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## First Trust JFL Global Equity ETF • FJFG

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Interim Management Report of Fund Performance  
June 30, 2022

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## **INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE June 30, 2022**

### **First Trust JFL Global Equity ETF (the “First Trust ETF”)**

This interim management report of fund performance contains financial highlights but does not contain the complete unaudited interim 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](http://www.firsttrust.ca) or SEDAR at [www.sedar.com](http://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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# First Trust JFL Global Equity ETF

## Management Report of Fund Performance

### For the six-month period ended June 30, 2022

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#### **Investment Objective and Strategy**

The fundamental investment objective of **First Trust JFL Global Equity ETF** (the “First Trust ETF”) is to provide unitholders with capital appreciation by investing primarily in equity securities of large multinational companies that have demonstrated global leadership in their industry. The Sub-Advisor will primarily target international companies that benefit from exposure to economies typically growing at a rate higher than the global gross domestic product (GDP). Emphasis will be on non-cyclical companies that have a competitive advantage in their industry. The First Trust ETF will not invest more than 20% of its net assets in securities of issuers located in emerging markets.

#### **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 period 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 June 30, 2022 was \$1,351,223 or \$18.02 per unit. The First Trust ETF’s net asset value as of December 31, 2021 was \$15,519,690 or \$22.99 per unit.

There were no cash distributions made for the six-month period ended June 30, 2022 for the First Trust ETF. However, the First Trust ETF declared cash distributions per unit of \$0.0167 for record date of June 30, 2022 with payment date of July 8, 2022.

##### ***Investment Performance***

For the six-month period ended June 30, 2022, the First Trust ETF returned -21.57% compared to MSCI ACWI Index (the “benchmark”) total return of -18.49%. Unlike the benchmark, the First Trust ETF’s return is net of fees and expenses.

During the first quarter, the First Trust ETF underperformed the benchmark. The Energy sector and commodity-focused companies were the clear winners, with conflict in Europe exacerbating upward pressure that had been building as economies recovered briskly coming out of COVID. This commodity shock took place in the context of a market rotation already underway towards lower-quality, more cyclically-exposed firms, presenting a double headwind to our style of investing in higher-quality companies for the long term. Attractive sectors like Technology, Consumer Discretionary, and Communication Services were the worst performers by a considerable margin. European markets like France and Germany and emerging markets like China fared poorly relative to the United States this quarter. Oil was rampant (Brent Crude Oil up 39% in USD) and rate markets also witnessed a sharp adjustment as investors grappled with inflation that no longer looks “transitory”.

During the second quarter, the First Trust ETF slightly underperformed the benchmark. With higher-than-expected inflation leading to higher rates sooner, markets around the world focused sharply on the potential for central banks tipping their economies into recession territory in an attempt to force the inflation genie back into the bottle. In this environment, defensive sectors performed best and most sectors with cyclical exposure suffered. Notably, trends that were apparent in the first quarter, namely commodity inflation and the “growth to value” rotation, were also present in the second quarter but has moderated somewhat. The U.S. was among the worst performing markets, as it has been the center of elevated valuations and concern over higher rates. However, due to currency depreciation, most other developed markets performed nearly as poorly.

The portfolio held 46 equity securities at the end of the reporting period. The top ten equity holdings accounted for 35.02% of the total NAV. For the year-to-date reporting period, the top performing sectors in the index were Energy and Utilities. The worst performing sectors were Consumer Discretionary, Information Technology, Communication Services, and Industrials. Top contributors to our relative performance were our stock selection in the Information Technology and Financials sectors. Our stock selection in Health Care and our absence from the Energy sector were our largest detractors to relative performance. The top performers for the period for the First Trust ETF were AIA

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Group, UnitedHealth and Chubb. UnitedHealth Group enjoys strong demand for its services in any economic environment and is well-hedged against inflation, benefitting both from a non-cyclical earnings profile and a flight to safety by investors. In Financials, positive stock selection came from non-cyclicals like AIA and Chubb. AIA, our Hong Kong based life insurer, also rebounded, mostly in anticipation of the re-opening of China after COVID-19 related lockdowns.

The bottom performers were Meta Platforms, KEYENCE and Sika.

### **Recent Developments**

We are seeing the growth slowdown that was expected, with equity markets resetting to valuations more in line with the rise in interest rates. Equity markets are now debating the extent of the earnings impact from the economic slowdown.

Unique to this cycle, the magnitude and stubbornness of inflation means central banks will have to err on the side of caution. At the end of the day, we are at the point where we have to choose whether we are in a mid-cycle slowdown with a recovery ahead or on the path to the end of the business cycle; we think the risk is tilted toward the latter. Just as the economy quickly went up, following the fiscal and monetary stimulus introduced during the pandemic, it is now quickly going down as the liquidity retreats. However, the financial system is healthy and credit is flowing, which is key in a heavily leveraged economy. In addition, the excesses in the economy are not obvious (outside of real estate). We believe the liquidity withdrawal should be more painful for Wall Street than Main Street.

Financial markets have put the pandemic and Ukraine war on the backburner and are now squarely focused on the prospects of a recession. The weakness in housing markets and manufacturing orders relative to inventories is an indicator of an economic contraction ahead. Weakness in commodity prices such as lumber, copper, and fertilizers point to an eventual easing of inflation numbers. With consumer sentiment at record lows, we have to acknowledge that inflation is having an impact on spending intentions.

### **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 Global Equity ETF

## Management Report of Fund Performance

### For the six-month period ended June 30, 2022

#### 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 year. This information is derived from the First Trust ETF's current unaudited interim and audited annual financial statements.

#### Net Asset Value per Unit

FJFG	June 30, 2022	December 31, 2021
Net asset value, beginning of period <sup>(1)</sup>	\$22.99	\$20.00 <sup>(a)</sup>
Increase (Decrease) from operations:		
Total revenue	0.12	0.16
Total expenses	(0.15)	(0.24)
Realized gains (losses) for the period	0.48	0.09
Unrealized gains (losses) for the period	(7.66)	1.69
Total increase (decrease) from operations <sup>(2)</sup>	\$(7.21)	\$1.70
Distributions:		
From income (excluding dividends)	(0.02)	-
From dividends	-	-
From capital gains	-	(0.02)
Return of capital	-	-
Total annual distributions <sup>(3)</sup>	\$(0.02)	\$(0.02)
Net asset value, end of period <sup>(4)</sup>	\$18.02	\$22.99

(a) Seed capital

(1) This information is provided as at June 30, 2022 and for the period from March 19, 2021 (commencement of operations) to December 31, 2021 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.

(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

FJFG	June 30, 2022	December 31, 2021
Net asset value (000's)	\$1,351	\$15,520
Number of units outstanding	75,000	675,000
Management expense ratio <sup>(1)</sup>	0.99%	0.97%
Management expense ratio before waivers or absorption	1.01%	0.99%
Trading expense ratio <sup>(2)</sup>	0.38%	0.27%
Portfolio turnover rate <sup>(3)</sup>	3.58%	10.66%

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

(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.

(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. The higher a First Trust ETF's portfolio turnover rate in a period, the greater the trading cost payable by the First Trust ETF in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between high turnover rate and the performance of a First Trust ETF.

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#### Management Fees

The First Trust ETF will pay the Manager a management fee of 0.85% 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.

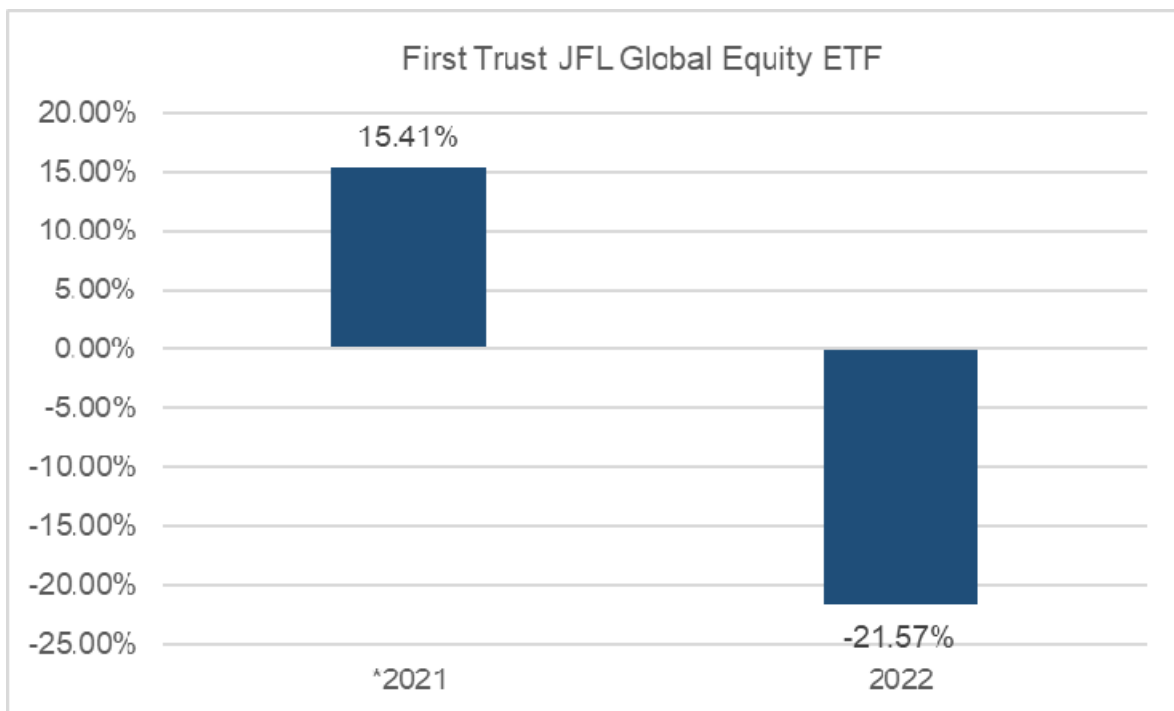
#### Past Performance

##### General

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

##### Year by Year Returns

The bar chart below shows the First Trust ETF's performance for the six-month period ended June 30, 2022 and for the period from commencement of operations to December 31, 2021 and illustrates how the investment fund's performance has changed for the period.



\*First Trust ETF Commencement: March 19, 2021

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**Summary of Investment Portfolio**

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's top 25 holdings as at June 30, 2022. 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](http://www.firsttrust.ca).

Top 25 Holdings	% of ETF Total Net Asset Value
Alphabet Inc., Class 'A'	5.61%
Microsoft Corp.	4.94%
Amazon.com Inc.	4.86%
UnitedHealth Group Inc.	3.42%
Boston Scientific Corp.	3.13%
Mastercard Inc., Class 'A'	3.00%
Interactive Brokers Group Inc., Class 'A'	2.79%
Fiserv Inc.	2.47%
Becton	2.40%
IQVIA Holdings Inc.	2.40%
London Stock Exchange Group PLC	2.39%
Abbott Laboratories	2.21%
Meta Platforms Inc., Class 'A'	2.15%
Tencent Holdings Ltd.	2.15%
Diageo PLC	2.10%
Copart Inc.	2.07%
HDFC Bank Ltd., ADR	2.05%
Monster Beverage Corp.	2.03%
Booking Holdings Inc.	2.00%
Sherwin-Williams Co. (The)	1.96%
Keyence Corp.	1.95%
Chubb Ltd.	1.95%
Danaher Corp.	1.93%
Kinaxis Inc.	1.80%
LVMH Moet Hennessy Louis Vuitton SE	1.74%
<b>Total</b>	<b>65.50%</b>

**Portfolio Breakdown**

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio as at June 30, 2022.

Sector Weightings	% of ETF Total Net Asset Value
Health Care	22.08%
Information Technology	18.59%
Financials	16.25%
Consumer Discretionary	14.38%
Communication Services	9.76%
Consumer Staples	5.67%
Industrials	4.16%
Materials	3.55%
Other	0.94%
Cash and Cash Equivalents	4.70%
Other Assets, Less Liabilities	-0.08%
<b>Total</b>	<b>100.00%</b>



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The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio excluding cash, by country, as at June 30, 2022.

Country Weightings	% of ETF Total Net Asset Value
United States	55.38%
United Kingdom	10.54%
France	4.74%
Japan	4.41%
China	4.09%
Switzerland	3.68%
Canada	3.27%
India	2.05%
Taiwan	1.68%
Hong Kong	1.65%
Netherlands	1.50%
Spain	1.45%
Sweden	0.94%
<b>Total</b>	<b>95.38%</b>

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