Co.	2,692	32,672	28,115	1.17
Gap Inc. (The)	863	30,858	30,350	1.27
Garmin Ltd.	89	7,088	7,694	0.32
General Motors Co.	555	24,148	25,345	1.06
Gentex Corp.	1,160	31,146	32,005	1.34
Goodyear Tire & Rubber Co. (The)	801	22,663	22,319	0.93
Graham Holdings Co., Class 'B'	56	41,143	48,973	2.05
H&R Block Inc.	485	16,050	16,798	0.70
Harley-Davidson Inc.	138	6,734	6,428	0.27
Hasbro Inc.	59	7,255	6,544	0.27
Hilton Worldwide Holdings Inc.	77	6,976	7,548	0.32
Home Depot Inc. (The)	60	13,698	14,074	0.59
Hyatt Hotels Corp., Class 'A'	235	21,005	21,688	0.91
Interpublic Group of Cos. Inc. (The)	273	8,173	7,689	0.32
John Wiley & Sons Inc., Class 'A'	206	14,812	13,209	0.55
Kohl's Corp.	334	31,143	30,249	1.26
Las Vegas Sands Corp.	316	22,220	22,455	0.94
Lear Corp.	225	39,278	37,739	1.58
Leggett & Platt Inc.	143	6,709	6,997	0.29
Lennar Corp., Class 'A'	267	15,027	14,270	0.60
Live Nation Inc.	599	38,313	40,274	1.68
LKQ Corp.	395	14,381	12,796	0.53
Lowe's Cos. Inc.	217	27,056	27,361	1.14
Lululemon Athletica Inc.	201	33,348	33,370	1.39

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Macy's Inc.	939	39,100	38,176	1.59
Madison Square Garden Co. (The)	59	20,555	21,562	0.90
Marriott International Inc., Class 'A'	47	7,016	6,966	0.29
MGM Resorts International	892	30,293	29,543	1.23
Michael Kors Holdings Ltd.	273	20,053	14,133	0.59
Michaels Cos. Inc. (The)	770	15,673	14,233	0.59
Mohawk Industries Inc.	142	23,847	22,674	0.95
Netflix Inc.	33	12,575	12,058	0.50
Newell Brands Inc.	1,606	36,196	40,759	1.70
Nielsen Holdings PLC	226	7,606	7,198	0.30
Nike Inc., Class 'B'	147	13,745	14,879	0.62
Nordstrom Inc.	416	32,722	26,471	1.11
Norwegian Cruise Line Holdings Ltd.	325	19,163	18,808	0.79
O'Reilly Automotive Inc.	72	30,400	33,846	1.41
Penske Automotive Group Inc.	525	31,413	28,899	1.21
Pool Corp.	112	20,694	22,729	0.95
PulteGroup Inc.	1,005	31,833	35,659	1.49
PVH Corp.	129	20,401	16,369	0.68
Qurate Retail Group Inc. QVC Group, Series 'A'	1,468	41,406	39,120	1.63
Ross Stores Inc.	251	31,035	28,510	1.19
Royal Caribbean Cruises Ltd.	144	19,725	19,224	0.80
Service Corp. International	283	15,914	15,555	0.65
Skechers U.S.A. Inc., Class 'A'	447	15,767	13,968	0.58
Tapestry Inc.	249	13,807	11,473	0.48
Target Corp.	141	14,702	12,722	0.53
Thor Industries Inc.	391	36,374	27,757	1.16
Tiffany & Co.	48	6,947	5,276	0.22
TJX Cos. Inc.	582	39,662	35,548	1.49
Toll Brothers Inc.	987	41,894	44,372	1.85
Tractor Supply Co.	274	31,884	31,212	1.30
Tribune Media Co., Class 'A'	848	41,644	52,536	2.19
Ulta Beauty Inc.	88	31,469	29,414	1.23
Under Armour Inc., Class 'A'	295	7,170	7,116	0.30
Urban Outfitters Inc.	153	7,751	6,935	0.29
V.F. Corp.	197	20,174	19,186	0.80
Viacom Inc., Class 'B'	966	37,797	33,893	1.42
Visteon Corp.	67	7,019	5,514	0.23
Wayfair Inc., Class 'A'	221	30,666	27,178	1.14
Williams-Sonoma Inc.	285	20,865	19,629	0.82
Yum China Holdings Inc.	356	15,134	16,296	0.68
		2,144,314	2,093,736	87.45
Consumer Staples—1.92%				
Costco Wholesale Corp.	139	38,882	38,657	1.62
L Brands Inc.	206	8,446	7,219	0.30
		47,328	45,876	1.92
Industrials—2.81%				
AMERCO Inc.	92	38,954	41,210	1.72
Fortune Brands Home & Security Inc.	239	13,769	12,395	0.52
KAR Auction Services Inc.	209	15,151	13,616	0.57
		67,874	67,221	2.81
Total investments		2,439,023	2,383,814	99.57
Transaction costs		(87)		
Other assets, less liabilities			10,334	0.43
Total Net Assets Attributable to Holders of Redeemable Units		2,438,936	2,394,148	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	6,688,636	3,411,387
Cash	42,867	46,723
Accrued dividend receivable	3,386	1,522
Derivative assets	1,092	5,054
	6,735,981	3,464,686
Liabilities		
Accrued liabilities	6,024	3,430
Distributions payable to holders of redeemable units	37,975	38,620
Derivative liabilities	84,587	-
	128,586	42,050
Total net assets attributable to holders of redeemable units	6,607,395	3,422,636
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	2,279,556	2,421,369
Hedged Units	4,327,839	1,001,267
Redeemable units outstanding [note 6]		
Units	100,000	100,000
Hedged Units	250,000	50,000
Net assets attributable to holders of redeemable units per unit		
Units	22.80	24.21
Hedged Units	17.31	20.03

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	132,741	64,700
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	160,496	(70,229)
Net realized gain (loss) on derivatives	(160,594)	3,843
Net realized gain (loss) on foreign exchange	(2,056)	(20,203)
Net change in unrealized appreciation (depreciation) of investments	(547,711)	105,645
Net change in unrealized appreciation (depreciation) of derivatives	(88,550)	5,054
	(505,674)	88,810
Foreign exchange gain (loss) on cash	1,444	(616)
	(504,230)	88,194
Expenses [note 7]		
Management fees	35,065	25,595
HST expense	4,074	4,343
Transaction costs [note 3 and note 9]	2,600	3,936
Independent Review Committee fees	789	747
Interest expense	1	39
	42,529	34,660
Expenses waived by manager	(789)	(747)
	41,740	33,913
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(545,970)	54,281
Withholding taxes	31,761	9,038
Increase (Decrease) in net assets attributable to holders of redeemable units	(577,731)	45,243
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(110,263)	43,976
Hedged Units	(467,468)	1,267
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(1.10)	0.29
Hedged Units	(3.45)	0.03

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

On behalf of the Trustee,
FT Portfolios Canada Co.



..... Director



..... Director

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

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

For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Units	Units	Hedged Units	Hedged Units
Net assets attributable to holders of redeemable units, beginning of year	2,421,369	2,462,005	1,001,267	-
Increase (Decrease) in net assets attributable to holders of redeemable units	(110,263)	43,976	(467,468)	1,267
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	1,221,141	12,800,112	3,820,065	1,000,000
Reinvested distributions	26,540	-	-	-
Redemption of units	(1,221,141)	(12,839,729)	-	-
	26,540	(39,617)	3,820,065	1,000,000
Distributions to holders of redeemable units from:				
Net investment income	(31,546)	(44,995)	(26,025)	-
Capital gains	(26,544)	-	-	-
Return of capital	-	-	-	-
	(58,090)	(44,995)	(26,025)	-
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(141,813)	(40,636)	3,326,572	1,001,267
Net assets attributable to holders of redeemable units, end of year	2,279,556	2,421,369	4,327,839	1,001,267
			December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year			Total	Total
			3,422,636	2,462,005
Increase (Decrease) in net assets attributable to holders of redeemable units			(577,731)	45,243
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			5,041,206	13,800,112
Reinvested distributions			26,540	-
Redemption of units			(1,221,141)	(12,839,729)
			3,846,605	960,383
Distributions to holders of redeemable units from:				
Net investment income			(57,571)	(44,995)
Capital gains			(26,544)	-
Return of capital			-	-
			(84,115)	(44,995)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			3,184,759	960,631
Net assets attributable to holders of redeemable units, end of year			6,607,395	3,422,636

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(577,731)	45,243
Adjustments for:		
Net realized (gain) loss on sale of investments	(160,496)	70,229
Change in unrealized (appreciation) depreciation of investments and derivatives	636,261	(110,699)
Dividends receivable	(1,864)	1,627
Other assets	-	1,233
Other liabilities	2,594	1,433
Purchases of investments	(9,529,371)	(17,895,740)
Proceeds from the sale of investments	5,864,906	16,968,528
	(3,765,701)	(918,146)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	5,041,206	13,800,112
Amount paid on redemptions of units	(1,221,141)	(12,839,729)
Distributions paid to unitholders	(58,220)	(18,875)
	3,761,845	941,508
Increase (decrease) in cash for the year	(3,856)	23,362
Cash, beginning of year	46,723	23,361
Cash, end of year	42,867	46,723
Dividends received, net of withholding taxes	99,116	57,289

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	6,688,636	–	–	6,688,636
Derivative assets*	–	1,092	–	1,092
Derivative liabilities*	–	(84,587)	–	(84,587)
Total	6,688,636	(83,495)	–	6,605,141
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	3,411,387	–	–	3,411,387
Derivative assets*	–	5,054	–	5,054
Total	3,411,387	5,054	–	3,416,441

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

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2017	100,000	–
Redeemable units issued	550,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(550,000)	–
Outstanding units – December 31, 2017	100,000	50,000
Redeemable units issued	50,000	200,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	–
Outstanding units – December 31, 2018	100,000	250,000

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards – There were no net capital losses and non-capital losses as at December 31, 2018 and 2017.

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
2,600	3,936

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
35,065	25,595	3,761	1,946

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Units				
Russell 1000® Consumer Staples Index	292,377	(292,377)	155,737	(155,737)
Russell 1000® Index	222,669	(222,669)	142,046	(142,046)
S&P 500 Consumer Staples Index	289,734	(289,734)	154,025	(154,025)
Hedged Units*				
Russell 1000® Consumer Staples Index USD	301,958	(301,958)	N/A	N/A
Russell 1000® Index USD	240,509	(240,509)	N/A	N/A
S&P 500 Consumer Staples Index USD	301,297	(301,297)	N/A	N/A

*Data at December 31, 2017 is not available as the Hedged Units lack sufficient trading history.

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	2,130,184	32.24	2,418,414	70.66

As at December 31, 2018, 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 \$21,302 (December 31, 2017 - \$24,184). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Consumer Staples	98.79	94.92
Consumer Discretionary	2.44	4.75
Total	101.23	99.67

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Consumer Discretionary—2.44%				
Nu Skin Enterprises Inc., Class 'A'	1,926	174,672	161,259	2.44
		174,672	161,259	2.44
Consumer Staples—98.79%				
Archer-Daniels-Midland Co.	4,211	243,743	235,531	3.56
Bunge Ltd.	770	67,559	56,176	0.85
Casey's General Stores Inc.	1,639	240,129	286,721	4.34
Church & Dwight Co. Inc.	2,674	200,421	240,060	3.63
Clorox Co.	352	62,946	74,072	1.12
Conagra Brands Inc.	6,264	283,397	182,663	2.76
CVS Health Corp.	672	60,706	60,109	0.91
Flowers Foods Inc.	5,672	140,016	143,021	2.16
General Mills Inc.	3,699	214,219	196,642	2.98
Hain Celestial Group Inc.	1,951	70,265	42,243	0.64
Herbalife Nutrition Ltd.	1,940	126,863	156,128	2.36
Hershey Co. (The)	519	66,613	75,941	1.15
Hormel Foods Corp.	2,686	126,486	156,504	2.37
Ingredion Inc.	1,513	213,059	188,791	2.86
J.M. Smucker Co. (The)	3,008	434,060	383,919	5.81
Kellogg Co.	1,512	131,418	117,679	1.78
Kimberly-Clark Corp.	466	67,747	72,487	1.10
Kraft Heinz Co. (The)	5,601	436,803	329,105	4.98
Kroger Co. (The)	7,271	254,166	272,975	4.13
Lamb Weston Holdings Inc.	795	74,887	79,837	1.21
McCormick & Co. Inc.	1,607	251,651	305,475	4.62
Molson Coors Brewing Co., Class 'B'	5,019	452,579	384,805	5.82
Mondelez International Inc., Class 'A'	2,464	135,746	134,655	2.04
Pilgrim's Pride Corp.	17,064	464,670	361,317	5.47
Post Holdings Inc.	2,159	240,066	262,708	3.98
Procter & Gamble Co. (The)	1,272	139,903	159,622	2.42
Spectrum Brands Holdings Inc.	1,416	128,522	81,675	1.24
Sprouts Farmers Markets Inc.	11,262	386,476	361,464	5.47
Sysco Corp.	2,890	245,453	247,221	3.74
Tyson Foods Inc., Class 'A'	5,185	434,150	377,995	5.72
US Foods Holding Corp.	6,868	327,674	296,663	4.49
Walgreens Boots Alliance Inc.	2,178	198,556	203,173	3.08
		6,920,949	6,527,377	98.79
Total investments		7,095,621	6,688,636	101.23
Transaction costs		(803)		
Unrealized appreciation on derivatives - see Schedule 1			1,092	0.02
Unrealized depreciation on derivatives - see Schedule 1			(84,587)	(1.28)
Other assets, less liabilities			2,254	0.03
Total Net Assets Attributable to Holders of Redeemable Units		7,094,818	6,607,395	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount		Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	1/31/2019	CAD	300,000	USD	220,718	1.359	1.364	1,092
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	2,783,135	CAD	3,723,000	0.748	0.733	(73,601)
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	561,514	CAD	755,000	0.744	0.733	(10,986)
									(84,587)

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

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	13,910,624	5,827,199
Cash	9,746	16,513
Accrued dividend receivable	2,955	1,932
Receivable for portfolio securities sold	-	77,440
Derivative assets	1,188	5,150
Other assets	1,374	537
	13,925,887	5,928,771
Liabilities		
Accrued liabilities	9,529	3,809
Payable for portfolio securities purchased	-	78,504
Derivative liabilities	21,212	-
	30,741	82,313
Total net assets attributable to holders of redeemable units	13,895,146	5,846,458
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	12,897,954	4,824,406
Hedged Units	997,192	1,022,052
Redeemable units outstanding [note 6]		
Units	500,000	200,000
Hedged Units	50,000	50,000
Net assets attributable to holders of redeemable units per unit		
Units	25.80	24.12
Hedged Units	19.94	20.44

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	58,140	29,155
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	634,092	304,944
Net realized gain (loss) on derivatives	(78,565)	3,844
Net realized gain (loss) on foreign exchange	177	230
Net change in unrealized appreciation (depreciation) of investments	(740,201)	237,062
Net change in unrealized appreciation (depreciation) of derivatives	(25,174)	5,150
	(151,531)	580,385
Foreign exchange gain (loss) on cash	1,214	(513)
	(150,317)	579,872
Expenses [note 7]		
Management fees	75,720	36,188
HST expense	8,228	3,917
Transaction costs [note 3 and note 9]	2,830	2,211
Independent Review Committee fees	1,709	1,007
Interest expense	4	7
	88,491	43,330
Expenses waived by manager	(1,709)	(1,007)
	86,782	42,323
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(237,099)	537,549
Withholding taxes	8,061	4,011
Increase (Decrease) in net assets attributable to holders of redeemable units	(245,160)	533,538
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(132,518)	511,486
Hedged Units	(112,642)	22,052
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(0.37)	2.33
Hedged Units	(1.88)	0.45

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

On behalf of the Trustee,
FT Portfolios Canada Co.



..... Director



..... Director

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

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

For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Units	Units	Hedged Units	Hedged Units
Net assets attributable to holders of redeemable units, beginning of year	4,824,406	4,243,022	1,022,052	-
Increase (Decrease) in net assets attributable to holders of redeemable units	(132,518)	511,486	(112,642)	22,052
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	9,535,539	1,238,134	2,197,749	1,000,000
Reinvested distributions	203,850	-	-	-
Redemption of units	(1,329,473)	(1,168,236)	(2,109,967)	-
	8,409,916	69,898	87,782	1,000,000
Distributions to holders of redeemable units from:				
Net investment income	-	-	-	-
Capital gains	(203,841)	-	-	-
Return of capital	(9)	-	-	-
	(203,850)	-	-	-
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	8,073,548	581,384	(24,860)	1,022,052
Net assets attributable to holders of redeemable units, end of year	12,897,954	4,824,406	997,192	1,022,052
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			5,846,458	4,243,022
Increase (Decrease) in net assets attributable to holders of redeemable units			(245,160)	533,538
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			11,733,288	2,238,134
Reinvested distributions			203,850	-
Redemption of units			(3,439,440)	(1,168,236)
			8,497,698	1,069,898
Distributions to holders of redeemable units from:				
Net investment income			-	-
Capital gains			(203,841)	-
Return of capital			(9)	-
			(203,850)	-
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			8,048,688	1,603,436
Net assets attributable to holders of redeemable units, end of year			13,895,146	5,846,458

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(245,160)	533,538
Adjustments for:		
Net realized (gain) loss on sale of investments	(634,092)	(304,944)
Change in unrealized (appreciation) depreciation of investments and derivatives	765,375	(242,212)
Dividends receivable	(1,023)	(745)
Other assets	(837)	1,015
Other liabilities	5,720	955
Purchases of investments	(21,410,326)	(8,259,799)
Proceeds from the sale of investments	13,219,728	7,212,462
	(8,300,615)	(1,059,730)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	11,733,288	2,238,134
Amount paid on redemptions of units	(3,439,440)	(1,168,236)
	8,293,848	1,069,898
Increase (Decrease) in cash for the year	(6,767)	10,168
Cash, beginning of year	16,513	6,345
Cash, end of year	9,746	16,513
Dividends received, net of withholding taxes	49,056	24,400

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	13,910,624	–	–	13,910,624
Derivative assets*	–	1,188	–	1,188
Derivative liabilities*	–	(21,212)	–	(21,212)
Total	13,910,624	(20,024)	–	13,890,600

	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	5,827,199	–	–	5,827,199
Derivative assets*	–	5,150	–	5,150
Total	5,827,199	5,150	–	5,832,349

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

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2017	200,000	–
Redeemable units issued	50,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	–
Outstanding units – December 31, 2017	200,000	50,000
Redeemable units issued	350,000	100,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(50,000)	(100,000)
Outstanding units – December 31, 2018	500,000	50,000

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
-	168,063	-	-

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
2,830	2,211

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
75,720	36,188	8,432	3,371

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Units				
Russell 1000® Health Care Index	678,083	(678,083)	274,795	(274,795)
Russell 1000® Index	681,557	(681,557)	268,949	(268,949)
S&P 500 Health Care Index	670,441	(670,441)	268,949	(268,949)
Hedged Units*				
Russell 1000® Health Care Index USD	707,958	(707,958)	N/A	N/A
Russell 1000® Index USD	722,548	(722,548)	N/A	N/A
S&P 500 Health Care Index USD	700,315	(700,315)	N/A	N/A

*Data at December 31, 2017 is not available as the Hedged Units lack sufficient trading history.

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	12,895,271	92.80	4,819,887	82.44

As at December 31, 2018, 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 \$128,953 (December 31, 2017 - \$48,199). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration Risk - The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Health Care	100.11	98.73
Industrials	-	0.94
Total	100.11	99.67

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Health Care—100.11%				
ABIOMED Inc.	501	172,178	222,316	1.60
Acadia Healthcare Co. Inc.	6,405	290,713	224,811	1.62
Alexion Pharmaceuticals Inc.	380	63,123	50,508	0.36
Align Technology Inc.	576	172,563	164,686	1.19
Allergan PLC	591	131,053	107,841	0.78
AmerisourceBergen Corp.	1,222	144,638	124,120	0.89
Amgen Inc.	254	67,530	67,504	0.49
Anthem Inc.	193	60,039	69,199	0.50
Baxter International Inc.	686	60,645	61,642	0.44
Becton	648	204,062	199,329	1.43
Biogen Inc.	319	132,949	131,050	0.94
BioMarin Pharmaceutical Inc.	545	70,081	63,354	0.46
Bio-Rad Laboratories Inc., Class 'A'	900	345,574	285,324	2.05
Bio-Techne Corp.	1,105	257,558	218,317	1.57
Boston Scientific Corp.	4,392	191,719	211,897	1.53
Bruker Corp.	3,372	145,162	137,045	0.99
Catalent Inc.	3,714	204,736	158,094	1.14
Centene Corp.	1,946	285,263	306,315	2.20
Cerner Corp.	1,751	142,407	125,356	0.90
Charles River Laboratories International Inc.	1,676	277,617	258,964	1.86
Chemed Corp.	353	147,357	136,517	0.98
Cigna Corp.	1,082	292,274	280,540	2.02
Cooper Cos. Inc. (The)	610	205,969	211,940	1.53
Danaher Corp.	486	60,955	68,419	0.49
DaVita Inc.	1,575	141,432	110,649	0.80
Dexcom Inc.	1,970	237,245	322,195	2.32
Edwards Lifesciences Corp.	971	183,098	203,044	1.46
Eli Lilly and Co.	1,576	217,616	248,978	1.79
Encompass Health Corp.	3,615	339,055	304,502	2.19
Exact Sciences Corp.	3,572	302,923	307,707	2.21
HCA Healthcare Inc.	2,026	314,260	344,216	2.48
Henry Schein Inc.	1,990	212,471	213,319	1.54
Hill-Rom Holdings Inc.	561	63,450	67,818	0.49
Humana Inc.	666	254,843	260,474	1.87
ICU Medical Inc.	399	145,637	125,083	0.90
IDEXX Laboratories Inc.	677	170,971	171,927	1.24
Illumina Inc.	767	276,939	314,059	2.26
Insulet Corp.	2,128	247,184	230,436	1.66
Integra LifeSciences Holdings	2,568	206,590	158,113	1.14
Intuitive Surgical Inc.	393	220,056	256,952	1.85
Ionis Pharmaceuticals Inc.	1,025	65,833	75,648	0.54
IQVIA Holdings Inc.	869	119,709	137,819	0.99
Jazz Pharmaceuticals PLC	670	148,463	113,384	0.82
Johnson & Johnson	382	69,519	67,300	0.48
Laboratory Corp. of America Holdings	973	204,824	167,849	1.21
Masimo Corp.	1,810	261,575	265,313	1.91
MEDNAX Inc.	4,834	295,209	217,779	1.57
Merck & Co. Inc.	744	69,912	77,610	0.56
Molina Healthcare Inc.	1,895	286,519	300,667	2.16
Mylan NV	3,081	150,886	115,249	0.83
Nektar Therapeutics	1,850	120,213	83,017	0.60
Neurocrine Biosciences Inc.	2,292	332,589	223,445	1.61
Penumbra Inc.	1,130	205,225	188,515	1.36
Perrigo Co. PLC	748	72,906	39,570	0.28
Pfizer Inc.	5,116	260,081	304,867	2.19
PRA Health Sciences Inc.	2,558	339,394	321,141	2.31
Premier Inc., Class 'A'	6,156	293,678	313,896	2.26
Quest Diagnostics Inc.	1,045	133,884	118,796	0.85

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Regeneron Pharmaceuticals Inc.	131	66,765	66,797	0.48
ResMed Inc.	1,466	182,782	227,897	1.64
Sarepta Therapeutics Inc.	1,745	304,688	259,978	1.87
Seattle Genetics Inc.	2,923	262,111	226,101	1.63
STERIS PLC	462	60,870	67,393	0.49
Stryker Corp.	297	60,669	63,557	0.46
Teleflex Inc.	198	62,563	69,870	0.50
Thermo Fisher Scientific Inc.	924	274,758	282,299	2.03
United Therapeutics Corp.	2,204	354,881	327,669	2.36
UnitedHealth Group Inc.	847	254,773	288,064	2.07
Universal Health Services Inc., Class 'B'	1,323	207,118	210,526	1.52
Veeva Systems Inc., Class 'A'	2,589	284,330	315,702	2.27
Vertex Pharmaceuticals Inc.	585	119,316	132,343	0.95
WellCare Health Plans Inc.	879	253,733	283,311	2.04
West Pharmaceutical Services Inc.	1,369	204,255	183,214	1.32
Zimmer Biomet Holdings Inc.	1,286	191,014	182,096	1.31
Zoetis Inc.	577	62,098	67,382	0.48
		14,297,078	13,910,624	100.11
Total investments		14,297,078	13,910,624	100.11
Transaction costs		(852)		
Unrealized appreciation on derivatives - see Schedule 1			1,188	0.01
Unrealized depreciation on derivatives - see Schedule 1			(21,212)	(0.15)
Other assets, less liabilities			4,546	0.03
Total Net Assets Attributable to Holders of Redeemable Units		14,296,226	13,895,146	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount		Amount Bought	Forward Rate	Current Rate	Appreciation (Depreciation) \$
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	1/31/2019	CAD	75,000	USD	55,650	1.348	1.364	915
Bank of New York Mellon (The), New York	A-1+	1/31/2019	CAD	75,000	USD	55,180	1.359	1.364	273
									1,188
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	802,123	CAD	1,073,000	0.748	0.733	(21,212)
									(21,212)

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

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	2,200,813	2,583,624
Cash	8,223	248,435
Accrued dividend receivable	2,533	4,754
Other assets	545	-
	2,212,114	2,836,813
Liabilities		
Accrued liabilities	1,499	4,262
Redemptions payable	-	35,847
Distributions payable to holders of redeemable units	-	141,795
	1,499	181,904
Total net assets attributable to holders of redeemable units	2,210,615	2,654,909
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	2,210,615	2,654,909
Redeemable units outstanding [note 6]		
Units	100,000	100,000
Net assets attributable to holders of redeemable units per unit		
Units	22.11	26.55

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	68,131	38,102
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	249,028	619,171
Net realized gain (loss) on foreign exchange	332	(1,455)
Net change in unrealized appreciation (depreciation) of investments	(571,224)	(209,047)
	(253,733)	446,771
Foreign exchange gain (loss) on cash	649	(332)
	(253,084)	446,439
Expenses [note 7]		
Management fees	27,634	15,838
HST expense	3,047	2,059
Transaction costs [note 3 and note 9]	1,341	815
Independent Review Committee fees	631	470
Interest expense	1	2
	32,654	19,184
Expenses waived by manager	(631)	(470)
	32,023	18,714
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(285,107)	427,725
Withholding taxes	8,631	5,027
Increase (Decrease) in net assets attributable to holders of redeemable units	(293,738)	422,698
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(293,738)	422,698
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(1.94)	4.80

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. Materials Sector Index ETF

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

For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year	2,654,909	2,396,516
Increase (Decrease) in net assets attributable to holders of redeemable units	(293,738)	422,698
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	8,138,866	5,319,161
Reinvested distributions	-	339,300
Redemption of units	(8,270,172)	(5,335,621)
	(131,306)	322,840
Distributions to holders of redeemable units from:		
Net investment income	-	(374,047)
Capital gains	-	-
Return of capital	(19,250)	(113,098)
	(19,250)	(487,145)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(444,294)	258,393
Net assets attributable to holders of redeemable units, end of year	2,210,615	2,654,909

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(293,738)	422,698
Adjustments for:		
Net realized (gain) loss on sale of investments	(249,028)	(619,171)
Change in unrealized (appreciation) depreciation of investments	571,224	209,047
Dividends receivable	2,221	(736)
Other assets	(545)	-
Other liabilities	(2,763)	2,622
Purchases of investments	(10,881,903)	(6,753,390)
Proceeds from the sale of investments	10,942,518	6,963,022
	87,986	224,092
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	8,138,866	5,319,161
Amount paid on redemptions of units	(8,306,019)	(5,299,774)
Distributions paid to unitholders	(161,045)	(31,050)
	(328,198)	(11,663)
Increase (Decrease) in cash for the year	(240,212)	212,429
Cash, beginning of year	248,435	36,006
Cash, end of year	8,223	248,435
Dividends received, net of withholding taxes	61,721	32,339

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	2,200,813	–	–	2,200,813
Total	2,200,813	–	–	2,200,813
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	2,583,624	–	–	2,583,624
Total	2,583,624	–	–	2,583,624

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units
Outstanding units – January 1, 2017	100,000
Redeemable units issued	200,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(200,000)
Outstanding units – December 31, 2017	100,000
Redeemable units issued	300,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(300,000)
Outstanding units – December 31, 2018	100,000

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

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Materials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
-	-	291,651	-

F. COMMISSION (NOTE 9) - Total commissions and other transaction costs paid or payable to dealers by the First Trust ETF for its portfolio transactions during the years ended December 31, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
1,341	815

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
27,634	15,838	1,326	3,772

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Materials and Processing Index	109,094	(109,094)	130,096	(130,096)
Russell 1000® Index	104,231	(104,231)	135,406	(135,406)
S&P 500 Materials Index	105,888	(105,888)	124,786	(124,786)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	2,209,555	99.95	2,591,132	97.60

As at December 31, 2018, 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 \$22,096 (December 31, 2017 - \$25,911). 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, 2018

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Materials	80.32	85.10
Industrials	19.24	12.21
Total	99.56	97.31

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Industrials—19.24%				
Acuity Brands Inc.	254	43,461	39,860	1.80
Armstrong World Industries Inc.	383	32,885	30,436	1.38
Fastenal Co.	689	51,406	49,185	2.23
Hexcel Corp.	596	47,912	46,655	2.11
Ingersoll-Rand PLC	391	43,030	48,698	2.20
Lennox International Inc.	122	34,212	36,452	1.65
Owens Corning	983	90,711	59,021	2.67
Timken Co. (The)	1,070	67,690	54,516	2.47
Univar Inc.	1,304	46,501	31,581	1.43
Valmont Industries Inc.	96	19,558	14,541	0.66
Watsco Inc., Class 'A'	75	17,881	14,247	0.64
		495,247	425,192	19.24
Materials—80.32%				
Air Products and Chemicals Inc.	160	32,850	34,960	1.58
Alcoa Corp.	990	59,891	35,924	1.63
AptarGroup Inc.	124	13,409	15,925	0.72
Ashland Global Holdings Inc.	159	17,064	15,403	0.70
Berry Global Group Inc.	826	55,923	53,597	2.42
Celanese Corp., Series 'A'	351	47,864	43,112	1.95
CF Industries Holdings Inc.	490	23,284	29,106	1.32
Crown Holdings Inc.	555	35,294	31,497	1.42
DowDuPont Inc.	207	17,120	15,113	0.68
Eagle Materials Inc.	626	80,086	52,157	2.36
Eastman Chemical Co.	696	84,787	69,468	3.14
Ecolab Inc.	255	48,991	51,296	2.32
FMC Corp.	306	35,694	30,897	1.40
Freeport-McMoRan Inc., Class 'B'	4,788	100,062	67,392	3.05
Graphic Packaging Holding Co.	3,806	75,418	55,285	2.50
Huntsman Corp.	1,958	80,406	51,563	2.33
International Flavors and Fragrances Inc.	96	16,853	17,597	0.80
International Paper Co.	1,085	73,329	59,783	2.70
LyondellBasell Industries NV, Class 'A'	650	90,941	73,795	3.34
Martin Marietta Materials Inc.	293	73,847	68,749	3.11
Mosaic Co. (The)	410	13,087	16,350	0.74
NewMarket Corp.	33	16,930	18,565	0.84
Newmont Mining Corp.	883	38,615	41,770	1.89
Nucor Corp.	1,051	85,800	74,338	3.36
Olin Corp.	2,596	100,463	71,271	3.22
Owens Illinois Inc.	1,419	33,610	33,398	1.51
Platform Specialty Products Corp.	4,276	59,473	60,302	2.73
PPG Industries Inc.	122	17,442	17,027	0.77
Reliance Steel & Aluminum Co.	782	84,984	75,980	3.44
RPM International Inc.	821	55,562	65,882	2.98
Sherwin-Williams Co. (The)	117	61,572	62,847	2.84
Silgan Holdings Inc.	1,439	51,081	46,402	2.10
Sonoco Products Co.	480	32,172	34,816	1.58
Steel Dynamics Inc.	1,475	81,751	60,491	2.74
United States Steel Corp.	2,187	98,259	54,459	2.46
Vulcan Materials Co.	240	34,895	32,372	1.46
Westlake Chemical Corp.	802	101,741	72,449	3.28
WestRock Co.	1,247	100,545	64,283	2.91
		2,131,095	1,775,621	80.32
Total investments		2,626,342	2,200,813	99.56
Transaction costs		(145)		
Other assets, less liabilities			9,802	0.44
Total Net Assets Attributable to Holders of Redeemable Units		2,626,197	2,210,615	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	10,507,371	7,933,452
Cash	223,006	31,443
Accrued dividend receivable	23,864	5,199
Derivative assets	1,202	5,175
Other assets	4,130	1,148
	10,759,573	7,976,417
Liabilities		
Accrued liabilities	15,003	8,503
Redemptions payable	-	2,278
Distributions payable to holders of redeemable units	90,800	7,500
Derivative liabilities	91,624	-
	197,427	18,281
Total net assets attributable to holders of redeemable units	10,562,146	7,958,136
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	6,290,809	6,926,065
Hedged Units	4,271,337	1,032,071
Redeemable units outstanding [note 6]		
Units	250,000	250,000
Hedged Units	250,000	50,000
Net assets attributable to holders of redeemable units per unit		
Units	25.16	27.70
Hedged Units	17.09	20.64

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	409,263	131,641
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	322,932	962,128
Net realized gain (loss) on derivatives	(185,723)	3,844
Net realized gain (loss) on foreign exchange	935	(1,229)
Net change in unrealized appreciation (depreciation) of investments	(1,112,862)	284,360
Net change in unrealized appreciation (depreciation) of derivatives	(95,597)	5,175
	(661,052)	1,385,919
Foreign exchange gain (loss) on cash	2,919	(139)
	(658,133)	1,385,780
Expenses [note 7]		
Management fees	97,653	56,088
HST expense	9,407	6,432
Transaction costs [note 3 and note 9]	3,273	2,516
Independent Review Committee fees	2,243	1,660
Interest expense	8	6
	112,584	66,702
Expenses waived by manager	(2,243)	(1,660)
	110,341	65,042
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(768,474)	1,320,738
Withholding taxes	32,986	14,542
Increase (Decrease) in net assets attributable to holders of redeemable units	(801,460)	1,306,196
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(168,118)	1,274,125
Hedged Units	(633,342)	32,071
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(0.41)	4.08
Hedged Units	(5.02)	0.63

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Units	Units	Hedged Units	Hedged Units
Net assets attributable to holders of redeemable units, beginning of year	6,926,065	7,220,975	1,032,071	-
Increase (Decrease) in net assets attributable to holders of redeemable units	(168,118)	1,274,125	(633,342)	32,071
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	33,023,517	7,807,404	3,917,883	1,000,000
Reinvested distributions	324,075	-	-	-
Redemption of units	(33,402,430)	(9,331,439)	-	-
	(54,838)	(1,524,035)	3,917,883	1,000,000
Distributions to holders of redeemable units from:				
Net investment income	(187,162)	-	(45,266)	-
Capital gains	(225,106)	-	-	-
Return of capital	(32)	(45,000)	(9)	-
	(412,300)	(45,000)	(45,275)	-
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	(635,256)	(294,910)	3,239,266	1,032,071
Net assets attributable to holders of redeemable units, end of year	6,290,809	6,926,065	4,271,337	1,032,071
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			7,958,136	7,220,975
Increase (Decrease) in net assets attributable to holders of redeemable units			(801,460)	1,306,196
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			36,941,400	8,807,404
Reinvested distributions			324,075	-
Redemption of units			(33,402,430)	(9,331,439)
			3,863,045	(524,035)
Distributions to holders of redeemable units from:				
Net investment income			(232,428)	-
Capital gains			(225,106)	-
Return of capital			(41)	(45,000)
			(457,575)	(45,000)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			2,604,010	737,161
Net assets attributable to holders of redeemable units, end of year			10,562,146	7,958,136

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(801,460)	1,306,196
Adjustments for:		
Net realized (gain) loss on sale of investments	(322,932)	(962,128)
Change in unrealized (appreciation) depreciation of investments and derivatives	1,208,459	(289,535)
Dividends receivable	(18,665)	(1,876)
Other assets	(2,982)	(860)
Other liabilities	6,500	5,421
Purchases of investments	(46,995,444)	(15,669,776)
Proceeds from the sale of investments	43,631,595	16,178,425
	(3,294,929)	565,867
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	36,941,400	8,807,404
Amount paid on redemptions of units	(33,404,708)	(9,329,161)
Distributions paid to unitholders	(50,200)	(37,500)
	3,486,492	(559,257)
Increase (Decrease) in cash for the year	191,563	6,610
Cash, beginning of year	31,443	24,833
Cash, end of year	223,006	31,443
Dividends received, net of withholding taxes	357,612	115,223

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$)			
	Level 1	Level 2	Level 3	Total
As at December 31, 2018				
Equities	10,507,371	–	–	10,507,371
Derivative assets*	–	1,202	–	1,202
Derivative liabilities*	–	(91,624)	–	(91,624)
Total	10,507,371	(90,422)	–	10,416,949
	Financial Assets at Fair Value (\$)			
	Level 1	Level 2	Level 3	Total
As at December 31, 2017				
Equities	7,933,452	–	–	7,933,452
Derivative assets*	–	5,175	–	5,175
Total	7,933,452	5,175	–	7,938,627

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

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2017	300,000	–
Redeemable units issued	300,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(350,000)	–
Outstanding units – December 31, 2017	250,000	50,000
Redeemable units issued	1,250,000	200,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(1,250,000)	–
Outstanding units – December 31, 2018	250,000	250,000

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards - The net capital losses and non-capital losses as at December 31, 2018 and 2017 were as follows:

Net Capital Losses (\$)		Non-Capital Losses (\$)	
2018	2017	2018	2017
-	-	-	4,656

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
3,273	2,516

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
97,653	56,088	13,224	7,525

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Units				
Russell 1000® Producer Durables Index	497,477	(497,477)	393,945	(393,945)
Russell 1000® Index	503,814	(503,814)	427,370	(427,370)
S&P 500 Industrials Index	492,196	(492,196)	385,986	(385,986)
Hedged Units*				
Russell 1000® Producer Durables Index USD	518,073	(518,073)	N/A	N/A
Russell 1000® Index USD	529,692	(529,692)	N/A	N/A
S&P 500 Industrials Index USD	511,208	(511,208)	N/A	N/A

*Data at December 31, 2017 is not available as the Hedged Units lack sufficient trading history.

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	6,366,680	60.28	6,924,830	87.02

As at December 31, 2018, 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 \$63,667 (December 31, 2017 – \$69,248). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Industrials	90.50	89.39
Information Technology	8.27	7.77
Materials	0.71	1.58
Health Care	–	0.95
Total	99.48	99.69

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Industrials—90.50%				
AECOM	1,022	42,129	36,974	0.35
AGCO Corp.	1,645	119,327	125,021	1.18
Air Lease Corp.	3,639	188,165	150,082	1.42
Alaska Air Group Inc.	1,941	160,280	161,244	1.53
Allegion PLC	366	40,972	39,828	0.38
Allison Transmission Holdings Inc.	3,220	190,107	193,026	1.83
Ametek Inc.	847	77,267	78,283	0.74
Boeing Co. (The)	275	125,473	121,076	1.15
C.H. Robinson Worldwide Inc.	1,367	158,590	156,931	1.49
Carlisle Cos. Inc.	543	71,252	74,516	0.71
Caterpillar Inc.	877	146,076	152,138	1.44
Cintas Corp.	674	150,918	154,575	1.46
Clean Harbors Inc.	462	35,637	31,126	0.29
Copa Holdings SA, Class 'A'	2,095	222,537	225,118	2.13
CoStar Group Inc.	161	74,898	74,146	0.70
CSX Corp.	1,809	152,474	153,439	1.45
Cummins Inc.	226	39,885	41,233	0.39
Curtiss-Wright Corp.	485	72,717	67,616	0.64
Deere & Co.	664	121,994	135,222	1.28
Delta Air Lines Inc.	2,309	160,946	157,297	1.49
Donaldson Co. Inc.	2,869	198,303	169,948	1.61
Dover Corp.	758	81,568	73,421	0.70
Eaton Corp. PLC	1,546	149,160	144,914	1.37
Emerson Electric Co.	1,313	116,670	107,102	1.01
Expeditors International of Washington Inc.	1,363	120,397	126,700	1.20
FedEx Corp.	138	39,373	30,394	0.29
Fortive Corp.	397	38,367	36,671	0.35
Gardner Denver Holdings Inc.	1,176	40,851	32,832	0.31
Genesee & Wyoming Inc., Class 'A'	1,838	182,795	185,734	1.76
HD Supply Holdings Inc.	1,562	79,987	80,009	0.76
HEICO Corp.	1,807	188,894	191,137	1.81
Honeywell International Inc.	417	82,030	75,214	0.71
Hubbell Inc.	1,002	141,004	135,890	1.29
Huntington Ingalls Industries Inc.	266	76,484	69,110	0.65
Idex Corp.	220	38,681	37,921	0.36
J.B. Hunt Transport Services Inc.	281	39,941	35,692	0.34
JetBlue Airways Corp.	8,635	196,989	189,323	1.79
Johnson Controls International PLC	3,821	164,612	154,667	1.46
Kansas City Southern Industries Inc.	1,178	159,261	153,503	1.45
Kirby Corp.	1,622	157,573	149,159	1.41
Knight-Swift Transportation Holdings Inc.	4,850	209,710	165,994	1.57
L3 Technologies Inc.	157	41,604	37,222	0.35
Landstar System Inc.	1,367	181,896	178,542	1.69
Lincoln Electric Holdings Inc.	711	76,525	76,536	0.72
Lockheed Martin Corp.	197	81,110	70,420	0.67
Macquarie Infrastructure Corp.	3,625	190,428	180,930	1.71
ManpowerGroup Inc.	1,557	162,734	137,740	1.30
Middleby Corp. (The)	261	37,590	36,604	0.35
MSC Industrial Direct Co. Inc., Class 'A'	1,135	118,930	119,188	1.13
Nordson Corp.	242	38,552	39,431	0.37
Norfolk Southern Corp.	926	189,216	189,045	1.79
Old Dominion Freight Line Inc.	624	104,014	105,199	1.00
Oshkosh Corp.	1,877	148,579	157,106	1.49
PACCAR Inc.	1,962	151,585	153,051	1.45
Parker Hannifin Corp.	545	109,447	110,965	1.05
Pentair PLC	774	41,855	39,921	0.38
Quanta Services Inc., Inc.	4,010	169,818	164,781	1.56
Regal-Beloit Corp.	1,623	155,670	155,211	1.47
Republic Services Inc.	1,380	125,809	135,816	1.29
Robert Half International Inc.	1,428	111,731	111,512	1.06
Rollins Inc.	1,651	81,571	81,367	0.77
Roper Technologies Inc.	118	43,453	42,935	0.41
Ryder System Inc.	2,284	185,595	150,137	1.42

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Schneider National Inc.	6,693	197,874	170,593	1.62
Sensata Technologies Holding PLC	1,351	79,718	82,702	0.78
Snap-On Inc.	547	109,690	108,497	1.03
Southwest Airlines Inc.	2,674	178,616	169,677	1.61
Spirit Aerosystems Holdings Inc., Class 'A'	366	39,848	36,021	0.34
Stanley Black & Decker Inc.	225	35,605	36,781	0.35
Stericycle Inc.	1,138	74,674	57,002	0.54
Textron Inc.	1,401	104,881	87,963	0.83
TransDigm Group Inc.	177	74,179	82,172	0.78
Trinity Industries Inc.	6,342	223,525	178,270	1.69
Union Pacific Corp.	824	151,591	155,498	1.47
United Continental Holdings Inc.	1,128	119,372	128,940	1.22
United Parcel Service Inc., Class 'B'	575	81,593	76,560	0.72
United Rentals Inc.	614	99,932	85,944	0.81
United Technologies Corp.	238	38,445	34,597	0.33
Verisk Analytics Inc., Class 'A'	828	121,958	123,257	1.17
W.W. Grainger Inc.	464	167,708	178,862	1.69
Wabtec Corp.	1,591	187,104	152,585	1.44
Waste Management Inc.	744	83,183	90,388	0.86
WESCO International Inc.	1,635	112,731	107,141	1.01
XPO Logistics Inc.	1,465	163,895	114,081	1.08
Xylem Inc.	1,678	152,671	152,843	1.45
		10,000,799	9,558,259	90.50
Information Technology—8.27%				
Accenture PLC, Class 'A'	388	78,505	74,693	0.71
Automatic Data Processing Inc.	661	118,446	118,322	1.12
Booz Allen Hamilton Holding Corp.	2,693	162,842	165,699	1.57
Conduent Inc.	4,449	107,547	64,564	0.61
Flir Systems Inc.	1,634	113,387	97,126	0.92
Genpact Ltd.	1,093	40,005	40,274	0.38
Paychex Inc.	453	39,267	40,291	0.38
Xerox Corp.	2,475	88,267	66,767	0.63
Zebra Technologies Corp., Class 'A'	948	197,349	206,077	1.95
		945,615	873,813	8.27
Materials—0.71%				
Avery Dennison Corp.	614	75,350	75,299	0.71
		75,350	75,299	0.71
Total investments				
		11,021,764	10,507,371	99.48
Transaction costs		(371)		
Unrealized appreciation on derivatives - see Schedule 1			1,202	0.01
Unrealized depreciation on derivatives - see Schedule 1			(91,624)	(0.87)
Other assets, less liabilities			145,197	1.38
Total Net Assets Attributable to Holders of Redeemable Units		11,021,393	10,562,146	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency	Amount		Forward Rate	Current Rate	Appreciation (Depreciation)	
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	1/31/2019	CAD	300,000	USD	220,799	1.359	1.364	1,202
									1,202
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	2,721,088	CAD	3,640,000	0.748	0.733	(71,960)
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	637,516	CAD	850,000	0.750	0.733	(19,664)
									(91,624)

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

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	41,335,457	26,509,334
Cash	106,273	81,237
Accrued dividend receivable	77,133	10,071
Derivative assets	2,405	5,150
Other assets	6,361	2,944
	41,527,629	26,608,736
Liabilities		
Accrued liabilities	27,490	19,039
Distributions payable to holders of redeemable units	77,000	52,000
Derivative liabilities	132,019	-
	236,509	71,039
Total net assets attributable to holders of redeemable units	41,291,120	26,537,697
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	35,122,211	25,513,428
Hedged Units	6,168,909	1,024,269
Redeemable units outstanding [note 6]		
Units	1,000,000	800,000
Hedged Units	300,000	50,000
Net assets attributable to holders of redeemable units per unit		
Units	35.12	31.89
Hedged Units	20.56	20.49

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	362,493	265,750
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	4,906,189	2,375,175
Net realized gain (loss) on derivatives	(268,968)	3,844
Net realized gain (loss) on foreign exchange	(3,622)	745
Net change in unrealized appreciation (depreciation) of investments	(3,391,241)	2,227,626
Net change in unrealized appreciation (depreciation) of derivatives	(134,764)	5,150
	1,470,087	4,878,290
Foreign exchange gain (loss) on cash	6,520	(2,832)
	1,476,607	4,875,458
Expenses [note 7]		
Management fees	280,137	151,420
HST expense	30,084	16,536
Transaction costs [note 3 and note 9]	14,872	9,311
Independent Review Committee fees	6,275	4,286
Interest expense	29	8
	331,397	181,561
Expenses waived by manager	(6,275)	(4,286)
	325,122	177,275
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	1,151,485	4,698,183
Withholding taxes	48,996	26,897
Increase (Decrease) in net assets attributable to holders of redeemable units	1,102,489	4,671,286
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	1,731,979	4,647,017
Hedged Units	(629,490)	24,269
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	1.72	6.38
Hedged Units	(4.37)	0.49

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)	December 31 2018 (\$)	December 31 2017 (\$)
	Units	Units	Hedged Units	Hedged Units
Net assets attributable to holders of redeemable units, beginning of year	25,513,428	8,886,202	1,024,269	-
Increase (Decrease) in net assets attributable to holders of redeemable units	1,731,979	4,647,017	(629,490)	24,269
Redeemable unit transactions [note 6]				
Proceeds from issuance of units	26,054,941	28,911,910	5,800,130	1,000,000
Reinvested distributions	3,275,700	126,080	-	2,540
Redemption of units	(17,911,637)	(16,729,701)	-	-
	11,419,004	12,308,289	5,800,130	1,002,540
Distributions to holders of redeemable units from:				
Net investment income	-	(68,515)	-	-
Capital gains	(3,542,173)	(259,565)	(26,000)	(2,540)
Return of capital	(27)	-	-	-
	(3,542,200)	(328,080)	(26,000)	(2,540)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	9,608,783	16,627,226	5,144,640	1,024,269
Net assets attributable to holders of redeemable units, end of year	35,122,211	25,513,428	6,168,909	1,024,269
			December 31 2018 (\$)	December 31 2017 (\$)
			Total	Total
Net assets attributable to holders of redeemable units, beginning of year			26,537,697	8,886,202
Increase (Decrease) in net assets attributable to holders of redeemable units			1,102,489	4,671,286
Redeemable unit transactions [note 6]				
Proceeds from issuance of units			31,855,071	29,911,910
Reinvested distributions			3,275,700	128,620
Redemption of units			(17,911,637)	(16,729,701)
			17,219,134	13,310,829
Distributions to holders of redeemable units from:				
Net investment income			-	(68,515)
Capital gains			(3,568,173)	(262,105)
Return of capital			(27)	-
			(3,568,200)	(330,620)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year			14,753,423	17,651,495
Net assets attributable to holders of redeemable units, end of year			41,291,120	26,537,697

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	1,102,489	4,671,286
Adjustments for:		
Net realized (gain) loss on sale of investments	(4,906,189)	(2,375,175)
Change in unrealized (appreciation) depreciation of investments and derivatives	3,526,005	(2,232,776)
Dividends receivable	(67,062)	(6,822)
Other assets	(3,417)	(1,765)
Other liabilities	8,451	13,079
Purchases of investments	(75,329,412)	(50,603,646)
Proceeds from the sale of investments	62,018,237	37,566,720
	(13,650,898)	(12,969,099)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	31,855,071	29,911,910
Amount paid on redemptions of units	(17,911,637)	(16,729,701)
Distributions paid to unitholders	(267,500)	(193,750)
	13,675,934	12,988,459
Increase (Decrease) in cash for the year	25,036	19,360
Cash, beginning of year	81,237	61,877
Cash, end of year	106,273	81,237
Dividends received, net of withholding taxes	246,435	232,031

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	41,335,457	–	–	41,335,457
Derivative assets*	–	2,405	–	2,405
Derivative liabilities*	–	(132,019)	–	(132,019)
Total	41,335,457	(129,614)	–	41,205,843
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	26,509,334	–	–	26,509,334
Derivative assets*	–	5,150	–	5,150
Total	26,509,334	5,150	–	26,514,484

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

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units	Hedged Units
Outstanding units – January 1, 2017	350,000	–
Redeemable units issued	1,000,000	50,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(550,000)	–
Outstanding units – December 31, 2017	800,000	50,000
Redeemable units issued	700,000	250,000
Redeemable units issued on reinvestments	–	–
Redeemable units redeemed	(500,000)	–
Outstanding units – December 31, 2018	1,000,000	300,000

First Trust AlphaDEX™ U.S. Technology Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

Annual Management Fee	
Units	Hedged Units
0.70%	0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards – There were no net capital losses and non-capital losses as at December 31, 2018 and 2017.

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
14,872	9,311

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
280,137	151,420	24,327	16,848

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Units				
Russell 1000® Technology Index	1,988,167	(1,988,167)	1,280,498	(1,280,498)
Russell 1000® Index	2,417,595	(2,417,595)	1,472,905	(1,472,905)
S&P 500 Information Technology Index	1,984,038	(1,984,038)	1,305,710	(1,305,710)
Hedged Units*				
Russell 1000® Technology Index USD	2,070,750	(2,070,750)	N/A	N/A
Russell 1000® Index USD	2,516,693	(2,516,693)	N/A	N/A
S&P 500 Information Technology Index USD	2,060,427	(2,060,427)	N/A	N/A

*Data at December 31, 2017 is not available as the Hedged Units lack sufficient trading history.

First Trust AlphaDEX™ U.S. Technology Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	35,389,145	85.71	25,508,709	96.12

As at December 31, 2018, 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 \$353,891 (December 31, 2017 - \$225,087). A portion of this currency risk exposure has been hedged. Please refer to the Schedule of Portfolio Investments for more information. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Information Technology	97.34	99.89
Communication Services	2.77	-
Total	100.11	99.89

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Communication Services—2.77%				
Alphabet Inc., Class 'A'	225	320,045	320,980	0.78
RingCentral Inc.	7,293	717,553	820,806	1.99
		1,037,598	1,141,786	2.77
Information Technology—97.34%				
Activision Blizzard Inc.	1,548	140,592	98,418	0.24
Adobe Inc.	2,011	551,286	621,123	1.50
Advanced Micro Devices Inc.	21,968	496,322	553,629	1.34
Akamai Technologies Inc.	1,758	170,921	146,593	0.36
Amdocs Ltd.	4,114	347,198	329,011	0.80
Amphenol Corp., Class 'A'	2,887	333,907	319,327	0.77
Analog Devices Inc.	2,936	343,420	344,026	0.83
ANSYS Inc.	1,454	304,680	283,736	0.69
Apple Inc.	2,405	589,846	517,909	1.25
Arista Networks Inc.	1,021	286,405	293,688	0.71
ARRIS International PLC	15,666	534,683	653,807	1.58
Arrow Electronics Inc.	5,523	538,786	519,883	1.26
Aspen Technology Inc.	2,383	298,626	267,354	0.65
Atlassian Corp. PLC	7,058	546,855	857,374	2.08
Autodesk Inc.	2,608	489,554	457,908	1.11
Broadcom Inc.	2,750	866,475	954,643	2.31
Cadence Design Systems Inc.	2,837	165,508	168,401	0.41
CDW Corp.	6,105	593,104	675,515	1.64
Citrix Systems Inc.	2,442	325,984	341,583	0.83
Cognex Corp.	4,863	348,256	256,729	0.62
Cognizant Technology Solutions Corp., Class 'A'	1,667	170,952	144,467	0.35
Coherent Inc.	2,365	486,310	341,306	0.83
CommScope Holding Inc.	4,180	181,366	93,530	0.23
Dell Technologies Inc., Class 'V'	12,622	865,402	842,106	2.04
DXC Technology Co.	5,805	634,988	421,371	1.02
EchoStar Communications Corp., Class 'A'	14,634	945,988	733,605	1.78
EPAM Systems Inc.	3,942	651,789	624,322	1.51
F5 Network Inc.	2,042	452,740	451,697	1.09
FireEye Inc.	7,563	166,743	167,368	0.41
Fortinet Inc.	7,354	535,412	707,095	1.71
Gartner Inc.	4,281	771,172	747,151	1.81
GoDaddy Inc., Class 'A'	8,138	641,230	729,038	1.77
GrubHub Holdings Inc.	4,895	706,851	513,295	1.24
Guidewire Software Inc.	4,031	440,453	441,515	1.07
Harris Corp.	1,604	347,269	294,854	0.71
Hewlett Packard Enterprise Co.	41,606	859,997	750,335	1.82
HP Inc.	10,533	304,563	294,208	0.71
IAC/InterActiveCorp	3,131	634,909	782,394	1.90
IHS Markit Ltd.	2,383	166,511	156,060	0.38
Intel Corp.	11,480	695,889	735,510	1.78
International Business Machines Corp.	850	165,205	131,905	0.32
Intuit Inc.	1,790	421,841	481,044	1.17
Jabil Inc.	15,035	524,833	508,834	1.23
Leidos Holdings Inc.	1,859	153,776	133,798	0.32
LogMeIn Inc.	4,570	566,514	508,912	1.23
Manhattan Associates Inc.	4,971	334,825	287,540	0.70
Marvell Technology Group Ltd.	6,662	158,657	147,247	0.36
Match Group Inc.	12,312	708,532	718,893	1.74
Micron Technology Inc.	15,003	826,194	649,897	1.57
Microsoft Corp.	3,560	431,811	493,642	1.20
Monolithic Power Systems Inc.	1,024	180,525	162,513	0.39
Motorola Solutions Inc.	4,171	597,963	655,066	1.59
NetApp Inc.	6,321	530,135	514,918	1.25
Nutanix Inc., Class 'A'	3,010	202,532	170,904	0.41
NVIDIA Corp.	1,932	544,531	352,115	0.85
NXP Semiconductors NV	3,175	375,935	317,633	0.77
Okta Inc.	9,645	680,502	840,077	2.03
Oracle Corp.	2,494	159,424	153,727	0.37

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

Palo Alto Networks Inc.	2,410	616,432	619,696	1.50
Paycom Software Inc.	4,366	764,470	729,859	1.77
Pegasystems Inc.	2,054	157,651	134,121	0.32
PTC Inc.	3,834	425,103	433,913	1.05
Pure Storage Inc., Class 'A'	20,920	644,919	459,245	1.11
Qorvo Inc.	1,672	162,663	138,623	0.34
RealPage Inc.	8,238	605,745	541,970	1.31
Red Hat Inc.	943	159,927	226,116	0.55
Sabre Corp.	15,612	464,007	461,224	1.12
salesforce.com Inc.	3,414	535,903	638,389	1.55
ServiceNow Inc.	2,775	555,039	674,530	1.63
Skyworks Solutions Inc.	4,489	560,125	410,724	0.99
Splunk Inc.	4,490	572,191	642,704	1.56
SS&C Technologies Holdings Inc.	7,164	490,729	441,189	1.07
Symantec Corp.	25,511	704,017	658,068	1.59
Synopsys Inc.	4,129	489,800	474,853	1.15
Tableau Software Inc.	3,644	444,225	596,975	1.45
Take-Two Interactive Software Inc.	1,967	326,295	276,430	0.67
Teradyne Inc.	3,477	163,040	148,955	0.36
Texas Instruments Inc.	1,198	158,286	154,556	0.37
Twilio Inc.	7,865	637,291	958,841	2.32
Tyler Technologies Inc.	1,108	311,213	281,079	0.68
Ubiquiti Networks Inc.	5,491	621,111	745,208	1.81
Ultimate Software Group Inc. (The)	1,685	612,144	563,290	1.36
Universal Display Corp.	1,092	173,157	139,494	0.34
VeriSign Inc.	1,695	308,697	343,145	0.83
VMware Inc., Class 'A'	1,739	331,931	325,558	0.79
Western Digital Corp.	6,955	555,346	351,029	0.85
Workday Inc., Class 'A'	2,789	498,442	607,988	1.47
Xilinx Inc.	3,386	358,718	393,704	0.95
Zendesk Inc.	9,558	722,780	761,646	1.84
		40,628,074	40,193,671	97.34
Total investments		41,665,672	41,335,457	100.11
Transaction costs		(3,848)		
Unrealized appreciation on derivatives - see Schedule 1			2,405	0.00
Unrealized depreciation on derivatives - see Schedule 1			(132,019)	(0.32)
Other assets, less liabilities			85,277	0.21
Total Net Assets Attributable to Holders of Redeemable Units		41,661,824	41,291,120	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount		Forward Rate	Appreciation (Depreciation)		
				Sold	Buy		Bought	Current Rate	\$
Bank of New York Mellon (The), New York	A-1+	1/31/2019	CAD	600,000	USD	441,599	1.359	1.364	2,405
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	4,051,731	CAD	5,420,000	0.748	0.733	(107,149)
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	806,270	CAD	1,075,000	0.750	0.733	(24,870)
									(132,019)

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

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	2,514,467	1,125,357
Cash	21,323	6,741
Accrued dividend receivable	3,757	2,740
Other assets	140	24
	2,539,687	1,134,862
Liabilities		
Accrued liabilities	1,742	788
Distributions payable to holders of redeemable units	11,000	5,500
	12,742	6,288
Total net assets attributable to holders of redeemable units	2,526,945	1,128,574
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	2,526,945	1,128,574
Redeemable units outstanding [note 6]		
Units	100,000	50,000
Net assets attributable to holders of redeemable units per unit		
Units	25.27	22.57

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	47,558	41,754
Other changes in fair value of investments		
Net realized gain (loss) on sale of investments	13,972	46,058
Net realized gain (loss) on foreign exchange	179	(92)
Net change in unrealized appreciation (depreciation) of investments	90,818	(146,172)
	152,527	(58,452)
Foreign exchange gain (loss) on cash	366	(321)
	152,893	(58,773)
Expenses [note 7]		
Management fees	9,298	8,501
HST expense	1,048	1,054
Transaction costs [note 3 and note 9]	498	970
Independent Review Committee fees	213	240
Interest expense	-	3
	11,057	10,768
Expenses waived by manager	(213)	(240)
	10,844	10,528
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	142,049	(69,301)
Withholding taxes	7,105	6,293
Increase (Decrease) in net assets attributable to holders of redeemable units	134,944	(75,594)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	134,944	(75,594)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	2.42	(1.51)

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year	1,128,574	1,227,668
Increase (Decrease) in net assets attributable to holders of redeemable units	134,944	(75,594)
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	1,290,927	-
Reinvested distributions	2,830	24,787
Redemption of units	-	-
	1,293,757	24,787
Distributions to holders of redeemable units from:		
Net investment income	(29,225)	(24,457)
Capital gains	(1,091)	(23,830)
Return of capital	(14)	-
	(30,330)	(48,287)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	1,398,371	(99,094)
Net assets attributable to holders of redeemable units, end of year	2,526,945	1,128,574

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, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	134,944	(75,594)
Adjustments for:		
Net realized (gain) loss on sale of investments	(13,972)	(46,058)
Change in unrealized (appreciation) depreciation of investments	(90,818)	146,172
Dividends receivable	(1,017)	(1,385)
Other assets	(116)	57
Other liabilities	954	(24)
Purchases of investments	(2,112,027)	(938,961)
Proceeds from the sale of investments	827,707	930,186
	(1,254,345)	14,393
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	1,290,927	-
Distributions paid to unitholders	(22,000)	(24,250)
	1,268,927	(24,250)
Increase (Decrease) in cash for the period year	14,582	(9,857)
Cash, beginning of year	6,741	16,598
Cash, end of year	21,323	6,741
Dividends received, net of withholding taxes	39,436	34,075

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, 2018

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, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	2,514,467	–	–	2,514,467
Total	2,514,467	–	–	2,514,467
	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	1,125,357	–	–	1,125,357
Total	1,125,357	–	–	1,125,357

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units
Outstanding units – January 1, 2017	50,000
Redeemable units issued	–
Redeemable units issued on reinvestments	–
Redeemable units redeemed	–
Outstanding units – December 31, 2017	50,000
Redeemable units issued	50,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	–
Outstanding units – December 31, 2018	100,000

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

Annual Management Fee
Units
0.70%

First Trust AlphaDEX™ U.S. Utilities Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards – There were no net capital losses and non-capital losses as at December 31, 2018 and 2017.

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
498	970

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
9,298	8,501	1,536	697

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Russell 1000® Utilities Index	117,756	(117,756)	47,966	(47,966)
Russell 1000® Index	73,534	(73,534)	41,195	(41,195)
S&P 500 Utilities Index	109,417	(109,417)	46,274	(46,274)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	2,526,315	99.98	1,127,248	99.88

As at December 31, 2018, 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 \$25,263 (December 31, 2017 - \$11,272). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust AlphaDEX™ U.S. Utilities Sector Index ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Concentration Risk – The table below summarizes the concentration risk for the years ended December 31, 2018 and 2017:

Sector	As a % of net assets attributable to holders of redeemable units	
	December 31, 2018	December 31, 2017
Utilities	69.96	79.97
Communication Services	29.55	19.74
Total	99.51	99.71

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Communication Services—29.55%				
AT&T Inc.	3,132	136,326	122,031	4.83
CenturyLink Inc.	4,962	143,544	102,628	4.06
Sprint Corp.	16,086	121,569	127,811	5.06
Telephone and Data Systems Inc.	3,458	140,839	153,617	6.08
T-Mobile US Inc.	1,028	84,291	89,272	3.53
Verizon Communications Inc.	1,970	141,734	151,201	5.99
		768,303	746,560	29.55
Utilities—69.96%				
Alliant Energy Corp.	424	23,654	24,456	0.97
Ameren Corp.	286	22,320	25,469	1.01
American Electric Power Co. Inc.	764	73,031	77,955	3.08
Atmos Energy Corp.	384	44,949	48,607	1.92
Avangrid Inc.	752	46,277	51,424	2.03
CenterPoint Energy Inc.	2,608	93,694	100,511	3.98
Consolidated Edison Inc.	946	93,215	98,746	3.91
Dominion Energy Inc.	256	23,498	24,975	0.99
DTE Energy Co.	496	70,276	74,688	2.96
Duke Energy Corp.	676	73,341	79,644	3.15
Edison International	266	21,242	20,616	0.82
Entergy Corp.	222	24,286	26,086	1.03
Eversource Energy	588	46,519	52,210	2.07
Exelon Corp.	1,652	86,523	101,715	4.03
Hawaiian Electric Industries Inc.	506	23,414	25,297	1.00
MDU Resources Group Inc.	2,106	72,817	68,543	2.71
National Fuel Gas Co.	1,286	91,043	89,854	3.56
NextEra Energy Inc.	628	138,702	149,024	5.90
NiSource Inc.	724	23,917	25,056	0.99
OGE Energy Corp.	1,986	93,551	106,255	4.20
PG&E Corp.	784	39,231	25,420	1.01
Pinnacle West Capital Corp.	684	72,266	79,559	3.15
PPL Corp.	1,850	75,107	71,551	2.83
Public Services Enterprise Group Inc.	1,366	93,593	97,066	3.84
Southern Co. (The)	828	48,435	49,647	1.96
UGI Corp.	976	66,287	71,085	2.81
WEC Energy Group Inc.	540	46,892	51,059	2.02
Xcel Energy Inc.	764	45,825	51,389	2.03
		1,673,905	1,767,907	69.96
Total investments		2,442,208	2,514,467	99.51
Transaction costs		(300)		
Other assets, less liabilities			12,478	0.49
Total Net Assets Attributable to Holders of Redeemable Units		2,441,908	2,526,945	100.00

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

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018 and December 31, 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Assets		
Investments (non-derivative financial assets)	4,123,307	2,240,262
Cash	5,482	42,350
Accrued dividend receivable	14,717	3,689
Derivative assets	4,005	11,607
Other assets	442	-
	4,147,953	2,297,908
Liabilities		
Accrued liabilities	1,206	654
Distributions payable to holders of redeemable units	3,200	37,610
Derivative liabilities	84,869	-
	89,275	38,264
Total net assets attributable to holders of redeemable units	4,058,678	2,259,644
Total Net Assets Attributable to Holders of Redeemable Units for each class		
Units	4,058,678	2,259,644
Redeemable units outstanding [note 6]		
Units	200,000	100,000
Net assets attributable to holders of redeemable units per unit		
Units	20.29	22.60

STATEMENTS OF COMPREHENSIVE INCOME For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Revenues		
Dividends	22,665	6,505
Other changes in fair value of investments and derivatives		
Net realized gain (loss) on sale of investments	201,333	(2,678)
Net realized gain (loss) on derivatives	(311,848)	126,771
Net change in unrealized appreciation (depreciation) of investments	(364,613)	138,669
Net change in unrealized appreciation (depreciation) of derivatives	(92,472)	2,563
	(544,935)	271,830
Foreign exchange gain (loss) on cash	5	(4)
	(544,930)	271,826
Expenses [note 7]		
Management fees	12,806	5,313
Transaction costs [note 3 and note 9]	3,969	1,818
HST expense	1,128	688
Independent Review Committee fees	674	355
Interest expense	14	9
	18,591	8,183
Expenses waived by manager	(674)	(355)
	17,917	7,828
Increase (Decrease) in net assets attributable to holders of redeemable units	(562,847)	263,998
Increase (Decrease) in net assets attributable to holders of redeemable units for each class		
Units	(562,847)	263,998
Increase (Decrease) in net assets attributable to holders of redeemable units per unit		
Units	(3.01)	2.64

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

On behalf of the Trustee,
FT Portfolios Canada Co.



..... Director



..... Director

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

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

For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Net assets attributable to holders of redeemable units, beginning of year	2,259,644	1,006,232
Increase (Decrease) in net assets attributable to holders of redeemable units	(562,847)	263,998
Redeemable unit transactions [note 6]		
Proceeds from issuance of units	3,537,861	2,092,132
Reinvested distributions	121,480	84,390
Redemption of units	(1,172,780)	(1,065,108)
	2,486,561	1,111,414
Distributions to holders of redeemable units from:		
Net investment income	(12,992)	-
Capital gains	(96,767)	(93,829)
Return of capital	(14,921)	(28,171)
	(124,680)	(122,000)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	1,799,034	1,253,412
Net assets attributable to holders of redeemable units, end of year	4,058,678	2,259,644

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

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

STATEMENTS OF CASH FLOW For the years ended December 31, 2018 and 2017

	December 31 2018 (\$)	December 31 2017 (\$)
Cash flows from (used in) Operating Activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	(562,847)	263,998
Adjustments for:		
Net realized (gain) loss on sale of investments	(201,333)	2,678
Change in unrealized (appreciation) depreciation of investments and derivatives	457,085	(141,232)
Dividends receivable	(11,028)	(858)
Other assets	(442)	-
Other liabilities	552	362
Purchases of investments	(8,104,361)	(4,275,176)
Proceeds from the sale of investments	6,058,035	3,165,610
	(2,364,339)	(984,618)
Cash flows from (used in) Financing Activities		
Amount received from the issuance of units	3,537,861	2,092,132
Amount paid on redemptions of units	(1,172,780)	(1,065,108)
Distributions paid to unitholders	(37,610)	(6,000)
	2,327,471	1,021,024
Increase (Decrease) in cash for the year	(36,868)	36,406
Cash, beginning of year	42,350	5,944
Cash, end of year	5,482	42,350
Dividends received, net of withholding taxes	11,637	5,647

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

First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

B. FAIR VALUE MEASUREMENT (NOTE 5) - The following fair value hierarchy tables present information about the First Trust ETF assets measured at fair value on a recurring basis for the years ended December 31, 2018 and 2017:

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	4,123,307	–	–	4,123,307
Derivative assets	–	4,005	–	4,005
Derivative liabilities	–	(84,869)	–	(84,869)
Total	4,123,307	(80,864)	–	4,042,443

	Financial Assets at Fair Value (\$) As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities	2,240,262	–	–	2,240,262
Derivative assets	–	11,607	–	11,607
Total	2,240,262	11,607	–	2,251,869

There have been no transfers from one Level to another for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

Redeemable Units	Units
Outstanding units – January 1, 2017	50,000
Redeemable units issued	100,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(50,000)
Outstanding units – December 31, 2017	100,000
Redeemable units issued	150,000
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(50,000)
Outstanding units – December 31, 2018	200,000

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

Annual Management Fee
Units
0.30%

First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards – There were no net capital losses and non-capital losses as at December 31, 2018 and 2017.

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, 2018 and 2017 are as follows:

Transaction Cost (\$)	
2018	2017
3,969	1,818

G. RELATED PARTY INFORMATION (NOTE 10) - The total management fees earned by the Manager for the years ended December 31, 2018 and 2017, including amounts owing as at December 31, 2018 and 2017 are as follows:

Management Fee Expense (\$)		Management Fee Payable (\$)	
2018	2017	2018	2017
12,806	5,313	1,070	582

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018		At December 31, 2017	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Dorsey Wright U.S. Sector Focus Five Index	201,716	(201,716)	74,794	(74,794)

Currency risk - The table below summarizes the First Trust ETF's net currency exposure as at December 31, 2018 and 2017:

Currency	At December 31, 2018		At December 31, 2017	
	Net Exposure (\$)	% Net Assets	Net Exposure (\$)	% Net Assets
United States Dollar	(4,048,805)	(99.76)	(2,296,338)	(101.62)

As at December 31, 2018, 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 \$40,488 (December 31, 2017 - \$22,963). 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, 2018 and 2017:

Holdings	At December 31, 2018	At December 31, 2017
	% Net Assets	% Net Assets
Exchange-Traded Funds	101.59	99.14
Total	101.59	99.14

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

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Exchange Traded Funds—101.59%				
First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF	33,517	880,629	802,448	19.77
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	31,375	888,995	808,534	19.92
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	31,913	867,708	803,033	19.78
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	24,312	814,062	845,328	20.83
First Trust AlphaDEX™ U.S. Utilities Sector Index ETF	34,190	882,786	863,964	21.29
		4,334,180	4,123,307	101.59
Total investments		4,334,180	4,123,307	101.59
Transaction costs		(1,035)		
Unrealized appreciation on derivatives - see Schedule 1			4,005	0.10
Unrealized depreciation on derivatives - see Schedule 1			(84,869)	(2.09)
Other assets, less liabilities			16,235	0.40
Total Net Assets Attributable to Holders of Redeemable Units		4,333,145	4,058,678	100.00

SCHEDULE OF INVESTMENT PORTFOLIO As at December 31, 2018

Schedule 1

Counterparty	Credit Rating of Counterparty*	Settlement Date	Currency Sell	Amount		Forward Rate	Current Rate	Appreciation (Depreciation) \$	
				Sold	Buy				
Bank of New York Mellon (The), New York	A-1+	1/31/2019	CAD	325,000	USD	241,180	1.348	1.364	4,005
									4,005
Bank of New York Mellon (The), New York	A-1+	1/31/2019	USD	3,209,240	CAD	4,293,000	0.748	0.733	(84,869)
									(84,869)

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

First Trust Indxx Innovative Transaction and Process ETF

STATEMENT OF FINANCIAL POSITION As at December 31, 2018

	December 31 2018 (\$)
Assets	
Investments (non-derivative financial assets)	4,426,227
Cash	36,998
Other assets	203
	4,463,428
Liabilities	
Accrued liabilities	644
Distributions payable to holders of redeemable units	37,725
	38,369
Total net assets attributable to holders of redeemable units	4,425,059
Total Net Assets Attributable to Holders of Redeemable Units per class	
Units	4,425,059
Redeemable units outstanding [note 6]	
Units	250,000
Net assets attributable to holders of redeemable units per unit	
Units	17.70

STATEMENT OF COMPREHENSIVE INCOME

For the period from March 23, 2018 to December 31, 2018

	December 31 2018 (\$)
Revenues	
Dividends	41,834
Other changes in fair value of investments	
Net realized gain (loss) on investments	(944)
Change in unrealized appreciation (depreciation) of foreign exchange	89
Change in unrealized appreciation (depreciation) of investments	(504,176)
	(463,197)
Foreign exchange gain (loss) on cash	820
	(462,377)
Expenses [note 7]	
Management fees	3,639
Independent Review Committee fees	396
HST expense	270
Transaction costs [note 3 and note 9]	11
	4,316
Expenses waived by manager	(396)
	3,920
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(466,297)
Withholding taxes	6,327
Increase (Decrease) in net assets attributable to holders of redeemable units	(472,624)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class	
Units	(472,624)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit	
Units	(2.87)

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

On behalf of the Trustee,
FT Portfolios Canada Co.



..... Director



..... Director

First Trust Indxx Innovative Transaction and Process ETF

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

For the period from March 23, 2018 to December 31, 2018

	December 31 2018 (\$)
Net assets attributable to holders of redeemable units, beginning of year	-
Increase (Decrease) in net assets attributable to holders of redeemable units	(472,624)
Redeemable unit transactions [note 6]	
Proceeds from redeemable units issued	4,935,428
Reinvested distributions	100
Redemption of redeemable units	(20)
	4,935,508
Distributions to holders of redeemable units from:	
Net investment income	(37,714)
Capital gains	(109)
Return of capital	(2)
	(37,825)
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	4,425,059
Net assets attributable to holders of redeemable units, end of year	4,425,059

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

First Trust Indxx Innovative Transaction and Process ETF

STATEMENT OF CASH FLOW

For the period from March 23, 2018 to December 31, 2018

	December 31 2018 (\$)
Cash flows from (used in) Operating Activities	
Increase (Decrease) in net assets attributable to holders of redeemable units	(472,624)
Adjustments for:	
Net realized (gain) loss on investments	944
Change in unrealized (appreciation) depreciation of investments	504,176
Other assets	(203)
Other liabilities	644
Purchases of investments	(4,939,333)
Proceeds from the sale of investments	7,986
	(4,898,410)
Cash flows from (used in) Financing Activities	
Amount received from the issuance of units	4,935,428
Amount paid on redemptions of units	(20)
	4,935,408
Increase (Decrease) in cash for the year	36,998
Cash, beginning of year	-
Cash, end of year	36,998
Dividends received, net of withholding taxes	35,507

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

First Trust Indxx Innovative Transaction and Process ETF

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

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

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

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

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

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

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

Redeemable Units	Units
Beginning balance – March 23, 2018*	–
Redeemable units issued	250,001
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1)
Outstanding units – December 31, 2018	250,000

*commencement of operations

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

Annual Management Fee**
Units
0.15%

**The First Trust ETF will bear the Underlying Fund's management fee of 0.65% per annum on average daily net assets on the First Trust ETF's portfolio assets invested in the Underlying Fund. Accordingly, the management fee cost to unitholders of their investment will be 0.80% per annum of NAV of the Units plus applicable taxes. There will be no management fees payable by the First Trust ETF that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service. Further, no sales fees or redemption fees are payable by the First Trust ETF in relation to its purchases or redemptions of the securities of the Underlying Fund and there will be no sales or redemption fees payable by the First Trust ETF that, to a reasonable person, would duplicate a fee payable by an investor in the First Trust ETF.

First Trust Indxx Innovative Transaction and Process ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

E. TAXATION (NOTE 8)

Tax loss carry-forwards – There were no net capital losses and non-capital losses as at December 31, 2018 and 2017.

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, 2018:

Transaction Cost (\$)
2018
11

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

Management Fee Expense (\$)	Management Fee Payable (\$)
2018	2018
3,639	570

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)
S&P 500 Index CAD	172,799	(172,799)

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

Currency	At December 31, 2018	
	Net Exposure (\$)	% Net Assets
United States Dollar	4,424,129	99.98

As at December 31, 2018, 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 \$44,241. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration Risk – The table below summarizes the concentration risk for the year ended December 31, 2018:

Holdings	At December 31, 2018
	% Net Assets
Exchange-Traded Funds	100.03
Total	100.03

First Trust Indxx Innovative Transaction and Process ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Exchange Traded Funds—100.03%				
First Trust Indxx Innovative Transaction & Process ETF	126,995	4,930,411	4,426,227	100.03
Total Exchange Traded Funds		4,930,411	4,426,227	100.03
Total investments		4,930,411	4,426,227	100.03
Transaction costs		(8)		
Other assets, less liabilities			(1,168)	(0.03)
Total Net Assets Attributable to Holders of Redeemable Units		4,930,403	4,425,059	100.00

First Trust International Capital Strength ETF

STATEMENT OF FINANCIAL POSITION As at December 31, 2018

	December 31 2018 (\$)
Assets	
Investments (non-derivative financial assets)	1,668,261
Cash	8,983
Accrued dividend receivable	2,352
Other assets	358
	1,679,954
Liabilities	
Accrued liabilities	1,127
Distributions payable to holders of redeemable units	-
	1,127
Total net assets attributable to holders of redeemable units	1,678,827
Total Net Assets Attributable to Holders of Redeemable Units per class	
Units	1,678,827
Redeemable units outstanding [note 6]	
Units	100,000
Net assets attributable to holders of redeemable units per unit	
Units	16.79

STATEMENT OF COMPREHENSIVE INCOME

For the period from May 17, 2018 to December 31, 2018

	December 31 2018 (\$)
Revenues	
Dividends	19,081
Interest income for distribution purposes	3,578
Other changes in fair value of investments	
Net realized gain (loss) on investments	(12,078)
Change in unrealized appreciation (depreciation) of foreign exchange	1,495
Change in unrealized appreciation (depreciation) of investments	(290,817)
	(278,741)
Foreign exchange gain (loss) on cash	138
	(278,603)
Expenses [note 7]	
Management fees	6,208
Transaction costs [note 3 and note 9]	3,930
HST expense	449
Independent Review Committee fees	139
	10,726
Expenses waived by manager	(139)
	10,587
Increase (Decrease) in net assets attributable to holders of redeemable units before tax	(289,190)
Withholding taxes	2,073
Increase (Decrease) in net assets attributable to holders of redeemable units	(291,263)
Increase (Decrease) in net assets attributable to holders of redeemable units for each class	
Units	(291,263)
Increase (Decrease) in net assets attributable to holders of redeemable units per unit	
Units	(3.78)

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

On behalf of the Trustee,
FT Portfolios Canada Co.



..... Director



..... Director

First Trust International Capital Strength ETF

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

For the period from May 17, 2018 to December 31, 2018

	December 31 2018 (\$)
Net assets attributable to holders of redeemable units, beginning of year	-
Increase (Decrease) in net assets attributable to holders of redeemable units	(291,263)
Redeemable unit transactions [note 6]	
Proceeds from redeemable units issued	1,970,110
Reinvested distributions	-
Redemption of redeemable units	(20)
	1,970,090
Increase (Decrease) in net assets attributable to holders of redeemable units for the year	1,678,827
Net assets attributable to holders of redeemable units, end of year	1,678,827

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

First Trust International Capital Strength ETF

STATEMENT OF CASH FLOW

For the period from May 17, 2018 to December 31, 2018

	December 31 2018 (\$)
Cash flows from (used in) Operating Activities	
Increase (Decrease) in net assets attributable to holders of redeemable units	(291,263)
Adjustments for:	
Net realized (gain) loss on investments	12,078
Change in unrealized (appreciation) depreciation of investments	290,817
Dividends receivable	(2,352)
Other assets	(358)
Other liabilities	1,127
Purchases of investments	(2,104,483)
Proceeds from the sale of investments	133,327
	(1,961,107)
Cash flows from (used in) Financing Activities	
Amount received from the issuance of units	1,970,110
Amount paid on redemptions of units	(20)
	1,970,090
Increase (Decrease) in cash for the year	8,983
Cash, beginning of year	-
Cash, end of year	8,983
Interest received	3,578
Dividends received, net of withholding taxes	14,656

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

First Trust International Capital Strength ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

A. INVESTMENT OBJECTIVE (NOTE 1) – The First Trust ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in equity securities of developed market companies, excluding the US and Canada, that are traded on global exchanges, with a focus on fundamental strength and growth.

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

	Financial Assets at Fair Value (\$) As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	1,668,261	–	–	1,668,261
Total	1,668,261	–	–	1,668,261

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

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

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

Redeemable Units	Units
Beginning balance – May 17, 2018*	–
Redeemable units issued	100,001
Redeemable units issued on reinvestments	–
Redeemable units redeemed	(1)
Outstanding units – December 31, 2018	100,000

*commencement of operations

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

Annual Management Fee
Units
0.70%

E. TAXATION (NOTE 8)

Tax loss carry-forwards – The net capital losses and non-capital losses as at December 31, 2018 were as follows:

Net Capital Losses (\$)	Non-Capital Losses (\$)
2018	2018
–	291,380

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

Transaction Cost (\$)
2018
3,930

First Trust International Capital Strength ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

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

Management Fee Expense (\$)	Management Fee Payable (\$)
2018	2018
6,208	997

H. FINANCIAL RISK MANAGEMENT (NOTE 11)

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

Index	At December 31, 2018	
	5% Increase (\$)	5% Decrease (\$)
MSCI EAFE Index	84,529	(84,529)

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

Currency	At December 31, 2018	
	Net Exposure (\$)	% Net Assets
Euro	517,291	30.81
British Pound Sterling	339,616	20.23
Japanese Yen	282,778	16.84
Hong Kong Dollar	165,777	9.87
Swiss Francs	94,986	5.66
South Korean Won	82,873	4.94
Norwegian Krone	51,452	3.06
Danish Krone	49,865	2.97
Australian Dollar	45,046	2.68
Swedish Krona	40,929	2.44
Total	1,670,613	99.51

As at December 31, 2018, 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 \$16,706. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

First Trust International Capital Strength ETF
Notes to Financial Statements - Specific Information
For the year ended December 31, 2018

Concentration Risk – The table below summarizes the concentration risk for the year ended December 31, 2018:

Country	At December 31, 2018
	% Net Assets
Germany	21.12
United Kingdom	17.72
Japan	16.80
Switzerland	8.13
France	7.44
Hong Kong	7.31
South Korea	4.88
Norway	3.06
Denmark	2.97
Australia	2.68
Macau	2.57
Sweden	2.44
Netherlands	2.25
Total	99.37

First Trust International Capital Strength ETF

Notes to Financial Statements - Specific Information

For the year ended December 31, 2018

SCHEDULE OF PORTFOLIO INVESTMENTS As at December 31, 2018

	Number of Shares	Average Cost (\$)	Fair Value (\$)	% of Total
Australia—2.68%				
CSL Ltd.	253	48,607	45,046	2.68
		48,607	45,046	2.68
Denmark—2.97%				
Novo Nordisk AS, Series 'B'	799	51,394	49,865	2.97
		51,394	49,865	2.97
France—7.44%				
Arkema	304	49,532	35,644	2.13
LVMH Moët Hennessy-Louis Vuitton SA	109	50,123	44,022	2.62
Thales SA	283	49,368	45,152	2.69
		149,023	124,818	7.44
Germany—21.12%				
Adidas AG	170	52,364	48,502	2.89
BASF SE	405	51,389	38,263	2.28
Bayer AG, Registered	340	47,603	32,207	1.92
Continental AG	174	49,875	32,864	1.96
Fresenius Medical Care AG	387	50,695	34,286	2.04
Infineon Technologies AG	1,441	50,526	39,140	2.33
SAP AG	326	49,937	44,328	2.64
Siemens AG, Registered	291	50,602	44,325	2.64
Wirecard AG	196	47,031	40,714	2.42
		450,022	354,629	21.12
Hong Kong—7.31%				
AIA Group Ltd.	4,400	51,105	49,863	2.97
China Gas Holdings Ltd.	9,800	44,599	47,669	2.84
Sino Biopharmaceutical Ltd.	28,000	52,141	25,189	1.50
		147,845	122,721	7.31
Japan—16.80%				
Astellas Pharma Inc.	2,200	46,022	38,404	2.29
KDDI Corp.	1,400	48,339	45,757	2.72
Koito Manufacturing Co. Ltd.	600	51,643	42,449	2.53
Shionogi & Co.	600	42,099	46,866	2.79
Sony Corp.	600	40,095	39,803	2.37
Tokyo Electron Ltd.	200	47,481	31,177	1.86
Yamaha Motor Co. Ltd.	1,400	49,987	37,648	2.24
		325,666	282,104	16.80
Macau—2.57%				
Sands China Ltd.	7,200	50,104	43,056	2.57
		50,104	43,056	2.57
Netherlands—2.25%				
ASML Holding NV	176	46,167	37,760	2.25
		46,167	37,760	2.25
Norway—3.06%				
Telenor ASA	1,941	50,834	51,333	3.06
		50,834	51,333	3.06
South Korea—4.88%				
Samsung Electronics Co. Ltd.	903	51,408	42,757	2.54
SK Hynix Inc.	530	52,363	39,232	2.34
		103,771	81,989	4.88
Sweden—2.44%				
Sandvik AB	2,103	48,581	40,929	2.44
		48,581	40,929	2.44
Switzerland—8.13%				
ABB Ltd., Registered	1,627	49,592	42,247	2.52
Ferguson PLC	476	49,342	41,555	2.47
Roche Holding AG Genussscheine	156	47,500	52,739	3.14
		146,434	136,541	8.13

First Trust International Capital Strength ETF
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For the year ended December 31, 2018

United Kingdom—17.72%				
BAE Systems PLC	4,674	49,954	37,347	2.23
British American Tobacco PLC	696	45,792	30,278	1.80
Diageo PLC	1,036	47,858	50,386	3.00
Legal & General Group PLC	11,097	50,833	44,605	2.66
Prudential PLC	1,611	50,349	39,302	2.34
Rio Tinto PLC	743	50,673	48,225	2.87
Unilever PLC	662	48,764	47,327	2.82
		344,223	297,470	17.72
Total investments		1,962,671	1,668,261	99.37
Transaction costs		(3,593)		
Other assets, less liabilities			10,566	0.63
Total Net Assets Attributable to Holders of Redeemable Units		1,959,078	1,678,827	100.00

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year December 31, 2018

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 March 15, 2018. The units of the First Trust ETFs are listed for trading on the Toronto Stock Exchange (“TSX”), except for some of the Hedged Units¹ of the U.S. Sector Index ETFs.

First Trust ETFs	Ticker Symbols	Inception Date
Actively Managed Funds		
First Trust Canadian Capital Strength ETF ²	FST, FST.A	November 30, 2001
First Trust Short Duration High Yield Bond ETF (CAD-Hedged)	FSD, FSD.A	May 20, 2011
First Trust Senior Loan ETF (CAD-Hedged)	FSL, FSL.A	August 28, 2013
First Trust International Capital Strength	FINT	May 16, 2018
Income Funds		
First Trust Value Line® Dividend Index ETF (CAD-Hedged) ³	FUD, FUD.A	May 15, 2013
First Trust Global Risk Managed Income Index ETF	ETP, ETP.A	July 23, 2014
First Trust Tactical Bond Index ETF	FTB	June 19, 2015
AlphaDEX™ Dividend Funds		
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
AlphaDEX™ U.S. Sector Funds		
First Trust AlphaDEX™ U.S. Financial Sector Index ETF	FHF	October 30, 2014
	FHF.F	-
First Trust AlphaDEX™ U.S. Energy Sector Index ETF	FHE	October 30, 2014
	FHE.F	-
First Trust AlphaDEX™ U.S. Consumer Discretionary Sector Index ETF	FHD	October 30, 2014
	FHD.F	-
First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF	FHC	October 30, 2014
	FHC.F	December 8, 2017
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	FHH	October 30, 2014
	FHH.F	December 8, 2017
First Trust AlphaDEX™ U.S. Materials Sector Index ETF	FHM	October 30, 2014
	FHM.F	-
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	FHG	October 30, 2014
	FHG.F	December 8, 2017
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	FHQ	October 30, 2014
	FHQ.F	December 8, 2017
First Trust AlphaDEX™ U.S. Utilities Sector Index ETF	FHU	October 30, 2014
	FHU.F	-
Specialty Funds		
First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged)	FSR	September 29, 2016
First Trust Indxx Innovative Transaction and Process ETF	BLCK	March 23, 2018

¹The Hedged Units of the U.S. Sector Index ETFs were qualified for distribution by a prospectus last renewed on June 7, 2018. As of the date of this annual financial statements, four of the U.S. Sector Index ETFs have offered securities to the public effective December 8, 2017 (i.e. FHC.F, FHH.F, FHG.F, FHQ.F).

²First Trust AlphaDEX™ Canadian Dividend ETF (“FDY”) merged (the “Merger”) with FST in order to combine FDY and FST into one Canadian equity exchange-traded fund with FST being the continuing fund. The Merger took place after required Unitholders approval. Under the Merger, holders of units in FDY became unitholders of the First Trust ETF. The Merger was implemented effective October 16, 2017.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year December 31, 2018

³ On October 25, 2017, unitholders of the First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged) approved a proposal to (a) change the investment objective (the "Proposal"), (b) change the management fee in respect of the common units and (c) change the name to "First Trust Value Line® Dividend Index ETF (CAD-Hedged)". The Proposal was implemented as of November 22, 2017.

The Manager is also the trustee and promoter of the First Trust ETFs. First Trust Advisors L.P., an affiliate of the Manager, is the Portfolio Advisor of the First Trust ETFs. CIBC Mellon Trust Company is the custodian of the assets of the First Trust ETFs.

The address of the Manager is 40 King Street West, Suite 5102, Scotia Plaza, Box 312, Toronto, Ontario M5H 3Y2. The financial statements were authorized for issuance by the Manager on March 22, 2019.

2. BASIS OF PRESENTATION

The information provided in these financial statements and notes thereto is as at December 31, 2018 and 2017 and for periods then ended, as applicable.

These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The First Trust ETFs adopted the following standards, interpretations and amendments for the first time for the period beginning on January 1, 2018.

IFRS 9 Financial Instruments ("IFRS 9 (2014)")

The adoption of IFRS 9 (2014) has been applied retrospectively, with the First Trust ETFs utilizing the provisions allowed in the standard to not restate prior period comparative information. IFRS 9 (2014) requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit or loss or other comprehensive income, based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Upon adoption of IFRS 9 (2014), a First Trust ETF's financial assets and liabilities previously classified as at fair value through profit or loss ("FVTPL") and amortized cost under IAS 39 "Financial Instruments: Recognition and Measurement", continued to be classified at FVTPL and amortized cost.

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

Financial instruments

(i) Classification

Financial Assets

A First Trust ETF classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. A First Trust ETF also manages these financial assets with the objective of realizing cash flows through sales. A First Trust ETF has not

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year December 31, 2018

taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

Financial Liabilities

A First Trust ETF makes short sales in which a borrowed security is sold in anticipation of a future decline in its market value, or used as an arbitrage strategy.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that a First Trust ETF manages together and have recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

Hedge Accounting

A First Trust ETF does not apply hedge accounting to any of its derivative positions.

(ii) Financial assets and financial liabilities at amortized cost

The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 (2014) replaced the incurred loss model in IAS 39 with the expected credit loss model ("ECL"), as the new impairment model for financial assets measured at amortized cost. At each reporting date, a First Trust ETF measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, a First Trust ETF measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, a First Trust ETF has determined that the expected credit loss allowances are not material.

(iii) Recognition and measurement

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, which is the date on which the First Trust ETFs become a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Subsequent to initial recognition, financial assets and liabilities at FVTPL are measured at fair value. Net realized gain (loss) on sale of investments and net change in unrealized appreciation (depreciation) of investments arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income. Fair value is determined in the manner described in item (iv) below.

(iv) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the First Trust ETF has transferred substantially all risks and rewards of ownership.

Financial liabilities at FVTPL are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year December 31, 2018

Net realized gain (loss) on sale of investments and derivatives are determined on a weighted average cost basis.

(v) Fair value measurement

For the majority of First Trust ETFs, investments in listed securities are measured at fair value, which is determined in reference to their quoted close prices on the principal securities exchange on which the issue is traded. The change in the difference between the fair value and average cost is included in the statement of comprehensive income as unrealized appreciation (depreciation) on investments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

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.

First Trust Exchange-Traded Funds

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The determination of what constitutes “observable” requires significant judgment by the First Trust ETF. The First Trust ETF considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Unobservable Inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of 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

First Trust ETFs under the U.S. Sector Funds currently have two classes of redeemable units in issue: Units and Hedged Units. However, the Hedged Units have not offered any securities to the public yet, except for FHC.F, FHH.F, FHQ.F, and FHG.F. Since the U.S. Sector ETFs will seek to hedge their U.S. dollar currency exposure only in respect of the Hedged Units, all of the gains or losses associated with any hedging transactions in that regard will be solely for the account of the Hedged Units.

Majority of the First Trust ETFs not under U.S. Sectors Funds have two classes of redeemable units in issue: Common Class and Advisor Class. For U.S. Sector Funds, four funds have also two classes of redeemable units in issue: Units and Hedged Units. FINT, FTB, FSR, and BLCK have only one class of redeemable units (See note 1 – “The First Trust ETFs”). These classes of redeemable units are the most subordinate classes of financial instruments in First Trust ETFs and rank pari passu in all material respects and have the same terms and conditions other than differences in management fee rate where the Advisor Class pays additional amount for service fees (See note 7 – “Management Fees and Expenses”).

A separate net asset value is calculated for each class of Units of the First Trust ETFs. The net asset value of a particular class of unit is computed by calculating the value of the class’ proportionate share of the assets and liabilities of the First Trust ETF common to all series less direct expenses attributable only to that class. The net

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asset value is divided by the number of units outstanding for each class on the day of valuation to compute net asset value per unit. Other expenses are allocated proportionately to each series based upon the relative net assets value of each class. Expenses are accrued daily.

Dividends are distributed according to the dividend policy discussed in the respective simplified prospectuses of the First Trust ETFs. Income not distributed is included in net assets attributable to holders of redeemable shares.

Investment income

The “Interest income for distribution purposes” shown on the Statement of Comprehensive Income represents the coupon interest received by the First Trust ETFs accounted for on a straight-line basis. The First Trust ETFs do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight-line basis.

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) (“FSL”) and First Trust Short Duration High Yield Bond ETF (CAD-Hedged) (“FSD”) 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

First Trust Exchange-Traded Funds

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gains or losses on the forward contract are reported as part of the net change in unrealized appreciation or depreciation of derivatives in the statement of comprehensive income until it is closed out or partially settled.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

Upon the closing out of the instrument, any gain or loss on forward foreign exchange currency agreements is disclosed in the Statement of Comprehensive Income as net realized (loss) gain on foreign exchange.

Forward contracts entered into by the First Trust ETFs represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the First Trust ETF currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing these financial statements. Actual results may differ from these estimates.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the First Trust ETFs using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. The First Trust ETF would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the First Trust ETFs. The First Trust ETFs considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 5 for further information about the fair value measurement of the First Trust ETFs' financial instruments.

4. FORWARD FOREIGN EXCHANGE CURRENCY AGREEMENTS

Certain First Trust ETFs may enter into forward foreign exchange currency agreements to minimize the impact of changes in the Canadian-U.S. foreign exchange rate or Canadian-CHF/EUR/GBP foreign exchange rates on the First Trust ETFs' net asset value. The typical duration for a forward contract is one month but some contracts may be for longer periods up to six months. Bank of New York Mellon is the counterparty to all forward contracts of the First Trust ETFs.

The forward foreign exchange currency agreements, as applicable, shown in the Notes to Financial Statements - Specific Information under Schedule of Portfolio Investments for each First Trust ETF.

First Trust Exchange-Traded Funds

Notes to Financial Statements

For the year December 31, 2018

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 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 are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF, where applicable.

6. REDEEMABLE UNITS

Many of the First Trust ETFs have two classes of redeemable units in issue: Common Class and Advisor Class (See note 1 – “The First Trust ETFs”). The only difference between these units is the service fee component of the management fee payable by a First Trust ETF in respect of the units of each class (as described under “Management Fees and Expenses” – See note 7). Accordingly, the net asset value per unit of each class may not be the same as a result of the different fees allocable to each class of units.

Majority of the U.S. Sector Funds currently have one class of redeemable units called Units. The Hedged Units have not offered any securities to the public yet, except for FHC.F, FHH.F, FHQ.F, and FHG.F.

FINT, FTB, FSR, and BLCK have also only one class of redeemable units called 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.

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

7. MANAGEMENT FEES AND EXPENSES

Each First Trust ETF will pay the Manager a management fee and, in respect of the Advisor Class Units, an additional amount for a service fee based on the average daily NAV of the applicable First Trust ETF.

The management fee, plus applicable taxes, including HST, are accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

Advisor Class Units Service Fee: The Manager pays to registered dealers a service fee equal to 1.00% per annum of the NAV of the Advisor Class Units in respect of all First Trust ETFs, other than First Trust Global Risk Managed Income Index ETF (“ETP”), FSL, and FSD, and 0.50% per annum of the NAV of the Advisor Class Units in respect of ETP, FSL, and FSD, for each Advisor Class Unit held by clients of the registered dealer, plus any applicable taxes. The service fee will be calculated and accrued daily and paid quarterly at the end of each calendar quarter.

In addition to the payment of the management fee, each First Trust ETF is responsible for the costs and expenses incurred in complying with NI 81-107 (including any expenses related to the implementation and on-going operation of an independent review committee), brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, the costs of complying with any new governmental or regulatory requirement introduced after the First Trust ETFs were established and extraordinary expenses and, in the discretion of the Manager, any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in the First Trust ETF. The Manager is responsible for all other costs and expenses of the First Trust ETFs, including fees payable to the Portfolio Advisor, Custodian, Valuation Agent, Registrar and Transfer Agent and Plan Agent and fees payable to other service providers retained by the Manager.

The management fees charged are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.

8. TAXATION

Income taxes

The First Trust ETFs are trusts and 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.

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Distributions of sufficient net realized capital gains (reduced by loss carry-forwards, if any) are made, on record date, after December 15 but on or before December 31 to ensure that the First Trust ETF will not be liable for income taxes.

Tax loss carry-forwards

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

The net capital losses and non-capital losses, as applicable, are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.

9. COMMISSION

Total commissions and other transaction costs paid or payable to dealers by the First Trust ETFs for their portfolio transactions, where applicable, are discussed in the Specific Information for each First Trust ETF. Note that FSL and FSD 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 7 – Management Fees and Expenses).

The total management fees earned by the Manager including amounts owing where applicable, are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.

11. FINANCIAL RISK MANAGEMENT

The First Trust ETFs are exposed to a number of risks due to the nature of their activities and as further set out in its offering memorandum. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The First Trust ETFs' objective in managing these risks is the protection and enhancement of share value.

The financial risk management (market risk, interest rate risk, credit risk, currency risk, liquidity risk, and concentration risk) as applicable, are discussed in the Notes to Financial Statements - Specific Information for each First Trust ETF.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the First Trust ETFs are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the First Trust ETFs is determined by the fair value of the financial instruments. The Portfolio Advisor moderates this risk through a careful selection of securities within specified limits and the First Trust ETFs' market price risk is moderated through diversification of the investment portfolio. The Investment Manager monitors the First Trust ETFs' overall market positions on a daily basis and positions are maintained within established ranges.

ETP, FSR, FTB, and BLCK hold other ETFs. There is no look-through of the financial risks. Thus, they are indirectly exposed to the market risk through the investments held by the ETFs in their investment portfolio.

For the years ended December 31, 2018 and 2017, the overall market exposures relate to the First Trust ETFs' investments in securities.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Certain First Trust ETFs are exposed to interest rate risk as they invest in listed debt securities bearing interest at fixed and floating interest rates. Other financial assets and liabilities exposed to interest rate risk include borrowings which are invested at long term interest rates and cash and bank balances which are invested at short term interest rate. The Portfolio Advisors manage the First Trust ETFs' exposure to interest rate risk on a daily basis in accordance with the First Trust ETFs' investment objectives and policies. The First Trust ETFs' overall exposure to interest rate risk is monitored closely by the Portfolio Advisors.

Interest rate risk arises on interest-bearing financial instruments. The majority of the First Trust ETFs', except FSL, FTB, ETP, and 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 that a counterparty to a financial instrument will cause a loss by failing to discharge its obligations. The First Trust ETFs are exposed to credit risk on its debt instruments, derivative assets, cash and cash equivalents and other short term trade receivables.

The First Trust ETFs, except FTB, ETP, FSL, and FSD, had no significant investments in debt instruments and/or derivatives as of December 31, 2018, 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, 2018, the maximum credit risk exposure of this First Trust ETF is \$77,895,576 (December 31, 2017 - \$127,790,540).

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

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acquiring a participation, this First Trust ETF may also be subject to credit risks with respect to that lender. As at December 31, 2018, the maximum credit risk exposure of this First Trust ETF is \$12,408,059 (December 31, 2017 - \$17,942,360).

ETP, FSR, and FTB hold other ETFs. There is no look-through of the financial risks. Thus, they are indirectly exposed to the credit risk through the investments held by the ETFs in their investment portfolio.

Currency risk

Many of the First Trust ETFs hold assets and liabilities, including cash, short-term investments, equities, fixed income instruments and currency-based derivative contracts that are denominated in foreign currencies. These First Trust ETFs are therefore exposed to currency risk, as the value of the securities denominated in another currency fluctuates due to changes in exchange rates.

The currency risk will typically be hedged by entering into foreign currency forward contracts if required, however some moderate currency exposure may be assumed if deemed to be beneficial to the First Trust ETFs.

ETP, FSR, FTB, and BLCK hold other ETFs. There is no look-through of the financial risks. Thus, they are indirectly exposed to the currency risk through the investments held by the ETFs in their investment portfolio.

ETP, FTB, and FST are Canadian funds therefore they have insignificant currency risk as at December 31, 2018.

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.

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13. SECURITIES LENDING

A First Trust ETF may, in compliance with NI 81-102, lend portfolio securities to third parties pursuant to the terms of a securities lending agreement between the First Trust ETF and a securities lending agent under which: (i) the borrower will pay to the First Trust ETF a negotiated securities lending fee and will make compensation payments to the First Trust ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the First Trust ETF will receive collateral security equal to at least 102% of the value of the portfolio securities loaned. The securities lending agent for a First Trust ETF will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

As of December 31, 2018, there were no securities lending done by the First Trust ETFs.

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