



First Trust SMID Cap Rising Dividend Achievers ETF
• SDVY, SDVY.F

Annual Management Report of Fund Performance
December 31, 2024

(Page intentionally left blank)

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2024

First Trust SMID Cap Rising Dividend Achievers 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 web site at www.firsttrust.ca or SEDAR at www.sedarplus.ca.

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 SMID Cap Rising Dividend Achievers ETF

Management Report of Fund Performance

For the period ended December 31, 2024

Investment Objective and Strategy

The fundamental investment objective of **First Trust SMID Cap Rising Dividend Achievers ETF** (the “First Trust ETF”) is to replicate, to the extent possible, the performance of an index of U.S. small and mid cap companies, net of expenses, initially the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index (the “Index”).

To achieve its investment objective, The First Trust ETF will provide exposure to the Index by holding securities of First Trust SMID Cap Rising Dividend Achievers ETF (the “Underlying Fund”), a U.S.-listed index ETF which is managed by an affiliate of the Manager which seeks to replicate or substantially replicate the performance of the Index. The First Trust ETF will invest in derivative instruments in connection with the hedging of the U.S. dollar currency exposure in respect of the Hedged Units. Any investment in derivative instruments shall be in compliance with applicable Canadian securities legislation and be consistent with the investment objective and investment strategy of the First Trust ETF.

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 December 31, 2024 was \$39,204,250 or \$21.98 per Unit (“SDVY”) and \$20.54 per Hedged Unit (“SDVY.F”).

The First Trust ETF declared cash distributions per unit of \$0.0840 for SDVY and \$0.0791 for SDVY.F for record date of December 31, 2024, with payment date of January 8, 2025.

Investment Performance

For the period ended December 31, 2024, SDVY returned 12.47% compared to the S&P 1000® Index return of 12.86% while SDVY.F returned 5.53% compared to the S&P 1000® Index (USD) total return of 6.42%. Unlike the indices, the First Trust ETF’s returns are net of fees and expenses.

The First Trust ETF’s only holding, the Underlying Fund, held 95 equity securities as of December 31, 2024. The top ten equity holdings for the Underlying Fund accounted for 11.97% of the portfolio within the Underlying Fund.

The Underlying Fund slightly underperformed the S&P 1000® Index during the period primarily due to stock selection, especially within the Consumer Discretionary sector. No weight in the Health Care sector and an overweight position in Banks mitigated the underperformance.

The Underlying Fund’s top five stocks by contribution to return were Cal-Maine Foods, Inc., Texas Pacific Land Corporation, Synchrony Financial, Comfort Systems USA, Inc., and Expand Energy Corporation. The Underlying Fund’s bottom five stocks by contribution to return were Century Communities, Inc., HF Sinclair Corporation, Carter’s, Inc., Advanced Drainage Systems, Inc., and Meritage Homes Corporation.

The U.S. dollar appreciated 6.05% against the Canadian dollar from September 6, 2024, to December 31, 2024. SDVY.F hedges its exposure to the U.S. dollar.

Recent Developments

The S&P 1000® Index returned 6.42%, including dividends, during the period. The U.S. dollar appreciated relative to the Canadian dollar, meaning the index gained 12.86% over the same period measured in Canadian dollars. Small-cap stocks underperformed large-cap stocks in 2024, where gains were concentrated in a few mega-cap companies from the Information Technology, Communication Services, and Consumer Discretionary sectors. NVIDIA, in particular, benefitted from the booming demand for its artificial intelligence chips, which sent its market capitalization

First Trust SMID Cap Rising Dividend Achievers ETF Management Report of Fund Performance For the period ended December 31, 2024

to over \$3 trillion, joining Apple and Microsoft. Inflation improved from 3.4% at the end of 2023 to 2.9% at the end of 2024, prompting the U.S. Federal Reserve to cut its target federal funds rate rates during the year. However, inflation progress stalled at the end of the year. Consequently, long-term interest rates rose during the year. For example, the 10-year Treasury yield finished the period at 4.57%, well above 3.88% where it began the year. Overall, the S&P 500® Index finished the year trading at a 24.7 P/E multiple with a 1.27% dividend yield, more expensive than 21.5 and 1.49%, respectively, at the end of 2023. In addition to multiple expansion, earnings growth also contributed to the strong year for stocks.

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. Also, First Trust Capital Partners, LLC, an affiliate of the Manager, owns a 44.3% ownership interest (49.3% voting) in VestGroup Inc., the holding company of Vest Financial LLC, the sub-advisor to 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 SMID Cap Rising Dividend Achievers ETF

Management Report of Fund Performance

For the period ended December 31, 2024

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 period ended December 31, 2024. This information is derived from the First Trust ETF's audited annual financial statements.

Net Asset Value per Unit

SDVY	2024 ^(a)
Net asset value, beginning of period ⁽¹⁾	\$20.00 ^(b)
Increase (Decrease) from operations:	
Total revenue	0.26
Total expenses	(0.05)
Realized gains (losses) for the period	0.01
Unrealized gains (losses) for the period	(2.17)
Total increase (decrease) from operations ⁽²⁾	\$(1.95)
Distributions:	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	(0.08)
Total annual distributions ⁽³⁾	\$(0.08)
Net asset value, end of period ⁽⁴⁾	\$21.98

SDVY.F	2024 ^(a)
Net asset value, beginning of period ⁽¹⁾	\$20.00 ^(b)
Increase (Decrease) from operations:	
Total revenue	0.23
Total expenses	(0.05)
Realized gains (losses) for the period	(1.05)
Unrealized gains (losses) for the period	(0.30)
Total increase (decrease) from operations ⁽²⁾	\$(1.17)
Distributions:	
From income (excluding dividends)	(0.01)
From dividends	-
From capital gains	-
Return of capital	(0.07)
Total annual distributions ⁽³⁾	\$(0.08)
Net asset value, end of period ⁽⁴⁾	\$20.54

(a) December 31, 2024 does not relate to the full year as the First Trust ETF commenced operations on September 9, 2024.

(b) Seed capital

(1) This information is provided as at December 31 of the period 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.

First Trust SMID Cap Rising Dividend Achievers ETF
 Management Report of Fund Performance
 For the period ended December 31, 2024

Ratios and Supplemental Data

SDVY	2024
Net asset value (000's)	\$37,150
Number of units outstanding	1,690,000
Management expense ratio ⁽¹⁾	0.77%
Management expense ratio before waivers or absorption	0.78%
Trading expense ratio ⁽²⁾	0.00%
Portfolio turnover rate ⁽³⁾	0.58%

SDVY.F	2024
Net asset value (000's)	\$2,054
Number of units outstanding	100,000
Management expense ratio ⁽¹⁾	0.77%
Management expense ratio before waivers or absorption	0.78%
Trading expense ratio ⁽²⁾	0.00%
Portfolio turnover rate ⁽³⁾	0.58%

(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. This includes the First Trust ETF's proportionate share of the commissions of 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. 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.

First Trust SMID Cap Rising Dividend Achievers ETF

Management Report of Fund Performance

For the period ended December 31, 2024

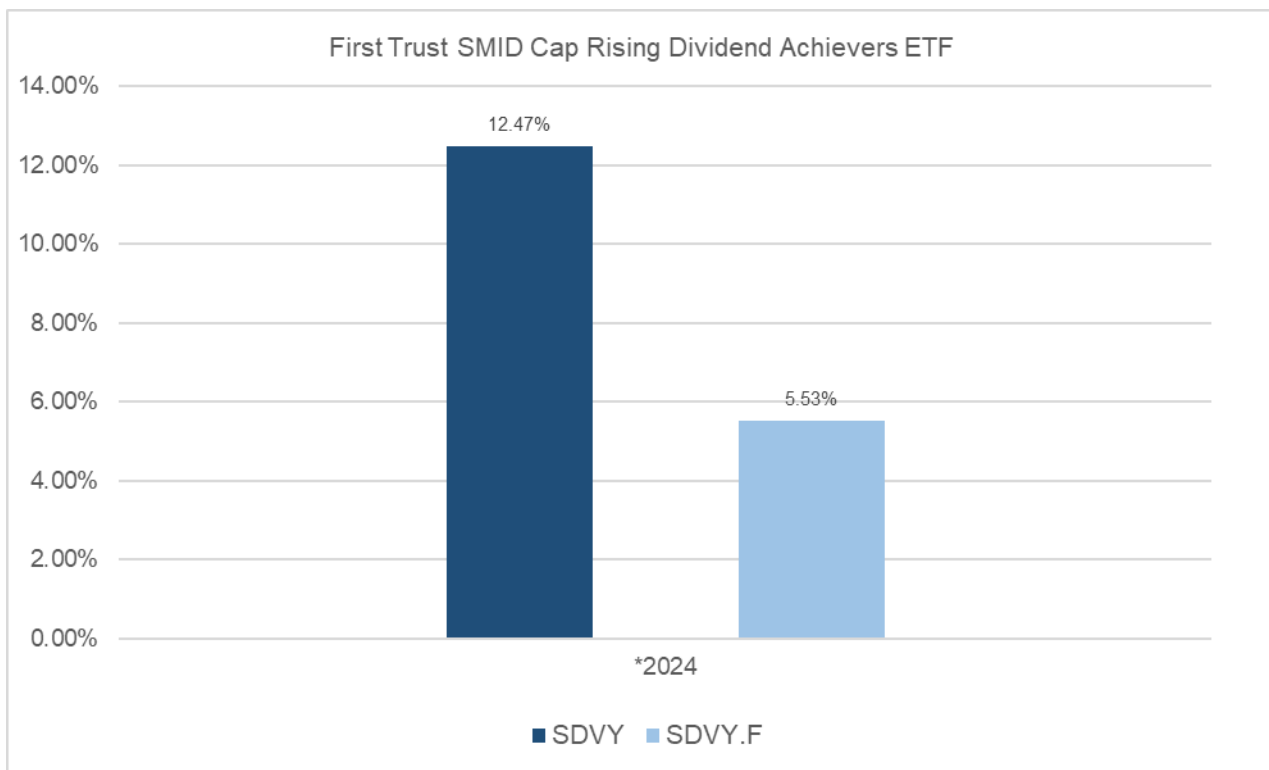
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the period 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 period from commencement of operations to December 31, 2024 and illustrates how the investment fund's performance has changed for the period.



*First Trust ETF Commencement: September 9, 2024

First Trust SMID Cap Rising Dividend Achievers ETF

Management Report of Fund Performance

For the period ended December 31, 2024

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, 2024. The annual compound return is compared to the returns of the relevant benchmarks; 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.

Returns	1-year	3-year	5-year	10-year	Since Inception
First Trust SMID Cap Rising Dividend Achievers ETF - SDVY	-	-	-	-	12.47%
Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index	-	-	-	-	13.05%
S&P 1000® Index	-	-	-	-	12.86%
Russell 3000® Index	-	-	-	-	16.37%
First Trust SMID Cap Rising Dividend Achievers ETF – SDVY.F	-	-	-	-	5.53%
Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index (CAD Hedged)	-	-	-	-	6.60%
S&P 1000® Index (USD)	-	-	-	-	6.42%
Russell 3000® Index (USD)	-	-	-	-	9.51%

The Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index is designed to measure the performance of a selection of securities that have increased their dividend value over the previous three year and five year annual periods.

The S&P 1000® Index combines the S&P MidCap 400® and the S&P SmallCap 600® to form an investable benchmark for the mid- to small-cap segment of the U.S. equity market. The S&P 1000® Index measures the performance of widely available and highly liquid stocks, making the index the appropriate mid-small cap index for investors seeking to replicate the performance of the U.S. equity market.

The Russell 3000® Index is composed of 3,000 large U.S. companies, as determined by market capitalization. This portfolio of securities represents approximately 98% of the investable U.S. equity market. The Index is comprised of stocks within the Russell 1000® and the Russell 2000® Indices.

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 December 31, 2024. 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 SMID Cap Rising Dividend Achievers ETF	100.04%
Cash and Cash Equivalents	0.45%
Other Assets, Less Liabilities	-0.49%
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 December 31, 2024.

Breakdown	% of ETF Total Net Asset Value
Exchange-Traded Fund	100.04%
Cash and Cash Equivalents	0.45%
Other Assets, Less Liabilities	-0.49%
Total	100.00%

(Page intentionally left blank)

(Page intentionally left blank)

FT Portfolios Canada Co.

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

www.firsttrust.ca