



First Trust Senior Loan ETF (CAD-Hedged) • FSL, FSL.A

Annual Management Report of Fund Performance
December 31, 2021

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

First Trust Senior Loan ETF (CAD-Hedged) **(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.

First Trust Senior Loan ETF (CAD-Hedged)

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Investment Objective and Strategy

The fundamental investment objective of **First Trust Senior Loan ETF (CAD-Hedged)** (the “First Trust ETF”) 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 will primarily invest in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor’s, or Ba1 or less by Moody’s Investor Services, Inc., or a similar rating by designated credit rating organization (as defined in NI 81-102) and debt securities by holding securities of First Trust Senior Loan Fund, a U.S. listed exchange-traded fund (the “Underlying Fund”). The First Trust ETF will generally seek to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar.

The primary investment objective of the Underlying Fund is to provide high current income and its secondary investment objective is preservation of capital. The Underlying Fund seeks to achieve its investment objectives by investing in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor’s, or Ba1 or less by Moody’s Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 81-102) and debt securities.

Risk

The overall risk for the First Trust ETF during the period remains as discussed in the most recent prospectus for the First Trust ETF.

The ability of a company/issuer to pay interest and repay principal are not factors controlled by the First Trust ETF’s management. A company may default on their obligation to repay interest and principal which could impact the value of the holdings in the First Trust ETF or the ability to pay a dividend at or above the current level. Companies may also refinance their existing debt (the First Trust ETF’s holdings) which would also impact the level of income available to pay to shareholders.

The First Trust ETF is suitable for investors seeking a high level of current income and potential for capital gains through exposure to a diversified portfolio of below investment grade debt securities.

Results of Operations

General

The First Trust ETF’s total net asset value as of December 31, 2021 was \$50,113,347 or \$17.91 per Common Class unit (“FSL”) and \$17.88 per Advisor Class unit (“FSL.A”). The First Trust ETF’s total net asset value as of December 31, 2020 was \$44,861,239 or \$17.96 per FSL and \$17.95 per FSL.A.

For the year ended December 31, 2021, the First Trust ETF paid total cash distributions per unit of \$0.5125 for FSL and \$0.4525 for FSL.A. In addition, the First Trust ETF declared cash distributions per unit of \$0.0597 for FSL and \$0.0371 for FSL.A for record date of December 31, 2021 with payment date of January 10, 2022.

The First Trust ETF’s only holding, FTSL, held 231 individual positions (0.43% average position size) diversified across 34 industries at the end of the reporting period. The top 10 holdings by issuer accounted for 20.08% of the portfolio. Software (20.31%), Health Care Providers & Services (13.35%), and Health Care Technology (8.96%) were the top three industries by market value. By comparison, the First Trust ETF held 93 individual positions (1.08% average position size) across 23 industries with the top 10 holdings by issuer comprising 36.54% of the portfolio at December 31, 2020.

First Trust Senior Loan ETF (CAD-Hedged)

Management Report of Fund Performance

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Investment Performance

For the year ended December 31, 2021, FSL returned 2.66% and FSL.A returned 2.08% compared to the S&P/LSTA Leveraged Loan 100 CAD-Hedged Index (“benchmark”) return of 3.43%. Unlike the benchmark, the First Trust ETF’s returns are net of fees and expenses.

In 2021, January, the First Trust ETF changed investment strategies to obtaining exposure to Senior Loans by investing its net assets in the Underlying Fund, an actively managed exchange-traded fund domiciled in the United States. First Trust Advisors L.P., the portfolios advisor to the First Trust ETF is the portfolio advisor to the Underlying Fund. During the transition period the First Trust ETF held a combination of Senior Loans and/or underlying funds, including underlying funds which qualify as index participation units. On January 21, 2021 the First Trust ETF was fully invested in the Underlying Fund.

The First Trust ETF’s only holding, the Underlying Fund, benefitted from security selection within the leisure and nonferrous metals/minerals industries. Within leisure, the Underlying Fund’s overweight positions in movie theaters significantly outperformed during the period as the rollout of vaccines provided optimism in an acceleration of the film slate. Within nonferrous metals/mining, the Underlying Fund’s overweight position in a company that mines and produces coal significantly outperformed during the period as metallurgical and thermal coal improved as part of the broader commodity rally.

The Underlying Fund’s performance was primarily negatively impacted by its more defensive security selection relative to the Index as risk assets performed well, generally, and weaker credits traded higher. The Underlying Fund also held an elevated cash position during the period, due to strong inflows, which was a headwind as risk asset prices generated positive returns during the period.

The Leveraged Finance Investment Team’s investment process combines a balance of rigorous bottom-up fundamental credit analysis and disciplined portfolio construction to select securities for the First Trust ETF. This process led to the First Trust ETF having experienced zero defaults during the last twelve-month period. This compares to 5 issuers within the S&P/LSTA Leveraged Loan Index (“LLI”) that defaulted during the same period. Since inception, the First Trust ETF has experienced eight defaults, which compares favorably to the 142 defaults within the LLI.

Recent Developments

Retail demand for the senior loan asset class was strong during the last twelve-month period as improving growth expectations and higher inflation expectations led to higher interest rates. The senior loan market experienced its thirteenth consecutive monthly inflow in December totaling \$2.2 billion bringing the total inflows for 2021 to \$45.3 billion.

The discounted spread to a 3-year life for the senior loan market began the period at L+475 and improved 47 basis points (“bps”) ending the year at L+428. As we anticipated, the LLI default rate has declined as the economic recovery proceeded. The LLI default rate declined from a peak of 4.17% at the end of September 2020 to its current level of 0.29%. The current default rate is well below the long-term average default rate of 2.84% dating back to March 1999.

As we evaluate existing and new investment opportunities in this environment, our decisions will continue to be rooted in our rigorous bottom-up credit analysis process and our focus will remain on identifying the opportunities that we believe offer the best risk and reward balance.

As of February 28, 2022, the First Trust ETF is no longer offering FSL.A and the Manager successfully redesignated FSL.A to FSL providing unitholders with a lower cost solution going forward.

First Trust Senior Loan ETF (CAD-Hedged)
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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 Senior Loan ETF (CAD-Hedged)

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For the year ended December 31, 2021

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 audited annual financial statements.

Net Asset Value per Unit

FSL	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019 ^a	Dec. 31, 2018	Dec. 31, 2017
Net asset value, beginning of year ⁽¹⁾	\$17.96	\$18.62	\$18.14	\$19.29	\$19.60
Increase (Decrease) from operations:					
Total revenue	0.59	0.74	1.03	1.04	0.91
Total expenses	(0.14)	(0.17)	(0.17)	(0.18)	(0.19)
Realized gains (losses) for the year	(0.61)	(0.34)	(0.04)	(1.34)	1.10
Unrealized gains (losses) for the year	0.62	(0.66)	0.64	0.36	(1.38)
Total increase (decrease) from operations ⁽²⁾	\$0.46	\$(0.43)	\$1.46	\$(0.12)	\$0.44
Distributions:					
From income (excluding dividends)	(0.52)	(0.61)	(0.88)	(0.91)	(0.73)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	(0.14)	-	-	(0.05)
Total annual distributions ⁽³⁾	\$(0.52)	\$(0.75)	\$(0.88)	\$(0.91)	\$(0.78)
Net asset value, end of year ^{(4),(5)}	\$17.91	\$17.96	\$18.62	\$18.14	\$19.29

FSL.A	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019 ^a	Dec. 31, 2018	Dec. 31, 2017
Net asset value, beginning of year ⁽¹⁾	\$17.95	\$18.65	\$18.21	\$19.32	\$19.59
Increase (Decrease) from operations:					
Total revenue	0.75	0.91	0.38	1.06	0.89
Total expenses	(0.24)	(0.26)	(0.27)	(0.29)	(0.31)
Realized gains (losses) for the year	(0.78)	(0.32)	0.09	(1.34)	1.10
Unrealized gains (losses) for the year	0.67	0.11	1.96	0.21	(1.35)
Total increase (decrease) from operations ⁽²⁾	\$0.40	\$0.44	\$2.16	\$(0.36)	\$0.33
Distributions:					
From income (excluding dividends)	(0.44)	(0.50)	(0.81)	(0.75)	(0.61)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	(0.19)	(0.01)	-	-
Total annual distributions ⁽³⁾	\$(0.44)	\$(0.69)	\$(0.82)	\$(0.75)	\$(0.61)
Net asset value, end of year ^{(4),(5)}	\$17.88	\$17.95	\$18.65	\$18.21	\$19.32

(a) Effective November 4, 2019, First Trust Short Duration High Yield Bond ETF (CAD-Hedged) ("FSD") was merged with the First Trust ETF upon receiving management, regulatory and unitholder approval. Pursuant to the Merger, each holder of common units of FSD automatically received 1.108414 FSL for each common unit of FSD held and each holder of advisor class units of FSD automatically received 1.001905 FSL.A for each advisor class unit of FSD held on the effective date of the Merger.

(1) This information is provided as at December 31 of the years shown 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 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.

(5) Effective January 21, 2021 the First Trust ETF was fully invested in the Underlying Fund (See Investment Performance).

First Trust Senior Loan ETF (CAD-Hedged) Management Report of Fund Performance For the year ended December 31, 2021

Ratios and Supplemental Data

FSL	Dec. 31, 2021 ⁽⁴⁾	Dec. 31, 2020	Dec. 31, 2019 ^a	Dec. 31, 2018	Dec. 31, 2017
Net asset value (000's)	\$40,037	\$37,431	\$54,625	\$85,087	\$138,694
Number of units outstanding	2,514,316	2,084,316	2,934,316	4,690,010	7,190,010
Management expense ratio ⁽¹⁾	1.01%	0.93%	0.93%	0.94%	0.95%
Management expense ratio before waivers or absorption	1.03%	0.95%	0.95%	0.96%	0.97%
Trading expense ratio ⁽²⁾	0.08%	0.01%	N/A	N/A	N/A
Portfolio turnover rate ⁽³⁾	182.47%	134.83%	86.53%	166.27%	310.12%

FSL.A	Dec. 31, 2021 ⁽⁴⁾	Dec. 31, 2020	Dec. 31, 2019 ^a	Dec. 31, 2018	Dec. 31, 2017
Net asset value (000's)	\$5,076	\$7,430	\$8,651	\$1,093	\$1,159
Number of units outstanding	283,948	413,948	463,948	59,990	59,990
Management expense ratio ⁽¹⁾	1.59%	1.49%	1.49%	1.51%	1.58%
Management expense ratio before waivers or absorption	1.60%	1.51%	1.51%	1.52%	1.60%
Trading expense ratio ⁽²⁾	0.08%	0.01%	N/A	N/A	N/A
Portfolio turnover rate ⁽³⁾	182.47%	134.83%	86.53%	166.27%	310.12%

(a) Effective November 4, 2019, First Trust Short Duration High Yield Bond ETF (CAD-Hedged) ("FSD") was merged with the First Trust ETF upon receiving management, regulatory and unitholder approval. Pursuant to the Merger, each holder of common units of FSD automatically received 1.108414 FSL for each common unit of FSD held and each holder of advisor class units of FSD automatically received 1.001905 FSL.A for each advisor class unit of FSD held on the effective date of the Merger.

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

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

(4) Effective January 21, 2021 the First Trust ETF was fully invested in the Underlying Fund (See Investment Performance).

Management Fees

The First Trust ETF will pay the Manager a management fee of 0.15% and, in respect of the FSL.A, an additional amount for a service fee (see "FSL.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.

The First Trust ETF will bear the Underlying Fund's management fee of 0.85% 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 1.00% per annum of NAV of the First Trust ETF plus applicable taxes.

FSL.A Service Fee

The Manager pays registered dealers a service fee equal to 0.50% 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

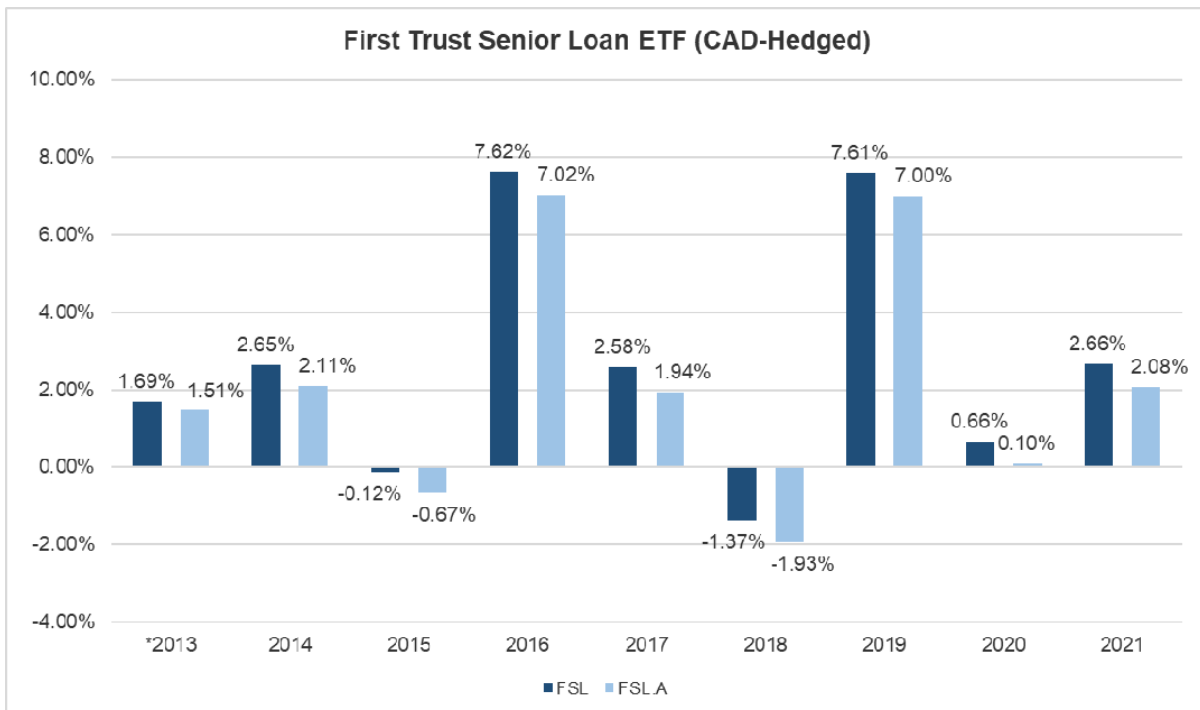
General

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.

Effective January 21, 2021 the First Trust ETF was fully invested in the Underlying Fund (See Investment Performance).

Year by Year Returns

The bar chart below shows the First Trust ETF's performance, per class, for the years ended December 31, and for the period from commencement of operations to December 31, 2013 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: August 28, 2013

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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, 2021. The annual compound return is compared to the returns of the relevant index; 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 index.

	1-year	3-year	5-year	Since Inception
First Trust Senior Loan ETF (CAD-Hedged) - FSL	2.66%	3.60%	2.38%	2.87%
First Trust Senior Loan ETF (CAD-Hedged) - FSL.A	2.08%	3.02%	1.80%	2.28%
S&P/LSTA Leveraged Loan 100 index (CAD-Hedged)	3.43%	4.94%	3.19%	3.32%

S&P/LSTA U.S. Leveraged Loan 100 index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market. It is designed to reflect the largest facilities in the leveraged loan market. It mirrors the market-weighted performance of the largest institutional leveraged loans based upon market weightings, spreads, and interest payments.

Summary of Investment Portfolio

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's holdings as at December 31, 2021. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. Daily and quarterly updates are available at www.firsttrust.ca.

Holdings	% of ETF Total Net Asset Value
First Trust Senior Loan Fund	99.91%
Cash and Cash Equivalents	0.36%
Other Assets, Less Liabilities	-0.27%
Total	100.00%

Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio as at December 31, 2021.

Sector Weightings	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.91%
Cash and Cash Equivalents	0.36%
Other Assets, Less Liabilities	-0.27%
Total	100.00%

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