



First Trust Senior Loan ETF (CAD-Hedged) • FSL

Interim Management Report of Fund Performance
June 30, 2025

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2025

First Trust Senior Loan ETF (CAD-Hedged) (the “First Trust ETF”)

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the First Trust ETF. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, 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.sedarplus.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.

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 Senior Loan ETF (CAD-Hedged)

Management Report of Fund Performance

For the six-month period ended June 30, 2025

Investment Objective and Strategy

The fundamental investment objective of **First Trust Senior Loan ETF (CAD-Hedged)** (the “First Trust ETF”) is to provide unitholders with a high level of current income by investing primarily in a diversified portfolio of senior floating rate loans and debt securities, with capital appreciation as a secondary objective. The First Trust ETF will primarily invest in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor’s, or Ba1 or less by Moody’s Investor Services, Inc., or a similar rating by designated credit rating organization (as defined in NI 81-102) and debt securities by holding securities of First Trust Senior Loan Fund, a U.S. listed exchange-traded fund (the “Underlying Fund”). The First Trust ETF will generally seek to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar.

The primary investment objective of the Underlying Fund is to provide high current income and its secondary investment objective is preservation of capital. The Underlying Fund seeks to achieve its investment objectives by investing in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poor’s, or Ba1 or less by Moody’s Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 81-102) and debt securities.

Risk

The overall risk for the First Trust ETF during the reporting period remains as discussed in the most recent prospectus for the First Trust ETF.

The ability of a company/issuer to pay interest and repay principal are not factors controlled by the First Trust ETF’s management. A company may default on their obligation to repay interest and principal which could impact the value of the holdings in the First Trust ETF or the ability to pay a dividend at or above the current level. Companies may also refinance their existing debt (the First Trust ETF’s holdings) which would also impact the level of income available to pay to shareholders.

The First Trust ETF is suitable for investors seeking a high level of current income and potential for capital gains through exposure to a diversified portfolio of below investment grade debt securities.

Results of Operations

General

The First Trust ETF’s total net asset value as of June 30, 2025, was \$57,872,412 or \$16.64 per unit. The First Trust ETF’s total net asset value as of December 31, 2024, was \$55,153,857 or \$16.93 per unit.

For the six-month period ended June 30, 2025, the First Trust ETF paid total cash distributions of \$0.5950 per unit. In addition, the First Trust ETF declared cash distributions of \$0.0950 per unit for record date of June 30, 2025, with payment date of July 8, 2025.

The First Trust ETF’s only holding, the Underlying Fund, held 281 individual positions (0.36% average position size) diversified across 46 industries at the end of the reporting period. The top ten holdings by issuer accounted for 15.75% of the portfolio. Software (15.15%), Insurance (14.86%), and Healthcare Providers & Services (6.36%) comprised the top three industries by market value at the end of the reporting period.

Investment Performance

For the six-month period ended June 30, 2025, the First Trust ETF returned 1.76% compared to the Morningstar® LSTA® US Leveraged Loan Index CAD-Hedged (“benchmark”) return of 2.00%. Unlike the benchmark, the First Trust ETF’s returns are net of fees and expenses.

Throughout the period, the First Trust ETF’s only holding, the Underlying Fund, benefited from its underweight allocation to and selection within the materials industry, its overweight allocation to and selection within the insurance industry, and its selection within the food, beverage, & tobacco industry. Mitigating these tailwinds were the Underlying Fund’s above average cash position, as well as its underweight allocation to the telecommunication

First Trust Senior Loan ETF (CAD-Hedged)

Management Report of Fund Performance

For the six-month period ended June 30, 2025

services industry and its selection within the utilities industry. Although the cash allocation was a modest drag on short-term performance, we believe this defensive posture will serve the Underlying Fund well over time by enabling us to capitalize on investment opportunities arising from market dislocations.

From a ratings standpoint, the Underlying Fund maintained its defensive high-quality positioning throughout the period, which benefited returns as higher-quality loans generally outperformed lower-quality loans. The Underlying Fund ended the period with allocations to BBB, BB, B, and CCC & below rated assets (including assets Not Rated) of 1.36%, 23.77%, 66.68%, and 8.19%, respectively. With respect to asset class exposure, the Underlying Fund's allocation to bonds contributed to performance as bonds outperformed loans during the reporting period. At the end of the period, the Underlying Fund had a 90.01% allocation to senior loans and a 9.99% allocation to high-yield bonds.

The Portfolio Advisor's investment process combines rigorous bottom-up fundamental credit analysis and disciplined portfolio construction. This process led to the Underlying Fund experiencing zero defaults throughout the reporting period, compared to seven defaults within the Morningstar® LSTA® US Leveraged Loan Index ("LLI") over the same period. Since inception, the Underlying Fund has experienced 10 defaults, which compares favorably to the 200 defaults experienced by the LLI over the same period. The loan market last twelve-month ("LTM") default rate remained modest at 1.11%, which remains significantly below the long-term average of 2.57%, dating back to October 1998.

Recent Developments

In the six-month period ended June 30, 2025, senior loan funds experienced cumulative inflows of \$1.7 billion, bringing last twelve-month net inflows to \$11.1 billion. CLO issuance remained robust at \$100 billion (206 transactions) in the period, after a record \$202 billion (425 transactions) in full-year 2024. The senior loan market experienced new issuance of \$467 billion in the first six-months of 2025, driven predominantly by repricing and refinancing activity (~73%). Senior loan spreads widened modestly (by 6 bps) to S+430 during the period, which compares to the senior loan market's long-term average spread of S+506, dating back to January 1997.

The senior loan market demonstrated resilience through the first half of 2025 amid a dynamic macroeconomic backdrop. Strong year-to-date returns have been supported by robust coupon income and a strong technical environment driven by steady investor demand. Given attractive real yields, diminished near-term inflation expectations, and the Fed's capacity for further rate reductions, we maintain cautious optimism. The bond market is now only pricing in approximately two interest rate cuts (each cut represents 25 bps) by the end of 2025, and we expect the Secured Overnight Financing Rate, the base rate for loans, to follow suit. However, we believe senior loans continue to maintain an attractive yield at 8.42%. Disciplined credit selection remains crucial as the market navigates ongoing trade policy developments, evolving interest rate expectations, and industry-specific risks. Overall, senior loans remain well positioned to deliver competitive risk-adjusted income in today's uncertain environment. We continue to favor high-quality companies in defensive industries, and we believe discipline and adaptability are essential in navigating ongoing market uncertainty. As we assess future market opportunities, we remain committed to our disciplined bottom-up credit underwriting process and rigorous approach to risk management.

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 Senior Loan ETF (CAD-Hedged)

Management Report of Fund Performance

For the six-month period ended June 30, 2025

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 six-month period ended June 30, 2025, and for the five years ended December 31. This information is derived from the First Trust ETF's unaudited interim and audited annual financial statements.

Net Asset Value per Unit

FSL	2025	2024	2023	2022 ^(a)	2021 ^(b)	2020
Net asset value, beginning of period/year ⁽¹⁾	\$16.93	\$16.99	\$16.59	\$17.91	\$17.96	\$18.62
Increase (Decrease) from operations:						
Total revenue	0.56	1.30	1.43	0.71	0.59	0.74
Total expenses	(0.01)	(0.05)	(0.05)	(0.15)	(0.14)	(0.17)
Realized gains (losses) for the period/year	0.42	(0.84)	(0.04)	(1.09)	(0.61)	(0.34)
Unrealized gains (losses) for the period/year	(0.68)	0.78	0.49	(0.13)	0.62	(0.66)
Total increase (decrease) from operations ⁽²⁾	\$0.29	\$1.19	\$1.83	\$(0.66)	\$0.46	\$(0.43)
Distributions:						
From income (excluding dividends)	(0.58)	(1.19)	(1.23)	(0.64)	(0.52)	(0.61)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.03)	(0.19)	(0.04)	-	(0.14)
Total annual distributions ⁽³⁾	\$(0.58)	\$(1.22)	\$(1.42)	\$(0.68)	\$(0.52)	\$(0.75)
Net asset value, end of period/year ⁽⁴⁾	\$16.64	\$16.93	\$16.99	\$16.59	\$17.91	\$17.96

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

(b) Effective January 21, 2021, the First Trust ETF was fully invested in the Underlying Fund.

(1) This information is provided as at June 30, 2025 and 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 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

FSL	2025	2024	2023	2022 ^(a)	2021 ^(b)	2020
Net asset value (000's)	\$57,872	\$55,154	\$35,988	\$37,140	\$40,037	\$37,431
Number of units outstanding	3,478,282	3,258,282	2,118,282	2,238,282	2,514,316	2,084,316
Management expense ratio ⁽¹⁾	1.02%	1.05%	1.02%	1.02%	1.01%	0.93%
Management expense ratio before waivers or absorption	1.03%	1.06%	1.04%	1.04%	1.03%	0.95%
Trading expense ratio ⁽²⁾	0.00%	0.00%	0.00%	0.00%	0.08%	0.01%
Portfolio turnover rate ⁽³⁾	4.35%	23.41%	20.53%	21.19%	182.47%	134.83%

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(b) Effective January 21, 2021, the First Trust ETF was fully invested in the Underlying Fund.

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period/year, including the First Trust ETF's proportionate share of the MER of the 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 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. This includes the First Trust ETF's proportionate share of the commissions of 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 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 Senior Loan ETF (CAD-Hedged)

Management Report of Fund Performance

For the six-month period ended June 30, 2025

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's management fee will also bear the management fee of the Underlying Fund.

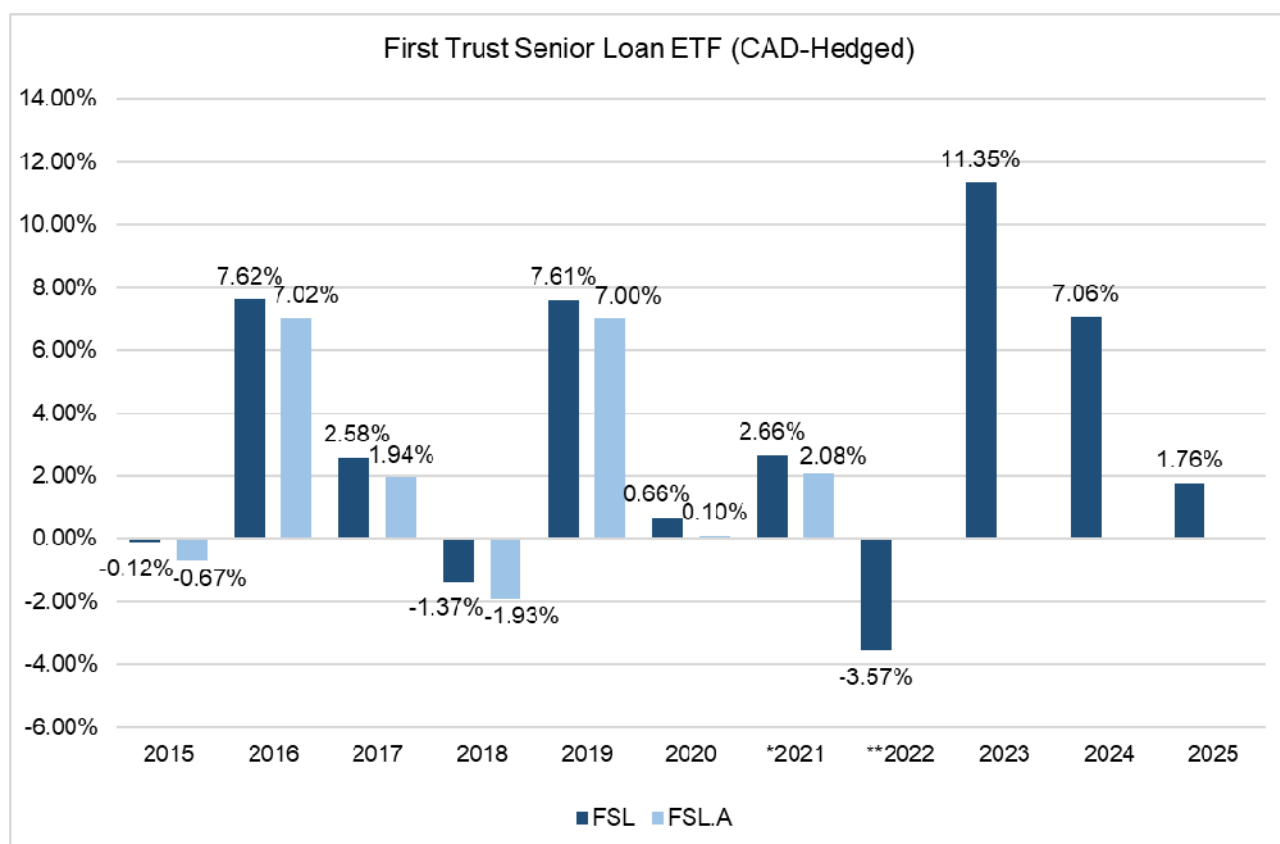
Past Performance

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, 2025, 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.



* Effective January 21, 2021, the First Trust ETF was fully invested in the Underlying Fund.

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First Trust Senior Loan ETF (CAD-Hedged)
Management Report of Fund Performance
For the six-month period ended June 30, 2025

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 June 30, 2025. 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 Senior Loan Fund	98.78%
Cash and Cash Equivalents	0.63%
Other Assets, Less Liabilities	0.59%
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 June 30, 2025.

Breakdown	% of ETF Total Net Asset Value
Exchange-Traded Fund	98.78%
Cash and Cash Equivalents	0.63%
Other Assets, Less Liabilities	0.59%
Total	100.00%

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FT Portfolios Canada Co.

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

www.firsttrust.ca