



First Trust Nasdaq Cybersecurity ETF • CIBR

Annual Management Report of Fund Performance
December 31, 2024

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2024

First Trust Nasdaq Cybersecurity 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 Nasdaq Cybersecurity ETF** (the “First Trust ETF”) is to replicate, to the extent possible, the performance of an index of U.S. companies in the cybersecurity industry, initially the Nasdaq CTA Cybersecurity Index™.

The Nasdaq CTA Cybersecurity Index™ is designed to track the performance of companies engaged in the cybersecurity segment of the technology and industrials sectors. It includes companies primarily involved in the building, implementation, and management of security protocols applied to private and public networks, computers, and mobile devices in order to provide protection of the integrity of data and network operations.

Risk

The First Trust ETF provides exposure to its index by investing all or substantially all of its assets in an underlying U.S. index fund known as First Trust Nasdaq Cybersecurity ETF (the “Underlying Fund”), which is managed by the First Trust ETF's portfolio advisor.

The risks associated with an investment in the First Trust ETF is discussed in the First Trust ETF's most recent prospectus.

Results of Operations

General

The First Trust ETF's net asset value as of December 31, 2024, was \$71,974,583 or \$52.92 per unit. The First Trust ETF's net asset value as of December 31, 2023, was \$37,747,260 or \$41.48 per unit.

For the year ended December 31, 2024, the First Trust ETF paid total cash distributions of \$0.2250 per unit.

Investment Performance

For the year ended December 31, 2024, the First Trust ETF returned 27.95% compared to the S&P 500® Index (the “benchmark”) return of 36.36%. 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 32 equity securities as of December 31, 2024. The top ten equity holdings for the Underlying Fund accounted for 62.15% of the portfolio within the Underlying Fund.

The Underlying Fund underperformed the benchmark during the year primarily due to stock selection within the Information Technology sector. Within Information Technology, no weight in NVIDIA Corporation contributed notably to the underperformance. Despite poor stock selection within the sector, an overweight allocation to Information Technology mitigated the underperformance.

The Underlying Fund's top five stocks by contribution to return were Broadcom Inc., Fortinet, Inc., CrowdStrike Holdings, Inc., Infosys Limited, and Cisco Systems, Inc. The Underlying Fund's bottom five stocks by contribution to return were Rapid7, Inc., Open Text Corporation, Qualys, Inc., SentinelOne, Inc., and Zscaler, Inc.

The First Trust's ETF's exposure to the U.S. dollar contributed positively to its absolute performance during the year, as the U.S. dollar appreciated 8.96% against the Canadian dollar from December 29, 2023, to December 31, 2024.

Recent Developments

Recently, cybersecurity has been headlined by more data breaches, cybersecurity regulations, and platformization (“Platformization”). Major scale cyber-attacks are only ramping up with the introduction of artificial intelligence to ransomware attacks. In June, the largest software name among car dealerships, CDK, was hit by a cyber-attack causing data outages that inhibited sales and operations for multiple weeks. Zero-day vulnerability in Ivanti's VPNs throughout the entire year have affected thousands of users. According to IBM's 2024 Cost of Data Breach Report, the average total cost of a data breach in the United States was \$9.36 million. Cybercrime remains elevated as

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government agencies, hospital networks, corporations, energy companies and others face constant network threats. Companies must protect against corporate espionage, loss of client data, unauthorized computer access and much more at a time when more users are remotely connecting to networks outside of the traditional corporate firewall. Cybersecurity solutions must be dynamic as attackers quickly adapt to new solutions. Recent discussion on personal liability for CEO's of companies with cybersecurity breaches will only reinforce spending in this area as a top priority for many companies. Within technology, cybersecurity is expected to remain more defensive as an investment due to the elevated threat profile inducing companies to continue investing in security initiatives. In a development of the Department of Defense ("DoD") earlier this year, Cybersecurity Maturity Model Certification 2.0 was released. This outline streamlined requirements for cybersecurity that comes with DoD contracts. Additionally, federal agencies, especially the U.S. Department of Justice, U.S. Securities and Exchange Commission, and U.S. Federal Trade Commission, are aggressively enforcing cybersecurity regulations and data privacy rights. Cybersecurity is continuing to shift from a nice to have, to a must have, when it comes to creating reliable business partnerships. A recent Accenture survey found that more than half of organizations said cybersecurity is required before any digital transformations, revealing the importance of not treating cybercrime in a reactionary or incident-driven way. Additionally, Palo Alto, the largest name in the cybersecurity industry, released plans to shift to a new business model focusing on Platformization. This is a more horizontal approach than previously seen, sending a shock through cyber companies and investors. Palo Alto will attempt to reach into all lanes of cybersecurity, as smaller niche companies will fend off their specialty markets. As mentioned earlier, the emergence of generative AI as a mainstream capability is shaping the cybersecurity landscape. It offers both opportunities and challenges, impacting threat detection, response, and adaptive security measures. All parties must remain informed and agile to navigate the ever-changing landscape of cybersecurity.

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

CIBR	2024	2023	2022	2021 ^(a)	2020
Net asset value, beginning of year ⁽¹⁾	\$41.48	\$30.55	\$39.00	\$30.39	\$27.84
Increase (Decrease) from operations:					
Total revenue	0.16	0.18	0.09	0.50	0.38
Total expenses	(0.10)	(0.08)	(0.07)	(0.16)	(0.27)
Realized gains (losses) for the year	0.30	(0.17)	0.75	4.29	(5.35)
Unrealized gains (losses) for the year	11.23	11.19	(8.45)	2.44	0.27
Total increase (decrease) from operations ⁽²⁾	\$11.59	\$11.12	\$(7.68)	\$7.07	\$(4.97)
Distributions:					
From income (excluding dividends)	-	(0.17)	(0.01)	(0.21)	(0.25)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.16)	(0.11)	-
Return of capital	(0.13)	-	-	-	-
Total annual distributions ⁽³⁾	\$(0.13)	\$(0.17)	\$(0.17)	\$(0.32)	\$(0.25)
Net asset value, end of year ⁽⁴⁾	\$52.92	\$41.48	\$30.55	\$39.00	\$30.39

(a) For the years prior to February 17, 2021, represent returns for the First Trust ETF based on the First Trust ETF's investment objective prior to the change in investment objective which occurred on February 17, 2021.

(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

CIBR	2024	2023	2022	2021 ^(a)	2020
Net asset value (000's)	\$71,975	\$37,747	\$26,276	\$32,757	\$4,559
Number of units outstanding	1,360,000	910,000	860,000	840,000	150,000
Management expense ratio ⁽¹⁾	0.75%	0.76%	0.76%	0.76%	0.76%
Management expense ratio before waivers or absorption	0.77%	0.78%	0.78%	0.78%	0.78%
Trading expense ratio ⁽²⁾	0.00%	0.00%	0.00%	0.02%	0.03%
Portfolio turnover rate ⁽³⁾	6.06%	8.03%	42.90%	148.99%	431.90%

(a) For the years prior to February 17, 2021, represent returns for the First Trust ETF based on the First Trust ETF's investment objective prior to the change in investment objective which occurred on February 17, 2021.

(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 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. 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 year. The higher a First Trust ETF's portfolio turnover rate in a 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 0.15% 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.

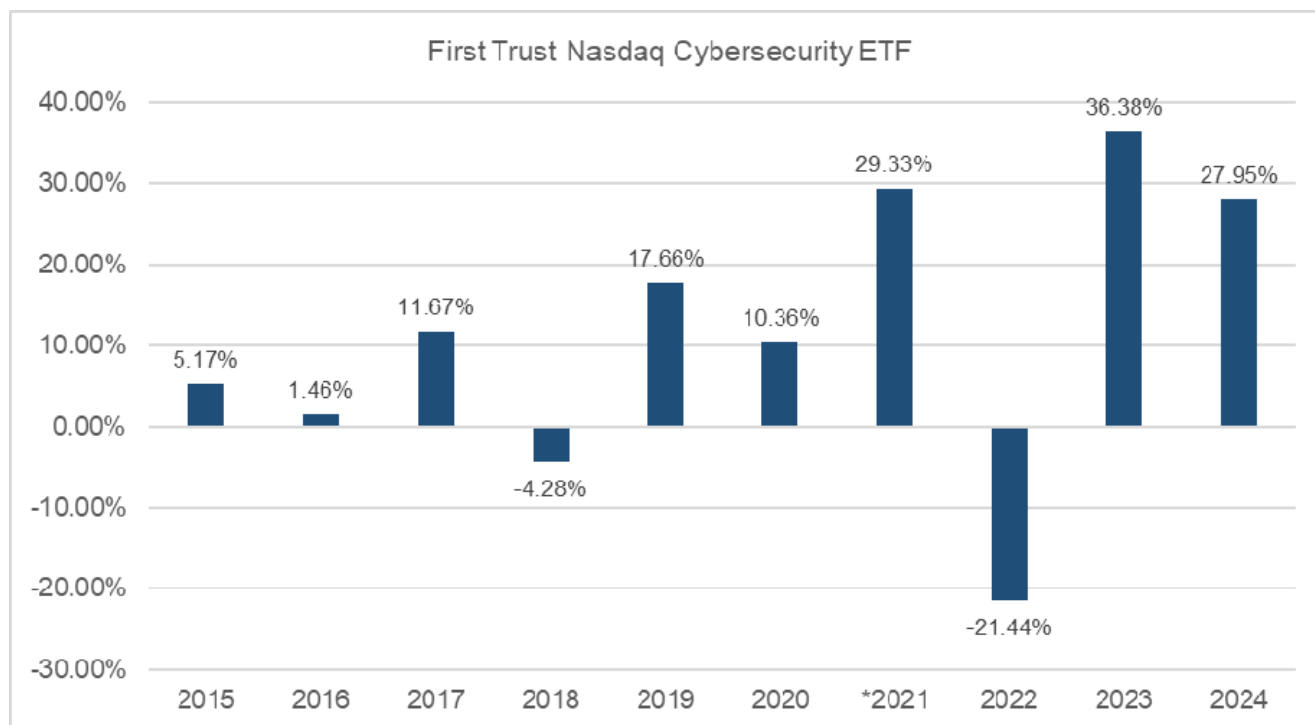
Past Performance

General

The past performance information shown assumes that all distributions made by the First Trust ETF in the 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 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.



**For the years prior to February 17, 2021, represent returns for the First Trust ETF based on the First Trust ETF's investment objective prior to the change in investment objective which occurred on February 17, 2021.*

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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 Nasdaq Cybersecurity ETF	27.95%	11.09%	14.37%	10.14%	10.94%
S&P 500® Index	36.36%	13.76%	16.92%	15.58%	16.22%

S&P 500® Index is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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, 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.

Holdings	% of ETF Total Net Asset Value
First Trust Nasdaq Cybersecurity ETF	99.87%
Cash and Cash Equivalents	0.14%
Other Assets, Less Liabilities	-0.01%
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, 2024.

Breakdown	% of ETF Total Net Asset Value
Exchange-Traded Fund	99.87%
Cash and Cash Equivalents	0.14%
Other Assets, Less Liabilities	-0.01%
Total	100.00%

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