



First Trust Value Line® Dividend Index ETF
(CAD-Hedged) • FUD, FUD.A

Annual Management Report of Fund Performance
December 31, 2019

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2019

First Trust Value Line® Dividend Index ETF (CAD-Hedged) **(the “First Trust ETF”)**

This annual management report of fund performance contains financial highlights, but does not contain the complete audited annual financial statements of the First Trust ETF. All references to dollars contained herein are to Canadian dollars.

Securityholders may also contact us to request a copy of the First Trust ETF’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosures relating to the First Trust ETF by calling 1-877-622-5552, by writing to us at FT Portfolios Canada Co., 40 King Street West, Suite 5102, Scotia Plaza, Box 312, Toronto, Ontario M5H 3Y2 or by visiting our website at www.firsttrust.ca or SEDAR at www.sedar.com.

Forward-looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent beliefs regarding future events. By their nature, forward-looking statements are based on assumptions and are subject to inherent risks and uncertainties. There is significant risk that forward-looking statements will not prove to be accurate. Readers of this document should not place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors include but are not limited to market and general economic conditions, interest rates, foreign currency exchange rates, the extent of industry sector exposure, the performance of the securities of the issuers held in the portfolio and regulatory developments and the risks detailed in the First Trust ETF’s prospectus. The Manager does not undertake and specifically disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

First Trust Value Line® Dividend Index ETF (CAD-Hedged)

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Investment Objective and Strategy

The fundamental investment objective of **First Trust Value Line® Dividend Index ETF (CAD-Hedged)** is to replicate, to the extent possible, the performance of the Value Line® Dividend Index (the “Index”) on a currency hedged basis, net of expenses. The Index is a modified equal-dollar weighted index comprised of U.S. exchange-listed securities of companies that pay above-average dividends and have the potential for capital appreciation. Securities are selected for inclusion in the Index by using Value Line’s Safety™ Ranking System which ranks a stock’s price stability based on standard deviation and its financial condition based on several measures of financial performance.

The investment strategy of the First Trust ETF is to invest in and hold a proportionate share of the constituent securities of the Index, or other securities, to seek to replicate the performance of such Index. The First Trust ETF may also hold cash and cash equivalents or other money market instruments to fund current liabilities.

FT Portfolios Canada Co. (the “Manager”), the Manager may use a sampling methodology in selecting investments for the First Trust ETF. As an alternative or in conjunction with investing in and holding constituent securities, the First Trust ETF may also invest in other securities to obtain exposure to the constituent securities of the Index in a manner that is consistent with the investment objective and investment strategy of the First Trust ETF. The First Trust ETF may also obtain exposure to the Index by holding securities of a US-listed index ETF of an affiliate of the Manager, First Trust Value Line® Dividend Index Fund, which replicates or substantially replicates the performance of the Index.

The Index begins with the universe of U.S. stocks, excluding all registered investment companies, limited partnerships and foreign securities not listed in the U.S., that Value Line® gives a Safety™ Ranking of #1 or #2 using the Value Line® Safety™ Ranking System. The Safety™ ranking measures the total risk of a stock relative to the other stocks in the Value Line universe. From those stocks, Value Line® selects those companies with a higher than average dividend yield, as compared to the indicated dividend yield of the Standard & Poor’s 500 Composite Stock Price Index. Value Line® then eliminates those companies with an equity market capitalization of less than US \$1 billion. The Index is equally weighted and rebalanced on a monthly basis.

Risk

The Index the First Trust ETF tracks utilizes a rules-based stock selection process and can result in sector weightings that differ from the primary and secondary benchmarks, S&P 500 Index (CAD-Hedged) total return and Dow Jones US Select Dividend Index Return (USD), respectively. The ability of the underlying securities to pay a dividend in the future is dependent on factors that are not controlled by fund management. A security held in the First Trust ETF may, at any time, decide to cut or eliminate its dividend payment. Given the First Trust ETF employs a currency hedging strategy to minimize the impact of changes in the USD-CAD exchange rate and considering that the portfolio remains consistent in its application of the AlphaDEX™ stock selection methodology to pick stocks for the portfolio, we conclude there was no material change to the risk profile of the First Trust ETF. Investors should refer to the most recent prospectus as it contains detailed discussion of risk relating to the investment of the First Trust ETF.

Results of Operations

General

The First Trust ETF’s total net asset value as of December 31, 2019 was \$18,550,052 or \$30.93 per Common Class unit (“FUD”) and \$30.88 per Advisor Class unit (“FUD.A”). The First Trust ETF’s total net asset value as of December 31, 2018 was \$13,955,881 or \$25.38 per FUD and \$25.35 per FUD.A.

For the year ended December 31, 2019, the First Trust ETF paid total cash distributions per unit of \$0.6675 for FUD and \$0.3675 for FUD.A. In addition, the First Trust ETF declared cash distributions per unit of \$0.0600 for FUD and \$0.0350 for FUD.A for record date of December 31, 2019 with payment date of January 8, 2020.

First Trust Value Line® Dividend Index ETF (CAD-Hedged)

Management Report of Fund Performance

For the year ended December 31, 2019

Investment Performance

For the year ended December 31, 2019, FUD returned 24.74% and FUD.A returned 23.41% compared to the primary and secondary benchmarks, S&P 500 Index (CAD-Hedged) total return of 30.07% and Dow Jones U.S. Select Dividend Index Return (USD) total return of 23.11%. Unlike the benchmarks, the First Trust ETF's returns are net of fees and expenses.

FUD underperformed the broad benchmark during the period. Information Technology holdings lagged the benchmark on a relative basis as the sector was underweight and had a negative selection effect. The sector was the top performing group in the S&P 500 for the year. Financials and Utilities also underperformed on a relative basis due to their overweight positions. Industrials boosted performance as the group benefitted from positive stock selection during the period. Value and dividend stocks trailed the benchmark, while quality and size were the best performing factors since the end of 2018. The First Trust ETF's dividend focus was helped by positive relative factor returns. Low volatility, the best performing factor last year, underperformed the market.

The top five stocks by contribution to return were Dover Corporation, Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR, Lockheed Martin Corporation, Leggett & Platt, Incorporated, and Hubbell Incorporated. The bottom five stocks by contribution to return were DuPont de Nemours, Inc., Kraft Heinz Company, UGI Corporation, Cheesecake Factory Incorporated, and Walgreens Boots Alliance Inc.

The portfolio held 201 equity securities on December 31, 2019. The top ten equity holdings accounted for 5.01% of the portfolio. Financials, Utilities and Industrials were the top three sector weightings at the beginning of the period. On December 31, 2019, the top three sector weights were Utilities, Financials and Industrials. The most overweight sectors at the end of the period were Financials, Utilities, and Industrials. The most underweight sectors at the end of the period were Information Technology, Health Care, and Communication Services. At the beginning of the period, the most overweight sectors were Utilities, Consumer Staples, and Financials. The most underweight sectors at the beginning of the period were Information Technology, Health Care, and Communication Services. The First Trust ETF maintains a focus on large cap dividend paying equities. During the period, the First Trust ETF added 33 positions and removed 15 positions.

During the period, depreciation in the U.S. dollar versus the Canadian dollar was advantageous for the First Trust ETF given the currency hedge.

Recent Developments

The Federal Reserve, the central bank of the United States, raised the upper bound of the federal funds rate from 1.50% to 2.50% during 2018 amidst a strengthening U.S. labor market and higher inflation after raising it from 0.75% to 1.50% in 2017. The Federal Reserve has stayed at 2.50% throughout the first half of 2019, with President Trump calling for a cut. At the end of July, the Federal Reserve cut interest rates for the first time in 10 years and added two more cuts during the third and fourth quarters. Throughout the year, trade tensions roiled markets, but the equities were resilient and recovered to set new record highs to close out 2019.

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 Value Line® Dividend Index ETF (CAD-Hedged)
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Financial Highlights

The following tables show selected key financial information about the First Trust ETF and are intended to help you understand the First Trust ETF's financial performance for the past five years. This information is derived from the First Trust ETF's audited annual financial statements.

Net Asset Value per Unit

FUD	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Net asset value, beginning of year ⁽¹⁾	\$25.38	\$27.21	\$24.39	\$21.77	\$24.71
Increase (Decrease) from operations:					
Total revenue	0.88	0.69	0.87	0.83	1.13
Total expenses	(0.35)	(0.33)	(0.29)	(0.27)	(0.28)
Realized gains (losses) for the year	2.48	(0.37)	4.41	0.64	(2.68)
Unrealized gains (losses) for the year	3.41	(2.48)	(1.60)	1.49	(0.74)
Total increase (decrease) from operations ⁽²⁾	\$6.42	\$(2.49)	\$3.39	\$2.69	\$(2.57)
Distributions:					
From income (excluding dividends)	(0.49)	(0.45)	(0.66)	(0.61)	(1.13)
From dividends	(0.06)	(0.06)	-	-	-
From capital gains	-	(0.03)	-	-	-
Return of capital	(0.13)	-	-	-	-
Total annual distributions ⁽³⁾	\$(0.68)	\$(0.54)	\$(0.66)	\$(0.61)	\$(1.13)
Net asset value, end of year ⁽⁴⁾	\$30.93	\$25.38	\$27.21	\$24.39	\$21.77

FUD.A	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Net asset value, beginning of year ⁽¹⁾	\$25.35	\$27.16	\$24.35	\$21.73	\$24.66
Increase (Decrease) from operations:					
Total revenue	1.04	1.29	1.10	0.57	1.90
Total expenses	(0.66)	(0.62)	(0.57)	(0.51)	(0.55)
Realized gains (losses) for the year	2.60	(0.18)	4.51	0.87	(2.56)
Unrealized gains (losses) for the year	3.26	(1.99)	(1.84)	2.04	(1.74)
Total increase (decrease) from operations ⁽²⁾	\$6.24	\$(1.50)	\$3.20	\$2.97	\$(2.95)
Distributions:					
From income (excluding dividends)	(0.27)	(0.16)	(0.38)	(0.35)	(0.86)
From dividends	(0.04)	(0.02)	-	-	-
From capital gains	-	(0.06)	-	-	-
Return of capital	(0.07)	-	-	-	-
Total annual distributions ⁽³⁾	\$(0.38)	\$(0.24)	\$(0.38)	\$(0.35)	\$(0.86)
Net asset value, end of year ⁽⁴⁾	\$30.88	\$25.35	\$27.16	\$24.35	\$21.73

(1) This information is provided as at December 31 years shown and is prepared under IFRS.

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

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

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

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Ratios and Supplemental Data

FUD	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Net asset value (000's)	\$13,985	\$10,208	\$6,821	\$7,334	\$9,798
Number of units outstanding	452,160	402,160	250,663	300,663	450,000
Management expense ratio ⁽¹⁾	0.77%	0.78%	0.67%	0.66%	0.67%
Management expense ratio before waivers or absorption	0.79%	0.79%	0.69%	0.68%	0.69%
Trading expense ratio ⁽²⁾	0.02%	0.02%	0.05%	0.07%	0.06%
Portfolio turnover rate ⁽³⁾	114.18%	88.61%	146.03%	174.98%	154.98%
Net asset value per unit	\$30.93	\$25.38	\$27.21	\$24.39	\$21.77

FUD.A	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Net asset value (000's)	\$4,565	\$3,748	\$1,340	\$1,201	\$1,086
Number of units outstanding	147,835	147,835	49,335	49,335	50,000
Management expense ratio ⁽¹⁾	1.86%	1.85%	1.76%	1.75%	1.79%
Management expense ratio before waivers or absorption	1.88%	1.86%	1.78%	1.77%	1.81%
Trading expense ratio ⁽²⁾	0.02%	0.02%	0.05%	0.07%	0.06%
Portfolio turnover rate ⁽³⁾	114.18%	88.61%	146.03%	174.98%	154.98%
Net asset value per unit	\$30.88	\$25.35	\$27.16	\$24.35	\$21.73

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

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

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

Management Fees

The First Trust ETF will pay the Manager a management fee of 0.70% and, in respect of the FUD.A, an additional amount for a service fee (see "FUD.A Service Fee" below) based on the average daily NAV of the First Trust ETF. The management fee, plus applicable taxes including HST, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

FUD.A Service Fee

The Manager pays registered dealers a service fee equal to 1.00% per annum of the NAV held by clients of the registered dealer, plus any applicable taxes. The service fee will be calculated and accrued daily and paid quarterly at the end of each calendar quarter.

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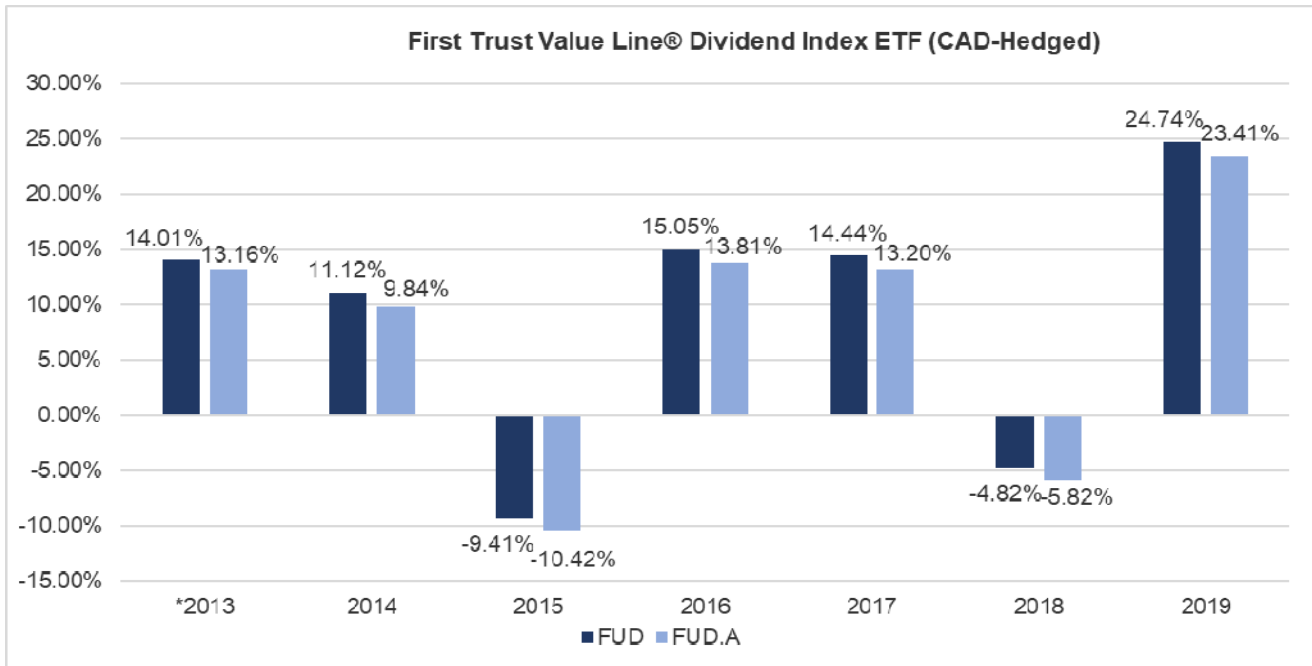
Past Performance

General

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

Year by Year Returns

The bar chart below shows the First Trust ETF's performance, per class, for the years ended December 31, and for the period from commencement of operations to December 31, 2013 and illustrates how the investment fund's performance has changed from year to year. The chart also shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



*First Trust ETF Commencement: May 15, 2013

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Annual Compound Returns

The table below shows the First Trust ETF's annual compound total return since inception and for the years ended December 31, 2019. The annual compound return is compared to the returns of the relevant benchmarks and reference index; however, the First Trust ETF's return is net of fees and expenses. See Results of Operations section of this report for further information regarding the current year performance of the First Trust ETF relative to the benchmark/index.

	1-year	3-year	5-year	Since Inception
First Trust Value Line® Dividend Index ETF (CAD-Hedged) - FUD	24.74%	10.76%	7.21%	9.31%
First Trust Value Line® Dividend Index ETF (CAD-Hedged) - FUD.A	23.41%	9.58%	6.05%	8.11%
S&P 500 Index (CAD-Hedged)*	30.07%	14.25%	10.88%	12.49%
Dow Jones U.S. Select Dividend™ Index USD**	23.11%	10.15%	9.91%	11.37%
Value Line® Dividend Index USD***	27.63%	12.05%	11.67%	12.63%

*Primary Benchmark - S&P 500® Currency Hedged Indices are designed to represent the returns of index strategies that involve hedging currency risk while accepting underlying equity market risk. By employing such a strategy, the index seeks to reduce the risk of downward currency fluctuations while also sacrificing potential currency gains.

**Secondary Benchmark - Dow Jones U.S. Select Dividend™ Index consists of 100 widely-traded, dividend-paying stocks derived from the Dow Jones U.S. Total Market IndexSM. An official CAD version of the index does not exist.

***Reference Index – Value Line® Dividend Index begins with universe of stocks that Value Line® gives a Safety™ Ranking of #1 and #2 using the Value Line® Safety™ Ranking System. All registered investment companies, limited partnerships and foreign securities not listed in the U.S. are removed from this universe. From those stocks, Value Line® selects those companies with a higher than average dividend yield, as compared to the indicated dividend yield of the Standard and Poor's 500 Composite Stock Price Index. Value Line® then eliminates those companies with an equity market capitalization of less than \$1 billion. The index seeks to be equally weighted in each of the securities in the index. The index is rebalanced on the application of the above model on a monthly basis. An official CAD version of the index does not exist.

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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 December 31, 2019. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. A quarterly update is available at www.firsttrust.ca.

Top 25 Holdings	% of ETF Total Net Asset Value
International Flavors & Fragrances Inc.	0.51%
Simon Property Group Inc.	0.50%
WP Carey Inc.	0.50%
Assurant Inc.	0.50%
Realty Income Corp.	0.50%
Mid-America Apartment Communities Inc.	0.50%
Cincinnati Financial Corp.	0.50%
South Jersey Industries Inc.	0.50%
Evergy Inc.	0.50%
Argo Group International Holdings Ltd.	0.50%
C.H. Robinson Worldwide Inc.	0.50%
Comcast Corp., Class 'A'	0.49%
Northwest Natural Holding Co.	0.49%
Prologis Inc.	0.49%
Dominion Energy Inc.	0.49%
JPMorgan Chase & Co.	0.49%
CNA Financial Corp.	0.49%
WPP PLC, ADR	0.49%
General Mills Inc.	0.49%
Robert Half International Inc.	0.49%
NextEra Energy Inc.	0.49%
Aqua America Inc.	0.49%
Black Hills Corp.	0.49%
Eversource Energy	0.49%
Ameren Corp.	0.49%
Total	12.37%

Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, by sector, as at December 31, 2019.

Sector Weightings	% of ETF Total Net Asset Value
Financials	24.93%
Utilities	21.56%
Industrials	13.06%
Consumer Staples	11.19%
Information Technology	6.31%
Health Care	6.31%
Consumer Discretionary	4.82%
Communication Services	3.91%
Materials	3.41%
Energy	2.42%
Cash and Cash Equivalents	0.36%
Other Assets, Less Liabilities	1.70%
Total	100.00%

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FT Portfolios Canada Co.

40 King Street West, Suite 5102
Scotia Plaza, Box 312
Toronto, Ontario M5H 3Y2

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