



First Trust AlphaDEX™ U.S. Industrials Sector Index
ETF • FHG, FHG.F

Annual Management Report of Fund Performance
December 31, 2024

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2024

First Trust AlphaDEX™ U.S. Industrials Sector Index ETF (the “First Trust ETF”)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the First Trust ETF. All references to dollars contained herein are to Canadian dollars.

Securityholders may also contact us to request a copy of the First Trust ETF’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosures relating to the First Trust ETF by calling 1-877-622-5552, by writing to us at FT Portfolios Canada Co., 40 King Street West, Suite 5102, Scotia Plaza, Box 312, Toronto, Ontario M5H 3Y2 or by visiting our website at www.firsttrust.ca or SEDAR at www.sedarplus.ca.

Forward-looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent beliefs regarding future events. By their nature, forward-looking statements are based on assumptions and are subject to inherent risks and uncertainties. There is significant risk that forward-looking statements will not prove to be accurate. Readers of this document should not place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors include but are not limited to market and general economic conditions, interest rates, foreign currency exchange rates, the extent of industry sector exposure, the performance of the securities of the issuers held in the portfolio and regulatory developments and the risks detailed in the First Trust ETF’s prospectus. The Manager does not undertake and specifically disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Investment Objective and Strategy

The fundamental investment objective of **First Trust AlphaDEX™ U.S. Industrials Sector Index ETF** (the “First Trust ETF”) is to replicate, to the extent possible, the performance of the StrataQuant® Industrials Index (“Index”), net of expenses.

The investment strategy of the First Trust ETF is to invest in and hold the constituent securities of the Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of such Index. The Index 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 Index from those qualifying stocks included in the Industrials/Producer Durables Sector.

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

In this case, the First Trust ETF may also obtain exposure to the applicable Index by holding securities of a US-listed index ETF, First Trust Industrials/Producer Durables AlphaDEX® Fund (NYSE Arca ticker: FXR), of an affiliate of the Manager, which replicates or substantially replicates the applicable Index.

Risk

The risks associated with an investment in the First Trust ETF remain as discussed in the First Trust ETF’s most recent prospectus. There have been no significant changes during the reporting year that affected the overall level of risk associated with the First Trust ETF. The First Trust ETF provides exposure to the industrials sector of the U.S. equity market in either a non-U.S. currency hedged and U.S. currency hedged manner.

Results of Operations

General

The First Trust ETF’s total net asset value as of December 31, 2024, was \$38,379,007 or \$56.47 per Unit (“FHG”) and \$33.47 per Hedged Unit (“FHG.F”). The First Trust ETF’s total net asset value as of December 31, 2023, was \$24,194,658 or \$45.43 per FHG and \$29.56 per FHG.F.

For the year ended December 31, 2024, the First Trust ETF paid total cash distributions per unit of \$0.3900 for FHG and \$0.3050 for FHG.F. In addition, the First Trust ETF declared cash distributions per unit of \$0.4220 for FHG and \$0.2870 for FHG.F for record date of December 31, 2024, with payment date of January 8, 2025. Lastly, the First Trust ETF also made a notional distribution per unit of \$0.9330 for FHG for the year ended December 31, 2024. This amount was reinvested in the First Trust ETF and not paid in cash to unitholders.

Investment Performance

For the year ended December 31, 2024, FHG returned 25.70% compared to the Russell 1000® Industrials Index total return of 29.10% while FHG.F returned 14.72% compared to the Russell 1000® Industrials Index (USD) total return of 18.30%. Unlike the indices, the First Trust ETF’s returns are net of fees and expenses.

As of December 31, 2024, the Industrials sector accounted for 12.34% of the weight of the Russell 1000® Index. The Russell 1000® Industrials Index underperformed the Russell 1000® Index, which returned 35.80%. The Russell 1000® Industrials Index (USD) underperformed the Russell 1000® Index (USD), which returned 24.51%.

As of December 31, 2024, the portfolio held 138 equity securities. The top ten equity holdings accounted for 14.70% of the total NAV. The AlphaDEX™ stock selection process is a rules-based process and can result in industry weightings that differ from that of the indices.

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The First Trust ETF underperformed the indices during the year due to stock selection within the General Industrials and Industrial Engineering sectors. Stock selection within Industrial Transportation mitigated the underperformance.

The U.S. dollar appreciated 8.96% against the Canadian dollar from December 29, 2023, to December 31, 2024. FHG.F hedges its exposure to the U.S. dollar.

The First Trust ETF's top five stocks by contribution to return were Axon Enterprise, Inc., EMCOR Group, Inc., Allison Transmission Holdings, Inc., Synchrony Financial, and MDU Resources Group, Inc. The First Trust ETF's bottom five stocks by contribution to return were The Boeing Company, Brunswick Corporation, AGCO Corporation, Huntington Ingalls Industries, Inc., and MSC Industrial Direct Co., Inc.

Recent Developments

The Russell 1000® Index returned 24.51%, including dividends, capping a strong year for stocks in 2024. The U.S. dollar appreciated relative to the Canadian dollar, meaning the index gained 35.80% over the same year measured in Canadian dollars. The gains were concentrated in a few mega-cap companies from the Information Technology, Communication Services, and Consumer Discretionary sectors. NVIDIA, in particular, benefitted from the booming demand for its artificial intelligence (AI) chips, which sent its market capitalization to over \$3 trillion, joining Apple and Microsoft. As a result of the AI-driven rally, Communication Services and Information Technology were the best-performing sectors during the year. Materials, a cyclical sector that didn't benefit from the AI rally, was the year's worst-performing sector. Health Care stocks also significantly underperformed during the year amid political uncertainty and higher costs. Inflation improved from 3.4% at the end of 2023 to 2.9% at the end of 2024, prompting the U.S. Federal Reserve to cut its target federal funds rate rates during the year. However, inflation progress stalled at the end of the year. Consequently, long-term interest rates rose during the year. For example, the 10-year Treasury yield finished the period at 4.57%, well above 3.88% where it began the year. Overall, the S&P 500® Index finished the year trading at a 24.7 P/E multiple with a 1.27% dividend yield, more expensive than 21.5 and 1.49%, respectively, at the end of 2023. In addition to multiple expansion, earnings growth also contributed to the strong year for stocks.

Related Party Transactions

FT Portfolios Canada Co. is the Manager of the First Trust ETF and is a Canadian affiliate of First Trust Advisors L.P., the investment advisor (the "Advisor") of the First Trust ETF.

Pursuant to terms of the declaration of trust of the First Trust ETF, the Manager provides or arranges for all management, administrative and other services required by the First Trust ETF. The Manager receives a management fee from the First Trust ETF. For further details, please see "Management Fees".

The Manager has retained the Advisor to provide certain services to the First Trust ETF pursuant to an investment advisory agreement. The Advisor receives advisory fees from the Manager out of the management fee.

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Financial Highlights

The following tables show selected key financial information about the First Trust ETF and are intended to help you understand the First Trust ETF's financial performance for the five years ended December 31. This information is derived from the First Trust ETF's audited annual financial statements.

Net Asset Value per Unit

FHG	2024	2023	2022	2021	2020
Net asset value, beginning of year ⁽¹⁾	\$45.43	\$37.06	\$42.29	\$34.22	\$31.55
Increase (Decrease) from operations:					
Total revenue	1.19	0.76	0.71	0.57	0.65
Total expenses	(0.51)	(0.42)	(0.38)	(0.38)	(0.33)
Realized gains (losses) for the year	4.78	3.54	(1.70)	3.28	7.55
Unrealized gains (losses) for the year	5.47	5.50	(4.48)	3.88	1.99
Total increase (decrease) from operations ⁽²⁾	\$10.93	\$9.38	\$(5.85)	\$7.35	\$9.86
Distributions:					
From income (excluding dividends)	(0.62)	(0.35)	(0.50)	(0.15)	(0.38)
From dividends	-	-	-	-	-
From capital gains	(0.93)	-	-	(1.94)	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	\$(1.55)	\$(0.35)	\$(0.50)	\$(2.09)	\$(0.38)
Net asset value, end of year ⁽⁴⁾	\$56.47	\$45.43	\$37.06	\$42.29	\$34.22

FHG.F	2024	2023	2022	2021	2020
Net asset value, beginning of year ⁽¹⁾	\$29.56	\$23.85	\$29.42	\$23.87	\$22.28
Increase (Decrease) from operations:					
Total revenue	0.73	0.47	0.48	0.43	0.34
Total expenses	(0.31)	(0.26)	(0.25)	(0.26)	(0.21)
Realized gains (losses) for the year	1.15	2.15	(3.63)	2.39	4.03
Unrealized gains (losses) for the year	2.77	5.49	(2.67)	2.52	(2.20)
Total increase (decrease) from operations ⁽²⁾	\$4.34	\$7.85	\$(6.07)	\$5.08	\$1.96
Distributions:					
From income (excluding dividends)	(0.44)	(0.27)	(0.26)	(0.16)	(0.37)
From dividends	-	-	-	-	-
From capital gains	-	-	-	(2.38)	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	\$(0.44)	\$(0.27)	\$(0.26)	\$(2.54)	\$(0.37)
Net asset value, end of year ⁽⁴⁾	\$33.47	\$29.56	\$23.85	\$29.42	\$23.87

(1) This information is provided as at December 31 of the years shown and is prepared under IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

(2) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the year.

(3) Distributions were paid in cash or reinvested in additional units of the First Trust ETF, or both. Non-cash distributions are reinvested in additional units of the First Trust ETF and subsequently consolidated. Neither the number of units held by the unitholder, nor the net asset per unit of the First Trust ETF change as a result of any non-cash distributions.

(4) This table is not intended to be a reconciliation of beginning to ending net asset value per unit.

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Ratios and Supplemental Data

FHG	2024	2023	2022	2021	2020
Net asset value (000's)	\$36,706	\$22,717	\$20,386	\$46,520	\$13,687
Number of units outstanding	650,000	500,000	550,000	1,100,000	400,000
Management expense ratio ⁽¹⁾	0.77%	0.78%	0.78%	0.78%	0.76%
Management expense ratio before waivers or absorption	0.79%	0.80%	0.80%	0.79%	0.78%
Trading expense ratio ⁽²⁾	0.02%	0.03%	0.03%	0.02%	0.03%
Portfolio turnover rate ⁽³⁾	83.75%	175.30%	121.71%	121.92%	262.37%

FHG.F	2024	2023	2022	2021	2020
Net asset value (000's)	\$1,673	\$1,478	\$3,577	\$4,414	\$2,387
Number of units outstanding	50,000	50,000	150,000	150,000	100,000
Management expense ratio ⁽¹⁾	0.76%	0.75%	0.77%	0.76%	0.79%
Management expense ratio before waivers or absorption	0.77%	0.76%	0.79%	0.77%	0.81%
Trading expense ratio ⁽²⁾	0.02%	0.03%	0.03%	0.02%	0.03%
Portfolio turnover rate ⁽³⁾	83.75%	175.30%	121.71%	121.92%	262.37%

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

(3) The First Trust ETF's portfolio turnover rate indicates how actively the First Trust ETF's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the First Trust ETF buying and selling all of the securities in its portfolio once in the course of the year. The higher a First Trust ETF's portfolio turnover rate in a year, the greater the trading cost payable by the First Trust ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of a First Trust ETF.

Management Fees

The First Trust ETF will pay the Manager a management fee of 0.70% based on the average daily NAV of the First Trust ETF. The management fee, plus applicable taxes including HST, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

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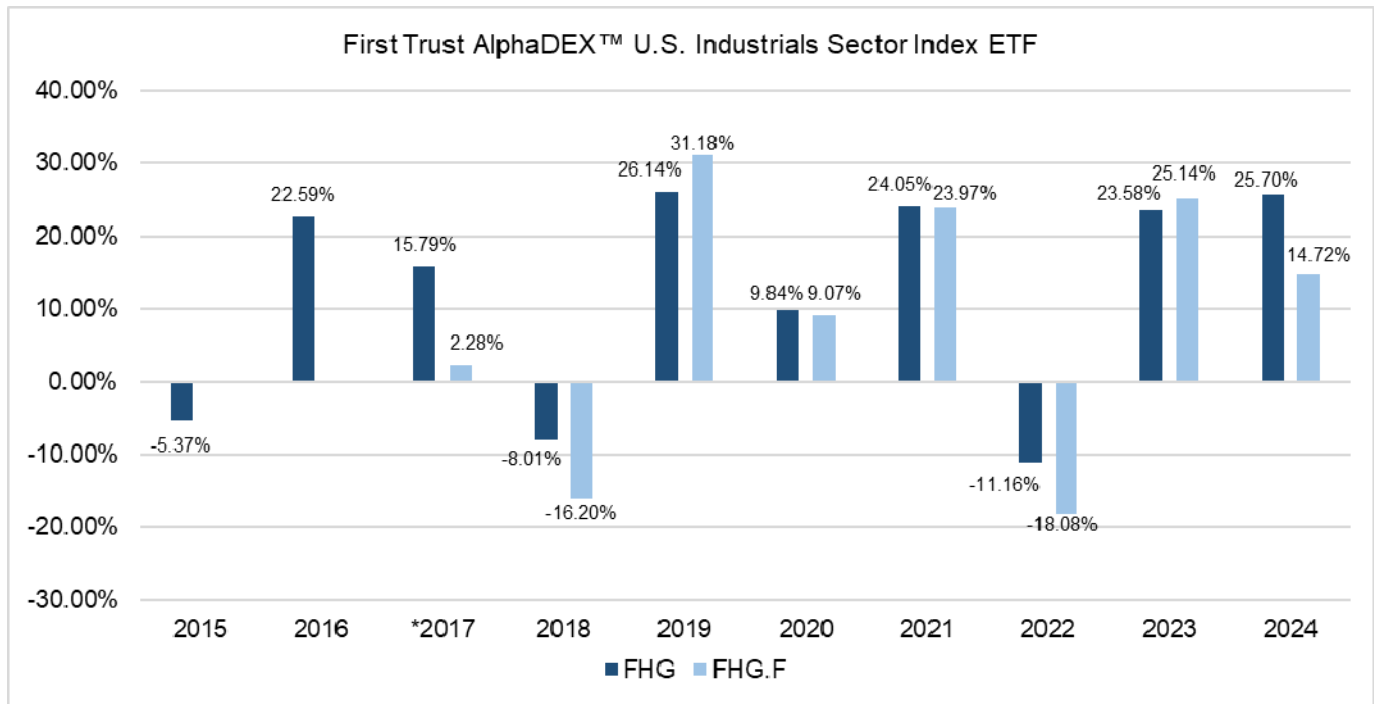
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the period/years shown were reinvested in additional securities of the First Trust ETF. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the First Trust ETF has performed in the past does not necessarily indicate how it will perform in the future.

Year by Year Returns

The bar chart below shows the First Trust ETF's performance, per class, for the years ended December 31 and for the period from commencement of operations to December 31, 2017 for FHG.F and illustrates how the investment fund's performance has changed from year to year. The chart also shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



*FHG.F Commencement: December 8, 2017

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Annual Compound Returns

The table below shows the First Trust ETF's annual compound total return since inception and for the year ended December 31, 2024. The annual compound return is compared to the returns of the relevant benchmarks; however, the First Trust ETF's return is net of fees and expenses. See Results of Operations section of this report for further information regarding the current year performance of the First Trust ETF relative to the benchmarks.

Returns	1-year	3-year	5-year	10-year	Since Inception
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF – FHG	25.70%	11.33%	13.46%	11.35%	11.49%
Russell 1000® Industrials Index	29.10%	12.10%	12.24%	12.57%	13.29%
Russell 1000® Index	35.80%	13.20%	16.67%	15.34%	15.98%
S&P 500® Industrials Index	28.20%	14.33%	14.38%	13.18%	13.86%
First Trust AlphaDEX™ U.S. Industrials Sector Index ETF – FHG.F	14.72%	5.56%	9.72%	-	8.57%
Russell 1000® Industrials Index (USD)	18.30%	7.33%	9.93%	-	9.35%
Russell 1000® Index (USD)	24.51%	8.41%	14.28%	-	13.69%
S&P 500® Industrials Index (USD)	17.47%	9.47%	12.03%	-	10.47%

The Russell 1000® Industrials Index is an unmanaged index which includes the stocks in the producer durables sector of the Russell 1000® Index. The Russell 1000® Index consists of the largest 1,000 companies in the Russell 3000® Index. It represents the universe of large capitalization stocks from which most active money managers typically select.

The S&P 500® Industrials Index is an unmanaged index which includes the stocks in the industrials sector of the S&P 500® Index.

Summary of Investment Portfolio

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's top 25 holdings as at December 31, 2024. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. Daily and quarterly updates are available at www.firsttrust.ca.

Top 25 Holdings	% of ETF Total Net Asset Value
Axon Enterprise Inc.	1.86%
Synchrony Financial	1.62%
MDU Resources Group Inc.	1.48%
Snap-On Inc.	1.46%
Shift4 Payments Inc., Class 'A'	1.46%
Global Payments Inc.	1.37%
Genpact Ltd.	1.37%
American Express Co.	1.36%
AAON Inc.	1.36%
Comfort Systems USA Inc.	1.36%
Howmet Aerospace Inc.	1.36%
PACCAR Inc.	1.35%
WESCO International Inc.	1.34%
Air Lease Corp.	1.33%
EMCOR Group Inc.	1.32%
Quanta Services Inc.	1.32%
Fair Isaac Corp.	1.28%
CNH Industrial NV	1.27%
Owens Corning	1.20%
Louisiana Pacific Corp.	1.20%
Trane Technologies PLC	1.19%
Oshkosh Corp.	1.18%
Gates Industrial Corp. PLC	1.13%
HEICO Corp.	1.13%
Sonoco Products Co.	1.12%
Total	33.42%

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Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, by industry, as at December 31, 2024.

Industry Weightings	% of ETF Total Net Asset Value
Industrial Support Services	24.25%
Construction and Materials	19.08%
Industrial Transportation	14.10%
Aerospace and Defense	11.50%
General Industrials	10.71%
Industrial Engineering	10.13%
Electronic and Electrical Equipment	8.65%
Gas, Water and Multi-utilities	1.48%
Cash and Cash Equivalents	0.89%
Other Assets, Less Liabilities	-0.79%
Total	100.00%

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