



First Trust Canadian Capital Strength ETF • FST

Annual Management Report of Fund Performance
December 31, 2025

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2025

First Trust Canadian Capital Strength 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.

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Investment Objective and Strategy

The fundamental investment objective of **First Trust Canadian Capital Strength ETF** (the “First Trust ETF”) is to provide unitholders with long term capital appreciation by investing primarily in securities traded on a Canadian exchange or market.

To achieve its investment objectives, the First Trust ETF will primarily invest in securities of issuers that are included in the S&P/TSX Composite Index that are based in Canada or have significant business operations in the Canadian market, with a focus on fundamental strength and growth. Securities invested in by the First Trust ETF include common shares of public companies that are traded on a Canadian exchange or market.

The First Trust ETF uses a multi-step quantitative selection process to identify its investible universe of securities, and fundamental analysis to make final portfolio selections. The selection process, described below, is designed to identify issuers that have certain objectives and easily determinable attributes that, in the portfolio advisor’s opinion, makes them capital strength issuers.

The first step in the portfolio advisor’s selection process is to identify the universe of securities from which the portfolio advisor will select the portfolio. The portfolio advisor begins by selecting securities of issuers that, primarily, are traded on a Canadian exchange or market.

Next, the portfolio advisor screens issuers based on multiple quantitative metrics, including, but not limited to, cash on hand, return on equity and long-term debt to market value of equity. These factors are designed to identify those issuers which exhibit strong fundamental characteristics at the time of purchase and to eliminate those that do not meet the investment criteria.

After establishing the investment universe, the portfolio advisor examines other factors, including valuation and future growth prospects, to determine securities it may purchase for the First Trust ETF. The portfolio advisor then uses fundamental analysis to select securities that meet the First Trust ETF’s investment objectives, trade at attractive valuations and in the opinion of the portfolio advisor, are likely to exceed market expectations of future cash flows.

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 year 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, 2025, was \$198,842,258 or \$71.55 per unit. The First Trust ETF’s total net asset value as of December 31, 2024, was \$104,878,397 or \$55.81 per unit.

For the year ended December 31, 2025, the First Trust ETF paid total cash distributions of \$0.7050 per unit. In addition, the First Trust ETF declared cash distributions of \$0.1800 per unit for record date of December 31, 2025, with payment date of January 8, 2026.

Investment Performance

For the year ended December 31, 2025, the First Trust ETF returned 29.65% compared to S&P/TSX Composite® Index (the “benchmark”) return of 31.68%. Unlike the benchmark, the First Trust ETF’s returns are net of fees and expenses.

The First Trust ETF underperformed the benchmark for the year. Selection effect was a positive contributor to relative performance, while allocation effect was negative. Stock selections within the Financials and Materials sector and an underweight allocation to the Materials sector were the largest drags on relative performance.

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Selections within the Information Technology and Industrials sectors were the largest positive contributors to relative performance for the year.

The top-performing stocks for the reporting year, based on total return, were Celestica Inc., Kinross Gold Corporation, and Finning International Inc. These stocks returned 206.05%, 129.52%, and 99.51%, respectively. The bottom-performing stocks, based on total return, were Constellation Software Inc., Cenovus Energy Inc., and CGI Inc. These stocks returned -25.63%, -23.02%, and -19.04%, respectively.

The First Trust ETF held 25 equity positions for the year ended December 31, 2025, and made no net change to the number of positions from the beginning of the year. Portfolio changes were made in February 2025 (two positions added, two positions eliminated), May 2025 (two positions added, two positions eliminated), July 2025 (one position added, one position eliminated), and November 2025 (two positions added, two positions eliminated). The top ten equity holdings of the First Trust ETF on December 31, 2025, accounted for 43.51% of total NAV and the top ten equity holdings of the First Trust ETF on December 31, 2024, accounted for 43.98% of total NAV. Financials, Information Technology, and Industrials (in order) were the top three sector weightings at the end of December 2025. Financials, Industrials, and Information Technology (in order) were the top three sector weightings at the beginning of the year. Relative to its benchmark over the reporting year, the First Trust ETF on average was overweight the Consumer Discretionary, Consumer Staples, Industrials, and Information Technology sectors while underweight the Communication Services, Energy, Financials, Health Care, Materials, Real Estate, and Utilities sectors. The sector weighting of the First Trust ETF changed somewhat over the reporting year, primarily as the result of our bottom-up, multi-step quantitative and fundamental stock selection strategy.

As noted above, portfolio changes were made in February, May, July, and November, though there was no net change to the total number of portfolio positions over the year. In February, one position, Teck Resources Ltd., was removed for failing to meet the initial screening criteria and one position, Restaurant Brands International, was removed at the portfolio manager's discretion. Two positions, Alimentation Couche-Tard Inc. and Kinross Gold Corp, were established to replace them. In May, two positions, Cenovus Energy Inc. and National Bank of Canada, were removed at the portfolio manager's discretion. Two positions, Agnico Eagle Mines Ltd. and TMX Group Ltd., were established to replace them. In July, one position, iA Financial Corp Inc., was removed at the portfolio manager's discretion. One position, National Bank of Canada, was established to replace it. In November, two positions, Canadian Pacific Kansas City Limited and Waste Connections, Inc., were removed for failing to meet the initial screening criteria. Two positions, Aritzia Inc and AtkinsRealis Group Inc. were established to replace them.

Recent Developments

The Canadian economy held up better than expected in 2025 despite facing a number of unprecedented challenges and heightened policy uncertainty. Global trade tensions escalated as tariffs enacted by the United States significantly reshaped world trade patterns. Canada has fared relatively well as protections under the Canada-United States-Mexico Agreement ("CUSMA") kept most Canadian exports duty-free. As a result, Canada maintained one of the lowest average effective tariff rates in the world, a key contributor to the economy's resilience. Headline inflation has hovered around the Bank of Canada's ("the BOC") 2% target for most of the year, despite a volatile start. With inflation largely under control, the BOC continued easing its monetary policy throughout the year. Policymakers met eight times throughout the year, cutting the policy rate by -0.25% at the January, March, September, and October meetings. The policy rate began the year at 3.25% and ended the year at 2.25%. The BOC has noted that given the high level of uncertainty moving forward, it is difficult to predict the timing or direction of future policy rate changes. Nevertheless, the BOC remains firmly committed to maintaining price stability and anchoring inflation around the 2% target.

The benchmark gained 31.68% in 2025 as ten out of the eleven GICS sectors finished with a positive return. Materials was by far the top performing sector for the year, jumping 100.15%. The Metals & Mining industry drove the sector higher as gold and silver prices gained 64.58% and 147.95%, respectively. Health Care was the worst performing sector, falling -41.73%, though it only accounts for 0.37% of the benchmark. The Pharmaceuticals industry dragged the sector lower as it plummeted -62.29% throughout the year. Financials, which make up roughly a third of the index, outperformed the broader market, returning 35.37%. The Banking industry was the main driver

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of the outperformance, as all Canada's Big Six banks outperformed the benchmark. We believe there are plenty of long-term attractive opportunities in Canada and expect the Canadian equity market will provide ample returns for investors with longer time horizons. We continue to find attractive long-term candidates from within our selection universe of "capital strength" companies.

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

Net Asset Value per Unit

FST	2025	2024	2023	2022 ^(a)	2021
Net asset value, beginning of year ⁽¹⁾	\$55.81	\$44.80	\$40.54	\$41.02	\$34.44
Increase (Decrease) from operations:					
Total revenue	1.25	1.24	1.05	1.33	0.99
Total expenses	(0.42)	(0.34)	(0.29)	(0.27)	(0.27)
Realized gains (losses) for the year	9.22	5.22	0.01	3.96	4.28
Unrealized gains (losses) for the year	6.67	5.52	4.23	(3.41)	2.53
Total increase (decrease) from operations ⁽²⁾	\$ 16.72	\$11.64	\$5.00	\$1.61	\$7.53
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.60)	(0.65)	(0.67)	(0.75)	(0.56)
From capital gains	(0.12)	-	(0.06)	(0.08)	(0.20)
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	\$(0.72)	\$(0.65)	\$(0.73)	\$(0.83)	\$(0.76)
Net asset value, end of year ⁽⁴⁾	\$71.55	\$55.81	\$44.80	\$40.54	\$41.02

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

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

FST	2025	2024	2023	2022 ^(a)	2021
Net asset value (000's)	\$198,842	\$104,878	\$66,262	\$57,933	\$20,223
Number of units outstanding	2,779,209	1,879,209	1,479,209	1,429,209	492,993
Management expense ratio ⁽¹⁾	0.65%	0.65%	0.66%	0.67%	0.66%
Management expense ratio before waivers or absorption	0.66%	0.66%	0.67%	0.69%	0.68%
Trading expense ratio ⁽²⁾	0.01%	0.01%	0.01%	0.01%	0.03%
Portfolio turnover rate ⁽³⁾	78.23%	51.01%	32.45%	70.32%	56.13%

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

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) 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 0.60% 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.

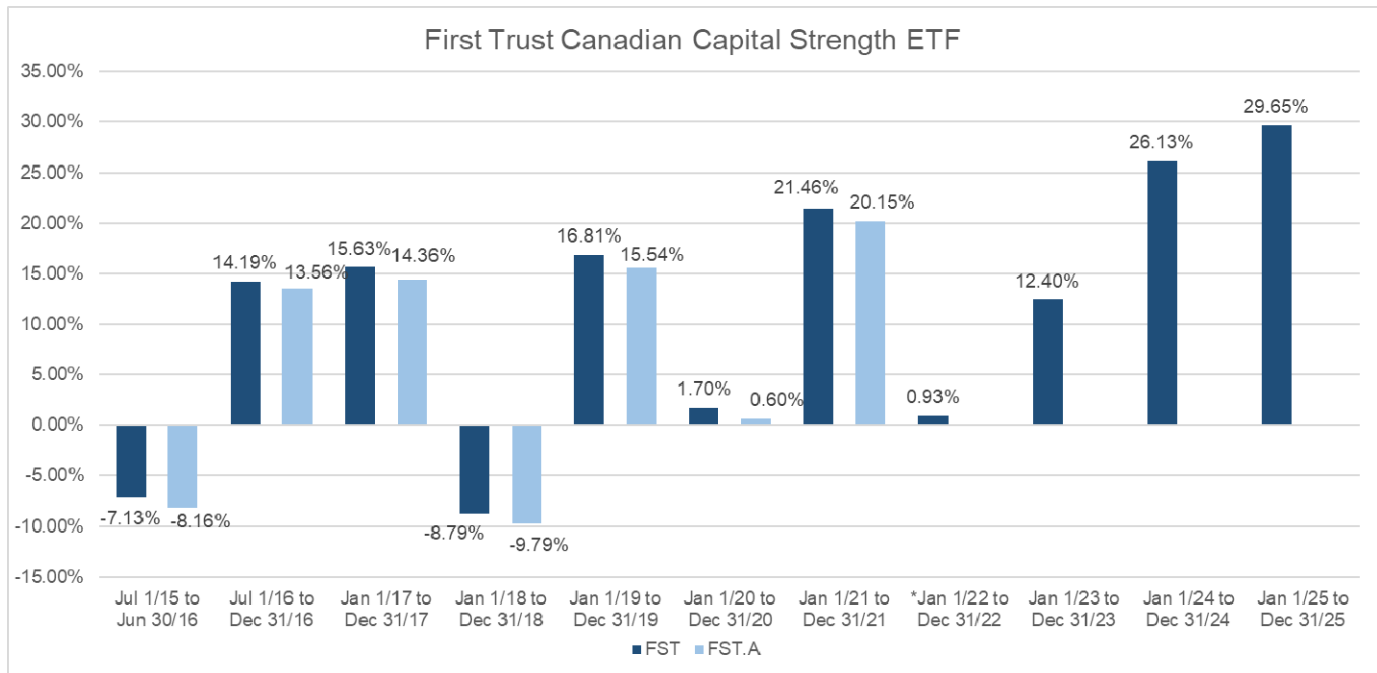
Past Performance

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, for the six-month period ended December 31, 2016, and for the fiscal year ended June 30, 2016 and illustrate 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.



*As of February 28, 2022, the First Trust ETF no longer offered FST.A and the Manager successfully redesignated FST.A to FST of the First Trust ETF.

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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, 2025. 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 year performance of the First Trust ETF relative to the benchmark.

Returns	1-Year	3-Year	5-Year	10-Year	Since Inception
First Trust Canadian Capital Strength ETF	29.65%	22.49%	17.64%	12.34%	8.75%
S&P/TSX Composite® Index	31.68%	21.42%	16.09%	12.66%	9.18%

S&P/TSX Composite® Index is the premier indicator of market activity for Canadian equity markets going back to its original incarnation in 1977. With approximately 95% coverage of the Canadian equities market, it is the primary gauge for Canadian-based, TSX-listed companies. It addresses the needs of investment managers who require a portfolio benchmark characterized by sufficient size and liquidity. The size of the S&P/TSX Composite and its broad economic sector coverage has made the S&P/TSX Composite Index the primary benchmark for Canadian pension funds and mutual market funds.

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, 2025. 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
Aritzia Inc.	4.67%
Kinross Gold Corp.	4.57%
Royal Bank of Canada	4.41%
Dollarama Inc.	4.34%
Loblaws Cos. Ltd.	4.33%
CCL Industries Inc., Class 'B'	4.30%
National Bank of Canada	4.27%
Manulife Financial Corp.	4.25%
Suncor Energy Inc.	4.22%
Canadian Imperial Bank of Commerce	4.16%
Alimentation Couche-Tard Inc.	4.11%
Gildan Activewear Inc.	4.05%
CGI Inc.	4.04%
Canadian Natural Resources Ltd.	4.02%
Agnico Eagle Mines Ltd.	3.99%
TMX Group Ltd.	3.96%
Sun Life Financial Inc.	3.88%
Finning International Inc.	3.82%
Pembina Pipeline Corp.	3.80%
WSP Global Inc.	3.58%
Shopify Inc., Class 'A'	3.55%
Constellation Software Inc.	3.49%
AtkinsRealis Group Inc.	3.47%
Celestica Inc.	3.32%
Stantec Inc.	3.22%
Total	99.82%

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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, 2025.

Sector Weightings	% of ETF Net Asset Value
Financials	24.93%
Information Technology	14.40%
Industrials	14.09%
Consumer Discretionary	13.06%
Materials	12.86%
Energy	12.04%
Consumer Staples	8.44%
Cash and Cash Equivalents	0.33%
Other Assets, Less Liabilities	-0.15%
Total	100.00%

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