



First Trust International Capital Strength ETF • FINT

Annual Management Report of Fund Performance
December 31, 2020

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2020

First Trust International Capital Strength ETF (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.

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Investment Objective and Strategy

The fundamental investment objective of **First Trust International Capital Strength ETF** (the "First Trust ETF") is to provide unitholders with long term capital appreciation by investing primarily in equity securities of developed market companies, excluding the U.S. and Canada, that are traded on global exchanges, with a focus on fundamental strength and growth.

The First Trust ETF seeks to achieve its investment objective by investing primarily in securities of developed market companies, excluding the U.S. and Canada. Securities invested in by the First Trust ETF include common shares of public companies and American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs") and European Depository Receipts ("EDRs") that are traded on global exchanges or markets.

Risk

There were no changes to the First Trust ETF over the reporting period that materially affected the overall level of risk associated with 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 net asset value as of December 31, 2020 was \$6,023,055 or \$24.09 per unit. The First Trust ETF's net asset value as of December 31, 2019 was \$2,070,908 or \$20.71 per unit.

For the year ended December 31, 2020, the First Trust ETF paid total cash distributions per unit of \$0.3100. In addition, the First Trust ETF made a notional distribution of \$1.1350 for record date of December 31, 2020. This amount was reinvested in the First Trust ETF and not paid in cash to unitholders.

Investment Performance

For the year ended December 31, 2020, the First Trust ETF returned 16.72% compared to MSCI EAFE Index (the "benchmark") return of 5.92%. Unlike the benchmark, the First Trust ETF's return is net of fees and expenses.

The First Trust ETF outperformed the benchmark for the year. Overall, allocation effect, stock selection effect, and currency effect were positive contributors to relative performance. Negative contributions to relative performance came from an overweight allocation and stock selection within the Consumer Discretionary sector and an underweight allocation and stock selection in the Utilities sector. Positive contribution to relative performance included an underweight allocation and stock selection in the Financials and Energy versus the benchmark. Positive contribution to relative performance also came from an overweight allocation and stock selection in the Information Technology sector.

The top-performing stocks by total return for the period were Nestlé SA, Registered, Logitech International S.A., and Techtronic Industries Co., Ltd. These stocks returned +109.44%, +104.25%, and +74.23% respectively, in CAD, including dividends. The bottom-performing stocks by total return for the period were Taylor Wimpey plc, Obayashi Corporation, and Ryanair Holdings Plc. These stocks returned -32.66%, -24.78%, and -20.83% respectively, in CAD, including dividends.

The First Trust ETF held 40 equity positions for the year ended December 31, 2020 and made no net change to the number of positions from the beginning of the period. Portfolio changes were made in February 2020 (5 positions added, 5 positions eliminated), June 2020 (3 positions added, 3 positions eliminated), and December 2020 (6 positions added, 6 positions eliminated). The top ten equity holdings of the First Trust ETF at December 31, 2020 accounted for 26.70% of total NAV and the top ten equity holdings of the First Trust ETF at December 31, 2019 accounted for 27.07% of total NAV. Industrials, Health Care, and Information Technology (in order) were the top three sector weightings at the end of the period, whereas Consumer Discretionary, Information Technology, and Health Care were the top three sector weights at the beginning of the period. Relative to its benchmark over the period, the First Trust ETF was overweight the Information Technology, Health Care, Consumer Discretionary, and Industrials

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sectors and underweight the Financials, Real Estate, Materials, Utilities, Communication Services, Consumer Staples, and Energy sectors. The sector weighting of the First Trust ETF changed somewhat over the reporting period, primarily as the result of our bottom-up, multi-step quantitative and fundamental stock selection strategy. Portfolio changes were made in February, June, and December of 2020. There was no net change to the total number of portfolio positions over the period. In February, two positions, Koito Manufacturing Co Ltd and Infineon Technologies AG were eliminated for failing to meet the initial screening criteria. Three positions, Moncler SpA, Sands China Ltd, and Diageo PLC, were removed at the portfolio manager's discretion. Five positions, Taylor Wimpey PLC, Obayashi Corp, Ryanair Holdings PLC, Volvo AB, and STMicroelectronics NV were established in place of them. In June, two positions, British American Tobacco PLC and STMicroelectronics NV, were eliminated for failing to meet the initial screening criteria. One position, Legrand SA, was removed at the portfolio manager's discretion. Three positions, Nintendo Co Ltd, Genmab A/S, and ASM International NV were established in place of them. In December, six positions, Trend Micro Inc., Astellas Pharma Inc., Henkel AG & Co KGaA, Barry Callebaut AG, Taylor Wimpey PLC, and Adidas AG were eliminated for failing to meet the initial screening criteria. Six positions, Ericsson LM, Winyi Glass Holdings Ltd, Sanofi, Hong Kong Exchanges & Clearing Ltd, Persimmon PLC, and JD Sports Fashion PLC were established in place of them.

Recent Developments

The COVID-19 pandemic has caused an unprecedented decline in global activity, sending most countries into a deep economic downturn. According to the Bank of Canada (the "BoC"), the global economy is projected to contract by 4% in 2020 as the world grapples with COVID-19. The effects of the virus are being felt all around the world resulting in governments and central banks having to intervene with fiscal and monetary policy. The International Monetary Fund (the "IMF") projects that advanced economies contracted 2.5% more than emerging economies in 2020. The IMF's data indicates this is due to the economic contractions in the Euro Area and the United Kingdom of 8.3% and 9.8%, respectively. This comes as little surprise considering both have had numerous government-mandated lockdowns to mitigate the spread of the virus. To mitigate the effects of the pandemic-related economic downturn, the Bank of England's Monetary Policy Committee (the "MPC") reduced the Bank Rate to 0.1% earlier in the year and has repurchased 985 billion pounds of assets throughout the year. The European Union (the "EU") is currently experiencing their worst non-wartime contraction in its history. However, European banks have focused on strengthening their capital positions substantially over the past 10 years and should be capable of withstanding the economic shock. The European Central Bank (the "ECB") has thrown the proverbial "kitchen sink" at the pandemic-induced recession by purchasing 1.85 trillion euros of assets through the Pandemic Emergency Purchase Programme, which could continue into 2022. In similar fashion, the Bank of Japan has purchased more than 7 trillion yen worth of equity-linked exchange-traded funds in 2020 to aid Japan's economy. The BoC forecasts that global economy will rebound in 2021 with global GDP growing about 5%. Even with worldwide quantitative easing programs from central banks, much of the global recovery is reliant on countries doing their part to reduce the infection rate and the successful rollout of vaccinations.

The Index was down 6.88% on a total return basis for the first half of the year but was able to rebound in the second half of the year to finish with a total return of 5.92% by the end of the year. This comes after the Index was up 15.85% on a total return basis in 2019. For the year, the Index benefitted from positive contributions from Information Technology, Consumer Discretionary, Health Care, Materials, Industrials, Consumer Staples, Communication Services, and Utilities sectors. The rebound in the second half of the year was led by Consumer Discretionary, Industrials, and Financials sectors. By country, Japanese, Swiss, German, and Dutch equities accounted for the bulk of the Index's positive contribution to the return for the year. Japanese equities, which makes up a quarter of the Index's weight, accounted for more than half of the Index's positive contribution. British equities, which has the second largest weight in the Index, was largest negative contributor to the Index's performance for the year. Despite the challenges in the first half of the year, we remained positive on developed markets. After a sharp decline in developed equity markets to end the first half of the year, the Index bounced back with a total return of 13.75% in the second half of the year. Mitigating the effects of the pandemic, the rollout of vaccinations, and accommodative monetary policy from central banks will aid growth going in to 2021. Global supply chains and production continue along the road to recovery as countries and companies adapt to current conditions. Price to earnings multiple expansion of the top United States companies propped up their equity markets in 2020, while the country continues to struggle with rising coronavirus cases and political unrest compared to the rest of the developed world. Uncertainty

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looms in all markets as the world recovers from the pandemic, but these factors make the risk versus return for developed equity markets outside of the United States attractive going in to 2021.

We continue to find attractive candidates from within our selection universe of “international capital strength” companies. The First Trust ETF is positioned to provide exposure to the world’s most developed nations ex the United States and Canada.

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.

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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 two years. This information is derived from the First Trust ETF's current audited annual financial statements.

Net Asset Value per Unit

FINT	December 31, 2020	December 31, 2019	December 31, 2018 ^(a)
Net asset value, beginning of period/year ⁽¹⁾	\$20.71	\$16.79	\$20.00 ^(b)
Increase (Decrease) from operations:			
Total revenue	0.46	0.68	0.29
Total expenses	(0.27)	(0.26)	(0.16)
Realized gains (losses) for the period/year	0.81	(1.74)	(0.14)
Unrealized gains (losses) for the period/year	3.76	4.95	(3.77)
Total increase (decrease) from operations ⁽²⁾	\$4.76	\$3.63	\$(3.78)
Distributions:			
From income (excluding dividends)	-	(0.19)	-
From dividends	-	-	-
From capital gains	(1.14)	-	-
Return of capital	(0.06)	(0.06)	-
Total annual distributions ⁽³⁾	\$(1.20)	\$(0.25)	-
Net asset value, end of period/year ⁽⁴⁾	\$24.09	\$20.71	\$16.79

(a) December 31, 2018 does not relate to the full year as the First Trust ETF commenced operations on May 17, 2018.

(b) Seed capital

(1) This information is provided as at 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.

Ratios and Supplemental Data

FINT	December 31, 2020	December 31, 2019	December 31, 2018
Net asset value (000's)	\$6,023	\$2,071	\$1,679
Number of units outstanding	250,000	100,000	100,000
Management expense ratio ⁽¹⁾	0.75%	0.77%	0.75%
Management expense ratio before waivers or absorption	0.78%	0.79%	0.76%
Trading expense ratio ⁽²⁾	0.33%	0.30%	0.44%
Portfolio turnover rate ⁽³⁾	55.67%	101.25%	8.99%
Net asset value per unit	\$24.09	\$20.71	\$16.79

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

(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.

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Management Fees

The First Trust ETF will pay the Manager a management fee of 0.70% based on the average daily NAV of the First Trust ETF. The management fee, plus applicable taxes including HST, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

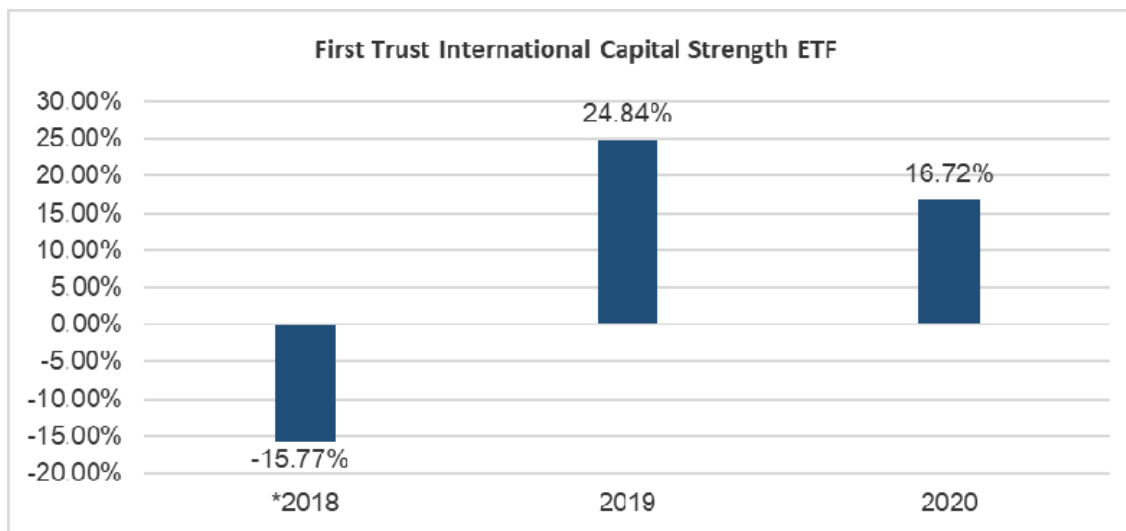
Past Performance

General

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

Year by Year Returns

The bar chart below shows the First Trust ETF's performance for the years ended December 31, 2020 and 2019 and for the period from commencement of operations to December 31, 2018 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 17, 2018

Annual Compound Returns

The table below shows the First Trust ETF's annual compound total return since inception and for the year ended December 31, 2020. The annual compound return is compared to the returns of the relevant benchmark; 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 period performance of the First Trust ETF relative to the benchmark.

	1-year	Since Inception
First Trust International Capital Strength ETF	16.72%	8.11%
MSCI EAFE Index	5.92%	4.33%

MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

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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, 2020. 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.

Top 25 Holdings	% of ETF Total Net Asset Value
Xinyi Glass Holdings Co. Ltd.	2.83%
ASM International NV	2.76%
Samsung Electronics Co. Ltd.	2.70%
Nintendo Co. Ltd.	2.69%
Logitech International SA, Registered	2.68%
Techtronic Industries Co. Ltd.	2.66%
Sony Corp.	2.63%
Prudential PLC	2.62%
Sandvik AB	2.57%
China Gas Holdings Ltd.	2.56%
JD Sports Fashion PLC	2.56%
Hong Kong Exchanges & Clearing Ltd.	2.55%
Genmab AS	2.53%
Nestlé SA, Registered	2.53%
Ferguson PLC	2.53%
ASML Holding NV	2.52%
SAP AG	2.51%
LVMH Moët Hennessy-Louis Vuitton SA	2.49%
Barratt Developments PLC	2.49%
Novo Nordisk AS, Series 'B'	2.47%
Novartis AG, Registered	2.47%
Legal & General Group PLC	2.47%
Unilever PLC	2.46%
KDDI Corp.	2.45%
Roche Holding AG Genusscheine	2.45%
Total	64.18%

Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio as at December 31, 2020.

Sector Weightings	% of ETF Total Net Asset Value
Information Technology	20.51%
Consumer Discretionary	20.39%
Health Care	19.23%
Industrials	14.27%
Financials	7.64%
Consumer Staples	4.99%
Materials	4.86%
Utilities	2.56%
Communication Services	2.45%
Energy	2.42%
Cash and Cash Equivalents	0.65%
Other Assets, Less Liabilities	0.03%
Total	100.00%

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The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio excluding cash, by country, as at December 31, 2020.

Country Weightings	% of ETF Total Net Asset Value
United Kingdom	24.42%
Japan	14.81%
Hong Kong	10.60%
Switzerland	10.13%
France	9.35%
Sweden	7.29%
Netherlands	5.28%
Denmark	5.00%
Australia	4.81%
South Korea	2.70%
Germany	2.51%
Finland	2.42%
Total	99.32%

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