FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

Annual Financial Statements for the year ended

December 31, 2015

FIRST ASSET

A CI Financial Company

FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of First Asset MSCI World Low Risk Weighted ETF (the "Fund") are the responsibility of First Asset Investment Management Inc., the Manager of the Fund. They have been prepared in accordance with International Financial Reporting Standards using information available to March 28, 2016 and management's best estimates and judgments.

The Fund's Manager is responsible for the information and representations contained in these annual financial statements and the annual management report of fund performance. The Manager is also responsible for the selection of the accounting principles that are most appropriate for the Fund's circumstances and for the judgments and estimates made in the financial statements. The Manager maintains appropriate processes to ensure that accurate, relevant and reliable financial information is produced.

These financial statements have been approved by the Board of Directors of the Manager and have been audited by Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, on behalf of the securityholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

Barry Gordon

DIRECTOR
MARCH 28, 2016

Paul Dinelle

DIRECTOR
MARCH 28, 2016

FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **First Asset MSCI World Low Risk Weighted ETF**,

We have audited the accompanying financial statements of **First Asset MSCI World Low Risk Weighted ETF** (the "**Fund**"), which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable securities and cash flows for the year ended December 31, 2015 and the period from January 27, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2015 and 2014, and its financial performance and its cash flows for the year ended December 31, 2015 and the period from January 27, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

TORONTO, CANADA
MARCH 28, 2016

FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2015 $	December 31, 2014 $
ASSETS		
Current assets		
Investments, at fair value (note 2)	42,144,086	25,528,748
Unrealized gain on forward foreign currency contracts	129,551	39,045
Cash and cash equivalents	153,394	148,482
Dividends receivable	129,481	65,416
	42,556,512	25,781,691
LIABILITIES		
Current liabilities		
Unrealized loss on forward foreign currency contracts	1,248,559	344,935
Accounts payable and accrued liabilities	40,416	26,007
Management fee payable	20,842	13,119
Distributions payable to holders of redeemable securities (note 9)	195,513	234,322
	1,505,330	618,383
Net assets attributable to holders of redeemable securities	41,051,182	25,163,308
Net assets attributable to holders of redeemable securities per class		
Common Units	33,712,844	19,334,024
Advisor Class Units	1,191,187	576,904
Unhedged Common Units	5,464,278	4,668,875
Unhedged Advisor Class Units	682,873	583,505
	41,051,182	25,163,308
Net assets attributable to holders of redeemable securities per security		
Common Units	$23.91	$23.15
Advisor Class Units	$23.82	$23.08
Unhedged Common Units	$27.32	$23.34
Unhedged Advisor Class Units	$27.31	$23.34

See accompanying notes to financial statements.

On behalf of First Asset MSCI World Low Risk Weighted ETF by its Manager, First Asset Investment Management Inc.:

DIRECTOR
MARCH 28, 2016

DIRECTOR
MARCH 28, 2016

FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

STATEMENTS OF COMPREHENSIVE INCOME

	January 1 to December 31, 2015 $	January 27 to December 31, 2014 $
INCOME		
Net gains (losses) on investments		
Change in unrealized appreciation of investments	3,050,670	2,101,019
Net realized gain on sale of investments	2,195,154	573,750
Dividends	1,258,462	493,069
Interest for distribution purposes	–	101
Change in unrealized depreciation on forward foreign currency contracts	(813,116)	(305,891)
Net realized gain (loss) on forward foreign currency contracts	(2,717,221)	83,715
Net gains (losses) on investments[1]	2,973,949	2,945,763
Other income	14,923	13,273
Securities lending income[2]	877	40
Net realized foreign exchange gain	22,923	5,346
Change in unrealized appreciation on other assets	3,254	147
	3,015,926	2,964,569
EXPENSES		
Management fee (notes 8 and 12)[3]	212,564	79,598
Withholding taxes (note 10)	112,549	40,573
Transaction costs (note 8)[4]	95,651	40,081
Harmonized Sales Tax	16,298	11,261
Dealer service fee (notes 8 and 12)[3]	11,551	7,029
Independent Review Committee fees (note 12)	2,288	479
Interest expense	1,110	442
	452,011	179,463
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions)	2,563,915	2,785,106
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions) per class		
Common Units	1,518,789	1,832,277
Advisor Class Units	39,695	87,124
Unhedged Common Units	898,583	773,115
Unhedged Advisor Class Units	106,848	92,590
	2,563,915	2,785,106
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions) per security (note 2)		
Common Units	$1.25	$4.14
Advisor Class Units	$1.04	$3.50
Unhedged Common Units	$4.49	$3.88
Unhedged Advisor Class Units	$4.27	$3.72

(1) Comprised of:

	2015 $	2014 $
Financial assets and liabilities designated at FVTPL	6,504,286	3,167,939
Financial assets and liabilities classified as held for trading	(3,530,337)	(222,176)
	2,973,949	2,945,763

STATEMENTS OF COMPREHENSIVE INCOME (continued)

Years ended December 31

(2) Securities lending

The value of securities loaned and collateral received from securities lending at December 31 is as follows:

	2015 $	2014 $
Value of securities loaned	1,147,149	530,337
Value of collateral received	1,183,707	543,730

(3) Management and dealer service fee rates (notes 8 and 12)

	Management Fee	Service Fee
Common Units	0.60%	–
Advisor Class Units	0.60%	0.75%
Unhedged Common Units	0.60%	–
Unhedged Advisor Class Units	0.60%	0.75%

(4) Brokerage commissions and soft dollar (note 8)

	2015 $	2014 $
Total soft dollar commissions	3	–

See accompanying notes to financial statements.

FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SECURITIES

Year ended December 31, 2015

	Common Units $	Advisor Class Units $	Unhedged Common Units $	Unhedged Advisor Class Units $	Total $
Net assets attributable to holders of redeemable securities, beginning of year	19,334,024	576,904	4,668,875	583,505	25,163,308
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions)	1,518,789	39,695	898,583	106,848	2,563,915
Distributions to holders of redeemable securities (note 9)[1]					
From net investment income	(685,159)	(14,478)	(125,180)	(10,230)	(835,047)
Return of capital	(103)	–	–	–	(103)
	(685,262)	(14,478)	(125,180)	(10,230)	(835,150)
Redeemable securities transactions (note 7)[2]					
Issuance of securities	16,486,241	586,566	–	–	17,072,807
Redemption of securities	(3,015,819)	–	–	–	(3,015,819)
Distributions reinvested	74,871	2,500	22,000	2,750	102,121
	13,545,293	589,066	22,000	2,750	14,159,109
Net increase (decrease) in net assets attributable to holders of redeemable securities	14,378,820	614,283	795,403	99,368	15,887,874
Net assets attributable to holders of redeemable securities, end of year	33,712,844	1,191,187	5,464,278	682,873	41,051,182

Period from January 27 to December 31, 2014

	Common Units $	Advisor Class Units $	Unhedged Common Units $	Unhedged Advisor Class Units $	Total $
Net assets attributable to holders of redeemable securities, beginning of year	–	–	–	–	–
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions)	1,832,277	87,124	773,115	92,590	2,785,106
Distributions to holders of redeemable securities (note 9)[1]					
From net investment income	(147,985)	(8,331)	(96,430)	(8,289)	(261,035)
From capital gains	(371,555)	(14,297)	(79,001)	(9,861)	(474,714)
Return of capital	(3,528)	(270)	(2,189)	(255)	(6,242)
	(523,068)	(22,898)	(177,620)	(18,405)	(741,991)
Redeemable securities transactions (note 7)[2]					
Issuance of securities	20,106,220	500,020	4,000,020	500,020	25,106,280
Redemption of securities	(2,319,380)	–	–	–	(2,319,380)
Distributions reinvested	237,975	12,658	73,360	9,300	333,293
	18,024,815	512,678	4,073,380	509,320	23,120,193
Net increase (decrease) in net assets attributable to holders of redeemable securities	19,334,024	576,904	4,668,875	583,505	25,163,308
Net assets attributable to holders of redeemable securities, end of year	19,334,024	576,904	4,668,875	583,505	25,163,308

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SECURITIES (continued)

Years ended December 31

(1) Capital and non-capital losses (note 10)

As at December 31, 2015, capital and non-capital losses for income tax purposes available to be carried forward are as follows:

Capital Losses	Non-Capital Losses
$487,142	$–

(2) Redeemable securities issued and outstanding

	2015				2014			
	Common Units #	Advisor Class Units #	Unhedged Common Units #	Unhedged Advisor Class Units #	Common Units #	Advisor Class Units #	Unhedged Common Units #	Unhedged Advisor Class Units #
Securities outstanding, beginning of year	835,000	25,000	200,000	25,000	–	–	–	–
Issuance of securities	700,000	25,000	–	–	935,001	25,001	200,001	25,001
Redemption of securities	(125,000)	–	–	–	(100,001)	(1)	(1)	(1)
Distributions satisfied through issuance of securities	3,131	104	805	100	10,728	549	3,143	398
Consolidation of securities	(3,131)	(104)	(805)	(100)	(10,728)	(549)	(3,143)	(398)
Securities outstanding, end of year	1,410,000	50,000	200,000	25,000	835,000	25,000	200,000	25,000

See accompanying notes to financial statements.

FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

STATEMENTS OF CASH FLOWS

	January 1 to December 31, 2015 $	January 27 to December 31, 2014 $
OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions)	2,563,915	2,785,106
Adjustments to reconcile cash flows from (used in) operating activities		
Proceeds from sale of investments	21,203,570	8,192,893
Purchases of investments	(32,573,083)	(21,064,853)
Change in other assets and liabilities	(39,873)	(24,425)
Change in foreign exchange on currency	1,195	155
Net realized (gain) loss on sale of investments	(2,195,154)	(573,750)
Change in unrealized (appreciation) depreciation of investments	(3,050,670)	(2,101,019)
Change in unrealized (appreciation) depreciation on forward foreign currency contracts	813,116	305,891
Change in unrealized (appreciation) depreciation on other assets	(3,254)	(147)
Cash flows used in operating activities	(13,280,238)	(12,480,149)
FINANCING ACTIVITIES		
Subscriptions received	17,072,807	15,120,532
Distributions to securityholders	(771,838)	(174,376)
Redemption of securities	(3,015,819)	(2,317,525)
Cash flows from financing activities	13,285,150	12,628,631
Net increase in cash and cash equivalents during the year	4,912	148,482
Cash and cash equivalents, beginning of year	148,482	–
Cash and cash equivalents, end of year	153,394	148,482
Interest received	–	101
Dividends received, net of withholding tax	1,081,848	427,653
Interest paid	(1,110)	(442)

See accompanying notes to financial statements.

FIRST ASSET MSCI WORLD LOW RISK WEIGHTED ETF

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2015

	Number of Shares	Description	Average Cost $	Fair Value $	% of Net Assets
EQUITIES					
		Australia			
AUD	5,150	ASX Ltd.	190,729	220,996	
AUD	18,580	Brambles Ltd.	195,530	217,258	
AUD	2,217	Commonwealth Bank of Australia	176,784	191,637	
AUD	45,784	Scentre Group	175,427	193,876	
AUD	48,201	Telstra Corporation Limited	274,206	273,285	
AUD	42,072	The GPT Group	176,477	203,244	
AUD	31,474	Transurban Group	281,865	333,039	
AUD	65,181	Vicinity Centres	185,061	184,449	
AUD	5,409	Wesfarmers Ltd.	225,399	227,463	
AUD	18,378	Westfield Corp.	146,500	176,634	
Total Australia			2,027,978	2,221,881	5.41%
		Belgium			
EUR	1,931	Groupe Bruxelles Lambert S.A.	202,422	229,698	
Total Belgium			202,422	229,698	0.56%
		Bermuda			
USD	3,320	Arch Capital Group Ltd.	238,279	321,674	
USD	3,133	Axis Capital Holdings Limited	190,975	244,672	
USD	1,088	Everest Re Group, Ltd.	223,200	276,711	
USD	1,444	PartnerRe Ltd.	216,660	280,299	
USD	2,039	RenaissanceRe Holdings Ltd.	261,336	320,596	
Total Bermuda			1,130,450	1,443,952	3.52%
		Britain			
GBP	2,036	British American Tobacco PLC	136,538	157,194	
GBP	4,878	Bunzl PLC	160,555	188,258	
GBP	8,733	Compass Group PLC	173,477	210,089	
GBP	4,133	Diageo PLC	142,943	157,095	
GBP	5,591	GlaxoSmithKline PLC	154,610	157,167	
GBP	10,786	National Grid PLC	183,105	207,030	
GBP	1,109	Next PLC	177,210	165,524	
GBP	1,344	Reckitt Benckiser Group PLC	137,002	172,834	
GBP	8,247	RELX PLC	170,504	202,112	
GBP	5,363	SSE PLC	154,534	167,777	
GBP	2,835	Unilever PLC	142,379	169,865	
Total Britain			1,732,857	1,954,945	4.76%
		Canada			
	3,071	Bank of Montreal	235,493	239,783	
	5,740	BCE Inc.	306,688	306,860	
	2,172	Canadian Imperial Bank of Commerce	206,816	198,065	
	1,957	Canadian National Railway Co.	144,344	151,374	
	1,245	Canadian Tire Corp Ltd.	145,206	147,109	
	4,434	Canadian Utilities Limited	171,759	141,622	
	6,418	CI Financial Corp.	212,255	196,391	
	17,150	First Capital Realty, Inc.	327,449	314,703	
	6,237	Fortis Inc.	222,381	233,326	
	1,563	George Weston Limited	143,156	167,147	
	5,513	Great-West Lifeco Inc.	183,307	190,364	

SCHEDULE OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2015

	Number of Shares	Description	Average Cost $	Fair Value $	% of Net Assets
EQUITIES (continued)					
	10,391	H&R Real Estate Investment Trust	230,866	208,339	
	3,241	Intact Financial Corp.	270,331	287,412	
	4,706	Metro Inc.	129,580	182,311	
	3,890	National Bank of Canada	182,680	156,806	
	2,287	Onex Corp	155,827	193,983	
	5,356	Power Corp of Canada	168,859	155,003	
	5,708	Power Financial Corporation	195,372	181,571	
	7,811	RioCan Real Estate Investment Trust	211,844	185,043	
	3,180	Rogers Communications Inc.	140,571	151,750	
	3,605	Royal Bank of Canada	274,731	267,311	
	5,406	Saputo Inc.	176,715	178,939	
	9,851	Shaw Communications, Inc.	271,872	234,454	
	6,707	Smart Real Estate Investment Trust	214,691	202,484	
	4,650	TELUS Corporation	188,159	177,909	
	3,536	The Bank of Nova Scotia	228,237	197,910	
	4,314	The Toronto-Dominion Bank	232,085	233,991	
	4,043	Thomson Reuters Corporation	179,976	211,893	
	3,644	TransCanada Corporation	189,728	164,672	
Total Canada			5,940,978	5,858,525	14.27%
		France			
EUR	1,079	Aeroports de Paris	153,635	174,542	
EUR	1,027	Air Liquide SA	150,607	160,629	
EUR	649	L'Oreal SA	129,511	152,089	
Total France			433,753	487,260	1.19%
		Germany			
EUR	1,197	Beiersdorf AG	128,113	152,014	
EUR	1,362	Kabel Deutschland Holding AG	222,153	234,604	
EUR	664	Linde AG	150,447	134,163	
EUR	2,482	MAN SE	325,982	347,188	
Total Germany			826,695	867,969	2.12%
		Hong Kong			
HKD	16,529	Cheung Kong Infrastructure Holdings Limited	150,548	212,417	
HKD	26,831	CLP Holdings Limited	268,039	317,398	
HKD	9,741	Hang Seng Bank Limited	204,759	258,747	
HKD	195,290	HK Electric Investments & HK Electric Investments Ltd.	206,573	227,518	
HKD	71,528	Hong Kong & China Gas Company Limited	171,475	195,382	
HKD	37,853	MTR Corporation Limited	181,912	260,867	
HKD	14,195	Swire Pacific Ltd.	229,907	222,749	
Total Hong Kong			1,413,213	1,695,078	4.13%
		Ireland			
USD	3,829	Willis Towers Watson PLC	227,394	258,337	
USD	4,173	XL Group PLC	197,673	227,115	
Total Ireland			425,067	485,452	1.18%
		Israel			
ILS	27,919	Bank Hapoalim BM	192,652	200,337	
ILS	34,818	Bank Leumi Le-Israel BM	167,892	167,805	
Total Israel			360,544	368,142	0.90%

SCHEDULE OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2015

	Number of Shares	Description	Average Cost $	Fair Value $	% of Net Assets
EQUITIES (continued)					
		Italy			
EUR	31,084	Terna Rete Elettrica Nazionale SpA	189,661	223,081	
Total Italy			189,661	223,081	0.54%
		Japan			
JPY	6,424	McDonald's Holdings Company (Japan), Ltd.	178,811	194,354	
Total Japan			178,811	194,354	0.47%
		New Zealand			
NZD	37,201	Auckland International Airport Ltd.	139,763	203,420	
Total New Zealand			139,763	203,420	0.50%
		Singapore			
SGD	106,943	CapitaMall Trust	196,839	202,101	
SGD	11,263	DBS Group Holdings Ltd.	206,941	184,064	
USD	242,747	Hutchison Port Holdings Trust	174,876	178,716	
SGD	29,010	Oversea-Chinese Banking Corp Ltd.	251,516	249,970	
SGD	19,247	Singapore Airlines Ltd.	184,397	211,076	
SGD	30,255	Singapore Exchange Ltd.	202,085	228,111	
SGD	85,550	Singapore Press Holdings Limited	319,251	330,046	
SGD	50,167	Sngspore Telecommunications Ltd.	174,674	180,278	
SGD	72,930	StarHub Limited	265,318	264,220	
SGD	9,189	United Overseas Bank Ltd.	193,707	176,443	
Total Singapore			2,169,604	2,205,025	5.36%
		Switzerland			
CHF	28	Chocoladefabriken Lindt & Spruengli AG	351,747	432,786	
CHF	2,107	Nestle SA	184,181	217,977	
CHF	713	Schindler Holding AG	125,826	167,215	
CHF	2,377	Swiss Prime Site AG	229,121	258,940	
CHF	316	Swisscom AG	209,716	220,574	
Total Switzerland			1,100,591	1,297,492	3.16%
		United States			
USD	1,018	3M Co.	180,646	213,021	
USD	2,023	Aflac, Inc.	157,864	168,328	
USD	346	Alleghany Corporation	180,908	229,707	
USD	2,346	Alliant Energy Corporation	162,539	203,514	
USD	2,274	Altria Group, Inc.	133,150	183,875	
USD	2,304	American Electric Power Company, Inc.	148,863	186,492	
USD	1,252	American Tower Corp.	148,422	168,611	
USD	3,126	American Water Works Co., Inc.	199,168	259,454	
USD	1,282	AmerisourceBergen Corporation	128,787	184,690	
USD	4,116	Arthur J Gallagher & Co.	245,643	234,076	
USD	4,738	AT&T Inc.	189,466	226,471	
USD	1,804	Automatic Data Processing, Inc.	174,717	212,303	
USD	170	AutoZone, Inc.	123,843	175,200	
USD	3,385	BB&T Corp	174,130	177,786	
USD	948	Becton, Dickinson and Company	147,353	202,916	
USD	1,494	Berkshire Hathaway Inc.	250,753	274,025	
USD	1,160	Brown-Forman Corporation	124,660	159,975	

SCHEDULE OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2015

	Number of Shares	Description	Average Cost $	Fair Value $	% of Net Assets
EQUITIES (continued)					
USD	7,130	CenterPoint Energy, Inc.	183,835	181,843	
USD	1,744	Chubb Ltd.	231,612	283,080	
USD	2,611	Church & Dwight Co., Inc.	241,949	307,854	
USD	3,080	Cincinnati Financial Corporation	195,462	253,155	
USD	1,736	Cintas Corp.	188,250	219,565	
USD	3,309	CMS Energy Corporation	124,157	165,843	
USD	3,318	Colgate-Palmolive Company	257,873	307,054	
USD	2,414	Consolidated Edison, Inc.	170,416	215,516	
USD	1,037	Costco Wholesale Corporation	167,360	232,640	
USD	1,558	CVS Health Corp	165,808	211,596	
USD	1,699	Danaher Corporation	170,845	219,204	
USD	1,869	DENTSPLY International Inc.	123,631	157,981	
USD	1,820	Dominion Resources, Inc.	151,427	171,005	
USD	1,488	Dr Pepper Snapple Group, Inc.	119,310	192,643	
USD	1,598	DTE Energy Company	145,896	178,004	
USD	2,356	Duke Energy Corporation	209,025	233,639	
USD	1,193	Ecolab Inc.	152,437	189,550	
USD	1,963	Edison International	137,008	161,454	
USD	1,193	Equifax Inc.	177,151	184,562	
USD	2,582	Eversource Energy	145,822	183,171	
USD	1,568	Exxon Mobil Corporation	165,747	169,784	
USD	1,098	Federal Realty Investment Trust	171,496	222,836	
USD	1,371	Fiserv, Inc.	140,216	174,181	
USD	3,369	General Mills, Inc.	215,975	269,842	
USD	1,322	Genuine Parts Company	149,493	157,728	
USD	1,145	Henry Schein, Inc.	190,750	251,604	
USD	1,201	Honeywell International Inc.	156,616	172,787	
USD	1,499	Illinois Tool Works Inc.	176,044	192,984	
USD	1,215	International Flavors & Fragrances Inc.	156,796	201,923	
USD	2,113	Johnson & Johnson	247,213	301,500	
USD	2,966	Kellogg Company	231,629	297,758	
USD	1,270	Kimberly-Clark Corporation	163,988	224,577	
USD	590	Lockheed Martin Corporation	124,882	177,969	
USD	4,785	Loews Corporation	234,398	255,239	
USD	1,156	M&T Bank Corp.	175,820	194,591	
USD	180	Markel Corp	216,969	220,871	
USD	3,122	Marsh & McLennan Companies, Inc.	201,657	240,474	
USD	1,531	McCormick & Company, Inc.	127,829	181,961	
USD	1,864	McDonald's Corporation	210,187	305,898	
USD	1,467	Medtronic PLC	118,751	156,748	
USD	2,148	Merck & Co., Inc.	151,859	157,604	
USD	8,131	New York Community Bancorp Inc.	179,917	184,331	
USD	1,393	NextEra Energy, Inc.	161,610	201,029	
USD	1,776	Omnicom Group Inc.	174,845	186,656	
USD	3,399	Patterson Companies Inc.	194,911	213,461	
USD	2,737	Paychex, Inc.	150,628	201,086	
USD	10,027	People's United Financial Inc.	182,641	224,945	
USD	2,168	PepsiCo, Inc.	250,356	300,916	
USD	3,576	Pfizer Inc.	131,956	160,348	

SCHEDULE OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2015

	Number of Shares	Description	Average Cost $	Fair Value $	% of Net Assets
EQUITIES (continued)					
USD	2,184	PG&E Corporation	128,424	161,367	
USD	1,400	Philip Morris International Inc.	140,617	170,962	
USD	1,867	Pinnacle West Capital Corporation	130,811	167,226	
USD	3,655	PPL Corporation	136,330	173,284	
USD	1,590	Praxair, Inc.	233,470	226,168	
USD	615	Public Storage	142,541	211,609	
USD	4,270	Republic Services, Inc.	210,305	260,925	
USD	1,354	Rockwell Collins, Inc.	159,982	173,602	
USD	713	Roper Technologies Inc.	141,745	187,973	
USD	2,123	SCANA Corporation	133,681	178,389	
USD	1,436	Sempra Energy	174,174	187,526	
USD	774	Simon Property Group, Inc.	171,258	209,055	
USD	1,100	SL Green Realty Corp.	172,980	172,635	
USD	764	Snap-on Inc.	175,162	181,934	
USD	1,017	Stericycle, Inc.	150,473	170,373	
USD	1,305	Stryker Corporation	167,646	168,479	
USD	2,812	Synopsys, Inc.	187,567	178,159	
USD	3,606	Sysco Corporation	160,054	205,373	
USD	2,741	The Allstate Corporation	220,710	236,409	
USD	1,765	The Clorox Company	211,760	310,957	
USD	3,516	The Coca-Cola Company	166,469	209,820	
USD	1,696	The Hershey Company	194,057	210,312	
USD	1,028	The Home Depot Inc.	183,287	188,852	
USD	1,154	The JM Smucker Company	144,033	197,717	
USD	1,386	The PNC Financial Services Group Inc.	176,298	183,500	
USD	2,418	The Procter & Gamble Company	231,866	266,726	
USD	4,889	The Progressive Corporation	170,437	215,964	
USD	3,902	The Southern Company	206,318	253,614	
USD	1,737	The Travelers Companies, Inc.	208,606	272,316	
USD	951	Thermo Fisher Scientific Inc.	175,282	187,389	
USD	3,285	Torchmark Corporation	213,569	260,832	
USD	1,541	United Parcel Service, Inc.	183,916	205,990	
USD	3,345	US Bancorp	180,978	198,268	
USD	1,622	Varian Medical Systems Inc.	174,501	182,052	
USD	3,137	Verizon Communications Inc.	178,533	201,409	
USD	3,567	W.R. Berkley Corporation	206,510	271,282	
USD	2,153	Wal-Mart Stores, Inc.	192,963	183,332	
USD	3,212	Waste Management, Inc.	190,487	238,126	
USD	2,556	WEC Energy Group Inc.	142,710	182,178	
USD	3,103	Wells Fargo & Company	219,254	234,312	
USD	4,410	Xcel Energy, Inc.	176,712	219,982	
Total United States			20,307,358	24,337,216	54.59%
Total equities			37,024,228	42,144,086	102.66%
Adjustment for transaction costs			(31,831)	–	–%
Total investments			**36,992,397**	**42,144,086**	**102.66%**
Total unrealized gain on forward foreign currency contracts				129,551	0.32%
Total unrealized loss on forward foreign currency contracts				(1,248,559)	(3.04)%
Other assets, net of liabilities				26,104	0.06%
Net assets attributable to holders of redeemable securities				**41,051,182**	**100.00%**

SCHEDULE OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2015

UNREALIZED GAIN ON FORWARD FOREIGN CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position	Currency Sell	Position	Contract Rates	Counterparty	Credit Rating*	Unrealized Gain ($)
12-Feb-16	AUD	780,000	CAD	759,330	0.9735	Canadian Imperial Bank of Commerce	A+	27,431
12-Feb-16	CHF	940,000	CAD	1,227,314	1.3057	Canadian Imperial Bank of Commerce	A+	79,156
12-Feb-16	EUR	240,000	CAD	341,184	1.4216	Canadian Imperial Bank of Commerce	A+	21,279
12-Feb-16	GBP	50,000	CAD	100,685	2.0137	Canadian Imperial Bank of Commerce	A+	1,685
								129,551

UNREALIZED LOSS ON FORWARD FOREIGN CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position	Currency Sell	Position	Contract Rates	Counterparty	Credit Rating*	Unrealized Loss ($)
12-Feb-16	CAD	2,502,925	AUD	2,650,000	0.9445	Canadian Imperial Bank of Commerce	A+	(170,045)
12-Feb-16	CAD	1,251,165	CHF	940,000	1.3310	Canadian Imperial Bank of Commerce	A+	(55,306)
12-Feb-16	CAD	1,867,450	EUR	1,300,000	1.4365	Canadian Imperial Bank of Commerce	A+	(95,891)
12-Feb-16	CAD	1,785,168	GBP	880,000	2.0286	Canadian Imperial Bank of Commerce	A+	(16,545)
12-Feb-16	CAD	1,615,614	SGD	1,730,000	0.9339	Canadian Imperial Bank of Commerce	A+	(76,059)
12-Feb-16	CAD	19,446,579	USD	14,570,000	1.3347	Canadian Imperial Bank of Commerce	A+	(790,749)
12-Feb-16	CAD	1,136,663	USD	850,000	1.3373	Canadian Imperial Bank of Commerce	A+	(43,964)
								(1,248,559)

* Credit rating provided by Standard & Poor's.

SCHEDULE OF INVESTMENT PORTFOLIO (continued)

PORTFOLIO CONCENTRATION

As a percentage of net assets (%)	December 31, 2015	December 31, 2014
Equities		
Australia	5.41	6.34
Belgium	0.56	–
Bermuda	3.52	2.91
Britain	4.76	5.50
Canada	14.27	18.38
Denmark	–	0.40
France	1.19	1.81
Germany	2.12	0.85
Hong Kong	4.13	3.63
Ireland	1.18	–
Israel	0.90	1.46
Italy	0.54	–
Japan	0.47	1.21
Luxembourg	–	0.47
Netherlands	–	1.38
New Zealand	0.50	0.57
Singapore	5.36	4.74
Switzerland	3.16	6.41
United States	54.59	46.85
Total unrealized gain of forward foreign currency contracts	0.32	0.16
Total unrealized loss on forward foreign currency contracts	(3.04)	(1.37)
Other assets, net of liabilities	0.06	(0.24)

See accompanying notes to financial statements.

FUND SPECIFIC NOTES TO FINANCIAL STATEMENTS

December 31, 2015

(A) THE FUND

First Asset MSCI World Low Risk Weighted ETF (the "Fund") is an exchange traded fund that seeks to replicate, to the extent possible, the performance of the MSCI World Risk Weighted Top 200 Index Hedged to CAD (the "CAD Hedged Index"), net of expenses, and in respect of the Unhedged Units, the Fund's investment objective is to replicate, to the extent possible, the performance of the MSCI World Risk Weighted Top 200 Index (the "Index"), net of expenses. The investment strategy of the Fund is to invest in and hold the constituent securities of the applicable index.

Each of the Index and the CAD Hedged Index (collectively, the "Indexes") are based on a traditional market capitalization weighted parent index, the MSCI World Index, which includes large and mid-capitalization stocks. Constructed using a simple, but effective and transparent process, each security of the parent index is reweighted so that stocks with lower risk are given higher index weights. The final constituents of the Indexes are determined by ranking these security level risk weights and taking top 200 subset securities. The Indexes seek to emphasize stocks with lower historical return variance and tend to have a bias towards lower size and lower risk stocks. Historically, the Indexes have exhibited lower realized volatility in comparison to the parent index, while maintaining reasonable liquidity and capacity.

The only difference between the Index and the CAD Hedged Index is that the CAD Hedged Index is 100% hedged to the Canadian dollar by notionally "selling" each foreign currency forward at the one-month forward exchange rate at the end of each month.

(B) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables show the fair value hierarchy classification of financial instruments measured or disclosed at their fair value.

	As at December 31, 2015			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Equities	42,144,086	–	–	42,144,086
Derivatives	–	129,551	–	129,551
	42,144,086	129,551	–	42,273,637
Financial liabilities				
Derivatives	–	1,248,559	–	1,248,559
	–	1,248,559	–	1,248,559

	As at December 31, 2014			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Equities	25,525,500	–	–	25,525,500
Derivatives	–	39,045	–	39,045
	25,525,500	39,045	–	25,564,545
Financial liabilities				
Derivatives	–	344,936	–	344,936
	–	344,936	–	344,936

FUND SPECIFIC NOTES TO FINANCIAL STATEMENTS (continued)

(C) INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SECURITIES FROM OPERATIONS (EXCLUDING DISTRIBUTIONS) PER SECURITY

The increase (decrease) in net assets attributable to holders of redeemable securities per security for the years ended December 31, 2015 and 2014 is calculated as follows:

	2015			
	Common Units	Advisor Class Units	Unhedged Common Units	Unhedged Advisor Class Units
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions)	$1,518,789	$39,695	$898,583	$106,848
Weighted average securities outstanding during the period	1,217,271	38,347	200,000	25,000
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions) per security	$1.25	$1.04	$4.49	$4.27

	2014			
	Common Units	Advisor Class Units	Unhedged Common Units	Unhedged Advisor Class Units
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions)	$1,832,277	$87,124	$773,115	$92,590
Weighted average securities outstanding during the period	442,455	24,887	199,099	24,887
Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions) per security	$4.14	$3.50	$3.88	$3.72

(D) MANAGEMENT OF FINANCIAL RISKS

Currency risk

The tables below indicate the foreign currencies to which the Fund has significant exposure in Canadian dollar terms, including the underlying principal amount of forward foreign currency contracts. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable securities of the Fund, all other variables held constant, as a result of a 5% change in these currencies relative to the Canadian dollar.

As at December 31, 2015
Common Units and Advisor Class Units

Currency	Investments	Cash	Other	Forward Foreign Currency Contracts	Total	Impact on Net Assets
Australia dollar	$1,889,169	$5,205	$8,041	($1,743,595)	$158,820	$7,941
Switzerland franc	$1,103,202	$766	$7,954	($23,851)	$1,088,071	$54,404
Denmark krone	$–	$185	$976	$–	$1,161	$58
Euro Dollar	$1,537,270	$4,870	$2,434	($1,526,266)	$18,308	$915
United Kingdom pound	$1,662,205	$5,455	$7,779	($1,684,483)	($9,044)	($452)
Hong Kong dollar	$1,441,252	$5,874	$–	$–	$1,447,126	$72,356
Israel new shekel	$313,015	$118	$–	$–	$313,133	$15,657
Japan yen	$165,250	$5	$1,609	$–	$166,864	$8,343
New Zealand dollar	$172,959	$820	$–	$–	$173,779	$8,689
Singapore dollar	$1,722,882	$9,656	$5,697	($1,615,614)	$122,620	$6,131
United States dollar	$20,844,829	$30,226	$40,310	($20,583,242)	$332,123	$16,606
Total	**$30,852,033**	**$63,181**	**$74,799**	**($27,177,051)**	**$3,812,962**	**$190,648**
As a % of Net Assets	**88.4%**	**0.2%**	**0.2%**	**(77.9)%**	**10.9%**	**0.5%**

FUND SPECIFIC NOTES TO FINANCIAL STATEMENTS (continued)

(D) MANAGEMENT OF FINANCIAL RISKS (continued)

Unhedged Common Units and Unhedged Advisor Class Units

Currency	Investments	Cash	Other	Forward Foreign Currency Contracts	Total	Impact on Net Assets
Australia dollar	$332,712	$917	$1,416	$–	$335,045	$16,752
Switzerland franc	$194,291	$135	$1,401	$–	$195,827	$9,791
Denmark krone	$–	$32	$172	$–	$204	$10
Euro Dollar	$270,738	$858	$429	$–	$272,024	$13,600
United Kingdom pound	$292,740	$961	$1,370	$–	$295,071	$14,754
Hong Kong dollar	$253,827	$1,035	$–	$–	$254,862	$12,743
Israel new shekel	$55,127	$21	$–	$–	$55,148	$2,757
Japan yen	$29,103	$1	$283	$–	$29,387	$1,469
New Zealand dollar	$30,461	$145	$–	$–	$30,606	$1,530
Singapore dollar	$303,427	$1,700	$1,003	$–	$306,131	$15,307
United States dollar	$3,671,104	$5,323	$7,099	$–	$3,683,526	$184,176
Total	**$5,433,530**	**$11,128**	**$13,173**	**$–**	**$5,457,831**	**$272,890**
As a % of Net Assets	**88.4%**	**0.2%**	**0.2%**	**–%**	**88.8%**	**4.4%**

As at December 31, 2014

Common Units and Advisor Class Units

Currency	Investments	Cash	Other	Forward Foreign Currency Contracts	Total	Impact on Net Assets
Australia dollar	$1,265,778	$1,967	$6,022	($1,268,949)	$4,818	$241
Switzerland franc	$1,182,673	$37	$1,053	($1,191,386)	($7,623)	($381)
Denmark krone	$80,552	$11	$–	$–	$80,563	$4,028
Euro Dollar	$716,924	$787	$145	($727,187)	($9,331)	($467)
United Kingdom pound	$1,273,701	$892	$3,609	($1,193,840)	$84,362	$4,218
Hong Kong dollar	$723,825	$3,351	$–	$–	$727,176	$36,359
Japan yen	$240,608	$1,329	$897	$–	$242,834	$12,142
New Zealand dollar	$114,087	$32	$–	$–	$114,119	$5,706
Singapore dollar	$944,205	$4,861	$1,647	($917,007)	$33,705	$1,685
United States dollar	$9,999,606	$27,083	$17,373	($9,658,079)	$385,983	$19,299
Total	**$16,541,959**	**$40,351**	**$30,746**	**($14,956,448)**	**$1,656,607**	**$82,830**
As a % of Net Assets	**83.1%**	**0.2%**	**0.2%**	**(75.1)%**	**8.3%**	**0.4%**

Unhedged Common Units and Unhedged Advisor Class Units

Currency	Investments	Cash	Other	Forward Foreign Currency Contracts	Total	Impact on Net Assets
Australia dollar	$333,904	$519	$1,589	$–	$336,012	$16,801
Switzerland franc	$311,982	$10	$278	$–	$312,270	$15,613
Denmark krone	$21,249	$3	$–	$–	$21,252	$1,063
Euro Dollar	$189,120	$208	$38	$–	$189,366	$6,468
United Kingdom pound	$335,994	$235	$952	$–	$337,181	$16,859
Hong Kong dollar	$190,940	$884	$–	$–	$191,824	$9,591
Japan yen	$63,471	$351	$236	$–	$64,058	$3,203
New Zealand dollar	$30,096	$9	$–	$–	$30,105	$1,505
Singapore dollar	$249,076	$1,282	$434	$–	$250,793	$12,540
United States dollar	$2,637,834	$7,144	$4,583	$–	$2,649,591	$132,478
Total	**$4,363,666**	**$10,644**	**$8,110**	**$–**	**$4,382,421**	**$219,121**
As a % of Net Assets	**83.1%**	**0.2%**	**0.2%**	**–%**	**83.4%**	**4.2%**

FUND SPECIFIC NOTES TO FINANCIAL STATEMENTS (continued)

(D) MANAGEMENT OF FINANCIAL RISKS (continued)

Other price risk

The table below indicates how net assets attributable to holders of redeemable securities would have increased or decreased had the value of the Fund's benchmark increased or decreased by 10%. This change is estimated based on the historical correlation between the return of the Fund's securities as compared to the return of the benchmark as at period end, with all other variables held constant. Regression analysis has been utilized to estimate the historical correlation. The analysis uses daily data points from Launch Date to the applicable period end. The historical correlation may not be representative of the future correlation, and accordingly the impact on net assets attributable to holders of redeemable securities could be different.

Benchmark	Impact on net assets attributable to redeemable securities	
	December 31, 2015	December 31, 2014
	$	$
MSCI World Risk Weighted Top 200 Index	3,786,097	2,366,443

(E) RELATED PARTY TRANSACTIONS

During the period November 30 to December 31, 2015, the Fund has engaged in trading securities of CI Financial Corp. (referred to as "Related Issuer Trades"), which indirectly owns and controls First Asset. The Related Issuer Trades were executed by an unrelated broker and through the facilities of the TSX at prevailing market prices on the days of the transactions. No related parties received any fees in connection with the trades. The trades were executed in reliance on a standing instruction issued by the Fund's Independent Review Committee. As at December 31, 2015, the Fund held 6,418 shares of CI, with a fair value of $196,391 and representing less than 1% of the Fund's net assets.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

1. GENERAL INFORMATION

These notes are an integral part of these financial statements and contain important information about the First Asset Exchange Traded Funds (individually, a Fund, and collectively, the Funds). The following table indicates the date upon which each Fund was established or the prospectus date of the initial public offering for Funds that were originally established as closed-end investment trusts (Inception Date). The date upon which each class of securities of each Fund started trading on the Toronto Stock Exchange (TSX) (Launch Date) is also indicated below.

Fund	TSX Ticker Symbol	Inception Date	Common Units	Advisor Class Units	Unhedged Common Units (CAD and/or USD)	Unhedged Advisor Class Units (CAD and/or USD)
TRUSTS						
First Asset Can-Energy Covered Call ETF	OXF	May 16, 2011	June 1, 2011	June 1, 2011		
First Asset Can-Materials Covered Call ETF	MXF	May 16, 2011	June 4, 2011	June 4, 2011		
First Asset Canadian Convertible Bond ETF	CXF	May 24, 2011	June 7, 2011	June 7, 2011		
First Asset Tech Giants Covered Call ETF	TXF	October 17, 2011	October 26, 2011	October 26, 2011		
First Asset Morningstar Canada Dividend Target 30 Index ETF	DXM	January 13, 2012	February 6, 2012	February 6, 2012		
First Asset Morningstar US Dividend Target 50 Index ETF	UXM	January 13, 2012	February 6, 2012	February 6, 2012	October 22, 2013	October 22, 2013
First Asset Morningstar National Bank Quebec Index ETF	QXM	January 13, 2012	February 6, 2012	February 6, 2012		
First Asset Morningstar Canada Momentum Index ETF	WXM	January 13, 2012	February 15, 2012	February 15, 2012		
First Asset Morningstar Canada Value Index ETF	FXM	January 13, 2012	February 15, 2012	February 15, 2012		
First Asset Provincial Bond Index ETF	PXF	January 3, 2013	January 21, 2013	January 21, 2013		
First Asset 1-5 Year Laddered Government Strip Bond Index ETF	BXF	May 30, 2013	June 11, 2013	June 11, 2013		
First Asset Morningstar US Value Index ETF	XXM	October 11, 2013	October 22, 2013	October 22, 2013	October 22, 2013	October 22, 2013
First Asset Morningstar US Momentum Index ETF	YXM	October 11, 2013	October 22, 2013	October 22, 2013	October 22, 2013	October 22, 2013
First Asset MSCI Canada Low Risk Weighted ETF	RWC	January 27, 2014	February 19, 2014	February 19, 2014		
First Asset MSCI Europe Low Risk Weighted ETF	RWE	January 27, 2014	February 11, 2014	February 11, 2014	February 11, 2014	February 11, 2014
First Asset MSCI USA Low Risk Weighted ETF	RWU	January 27, 2014	February 11, 2014	February 19, 2014	February 19, 2014	February 19, 2014
First Asset MSCI World Low Risk Weighted ETF	RWW	January 27, 2014	February 19, 2014	February 11, 2014	February 11, 2014	February 11, 2014
First Asset Hamilton Capital European Bank ETF	FHB	July 18, 2014	July 29, 2014	July 29, 2014		
First Asset Active Canadian Dividend ETF	FDV	July 18, 2014	September 9, 2014	September 9, 2014		
First Asset U.S. & Canada LifeCo Income ETF	FLI	August 25, 2014	September 3, 2014	September 9, 2014		
First Asset Morningstar International Value Index ETF	VXM	October 20, 2014	November 18, 2014	November 18, 2014	November 18, 2014	November 18, 2014
First Asset Morningstar International Momentum Index ETF	ZXM	October 20, 2014	November 18, 2014	November 18, 2014	November 18, 2014	November 18, 2014
First Asset Utility & Infrastructure ETF	FAI	January 12, 2015	January 16, 2015	January 23, 2015		
First Asset Active Credit ETF	FAO	January 12, 2015	January 19, 2015	January 23, 2015	January 19, 2015	January 23, 2015
First Asset Core Canadian Equity ETF	CED	January 12, 2015	January 20, 2015	January 20, 2015		
First Asset Core U.S. Equity ETF	CES	January 12, 2015	January 20, 2015	January 20, 2015	January 20, 2015	January 20, 2015
First Asset Core Balance Balanced ETF	CBB	January 12, 2015	February 10, 2015	February 10, 2015		
First Asset Energy Giants Covered Call ETF	NXF	January 26, 2015	February 10, 2015	February 10, 2015		
First Asset Canadian REIT ETF	RIT	July 10, 2015	July 14, 2015	July 21, 2015		
CORPORATE CLASS						
First Asset CanBanc Income ETF	CIC	September 18, 2015	September 24, 2015			
First Asset Core Canadian Equity Income ETF	CSY	November 4, 2015	November 12, 2015			

First Asset CanBanc Income ETF and First Asset Core Canadian Equity Income ETF are, respectively, ETF share classes of First Asset Fund Corp. and First Asset Core Fund Corp. (each a Fund Corporation), both established under the laws of the Province of Ontario as mutual fund corporations.

The remaining funds (individually, a Trust, and collectively, the Trusts) are established as investment funds under the laws of the Province of Ontario and governed by a Declaration of Trust. Each Trust offers two classes of securities called Common Units and Advisor Class Units and, if applicable, Unhedged Common Units and Unhedged Advisor Class Units. First Asset Core U.S. Equity ETF and First Asset Active Credit ETF also offer U.S. dollar denominated Unhedged Common Units and Unhedged Advisor Class Units. The only difference between the Common Units and the Advisor Class Units is the management fee payable by a Fund due to the

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

service fee payable by First Asset in respect of the Advisor Class Units (as described in note 8). The primary between the currency hedged securities and the unhedged securities, if any, of a Fund is that the exposure in relation to the unhedged securities of such Fund to currencies other than the Canadian dollar is not hedged back to the Canadian dollar. Accordingly, the net asset value attributable to holders of redeemable securities per security of each class will not be the same as a result of the different fees allocable to each class of securities and/or the different currency hedging strategy, as applicable. All classes of securities of the Funds are currently listed on the TSX.

Refer to section A of the Fund Specific Notes for details of the investment objectives and strategies of each Fund.

The manager of each Fund is First Asset Investment Management Inc. (First Asset). On October 23, 2015, CI Financial Corp. announced that it had agreed to acquire First Asset Capital Corp. The transaction, which closed on November 30, 2015, resulted in a change of control of First Asset. CI Financial Corp. is a diversified wealth management company publicly traded on the TSX under the symbol CIX.

Each Fund's registered office is at 95 Wellington Street West, Suite 1400, Toronto, Canada.

The Schedule of Investment Portfolio for each Fund is as at December 31, 2015. The Statements of Financial Position for each Fund are as at December 31, 2015 and December 31, 2014, where applicable. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Securities and Statements of Cash Flows for each Fund are for the 12-month period ended December 31, 2015 and 2014, except for Funds or classes established during the period, in which case the information for that Fund or class is provided for the period from Inception Date of the Fund or Launch Date of the class to December 31 of the applicable year.

These annual financial statements of the Funds for the year ended December 31, 2015 were approved and authorized for issuance by the Board of Directors of First Asset on March 28, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Funds have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Funds adopted IFRS on January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Funds prepared their financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Canada Handbook (Canadian GAAP).

The financial statements have been prepared on a going concern basis using the historical cost convention except for financial assets and financial liabilities measured at fair value through profit or loss. The Funds' accounting policies for measuring fair value of investments and derivatives are consistent with those used in measuring the net asset value (NAV) for transactions with securityholders.

Functional and presentation currency

The financial statements are presented in Canadian dollars (CAD), which is the currency of the primary economic environment in which the Funds operate and is considered the functional currency of the Funds. For First Asset Active Credit ETF and First Asset Core U.S. Equity ETF, all information is stated in Canadian dollars except for all per unit information for the U.S. dollar classes which are stated in U.S. dollars.

Financial instruments

(i) Classification and recognition of financial instruments

The Funds classify financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*.

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss (FVTPL) is sub-divided into:

Financial assets and liabilities held for trading: Financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. All derivatives and liabilities from short sales of financial instruments are classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Funds' policy is not to apply hedge accounting.

Financial instruments designated as fair value through profit or loss upon initial recognition: All investments held by the Funds (other than derivatives and securities sold short) are designated as fair value through profit or loss upon initial recognition. The Funds include equities, bonds, and other interest-bearing investments in this category. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Funds, as set out in each Fund's prospectus.

Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and each Fund's designation of such instruments. Regular way purchases and sales of financial assets and liabilities are recognized at their trade date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

All other financial assets not measured at FVTPL are measured at amortized cost. Included in this category are subscriptions receivable, accrued income, dividends receivable, interest receivable and due from broker. Financial assets are shown at the amount required to be received, discounted, when appropriate, at the contract's effective interest rate.

Other financial liabilities

All other financial liabilities not measured at FVTPL are measured at amortized cost. Included in this category are due to broker, accounts payable and accrued liabilities, management fee payable, redemption payable and distributions payable to holders of redeemable securities. Financial liabilities are shown at the amount required to be paid, discounted, when appropriate, at the contract's effective interest rate.

(**ii) Valuation of financial instruments**

Financial assets and financial liabilities at FVTPL are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs, such as brokerage commissions incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss. All other financial assets and liabilities (other than those classified as FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Funds recognize the difference in the Statements of Comprehensive Income, unless specified otherwise.

After initial measurement, the Funds measure financial instruments which are classified as FVTPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded as unrealized appreciation (depreciation) on investments in the Statements of Comprehensive Income. Net realized gain (loss) on sale of investments and unrealized appreciation (depreciation) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

Other financial assets and liabilities (other than those classified as FVTPL) are measured at amortized cost.

The Funds' obligation for net assets attributable to holders of redeemable securities is presented at the residual amount (total assets less total liabilities of each Fund).

The Funds meet the definition of an investment entity within IFRS 10 Consolidated Financial Statements and are required to measure their subsidiaries, if any, at FVTPL rather than consolidate them. The fair values of each specific type of investment and derivative are determined in the following manner:

Portfolio investments

In the case of publicly traded securities, fair value means the close or last traded price when the price falls within the day's bid-ask spread. For bonds and debentures, fair value means the most recent price provided by independent security pricing services, except in the case of First Asset Active Credit ETF where bonds and bank debt are valued at the bid price provided by independent security pricing services or broker quotes. In the circumstance where the close or last traded price falls outside of the bid-ask spread, then fair value is determined by using bid price for long positions and ask price for short positions, or a different point within the bid-ask spread that First Asset determines to be more representative of fair value.

Derivatives

Outstanding option positions are valued at an amount equal to the current fair value that would have the effect of closing the position. Any difference resulting from revaluation and gains or losses realized upon expiration or exercise of the options are recognized in the Statements of Comprehensive Income.

Certain Funds are permitted to invest in forward foreign currency contracts to hedge foreign currency exposure on the investment portfolio. The value of forward currency contracts is recorded as the unrealized gain or loss that would be realized if the position was to be closed out and recorded as an unrealized appreciation (depreciation) on forward foreign currency contracts in the Statements of Financial Position. Upon maturity of the contracts, the difference between the carrying value and the fair value is included in net realized gain or loss on forward foreign currency contracts in the Statements of Comprehensive Income.

Other financial assets and liabilities

Other assets and liabilities are short-term in nature and are carried at amortized cost.

(**iii) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income recognition

(i) Interest income for distribution purposes

The interest for distribution purposes shown in the Statements of Comprehensive Income represents the coupon interest received by the Funds accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Dividend revenue

Dividend revenue is recognized when the Funds' right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statements of Comprehensive Income.

(iii) Income from options

Premiums received from writing options are included in the Statements of Financial Position as a liability and subsequently adjusted daily to fair value. When a written option expires unexercised, the Funds will realize a gain equal to the premium received. When a written option is closed, the Funds will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received.

(iv) Securities lending

The Funds have entered into a securities lending program with their custodian. These transactions involve the temporary exchange of securities for collateral with a commitment to re-deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income from securities lending is included in the Statements of Comprehensive Income and is recognized when earned.

The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of that Fund. Collateral received consists of qualified securities and securities that are immediately convertible into, or exchangeable for securities of the same type, the same term and in the same number as those loaned by each Fund with market values of at least 102% of the market value of the loaned securities. Aggregate values of securities on loan and related collateral held as at December 31, 2015 and 2014 are disclosed as a footnote to the Statements of Comprehensive Income.

Investment transactions and expense recognition

Expenses directly attributable to a class are charged to that class. Other expense, income, realized gains and losses from investment transactions are allocated proportionately to each class based on the relative NAV of each class. Realized and unrealized gains and losses on forward foreign currency contracts entered into to hedge currency exposure of hedged classes are allocated only to that class.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments with a term to maturity of less than three months from date of purchase. Cash and cash equivalents are categorized as held for trading and therefore are carried at fair value. Short-term investments are valued at cost plus accrued interest, which approximates fair value.

Redeemable participating securities

Redeemable participating securities are classified as financial liabilities and are redeemable at the securityholder's option at prices disclosed in note 7.

Foreign currency translation

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as FVTPL are included in the Statements of Comprehensive Income as part of "net realized and unrealized gain (loss) on sale of investments" and foreign exchange gains and losses relating to cash and other assets and liabilities are presented as "net realized foreign exchange gain (loss)".

Increase (decrease) in net assets attributable to holders of redeemable securities per security

Increase / (decrease) in net assets attributable to holders of redeemable securities per security of each class is calculated by dividing the "Increase (decrease) in net assets attributable to holders of redeemable securities from operations (excluding distributions)" as disclosed in the Statements of Comprehensive Income, by the weighted average number of securities outstanding during the period. Refer to section C of the Fund Specific Notes for the calculation.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Funds' financial statements are listed below. The Funds will adopt any applicable standards when they become effective.

IFRS 9, Financial Instruments - Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9), which replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

compulsory. First Asset is currently assessing the impact of adopting this standard.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, with early application permitted. First Asset is currently assessing the impact of adopting this standard, but it is not expected to have a material impact to the Funds.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting year. Significant judgments and estimates include the valuation of investments and derivatives, classification of redeemable securities and classification of the Funds as investment entities.

First Asset has made an assessment of the Funds' ability to continue as a going concern and is satisfied that the Funds have the resources to continue in business for the foreseeable future. Furthermore, First Asset is not aware of any material uncertainties that may cast significant doubt upon the Funds' ability to continue as a going concern. Therefore, the financial statements of the Funds continue to be prepared on a going concern basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed in these notes. The Funds based their assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Funds. Such changes are reflected in the assumptions when they occur.

5. MANAGEMENT OF FINANCIAL RISK

In the normal course of business, the Funds are exposed to various financial risks, including credit risk, liquidity risk and market risk (consisting of interest rate risk, currency risk and other price risk). The Funds' overall risk management program seeks to minimize potentially adverse effects of these risks on the Funds' financial performance by employing professional, experienced portfolio advisors, by monitoring daily the Funds' positions and market events and by diversifying the investment portfolio within the constraints of the investment guidelines and periodically may use derivatives to hedge certain risk exposure. To assist in managing risk, First Asset maintains a governance structure that oversees the Funds' investment activities and monitors compliance with the Funds' stated investment strategies, investment guidelines and securities regulations. Please refer to section D of the Fund Specific Notes for specific risk disclosures related to each Fund.

(i) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

For those Funds that invest in fixed income securities or derivative contracts, the value presented on the Schedule of Investment Portfolio includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Funds. The Funds' holdings are continually monitored in regards to credit quality and relative value. Generally, the greater the credit rating of a security, the lower the probability of it defaulting on its obligations. In order to mitigate credit risk, First Asset attempts to focus on only highly creditworthy issuers that are less likely to suffer harshly during a downturn in the economic environment. As well, credit risk is managed by selecting Schedule I Banks operating in Canada as counterparties to the forward foreign currency contracts, if applicable, and by regular monitoring of credit exposures. Carrying amounts for accrued income represent minimal credit risk exposure as they will be settled in the short term. Credit ratings are obtained from Standard & Poor's. Where more than one rating is obtained for a security, the lowest rating has been used. See the Schedule of Investment Portfolio for the credit ratings of counterparties from over-the-counter derivative contracts, where applicable.

The Funds may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the Fund must be at least 102% of the fair value of securities loaned.

All transactions executed by the Funds in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

(ii) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to meet their obligation on time or at a reasonable price.

The Funds' exposure to liquidity risk is concentrated in the daily redemptions of securities. Since the delivery of redemptions is typically in the form of securities, the Funds are not exposed to any significant liquidity risk.

Generally, the Funds invest in securities that are considered readily realizable as they are actively traded on public exchanges. Certain securities may be less liquid than other securities and involve the risk that First Asset may not be able to dispose of them at the current market prices. As such, it may be difficult to significantly alter the composition of a Fund's portfolio in a short period of time.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. MANAGEMENT OF FINANCIAL RISK (continued)

The maturity of the Funds' financial liabilities are all between 1 and 3 months, except for the redeemable securities which are redeemable on demand at the holder's option. First Asset does not expect that this contractual maturity is representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

(iii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Certain Funds invest in interest bearing financial instruments. As such, these Funds are exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. For portfolios that contain fixed income securities, First Asset reviews the remaining term-to-maturity dates on a regular basis to ensure diverse and balanced exposure.

(iv) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Certain Funds invest a portion of their assets in securities that are denominated in a currency other than the Canadian dollar, which represents the functional currency of the Funds. Consequently, these Funds are exposed to currency risk as the value of the portfolio securities denominated in currencies other than the Canadian dollar will vary due to changes in foreign currency exchange rates. For Funds with hedged classes, currency risk is mitigated by entering into forward foreign currency contracts and, as such, the hedged classes do not have significant exposure to currency risk. Significant currency risk exposure impacting the hedged and unhedged classes of each Fund is disclosed in the Fund Specific Notes, except for First Asset Core U.S. Equity ETF which has indirect exposure to currency risk as the Fund holds units in underlying investment funds which are denominated in Canadian dollars, however, the underlying funds invest in instruments that are denominated in a currency other than the Canadian dollar.

The US$ Common Units and US$ Advisor Class Units of First Asset Active Credit ETF do not have significant exposure to currency risk as the Fund's underlying portfolio is denominated in U.S. dollars and these two classes of securities are similarly denominated in U.S. dollars, which essentially eliminates the impact of fluctuations in exchange rates for securityholders.

(v) Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

All investments in securities present a risk of loss of capital. The maximum market price risk resulting from these investments is equivalent to their fair value. The value of the portfolios will be influenced by factors which are not within the control of the Funds including the performance of the portfolio securities, the condition of the equity markets generally and other factors. Market price risk is mitigated through the careful selection and diversification of securities within the limits of the Funds' investment objectives and strategies as well as the daily monitoring of the Funds' investment portfolio by First Asset.

6. FAIR VALUE MEASUREMENT HIERARCHY

Funds classify financial instruments into three levels based on inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect First Asset's determination of assumptions that market participants might reasonably use in valuing the securities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Funds determine whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of securities no longer being traded in an active market. For the periods ended June 30, 2015 and December 31, 2014, there were no transfers of financial assets and liabilities from Level 1 to Level 2.

Financial assets and liabilities transferred from Level 2 to Level 1 are the result of securities now being traded in an active market. For the periods ended June 30, 2015 and December 31, 2014, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

The Funds did not hold any significant positions of Level 3 investments at the beginning of, during, or at the end of the reporting periods.

Refer to section B of the Fund Specific Notes for the relevant disclosure.

7. REDEEMABLE SECURITIES

Each Trust is authorized to issue an unlimited number of redeemable, transferable Common Units and Advisor Class Units, including unhedged and US$ classes if

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. REDEEMABLE SECURITIES (continued)

applicable, each of which represents an undivided interest in the net assets of the Fund. Whole units of each class of securities are convertible into whole units of any other class of securities of the Trust on the basis of their respective net asset values, with any remaining fractional units redeemed at their net asset value.

The authorized capital of each Fund Corporation includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each a Corporate Class), issuable in an unlimited number of series, and one class of voting shares designated as Class J Shares. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. First Asset CanBanc Income ETF is a separate Corporate Class of First Asset Fund Corp. and First Asset Core Canadian Equity Income ETF is a separate Corporate Class of First Asset Core Fund Corp. Each of First Asset CanBanc Income ETF and First Asset Core Canadian Equity Income ETF currently consist of one series of exchange traded fund shares (ETF Shares).

On any trading day, a designated broker or underwriter may place a subscription order for an integral multiple of the prescribed number of securities (PNU) of each Fund. A trading day is each day on which the TSX is open for business.

If the subscription order is accepted, the Fund will generally issue securities to the designated broker or underwriter within three trading days from the effective day of the subscription. For each PNU issued, a designated broker or underwriter must deliver payments consisting of (i) a basket of applicable securities and cash in an amount so that the value of the securities and cash is equal to the net asset value of the PNU of the Fund at the valuation time on the effective day of the subscription; or (ii) if approved by First Asset, cash in an amount sufficient so that the value of the cash is equal to the net asset value of the PNU of the Fund at the valuation time on the effective day of the subscription, in each case plus any applicable subscription fee determined by First Asset.

Securities of each Fund may also be issued to securityholders of such Fund on the automatic reinvestment of all distributions in accordance with the distribution policy of the Fund.

Securityholders may exchange an integral multiple of the PNU of each Fund on any trading day for baskets of securities and cash, or in the discretion of First Asset, cash only. The exchange price will be equal to the net asset value of the applicable PNU of the Fund tendered for exchange at the valuation time on the effective day of the exchange request, payable generally within three trading days from the effective day of the exchange request by delivery of (i) a basket of securities and cash in an amount sufficient so that the value of the securities and cash is equal to the applicable net asset value of the PNU of the Fund; or (ii) if approved by First Asset, cash only in an amount sufficient so that the value of the cash is equal to the applicable net asset value of the PNU of the Fund, in each case less any applicable redemption fee determined by First Asset. The securities will be redeemed in the exchange.

On any trading day, securityholders of each Fund may also redeem securities of such Fund at a redemption price per security equal to 95% of the applicable closing price for such securities on the TSX on the effective day of the redemption less any applicable redemption fee determined by First Asset.

Securityholders that have delivered a redemption request prior to the distribution record date for any distribution will not be entitled to receive that distribution.

8. EXPENSES

As compensation for the services it provides to the Funds, the Funds pay First Asset an annual management fee on the applicable ETF Shares or, in case of the Trusts, on Common and Advisor Class Units, including unhedged and U.S. dollar classes if applicable, as disclosed in a footnote to the Statements of Comprehensive Income, calculated daily and paid monthly in arrears plus, in respect of the Advisor Class Units, and Unhedged Advisor Class Units if applicable, an additional amount for the service fee payable to dealers, calculated daily and paid as soon as practicable after the end of each calendar quarter.

First Asset Hamilton Capital European Bank ETF, First Asset Active Canadian Dividend ETF, First Asset U.S. & Canada Lifeco Income ETF, First Asset Utility and Infrastructure ETF, First Asset Active Credit ETF, First Asset Core Canadian Equity ETF, First Asset Core U.S. Equity ETF, First Asset Core Balanced ETF, First Asset Canadian REIT ETF, First Asset CanBanc Income ETF and First Asset Core Canadian Equity Income ETF are responsible for all costs relating to their operations and administration.

For all other Funds, First Asset is responsible for all costs and expenses of the Funds, except for the management fee, brokerage expenses and commissions, the costs of any financial instruments used to achieve the investment objective of the Funds, reasonable costs associated with the Independent Review Committee, income taxes, withholding taxes, any applicable goods and services or other sales taxes including GST/HST, costs of complying with any new governmental or regulatory requirement introduced after the Funds were established, any costs associated with the printing and distribution of any documents that securities regulatory authorities require to be sent to securityholders, any transaction costs incurred by the custodian and any extraordinary expenses plus applicable taxes. From the management fee, First Asset pays for all other costs and expenses relating to the operation of the business of the Funds including administration, legal, accounting, custody, audit, registrar and transfer agency fees. As a result, these Funds do not have any other expenses.

In addition to covering brokerage services on security transactions, commissions paid to dealers may also cover research services provided to First Asset. The value of research services included in commissions and other transaction costs during the period is presented as a footnote to the Statements of Comprehensive Income.

9. DISTRIBUTIONS

Each Fund distributes to its securityholders on a monthly or quarterly basis. The amounts of distributions are based on First Asset's assessment of anticipated cash flow of the Funds from time to time.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DISTRIBUTIONS (continued)

If, in any year, after such distributions, there would otherwise remain in a Fund additional net realized capital gains, the Fund intends to make, on or before December 31 of that year, a special distribution of such portion of the remaining net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax under the Income Tax Act (Canada) (the Tax Act). Such special capital gains distribution may be paid in securities and subsequently consolidated. They are reported as taxable distributions and increase each securityholder's adjusted cost base for their securities. Neither the number of securities held by the securityholder, nor the net asset value per security of the Fund change as a result of any non-cash capital gains distributions.

10. TAXATION

Each Trust qualifies, or is expected to qualify, as a mutual fund trust under the provisions of the Tax Act, and accordingly, is not subject to tax on its net taxable income for the tax year, including net realized capital gains, which is paid or payable to its securityholders as at the end of the tax year which ends December 15. Such distributed income is taxable in the hands of the securityholders. Income tax on net realized capital gains not paid or payable is generally recoverable, as redemptions occur, by virtue of refunding provisions contained in the Tax Act. No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized taxable capital gains are distributed to securityholders.

The remaining Funds are separate Corporate Classes of Fund Corporations. Each Fund Corporation qualifies and intends to continue to qualify as a mutual fund corporation under the Tax Act and has a tax year which ends December 31. Mutual Fund corporations are generally subject to tax in the same manner as other public corporations except that income taxes payable on realized capital gains are refundable on a formula basis when shares of the Fund Corporation are redeemed or capital gains dividends are paid by the Fund Corporation to its shareholders. The Fund Corporation is subject to a special tax at the rate of 33 1/3% on taxable dividends received from taxable Canadian corporations. The tax is refundable to the Fund Corporation upon the payment of taxable dividends to its securityholders at the rate of $1 for every $3 of dividends paid.

As at the Funds' taxation year-ends, certain Funds have capital and non-capital loss carryforwards for income tax purposes which are disclosed in a footnote to the Statements of Changes in Net Assets Attributable to Holders of Redeemable Securities. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income of future years and expire in the year(s) indicated in the footnote.

The Funds may be subject to withholding taxes, deducted at the source of the income, imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income. For the purpose of the Statements of Cash Flows, cash flows from investments are presented net of withholding taxes.

11. CAPITAL MANAGEMENT

Each Fund manages its capital in accordance with its investment objectives and strategies outlined in section A of the Fund Specific Notes and the risk management practices disclosed in note 5 and endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet distributions and redemptions. In order to manage their capital structures, the Funds may adjust the amount of distributions paid to securityholders.

12. RELATED PARTY TRANSACTIONS

First Asset manages and administers the business operations and affairs of the Funds, and, other than First Asset Hamilton Capital European Bank ETF and First Asset Active Credit ETF, is also responsible for providing all investment advisory and portfolio management services required by the Funds. These services are in the normal course of operations and are recorded at the amount of the consideration agreed to by the parties.

An affiliate of First Asset administers the Funds' relationship with the Funds' Independent Review Committee on behalf of First Asset, however, it receives no compensation for doing so. Members of the Independent Review Committee receive fees from the Funds for services rendered to the Funds.

The above services are reported in the Statements of Comprehensive Income as management fee, dealer service fees and Independent Review Committee fees, as applicable. Management fee payable and accounts payable and accrued liabilities are amounts generally payable to First Asset.

The Funds may have direct or indirect holdings in CI Financial Corp. or other funds managed by First Asset as identified in the Fund Specific Notes, if applicable.

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