



First Trust Canadian Capital Strength ETF • FST

Annual Management Report of Fund Performance
December 31, 2024

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2024

First Trust Canadian Capital Strength 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 Canadian Capital Strength ETF** (the “First Trust ETF”) is to provide unitholders with long term capital appreciation by investing primarily in securities traded on a Canadian exchange or market.

To achieve its investment objectives, the First Trust ETF will primarily invest in securities of issuers that are based in Canada or have significant business operations in the Canadian market. Securities invested in by the First Trust ETF include common shares of public companies that are traded on a Canadian exchange or market.

The First Trust 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 selecting securities of issuers that, primarily, are traded on a Canadian exchange or market.

Next, the portfolio advisor evaluates 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 the First Trust 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.

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.

Results of Operations

General

The First Trust ETF’s total net asset value as of December 31, 2024, was \$104,878,397 or \$55.81 per unit. The First Trust ETF’s total net asset value as of December 31, 2023, was \$66,262,389 or \$44.80 per unit.

For the year ended December 31, 2024, the First Trust ETF paid total cash distributions of \$0.6000 per unit. In addition, the First Trust ETF declared cash distributions of \$0.1650 per unit for record date of December 31, 2024, with payment date of January 8, 2025.

Investment Performance

For the year ended December 31, 2024, the First Trust ETF returned 26.13% compared to S&P/TSX Composite® Index (the “benchmark”) return of 21.65%. Unlike the benchmark, the First Trust ETF’s returns are net of fees and expenses.

The First Trust ETF outperformed the benchmark for the year. Allocation effect and selection effect were both positive contributors to relative performance for the year. Positive contribution to relative performance can mainly be attributed to selections and an overweight allocation to the Information Technology sector and an underweight allocation to the Communication Services sector. Selections and an overweight allocation to the Industrials sector,

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an overweight allocation to the Consumer Discretionary sector, and an underweight allocation to the Financials sector were the largest drags on performance for the year.

The top-performing stocks for the reporting year, based on total return, were Celestica Inc., Manulife Financial Corporation, and iA Financial Corporation Inc. These stocks returned 187.08%, 57.49%, and 52.59%, respectively. The bottom-performing stocks, based on total return, were ATS Corporation, Restaurant Brands International, Inc, and Alimentation Couche-Tard Inc. These stocks returned -22.43%, -6.52%, and -6.31%, respectively.

The First Trust ETF held 25 equity positions for the year ended December 31, 2024, and made no net change to the number of positions from the beginning of the year. Portfolio changes were made in January 2024 (one position added, one position eliminated), April 2024 (two positions added, two positions eliminated), September 2024 (one position added, one position eliminated), and October 2024 (two positions added, two positions eliminated). The top ten equity holdings of the First Trust ETF on December 31, 2024, accounted for 43.98% of total NAV and the top ten equity holdings of the First Trust ETF on December 31, 2023, accounted for 43.79% of total NAV. Financials, Industrials, and Information Technology (in order) were the top three sector weightings at the end of December 2024. Financials, Industrials, and Energy (in order) were the top three sector weightings at the beginning of the year. Relative to its benchmark over the reporting year, the First Trust ETF on average was overweight the Consumer Discretionary, Consumer Staples, Industrials and Information Technology sectors while underweight the Communication Services, Energy, Financials, Health Care, Materials, Real Estate, and Utilities sectors. The sector weighting of the First Trust ETF changed somewhat over the reporting year, primarily as the result of our bottom-up, multi-step quantitative and fundamental stock selection strategy.

Portfolio changes were made in January, April, September, and October, though there was no net change to the total number of portfolio positions over the year. In January, one position, Franco-Nevada Corp, was removed at the portfolio manager's discretion. A position in Celestica Inc. was established to replace it. In April, two positions, TFI International Inc. and ATS Corp, were removed at the portfolio manager's discretion. Two positions, Waste Connections Inc. and Pembina Pipeline Corp, were established to replace them. In September, one position, Imperial Oil Ltd., was removed at the portfolio manager's discretion. A position in Canadian Imperial Bank of Commerce was established to replace it. In October, one position, Alimentation Couche-Tard Inc., was removed at the portfolio manager's discretion and one position, Toronto-Dominion Bank/The, was eliminated for failing to meet the initial screening criteria. Positions in Shopify Inc. and Gildan Activewear Inc. were established to replace them.

Recent Developments

The Bank of Canada ("the BoC") has made considerable progress in returning inflation back to their 2% target. Total inflation began the year at 2.9% in January and as of the latest CPI report in November, inflation has eased back down to 1.9%. Monetary policy decisions have worked to reduce pricing pressure in the Canadian economy and the BoC now expects total inflation to remain in the control range of 1% to 3% over the projection horizon. There were eight total monetary policy meetings throughout 2024, with five of them resulting in rate cuts. After leaving the policy interest rate unchanged for the first three meetings of the year, policymakers determined monetary policy no longer needed to be as restrictive at their meeting in June and began a series of rate cuts. Meetings in June, July, and September resulted in a -0.25% cut to the policy interest rate while the final two meetings of the year in October and December resulted in -0.50% cuts. After beginning the year at 5.00%, the policy interest rate now sits at 3.25%. Decisions on further reductions in the policy rate moving forward are expected to be evaluated one decision at a time as the BoC remains committed to maintaining price stability and to keeping inflation around their 2% target level. Looking ahead, economic growth is forecasted to average 2.25% over 2025 and 2026 as the lower interest rate environment is expected to boost economic activity by strengthening both household and business spending.

The benchmark gained 21.65% in 2024 after returning 11.75% on a total return basis in 2023. Communication Services was the only sector with a negative return as the other ten sectors finished the year with a positive return. Information Technology was the top performing sector, posting a 37.96% gain for the year. Celestica Inc. drove the sector higher as it was by far the top performing stock within the sector, gaining 241.82%. Communication Services was the worst performing sector for the year, falling -21.10%. Despite only accounting for 3.14% of the benchmark,

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the sector was the largest drag on performance based on total contribution to return. Financials, which make up almost a third of the benchmark, outperformed the broader market, returning 30.07% for the year.

We believe there are plenty of long-term attractive opportunities in Canada, especially as inflation continues to come under control. We expect the Canadian equity market will provide ample returns for investors with longer time horizons and continue to find attractive long-term candidates from within our selection universe of “capital strength” companies.

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

FST	2024	2023	2022 ^(a)	2021	2020
Net asset value, beginning of year ⁽¹⁾	\$44.80	\$40.54	\$41.02	\$34.44	\$34.59
Increase (Decrease) from operations:					
Total revenue	1.24	1.05	1.33	0.99	0.78
Total expenses	(0.34)	(0.29)	(0.27)	(0.27)	(0.22)
Realized gains (losses) for the year	5.22	0.01	3.96	4.28	(1.13)
Unrealized gains (losses) for the year	5.52	4.23	(3.41)	2.53	(1.82)
Total increase (decrease) from operations ⁽²⁾	\$11.64	\$5.00	\$1.61	\$7.53	\$(2.39)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.65)	(0.67)	(0.75)	(0.56)	(0.49)
From capital gains	-	(0.06)	(0.08)	(0.20)	-
Return of capital	-	-	-	-	(0.15)
Total annual distributions ⁽³⁾	\$(0.65)	\$(0.73)	\$(0.83)	\$(0.76)	\$(0.64)
Net asset value, end of year ⁽⁴⁾	\$55.81	\$44.80	\$40.54	\$41.02	\$34.44

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

(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.

Ratios and Supplemental Data

FST	2024	2023	2022 ^(a)	2021	2020
Net asset value (000's)	\$104,878	\$66,262	\$57,933	\$20,223	\$18,703
Number of units outstanding	1,879,209	1,479,209	1,429,209	492,993	542,993
Management expense ratio ⁽¹⁾	0.65%	0.66%	0.67%	0.66%	0.66%
Management expense ratio before waivers or absorption	0.66%	0.67%	0.69%	0.68%	0.69%
Trading expense ratio ⁽²⁾	0.01%	0.01%	0.01%	0.03%	0.03%
Portfolio turnover rate ⁽³⁾	51.01%	32.45%	70.32%	56.13%	60.13%

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

(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 period/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.

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Management Fees

The First Trust ETF will pay the Manager a management fee of 0.60% 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.

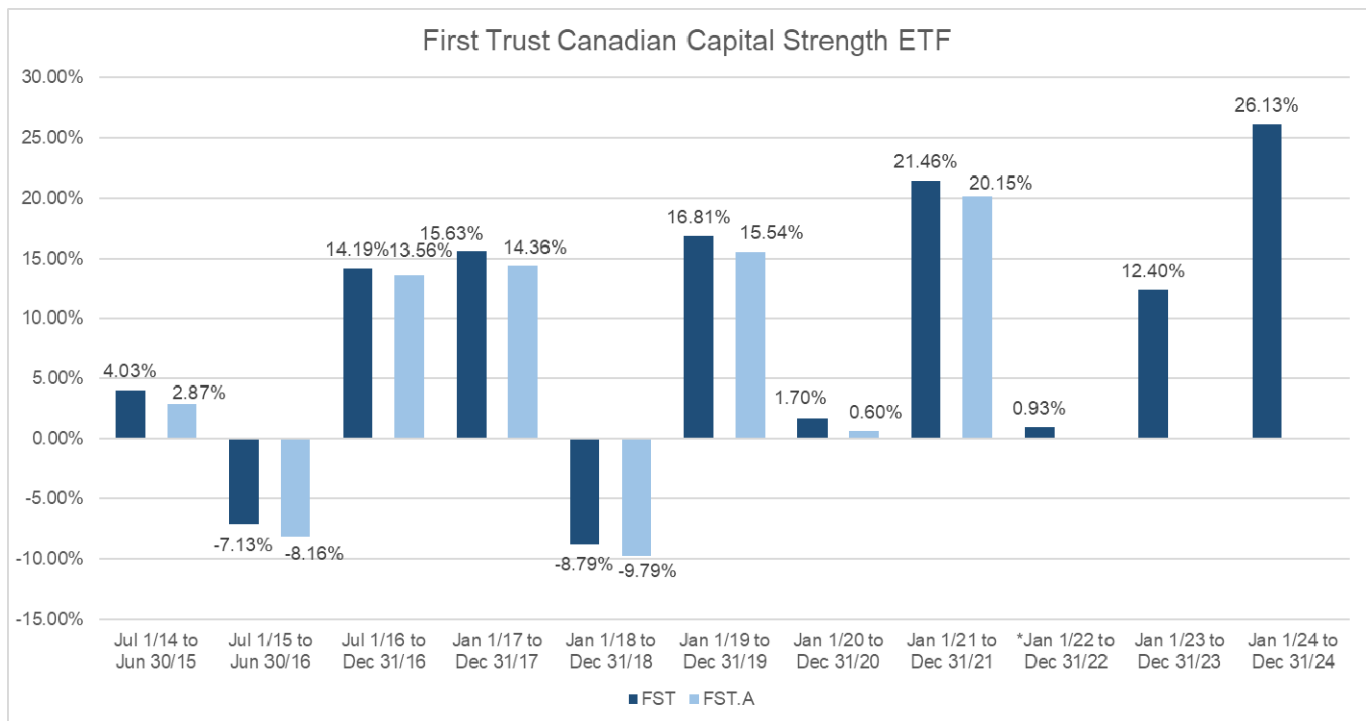
Past Performance

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 years ended December 31, for the six-month period ended December 31, 2016, and for the fiscal years ended June 30 and illustrate 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.



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

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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 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.

Returns	1-Year	3-Year	5-Year	10-Year	Since Inception
First Trust Canadian Capital Strength ETF	26.13%	12.69%	12.06%	8.62%	7.93%
S&P/TSX Composite® Index	21.65%	8.58%	11.08%	8.65%	8.30%

S&P/TSX Composite® Index is the premier indicator of market activity for Canadian equity markets going back to its original incarnation in 1977. With approximately 95% coverage of the Canadian equities market, it is the primary gauge for Canadian-based, TSX-listed companies. It addresses the needs of investment managers who require a portfolio benchmark characterized by sufficient size and liquidity. The size of the S&P/TSX Composite and its broad economic sector coverage has made the S&P/TSX Composite Index the primary benchmark for Canadian pension funds and mutual market funds.

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
Shopify Inc., Class 'A'	5.45%
Celestica Inc.	5.40%
iA Financial Corp. Inc.	4.51%
Sun Life Financial Inc.	4.27%
Manulife Financial Corp.	4.20%
Loblaw Cos. Ltd.	4.13%
Constellation Software Inc.	4.07%
Canadian Imperial Bank of Commerce	4.03%
Royal Bank of Canada	3.98%
WSP Global Inc.	3.94%
CGI Inc.	3.93%
Gildan Activewear Inc.	3.88%
Waste Connections Inc.	3.84%
Stantec Inc.	3.83%
Cenovus Energy Inc.	3.81%
Suncor Energy Inc.	3.80%
National Bank of Canada	3.80%
Dollarama Inc.	3.76%
Canadian Pacific Kansas City Ltd.	3.74%
Restaurant Brands International Inc.	3.73%
Canadian Natural Resources Ltd.	3.63%
Finning International Inc.	3.61%
Pembina Pipeline Corp.	3.53%
CCL Industries Inc., Class 'B'	3.49%
Teck Resources Ltd., Class 'B'	3.46%
Total	99.82%

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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 as at December 31, 2024.

Sector Weightings	% of ETF Net Asset Value
Financials	24.79%
Industrials	18.96%
Information Technology	18.85%
Energy	14.77%
Consumer Discretionary	11.37%
Materials	6.95%
Consumer Staples	4.13%
Cash and Cash Equivalents	0.32%
Other Assets, Less Liabilities	-0.14%
Total	100.00%

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