

 **First Trust**
Portfolios Canada

2009 Interim

Management Report of Fund Performance

RBC Dominion Securities Canadian
Focus List Portfolio

This interim management report of Trust and/or Fund performance contains financial highlights, but does not contain the complete unaudited interim financial statements of the investment Trust and/or Fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling us at 877-622-5552, or by writing to us at:

First Defined Portfolio Management Co.
330 Bay Street, Suite 1300
Toronto, Ontario M5H 2S8

or by visiting our website at
www.firsttrust.ca

or
SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Investment Objective and Strategies

The fundamental investment objective of the RBC Dominion Securities Canadian Focus List Portfolio, formerly known as RBC Investments Focus List Trust, (the "Trust") is to provide potential capital appreciation by purchasing and holding, for successive quarterly periods, the same Canadian shares as are announced to the public by RBC Dominion Securities Inc.'s ("RBC DS") Equity Selection Sub-Committee (the "Sub-Committee") as comprising its Focus List Trust.¹

Risk

The risk profile of the Trust was modestly increased for the second half of the year, as the portfolio moved from underweight Financials to Market-weight. Further, the mix within Financials was tilted more toward bank stocks, as the worst of the credit crisis began to abate and investors began to look to a more normalized earnings scenario. The portfolio was also repositioned in the Energy sector, as a tilt toward integrated oil & gas companies was reduced in favour of more upstream focused exploration and production (E&P's) companies. Integrations are considered more defensive by the market, as their downstream businesses tend to counter-balance their more commodity-sensitive upstream businesses, whereas E&P's are more closely tied to the movements of oil and natural gas. For the first time in several years, the Focus List went to zero weight in Telecom Services. While the strong free cash flow and healthy dividends of the group were considered a plus, the risks of wireless competition were expected to overhang the group for some time to come and thus exposure was reduced to zero. Within the remainder of the portfolio, most sectors were maintained at close to index weight; however, a position in base metals was established within the Materials sector to provide the List with more exposure to the economic recovery.

Results of Operation

For the period the Trust returned 6.99% versus a 14.88% return for the S&P/Toronto Stock Exchange Composite benchmark index. Following significant relative underperformance in the first half of the year, the Trust continued to lag the overall market during the second half of the year. The TSX continued to be led higher by higher risk securities, many of which were either inappropriate or ineligible for inclusion on the Focus List. This high beta leadership was perhaps best illustrated by the performance of the S&P/TSX vs. the performance of the S&P/TSX 60. The broader TSX returned 13.2% during the second half of the year, while the more large cap focused TSX 60 returned only 10% for the second half of the year. However, as an economic recovery begins to mature, a shift in leadership typically occurs whereby more defensive, large cap securities begin to become better relative performers than higher beta, small cap securities. Some evidence of this shift began to emerge in the US market during October and November; however, the more resource intensive Canadian market has yet to generate a discernable shift. With the ISM now above 55 (typically the demarcation line for a leadership shift), large cap outperformance could be poised to reaccelerate in the months to come.

Aside from the large cap bias of the Trust, the primary driver of relative underperformance during the quarter was the poor mix within the Energy sector. The emphasis on more defensive integrated oil and gas stocks hurt overall performance, although the overweight was addressed in early October.

After the longest recession since the Great Depression, the global economy firmly reestablished a growth path in the second half of the year. While much of this growth was fueled by unprecedented levels of government stimulus, the sharp rise in global economic activity was a welcome relief from the complete seizure of economic and financial markets a year earlier. High levels of unemployment remain the overriding concern, as unemployment has a direct impact on both consumer and investor spirits. While there were some nascent signs toward the end of the year that the employment picture was beginning to turn, the overhang of more than 7 million job losses in the US will likely be felt for many years to come.

Recent Developments

The global economic recovery continues to unfold. Further, much of the government stimuli that were announced early last year remains in the pipeline and should help to bolster overall growth in 2010. Interest rates remain at or near 0% worldwide and while the second half of 2010 should begin to see a modest easing of monetary stimulus, rates are expected to remain tilted toward a growth bias for the balance of the year. This is not to

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suggest that 2010 is not without risks, as the recovery remains tenuous in nature and is dependent on the unprecedented monetary and fiscal stimuli that are backstopping the economy. In some ways, the primary risk going forward is that growth in the near-term proves too strong, which could prompt policymakers to curb stimuli more aggressively than is warranted. Further, yawning deficits in many G7 economies have prompted calls for sharply reduced spending and higher taxes. While these maneuvers would potentially have long-term benefits, as structural deficits are a long-term concern, their near-term impact could derail the nascent recovery and thus the actions of government will be closely monitored.

Financial Instruments

Effective July 1, 2009, the Trust adopted the recent amendments to CICA 3862, Financial Instruments – Disclosures. Disclosures about fair value of Financial Instruments, requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Trust's financial instruments are recorded at fair value or at amounts that approximates fair value in the financial statements.

An amendment to CICA 3862, Financial Instruments – Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows.

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that is observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 One or more significant pricing inputs are unobservable for the financial asset or liability and include situations where there is little, if any, market activity for the financial asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

Net Assets and Net Asset Value

The Canadian Securities and regulatory authorities have published amendments to National Instruments 81-106 "Investments Fund Continuous Disclosure" ("NI 81-106") that remove the requirement that net asset value for transactional purposes, ("Net Asset Value") be calculated in accordance with CICA Handbook section 3855 "Financial Instruments – Recognition and Measurement" effective September 8, 2008. As a result of the amendments, the Net Asset Value of investment funds will continue to be calculated based on the fair value of investments using the close or last trade price. The net assets per unit for financial reporting purposes ("Net Assets") and Net Asset Value per unit could be different due to the use of different valuation techniques. As at December 31, 2009, the Trust's net asset value per unit was \$16.83 (2008 – \$14.83) per Series A unit & \$18.36 (2008 – \$16.01) per Series F unit. The difference between the net asset value per unit for unitholder transactions and the net assets per unit as shown on the Statement of Net Assets is due to the use of different pricing methodologies discussed above.

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International Financial Reporting Standards

As of December 31, 2009, the Manager has commenced the development of a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (CICA) for conversion to International Financial Reporting Standards (IFRS). The key elements of the plan include disclosures of the qualitative impact in the 2010 financial statements, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS, with comparatives. The impact the conversion from Canadian GAAP to IFRS will have on the Trust's net assets, accounting policies, financial statements and other business arrangements is being evaluated by the Manager.

Related Party Transactions

First Defined Portfolio Management Co. is the Manager of the Trust and is a Canadian affiliate of First Trust Advisors L.P., the investment advisor (the "Advisor") of the Trust.

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

The Manager has retained the Advisor to provide certain services to the Trust 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 Trust and are intended to help you understand the Trust's financial performance for the past five years. The date of inception of the Trust is November 26, 2001. The 2009 information is derived from the Trust's unaudited interim financial statements for the six-month period ending December 31 and the prior years are from audited annual financial statements for the fiscal years ending June 30.

The Trust's Net Assets per Unit

	Dec. 31, 2009		June 30, 2009		June 30, 2008		June 30, 2007		June 30, 2006	
	Series A	Series F	Series A	Series F	Series A	Series F	Series A	Series F	Series A	Series F
Net assets, at the beginning of the period⁽¹⁾	\$ 15.72	\$ 17.05	\$ 22.85	\$ 24.54	\$ 25.02	\$ 26.58	\$ 22.03	\$ 23.15	\$ 19.91	\$ 20.71
Increase (decrease) from operations:										
Total revenue	0.18	0.19	0.45	0.48	0.43	0.46	0.44	0.46	0.42	0.43
Total expenses	(0.17)	(0.09)	(0.36)	(0.21)	(0.52)	(0.29)	(0.47)	(0.23)	(0.43)	(0.20)
Realized gains (losses) for the period	0.28	0.31	(4.99)	(5.53)	2.21	2.23	2.72	2.89	3.65	3.77
Unrealized gains (losses) for the period	0.79	0.85	(2.88)	(3.00)	(1.59)	(1.72)	2.05	2.12	0.01	0.14
Total increase (decrease) from operations⁽²⁾	\$ 1.08	\$ 1.26	\$ (7.78)	\$ (8.26)	\$ 0.53	\$ 0.68	\$ 4.74	\$ 5.24	\$ 3.65	\$ 4.14
Distributions:										
From income (excluding dividends)	–	–	–	–	–	–	–	–	–	–
From dividends	–	–	–	–	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–	1.71	1.80	1.44	1.50
Return of capital	–	–	–	–	–	–	–	–	–	–
Total Annual distributions⁽³⁾	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1.71	\$ 1.80	\$ 1.44	\$ 1.50
Net assets, at the end of the period⁽⁴⁾	\$ 16.80	\$ 18.32	\$ 15.72	\$ 17.05	\$ 22.85	\$ 24.54	\$ 25.08	\$ 26.63	\$ 22.03	\$ 23.15

(1) This information is provided as at June 30 of the years shown except in December 2009, it is shown as at December 31, 2009. The net assets per unit presented in the financial statements differs from the net asset value calculated for trust pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets 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 financial period.

(3) Distributions were paid in cash/reinvested in additional units of the Trust.

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

Ratios and Supplemental Data

	Dec. 31, 2009		June 30, 2009		June 30, 2008		June 30, 2007		June 30, 2006	
	Series A	Series F	Series A	Series F	Series A	Series F	Series A	Series F	Series A	Series F
Net asset value (000's)	\$ 170,738	\$ 29,476	\$ 177,667	\$ 34,209	\$ 308,828	\$ 63,072	\$ 303,250	\$ 52,264	\$ 262,097	\$ 45,476
Number of units outstanding	10,142,681	1,605,293	11,288,778	2,002,912	13,465,235	2,560,739	12,093,458	1,962,366	11,898,712	1,964,017
Management expense ratio ⁽¹⁾	2.05%	1.00%	2.16%	1.14%	2.09%	1.02%	1.97%	0.90%	1.97%	0.89%
Management expense ratio before waivers or absorption	2.05%	1.00%	2.16%	1.14%	2.09%	1.02%	1.97%	0.90%	1.97%	0.89%
Trading expense ratio ⁽²⁾	0.14%	0.14%	0.17%	0.17%	0.09%	0.09%	0.07%	0.07%	0.08%	0.08%
Portfolio turnover rate ⁽³⁾	55.98%	55.98%	94.30%	94.30%	86.00%	86.00%	51.90%	51.90%	55.19%	55.19%
Net asset value per unit	\$ 16.83	\$ 18.36	\$ 15.74	\$ 17.08	\$ 22.94	\$ 24.63	\$ 25.08	\$ 26.63	\$ 22.03	\$ 23.15

(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.

(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.

(3) The Trust's portfolio turnover rate indicates how actively the Trust's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher a Trust's portfolio turnover rate in a year, the greater the trading cost payable by the Trust 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 Trust.

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Management Fees

An annual management fee is accrued daily at a rate of 0.50% of Series A and Series F net assets and is paid to the manager monthly. Additionally, an annual management fee of 1.00% of Series A net assets is accrued daily and is paid to the manager quarterly. The Trust received services in consideration of the management fees as follows:

Services Provided	Series A	Series F
Distribution related costs	67%	0%
Portfolio Advisor and Management services	33%	100%

The Manager has agreed to waive all or a portion of its fees or absorb any expenses of the Trust which would cause the management expense ratio to exceed 1.97% and 0.97% for Series A and Series F respectively. For purposes of the foregoing, the expenses referred to above do not include income taxes, GST, brokerage commissions, and reasonable costs relating to the operation of the Independent Review Committee or extraordinary expenses such as litigation.

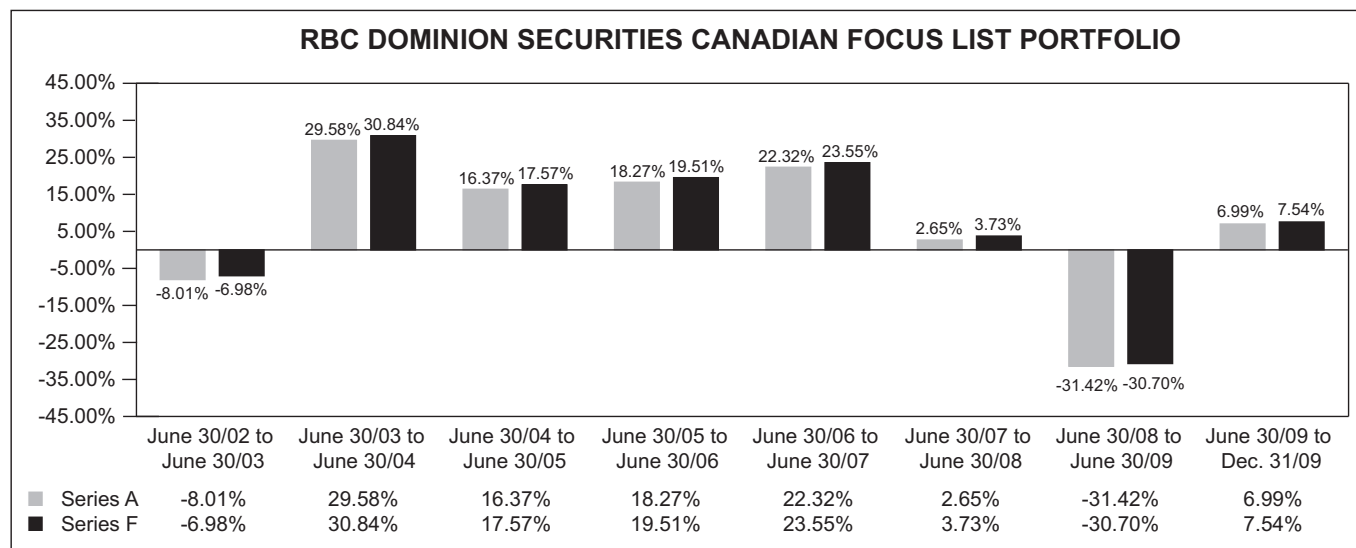
Past Performance

General

The past performance information shown assumes that all distributions made by the Trust in the periods shown were reinvested in additional securities of the Trust. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Trust 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 Trust's performance for the six-month period ended December 31, 2009 and each of the past years' fiscal year ended June 30, and illustrates how the investment trust'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.



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Summary of Investment Portfolio

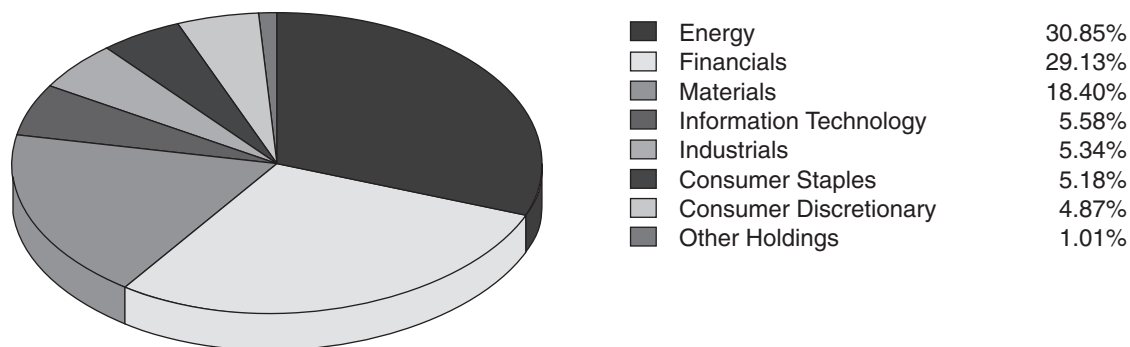
The table sets out the percentage (based on net asset value) of the Trust's holdings as at December 31, 2009.

Issuers	% of Trust Net Asset Value
RESEARCH IN MOTION LTD.	5.58%
CAMECO CORP.	5.36%
CANADIAN PACIFIC RAILWAY LTD.	5.34%
TALISMAN ENERGY INC.	5.19%
ENBRIDGE INC.	5.18%
METRO INC.	5.18%
CANADIAN NATURAL RESOURCES LTD.	5.17%
BROOKFIELD ASSET MANAGEMENT INC.	5.06%
IGM FINANCIAL INC.	5.00%
BANK OF MONTREAL	4.98%
THOMSON REUTERS CORP.	4.87%
INMET MINING CORP.	4.83%
ROYAL BANK OF CANADA	4.76%
TORONTO-DOMINION BANK	4.76%
SUNCOR ENERGY INC.	4.71%
POTASH CORP. OF SASKATCHEWAN INC.	4.65%
NATIONAL BANK OF CANADA	4.57%
GOLDCORP INC.	4.50%
BARRICK GOLD CORP.	4.43%
ENCANA CORP.	2.95%
CENOVUS ENERGY INC.	2.29%
CASH	1.01%

This summary of portfolio holdings may change due to ongoing portfolio transactions of the Trust. A quarterly update is available at www.firsttrust.ca

Portfolio Breakdown

The table sets out the percentage (based on net asset value) of the Trust's portfolio as at December 31, 2009.



Redemption of Units

Unitholders may redeem units of Trust and receive an amount for each unit redeemed equal to the applicable series NAV per unit as next calculated after the Manager receives the redemption request. A redemption of units of the Trust is a disposition for tax purposes. If units are held outside a registered plan, unitholders may realize a taxable capital gain upon a redemption.

The following paragraphs set out the redemption procedure for the Trust.

- Redemption requests received before 4:00 p.m. (Toronto time) on a business day will be priced using the applicable series NAV calculated on that day.
- Requests received after 4:00 p.m. (Toronto time) on a business day will be priced using the relevant series NAV calculated on the next business day.
- Unitholders may redeem Series A or Series F units through their registered dealer or broker, or by wire order by delivering a request to the Manager. In order to complete such a request unitholders must provide all required redemption application documents. Once done, the Trust will pay the redemption price within three business days after the date of the calculation of the NAV per unit used to establish the redemption price.
- Upon the direction of the Manager, the Trust may require that unitholders hold a minimum amount of units of the Trust. If they hold less than the minimum amount, the Trust may require to redeem their units upon fifteen days prior notice.
- The Manager may suspend the right of redemption and postpone the date of payment of redemptions for any period provided that it complies with applicable securities regulatory policies in doing so. Unitholders' right to redeem units may be suspended for any period when normal trading is suspended on a stock exchange on which securities are listed which represent more than 50% of the value of the Trust, subject to certain allowances and modification by the consent of securities regulatory authorities and provided those securities are not traded on another exchange that represents a reasonable practical alternative for the Trust.
- If the Manager suspends the right of redemption, unitholders may either withdraw their redemption request or receive, once the suspension is lifted, a payment based on the NAV per Series A or Series F unit next calculated after the suspension is lifted.
- A short-term trading fee of the purchase price (excluding any sales charges) will be applicable if units are redeemed within the specified period described on the prospectus. The fee will be deducted from the redemption proceeds when units are redeemed. Any such fees will be retained by the Trust.

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