First Trust Long/Short Equity ETF • FTLS

Interim Management Report of Fund Performance
June 30, 2026

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
June 30, 2026

First Trust Long/Short Equity ETF
(the "First Trust ETF")

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the First Trust ETF. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, 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 web site at www.firsttrust.ca or SEDAR+ at www.sedarplus.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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 Long/Short Equity ETF
Management Report of Fund Performance
For the six-month period ended June 30, 2026

Investment Objective and Strategy

The fundamental investment objective of **First Trust Long/Short Equity ETF** (the "First Trust ETF") is to provide unitholders with long-term total return by investing in both a long and short portfolio of U.S. exchange listed equity securities and index futures contracts by investing (a) at least 80% of its net assets in U.S. exchange-listed equity securities of U.S. and other foreign companies such as common stocks and exchange-traded funds and (b) up to 20% of its net assets in U.S. exchange-listed equity index futures contracts. The First Trust ETF may also invest in equity securities of master limited partnerships and real estate investment trusts.

The First Trust seeks to achieve its investment objectives by investing all or substantially all of its assets in First Trust Long/Short Equity ETF (the "Underlying Fund"), a U.S. exchange-traded fund listed on the NYSE Arca, Inc.

Although the First Trust ETF has two classes of units called “Units*” and “Hedged Units”, the First Trust ETF currently offers only Units on the TSX with the symbol: FTLS.

*The Hedged Units of the First Trust ETF were qualified for distribution by a prospectus dated June 23, 2025 with amended and restated ETF Facts dated June 23, 2026. As of the date of this management report of fund performance (“MRFP”), the First Trust ETF has not offered any Hedged Units to the public. No transactions or other activities have been undertaken by the First Trust ETF for the Hedged Units for the six-month period ended June 30, 2026. As such, no financial highlights or management discussion for the Units are included in this MRFP.

Risk

The risks associated with an investment in the First Trust ETF remain as discussed in the First Trust ETF’s most recent prospectus. There have been no significant changes during the period that affected the overall level of risk associated with the First Trust ETF.

Results of Operations

General

The First Trust ETF’s total net asset value as of June 30, 2026 was $ 9,200,298 or $23.00 per unit. The First Trust ETF’s total net asset value as of December 31, 2025 was $ 3,221,016 or $21.47 per unit.

For the six-month period ended June 30, 2026, the First Trust ETF paid total cash distributions per unit of $0.1200. In addition, the First Trust ETF declared cash distributions per unit of $0.0500 for record date of June 30, 2026, with payment date of July 8, 2026.

Investment Performance

For the six-month period ended June 30, 2026, the First Trust ETF returned 7.59% compared to the S&P 500® Index (the benchmark) return of 14.07%. Unlike the benchmark, the First Trust ETF’s return is net of fees and expenses.

The First Trust ETF’s only holding, the Underlying Fund, had exposure to 361 equity securities as of June 30, 2026 – 182 long holdings and 179 short positions. The top ten long equity holdings for the Underlying Fund accounted for 28.56% of the portfolio within the Underlying Fund, while the top ten short equity holdings made up -4.79% of the portfolio.

The Underlying Fund underperformed the index for the period ended June 30, 2026, due to its defensive positioning, prioritizing downside mitigation amid observed market risks. These risks included heightened market concentration, stubborn inflation, high equity valuations, and geopolitical tensions. The short equity portfolio was the driver of the Underlying Fund’s underperformance to the benchmark, along with the short futures positions. The long equity portfolio, with a return of 6.3% over the period, also underperformed the index. Within the long book, the Underlying Fund’s allocation to the Health Care sector was the biggest source of outperformance versus the index. The Underlying Fund had an allocation to this sector that was roughly in line with the index (9.2% versus 9.1%) and the returns of stocks in this sector held by the Underlying Fund were approximately 1.6% better than that of the index. On the other side of the tally, the Underlying Fund’s long book underperformed the index in the Information Technology sector. Not only was the fund underweight (by about 5.4%) in this high-performing sector during the period, but the Information Technology stocks that the fund held performed worse (18.1% versus 19.8%) than those held by the index. The short portfolio, while detracting from absolute returns, helped risk-adjusted performance, as the stocks that comprised the short book had a return (+4.2%) less than half that of the benchmark index. Leading this charge was the Industrials sector, which had a benchmark return of over 20%, whereas the stocks the Underlying Fund shorted were down about 2.2%. Five other sectors in the Underlying Fund's short portfolio also had negative performance during the period: Real Estate, Communication Services, Consumer Discretionary, Financials, and Health Care. (Remember that you want your short positions to decrease, so you can buy them back at a lower price.) On the flip side, the Utilities sector had the worst performance in the short book. The Underlying Fund held stocks that outperformed the sector's benchmark return by 3.5%. Across the portfolio, notable individual stock contributors were Sandisk Corp., Qualcomm Inc., and the ADR of Taiwan Semiconductor. Bottom performance from individual stock exposure included Micron Technology Inc., Advanced Micro Devices, and Adobe Inc.

Recent Developments

One of the biggest stories in the first half of 2026 was the U.S. and Israel striking at Iran after a breakdown in negotiations regarding Iran's development of nuclear weapons. That led to a spike in oil prices and a subsequent increase in inflation. Offsetting some of the uneasiness from these geopolitical tensions were robust corporate earnings, as U.S. companies delivered one of the strongest performances on record in the 1st quarter. Companies in the S&P 500 reported growth in earnings of 28.6%, the highest growth rate since the fourth quarter of 2021. And 85% of the S&P 500 companies reported actual earnings per share ("EPS") above estimated EPS, which was the highest % since the second quarter of 2021. On the macroeconomic front, the U.S. Federal Reserve held rates steady at each of its meetings during the first half of 2026. Unemployment edged down slightly to a rate of 4.2%; it had been at a level of 4.4% at the end of 2025. As mentioned earlier, inflation increased with the hostilities in the Middle East, as the Consumer Price Index moved from 2.4% in February to 4.2% with the May report. In May, consumer confidence reached its lowest point (44.8) since it began to be measured by the University of Michigan's Consumer Sentiment Index ("index") at the start of 1978. The index did bounce back a bit in June (up to 49.5), although that was still the second lowest reading in its history. How did equity markets respond to these disparate bits of information? Record highs, of course – the S&P 500 crossed 7,600 for the first time in June, the Nasdaq-100 set its all-time high on the same day, and the Russell 2000 ended June with its highest close ever.

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.

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 six-month period ended June 30, 2026 and for the period ended December 31, 2025. This information is derived from the First Trust ETF's unaudited interim and audited annual financial statements.

Net Asset Value per Unit

FTLS	2026	2025[a]
Net asset value, beginning of period [1]	$21.47	$20.00[b]
Increase (Decrease) from operations:		
Total revenue	0.09	0.16
Total expenses	(0.03)	(0.04)
Realized gains (losses) for the period	0.51	(0.01)
Unrealized gains (losses) for the period	1.38	0.64
Total increase (decrease) from operations[2]	$1.95	$0.75
Distributions:		
From income (excluding dividends)	(0.10)	(0.06)
From dividends	-	-
From capital gains	-	(0.01)
Return of capital	-	(0.01)
Total annual distributions[3]	$(0.10)	$(0.08)
Net asset value, end of period [4]	$23.00	$21.47

(a) December 31, 2025 does not relate to the full year as the First Trust ETF commenced operations on July 21, 2025.
(b) Seed capital
(1) This information is provided as at June 30, 2026 and December 31 of the periods shown and is prepared under IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").
(2) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period.
(3) Distributions were paid in cash or reinvested in additional units of the First Trust ETF, or both. Non-cash distributions are reinvested in additional units of the First Trust ETF and subsequently consolidated. Neither the number of units held by the unitholder, nor the net asset per unit of the First Trust ETF change as a result of any non-cash distributions.
(4) This table is not intended to be a reconciliation of beginning to ending net asset value per unit.

Ratios and Supplemental Data

FTLS	2026	2025
Net asset value (000's)	$9,200	$3,221
Number of units outstanding	400,000	150,000
Management expense ratio [1]	1.54%	1.54%
Management expense ratio before waivers or absorption	1.55%	1.55%
Trading expense ratio[2]	0.00%	0.02%
Portfolio turnover rate[3]	27.76%	0.00%

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period, including the First Trust ETF's proportionate share of the MER of the 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.
(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
(3) The First Trust ETF's portfolio turnover rate indicates how actively the First Trust ETF's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the First Trust ETF buying and selling all of the securities in its portfolio once in the course of the period. The higher a First Trust ETF's portfolio turnover rate in a period, the greater the trading cost payable by the First Trust ETF in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between high turnover rate and the performance of a First Trust ETF.

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's management fee will also bear the management fee of the Underlying Fund.

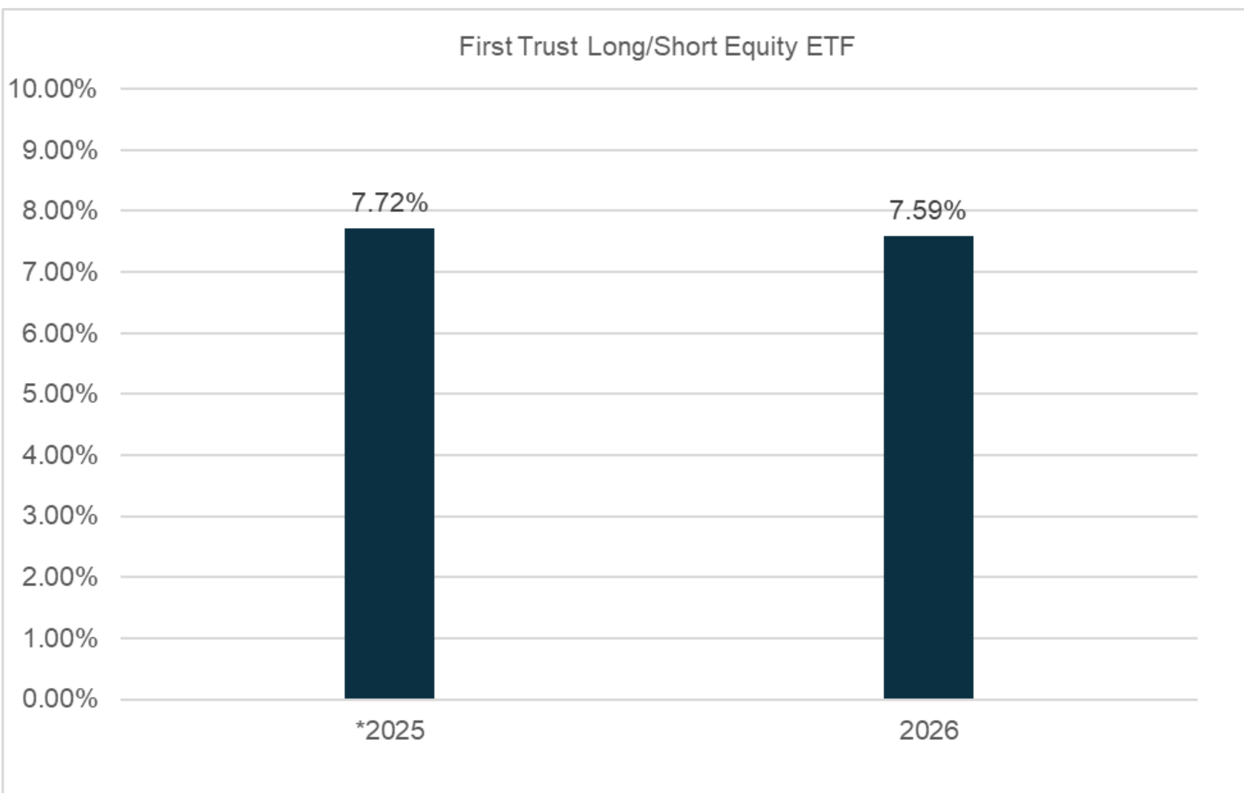
Past Performance

General

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

Year by Year Returns

The bar chart below shows the First Trust ETF’s performance for the six-month period ended June 30, 2026 and for the period from commencement of operations to December 31, 2025 and illustrates how the investment fund’s performance has changed for the period.



**First Trust ETF Commencement: July 21, 2025*

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, 2026. 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.

Holdings	% of ETF Total Net Asset Value
First Trust Long/Short Equity ETF	99.96%
Cash and Cash Equivalents	0.26%
Other Assets, Less Liabilities	-0.22%
Total	100.00%

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, 2026.

Breakdown	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.96%
Cash and Cash Equivalents	0.26%
Other Assets, Less Liabilities	-0.22%
Total	100.00%

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