

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PROSPECTUS

*Continuous Offering*

April 3, 2025



This prospectus qualifies the distribution of Units (defined below) of the following First Trust exchange-traded funds:

First Trust NASDAQ® Clean Edge® Green Energy ETF  
First Trust Indxx NextG ETF  
First Trust Nasdaq Cybersecurity ETF  
First Trust Dow Jones Internet ETF  
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF  
First Trust NYSE Arca Biotechnology ETF  
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF  
First Trust AlphaDEX™ U.S. Technology Sector Index ETF  
First Trust Cloud Computing ETF  
First Trust Indxx Innovative Transaction and Process ETF  
(each a “**US Sector ETF**” and collectively, the “**US Sector ETFs**”)

First Trust Global Risk Managed Income Index ETF  
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)  
First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
(collectively with the US Sector ETFs, the “**First Trust Index ETFs**”)

First Trust Senior Loan ETF (CAD-Hedged)  
First Trust Canadian Capital Strength ETF  
First Trust International Capital Strength ETF  
First Trust JFL Fixed Income Core Plus ETF  
First Trust JFL Global Equity ETF  
(each a “**First Trust Non-Index ETFs**” and collectively with the First Trust Index ETFs, the “**First Trust ETFs**”)

The First Trust ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario.

Each of First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF, First Trust Indxx Innovative Transaction and Process ETF, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged), First Trust International Capital Strength ETF is offering one class of units called “units”. Each of First Trust Value Line® Dividend Index ETF (CAD-Hedged), First Trust Global Risk Managed Income Index ETF, First Trust Senior Loan ETF (CAD-Hedged) and First Trust Canadian Capital Strength ETF is offering one class of units called “common units”. Each of First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF is offering two classes of units called “units” and “Hedged Units”. The units, Common Units and Hedged Units are collectively referred to as the “Units”.

The Portfolio Advisor will generally hedge substantially all of the U.S. dollar currency exposure in the portion of a First Trust ETF’s portfolio allocable to the Hedged Units of such First Trust ETF back to the Canadian dollar. Accordingly, the net asset value (“NAV”) per Unit of the Hedged Units and the units may not be the same as a result of whether such class hedges its U.S. dollar currency exposure.

The First Trust Index ETFs seek to replicate, to the extent possible, the performance of an index (the “**Index**”), net of expenses. See “Investment Objectives”.

First Trust Senior Loan ETF (CAD-Hedged) seeks to provide Unitholders with a high level of current income by investing primarily in a diversified portfolio of senior floating rate loans and debt securities, with capital appreciation as a secondary objective. First Trust Senior Loan ETF (CAD-Hedged) will primarily invest in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor’s, or Ba1 or less by Moody’s Investor Services, Inc., or a similar rating by a designated rating organization. See “Investment Objectives – First Trust Senior Loan ETF (CAD-Hedged)”.

First Trust Senior Loan ETF (CAD-Hedged) invests primarily in senior loans, which are generally rated below investment grade debt. Settlement periods for senior secured loans may be longer than for other types of debt securities, such as corporate bonds. First Trust Senior Loan ETF (CAD-Hedged) is not a substitute for holding cash or money market securities. See “Investment Objectives – First Trust Senior Loan ETF (CAD-Hedged)”. First Trust Senior Loan ETF (CAD-Hedged) will obtain exposure to Senior Loans (as defined herein) by investing in First Trust Senior Loan Fund, a U.S. listed exchange-traded fund which has substantially similar investment objectives and investment strategies as the First Trust Senior Loan ETF (CAD-Hedged). See “Investment Strategies – First Trust Senior Loan ETF (CAD-Hedged).”

First Trust Canadian Capital Strength ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in securities traded on a Canadian exchange or market. See “Investment Objectives – First Trust Canadian Capital Strength ETF”.

First Trust International Capital Strength ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in equity securities of developed market companies, excluding the U.S. and Canada, that are traded on global exchanges, with a focus on fundamental strength and growth. See “Investment Objectives – First Trust International Capital Strength ETF”.

First Trust JFL Fixed Income Core Plus ETF seeks to provide Unitholders with income and preserve capital by investing at least 75% of the fund’s net assets in a diversified portfolio of investment grade Canadian corporate, federal, provincial and municipal bonds. See “Investment Objectives – First Trust JFL Fixed Income Core Plus ETF”.

First Trust JFL Global Equity ETF seeks to provide Unitholders with capital appreciation by investing primarily in equity securities of large multinational companies that have demonstrated global leadership in their industry. See “Investment Objectives – First Trust JFL Global Equity ETF”.

Units (“**units**”) of the US Sector ETFs, First Trust Indxx Innovative Transaction and Process ETF, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) and First Trust International Capital Strength ETF, hedged units (“**Hedged Units**”) of First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF and common units (“**Common Units**”) of First Trust Global Risk Managed Income Index ETF, First Trust Value Line® Dividend Index ETF (CAD-Hedged), First Trust Canadian Capital Strength ETF and First Trust Senior Loan ETF (CAD-Hedged) are being issued and sold on a continuous basis and there is no maximum number of units that may be issued. The units, Hedged Units and Common Units are collectively referred to as the “**Units**”. See “Overview of the Legal Structure of the First Trust ETFs”.

FT Portfolios Canada Co. (the “**Manager**”) is the trustee, manager and promoter of the First Trust ETFs and is responsible for the administration of the First Trust ETFs. The Manager is located in Toronto, Ontario, Canada. See “Organization and Management Details – The Trustee, Manager and Promoter”.

First Trust Advisors L.P. (the “**Portfolio Advisor**”), an affiliate of the Manager, is the portfolio advisor of the First Trust ETFs. The Portfolio Advisor is located in the United States. See “Organization and Management Details – The Portfolio Advisor”.

Jarislowsky, Fraser Limited (the “**Sub-Advisor**”), is the sub-advisor of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. The Sub-Advisor is located in Toronto, Ontario. See “Organization and Management Details – The Sub-Advisor”.

Unitholders may redeem Units for cash, as described herein, subject to a redemption discount. Unitholders may also exchange a Prescribed Number of Units (as defined herein) (or integral multiple thereof) for Baskets of Securities (as defined herein) of the Constituent Issuers (as defined herein) held by each First Trust ETF and cash in the discretion of the Manager. See “Redemption and Exchange of Units”.

The First Trust ETFs issue Units directly to Designated Brokers (as defined herein) and Dealers (as defined herein).

Units of the First Trust ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) are listed for trading on the Toronto Stock Exchange (the “**TSX**”) and investors may buy or sell Units of the First Trust ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Units of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF are listed on Cboe Canada Inc. (“**Cboe**”) and an investor may buy or sell Units of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF on Cboe through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units of the First Trust ETFs. All orders to purchase Units directly from a First Trust ETF must be placed by Dealers or Designated Brokers. See “Purchases of Units – Offerings and Continuous Distribution” and “Purchases of Units – Buying and Selling Units”.

**No underwriter has been involved in the preparation of this prospectus or has performed any review of the contents of the prospectus.**

**For a discussion of the risks associated with an investment in Units of the First Trust ETFs, see “Risk Factors”. Your investment in any of the First Trust ETFs is not guaranteed by any entity, including the Manager, the Portfolio Advisor or the Sub-Advisor.**

In the opinion of legal counsel, provided that the Units of a First Trust ETF are listed on the TSX or Cboe, as applicable, or that the First Trust ETF qualifies as a mutual fund trust or is otherwise a registered investment within the meaning of the *Income Tax Act* (Canada), the Units of that First Trust ETF will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans, tax-free savings accounts and first home savings accounts. See “Eligibility for Investment”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

Additional information about each First Trust ETF is or will be available in the most recently-filed annual financial statements, any interim financial statements filed after the most recent annual financial statements, the most recently-filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the most recently-filed annual MRFP and the most recently-filed ETF Facts for each First Trust ETF. These documents are or will be incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

AlphaDEX™ is a registered trademark of First Trust Portfolios L.P. in the United States and Canada. First Trust Portfolios L.P. has obtained a patent for the AlphaDEX™ stock selection methodology from the United States Patent and Trademark Office and the Canadian Intellectual Property Office.

## TABLE OF CONTENTS

GLOSSARY OF TERMS .....	3	PURCHASES OF UNITS .....	76
PROSPECTUS SUMMARY .....	10	Offerings and Continuous Distribution .....	76
SUMMARY OF FEES AND EXPENSES .....	29	Designated Brokers .....	76
OVERVIEW OF THE LEGAL STRUCTURE OF THE FIRST TRUST ETFS.....	31	Issuance of Units.....	77
INVESTMENT OBJECTIVES .....	33	Buying and Selling Units.....	77
INVESTMENT STRATEGIES.....	36	Special Considerations for Unitholders.....	78
Rebalancing and Adjustment .....	47	Non-Resident Unitholders.....	78
Action on Index Rebalancing or Portfolio Adjustment.....	48	Registration and Transfer through CDS .....	78
Take-over Bids for Constituent Issuers .....	48	REDEMPTION AND EXCHANGE OF UNITS.....	79
Cash and Cash Equivalents .....	48	Redemption of Units for Cash.....	79
OVERVIEW OF THE SECTORS IN WHICH THE FIRST TRUST ETFS INVEST .....	49	Exchange of Units for Baskets of Securities .....	79
INVESTMENT RESTRICTIONS.....	51	Requests for Exchange and Redemption.....	80
FEES AND EXPENSES .....	51	Conversion of Units .....	80
Management Fees .....	51	Suspension of Exchange and Redemption .....	80
Operating Expenses.....	53	Costs Associated with Exchange and Redemption .....	81
RISK FACTORS .....	53	Allocations of Capital Gains to Redeeming or Exchanging Unitholders.....	81
General Risks Relating to an Investment in the First Trust ETFS .....	53	Exchange and Redemption of Units through CDS Participants .....	81
Additional Risks Relating to the First Trust Index ETFS.....	60	Short-Term Trading .....	81
Additional Risks Relating to the Sectors in which the US Sector ETFS Invest .....	61	INCOME TAX CONSIDERATIONS .....	81
Additional Risks Relating to the Sectors in which Certain of the First Trust Non-Index ETFS Invest .....	67	Status of the First Trust ETFS .....	82
Additional Risks Relating to First Trust Indxx Innovative Transaction and Process ETF .....	70	Taxation of the First Trust ETFS .....	82
Additional Risks Relating to First Trust Global Risk Managed Income Index ETF .....	70	Taxation of Unitholders .....	84
Additional Risks Relating to First Trust Morningstar Dividend Leaders ETF (CAD- Hedged).....	73	Taxation of Registered Plans .....	86
Additional Risks Relating to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF.....	73	Tax Implications of the First Trust ETFS' Distribution Policy .....	86
INVESTMENT RISK CLASSIFICATION METHODOLOGY.....	74	INTERNATIONAL INFORMATION REPORTING .....	86
DISTRIBUTION POLICY .....	75	ELIGIBILITY FOR INVESTMENT.....	87
Distributions.....	75	ORGANIZATION AND MANAGEMENT DETAILS.....	87
		The Trustee, Manager and Promoter .....	87
		The Portfolio Advisor .....	89
		The Sub-Advisor .....	92
		Brokerage Arrangements .....	93
		Conflicts of Interest.....	95
		Independent Review Committee .....	95
		Custodian and Valuation Agent .....	95
		Auditor .....	96
		Registrar and Transfer Agent .....	96
		Securities Lending Agent.....	96
		CALCULATION OF NET ASSET VALUE .....	96
		Valuation Policies and Procedures.....	96
		Reporting of Net Asset Value .....	98
		ATTRIBUTES OF THE UNITS .....	98
		Description of the Securities Distributed .....	98

Certain Provisions of the Units .....	98
Modification of Terms .....	99
UNITHOLDER MATTERS .....	99
Meeting of Unitholders .....	99
Matters Requiring Unitholder Approval .....	99
Amendments to the Declaration of Trust .....	101
Reporting to Unitholders.....	101
TERMINATION OF THE FIRST TRUST	
ETFS .....	102
INTERESTS OF MANAGEMENT AND	
OTHERS IN MATERIAL	
TRANSACTIONS .....	102
PROXY VOTING DISCLOSURE FOR	
PORTFOLIO SECURITIES HELD.....	102
MATERIAL CONTRACTS .....	102
License Agreements .....	103
LEGAL AND ADMINISTRATIVE	
PROCEEDINGS .....	110
TRADEMARKS.....	110
EXPERTS.....	110
EXEMPTIONS AND APPROVALS .....	110
PURCHASERS' STATUTORY RIGHTS	
OF WITHDRAWAL AND	
RESCISSION.....	111
DOCUMENTS INCORPORATED BY	
REFERENCE.....	111
CERTIFICATE OF THE FIRST TRUST	
ETFS AND THE TRUSTEE,	
MANAGER AND PROMOTER .....	C-1

## GLOSSARY OF TERMS

*Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

**5G** – as defined under “Investment Strategies – The Indices – Indxx 5G & NextG Thematic Index<sup>SM</sup>”.

**ADRs, GDRs and EDRs** – American Depositary Receipts, Global Depositary Receipts and European Depositary Receipts, respectively. ADRs, GDRs and EDRs are each a type of negotiable financial security that is traded on a local stock exchange or global stock exchange, as applicable, but represent a security that is issued by a foreign publicly-listed company.

**AlphaDEX<sup>TM</sup> methodology** – a stock selection methodology developed and owned by First Trust Portfolios L.P.

**Base Index** – as defined under “Investment Strategies – The Indices – Morningstar® Dividend Leaders Index<sup>SM</sup>”.

**Basket of Securities** – in relation to a particular First Trust ETF, a group of securities or assets determined by the Portfolio Advisor from time to time representing the constituents of the First Trust ETF.

**Biotechnology Index** – as defined under “Investment Strategies – The Indices – First Trust NYSE® Arca® Biotechnology Index”.

**Blockchain Index** – as defined under “Investment Objectives – First Trust Indxx Innovative Transaction and Process ETF”.

**BNY Mellon** – The Bank of New York Mellon.

**Canadian securities legislation** – the applicable securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities.

**capital gains refund** – as defined under “Income Tax Considerations – Taxation of the First Trust ETFs”.

**Cboe** – Cboe Canada Inc.

**CDS** – CDS Clearing and Depository Services Inc.

**CDS Participant** – a participant in CDS that holds Units on behalf of beneficial owners of Units.

**CFA** – as defined under “Income Tax Considerations – Taxation of the First Trust ETFs”.

**Clean Edge** – as defined under “Investment Strategies – The Indices – NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup>”.

**Clean Edge Index** – as defined under “Investment Strategies – The Indices – NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup>”.

**Common Unit** – as defined below under “Unit”.

**Constituent Issuers** – the issuers included in the applicable Index or portfolio, as applicable, of a First Trust ETF from time to time.

**Constituent Securities** – for each First Trust ETF, the securities of the Constituent Issuers.

**Conversion Date** – as defined under “Redemption and Exchange of Units – Conversion of Units”.

**CRA** – Canada Revenue Agency.

**CRS Rules** – as defined under “International Information Reporting”.

**CTA Index** – as defined under “Investment Strategies – The Indices – Nasdaq CTA Cybersecurity Index<sup>SM</sup>”.

**Custodian** – CIBC Mellon Trust Company.

**Custodian Agreement** – the custodian agreement between the First Trust ETFs and the Custodian, as may be amended from time to time.

**Dealer** – a registered dealer (that may or may not be a Designated Broker) that has entered into a Dealer Agreement with the Manager, on behalf of one or more First Trust ETFs, pursuant to which the Dealer may subscribe for Units of that First Trust ETF as described under “Purchases of Units – Issuance of Units”.

**Dealer Agreement** – an agreement between the Manager, on behalf of one or more First Trust ETFs, and a Dealer, as amended from time to time.

**Declaration of Trust** – the master declaration of trust as amended and restated, as may be amended from time to time governing the First Trust ETFs.

**Designated Broker** – a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of one or more First Trust ETFs pursuant to which the Designated Broker agrees to perform certain duties in relation to the First Trust ETFs.

**Designated Broker Agreement** – an agreement between the Manager, on behalf of a First Trust ETF, and a Designated Broker, as amended from time to time.

**designated rating organization** – has the meaning ascribed to such term in NI 81-102.

**distribution payment date** – a day that is no later than the 15<sup>th</sup> day of the month following the month of the applicable distribution record date, on which a First Trust ETF pays a distribution to its Unitholders.

**distribution record date** – a date determined by the Manager as a record date for the determination of Unitholders of a First Trust ETF entitled to receive a distribution.

**DJ Index** – as defined under “Investment Strategies – The Indices – Dow Jones Internet Composite Index<sup>SM</sup>”.

**Dow Jones** – as defined under “Material Contracts – License Agreements - First Trust Dow Jones Internet Index ETF”.

**DPSPs** – deferred profit sharing plans as defined in the Tax Act.

**EIFEL Rules** - as defined under “Income Tax Considerations – Taxation of the First Trust ETFs”.

**ETF** – an exchange traded fund.

**FAPI** – as defined under “Income Tax Considerations – Taxation of the First Trust ETFs”.

**FHSAs** – first home savings accounts as defined in the Tax Act.

**First Trust ETFs** – collectively, the First Trust Index ETFs and the First Trust Non-Index ETFs.

**First Trust Index ETFs** – collectively, First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust NYSE Arca Biotechnology ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF, First Trust AlphaDEX™ U.S. Technology Sector Index ETF, First Trust Cloud Computing ETF, First Trust Indxx Innovative Transaction and Process ETF, First Trust Global Risk Managed Income Index ETF, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) and First Trust Value Line® Dividend Index ETF (CAD-Hedged).

**First Trust Non-Index ETFs** – collectively, First Trust Senior Loan ETF (CAD-Hedged), First Trust Canadian Capital Strength ETF, First Trust International Capital Strength ETF, First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF.

**fixed income securities** – as defined under “Risk Factors - Additional Risks Relating to the Sectors in which Certain of the First Trust Non-Index ETFs Invest – Debt Securities Risk”.

**free float** - the portion of an issuer’s outstanding securities that can be publicly traded (excluding for greater certainty, locked-in securities held by an issuer’s affiliates, officers or promoters and securities subject to some other restrictive arrangement that prevents them from being freely traded).

**FT Portfolios Canada Co.** – FT Portfolios Canada Co., a corporation established under the laws of the Province of Nova Scotia and registered as an investment fund manager and mutual fund dealer with the Ontario Securities Commission.

**Hedged Unit** – as defined below under “Unit”.

**HST** – the harmonized sales tax imposed under the *Excise Tax Act* (Canada) that is applicable in certain provinces of Canada.

**IaaS** – as defined under “Investment Strategies – The Indices – ISE CTA Cloud Computing™ Index”.

**ICE Data** – as defined under “Material Contracts – License Agreements – First Trust NYSE Arca Biotechnology ETF”.

**Ice Data and its Suppliers** – as defined under “Material Contracts – License Agreements – First Trust NYSE Arca Biotechnology ETF”.

**IFRS** – IFRS Accounting Standards as issued by the International Accounting Standards Board.

**IGA** – as defined under “International Information Reporting”.

**Index** – with respect to the First Trust Index ETFs, a benchmark or index, provided by the Index Provider, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index or a successor index that is comprised of or would be comprised of the same or similar Constituent Securities, used by the First Trust ETF in relation to the First Trust ETF’s investment objective.

**Index Data** – as defined under “Material Contracts – License Agreements – First Trust NYSE Arca Biotechnology ETF”.

**Index Provider** – the third-party provider of the Index with respect to which FT Portfolios Canada Co. has entered into sub-licensing arrangements permitting FT Portfolios Canada Co. to use the Indices and certain trademarks in connection with the operation of the First Trust ETFs.

**Indxx Index** – as defined under “Investment Strategies – The Indices – Indxx 5G & NextG Thematic Index<sup>SM</sup>”.



**IRC** – the Independent Review Committee of the First Trust ETFs.

**ISE Index** – as defined under “Investment Strategies – The Indices – ISE CTA Cloud Computing™ Index”.

**License Agreement** – with respect to each First Trust Index ETF, the license agreement between FT Portfolios Canada Co. and each Index Provider with respect to the applicable Index, or the sub-license agreement between FT Portfolios Canada Co. and First Trust Portfolios L.P. with respect to the applicable Index.

**Licensee** – as defined under “Material Contracts – License Agreements - Trust Value Line® Dividend Index ETF (CAD-Hedged)”.

**Manager** – FT Portfolios Canada Co.

**Morningstar** – as defined under “Material Contracts – License Agreements – First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)”.

**Morningstar Index** – as defined under “Investment Strategies – The Indices – Morningstar® Dividend Leaders Index<sup>SM</sup>”.

**MRFP** – management report of fund performance.

**NASDAQ, Inc.** – The NASDAQ OMX Group, Inc.

**NASDAQ Corporations** – as defined under “Material Contracts – License Agreements – First Trust Global Risk Managed Income Index ETF”.

**Nasdaq Funds** – as defined under “Material Contracts – License Agreements – First Trust Nasdaq Cybersecurity ETF and First Trust Cloud Computing ETF”.

**Nasdaq Indices** – as defined under “Material Contracts – License Agreements – First Trust Nasdaq Cybersecurity ETF and First Trust Cloud Computing ETF”.

**NAV** and **NAV per Unit (of a class)** – in relation to a particular First Trust ETF, the net asset value of the First Trust ETF and the net asset value per Unit of a class of that First Trust ETF, calculated by the Valuation Agent as described under “Calculation of Net Asset Value”.

**Newfound** – as defined under “Material Contracts – License Agreements – First Trust Global Risk Managed Income Index ETF”.

**NI 81-102** – National Instrument 81-102 *Investment Funds*.

**NI 81-107** – National Instrument 81-107 *Independent Review Committee for Investment Funds*.

**NRT Rules** – as defined under “Risk Factors – General Risks Relating to an Investment in the First Trust ETFs – Other Tax-Related Risks”.

**NYSE** – NYSE Group, Inc.

**Other Securities** – securities other than Constituent Securities included in the portfolio of a First Trust ETF, including ETFs, mutual funds or other public investment funds or derivative instruments.

**PaaS** – as defined under “Investment Strategies – The Indices – ISE CTA Cloud Computing™ Index”.

**Permitted Merger** – as defined under “Unitholder Matters – Matters Requiring Unitholder Approval”.

**Portfolio Advisor** – the portfolio advisor of the First Trust ETFs, namely First Trust Advisors L.P., and if applicable, its successors.

**Portfolio Advisor Agreement** – means the portfolio advisory agreement between the Portfolio Advisor and the Manager, as it may be amended from time to time.

**Prescribed Number of Units** – in relation to a particular First Trust ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**Product** – as defined under “Material Contracts – License Agreements - First Trust NYSE Arca Biotechnology ETF”.

**Proxy Voting Policy** – as defined under “Proxy Voting Disclosure for Portfolio Securities Held”.

**Ranks** – as defined under “Material Contracts – License Agreements - Trust Value Line® Dividend Index ETF (CAD-Hedged)”.

**RDSPs** – registered disability savings plans as defined in the Tax Act.

**Registered Plans** – means, collectively, RRSPs, RRIFs, DPSPs, RDSPs, RESPs, TFSA's and FHSAs.

**Registrar and Transfer Agent** – TSX Trust Company.

**REITs** – as defined under “Investment Strategies – The Indices – Indxx 5G & NextG Thematic Index<sup>SM</sup>”.

**Reportable Jurisdictions** – as defined under “International Information Reporting”.

**RESPs** – registered education savings plans as defined in the Tax Act.

**RRIFs** – registered retirement income funds as defined in the Tax Act.

**RRSPs** – registered retirement savings plans as defined in the Tax Act.

**SaaS** – as defined under “Investment Strategies – The Indices – ISE CTA Cloud Computing<sup>TM</sup> Index”.

**Sector** – a specific sector of the industry in which all of the Constituent Securities of an Index for a US Sector ETF are from.

**Securities Lending Agreement** – as defined under “Organization and Management Details – Securities Lending Agent”.

**securities regulatory authorities** – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

**SEDAR+** – System for Electronic Data Analysis and Retrieval +.

**Senior Loan** – as defined under “Investment Strategies – First Trust Senior Loan ETF (CAD-Hedged)”.

**Senior Loan U.S. Fund** – as defined under “Investment Strategies – First Trust Senior Loan ETF (CAD-Hedged)”.

**SIFT** – a specified investment flow-through trust or partnership as defined in the Tax Act.

**SIFT Rules** – rules in the Tax Act that are applicable to SIFT trusts and SIFT partnerships as defined in the Tax Act.

**SOFR** – Secured Overnight Financing Rate.

**SPDJI** – as defined under “Material Contracts – License Agreements - First Trust Dow Jones Internet Index ETF”.

**StrataQuant Indices** – collectively, StrataQuant® Health Care Index, StrataQuant® Industrials Index and StrataQuant® Technology Index.

**Sub-Advisor** – the sub-advisor of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF, namely Jarislowsky, Fraser Limited.

**Sub-Advisory Agreement** – the Sub-Advisory agreement between the Sub-Advisor, Portfolio Advisor and the Manager, as it may be amended from time to time.

**substituted property** – as defined under “Income Tax Considerations – Taxation of the First Trust ETFs”.

**Tax Act** – the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

**Tax Proposals** – as defined under “Income Tax Considerations”.

**TFSAs** – tax-free savings accounts as defined in the Tax Act.

**Trading Day** – for each First Trust ETF, a day on which: (a) a regular session of the TSX is held; (b) the primary market or exchange for the majority of the securities held by the First Trust ETF is open for trading; and (c) the Index Provider calculates and publishes data relating to the Index.

**TSX** – the Toronto Stock Exchange.

**Underlying Foreign Trust** – as defined under “Income Tax Considerations – Taxation of the First Trust ETFs”.

**Underlying Trust** – as defined under “Income Tax Considerations – Taxation of the First Trust ETFs”.

**unit** – as defined below under “Unit”.

**Unit** – a unit (“unit”) of the US Sector ETFs, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged), First Trust Indxx Innovative Transaction and Process ETF or First Trust International Capital Strength ETF, a hedged unit (“Hedged Unit”) of First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF or First Trust AlphaDEX™ U.S. Technology Sector Index ETF and/or a common unit (“Common Unit”) of First Trust Value Line® Dividend Index ETF (CAD-Hedged), First Trust Canadian Capital Strength ETF, First Trust Global Risk Managed Income Index ETF or First Trust Senior Loan ETF (CAD-Hedged), in each case representing a redeemable, transferable unit, Hedged Unit or Common Unit, as applicable, which in each case represents an equal, undivided interest in the net assets of the applicable First Trust ETF.

**Unitholder** – a holder of Units of a First Trust ETF.

**U.S. and United States** – means United States of America.

**US ETF** – as defined under “Investment Strategies – Investment Strategies of the First Trust Index ETFs”.

**US Sector ETF Index / US Sector ETF Indices** – collectively, the StrataQuant Indices, ISE CTA Cloud Computing™ Index, Dow Jones Internet Composite Index<sup>SM</sup>, Nasdaq CTA Cybersecurity Index<sup>SM</sup>, First Trust NYSE® Arca® Biotechnology Index, Indxx 5G & NextG Thematic Index<sup>SM</sup>, NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup> and Indxx Blockchain Index.

**US Sector ETFs** – First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust NYSE Arca Biotechnology ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF,

First Trust AlphaDEX™ U.S. Technology Sector Index ETF, First Trust Cloud Computing ETF and First Trust Indxx Innovative Transaction and Process ETF.

**Valuation Agent** – CIBC Mellon Trust Company.

**Valuation Date** – each Trading Day and any other day designated by the Manager on which the NAV and NAV per Unit of a class of a First Trust ETF will be calculated. If the First Trust ETF elects to have a December 15 year-end for tax purposes as permitted by the Tax Act, the NAV per Unit of a class will be calculated on December 15.

**Valuation Time** – 4:00 p.m. (Toronto time) or such other time the Manager deems appropriate on each Valuation Date.

**Value Line Index** – as defined under “Investment Objectives – First Trust Value Line® Dividend Index ETF (CAD-Hedged)”.

**Value Line Index Provider** – as defined under “Investment Objectives – First Trust Value Line® Dividend Index ETF (CAD-Hedged)”.

**VLP** – as defined under “Material Contracts – License Agreements - Trust Value Line® Dividend Index ETF (CAD-Hedged)”.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Units of the First Trust ETFs and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. Capitalized terms used but not defined herein shall have the meanings ascribed thereto under the heading “Glossary of Terms”.*

**Issuers:** First Trust NASDAQ® Clean Edge® Green Energy ETF  
First Trust Indxx NextG ETF  
First Trust Nasdaq Cybersecurity ETF  
First Trust Dow Jones Internet ETF  
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF  
First Trust NYSE Arca Biotechnology ETF  
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF  
First Trust AlphaDEX™ U.S. Technology Sector Index ETF  
First Trust Cloud Computing ETF  
First Trust Indxx Innovative Transaction and Process ETF  
(each a “**US Sector ETF**” and collectively, the “**US Sector ETFs**”)

First Trust Global Risk Managed Income Index ETF  
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)  
First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
(collectively with the US Sector ETFs, the “**First Trust Index ETFs**”)

First Trust Senior Loan ETF (CAD-Hedged)  
First Trust Canadian Capital Strength ETF  
First Trust International Capital Strength ETF  
First Trust JFL Fixed Income Core Plus ETF  
First Trust JFL Global Equity ETF  
(each a “**First Trust Non-Index ETFs**” and collectively with the First Trust Index ETFs, the “**First Trust ETFs**”)

The First Trust ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario. FT Portfolios Canada Co. is the trustee, manager and promoter of the First Trust ETFs. First Trust Advisors L.P. (the “**Portfolio Advisor**”) is the Portfolio Advisor of the First Trust ETFs. Jarislowsky, Fraser Limited (the “**Sub-Advisor**”) is the Sub-Advisor of the First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF.

See “Overview of the Legal Structure of the First Trust ETFs”.

**Offerings:** Each of First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged), First Trust Indxx Innovative Transaction and Process ETF, First Trust International Capital Strength ETF is offering one class of units called “units”. Each of First Trust Global Risk Managed Income Index ETF, First Trust Value Line® Dividend Index ETF (CAD-Hedged), First Trust Senior Loan ETF (CAD-Hedged) and First Trust Canadian Capital Strength ETF is offering one class of units called “common units”. Each of First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF is offering two classes of units called “units” and “Hedged Units”. The units, Common Units and Hedged Units are collectively referred to as the “Units”.

The Portfolio Advisor will generally hedge substantially all of the U.S. dollar currency exposure in the portion of a First Trust ETF's portfolio allocable to the Hedged Units of such First Trust ETF, if applicable, back to the Canadian dollar. Accordingly, the net asset value ("NAV") per Unit of the Hedged Units and the units may not be the same as a result of whether such class hedges its U.S. dollar currency exposure.

**Continuous  
Distribution:**

Units of each of the First Trust ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued. The Units of the First Trust ETFs are Canadian dollar denominated.

Units of each of the First Trust ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) are listed on the Toronto Stock Exchange (the "TSX") and an investor will be able to buy or sell Units of the First Trust ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Units of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF are listed on Cboe Canada Inc. ("Cboe") and an investor may buy or sell Units of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF on Cboe through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units of the First Trust ETFs. The First Trust ETFs issue Units directly to Designated Brokers and Dealers. From time to time as may be agreed between a First Trust ETF and the Designated Brokers and Dealers, the Designated Brokers and Dealers may agree to accept Constituent Securities as payment for Units from prospective purchasers.

See "Purchases of Units – Offerings and Continuous Distribution" and "Purchases of Units – Buying and Selling Units".

**Investment  
Objectives:**

***Investment Objectives of the First Trust Index ETFs***

Each First Trust Index ETF seeks to replicate, to the extent possible, the performance of the applicable Index, net of expenses. The investment strategy of each First Trust Index ETF is to invest in and hold, directly or indirectly, the Constituent Securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index.

*First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF*

Each of the StrataQuant® Health Care Index, StrataQuant® Industrials Index and StrataQuant® Technology Index (the "**StrataQuant Indices**") results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large and mid-capitalization segment of the U.S. equity universe, and then selecting the Constituent Securities for the StrataQuant Index from those qualifying stocks included in the applicable Sector.

***First Trust NASDAQ® Clean Edge® Green Energy ETF***

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. listed companies designed to track the performance of clean energy companies engaged in manufacturing, development, distribution and installation of clean-energy technologies including, but not limited to, solar photovoltaics, wind power, advanced batteries, fuel cells, and electric vehicles, initially the NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup>.

The NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup> is a modified market capitalization weighted index designed to track the performance of clean energy companies that are publicly traded in the United States and includes companies engaged in manufacturing, development, distribution and installation of emerging clean-energy technologies including, but not limited to, solar photovoltaics, wind power, advanced batteries, fuel cells, and electric vehicles.

*First Trust Indxx NextG ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies that have devoted or have committed to devote, material resources to the research, development and application of fifth generation and next generation digital cellular technologies as they emerge, initially the Indxx 5G & NextG Thematic Index<sup>SM</sup>.

The Indxx 5G & NextG Thematic Index<sup>SM</sup> is designed to track the performance of companies that have devoted, or have committed to devote, material resources to the research, development and application of fifth generation and next generation digital cellular technologies as they emerge.

*First Trust Nasdaq Cybersecurity ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies in the cybersecurity industry, initially the Nasdaq CTA Cybersecurity Index<sup>SM</sup>.

The Nasdaq CTA Cybersecurity Index<sup>SM</sup> is designed to track the performance of companies engaged in the cybersecurity segment of the technology and industrials sectors. It includes companies primarily involved in the building, implementation, and management of security protocols applied to private and public networks, computers, and mobile devices in order to provide protection of the integrity of data and network operations.

*First Trust Dow Jones Internet ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies involved in the Internet industry, initially the Dow Jones Internet Composite Index<sup>SM</sup>.

The Dow Jones Internet Composite Index<sup>SM</sup>, is a float-adjusted market capitalization weighted index designed to represent the largest and most actively traded stocks of U.S. companies in the Internet industry.

*First Trust NYSE Arca Biotechnology ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies in the biotechnology industry, initially the First Trust NYSE® Arca® Biotechnology Index.

The First Trust NYSE® Arca® Biotechnology Index is a rules-based equal-dollar weighted index designed to measure the performance of 30 leading biotechnology companies. Biotechnology

companies are designated as those classified within the Biotechnology sub-industry group of the ICE Uniform Sector Classification schema.

*First Trust Cloud Computing ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies involved in the cloud computing industry, initially the ISE CTA Cloud Computing™ Index.

The ISE CTA Cloud Computing™ Index is a modified equal weighted index designed to track the performance of companies involved in the cloud computing industry. To be included in the index, a security must be classified as a Cloud Computing company by the Consumer Technology Association.

*First Trust Indxx Innovative Transaction and Process ETF*

The First Trust ETF will seek 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 “**Blockchain Index**”) provided by Indxx, LLC, net of expenses. The First Trust ETF will obtain exposure to the Indxx Blockchain Index by investing in the First Trust Indxx Innovative Transaction & Process ETF, a U.S.-listed index ETF which itself seeks to replicate or substantially replicate the performance of the Indxx Blockchain Index. The Indxx Blockchain Index includes securities of companies that are either 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 Blockchain Index seeks to include only companies that have devoted material resources to the use of blockchain technologies.

*First Trust Global Risk Managed Income Index ETF*

The NASDAQ Global Risk Managed Income Index<sup>SM</sup> seeks to provide exposure to a risk-managed, globally diversified income portfolio which generates a high yield for the risk taken and consists of liquid, income-bearing ETFs and other exchange traded products across various asset classes.

*First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies that have shown dividend consistency and dividend sustainability, initially the Morningstar® Dividend Leaders Index<sup>SM</sup>.

The Morningstar® Dividend Leaders Index<sup>SM</sup> consist of stocks listed on one of the three major exchanges, NYSE, NYSE Amex or Nasdaq, that have shown dividend consistency and dividend sustainability. Real Estate Investment Trusts (REITs) are not included.

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

The First Trust ETF seeks to replicate, to the extent possible, the performance of the Value Line Dividend Index on a currency hedged basis (the “**Value Line Index**”), net of expenses. The investment strategy of the First Trust ETF is to invest in and hold the Constituent Securities (as defined herein) of the Value Line Index in the same proportion as they are reflected in the Value Line Index or securities intended to replicate the performance of the Value Line Index.



The Value Line Index is developed by Value Line Publishing LLC (the “**Value Line Index Provider**”) and calculated by ICE Data Indices, LLC as the calculation agent on behalf of the Index Provider.

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The following table sets forth the current Index, Sector, if applicable, and Index Provider for each First Trust Index ETF:

<b>First Trust ETF</b>	<b>Index</b>	<b>Sector</b>	<b>Index Provider</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	NASDAQ® Clean Edge® Green Energy Index <sup>SM</sup>	Clean Energy Sector	Nasdaq, Inc. and Clean Edge, Inc.
First Trust Indxx NextG ETF	Indxx 5G & NextG Thematic Index <sup>SM</sup>	Wireless Networking Sector	Indxx, LLC
First Trust Nasdaq Cybersecurity ETF	Nasdaq CTA Cybersecurity Index <sup>SM</sup>	Cybersecurity Sector	Nasdaq, Inc.
First Trust Dow Jones Internet ETF	Dow Jones Internet Composite Index <sup>SM</sup>	Internet Sector	S&P Dow Jones Indices LLC
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	StrataQuant® Health Care Index	Health Care Sector	NYSE
First Trust NYSE Arca Biotechnology ETF	First Trust NYSE® Arca® Biotechnology Index	Biotechnology Sector	ICE Data Indices, LLC
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	StrataQuant® Industrials Index	Industrials Sector	NYSE
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	StrataQuant® Technology Index	Technology Sector	NYSE
First Trust Cloud Computing ETF	ISE CTA Cloud Computing™ Index	Cloud Computing Sector	Nasdaq, Inc.
First Trust Indxx Innovative Transaction and Process ETF	Indxx Blockchain Index	Technology Sector	Indxx, LLC
First Trust Global Risk Managed Income Index ETF	NASDAQ Global Risk Managed Income Index <sup>SM</sup>	N/A	NASDAQ, Inc. and Newfound Research LLC
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	Morningstar® Dividend Leaders Index <sup>SM</sup>	U.S. Dividend Paying Equities	Morningstar, Inc.
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	Value Line Dividend Index	U.S. Dividend Paying Equities	Value Line Publishing LLC

The Manager may, subject to any required Unitholder approval, change the Index of each First Trust Index ETF to another index in order to provide investors with substantially the same exposure to the asset class to which the First Trust Index ETF is currently exposed. If the Manager changes the Index of a First Index Trust ETF, or any index replacing such Index, the

Manager will issue a press release identifying the new Index, describing its constituent securities and specifying the reasons for the change in the Index.

### ***Investment Objectives of the First Trust Non-Index ETFs***

#### ***First Trust Senior Loan ETF (CAD-Hedged)***

First Trust Senior Loan ETF (CAD-Hedged) seeks to provide Unitholders with a high level of current income by investing primarily in a diversified portfolio of senior floating rate loans and debt securities, with capital appreciation as a secondary objective. First Trust Senior Loan ETF (CAD-Hedged) will primarily invest in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor's, or Ba1 or less by Moody's Investor Services, Inc., or a similar rating by designated credit rating organization (as defined in NI 81-102).

#### ***First Trust Canadian Capital Strength ETF***

First Trust Canadian Capital Strength ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in securities traded on a Canadian exchange or market.

#### ***First Trust International Capital Strength ETF***

First Trust International Capital Strength ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in equity securities of developed market companies, excluding the U.S. and Canada, that are traded on global exchanges, with a focus on fundamental strength and growth.

#### ***First Trust JFL Fixed Income Core Plus ETF***

First Trust JFL Fixed Income Core Plus ETF seeks to provide Unitholders with income and preserve capital by investing at least 75% of the fund's net assets in a diversified portfolio of investment grade Canadian corporate, federal, provincial and municipal bonds.

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

First Trust JFL Global Equity ETF seeks to provide Unitholders with capital appreciation by investing primarily in equity securities of large multinational companies that have demonstrated global leadership in their industry.

See "Investment Objectives".

### **Investment Strategies:**

#### ***Investment Strategies of the First Trust Index ETFs***

The investment strategy of each First Trust Index ETF is to invest in and hold, directly or indirectly, a proportionate share of the Constituent Securities of the applicable Index, or Other Securities, to seek to replicate the performance of such Index. The First Trust Index ETFs may also hold cash and cash equivalents or other money market instruments to fund current liabilities.

In the case of (a) the US Sector ETFs (other than First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF) they will obtain exposure to the applicable Index by holding securities of a U.S.-listed index ETF of an affiliate of the Manager (each a "US ETF") and (b) First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology

Sector Index ETF they may obtain exposure to the applicable Index by holding securities of a U.S. ETF, as outlined below, which replicates or substantially replicates the applicable Index:

<u><b>US Sector ETF</b></u>	<u><b>US ETF</b></u>
First Trust NASDAQ® Clean Edge® Green Energy ETF	First Trust NASDAQ® Clean Edge® Green Energy Index Fund (Nasdaq ticker: QCLN)
First Trust Indxx NextG ETF	First Trust Indxx NextG ETF (Nasdaq ticker: NXTG)
First Trust Nasdaq Cybersecurity ETF	First Trust Nasdaq Cybersecurity ETF (Nasdaq ticker: CIBR)
First Trust Dow Jones Internet ETF	First Trust Dow Jones Internet Index Fund (NYSE Arca ticker: FDN)
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	First Trust Health Care AlphaDEX® Fund (NYSE Arca ticker: FXH)
First Trust NYSE Arca Biotechnology ETF	First Trust NYSE Arca Biotechnology Index Fund (NYSE Arca ticker: FBT)
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	First Trust Industrials/Producer Durables AlphaDEX® Fund (NYSE Arca ticker: FXR)
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	First Trust Technology AlphaDEX® Fund (NYSE Arca ticker: FXL)
First Trust Cloud Computing ETF	First Trust Cloud Computing ETF (Nasdaq ticker: SKYY)
First Trust Indxx Innovative Transaction and Process ETF	First Trust Indxx Innovative Transaction & Process ETF (Nasdaq ticker: LEGR)

See “Investment Strategies – Investment Strategies of the First Trust Index ETFs – The Indices”.

### ***Investment Strategies of the First Trust Non-Index ETFs***

#### ***First Trust Senior Loan ETF (CAD-Hedged)***

The investment strategy of First Trust Senior Loan ETF (CAD-Hedged) is to obtain exposure to a portfolio of Senior Loans (as defined below) which are generally rated at or below BB+ by Standard & Poor’s, or Ba1 or less by Moody’s Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 81-102) and debt securities by holding securities of First Trust Senior Loan Fund, a U.S. listed exchange-traded fund (for the purposes of this section, the “**Senior Loan U.S. Fund**”). First Trust Senior Loan ETF (CAD-Hedged) will generally seek to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar.

The primary investment objective of the Senior Loan U.S. Fund is to provide high current income and its secondary investment objective is preservation of capital. The Senior Loan U.S. Fund seeks to achieve its investment objectives by investing in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor’s, or Ba1 or less by Moody’s Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 81-102) and debt securities.

The Senior Loan U.S. Fund's primary performance benchmark is the Morningstar® LSTA® U.S. Leveraged Loan Index. Under normal market conditions, the Senior Loan U.S. Fund invests at least 80% of its net assets in Senior Loans. "**Senior Loan**" means a first lien senior floating rate bank loan being an advance or commitment of funds made by one or more banks or similar financial institutions to one or more corporations, partnerships or other business entities which typically pays interest at a floating or adjusting rate that is determined periodically at a designated premium above a base lending rate, such as SOFR or the prime rate offered by one or more major U.S. banks. A Senior Loan is considered senior to all other unsecured claims against the borrower, senior to or equal with all other secured claims, meaning that in the event of a bankruptcy of the borrower the Senior Loan, together with other first lien claims, is entitled to be the first to be repaid out of proceeds of the assets securing the loans, before other existing unsecured claims or interests receive repayment. However, in bankruptcy proceedings, there may be other claims, such as taxes or additional advances that take precedence.

The Senior Loan U.S. Fund will pursue its objectives by seeking Senior Loans that the Portfolio Advisor believes exhibit the best combination of attractive fundamental credit characteristics and relative value within the senior loan market. The Portfolio Advisor seeks to assemble a well-diversified portfolio that includes loans of issuers with strong credit metrics, including strong cash flows and effective management teams. The Senior Loan U.S. Fund may invest in floating rate loans of companies whose financial condition is troubled or uncertain and that may be involved in bankruptcy proceedings, reorganizations or financial restructurings.

The Senior Loan U.S. Fund may also invest up to 20% of its net asset value in (a) non-Senior Loan debt securities, which may be fixed-rate or floating-rate income-producing securities, (b) warrants, U.S. and non-U.S. equity and equity-like positions and interests and/or (c) securities of other investment funds or investment companies. In addition, the Senior Loan U.S. Fund may invest up to 15% of its net assets in Senior Loans and/or other floating rate loans that are distressed or in default.

#### *First Trust Canadian Capital Strength ETF*

To achieve its investment objectives, First Trust Canadian Capital Strength 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 First Trust Canadian Capital Strength ETF include common shares of public companies that are traded on a Canadian exchange or market.

First Trust Canadian Capital Strength ETF uses a multi-step quantitative selection process to identify its investible universe of securities, and fundamental analysis to make 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 identifying 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 First Trust Canadian Capital Strength 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.

At the Portfolio Advisor's discretion, First Trust Canadian Capital Strength ETF may hold positions in securities that no longer meet the selection criteria of First Trust Canadian Capital Strength ETF described above. This may occur due to certain considerations, including, but not limited to, portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

#### *First Trust International Capital Strength ETF*

To achieve its investment objectives, First Trust International Capital Strength ETF will primarily invest in securities of developed market companies, excluding the U.S. and Canada that are included in the Nasdaq DM ex-US Index, with a focus on fundamental strength and growth. Securities invested in by the First Trust ETF include common shares of public companies and ADRs, GDRs and EDRs that are traded on global exchanges or markets

First Trust International Capital Strength ETF uses a multi-step quantitative selection process to identify its investible universe of securities, and fundamental analysis to make 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 identifying securities of issuers that, primarily, are traded on global exchanges or markets.

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 First Trust International Capital Strength ETF. The Portfolio Advisor then uses fundamental analysis to select securities that meet First Trust International Capital Strength 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.

At the Portfolio Advisor's discretion, First Trust International Capital Strength ETF may hold positions in securities that no longer meet the selection criteria of First Trust International Capital Strength ETF described above. This may occur due to certain considerations, including, but not limited to, portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

#### *First Trust JFL Fixed Income Core Plus ETF*

To achieve its investment objectives, First Trust JFL Fixed Income Core Plus ETF invests at least 75% of the fund's net assets in a diversified portfolio of investment grade (at the time of purchase, as rated by a designated rating organization) Canadian dollar denominated corporate, federal, provincial and municipal bonds. First Trust JFL Fixed Income Core Plus ETF may also invest up to 25% of the fund's net assets in non-investment grade corporate bonds (at the time

of purchase, as rated by a designated rating organization), high yield bonds, developed international bonds, emerging market bonds, preferred shares and convertible bonds of North American and/or international issuers. In the event that First Trust JFL Fixed Income Core Plus ETF invests in a security which is unrated at the time of purchase the Manager may assign such rating to the security as it deems appropriate. The First Trust JFL Fixed Income Core Plus ETF will not invest: (a) more than 30% of its net assets in bonds of non-Canadian issuers, (b) more than 10% of its net assets in unhedged foreign bonds, (c) more than 10% of its net assets in single corporate issuers, (d) more than 5% of its net assets in equity securities and (e) more than 5% of its net assets in bonds rated “CCC” or below by a designated rating organization.

Eligible securities are selected through rigorous fundamental analysis of each issuer by the Sub-Advisor’s in-house research team with a focus on (a) safety of principal and income, (b) optimization of yield and (c) conservative duration management (meaning a duration of plus or minus 3 years from the average duration of the securities in the benchmark). A valuation and business cycle macro approach is also utilized to manage the overall risk profile of the fund.

The Sub-Advisor uses a top-down process employing fundamental economic analysis in order to determine policy duration and allocation. Portfolio yield is optimized by yield curve positioning and by emphasizing high-quality non-cyclical corporate bonds. The Sub-Advisor will also consider (a) outlook for economic growth and inflation, (b) budget, (c) trade deficit performance and (d) the current and forecast shape of the yield curve. Issuer risk is controlled through portfolio diversification and rigorous credit research by the Sub-Advisor’s inhouse team. The Sub-Advisor minimizes interest rate volatility by trading within a defined conservative duration range.

At the Sub-Advisor’s discretion, First Trust JFL Fixed Income Core Plus ETF may hold positions in securities that no longer meet the selection criteria of the fund. This may occur due to special situations or after other considerations, including portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

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

To achieve its investment objectives, First Trust JFL Global Equity ETF primarily invests in equity securities of large multinational corporations that have demonstrated leadership in their industry. The Sub-Advisor primarily targets international companies that benefit from exposure to economies typically growing at a rate higher than the global gross domestic product (GDP). Emphasis is on non-cyclical companies that have a competitive advantage in their industry. First Trust JFL Global Equity ETF will not invest more than 20% of its net assets in securities of issuers located in emerging markets.

The Sub-Advisor uses a bottom-up security selection process as well as rigorous fundamental analysis and extensive management interviews in selecting securities for the First Trust ETF’s portfolio. In doing so, the Sub-Advisor focuses on building a portfolio of higher-quality companies with the aim of providing long-term outperformance with lower risk compared to its benchmark. The Sub-Advisor’s inhouse research team will apply the following key factors when selecting securities for the First Trust ETF’s portfolio (a) a company’s competitive position, (b) the quality and ethics of the company’s management team, (c) a company’s financial strength and (d) the company’s valuation (relative to historical ranges, sector outlooks and industry/company specific factors).

At the Sub-Advisor’s discretion, First Trust JFL Global Equity ETF may hold positions in securities that no longer meet the selection criteria of the First Trust ETF. This may occur due to special situations or after other considerations, including portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

### ***Other Investments***

The Manager may use a sampling methodology in selecting investments for the First Trust Index ETFs. As an alternative to or in conjunction with investing in and holding the Constituent Securities, the First Trust Index ETFs may also invest in Other Securities to obtain exposure to the Constituent Securities of the applicable Index in a manner that is consistent with the investment objectives and investment strategies of the First Trust Index ETFs.

### ***Use of Derivative Instruments***

The First Trust ETFs may invest in derivative instruments provided that the investment in such derivative instruments is in compliance with applicable Canadian securities legislation and is consistent with the investment objective and investment strategy of the First Trust ETFs.

Certain First Trust ETFs hedge foreign currency exposure and may employ financial derivatives instruments for the purposes of hedging. Details of the risks associated with derivative instruments are set out in the section entitled “Risk Factors”.

### ***Investments in Other Investment Funds***

In accordance with applicable securities legislation, including NI 81-102, and as an alternative to or in conjunction with investing in and holding the Constituent Securities, the First Trust ETFs (other than First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Cloud Computing ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)) may also invest in Other Securities, in a manner that is consistent with the investment objective and investment strategy of the First Trust ETFs, provided that there shall be no duplication of management fees chargeable in connection with Constituent Securities held indirectly by a First Trust ETF through investments in other investment funds.

### ***Securities Lending***

The First Trust ETFs may engage in securities lending transactions in order to earn additional income for the First Trust ETFs, provided that the securities lending transactions are in compliance with applicable Canadian securities legislation and are consistent with the investment objective and investment strategy of the applicable First Trust ETFs.

### ***Cash and Cash Equivalents***

Each of First Trust Canadian Capital Strength ETF, First Trust International Capital Strength ETF, First Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF may not be fully invested at all times and may depart from their principal investment strategies and invest part or all of its assets in cash or cash equivalents for defensive purposes and during periods of high cash inflows or outflows. During such periods, First Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Fixed Income Core Plus ETF or First Trust JFL Global Equity ETF as applicable, may not be able to achieve its investment objectives. First Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF may adopt a defensive strategy when the Portfolio Advisor or the Sub-Advisor, as the case may be, believes securities in which First Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Global Equity ETF or First Trust JFL Fixed Income Core Plus ETF, as applicable, would normally invest have elevated risks due to political or economic factors and in other extraordinary circumstances.

See “Investment Strategies”.

**Special  
Considerations  
for Purchasers:**

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the First Trust ETFs have obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of a class of any First Trust ETF through purchases on the TSX or Cboe, as applicable, without regard to the take-over bid requirements of Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to FT Portfolios Canada Co. not to vote more than 20% of the Units of the class of the First Trust ETF at any meeting of Unitholders.

The Units of each of the First Trust Index ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of a First Trust Index ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the First Trust Index ETF should be considered index participation units.

**Distributions:** Cash distributions on Units of a First Trust ETF will be made as set forth in the following table, if at all.

First Trust ETF	Frequency of Distributions
First Trust NASDAQ® Clean Edge® Green Energy ETF	Quarterly
First Trust Indxx NextG ETF	Quarterly
First Trust Nasdaq Cybersecurity ETF	Quarterly
First Trust Dow Jones Internet ETF	Quarterly
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	Quarterly
First Trust NYSE Arca Biotechnology ETF	Quarterly
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	Quarterly
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	Quarterly
First Trust Cloud Computing ETF	Quarterly
First Trust Indxx Innovative Transaction and Process ETF	Quarterly
First Trust Global Risk Managed Income Index ETF	Monthly
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	Quarterly
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	Monthly
First Trust Senior Loan ETF (CAD-Hedged)	Monthly
First Trust Canadian Capital Strength ETF	Quarterly
First Trust International Capital Strength ETF	Quarterly
First Trust JFL Fixed Income Core Plus ETF	Monthly
First Trust JFL Global Equity ETF	Quarterly

Cash distributions on Units of a First Trust ETF are expected to be paid primarily out of dividends or distributions and other income or gains, received by the First Trust ETF less the expenses of the First Trust ETF, but may also consist of non-taxable amounts including returns of capital, which may be paid in the Manager’s sole discretion. To the extent that the expenses of a First Trust ETF exceed the income generated by such First Trust ETF in any given month, quarter or year, as the case may be, it is not expected that a monthly or quarterly distribution will be paid.

On an annual basis, the First Trust ETFs will ensure that the net income and net realized capital gains of the First Trust ETFs have been distributed to Unitholders to such an extent that the First Trust ETFs will not be liable for ordinary income tax thereon. To the extent that a First Trust ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the First Trust ETF will



be paid as a “reinvested distribution”. Reinvested distributions, net of any required withholding tax, will be reinvested automatically in additional Units at a price equal to the NAV per Unit of the First Trust ETF and the Units will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution. See “Distribution Policy”.

In addition to the distributions described above, a First Trust ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special dividend or in connection with returns of capital.

**Foreign  
Currency  
Hedging:**

None of the First Trust Index ETFs other than First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF, in respect of the Hedged Units of such First Trust ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) and First Trust Value Line® Dividend Index ETF (CAD-Hedged) will seek to hedge their foreign currency exposure back to the Canadian dollar.

Since First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF will seek to hedge their U.S. dollar currency exposure only in respect of the Hedged Units, all of the gains or losses associated with any hedging transactions in that regard will be solely for the account of the Hedged Units.

The First Trust Non-Index ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) will generally seek to hedge substantially all of their U.S. dollar currency exposure back to the Canadian dollar. Any exposure such First Trust ETFs may have to other foreign currencies will not be hedged back to the Canadian dollar.

First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF will be exposed to securities traded in foreign currencies and may, in the Sub-Advisor’s discretion, enter into currency hedging transactions to reduce the effects of changes in the value of foreign currencies relative to the value of the Canadian dollar.

See “Investment Strategies – Foreign Currency Hedging”.

**Exchanges and  
Redemptions:**

Unitholders may redeem Units for cash, subject to a redemption discount. Unitholders may also exchange a Prescribed Number of Units (or integral multiple thereof) for Baskets of Securities and cash or, in the discretion of the Manager, cash only. See “Redemption and Exchange of Units”.

**Termination:**

The First Trust ETFs do not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ written notice to Unitholders. See “Termination of the First Trust ETFs”.

In the event that the Index Provider ceases to calculate the Index or the applicable License Agreement is terminated, the Manager may terminate the applicable First Trust Index ETF on 60 days’ notice, change the investment objective of the First Trust ETF, seek to replicate an alternative index or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the First Trust ETF in the circumstances. See “Investment Strategies – Termination of an Index or License Agreement”.

**Documents  
Incorporated  
by Reference:**

Additional information about each First Trust ETF is or will be available in the most recently-filed annual financial statements, any interim financial statements filed after the most recent annual financial statements, the most recently-filed annual MRFP, any interim MRFP filed after the most recently-filed annual MRFP and the most recently-filed ETF Facts for each First Trust

ETF. These documents are or will be incorporated by reference into, and legally form an integral part of, this prospectus. These documents are or will be publicly available on the First Trust ETFs' website at [www.firsttrust.ca](http://www.firsttrust.ca) and may be obtained upon request, at no cost, by calling 1.877.622.5552 or by contacting a registered dealer. These documents and other information about the First Trust ETFs are or will be publicly available at [www.sedarplus.ca](http://www.sedarplus.ca). See "Documents Incorporated by Reference".

**Eligibility for Investment:**

In the opinion of Osler, Hoskin & Harcourt LLP, provided that a First Trust ETF qualifies as a mutual fund trust within the meaning of the Tax Act, is a "registered investment" within the meaning of the Tax Act, or that the Units of the First Trust ETF are listed on a "designated stock exchange", within the meaning of the Tax Act, which includes the TSX and Cboe, the Units of the First Trust ETF will be qualified investments for trusts governed by Registered Plans.

Holders of TFSAs, FHSAs or RDSPs, subscribers of RESPs, and annuitants of RRSPs or RRIFs, should consult with their tax advisers as to whether Units would be a prohibited investment for such accounts or plans in their particular circumstances. See "Eligibility for Investment".

**Risk Factors:**

There are certain general risks inherent in an investment in the First Trust ETFs, either directly, in the case of a First Trust ETF that invests directly in portfolio securities and/or indirectly in the case of a First Trust ETF that obtains exposure to portfolio securities through investment in an underlying fund. These risk factors include the following:

- (i) risks relating to investments in equity securities and market risk;
- (ii) issuer risks;
- (iii) risks relating to investments in investment funds;
- (iv) risks that the asset classes held in the First Trust ETFs will underperform the market;
- (v) the possibility that Constituent Securities of the applicable portfolio may be cease-traded, which may impact the exchange and redemption rights of the Units;
- (vi) fluctuations in the NAV and NAV per Unit of the First Trust ETFs;
- (vii) the possibility that the First Trust ETFs will be unable to acquire or dispose of illiquid securities;
- (viii) risks associated with a distribution in-kind of assets in connection with the termination of a First Trust ETF;
- (ix) risks associated with the use of derivative transactions;
- (x) counterparty risks associated with securities lending transactions;
- (xi) the risks associated with foreign currency exposure;
- (xii) the Units may trade in the market at a premium or a discount to the NAV per Unit and there can be no guarantee that the Units will trade at prices that reflect their NAV;

- (xiii) potential conflicts of interest regarding the allocation of time and resources to the First Trust ETFs by the Manager, Portfolio Advisor, if applicable, the Sub-Advisor and their directors, officers, affiliates and associates;
- (xiv) the residency of the Portfolio Advisor is outside Canada and therefore it may be difficult to enforce legal rights against them;
- (xv) withholding tax risk;
- (xvi) changes in legislation, including tax legislation;
- (xvii) other tax-related risks;
- (xviii) the potential absence of a public trading market for the Units;
- (xix) risks associated with reliance on the Manager;
- (xx) risks associated with reliance on the Portfolio Advisor;
- (xxi) risk that First Trust ETFs' portfolios are too concentrated and not sufficiently diversified;
- (xxii) risks associated with foreign investments;
- (xxiii) risk of loss, as an investment in Units is not guaranteed; and
- (xxiv) risks associated with cyber security.

See "Risk Factors – General Risks Relating to an Investment in the First Trust ETFs".

In addition to the general risk factors, there are certain risks inherent in an investment in the First Trust Index ETFs, including:

- (i) risk of error in replicating or tracking the Index;
- (ii) index investment strategy risk;
- (iii) risks relating to the performance of the Designated Brokers in relation to rebalancing of and adjustments to the Index;
- (iv) potential difficulties in the calculation of the Index and the possible termination of the calculation of the Index or the applicable License Agreement; and
- (v) risks associated with the Index model and data inputs of the Index.

See "Risk Factors – Additional Risks Relating to the First Trust Index ETFs".

In addition to the general risk factors, there are certain risks inherent in an investment in the US Sector ETFs in connection with the sectors to which each provides exposure to, including:

- (i) risks associated with investments in securities of Asian issuers;
- (ii) risks associated with investments in biotechnology companies;
- (iii) risks associated with investments in blockchain technologies;

- (iv) risks associated with investments in clean energy companies;
- (v) risks associated with investments in cloud computing companies;
- (vi) risks associated with investments in communication services companies;
- (vii) risks associated with investments in cybersecurity companies;
- (vi) risks associated with the nature of depositary receipts;
- (viii) risks associated with investments in emerging technologies;
- (ix) risks associated with investments in energy companies;
- (x) risks associated with investments in the healthcare sector;
- (xi) risks associated with investments in health care companies;
- (xii) risks associated with investments in the industrials sector;
- (xiii) risks associated with investments in information technology companies;
- (xiv) risks associated with investments in Internet companies;
- (xv) risks associated with investments in non-U.S. securities;
- (xvi) risks associated with investments in pharmaceutical companies;
- (xvii) risks associated with investments in REITs;
- (xviii) risks associated with investments in small and/or mid capitalization companies;
- (xix) risks associated with investments in the technology sector; and
- (xx) risks associated with investments in utility companies.

See “Risk Factors – Additional Risks Relating to the Sectors in which the US Sector ETFs Invest”.

In addition to the general risk factors, there are certain risks inherent in an investment in the First Trust Non-Index ETFs in connection with the sectors to which they provide exposure, including:

- (i) risks associated with the nature of depositary receipts;
- (ii) risks associated with investments in small and/or mid capitalization companies;
- (iii) risks relating to investments in debt securities;
- (iv) credit risk of the debt issuer;
- (v) risks relating to investments in “covenant-lite” loans;

- (vi) risks associated with volatility of interest rates;
- (vii) income risk;
- (viii) risks associated with the uncertainty of the timing of loan settlements;
- (ix) illiquidity risk;
- (x) risks relating to investments in high yield securities;
- (xi) risks relating to investments in asset-backed securities;
- (xii) risks relating to investments in senior loans;
- (xiii) risk associated with “callable” bonds;
- (xiv) reinvestment risk;
- (xv) foreign markets risk;
- (xvi) counterparty risk relating to loans; and
- (xvii) risk related to leverage.

See “Risk Factors – Additional Risks Relating to the Sectors in which Certain of the First Trust Non-Index ETFs Invest”.

In addition to the risk factors above, there are also certain risks inherent in an investment in First Trust Indxx Innovative Transaction and Process ETF, including:

- (i) blockchain technology risk;
- (ii) emerging markets risk;
- (iii) financial companies risk; and
- (iv) securities regulatory risk.

See “Risk Factors – Additional Risks Relating to First Trust Indxx Innovative Transaction and Process ETF”.

In addition to the risk factors above, there are also certain risks inherent in an investment in First Trust Global Risk Managed Income Index ETF, including:

- (i) general risks related to investments in preferred shares;
- (ii) risks related to preferred shares being extended;
- (iii) risks related to the credit rating of preferred shares;
- (iv) risk related to securities being called before maturity;
- (v) reinvestment risk;

- (vi) risks associated with debt securities;
- (vii) credit risks associated with debt securities;
- (viii) income risk;
- (ix) risks associated with convertible bonds;
- (x) risks associated with real property investments;
- (xi) risks associated with investments in emerging markets; and
- (xii) risks associated with a methodology based on momentum analysis.

See “Risk Factors – Additional Risks Relating to First Trust Global Risk Managed Income Index ETF”.

In addition to the risk factors above, there are also certain risks inherent in an investment in First Trust Morningstar Dividend Leaders ETF (CAD Hedged), including:

- (i) risks relating to energy companies; and
- (ii) inflation risk.

See “Risk Factors – Additional Risks Relating to First Trust Morningstar Dividend Leaders ETF (CAD Hedged)”.

In addition to the risk factors above, there are also certain risks inherent in an investment in First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF, including:

- (i) emerging markets risk;
- (ii) convertible bond risk; and
- (iii) reliance on the Sub-Advisor risk.

See “Risk Factors – Additional Risks Relating to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF”.

**Income Tax  
Considerations:**

A Unitholder who is resident in Canada for the purposes of the Tax Act will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and any net taxable capital gains of the First Trust ETF paid or payable to the Unitholder in the year and deducted by the First Trust ETF in computing its income. Any non-taxable distributions from a First Trust ETF (other than the non-taxable portion of any net realized capital gains of a First Trust ETF) paid or payable to a Unitholder in a taxation year, such as a return of capital, will reduce the adjusted cost base of the Unitholder’s Units of that First Trust ETF. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be nil immediately thereafter. Any loss realized by the First Trust ETF cannot be allocated to, and cannot be treated as a loss of, the Unitholders of such First Trust ETF. Upon the actual or deemed disposition of a Unit held by the Unitholder as capital property, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or

are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

The Declaration of Trust governing each of the First Trust ETFs requires that the First Trust ETF distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the First Trust ETF will not be liable in any taxation year for ordinary income tax.

Each investor should satisfy himself or herself as to the tax consequences of an investment in Units by obtaining advice from his or her own tax advisor. See “Income Tax Considerations”.

### **Organization and Management Details**

**Trustee,  
Manager and  
Promoter:**

FT Portfolios Canada Co. is the trustee, manager and promoter of the First Trust ETFs. The Manager was incorporated under the *Companies Act of Nova Scotia* on November 19, 2001. The Manager operates as the manager of investment funds in Canada. The head office and principal place of business of the Manager is located at 40 King Street West, Suite 5102, Toronto, Ontario M5H 3Y2.

The Manager has taken the initiative and may be considered to be a promoter of the First Trust ETFs and will provide all management and administrative services required for the First Trust ETFs. The Manager may from time to time employ or retain any other person or entity, including the Portfolio Advisor and the Sub-Advisor to assist the Manager in managing or providing administrative and investment advisory services to the First Trust ETFs. See “Organization and Management Details – The Trustee, Manager and Promoter”.

**Portfolio  
Advisor:**

First Trust Advisors L.P., an affiliate of the Manager, is the Portfolio Advisor of the First Trust ETFs. The Portfolio Advisor provides asset management and investment advisory services to its clients. The Portfolio Advisor was established in 1991 and together with its affiliate, First Trust Portfolios L.P., has over 1,100 employees in North America. The Portfolio Advisor is an investment advisor located in the United States and is a non-Canadian advisor registered as a portfolio manager with the Ontario Securities Commission under the Securities Act (Ontario). The Portfolio Advisor is also an investment advisor registered with the U.S. Securities and Exchange Commission under the *U.S. Investment Advisers Act of 1940*. See “Organization and Management Details –The Portfolio Advisor”.

**Sub-Advisor:**

Jarislowsky, Fraser Limited is the investment sub-advisor of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. The Sub-Advisor is an investment advisor located in Toronto, Ontario and was established in 1955. The Sub-Advisor is registered as (a) a portfolio manager and exempt market dealer in each of the provinces and territories of Canada, (b) an investment fund manager in Alberta, British Columbia, Newfoundland and Labrador, Ontario and Quebec, (c) a derivatives portfolio manager in Quebec, (d) an adviser in Manitoba and (e) a commodity trading manager in Ontario.

**Custodian and  
Valuation  
Agent:**

CIBC Mellon Trust Company is the custodian of the assets of the First Trust ETFs and has been given the authority to appoint sub-custodians. The address of the Custodian is 1 York Street, Suite 900, Toronto, Ontario M5J 0B6. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the First Trust ETFs.

CIBC Mellon Trust Company acts as the valuation agent of the First Trust ETFs. The valuation agent is responsible for certain fund accounting and valuation services to the First Trust ETFs including, without limitation, calculating the NAV, NAV per Unit, net income and net realized

capital gains of the First Trust ETFs. See “Organization and Management Details – Custodian and Valuation Agent”.

**Registrar and Transfer Agent:** TSX Trust Company, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the First Trust ETFs. The register of each of the First Trust ETFs is kept in Toronto. See “Organization and Management Details – Registrar and Transfer Agent”.

**Auditor:** Deloitte LLP, Chartered Professional Accountants, at its principal offices in Toronto, Ontario, is the auditor of the First Trust ETFs. See “Organization and Management Details – Auditor”.

**Securities Lending Agent:** The Bank of New York Mellon, at its principal offices in New York, is the securities lending agent of the First Trust ETFs. See “Organization and Management Details – Securities Lending Agent”.

## SUMMARY OF FEES AND EXPENSES

The following table lists the fees and expenses payable by the First Trust ETFs. The value of a Unitholder’s investment in a First Trust ETF will be reduced by the Unitholder’s proportionate share of the fees and expenses charged to such First Trust ETF. For further particulars, see “Fees and Expenses”.

**Management Fees:** Each First Trust ETF will pay the Manager a management fee as set forth in the table below, based on the average daily NAV of the applicable First Trust ETF. The management fee, plus applicable taxes, including HST, will be accrued daily and paid monthly in arrears. The Manager is responsible for providing managerial, administrative and compliance services to the First Trust ETFs. See “Organization and Management Details – The Trustee, Manager and Promoter – Duties and Services to be Provided by the Trustee, Manager and Promoter” for a description of the services provided by the Manager. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

First Trust ETF	Class of Units	Annual Management Fee (%)
First Trust NASDAQ® Clean Edge® Green Energy ETF	Units	0.15% of NAV of the Units
First Trust Indxx NextG ETF	Units	0.15% of NAV of the Units
First Trust Nasdaq Cybersecurity ETF	Units	0.15% of NAV of the Units
First Trust Dow Jones Internet ETF	Units	0.15% of NAV of the Units
First Trust Dow Jones Internet ETF	Hedged Units	0.15% of NAV of the Hedged Units
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	Units	0.70% of NAV of the Units
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	Hedged Units	0.70% of NAV of the Hedged Units
First Trust NYSE Arca Biotechnology ETF	Units	0.15% of NAV of the Units
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	Units	0.70% of NAV of the Units



<b>First Trust ETF</b>	<b>Class of Units</b>	<b>Annual Management Fee (%)</b>
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	Hedged Units	0.70% of NAV of the Hedged Units
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	Units	0.70% of NAV of the Units
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	Hedged Units	0.70% of NAV of the Hedged Units
First Trust Cloud Computing ETF	Units	0.15% of NAV of the Units
First Trust Indxx Innovative Transaction and Process ETF	Units	0.15% of NAV of the Units
First Trust Global Risk Managed Income Index ETF	Units	0.60% of NAV of Units
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	Units	0.15% of NAV of the First Trust ETF
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	Units	0.70% of NAV of the First Trust ETF
First Trust Senior Loan ETF (CAD-Hedged)	Units	0.15% of NAV of the First Trust ETF
First Trust Canadian Capital Strength ETF	Units	0.60% of NAV of the First Trust ETF
First Trust International Capital Strength ETF	Units	0.70% of NAV of the First Trust ETF
First Trust JFL Fixed Income Core Plus ETF	Units	0.70% of NAV of the First Trust ETF <sup>(1)</sup>
First Trust JFL Global Equity ETF	Units	0.85% of NAV of the First Trust ETF

**Note:**

- (1) Current net annual management fee of 0.60%. The Manager has agreed to waive a portion of the management fee equal to 0.10% of average daily net assets of the First Trust ETF however the Manager is under no obligation to waive any portion of the management fee and may in its discretion, discontinue or alter this practice at any time.

The following First Trust ETFs expect to obtain exposure to the applicable Index or the Constituent Securities, as applicable, by investing all or substantially all of the First Trust ETF's assets in a U.S.-listed ETF of an affiliate of the Manager, as outlined below. Accordingly, the First Trust ETFs listed below will also bear the management fees and, if applicable, other fund expenses, associated with the underlying funds in which they invest.

<b>First Trust ETF</b>	<b>Underlying Fund</b>	<b>Management Fee of Underlying Fund</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	First Trust NASDAQ® Clean Edge® Green Energy Index Fund	0.40% of net asset value
First Trust Indxx NextG ETF	First Trust Indxx NextG ETF	0.70% of net asset value
First Trust Nasdaq Cybersecurity ETF	First Trust Nasdaq Cybersecurity ETF	0.60% of net asset value

First Trust Dow Jones Internet ETF	First Trust Dow Jones Internet Index Fund	0.40% of net asset value
First Trust NYSE Arca Biotechnology ETF	First Trust NYSE Arca Biotechnology Index Fund	0.40% of net asset value
First Trust Cloud Computing ETF	First Trust Cloud Computing ETF	0.60% of net asset value
First Trust Indxx Innovative Transaction and Process ETF	First Trust Indxx Innovative Transaction & Process ETF	0.65% of net asset value
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	First Trust Morningstar Dividend Leaders Index Fund	0.30% of net asset value
First Trust Senior Loan ETF (CAD-Hedged)	First Trust Senior Loan Fund	0.85% of net asset value

In the event that a First Trust ETF invests portfolio assets in another investment fund to obtain exposure to Constituent Securities the First Trust ETF will pay the other fund's management fee on the portion of the First Trust ETF's portfolio assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager. The management fee payable to the Manager will not be payable in respect of the portion of the First Trust ETF portfolio assets invested in the other fund to the extent that such fee would be duplicative. See "Fees and Expenses – Management Fees".

**Operating Expenses:**

In addition to the payment of the management fee, each First Trust ETF is responsible for the costs and expenses incurred in complying with NI 81-107 (including any expenses related to the implementation and on-going operation of an independent review committee), brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, the costs of complying with any new governmental or regulatory requirement introduced after the First Trust ETF was established and extraordinary expenses and, in the discretion of the Manager, any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in the First Trust ETFs. The Manager is responsible for all other costs and expenses of the First Trust ETFs, including fees payable to the Portfolio Advisor, Sub-Advisor (if applicable), Custodian, Valuation Agent and Registrar and Transfer Agent and fees payable to other service providers. See "Organization and Management Details – The Trustee, Manager and Promoter – Duties and Services to be Provided by the Trustee, Manager, and Promoter" and See "Fees and Expenses – Operating Expenses".

## OVERVIEW OF THE LEGAL STRUCTURE OF THE FIRST TRUST ETFs

The First Trust ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario. The First Trust ETFs have been established pursuant to the Declaration of Trust.

Units of each of the First Trust ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) are listed on the Toronto Stock Exchange (the "TSX") and an investor may buy or sell Units of the First Trust ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Units of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF are listed on Cboe Canada Inc. ("Cboe") and an investor may buy or sell Units of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF on Cboe through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units of the First Trust ETFs.

On December 21, 2015, First Trust AlphaDEX™ Canadian Dividend Plus ETF and First Trust AlphaDEX™ U.S. Dividend Plus ETF (CAD-Hedged) removed the covered call option writing component of the investment objectives and strategies of each First Trust ETF and changed their names from First Trust AlphaDEX™ Canadian Dividend Plus ETF and First Trust AlphaDEX™ U.S. Dividend Plus ETF (CAD-Hedged) to First Trust AlphaDEX™ Canadian Dividend ETF and First Trust AlphaDEX™ U.S. Dividend ETF (CAD-Hedged), respectively.

On November 14, 2016, First Trust Canadian Capital Strength ETF was converted from a conventional mutual fund into an ETF and changed its name from First Trust Capital Strength Portfolio to First Trust Canadian Capital Strength ETF.

Effective October 13, 2017, First Trust AlphaDEX™ Canadian Dividend ETF merged into First Trust Canadian Capital Strength ETF with First Trust Canadian Capital Strength ETF being the continuing fund.

Effective November 22, 2017, First Trust Value Line® Dividend Index ETF (CAD-Hedged) changed its name from First Trust AlphaDEX™ U.S. Dividend Plus ETF (CAD-Hedged) to First Trust Value Line® Dividend Index ETF (CAD-Hedged) and changed its investment objective so that its investment objective is to seek to replicate, to the extent possible, the performance of the Value Line® Dividend Index on a currency hedged basis, net of expenses and (b) change the management fee to 0.70% per annum of net asset value.

Effective November 4, 2019, First Trust Short Duration High Yield Bond ETF (CAD-Hedged) merged into First Trust Senior Loan ETF (CAD-Hedged) with First Trust Senior Loan ETF (CAD-Hedged) being the continuing fund.

At a special meeting of Unitholders of the First Trust Index ETFs held on February 3, 2021, Unitholders of each of First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF and First Trust Morningstar Dividend Leaders ETF approved ordinary resolutions relating to a change in the investment objectives of such First Trust ETFs. The Manager changed the name of such First Trust ETFs in connection with the change to each First Trust ETF's investment objectives.

The head and registered office of the First Trust ETFs and FT Portfolios Canada Co. is located at 40 King Street West, Suite 5102, Toronto, Ontario M5H 3Y2.

The following table sets out the full legal name as well as the ticker symbol for each of the First Trust ETFs:

<b>Legal name of First Trust ETF</b>	<b>Ticker Symbol</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	QCLN
First Trust Indxx NextG ETF	NXTG
First Trust Nasdaq Cybersecurity ETF	CIBR
First Trust Dow Jones Internet ETF	FDN/FDN.F
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	FHH/FHH.F
First Trust NYSE Arca Biotechnology ETF	FBT
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	FHG/FHG.F
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	FHQ/FHQ.F
First Trust Cloud Computing ETF	SKYY
First Trust Indxx Innovative Transaction and Process ETF	BLCK
First Trust Global Risk Managed Income Index ETF	ETP
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	FDL
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	FUD
First Trust Senior Loan ETF (CAD-Hedged)	FSL
First Trust Canadian Capital Strength ETF	FST
First Trust International Capital Strength ETF	FINT

Legal name of First Trust ETF	Ticker Symbol
First Trust JFL Fixed Income Core Plus ETF	FJFB
First Trust JFL Global Equity ETF	FJFG

## INVESTMENT OBJECTIVES

### *Investment Objectives of the First Trust Index ETFs*

Each First Trust Index ETF seeks to replicate, to the extent possible, the performance of the applicable Index, net of expenses. The investment strategy of each First Trust Index ETF is to invest in and hold, directly or indirectly, the Constituent Securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index.

*First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF*

Each of the StrataQuant® Health Care Index, StrataQuant® Industrials Index and StrataQuant® Technology Index (the “**StrataQuant Indices**”) results from applying the AlphaDEX™ methodology to the Russell 1000® Index, a market index representing the large and mid-capitalization segment of the U.S. equity universe, and then selecting the Constituent Securities for the StrataQuant Index from those qualifying stocks included in the applicable Sector.

*First Trust NASDAQ® Clean Edge® Green Energy ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. listed companies designed to track the performance of clean energy companies engaged in manufacturing, development, distribution and installation of clean-energy technologies including, but not limited to, solar photovoltaics, wind power, advanced batteries, fuel cells, and electric vehicles, initially the NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup>.

The NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup> is a modified market capitalization weighted index designed to track the performance of clean energy companies that are publicly traded in the United States and includes companies engaged in manufacturing, development, distribution and installation of emerging clean-energy technologies including, but not limited to, solar photovoltaics, wind power, advanced batteries, fuel cells, and electric vehicles.

*First Trust Indxx NextG ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies that have devoted or have committed to devote, material resources to the research, development and application of fifth generation and next generation digital cellular technologies as they emerge, initially the Indxx 5G & NextG Thematic Index<sup>SM</sup>.

Indxx 5G & NextG Thematic Index<sup>SM</sup> is designed to track the performance of companies that have devoted, or have committed to devote, material resources to the research, development and application of fifth generation and next generation digital cellular technologies as they emerge. Eligible securities must have: (a) their country either in a developed or emerging market, (b) a minimum market capitalization of US\$500 million, (c) six-month average daily turnover greater than or equal to US\$2 million and US \$1 million for developed and emerging markets, respectively, (d) traded on 90% of the eligible trading days in the last 6 months (other than in instances where the security has less than 6 months of trading history, in which case the security must have traded on 90% of the trading days for the past 3 months) and (e) a minimum free float percentage equivalent to 10% of the shares outstanding.

#### *First Trust Nasdaq Cybersecurity ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies in the cybersecurity industry, initially the Nasdaq CTA Cybersecurity Index<sup>SM</sup>.

The Nasdaq CTA Cybersecurity Index<sup>SM</sup> is designed to track the performance of companies engaged in the cybersecurity segment of the technology and industrials sectors. It includes companies primarily involved in the building, implementation, and management of security protocols applied to private and public networks, computers, and mobile devices in order to provide protection of the integrity of data and network operations.

#### *First Trust Dow Jones Internet ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies involved in the Internet industry, initially the Dow Jones Internet Composite Index<sup>SM</sup>.

The Dow Jones Internet Composite Index<sup>SM</sup>, is a float-adjusted market capitalization weighted index designed to represent the largest and most actively traded stocks of U.S. companies in the Internet industry.

#### *First Trust NYSE Arca Biotechnology ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies in the biotechnology industry, initially the First Trust NYSE<sup>®</sup> Arca<sup>®</sup> Biotechnology Index.

The First Trust NYSE<sup>®</sup> Arca<sup>®</sup> Biotechnology Index is a rules-based equal-dollar weighted index designed to measure the performance of 30 leading biotechnology companies. Biotechnology companies are designated as those classified within the Biotechnology sub-industry group of the ICE Uniform Sector Classification schema.

#### *First Trust Cloud Computing ETF*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies involved in the cloud computing industry, initially the ISE CTA Cloud Computing<sup>TM</sup> Index.

The ISE CTA Cloud Computing<sup>TM</sup> Index is a modified equal weighted index designed to track the performance of companies involved in the cloud computing industry. To be included in the index, a security must be classified as a Cloud Computing company by the Consumer Technology Association.

#### *First Trust Indxx Innovative Transaction and Process ETF*

The First Trust ETF seeks 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 “**Blockchain Index**”) provided by Indxx, LLC, net of expenses. The First Trust ETF will obtain exposure to the Indxx Blockchain Index by investing in the First Trust Indxx Innovative Transaction and Process ETF, a U.S.-listed index ETF which itself seeks to replicate or substantially replicate the performance of the Indxx Blockchain Index. The Indxx Blockchain Index includes securities of companies that are either 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 Blockchain Index seeks to include only companies that have devoted material resources to the use of blockchain technologies.

#### *First Trust Global Risk Managed Income Index ETF*

The NASDAQ Global Risk Managed Income Index<sup>SM</sup> seeks to provide exposure to a risk-managed, globally diversified income portfolio which generates a high yield for the risk taken and consists of liquid, income-bearing ETFs and other exchange traded products across various asset classes.

*First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)*

The First Trust ETF will seek to replicate, to the extent possible, the performance of an index of U.S. companies that have shown dividend consistency and dividend sustainability, initially the Morningstar® Dividend Leaders Index<sup>SM</sup>.

The Morningstar® Dividend Leaders Index<sup>SM</sup> consist of stocks listed on one of the three major exchanges, NYSE, NYSE Amex or Nasdaq, that have shown dividend consistency and dividend sustainability. Real Estate Investment Trusts (REITs) are not included.

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

First Trust Value Line® Dividend Index ETF (CAD-Hedged) seeks to replicate, to the extent possible, the performance of the Value Line Dividend Index on a currency hedged basis (the “**Value Line Index**”), net of expenses.

The Value Line Index is developed by Value Line Publishing LLC (the “**Value Line Index Provider**”) and calculated by ICE Data Indices, LLC as the calculation agent on behalf of the Value Line Index Provider.

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The following table sets forth the current Index, Sector and Index Provider for each First Trust Index ETF:

<b>First Trust ETF</b>	<b>Index</b>	<b>Sector</b>	<b>Index Provider</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	NASDAQ® Clean Edge® Green Energy Index <sup>SM</sup>	Clean Energy Sector	Nasdaq, Inc. and Clean Edge, Inc.
First Trust Indxx NextG ETF	Indxx 5G & NextG Thematic Index <sup>SM</sup>	Wireless Networking Sector	Indxx, LLC
First Trust Nasdaq Cybersecurity ETF	Nasdaq CTA Cybersecurity Index <sup>SM</sup>	Cybersecurity Sector	Nasdaq, Inc.
First Trust Dow Jones Internet ETF	Dow Jones Internet Composite Index <sup>SM</sup>	Internet Sector	S&P Dow Jones Indices LLC
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	StrataQuant® Health Care Index	Health Care Sector	NYSE
First Trust NYSE Arca Biotechnology ETF	First Trust NYSE® Arca® Biotechnology Index	Biotechnology Sector	ICE Data Indices, LLC
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	StrataQuant® Industrials Index	Industrials Sector	NYSE
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	StrataQuant® Technology Index	Technology Sector	NYSE
First Trust Cloud Computing ETF	ISE CTA Cloud Computing™ Index	Cloud Computing Sector	Nasdaq, Inc.
First Trust Indxx Innovative Transaction and Process ETF	Indxx Blockchain Index	Technology Sector	Indxx, LLC
First Trust Global Risk Managed Income Index ETF	NASDAQ Global Risk Managed Income Index <sup>SM</sup>	N/A	NASDAQ, Inc. and Newfound Research LLC
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	Morningstar® Dividend Leaders Index <sup>SM</sup>	U.S. Dividend Paying Equities	Morningstar, Inc.

<b>First Trust ETF</b>	<b>Index</b>	<b>Sector</b>	<b>Index Provider</b>
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	Value Line Dividend Index	U.S. Dividend Paying Equities	Value Line Publishing LLC

Further information about each Index is available on the First Trust web site at [www.firsttrust.ca](http://www.firsttrust.ca).

### ***Investment Objectives of the First Trust Non-Index ETFs***

#### ***First Trust Senior Loan ETF (CAD-Hedged)***

First Trust Senior Loan ETF (CAD-Hedged) seeks to provide Unitholders with a high level of current income by investing primarily in a diversified portfolio of senior floating rate loans and debt securities, with capital appreciation as a secondary objective. First Trust Senior Loan ETF (CAD-Hedged) will primarily invest in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor's, or Ba1 or less by Moody's Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 81-102).

#### ***First Trust Canadian Capital Strength ETF***

First Trust Canadian Capital Strength ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in securities traded on a Canadian exchange or market.

#### ***First Trust International Capital Strength ETF***

First Trust International Capital Strength ETF seeks to provide Unitholders with long term capital appreciation by investing primarily in equity securities of developed market companies, excluding the U.S. and Canada, that are traded on global exchanges, with a focus on fundamental strength and growth.

#### ***First Trust JFL Fixed Income Core Plus ETF***

First Trust JFL Fixed Income Core Plus ETF seeks to provide Unitholders with income and preserve capital by investing at least 75% of the fund's net assets in a diversified portfolio of investment grade Canadian corporate, federal, provincial and municipal bonds.

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

First Trust JFL Global Equity ETF seeks to provide Unitholders with capital appreciation by investing primarily in equity securities of large multinational companies that have demonstrated global leadership in their industry.

## **INVESTMENT STRATEGIES**

### ***Investment Strategies of the First Trust Index ETFs***

The investment strategy of each First Trust Index ETF is to invest in and hold, directly or indirectly, a proportionate share of the Constituent Securities of the applicable Index, or Other Securities, to seek to replicate the performance of such Index. The First Trust ETFs may also hold cash and cash equivalents or other money market instruments to fund current liabilities.

The Manager may use a sampling methodology in selecting investments for the First Trust Index ETFs. As an alternative or in conjunction with investing in and holding Constituent Securities, the First Trust Index ETFs may also invest in Other Securities to obtain exposure to the Constituent Securities of the applicable Index in a manner that is consistent with the investment objective and investment strategy of the First Trust Index ETF.

In the case of (a) the US Sector ETFs (other than First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF) they will obtain exposure to the applicable Index by holding securities of a U.S.-listed index ETF of an affiliate of the Manager (each a “US ETF”) and (b) First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF they may obtain exposure to the applicable Index by holding securities of a U.S. ETF, as outlined below, which replicates or substantially replicates the applicable Index:

<b><u>US Sector ETF</u></b>	<b><u>US ETF</u></b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	First Trust NASDAQ® Clean Edge® Green Energy Index Fund (Nasdaq ticker: QCLN)
First Trust Indxx NextG ETF	First Trust Indxx NextG ETF (Nasdaq ticker: NXTG)
First Trust Nasdaq Cybersecurity ETF	First Trust Nasdaq Cybersecurity ETF (Nasdaq ticker: CIBR)
First Trust Dow Jones Internet ETF	First Trust Dow Jones Internet Index Fund (NYSE Arca ticker: FDN)
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	First Trust Health Care AlphaDEX® Fund (NYSE Arca ticker: FXH)
First Trust NYSE Arca Biotechnology ETF	First Trust NYSE Arca Biotechnology Index Fund (NYSE Arca ticker: FBT)
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	First Trust Industrials/Producer Durables AlphaDEX® Fund (NYSE Arca ticker: FXR)
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	First Trust Technology AlphaDEX® Fund (NYSE Arca ticker: FXL)
First Trust Cloud Computing ETF	First Trust Cloud Computing ETF (Nasdaq ticker: SKYY)
First Trust Indxx Innovative Transaction and Process ETF	First Trust Indxx Innovative Transaction & Process ETF (Nasdaq ticker: LEGR)

Further information about the Constituent Issuers of each First Trust ETF portfolio and Index is available on the First Trust website at [www.firsttrust.ca](http://www.firsttrust.ca).

### ***The Indices***

#### ***StrataQuant® Health Care Index, StrataQuant® Industrials Index and StrataQuant® Technology Index***

According to the Index Provider, the StrataQuant Indices are developed, maintained and sponsored by NYSE, which employs the AlphaDEX™ stock selection methodology to select stocks from the Russell 1000® Index. The Russell 1000® Index measures the performance of large and mid-capitalization sectors of the U.S. equity market that meet certain liquidity thresholds and includes issuers representing approximately 95% of the market capitalization of all publicly-traded U.S. equity securities. In connection with First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF, First Trust Portfolios L.P. has licensed certain rights it has to the AlphaDEX™ stock selection methodology to the Index Provider for use by the Index Provider in constructing the StrataQuant Indices, and the Index Provider has licensed certain rights to use the StrataQuant Indices to First Trust Portfolios L.P., who has sub-licensed such rights to the Manager. The Index Provider constructs the StrataQuant Indices by ranking the stocks which are members of the Russell 1000® Index on growth factors including 3-month, 6-month and 12-month price



appreciation, sales to price and one year sales growth, and then separately on value factors, including, book value to price, cash flow to price and return on assets. All stocks are ranked on the sum of ranks for the growth factors, and separately all stocks are ranked on the sum of ranks for the value factors. A stock must have data for all growth and/or value factors to receive a rank for that style. For stocks comprising the Russell 1000® Index that FTSE Russell has classified solely as growth or value, such stocks will receive the rank for that style as their selection score. For stocks in the Russell 1000® Index that FTSE Russell has allocated between growth and value, such stocks receive the better of their growth or value rank as their selection score. The Index Provider then ranks those stocks contained in each applicable Sector according to their selection score. The greater of the top 75% of the eligible universe or 40 stocks are then selected to make up the applicable StrataQuant Index. If the total number of eligible stocks in the applicable Sector falls below 40, all eligible stocks will be included. The selected stocks of each Index are divided into quintiles based on their rankings. The top ranked quintile receives a top weight of 5/15 (33.3%) of the portfolio with successive quintiles receiving 4/15 (26.7%), 3/15 (20.0%), 2/15 (13.3%) and 1/15 (6.7%) in the StrataQuant Index. The stocks are equally-weighted within each quintile. The StrataQuant Indices will be rebalanced quarterly and the Constituent Issuers in the StrataQuant Indices will be adjusted at that time.

#### *NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup>*

According to the Index Provider, the NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup> (the “**Clean Edge Index**”) is developed, maintained and sponsored by Nasdaq, Inc. and Clean Edge, Inc. (“**Clean Edge**”). The Clean Edge Index is designed to track the performance of small, mid and large capitalization clean energy companies that are publicly traded in the United States. To be eligible for inclusion in the Clean Edge Index, a security must be issued by companies classified, according to Clean Edge, as technology manufacturers, developers, distributors, and/or installers in one of the following sub-sectors as well as meet certain eligibility requirements regarding market capitalization, trading volume and closing price:

- Advanced Materials: nanotech, membranes, silicon, lithium, carbon capture and utilization and other materials and processes that enable clean-energy technologies.
- Energy Intelligence: conservation, automated meter reading, energy management systems, smart grid, superconductors and power controls.
- Energy Storage & Conversion: advanced batteries, hybrid drivetrains, hydrogen, fuel cells for stationary, portable and transportation applications.
- Renewable Electricity Generation & Renewable Fuels: solar photovoltaics, concentrating solar, wind, geothermal, and ethanol, biodiesel, biofuel enabling enzymes.

Securities selected for inclusion in the Clean Edge Index are weighted according to modified market capitalization methodology. The Clean Edge Index’s quarterly rebalance schedule may cause the First Trust ETF to experience a higher rate of portfolio turnover.

#### *Indxx 5G & NextG Thematic Index<sup>SM</sup>*

According to the Index Provider, the Indxx 5G & NextG Thematic Index<sup>SM</sup> (the “**Indxx Index**”) is designed to track the performance of companies that have devoted, or have committed to devote, material resources to the research, development and application of fifth generation (“**5G**”) and next generation digital cellular technologies as they emerge. By utilizing higher frequency radio waves, 5G networks enable significantly increased data rates, reduced latency and high-density connections that were previously unavailable in preceding technological generations.

The equity securities comprising the Indxx Index may include common stock, real estate investment trusts (“**REITs**”) and depositary receipts issued by small, mid and large capitalization companies operating in both developed and emerging market countries. To be eligible for inclusion in the Index, a security must meet certain eligibility requirements regarding market capitalization, trading volume and share price as well as be traded on a global exchange.

The Indxx Index's selection universe excludes all securities issued by companies that do not comprise one of the following two sub-themes: (a) "5G Infrastructure & Hardware" and (b) "Telecommunications Service Providers." Issuers comprising the 5G Infrastructure & Hardware sub-theme include the following companies:

- Data Center REITs: Companies that own and manage facilities used to safely store data and offer a range of products and services to help keep servers and data safe, including providing uninterruptable power supplies, air-cooled chillers and physical security.
- Cell Tower REITs: Companies that own, operate and develop wireless communications and broadcast "cell towers". A cell tower houses the electronic communications equipment along with an antenna to support cellular communication in a network.
- Equipment Manufacturers: Companies that manufacture the equipment that facilitates the development, set-up and operation of the 5G network architecture. This includes fiber optics, semiconductors, chipsets, 5G modems for enhanced bandwidth, hotspot devices, wireless spectrum equipment and other such equipment required to support the 5G domain.
- Network Testing and Validation Equipment and Software Companies: Companies that provide testing and measurement solutions along with quality assurance for equipment manufacturers, mobile phone manufacturers and telecommunications service providers.
- Mobile Phone Manufacturers: Companies that manufacture smartphones and mobile devices that support and enable 5G network access.

Companies comprising the Telecommunications Service Providers sub-theme are those companies that operate the mobile cellular and wireless communication networks that offer public access to 5G networks. All securities issued by companies that do not fall within one of the Indxx Index's identified sub-themes are removed from consideration for inclusion in the Indxx Index. Securities selected for inclusion in the Indxx Index are weighted according to modified market capitalization methodology. The Indxx Index is rebalanced and reconstituted semi-annually.

#### *Nasdaq CTA Cybersecurity Index<sup>SM</sup>*

According to the Index Provider, the Nasdaq CTA Cybersecurity Index<sup>SM</sup> (the "**CTA Index**") includes securities of companies classified as "cybersecurity" companies by CTA. CTA gives the cybersecurity classification to those companies that meet one of three elements: (a) companies focused on developing technologies that are designed and implemented to protect computer and communication networks from attacks and outside unauthorized use; (b) companies involved in the deployment of technologies for cybersecurity industry use including government, private and public corporations, financial institutions and various other industries; or (c) companies focused on the protection of priority data from being accessed and exploited by unauthorized external parties. To be eligible for inclusion in the CTA Index, a security must meet certain eligibility requirements regarding market capitalization, trading volume, minimum free float percentage and be listed on an eligible global exchange. The CTA Index employs a modified liquidity-weighted methodology. The CTA Index is reconstituted semi-annually and rebalanced quarterly. The CTA Index's quarterly rebalance schedule may cause the First Trust ETF to experience a higher rate of portfolio turnover.

#### *Dow Jones Internet Composite Index<sup>SM</sup>*

According to the Index Provider, the Dow Jones Internet Composite Index<sup>SM</sup> (the "**DJ Index**") is designed to measure the performance of the largest and most actively traded securities issued by U.S. companies in the Internet industry. The DJ Index is a composite of its two sub-indices, the Dow Jones Internet Commerce Index and the Dow Jones Internet Services Index, and is composed of securities issued by Internet companies from the two sub-industries represented by these sub-indices: Internet Commerce and Internet Services. For each sub-industry, the sources from which the issuer derives the majority of its sales/revenues are as follows:

- *Internet Commerce.* Online retail, search, financial services, investment products, social media, advertising, travel platforms and Internet radio.
- *Internet Services.* Various services performed via the Internet, cloud computing, enterprise software, networking capabilities, website creation tools and digital marketing platforms.

To be eligible for inclusion in the DJ Index, a security must meet certain eligibility requirements regarding market capitalization, trading volume and share price as well as be listed on a qualifying U.S. securities exchange. Eligible securities are ranked first by three-month average float-adjusted market capitalization (“**FMC**”) and then by three-month average share volume. A final rank is then calculated based on an equally weighted average of the securities market capitalization and volume rankings. Securities selected for inclusion in the DJ Index are weighted according to a rules-based methodology. The DJ Index is rebalanced and reconstituted quarterly. The DJ Index’s quarterly rebalance and reconstitution schedule may cause the First Trust ETF to experience a higher rate of portfolio turnover.

#### *First Trust NYSE® Arca® Biotechnology Index*

According to the Index Provider, the First Trust NYSE® Arca® Biotechnology Index (the “**Biotechnology Index**”) is a rules-based equal-weighted equity index designed to track the performance of 30 leading biotechnology companies that are primarily involved in the use of biological processes to develop products or provide services. Such processes include, but are not limited to, recombinant DNA technology, molecular biology, genetic engineering, monoclonal antibody-based technology, lipid/liposome technology and genomics. To be eligible for inclusion in the Biotechnology Index, a security must meet certain eligibility requirements regarding market capitalization, trading volume, sub-industry group classification based on the ICE Uniform Sector Classification schema as well as be traded on a qualifying U.S. securities exchange. The securities selected for inclusion in the Biotechnology Index are equally weighted. The Biotechnology Index is rebalanced and reconstituted quarterly. The Biotechnology Index’s quarterly rebalance and reconstitution schedule may cause the First Trust ETF to experience a higher rate of portfolio turnover.

#### *ISE CTA Cloud Computing™ Index*

According to the Index Provider, the ISE CTA Cloud Computing™ Index (the “**ISE Index**”) is designed to track the performance of companies involved in the cloud computing industry. To be eligible for inclusion in the ISE Index, a security must be issued by a “cloud computing” company, as classified by the Consumer Technology Association (the “**CTA**”). A security issued by a company engaged in one or more of the activities listed below is determined to be a cloud computing company:

- *Infrastructure-as-a-Service (“IaaS”):* Companies that deliver cloud computing infrastructure – servers, storage, and networks – as an on-demand service.
- *Platform-as-a-Service (“PaaS”):* Companies that deliver a platform for the creation of software in the form of virtualization, middleware, and/or operating systems, which is then delivered over the Internet.
- *Software-as-a-Service (“SaaS”):* Companies that deliver software applications over the Internet enabling other companies to conduct their operations using the application.

In addition to comprising one of the three enumerated categories, a security must meet certain eligibility requirements regarding market capitalization, trading volume, minimum free float percentage, be listed on an ISE Index-eligible exchange and have seasoned for at least three months on an ISE Index-eligible exchange. Securities are selected for inclusion in the ISE Index based on a modified equal weighting/rules-based methodology. The ISE Index is reconstituted and rebalanced quarterly. The ISE Index’s quarterly rebalance and reconstitution schedule may cause the First Trust ETF to experience a higher rate of portfolio turnover.

#### *Indxx Blockchain Index*

The Indxx Blockchain 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 Indxx Blockchain Index seeks to include only companies that have devoted material resources to the use of blockchain technologies. However the Indxx Blockchain Index may contain securities of issuers whose primary business operations are not blockchain related or do not include blockchain related activities.

The Indxx Blockchain Index is owned, developed, maintained and sponsored by Indxx, LLC. Blockchain is a type of distributed ledger, or decentralized database that keeps continuously updated digital records of who owns a particular asset (e.g., cryptocurrency, contracts, information, etc.). It is kept and validated simultaneously by a network of computers, similar to a shared spreadsheet that no one person can change without the agreement of the others. A blockchain is comprised of unchangeable, digitally recorded data in packages called “blocks.” These digitally recorded blocks of data are stored in a linear “chain.” Each block in the chain contains data (e.g., a transaction), that is cryptographically connected to the previous-block in the chain, ensuring all data in the overall “blockchain” has not been tampered with and remains unchanged. Blockchain networks can be private with restricted membership similar to an intranet, or public like the Internet, accessible to any person in the world. The entire chain is continually updated so that every ledger in the network is the same, giving each member the ability to prove who owns what at any given time. Blockchain technology has the potential to increase efficiency for various business processes, including recordkeeping, payment processing and inventory management, among others.

In order to be eligible for inclusion in the Indxx Blockchain Index, a security must meet certain eligibility requirements regarding market capitalization, trading volume and frequency of trades, minimum free float percentage, trading price and exposure to blockchain technology or potential to benefit from increased process efficiency.

From the eligible universe, each company is assigned to a tier based on three categories of exposure: (i) Tier 1 – Active Enablers – companies that are actively developing blockchain technology products or systems for their own use and for sale and support to other companies; companies that are direct service providers for blockchain technology; or, companies that have business models that rely on delivering products or services that utilize blockchain technology; (ii) Tier 2 – Active Users – companies that are using blockchain technology which is generally supported by an Active Enabler; or, companies that have at least one use or test case implementing blockchain technology and (iii) Tier 3 – Active Explorers – companies that have been publicly disclosed as being active in exploring the incorporation of blockchain technology into their business; or, companies that have a press release on their website or a news article stating that they have started working in the blockchain technology space. Companies assigned to Tiers 1 and 2 are eligible for inclusion in the Index and weighted according to modified market capitalization methodology. The Indxx Index is rebalanced semi-annually in March and September of each year.

First Trust Indxx Innovative Transaction and Process ETF and First Trust Indxx Innovative Transaction & Process ETF will not themselves hold cryptocurrencies or crypto-assets or be involved in mining them.

#### *NASDAQ Global Risk Managed Income Index<sup>SM</sup>*

According to the Index Provider, the NASDAQ Global Risk Managed Income Index<sup>SM</sup> seeks to provide a risk-managed globally diversified income portfolio which generates a high yield for the risk taken and consists of liquid, income-bearing ETFs and other exchange traded products across various asset classes. First Trust Global Risk Managed Income Index ETF may also hold cash and cash equivalents or other money market instruments to fund current liabilities. The NASDAQ Global Risk Managed Income Index<sup>SM</sup> is a rules-based, quantitatively enabled index that seeks to provide exposure to income generating securities within a risk managed framework by investing in ETFs. To be eligible for inclusion in NASDAQ Global Risk Managed Income Index<sup>SM</sup>, a security must be an index participation unit of a fixed income or equity ETF listed on the TSX that meets certain eligibility requirements regarding the value of assets under management in the four weeks preceding each weekly reconstitution reference date. To manage risk, each potential ETF security is evaluated by the Index Provider’s proprietary dynamic, volatility-adjusted momentum models to measure the rate of acceleration of each security’s price following which each ETF security’s yield is measured against its respective risk profile. Securities selected for inclusion in the NASDAQ Global Risk Managed Income Index<sup>SM</sup> are weighted according to a rules-based methodology. The NASDAQ Global Risk Managed Income Index<sup>SM</sup> is rebalanced and adjusted periodically when the Index varies from target weightings.

### *Morningstar® Dividend Leaders Index<sup>SM</sup>*

According to the Index Provider, the Morningstar® Dividend Leaders Index<sup>SM</sup> (the “**Morningstar Index**”) is designed to measure the performance of the 100 highest-yielding stocks that have a consistent record of dividend payment and have the ability to sustain their dividend payments. The securities comprising the Morningstar US Market Index<sup>SM</sup> (the “**Base Index**”) serve as a First Trust ETF’s selection universe. To be eligible for inclusion in the Base Index, a security must be listed on a qualifying U.S. securities exchange and be issued by a company incorporated in the United States or its territories and whose primary stock market activities are carried out in the United States. Securities issued by companies incorporated outside the United States and its territories may nonetheless be included in the Base Index if the company files a Form 10-K/10-Q or equivalents, and its primary business activities, as measured by the geographic distribution of revenue and assets, are conducted in the United States. The Base Index also excludes securities with more than 10 non-trading days in the prior quarter and those securities not ranked in the top 75% of the companies in the investable universe based on liquidity score, which is the average of a security’s rank on each of the following measures: (a) average monthly trading volume in U.S. dollars during the six calendar months immediately before reconstitution or, in the case of corporate entities younger than six months, since the security was first issued; and (b) the security’s lowest two months’ total trading volume during the six calendar months immediately before reconstitution (the months need not be sequential). From this universe, the Morningstar Index further excludes any securities issuing dividend payments that do not constitute qualifying income (i.e., REITs). The Morningstar Index also excludes securities issued by companies with a five-year indicated dividend per share growth of less than zero and a coverage ratio of less than one. A security’s coverage ratio equals its one-year forecast of earnings per share divided by its indicated dividend per share. All remaining securities are then ranked by indicated dividend yield and the top 100 securities are selected for inclusion in the Morningstar Index. The Morningstar Index weights the component securities based upon an indicated dividend dollar weighted methodology. The Morningstar Index is rebalanced quarterly and reconstituted annually. The Morningstar Index’s quarterly rebalance schedule may cause the First Trust ETF to experience a higher rate of portfolio turnover.

### *Value Line Index*

The investment strategy of First Trust Value Line® Dividend Index ETF (CAD-Hedged) is to invest in and hold a proportionate share of the Constituent Securities of the Value Line Index, or Other Securities (as defined herein) including ETFs, mutual funds or other public investment funds or derivative instruments, to seek to replicate the performance of the Value Line Index. First Trust Value Line® Dividend Index ETF (CAD-Hedged) may also hold cash and cash equivalents or other money market instruments to fund current liabilities.

As an alternative or in conjunction with investing in and holding Constituent Securities, First Trust Value Line® Dividend Index ETF (CAD-Hedged) may also invest in Other Securities to obtain exposure to the Constituent Securities of the Value Line Index in a manner that is consistent with the investment objective and investment strategy of the First Trust ETF.

First Trust Value Line® Dividend Index ETF (CAD-Hedged) may also obtain exposure to the Index by holding securities of a U.S.-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 Value Line Index.

The Value Line Index is a modified equal-dollar weighted index comprised of U.S. exchange-listed securities of companies that pay above-average dividends and have potential for capital appreciation. The Value Line 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 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 Value Line Index is equally

weighted and rebalanced on a monthly basis. The Value Line Index's monthly rebalance and reconstitution schedule may cause the First Trust ETF to experience a higher rate of portfolio turnover.

#### *Change in the Index*

The Manager may, subject to any required Unitholder approval, change the Index of a First Trust Index ETF or of First Trust Value Line® Dividend Index ETF (CAD-Hedged) to another index that provides investors with substantially the same exposure to the asset class to which the First Trust ETF is currently exposed. If the Manager changes the Index of a First Trust ETF, or any index replacing such index, the Manager will issue a press release identifying the new index, describing its constituent securities and specifying the reasons for the change in the index.

#### *Termination of an Index or License Agreement*

The Index Provider calculates, determines and maintains the Indices. In the event that the Index Provider ceases to calculate one of the Indices or the applicable License Agreement is terminated, the Manager may terminate the applicable First Trust Index ETF First Trust Value Line® Dividend Index ETF (CAD-Hedged) or on 60 days' notice, change the investment objective of the First Trust ETF, base the First Trust ETF on an alternative index or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of such First Trust ETF in the circumstances.

#### *Use of the Indices*

The Manager and the applicable First Trust ETFs are permitted to use the Indices pursuant to the License Agreements described below under "Material Contracts – License Agreements". The Manager and the First Trust ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of the Index or any data included in the Indices.

#### ***Investment Strategies of First Trust Non-Index Strategies***

The investment strategy of each First Trust Non-Index ETF is to invest in and hold a portfolio of securities selected by the Manager or the Sub-Advisor, as applicable, in order to achieve its investment objectives. The First Trust ETFs may also hold cash and cash equivalents or other money market instruments to meet their current obligations.

#### *First Trust Senior Loan ETF (CAD-Hedged)*

The investment strategy of First Trust Senior Loan ETF (CAD-Hedged) is to obtain exposure to a portfolio of Senior Loans (as defined below) which are generally rated at or below BB+ by Standard & Poor's, or Ba1 or less by Moody's Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 81-102) and debt securities by holding securities of First Trust Senior Loan Fund, a U.S. listed exchange-traded fund (for the purposes of this section, the "**Senior Loan U.S. Fund**"). First Trust Senior Loan ETF (CAD-Hedged) will generally seek to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar.

The primary investment objective of the Senior Loan U.S. Fund is to provide high current income and its secondary investment objective is preservation of capital. The Senior Loan U.S. Fund seeks to achieve its investment objectives by investing in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor's, or Ba1 or less by Moody's Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 81-102) and debt securities.

The Senior Loan U.S. Fund's primary performance benchmark is the Morningstar® LSTA® U.S. Leveraged Loan Index. Under normal market conditions, the Senior Loan U.S. Fund invests at least 80% of its net assets in Senior Loans. "**Senior Loan**" means a first lien senior floating rate bank loan being an advance or commitment of funds made by one or more banks or similar financial institutions to one or more corporations, partnerships or other business entities which typically pays interest at a floating or adjusting rate that is determined periodically at a designated premium above a base lending rate, such as SOFR or the prime rate offered by one or more major U.S. banks. A Senior

Loan is considered senior to all other unsecured claims against the borrower, senior to or equal with all other secured claims, meaning that in the event of a bankruptcy of the borrower the Senior Loan, together with other first lien claims, is entitled to be the first to be repaid out of proceeds of the assets securing the loans, before other existing unsecured claims or interests receive repayment. However, in bankruptcy proceedings, there may be other claims, such as taxes or additional advances that take precedence.

The Senior Loan U.S. Fund will pursue its objectives by seeking Senior Loans that the Portfolio Advisor believes exhibit the best combination of attractive fundamental credit characteristics and relative value within the senior loan market. The Portfolio Advisor seeks to assemble a well-diversified portfolio that includes loans of issuers with strong credit metrics, including strong cash flows and effective management teams. The Senior Loan U.S. Fund may invest in floating rate loans of companies whose financial condition is troubled or uncertain and that may be involved in bankruptcy proceedings, reorganizations or financial restructurings.

The Senior Loan U.S. Fund may also invest up to 20% of its net asset value in (a) non-Senior Loan debt securities, which may be fixed-rate or floating-rate income-producing securities, (b) warrants, U.S. and non-U.S. equity and equity-like positions and interests and/or (c) securities of other investment funds or investment companies. In addition, the Senior Loan U.S. Fund may invest up to 15% of its net assets in Senior Loans and/or other floating rate loans that are distressed or in default.

#### *First Trust Canadian Capital Strength ETF*

To achieve its investment objectives, First Trust Canadian Capital Strength 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 First Trust Canadian Capital Strength ETF include common shares of public companies that are traded on a Canadian exchange or market.

First Trust Canadian Capital Strength ETF uses a multi-step quantitative selection process to identify its investible universe of securities, and fundamental analysis to make 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 identifying 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 First Trust Canadian Capital Strength 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.

At the Portfolio Advisor's discretion, First Trust Canadian Capital Strength ETF may hold positions in securities that no longer meet the selection criteria of First Trust Canadian Capital Strength ETF described above. This may occur due to certain considerations, including, but not limited to, portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

#### *First Trust International Capital Strength ETF*

To achieve its investment objectives, First Trust International Capital Strength ETF will primarily invest in securities of developed market companies, excluding the U.S. and Canada that are included in the Nasdaq DM ex-US

Index, with a focus on fundamental strength and growth. Securities invested in by the First Trust ETF include common shares of public companies and ADRs, GDRs and EDRs that are traded on global exchanges or markets.

First Trust International Capital Strength 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 identifying securities of issuers that, primarily, are traded on global exchanges or markets.

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 First Trust International Capital Strength ETF. The Portfolio Advisor then uses fundamental analysis to select securities that meet First Trust International Capital Strength 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.

At the Portfolio Advisor's discretion, First Trust International Capital Strength ETF may hold positions in securities that no longer meet the selection criteria of First Trust International Capital Strength ETF described above. This may occur due to certain considerations, including, but not limited to, portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

#### *First Trust JFL Fixed Income Core Plus ETF*

To achieve its investment objectives, First Trust JFL Fixed Income Core Plus ETF invests at least 75% of the fund's net assets in a diversified portfolio of investment grade (at the time of purchase, as rated by a designated rating organization) Canadian dollar denominated corporate, federal, provincial and municipal bonds. First Trust JFL Fixed Income Core Plus ETF may also invest up to 25% of the fund's net assets in non-investment grade corporate bonds (at the time of purchase, as rated by a designated rating organization), high yield bonds, developed international bonds, emerging market bonds, preferred shares and convertible bonds of North American and/or international issuers. In the event that First Trust JFL Fixed Income Core Plus ETF invests in a security which is unrated at the time of purchase the Manager may assign such rating to the security as it deems appropriate. The First Trust JFL Fixed Income Core Plus ETF will not invest: (a) more than 30% of its net assets in bonds of non-Canadian issuers, (b) more than 10% of its net assets in unhedged foreign bonds, (c) more than 10% of its net assets in single corporate issuers, (d) more than 5% of its net assets in equity securities and (e) more than 5% of its net assets in bonds rated "CCC" or below by a designated rating organization.

Eligible securities are selected through rigorous fundamental analysis of each issuer by the Sub-Advisor's in-house research team with a focus on (a) safety of principal and income, (b) optimization of yield and (c) conservative duration management (meaning a duration of plus or minus 3 years from the average duration of the securities in the benchmark). A valuation and business cycle macro approach is also utilized to manage the overall risk profile of First Trust JFL Fixed Income Core Plus ETF.

The Sub-Advisor uses a top-down process employing fundamental economic analysis in order to determine policy duration and allocation. Portfolio yield is optimized by yield curve positioning and by emphasizing high-quality non-cyclical corporate bonds. The Sub-Advisor will also consider (a) outlook for economic growth and inflation, (b) budget, (c) trade deficit performance and (d) the current and forecast shape of the yield curve. Issuer risk is controlled through portfolio diversification and rigorous credit research by the Sub-Advisor's inhouse team. The Sub-Advisor attempts to minimize interest rate volatility by trading within a defined conservative duration range.



At the Sub-Advisor's discretion, First Trust JFL Fixed Income Core Plus ETF may hold positions in securities that no longer meet the selection criteria of the fund. This may occur due to special situations or after other considerations, including portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

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

To achieve its investment objectives, First Trust JFL Global Equity ETF primarily invests in equity securities of large multinational corporations that have demonstrated leadership in their industry. The Sub-Advisor primarily targets international companies that benefit from exposure to economies typically growing at a rate higher than the global gross domestic product (GDP). Emphasis is on non-cyclical companies that have a competitive advantage in their industry. First Trust JFL Global Equity ETF will not invest more than 20% of its net assets in securities of issuers located in emerging markets.

The Sub-Advisor uses a bottom-up security selection process as well as rigorous fundamental analysis and extensive management interviews in selecting securities for First Trust JFL Global Equity ETF's portfolio. In doing so, the Sub-Advisor focuses on building a portfolio of higher-quality companies with the aim of providing long-term outperformance with lower risk compared to its benchmark. The Sub-Advisor's inhouse research team will apply the following key factors when selecting securities for the First Trust JFL Global Equity ETF's portfolio (a) a company's competitive position, (b) the quality and ethics of the company's management team, (c) a company's financial strength and (d) the company's valuation (relative to historical ranges, sector outlooks and industry/company specific factors).

At the Sub-Advisor's discretion, First Trust JFL Global Equity ETF may hold positions in securities that no longer meet the selection criteria of the fund. This may occur due to special situations or after other considerations, including portfolio turnover or ensuring compliance with applicable Canadian securities legislation.

#### **Use of Derivative Instruments**

The First Trust ETFs may invest in derivative instruments provided that the investment in such derivative instruments is in compliance with applicable Canadian securities legislation and is consistent with the investment objective and investment strategy of the applicable First Trust ETF.

Certain First Trust ETFs hedge foreign currency exposure and may employ financial derivatives instruments for the purposes of hedging. Details of the risks associated with derivative instruments are set out in the section entitled "Risk Factors".

In accordance with applicable securities legislation, including NI 81-102, and as an alternative to or in conjunction with investing in and holding the Constituent Securities, the First Trust ETFs may also invest in other securities, in a manner that is consistent with the investment objective and investment strategy of the First Trust ETFs.

#### **Investments in Other Investment Funds**

In accordance with applicable securities legislation, including NI 81-102, (a) First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) each invest directly in an underlying fund as its investment strategy and (b) the First Trust ETFs (other than First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)) may as an alternative to or in conjunction with investing in and holding the Constituent Securities, invest in Other Securities in a manner that is consistent with the investment objectives and investment strategies of the First Trust ETF. In either case, there shall be no duplication of management fees chargeable in connection with Constituent Securities held indirectly by a First Trust ETF through investments in other investment funds. In the event that a First Trust ETF invests in another investment fund to obtain exposure to Constituent Securities indirectly, and the management fee payable by the other fund is higher than that of the First Trust ETF, the First Trust ETF will pay

the higher management fee on the portion of the First Trust ETF's assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate thereof.

### **Securities Lending**

A First Trust ETFs may, in compliance with NI 81-102, lend securities to securities borrowers acceptable to it in order to earn additional income for the First Trust ETF pursuant to the terms of a securities lending agreement between the First Trust ETF and a securities lending agent under which: (a) the borrower will pay to the First Trust ETF a negotiated securities lending fee and will make compensation payments to the First Trust ETF equal to any distributions received by the borrower on the securities borrowed; (b) the securities loans qualify as "securities lending arrangements" for the purposes of the Tax Act; and (c) the First Trust ETF will receive collateral security equal to at least 102% of the value of the portfolio securities loaned. The securities lending agent for a First Trust ETF will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

### **Foreign Currency Hedging**

None of the First Trust Index ETFs other than First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF, in respect of the Hedged Units of such First Trust ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) and First Trust Value Line® Dividend Index ETF (CAD-Hedged) will seek to hedge their foreign currency exposure back to the Canadian dollar.

The First Trust Non-Index ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) will generally seek to hedge substantially all of their U.S. dollar currency exposure back to the Canadian dollar. Any exposure such First Trust ETFs may have to other foreign currencies will not be hedged back to the Canadian dollar.

First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF will be exposed to securities traded in foreign currencies and may, in the Sub-Advisor's discretion, enter into currency hedging transactions to reduce the effects of changes in the value of foreign currencies relative to the value of the Canadian dollar.

For those First Trust ETFs that hedge their U.S. dollar currency exposures, the distributions on investments held in the portfolio of such First Trust ETFs, may not be hedged at any time and, accordingly, no assurance can be given that the First Trust ETF will not be adversely impacted by changes in foreign exchange rates. See "Risk Factors – General Risks Relating to an Investment in the First Trust ETFs – Foreign Currency Exposure".

### **Rebalancing and Adjustment**

The US Sector ETF Indices (except for Indxx 5G & NextG Thematic Index<sup>SM</sup> and Indxx Blockchain Index) and Morningstar® Dividend Leaders Index<sup>SM</sup> will be rebalanced and adjusted quarterly, Indxx 5G & NextG Thematic Index<sup>SM</sup> and Indxx Blockchain Index will be rebalanced and adjusted semi-annually, NASDAQ Global Risk Managed Income Index<sup>SM</sup> will be rebalanced and adjusted periodically when the Index varies from target weightings and First Trust Value Line® Dividend Index ETF (CAD-Hedged) will rebalance and reconstitute its portfolio on a monthly basis.

The portfolios of the First Trust Index ETFs (other than those reference in the foregoing paragraph), or the underlying funds in which they invest, as applicable, will then be rebalanced and adjusted following such adjustment to the Indices by the Portfolio Advisor.

The portfolio holdings of the First Trust Non-Index ETFs may be reconstituted and rebalanced at the discretion of the Portfolio Advisor. Between rebalancing dates, the allocation between each of the Constituent Securities will change due to market movement and the Portfolio Advisor will typically not reallocate, include or exclude issuers from a First Trust ETF's portfolio until its next rebalance date.

### **Action on Index Rebalancing or Portfolio Adjustment**

On a rebalancing: (a) Units of a First Trust ETF may be issued, and/or cash may be paid, to a Dealer in consideration for Constituent Securities to be acquired by the First Trust ETF and/or cash as determined by the Portfolio Advisor; and (b) Units held by a Dealer may be exchanged in consideration for those securities that the Portfolio Advisor determines should be sold by the First Trust ETF and/or cash, as determined by the Portfolio Advisor. Generally, such transactions may be implemented by a transfer of Constituent Securities to the First Trust ETF from a Dealer and a transfer of those securities that the Portfolio Advisor determines should be sold by the First Trust ETF to the Dealer.

When the Index of a First Trust Index ETF is adjusted as a result of a special dividend, the First Trust ETF shall issue such additional Units in consideration for the additional Constituent Securities of the applicable Constituent Issuer as the Manager or Portfolio Advisor may stipulate. Special dividends will generally not have an effect on the replication of the weighting of such Constituent Security in the Index by the First Trust ETF.

### **Take-over Bids for Constituent Issuers**

If a take-over bid (including an issuer bid) is made for a Constituent Issuer, the Portfolio Advisor, in its discretion, may or may not cause a First Trust ETF to tender securities of such Constituent Issuer. If securities are tendered by a First Trust ETF, they may or may not be taken up under the bid. If a take-over bid is successful, the Constituent Issuer may no longer qualify for inclusion in the applicable portfolio and may be removed from the relevant portfolio, in which case any securities of the Constituent Issuer still held by the relevant First Trust ETF will be disposed of by the First Trust ETF to one or more Dealers as described above under “Action on Index Rebalancing or Portfolio Adjustment”.

If a First Trust ETF tenders securities under a take-over bid and they are taken up but the Constituent Issuer is not taken out of the applicable portfolio, the First Trust ETF will use the proceeds received from tendering to the take-over bid to purchase securities of the Constituent Issuer to replenish the Baskets of Securities held by that First Trust ETF. If the proceeds are not sufficient for this purpose, the First Trust ETF will purchase the necessary securities from the Dealer in return for the issue of the appropriate number of Units. If the proceeds received by the First Trust ETF under a take-over bid are more than sufficient to purchase replacement securities where the Constituent Issuer is not removed from the applicable portfolio, the surplus will be used, first, to pay expenses of the First Trust ETF, and then any remaining amounts will be distributed to Unitholders.

Any proceeds received by a First Trust ETF in a form other than cash as a result of a sale of Constituent Securities to a person other than a Dealer will be delivered to a Dealer and, if so determined by the Portfolio Advisor, the Dealer may subscribe for Units of the First Trust ETF in exchange for such non-cash proceeds, provided that the purchase price for such Units shall not exceed the value of such non-cash proceeds received by the First Trust ETF on the sale of Constituent Securities to such person or such other amount as the First Trust ETF and the Dealer shall agree.

After a tender of securities by a First Trust ETF, a Unitholder exchanging Units for Baskets of Securities as described below under “Redemption and Exchange of Units – Exchange of Units for Baskets of Securities” will be entitled to receive the applicable portion of the proceeds received by the First Trust ETF for securities taken up under the bid or, if the securities are not taken up, the applicable portion of those securities when they are returned to that First Trust ETF.

### **Cash and Cash Equivalents**

Each of First Trust Senior Loan ETF (CAD-Hedged), First Trust Canadian Capital Strength ETF, First Trust International Capital Strength ETF, First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF may not be fully invested at all times and may depart from their principal investment strategies and invest part or all of its assets in cash or cash equivalents for defensive purposes and during periods of high cash inflows or outflows. During such periods, First Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Fixed Income Core Plus ETF or First Trust JFL Global Equity ETF, as applicable, may not be able to achieve its investment objectives. First

Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF may adopt a defensive strategy when the Portfolio Advisor or the Sub-Advisor, as the case may be, believes securities in which First Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Fixed Income Core Plus ETF or First Trust JFL Global Equity ETF, as applicable, would normally invest have elevated risks due to political or economic factors and in other extraordinary circumstances.

## **OVERVIEW OF THE SECTORS IN WHICH THE FIRST TRUST ETFS INVEST**

Each US Sector ETF provides exposure to a specific sector of the industry, as described below:

- The First Trust NASDAQ® Clean Edge® Green Energy ETF provides exposure to securities of small, mid and large capitalization clean energy companies, by seeking to replicate the NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup>.
- The First Trust Indxx NextG ETF provides exposure to securities of companies that have devoted, or have committed to devote, material resources to the research, development and application of fifth generation and next generation digital cellular technologies as they emerge, by seeking to replicate the Indxx 5G & NextG Thematic Index<sup>SM</sup>.
- The First Trust Nasdaq Cybersecurity ETF provides exposure to securities of companies engaged in the cybersecurity segment of the technology and industrials sectors, by seeking to replicate the Nasdaq CTA Cybersecurity Index<sup>SM</sup>. It includes companies primarily involved in the building, implementation, and management of security protocols applied to private and public networks, computers, and mobile devices in order to provide protection of the integrity of data and network operations.
- The First Trust Dow Jones Internet ETF provides exposure to securities of the largest and most actively traded securities issued by U.S. companies in the Internet industry, by seeking to replicate the Dow Jones Internet Composite Index<sup>SM</sup>.
- The First Trust AlphaDEX<sup>TM</sup> U.S. Health Care Sector Index ETF provides exposure to securities of healthcare companies, which are involved in medical services or health care, including biotechnology research and production, drugs and pharmaceuticals and health care facilities and services, by seeking to replicate the StrataQuant® Health Care Index.
- The First Trust NYSE Arca Biotechnology ETF provides exposure to securities of a cross section of small, mid and large capitalization companies in the biotechnology industry that are primarily involved in the use of biological processes to develop products or provide services, by seeking to replicate the First Trust NYSE® Arca® Biotechnology Index.
- The First Trust AlphaDEX<sup>TM</sup> U.S. Industrials Sector Index ETF and the invests in the securities of industrials companies, which produce electrical equipment and components, industrial products, manufactured housing and telecommunications equipment, by seeking to replicate the StrataQuant® Industrials Index.
- The First Trust AlphaDEX<sup>TM</sup> U.S. Technology Sector Index ETF provides exposure to securities of technology companies, which are involved in the electronics and computer industries or that manufacture products based on the latest applied science, by seeking to replicate the StrataQuant® Technology Index.
- The First Trust Cloud Computing ETF provides exposure to securities of companies involved in the cloud computing industry by seeking to replicate the ISE CTA Cloud Computing<sup>TM</sup> Index.
- The First Trust Indxx Innovative Transaction and Process ETF generally provides exposure to common shares and depositary receipts of innovative transaction and process technology companies by seeking to replicate the Indxx Blockchain Index.

#### *First Trust Global Risk Managed Income Index ETF*

First Trust Global Risk Managed Income Index ETF generally provides exposure to equity and fixed income ETFs listed on the TSX, by seeking to replicate the NASDAQ Global Risk Managed Income Index<sup>SM</sup>. The NASDAQ Global Risk Managed Income Index<sup>SM</sup> is an index created and administered by NASDAQ, Inc. and Newfound Research LLC, which is comprised of ETFs that hold Canadian short and long term government and corporate bonds, Canadian preferred shares, Canadian convertible securities, Canadian real estate investment trusts, Canadian equities including dividend stocks, global dividend stocks, global real estate investment trusts, emerging market bonds and U.S. high yield bonds.

#### *First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)*

First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) generally provides exposure to U.S. companies that have shown dividend consistency and dividend sustainability by seeking to replicate the Morningstar® Dividend Leaders Index<sup>SM</sup>.

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

First Trust Value Line® Dividend Index ETF (CAD-Hedged) generally provides exposure to U.S. exchange-listed equity securities of companies that pay above-average dividends and have potential for capital appreciation. See “Investment Objectives – First Trust Value Line® Dividend Index ETF (CAD-Hedged)”.

#### *First Trust Senior Loan ETF (CAD-Hedged)*

First Trust Senior Loan ETF (CAD-Hedged) invests in senior floating rate loans and high yield debt securities. A senior loan is a loan from a bank or financial institution to a corporation or other business entity as borrower. Senior loans typically pay interest at a floating or adjustable rate determined periodically at a premium to a base lending rate and may be secured or unsecured. See “Investment Objectives – First Trust Senior Loan ETF (CAD-Hedged)”.

#### *First Trust Canadian Capital Strength ETF*

First Trust Canadian Capital Strength ETF invests in common shares of issuers traded on a Canadian exchange or market. See “Investment Objectives – First Trust Canadian Capital Strength ETF”.

#### *First Trust International Capital Strength ETF*

First Trust International Capital Strength ETF invests in common shares of public companies and ADRs, GDRs and EDRs of developed market companies, excluding the U.S. and Canada, that are traded on global exchanges or markets. See “Investment Objectives – First Trust International Capital Strength ETF”.

#### *First Trust JFL Fixed Income Core Plus ETF*

First Trust JFL Fixed Income Core Plus ETF invests at least 75% of the fund’s net assets in a diversified portfolio of investment grade Canadian dollar denominated corporate, federal, provincial and municipal bonds. First Trust JFL Fixed Income Core Plus ETF may also invest up to 25% of the fund’s net assets in non-investment grade corporate bonds, high yield bonds, developed international bonds, emerging market bonds, preferred shares and convertible bonds of North American and/or international issuers. See “Investment Objectives – First Trust JFL Fixed Income Core Plus ETF”.

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

First Trust JFL Global Equity ETF primarily invests in equity securities of large multinational corporations that have demonstrated leadership in their industry with a focus on (a) a company’s competitive position, (b) the quality and ethics of the company’s management team, (c) a company’s financial strength and (d) the company’s

valuation (relative to historical ranges, sector outlooks and industry/company specific factors). See “Investment Objectives – First Trust JFL Global Equity ETF”.

## INVESTMENT RESTRICTIONS

The First Trust ETFs are subject to certain restrictions and practices contained in Canadian securities legislation. The First Trust ETFs are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities. See “Exemptions and Approvals”. A change to the fundamental investment objective of a First Trust ETF would require the approval of the Unitholders of that First Trust ETF. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

## FEES AND EXPENSES

### Management Fees

Each First Trust ETF will pay the Manager a management fee as set forth in the table below based on the average daily NAV of the applicable First Trust ETF. The management fee, plus applicable taxes including HST, will be accrued daily and paid monthly in arrears. The Manager is responsible for providing managerial, administrative and compliance services to the First Trust ETFs. See “Organization and Management Details – The Trustee, Manager and Promoter – Duties and Services to be provided by the Trustee, Manager and Promoter” for a description of the services provided by the Manager. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

<b>First Trust ETF</b>	<b>Class of Units</b>	<b>Annual Management Fee (%)</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	Units	0.15% of NAV of the Units
First Trust Indxx NextG ETF	Units	0.15% of NAV of the Units
First Trust Nasdaq Cybersecurity ETF	Units	0.15% of NAV of the Units
First Trust Dow Jones Internet ETF	Units	0.15% of NAV of the Units
First Trust Dow Jones Internet ETF	Hedged Units	0.15% of NAV of the Hedged Units
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	Units	0.70% of NAV of the Units
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	Hedged Units	0.70% of NAV of the Hedged Units
First Trust NYSE Arca Biotechnology ETF	Units	0.15% of NAV of the Units
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	Units	0.70% of NAV of the Units
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	Hedged Units	0.70% of NAV of the Hedged Units
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	Units	0.70% of NAV of the Units
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	Hedged Units	0.70% of NAV of the Hedged Units

<b>First Trust ETF</b>	<b>Class of Units</b>	<b>Annual Management Fee (%)</b>
First Trust Cloud Computing ETF	Units	0.15% of NAV of the Units
First Trust Indxx Innovative Transaction and Process ETF	Units	0.15% of NAV of the Units
First Trust Global Risk Managed Income Index ETF	Units	0.60% of NAV of Units
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	Units	0.15% of NAV of the First Trust ETF
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	Units	0.70% of NAV of the First Trust ETF
First Trust Senior Loan ETF (CAD-Hedged)	Units	0.15% of NAV of the First Trust ETF
First Trust Canadian Capital Strength ETF	Units	0.60% of NAV of the First Trust ETF
First Trust International Capital Strength ETF	Units	0.70% of NAV of the First Trust ETF
First Trust JFL Fixed Income Core Plus ETF	Units	0.70% of NAV of the First Trust ETF <sup>(1)</sup>
First Trust JFL Global Equity ETF	Units	0.85% of NAV of the First Trust ETF

**Note:**

- (1) The Current net annual management fee of 0.60%. The Manager has agreed to waive a portion of the management fee equal to 0.10% of average daily net assets of the First Trust ETF however the Manager is under no obligation to waive any portion of the management fee and may in its discretion, discontinue or alter this practice at any time.

The following First Trust ETFs expect to obtain exposure to the applicable Index or the Constituent Securities, as applicable, by investing all or substantially all of the First Trust ETF's assets in a U.S.-listed ETF of an affiliate of the Manager, as outlined below. Accordingly, the First Trust ETFs listed below will also bear the management fees and, if applicable, other fund expenses, associated with the underlying funds in which they invest.

<b>First Trust ETF</b>	<b>Underlying Fund</b>	<b>Management Fee of Underlying Fund</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	First Trust NASDAQ® Clean Edge® Green Energy Index Fund	0.40% of net asset value
First Trust Indxx NextG ETF	First Trust Indxx NextG ETF	0.70% of net asset value
First Trust Nasdaq Cybersecurity ETF	First Trust Nasdaq Cybersecurity ETF	0.60% of net asset value
First Trust Dow Jones Internet ETF	First Trust Dow Jones Internet Index Fund	0.40% of net asset value
First Trust NYSE Arca Biotechnology ETF	First Trust NYSE Arca Biotechnology Index Fund	0.40% of net asset value
First Trust Cloud Computing ETF	First Trust Cloud Computing ETF	0.60% of net asset value
First Trust Indxx Innovative Transaction and Process ETF	First Trust Indxx Innovative Transaction & Process ETF	0.65% of net asset value

First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	First Trust Morningstar Dividend Leaders Index Fund	0.30% of net asset value
First Trust Senior Loan ETF (CAD-Hedged)	First Trust Senior Loan Fund	0.85% of net asset value

In the event that a First Trust ETF invests portfolio assets in another investment fund to obtain exposure to Constituent Securities, the First Trust ETF will pay the other fund's management fee on the portion of the First Trust ETF's portfolio assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager. The management fee payable to the Manager will not be payable in respect of the portion of the First Trust ETF portfolio assets invested in the other fund to the extent that such fee would be duplicative.

## **Operating Expenses**

In addition to the payment of the management fee, each First Trust ETF is responsible for the costs and expenses incurred in complying with NI 81-107 (including any expenses related to the implementation and on-going operation of an independent review committee), brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, the costs of complying with any new governmental or regulatory requirement introduced after the First Trust ETF was established and extraordinary expenses and, in the discretion of the Manager, any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in the First Trust ETFs. The Manager is responsible for all other costs and expenses of the First Trust ETFs, including fees payable to the Portfolio Advisor, Sub-Advisor (if applicable), Custodian, Valuation Agent and Registrar and Transfer Agent and fees payable to other service providers retained by the Manager. See "Organization and Management Details – The Trustee, Manager and Promoter – Duties and Services to be Provided by the Trustee, Manager and Promoter".

## **RISK FACTORS**

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units.

### **General Risks Relating to an Investment in the First Trust ETFs**

There are certain general risks inherent in an investment in the First Trust ETFs, either directly, in the case of a First Trust ETF that invests directly in portfolio securities and/or indirectly in the case of a First Trust ETF that obtains exposure to portfolio securities through investment in an underlying fund. These risk factors include the following:

#### ***Equity Investment and Market Risk***

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. War, acts of terrorism, spread of infectious diseases or other public health issues, recessions, or other events may also lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

The ongoing adversarial political climate in the U.S., as well as political and diplomatic events both in North America and internationally, have and may continue to have an adverse impact on the North American regulatory landscape, markets and investor behavior, which could have a negative impact on the Fund's investments and operations. The change in administration resulting from the 2024 U.S. national elections could result in significant impacts to U.S. international trade relations, tax and immigration policies, and other aspects of the U.S. national and international political and financial landscape, which could affect, among other things, inflation and the securities markets in North America. Other unexpected political, regulatory and diplomatic events both in North American and around the world may affect investor and consumer confidence and may adversely impact financial markets and the broader economy. For example, ongoing armed conflicts between Russia and Ukraine in Europe and among Israel,



Iran, Hamas and other militant groups in the Middle East, have caused and could continue to cause significant market disruptions and volatility within the markets in Russia, Europe, the Middle East and North America. The hostilities and sanctions resulting from those hostilities have and could continue to have a significant impact on certain Fund investments as well as Fund performance and liquidity. The economies of the United States and its trading partners including Canada, Mexico and China, as well as the financial markets generally, may be adversely impacted by trade disputes, increased trade restrictions (including the imposition of new tariffs) and other matters. These events may have an adverse effect on the North American securities markets generally as well as a significant negative impact on certain issuers and their business operations.

Such events may affect certain geographic regions, countries, sectors and industries more significantly than others. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity and market risk.

These risks could also adversely affect inflation and other factors relating to the securities held in a First Trust ETF's portfolio which either alone or together with the above-noted matters may result in volatility and decline in the NAV of a First Trust ETF.

### ***Issuer Risk***

The value of a security may decline for a number of reasons that directly relate to the issuer or an entity providing credit support or liquidity support, such as management performance, financial leverage, and reduced demand for the issuer's goods, services or securities.

### ***Fund of Funds Investment Risk***

Each of First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF, First Trust Indxx Innovative Transaction and Process ETF, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) and First Trust Senior Loan ETF (CAD-Hedged) will, and each of the First Trust ETFs other than the foregoing First Trust ETFs may, invest directly in, or obtain exposure to, other ETFs, mutual funds or public investment funds as part of its investment strategy. In the event that a First Trust ETF invests in an underlying fund, the First Trust ETF will be subject to the risks of the underlying fund. Also, if a First Trust ETF invests in an underlying fund and the underlying fund suspends redemptions, the First Trust ETF will be unable to accurately value part of its investment portfolio and may be unable to redeem its Units.

### ***Asset Class Risk***

The Constituent Securities may underperform the returns of other securities that have exposure to other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

### ***Cease Trading of Constituent Securities***

If Constituent Securities held by a First Trust ETF or the underlying fund in which a First Trust ETF invests, as applicable, are cease-traded at any time by order of the TSX, Cboe, a securities regulatory authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units until such time as the transfer of the securities is permitted by law. Thus, Units bear the risk of cease trade orders against any Constituent Security held by the First Trust ETF or the applicable underlying fund, as applicable.

### ***Fluctuations in NAV and NAV per Unit***

The NAV per Unit will vary according to, among other things, the value of the securities held by the First Trust ETFs. The Manager, the Portfolio Advisor, the Sub-Advisor (if applicable) and the First Trust ETFs have no

control over the factors that affect the value of the securities held by the First Trust ETFs, including factors that affect the equity and bond markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to each Constituent Issuer such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

### ***Illiquid Securities***

If a First Trust ETF is unable to dispose of some or all of the securities held by it, that First Trust ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may be able to do so only at prices which may not reflect the true value of such investments. Likewise, if certain Constituent Securities are particularly illiquid, the Manager may be unable to acquire the number of securities necessary at a price acceptable to the Manager on a timely basis.

### ***Distributions In Kind***

A portion of a First Trust ETF's portfolio may be invested in illiquid securities and instruments. There can be no assurance that all of a First Trust ETF's investments will be liquidated prior to the termination of the First Trust ETF and that only cash will be distributed to its Unitholders. The securities and instruments that Unitholders may receive on termination may not be readily marketable and may have to be held for an indefinite period of time and may not be qualified investments for Registered Plans.

### ***Use of Derivative Instruments***

The First Trust ETFs may use derivative instruments from time to time as described under "Investment Strategies – Use of Derivative Instruments". The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (a) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (b) there is no guarantee that a market will exist when the First Trust ETFs want to complete the derivative contract, which could prevent the First Trust ETFs from reducing a loss or making a profit; (c) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the First Trust ETFs from completing the derivative contract; (d) the First Trust ETFs could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (e) if the First Trust ETF has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the First Trust ETF could experience a loss and, for an open futures or forward contract, a loss of margin deposited with that dealer; and (f) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative. In circumstances where there is an interest rate hedge employed to protect against rising interest rates, total return on the investment portfolio of a First Trust ETF may be higher with the hedge than without it when interest rates rise significantly, but may be lower when interest rates are stable or decrease.

### ***Securities Lending***

A First Trust ETF may engage in securities lending transactions in accordance with NI 81-102 in order to earn additional income for the First Trust ETF. Although a First Trust ETF will receive collateral security equal to at least 102% of the value of the portfolio securities loaned and such collateral will be marked to market, it may be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

### ***Foreign Currency Exposure***

As the First Trust ETFs may invest in securities traded in U.S. dollars and other foreign currencies, the NAV of the First Trust ETFs, when measured in Canadian dollars, will, to the extent such foreign currency exposure has not been hedged against, be affected by changes in the value of the U.S. dollar and other foreign currencies relative to the Canadian dollar.

None of the First Trust Index ETFs other than First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF in respect of the Hedged Units of such First Trust ETF will seek to hedge their foreign currency exposure back to the Canadian dollar.

Since First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF will seek to hedge their U.S. dollar currency exposure only in respect of the Hedged Units, all of the gains or losses associated with any hedging transactions in that regard will be solely for the account of the Hedged Units.

The First Trust Non-Index ETFs (other than First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) will generally seek to hedge substantially all of their U.S. dollar currency exposure back to the Canadian dollar. Any exposure such First Trust ETFs may have to other foreign currencies will not be hedged back to the Canadian dollar.

First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF will be exposed to securities traded in foreign currencies and may, in the Sub-Advisor's discretion, enter into currency hedging transactions to reduce the effects of changes in the value of foreign currencies relative to the value of the Canadian dollar.

The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent that the Portfolio Advisor's or Sub-Advisor's, as the case may be, assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns of the First Trust ETF or the class of Units of the First Trust ETF that employs them, as applicable, if the Portfolio Advisor's or Sub-Advisor's, as applicable, expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

Where a US Sector ETF employs a currency hedge specific to its Hedged Units, the hedging is carried out in respect of the portfolio assets attributable to the Hedged Units and it is intended that the gains/losses on, and the costs of, the relevant derivatives entered into for hedging purposes will accrue to holders of the Hedged Units. However, the assets and liabilities attributable to the Hedged Units are not "ring-fenced" from the liabilities attributable to the other class of units within the same First Trust ETF due to the fact that there is no legal segregation of assets between classes of units of a mutual fund trust. Accordingly, in the unlikely event that a First Trust ETF is unable to meet liabilities attributable to its Hedged Units out of the assets attributable to that class, the excess liabilities would have to be met out of the assets attributable to the other class of units of the same First Trust ETF and in those circumstances the other class of units within the First Trust ETF may be adversely affected by the hedging transactions undertaken in respect of the Hedged Units.

### ***Trading Price of Units***

Units of a class may trade in the market at a premium or discount to the NAV per Unit of the class. There can be no assurance that Units will trade at prices that reflect their net asset value. The trading price of the Units will fluctuate in accordance with changes in the First Trust ETF's NAV, as well as market supply and demand on the TSX or Cboe, as applicable. However, given that generally only a Prescribed Number of Units are issued to Designated Brokers and Dealers, and that holders of a Prescribed Number of Units (or an integral multiple thereof) may redeem such Units at their NAV, the Manager believes that large discounts or premiums to the NAV of the Units of a class should not be sustained.

### ***Potential Conflicts of Interest***

The Manager, the Portfolio Advisor, the Sub-Advisor (if applicable) and their directors, officers, affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts that invest primarily in the securities held by one or more First Trust ETFs or that have similar investment objectives to the First Trust ETFs.

Although officers, directors and professional staff of the Manager, the Portfolio Advisor and the Sub-Advisor (if applicable) will devote as much time to the First Trust ETFs as is deemed appropriate to perform their duties, the staff of the Manager, the Portfolio Advisor and the Sub-Advisor (if applicable) may have conflicts in allocating their time and services among the First Trust ETFs and the other funds managed by the Manager, the Portfolio Advisor or the Sub-Advisor, as applicable.

### ***Residency of the Portfolio Advisor***

The Portfolio Advisor is resident outside Canada and all or a substantial portion of its assets are located outside Canada. As a result, anyone seeking to enforce legal rights against it may find it difficult to do so.

### ***Withholding Tax Risk***

In the event a First Trust ETF invests in securities of foreign issuers, at the date hereof, the First Trust ETF would be subject to foreign withholding tax on certain securities. There is no guarantee that the rate of withholding tax will not increase which may significantly affect returns.

### ***Changes in Legislation***

There can be no assurance that tax, securities or other laws will not be changed in a manner that adversely affects the distributions received by the First Trust ETFs or by the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) will not be changed in a manner that adversely affects the First Trust ETFs or the Unitholders.

For example, changes to tax legislation or the administration thereof could affect the taxation of a First Trust ETF or the issuers in which it invests.

Further, from time to time, various legislative initiatives are proposed by governments which may have a negative impact on certain issuers whose securities are held in the portfolio of a mutual fund. In addition, litigation regarding any of such issuers or the industries represented by these issuers may negatively impact the prices of securities. The impact on the portfolio of a mutual fund of any pending or proposed legislation or pending or threatened litigation cannot be predicted.

### ***Other Tax-Related Risks***

If a First Trust ETF were to not qualify as a “mutual fund trust” for the purposes of the Tax Act for any period of time, there could be negative tax consequences for such First Trust ETF and its investors.

There can be no assurances that the CRA will agree with the tax treatment adopted by the First Trust ETFs in filing their tax return and the CRA could reassess a First Trust ETF on a basis that results in tax being payable by the First Trust ETF.

If a First Trust ETF experiences a “loss restriction event” (a) the First Trust ETF will be deemed to have a year-end for tax purposes, and (b) the First Trust ETF will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a First Trust ETF will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the First Trust ETF, or a group of persons becomes a “majority-interest group of beneficiaries” of the First Trust ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of a First Trust ETF will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, owns Units of a First Trust ETF having a fair market value that is greater than 50% of the fair market value of all the Units of the First Trust ETF. A First Trust ETF will generally be exempt from the loss restriction event rules if it meets certain asset diversification requirements and other conditions to qualify as an “investment fund” as defined in the Tax Act. The Manager intends that each of the First Trust ETFs

will qualify as an “investment fund” at all material times. Such status is generally expected to preclude the First Trust ETFs from being subject to the consequences of a “loss restriction event” described above.

In addition, a First Trust ETF that does not qualify as a “mutual fund trust” under the Tax Act will be treated as a “financial institution” for purposes of certain special mark-to-market rules in the Tax Act if more than 50% of the Units of the First Trust ETF are held by one or more Unitholders that are themselves considered to be financial institutions. In such event, the tax year of the First Trust ETF will be deemed to end immediately before that time and any gains or losses on certain securities accrued before that time will be deemed realized by the First Trust ETF and will be distributed to Unitholders. In addition, the First Trust ETF will be required to recognize at least annually on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to Unitholders. If more than 50% of the Units of such a First Trust ETF cease to be held by financial institutions, the tax year of the First Trust ETF will be deemed to end immediately before that time and any gains or losses on certain securities accrued before that time will be deemed realized by the First Trust ETF and will be distributed to Unitholders. A new taxation year for the First Trust ETF will then begin and for that and subsequent taxation years, for so long as not more than 50% of the Units of the First Trust ETF are held by financial institutions, or the First Trust ETF is a mutual fund trust for purposes of the Tax Act, the First Trust ETF will not be subject to these special mark-to-market rules. Given the manner in which Units are distributed, there will be circumstances in which it will not be possible to control or identify whether a First Trust ETF has, or has ceased to, become a “financial institution”. As a result, there can be no assurance that a First Trust ETF is not a “financial institution” or will not in the future become, or cease to be, a “financial institution” and no assurance as to when and to whom any distributions arising on the change in “financial institution” status of a First Trust ETF will be made, or that the First Trust ETF will not be required to pay tax on any undistributed income or taxable capital gains realized by the First Trust ETF on such event.

Certain tax rules apply to direct and indirect investments by Canadian residents in non-resident trusts (the “NRT Rules”). It is not expected that the NRT Rules would be applied in respect of investments, if any, made by a First Trust ETF in non-resident funds that are trusts; however, no assurances can be given in this regard.

Certain rules in the Tax Act apply to SIFT trusts and SIFT partnerships as defined in the Tax Act. If the SIFT Rules apply to a trust, including a First Trust ETF, the trust will be taxed on certain income and gains on a basis similar to that which applies to a corporation with the result that certain tax efficiencies may cease to be available.

There can be no assurances that the CRA will agree with the tax treatment adopted by the First Trust ETF in filing its tax return and the CRA could reassess a First Trust ETF on a basis that results in tax being payable by the First Trust ETF.

#### ***Absence of an Active Market for the Units***

Although the Units of the First Trust ETFs are listed on the TSX or Cboe, as applicable, there can be no assurance that an active public market for the Units of the First Trust ETFs will develop or be sustained.

#### ***Reliance on the Manager***

Unitholders will be dependent on the ability of the Manager to effectively manage the First Trust ETFs in a manner consistent with the investment objectives, strategies and restrictions of the First Trust ETFs. There is no certainty that the individuals who are principally responsible for providing administration to the First Trust ETFs will continue to be employed by the Manager.

#### ***Reliance on the Portfolio Advisor***

The returns to Unitholders will be dependent on the ability of the Portfolio Advisor providing investment advisory services to the First Trust ETFs. There is no certainty that the individuals who are principally responsible for providing such advisory services to the First Trust ETFs will continue to be employed by the Portfolio Advisor or that they will continue to provide such services over the entire life of the applicable First Trust ETF.

### ***Concentration Risk***

A First Trust ETF's portfolio may be less diversified when compared to a less concentrated investment portfolio. The First Trust ETFs, which seek to replicate the performance of an Index, may have more of their net assets invested in one or more issuers than is usually permitted for mutual funds. Also, the NAV of such First Trust ETFs may be more volatile than that of a more broadly-diversified portfolio and may fluctuate substantially over short periods of time.

### ***Foreign Investment Risk***

A First Trust ETF's investments may provide exposure to non-Canadian and non-United States issuers which may expose the First Trust ETF to unique risks compared to investing in securities of Canadian or United States issuers, including, among others, greater market volatility than Canadian or United States securities, less complete financial information than for Canadian or United States issuers and detrimental exposure to foreign tax regimes. In addition, adverse political, economic or social developments could undermine the value of the First Trust ETF's investments or prevent the First Trust ETF from realizing the full value of its investments. Finally, the value of the currency of the country in which the First Trust ETF has invested could decline relative to the value of the Canadian dollar.

Participation in transactions by the First Trust ETFs may involve the execution and clearing of trades on or subject to the rules of a foreign market. None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the First Trust ETFs may not be afforded certain of the protective measures provided by Canadian legislation or Canadian exchanges. In particular, funds received from investors for transactions by the First Trust ETFs on foreign exchanges may not be provided the same protection as funds received in respect of transactions by the First Trust ETFs on Canadian exchanges.

### ***Risk of Loss***

Your investment in any of the First Trust ETFs is not guaranteed by any entity. Unlike bank accounts or guaranteed investment certificates, your investment in a First Trust ETF is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

### ***Cyber Security Risk***

As businesses continue to rely heavily on information technology systems, cyber security incidents continue to be a risk they must consider. A cyber security incident is an adverse intentional or unintentional action or event that threatens the integrity, confidentiality or availability of a First Trust ETF's information resources. A cyber security incident may involve gaining unauthorized access (e.g. through hacking or malicious software) to the First Trust ETF's electronic systems to disrupt business operations or steal confidential information, or which may cause system failures and disrupt business operations. Furthermore, failures or breaches of the electronic systems of a First Trust ETF's service providers (e.g. custodian, registrar and transfer agent, securities lending agent, etc.), or the issuers of securities in which the First Trust ETF invests could cause disruptions and negatively impact the First Trust ETF's business operations, potentially resulting in financial losses to the First Trust ETF and Unitholders.

Although to date, the First Trust ETFs and the Manager have not experienced any material losses relating to cyber security incidents, there is no guarantee that the First Trust ETFs or the Manager will not suffer material losses relating to cyber security incidents in the future. If they occurred, such losses could materially adversely impact a First Trust ETF's net asset value.

## **Additional Risks Relating to the First Trust Index ETFs**

The specific asset class risks applicable to the First Trust Index ETFs are as follows:

### ***Risk of Error in Replicating or Tracking the Index***

The First Trust ETFs will not replicate exactly the performance of the applicable Index because the total return generated by the Units will be reduced by the management fee payable to the Manager and transaction costs incurred in adjusting the portfolio of securities held by the First Trust ETF and other expenses of each First Trust ETF, whereas such transaction costs and expenses are not included in the calculation of the Index.

Also, deviations in the tracking of the applicable Index by a First Trust ETF could occur for a variety of reasons, including as a result of certain Other Securities being included in the portfolio of securities held by the First Trust ETF. It is also possible that, for a period of time, a First Trust ETF may not fully replicate the performance of the applicable Index due to extraordinary circumstances.

Adjustments to the Basket of Securities necessitated by the rebalancing of or adjustment to an Index could affect the underlying market for Constituent Securities of an Index, which in turn would be reflected in the value of that Index. Similarly, subscriptions for Units by Designated Brokers and Dealers may impact the market for Constituent Securities of an Index, as the Designated Broker or Dealer seeks to buy or borrow such securities to constitute Baskets of Securities to deliver to the First Trust ETF as payment for the Units to be issued.

### ***Index Investment Strategy Risk***

The First Trust ETFs will seek to replicate, to the extent possible, the performance of an Index. The Manager will “passively manage” the First Trust ETFs by employing an investment strategy of (a) in respect of the First Trust ETFs other than First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) and First Trust Value Line® Dividend Index ETF (CAD-Hedged), buying and holding a proportionate share of the Constituent Securities of the applicable Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of the Index including by a sampling methodology that is consistent with the investment objective of the First Trust ETF or (b) in respect of First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged), investing in securities of an underlying fund which will employ the investment strategy noted in (a) above. In general, if a First Trust ETF uses a sampling methodology, or certain Other Securities, to construct its portfolio holdings, then the First Trust ETF will tend to have greater tracking error to the applicable Index versus if the First Trust ETF fully replicates the Index. **In selecting securities for a First Trust ETF, the Manager and Portfolio Advisor will not “actively manage” the First Trust ETF by undertaking any fundamental analysis of the securities it invests in for the First Trust ETF nor will the Manager and Portfolio Advisor buy or sell securities for a First Trust ETF based on Manager and Portfolio Advisor’s market, financial or economic analysis. Because the Manager and Portfolio Advisor will not attempt to take defensive positions in declining markets, the adverse financial condition of an issuer represented in an Index will not necessarily result in the First Trust ETF ceasing to hold the issuer’s securities, unless such securities are removed from the Index.**

### ***Rebalancing and Adjustment Risk***

Adjustments to (a) Baskets of Securities held by a First Trust ETF (other than First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)) or (b) the portfolio of the applicable underlying fund held by First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) to reflect rebalancing of and

adjustments to the applicable Index may depend on the ability of (i) in respect of (a) above, the Manager and the Dealer's or (ii) in respect of (b) above, the underlying fund's authorized participants, ability to deliver Constituent Securities to the First Trust ETF or the underlying fund, as applicable. If an authorized participant fails to perform, the First Trust ETF or underlying fund, as applicable, may be required to sell or purchase, as the case may be, Constituent Securities of the applicable Index in the market. If this happens, the First Trust ETF or the underlying fund, as applicable, would incur additional transaction costs and security mis-weights that would cause the performance of the First Trust ETF to deviate more significantly from the performance of the Index than would otherwise be expected.

### ***Calculation and Termination of the Index***

If the computer or other facilities of the Index Provider or the TSX or other relevant stock exchange malfunction for any reason, calculation of value of the Index and the determination by the Manager of the Prescribed Number of Units and Baskets of Securities may be delayed and trading in Units may be suspended for a period of time.

In the event that the Index Provider ceases to calculate an Index or the applicable License Agreement is terminated, the Manager may terminate the First Trust ETF on 60 days' notice, change the investment objective of such First Trust ETF, seek to replicate an alternative index or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of such First Trust ETF in the circumstances.

### ***Data Risk of Index***

The model used to determine the Constituent Securities of an Index relies on the accuracy of the underlying data (such as stock market prices) that are the inputs used to generate the data upon which rebalancing decisions are made. If such underlying data is inaccurate then the conclusions drawn from the model will similarly be less reliable predictors from which to make index constituent determinations.

### **Additional Risks Relating to the Sectors in which the US Sector ETFs Invest**

The US Sector ETFs are each invested in a specific industry of the economy and are not diversified among different industry sectors. For this reason the trading price of each US Sector ETF is expected to be more volatile than that of a fund with a more broadly diversified portfolio. The specific asset class risk applicable to the US Sector ETFs are as follows:

### ***Asia Risk***

First Trust Indxx NextG ETF and First Trust Indxx Innovative Transaction and Process ETF are subject to certain risks specifically associated with investments in the securities of Asian issuers. Many Asian economies have experienced rapid growth and industrialization, and there is no assurance that this growth rate will be maintained. Some Asian economies are highly dependent on trade, and economic conditions in other countries within and outside Asia can impact these economies. Certain of these economies may be adversely affected by trade or policy disputes with its major trade partners. There is also a high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries. Certain Asian countries have experienced and may in the future experience expropriation and nationalization of assets, confiscatory taxation, currency manipulation, political instability, armed conflict and social instability as a result of religious, ethnic, socio-economic and/or political unrest. In particular, escalated tensions involving North Korea and any outbreak of hostilities involving North Korea could have a severe adverse effect on Asian economies. Governments of certain Asian countries have exercised, and continue to exercise, substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions could have a significant effect on the issuers of such First Trust ETFs' securities or on economic conditions.



### ***Biotechnology Companies Risk***

First Trust NYSE Arca Biotechnology ETF is subject to certain risks associated with investments in biotechnology companies. Biotechnology companies invest heavily in research and development which may not necessarily lead to commercially successful products. Biotechnology companies are subject to increased governmental regulation which may delay or inhibit the release of new products. The effects of high development costs and increased regulation may be exacerbated by a company's inability to raise prices to cover costs because of managed care pressure or price controls. Many biotechnology companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences. Biotechnology stocks, especially those issued by smaller, less-seasoned companies, tend to be more volatile than the overall market. Biotechnology companies can also be significantly affected by technological change and obsolescence, product liability lawsuits and consequential high insurance costs.

### ***Blockchain Technology Risk***

Blockchain technology is an entirely new and relatively untested technology. The risks associated with blockchain technology may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualised key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain technology. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, it is possible that blockchain technology may be subject to widespread and inconsistent regulation. Blockchain technology is not a product or service that provides identifiable revenue for companies that implement, or otherwise use it. Therefore, the values of the companies included in the Index may not be a reflection of their connection to blockchain technology, but may be based on other business operations including revenues and other factors relating to their existing primary business operations. Accordingly, in addition to the risks associated with the use or development of products that may benefit from blockchain technology, companies included in the Index will continue to be susceptible to the risks associated with their primary business operations. Currently, blockchain technology is primarily used for the recording of transactions in digital currency, which are extremely speculative, unregulated and volatile. Problems in digital currency markets could have a wider effect on companies associated with blockchain technology. Blockchain technology also may never be implemented to a scale that provides identifiable economic benefit to investors. There are currently a number of competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain. Finally, because digital assets registered in a blockchain do not have a standardized exchange, like a stock market, there is less liquidity for such assets and greater possibility of fraud or manipulation.

### ***Clean Energy Companies Risk***

First Trust NASDAQ® Clean Edge® Green Energy ETF is subject to certain risks associated with investments in clean energy companies. Renewable and alternative energy companies can be significantly affected by the following factors: obsolescence of existing technology, short product cycles, legislation resulting in more strict government regulations and enforcement policies, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects, the supply of and demand for oil and gas, world events and economic conditions. In addition, shares of clean energy companies have been significantly more volatile than shares of companies operating in other more established industries and the securities included in a First Trust ETF may be subject to sharp price declines. This industry is relatively nascent and under-researched in comparison to more established and mature sectors, and should therefore be regarded as having greater investment risk.

### ***Cloud Computing Companies Risk***

First Trust Cloud Computing ETF is subject to certain risks associated with investments in cloud computing companies. Cloud computing companies include companies that provide remote computation, software, data access and storage services. The risks related to investing in such companies include disruption in service caused by hardware or software failure, interruptions or delays in service by third-party data center hosting facilities and maintenance providers, security breaches involving certain private, sensitive, proprietary and confidential information managed

and transmitted by cloud computing companies, and privacy concerns and laws, evolving Internet regulation and other foreign or domestic regulations that may limit or otherwise affect the operations of such companies. In addition, the business models employed by the companies in the cloud computing industry may not prove to be successful.

### ***Communication Services Companies Risk***

First Trust Cloud Computing ETF, First Trust Indxx NextG ETF and First Trust Dow Jones Internet ETF are subject to certain risks associated with investments in communication services companies. Communication services companies may be subject to specific risks associated with legislative or regulatory changes, adverse market conditions, intellectual property use and/or increased competition. Communication services companies are particularly vulnerable to rapid advancements in technology, the innovation of competitors, rapid product obsolescence and government regulation and competition, both domestically and internationally. Additionally, fluctuating domestic and international demand, shifting demographics and often unpredictable changes in consumer tastes can drastically affect a communication services company's profitability. While all companies may be susceptible to network security breaches, certain communication services companies may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

### ***Cybersecurity Companies Risk***

First Trust Nasdaq Cybersecurity ETF is subject to certain risks associated with investments in cybersecurity companies. Cybersecurity companies are companies that provide products and services intended to protect the integrity of data and network operations for private and public networks, computers and mobile devices. Like other technology and industrials companies, cybersecurity companies are generally subject to the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. These companies may also be smaller and less experienced companies, with limited product lines, markets, qualified personnel or financial resources.

### ***Depository Receipts Risk***

First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF, First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Indxx NextG ETF, and First Trust Indxx Innovative Transaction and Process ETF are subject to depository receipts risk. Depository receipts may be less liquid than the underlying shares in their primary trading market. Any distributions paid to the holders of depository receipts are usually subject to a fee charged by the depository. Holders of depository receipts may have limited voting rights, and investment restrictions in certain countries may adversely impact the value of depository receipts because such restrictions may limit the ability to convert the equity shares into depository receipts and vice versa. Such restrictions may cause the equity shares of the underlying issuer to trade at a discount or premium to the market price of the depository receipts.

### ***Emerging Technologies Risk***

First Trust Indxx NextG ETF is subject to certain risks because of its exposure to emerging technologies. All of the risks associated with such technology may not fully emerge until the technology is more widely used. The regulatory environment surrounding new technologies is often unclear. There is often uncertainty regarding the application of existing regulation and there can be no guarantee that new regulations will not be enacted that inhibit a technology's widespread adoption or prevent a company from realizing all of its potential benefits. Companies that initially develop or adopt a novel technology may not be able to capitalize on it and there is no assurance that a company will derive any significant revenue from it in the future. An emerging technology may constitute a small portion of a company's overall business and the success of a technology may not significantly affect the value of the equity securities issued by the company. In addition, a company's stock price may be overvalued by market participants that value the company's securities based upon expectations of a technology that are never realized.

### ***Energy Companies Risk***

First Trust NASDAQ® Clean Edge® Green Energy ETF is subject to energy companies risk. The success of energy companies may be cyclical and highly dependent on energy prices. The market value of securities issued by energy companies may decline for many reasons, including, among other things, changes in the levels and volatility of global energy prices, energy supply and demand, capital expenditures on exploration and production of energy sources, exchange rates, interest rates, economic conditions, tax treatment, energy conservation efforts, increased competition and technological advances. Energy companies may be subject to substantial government regulation and contractual fixed pricing, which may increase the cost of doing business and limit the earnings of these companies. A significant portion of the revenues of energy companies may depend on a relatively small number of customers, including governmental entities and utilities. As a result, governmental budget constraints may have a material adverse effect on the stock prices of energy companies. Energy companies may also operate in, or engage in transactions involving, countries with less developed regulatory regimes or a history of expropriation, nationalization or other adverse policies. Energy companies also face a significant risk of liability from accidents resulting in injury or loss of life or property, pollution or other environmental problems, equipment malfunctions or mishandling of materials and a risk of loss from terrorism, political strife or natural disasters.

### ***Healthcare Sector Risk***

First Trust AlphaDEX™ U.S. Health Care Sector Index ETF invests in securities of healthcare companies, which are involved in medical services or health care, including biotechnology research and production, drugs and pharmaceuticals and health care facilities and services. These companies are subject to extensive competition, generic drug sales or the loss of patent protection, product liability litigation and increased government regulation. Research and development costs of bringing new drugs to market are substantial, and there is no guarantee that the product will ever come to market. Health care facility operators may be affected by the demand for services, efforts by government or insurers to limit rates, restriction of government financial assistance and competition from other providers.

### ***Health Care Companies Risk***

First Trust NYSE Arca Biotechnology ETF and First Trust AlphaDEX™ U.S. Health Care Sector Index ETF are subject to certain risks associated with investments in health care companies. Health care companies, such as companies providing medical and healthcare goods and services, companies engaged in manufacturing medical equipment, supplies and pharmaceuticals, as well as operating health care facilities and the provision of managed health care, may be affected by government regulations and government health care programs, increases or decreases in the cost of medical products and services and product liability claims, among other factors. Many health care companies are heavily dependent on patent protection, and the expiration of a company's patent may adversely affect that company's profitability. Health care companies are also subject to competitive forces that may result in price discounting, may be thinly capitalized and susceptible to product obsolescence.

### ***Industrials Sector Risk***

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust NASDAQ® Clean Edge® Green Energy ETF invest in the securities of industrials companies, which convert unfinished goods into finished durables used to manufacture other goods or provide services. These companies produce electrical equipment and components, industrial products, manufactured housing and telecommunications equipment. General risks of these companies include the general state of the economy, intense competition, consolidation, domestic and international politics, excess capacity and consumer demand and spending trends. In addition, they may also be significantly affected by overall capital spending levels, economic cycles, technical obsolescence, delays in modernization, labor relations, government regulations and e-commerce initiatives.

### ***Information Technology Companies Risk***

First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust Cloud Computing ETF and First Trust Indxx Innovative Transaction and Process ETF are subject to certain risks associated with investments in information

technology companies. Information technology companies produce and provide hardware, software and information technology systems and services. These companies may be adversely affected by rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, the loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. In addition, information technology companies are particularly vulnerable to federal, state and local government regulation, and competition and consolidation, both domestically and internationally, including competition from foreign competitors with lower production costs. Information technology companies also heavily rely on intellectual property rights and may be adversely affected by the loss or impairment of those rights.

### ***Internet Companies Risk***

First Trust Dow Jones Internet ETF and First Trust Cloud Computing ETF are subject to certain risks associated with investments in Internet companies. Internet companies are subject to rapid changes in technology, hacking or other cyber security events, worldwide competition, rapid obsolescence of products and services, loss of patent protections, cyclical market patterns, evolving industry standards, frequent new product introductions and the considerable risk of owning small capitalization companies that have recently begun operations. Many Internet companies have incurred large losses since their inception and may continue to incur large losses in the hope of capturing market share and generating future revenues. Accordingly, many such companies expect to incur significant operating losses for the foreseeable future, and may never be profitable. The markets in which many Internet companies compete face rapidly evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. The failure of an Internet company to adapt to such changes could have a material adverse effect on the company's business. In addition, the widespread adoption of new Internet, networking, telecommunications technologies, or other technological changes could require substantial expenditures by an Internet company to modify or adapt its services or infrastructure, which could have a material adverse effect on an Internet company's business.

### ***Non-U.S. Securities Risk***

First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust NASDAQ® Clean Edge® Green Energy ETF and First Trust Indxx Innovative Transaction and Process ETF are subject to certain risks associated with investments in non-U.S. companies. Non-U.S. securities are subject to higher volatility than securities of Canadian or U.S. issuers due to possible adverse political, social or economic developments, restrictions on foreign investment or exchange of securities, capital controls, lack of liquidity, currency exchange rates, excessive taxation, government seizure of assets, the imposition of sanctions by foreign governments, different legal or accounting standards, and less government supervision and regulation of securities exchanges in foreign countries.

### ***Pharmaceutical Companies Risk***

First Trust NYSE Arca Biotechnology ETF is subject to certain risks associated with investments in pharmaceutical companies. Pharmaceuticals companies may be affected by industry competition, dependency on a limited number of products, obsolescence of products, government approvals and regulations, loss or impairment of intellectual property rights and litigation regarding product liability. Pharmaceuticals are subject to competitive forces that may make it difficult to raise prices of their products and may result in price discounting. The profitability of some pharmaceutical companies may be dependent on a relatively limited number of products. The research and development costs required to bring a new product to market are substantial with no guarantee that the product will ever become profitable. Many new products are subject to gaining the approval of the U.S. Food and Drug Administration, which can be long and costly. Many pharmaceutical companies are heavily dependent on patents and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. Pharmaceuticals companies may also be subject to extensive litigation based on product liability and similar claims.

### ***REIT Risk***

REITs typically own and operate income-producing real estate, such as residential or commercial buildings, or real-estate related assets, including mortgages. As a result, investments in REITs are subject to the risks associated

with investing in real estate, which may include, but are not limited to: fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local operating expenses; and other economic, political or regulatory occurrences affecting companies in the real estate sector. REITs are also subject to the risk that the real estate market may experience an economic downturn generally, which may have a material effect on the real estate in which the REITs invest and their underlying portfolio securities. REITs may have also a relatively small market capitalization which may result in their shares experiencing less market liquidity and greater price volatility than larger companies. Increases in interest rates typically lower the present value of a REIT's future earnings stream, and may make financing property purchases and improvements more costly. Because the market price of REIT stocks may change based upon investors' collective perceptions of future earnings, the value of a First Trust ETF will generally decline when investors anticipate or experience rising interest rates.

### ***Small- and Mid-Capitalization Companies Risk***

First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF and First Trust Cloud Computing ETF are subject to certain risks associated with investments in smaller companies. While historically such company shares have outperformed the shares of large companies, the former have customarily involved more investment risk as well. Small- and mid-capitalization companies may have limited product lines, markets or financial resources; may lack management depth or experience; and may be more vulnerable to adverse general market or economic developments than large companies. Some of these companies may distribute, sell or produce products which have recently been brought to market and may be dependent on key personnel.

The prices of small- and mid-capitalization company securities are often more volatile than prices associated with large company issues, and can display abrupt or erratic movements at times, due to limited trading volumes and less publicly available information. Also, because small- and mid-capitalization companies normally have fewer shares outstanding and these shares trade less frequently than large companies, it may be more difficult for a First Trust ETF which obtains exposure to these equity securities to buy and sell significant amounts of such shares without an unfavorable impact on prevailing market prices. The securities of small and mid-capitalization companies are often traded OTC and may not be traded in the volumes typical of a national securities exchange.

### ***Technology Sector***

First Trust AlphaDEX™ U.S. Technology Sector Index ETF invests in the securities of technology companies. General risks of technology companies include the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. Certain technology companies may be smaller and less experienced companies, with limited product lines, markets or financial resources and fewer experienced management or marketing personnel.

### ***Utility Companies Risk***

First Trust NASDAQ® Clean Edge® Green Energy ETF is subject to certain risks associated with investments in utilities companies. Utility companies include companies producing or providing gas, electricity or water. These companies are subject to the risk of the imposition of rate caps, increased competition due to deregulation, the difficulty in obtaining an adequate return on invested capital or in financing large construction projects counterparty risk, the limitations on operations and increased costs and delays attributable to environmental considerations and the capital market's ability to absorb utility debt. In addition, taxes, government regulation, domestic and international politics, price and supply fluctuations, volatile interest rates and energy conservation may negatively affect utility companies.

## **Additional Risks Relating to the Sectors in which Certain of the First Trust Non-Index ETFs Invest**

### ***Depository Receipts Risk***

Certain of the First Trust Non-Index ETFs may invest in depository receipts. See “Risk Factors – Additional Risks Relating to the Sectors in which the US Sector ETFs Invest – Depository Receipts Risk”.

### ***Small- and Mid-Capitalization Companies Risk***

Certain of the equity securities that the First Trust ETFs may obtain exposure to may be small- and/or mid-capitalization company shares. See “Risk Factors – Additional Risks Relating to the Sectors in which the US Sector ETFs Invest - Small- and Mid-Capitalization Companies Risk”.

### ***Debt Securities Risk***

First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF invest in loans and debt securities (“**fixed income securities**”). The NAV of First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF will fluctuate with interest rate changes, as well as other factors such as changes to maturities and the credit ratings of fixed income securities, and the corresponding changes in the value of the fixed income securities to which First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF are exposed. The value of the debt securities held by First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer’s creditworthiness.

### ***Credit Risk***

An issuer of debt instruments may be unable to make interest payments or repay principal. Changes in an issuer’s financial strength or in an instrument’s credit rating may affect an instrument’s value and, thus, impact the performance of a First Trust ETF. Credit risk may be heightened for First Trust Senior Loan ETF (CAD-Hedged) because it may invest a substantial portion of its net assets in “high yield” or “junk” debt. Such securities, while generally offering higher yields than investment-grade debt with similar maturities, involve greater risks, including the possibility of dividend or interest deferral, default or bankruptcy, and are regarded as predominantly speculative with respect to the issuer’s capacity to pay dividends or interest and repay principal. Credit risk is heightened for loans in which First Trust Senior Loan ETF (CAD-Hedged) invests because companies that issue such loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy.

### ***Covenant-Lite Loans Risk***

The First Trust Senior Loan ETF (CAD-Hedged) invests in covenant-lite loans. Covenant-lite loans contain weaker lender protections including limited financial maintenance covenants or, in some cases, no financial maintenance covenants that would typically be included in a traditional loan agreement such as restrictive covenants applicable to the borrower including limitations on incurrence of additional debt, restrictions on payments of junior debt or restrictions on dividends, distributions and asset dispositions. Weaker lender protections such as the absence of financial maintenance covenants in a loan agreement and the inclusion of “borrower-favorable” terms may impact recovery values and/or trading levels of senior loans in the future. The absence of financial maintenance covenants in a loan agreement generally means that the lender may not be able to declare a default if financial performance deteriorates. This may hinder First Trust Senior Loan ETF (CAD-Hedged)’s ability to reprice credit risk associated with a particular borrower and reduce the First Trust ETF’s ability to restructure a problematic loan and mitigate potential loss. As a result, First Trust Senior Loan ETF (CAD-Hedged)’s exposure to losses on investments in senior loans may be increased, especially during a downturn in the credit cycle or changes in market or economic conditions. Recently, the senior loan market has seen a significant increase in covenant-lite loans and as a result, a substantial amount of the senior loans held by First Trust Senior Loan ETF (CAD-Hedged) are expected to be covenant-lite loans, meaning the First Trust ETF may be unable to declare an event of default if financial performance deteriorates, renegotiate the terms of the loan based upon the elevated risk levels or take other actions to help mitigate losses.

### ***Income Risk***

If interest rates fall, the income from First Trust Senior Loan ETF (CAD-Hedged)'s portfolio will decline, as First Trust Senior Loan ETF (CAD-Hedged) generally holds floating rate debt that will adjust lower with falling interest rates. For loans, interest rates typically reset every 30 to 90 days.

### ***Loan Settlement Risk***

Portfolio transactions in loans, such as those that First Trust Senior Loan ETF (CAD-Hedged) may invest, may take up to two or three weeks to settle, and in some cases much longer. Unlike the securities markets, there is no central clearinghouse for loan trades, and the loan market has not established enforceable settlement standards or remedies for failure to settle.

### ***Liquidity Risk***

First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF invest a substantial portion of their assets in lower-quality debt issued by companies that are highly leveraged. Lower-quality debt tends to be less liquid than higher-quality debt. Moreover, smaller debt issues tend to be less liquid than larger debt issues. If the economy experiences a sudden downturn, or if the debt markets for such companies become distressed, First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF may have particular difficulty selling its assets in sufficient amounts, at reasonable prices and in a sufficiently timely manner to raise the cash necessary to meet any potentially heavy exchange or redemption requests by unitholders of First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF.

### ***High Yield Bond Risk***

First Trust Senior Loan ETF (CAD-Hedged) and First Trust JFL Fixed Income Core Plus ETF invest in high yield bonds. These securities that are rated below investment grade (commonly referred to as "junk bonds," include those bonds rated lower than "BBB-" by Standard & Poor's® Rating Services, a division of The McGraw-Hill Companies, Inc., and Fitch Rating Service Inc. or "Baa3" by Moody's® Investor's Services, Inc.), or are unrated but judged to be of comparable quality, at the time of purchase, may be more volatile than higher-rated securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal.

### ***Asset-Backed Securities Risk***

First Trust Senior Loan ETF (CAD-Hedged) may invest in asset-backed securities. Payment of principal and interest on asset-backed securities may be largely dependent upon the cash flows generated by the assets backing the securities and asset-backed securities may not have the benefit of any security interest in the related assets. Defaults on the underlying assets of the asset-backed securities may impair the value of the securities and there may be limitations on the enforceability of any security interest granted with respect to those assets.

### ***Senior Loans Risk***

First Trust Senior Loan ETF (CAD-Hedged) invests in senior loans. There is less readily available, reliable information about most senior loans than is the case for many other types of securities. An economic downturn generally leads to a higher non-payment rate, and a senior loan may lose significant value before a default occurs. Moreover, any specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. Furthermore, increases in interest rates may result in greater volatility of senior loans and average duration may fluctuate with fluctuations in interest rates. No active trading market may exist for certain senior loans, which may impair the ability of the First Trust ETF to realize full value in the event of the

need to sell a senior loan and which may make it difficult to value senior loans. Although senior loans in which First Trust Senior Loan ETF (CAD-Hedged) invests generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. To the extent that a senior loan is collateralized by stock in the borrower or its subsidiaries, such stock may lose all of its value in the event of the bankruptcy of the borrower. Uncollateralized senior loans involve a greater risk of loss. The senior loans in which First Trust Senior Loan ETF (CAD-Hedged) invests are usually rated below investment grade.

### ***Call Risk***

During periods of falling interest rates, an issuer of a callable bond may "call" or repay a security before its stated maturity, which may result in First Trust Senior Loan ETF (CAD-Hedged) and/or First Trust JFL Fixed Income Core Plus ETF, as the case may be, having to reinvest the proceeds at lower interest rates, resulting in a decline in the fund's income.

### ***Reinvestment Risk***

In the case of First Trust Senior Loan ETF (CAD-Hedged), and First Trust JFL Fixed Income Core Plus ETF there is a risk that future investment proceeds of the fund will have to be reinvested at a lower potential interest rate.

### ***Foreign Markets Risk***

Participation in transactions by a First Trust ETF may involve the execution and clearing of trades on or subject to the rules of a foreign market. None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the First Trust ETFs may not be afforded certain of the protective measures provided by Canadian legislation or Canadian exchanges. In particular, funds received from investors for transactions by a First Trust ETF on foreign exchanges may not be provided the same protection as funds received in respect of transactions by a First Trust ETF on Canadian exchanges.

### ***Counterparty Risk***

In the case of First Trust Senior Loan ETF (CAD-Hedged), First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF, the other party(s) to an agreement or a participant to a transaction, such as a broker, might default on a contract or fail to perform by failing to pay amounts due or failing to fulfill the delivery conditions of the contract or transaction.

### ***Leverage Risk***

First Trust Senior Loan ETF (CAD-Hedged) has received exemptive relief from the Canadian securities regulatory authorities in order to utilize an overdraft facility to accommodate requests for the redemption of its Units while the First Trust ETF settles portfolio transactions initiated to satisfy such redemption requests. First Trust Senior Loan ETF (CAD-Hedged) may utilize such overdraft facility so long as, among other requirements, the amount of all borrowings of the First Trust ETF does not exceed 10% of its NAV at the time of borrowing. Such indebtedness will be secured by the assets of First Trust Senior Loan ETF (CAD-Hedged). Additionally, there will be interest expense and banking fees incurred in respect of the overdraft facility.



## **Additional Risks Relating to First Trust Indxx Innovative Transaction and Process ETF**

In addition to the general risk factors applicable to all of the First Trust ETFs and to all of the US ETFs set forth above, there are certain additional specific risk factors inherent in an investment in First Trust Indxx Innovative Transaction and Process ETF, including:

### ***Blockchain Technology Risk***

The First Trust Indxx Innovative Transaction and Process ETF is subject to blockchain technology risk as a result of its exposure to the blockchain technology companies included in the Blockchain Index. See “Risk Factors - Additional Risks Relating to First Trust Indxx Innovative Transaction and Process ETF – Blockchain Technology Risk”.

### ***Emerging Markets Risk***

The Index the First Trust Indxx Innovative Transaction and Process ETF seeks to track may include issuers in emerging market countries. Investments in the securities of issuers in emerging market countries involve risks not associated with investments in the securities of issuers in developed countries. See “Risk Factors – Additional Risks Relating to First Trust Global Risk Managed Income Index ETF – Emerging Markets Risk.”

### ***Financial Companies Risk***

Financial companies, such as retail and commercial banks, insurance companies and financial services companies, are especially subject to the adverse effects of economic recession, currency exchange rates, extensive government regulation, decreases in the availability of capital, volatile interest rates, portfolio concentrations in geographic markets, industries or products (such as commercial and residential real estate loans), competition from new entrants and blurred distinctions in their fields of business.

### ***Securities Regulatory Risk***

The investment decisions for First Trust Indxx Innovative Transaction and Process ETF may, at times, be restricted as a result of aggregation limits. For example, with respect to certain industries and markets, corporate and/or regulatory requirements may limit the aggregate amount of investment in certain issuers by First Trust Indxx Innovative Transaction and Process ETF. Exceeding these limits without reporting or the grant of exemption or regulatory consent may result in adverse consequences to First Trust Indxx Innovative Transaction and Process ETF. As a consequence of these limits, the ability of First Trust Indxx Innovative Transaction and Process ETF to achieve its investment objectives may be affected. The Manager or the Portfolio Advisor, in order to avoid exceeding these limits may, among other actions, limit purchases, sell existing investments and/or transfer, outsource or limit voting rights of securities held by First Trust Indxx Innovative Transaction and Process ETF.

## **Additional Risks Relating to First Trust Global Risk Managed Income Index ETF**

In addition to the general risk factors applicable to all of the First Trust ETFs set forth above, there are certain additional specific risk factors inherent in an investment in First Trust Global Risk Managed Income Index ETF, including:

### ***General Risks of Preferred Shares***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold preferred shares. Preferred shares are affected by changes in the general level of interest rates. Generally, preferred shares will decrease in value when interest rates rise and will increase in value when interest rates decline. Securities with longer durations tend to be more interest rate sensitive, which may make them more volatile than securities with shorter durations. The NAV of the First Trust ETF will fluctuate with interest rate changes and the corresponding changes in the value of the securities held by the Constituent Securities.

### ***Extension Risk of Preferred Shares***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold preferred shares. During periods of rising interest rates, an issuer of preferred securities may, if it has such rights, exercise its right to pay the redemption amount on preferred shares later than expected. Under these circumstances, the value of the preferred shares will decrease and impact the performance of the Constituent Securities of such First Trust ETFs as they may suffer from their inability to invest in higher yielding securities.

### ***Credit Rating Related Risk of Preferred Shares***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold preferred shares. There is a possibility that a preferred share in which the First Trust ETF invests could have its credit rating downgraded or that the issuer thereof could default by failing to make scheduled dividend payments or payments of redemption proceeds which could potentially reduce such First Trust ETF's income and net asset value.

### ***Call Risk***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold callable securities. During periods of falling interest rates, an issuer of a callable security may repay a security prior to its stated maturity, which may result in the First Trust ETF reinvesting the proceeds of that security at a lower dividend rate, reducing such First Trust ETF's income.

### ***Reinvestment risk***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests will provide income that the First Trust ETF will have to reinvest. There is a risk that future proceeds will have to be reinvested at a lower potential interest rate.

### ***Debt Securities Risk***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold loans and debt securities ("**fixed income securities**"). The NAV of such First Trust ETFs will fluctuate with interest rate changes, as well as other factors such as changes to maturities and the credit ratings of fixed income securities, and the corresponding changes in the value of the fixed income securities to which such First Trust ETF is exposed. The value of the debt securities held by the Constituent Securities of an Index or such First Trust ETF will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness.

### ***Credit Risk***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold "high yield" debt. An issuer of debt instruments may be unable to make interest payments or repay principal. Changes in an issuer's financial strength or in an instrument's credit rating may affect an instrument's value and, thus, impact the performance of such First Trust ETF. Credit risk is heightened where investments are made in "high yield" or "junk" debt. Such securities, while generally offering higher yields than investment-grade debt with similar maturities, involve greater risks, including the possibility of dividend or interest deferral, default or bankruptcy, and are regarded as predominantly speculative with respect to the issuer's capacity to pay dividends or interest and repay principal. Credit risk is heightened for "high yield" loans because companies that issue such loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy.

### ***Income Risk***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold floating rate debt securities. See “Risk Factors – Additional Risks Relating to the Sectors in which Certain of the First Trust Non-Index ETFs Invest – Income Risk”.

### ***Convertible Bond Risk***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold convertible bonds. The market values of convertible bonds tend to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible bond’s market value also tends to reflect the market price of the common shares of the issuing company.

Additionally, convertible bonds provide exposure to equity investment risks if they are converted into equity securities. Equities give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of the First Trust ETF as it invests in such securities under specific market conditions and over time.

### ***Real Property Investments Risks***

The Constituent Securities of the Indices in which First Trust Global Risk Managed Income Index ETF invests may hold investments in real estate. Real property investments are affected by various factors including changes in the general economic environment (such as the availability of long term mortgage financing) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. The income of a real estate investment trust or real estate corporation that is available for payment to its unitholders or shareholders, as the case may be, would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the real estate investment trust or real estate corporation, or if the real estate investment trust or real estate corporation was unable to lease a significant amount of available space in its properties on economically favourable lease terms.

### ***Emerging Markets Risk***

The Constituent Securities of the Indices in which the First Trust Global Risk Managed Income Index ETF invests may have exposure to issuers in emerging market countries. Investments in the securities of issuers in emerging market countries involve risks not associated with investments in the securities of issuers in developed countries. Emerging markets can be substantially more volatile, and substantially less liquid, than more developed markets such as Canada. Emerging markets are subject to greater political and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than more developed markets.

There may be less information publicly available with regard to emerging market issuers and such issuers are not subject to the uniform accounting, auditing and financial reporting standards applicable to Canadian issuers. There may be no single centralized securities exchange on which securities are traded in emerging market countries and the systems of corporate governance to which companies in emerging markets are subject may be less advanced than that to which Canadian issuers are subject, and therefore, shareholders in such companies may not receive many of the protections available to shareholders in Canada.

Securities laws in many emerging markets countries are relatively new and unsettled. In addition, laws regarding foreign investment in emerging market securities, securities regulation, title to securities and shareholder rights may change quickly and unpredictably. Further, the enforcement of systems of taxation at federal, regional and local levels in emerging market countries may be inconsistent, and subject to sudden change.

### ***Momentum Risk***

The Indices in which First Trust Global Risk Managed Income Index ETF invests follows a methodology that considers the momentum of different asset classes and ranks these classes in part based on their momentum signals. Price momentum is the tendency for securities that have gone up the most over a given period to continue to outperform over the near term. A momentum investment strategy aims to capitalize on trends by buying the best selection of appreciating securities and selling them when their price trend reverses direction. Momentum analysis is based on historical data and there is no guarantee that momentum analysis will accurately predict the performance of an asset class in the future.

### **Additional Risks Relating to First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)**

In addition to the general risk factors applicable to all of the First Trust ETFs set forth above, there are certain additional specific risk factors inherent in an investment in First Trust Morningstar Dividend Leaders ETF (CAD-Hedged), including:

#### ***Energy Companies Risk***

The success of energy companies may be cyclical and highly dependent on energy prices. The market value of securities issued by energy companies may decline for many reasons, including, among other things, changes in the levels and volatility of global energy prices, energy supply and demand, capital expenditures on exploration and production of energy sources, exchange rates, interest rates, economic conditions, tax treatment, energy conservation efforts, increased competition and technological advances. Energy companies may be subject to substantial government regulation and contractual fixed pricing, which may increase the cost of doing business and limit the earnings of these companies. A significant portion of the revenues of energy companies may depend on a relatively small number of customers, including governmental entities and utilities. As a result, governmental budget constraints may have a material adverse effect on the stock prices of energy companies. Energy companies may also operate in, or engage in transactions involving, countries with less developed regulatory regimes or a history of expropriation, nationalization or other adverse policies. Energy companies also face a significant risk of liability from accidents resulting in injury or loss of life or property, pollution or other environmental problems, equipment malfunctions or mishandling of materials and a risk of loss from terrorism, political strife or natural disasters.

#### ***Inflation Risk***

Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the present value of the First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)'s assets and distributions may decline.

### **Additional Risks Relating to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF**

#### ***Emerging Markets Risk***

First Trust JFL Global Equity ETF may invest in securities issued by issuers in emerging market countries. Investments in the securities of issuers in emerging market countries involve risks not associated with investments in the securities of issuers in developed countries. See “Additional Risks Relating to First Trust Global Risk Managed Income Index ETF – Emerging Markets Risk.”

#### ***Convertible Bond Risk***

First Trust JFL Fixed Income Core Plus ETF may invest in convertible bonds. See “Additional Risks Relating to First Trust Global Risk Managed Income Index ETF – Convertible Bond Risk”.

### ***Reliance on the Sub-Advisor***

The returns to Unitholders of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF will be dependent on the ability of the Sub-Advisor providing investment advisory services to the funds. There is no certainty that the individuals who are principally responsible for providing such advisory services to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF will continue to be employed by the Sub-Advisor or that they will continue to provide such services over the entire life of the applicable fund.

### **INVESTMENT RISK CLASSIFICATION METHODOLOGY**

The investment risk level of the First Trust ETFs is required to be determined in accordance with a standardized risk classification methodology that is based on a First Trust ETF's historical volatility as measured by the 10-year standard deviation of the returns of the First Trust ETF. Given that the First Trust ETFs (other than First Trust Canadian Capital Strength ETF) have not been offered for 10 years, the following reference indices were considered for the period prior to their inception:

<b>First Trust ETF:</b>	<b>Reference Index for Risk Rating Methodology:</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	NASDAQ® Clean Edge® Green Energy Index <sup>SM</sup>
First Trust Indxx NextG ETF	Indxx 5G & NextG Thematic Index <sup>SM</sup>
First Trust Nasdaq Cybersecurity ETF	Nasdaq CTA Cybersecurity Index <sup>SM</sup>
First Trust Dow Jones Internet ETF	Dow Jones Internet Composite Index <sup>SM</sup>
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	StrataQuant® Health Care Index
First Trust NYSE Arca Biotechnology ETF	First Trust NYSE® Arca® Biotechnology Index
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	StrataQuant® Industrials Index
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	StrataQuant® Technology Index
First Trust Cloud Computing ETF	ISE CTA Cloud Computing™ Index
First Trust Indxx Innovative Transaction and Process ETF	Indxx Blockchain Index
First Trust Global Risk Managed Income Index ETF	NASDAQ Global Risk Managed Income Index <sup>SM</sup>
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	Morningstar® Dividend Leaders Index <sup>SM</sup>
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	Value Line Dividend Index (USD)
First Trust Senior Loan ETF (CAD-Hedged)	Morningstar® LSTA® U.S. Leveraged Loan Index CAD TR Hedged
First Trust International Capital Strength ETF	MSCI EAFE Index
First Trust JFL Fixed Income Core Plus ETF	FTSE Canada Universe Bond Index
First Trust JFL Global Equity ETF	MSCI-World ACWI Index Net

Using this methodology, the Manager will generally assign a risk rating of low, low to medium, medium, medium to high or high to a First Trust ETF. The standardized risk classification methodology allows for the use of discretion to classify an ETF at a higher investment risk level should the Manager deem that appropriate.

For each First Trust Index ETF, the risk classification of the First Trust Index ETF is based on the First Trust Index ETF's returns and, for the period prior to its inception, on the return of the applicable First Trust Index ETF's Index. See "Investment Strategies" for a description of the Indices.

First Trust Senior Loan ETF (CAD-Hedged)'s risk classification is based on the First Trust ETF's returns and, for the period prior to its inception, on the return of the Morningstar® LSTA® U.S. Leveraged Loan Index CAD TR Hedged. The Morningstar® LSTA® U.S. Leveraged Loan Index CAD TR Hedged tracks the performance of the largest facilities in the leveraged loan market. Returns are represented in Canadian dollars hedged to eliminate currency exposure.

First Trust International Capital Strength ETF's risk classification is based on the First Trust ETF's returns and, for the period prior to its inception, on the return of the MSCI EAFE Index. The MSCI EAF Index designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

First Trust JFL Fixed Income Core Plus ETF's risk classification is based on the First Trust ETF's returns and, for the period prior to its inception, on the return of the FTSE Canada Universe Bond Index. The FTSE Canada Universe Bond Index measures the performance of the Canadian investment-grade fixed income market, covering Canadian government quasi-government and corporate bonds and is designed to track the performance of marketable government and corporate bonds outstanding in the Canadian market.

First Trust JFL Global Equity ETF's risk classification is based on the First Trust ETF's returns and, for the period prior to its inception, on the return of the MSCI-World ACWI Index Net. The MSCI-World ACWI Index Net is a global equity index designed to represent the performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets.

A copy of the standardized risk classification methodology used by the Manager to identify the investment risk levels of the First Trust ETFs (as set forth in the most recently filed ETF Facts for each of the First Trust ETFs), is available on request, at no cost, by calling 1.877.622.5552.

## **DISTRIBUTION POLICY**

### **Distributions**

Cash distributions on Units of a First Trust ETF will be made as set forth in the following table, if at all.

<b>First Trust ETF</b>	<b>Frequency of Distributions</b>
First Trust NASDAQ® Clean Edge® Green Energy ETF	Quarterly
First Trust Indxx NextG ETF	Quarterly
First Trust Nasdaq Cybersecurity ETF	Quarterly
First Trust Dow Jones Internet ETF	Quarterly
First Trust AlphaDEX™ U.S. Health Care Sector Index ETF	Quarterly
First Trust NYSE Arca Biotechnology ETF	Quarterly
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF	Quarterly
First Trust AlphaDEX™ U.S. Technology Sector Index ETF	Quarterly
First Trust Cloud Computing ETF	Quarterly
First Trust Indxx Innovative Transaction and Process ETF	Quarterly
First Trust Global Risk Managed Income Index ETF	Monthly
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	Quarterly
First Trust Value Line® Dividend Index ETF (CAD-Hedged)	Monthly
First Trust Senior Loan ETF (CAD-Hedged)	Monthly
First Trust Canadian Capital Strength ETF	Quarterly
First Trust International Capital Strength ETF	Quarterly

<b>First Trust ETF</b>	<b>Frequency of Distributions</b>
First Trust JFL Fixed Income Core Plus ETF	Monthly
First Trust JFL Global Equity ETF	Quarterly

Cash distributions on Units of a First Trust ETF are expected to be paid primarily out of dividends or distributions and other income or gains received by the First Trust ETF less the expenses of the First Trust ETF but may also consist of non-taxable amounts including return of capital, which may be paid in the Manager's sole discretion. To the extent that the expenses of a First Trust ETF exceed the income generated by such First Trust ETF in any given month or quarter, as the case may be, it is not expected that a monthly or quarterly distribution will be paid.

On an annual basis, each First Trust ETF will ensure that all of its income (including income received from special dividends on securities held by the First Trust ETF) and net realized capital gains have been distributed to Unitholders to such an extent that the First Trust ETF will not be liable for ordinary income tax thereon. To the extent that a First Trust ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the First Trust ETF will be paid as a "reinvested distribution". Reinvested distributions on Units, net of any required withholding taxes, will be reinvested automatically in additional Units of the First Trust ETF at a price equal to the NAV per Unit of the First Trust ETF and the Units will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution. The tax treatment to Unitholders of reinvested distributions is discussed under the heading "Income Tax Considerations – Taxation of Unitholders – Distributions".

In addition to the distributions described above, a First Trust ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special dividend or in connection with returns of capital.

In any case in which a subscription order from a Dealer or Designated Broker is received by a First Trust ETF on or after the date of declaration of a distribution by that First Trust ETF payable in cash and before the ex-dividend date on the TSX or Cboe, as applicable, for that distribution (generally, the trading day prior to the record date or such other date where the purchaser becomes entitled to rights connected to the Units subscribed), an additional amount equal to the amount of cash per Unit of that distribution will be added to the NAV per Unit and will be delivered in cash to the First Trust ETF in respect of each issued Unit.

## **PURCHASES OF UNITS**

### **Offerings and Continuous Distribution**

Units of the First Trust ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

### **Designated Brokers**

The Manager, on behalf of each of the First Trust ETFs, has entered into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agreed to perform certain duties relating to the First Trust ETF including, without limitation: (a) to subscribe for a sufficient number of Units to satisfy the original listing requirements of the TSX or Cboe, as applicable; (b) to subscribe for Units on an ongoing basis in connection with the rebalancing of and adjustments to the applicable portfolio as described under "Investment Strategies – Action on Index Rebalancing or Portfolio Adjustment" and "Investment Strategies – Take-over Bids for Constituent Issuers" and when cash redemptions of Units occur as described under "Redemption and Exchange of Units – Redemption of Units for Cash"; and (c) to post a liquid two-way market for the trading of Units on the TSX or Cboe, as applicable. The Manager may, in its discretion from time to time, reimburse any Designated Broker for certain expenses incurred by the Designated Broker in performing these duties.

The Designated Broker Agreement provides that the Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a First Trust ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the First Trust ETF. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker, and the Units will be issued, by no later than the Trading Day following the date on which the subscription notice was delivered.

## **Issuance of Units**

### ***To Designated Brokers and Dealers***

All orders to purchase Units directly from the First Trust ETFs must be placed by Designated Brokers or Dealers. The First Trust ETFs reserve the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by a First Trust ETF to a Designated Broker or Dealer in connection with the issuance of Units. On the issuance of Units, the Manager may, in its discretion, charge an administrative fee to a Designated Broker or Dealer to offset the expenses (including any applicable TSX or Cboe, as applicable, additional listing fees) incurred in issuing the Units.

On any Trading Day, a Designated Broker or Dealer may place a subscription order for the Prescribed Number of Units (or an integral multiple thereof) of a First Trust ETF. If a subscription order is received by the First Trust ETF by 9:00 a.m. (Toronto time) on a Trading Day (or such later time on such Trading Day as the Manager may permit), the First Trust ETF will issue to the Designated Broker or Dealer the Prescribed Number of Units (or an integral multiple thereof) by no later than the Trading Day following the date on which the subscription order is accepted, provided that payment for such Units has been received.

For each Prescribed Number of Units issued, a Designated Broker or Dealer must deliver payment consisting of, in the Manager's discretion: (a) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the NAV of the Units next determined following the receipt of the subscription order; (b) cash in an amount equal to the NAV of the Units next determined following the receipt of the subscription order; or (c) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the NAV of the Units next determined following the receipt of the subscription order.

The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time. The Prescribed Number of Units will be available on the First Trust ETFs' website at <http://www.firsttrust.ca/Retail/ETF/ExchangeTradedFundsBrokerDealerInfo.aspx>.

### ***To Designated Brokers in Special Circumstances***

Units may be issued by a First Trust ETF to Designated Brokers in connection with the rebalancing of and adjustments to the First Trust ETF or its portfolio as described under "Investment Strategies – Action on Index Rebalancing or Portfolio Adjustment" and "Investment Strategies – Take-over Bids for Constituent Issuers" and when cash redemptions of Units occur as described below under "Redemption and Exchange of Units – Redemption of Units for Cash".

### ***To Unitholders as Reinvested Distributions***

Units may be issued by a First Trust ETF to Unitholders of the First Trust ETF on the automatic reinvestment of special dividends and other reinvested distributions. See "Distribution Policy".

## **Buying and Selling Units**

Investors are able to buy or sell Units through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units of the First Trust ETFs. The First Trust ETFs issue Units directly to the Designated Brokers and Dealers.



From time to time as may be agreed by a First Trust ETF and the Designated Brokers and Dealers, the Designated Brokers and Dealers may agree to accept Constituent Securities as payment for Units from prospective purchasers.

### **Special Considerations for Unitholders**

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the First Trust ETFs have obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of the class of any First Trust ETF through purchases on the TSX or Cboe, as applicable, without regard to the take-over bid requirements of Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to not vote more than 20% of the Units of the class of that First Trust ETF at any meeting of Unitholders.

### **Non-Resident Unitholders**

At no time may: (a) non-residents of Canada; (b) partnerships that are not Canadian partnerships; or (c) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a class of a First Trust ETF. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a class of a First Trust ETF then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the First Trust ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the First Trust ETF as a mutual fund trust for purposes of the Tax Act.

### **Registration and Transfer through CDS**

Registration of interests in, and transfers of, the Units will be made only through CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation and physical certificates evidencing ownership will not be issued. References in this prospectus to a holder of Units mean, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the First Trust ETFs nor the Manager will have any liability for: (a) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (b) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (c) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The First Trust ETFs have the option to terminate registration of the Units through the book-based system in which case certificates for Units in fully registered form may be issued to beneficial owners of such Units or to their nominees.

## **REDEMPTION AND EXCHANGE OF UNITS**

### **Redemption of Units for Cash**

On any Trading Day, Unitholders may redeem Units of any First Trust ETF for cash at a redemption price per Unit equal to the lesser of (a) 95% of the closing price for the Units on the TSX or Cboe, as applicable, on the effective day of the redemption; and (b) the NAV per Unit. Because Unitholders will generally be able to sell Units at the market price on the TSX or Cboe, as applicable, through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the applicable First Trust ETF at its registered office by 9:00 a.m. (Toronto time) on the Trading Day (or such later time on such Trading Day as the Manager may permit). If a cash redemption request is not received by the delivery deadlines noted immediately above on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will generally be made by no later than the Trading Day following the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem Units prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, a First Trust ETF may dispose of securities or other assets to satisfy the redemption.

### **Exchange of Units for Baskets of Securities**

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and/or cash in the discretion of the Manager.

To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the applicable First Trust ETF at its registered office by 9:00 a.m. (Toronto time) on a Trading Day (or such later time on such Trading Day as the Manager may permit). The exchange price will be equal to the NAV of the Units on the effective day of the exchange request, payable by delivery of Baskets of Securities and cash. The Units will be redeemed in the exchange.

If an exchange request is not received by the submission deadlines noted immediately above on a Trading Day, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and cash will generally be made by no later than the Trading Day following the effective day of the exchange request. The securities to be included in the Baskets of Securities delivered on an exchange shall be selected by the Portfolio Advisor or Sub-Advisor, as the case may be, in its discretion.

Unitholders should be aware that the NAV per Unit will decline on the date of declaration of any distribution payable in cash on Units. A Unitholder that is no longer a holder of record on the applicable distribution record date will not be entitled to receive that distribution.

If Constituent Securities are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange in the Prescribed Number of Units may be postponed until such time as the transfer of the securities is permitted by law.

### **Requests for Exchange and Redemption**

A Unitholder submitting an exchange or redemption request is deemed to represent to the First Trust ETF and the Manager that: (a) it has full legal authority to tender the Units for exchange or redemption and to receive the proceeds of the exchange or redemption; and (b) the Units have not been loaned or pledged and are not the subject of a repurchase agreement, securities lending agreement or a similar arrangement that would preclude the delivery of the Units to the First Trust ETF. The Manager reserves the right to verify these representations at its discretion. Generally, the Manager will require verification with respect to an exchange or redemption request if there are unusually high levels of exchange or redemption activity or short interest in the applicable First Trust ETF. If the Unitholder, upon receipt of a verification request, does not provide the Manager with satisfactory evidence of the truth of the representations, the Unitholder's exchange or redemption request will not be considered to have been received in proper form and will be rejected.

### **Conversion of Units**

Unitholders may convert units into Hedged Units of the same First Trust ETF or Hedged Units into units of the same First Trust ETF in any month. To do so, Units must be surrendered and the Unitholder's CDS Participant must deliver to CDS (at its office in the City of Toronto) on behalf of the Unitholder, notice of the Unitholder's intention to convert at any time during the period from the first day of a month until 5:00 p.m. (Toronto time) on the last business day prior to the 16th day of such month. Units surrendered for conversion will be converted on the last Trading Day of the month (the "**Conversion Date**").

For each unit so converted, a holder will receive a number of Hedged Units equal to the NAV per unit as of the Conversion Date divided by the NAV per Hedged Unit as of the Conversion Date.

For each Hedged Unit so converted, a holder will receive a number of units equal to the NAV per Hedged Unit as of the Conversion Date divided by the NAV per unit as of the Conversion Date.

Unitholders should consult with their own tax advisors about the tax consequences of undertaking a Unit conversion.

### **Suspension of Exchange and Redemption**

The Manager may suspend the redemption of Units or payment of redemption proceeds of a First Trust ETF: (a) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the First Trust ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the First Trust ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the First Trust ETF; or (b) with the prior permission of the securities regulatory authorities for any period not exceeding 30 days during which the Manager determines that conditions exist that render impractical the sale of assets of the First Trust ETF or that impair the ability of the Valuation Agent to determine the value of the assets of the First Trust ETF. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the First Trust ETFs, any declaration of suspension made by the Manager shall be conclusive.

## **Costs Associated with Exchange and Redemption**

Unitholders who buy and sell Units of the First Trust ETFs through the facilities of the TSX, Cboe or other exchange do not pay a fee directly to the Manager or the First Trust ETF in respect of those purchases and sales.

Unitholders who exchange or redeem Units of the First Trust ETFs directly through the Manager may be charged, at the Manager's discretion, an administrative fee of up to 0.15% of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of Units of the First Trust ETFs.

## **Allocations of Capital Gains to Redeeming or Exchanging Unitholders**

Pursuant to the Declaration of Trust, a First Trust ETF may allocate and designate as payable any capital gains realized by the First Trust ETF as a result of any disposition of property of such First Trust ETF. In addition, a First Trust ETF has the authority to distribute, allocate and designate any capital gains of such First Trust ETF to a Unitholder of such First Trust ETF who has redeemed or exchanged Units during a year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and may be deductible by the First Trust ETF in computing its income, subject to subsection 132(5.3) and subsection 132(5.31) of the Tax Act. The capital gains allocated in any given taxation year to all exchanging and redeeming Unitholders of a First Trust ETF shall be an amount determined by a formula which is based on (a) the amount of capital gains designated to Unitholders on an exchange or redemption of Units in the taxation year, (b) the total amount paid for exchanges or redemptions of the Units in the taxation year, (c) the First Trust ETF's NAV at the end of the taxation year and the end of the previous taxation year, and (d) the First Trust ETF's net taxable capital gains for the taxation year.

## **Exchange and Redemption of Units through CDS Participants**

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times described above to allow such CDS Participants to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

## **Short-Term Trading**

At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the First Trust ETFs as Units of the First Trust ETFs are generally traded by investors on an exchange in the secondary market in the same way as other listed securities. In the few situations where the First Trust ETFs are not purchased in the secondary market, purchases usually involve a Designated Broker or a Dealer upon whom the Manager may impose a redemption fee, which is intended to compensate the applicable First Trust ETF for any costs and expenses incurred in relation to the trade.

## **INCOME TAX CONSIDERATIONS**

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the First Trust ETFs and for a prospective investor in a First Trust ETF that, for the purpose of the Tax Act, is an individual, other than a trust, is resident in Canada, holds Units of the First Trust ETF, and any securities of Constituent Issuers accepted as payment for Units of a First Trust ETF, as capital property, has not entered into a "derivative forward agreement" as defined in the Tax Act in respect of Units of a First Trust ETF or securities of such Constituent Issuers and is not affiliated and deals at arm's length with the First Trust ETF. This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof ("Tax Proposals"), and counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or

foreign income tax legislation or considerations, which may differ from the considerations described below. No assurances can be given that the Tax Proposals will become law as proposed or at all.

**This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.**

This summary is also based on the assumptions that: (a) none of the issuers of securities held by a First Trust ETF will be a foreign affiliate of the First Trust ETF or any Unitholder; (b) none of the securities held by a First Trust ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; (c) none of the securities held by a First Trust ETF will be an interest in a non-resident trust other than an “exempt foreign trust” as defined in the Tax Act; and (d) no First Trust ETF will enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act.

### **Status of the First Trust ETFs**

This summary is based on the assumption that each First Trust ETF will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act.

A First Trust ETF that does not qualify as a mutual fund trust under the Tax Act will be treated as a “financial institution” for purposes of certain special mark-to-market rules in the Tax Act if more than 50% of the Units of the First Trust ETF are held by one or more Unitholders that are themselves considered to be financial institutions under those rules.

Provided that a First Trust ETF qualifies as a mutual fund trust within the meaning of the Tax Act, is a “registered investment” within the meaning of the Tax Act, or that the Units of the First Trust ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX and Cboe, the Units of such First Trust ETF will be qualified investments for trusts governed by Registered Plans.

In the case of an exchange of Units of a First Trust ETF for a Basket of Securities of the First Trust ETF, or a distribution in kind on the termination of a First Trust ETF, the investor will receive securities. The securities received by an investor as a result of an exchange of Units or a distribution in kind may or may not be qualified investments for Registered Plans. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

### **Taxation of the First Trust ETFs**

A First Trust ETF will include in computing its income taxable distributions received on securities held by it, including any special dividends and the taxable portion of capital gains realized by the First Trust ETF on the disposition of securities held by it and income earned by any securities lending activity. Under the SIFT Rules, certain income earned by issuers of Constituent Securities that are SIFT trusts or SIFT partnerships, when such income is distributed or allocated to a First Trust ETF, would be treated as eligible dividends from a taxable Canadian corporation. A First Trust ETF will include in computing its income any interest accruing to it on bonds held by that First Trust ETF. In the case of any other First Trust ETF holding real return or inflation-adjusted bonds, any amounts in respect of inflation-related adjustments to the principal amount of the bonds will be deemed to be interest for this purpose. Any such amounts of accrued interest and amounts deemed to be interest will be reflected in distributions to Unitholders.

The Declaration of Trust governing each of the First Trust ETFs requires that the First Trust ETF distribute its net income and net realized capital gains, if any, for each taxation year of the First Trust ETF to Unitholders to such an extent that the First Trust ETF will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the First Trust ETF and any capital gains refunds (as defined below) to which the First Trust ETF is entitled). If in a taxation year the income for tax purposes of a First Trust ETF exceeds the cash

available for distribution by the First Trust ETF, such as in the case of the receipt by the First Trust ETF of special dividends, the First Trust ETF will distribute its income through a payment of reinvested distributions.

If a First Trust ETF is not a “mutual fund trust” under the Tax Act throughout a taxation year, the First Trust ETF (a) may become liable for alternative minimum tax under the Tax Act in such year, (b) may be subject to a special tax under Part XII.2 of the Tax Act in such year and (c) may be subject to rules applicable to financial institutions discussed above. A First Trust ETF that is a “registered investment” under the Tax Act and is not a “mutual fund trust” may, in some circumstances, be subject to tax under Part X.2 of the Tax Act if the First Trust ETF makes an investment in property that is not a qualified investment for Registered Plans. Any First Trust ETF that is a “registered investment” does not intend to make any investment which would result in the First Trust ETF becoming subject to tax under Part X.2 of the Tax Act.

If a First Trust ETF invests in another fund (an “**Underlying Trust**”) that is a Canadian resident trust, other than a SIFT trust, the Underlying Trust may designate a portion of amounts that it distributes to the First Trust ETF as may reasonably be considered to consist of: (a) taxable dividends (including eligible dividends) received by the Underlying Trust on shares of taxable Canadian corporations; and (b) net taxable capital gains realized by the Underlying Trust. Any such designated amounts will be deemed for tax purposes to be received or realized by the First Trust ETF as such a taxable dividend or taxable capital gain, respectively. An Underlying Trust that pays foreign withholding tax may make designations such that a First Trust ETF may be treated as having paid its share of such foreign tax for purposes of the foreign tax credit rules in the Tax Act.

If a First Trust ETF invests in another fund that for Canadian federal income tax purposes is a trust that is not resident in Canada (an “**Underlying Foreign Trust**”) that is an “exempt foreign trust” for purposes of the Tax Act and the total fair market value at any time of all fixed interests of a particular class in the Underlying Foreign Trust held by the First Trust ETF and/or persons or partnerships not dealing at arm's length with the First Trust ETF, is at least 10% of the total fair market value at that time of all fixed interests of the particular class of the Underlying Foreign Trust, the Underlying Foreign Trust will be deemed by section 94.2 of the Tax Act to be at that time a controlled foreign affiliate (“**CFA**”) of the First Trust ETF.

If the Underlying Foreign Trust is deemed to be a CFA of the First Trust ETF at the end of a particular taxation year of the Underlying Foreign Trust and earns income that is characterized as foreign accrual property income (“**FAPI**”) in that taxation year of the Underlying Foreign Trust, the First Trust ETF’s proportionate share of the FAPI of the Underlying Foreign Trust (computed under Canadian federal income tax principles and reducible by certain deductions) must be included in computing the income of the First Trust ETF for Canadian federal income tax purposes for the taxation year of the First Trust ETF in which that taxation year of the Underlying Foreign Trust ends, whether or not the First Trust ETF actually receives a distribution of that FAPI.

Under section 94.2 of the Tax Act, in computing the amount of FAPI of an Underlying Foreign Trust that is required to be included in income by the First Trust ETF, there may be deducted the portion of such FAPI that has been distributed or otherwise made payable to the First Trust ETF in the applicable taxation year.

The First Trust ETFs may be subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of property may be considered to be a suspended loss when a First Trust ETF acquires a property (a “**substituted property**”) that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and the First Trust ETF owns the substituted property 30 days after the original disposition. If a loss is suspended, the applicable First Trust ETF cannot deduct the loss from the First Trust ETF’s gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

In determining the income of a First Trust ETF, gains or losses realized upon dispositions of securities in which the First Trust ETF has invested will constitute capital gains or capital losses of the First Trust ETF in the year realized unless the First Trust ETF is a “financial institution” as described above, or is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities, or the First Trust ETF has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that each First Trust ETF that holds “Canadian securities” (as defined in the Tax Act) elected in accordance with the Tax Act to have each such security treated as capital property. Such election will ensure that gains or losses realized on the disposition of Canadian securities by a First Trust ETF that is not a “financial

institution” and is not trading or dealing in securities at the time of such disposition, or which is a “mutual fund trust” for the purposes of the Tax Act, are taxed as capital gains or capital losses.

A First Trust ETF will be entitled for each taxation year throughout which it is a “mutual fund trust” for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of its Units during the year (“**capital gains refund**”). The capital gains refund in a particular taxation year may not completely offset the tax liability of the First Trust ETF for such taxation year which may arise upon the sale of its investments in connection with redemptions of Units.

Pursuant to the Declaration of Trust, a First Trust ETF may allocate and designate as payable any capital gains realized by the First Trust ETF as a result of any disposition of property of such First Trust ETF. In addition, a First Trust ETF has the authority to distribute, allocate and designate any capital gains of such First Trust ETF to a Unitholder of such First Trust ETF who has redeemed or exchanged Units during a year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and may be deductible by the First Trust ETF in computing its income, subject to subsection 132(5.3) and subsection 132(5.31) of the Tax Act. The capital gains allocated in any given taxation year to all exchanging and redeeming Unitholders of a First Trust ETF shall be an amount determined by a formula which is based on (a) the amount of capital gains designated to Unitholders on an exchange or redemption of Units in the taxation year, (b) the total amount paid for exchanges or redemptions of the Units in the taxation year, (c) the First Trust ETF’s NAV at the end of the taxation year and the end of the previous taxation year, and (d) the First Trust ETF’s net taxable capital gains for the taxation year.

The Manager has advised counsel that, generally, each First Trust ETF will include gains and deduct losses on income account in connection with investments made through derivatives transactions, except where a First Trust ETF is not a “financial institution” for purposes of the Tax Act, such derivatives are not “derivative forward agreements” as defined in the Tax Act, and are entered into in order to hedge securities that are held on capital account by the First Trust ETF, and are sufficiently linked thereto. Such gains or losses will be recognized for tax purposes at the time they are realized by the First Trust ETF.

Each First Trust ETF is required to compute its income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency, although, in some cases, such fluctuations may be offset through hedging transactions.

A First Trust ETF may pay foreign withholding or other taxes in connection with investments in foreign securities in respect of which foreign tax credits may not be available.

Under the Tax Act, the excessive interest and financing expenses limitation rules (the “**EIFEL Rules**”), if applicable to an entity, may limit the deductibility of interest and other financing-related expenses by the entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity’s adjusted EBITDA. The EIFEL Rules and their application are highly complex, and there can be no assurances that the EIFEL Rules will not have adverse consequences to a First Trust ETF or its Unitholders. Although certain investment funds that are considered to be “excluded entities” for purposes of the EIFEL Rules may be excluded from the application of the EIFEL Rules, there can be no assurance that a First Trust ETF would qualify as an “excluded entity” for these purposes, and hence the First Trust ETF could be subject to the EIFEL Rules.

## **Taxation of Unitholders**

### ***Distributions***

A Unitholder will be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the First Trust ETF, if any, paid or payable to the Unitholder in the year

and deducted by the First Trust ETF in computing its income, whether or not such amounts are reinvested in additional Units.

The non-taxable portion of any net realized capital gains of a First Trust ETF that is not a “financial institution”, as described above, that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year and will not reduce the adjusted cost base of the Unitholder’s Units of that First Trust ETF. Any other non-taxable distribution, such as a return of capital, will not be included in computing the Unitholder’s income for the year but will reduce the Unitholder’s adjusted cost base (unless the First Trust ETF elects to treat such amount as a distribution of additional income). To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder’s adjusted cost base will be nil immediately thereafter.

Each First Trust ETF will designate, to the extent permitted by the Tax Act, the portion of the net income distributed to Unitholders as may reasonably be considered to consist of, respectively: (a) taxable dividends (including eligible dividends) received or considered to be received by the First Trust ETF on shares of taxable Canadian corporations; and (b) net taxable capital gains realized or considered to be realized by the First Trust ETF. Any such designated amount will be deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation will apply to amounts designated by the applicable First Trust ETF as such taxable dividends. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. In addition, a First Trust ETF may make designations in respect of the income from foreign sources, if any, so that Unitholders may be able to claim a foreign tax credit in accordance with the provisions of and subject to the general limitations under the Tax Act for a portion of foreign tax, if any, paid by the First Trust ETF or an Underlying Trust. Any loss realized by the First Trust ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders of such First Trust ETF.

### ***Composition of Distributions***

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable dividends (including eligible dividends), taxable capital gains, non-taxable amounts or foreign source income, and as to foreign tax deemed paid by the Unitholder as those items are applicable.

### ***Disposition of Units***

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, and including upon the termination of a First Trust ETF, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of a particular First Trust ETF held by the Unitholder is the total amount paid for the Units (including brokerage commissions paid and the amount of reinvested distributions), regardless of when the investor bought them, less any non-taxable distributions (other than the non-taxable portion of capital gains) such as a return of capital and less the adjusted cost base of any Units of that First Trust ETF previously redeemed/exchanged by the Unitholder. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units of a First Trust ETF are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of a class of that First Trust ETF owned by the Unitholder as capital property immediately before that time. The cost of Units acquired on the reinvestment of distributions of First Trust ETFs will be the amount so reinvested.

Where Units of a First Trust ETF are exchanged by the redeeming Unitholder for Baskets of Securities, or where securities are received by a Unitholder on a distribution in kind on the termination of a First Trust ETF, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the securities so received, plus the amount of any cash received on the exchange. The cost for tax purposes of securities acquired by a redeeming Unitholder on the exchange or redemption of Units will generally be the fair market value of such securities at that time.



### ***Where Securities of Constituent Issuers are Accepted as Payment for Units of a First Trust ETF***

Where securities of Constituent Issuers are accepted as payment for Units acquired by a Unitholder, such Unitholder will generally realize a capital gain (or capital loss) in the taxation year of the Unitholder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Unitholder. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a Unitholder of Units so acquired will be equal to the fair market value of the securities of the Constituent Issuers disposed of in exchange for such Units at the time of disposition less any cash received in lieu of fractional Units, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration for the securities of Constituent Issuers. In computing the adjusted cost base of a Unit so acquired by a Unitholder, the cost of such Unit must be averaged with the adjusted cost base of any other Units then held by that Unitholder as capital property.

### ***Taxation of Capital Gains and Capital Losses***

One-half of any capital gain realized by an investor and the amount of any net taxable capital gains realized or considered to be realized by a First Trust ETF and designated by the First Trust ETF in respect of an investor will be included in the investor's income as a taxable capital gain. One-half of a capital loss realized by an investor will be an allowable capital loss that may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

### **Taxation of Registered Plans**

In general, a Registered Plan will not be taxable on the amount of a distribution paid or payable to a Registered Plan from a First Trust ETF, nor on gains realized by a Registered Plan on a disposition of a Unit. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of contributions from a RESP or certain withdrawals from a RDSP or FHSA) will generally be subject to tax.

### **Tax Implications of the First Trust ETFs' Distribution Policy**

When an investor purchases Units, a portion of the price paid may reflect income or capital gains accrued or realized before such person acquired such Units. When these amounts are payable to such Unitholder as distributions, they must be included in the Unitholder's income for tax purposes subject to the provisions of the Tax Act, even though the First Trust ETF earned or accrued these amounts before the Unitholder owned the Units. This may particularly be the case if Units are purchased near year-end before the final year-end distributions have been made.

## **INTERNATIONAL INFORMATION REPORTING**

The First Trust ETFs are required to comply with due diligence and reporting obligations imposed under amendments to the Tax Act that implemented the Intergovernmental Agreement for the Enhanced Exchange of Tax Information Agreement under the Canada-U.S. Tax Convention entered into by Canada and the U.S. (the "IGA"). As long as Units of the First Trust ETFs continue to be registered in the name of CDS and regularly traded on the TSX, Cboe or any other established securities market, the First Trust ETFs should not have any U.S. reportable accounts and, as a result, should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Unitholders (and, if applicable, the controlling person(s) of a Unitholder) may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder, or its controlling person(s), is a "Specified U.S. Person" as defined under the IGA (including a U.S. citizen who is a resident of Canada) or if a Unitholder fails to provide the required information and indicia of U.S. status are present, Part XVIII of the Tax Act will generally require information about the Unitholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA will then provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “**CRS Rules**”). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by tax residents of foreign countries other than the U.S. (“**Reportable Jurisdictions**”) or by certain entities any of whose “controlling persons” are tax residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of Unitholders (and, if applicable, of the controlling persons of such Unitholders) who are tax residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are tax resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in the First Trust ETFs to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Osler, Hoskin & Harcourt LLP, provided that a First Trust ETF qualifies as a mutual fund trust within the meaning of the Tax Act, is a “registered investment” within the meaning of the Tax Act, or that the Units of the First Trust ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX and Cboe the Units of that First Trust ETF will be qualified investments for trusts governed by Registered Plans.

Notwithstanding the foregoing, if Units are a “prohibited investment” for a TFSA, FHSA, RESP, RDSP, RRSP or a RRIF that acquires Units, the holder, subscriber or annuitant will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a unit of a trust that does not deal at arm’s length with the controlling individual. Controlling individuals of Registered Plans should consult with their tax advisors in this regard.

In the case of an exchange of Units of a First Trust ETF for a Basket of Securities of the First Trust ETF, the investor will receive securities. The securities received by an investor as a result of an exchange of Units or a distribution in kind may or may not be qualified investments for Registered Plans. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

## **ORGANIZATION AND MANAGEMENT DETAILS**

### **The Trustee, Manager and Promoter**

FT Portfolios Canada Co. is the trustee, manager and promoter of the First Trust ETFs and is responsible for the administration of the First Trust ETFs. FT Portfolios Canada Co. is registered with the Ontario Securities Commission as a mutual fund dealer and investment fund manager. Its head office and principal place of business is located at 40 King Street West, Suite 5102, Toronto, Ontario M5H 3Y2. It is a privately owned company and an affiliate of First Trust Portfolios L.P., a U.S. registered broker-dealer, and First Trust Advisors L.P., a U.S. registered investment advisor. The First Trust companies are a global enterprise with a history in the U.S. market since 1991 and in Canada since 1996.

### ***Duties and Services to be Provided by the Trustee, Manager and Promoter***

FT Portfolios Canada Co. is the trustee, manager and promoter of each of the First Trust ETFs and, as such, is responsible for providing managerial, administrative and compliance services to the First Trust ETFs including, without limitation, authorizing the payment of operating expenses incurred on behalf of the First Trust ETFs, preparing financial statements and financial and accounting information as required by the First Trust ETFs, ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time, ensuring that the First Trust ETFs comply with regulatory requirements and applicable stock exchange listing requirements, preparing the First Trust ETFs’ reports to Unitholders and the securities regulatory authorities, determining the amount of distributions to be made by the First

Trust ETFs and negotiating contractual agreements with third-party providers of services, including the Indices Providers, Designated Brokers, the Custodian, the Registrar and Transfer Agent, the auditor and printers.

FT Portfolios Canada Co. is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent trustee and manager would exercise in similar circumstances.

FT Portfolios Canada Co. may resign as trustee and/or manager of any of the First Trust ETFs upon 60 days' notice to the Unitholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of the same has been given to the Manager, the Unitholders may remove the Manager and appoint a successor trustee and/or manager.

FT Portfolios Canada Co. is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses – Management Fees". In addition, FT Portfolios Canada Co. and its affiliates and each of their directors, officers, employees and agents will be indemnified by each of the First Trust ETFs for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against any of them in the exercise of FT Portfolios Canada Co.'s duties under the Declaration of Trust, if they do not result from FT Portfolios Canada Co.'s wilful misconduct, bad faith, gross negligence or material breach of its obligations thereunder.

The management and trustee services of FT Portfolios Canada Co. are not exclusive and nothing in the Declaration of Trust or any agreement prevents FT Portfolios Canada Co. from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the First Trust ETFs) or from engaging in other business activities.

FT Portfolios Canada Co. has taken the initiative in founding and organizing the First Trust ETFs and is, accordingly, the promoter of the First Trust ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

### ***Officers and Directors of the Trustee, Manager and Promoter***

The name and municipality of residence of each of the directors and executive officers of FT Portfolios Canada Co., the trustee, manager, and promoter of the First Trust ETFs, and their principal occupations are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with Manager</b>	<b>Principal Occupation in the last 5 years</b>
ANDREW ROGGENSACK Western Springs, Illinois	Chair (as chief executive officer), Corporate Secretary and Director	President, First Trust Portfolios L.P., First Trust Advisors L.P. and First Trust Global Enterprises L.P.
DAVID G. MCGAREL Western Springs, Illinois	Director	Managing Director, Chief Investment Officer and Chief Operating Officer of First Trust Portfolios L.P., and First Trust Advisors L.P., and Chief Operating Officer of First Trust Global Enterprises L.P.
ERIC ANDERSON West Chicago, Illinois	Director	Senior Vice President, First Trust Portfolios L.P. and First Trust Advisors L.P.
SUSAN JOHNSON Oakville, Ontario	Chief Financial Officer, Chief Compliance Officer and Ultimate Designated Person	Chief Financial Officer and Chief Compliance Officer of FT Portfolios Canada Co.

Each of the foregoing individuals has held his or her current office or a senior position with the Manager or an affiliate thereof during the past five years.

As the table illustrates, Mr. Roggensack is President of First Trust Portfolios L.P., First Trust Advisors L.P. and First Trust Global Enterprises L.P. Mr. McGarel is Managing Director, Chief Investment Officer and the Chief Operating Officer of First Trust Portfolios L.P., First Trust Advisors L.P. and Chief Operating Officer of First Trust Global Enterprises L.P. Mr. Anderson is a Senior Vice President of First Trust Portfolio L.P. and First Trust Advisors L.P. First Trust Global Enterprises L.P., is a holding company that indirectly holds all of the shares of the Manager through FDP Trust and First Trust Portfolios L.P. is a privately owned investment manager, affiliated with the Manager and located in Wheaton, Illinois.

### **The Portfolio Advisor**

First Trust Advisors L.P. is the Portfolio Advisor of the First Trust ETFs and is responsible for providing investment advisory services to the First Trust ETFs. First Trust Advisors L.P. is registered with the Ontario Securities Commission as a portfolio manager. The Portfolio Advisor was established in 1991 and together with its affiliate, First Trust Portfolios L.P. has over 1,100 employees in North America. The principal office of First Trust Advisors L.P. is located at 120 E Liberty Drive, #400, Wheaton, Illinois, 60187, United States.

### ***Duties and Services to be Provided by the Portfolio Advisor***

The Portfolio Advisor Agreement sets out the duties of the Portfolio Advisor. Under the Portfolio Advisor Agreement, the Portfolio Advisor is responsible for the implementation of the overall investment strategy of the First Trust ETFs which includes the acquisition of the securities for the portfolio of the First Trust ETFs.

Under the Portfolio Advisor Agreement, the Portfolio Advisor is required to act at all times on a basis which is fair and reasonable to the First Trust ETFs, to act honestly and in good faith with a view to the best interests of the Unitholders of the applicable First Trust ETF, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio advisor would exercise in comparable circumstances. The Portfolio Advisor Agreement provides that the Portfolio Advisor shall not be liable to the Manager, the First Trust ETFs, a Unitholder thereof or any other person for any loss in respect of an investment decision if such decision shall have been made with due care and in good faith, provided the Portfolio Advisor has satisfied the duties and standard of care, diligence and skill set forth above and further provided the Portfolio Advisor has not acted with wilful misconduct, bad faith, reckless disregard or gross negligence in the performance of its obligations and duties under the Portfolio Advisor Agreement or materially breached the terms of such agreement. The First Trust ETFs shall indemnify the Portfolio Advisor and its directors, officers, employees and agents and save them harmless in respect of all losses, liabilities, damages, expenses and costs incurred in connection with any action, suit or proceeding or other claim that is made against the Portfolio Advisor or any of its directors, officers, employees or agents in the exercise of their duties under the Portfolio Advisor Agreement, except those resulting from the Portfolio Advisor's wilful misconduct, bad faith, reckless disregard, gross negligence or material breach of its obligations and duties under such agreement.

The Portfolio Advisor Agreement, unless terminated in accordance with its terms, will continue in effect until the termination of the Manager as manager of the First Trust ETFs. The Manager can terminate the Portfolio Advisor Agreement at any time on 30 days' notice for breach thereof by the Portfolio Advisor. The Portfolio Advisor's appointment under the Portfolio Advisor Agreement may be immediately terminated by the Manager if (a) the Portfolio Advisor shall cease to carry on business, become bankrupt or insolvent, resolve to wind up, dissolve or liquidate, if a receiver of any of the assets of the Portfolio Advisor is appointed or if the Portfolio Advisor makes a general assignment for the benefit of its creditors, (b) the Manager establishes that the Portfolio Advisor has committed any fraud or material wrongdoing in conducting its business, generally or under the Portfolio Advisor Agreement or (c) the Portfolio Advisor has lost any registration, license or other authorization required of it to perform its services under the Portfolio Advisor Agreement. The Portfolio Advisor Agreement may be terminated by either party on 60 days' notice to the other party. The Portfolio Advisor Agreement may be assigned by the Portfolio Advisor to an affiliate thereof. In addition, pursuant to the terms of the Portfolio Advisor Agreement, the Portfolio Advisor may retain a sub-advisor to provide investment advisory and portfolio management services.

The Portfolio Advisor is entitled to fees for providing investment management services. All such fees will be paid to the Portfolio Advisor by the Manager.

The services of the Portfolio Advisor and its officers and directors are not exclusive to the Manager. The Portfolio Advisor or any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other entity which invests primarily in the same securities as those held by the First Trust ETFs and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for the First Trust ETFs will be made independently of those made for other clients and independently of investments of the Portfolio Advisor. On occasion, however, the Portfolio Advisor may identify the same investment for the First Trust ETFs and for one or more of its other clients. If the First Trust ETFs and one or more of the other clients of the Portfolio Advisor are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

There is no one individual primarily responsible for investment management decisions made by the Portfolio Advisor for the First Trust ETFs. Rather, investment decisions are made under the direction of an investment committee.

The investment committee of the First Trust Index ETFs consists of Roger F. Testin, Jon C. Erickson, David G. McGarel, Daniel J. Lindquist, Stan Ueland, Chris Peterson and Erik Russo. The below table sets forth information about these individuals:

<b>Name</b>	<b>Title with the Portfolio Advisor</b>	<b>Length of Service</b>
ROGER F. TESTIN	Senior Vice President	Since 2001
JON C. ERICKSON	Senior Vice President	Since 1994
DAVID G. MCGAREL	Managing Director, Chief Investment Officer and Chief Operating Officer	Since 1997
DANIEL J. LINDQUIST	Managing Director	Since 2004
STAN UELAND	Senior Vice President	Since 2005
CHRIS PETERSON	Senior Vice President	Since 2000
ERIK RUSSO	Vice President	Since 2010

The investment committee for First Trust Senior Loan ETF (CAD-Hedged) consists of William Housey and Jeffrey Scott.

The investment committee for First Trust Canadian Capital Strength ETF and First Trust International Capital Strength ETF consists of Roger F. Testin, Jon C. Erickson, David G. McGarel, Daniel J. Lindquist, Chris Peterson and John H. Sherren.

The below table sets forth information about the investment committee members not previously referenced in the table above.

<b>Name</b>	<b>Title with the Portfolio Advisor</b>	<b>Length of Service</b>
WILLIAM HOUSEY	Senior Portfolio Manager and Managing Director of Fixed-Income	Since 2010
JOHN H. SHERREN	Vice President	Since 1998
JEFFREY SCOTT	Senior Vice President and Portfolio Manager	Since 2010

Each of the individuals in the foregoing two tables has held his or her current office or a senior position with the Portfolio Advisor or an affiliate thereof during the past five years.

Roger F. Testin is a senior vice president of the Portfolio Advisor and chairman of the investment committee in respect of Canadian funds advised by the Portfolio Advisor and presides over its meetings. As the head of the portfolio management group for the Portfolio Advisor, Mr. Testin is responsible for overseeing the implementation of investment strategies for investment funds being advised by the Portfolio Advisor.

Jon C. Erickson is a senior vice president of the Portfolio Advisor. As head of the Portfolio Advisor's equity research group, Mr. Erickson is responsible for determining the securities to be purchased and sold by funds that do not utilize quantitative investment strategies.

David G. McGarel is a managing director, chief investment officer and chief operating officer of the Portfolio Advisor. As chief investment officer, Mr. McGarel consults with the investment committee on market conditions and the Portfolio Advisor's general investment philosophy.

Daniel J. Lindquist is a managing director of the Portfolio Advisor. He acts as the chairman of the investment committee and presides over investment committee meetings. Mr. Lindquist is also responsible for overseeing the implementation of investment strategies for investment funds being advised by the Portfolio Advisor.

Stan Ueland is a senior vice president of the Portfolio Advisor. He plays an important role in executing the investment strategies of each portfolio of exchange-traded funds advised by the Portfolio Advisor.

Chris Peterson is a senior vice president of the Portfolio Advisor and head of the strategy research group. Mr. Peterson is responsible for developing and implementing quantitative equity investment strategies.

Erik Russo is a vice president of the Portfolio Advisor. He plays an important role in executing the investment strategies of each portfolio of exchange-traded funds advised by the Portfolio Advisor.

William Housey is a senior portfolio manager for the leveraged finance investment team of the Portfolio Advisor and has over 28 years of investment experience. Mr. Housey is a managing director of fixed income and is also a member of the Portfolio Advisor's strategic model investment committee and the fixed income sub-committee. Prior to joining the Portfolio Advisor, Mr. Housey was at Morgan Stanley Investment Management and its wholly owned subsidiary, Van Kampen Funds, Inc. for 11 years where he last served as Executive Director and Co-Portfolio Manager. Mr. Housey has extensive experience in the portfolio management of both leveraged and unleveraged credit products, including senior loans, high-yield bonds, credit derivatives and corporate restructurings. Mr. Housey received a B.S. in Finance from Eastern Illinois University and an M.B.A. in Finance as well as Management and Strategy from Northwestern University's Kellogg School of Business. He also holds the FINRA Series 7, Series 52 and Series 63 licenses. Mr. Housey also holds the Chartered Financial Analyst designation. He is a member of the CFA Institute and the CFA Society of Chicago. Mr. Housey also serves on the Village of Glen Ellyn, IL Police Pension Board.

John H. Sherren is a vice president of the Portfolio Advisor and a member of the investment committee in respect of Canadian funds advised by the Portfolio Advisor. As vice president of the Portfolio Advisor's research department, Mr. Sherren is responsible for assisting in the selection, supervision, and management of securities for the equity portion of the Portfolio Advisor's product line. Mr. Sherren has acted in this capacity since 2007. From 1998 to 2007, Mr. Sherren held the position of equity analyst in the research department.

Jeffrey Scott is a senior vice president and portfolio manager for the leveraged finance investment team at the Portfolio Advisor. He has over 30 years of experience in the investment management industry and has extensive experience in credit analysis, product development, and product management. Prior to joining the Portfolio Advisor, Jeff served as an assistant portfolio manager and as a senior credit analyst for Morgan Stanley/Van Kampen from October 2008 to June 2010. As assistant portfolio manager, Jeff served on a team that managed over \$4.0 billion of Senior Loan assets in three separate funds: Van Kampen Senior Loan Fund; Van Kampen Senior Income Trust; and Van Kampen Dynamic Credit Opportunities Fund. His responsibilities included assisting with portfolio construction, buy and sell decision making, and monitoring fund liquidity and leverage. Mr. Scott earned a B.S. in Finance and Economics from Elmhurst College and an M.B.A. with specialization in Analytical Finance and Econometrics and

Statistics from the University of Chicago. He also holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Chicago.

### **The Sub-Advisor**

The Portfolio Advisor has retained Jarislowsky, Fraser Limited to act as the Sub-Advisor to provide investment advisory and portfolio management services in respect of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. The Sub-Advisor is responsible for the selection and ongoing monitoring of the securities in each fund's portfolio. The Sub-Advisor was established in 1955 and is an investment advisor located at 40 Temperance Street, 18th Floor, Toronto, Ontario M5H 0B4. The Sub-Advisor is registered as (a) a portfolio manager and exempt market dealer in each of the provinces and territories of Canada, (b) an investment fund manager in Alberta, British Columbia, Newfoundland and Labrador, Ontario and Quebec, (c) a derivatives portfolio manager in Quebec, (d) an adviser in Manitoba and (e) a commodity trading manager in Ontario.

### ***Duties and Services to be Provided by the Sub-Advisor***

The Sub-Advisory Agreement sets out the duties of the Sub-Advisor. Under the Sub-Advisory Agreement, the Sub-Advisor is responsible for the implementation of the overall investment strategy of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF which includes the acquisition of the securities for the portfolio of each of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF.

Under the Sub-Advisory Agreement, the Sub-Advisor is required to act at all times on a basis which is fair and reasonable to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF, to act honestly and in good faith and in the best interests of the applicable fund and its Unitholders, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Sub-Advisory Agreement provides that the Sub-Advisor shall not be liable to the Portfolio Advisor, the Manager, First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF, a Unitholder thereof or any other person for any default, failure or defect in any of the assets forming part of the portfolio of each of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF, nor shall it be liable for any losses in the NAV of First Trust JFL Fixed Income Core Plus ETF or First Trust JFL Global Equity ETF if it has satisfied the duties and standard of care, diligence and skill set forth above and further provided the Sub-Advisor has not acted with wilful misconduct, bad faith, reckless disregard or negligence in the performance of its duties, obligations and responsibilities under the Sub-Advisory Agreement or breached the terms of such agreement. The Sub-Advisory Agreement also provides that the Sub-Advisor shall be responsible to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF for any loss that arises out of the failure of the Sub-Advisor to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF and its Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in the circumstances. First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF shall indemnify the Sub-Advisor and its directors, officers, employees and agents in respect of all losses, liabilities, damages, expenses and costs incurred in connection with any action, suit or proceeding or other claim that is made against the Sub-Advisor or any of its directors, officers, employees or agents in the exercise of their duties under the Sub-Advisory Agreement, except those resulting from the Sub-Advisor's wilful misconduct, bad faith, reckless disregard or negligence or breach of its duties, obligations and responsibilities under such agreement.

The Sub-Advisory Agreement, unless terminated in accordance with its terms, will continue in effect until the termination of the Portfolio Advisor, as portfolio advisor of the First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. The Sub-Advisor's appointment under the Sub-Advisory Agreement may be immediately terminated by the Portfolio Advisor if (a) the Sub-Advisor shall cease to carry on business, become bankrupt or insolvent, resolve to wind up, dissolve or liquidate, if a receiver of any of the assets of the Sub-Advisor is appointed or if the Sub-Advisor makes a general assignment for the benefit of its creditors, (b) the Portfolio Advisor establishes that the Sub-Advisor has committed any fraud or material wrongdoing in conducting its business, generally or under the Sub-Advisory Agreement or (c) the Sub-Advisor has lost any registration, license or other authorization required of it to perform its services under the Sub-Advisory Agreement. The Sub-Advisory Agreement may be terminated by either party on 60 days' written notice to the other party.

The Sub-Advisor is entitled to fees for providing investment management services. All such fees will be paid to the Sub-Advisor by the Portfolio Advisor.

The services of the Sub-Advisor and its officers and directors are not exclusive to the Manager. The Sub-Advisor or any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other entity which invests primarily in the same securities as those held by First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF will be made independently of those made for other clients and independently of investments of the Sub-Advisor. On occasion, however, the Sub-Advisor may identify the same investment for the First Trust Non-Index ETFs and for one or more of its other clients. If First Trust JFL Fixed Income Core Plus ETF and/or First Trust JFL Global Equity ETF and one or more of the other clients of the Sub-Advisor are engaged in the purchase or sale of the same security, the transactions will be effected on a fair and equitable basis.

There is no one individual primarily responsible for investment management decisions made by the Sub-Advisor for First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. Rather, investment decisions are made under the direction of the lead portfolio managers and the Investment Strategy Council, the sub-advisor's central risk and investment oversight body, which ensures that investment decisions follow its long-standing philosophy and process. The Investment Strategy Council comprises senior investment professionals within the Sub-Advisor's Global Investment Team.

***First Trust JFL Fixed Income Core Plus ETF***

<b>Name</b>	<b>Title with the Sub-Advisor</b>	<b>Length of Service</b>
Antoine Potter	Managing Director and Portfolio Manager, Fixed Income	2016

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

<b>Name</b>	<b>Title with the Sub-Advisor</b>	<b>Length of Service</b>
Kelly Patrick	Head of Equities and Portfolio Manager, International and Global Equities	Since 2006

Each of the foregoing individuals has held his or her current office or a senior position with the Sub-Advisor or an affiliate thereof during the past five years.

**Brokerage Arrangements**

The Portfolio Advisor utilizes various brokers to effect securities transactions on behalf of the First Trust ETFs. These brokers may directly provide FT Portfolios Canada Co. with research and related services, as outlined below, in addition to executing transactions—often referred to as “bundled services”. Although each First Trust ETF may not benefit equally from each research and related service received from a broker, the Manager will endeavour to ensure that all of the First Trust ETFs receive an equitable benefit over time.

The Portfolio Advisor maintains a list of brokers that have been approved to effect securities transactions on behalf of the First Trust ETFs. When determining whether a broker should be added to that list there are numerous factors that are considered including: (a) with respect to trading: (i) level of service; (ii) response time; (iii) availability of securities (liquidity); (iv) account management; (v) idea generation; and (vi) access to alternative markets/liquidity pools; (b) with respect to personnel: (i) back office support; and (ii) sales contacts; and (c) with respect to infrastructure: (i) trade settlement; (ii) confirmations; and (iii) reporting.

Approved brokers are monitored on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services. In conducting this analysis, the Portfolio Advisor considers the use of the goods and services, execution



quality in terms of trade impact and the ability to achieve the target benchmark price, as well as the amount of brokerage commissions paid relative to other brokers and the market in general.

The Sub-Advisor is responsible for decisions to buy and sell securities for First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF and for the placement of the funds' securities business, the negotiation of the commissions to be paid on brokered transactions, the prices for principal trades in securities, and the allocation of portfolio brokerage and principal business. It is the policy of the Sub-Advisor to seek best execution with respect to each transaction, and with respect to brokered transactions in light of the overall quality of brokerage and research services provided to the Sub-Advisor and its clients. The best price to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF means the best net price without regard to the mix between purchase or sale price and commission, if any. Purchases may be made from underwriters, dealers and, on occasion, the issuers. Commissions will be paid on a fund's futures and options transactions, if any. The purchase price of portfolio securities purchased from an underwriter or dealer may include underwriting commissions and dealer spreads. First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF may pay markups on principal transactions. In selecting broker-dealers and in negotiating commissions, the Sub-Advisor considers, among other things, the firm's reliability, the quality of its execution services on a continuing basis and its financial condition. Portfolio transactions may be effected with broker-dealers who have assisted investors in the purchase of shares.

The Sub-Advisor has advised the Portfolio Advisor and the Manager that it may use soft dollars. In selecting brokers, the Sub-Advisor will consider investment and market information and other research, such as economic, securities and performance measurement research, provided by such brokers, and the quality and reliability of brokerage services, including execution capability, performance and financial responsibility. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the Sub-Advisor determines in good faith that the amount of such commissions is reasonable in relation to the value of the research information and brokerage services provided by such broker to the Sub-Advisor or the fund. In addition, the Sub-Advisor must determine that the research information received in this manner provides First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF with benefits by supplementing the research otherwise available to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. The higher commissions will not be paid by First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF unless the Manager determines in good faith that the amount is reasonable in relation to the services provided. The investment advisory fees paid by First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF to the Manager would not be reduced as a result of receipt by the Sub-Advisor of research services.

The Sub-Advisor places portfolio transactions for other advisory accounts advised by it, and research services furnished by firms through which First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF effect securities transactions may be used by the Sub-Advisor in servicing all of its accounts; not all of such services may be used by the Sub-Advisor in connection with First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. The Sub-Advisor believes it is not possible to measure separately the benefits from research services to each of the accounts (including First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF) advised by it. Because the volume and nature of the trading activities of the accounts are not uniform, the amount of commissions in excess of those charged by another broker paid by each account for brokerage and research services will vary. However, the Sub-Advisor believes such costs to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF will not be disproportionate to the benefits received by the funds on a continuing basis. The Sub-Advisor seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities by First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF. In making such allocations between First Trust JFL Fixed Income Core Plus ETF and First Trust JFL Global Equity ETF and other advisory accounts, the main factors considered by the Sub-Advisor are the respective investment objective, the relative size of portfolio holding of the same or comparable securities, the availability of cash for investment and the size of investment commitments generally held.

Additional information including the services supplied by each broker can be obtained from the Manager upon request, at no cost, by calling 1.877.622.5552.

## **Conflicts of Interest**

The directors and officers of the Manager may be directors, officers, shareholders or Unitholders of one or more issuers in which the First Trust ETFs may acquire securities. The Manager and its affiliates, including other First Trust Group entities, may be managers or portfolio advisors of one or more issuers in which the First Trust ETFs may acquire securities and may be managers or portfolio advisors of funds that invest in the same securities as the First Trust ETFs. Such transactions will only be undertaken where permitted by applicable securities legislation and upon obtaining any required regulatory or IRC approvals.

## **Independent Review Committee**

The Manager has appointed an IRC for the First Trust ETFs under NI 81-107. The IRC currently consists of three members, each of whom is independent of the Manager.

The mandate of the IRC is to review conflict of interest matters identified and referred to the IRC by the Manager and to give an approval or a recommendation, depending on the nature of the conflict of interest matter. At all times, the members of the IRC are required to act honestly and in good faith in the best interests of the First Trust ETFs and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Manager has established written policies and procedures for dealing with potential conflict of interest matters. At least annually, the IRC will review and assess the adequacy and effectiveness of the Manager's written policies and procedures relating to conflict of interest matters and will conduct a self-assessment of the IRC's independence, compensation and effectiveness.

The Manager will maintain records of all matters and/or activities subject to the review of the IRC, including a copy of the Manager's written policies and procedures dealing with conflict of interest matters, minutes of IRC meetings, and copies of materials, including any written reports, provided to the IRC. The Manager will also provide the IRC with assistance and information sufficient for the IRC to carry out its responsibilities under NI 81-107.

The members of the IRC are entitled to be compensated by the First Trust ETFs and reimbursed for all reasonable costs and expenses for the duties they perform as IRC members. In addition, the members of the IRC are entitled to be indemnified by the First Trust ETFs, except in cases of wilful misconduct, bad faith, negligence or breach of their standard of care.

The name and municipality of residence of each of the members of the IRC is as follows:

PAUL DUFFY (CHAIR)  
Toronto, Ontario

DAVID CONWAY  
Oshawa, Ontario

NANCY NG  
Toronto, Ontario

The initial compensation and reimbursement policy for costs and expenses of the IRC was established by the Manager. As at the date of this prospectus, each IRC member will be paid a fixed annual fee of \$16,000 and fee per meeting of \$1,500 for the IRC chair and \$1,000 for the other IRC members, for the duties they perform as IRC members in relation to all of the First Trust ETFs managed by the Manager. This amount will be allocated among such First Trust ETFs in a manner that is fair and reasonable.

The IRC is subject to requirements to conduct regular assessments and, for each financial year of the First Trust ETFs, will prepare a report to Unitholders that describes the IRC and its activities for the financial year. A copy of this report can be obtained from the Manager upon request, at no cost, by calling 1.877.662.5552 or is available on the First Trust ETFs' website at [www.firsttrust.ca](http://www.firsttrust.ca) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Custodian and Valuation Agent**

Pursuant to the Custodian Agreement, CIBC Mellon Trust Company is the custodian of the assets of the First Trust ETFs and has been given authority to appoint sub-custodians. The address of the Custodian is 1 York Street,

Suite 900, Toronto, Ontario, M5J 0B6. The Manager on behalf of the First Trust ETFs, or CIBC Mellon Trust Company may terminate the Custodian Agreement upon at least 90 days' written notice or immediately in the event of a bankruptcy event in respect of a party that is not cured within 30 days. The Manager on behalf of the First Trust ETFs may terminate the Custodian Agreement immediately if the Custodian ceases to be qualified to act as a custodian of the First Trust ETFs under applicable law. The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses – Operating Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the First Trust ETFs. CIBC Mellon Trust Company acts as the Valuation Agent of the First Trust ETFs. The Valuation Agent is responsible for calculating NAV, NAV per Unit, net income and net realized capital gains of the First Trust ETFs.

#### **Auditor**

The auditor of the First Trust ETFs is Deloitte LLP, Chartered Professional Accountants, located at 8 Adelaide Street West, Suite 200, Toronto, Ontario M5H 0A9.

#### **Registrar and Transfer Agent**

TSX Trust Company, at its principal offices in Toronto, is the registrar and transfer agent for the Units. The register of the First Trust ETFs is kept in Toronto.

#### **Securities Lending Agent**

The Bank of New York Mellon ("BNY Mellon"), at its principal offices in New York, is the securities lending agent for the First Trust ETFs. The Manager is party to a Securities Lending Authorization Agreement and Supplement (the "**Securities Lending Agreement**") with Canadian Imperial Bank of Commerce, CIBC Mellon Trust Company, CIBC Mellon Trust Company and BNY Mellon. Under the Securities Lending Agreement, the responsibilities of the securities lending agent include managing and administering a securities lending program by entering into loan transactions on behalf of the Manager. The securities lending agent is responsible for selecting both the securities to be loaned under the program and the borrowers, which are subject to approval by the Manager. The Securities Lending Agreement requires that collateral with a value of between 102-105% of the market value of the loaned securities be delivered to the securities lending agent by the borrower in connection with any securities lending transaction. Under the agreement, each of the parties have agreed to indemnify the other for any failure to perform its obligations under the agreement. Additionally, the agreement may be terminated by either party upon 30 days prior written notice to the other party. BNY Mellon is not an affiliate or associate of the Manager.

### **CALCULATION OF NET ASSET VALUE**

The NAV of the Units of a class of a First Trust ETF on a particular date will be equal to the aggregate value of the assets of the First Trust ETF attributable to such class less the aggregate value of the liabilities of the First Trust ETF attributable to the class, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV will be calculated using the fair value of the First Trust ETF's assets and liabilities. The NAV per Unit of a class on any day will be obtained by dividing the NAV of the Units of the class on such day by the number of Units of the class then outstanding. The NAV is expected to be calculated by the Custodian or an affiliate.

#### **Valuation Policies and Procedures**

In determining the NAV of a First Trust ETF, at any time the Manager will take into account the following:

- (a) the value of any cash on hand, on deposit or on call loan, prepaid expenses, cash dividends declared on an ex-dividend basis and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;

- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security which is listed on any recognized exchange and is not security of an ETF shall be determined by the closing sale price at the Valuation Time or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the NAV of the First Trust ETF is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security which is listed on any recognized exchange and is a security of an ETF, shall be determined by the closing sale price at the Valuation Time as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if there is no such price, the value of such security shall be its reported net asset value as at such time;
- (e) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Manager;
- (f) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the First Trust ETF's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (g) the value of a forward contract shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the forward contract were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (h) margin paid or deposited in respect of forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (i) all First Trust ETF property valued in a foreign currency and all liabilities and obligations of the First Trust ETF payable by the First Trust ETF in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Manager, including, but not limited to, the Manager or any of its affiliates;
- (j) all expenses or liabilities (including fees payable to the Manager) of the First Trust ETF shall be calculated on an accrual basis; and
- (k) all other assets of the First Trust ETF will be valued in the manner determined by the Manager or its delegate(s) to reflect their fair market value.

The NAV per Unit of a class is calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the First Trust ETF may obtain. The NAV per Unit of a class determined in accordance with the principles set out above may differ from NAV per Unit of a class determined under IFRS.

## **Reporting of Net Asset Value**

The NAV and NAV per Unit of a class will be calculated at the Valuation Time on each Valuation Date. Such information will be provided by the Manager to Unitholders on the following business day via the Internet at [www.firsttrust.ca](http://www.firsttrust.ca).

## **ATTRIBUTES OF THE UNITS**

### **Description of the Securities Distributed**

Each of First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF, First Trust Indxx Innovative Transaction and Process ETF, First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) and First Trust International Capital Strength ETF is offering one class of units called “units”. Each of First Trust Global Risk Managed Income Index ETF, First Trust Value Line® Dividend Index ETF (CAD-Hedged), First Trust Senior Loan ETF (CAD-Hedged) and First Trust Canadian Capital Strength ETF is offering one class of units called “common units”. Each of First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF is offering two classes of units called “units” and “Hedged Units”.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (a) the trust is a reporting issuer under the *Securities Act* (Ontario); and (b) the trust is governed by the laws of the Province of Ontario. Each of the First Trust ETFs is a reporting issuer under the *Securities Act* (Ontario) and each First Trust ETF is governed by the laws of the Province of Ontario by virtue of the provisions of the Declaration of Trust.

### **Certain Provisions of the Units**

All Units of a class of a First Trust ETF have equal rights and privileges. Each whole Unit of a class is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by a First Trust ETF to Unitholders of that class, including distributions of net income and net realized capital gains and distributions upon the termination of the First Trust ETF. Units are issued only as fully-paid and are non-assessable.

### ***Exchange of Units for Baskets of Securities***

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and cash or, in the discretion of the Manager, cash only. See “Redemption and Exchange of Units – Exchange of Units for Baskets of Securities”.

### ***Redemption of Units for Cash***

On any Trading Day, Unitholders may redeem Units of any First Trust ETF for cash at a redemption price per Unit of a class equal to the lesser of (a) 95% of the closing price for the Units of the class on the TSX or Cboe, as applicable, on the effective day of the redemption; and (b) the NAV per Unit of the class on the effective day of the redemption. See “Redemption and Exchange of Units – Redemption of Units for Cash”.

### ***Conversion of Units***

Unitholders may convert Units into Hedged Units of the same First Trust ETF or Hedged Units into Units of the same First Trust ETF.

See “Redemption and Exchange of Units – Conversion of Units”.

### ***No Voting Rights***

Unitholders of a First Trust ETF will not have any right to vote securities held by that First Trust ETF.

### **Modification of Terms**

The rights attached to the Units of a First Trust ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

## **UNITHOLDER MATTERS**

### **Meeting of Unitholders**

A meeting of the Unitholders of a First Trust ETF may be called at any time by the Manager and shall be called by the Manager upon written request of Unitholders of a First Trust ETF holding in the aggregate not less than 5% of the Units of the First Trust ETF. Except as otherwise required or permitted by law, meetings of Unitholders of a First Trust ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting. At any meeting of Unitholders of a First Trust ETF, a quorum shall consist of two or more Unitholders of the First Trust ETF present in person or by proxy and holding 10% of the Units of the First Trust ETF. If no quorum is present at such meeting, the meeting, if convened upon the request of Unitholders or for the purpose of considering a change in the manager of the First Trust ETF, shall be cancelled, but in any other case, the meeting shall stand adjourned and will be held at the same time and place on the day which is not less than 10 days later. The Manager will give at least three days’ notice by press release to Unitholders of the date of the reconvened meeting, and at the reconvened meeting, Unitholders present in person or represented by proxy will constitute a quorum. A separate class vote will be held if a proposal affects holders of Units of one class differently from holders of Units of the other class.

### **Matters Requiring Unitholder Approval**

NI 81-102 requires a meeting of Unitholders of a First Trust ETF to be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the First Trust ETF is changed in a way that could result in an increase in charges to the First Trust ETF, except where:
  - (i) the First Trust ETF is at arm’s length with the person or company charging the fees;
  - (ii) the Unitholders have received at least 60 days’ notice before the effective date of the change; and
  - (iii) the right to notice described in (ii) is disclosed in the prospectus of the First Trust ETF;
- (b) a fee or expense is introduced that is to be charged to a First Trust ETF or directly to its Unitholders by the First Trust ETF or the Manager in connection with the holding of Units of the First Trust ETF that could result in an increase in charges to the First Trust ETF or its Unitholders, except where:
  - (i) the First Trust ETF is at arm’s length with the person or company charging the fees;
  - (ii) the Unitholders have received at least 60 days’ notice before the effective date of the change; and
  - (iii) the right to notice described in (ii) is disclosed in the prospectus of the First Trust ETF;
- (c) the Manager is changed, unless the new manager of the First Trust ETF is an affiliate of the Manager;

- (d) a fundamental investment objective of the First Trust ETF has changed (including the hedging of the U.S. dollar currency exposure for the Hedged Units of First Trust Dow Jones Internet ETF, First Trust AlphaDEX™ U.S. Health Care Sector Index ETF, First Trust AlphaDEX™ U.S. Industrials Sector Index ETF and First Trust AlphaDEX™ U.S. Technology Sector Index ETF);
- (e) the First Trust ETF decreases the frequency of calculating its NAV per Unit;
- (f) the First Trust ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the First Trust ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the First Trust ETF becoming securityholders in the other mutual fund unless:
  - (i) the IRC of the First Trust ETF has approved the change;
  - (ii) the First Trust ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is managed by the Manager, or an affiliate of the Manager;
  - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change;
  - (iv) the right to notice described in (iii) is disclosed in the prospectus of the First Trust ETF; and
  - (v) the transaction complies with certain other requirements of applicable Canadian securities legislation;
- (g) the First Trust ETF undertakes a reorganization (other than a Permitted Merger as defined below) with, or acquisition of assets of, a mutual fund trust, if
  - (i) the First Trust ETF continues after the reorganization or acquisition of assets;
  - (ii) the transaction results in the securityholders of the mutual fund trust becoming Unitholders of the First Trust ETF; and
  - (iii) the transaction would be a material change to the First Trust ETF;
- (h) a reorganization that results in a First Trust ETF becoming a non-redeemable investment fund or an issuer that is not an investment fund; or
- (i) any matter which is required by the constating documents of the First Trust ETF or by the laws applicable to the First Trust ETF or by any agreement to be submitted to a vote of the Unitholders of the First Trust ETF.

Approval of the foregoing matters will be deemed to have been given by a resolution passed by at least a majority of the votes cast at a meeting called and held for such purpose. Unitholders are entitled to one vote per whole Unit held on the record date established for voting at any meeting of Unitholders.

A First Trust ETF may, without Unitholders' approval, enter into a merger or other similar transaction that has the effect of combining the First Trust ETF or its assets (a "**Permitted Merger**") with any other investment fund or funds managed by the Manager or an affiliate of the Manager that have investment objectives that are substantially similar to those of the First Trust ETF, subject to:

- (a) approval of the merger by the IRC;
- (b) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and

- (c) written notice to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

In addition, the auditor of a First Trust ETF may not be changed unless:

- (a) the IRC has approved the change; and
- (b) Unitholders have received at least 60 days' notice before the effective date of the change.

### **Amendments to the Declaration of Trust**

The Manager may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the First Trust ETF;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, including the rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;
- (d) maintain, or permit the Manager to take such steps as may be desirable or necessary to maintain, the status of the First Trust ETF as a "mutual fund trust" and a "unit trust" for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation or administration thereof; or
- (e) provide added protection to Unitholders.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

### **Reporting to Unitholders**

A First Trust ETF's fiscal year is the calendar year or such other fiscal period permitted under the Tax Act as the First Trust ETF elects. The annual financial statements of a First Trust ETF shall be audited by the First Trust ETF's auditor in accordance with Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS. The Manager will ensure that the First Trust ETF complies with all applicable reporting and administrative requirements.

The Manager, on behalf of each First Trust ETF, will furnish Unitholders of that First Trust ETF with unaudited interim financial statements, audited annual financial statements, interim MRFPs and the most recently-filed annual MRFPs of that First Trust ETF, in accordance with applicable laws.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns will be distributed to them within 90 days after the end of each financial year of the First Trust ETFs.

The Manager will keep adequate books and records reflecting the activities of the First Trust ETFs. A Unitholder or his or her duly authorized representative has the right to examine the books and records of the applicable



First Trust ETF during normal business hours at the registered office of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the First Trust ETFs.

### **TERMINATION OF THE FIRST TRUST ETFS**

A First Trust ETF may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate the First Trust Index ETFs in the event that the Index Provider ceases to calculate the Index or the applicable License Agreement is terminated, as described under "Investment Strategies – Termination of an Index or License". Upon termination of a First Trust ETF, the cash and other assets remaining after paying or providing for all liabilities and obligations of the First Trust ETF, determined in accordance with the First Trust ETF's valuation policies and procedures, shall be distributed *pro rata* among the Unitholders of the First Trust ETF.

The rights of Unitholders to exchange and redeem Units described under "Redemption and Exchange of Units" will cease as and from the date of termination of the applicable First Trust ETF.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Manager will receive fees for its services to the First Trust ETFs. See "Fees and Expenses – Management Fees".

### **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Portfolio Advisor has established a proxy voting policy (the "**Proxy Voting Policy**") that provides that the Manager will vote the securities of a First Trust ETF that holds portfolio securities directly and not indirectly through an underlying fund in the best interests of the Unitholders of the First Trust ETF. The Proxy Voting Policy provides that routine, uncontested matters to be considered at annual general meetings will generally be voted in accordance with management's recommendations. More complex, non-routine matters (i.e. certain issues related to the compensation and liability of directors, amendments to the constituting documents of an issuer, share and debt issuances, related party transactions, reorganizations, restructurings, shareholder proposals and proposals relating to corporate social responsibility) will be decided on a case-by-case basis.

The Proxy Voting Policy also provides procedures for dealing with potential conflicts of interest, the delegation of proxy voting services to third party service providers such as Institutional Shareholder Services Canada Corp. and recordkeeping obligations whereby the Manager will maintain records of all votes cast by the First Trust ETFs. The Manager will publish these records on an annual basis on the First Trust ETFs' website at [www.firsttrust.ca](http://www.firsttrust.ca). A copy of the Proxy Voting Policy is available on request by contacting the Manager at 1.877.622.5552.

For those First Trust ETFs that invest indirectly through an underlying fund being First Trust NASDAQ® Clean Edge® Green Energy ETF, First Trust Indxx NextG ETF, First Trust Nasdaq Cybersecurity ETF, First Trust Dow Jones Internet ETF, First Trust NYSE Arca Biotechnology ETF, First Trust Cloud Computing ETF, First Trust Indxx Innovative Transaction and Process ETF and First Trust Morningstar Dividend Leaders ETF (CAD-Hedged), if a unitholder meeting is called by the applicable underlying fund, the Manager will arrange for the securities the First Trust ETF holds in the underlying fund to be voted by the beneficial holders of Units of the First Trust ETF or will not vote the securities of the underlying fund, in accordance with and to the extent permitted by applicable Canadian and U.S. securities laws.

### **MATERIAL CONTRACTS**

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust – see “Organization and Management Details – The Trustee, Manager and Promoter – Duties and Services to be Provided by the Trustee, Manager and Promoter”;
- (b) the Custodian Agreement – see “Organization and Management Details – Custodian and Valuation Agent”;
- (c) the Portfolio Advisor Agreement – see “Organization and Management Details – The Portfolio Advisor”;
- (d) the Sub-Advisory Agreement – see “Organization and Management Details – The Sub-Advisor”;  
and
- (d) for the First Trust Index ETFs only, the applicable License Agreement – see “Material Contracts – License Agreements”.

Copies of the agreements referred to above may be inspected during business hours at the registered office of the Manager.

## **License Agreements**

### **StrataQuant Indices**

First Trust Portfolios L.P. and NYSE entered into a license agreement dated January 1, 2007 under which (a) NYSE has the right, on and subject to the terms of the license agreement, to use the AlphaDEX® methodology to create the StrataQuant Indices and (b) First Trust Portfolios L.P. has the right, on and subject to the terms of the license agreement, to use the StrataQuant Indices in connection with the operation of certain ETF products managed by First Trust Portfolios L.P. in the U.S. The agreement automatically renews for successive one (1) year periods unless terminated in accordance with its terms.

The Manager, the Portfolio Advisor, First Trust Portfolios L.P., NYSE and each of the US Sector ETFs entered into sub-license agreements in October 2014 under which the Manager, the Portfolio Advisor and each of the First Trust ETFs have the right, subject to the terms of the sublicense agreements, to use the US Sector ETF Indices in connection with the operation of certain of the US Sector ETFs. Notwithstanding such licenses, NYSE is responsible for the creation, compilation and administration of the Indices and determines the securities included in the StrataQuant Indices. The sublicense agreements will terminate upon the effective date of termination of the license agreement between First Trust Portfolio L.P. and NYSE, unless earlier terminated in accordance with the terms of the sublicense agreement.

### **First Trust NASDAQ® Clean Edge® Green Energy ETF**

The use of the NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup> by First Trust NASDAQ® Clean Edge® Green Energy ETF is subject to an addendum to a license agreement dated December 17, 2020.

First Trust NASDAQ® Clean Edge® Green Energy ETF is not sponsored, endorsed, sold or promoted by Nasdaq, Inc., Clean Edge®, Inc. or their affiliates (Nasdaq, Inc. and Clean Edge, Inc., collectively with their affiliates, are referred to in this subsection as the “**Corporations**”). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, First Trust NASDAQ® Clean Edge® Green Energy ETF. The Corporations make no representation or warranty, express or implied to the owners of First Trust NASDAQ® Clean Edge® Green Energy ETF or any member of the public regarding the advisability of investing in securities generally or in First Trust NASDAQ® Clean Edge® Green Energy ETF particularly, or the ability of the NASDAQ® Clean Edge® Green Energy Index<sup>SM</sup> to track general stock market or sector performance. The Corporations’ relationship to the Manager, with respect to First Trust NASDAQ® Clean Edge® Green Energy ETF, consists of: (a) the licensing of certain indexes, trade names, trademarks, and service marks and other proprietary data; (b) the listing and trading of certain exchange-traded funds; and (c) the calculating of intra-day portfolio values for the Units of First Trust NASDAQ® Clean Edge® Green Energy ETF. The Corporations neither recommend nor endorse any investment in the Clean Edge Index or First Trust NASDAQ® Clean Edge® Green Energy ETF based

thereon. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of First Trust NASDAQ® Clean Edge® Green Energy ETF to be issued or in the determination or calculation of the equation by which First Trust NASDAQ® Clean Edge® Green Energy ETF is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of First Trust NASDAQ® Clean Edge® Green Energy ETF. Neither the Clean Edge Index nor First Trust NASDAQ® Clean Edge® Green Energy ETF should be construed as investment advice by the Corporations.

THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE NASDAQ® CLEAN EDGE® GREEN ENERGY INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, UNITHOLDERS OF FIRST TRUST NASDAQ® CLEAN EDGE® GREEN ENERGY ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE NASDAQ® CLEAN EDGE® GREEN ENERGY INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE NASDAQ® CLEAN EDGE® GREEN ENERGY INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Nasdaq, Inc. and Clean Edge®, Inc. are not affiliates, but jointly own the Clean Edge Index and have cross-licensed to one another the rights in their respective marks in connection with the Clean Edge Index.

#### **First Trust Indxx NextG ETF**

The use of the Indxx 5G & NextG Thematic Index<sup>SM</sup> by First Trust Indxx NextG ETF is subject to an amendment to a license agreement dated December 31, 2020.

First Trust Indxx NextG ETF is not sponsored, endorsed, sold or promoted by Indxx, LLC. Indxx, LLC makes no representation or warranty, express or implied, to the owners of First Trust Indxx NextG ETF or any member of the public regarding the advisability of trading in First Trust Indxx NextG ETF. Indxx, LLC's only relationship to the Manager is the licensing of certain trademarks and trade names of Indxx, LLC and of the Indxx 5G & NextG Thematic Index<sup>SM</sup> which is determined, composed and calculated by Indxx, LLC without regard to the Manager or First Trust Indxx NextG ETF. Indxx, LLC has no obligation to take the needs of the Manager or the unitholders of First Trust Indxx NextG ETF into consideration in determining, composing or calculating the Indxx 5G & NextG Thematic Index<sup>SM</sup>. Indxx, LLC is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of First Trust Indxx NextG ETF to be listed or in the determination or calculation of the equation by which First Trust Indxx NextG ETF is to be converted into cash. Indxx, LLC has no obligation or liability in connection with the administration, marketing or trading of First Trust Indxx NextG ETF.

INDXX, LLC DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDXX 5G & NEXTG THEMATIC INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN AND INDXX, LLC SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. INDXX, LLC MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, UNITHOLDERS OF FIRST TRUST INDXX NEXTG ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDXX 5G & NEXTG THEMATIC INDEX OR ANY DATA INCLUDED THEREIN. INDXX, LLC MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDXX 5G & NEXTG THEMATIC INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL INDXX, LLC HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN INDXX, LLC AND THE MANAGER.

## **First Trust Dow Jones Internet Index ETF**

The use of the Dow Jones Internet Composite Index<sup>SM</sup> by First Trust Dow Jones Internet ETF is subject to a license agreement dated February 16, 2021.

The “Dow Jones Internet Composite Index<sup>SM</sup>” is a product of S&P Dow Jones Indices LLC (“**SPDJI**”), and have been licensed for use by the Manager. Dow Jones and Dow Jones Internet Composite Index are trademarks of Dow Jones Trademark Holdings LLC (“**Dow Jones**”). The foregoing marks have been licensed to SPDJI and have been sublicensed for use for certain purposes by the Manager on behalf of First Trust Dow Jones Internet ETF. First Trust Dow Jones Internet ETF is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones or their respective affiliates. SPDJI, Dow Jones and their respective affiliates make no representation or warranty, express or implied, to the unitholders of First Trust Dow Jones Internet ETF or any member of the public regarding the advisability of investing in securities generally or in First Trust Dow Jones Internet ETF particularly. The only relationship of SPDJI, Dow Jones or any of their respective affiliates to the licensee with respect to the DJ Index is the licensing of certain trademarks, trade names and service marks and of the Dow Jones Internet Composite Index<sup>SM</sup> which are determined, composed and calculated by SPDJI without regard to the Manager or First Trust Dow Jones Internet ETF. SPDJI and Dow Jones have no obligation to take the needs of the Manager or the unitholders of First Trust Dow Jones Internet ETF into consideration in determining, composing or calculating the Dow Jones Internet Composite Index<sup>SM</sup>. SPDJI, Dow Jones and their respective affiliates are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of First Trust Dow Jones Internet ETF to be issued or in the determination or calculation of the equation by which First Trust Dow Jones Internet ETF is to be converted into cash. SPDJI, Dow Jones and their respective affiliates have no obligation or liability in connection with the administration, marketing or trading of First Trust Dow Jones Internet ETF. There is no assurance that investment products based on the Dow Jones Internet Composite Index<sup>SM</sup> will accurately track index performance or provide positive investment returns. SPDJI is not an investment advisor. Inclusion of a security within an index is not a recommendation by SPDJI to buy, sell or hold such security, nor is it considered to be investment advice.

SPDJI, DOW JONES AND THEIR RESPECTIVE AFFILIATES DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES INTERNET COMPOSITE INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN AND SPDJI, DOW JONES AND THEIR RESPECTIVE AFFILIATES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. SPDJI, DOW JONES AND THEIR RESPECTIVE AFFILIATES MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, UNITHOLDERS OF FIRST TRUST DOW JONES INTERNET ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES INTERNET COMPOSITE INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. SPDJI, DOW JONES AND THEIR RESPECTIVE AFFILIATES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES INTERNET COMPOSITE INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL SPDJI, DOW JONES OR THEIR RESPECTIVE AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN SPDJI AND THE MANAGER, OTHER THAN THE LICENSORS OF SPDJI.

## **First Trust Nasdaq Cybersecurity ETF and First Trust Cloud Computing ETF**

The use of the ISE CTA Cloud Computing Index<sup>TM</sup> and Nasdaq CTA Cybersecurity Index<sup>TM</sup> by First Trust Nasdaq Cybersecurity ETF and First Trust Cloud Computing ETF is subject to an addendum to a license agreement dated December 17, 2020.

The ISE CTA Cloud Computing Index<sup>TM</sup> and Nasdaq CTA Cybersecurity Index<sup>TM</sup> are determined, composed and calculated by Nasdaq, Inc. (the “**Nasdaq Indices**”, and First Trust Nasdaq Cybersecurity ETF and First Trust Cloud Computing ETF that seek to track the Nasdaq Indices, the “**Nasdaq Funds**”). The Nasdaq Funds are not sponsored, endorsed, sold or promoted by Nasdaq, Inc., or its affiliates (Nasdaq, with its affiliates, are referred to in this subsection as the “**Corporations**”). The Corporations have not passed on the legality or suitability of, or the

accuracy or adequacy of descriptions and disclosures relating to, the Nasdaq Funds. The Corporations make no representation or warranty, express or implied to the unitholders of the Nasdaq Funds or any member of the public regarding the advisability of investing in securities generally or in the Nasdaq Funds particularly, or the ability of the Nasdaq Indices to track general stock market performance. The Corporations' only relationship to the Manager is in the licensing of Nasdaq, Inc. and certain trade names of the Corporations and the use of the Nasdaq Indices which are determined, composed and calculated by Nasdaq, Inc. without regard to the Manager or First Trust Nasdaq Cybersecurity ETF and First Trust Cloud Computing ETF. Nasdaq, Inc. has no obligation to take the needs of the Manager or the unitholders of the Nasdaq Funds into consideration in determining, composing or calculating the Nasdaq Indices. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Nasdaq Funds to be issued or in the determination or calculation of the equation by which the Nasdaq Funds are to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Nasdaq Funds.

THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE NASDAQ INDICES OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY FIRST TRUST, UNITHOLDERS OF THE NASDAQ FUNDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE NASDAQ INDICES OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE NASDAQ INDICES OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### **First Trust NYSE Arca Biotechnology ETF**

The use of the First Trust NYSE® Arca® Biotechnology Index by First Trust NYSE Arca Biotechnology ETF is subject to a license agreement.

Source ICE Data Indices, LLC ("**ICE Data**"), is used with permission. "NYSE" and "NYSE Arca" are service/trademarks of ICE Data Indices, LLC or its affiliates and has been licensed, along with the First Trust NYSE® Arca® Biotechnology Index for use by the Manager in connection with First Trust NYSE Arca Biotechnology ETF (the "**Product**"). Neither the Manager nor the Product, as applicable, is sponsored, endorsed, sold or promoted by ICE Data Indices, LLC, its affiliates or its third party suppliers ("**ICE Data and its Suppliers**"). ICE Data and its Suppliers make no representations or warranties regarding the advisability of investing in securities generally, in the Product particularly, or the ability of the Biotechnology Index to track general stock market performance. ICE Data's only relationship to the Manager is the licensing of certain trademarks and trade names and the Biotechnology Index or components thereof. The Index is determined, composed and calculated by ICE Data without regard to the licensee or the Product or its holders. ICE Data has no obligation to take the needs of the licensee or the holders of the Product into consideration in determining, composing or calculating the Biotechnology Index. ICE Data is not responsible for and has not participated in the determination of the timing of, prices of, or quantities of the Product to be issued or in the determination or calculation of the equation by which the Product is to be priced, sold, purchased, or redeemed. Except for certain custom index calculation services, all information provided by ICE Data is general in nature and not tailored to the needs of licensee or any other person, entity or group of persons. ICE Data has no obligation or liability in connection with the administration, marketing, or trading of the Product. ICE Data is not an investment advisor. Inclusion of a security within an index is not a recommendation by ICE Data to buy, sell, or hold such security, nor is it considered to be investment advice.

ICE DATA AND ITS SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY INFORMATION INCLUDED IN, RELATED TO, OR DERIVED THEREFROM ("**INDEX DATA**"). ICE DATA AND ITS SUPPLIERS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF

THE INDICES AND THE INDEX DATA, WHICH ARE PROVIDED ON AN “AS IS” BASIS AND YOUR USE IS AT YOUR OWN RISK.

#### **First Trust Global Risk Managed Income Index ETF**

The Manager and NASDAQ, Inc. entered into an agreement dated July 15, 2014, under which the Manager has the right, on and subject to the terms of the agreement, to use the NASDAQ Global Risk Managed Income Index<sup>SM</sup> as a basis for the operation of First Trust Global Risk Managed Income Index ETF, and to use certain trademarks and service marks in connection with NASDAQ Global Risk Managed Income Index<sup>SM</sup> and First Trust Global Risk Managed Income Index ETF. The agreement automatically renews for successive one (1) year periods unless terminated in accordance with its terms.

**First Trust Global Risk Managed Income Index ETF is not sponsored, endorsed, sold or promoted by any of NASDAQ, Inc. or its affiliates (NASDAQ, Inc., with its affiliates, are referred to in this subsection as the “NASDAQ Corporations”) or Newfound Research LLC (“Newfound”). Neither the NASDAQ Corporations nor Newfound have passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, First Trust Global Risk Managed Income Index ETF. Neither the NASDAQ Corporations nor Newfound make any representation or warranty, express or implied to the unitholders of First Trust Global Risk Managed Income Index ETF or any member of the public regarding the advisability of investing in securities generally or in First Trust Global Risk Managed Income Index ETF particularly, or the ability of the NASDAQ Global Risk Managed Income Index<sup>SM</sup> to track general stock market performance. The only relationship of the NASDAQ Corporations and Newfound to the Manager is in the licensing of the NASDAQ®, and NASDAQ Global Risk Managed Income Index<sup>SM</sup> registered trademarks and service marks of the NASDAQ Corporations and Newfound and the use of the NASDAQ Global Risk Managed Income Index<sup>SM</sup> which is determined, composed and calculated by NASDAQ, Inc. and Newfound without regard to the Manager or First Trust Global Risk Managed Income Index ETF. Neither NASDAQ, Inc. nor Newfound has any obligation to take the needs of the Manager or the unitholders of First Trust Global Risk Managed Income Index ETF into consideration in determining, composing or calculating the NASDAQ Global Risk Managed Income Index<sup>SM</sup>. The NASDAQ Corporations and Newfound are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of First Trust Global Risk Managed Income Index ETF to be issued or in the determination or calculation of the equation by which First Trust Global Risk Managed Income Index ETF is to be converted into cash. Neither the NASDAQ Corporations nor Newfound have any liability in connection with the administration, marketing or trading of First Trust Global Risk Managed Income Index ETF.**

**Neither the NASDAQ Corporations nor Newfound guarantee the accuracy and/or uninterrupted calculation of the NASDAQ Global Risk Managed Income Index<sup>SM</sup> or any data included therein. Neither the NASDAQ Corporations nor Newfound make any warranty, express or implied, as to results to be obtained by the Manager, unitholders of First Trust Global Risk Managed Income Index ETF, or any other person or entity from the use of the NASDAQ Global Risk Managed Income Index<sup>SM</sup> or any data included therein. Neither the NASDAQ Corporations nor Newfound make any express or implied warranties, and both parties expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the NASDAQ Global Risk Managed Income Index<sup>SM</sup> or any data included therein. Without limiting any of the foregoing, in no event shall the NASDAQ Corporations or Newfound have any liability for any lost profits or special, incidental, punitive, indirect, or consequential damages, even if notified of the possibility of such damages.**

#### **First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)**

The use of the Morningstar Dividend Leaders Index<sup>SM</sup> by First Trust Morningstar Dividend Leaders ETF is subject to a license agreement dated February 15, 2021.

First Trust Morningstar Dividend Leaders ETF is not sponsored, endorsed, sold or promoted by Morningstar Inc. Morningstar makes no representation or warranty, express or implied, to the unitholders of First Trust Morningstar Dividend Leaders ETF or any member of the public regarding the advisability of investing in securities generally or in First Trust Morningstar Dividend Leaders ETF in particular or the ability of the Morningstar Dividend Leaders

Index<sup>SM</sup> to track general stock market performance. Morningstar's only relationship to the Manager is the licensing of: (a) certain service marks and service names of Morningstar; and (b) the Morningstar Dividend Leaders Index<sup>SM</sup> which is determined, composed and calculated by Morningstar without regard to the Manager or First Trust Morningstar Dividend Leaders ETF. Morningstar has no obligation to take the needs of the Manager or the unitholders of the Manager Morningstar Dividend Leaders ETF into consideration in determining, composing or calculating the Morningstar Dividend Leaders Index<sup>SM</sup>. Morningstar is not responsible for and has not participated in the determination of the prices and amount of the First Trust Morningstar Dividend Leaders ETF or the timing of the issuance or sale of the First Trust Morningstar Dividend Leaders ETF or in the determination or calculation of the equation by which the First Trust Morningstar Dividend Leaders ETF is converted into cash. Morningstar has no obligation or liability in connection with the administration, marketing or trading of the First Trust Morningstar Dividend Leaders ETF.

MORNINGSTAR, INC. (“**MORNINGSTAR**”), DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE MORNINGSTAR DIVIDEND LEADERS INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN AND MORNINGSTAR SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. MORNINGSTAR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, UNITHOLDERS OR USERS OF FIRST TRUST MORNINGSTAR DIVIDEND LEADERS ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE MORNINGSTAR DIVIDEND LEADERS INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. MORNINGSTAR MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MORNINGSTAR DIVIDEND LEADERS INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MORNINGSTAR HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### **First Trust Indxx Innovative Transaction and Process ETF**

The Portfolio Advisor and Indxx, LLC entered into a license agreement dated June 22, 2015, as amended, under which the Portfolio Advisor has the exclusive right, on and subject to the terms of the license agreement, to use the Indxx Blockchain Index as a basis for the operation of the First Trust Indxx Innovative Transaction and Process ETF, and to use certain trademarks and service marks in connection with the Blockchain Index and the First Trust Indxx Innovative Transaction and Process ETF. The initial exclusive term of the license agreement will expire after two years with an option to renew the exclusive term for successive one year periods unless terminated in accordance with its terms.

The Portfolio Advisor and the Manager entered into a sublicense agreement dated January 30, 2018 under which FT Portfolios Canada Co. has the right subject to the terms of the sublicense agreement to use the Blockchain Index in connection with the operation of the First Trust Indxx Innovative Transaction and Process ETF. Notwithstanding such licenses, Indxx, LLC is responsible for the creation, compilation and administration of the Indices and determines the securities included in the Blockchain Index. The sublicense agreement will terminate upon the effective date of termination of the license agreement between the Portfolio Advisor and Indxx, LLC, unless earlier terminated in accordance with the terms of the sublicense agreement.

**“Indxx” and “Indxx Blockchain Index” are trademarks of Indxx, LLC and have been licensed for use for certain purposes by the Portfolio Advisor and sub-licensed by the Manager. First Trust Indxx Innovative Transaction and Process ETF is based on the Indxx Blockchain Index and is not sponsored, endorsed, sold or promoted by Indxx, LLC, and Indxx, LLC makes no representation regarding the advisability of trading in such product.**

First Trust Indxx Innovative Transaction and Process ETF is not sponsored, endorsed, sold or promoted by Indxx, LLC. Indxx, LLC makes no representation or warranty, express or implied, to the owners of the First Trust Indxx Innovative Transaction and Process ETF or any member of the public regarding the advisability of trading in the First Trust Indxx Innovative Transaction and Process ETF. Indxx, LLC's only relationship to First Trust is the licensing of certain trademarks and trade names of Indxx, LLC and of the Indxx Blockchain Index, which is determined, composed and calculated by Indxx, LLC without regard to First Trust or the First Trust Indxx Innovative

Transaction and Process ETF. Indxx, LLC has no obligation to take the needs of First Trust or the owners of the First Trust Indxx Innovative Transaction and Process ETF into consideration in determining, composing or calculating the Indxx Blockchain Index. Indxx, LLC is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the First Trust Indxx Innovative Transaction and Process ETF to be listed or in the determination or calculation of the equation by which the First Trust Indxx Innovative Transaction and Process ETF is to be converted into cash. Indxx, LLC has no obligation or liability in connection with the administration, marketing or trading of the First Trust Indxx Innovative Transaction and Process ETF.

INDXX, LLC DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDXX BLOCKCHAIN INDEX OR ANY DATA INCLUDED THEREIN AND INDXX, LLC SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. INDXX, LLC MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY FIRST TRUST, OWNERS OF THE FIRST TRUST INDXX INNOVATIVE TRANSACTION AND PROCESS ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INXX BLOCKCHAIN INDEX OR ANY DATA INCLUDED THEREIN. INDXX, LLC MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDXX BLOCKCHAIN INDEX OR ANY DATA INCLUDED THEREIN, WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL INDXX, LLC HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN INDXX, LLC AND FIRST TRUST.

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

The Manager and the Value Line Index Provider entered into an agreement dated October 26, 2017 under which First Trust Value Line® Dividend Index ETF (CAD-Hedged) has the right, on and subject to the terms of such agreement, to use the Index in connection with the operation of First Trust Value Line® Dividend Index ETF (CAD-Hedged). The initial term of such license agreement expired on October 26, 2018, but the agreement automatically renews for successive 1 year periods unless terminated in accordance with its terms.

“VALUE LINE” IS A REGISTERED TRADEMARK OF VALUE LINE, INC. THAT IS LICENSED TO FT PORTFOLIOS CANADA CO. FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED) IS NOT SPONSORED, RECOMMENDED, SOLD OR PROMOTED BY VALUE LINE PUBLISHING LLC, VALUE LINE, INC., OR ANY OF THEIR AFFILIATES. FT PORTFOLIOS CANADA CO. IS NOT AFFILIATED WITH ANY VALUE LINE COMPANY.

VALUE LINE PUBLISHING LLC’S (“VLP”) ONLY RELATIONSHIP TO FT PORTFOLIOS CANADA CO. (THE “**LICENSEE**”) IS VLP’S LICENSING TO THE LICENSEE OF CERTAIN VLP TRADEMARKS AND TRADE NAMES AND RANKS (THE “**RANKS**”), WHICH ARE COMPOSED BY VLP WITHOUT REGARD TO THE LICENSEE, FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED) OR ANY INVESTOR. VLP HAS NO OBLIGATION TO TAKE THE NEEDS OF THE LICENSEE OR ANY INVESTOR IN FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED) INTO CONSIDERATION IN COMPOSING THE RANKS. FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED) RESULTS MAY DIFFER FROM THE HYPOTHETICAL OR PUBLISHED RESULTS OF THE RANKS. VLP IS NOT RESPONSIBLE FOR HOW THE LICENSEE MAKES USE OF INFORMATION SUPPLIED BY VLP. VLP IS NOT RESPONSIBLE FOR AND HAS NOT PARTICIPATED IN THE DETERMINATION OF THE PRICES AND COMPOSITION OF FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED) OR THE TIMING OF THE ISSUANCE FOR SALE OF UNITS OF FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED) OR IN THE CALCULATION OF THE EQUATIONS BY WHICH FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED) IS TO BE CONVERTED INTO CASH. VLP MAKES NO WARRANTY CONCERNING THE RANKS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY PERSON’S INVESTMENT PORTFOLIO, OR ANY IMPLIED WARRANTIES ARISING FROM USAGE OF TRADE, COURSE OF DEALING OR COURSE OF PERFORMANCE, AND VLP MAKES NO WARRANTY AS TO THE POTENTIAL PROFITS OR ANY OTHER BENEFITS THAT MAY BE ACHIEVED BY USING THE



RANKS OR ANY INFORMATION OR MATERIALS GENERATED THEREFROM. VLP DOES NOT WARRANT THAT THE RANKS WILL MEET ANY REQUIREMENTS OR BE ACCURATE OR ERROR-FREE. VLP ALSO DOES NOT GUARANTEE ANY USES, INFORMATION, DATA OR OTHER RESULTS GENERATED FROM THE RANKS OR FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED). VLP HAS NO OBLIGATION OR LIABILITY (A) IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED); OR (B) FOR ANY LOSS, DAMAGE, COST OR EXPENSE SUFFERED OR INCURRED BY ANY INVESTOR OR OTHER PERSON OR ENTITY IN CONNECTION WITH FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED), AND IN NO EVENT SHALL VLP BE LIABLE FOR ANY LOST PROFITS OR OTHER CONSEQUENTIAL, SPECIAL, PUNITIVE, INCIDENTAL, INDIRECT OR EXEMPLARY DAMAGES IN CONNECTION WITH THE RANKS OR FIRST TRUST VALUE LINE® DIVIDEND INDEX ETF (CAD-HEDGED).

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The First Trust ETFs are not involved in any legal proceedings nor is the Manager aware of existing or pending legal or arbitration proceedings involving any of the First Trust ETFs.

### **TRADEMARKS**

AlphaDEX™ is a registered trademark of First Trust Portfolios L.P. in the United States and Canada. First Trust Portfolios L.P. has obtained a patent for the AlphaDEX™ stock selection methodology from the United States Patent and Trademark Office and the Canadian Intellectual Property Office. The First Trust ETFs and the AlphaDEX™ stock selection methodology are offered by FT Portfolios Canada Co. and are not affiliated with the TMX Group and its wholly owned Alpha Exchange. In addition, the First Trust ETFs are not affiliated with the DEX Fixed Income Indices offered by FTSE Global Debt Capital Markets.

### **EXPERTS**

Osler, Hoskin & Harcourt LLP, legal counsel to the First Trust ETFs and the Manager, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “Income Tax Considerations” and “Eligibility for Investment”. As of the date hereof, partners and associates of Osler, Hoskin & Harcourt LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of each of the First Trust ETFs.

Deloitte LLP, Chartered Professional Accountants, is the auditor of the First Trust ETFs and has consented to the incorporation by reference of its report on the First Trust ETFs dated March 14, 2025. Deloitte LLP has confirmed that it is independent with respect to the First Trust ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

### **EXEMPTIONS AND APPROVALS**

Each First Trust ETF has received exemptive relief from the Canadian securities regulatory authorities to permit the following:

- (a) the purchase by a Unitholder of a First Trust ETF of more than 20% of the Units of a class of that First Trust ETF through purchases on the TSX or Cboe, as applicable, without regard to the take-over bid requirements of Canadian securities legislation;
- (b) to relieve the First Trust ETFs from the requirement that a prospectus contain a certificate of the underwriters;

- (c) to relieve the First Trust ETFs from the requirement to include in the prospectus a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission as prescribed in item 36.2 of Form 41-101F2 – *Information Required in an Investment Fund Prospectus*;
- (d) the investment by the First Trust ETFs in First Trust ETFs that are not considered index participation units under NI 81-102, in excess of the concentration and control restrictions in paragraphs 2.1(1) and 2.2(1) of NI 81-102 as well as to permit the First Trust ETFs to pay brokerage commissions in relation to the purchase and sale of such underlying First Trust ETFs on a recognized exchange, subject to certain restrictions; and
- (e) the use of an overdraft facility by First Trust Senior Loan ETF (CAD-Hedged) on a temporary basis to accommodate requests for the redemption of its Units while it settles portfolio transactions initiated to satisfy such redemption requests, provided that, among other requirements, the outstanding amount of all borrowings of the fund does not exceed 10% of its net asset value at the time of borrowing.

On November 6, 2020, the First Trust Senior Loan ETF (CAD-Hedged) obtained an order from the Canadian securities regulatory authorities to permit the First Trust ETF to invest more than 10% of its NAV in securities of First Trust Senior Loan Fund, an actively managed exchange-traded fund domiciled in the United States.

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or consult with a legal advisor.

## **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about the First Trust ETFs is or will be available in the following documents:

- (a) the most recently-filed comparative annual financial statements of the First Trust ETFs, together with the accompanying report of the auditor;
- (b) any interim financial statements of the First Trust ETFs filed after the most recently-filed comparative annual financial statements of the First Trust ETFs;
- (c) the most recently-filed annual MRFP of the First Trust ETFs;
- (d) any interim MRFP of the First Trust ETFs filed after that most recently-filed annual MRFP of the First Trust ETFs; and
- (e) the most recently filed ETF Facts of the First Trust ETFs.

These documents are or will be incorporated by reference in this prospectus, which means that they legally form part of this prospectus. An investor can get a copy of these documents, when available, upon request and at no cost by calling the Manager at 1.877.622.5552 or by contacting a registered dealer. These documents are or will also be available on the First Trust ETFs' website at [www.firsttrust.ca](http://www.firsttrust.ca) as well as on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). In addition, any such types of documents, if filed by the First Trust ETF after the date of this prospectus and before the termination of the distribution of Units, are deemed to be incorporated by reference into this prospectus.

## **CERTIFICATE OF THE FIRST TRUST ETFs AND THE TRUSTEE, MANAGER AND PROMOTER**

Dated: April 3, 2025

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

### **FT PORTFOLIOS CANADA CO., as Manager and Trustee of the First Trust ETFs**

(Signed) “*Andrew Roggensack*”  
Chair  
(as chief executive officer)

(Signed) “*Susan Johnson*”  
Chief Financial Officer

### **On behalf of the Board of Directors of FT Portfolios Canada Co.**

(Signed) “*Eric Anderson*”  
Director

(Signed) “*David McGarel*”  
Director

(Signed) “*Andrew Roggensack*”  
Director

### **FT PORTFOLIOS CANADA CO., as Promoter of the First Trust ETFs**

(Signed) “*Andrew Roggensack*”  
Chair  
(as chief executive officer)