



**First Trust Indxx Innovative Transaction and Process
ETF • BLCK**

Annual Management Report of Fund Performance
December 31, 2021

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

First Trust Indxx Innovative Transaction and Process 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 Indxx Innovative Transaction and Process ETF** (the “First Trust ETF”) is to replicate, to the extent possible, the performance of an innovative transaction and process index. Currently, the First Trust ETF seeks to replicate, to the extent possible, the performance of the Indxx Blockchain Index (the “Index”), provided by Indxx, LLC, net of expenses.

The investment strategy of the First Trust ETF is to obtain exposure to the Index by holding shares of a U.S.-listed index ETF, the First Trust Indxx Innovative Transaction & Process ETF (“Underlying Fund”), which replicates or substantially replicates the performance of the Index by directly holding the Constituent Securities of the Index. The First Trust ETF may also hold cash and cash equivalents or other money market instruments to fund current liabilities. The Index seeks to track the performance of exchange-listed common shares (or corresponding ADRs or GDRs) of companies in various industries with their primary listing in developed or emerging market countries that are actively using, investing in, developing or have products that are poised to benefit from blockchain technology and/or the potential for increased efficiency that it provides to various business processes. The Index seeks to include only companies that have devoted material resources to the use of blockchain technologies. However, the Index may contain securities of issuers whose primary business operations are not blockchain related or do not include blockchain related activities.

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 reporting 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 December 31, 2021 was \$2,924,176 or \$27.85 per unit. The First Trust ETF’s net asset value as of December 31, 2020 was \$2,054,184 or \$24.17 per unit.

For the year ended December 31, 2021, the First Trust ETF paid total cash distributions of \$0.1500. In addition, the First Trust ETF declared cash distributions per unit of \$0.2093 for record date of December 31, 2021 with payment date of January 10, 2022. The First Trust ETF also made total notional distributions per unit of \$0.0091 for the year ended December 31, 2021. These amounts were reinvested in the First Trust ETF and not paid in cash to unitholders.

Investment Performance

For the year ended December 31, 2021, the First Trust ETF returned 16.75% compared to the S&P 500® Index (the “benchmark”) total return of 27.61%. 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, held 102 equity securities as of December 31, 2021. The top ten equity holdings for the Underlying Fund accounted for 14.76% of the portfolio within the Underlying Fund.

The Underlying Fund underperformed the benchmark during the period due to stock selection. Poor selection within Financials drove most of the underperformance, particularly due to overweight positions in several international companies such as London Stock Exchange Group PLC, Kotak Mahindra Bank Limited, and Credit Suisse Group AG. Offsetting poor selection within Financials was an overweight to the Financials sector as a whole which was the third-best performing sector in the benchmark during the period. Additionally, sector allocation mitigated portfolio underperformance due to underweight allocations to Consumer Discretionary and Consumer Staples, which both underperformed in the benchmark during the period.

The Underlying Fund’s top five stocks by contribution to return were NVIDIA Corporation, Wipro Limited Sponsored ADR, A.P. Moller – Maersk A/S Class B, Nordea Bank Abp, and Advanced Micro Devices, Inc. The bottom five stocks by contribution to return were Alibaba Group Holding Ltd. Sponsored ADR, JD.com, Inc Sponsored ADR Class A, London Stock Exchange Group plc, Worldline SA, and Haier Smart Home Co., Ltd Class D.

First Trust Indxx Innovative Transaction and Process ETF Management Report of Fund Performance For the year ended December 31, 2021

Recent Developments

Since, early 2018, the First Trust ETF has given investors exposure to companies involved in the blockchain ecosystem, primarily in the Financials and Information Technology sectors. 2021 was another exciting year in the development of blockchain technology, particularly in the areas of decentralized finance (DeFi), tokenization, and digital infrastructure. Cryptocurrencies continue to confuse legislators and avoid regulatory crackdowns while investability has increased dramatically. From the largest banks to Millennial and Gen Z investors, cryptocurrency has found its way into at least 16% of American wallets according to a Pew Research study in late 2021. Tokens have been reinvigorated by the trading of NFTs which are art that natively exists on the blockchain and can fetch as much as \$90M at auction. Blockchain technology was most well known in 2021 for its applications in digital assets but will continue to be put to work behind the scenes in 2022 as companies build out their digital infrastructure and the proliferation of data continues with the onset of Web 3.0.

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

Net Asset Value per Unit

BLCK	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018 ^(a)
Net asset value, beginning of period/year ⁽¹⁾	\$24.17	\$20.91	\$17.70	\$20.00 ^(b)
Increase (Decrease) from operations:				
Total revenue	0.53	0.24	0.38	0.26
Total expenses	(0.09)	(0.07)	(0.09)	(0.06)
Realized gains (losses) for the period/year	0.02	0.24	0.22	-
Unrealized gains (losses) for the period/year	3.52	2.53	3.41	(3.07)
Total increase (decrease) from operations ⁽²⁾	\$3.98	\$2.94	\$3.92	\$(2.87)
Distributions:				
From income (excluding dividends)	(0.36)	(0.01)	(0.52)	(0.15)
From dividends	-	-	-	-
From capital gains	(0.01)	-	-	-
Return of capital	-	(0.05)	-	-
Total annual distributions ⁽³⁾	\$(0.37)	\$(0.06)	\$(0.52)	\$(0.15)
Net asset value, end of period/year ⁽⁴⁾	\$27.85	\$24.17	\$20.91	\$17.70

(a) December 31, 2018 does not relate to the full year as the First Trust ETF commenced operations on March 23, 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

BLCK	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Net asset value (000's)	\$2,924	\$2,054	\$2,091	\$4,425
Number of units outstanding	105,000	85,000	100,000	250,000
Management expense ratio ⁽¹⁾	0.81%	0.81%	0.81%	0.81%
Management expense ratio before waivers or absorption	0.83%	0.84%	0.83%	0.83%
Trading expense ratio ⁽²⁾	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate ⁽³⁾	0.23%	0.62%	0.42%	0.25%

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period/year, including the First Trust ETF's proportionate share of the MER of any 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/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. This includes the First Trust ETF's proportionate share of the commissions of any 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/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 0.15% 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 will bear the Underlying Fund's management fee of 0.65% per annum on average daily net assets on the First Trust ETF's portfolio assets invested in the Underlying Fund. Accordingly, the management fee cost to unitholders of their investment will be 0.80% per annum of NAV of the First Trust ETF plus applicable taxes.

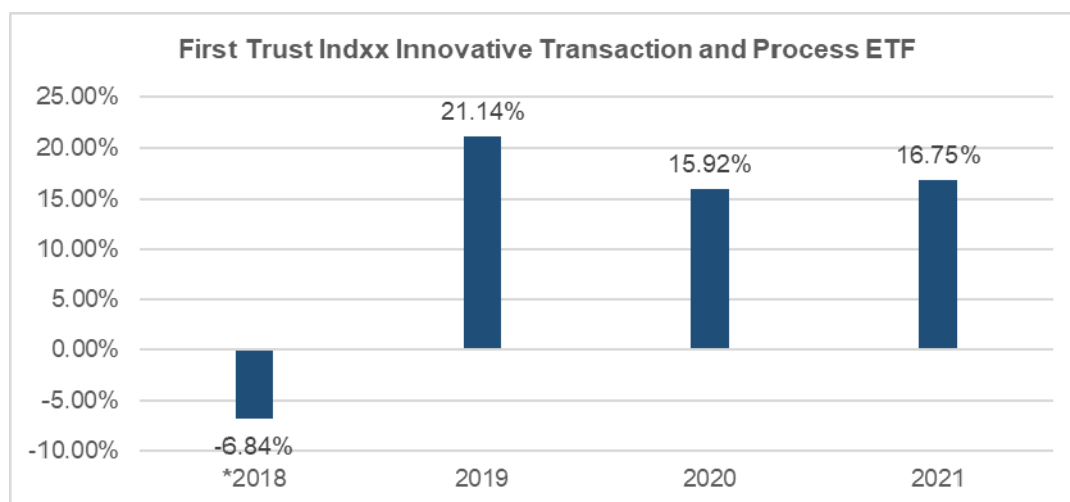
Past Performance

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 for the years ended December 31, 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: March 23, 2018

Annual Compound Returns

The table below shows the First Trust ETF's annual compound total return since inception, for the years ended December 31, 2021. 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	3-year	Since Inception
First Trust Indxx Innovative Transaction and Process ETF	16.75%	17.92%	11.86%
S&P 500® Index*	27.61%	22.83%	18.25%

*The S&P 500® or Standard & Poor's 500 Index is widely regarded as the best gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

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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 holdings as at December 31, 2021. 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 Indxx Innovative Transaction & Process ETF	99.84%
Cash and Cash Equivalents	0.91%
Other Assets, Less Liabilities	-0.75%
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, 2021.

Sector Weightings	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.84%
Cash and Cash Equivalents	0.91%
Other Assets, Less Liabilities	-0.75%
Total	100.00%

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