



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

Annual Management Report of Fund Performance
December 31, 2022

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2022

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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Background

As of February 28, 2022, **First Trust Value Line® Dividend Index ETF (CAD-Hedged)** (the “First Trust ETF no longer offered Advisor Class Units (“FUD.A”) and FT Portfolios Canada Co. (the “Manager”) successfully redesignated FUD.A to Common Units (“FUD”) of the First Trust ETF providing unitholders with a lower cost solution going forward.

Investment Objective and Strategy

The fundamental investment objective of the First Trust ETF 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”) 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 U.S. 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 Value Line® 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

First Trust ETF’s total net asset value as of December 31, 2022 was \$8,244,971 or \$33.02 per unit. The First Trust ETF’s total net asset value as of December 31, 2021 was \$14,433,111 or \$36.12 per FUD and \$36.03 per FUD.A. As of February 28, 2022, the First Trust ETF no longer offered FUD.A and the Manager successfully redesignated FUD.A to FUD of the First Trust ETF.

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

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For the year ended December 31, 2022, the First Trust ETF paid total cash distributions per unit of \$0.6750 for FUD and \$0.0400 for FUD.A. In addition, FUD declared cash distributions of \$0.0500 per unit for record date of December 30, 2022 with payment date of January 9, 2023.

Investment Performance

For the year ended December 31, 2022, the First Trust ETF returned -6.70% compared to the primary and secondary benchmarks, S&P 500® Index (CAD-Hedged) total return of -18.77% and Dow Jones U.S. Select Dividend™ Index Return (USD) total return of 2.31%. Unlike the benchmarks, the First Trust ETF's returns are net of fees and expenses.

The First Trust ETF outperformed the primary benchmark during the year. Technology stocks in the portfolio were underweight and as a result, had a positive relative return on First Trust ETF during the year since Technology stocks underperformed during the year. In addition, combination of allocation and selection caused the most outperformance of any sector represented in the First Trust ETF on a relative basis. An underweight position in Energy stocks had a negative effect on relative return notwithstanding the relatively strong performance of the sector since stocks in the sector held by the First Trust ETF underperformed the primary benchmark holdings on both an absolute and relative basis. The sector was the best-performing group in the S&P 500 for the year. The portfolio has a high exposure to the dividend yield factor due to its universe construction. The factor, along with value and low volatility, was the best performing factor over the past twelve months.

The top five stocks by contribution to return were Merck & Co., Inc., Lockheed Martin Corporation, Archer-Daniels-Midland Company, Erie Indemnity Company Class A, and Campbell Soup Company. The bottom five stocks by contribution to return were Fidelity National Information Services, Inc., T. Rowe Price Group, Baxter International Inc., Fresenius Medical Care AG & Co. KGaA Sponsored ADR and, Intel Corporation.

The portfolio held 207 equity securities on December 31, 2021, and 174 equity securities on December 31, 2022. The top ten equity holdings accounted for 5.84% of the total NAV. Utilities, Industrials, and Financials were the top three sector weightings at the beginning of the year. On December 30, 2022, the top three sector weights were Utilities, Financials, and Consumer Staples. Relative to the benchmark, the most overweight sectors at the end of the year were Utilities, Industrials, and Consumer Staples. The most underweight sectors versus the benchmark at the end of the year were Communication Services, Consumer Discretionary, and Information Technology. At the beginning of the year, the most relatively overweight sectors were Utilities, Industrials, and Consumer Staples. The most underweight sectors at the beginning of the year were Energy, Health Care, and Information Technology. The First Trust ETF maintains a focus on large-cap dividend-paying equities.

During the period, the currency hedge was not beneficial to the First Trust ETF as the U.S. dollar appreciated versus the Canadian dollar.

Recent Developments

Commodity prices have been in focus as input costs rise for many corporations and inflation risk persists. Energy prices peaked in the second quarter and declined through the end of the year. Inflationary pressure was felt through all areas of the U.S. economy capped by a 9.1% rise in the Consumer Price Index (the "CPI") reported at the end of the first half of the year and slowing to 6.5% year over year in December. Supply chain problems are still a concern and labor shortages could continue to drive prices higher. A potential slowdown in the US economy has some companies reducing labor to combat shrinking profit margins. The Federal Reserve remains active with three raises during the first half of the year and four during the second half of the year. The Federal Funds Target rate increased from 0.25% to 4.5% since the beginning of the year. Corporate earnings growth is expected to remain positive through next year, with the consensus estimates between 4-5%.

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

Net Asset Value per Unit

FUD	2022 ^(a)	2021	2020	2019	2018
Net asset value, beginning of year ⁽¹⁾	\$36.12	\$29.60	\$30.93	\$25.38	\$27.21
Increase (Decrease) from operations:					
Total revenue	0.04	0.95	0.68	0.88	0.69
Total expenses	(0.39)	(0.37)	(0.34)	(0.35)	(0.33)
Realized gains (losses) for the year	0.58	5.74	(0.59)	2.48	(0.37)
Unrealized gains (losses) for the year	(2.53)	1.16	(1.28)	3.41	(2.48)
Total increase (decrease) from operations ⁽²⁾	\$(2.30)	\$7.48	\$(1.53)	\$6.42	\$(2.49)
Distributions:					
From income (excluding dividends)	(0.52)	(0.48)	(0.49)	(0.49)	(0.45)
From dividends	(0.10)	(0.15)	(0.09)	(0.06)	(0.06)
From capital gains	-	(4.15)	-	-	(0.03)
Return of capital	(0.06)	-	(0.06)	(0.13)	-
Total annual distributions ⁽³⁾	\$(0.68)	\$(4.78)	\$(0.64)	\$(0.68)	\$(0.54)
Net asset value, end of year ⁽⁴⁾	\$33.02	\$36.12	\$29.60	\$30.93	\$25.38

(a) As of February 28, 2022, the First Trust ETF no longer offered FUD.A and the Manager successfully redesignated FUD.A to FUD of the First Trust ETF.

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

Ratios and Supplemental Data

FUD	2022 ^(a)	2021	2020	2019	2018
Net asset value (000's)	\$8,245	\$9,107	\$11,904	\$13,985	\$10,208
Number of units outstanding	249,693	252,160	402,160	452,160	402,160
Management expense ratio ⁽¹⁾	0.77%	0.78%	0.78%	0.77%	0.78%
Management expense ratio before waivers or absorption	0.79%	0.79%	0.80%	0.79%	0.79%
Trading expense ratio ⁽²⁾	0.02%	0.02%	0.04%	0.02%	0.02%
Portfolio turnover rate ⁽³⁾	59.86%	89.63%	133.59%	114.18%	88.61%

(a) As of February 28, 2022, the First Trust ETF no longer offered FUD.A and the Manager successfully redesignated FUD.A to FUD of the First Trust ETF.

(1) Management expense ratio is based on total expenses for the stated year 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.

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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.

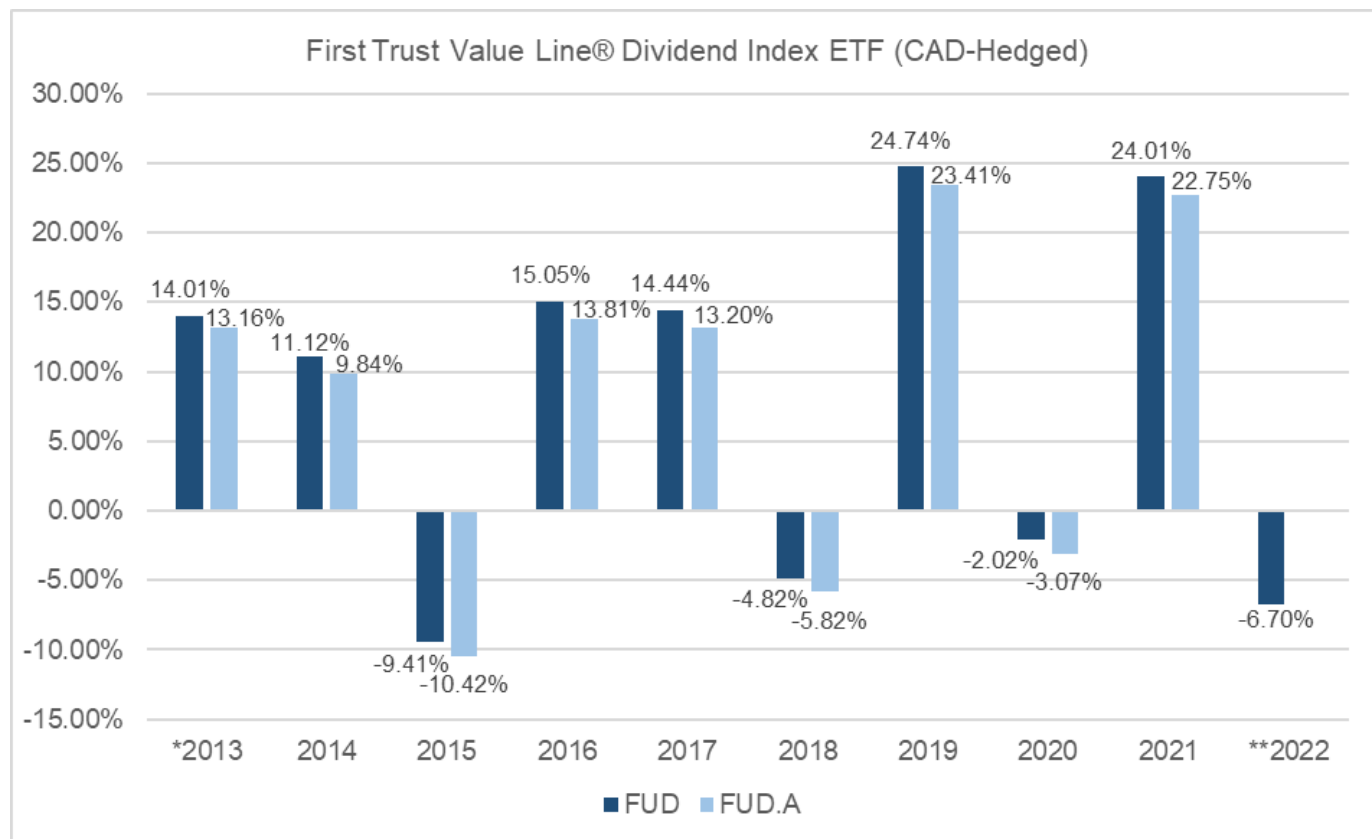
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the period/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 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, 2022. 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 Value Line® Dividend Index ETF (CAD-Hedged)	-6.70%	4.27%	6.12%	-	7.71%
S&P 500® Index (CAD-Hedged)*	-18.77%	6.92%	8.51%	-	10.73%
Dow Jones U.S. Select Dividend™ Index USD**	2.31%	8.89%	8.38%	-	10.59%

*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.

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, 2022. 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
Rogers Communications Inc., Class 'B'	0.59%
Tractor Supply Co.	0.59%
Verizon Communications Inc.	0.59%
Open Text Corp.	0.59%
Cognizant Technology Solutions Corp., Class 'A'	0.58%
JPMorgan Chase & Co.	0.58%
Bank of New York Mellon Corp. (The)	0.58%
Amdocs Ltd.	0.58%
Raytheon Technologies Corp.	0.58%
Baxter International Inc.	0.58%
Abbott Laboratories	0.58%
NorthWestern Corp.	0.58%
Gilead Sciences Inc.	0.58%
Intel Corp.	0.58%
Fidelity National Information Services Inc.	0.58%
Garmin Ltd.	0.58%
Avista Corp.	0.58%
L3Harris Technologies Inc.	0.58%
Gentex Corp.	0.58%
Juniper Networks Inc.	0.58%
U.S. Bancorp	0.58%
Dominion Energy Inc.	0.58%
TE Connectivity Ltd.	0.58%
International Flavors & Fragrances Inc.	0.58%
Starbucks Corp.	0.58%
Total	14.54%

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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, 2022.

Sector Weightings	% of ETF Total Net Asset Value
Utilities	21.63%
Financials	15.39%
Consumer Staples	15.15%
Industrials	13.70%
Information Technology	10.93%
Health Care	9.14%
Consumer Discretionary	5.15%
Materials	5.14%
Communication Services	2.88%
Cash and Cash Equivalents	0.27%
Other Assets, Less Liabilities	0.62%
Total	100.00%

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, 2022.

Country Weightings	% of ETF Total Net Asset Value
United States	82.55%
Canada	7.43%
Switzerland	2.30%
United Kingdom	1.70%
Ireland	1.15%
Bermuda	1.13%
India	0.57%
France	0.57%
Japan	0.57%
Germany	0.57%
Taiwan	0.57%
Total	99.11%

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