

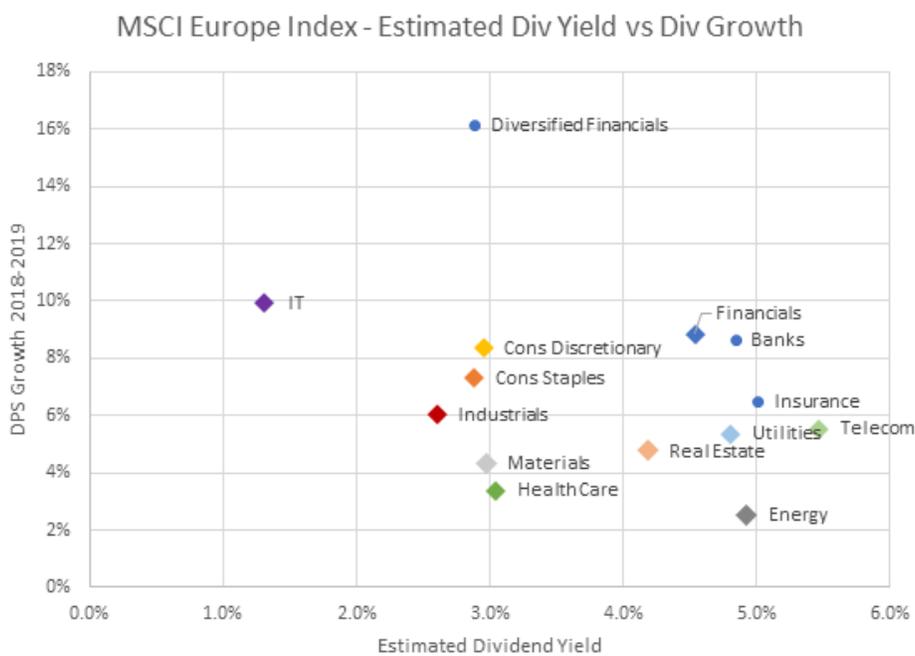
The MSCI Europe Index returned 4.1% during the second quarter while the MSCI Europe Banks Index (the "Benchmark") did much worse with a -4.8% return in local currency. The Euro currency was weak in the quarter, declining 3.5% against our Canadian Loonie. During the quarter, the European banks underperformed the broader global Financial sector, as measured by the MSCI ACWI Financials Index, which returned -3.1% in local Euro currency. The First Asset European Bank ETF (the "Fund") underperformed the broad European benchmark given broad underperformance of Financials in the period. More relevant is the Fund's modest outperformance of the Benchmark as the Fund returned -7.0% during the quarter, relative to the bank index decline of 8% in our domestic currency. For the full year, the Fund outperformed the Benchmark by almost 450 basis points.

The Benchmark derived positive performance during the quarter from Norway and the UK, while all other regions had overall negative performance. The positive UK performance is primarily attributable to HSBC, which returned almost 8% and represents nearly 18% of the Benchmark. We don't own HSBC as we believe the stock is too expensive, and that hurt our relative performance in the quarter. In Norway, DNB returned 10% over the period, and we were roughly at market weight. The Fund's very overweight position in Sweden benefited relative performance as our Swedish positions were just slightly negative on the quarter. Our Swiss overweight hurt performance as UBS returned negative 5% and was a larger position. Switzerland is not in the Benchmark and thus the UBS position is a complete overweight. We find UBS valuation extremely compelling at less than 10X forward earnings estimates. Given recent weakness in the Euro, the currency hedges in place benefited relative performance. The Fund starts the third quarter of 2018 with 50% of Euro currency exposures hedged.

Italy represents just 9.15% of the Benchmark, while the Fund was positioned with an average weight during the quarter of 10.9%, down from 17% in the first quarter. Our Italian exposures returned -14% during the quarter, 200 basis points worse than the Benchmark Italian returns. Conversations with Italian bank management teams suggest that business client activity continues to improve, and we are reminded that politics is always a mess and so it is business as usual, post the disappointing election results. We find fundamental valuations in Italy Financials as extremely enticing, however higher political and economic risks dampen our enthusiasm for the time being.

Our UK performance overall was slightly negative but ahead of the overall Euro banks average return. Positions held or traded during the quarter include Lloyds Bank, Prudential UK, Standard Life Aberdeen and Just Group PLC. Our valuation work suggests that the UK's domestically focused financials are trading with amongst the highest equity risk premiums globally given the Brexit uncertainty, rendering valuations as very undemanding.

European banks have significantly lagged their global competitors in recent years and appear to offer the most compelling regional investment opportunity within global Financials over the medium term. The outlook for European banks has been relatively hopeless in recent years, with an extremely low interest rate structure (even negative), weak economies, high political risks and still a few hundred billion in non-performing loans just in Italy. The Benchmark has returned only 26.5% over seven long years. However, we now believe the sector is poised to catch-up trade relative to global competitors, given less demanding valuations, an improving economic backdrop, a very recent and material decline in regulatory uncertainty (Basel IV) and an anticipated rise in European interest rate structures in the medium term. We have conviction that the European bank sector offers very compelling dividend yield and growth relative to the market as illustrated in the chart below:

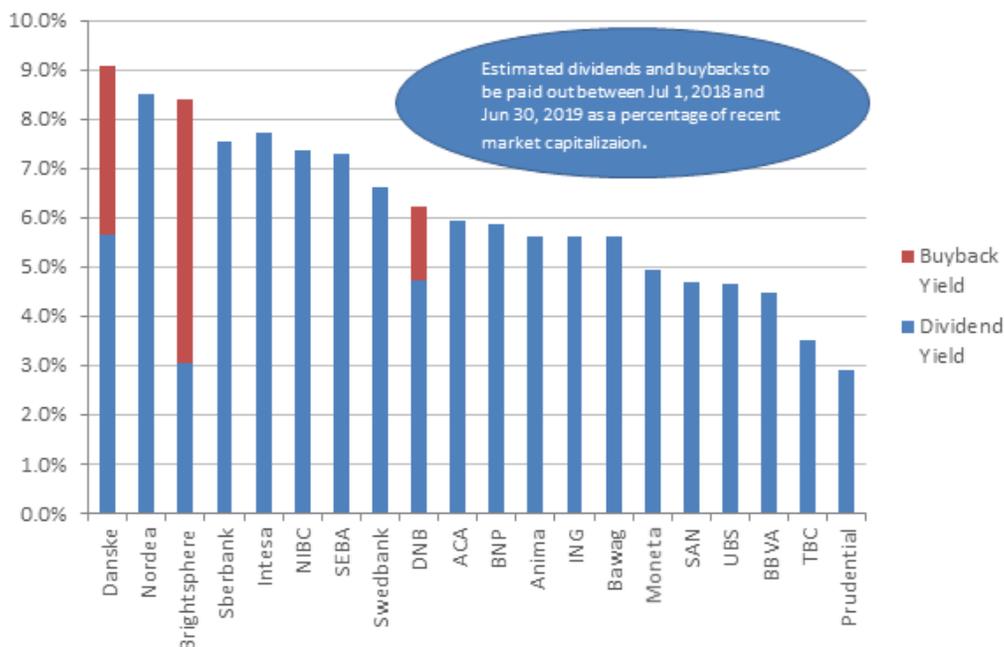


Source: MSCI, Bloomberg

For Illustrative Purposes Only: The chart shows estimates only, actual results may vary.

Sector Yield - We view the Financial sector as relatively appealing and unique given compelling yield opportunities that will likely benefit from increasing interest rates. The chart below illustrates dividends and buybacks as a percentage of current market capitalization for select holdings in the Fund.

### Estimated Dividend & Buyback Yield on Select FHB Positions



Source: Company Reports, Bloomberg, Signature Estimates.

For Illustrative Purposes Only: The chart shows estimates only, actual results may vary.

### Fund Performance



Source: First Asset as of June 29, 2018

The rate of return chart shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the Fund or returns on investment in the Fund.

Performance (%)	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	SI <sup>1</sup>
First Asset European Bank ETF	1.28	-6.99	-4.46	-4.46	-1.43	23.74	-4.35	-1.99
MSCI Europe Index Local	-0.29	4.08	-0.45	-0.45	4.30	11.98	5.69	6.10
MSCI Europe Banks Index Local	-0.59	-4.79	-8.95	-8.95	-7.49	20.52	-1.12	1.34
MSCI ACWI Financial Index Local	-1.66	-3.10	-4.74	-4.74	5.07	18.43	6.78	7.72

Source: Morningstar Direct as at June 29, 2018

Inception date: August 12, 2014<sup>1</sup>

Use of Benchmark: The MSCI Europe Index represents the performance of large and mid-cap equities across 15 developed countries in Europe. The Index has a number of sub-Indexes which cover various sub-regions market segments/sizes, sectors and covers approximately 85% of the free float-adjusted market capitalization in each country. This Index is used as a benchmark to help you understand the Fund's performance relative to the general performance of the broader European equity markets. The MSCI Europe Banks Index is composed of large and mid-cap stocks across 15 developed markets countries in Europe. This Index is used as a benchmark to help you understand the Fund's performance relative to the general performance of banks within the broader European equity markets. The MSCI ACWI Financials Index captures large and mid-cap representation across 23 developed and 24 emerging market countries. This index is used as a benchmark to help you understand the Fund's performance relative to the general performance of the financial sector within global developed and emerging markets.

1. The indicated rates of return are the historical annual compounded total returns, including changes in unit value and do not take into account sales, redemption or optional charges or income taxes payable by a security holder that would have reduced returns. On November 18, 2016, Signature Global Asset Management, a division of CI Investments Inc., commenced investment advisory and portfolio management services for the Fund.



**John Hadwen, CFA**  
 Vice-President, Portfolio Management  
 & Portfolio Manager  
 Signature Global Asset Management



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 Vice-President, Portfolio Management  
 & Associate Portfolio Manager  
 Signature Global Asset Management

*Signature Global Asset Management manages a diverse range of equity, balanced and income funds, and is CI Investments' largest in-house portfolio management group. The team of over 40 investment professionals, led by Chief Investment Officer Eric Bushell, manages over \$55 billion and has offices in Toronto and Hong Kong.*

### Investment Philosophy

The Signature investment philosophy is designed to deliver the best possible risk-adjusted returns in today's complex environment and is based on these key elements:

- The globalization of the world economy has resulted in increased complexity, requiring specialized knowledge.
- The increased interconnectivity of the global economy demands collaboration.



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### First Asset - Smart Solutions™

First Asset, a CI Financial Company, is a Canadian investment firm delivering a comprehensive suite of smart ETF solutions. Rooted in strong fundamentals, First Asset's smart solutions strive to deliver better risk-adjusted returns than the broad market while helping investors achieve their personal financial goals.

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