



First Trust JFL Fixed Income Core Plus ETF • FJFB

Annual Management Report of Fund Performance
December 31, 2025

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2025

First Trust JFL Fixed Income Core Plus 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 web site at www.firsttrust.ca or SEDAR at www.sedarplus.ca.

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.

First Trust JFL Fixed Income Core Plus ETF

Management Report of Fund Performance

For the year ended December 31, 2025

Investment Objective and Strategy

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

Risk

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

Results of Operations

General

The First Trust ETF’s net asset value as of December 31, 2025 was \$12,923,342 or \$17.23 per unit. The First Trust ETF’s net asset value as of December 31, 2024 was \$15,706,107 or \$17.45 per unit.

For the year ended December 31, 2025, the First Trust ETF paid total cash distributions per unit of \$0.6610. In addition, the First Trust ETF declared cash distributions per unit of \$0.0500 for record date of December 31, 2025 with payment date of January 8, 2026.

Investment Performance

For the year ended December 31, 2025, the First Trust ETF returned 2.43% compared to FTSE Canada Universe Bond Index (the “benchmark”) total return of 2.64%. Unlike the benchmark, the First Trust ETF’s return is net of fees and expenses.

For the first quarter, the First Trust ETF underperformed the FTSE Canada Universe Bond Index. Corporate spreads were wider quarter over quarter, as risk sentiment negatively impacted corporate bond valuations and market participants began to price a weaker domestic and global growth outlook. Headwinds facing risk assets and corporate credit were partially mitigated by the portfolio’s select financial and consumer-related corporate holdings, which outperformed.

With Canadian corporate credit spreads trading near the tight end of the historical range, the portfolio’s activity in the primary corporate debt market was muted. Specifically, during the quarter, we participated in the primary transactions of the subordinated bank debt from CIBC and Caisse centrale Desjardins. The portfolio was active in secondary markets, initiating positions in highly rated Toyota Motor Canada and John Deere Inc while reducing select positions based on valuation reasons, including the exit of Anheuser-Busch InBev Inc. In the high-yield space, the portfolio participated in two primary offerings: Heavy Metals Inc. and Top Aces; both transactions were viewed as attractive for their idiosyncratic credit features.

For the second quarter, the First Trust ETF modestly underperformed the FTSE Canada Universe Bond Index. Corporate spreads tightened meaningfully in the period, narrowing 16 bps to 97 bps at quarter-end. While our modest overweight in duration detracted from performance, both allocation and selection contributed positively. Financial sector bonds, particularly those lower in the capital structure, such as subordinated debt and Tier 1 paper, experienced notable spread tightening, and our overweight in these areas further supported performance.

With Canadian corporate credit spreads trading near the tight end of the historical range, the portfolio’s activity in the primary corporate debt market was muted and at the short end. Specifically, during the quarter, the portfolio participated in the primary transactions of senior paper from BCIMCO, RBC, CIBC and Arc Resources. On the relative value side, we trimmed some longer-dated paper such as Hydro One and Suncor, due to the credit curve being very

First Trust JFL Fixed Income Core Plus ETF

Management Report of Fund Performance

For the year ended December 31, 2025

flat, and trimmed high-yield paper from Cooper Equipment Rentals and Keyera Hybrids, due to valuation. Additionally, we trimmed some provincial paper in the mid part of the curve, which we felt was not pricing in the tariff-related risks.

For the third quarter, the First Trust ETF outperformed the FTSE Canada Universe Bond Index. The outperformance was primarily driven by asset allocation, with overweight positions in Financials and Consumer sectors benefitting from spread tightening. Opportunities in primary markets remained limited, and we maintained a selective approach. The portfolio added new issues offering relatively attractive risk-reward profiles, including hybrids from Keyera, CIBC, Enbridge, and senior securities of McDonalds, Definity and TD. Activity in secondary markets continued to focus on credit curve optimization, and selling high yield names which have limited further upside.

For the fourth quarter, the gross performance of the First Trust ETF outperformed the FTSE Canada Universe Bond Index for both the quarter and the 2025 calendar year. During the quarter, value was added due to asset allocation, with overweights in banks, provincials and a few select high-yield positions – notably Top Aces and ATS – benefitting from the spread tightening. Opportunities in primary markets continued to be limited, prompting a selective approach. The portfolio added issues that provided relatively attractive risk-reward, including hybrids from, as well as senior securities from Loblaw, and high-yield notes from Recipe Unlimited and Boyd Group. Activity in secondary markets continued to focus on credit curve optimization.

At December 31, 2025, the First Trust ETF held 159 individual positions. The portfolio has a strong Canada focus and as at December 31, 2025 is comprised of 98.51% bonds, 0.17% in preferred, and 1.32% cash. The top 10 holdings by issuer accounted for 32.39% of the total portfolio.

By comparison, at December 31, 2024, the First Trust ETF held 161 individual positions and was comprised of 98.23% bonds, 0.17% in preferred, and 1.6% cash. The top 10 holdings by issuer accounted for 27.68% of the total portfolio.

Recent Developments

Strong economic growth combined with slowing job creation suggests an acceleration in productivity, a trend likely to persist over the medium term. This dynamic should support higher profitability in emerging sectors and technology-driven industries, while requiring parts of the labor force to transition into new roles and sectors.

The Canadian central bank cut the policy rate by 25 basis points during the quarter and indicated that further reductions are unlikely, a stance consistent with most major central banks. Canadian yields across the 2-, 10-, and 30-year maturities rose by approximately 10 to 25 basis points, contributing to a modest steepening of the domestic curve.

Over the fourth quarter, U.S. overnight rates declined by 50 basis points, bringing them roughly in line with two-year Treasury yields. At the same time, long-term yields moved higher, creating a steeper yield curve. This trend was not limited to the U.S.: 10- and 30-year yields in Germany and Japan reached multi-year highs, signaling a rising term premium as investors grow more cautious about financing government debt over longer horizons.

Credit spreads held steady throughout the quarter, suggesting that investors did not materially re-price corporate or other non-government credit risk despite the increase in government bond yields. With spreads unchanged and sovereign yields drifting higher, price declines on longer-duration bonds largely offset coupon income, leaving overall returns across most major bond markets flat to slightly negative for the period.

Our fixed income portfolios remain conservatively positioned, with limited exposure to yield curve shifts and a cautious approach to corporate credit. The focus is on shorter-duration corporate securities, as long-term spreads remain exceptionally tight amid subdued issuance. A potential decline in yields could trigger a surge in supply, widening long-term spreads and weighing on returns.

**First Trust JFL Fixed Income Core Plus ETF
Management Report of Fund Performance
For the year ended December 31, 2025**

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.

First Trust JFL Fixed Income Core Plus ETF Management Report of Fund Performance For the year ended December 31, 2025

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 four years ended December 31, and for the period from commencement of operations to December 31, 2021. This information is derived from the First Trust ETF's unaudited interim and audited annual financial statements.

Net Asset Value per Unit

FJFB	2025	2024	2023	2022	2021 ^(a)
Net asset value, beginning of period/year ⁽¹⁾	\$17.45	\$17.24	\$16.69	\$20.34	\$20.00 ^(b)
Increase (Decrease) from operations:					
Total revenue	0.73	0.66	0.62	0.60	0.46
Total expenses	(0.11)	(0.11)	(0.11)	(0.12)	(0.11)
Realized gains (losses) for the period/year	0.26	0.45	(0.20)	(0.87)	0.11
Unrealized gains (losses) for the period/year	(0.44)	(0.20)	0.98	(2.02)	0.22
Total increase (decrease) from operations ⁽²⁾	\$ 0.44	\$0.80	\$1.29	\$(2.41)	\$0.68
Distributions:					
From income (excluding dividends)	(0.62)	(0.58)	(0.44)	(1.23)	(0.30)
From dividends	-	-	-	-	(0.03)
From capital gains	(0.02)	-	-	-	(0.12)
Return of capital	-	-	(0.12)	(0.01)	-
Total annual distributions ⁽³⁾	\$(0.64)	\$(0.58)	\$(0.56)	\$(1.24)	\$(0.45)
Net asset value, end of period/year ⁽⁴⁾	\$17.23	\$17.45	\$17.24	\$16.69	\$20.34

(a) December 31, 2021 does not relate to the full year as the First Trust ETF commenced operations on March 19, 2021.

(b) Seed capital

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

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

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

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

Ratios and Supplemental Data

FJFB	2025	2024	2023	2022	2021
Net asset value (000's)	\$12,923	\$15,706	\$22,410	\$1,669	\$2,034
Number of units outstanding	750,000	900,000	1,300,000	100,000	100,000
Management expense ratio ⁽¹⁾	0.63%	0.63%	0.65%	0.67%	0.68%
Management expense ratio before waivers or absorption	0.74%	0.75%	0.77%	0.79%	0.80%
Trading expense ratio ⁽²⁾	0.00%	0.00%	0.00%	0.00%	0.03%
Portfolio turnover rate ⁽³⁾	59.75%	83.72%	52.94%	65.10%	34.11%

(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.

**First Trust JFL Fixed Income Core Plus ETF
Management Report of Fund Performance
For the year ended December 31, 2025**

Management Fees

The First Trust ETF will pay the Manager a management fee of 0.70% based on the average daily NAV of the First Trust ETF. The management fee, plus applicable taxes including HST, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

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

Maximum annual management fee of 0.70%. The Manager has agreed to waive a portion of the management fee equal to 0.10% of average daily net assets of the First Trust ETF and is subject to review periodically.

First Trust JFL Fixed Income Core Plus ETF Management Report of Fund Performance For the year ended December 31, 2025

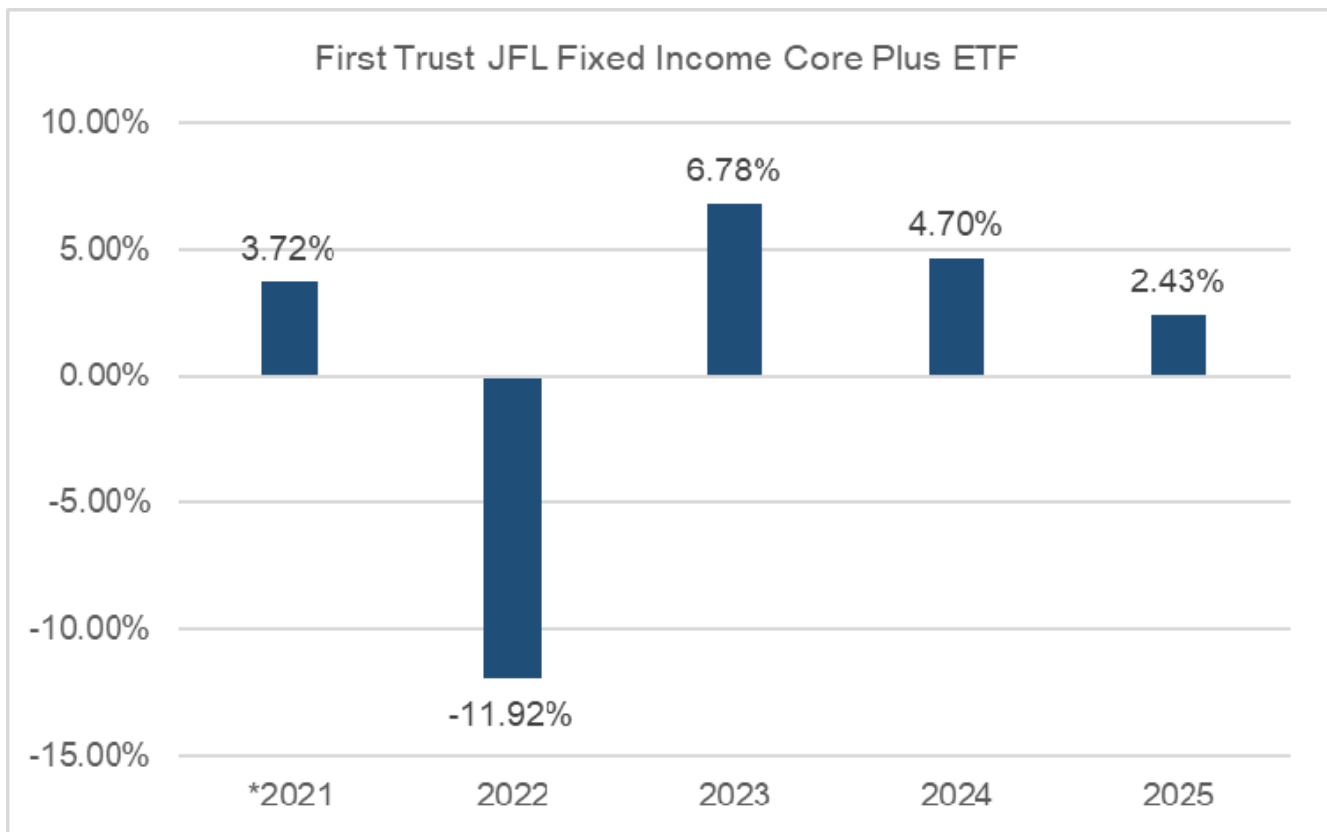
Past Performance

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 for the years ended December 31 and for the period from commencement of operations to December 31, 2021 and illustrates how the investment fund's performance has changed from year to year. The chart also shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



*First Trust ETF Commencement: March 19, 2021

First Trust JFL Fixed Income Core Plus ETF

Management Report of Fund Performance

For the year ended December 31, 2025

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, 2025. 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.

Returns	1-year	3-year	5-year	10-year	Since Inception
First Trust JFL Fixed Income Core Plus ETF	2.43%	4.62%	-	-	0.95%
FTSE Canada Universe Bond Index	2.64%	4.51%	-	-	0.87%

FTSE Canada Universe Bond Index measures the performance of the Canadian Dollar denominated investment-grade fixed income market, covering Canadian government, quasi-government and corporate bonds. The index is designed to track the performance of marketable government and corporate bonds outstanding in the Canadian market.

Summary of Investment Portfolio

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's top 25 holdings, by issuer, as at December 31, 2025. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. Daily and quarterly updates are available at www.firsttrust.ca.

Top 25 Holdings	Coupon Rate/Yield	Maturity Date	% of ETF Total Net Asset Value
Province of Ontario	4.15%	02-Jun-34	5.68%
Government of Canada	2.75%	01-Dec-55	4.56%
Province of Ontario	4.15%	02-Dec-54	2.82%
Canadian Imperial Bank of Commerce, Callable	4.95%	29-Jun-27	2.25%
Province of Quebec	5.00%	01-Dec-41	2.13%
Province of Ontario	3.75%	02-Dec-53	1.98%
Government of Canada	3.25%	01-Jun-35	1.93%
NuVista Energy Ltd., Callable	7.88%	23-Jul-26	1.86%
WSP Global Inc., Callable	4.75%	12-Sep-34	1.59%
Royal Bank of Canada, Variable Rate, Callable	3.41%	12-Jun-29	1.57%
Government of Canada	3.00%	01-Jun-34	1.51%
Province of Ontario	4.65%	02-Jun-41	1.46%
Toronto-Dominion Bank (The)	4.21%	01-Jun-27	1.43%
Definity Financial Corp., Callable	4.39%	12-Sep-35	1.41%
Fédération des caisses Desjardins du Québec, Callable	5.47%	17-Nov-28	1.32%
Toyota Credit Canada Inc.	4.52%	19-Mar-27	1.30%
Province of Quebec	3.50%	01-Dec-48	1.29%
British Columbia Investment Management Corp.	3.40%	02-Jun-30	1.23%
Government of Canada	2.00%	01-Jun-32	1.16%
Province of Ontario	4.70%	02-Jun-37	1.15%
Royal Bank of Canada	4.61%	26-Jul-27	1.15%
Heavy Metal Equipment & Rentals, Callable	7.25%	26-Feb-30	1.13%
Top Aces Inc., Callable	9.00%	13-Mar-30	1.13%
Province of Ontario	2.80%	02-Jun-48	1.08%
Fédération des caisses Desjardins du Québec	4.41%	19-May-27	1.07%
Total			45.19%

**First Trust JFL Fixed Income Core Plus ETF
Management Report of Fund Performance
For the year ended December 31, 2025**

Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, by sector, as at December 31, 2025.

Sector Weightings	% of ETF Total Net Asset Value
Corporate Bonds	54.94%
Provincial Bonds & Guarantees	27.28%
Federal Bonds & Guarantees	15.76%
Municipal Bonds & Guarantees	0.21%
Cash and Cash Equivalents	1.32%
Other Assets, Less Liabilities	0.49%
Total	100.00%

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, including equities, by country, as at December 31, 2025.

Country Weightings	% of ETF Total Net Asset Value
Canada	92.42%
United Kingdom	4.00%
United States	1.77%
Total	98.19%

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio by credit rating, as at December 31, 2025.

S&P Rating	% of ETF Total Net Asset Value
AAA	18.04%
AA	20.50%
A	31.77%
BBB	19.96%
Below BBB	7.92%
Total	98.19%

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