First Trust Portfolios Canada

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

Interim Management Report of Fund Performance
June 30, 2026

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
June 30, 2026

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, 2026

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, 2026, was $57,824,880 or $15.89 per unit. The First Trust ETF's total net asset value as of December 31, 2025, was $62,864,801 or $16.46 per unit.

For the six-month period ended June 30, 2026, the First Trust ETF paid total cash distributions of $0.5200 per unit. In addition, the First Trust ETF declared cash distributions of $0.0900 per unit for record date of June 30, 2026, with payment date of July 8, 2026.

At the end of the reporting period, the First Trust ETF's only holding, the Underlying Fund, held 321 individual positions, with an average position size of 0.31%, diversified across 50 industries. The top ten holdings by issuer accounted for 16.42% of the portfolio, and the three largest industries by market value were Hotels, Restaurants & Leisure (9.12%), Insurance (8.56%), and Software (6.06%). This deliberately broad diversification is intended to limit the impact of any single borrower or industry on the portfolio's overall results.

Investment Performance

For the six-month period ended June 30, 2026, the First Trust ETF returned -0.26% compared to the Morningstar® LSTA® US Leveraged Loan Index CAD-Hedged ("Benchmark") return of 0.54%. Unlike the Benchmark, the First Trust ETF's returns are net of fees and expenses.

The Underlying Fund benefited from security selection within healthcare equipment & services, media & entertainment, and capital goods. These positive impacts were offset by its overweight to insurance, its selection within commercial & professional services, and its underweight and selection within materials. Additionally, the

Underlying Fund's cash position of 7.27% was a modest drag. This cash position allows us to act quickly on opportunities arising from new issuance and secondary market dislocations. We believe that flexibility serves investors well over time, even when it creates a modest short-term headwind.

From a credit-ratings perspective, higher-rated borrowers outperformed over the period, with the BB tier outperforming the B tier, while the CCC & Below tier declined. The Underlying Fund significantly outperformed within the CCC & Below tier, which we view as evidence of our disciplined credit selection at work. That benefit was mitigated by higher-rated tiers, but we've continued to improve portfolio credit quality throughout 2026. The Underlying Fund ended the period with allocations to BBB, BB, B, and CCC & Below (including assets Not Rated) of 6.68%, 32.05%, 55.11%, and 6.16%, respectively. With respect to asset class exposure, loan selection was a headwind. We also selectively added bonds during the period, favoring higher-quality, discounted, short-duration issuers that offer attractive yields and limited interest-rate sensitivity, with modest price upside/positive convexity should front-end rates fall from their recent highs. The Underlying Fund ended the period with an 84.62% allocation to loans and a 15.38% allocation to bonds.

The Leveraged Finance Team's investment process combines rigorous, bottom-up fundamental credit analysis with disciplined portfolio construction, and the effectiveness of that discipline is reflected in the Underlying Fund's default avoidance. During the period, the Underlying Fund experienced just one default, compared to nine within the Benchmark. Since inception, the Underlying Fund has experienced only 11 defaults and has avoided 95% of the 214 defaults that have occurred within the Benchmark over that same time.

Recent Developments

The senior loan market saw $465 billion of new issuance during the period, following roughly $1 trillion in full-year 2025, which was the second-highest annual total on record. About 72% of that activity ($335 billion), however, reflected repricing and refinancing rather than net growth, leaving only a modest level of net new supply against nearly $2 billion of retail net inflows. With the pipeline of leveraged buyout ("LBO") and merger-and-acquisition ("M&A") activity limited but growing only modestly, net new supply should remain subdued. We believe persistently strong institutional demand for collateralized loan obligations ("CLOs") should continue to outpace that limited supply, keeping the technical backdrop supportive of loan prices.

Senior loan spreads over the Secured Overnight Financing Rate ("SOFR" or "base rate") widened by 66 basis points ("bps") to S+495 during the period, leaving them roughly in line with the long-term average of S+504 dating back to January 1997. More importantly for income-focused investors, all-in yields for the Benchmark of approximately 8.21% remain well above their long-term average of 7.16% (since January 1997) driven by elevated base rates, a sign that investors continue to be well compensated to own senior loans today.

After three strong years, senior loans opened 2026 on one of its weakest footings in roughly a decade, yet proved resilient through the first half, navigating geopolitical tensions, heightened scrutiny of private credit markets, and evolving dynamics around artificial intelligence ("AI") to finish in positive territory. This is a useful reminder that, as floating-rate, senior-secured instruments, senior loans earn much of their return through coupon income rather than price appreciation. Underlying fundamentals remain strong, supported by resilient earnings growth and improving margins. The loan market's last twelve-month ("LTM") default rate declined to 0.97% from 1.23%, which remains well below its long-term average of 2.53% (since October 1998), and fell to 2.77% from 3.30% by issuer count including Liability Management Exercises ("LMEs"), which also sits below its long-term average of 2.80% (since December 2016). We expect defaults to remain modest in the near-term as less than 2% of the market matures before the end of 2027, fiscal and regulatory policy remain supportive, and M&A activity picks up as rates ease.

The Federal Reserve delivered 175 bps of interest rate cuts across 2024 and 2025 but has since adopted a "wait-and-see" posture amid the conflict in the Middle East and the resulting increase in inflation. After entering the year pricing in two to three cuts (each representing 25 bps), the market now prices in roughly two hikes by year-end. We do not expect those hikes to materialize. With elevated real yields, historically low sensitivity to interest rates, and roughly 63% lower volatility than the S&P 500 Index, senior loans remain well positioned to deliver competitive and durable risk-adjusted returns with downside protection. We stay cautiously optimistic, continuing to favor higher-quality borrowers with limited AI exposure in non-cyclical industries. With widening dispersion across issuers and

industries, and the market still navigating evolving monetary policy, trade developments, and industry specific risks, we remain committed to the disciplined, bottom-up credit selection and rigorous risk management at the core of our actively managed approach.

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, 2026

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, 2026, 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	2026	2025	2024	2023	2022[a]	2021[b]
Net asset value, beginning of period/year[1]	$16.46	$16.93	$16.99	$16.59	$17.91	$17.96
Increase (Decrease) from operations:						
Total revenue	0.50	1.09	1.30	1.43	0.71	0.59
Total expenses	(0.01)	(0.03)	(0.05)	(0.05)	(0.15)	(0.14)
Realized gains (losses) for the period/year	(0.54)	0.13	(0.84)	(0.04)	(1.09)	(0.61)
Unrealized gains (losses) for the period/year	(0.01)	(0.55)	0.78	0.49	(0.13)	0.62
Total increase (decrease) from operations[2]	$(0.06)	$0.64	$1.19	$1.83	$(0.66)	$0.46
Distributions:						
From income (excluding dividends)	(0.53)	(1.06)	(1.19)	(1.23)	(0.64)	(0.52)
From dividends	-	-	-	-	-	-
From capital gains	-	(0.04)	-	-	-	-
Return of capital	-	-	(0.03)	(0.19)	(0.04)	-
Total annual distributions[3]	$(0.53)	$(1.10)	$(1.22)	$(1.42)	$(0.68)	$(0.52)
Net asset value, end of period/year[4]	$15.89	$16.46	$16.93	$16.99	$16.59	$17.91

(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, 2026 and December 31 of the period/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	2026	2025	2024	2023	2022[a]	2021[b]
Net asset value (000's)	$57,825	$62,865	$55,154	$35,988	$37,140	$40,037
Number of units outstanding	3,638,282	3,818,282	3,258,282	2,118,282	2,238,282	2,514,316
Management expense ratio [1]	0.86%	1.02%	1.05%	1.02%	1.02%	1.01%
Management expense ratio before waivers or absorption	0.87%	1.03%	1.06%	1.04%	1.04%	1.03%
Trading expense ratio[2]	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
Portfolio turnover rate[3]	12.53%	10.08%	23.41%	20.53%	21.19%	182.47%

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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 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.
(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 0.15% 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.

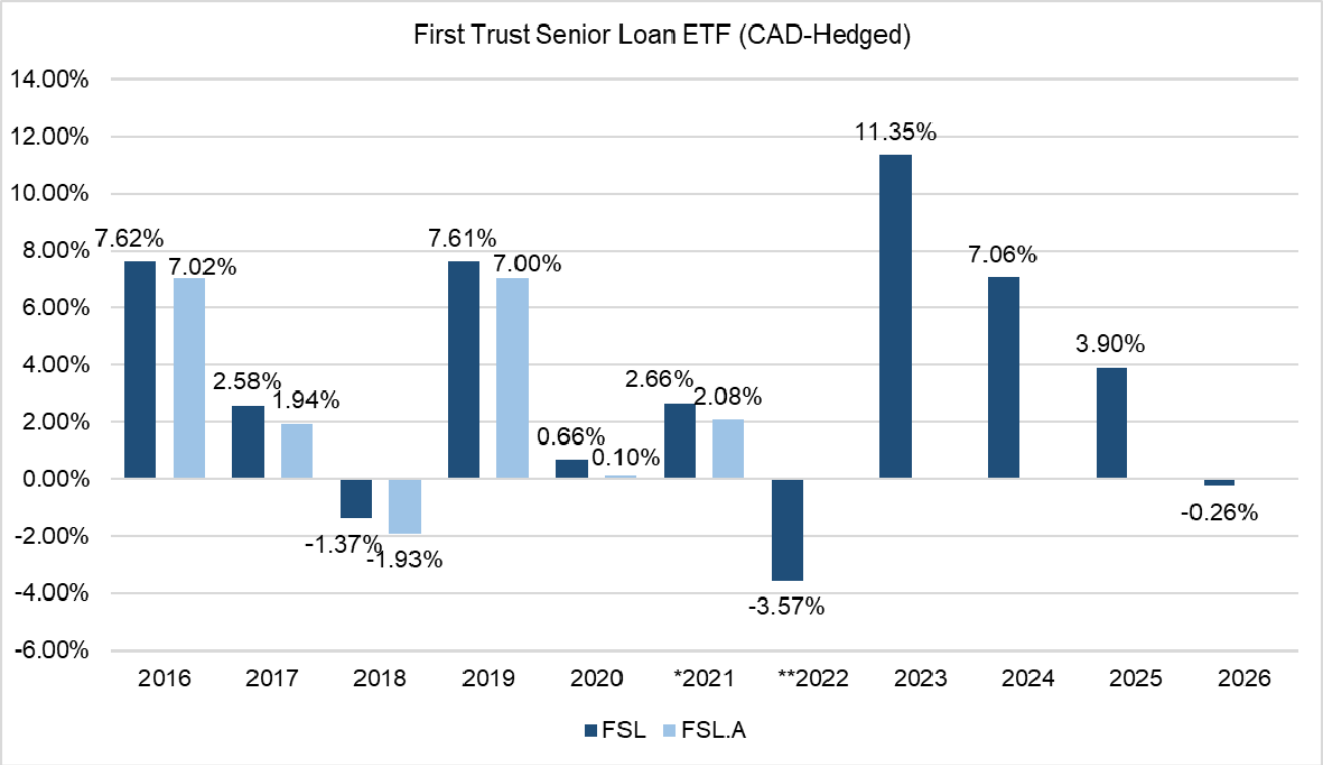
Past Performance

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, 2026 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.*
***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.*

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, 2026. 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	99.40%
Cash and Cash Equivalents	0.63%
Other Assets, Less Liabilities	-0.03%
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, 2026.

Breakdown	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.40%
Cash and Cash Equivalents	0.63%
Other Assets, Less Liabilities	-0.03%
Total	100.00%

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