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

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Interim Management Report of Fund Performance  
June 30, 2022

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# **INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

## **June 30, 2022**

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

This interim management report of fund performance contains financial highlights but does not contain the complete unaudited interim 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](http://www.firsttrust.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-looking Statements**

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

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

## Management Report of Fund Performance

### For the six-month period ended June 30, 2022

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#### **Background**

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

#### **Investment Objective and Strategy**

The fundamental investment objective of the First Trust ETF is to replicate, to the extent possible, the performance of the Value Line® Dividend Index (the “Index”) on a currency hedged basis, net of expenses. The Index is a modified equal-dollar weighted index comprised of U.S. exchange-listed securities of companies that pay above-average dividends and have the potential for capital appreciation. Securities are selected for inclusion in the Index by using Value Line’s Safety™ Ranking System which ranks a stock’s price stability based on standard deviation and its financial condition based on several measures of financial performance.

The investment strategy of the First Trust ETF is to invest in and hold a proportionate share of the constituent securities of the Index, or other securities, to seek to replicate the performance of such Index. The First Trust ETF may also hold cash and cash equivalents or other money market instruments to fund current liabilities.

FT Portfolios Canada Co. (the “Manager”) may use a sampling methodology in selecting investments for the First Trust ETF. As an alternative or in conjunction with investing in and holding constituent securities, the First Trust ETF may also invest in other securities to obtain exposure to the constituent securities of the Index in a manner that is consistent with the investment objective and investment strategy of the First Trust ETF. The First Trust ETF may also obtain exposure to the Index by holding securities of a US-listed index ETF of an affiliate of the Manager, First Trust Value Line® Dividend Index Fund, which replicates or substantially replicates the performance of the Index.

The Index begins with the universe of U.S. stocks, excluding all registered investment companies, limited partnerships and foreign securities not listed in the U.S., that Value Line® gives a Safety™ Ranking of #1 or #2 using the Value Line® Safety™ Ranking System. The Safety™ ranking measures the total risk of a stock relative to the other stocks in the Value Line universe. From those stocks, Value Line® selects those companies with a higher than average dividend yield, as compared to the indicated dividend yield of the Standard & Poor’s 500 Composite Stock Price Index. Value Line® then eliminates those companies with an equity market capitalization of less than US \$1 billion. The Index is equally weighted and rebalanced on a monthly basis.

#### **Risk**

The Index the First Trust ETF tracks utilizes a rules-based stock selection process and can result in sector weightings that differ from the primary and secondary benchmarks, S&P 500® Index (CAD-Hedged) total return and Dow Jones U.S. Select Dividend Index Return (USD), respectively. The ability of the underlying securities to pay a dividend in the future is dependent on factors that are not controlled by fund management. A security held in the First Trust ETF may, at any time, decide to cut or eliminate its dividend payment. Given the First Trust ETF employs a currency hedging strategy to minimize the impact of changes in the USD-CAD exchange rate and considering that the portfolio remains consistent in its application of the Value Line® stock selection methodology to pick stocks for the portfolio, we conclude there was no material change to the risk profile of the First Trust ETF. Investors should refer to the most recent prospectus as it contains detailed discussion of risk relating to the investment of the First Trust ETF.

#### **Results of Operations**

##### **General**

First Trust ETF’s total net asset value as of June 30, 2022 was \$ 9,681,633 or \$32.31 per unit. The First Trust ETF’s total net asset value as of December 31, 2021 was \$14,433,111 or \$36.12 per FUD and \$36.03 per FUD.A. As of February 28, 2022, the First Trust ETF no longer offered FUD.A and the Manager successfully redesignated FUD.A to FUD of the First Trust ETF.

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## First Trust Value Line® Dividend Index ETF (CAD-Hedged) Management Report of Fund Performance For the six-month period ended June 30, 2022

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For the six-month period ended June 30, 2022, the First Trust ETF paid total cash distributions per unit of \$0.3450 for FUD and \$0.0400 for FUD.A. In addition, FUD declared cash distributions of \$0.0650 per unit for record date of June 30, 2022 with payment date of July 8, 2022.

### ***Investment Performance***

For the six-month period ended June 30, 2022, the First Trust ETF returned -9.60% compared to the primary and secondary benchmarks, S&P 500® Index (CAD-Hedged) total return of -20.01% and Dow Jones U.S. Select Dividend™ Index Return (USD) total return of -2.56%. Unlike the benchmarks, the First Trust ETF's returns are net of fees and expenses.

The First Trust ETF outperformed the primary benchmark during the period. Utilities in the portfolio were overweight and had a positive absolute return during the period. The combination of allocation and selection caused the most outperformance of any sector represented in the First Trust ETF on a relative basis. An underweight position in Communication Services stocks had a positive effect on relative return. The stocks in the sector held by the First Trust ETF outperformed the primary benchmark holdings on both an absolute and relative basis. One of the best-performing groups in the primary benchmark, Energy, was underweight for the period. The underweight position caused the group to underperform the primary benchmark on a relative basis. Consumer Discretionary holdings in the First Trust ETF outperformed the primary benchmark on a relative basis due to an underweight position and a positive selection effect. The First Trust ETF's exposure to size hurt performance as small-cap stocks underperformed large cap stocks during the period.

The top five stocks by contribution to return were Bristol-Myers Squibb Company, Lockheed Martin Corporation, Merck & Co., Inc., Northrop Grumman Corp., and Astrazeneca PLC Sponsored ADR. The bottom five stocks by contribution to return were Rockwell Automation, Inc., Johnson Controls International plc, T. Rowe Price Group, A. O. Smith Corporation, and Target Corporation.

The portfolio held 193 equity securities on June 30, 2022. The top ten equity holdings accounted for 5.54% of the total NAV. Utilities, Industrials, and Financials were the top three sector weightings at the beginning of the year. On June 30, 2022, the top three sector weights were Utilities, Financials, and Industrials. The most overweight sectors at the end of the period were Utilities, Real Estate, and Information Technology. The most underweight sectors at the end of the period were Health Care, Energy, and Consumer Discretionary. At the beginning of the year, the most overweight sectors were Utilities, Real Estate, and Information Technology. The most underweight sectors at the beginning of the year were Consumer Discretionary, Health Care, and Energy. The First Trust ETF maintains a focus on large-cap dividend-paying equities.

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

### **Recent Developments**

Commodity prices have been in focus as input costs rise for many corporations and inflation risk persists. Inflationary pressure was felt through all areas of the U.S. economy capped by a 9.1% rise in the Consumer Price Index (the "CPI") reported at the end of the first half of the year. Supply chain problems are still a concern and labor shortages could continue to drive prices higher. The Federal Reserve remains active with three raises from the beginning of the year. The Federal Funds Target rate increased from 0.25% to 1.75% since the beginning of the year. Corporate earnings remained robust through the first half of the year, but executives remain cautious in the face of uncertainty driven by inflation and slowing consumer demand.

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First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
Management Report of Fund Performance  
**For the six-month period ended June 30, 2022**

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**Related Party Transactions**

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

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

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

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

## Management Report of Fund Performance

### For the six-month period ended June 30, 2022

#### Financial Highlights

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

#### Net Asset Value per Unit

FUD	Jun. 30, 2022 <sup>(a)</sup>	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net asset value, beginning of period/year <sup>(1)</sup>	\$36.12	\$29.60	\$30.93	\$25.38	\$27.21	\$24.39
Increase (Decrease) from operations:						
Total revenue	0.14	0.95	0.68	0.88	0.69	0.87
Total expenses	(0.20)	(0.37)	(0.34)	(0.35)	(0.33)	(0.29)
Realized gains (losses) for the period/year	0.45	5.74	(0.59)	2.48	(0.37)	4.41
Unrealized gains (losses) for the period/year	(3.67)	1.16	(1.28)	3.41	(2.48)	(1.60)
Total increase (decrease) from operations <sup>(2)</sup>	\$(3.28)	\$7.48	\$(1.53)	\$6.42	\$(2.49)	\$3.39
Distributions:						
From income (excluding dividends)	(0.37)	(0.48)	(0.49)	(0.49)	(0.45)	(0.66)
From dividends	-	(0.15)	(0.09)	(0.06)	(0.06)	-
From capital gains	-	(4.15)	-	-	(0.03)	-
Return of capital	-	-	(0.06)	(0.13)	-	-
Total annual distributions <sup>(3)</sup>	\$(0.37)	\$(4.78)	\$(0.64)	\$(0.68)	\$(0.54)	\$(0.66)
Net asset value, end of period/year <sup>(4)</sup>	\$32.31	\$36.12	\$29.60	\$30.93	\$25.38	\$27.21

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

(1) This information is provided as at June 30, 2022 and December 31 of the years shown and is prepared under IFRS.

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

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

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

#### Ratios and Supplemental Data

FUD	Jun. 30, 2022 <sup>(a)</sup>	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net asset value (000's)	\$9,682	\$9,107	\$11,904	\$13,985	\$10,208	\$6,821
Number of units outstanding	299,693	252,160	402,160	452,160	402,160	250,663
Management expense ratio <sup>(1)</sup>	0.77%	0.78%	0.78%	0.77%	0.78%	0.67%
Management expense ratio before waivers or absorption	0.78%	0.79%	0.80%	0.79%	0.79%	0.69%
Trading expense ratio <sup>(2)</sup>	0.02%	0.02%	0.04%	0.02%	0.02%	0.05%
Portfolio turnover rate <sup>(3)</sup>	30.32%	89.63%	133.59%	114.18%	88.61%	146.03%

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

(1) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period/year.

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

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

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

## Management Report of Fund Performance

### For the six-month period ended June 30, 2022

#### Management Fees

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

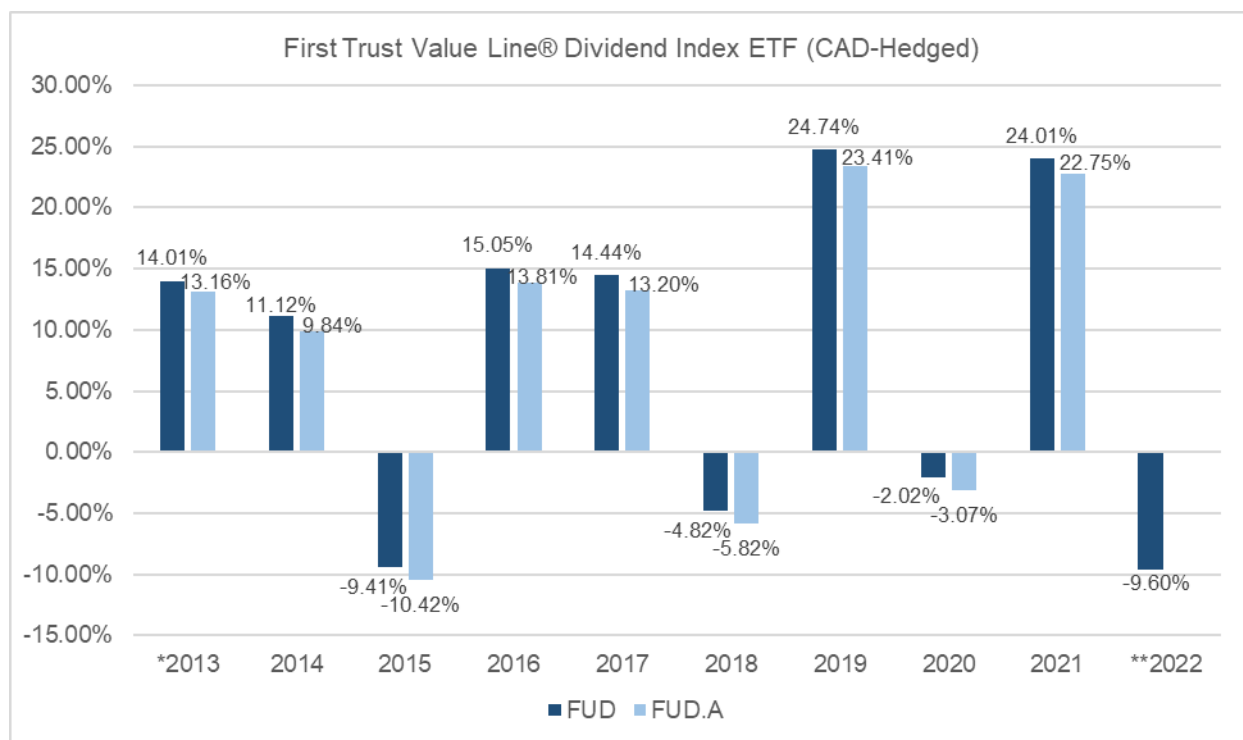
#### Past Performance

##### General

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

##### Year by Year Returns

The bar chart below shows the First Trust ETF's performance for the six-month period ended June 30, 2022, for the years ended December 31, and for the period from commencement of operations to December 31, 2013 and illustrates how the investment fund's performance has changed from year to year. The chart also shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



\*First Trust ETF Commencement: May 15, 2013

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



First Trust Value Line® Dividend Index ETF (CAD-Hedged)  
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**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 June 30, 2022. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. Daily and quarterly updates are available at [www.firsttrust.ca](http://www.firsttrust.ca).

Top 25 Holdings	% of ETF Total Net Asset Value
Clorox Co. (The)	0.57%
General Mills Inc.	0.56%
Pfizer Inc.	0.56%
American States Water Co.	0.55%
WEC Energy Group Inc.	0.55%
Erie Indemnity Co., Class 'A'	0.55%
Ameren Corp.	0.55%
Pinnacle West Capital Corp.	0.55%
Kimberly-Clark Corp.	0.55%
WD-40 Co.	0.55%
Exelon Corp.	0.55%
Xcel Energy Inc.	0.55%
Sensient Technologies Corp.	0.54%
CMS Energy Corp.	0.54%
OGE Energy Corp.	0.54%
Entergy Corp.	0.54%
Alexandria Real Estate Equities Inc.	0.54%
International Flavors & Fragrances Inc.	0.54%
Duke Energy Corp.	0.54%
Consolidated Edison Inc.	0.54%
DTE Energy Co.	0.54%
Sonoco Products Co.	0.54%
NextEra Energy Inc.	0.54%
Southern Co. (The)	0.54%
Avista Corp.	0.54%
<b>Total</b>	<b>13.66%</b>

**Portfolio Breakdown**

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, by sector, as at June 30, 2022.

Sector Weightings	% of ETF Total Net Asset Value
Utilities	20.26%
Financials	18.97%
Industrials	15.70%
Consumer Staples	12.00%
Information Technology	10.57%
Health Care	8.22%
Consumer Discretionary	5.55%
Materials	4.70%
Communication Services	2.54%
Other	1.02%
Cash and Cash Equivalents	0.34%
Other Assets, Less Liabilities	0.13%
<b>Total</b>	<b>100.00%</b>

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The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio excluding cash, by country, as at June 30, 2022.

Country Weightings	% of ETF Total Net Asset Value
United States	82.45%
Canada	7.06%
Switzerland	2.52%
United Kingdom	2.07%
Bermuda	1.03%
Ireland	1.00%
Japan	0.96%
Germany	0.96%
India	0.51%
France	0.50%
Taiwan	0.47%
Total	99.53%

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FT Portfolios Canada Co.

40 King Street West, Suite 5102  
Scotia Plaza, Box 312  
Toronto, Ontario M5H 3Y2

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