



First Trust AlphaDEX™ U.S. Consumer Staples Sector
Index ETF • FHC, FHC.F

Interim Management Report of Fund Performance
June 30, 2018

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2018

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

This interim management report of fund performance contains financial highlights, but does not contain the complete unaudited interim financial report 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 web site 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 AlphaDEX™ U.S. Consumer Staples Sector Index ETF

Management Report of Fund Performance

For the six-month period ended June 30, 2018

Investment Objective and Strategy

The fundamental investment objective of **First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF** (the "First Trust ETF") is to replicate, to the extent possible, the performance of the StrataQuant® Consumer Staples 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 Consumer Staples 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 Consumer Staples AlphaDEX® Fund (NYSE Arca ticker: FXG), of an affiliate of the Manager, which replicate or substantially replicable the applicable Index.

Risk

Given that the underlying index that the First Trust ETF seeks to replicate has not changed, the risks associated with an investment in the First Trust ETF remain as discussed in the First Trust ETF's most recent prospectus. The First Trust ETF provides exposure to the consumer staples 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 June 30, 2018 was \$4,388,880 or \$24.55 per Unit ("FHC") and \$19.33 per Hedged Unit ("FHC.F"). The First Trust ETF's total net asset value as of December 31, 2017 was \$3,422,636 or \$24.21 per FHC and \$20.03 per FHC.F.

For the six-month period ended June 30, 2018, the First Trust ETF paid total cash distributions per unit of \$0.4117 for FHC and \$0.0200 for FHC.F. In addition, the First Trust ETF declared cash distributions per unit of \$0.0255 for FHC and \$0.0200 for FHC.F for record date June 29, 2018 and payment date of July 9, 2018.

Investment Performance

FHC returned 1.62% for the six-month period ended June 30, 2018. This compares with the Russell 1000® Consumer Staples Index (CAD) (the "benchmark") total return of -4.74%. FHC.F returned -3.25% for the six-month period ended June 30, 2018, compared to the Russell 1000® Consumer Staples Index (USD) (the "hedged benchmark") total return of -9.27%. Unlike the benchmark and the hedged benchmark, the First Trust ETF's returns are net of fees and expenses. As of June 30, 2018, the consumer staples sector accounted for 5.79% of the weight of the Russell 1000® Index. The benchmark underperformed the Russell 1000® Index (CAD) which returned 7.98%. The hedged benchmark underperformed the Russell 1000® Index (USD) which returned 2.85%.

The portfolio held 36 equity securities as of June 30, 2018. The top ten equity holdings accounted for 45.56% of the portfolio. The AlphaDEX™ stock selection process is a rules-based process and can result in industry weightings that differ from that of the benchmark.

The First Trust ETF outperformed during the period due to industry allocation and stock selection. Stock selection within the Foods industry was the largest contributor to the outperformance, including three of the top five best performing stocks during the period. An underweight position in the Tobacco industry and an overweight position in

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF

Management Report of Fund Performance

For the six-month period ended June 30, 2018

the Fruit & Grain Processing industry relative to the benchmark also contributed to the outperformance as Tobacco was the second worst performing industry and Fruit & Grain processing was the best performing industry during the period. The First Trust ETF also benefited from a small-cap bias as small capitalization was one of the best sectors during the period. The AlphaDEX™ stock selection process tends to underweight larger-capitalization companies because it weights based on merit and not size.

FHC.F suffered from the reduced exposure to the U.S. dollar as the U.S. dollar appreciated 4.47% against the Canadian dollar from January 1, 2018, to June 30, 2018. The appreciation of the U.S. dollar contributed positively to the FHC's performance during the period because they are exposed to movements in the U.S. dollar.

The top five stocks by contribution to return were Lamb Weston Holdings, Inc., Blue Buffalo Pet Products, Inc., Archer-Daniels-Midland Co., Herbalife Nutrition Ltd., and Energizer Holdings, Inc. The bottom five stocks by contribution to return were Pilgrim's Pride Corp., Molson Coors Brewing Company Class B, Ingredion, Inc., Walgreens Boots Alliance, Inc., and The JM Smucker Co.

Recent Developments

In a volatile first half of 2018, the Russell 1000® Index returned -0.69% in the first quarter and 3.57% in the second quarter measured in U.S. dollars. However, the Canadian dollar depreciated relative to the U.S. dollar during the period, meaning the index returned 2.28% and 5.52% in the first and second quarters measured in Canadian dollars, respectively. Real U.S. GDP grew at a 2% annual rate in the first quarter of 2018, compared to 1.2% in the first quarter of 2017. Nonresidential fixed investment, a component of GDP that measures investments in productive assets that support future growth, grew at a robust 10.4% annual rate in the first quarter of 2018. A trade war developed between the United States and China during the period that roiled global markets. During the week ended March 23rd, for example, the U.S. threatened tariffs on as much as \$60 billion of Chinese imports. In response, China announced plans to levy tariffs on \$3 billion of U.S. goods. The announcements contributed to the worst week for U.S. stocks in over two years. Meanwhile, the Federal Reserve, the central bank of the United States, raised the upper bound of the federal funds rate from 1.50% to 2.00% during the period amidst a strengthening U.S. labor market and higher inflation after raising it from 0.75% to 1.50% in 2017. In May, the unemployment rate in the U.S. reached an 18-year low of 3.8%. Corporate tax cuts and increased economic activity contributed to strong earnings growth in the first quarter of 2018 for U.S. companies. Specifically, S&P 500 companies reported 25% earnings growth in the first quarter of 2018 relative to the year-ago quarter, according to FactSet. The Russell 1000® Index finished June trading at a P/E multiple of 21.5 with a dividend yield of 1.86%.

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 AlphaDEX™ U.S. Consumer Staples Sector Index ETF
Management Report of Fund Performance
For the six-month period ended June 30, 2018

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 four years for FHC and past period for FHC.F. This information is derived from the First Trust ETF's current unaudited interim financial statements and audited annual financial statements.

Net Asset Value per Unit

FHC	Jun. 30, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014 ^(a)
Net asset value, beginning of period/year ⁽¹⁾	\$24.21	\$24.62	\$24.73	\$21.63	\$20.00 ^(b)
Increase (Decrease) from operations:					
Total revenue	0.23	0.40	0.62	0.65	0.08
Total expenses	(0.13)	(0.28)	(0.28)	(0.26)	(0.04)
Realized gains (losses) for the period/year	0.60	(0.59)	0.57	1.04	(0.63)
Unrealized gains (losses) for the period/year	(0.31)	0.76	(1.25)	0.37	2.23
Total increase (decrease) from operations ⁽²⁾	\$0.39	\$0.29	\$(0.34)	\$1.80	\$1.64
Distributions:					
From income (excluding dividends)	(0.05)	(0.44)	(0.15)	(0.41)	(0.01)
From dividends	-	-	-	-	-
From capital gains	-	-	(1.27)	-	-
Return of capital	-	-	-	(0.08)	(0.01)
Total annual distributions ⁽³⁾	\$(0.05)	\$(0.44)	\$(1.42)	\$(0.49)	\$(0.02)
Net asset value, end of period/year ⁽⁴⁾	\$24.55	\$24.21	\$24.62	\$24.73	\$21.63

FHC.F	Jun. 30, 2018	Dec. 31, 2017 ^(a)
Net asset value, beginning of period ⁽¹⁾	\$20.03	\$20.00 ^(b)
Increase (Decrease) from operations:		
Total revenue	0.18	0.10
Total expenses	(0.11)	(0.03)
Realized gains (losses) for the period	(0.58)	0.01
Unrealized gains (losses) for the period	(0.18)	(0.05)
Total increase (decrease) from operations ⁽²⁾	\$(0.69)	\$0.03
Distributions:		
From income (excluding dividends)	(0.04)	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions ⁽³⁾	\$(0.04)	\$ -
Net asset value, end of period ⁽⁴⁾	\$19.33	\$20.03

(a) FHC: December 31, 2014 does not relate to the full year as FHC commenced operations on October 30, 2014.
FHC.F: December 31, 2017 does not relate to the full year as FHC.F commenced operations on December 8, 2017.

(b) Initial offering price

(1) This information is provided as at June 30 and 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 period/year.

(3) Distributions were either paid in cash or reinvested in additional units of the First Trust ETF.

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

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
Management Report of Fund Performance
For the six-month period ended June 30, 2018

Ratios and Supplemental Data

FHC	Jun. 30, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Net asset value (000's)	\$2,455	\$2,421	\$2,462	\$3,710	\$2,163
Number of units outstanding	100,000	100,000	100,000	150,000	100,000
Management expense ratio ⁽¹⁾	0.77%	0.82%	0.77%	0.79%	0.79%
Management expense ratio before waivers or absorption	0.79%	0.84%	0.79%	0.80%	0.82%
Trading expense ratio ⁽²⁾	0.05%	0.11%	0.06%	0.04%	0.00%
Portfolio turnover rate ⁽³⁾	55.00%	498.88%	289.16%	273.49%	3.31%
Net asset value per unit	\$24.55	\$24.21	\$24.62	\$24.73	\$21.63

FHC.F	Jun. 30, 2018	Dec. 31, 2017
Net asset value (000's)	\$1,933	\$1,001
Number of units outstanding	100,000	50,000
Management expense ratio ⁽¹⁾	0.79%	0.74%
Management expense ratio before waivers or absorption	0.81%	0.97%
Trading expense ratio ⁽²⁾	0.05%	0.11%
Portfolio turnover rate ⁽³⁾	55.00%	498.88%
Net asset value per unit	\$19.33	\$20.03

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period/year 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.

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.

**First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
 Management Report of Fund Performance
 For the six-month period ended June 30, 2018**

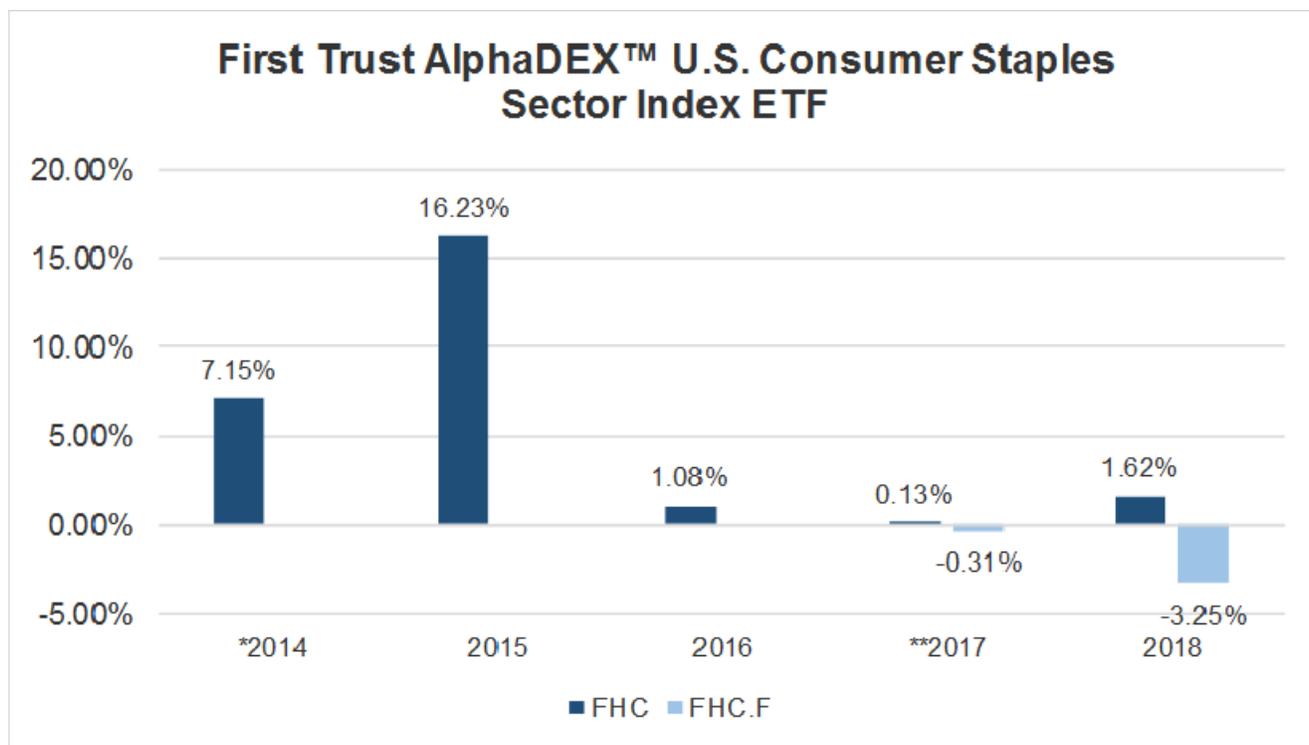
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the periods 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 period ended June 30, 2018 and for the years ended December 31, 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.



*FHC Commencement: October 30, 2014

**FHC.F Commencement: December 8, 2017

First Trust AlphaDEX™ U.S. Consumer Staples Sector Index ETF
 Management Report of Fund Performance
 For the six-month period ended June 30, 2018

Summary of Investment Portfolio

The table sets out the percentage (based on total net asset value) of the First Trust ETF's top 25 holdings as at June 30, 2018. This summary of portfolio holdings may change due to ongoing portfolio transactions of the First Trust ETF. A quarterly update is available at www.firsttrust.ca.

Top 25 Holdings	% of ETF Total Net Asset Value
CVS Health Corp.	5.14%
Kraft Heinz Co. (The)	5.01%
Lamb Weston Holdings Inc.	4.68%
Tyson Foods Inc., Class 'A'	4.67%
Molson Coors Brewing Co., Class 'B'	4.49%
Herbalife Nutrition Ltd.	4.38%
J.M. Smucker Co. (The)	4.31%
Nu Skin Enterprises Inc., Class 'A'	4.21%
Archer-Daniels-Midland Co.	4.20%
Energizer Holdings Inc.	4.20%
Pilgrim's Pride Corp.	4.07%
Casey's General Stores Inc.	3.81%
Sprouts Farmers Markets Inc.	3.74%
Kroger Co. (The)	3.10%
Sysco Corp.	2.97%
Post Holdings Inc.	2.96%
Dr. Pepper Snapple Group Inc.	2.69%
General Mills Inc.	2.56%
Campbell Soup Co.	2.44%
Walgreens Boots Alliance Inc.	2.39%
US Foods Holding Corp.	2.29%
Ingredion Inc.	2.24%
McCormick & Co. Inc.	2.17%
Hormel Foods Corp.	2.16%
Rite Aid Corp.	2.05%
Total	86.93%

Portfolio Breakdown

The table sets out the percentage (based on total net asset value) of the First Trust ETF's portfolio, by industry, as at June 30, 2018.

Industry Weightings	% of ETF Total Net Asset Value
Food Products	47.64%
Food & Staples Retailing	20.35%
Beverages	9.80%
Personal Products	8.60%
Household Products	7.87%
Health Care Providers & Services	5.14%
Cash	0.20%
Other assets, less liabilities	0.40%
Total	100.00%

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