

FIRST ASSET HAMILTON CAPITAL EUROPEAN BANK ETF



Interim Management Report of Fund Performance for the period
January 1, 2016 to June 30, 2016

Fund:

First Asset Hamilton Capital European Bank ETF

Securities:

Common Units - Listed Toronto Stock Exchange ("TSX"): FHB

Advisor Class Units - Listed TSX: FHB.A

Period:

January 1, 2016 to June 30, 2016

Manager & Trustee:

First Asset Investment Management Inc. ("First Asset")

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Portfolio Manager:

Hamilton Capital Partners Inc.

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Notes:

1. This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Fund. You can get a copy of the interim financial statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at www.sedar.com. Holders may also contact us to request a free copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.
2. This report may contain forward looking statements. Forward looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward looking statements.
3. Unless otherwise indicated all information is as at June 30, 2016.
4. None of the websites that are referred to in this report, nor any of the information on any such websites, are incorporated by reference in this report.

Investment Objectives and Strategies

The Fund's investment objective is to seek long-term total returns consisting of long-term capital appreciation and regular dividend income from an actively managed portfolio comprised primarily of equity securities of European banks.

The Fund will seek to achieve its investment objective through the application of specialized analysis and expertise and intends to invest in a portfolio of equity securities that in the view of the Portfolio Manager represents a diversified portfolio of the most attractive opportunities in the European banking sector. The Fund's investments may be selected from any subsector or capitalization level of the European banking sector.

Results of Operations

For the six-month period ended June 30, 2016, the Fund's Common Units returned -35.1%. This compares to the STOXX Europe 600 Banks Index and the broad market index, the MSCI Europe Index, which returned -29.1% and -3.8% respectively. The following tables highlight the performance of the Fund's Common Units and Advisor Class Units on a net asset value basis and market price basis.

Net Asset Value	June 30, 2016	December 31, 2015	Return
FHB	\$5.92	\$9.24	(35.1)%
FHB.A	\$5.88	\$9.18	(35.4)%

Market Value	June 30, 2016	December 31, 2015	Return
FHB	\$6.08	\$9.23	(33.6)%
FHB.A	\$6.01	\$9.34 ⁽¹⁾	(35.3)%

(1) Closing market price taken from last trade on December 7, 2015.

The above returns, whether based on net asset value or market price, assume the reinvestment of all distributions. The Fund's Common Units and Advisor Class Units had per unit distributions of \$0.08 and \$0.05, respectively, during the period.

The Fund's net assets were \$35.9 million as at June 30, 2016, a decrease from \$61.9 million as at December 31, 2015. The largest factors contributing to this decrease were net losses on investments of \$20.2 million and net redemptions of \$4.9 million.

Markets declined globally at the start of the period largely as a result of global growth concerns, sparked in part by mixed economic data out of China and, to a lesser extent, Europe. Despite concerns, end of year reporting in January and February showed that the European banks generated core earnings of over €90 billion, just below the 2007 pre-crisis level of €100 billion, supported by ~2% annualized GDP growth in the European Union (E.U.).

Much to the surprise of many pundits and pollsters, the U.K. voted to exit the E.U. by a 52% to 48% margin. Major equity markets fell sharply, including European banks, which declined 21% in the two days following the vote, while the U.K. pound fell to a 30-year low. After the initial shock and rating agency downgrades of the U.K., the broader markets settled and began to rebound. Various factors, including accommodative comments from various central banks, helped support an improvement in global equity market performance late in June, with several major indices nearing the levels they were at prior to the U.K. vote. Bank performance, however, did not keep pace.

A variety of factors brought the issue of Italian banks' large non-performing loans to the forefront in Italian bank valuations, primarily for the popolare banks, which account for less than 20% of total Italian bank assets (and less than 2% of total European bank assets). This caused markets to question the capital levels for this collection of smaller banks, overshadowing many of their positive underlying trends, including improving profitability and fiscal, regulatory and bank reform. As a result, Italian bank stocks significantly underperformed year-to-date.

An underweight exposure to U.K. stocks and hedging of the U.K. pound benefited the Fund's performance as the pound declined dramatically following the U.K. referendum. An underweight allocation to banks with large investment banking operations contributed to the Fund's performance amid a challenging global operating environment. The Portfolio Manager believes these challenges are structural rather than cyclical, including stricter liquidity ratios, significantly higher capital level requirements and reduced fixed income trading. In addition, large fines have impacted many companies' capital growth, while significantly greater regulatory scrutiny has impacted risk appetite. Together, these changes have drastically reduced return on equity in the investment banking industry.

Top individual contributors to performance included a significant underweight in HSBC Holdings plc, whose stock was weakened as a result of negative headlines regarding the company's capital concerns and its overweight exposure to emerging markets. A lack of exposure to Credit Suisse AG, a Swiss-based investment bank, one of the worst performers (on a percentage basis) in the benchmark, also contributed to the Fund's

performance. Another contributor was the Fund's underweight allocation to investment bank UBS Group AG.

An overweight exposure to Italian banks, which have had to contend with market concerns over non-performing loan levels primarily within popolare banks, detracted from the Fund's performance. An underweight allocation to Northern European banks also detracted from performance, as most are domiciled outside the eurozone, and therefore experienced less direct impact from some of the biggest macro-economic concerns during the first half of the year.

Individual detractors from performance included overweight positions in Bank of Ireland, and Italian banks, Banco Popolare Societa Cooperativa ("Banco Popolare") and Unione di Banche Italiane SpA ("UBI Banca"). Bank of Ireland declined sharply after the U.K. vote to exit the E.U. amid uncertainty and concerns over the potential impact on Ireland. The stock of Banco Popolare, despite announcing a favourable merger with Banca Popolare di Milano expected to close before year-end, was pressured by the European Central Bank's request that it raise additional capital to receive merger approval. While the dilution to current stockholders was disappointing, Banco Popolare successfully raised the capital, with a 99.5% subscription rate. UBI Banca was impacted by market concerns around the broader sector's non-performing loan book.

The Portfolio Manager purchased new holdings in Bankinter SA, Banca Popolare dell'Emilia Romagna and Swedbank AB to diversify the Fund's positions and, in the case of latter, for its high-quality and strong dividend. Existing positions in Danske Bank A/S, Jyske Bank A/S, Skandinaviska Enskilda Banken AB, Société Generale, Intesa Sanpaolo SPA and Erste Group Bank AG were increased to diversify the portfolio away slightly from higher-risk companies and regions.

Several positions were eliminated from the Fund, including UBS AG and Deutsche Bank AG, amid concerns over the long-term outlook for investment banks. Royal Bank of Scotland Group PLC was sold following the U.K. vote to exit the E.U., and DNB Financial Corp. was liquidated because of concerns over the impact of an oil sell-off to the broader Norwegian economy. Barclays PLC and HSBC Holdings plc were trimmed to underweight positions after the U.K. referendum vote and, in the case of the latter, as a result of capital concerns. UniCredit SPA holdings were reduced as markets became concerned that the company may need to raise capital.

Recent Developments

Although the Portfolio Manager does not expect the U.K.'s referendum vote to be a long-term negative, particularly in the U.K. itself, there will be added uncertainty in the coming period, which often results in added volatility for equities. The upcoming Italian senate reform referendum expected to take place in October 2016 may present a material risk for Italian stocks and the stability of the eurozone in general. Although Europe does not operate in a vacuum, and macro events will continue to impact market sentiment, the Portfolio Manager believes that the underlying fundamentals will continue to improve in European banking, albeit perhaps at a slower pace following the U.K. exit from the E.U.

Related Party Transactions

First Asset and the Portfolio Manager are deemed to be related parties to the Fund. Please refer to the "Management Fee" section below which outlines fees paid to these parties. F.A. Administration Services Inc., an affiliate of First Asset, administers the Fund's relationship with the Fund's Independent Review Committee ("IRC") on behalf of First Asset, however, it receives no compensation for doing so.

The Fund has received standing instructions from its IRC with respect to the certain related party transactions: (a) trades in securities of CI Financial Corp. (referred to as "Related Issuer Trades"), which indirectly owns and controls First Asset; (b) purchases or sales of securities of an issuer from or to another investment fund managed by First Asset (referred to as "Inter-Fund Trades"); (c) purchases or sales by the Fund of securities of another investment fund managed by First Asset (referred to as "Related Fund Trades"); and (d) mergers of funds with another fund that is subject to National Instrument 81-102 ("Fund Mergers").

The applicable standing instructions require that related party transactions be conducted in accordance with First Asset's policies and procedures. First Asset is required to advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to related party transactions (a) are made by First Asset free from any influence by any entities related to First Asset and without taking into account any consideration to any affiliate of First Asset; (b) represent the business judgment of First Asset uninfluenced by considerations other than the best interests of the Fund; and (c) are made in compliance with First Asset's policies and procedures. Transactions made by First Asset in respect of the Fund under the standing instructions are subsequently reviewed by the IRC on a semi-annual basis to monitor compliance.

First Asset, the Portfolio Manager and the Fund were not party to any related party transactions during the period ended June 30, 2016.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception.

THE FUND'S NET ASSETS PER SECURITY⁽¹⁾

	Common Units		
	2016	2015	2014 ⁽²⁾
Net Assets, beginning of period	\$9.24	\$9.62	\$10.00
Increase (decrease) from operations			
Total revenue	0.20	0.16	0.03
Total expenses	(0.04)	(0.13)	(0.05)
Realized gains (losses) for the period	(0.40)	(0.87)	(0.22)
Unrealized gains (losses) for the period	(3.11)	(0.39)	(0.86)
Total decrease from operations⁽³⁾	(3.35)	(1.23)	(1.10)
Distributions			
From income (excluding dividends)	(0.08)	(0.01)	0.00
From dividends	0.00	0.00	0.00
From capital gains	0.00	0.00	0.00
Return of capital	0.00	(0.05)	0.00
Total Distributions⁽⁴⁾	(0.08)	(0.06)	0.00
Net Assets, end of period⁽⁵⁾	\$5.92	\$9.24	\$9.62

	Advisor Class Units		
	2016	2015	2014 ⁽²⁾
Net Assets, beginning of period	\$9.18	\$9.59	\$10.00
Increase (decrease) from operations			
Total revenue	0.21	0.17	0.04
Total expenses	(0.07)	(0.21)	(0.09)
Realized gains (losses) for the period	(0.41)	(0.80)	(0.23)
Unrealized gains (losses) for the period	(3.00)	(0.28)	(0.30)
Total decrease from operations⁽³⁾	(3.27)	(1.12)	(0.58)
Distributions			
From income (excluding dividends)	(0.05)	0.00	0.00
From dividends	0.00	0.00	0.00
From capital gains	0.00	0.00	0.00
Return of capital	0.00	0.00	0.00
Total Distributions⁽⁴⁾	(0.05)	0.00	0.00
Net Assets, end of period⁽⁵⁾	\$5.88	\$9.18	\$9.59

Notes:

- (1) This information is derived from the Fund's audited annual and unaudited interim financial statements. The term "net assets" used in this report and the term "net assets attributable to holders of redeemable securities" used in the Fund's financial statements are interchangeable.
- (2) Results for the period from July 18, 2014 (inception date) to December 31, 2014.
- (3) Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the financial period.
- (4) Distributions were paid in cash.
- (5) This is not a reconciliation of the beginning and ending net assets per security.

RATIOS AND SUPPLEMENTAL DATA

	2016 Common Units	2015 Common Units	2014 Common Units
Total net asset value (000s) ⁽¹⁾	\$35,211	\$60,724	\$25,738
Number of securities outstanding ⁽¹⁾	5,950,483	6,573,000	2,675,000
Management expense ratio ⁽²⁾	1.18%	1.25%	1.15%
Management expense ratio before waivers or absorptions ⁽²⁾	1.18%	1.25%	1.66%
Portfolio turnover rate ⁽³⁾	22.24%	82.28%	15.35%
Trading expense ratio ⁽⁴⁾	0.13%	0.37%	0.32%
Net asset value per security	\$5.92	\$9.24	\$9.62
Closing market price ⁽⁵⁾	\$6.08	\$9.23	\$9.73

	2016 Advisor Class Units	2015 Advisor Class Units	2014 Advisor Class Units
Total net asset value (000s) ⁽¹⁾	\$732	\$1,166	\$719
Number of securities outstanding ⁽¹⁾	124,514	127,014	75,000
Management expense ratio ⁽²⁾	2.01%	2.09%	1.91%
Management expense ratio before waivers or absorptions ⁽²⁾	2.01%	2.09%	2.43%
Portfolio turnover rate ⁽³⁾	22.24%	82.28%	15.35%
Trading expense ratio ⁽⁴⁾	0.13%	0.37%	0.32%
Net asset value per security	\$5.88	\$9.18	\$9.59
Closing market price ⁽⁵⁾	\$6.01	\$9.34	\$9.50

Notes:

- (1) This information is provided as at December 31 of the year shown, except 2016, which is provided as at June 30.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (3) The Fund's portfolio turnover rate indicates how actively the Portfolio Manager manages the Fund's portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund 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 fund.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The Fund may charge a fee to designated brokers/dealers to offset the impact of certain transaction costs associated with a purchase or redemption of a prescribed number of units of the Fund. The transaction costs used in the trading expense ratio have been reduced by these fees.
- (5) If the securities traded during the period, the closing market price on the last trading day during the period that the securities traded, as reported on the TSX.

Management Fee

First Asset manages and administers the business operations and affairs of the Fund. First Asset has retained the Portfolio Manager to provide portfolio management services required by the Fund. As compensation for the services it provides to the Fund, the Fund pays First Asset an annual management fee on the Common and Advisor Class Units at the maximum annual rate set out below. The fee is based on the net asset value of the relevant class, and is calculated daily and paid monthly in arrears, except for the portion of the Advisor Class management fee that is in respect of the service fee payable to dealers which is calculated daily and paid quarterly in arrears. First Asset pays the Portfolio Manager out of its management fee. The services provided by First Asset to the Fund include, without limitation, the proper oversight to ensure implementation of the Fund's investment strategies, negotiating contracts with certain third-party service providers, authorizing the payment of operating expenses incurred on behalf of the Fund, maintaining certain accounting and financial records, calculating the amount and determining the frequency of distributions by the Fund, ensuring that securityholders are provided with financial statements and other reports as are required from time to time by applicable law, ensuring that the Fund complies with all other regulatory requirements including continuous disclosure obligations under applicable securities law and administering redemptions and other transactions in securities.

As a percentage of management fee

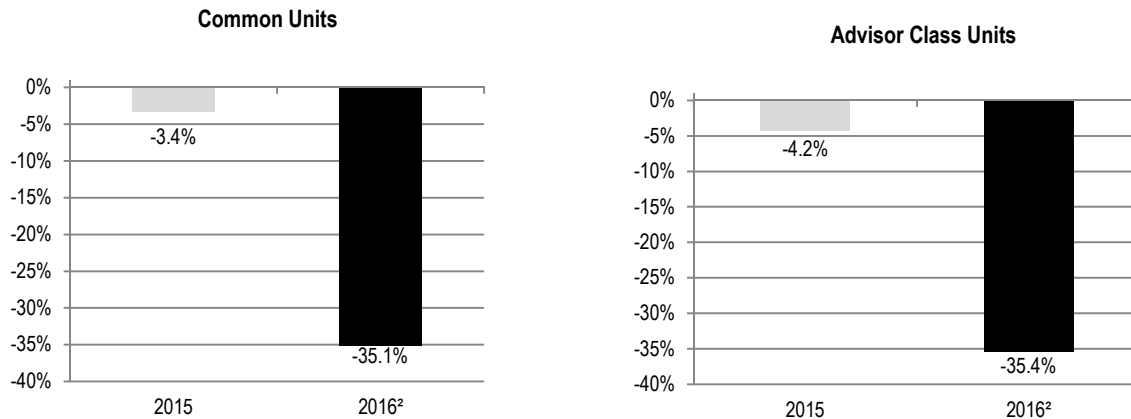
	Maximum annual management fee rate	Dealer compensation	General administration and profit
Common Units	0.85%	–	100%
Advisor Class Units	1.60%	47%	53%

Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Also note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns on performance. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS⁽¹⁾

The following bar charts show annual performance for each class of the Fund's securities for the financial years shown and illustrate how the Fund's performance has changed from year to year. The bar charts show, 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.



⁽¹⁾ Returns based on net asset value per security.

⁽²⁾ Returns for the period January 1, 2016 to June 30, 2016.

Summary of Investment Portfolio

The following is a summary of the Fund's investment portfolio as at June 30, 2016. This is a summary only and will change due to ongoing portfolio transactions of the Fund. A quarterly update is available on www.firstasset.com.

TOP 25 HOLDINGS AS AT JUNE 30, 2016

Description	% of Net Asset Value
Cash and Cash Equivalents	9.50
Intesa Sanpaolo SpA	6.23
Societe Generale SA	6.08
Danske Bank A/S	6.00
Jyske Bank A/S	5.77
Erste Group Bank AG	5.77
Commerzbank AG	5.30
BNP Paribas SA	5.19
CaixaBank SA	4.71
Credit Agricole SA	4.60
Bank of Ireland	4.51
Banco Bilbao Vizcaya Argentaria SA	4.43
Lloyds Banking Group PLC	4.40
Swedbank AB	4.04
Skandinaviska Enskilda Banken AB	3.57
Barclays PLC	3.46
Banco Santander SA	3.23
Banco de Sabadell SA	3.10
HSBC Holdings PLC	2.92
Unione di Banche Italiane SpA	2.79
Bankinter SA	2.45
Banco Popolare SC	2.40
Nordea Bank AB	2.31
Banca Popolare dell'Emilia Romagna SC	2.23
UniCredit SpA	1.91
Total Net Asset Value	\$35,943,629

SECTOR ALLOCATIONS AS AT JUNE 30, 2016

Industry	% of Net Asset Value
Financials	98.59
Cash and Cash Equivalents	9.50
	108.09
Other Liabilities, Net of Assets	(8.09)
Total Net Asset Value	100.00

