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## First Trust JFL Global Equity ETF • FJFG

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Interim Management Report of Fund Performance  
June 30, 2023

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# **INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

## **June 30, 2023**

### **First Trust JFL Global Equity 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 JFL Global Equity ETF

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### For the six-month period ended June 30, 2023

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

The fundamental investment objective of **First Trust JFL Global Equity ETF** (the “First Trust ETF”) is to provide unitholders with capital appreciation by investing primarily in equity securities of large multinational companies that have demonstrated global leadership in their industry. The Sub-Advisor will primarily target international companies that benefit from exposure to economies typically growing at a rate higher than the global gross domestic product (GDP). Emphasis will be on non-cyclical companies that have a competitive advantage in their industry. The First Trust ETF will not invest more than 20% of its net assets in securities of issuers located in emerging markets.

#### **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 net asset value as of June 30, 2023 was \$2,844,526 or \$22.76 per unit. The First Trust ETF’s net asset value as of December 31, 2022 was \$2,430,345 or \$19.44 per unit.

For the six-month period ended June 30, 2023, the First Trust ETF paid total cash distributions per unit of \$0.0175. In addition, the First Trust ETF declared cash distributions of \$0.0342 per unit for record date of June 30, 2023 with payment date of July 10, 2023.

##### **Investment Performance**

For the six-month period ended June 30, 2023, the First Trust ETF returned 17.31% compared to MSCI ACWI Index (the “benchmark”) total return of 11.27%. Unlike the benchmark, the First Trust ETF’s return is net of fees and expenses.

During the first quarter, the First Trust ETF outperformed the benchmark. Stock selection across most sectors accounted for the bulk of the return, with Communication Services (+17.3%) and Consumer Discretionary (+14.2%) being the top contributors. Information Technology (+20.5%) was the top-performing sector in the index this quarter, recovering from some of the underperformance seen in 2022. Conversely, Financials (-1.7%) and Health Care (-1.7%) were slightly negative for the quarter and were among the key lagging sectors. Energy (-3.0%) was also a relative laggard in Q1, and our absence from the sector also contributed to performance. Despite some stresses in the global banking sector in the quarter, our financials positioning was a net contributor, and we had limited direct exposure to the events which unfolded in the U.S. or Switzerland.

During the second quarter, the First Trust ETF outperformed the benchmark. Economic activity moderated across EAFE as central banks continue to push policy rates higher. In the eurozone, manufacturing PMIs further contracted to their lowest levels in ~37 months at 43.4 in June from 44.8 in May. The quarter also saw broad slowdowns in overall output, new orders, inventories, and backlogs, while manufacturing employment fell for the first time since January 2021. Germany was particularly weak, with a PMI reading of 40.6 as new orders and inventories waned. In the UK, June manufacturing PMIs experienced a similar contraction, from 47.1 to 46.5, driven by weakness in new orders. UK employment also fell for the ninth month in a row with the sharpest rate of reduction since March. Core inflation remained elevated at 5.4% and 7.1% in the eurozone and UK, respectively.

For the year-to-date reporting period, the top performing sectors in the index were Industrials and Materials. The worst performing sectors were Consumer Discretionary and Communication Services. Top contributors to our relative performance were our stock selection in the Information Technology and Industrial sectors. Our absence from the Energy sector was our largest detractor to relative performance. The top performers for the period for the First Trust ETF were Meta Platforms, Abcam Plc, and Amazon.com Inc. Abcam a UK leader in antibodies for scientific research and diagnostics, was a standout performer after the company disclosed takeover interest from multiple parties. The

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company is considering strategic alternatives, including a potential sale. The bottom performers were Shenzhou international, Chubb Limited, and Danaher Corporation.

#### **Recent Developments**

Financial markets put aside concerns over growth, inflation, and U.S. regional banks in the quarter, generating gains in most equity markets. In contrast, bonds lost ground as interest rates rose by a meaningful amount with central banks continuing to raise policy rates, albeit at a more modest pace.

Canadian GDP was flat in April, but it is expected to reach an annualized pace of 1.4% for the second quarter, which is just slightly above the Bank of Canada's April Monetary Policy Report forecast of 1.0%. Canadian inflation matched expectations, slowing to 3.4% year-over-year in May—its weakest pace in two years. Canada's job market had an unexpectedly strong start to the year and continues to show momentum into the second quarter even with May's data ending the longest run of job gains since 2017.

Internationally, with the backdrop of high and sticky core inflation, economic activity moderated across developed markets as central banks continue to push policy rates higher. The Bank of England hiked rates by 50bps in June citing elevated inflationary pressures in its domestic economy. This is while the Swiss National Bank and the European Central Bank ("ECB") moderated rate increases to 0.25% from prior increases of 0.50%, with both institutions continuing their hawkish tone in order to combat inflation. The Bank of Japan continues to be an outlier, continuing the ultra-loose monetary policy it has pursued for a decade despite stronger than expected core inflation of 3.2%.

#### **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 JFL Global Equity ETF

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### For the six-month period ended June 30, 2023

#### 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, 2023 and for the two years ended December 31. This information is derived from the First Trust ETF's unaudited interim and audited annual financial statements.

#### Net Asset Value per Unit

FJFG	2023	2022	2021 <sup>(a)</sup>
Net asset value, beginning of period/year <sup>(1)</sup>	\$19.44	\$22.99	\$20.00 <sup>(b)</sup>
Increase (Decrease) from operations:			
Total revenue	0.18	0.20	0.16
Total expenses	(0.13)	(0.27)	(0.24)
Realized gains (losses) for the period/year	(0.10)	0.29	0.09
Unrealized gains (losses) for the period/year	3.42	(6.32)	1.69
Total increase (decrease) from operations <sup>(2)</sup>	\$3.37	\$(6.10)	\$1.70
Distributions:			
From income (excluding dividends)	(0.05)	-	-
From dividends	-	-	-
From capital gains	-	(0.12)	(0.02)
Return of capital	-	-	-
Total annual distributions <sup>(3)</sup>	\$(0.05)	\$(0.12)	\$(0.02)
Net asset value, end of period <sup>(4)</sup>	\$22.76	\$19.44	\$22.99

(a) December 31, 2021 does not relate to the full year as the First Trust ETF commenced operations on March 19, 2021.

(b) Seed capital

(1) This information is provided as at June 30, 2023, December 31, 2022, and for the period from March 19, 2021 (commencement of operations) to December 31, 2021 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

FJFG	2023	2022	2021
Net asset value (000's)	\$2,845	\$2,430	\$15,520
Number of units outstanding	125,000	125,000	675,000
Management expense ratio <sup>(1)</sup>	0.94%	0.98%	0.97%
Management expense ratio before waivers or absorption	0.96%	0.99%	0.99%
Trading expense ratio <sup>(2)</sup>	0.08%	0.25%	0.27%
Portfolio turnover rate <sup>(3)</sup>	15.15%	40.02%	10.66%

(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 0.85% 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.

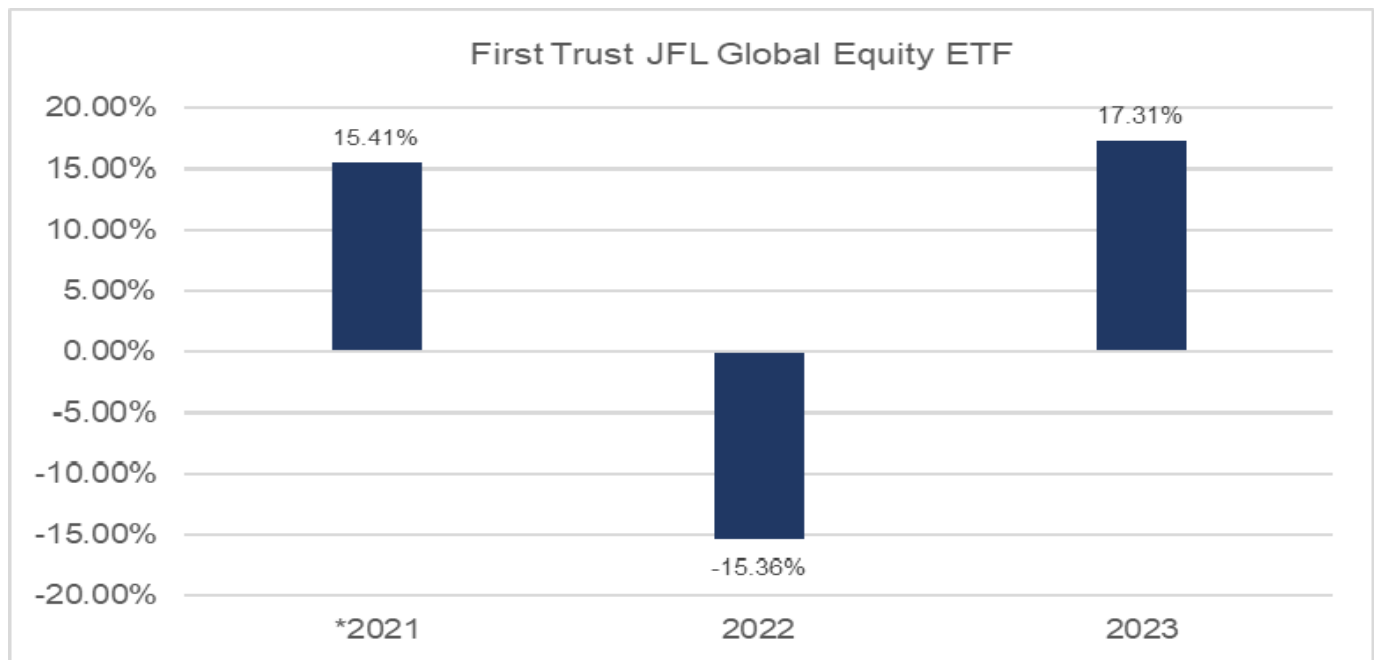
#### Past Performance

##### 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 six-month period ended June 30, 2023, for the year ended December 31, 2022 and for the period from commencement of operations to December 31, 2021 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: March 19, 2021

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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 June 30, 2023. 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).

Top 25 Holdings	% of ETF Total Net Asset Value
Microsoft Corp.	4.31%
Amazon.com Inc.	4.07%
Alphabet Inc., Class 'A'	3.90%
UnitedHealth Group Inc.	3.02%
Interactive Brokers Group Inc., Class 'A'	2.89%
Mastercard Inc., Class 'A'	2.84%
Nestlé SA, Registered	2.80%
Becton	2.61%
Diageo PLC	2.61%
Boston Scientific Corp.	2.52%
IQVIA Holdings Inc.	2.47%
Fiserv Inc.	2.42%
Keyence Corp.	2.41%
London Stock Exchange Group PLC	2.37%
AIA Group Ltd.	2.35%
Abcam PLC, Sponsored ADR	2.31%
Danaher Corp.	2.23%
HDFC Bank Ltd., ADR	2.18%
Intertek Group PLC	2.15%
Sherwin-Williams Co. (The)	2.13%
Copart Inc.	2.08%
Accenture PLC, Class 'A'	2.01%
PepsiCo Inc.	1.99%
LVMH Moët Hennessy Louis Vuitton SE	1.97%
Ametek Inc.	1.96%
<b>Total</b>	<b>64.60%</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, 2023.

Sector Weightings	% of ETF Total Net Asset Value
Health Care	20.05%
Information Technology	18.07%
Financials	16.80%
Consumer Discretionary	12.34%
Consumer Staples	11.05%
Industrials	10.09%
Communication Services	5.79%
Materials	3.66%
Cash and Cash Equivalents	2.33%
Other Assets, Less Liabilities	-0.18%
<b>Total</b>	<b>100.00%</b>



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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 June 30, 2023.

Country Weightings	% of ETF Total Net Asset Value
United States	50.07%
United Kingdom	12.74%
Switzerland	5.76%
Canada	5.23%
France	4.86%
Japan	3.68%
China	2.62%
Hong Kong	2.35%
India	2.18%
Ireland	2.01%
Spain	1.85%
Taiwan	1.81%
Netherlands	1.42%
Sweden	1.27%
<b>Total</b>	<b>97.85%</b>

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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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