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First Trust Dow Jones Internet ETF • FDN, FDN.F  
*(formerly, First Trust AlphaDEX™ U.S. Consumer  
Staples Sector Index ETF • FHC, FHC.F)\**

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Interim Management Report of Fund Performance  
June 30, 2021

\*Effective date of name change is February 17, 2021

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# **INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

## **June 30, 2021**

### **First Trust Dow Jones Internet 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 Dow Jones Internet ETF

## Management Report of Fund Performance

### For the six-month period ended June 30, 2021

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

The fundamental investment objective of **First Trust Dow Jones Internet ETF** (the “First Trust ETF”) is to replicate, to the extent possible, the performance of an index of U.S. companies involved in the internet industry, initially the Dow Jones Internet Composite Index<sup>SM</sup>.

The Dow Jones Internet Composite Index<sup>SM</sup>, is a float-adjusted market capitalization weighted index designed to represent the largest and most actively traded stocks of U.S. companies in the Internet industry.

#### **Risk**

In February 2021, the First Trust AlphaDEX<sup>TM</sup> U.S. Consumer Staples Sector Index ETF changed its investment objectives (see Investment Objective and Strategy) and its name to the First Trust ETF and offer both units and hedged units to the U.S. dollar. The First Trust ETF provides exposure to its new index by investing all or substantially all of its assets in an underlying U.S. index fund known as First Trust Dow Jones Internet Index Fund (the “Underlying Fund”), which is managed by the First Trust ETF’s portfolio advisor. The effective date of change is February 17, 2021.

The risks associated with an investment in the First Trust ETF is discussed in the First Trust ETF’s most recent prospectus.

#### **Results of Operations**

##### **General**

The First Trust ETF’s total net asset value as of June 30, 2021 was \$4,882,063 or \$25.15 per Unit (“FDN”) and \$20.15 per Hedged Unit (“FDN.F”). The First Trust ETF’s total net asset value as of December 31, 2020 was \$4,680,275 or \$24.76 per FDN and \$19.34 per FDN.F.

For the six-month period ended June 30, 2021, the First Trust ETF paid total cash distributions per unit of \$1.2600 for FDN and \$1.3450 for FDN.F. In addition, the First Trust ETF declared cash distributions per unit of \$0.0250 for FDN and \$0.0200 for FDN.F for record date of June 30, 2021 with payment date of July 8, 2021.

##### **Investment Performance**

For the six-month period ended June 30, 2021, FDN returned 1.70% compared to the S&P 500 Index (the “benchmark”) return of 12.02% while FDN.F returned 4.32% compared to the S&P 500 Index (CAD-Hedged) (the “hedged benchmark”) total return of 15.27%. Unlike the benchmark and the hedged benchmark, the First Trust ETF’s returns are net of fees and expenses.

The First Trust ETF underperformed the S&P 500 Index during the period due to sector allocation and stock selection. Prior to conversion, the fund held primarily Consumer Staples companies which underperformed during the initial period. After conversion, underperformance came through poor selection within the Information Technology and Health Care sectors, including four of the bottom five contributors to return. Relative performance also suffered after conversion due to sector allocation, including overweight allocations to Consumer Discretionary which underperformed and underweight allocations to Financials and Industrials which outperformed in the benchmark during the latter period.

The First Trust ETF’s only holding, the Underlying Fund, held 42 equity securities as of June 30, 2021. The top ten equity holdings for the Underlying Fund accounted for 51.19% of the portfolio within the Underlying Fund.

The Underlying Fund’s top five stocks by contribution to return were Facebook, Inc. Class A, Alphabet Inc. Class C, Alphabet Inc. Class A, PayPal Holdings Inc, Cisco Systems, Inc. The bottom five stocks by contribution to return were Coupa Software, Inc, Teladoc Health, Inc., Fastly, Inc. Class A, Netflix, Inc, and Okta, Inc. Class A.

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## First Trust Dow Jones Internet ETF Management Report of Fund Performance For the six-month period ended June 30, 2021

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FDN underperformed FDN.F during the period because of its exposure to the U.S. dollar, which depreciated 2.82% against the Canadian dollar from December 31, 2020, to June 30, 2021. FDN.F is hedged against movements in the U.S. dollar.

### Recent Developments

In February 2021, the First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF changed its investment objectives to replicate, to the extent possible, the performance of an index of U.S. companies involved in the internet industry, the Dow Jones Internet Composite Index<sup>SM</sup>. Technology companies have underperformed the broad market during the first six months of the year largely on fears of rising inflation and the sell-off in stay-at-home stocks as the economy has reopened after the COVID-19 pandemic. In 2020, semiconductors, software, and internet stocks could not be beaten as fundamental shifts in the economy led to pulled forward demand for companies such as Amazon, Inc., Microsoft Inc., Teledoc Inc., and Zoom, Inc. The reopening trade in the first quarter of 2020 led to a growth selloff as valuations in the technology space were approaching Dot Com bubble levels. Technology stocks came back to favor in May following less high inflation than expected and continued solid earnings. Looking ahead, much of the technology, media, and telecom peer group will likely trade based on treasury yields and implied discount rate factors. With valuations still stretched at all time highs, even compared to the Dot Com era, technology stocks will have to continue their perfect execution to justify premium valuations. Information Technology has the second highest expected earnings growth for 2021 with earnings concentrated in the mega-cap internet platforms and semiconductors/hardware.

### 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 Dow Jones Internet ETF

## Management Report of Fund Performance

### For the six-month period ended June 30, 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 for FDN and past four years for FDN.F. This information is derived from the First Trust ETF's current unaudited interim and audited annual financial statements.

#### Net Asset Value per Unit

FDN	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net asset value, beginning of period/year <sup>(1)</sup>	\$24.76	\$25.71	\$22.80	\$24.21	\$24.62	\$24.73
Increase (Decrease) from operations:						
Total revenue	0.09	0.49	0.56	0.66	0.40	0.62
Total expenses	(0.07)	(0.28)	(0.28)	(0.36)	(0.28)	(0.28)
Realized gains (losses) for the period/year	1.32	1.05	0.73	0.91	(0.59)	0.57
Unrealized gains (losses) for the period/year	0.56	0.19	3.02	(2.30)	0.76	(1.25)
Total increase (decrease) from operations <sup>(2)</sup>	\$1.90	\$1.45	\$4.03	\$(1.10)	\$0.29	\$(0.34)
Distributions:						
From income (excluding dividends)	(0.03)	(1.95)	(0.38)	(0.17)	(0.44)	(0.15)
From dividends	-	-	-	-	-	-
From capital gains	-	(0.31)	-	(0.41)	-	(1.27)
Return of capital	-	-	-	-	-	-
Total annual distributions <sup>(3)</sup>	\$(0.03)	\$(2.26)	\$(0.38)	\$(0.58)	\$(0.44)	\$(1.42)
Net asset value, end of period/year <sup>(4)</sup>	\$25.15	\$24.76	\$25.71	\$22.80	\$24.21	\$24.62

FDN.F	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017 <sup>(a)</sup>
Net asset value, beginning of period/year <sup>(1)</sup>	\$19.34	\$20.24	\$17.31	\$20.03	\$20.00 <sup>(b)</sup>
Increase (Decrease) from operations:					
Total revenue	0.07	0.39	0.43	0.49	0.10
Total expenses	(0.05)	(0.22)	(0.22)	(0.27)	(0.03)
Realized gains (losses) for the period/year	1.61	0.80	0.10	(0.67)	0.01
Unrealized gains (losses) for the period/year	(1.05)	(0.38)	2.37	(3.00)	(0.05)
Total increase (decrease) from operations <sup>(2)</sup>	\$0.58	\$0.59	\$2.68	\$(3.45)	\$0.03
Distributions:					
From income (excluding dividends)	(0.02)	(2.00)	(0.29)	(0.13)	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions <sup>(3)</sup>	\$(0.02)	\$(2.00)	\$(0.29)	\$(0.13)	\$ -
Net asset value, end of period/year <sup>(4)</sup>	\$20.15	\$19.34	\$20.24	\$17.31	\$20.03

(a) FDN.F: December 31, 2017 does not relate to the full year as FDN.F commenced operations on December 8, 2017.

(b) Seed capital

(1) This information is provided as at June 30, 2021 and December 31 of the period/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 period/year.

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

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

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**Ratios and Supplemental Data**

FDN	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net asset value (000's)	\$3,270	\$3,713	\$1,285	\$2,280	\$2,421	\$2,462
Number of units outstanding	130,000	150,000	50,000	100,000	100,000	100,000
Management expense ratio <sup>(1)</sup>	0.73%	0.77%	0.77%	0.77%	0.82%	0.77%
Management expense ratio before waivers or absorption	0.75%	0.79%	0.79%	0.79%	0.84%	0.79%
Trading expense ratio <sup>(2)</sup>	0.09%	0.05%	0.05%	0.05%	0.11%	0.06%
Portfolio turnover rate <sup>(3)</sup>	243.77%	113.57%	122.70%	116.28%	498.88%	289.16%
Net asset value per unit	\$25.15	\$24.76	\$25.71	\$22.80	\$24.21	\$24.62

FDN.F	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net asset value (000's)	\$1,612	\$967	\$1,012	\$4,328	\$1,001
Number of units outstanding	80,000	50,000	50,000	250,000	50,000
Management expense ratio <sup>(1)</sup>	0.68%	0.79%	0.79%	0.79%	0.74%
Management expense ratio before waivers or absorption	0.70%	0.81%	0.81%	0.80%	0.97%
Trading expense ratio <sup>(2)</sup>	0.09%	0.05%	0.05%	0.05%	0.11%
Portfolio turnover rate <sup>(3)</sup>	243.77%	113.57%	122.70%	116.28%	498.88%
Net asset value per unit	\$20.15	\$19.34	\$20.24	\$17.31	\$20.03

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period/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 period/year.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period/year. 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 period/year. The higher a First Trust ETF's portfolio turnover rate in a period/year, the greater the trading cost payable by the First Trust ETF in the period/year, and the greater the chance of an investor receiving taxable capital gains in the period/year. There is not necessarily a relationship between high turnover rate and the performance of a First Trust ETF.

# First Trust Dow Jones Internet ETF

## Management Report of Fund Performance

### For the six-month period ended June 30, 2021

#### Management Fees

The First Trust ETF will pay the Manager a management fee of 0.15% 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 0.40% 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 0.55% per annum of NAV of the First Trust ETF plus applicable taxes.*

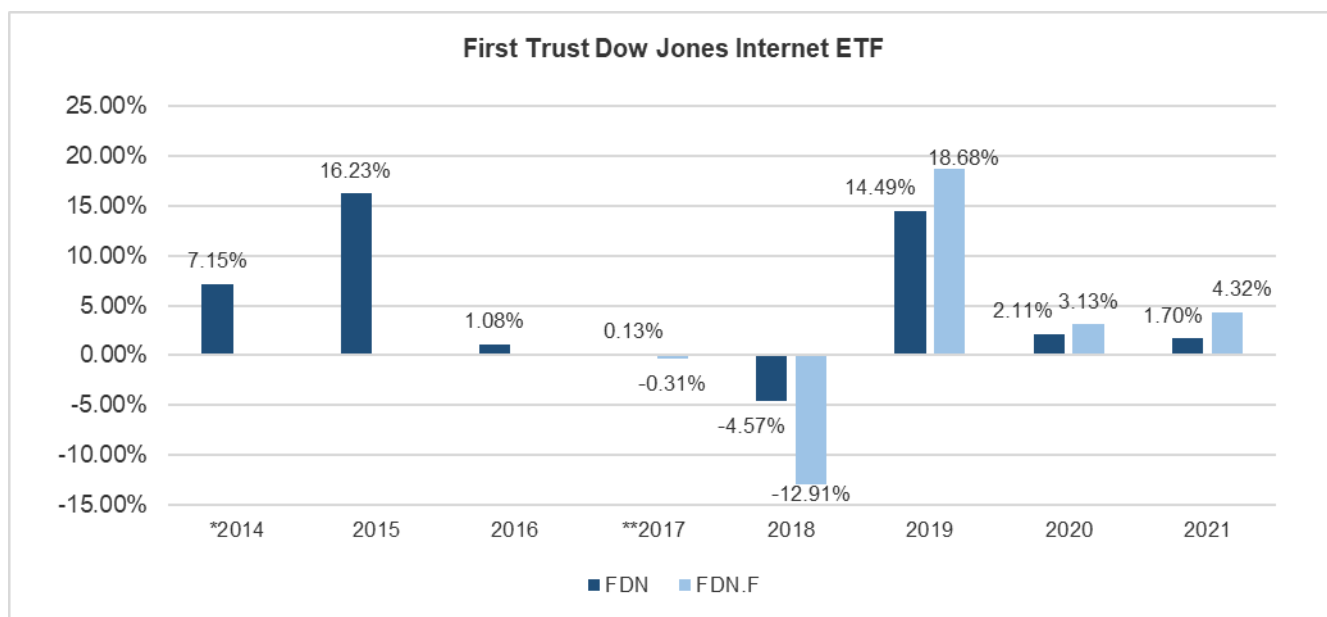
#### Past Performance

##### General

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

##### Year by Year Returns

The bar chart below shows the First Trust ETF's performance, per class, for the six-month period ended June 30, 2021, for the years ended December 31, for the period from commencement of operations to December 31, 2017 for FDN.F, and for the period from commencement of operations to December 31, 2014 for FDN 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.



\*FDN Commencement: October 30, 2014

\*\*FDN.F Commencement: December 8, 2017



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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 holdings as at June 30, 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](http://www.firsttrust.ca).

Holdings	% of ETF Total Net Asset Value
First Trust Dow Jones Internet Index Fund	100.18%
Cash and Cash Equivalents	0.22%
Other Assets, Less Liabilities	-0.40%
<b>Total</b>	<b>100.00%</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, 2021.

Sector Weightings	% of ETF Total Net Asset Value
Exchange-Traded Fund	100.18%
Cash and Cash Equivalents	0.22%
Other Assets, Less Liabilities	-0.40%
<b>Total</b>	<b>100.00%</b>

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