



First Trust Vest SMID Rising Dividend Achievers
Target Income ETF • SDVD

Annual Management Report of Fund Performance
December 31, 2025

(Page intentionally left blank)

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2025

First Trust Vest SMID Rising Dividend Achievers Target Income 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 web site 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.

First Trust Vest SMID Rising Dividend Achievers Target Income ETF

Management Report of Fund Performance

For the year ended December 31, 2025

Investment Objective and Strategy

The fundamental investment objective of **First Trust Vest SMID Rising Dividend Achievers Target Income ETF** (the “First Trust ETF”) is to provide Unitholders with current income with a secondary objective of providing capital appreciation by investing primarily in a portfolio of equity securities included in the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index as well as listed options on the Russell 2000® Index or exchange-traded funds that track the Russell 2000® Index.

To achieve its investment objectives, the First Trust ETF will invest all or substantially all of its assets in FT Vest SMID Rising Dividend Achievers Target Income ETF (the “Underlying Fund”). The Underlying Fund seeks to achieve its investment objectives by investing primarily in a portfolio of equity securities within the Index and by utilizing an option-strategy consisting of writing (selling) U.S. exchange-traded call options on the Russell 2000® Index or U.S.-listed ETFs that track the Russell 2000® Index. The Underlying Fund seeks to provide investors with a target income of approximately 8.0% (before fees and expenses) above the Russell 2000® Index annualized yield.

Although the First Trust ETF has two classes of units called “Units**” and “Hedged Units”, the First Trust ETF currently offers only Units on the Cboe CA with the symbol: SDVD.

*The Hedged Units of the First Trust ETF were qualified for distribution by a prospectus dated October 7, 2024. As of the date of this management report of fund performance (“MRFP”), the First Trust ETF has not offered any Hedged Units to the public. No transactions or other activities have been undertaken by the First Trust ETF for the Hedged Units for the year ended December 31, 2025. As such, no financial highlights or management discussion for the Units are included in this MRFP.

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, 2025, was \$2,903,702 or \$19.36 per unit. The First Trust ETF’s total net asset value as of December 31, 2024 was \$1,016,693 or \$20.33 per unit.

For the year ended December 31, 2025, the First Trust ETF paid total cash distributions of \$1.5085 per unit. In addition, the First Trust ETF declared cash distributions of \$0.1300 per unit for record date of December 31, 2025, with payment date of January 8, 2026.

Investment Performance

For the year ended December 31, 2025, the First Trust ETF returned 2.98% compared to the Russell 2000® Index (the benchmark) return of 7.52%. Unlike the benchmark, the First Trust ETF’s return is net of fees and expenses.

The First Trust ETF’s only holding, the Underlying Fund, held 176 equity securities as of December 31, 2025. The top ten equity holdings for the Underlying Fund accounted for 10.89% of the portfolio within the Underlying Fund.

The Underlying Fund underperformed the benchmark during the year, mostly due to sector allocation and an underweight position in Health Care. Stock selection also contributed to the underperformance, especially within the Industrials and Materials sectors. Stock selection within Consumer Discretionary mitigated the underperformance.

The Underlying Fund’s top five stocks by contribution to return were Comfort Systems USA, Inc., Woodward, Inc., Tapestry, Inc., InterDigital, Inc., and Dillard’s, Inc. The Underlying Fund’s bottom five stocks by contribution to return were SM Energy Company, Robert Half Inc., Winnebago Industries, Inc., Amkor Technology, Inc., and Select Water Solutions, Inc.

First Trust Vest SMID Rising Dividend Achievers Target Income ETF

Management Report of Fund Performance

For the year ended December 31, 2025

The First Trust's ETF's exposure to the U.S. dollar detracted from its absolute performance during the year, as the U.S. dollar depreciated 4.65% against the Canadian dollar from December 31, 2024, to December 31, 2025.

Recent Developments

U.S. small and mid-cap stocks rebounded sharply during the year to finish the year higher, lifted by earnings growth and optimism surrounding the development of artificial intelligence. The Russell 2000® Index returned 12.81% during the year, including dividends. However, the U.S. dollar depreciated sharply relative to the Canadian dollar, meaning the index returned 7.52% over the same year measured in Canadian dollars. The year marked a volatile year for U.S. stocks, with stocks recovering from a significant drawdown in the first half of the year that culminated in April when the U.S. announced sweeping tariffs on its trading partners. The selloff briefly sent U.S. small and mid-cap stocks into a bear market. However, the market reversed as tariff tensions eased. The artificial-intelligence trade, or AI trade, and development of adjacent technologies also propelled the rebound in small and mid-cap stocks. Speculative stocks, or unprofitable companies, easily outperformed profitable companies, underscoring the market's optimism regarding AI's potential. The U.S. Federal Reserve cut interest rates three times during the year, citing a softening labor market, which also provided a tailwind for U.S. stocks. Overall, the Russell 2000® Index finished the year trading at a 21.1 P/E multiple with a 1.30% dividend yield, more expensive than where it stood at the end of 2024.

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. Also, First Trust Capital Partners, LLC, an affiliate of the Manager, owns a 44.3% ownership interest (49.3% voting) in VestGroup Inc., the holding company of Vest Financial LLC, the sub-advisor to 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 Vest SMID Rising Dividend Achievers Target Income ETF

Management Report of Fund Performance

For the year ended December 31, 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 year ended December 31, 2025, and for the period ended December 31, 2024. This information is derived from the First Trust ETF's audited annual financial statements.

Net Asset Value per Unit

SDVD	2025	2024 ^(a)
Net asset value, beginning of period/year ⁽¹⁾	\$20.33	\$20.00 ^(b)
Increase (Decrease) from operations:		
Total revenue	1.45	0.30
Total expenses	(0.16)	(0.06)
Realized gains (losses) for the period/year	(5.98)	–
Unrealized gains (losses) for the period/year	(0.70)	0.36
Total increase (decrease) from operations ⁽²⁾	\$ (5.39)	\$0.60
Distributions:		
From income (excluding dividends)	(1.07)	(0.17)
From dividends	-	-
From capital gains	-	(0.08)
Return of capital	(0.44)	(0.09)
Total annual distributions ⁽³⁾	\$(1.51)	\$(0.34)
Net asset value, end of period/year ⁽⁴⁾	\$19.36	\$20.33

(a) December 31, 2024 does not relate to the full year as the First Trust ETF commenced operations on November 5, 2024.

(b) Seed capital

(1) This information is provided as at December 31, 2025 and for the period from commencement of operations to December 31, 2024 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

SDVD	2025	2024
Net asset value (000's)	\$2,904	\$1,017
Number of units outstanding	150,000	50,000
Management expense ratio ⁽¹⁾	1.01%	1.02%
Management expense ratio before waivers or absorption	1.02%	1.03%
Trading expense ratio ⁽²⁾	0.00%	0.28%
Portfolio turnover rate ⁽³⁾	219.89%	0.00%

(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 Vest SMID Rising Dividend Achievers Target Income ETF

Management Report of Fund Performance

For the year ended December 31, 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.

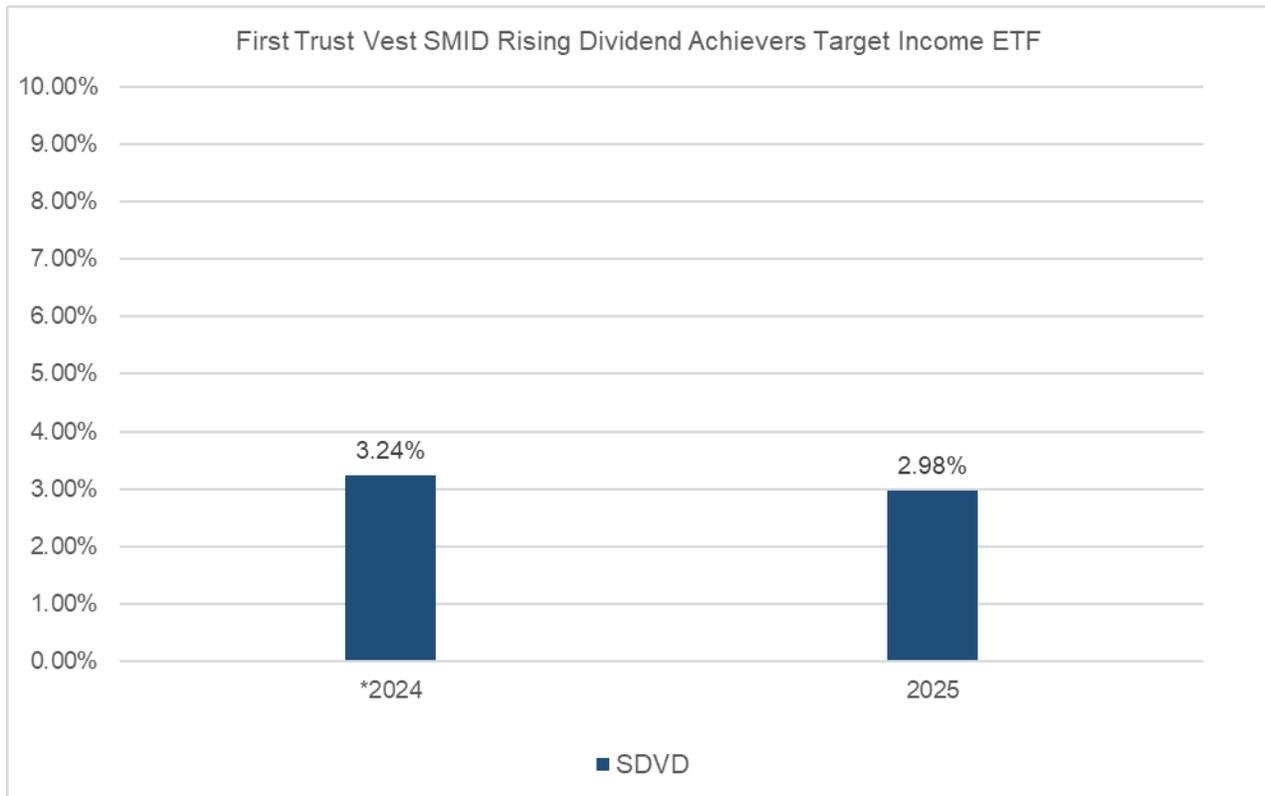
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the period/year 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 year ended December 31, 2025 and for the period from commencement of operations to December 31, 2024 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: November 5, 2024*

First Trust Vest SMID Rising Dividend Achievers Target Income ETF

Management Report of Fund Performance

For the year ended December 31, 2025

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, 2025. 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.

Returns	1-year	3-year	5-year	10-year	Since Inception
First Trust Vest SMID Rising Dividend Achievers Target Income ETF	2.98%	-	-	-	5.40%
Russell 2000® Index	7.52%	-	-	-	10.46%
Russell 3000® Index	11.65%	-	-	-	16.51%

The Russell 2000® Index is comprised of the smallest 2,000 companies in the Russell 3000® Index.

The Russell 3000® Index is composed of 3,000 large U.S. companies, as determined by market capitalization. This portfolio of securities represents approximately 98% of the investable U.S. equity market. The Index is comprised of stocks within the Russell 1000® and the Russell 2000® Indices.

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, 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
FT Vest SMID Rising Dividend Achievers Target Income ETF	99.40%
Cash and Cash Equivalents	0.72%
Other Assets, Less Liabilities	-0.12%
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, 2025.

Breakdown	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.40%
Cash and Cash Equivalents	0.72%
Other Assets, Less Liabilities	-0.12%
Total	100.00%

(Page intentionally left blank)

(Page intentionally left blank)

(Page intentionally left blank)

FT Portfolios Canada Co.

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

www.firsttrust.ca