

**FIRST TRUST SHORT DURATION HIGH YIELD BOND ETF (CAD-HEDGED)
NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

AND

MANAGEMENT INFORMATION CIRCULAR

September 20, 2019

**Meeting to be held at 10:00 a.m.
October 25, 2019
1 First Canadian Place
Suite 6300
100 King Street West
Toronto, Ontario
M5X 1B8**

**FT Portfolios Canada Co.
40 King Street West, Suite 5102
Scotia Plaza, Box 312
Toronto, ON
M5H 3Y2**

September 20, 2019

Dear Unitholders:

FT Portfolios Canada Co. (the “**Manager**”), manager of the First Trust Short Duration High Yield Bond ETF (CAD-Hedged) (“**FSD**”), invites you to a special meeting (the “**Meeting**”) of holders (“**Unitholders**”) of units (“**FSD Units**”) of FSD to be held on October 25, 2019 at 10:00 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario.

The purpose of the meeting (the “**Meeting**”) of Unitholders is to consider and vote upon a proposal (the “**Proposal**”) to merge FSD into First Trust Senior Loan ETF (CAD-Hedged) (“**FSL**”), another exchange-traded fund (“**ETF**”) managed by the Manager (the “**Merger**”), in order to combine FSD and FSL into one ETF with FSL being the continuing fund (the “**Continuing Fund**”).

As FSL is a substantially larger fund and is also managed by the Manager, merging FSD into FSL will provide Unitholders with the opportunity to continue their investment in a fixed income ETF that will have a larger market capitalization and greater exposure to senior floating rate loans and other floating rate debt instruments while maintaining some exposure to below investment grade high yield debt. If the Proposal is approved and implemented, FSL will be the continuing fund and Unitholders will become unitholders of FSL as a result of the Merger.

The Proposal must be approved by a majority of votes cast at the Meeting by the Unitholders holding Common Units and Advisor Class Units voting together as a class. The Proposal is also subject to all securities regulatory and stock exchange approvals.

If approved by Unitholders the Proposal is expected to be implemented by the Manager on or about November 4, 2019.

Attached is a notice of the Meeting and a management information circular (the “**Circular**”), which contain important information relating to the Proposal. You are urged to read the Circular carefully. If you are in doubt as to how to deal with the matters described in the Circular, you should consult with your advisors. **The board of directors of the Manager has determined that the Proposal is in the best interests of the Unitholders. Accordingly, the board of directors of the Manager recommends that Unitholders vote in favour of the Proposal to be considered at the Meeting.**

All Unitholders are encouraged to attend the Meeting. Please read the information in the enclosed Circular carefully and follow the instructions if you wish to vote in person or by proxy at the Meeting.

To vote at the Meeting, please submit a voting instruction form(s) in respect of the Proposal, as soon as possible, and in any event no later than 5:00 p.m. (Toronto time) on October 23, 2019.

If you have any questions relating to the Proposal a representative of the Manager can be contacted toll-free at 1-877-622-5552, or you can write to Investor Relations, FT Portfolios Canada Co.,

40 King Street West, Suite 5102, Toronto, Ontario, M5H 3Y2, email: info@firsttrust.ca or visit the Manager's website at www.firsttrust.ca.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Johnson', with a stylized flourish at the end.

Susan Johnson
Chief Financial Officer

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**NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF
FIRST TRUST SHORT DURATION HIGH YIELD BOND ETF (CAD-HEDGED)**

TAKE NOTICE that a special meeting (the “**Meeting**”) of holders (“**Unitholders**”) of units (“**Units**”) of First Trust Short Duration High Yield Bond ETF (CAD-Hedged) (“**FSD**”) will be held on October 25, 2019 at 10:00 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario to consider and vote upon a proposal (the “**Proposal**”) to:

- merge FSD into First Trust Senior Loan ETF (CAD-Hedged) (“**FSL**”) in order to combine FSD and FSL into one ETF with FSL being the continuing fund; and
- transact such other business as may properly come before the Meeting.

The full text of the resolutions relating to the Proposal is set out in Schedule B to the accompanying management information circular dated September 20, 2019.

The board of directors of FT Portfolios Canada Co. (the “**Manager**”), as manager of FSD, has determined that the Proposal is in the best interests of Unitholders. Accordingly, the board of directors of the Manager recommends that Unitholders vote in favour of the Proposal to be considered at the Meeting.

DATED at Toronto, Ontario as of the 20th day of September, 2019.

BY ORDER OF THE BOARD OF DIRECTORS



Susan Johnson, Chief Financial Officer

Note: Reference should be made to the accompanying management information circular for details of the above matters. If you are unable to be present in person at the Meeting, you are requested to complete and sign the enclosed form of proxy or voting instruction form and to return it in the enclosed prepaid envelope provided for that purpose. Voting instruction forms may be completed by telephone or through the internet at www.proxyvote.com.

MANAGEMENT INFORMATION CIRCULAR

FIRST TRUST SHORT DURATION HIGH YIELD BOND ETF (CAD-HEDGED)

The information contained in this management information circular (the “**Circular**”) is provided by FT Portfolios Canada Co. (the “**Manager**” or “**FT Canada**”), the manager of First Trust Short Duration High Yield Bond ETF (CAD-Hedged) (“**FSD**”), in connection with the solicitation of proxies on behalf of the Manager to be used at the special meeting of the unitholders of FSD (the “**Unitholders**”) for the purposes described below.

The Meeting (as defined below) is to be held on October 25, 2019 at 10:00 a.m. (Toronto time) at Suite 6300, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1B8 (including any adjournment or postponement thereof, as the case may be).

Except as otherwise stated, the information contained in this Circular is given as of August 30, 2019 and all dollar amounts herein are expressed in Canadian dollars.

THE FUND

FSD is an exchange-traded fund or “ETF” established under the laws of the Province of Ontario pursuant to a declaration of trust dated May 1, 2013, as amended from time to time (the “**Declaration of Trust**”). FT Canada acts as the manager and trustee of FSD. Further information relating to the management of FSD and FSL (as defined below) is set forth in Schedule A hereto.

The principal office of FSD, FSL and FT Canada is located at 40 King Street West, Suite 5102, Scotia Plaza, Box 312, Toronto, ON M5H 3Y2.

PURPOSE OF THE MEETING

The purpose of the meeting of holders (“**Unitholders**”) of units of FSD (“**FSD Units**” or “**Units**”) is to consider and vote upon a proposal (the “**Proposal**”) to merge FSD into First Trust Senior Loan ETF (CAD-Hedged) (“**FSL**”), another exchange-traded fund managed by the Manager (the “**Merger**”), in order to combine FSD and FSL into one ETF, with FSL being the continuing fund (the “**Continuing Fund**”).

The Proposal must be approved by a majority of votes cast at the Meeting by the Unitholders holding Common Units and Advisor Class Units voting together as a class. The full text of the resolutions relating to the Proposal is set out in Schedule B.

DETAILS OF THE PROPOSAL

Proposal

Holders of FSD Units are being asked to pass an ordinary resolution in the form attached hereto as Schedule B to approve the Merger in order to combine FSD and FSL (as the “**Continuing Fund**”) into one ETF. This will result in existing FSD Unitholders owning FSL Units.

The result of the Merger is that FSD Unitholders will be invested in an ETF with a larger market capitalization and greater exposure to senior floating rate loans and other floating rate debt instruments while maintaining some exposure to below investment grade high yield debt. In addition, as FSL has

existing capital losses, FSL should be able to use such losses for the benefit of Unitholders of the Continuing Fund. The Merger is expected to become effective on or about November 4, 2019.

Under the proposed Merger, FSD will sell all of its portfolio assets to FSL (as the Continuing Fund) and FSL (as the Continuing Fund) will issue units in the Continuing Fund (the “**CF Units**”) to FSD in consideration therefor. FSD may either sell its securities for cash prior to Merger and deliver cash to FSL, sell a portion of its securities for cash prior to the Merger and deliver cash and securities to FSL or deliver its portfolio assets to FSL under the Merger. FSD will then redeem its FSD Units and pay the redemption proceeds to its unitholders in FSL Units. If the Merger is approved and implemented, holders of FSD Common Units will become holders of FSL Common Units and holders of FSD Advisor Class Units will become holders of FSL Advisor Class Units.

If the Merger is approved, the following steps will take place to implement the Merger:

- FSD will transfer all or substantially all of its net assets to FSL in consideration for the issuance by FSL to FSD of a number of FSL Common Units and FSL Advisor Class Units determined based on an exchange ratio established as of the close of trading on the business day immediately preceding the effective date of the Merger.
- The Exchange Ratio (as defined below) will be calculated based on the relative net asset values of the FSL Units and the FSD Units.
- Immediately following the transfer of assets of FSD to FSL and the issuance of FSL Units to FSD, all the FSD Units will be automatically redeemed. Each FSD Unitholder will receive such number of FSL Units as is equal to the number of FSD Units of a class held multiplied by the Exchange Ratio of such units.

FSD Units will be redeemed by FSD in exchange for FSL Units at an exchange ratio (the “**Exchange Ratio**”) calculated based on the relative net asset value of each of the FSD Units and the FSL Units at the close of trading on the Toronto Stock Exchange (the “**TSX**”) on the business day prior to the effective date of the Merger. The net asset value of the FSD Units and the FSL Units will be calculated in accordance with the provisions of the Declaration of Trust. By way of an example, if, on the day prior to the effective date of the Merger, the net asset value per FSD Common Unit was \$20.00 and the net asset value per FSL Common Unit was \$10.00, then on the date of the Merger, each FSD Common Unit would entitle the holder thereof to receive two FSL Common Units. At current net asset values, it is estimated that approximately 248,887 FSL Common Units and 402,392 FSL Advisor Class Units would be issued under the Merger. No fractional units of FSL or cash in lieu thereof will be issued or paid under the Merger. The Merger transaction will not be implemented as a qualifying exchange (i.e. not on a tax deferred basis) to FSD Unitholders so that the capital losses in FSL will continue to be available to the Continuing Fund. For further information regarding the tax implications of the FSD Proposal please see “Canadian Federal Income Tax Considerations”, below.

If the Merger is approved and implemented, holders of FSD Common Units will become holders of FSL Common Units and holders of FSD Advisor Class Units will become holders of FSL Advisor Class Units.

Comparison of FSD and FSL

FSD and FSL have similar fundamental investment objectives and both seek to provide its unitholders with a high level of current income with capital appreciation as a secondary objective. FSD specifically seeks to primarily invest in below investment grade high yield debt securities with some

exposure to senior loans, whereas FSL seeks to primarily invest in a senior floating rate loans and some debt securities.

Investment Strategy of FSL as the Continuing Fund

To achieve its investment objectives, FSL invests primarily 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 credit rating organization (as defined in National Instrument 81-102 – *Investment Funds*) and debt securities. Under normal market conditions, FSL invests at least 80% of its net assets in senior loans, which may include loans that are not secured by any specific collateral of the borrower, loans that have a lower than first lien priority on collateral of the borrower, loans to foreign borrowers, loans in foreign currencies and other loans with characteristics that First Trust Advisors L.P. (the "**Portfolio Advisor**") believes qualify as senior loans. The senior loans included in the portfolio often maintain an interest rate duration of less than 90 days; however, the inclusion of LIBOR floors on certain senior loans or other factors may cause interest rate duration to exceed 90 days.

FSL pursues its objectives by seeking senior loans that the Portfolio Advisor believes exhibit the best combination of attractive fundamental credit characteristics and relative value within the senior loan market. The Portfolio Advisor seeks to assemble a well-diversified portfolio that includes loans of issuers with strong credit metrics, including strong cash flows and effective management teams. FSL may invest in floating rate loans of companies whose financial condition is troubled or uncertain and that may be involved in bankruptcy proceedings, reorganizations or financial restructurings.

FSL may invest up to 20% of its net assets in other floating rate debt instruments (including floating rate bonds, floating rate notes, money market instruments, floating rate debentures and tranches of floating rate asset-backed securities, structured notes, made to, or issued by, U.S. and non-U.S. corporations or other business entities), other fixed-rate income producing securities (including, without limitations, U.S. government debt securities, investment grade and below-investment grade corporate debt securities), securities of other investment funds, warrants and equity securities and derivatives. FSL will generally seek to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar.

Other Changes to Fund Attributes

FSD currently has the same fee structure, valuation procedures, redemption rights, unit attributes and unitholder rights, as FSL, which will not change pursuant to the Merger and are set out in detail in the current long-form prospectus of FSD and FSL dated April 26, 2019 (the "**Prospectus**"). FSD and FSL each currently pay distributions on a monthly basis, as described further in the Prospectus. Please see the Prospectus for the risk factors associated with an investment in Units of FSL.

Comparison of Performance

The annual historical performance of FSL's investment strategy has outperformed the current investment strategy of FSD over a 5-year period and since inception. Past performance is not an indication of how FSL will perform in the future. Please see below a more detailed historical performance comparison chart.

Fund Performance – Annual Total Return					
	YTD (as at August 30, 2019)	1 Year	3 Year	5 Year	Since Inception
FSD (Common Units) – Net Asset Value	6.74%	2.32%	2.77%	2.06%	2.00%
FSL (Common Units) – Net Asset Value	4.37%	0.69%	2.32%	2.51%	2.91%

The indicated rate(s) of return are the historical annual compounded total returns net of fees and expenses for the Common Units including changes in unit value and reinvestment of all dividends and do not take into account sales or distributions charges or income taxes payable by any security holder that would have reduced returns. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The board of directors of the Manager has determined that the Proposal is in the best interests of Unitholders and unanimously recommends that Unitholders vote in favour of the Proposal. In making its recommendation, the board of directors of the Manager considered a number of factors.

In particular, the Manager believes that the Merger should provide Unitholders with several benefits, including the following:

- Underlying investment exposure - The investment objectives and investment strategy of FSD and FSL are similar in that both funds are designed to provide a high level of current income with capital appreciation as a secondary objective, however, FSL provides unitholders with investments in senior floating rate loans, that include loans of issuers with strong credit metrics, including strong cash flows and effective management teams. FSL's emphasis on senior secured loans should provide a measure of additional protection for Unitholders when compared to investments in debt securities that are not secured. The Manager believes that investing in fixed income securities continues to represent an attractive investment opportunity for Unitholders.
- Greater liquidity – FSL has a larger asset base than FSD. The Merger of FSD and FSL will provide Unitholders with a much larger market capitalization and the secondary market for FSL Units is expected to be more liquid.
- Tax losses – FSL has existing capital losses that will carry forward and continue to be available to the Continuing Fund, which may benefit all Unitholders of the Continuing Fund.

RECOMMENDATION OF THE INDEPENDENT REVIEW COMMITTEE

As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”), the Manager has presented the Proposal to the Independent Review Committee for a recommendation. The Independent Review Committee has reviewed the Proposal and has recommended that the Proposal be put to Unitholders for their consideration on the basis that the Proposal would achieve a fair and reasonable result for FSD.

CONDITIONS TO IMPLEMENTING THE PROPOSAL

The Proposal is subject to Unitholder and TSX approvals. In addition, the Proposal is also subject to securities regulatory approval.

In accordance with the Declaration of Trust, the Proposal must be approved by a majority of votes cast at the Meeting by Unitholders holding Common Units and Advisor Class Units voting together as a class.

There can be no assurance that the conditions precedent to implementing the Proposal will be satisfied on a timely basis, if at all. If the requisite Unitholder approval for the Proposal is not obtained, or if any other required approval is not obtained, then the Proposal may not be implemented.

If the Proposal is approved, Unitholders will continue to be able to trade their FSD Units over the TSX and have the same right to redeem their units for cash as described in the Prospectus. As a result, Unitholders may sell or redeem their FSD Units prior to the implementation of the Proposal.

EXPENSES OF THE PROPOSAL

Whether or not the Proposal is approved, all costs associated with the Merger will be borne by the Manager.

TERMINATION OF THE PROPOSAL

The Proposal may, at any time before or after the holding of the Meeting, be terminated by the Board of Directors of the Manager, without further notice to, or action on the part of, Unitholders if the Board of Directors of the Manager determines in its sole judgement that it would be inadvisable for FSD to proceed with the Proposal.

INTERESTS OF MANAGEMENT AND OTHERS IN THE PROPOSAL

FT Canada is the manager of FSD and FSL. The Manager receives and will receive a management fee from FSD and FSL as described in “Schedule A – Additional Information Regarding Management of the Fund”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to FSD, the following is a summary of the principal Canadian federal income tax considerations relating to the resolutions that are generally applicable to Unitholders who, at all relevant times, for purposes of the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”), are resident or are deemed to be resident in Canada, hold their units as capital property, have not with respect to their units entered into a derivative forward agreement as defined in the Tax Act and deal at arm’s length with and are not affiliated with FSD. Certain holders whose securities might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such securities (and all other Canadian securities owned by the holder) to be capital property. Holders considering making such an election should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, all specific proposal to amend the Tax Act and regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current administrative policies and assessing practices of Canada Revenue Agency (“**CRA**”) published in writing prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not anticipate any changes in the relevant laws, whether by judicial, governmental or legislative action or decision, nor any changes in the administrative policies or assessing practices of CRA, nor does it take into account provincial, territorial or foreign tax considerations, which may differ

significantly from those discussed herein. This summary also relies on advice from FSD relating to certain factual matters.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any Unitholder, and no representations with respect to the income tax consequences to any particular Unitholder are made. Accordingly, Unitholders should consult their own tax advisors for advice with respect to the tax consequences to them of the Proposal.

Tax Consequences to FSD

On the disposition by FSD of substantially all of its net assets at fair market value to FSL, FSD will, in respect of such assets held as capital property, realize a capital gain (or capital loss) in the amount by which the proceeds of disposition of such assets exceed (or are less than) the aggregate of the adjusted cost base to FSD of such assets and any reasonable costs of disposition. The proceeds of disposition of such assets to FSD will equal the then fair market value of the FSL Units received as consideration therefor.

FSL will acquire the net assets of FSD at a cost equal to the then net asset value of the FSL Units issued to FSD as consideration therefor (which the Manager expects to be representative of the fair market value of such Units at the time of issuance).

Tax Consequences to Unitholders

FSD will distribute income and net realized capital gains (including, in the case of FSD, any gains arising on the transfer of its assets to FSL) for the taxation year in which the Merger is implemented. Amounts considered to be paid or payable to a Unitholder out of the income or net taxable capital gains of FSD will be included in computing the income of such Unitholder.

A Unitholder will be considered to dispose of FSD Units upon the automatic redemption of such units for proceeds consisting of FSL Units, and will be considered to realize a capital gain (or capital loss) in the amount by which the then fair market value of the FSL Units received by such Unitholder exceeds (or is less than) the aggregate of such Unitholder's adjusted cost base of their FSD Units, taking into account distributions of income and net taxable capital gains, and any reasonable costs of disposition.

The aggregate cost for tax purposes to a Unitholder receiving FSL Units as proceeds on the automatic redemption of FSL Units will be the fair market value of such FSL Units at the time the Merger is implemented.

Where a Unitholder has received a return of capital distribution from FSD in respect of a FSD Unit, the adjusted cost base of such FSD Unit will have been reduced by the amount of such distribution. To the extent that the adjusted cost base of such FSD Unit would otherwise be less than zero, a capital gain equal to the negative amount will have been deemed to have been realized by such Unitholder, and the adjusted cost base of such FSD Unit will have been increased by the amount of such deemed capital gain.

Unitholders must include one-half of any capital gain (a "taxable capital gain") in income and may deduct one-half of any capital loss realized against taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

VOTING SECURITIES AND PRINCIPAL UNITHOLDERS

As of August 30, 2019, the number of outstanding FSD Units were as follows:

Class of Units	Number Outstanding
Common Units	225,301
Advisor Class Units	403,190

To the knowledge of the directors and officers of the Manager, no person beneficially owned more than 10% of the outstanding FSD Units of any class at such time. CDS Clearing and Depository Services Inc. is the registered holder of all of the outstanding FSD Units.

GENERAL PROXY INFORMATION

Management Information Circular

This Circular is furnished in connection with the solicitation of proxies by management of FSD to be used at the Meeting for the purposes set out in the notice accompanying this Circular or at any adjournment thereof. The Meeting will be held on October 25, 2019 at 10:00 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario. Solicitation of proxies will be by mail, and may be supplemented by telephone or other personal contact by representatives or agents of FSD.

Proxy Information, Record Date, Voting Rights and Quorum

To be used at the Meeting, a proxy must be deposited with the registrar and transfer agent, which for the FSD Units is TSX Trust Company, at the address on the envelope provided at any time up to 5:00 p.m. (Toronto time) on October 23, 2019 or with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or the day of any adjournment of the Meeting.

Only Unitholders of record at the close of business on September 23, 2019 will be entitled to receive notice of the Meeting and to vote in respect of the matters to be voted at the Meeting or any adjournment thereof, including the respective resolutions with respect to the Proposal.

With respect to each matter properly before the Meeting, a Unitholder shall be entitled to one vote for each FSD Unit registered in the name of such Unitholder. In order to become effective, the Proposal must be approved by a simple majority of holders of Common Units and Advisor Class Units of FSD voting together as a class and represented in person or by proxy at the Meeting.

Pursuant to the constating documents of FSD, a quorum at the Meeting will consist of two (2) Unitholders permitted to vote at the Meeting present in person or represented by proxy holding not less than five percent of the FSD Units then outstanding. If the quorum requirement is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the Chair of the Meeting. If adjourned, the Meeting will be rescheduled to 10:00 a.m. (Toronto time) on November 4, 2019. At the adjourned Meeting, the business of the Meeting will be transacted by those Unitholders present in person or represented by proxy.

Appointment of Proxy Holders

Unitholders who are unable to be present at the Meeting may still vote through the use of proxies. If you are a Unitholder, you should complete, execute and return the enclosed proxy form. By completing and returning the enclosed proxy form, you can participate in the Meeting through the person or persons named on the form. Please indicate the way you wish to vote and your vote will be cast accordingly. **If you do not indicate a preference, the FSD Units represented by the enclosed proxy form, if the same is executed in favour of the management appointees named in the proxy form and deposited as provided in the notice to this Circular (the “Notice”), will be voted in favour of all matters identified in the Notice.**

Discretionary Authority of Proxies

The proxy forms confer discretionary authority upon the management appointees named therein with respect to such matters, including, without limitation, amendment or variation to the Proposal, as, though not specifically set forth in the Notice, may properly come before the Meeting. Management does not know of any such matter which may be presented for consideration at the Meeting. However, if such a matter is presented, the proxies will be voted on the matter in accordance with the best judgment of the management appointees named in the proxy forms.

On any ballot that may be called for at the Meeting, all FSD Units in respect of which the management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the unitholder signing the proxy form. If no such specification is made, the FSD Units will be voted in favour of all matters identified in the Notice.

Alternate Proxy

A Unitholder has the right to appoint a person to represent them at the Meeting other than the management appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided or by completing another proxy form. Proxy forms that appoint persons other than the management appointees whose names are printed on the form should be submitted to FSD and the person so appointed should be notified. A person acting as proxy need not be a Unitholder.

On any ballot that may be called for the Meeting, all FSD Units in respect of which the management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the Unitholder signing the proxy form. If the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. If no such specification is made, the FSD Units may be voted in accordance with the best judgment of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any amendments to the matters set forth in the Notice and with respect to any other matters that may properly come before the Meeting, and will vote on such amendments and other matters in accordance with the best judgment of the person named in the proxy form.

Revocation of Proxies

If the accompanying form of proxy is executed and returned, the proxy may nevertheless be revoked by an instrument in writing executed by the Unitholder or his or her attorney authorized in writing, as well as in any other manner permitted by law. Any such instrument revoking a proxy must either be deposited (a) with FSD’s transfer agent no later than 5:00 p.m. (Toronto time) on the day before the day of the Meeting or (b) with the Chair of the Meeting on the day of the Meeting or any adjournment

thereof. If the instrument of revocation is deposited with the Chair on the day of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to that proxy.

Solicitation of Proxies

In addition to solicitation by mail, officers and directors of the Manager, as the case may be, may, without additional compensation, solicit proxies personally or by telephone.

Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to beneficial holders of FSD Units (“**Beneficial Holders**”). Beneficial Holders should note that only proxies deposited by Unitholders whose names appear on the records of FSD as the registered holders of FSD Units can be recognized and acted upon at the Meeting. FSD Units held by brokers, dealers or their nominees can only be voted upon the instructions of the Beneficial Holder. Without specific instructions, brokers, dealers and their nominees are prohibited from voting FSD Units for their clients. FSD does not know for whose benefit the FSD Units registered in the name of such intermediaries are held. Therefore, Beneficial Holders cannot be recognized at the Meeting for purposes of voting their FSD Units in person or by way of proxy unless they comply with the procedures described below.

Applicable regulatory policy requires brokers, dealers and other intermediaries to seek voting instructions from Beneficial Holders in advance of the Meeting. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their FSD Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its intermediary is identical to that provided to registered unitholders. However, its purpose is limited to instructing the registered unitholders how to vote on behalf of the Beneficial Holders. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions (“Broadridge”). Broadridge typically prepares a voting instruction form that it mails to the Beneficial Holders and asks Beneficial Holders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of FSD Units to be represented at the Meeting. **A Beneficial Holder receiving a voting instruction form cannot use that form to vote FSD Units directly at the Meeting. Rather, the voting instruction form must be returned to Broadridge well in advance of the Meeting to have the FSD Units voted.**

If you are a Beneficial Holder and wish to vote in person at the Meeting, please contact your broker, dealer or other intermediary well in advance of the Meeting to determine how you can do so.

FORWARD-LOOKING STATEMENTS

Certain statements in this Circular are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to FSD or the Manager. Forward-looking statements are not historical facts but reflect the current expectations of FSD or the Manager regarding future results or events. Such forward-looking statements reflect FSD’s or the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described under the heading “Risk Factors” in the Prospectus. Although the forward-looking

statements contained in this Circular are based upon assumptions that FSD or the Manager believe to be reasonable, neither FSD nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing Unitholders with information about FSD and may not be appropriate for other purposes. Neither FSD nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information relating to the FSD Units, the FSL Units, FSD and FSL and the risks associated with an investment therein are described in the Prospectus, which is specifically incorporated by reference into, and forms an integral part of, this Circular. Any statement contained herein or in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Circular to the extent that a statement contained herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular. Information on any website maintained by FSD, FSL or the Manager does not constitute a part of this Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

A copy of the documents incorporated by reference are available on SEDAR at www.sedar.com. Copies of these documents will be provided by the Manager free of charge upon request. See “Additional Information”.


ADDITIONAL INFORMATION

Financial information about FSD is available in FSD’s annual financial statements and management report of fund performance for its most recently completed financial year. These documents, the ETF Facts for FSD, the Prospectus and other information about FSD are available on SEDAR at www.sedar.com. Copies of these documents will be provided by the Manager free of charge upon request. To make such a request, call toll-free at 1-877-622-5552, write to Investor Relations, FT Portfolios Canada Co., 40 King Street West, Suite 5102, Toronto, Ontario, M5H 3Y2, email: info@firsttrust.ca or visit the Funds’ website at www.firsttrust.ca.

Approval by the Board of Directors

The Board of Directors of the Manager has approved the contents and the sending of this Circular to Unitholders.

DATED as of the 20th day of September, 2019.



Susan Johnson
Chief Financial Officer

SCHEDULE A

ADDITIONAL INFORMATION REGARDING MANAGEMENT OF THE FUNDS

Capitalized terms used but not defined in this Appendix shall have the meanings attributed to them in the management information circular of First Trust Short Duration High Yield Bond ETF (CAD-Hedged) dated September 20, 2019. The below information is applicable to FSD and FSL (each, a “**Fund**”, and collectively, the “**Funds**”).

The Trustee, Manager and Promoter

FT Portfolio Canada Co. is the trustee, manager and promoter of the Funds and is responsible for the administration of the Funds. It is a privately owned company and an affiliate of First Trust Portfolios L.P., a U.S. registered broker-dealer, and First Trust Advisors L.P., a U.S. registered investment advisor. The First Trust companies are a global enterprise with a history in the U.S. market since 1991 and in Canada since 1996.

FT Portfolios Canada Co. is registered with the Ontario Securities Commission as a mutual fund dealer and investment fund manager. Its head office and principal place of business is at 40 King Street West, Suite 5102, Toronto, Ontario, M5H 3Y2.

FT Portfolios Canada Co. may resign as trustee and/or manager of any of the Funds upon 60 days’ notice to the Unitholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of the same has been given to the Manager, the Unitholders may remove the Manager and appoint a successor trustee and/or manager.

FT Portfolios Canada Co. is entitled to fees for its services as manager under the Declaration of Trust as described below. In addition, FT Portfolios Canada Co. and its affiliates and each of their directors, officers, employees and agents will be indemnified by each of the Funds for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against any of them in the exercise of FT Portfolios Canada Co.’s duties under the Declaration of Trust, if they do not result from FT Portfolios Canada Co.’s wilful misconduct, bad faith, gross negligence or material breach of its obligations thereunder.

The management and trustee services of FT Portfolios Canada Co. are not exclusive and nothing in the Declaration of Trust or any agreement prevents FT Portfolios Canada Co. from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Funds) or from engaging in other business activities.

FT Portfolios Canada Co. has taken the initiative in founding and organizing the Funds and is, accordingly, the promoter of the Funds within the meaning of securities legislation of certain provinces and territories of Canada.

Management Fees

Each Fund will pay the Manager a management fee and, in respect of the Advisor Class Units, an additional amount, as set forth in the table below based on the average daily net asset value (“**NAV**”) of

the applicable Fund. 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.

Fund	Maximum Annual Management Fee (%)	Additional amount applicable to Advisor Class Units
First Trust Short Duration High Yield Bond ETF (CAD-Hedged)	0.85% of NAV of the Fund	0.50% of NAV of Advisor Class Units (total: 1.35%)
First Trust Senior Loan ETF (CAD-Hedged)	0.85% of NAV of the Fund	0.50% of NAV of Advisor Class Units (total: 1.35%)

In the event that a Fund invests portfolio assets in another investment fund to obtain exposure to constituent securities the Fund will pay the other fund's management fee on the portion of the Fund's portfolio assets invested in the other fund, regardless of whether the other fund is managed by the Manager or an affiliate of the Manager. The management fee payable to the Manager will not be payable in respect of the portion of the Fund portfolio assets invested in the other fund to the extent that such fee would be duplicative.

Advisor Class Unit Service Fee

The Manager pays registered dealers a service fee equal to 0.50% per annum of the NAV of the Advisor Class Units in respect of each Fund for 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.

Officers and Directors of the Trustee, Manager and Promoter

The name and municipality of residence of each of the directors and executive officers of FT Portfolios Canada Co., the trustee, manager, and promoter of the Funds, and their principal occupations are as follows:

Name and Municipality of Residence	Position with Manager	Principal Occupation
ANDREW ROGGENSACK Western Springs, Illinois	Chair (as chief executive officer), Corporate Secretary and Director	President, First Trust Portfolios L.P., First Trust Advisors L.P. and First Trust Global Enterprises L.P.
DAVID G. MCGAREL Western Springs, Illinois	Director	Managing Director, Chief Investment Officer and Chief Operating Officer of First Trust Portfolios L.P., and First Trust Advisors L.P., and Chief Operating Officer of First Trust Global Enterprises L.P.
ERIC ANDERSON West Chicago, Illinois	Director	Senior Vice President, First Trust Portfolios L.P. and First Trust Advisors L.P.

Name and Municipality of Residence	Position with Manager	Principal Occupation
SUSAN JOHNSON Oakville, Ontario	Chief Financial Officer	Ultimate Designated Person, Chief Financial Officer of FT Portfolios Canada Co.
KARL CHEONG Toronto, Ontario	Director	Head of Distribution, Canada of FT Portfolios Canada Co.
THEODORE IKONOMOU Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer of FT Portfolios Canada Co.

Each of the foregoing individuals has held his or her current office or a senior position with the Manager or an affiliate thereof during the past five years other than Susan Johnson who was appointed Chief Financial Officer on September 1, 2017, Andrew Roggensack who was appointed Chair and a director on July 18, 2017, Eric Anderson who was appointed a director on July 18, 2017, Karl Cheong who was appointed a director on July 18, 2017 and Theodore Ikonomou who was appointed Chief Compliance Officer on May 7, 2018.

As the table illustrates, Mr. Roggensack is President of First Trust Portfolios L.P., First Trust Advisors L.P. and First Trust Global Enterprises L.P. Mr. McGarel is Managing Director, Chief Investment Officer and the Chief Operating Officer of First Trust Portfolios L.P., First Trust Advisors L.P. and Chief Operating Officer of First Trust Global Enterprises L.P. Mr. Anderson is a Senior Vice President of First Trust Portfolio L.P. and First Trust Advisors L.P. First Trust Global Enterprises L.P., is a holding company that indirectly holds all of the shares of the Manager through FDPM Trust and First Trust Portfolios L.P. is a privately owned investment manager, affiliated with the Manager and located in Wheaton, Illinois.

The Portfolio Advisor

First Trust Advisors L.P. is the portfolio advisor (the “**Portfolio Advisor**”) of the Funds and is responsible for providing investment advisory services to the Funds. First Trust Advisors L.P. is registered with the Ontario Securities Commission as a portfolio manager. The Portfolio Advisor was established in 1991 and together with its affiliate, First Trust Portfolios L.P., has over 700 employees in North America. The principal office of First Trust Advisors L.P. is located at 120 E Liberty Drive, #400, Wheaton, Illinois, 60187, United States.

Duties and Services to be Provided by the Portfolio Advisor

The portfolio advisor agreement (the “**Portfolio Advisor Agreement**”) between the Portfolio Advisor and the Manager sets out the duties of the Portfolio Advisor. Under the Portfolio Advisor Agreement, the Portfolio Advisor is responsible for the implementation of the overall investment strategy of the Funds which includes the acquisition of the securities for the portfolio of the Funds.

Under the Portfolio Advisor Agreement, the Portfolio Advisor is required to act at all times on a basis which is fair and reasonable to the Funds, to act honestly and in good faith with a view to the best interests of the Unitholders of the applicable Fund, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio advisor would exercise in comparable circumstances. The Portfolio Advisor Agreement provides that the Portfolio Advisor shall not be liable to the Manager, the Funds, a Unitholder thereof or any other person for any loss in respect of an investment decision if such decision shall have been made with due care and in good faith, provided the Portfolio Advisor has satisfied the duties and standard of care, diligence and skill set forth above and further

provided the Portfolio Advisor has not acted with wilful misconduct, bad faith, reckless disregard or gross negligence in the performance of its obligations and duties under the Portfolio Advisor Agreement or materially breached the terms of such agreement. The Funds shall indemnify the Portfolio Advisor and its directors, officers, employees and agents and save them harmless in respect of all losses, liabilities, damages, expenses and costs incurred in connection with any action, suit or proceeding or other claim that is made against the Portfolio Advisor or any of its directors, officers, employees or agents in the exercise of their duties under the Portfolio Advisor Agreement, except those resulting from the Portfolio Advisor's wilful misconduct, bad faith, reckless disregard, gross negligence or material breach of its obligations and duties under such agreement.

The Portfolio Advisor Agreement, unless terminated in accordance with its terms, will continue in effect until the termination of the Manager as manager of the Funds. The Manager can terminate the Portfolio Advisor Agreement at any time on 30 days' notice for breach thereof by the Portfolio Advisor. The Portfolio Advisor's appointment under the Portfolio Advisor Agreement may be immediately terminated by the Manager if (i) the Portfolio Advisor shall cease to carry on business, become bankrupt or insolvent, resolve to wind up, dissolve or liquidate, if a receiver of any of the assets of the Portfolio Advisor is appointed or if the Portfolio Advisor makes a general assignment for the benefit of its creditors, (ii) the Manager establishes that the Portfolio Advisor has committed any fraud or material wrongdoing in conducting its business, generally or under the Portfolio Advisor Agreement or (iii) the Portfolio Advisor has lost any registration, license or other authorization required of it to perform its services under the Portfolio Advisor Agreement. The Portfolio Advisor Agreement may be terminated by either party on 60 days' notice to the other party. The Portfolio Advisor Agreement may be assigned by the Portfolio Advisor to an affiliate thereof. In addition, pursuant to the terms of the Portfolio Advisor Agreement, the Portfolio Advisor may retain a sub-advisor to provide investment advisory and portfolio management services.

The Portfolio Advisor is entitled to fees for providing investment management services. All such fees will be paid to the Portfolio Advisor by the Manager.

The services of the Portfolio Advisor and its officers and directors are not exclusive to the Manager. The Portfolio Advisor or any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other entity which invests primarily in the same securities as those held by the Funds and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for the Funds will be made independently of those made for other clients and independently of investments of the Portfolio Advisor. On occasion, however, the Portfolio Advisor may identify the same investment for the Funds and for one or more of its other clients. If the Funds and one or more of the other clients of the Portfolio Advisor are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

There is no one individual primarily responsible for investment management decisions made by the Portfolio Advisor for the Funds. Rather, investment decisions are made under the direction of an investment committee. The investment committee consists of Roger F. Testin, Jon C. Erickson, David G. McGarel, Daniel J. Lindquist, William Housey, Scott D. Fries and Peter Fasone. The below table sets forth information about these individuals:

Name	Title with the Portfolio Advisor	Length of Service
ROGER F. TESTIN	Senior Vice President	Since 2001
JON C. ERICKSON	Senior Vice President	Since 1994

Name	Title with the Portfolio Advisor	Length of Service
DAVID G. MCGAREL	Managing Director and Chief Investment Officer	Since 1997
DANIEL J. LINDQUIST	Managing Director	Since 2004
WILLIAM HOUSEY	Senior Vice President and Senior Portfolio Manager	Since 2010
SCOTT D. FRIES	Senior Vice President and Senior Portfolio Manager	Since 2010
PETER FASONE	Vice President and Portfolio Manager	Since 2011

Each of the foregoing individuals has held his or her current office or a senior position with the Portfolio Advisor or an affiliate thereof during the past five years.

Roger F. Testin is a senior vice president of the Portfolio Advisor and chairman of the investment committee in respect of Canadian funds advised by the Portfolio Advisor and presides over its meetings. As the head of the portfolio management group for the Portfolio Advisor, Mr. Testin is responsible for executing instructions from the Portfolio Advisor's strategy research group and equity research group.

Jon C. Erickson is a senior vice president of the Portfolio Advisor. As head of the Portfolio Advisor's equity research group, Mr. Erickson is responsible for determining the securities to be purchased and sold by funds that do not utilize quantitative investment strategies.

David G. McGarel is a managing director and chief investment officer of the Portfolio Advisor. As chief investment officer, Mr. McGarel consults with the investment committee on market conditions and the Portfolio Advisor's general investment philosophy.

Daniel J. Lindquist is a managing director of the Portfolio Advisor. He acts as the chairman of the investment committee and presides over investment committee meetings. Mr. Lindquist is also responsible for overseeing the implementation of investment strategies for investment funds being advised by the Portfolio Advisor.

William Housey is a senior vice president and senior portfolio manager for the leveraged finance investment team of the Portfolio Advisor. Mr. Housey has over 22 years of investment experience. Prior to joining the Portfolio Advisor, Mr. Housey was at Morgan Stanley Investment Management and its wholly owned subsidiary, Van Kampen Funds, Inc. for 11 years where he last served as Executive Director and Co-Portfolio Manager. Mr. Housey has extensive experience in the portfolio management of both leveraged and unleveraged credit products, including senior loans, high-yield bonds, credit derivatives and corporate restructurings. He received a B.S. in Finance from Eastern Illinois University and an M.B.A. in Finance as well as Management and Strategy from Northwestern University's Kellogg School of Business. He also holds the FINRA Series 7, Series 52 and Series 63 licenses. Mr. Housey also holds the Chartered Financial Analyst designation. He is a member of the CFA Institute and the CFA Society of Chicago and also serves on the Village of Glen Ellyn, IL Police Pension Board.

Scott D. Fries is a senior vice president and senior portfolio manager for the leveraged finance investment team of the Portfolio Advisor. Mr. Fries has over 24 years of investment experience. Prior to joining the Portfolio Advisor, Mr. Fries spent 15 years at Morgan Stanley/Van Kampen Funds, Inc. where he most recently served as Executive Director and Co-Portfolio Manager of Institutional Separately Managed Accounts. Mr. Fries received a B.A. in International Business from Illinois Wesleyan University and an M.B.A. in Finance from DePaul University. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Chicago.

Peter Fasone is a vice president and portfolio manager of the Portfolio Advisor and has 33 years of industry experience, most recently as Senior Global Credit Analyst with BNP Paribas Asset Management (“BNP”). Since 1996, his focus has been primarily on investing in high yield and investment grade bonds for total return and structured credit portfolios. Prior to BNP, Mr. Fasone served as portfolio manager and senior analyst for Fortis Investments and vice president and senior analyst at ABN AMRO Asset Management where he assumed a leadership role in designing and implementing a disciplined investment process for ABN’s \$1 billion global high yield fund. Mr. Fasone received a B.S. degree from Arizona State University and a M.B.A. degree from DePaul University’s Kellstadt Graduate School of Business. He holds a Chartered Financial Analyst designation and a Certified Public Accountant designation and is a member of the CFA Institute and the CFA Society of Chicago.

SCHEDULE B

**ORDINARY RESOLUTION
FIRST TRUST SHORT DURATION HIGH YIELD BOND ETF (CAD-HEDGED)
(the “Fund”)**

BE IT RESOLVED THAT AS AN ORDINARY RESOLUTION THAT:

1. The merger of the Fund with First Trust Senior Loan ETF (CAD-Hedged) described in the Fund’s management information circular dated September 20, 2019, is hereby authorized and approved.
2. The directors and officers of FT Portfolios Canada Co. (“**FT Canada**”), the manager of the Fund, are hereby authorized and directed to take such action and to execute and deliver such documentation as may be necessary or desirable for the implementation of this resolution.
3. Notwithstanding the provisions hereof, the directors of FT Canada may revoke this resolution at any time without further approval of the unitholders of the Fund.

