



First Trust Morningstar Dividend Leaders ETF
(CAD-Hedged) • FDL
*(formerly, First Trust Dorsey Wright U.S. Sector Rotation
Index ETF (CAD-Hedged) • FSR)**

Annual Management Report of Fund Performance
December 31, 2021

*Effective date of name change is February 12, 2021

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2021

First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) (the “First Trust ETF”)

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

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

Forward-looking Statements

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

First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)

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Investment Objective and Strategy

The fundamental investment objective of **First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)** (the “First Trust ETF”) is 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 IndexSM.

The Morningstar® Dividend Leaders IndexSM 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.

Risk

In February 2021, the First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged) changed its investment objectives (see Investment Objective and Strategy) and its name to the First Trust ETF. The First Trust ETF provides exposure to its new index by investing all or substantially all of its assets in an underlying U.S. index fund known as First Trust Morningstar Dividend Leaders Index Fund (the “Underlying Fund”), which is managed by the First Trust ETF's portfolio advisor. The effective date of change is February 12, 2021.

The risks associated with an investment in the First Trust ETF is discussed in the First Trust ETF's most recent prospectus.

Results of Operations

General

The First Trust ETF's net asset value as of December 31, 2021 was \$4,892,198 or \$30.58 per unit. The First Trust ETF's net asset value as of December 31, 2020 was \$2,443,172 or \$24.43 per unit.

For the year ended December 31, 2021, the First Trust ETF paid total cash distributions per unit of \$1.1680. In addition, the First Trust ETF declared cash distributions per unit of \$0.3454 for record date of December 31, 2021 with payment date of January 10, 2022. The First Trust ETF also made total notional distributions per unit of \$2.1168 the year ended December 31, 2021. These amounts were reinvested in the First Trust ETF and not paid in cash to unitholders.

Investment Performance

For the year ended December 31, 2021, the First Trust ETF returned 29.35% compared to the S&P 500® Index (CAD-Hedged) (the “benchmark”) return of 28.41%. Unlike the benchmark, the First Trust ETF's return is net of fees and expenses.

The First Trust ETF outperformed the benchmark during the period due to stock selection prior to the conversion. Prior to the change, the First Trust ETF owned other sector-specific ETFs that all outperformed their corresponding sectors in the benchmark due to strong stock selection. After the change, the First Trust ETF underperformed on poor allocation in Information Technology but mitigated underperformance through strong selection in Health Care.

The First Trust ETF's only holding, the Underlying Fund, held 100 equity securities as of December 31, 2021. The top ten equity holdings for the Underlying Fund accounted for 59.24% of the portfolio within the Underlying Fund.

The Underlying Fund's top five stocks by contribution to return were Pfizer Inc., Broadcom Inc., AbbVie, Inc., Chevron Corporation, and Philip Morris International Inc. The bottom five stocks by contribution to return were AT&T Inc, Verizon Communications Inc., International Paper Company, Kinder Morgan Inc Class P, and Dominion Energy Inc.

Recent Developments

In February 2021, the First Trust Dorsey Wright U.S. Sector Rotation Index ETF (CAD-Hedged) changed its investment objective to seek to replicate, to the extent possible, the performance of an index of U.S. companies that have shown dividend consistency and dividend sustainability, the Morningstar® Dividend Leaders IndexSM. The Russell 1000® Index gained 26.45% in 2021, including dividends, closing the period near its record high as the U.S.

First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) Management Report of Fund Performance For the year ended December 31, 2021

economy continued to recover from the COVID-19 pandemic. However, the U.S dollar depreciated relative to the Canadian dollar, meaning the index gained 25.38% over the same period measured in Canadian dollars. The U.S. unemployment rate improved throughout the year, dropping from 6.7% at the beginning of the period to 5.9% in June and 3.9% in December. However, pandemic-related labor and supply shortages combined with high demand for goods and services produced a surge in inflation during the period. By year-end, the Consumer Price Index increased 7% compared to the prior year, which was its highest yearly increase since 1982. High inflation caused the U.S. Federal Reserve to pivot from its easy-money policies, signaling after its December meeting that it would raise interest rates in 2022. Despite high inflation, real economic output in the U.S. grew 4% through the first three quarters of the year, the latest available data. The economic reopening benefitted cyclical stocks like energy, real estate, and financial companies, which were the three best-performing sectors during the period. Information technology, with robust demand for the sector's products producing record earnings for the sector, was the fourth-best performing sector during the period. Conversely, defensive stocks like utilities and consumer staples were the two worst performing sectors during the period. The Russell 1000® Index finished 2021 trading at a 27.0 P/E multiple with a 1.25% dividend yield, compared to 32.3 and 1.50%, respectively, at the end of 2020.

Related Party Transactions

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

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

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

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Financial Highlights

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

Net Asset Value per Unit

FDL	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net asset value, beginning of year ⁽¹⁾	\$24.43	\$25.04	\$20.29	\$22.60	\$20.12
Increase (Decrease) from operations:					
Total revenue	1.32	0.52	0.11	0.12	0.07
Total expenses	(0.25)	(0.11)	(0.08)	(0.10)	(0.08)
Realized gains (losses) for the year	6.02	(1.61)	3.03	(0.59)	1.24
Unrealized gains (losses) for the year	(0.21)	3.50	2.65	(2.44)	1.41
Total increase (decrease) from operations ⁽²⁾	\$6.88	\$2.30	\$5.71	\$(3.01)	\$2.64
Distributions:					
From income (excluding dividends)	(0.97)	(0.57)	-	-	-
From dividends	-	(0.05)	-	-	-
From capital gains	(2.11)	-	(2.20)	(0.62)	(1.13)
Return of capital	-	-	(0.01)	-	(0.09)
Total annual distributions ⁽³⁾	\$(3.08)	\$(0.62)	\$(2.21)	\$(0.62)	\$(1.22)
Net asset value, end of year ^{(4),(5)}	\$30.58	\$24.43	\$25.04	\$20.29	\$22.60

(1) This information is provided as at December 31 of the period/years shown and is prepared under IFRS.

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

(5) Effective February 12, 2021, the First Trust ETF is fully invested in the Underlying Fund (See Risk).

Ratios and Supplemental Data

FDL	Dec. 31, 2021 ⁽⁴⁾	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net asset value (000's)	\$4,892	\$2,443	\$2,504	\$4,059	\$2,260
Number of units outstanding	160,000	100,000	100,000	200,000	100,000
Management expense ratio ⁽¹⁾	0.66%	1.02%	1.09%	1.10%	1.04%
Management expense ratio before waivers or absorption	0.67%	1.04%	1.11%	1.11%	1.05%
Trading expense ratio ⁽²⁾	0.05%	0.23%	0.06%	0.12%	0.12%
Portfolio turnover rate ⁽³⁾	133.70%	280.86%	23.29%	144.42%	175.90%

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year, including the First Trust ETF's proportionate share of the MER of any underlying fund in which the First Trust ETF has invested, and is expressed as an annualized percentage of daily average net asset value during the 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. This includes the First Trust ETF's proportionate share of the commissions of any underlying fund in which the First Trust ETF has invested.

(3) The First Trust ETF's portfolio turnover rate indicates how actively the First Trust ETF's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the First Trust ETF buying and selling all of the securities in its portfolio once in the course of the 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.

(4) Effective February 12, 2021, the First Trust ETF is fully invested in the Underlying Fund (See Risk).

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Management Fees

The First Trust ETF will pay the Manager a management fee of 0.15% based on the average daily NAV of the First Trust ETF. The management fee, plus applicable taxes including HST, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

The First Trust ETF will bear the Underlying Fund's management fee of 0.30% per annum on average daily net assets on the First Trust ETF's portfolio assets invested in the Underlying Fund. Accordingly, the management fee cost to unitholders of their investment will be 0.45% per annum of NAV of the First Trust ETF plus applicable taxes.

Past Performance

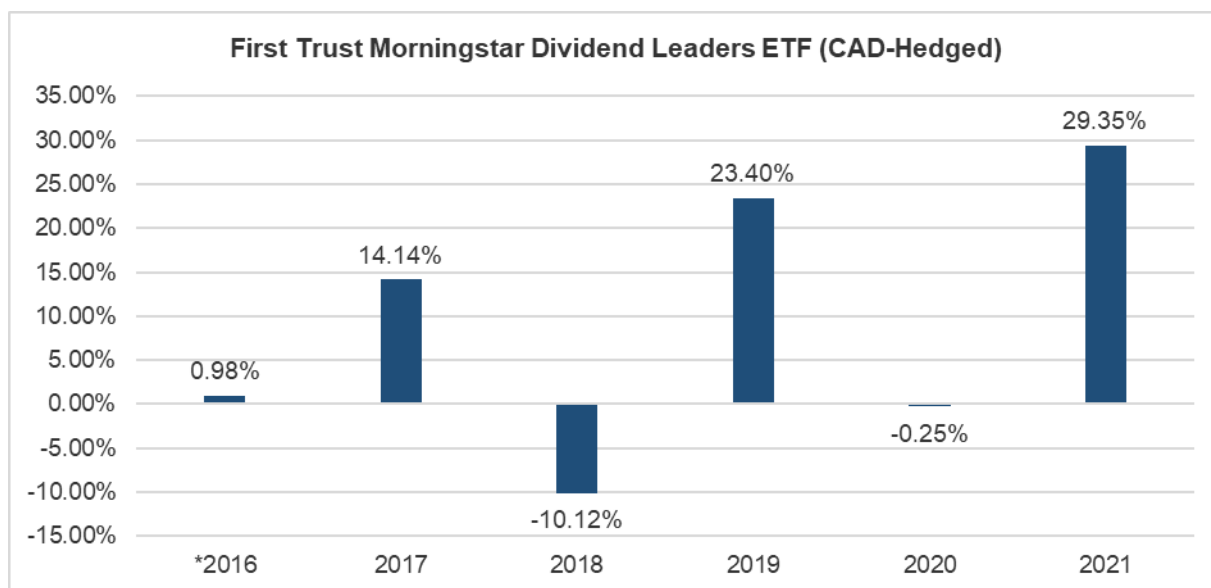
General

The past performance information shown assumes that all distributions made by the First Trust ETF in the period/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.

Effective February 12, 2021, the First Trust ETF is fully invested in the Underlying Fund (See Risk).

Year by Year Returns

The bar chart below shows the First Trust ETF's performance for the years ended December 31, and for the period from commencement of operations to December 31, 2016 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: September 29, 2016

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Annual Compound Returns

The table below shows the First Trust ETF's annual compound total return since inception and for the years ended December 31, 2021. The annual compound return is compared to the returns of the relevant benchmark; however, the First Trust ETF's return is net of fees and expenses. See Results of Operations section of this report for further information regarding the current year performance of the First Trust ETF relative to the benchmark/index.

	1-year	3-year	5-year	Since Inception
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged)	29.35%	16.77%	10.31%	9.99%
S&P 500® Index (CAD-Hedged)	28.41%	25.08%	17.54%	17.39%

S&P 500® Currency Hedged Indices are designed to represent the returns of index strategies that involve hedging currency risk while accepting underlying equity market risk. By employing such a strategy, the index seeks to reduce the risk of downward currency fluctuations while also sacrificing potential currency gains.

Summary of Investment Portfolio

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's holdings as at December 31, 2021. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. Daily and quarterly updates are available at www.firsttrust.ca.

Holdings	% of ETF Total Net Asset Value
First Trust Morningstar Dividend Leaders Index Fund	99.88%
Cash and Cash Equivalents	1.15%
Other Assets, Less Liabilities	-1.03%
Total	100.00%

Portfolio Breakdown

The table below sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio as at December 31, 2021.

Sector Weightings	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.88%
Cash and Cash Equivalents	1.15%
Other Assets, Less Liabilities	-1.03%
Total	100.00%

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