



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

Annual Management Report of Fund Performance
December 31, 2020

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2020

First Trust Canadian Capital Strength ETF (the “First Trust ETF”)

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

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

Forward-looking Statements

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

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Investment Objective and Strategy

The fundamental investment objective of **First Trust Canadian Capital Strength ETF** (the “First Trust ETF”) is to provide unitholders with long term capital appreciation by investing primarily in securities traded on a Canadian exchange or market.

To achieve its investment objectives, the First Trust ETF will primarily invest in securities of issuers that are based in Canada or have significant business operations in the Canadian market. Securities invested in by the First Trust ETF include common shares of public companies that are traded on a Canadian exchange or market.

The First Trust ETF uses a multi-step, bottom-up quantitative selection process to identify its investible universe of securities, and fundamental analysis to make final portfolio selections. The selection process, described below, is designed to identify issuers that have certain objectives and easily determinable attributes that, in the portfolio advisor’s opinion, makes them capital strength issuers.

The first step in the portfolio advisor’s selection process is to identify the universe of securities from which the portfolio advisor will select the portfolio. The portfolio advisor begins by selecting securities of issuers that, primarily, are traded on a Canadian exchange or market.

Next, the portfolio advisor evaluates issuers based on multiple quantitative metrics, including, but not limited to, cash on hand, return on equity and long-term debt to market value of equity. These factors are designed to identify those issuers which exhibit strong fundamental characteristics at the time of purchase and to eliminate those that do not meet the investment criteria.

After establishing the investment universe, the portfolio advisor examines other factors, including valuation and future growth prospects, to determine securities it may purchase for the First Trust ETF. The portfolio advisor then uses fundamental analysis to select securities that meet the First Trust ETF’s investment objectives, trade at attractive valuations and in the opinion of the portfolio advisor, are likely to exceed market expectations of future cash flows.

Risk

There were no changes to the First Trust ETF over the reporting period that materially affected the overall level of risk associated with the First Trust ETF. Investors should refer to the most recent prospectus as it contains detailed discussion of risk relating to the investment of the First Trust ETF.

Results of Operations

General

The First Trust ETF’s total net asset value as of December 31, 2020 was \$43,551,288 or \$34.44 per Common Class unit (“FST”) and \$28.87 per Advisor Class unit (“FST.A”). The First Trust ETF’s total net asset value as of December 31, 2019 was \$60,423,944 or \$34.59 per FST and \$28.95 per FST.A.

For the year ended December 31, 2020, the First Trust ETF paid total cash distributions per unit of \$0.6400 for FST and \$0.2200 for FST.A. In addition, the First Trust ETF declared cash distributions per unit of \$0.1600 for FST and \$0.0550 for FST.A for record date of December 31, 2020 with payment date of January 8, 2021.

Investment Performance

For the year ended December 31, 2020, FST returned 1.70% and FST.A returned 0.60% compared to S&P/TSX Composite® Index (the “benchmark”) return of 5.60%. Unlike the benchmark, the First Trust ETF’s returns are net of fees and expenses.

FST has underperformed the benchmark for the year. Allocation effect for the portfolio was a positive contributor to relative performance while stock selection effect was negative. Positive contributions to relative performance can be attributed to an overweight allocation in Information Technology, underweight allocation in Energy, and an overweight

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allocation and stock selection in Industrials. Negative contributions can mostly be attributed to stock selection in Information Technology, Materials, and Energy.

The top-performing stocks for the year, based on total return, were Kinaxis, Inc., Ritchie Bros. Auctioneers Incorporated, and Enghouse Systems Limited. These stocks returned +68.56%, 61.34%, and 46.85% respectively, in CAD, including dividends. The bottom-performing stocks, based on total return, were Suncor Energy Inc., Teck Resources Limited Class B, and CAE Inc. These stocks returned -57.22%, -52.75%, and -43.39%, respectively, in CAD, including dividends.

The First Trust ETF held 25 equity positions for the twelve-month period ending December 31, 2020 and made no net change to the number of positions from the beginning of the period. Portfolio changes were made in March 2020 (5 positions added, 5 positions eliminated and June 2020 (2 positions added, 2 positions eliminated), and in November 2020 (3 positions added, 3 positions eliminated). The top ten equity holdings of the First Trust ETF at December 31, 2020 accounted for 42.33% of total NAV and the top ten equity holdings of the First Trust ETF at December 31, 2019 accounted for 37.72% of total NAV. Financials, Information Technology, and Materials (in order) were the top three sector weightings at the end of the period. Financials, Industrials and Materials were the top three sector weights at the beginning of the period. Relative to its benchmark over the period, the First Trust ETF was overweight the Information Technology, Industrials, Consumer Staples, Consumer Discretionary, and Materials sectors and underweight the Energy, Utilities, Communication Services, Financials, Health Care, and Real Estate sectors. The sector weighting of the First Trust ETF changed somewhat over the reporting period, primarily as the result of our bottom-up, multi-step quantitative and fundamental stock selection strategy. Portfolio changes were made in March, June, and November of 2020. There was no net change to the total number of portfolio positions over the period. In March, four positions, Suncor Energy, CAE Inc., Teck Resources Ltd., and Nutrien Ltd. were eliminated for failing to meet the initial screening criteria and Bank of Montreal was removed at the portfolio manager's discretion. Positions in Saputo Inc., Enghouse Systems Ltd., Kinaxis, Inc., Barrick Gold Corp, and Kirkland Lake Gold Ltd. were established to replace them. In June, Colliers International Group Inc. and Saputo Inc. were eliminated for failing to meet screening criteria. Ritchie Bros Auctioneers Inc. and B2Gold Corp. were subsequently established as new positions. In November, Pembina Pipeline Corp. was eliminated for failing to meet initial screening criteria and two positions, Kirkland Lake Gold Ltd. And Ritchie Bros Auctioneers Inc., were removed at the portfolio manager's discretion. West Fraser Timber Co. Ltd., TFI International Inc., and Canadian Imperial Bank of Commerce were established as new positions.

Recent Developments

As with the rest of the world, Canada experienced a downturn in economic activity in 2020. The ongoing COVID-19 pandemic has forced governments to intervene and take the necessary policy actions to assist their economies. According to the December interest announcement by the Bank of Canada (the "BoC"), the Bank Rate was maintained at 0.25% and is expected to remain there until the 2% inflation target can be sustainably achieved. The BoC projects to achieve their inflation target in 2023. To reinforce this obligation, the BoC stated the economic recovery will continue to necessitate "extraordinary monetary policy" with the Quantitative Easing ("QE") program of \$4 billion a week to suppress interest rates across the yield curve. According to the BoC, the economy grew over 10% in third quarter versus the second quarter, which was about 3% higher than the BoC's previous projection. The reopening phase in the third quarter was strong, but also uneven. Housing activity bounced back as those with resilient income took advantage of historically low financing costs. Housing preferences changed because of the pandemic as well, causing an increase in demand for larger or single-family homes. Household spending held steady but spending patterns have changed as the nation adapted to physical distancing throughout the year. While above the lows of the second quarter, investment and exports have not recovered as strongly as other areas of the economy. The BoC projects overall GDP to be down 5.7% for the year, 2021 and 2022 are projected to increase by 4.2% and 3.7%, respectively. Looking forward, according to the BoC's Winter 2020-2021 Business Outlook Survey, Canadian business sentiment has recovered from near-record lows over the summer to slightly positive by the end of the year. Nearly half of businesses have reported an outright decline in sales over the past 12 months, though future sales sentiment has been positive and trending upwards over the last half of the year. Business' employment outlook is trending positively as well. Employment is expected to ramp up significantly in 2021 when the pandemic is expected to be largely under control.

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After a strong 2019 in which the benchmark increased 22.88% on a total return basis, the Canadian equity market took a step back in the first half of 2020. The benchmark was down -7.47% on a total return basis for the first half of the year, which can largely be attributed to the emergence of the coronavirus and an overall decrease in global economic activity. The benchmark rebounded in the second half of 2020, which led to the benchmark increasing 5.60% on a total return basis for the year. On a total return basis, the Health Care sector dropped about 24% in 2020, led by the Pharmaceuticals industry. The Energy sector also declined about 27% last year as a result of the significant decline in oil prices and demand. On the other hand, Information Technology significantly outperformed the benchmark in 2020 with a total return over 80%. The Information Technology sector's outperformance was largely due to the increased demand for the services of technology-related companies as the economy adapted to the shutdown caused by the pandemic. The Materials sector's total return exceeded 21% for the year. The sector's strong year was largely due to the stock performance of gold mining companies in the first half of the year.

According to the BoC, the global economy is projected to contract by 4% in 2020 as the world grapples with COVID-19. The effects of the virus are being felt all around the world resulting in governments and central banks having to intervene with fiscal and monetary policy. The BoC forecasts that global growth will rebound in 2021 with a global GDP of about 5%. Much of the global recovery is reliant on upon other countries doing their part to reduce the infection rate and the successful rollout of vaccinations.

Despite the unprecedented conditions, there are still plenty of attractive opportunities in Canada. We believe that the catalysts behind the downturn in the economy are shorter-term, oil prices continue to improve, and business sentiment has already shown signs of a rebound in the economy. As COVID-19 comes under control and business activity continues to improve, we expect the Canadian equity market will provide ample returns for investors with longer time horizons.

We continue to find attractive candidates from within our selection universe of "capital strength" companies. The First Trust ETF is positioned to provide exposure to one of the world's most developed nations, but with less overall concentration in the three leading sectors (Financials, Energy and Materials represented roughly 57% of the sector weights for the benchmark over the period versus roughly 43% within the First Trust ETF portfolio).

Related Party Transactions

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

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

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

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Financial Highlights

The following tables show selected key financial information about the First Trust ETF and are intended to help you understand the First Trust ETF's financial performance for the past five years. This information is derived from the First Trust ETF's current audited annual financial statements for the twelve-months ended December 31, 2020, 2019, 2018, and 2017, and for the six-month period ended December 31, 2016.

Net Asset Value per Unit

FST.A	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net asset value, beginning of period/year ⁽¹⁾	\$28.95	\$25.27	\$28.14	\$24.68	\$21.74
Increase (Decrease) from operations:					
Total revenue	0.66	0.70	0.62	0.51	0.28
Total expenses	(0.48)	(0.50)	(0.50)	(0.47)	(0.29)
Realized gains (losses) for the period/year	(0.52)	2.09	0.36	2.14	1.05
Unrealized gains (losses) for the period/year	0.34	1.74	(3.19)	1.37	1.97
Total increase (decrease) from operations ⁽²⁾	\$ -	\$4.03	\$(2.71)	\$3.55	\$3.01
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.10)	(0.18)	(0.03)	-	-
From capital gains	-	-	(0.10)	-	-
Return of capital	(0.12)	(0.07)	-	(0.09)	-
Total annual distributions ⁽³⁾	\$(0.22)	\$(0.25)	\$(0.13)	\$(0.09)	\$ -
Net asset value, end of period/year ^{(4), (5)}	\$28.87	\$28.95	\$25.27	\$28.14	\$24.68

FST	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net asset value, beginning of period/year ⁽¹⁾	\$34.59	\$30.18	\$33.44	\$29.12	\$25.50
Increase (Decrease) from operations:					
Total revenue	0.78	0.84	0.75	0.63	0.34
Total expenses	(0.22)	(0.23)	(0.23)	(0.22)	(0.19)
Realized gains (losses) for the period/year	(1.13)	2.33	0.07	2.28	1.27
Unrealized gains (losses) for the period/year	(1.82)	2.73	(3.97)	2.77	2.20
Total increase (decrease) from operations ⁽²⁾	\$(2.39)	\$5.67	\$(3.38)	\$ 5.46	\$ 3.62
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.49)	(0.48)	(0.34)	(0.08)	-
From capital gains	-	-	-	-	-
Return of capital	(0.15)	-	-	(0.14)	-
Total annual distributions ⁽³⁾	\$(0.64)	\$(0.66)	\$(0.34)	\$(0.22)	\$ -
Net asset value, end of period/year ^{(4), (5)}	\$34.44	\$34.59	\$30.18	\$33.44	\$29.12

(1) This information is provided for the twelve-months ended December 31, 2020, 2019, 2018, and 2017, and six-month period ended December 31, 2016, and is prepared under IFRS.

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

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

(4) At the time of the conversion to an ETF, there was an exchange of units whereby holders of Series F units received 1 Common unit for each Series F unit held and holders of Series A units received 1 Advisor Class unit for each Series A held.

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

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Ratios and Supplemental Data

FST.A	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net asset value (000's)	\$24,849	\$27,810	\$26,803	\$35,547	\$34,626
Number of units outstanding	860,726	960,726	1,060,726	1,263,337	1,402,854
Management expense ratio ⁽¹⁾	1.76%	1.77%	1.76%	1.76%	2.41%
Management expense ratio before waivers or absorption	1.78%	1.79%	1.78%	1.78%	2.41%
Trading expense ratio ⁽²⁾	0.03%	0.02%	0.03%	0.03%	0.04%
Portfolio turnover rate ⁽³⁾	60.13%	45.10%	63.24%	54.57%	26.70%
Net asset value per unit	\$28.87	\$28.95	\$25.27	\$28.14	\$24.68

FST	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net asset value (000's)	\$18,703	\$32,614	\$42,046	\$39,815	\$7,207
Number of units outstanding	542,993	942,993	1,392,993	1,190,807	247,534
Management expense ratio ⁽¹⁾	0.66%	0.65%	0.66%	0.66%	1.29%
Management expense ratio before waivers or absorption	0.69%	0.67%	0.68%	0.68%	1.29%
Trading expense ratio ⁽²⁾	0.03%	0.02%	0.03%	0.03%	0.04%
Portfolio turnover rate ⁽³⁾	60.13%	45.10%	63.24%	54.57%	26.70%
Net asset value per unit	\$34.44	\$34.59	\$30.18	\$33.44	\$29.12

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

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

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

Management Fees

The First Trust ETF will pay the Manager a management fee of 0.60% and, in respect of the FST.A, an additional amount for a service fee (see "FST.A Service Fee" below) based on the average daily NAV of the First Trust ETF. The management fee, plus applicable taxes including HST, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

FST.A Service Fee

The Manager pays registered dealers a service fee equal to 1.00% per annum of the NAV of the Advisor Class Units 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.

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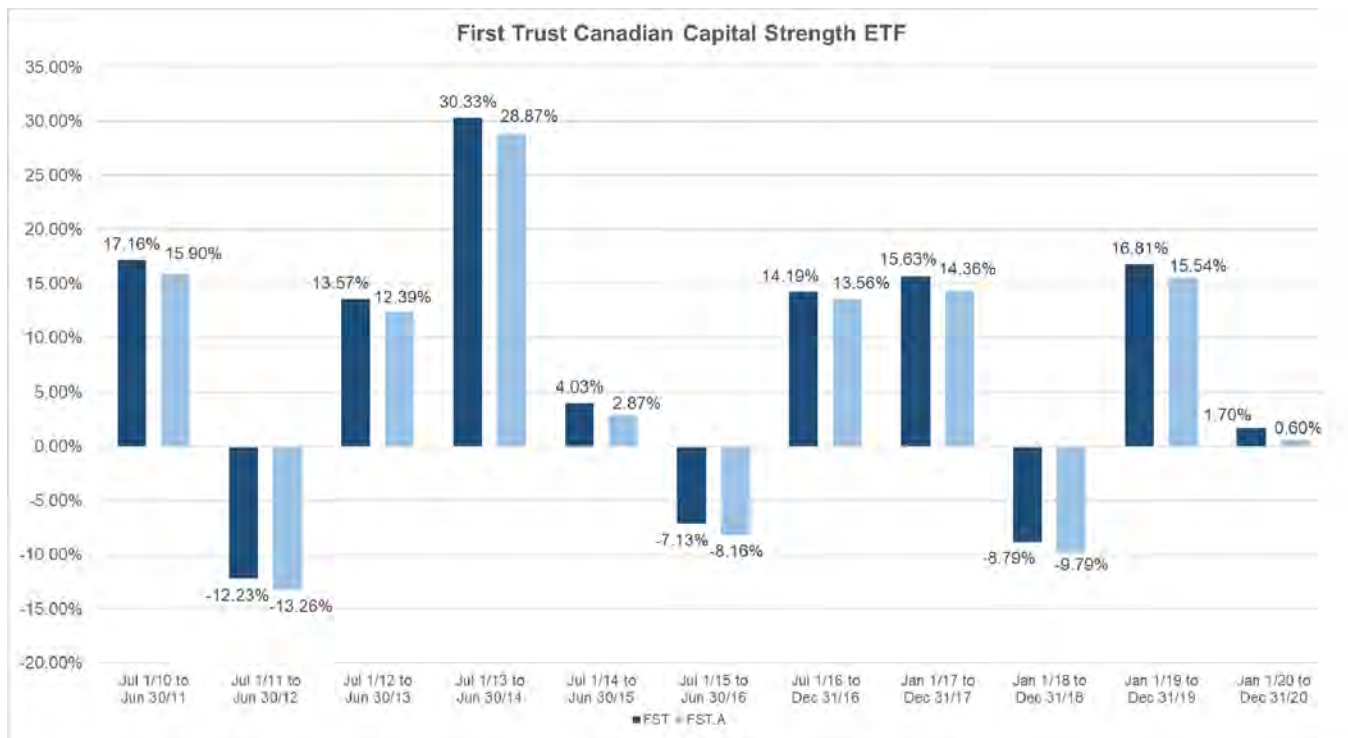
Past Performance

General

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

Year by Year Returns

The bar chart below shows the First Trust ETF's performance, per class, for the twelve-months ended December 31, 2020, 2019, 2018, and 2017 and for the six-month period ended December 31, 2016, and for the fiscal years ended June 30 and illustrate how the investment fund's performance has changed from year to year. The chart also shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



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Annual Compound Returns

The table below shows the First Trust ETF's annual compound total return since inception and for the years ended December 31, 2020. The annual compound return is compared to the returns of the relevant benchmark; however, the First Trust ETF's return is net of fees and expenses. See Results of Operations section of this report for further information regarding the current year performance of the First Trust ETF relative to the benchmark.

	1-Year	3-Year	5-Year	10-Year	Since Inception
First Trust Canadian Capital Strength ETF (FST.A)	0.60%	1.59%	6.11%	4.65%	5.38%
First Trust Canadian Capital Strength ETF (FST)	1.70%	2.71%	7.28%	5.82%	6.54%
S&P/TSX Composite® Index	5.60%	5.74%	9.33%	5.76%	7.44%

S&P/TSX Composite® Index is the premier indicator of market activity for Canadian equity markets going back to its original incarnation in 1977. With approximately 95% coverage of the Canadian equities market, it is the primary gauge for Canadian-based, TSX-listed companies. It addresses the needs of investment managers who require a portfolio benchmark characterized by sufficient size and liquidity. The size of the S&P/TSX Composite and its broad economic sector coverage has made the S&P/TSX Composite Index the primary benchmark for Canadian pension funds and mutual market funds.

Summary of Investment Portfolio

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's top 25 holdings as at December 31, 2020. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. Daily and quarterly updates are available at www.firsttrust.ca.

Top 25 Holdings	% of ETF Total Net Asset Value
West Fraser Timber Co. Ltd.	4.56%
Magna International Inc.	4.55%
Bank of Nova Scotia	4.30%
CGI Inc.	4.30%
Manulife Financial Corp.	4.20%
Toronto-Dominion Bank (The)	4.15%
Constellation Software Inc.	4.12%
Open Text Corp.	4.09%
Intact Financial Corp.	4.04%
Toromont Industries Ltd.	4.02%
Kinaxis Inc.	4.00%
Canadian Pacific Railway Ltd.	3.98%
Alimentation Couche-Tard Inc., Class 'B'	3.97%
Royal Bank of Canada	3.97%
Canadian Imperial Bank of Commerce	3.93%
CCL Industries Inc., Class 'B'	3.89%
Canadian National Railway Co.	3.88%
TFI International Inc.	3.88%
BCE Inc.	3.79%
Sun Life Financial Inc.	3.79%
B2Gold Corp.	3.79%
Metro Inc., Class 'A'	3.71%
Enghouse Systems Ltd.	3.71%
Barrick Gold Corp.	3.60%
Canada Goose Holdings Inc.	3.28%
Total	99.50%

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Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio as at December 31, 2020.

Sector Weightings	% of ETF Net Asset Value
Financials	28.38%
Information Technology	20.24%
Materials	15.84%
Industrials	15.76%
Consumer Staples	10.96%
Consumer Discretionary	4.55%
Communication Services	3.79%
Cash and Cash Equivalents	0.75%
Other Assets, Less Liabilities	-0.27%
Total	100.00%

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