

Annual Management Report of Fund Performance

for the year ended December 31, 2017



JFT Strategies Fund

Fund:

JFT Strategies Fund

Securities:

Class A Units - Listed TSX: JFS.UN

Class F Units

Private Placement Units

Manager & Trustee:

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

2 Queen Street East, Suite 1200

Toronto, ON M5C 3G7

(416) 642-1289 or (877) 642-1289

www.firstasset.com - info@firstasset.com

Portfolio Manager:

Timelo Investment Management Inc.

16 Industrial Parkway South, Suite 201

Aurora, Ontario L4G 0R4

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This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-877-642-1289, by writing to us at First Asset Investment Management Inc., 2 Queen Street East, Suite 1200, Toronto, ON, M5C 3G7 or by visiting our website at www.firstasset.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of the JFT Strategies Fund (the "Fund") is to maximize return on investment to holders of units while seeking to mitigate market risk and volatility by investing in an actively managed portfolio of long and short positions in any one or a combination of equities, debt securities or other securities.

RISKS

There were no changes to the Fund over the period of this report that materially affected the overall level of risk associated with an investment in the Fund. Securityholders should still refer to the annual information form ("AIF") for the Fund as it contains a detailed discussion of risk and other considerations relating to an investment in the Fund. The AIF is available free of charge from us (contact information above), on our website at www.firstasset.com and on SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

The Fund's net assets increased by \$0.2 million to \$236.3 million from December 31, 2016 to December 31, 2017. The Fund had net sales of \$0.7 million for the year. The portfolio's performance decreased assets by \$0.5 million. Class A securities returned -0.4% after fees and expenses for the one-year period ended December 31, 2017. Over the same time period, the Fund's benchmark returned 9.1%. The Fund's benchmark is the S&P/TSX Composite Total Return Index. Please refer to the "Past Performance" section which outlines the performance of the Fund's other classes of securities.

Global equity markets rebounded in 2017 amid anticipation of U.S. tax reform. In the latter half of the year, the price of oil rose from its June 2017 lows. An election was held in Germany, and Catalonia held a referendum to vote on its separation from Spain.

The Fund underperformed the S&P/TSX Composite Index during the period. Stock selection was the greatest contributor to the Fund's performance, with top individual contributors including Photon Control Inc., Diversified Royalty Corp. and ProShares Ultra Bloomberg Crude Oil ETF. These positions contributed 97 basis points ("bps"), 75 bps and 41 bps, respectively.

Exposure to energy detracted from the Fund's performance. Individual detractors from performance included Cardinal Energy Ltd., Crescent Point Energy Corp. and Bonavista Energy Corp., which detracted 145 bps, 143 bps and 100 bps, respectively, from performance.

The Portfolio Manager added several new holdings to the Fund, including Visa Inc., Cannabis Strategies Acquisition Corp., Alignvest Acquisition II Corp., a Government of Canada bond (1.25%, Nov. 2019) and a U.S. five-year treasury bond maturing December 2021. The Fund's exposure to the U.S. dollar was increased, as were its positions in Chemtrade Logistics Income Fund, Diversified Royalty Corp. and Vecima Networks Inc.

Algonquin Power & Utilities Corp., Slate Retail Real Estate Investment Trust ("REIT"), Agellan Commercial REIT and Utilities Select Sector SPDR Fund were eliminated from the Fund. Convertible debentures issued by Pure Multi Family REIT L.P. (6.5%, Sept. 2020) were sold, as were TransCanada Corp. (4.9%, Series 15) preferred shares. Holdings in Birchcliff Energy Ltd., Supremex Inc. and Enbridge Inc. (4.0%, Series 1) preferred shares were trimmed.

RECENT DEVELOPMENTS

The Portfolio Manager believes that markets are currently ignoring several potential risks, including geopolitical issues regarding North Korea and upcoming elections in Europe, where independence movements are gaining traction. Financial risks include high levels of government, corporate and household debt. Interest rates have begun to rise, and several central banks have announced plans to stop or reverse asset purchase programs. The Portfolio Manager believes this is a risk, as relatively easy monetary conditions have led to increasing asset prices. More locally, the Ontario economy may be negatively impacted by the minimum wage increase in January 2018.

Despite these risks, equity valuations are high and volatility is near an all-time low, which has the potential to lead to a correction down the road. Given this outlook, caution is warranted, and the Fund is positioned to have a low net equity exposure. The Portfolio Manager continues to look for new investment ideas that are trading at attractive valuations and have positive business developments on the horizon.

RELATED PARTY TRANSACTIONS

First Asset is deemed to be a related party 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

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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.

Except as otherwise noted below, First Asset, the Portfolio Manager and the Fund were not party to any related party transactions during the year ended December 31, 2017.

Related Issuer Trades – During the year, the Fund engaged in Related Issuer Trades. 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 IRC.

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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 for the past five years.

THE FUND'S NET ASSETS PER SECURITY ^{(1) *}

Class A Commencement of operations April 23, 2012	Year Ended				
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
	\$	\$	\$	\$	\$
Net assets, beginning of year	14.39	13.63	12.46	11.50	9.74
Increase (decrease) from operations					
Total revenue	0.31	0.39	0.41	0.39	0.48
Total expenses	(0.61)	(0.79)	(0.88)	(0.79)	(0.79)
Realized gains (losses) for the year	0.36	0.64	1.97	2.31	0.53
Unrealized gains (losses) for the year	(0.14)	0.52	(0.31)	(0.77)	1.53
Total increase (decrease) from operations ⁽²⁾	(0.08)	0.76	1.19	1.14	1.75
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	(0.04)	-
From capital gains	-	-	(0.81)	(0.78)	-
Return of capital	-	-	-	-	-
Total distributions ⁽³⁾	-	-	(0.81)	(0.82)	-
Net assets, end of the year ⁽⁴⁾	14.33	14.39	13.63	12.46	11.50

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	137,854	157,313	144,500	135,796	94,563
Number of securities outstanding ⁽⁵⁾	9,617,447	10,932,778	10,597,854	10,900,890	8,223,857
Management expense ratio excluding offering expenses (%) ⁽⁶⁾	3.45	5.73	6.65	6.48	7.59
Management expense ratio (%) ⁽⁶⁾	3.45	5.73	6.65	7.88	7.59
Portfolio turnover rate (%) ⁽⁷⁾	816.52	1,313.88	1,438.73	802.49	441.74
Trading expense ratio (%) ⁽⁸⁾	0.82	1.08	1.17	1.35	1.13
Net asset value per security (\$)	14.33	14.39	13.63	12.46	11.50
Closing market price (\$) ⁽⁹⁾	14.34	14.60	14.22	12.65	11.69

*Footnotes for the tables are found at the end of the Financial Highlights section.

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Financial Highlights (cont'd)

THE FUND'S NET ASSETS PER SECURITY ^{(1) *}

Class F	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013
Commencement of operations April 23, 2012	\$	\$	\$	\$	\$
Net assets, beginning of year	14.92	14.07	12.83	11.85	10.07
Increase (decrease) from operations					
Total revenue	0.32	0.41	0.43	0.41	0.49
Total expenses	(0.55)	(0.76)	(0.87)	(0.80)	(0.87)
Realized gains (losses) for the year	0.20	0.67	2.00	2.40	0.53
Unrealized gains (losses) for the year	0.10	0.54	(0.35)	(0.82)	1.66
Total increase (decrease) from operations ⁽²⁾	0.07	0.86	1.21	1.19	1.81
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	(0.04)	-
From capital gains	-	-	(1.03)	(0.96)	-
Return of capital	-	-	-	-	-
Total distributions ⁽³⁾	-	-	(1.03)	(1.00)	-
Net assets, end of the year ⁽⁴⁾	14.92	14.92	14.07	12.83	11.85
RATIOS AND SUPPLEMENTAL DATA					
Total net asset value (\$000's) ⁽⁵⁾	93,890	74,278	69,588	61,002	43,403
Number of securities outstanding ⁽⁵⁾	6,292,242	4,980,040	4,944,241	4,753,749	3,663,585
Management expense ratio excluding offering expenses (%) ⁽⁶⁾	2.88	5.39	6.43	6.25	8.06
Management expense ratio (%) ⁽⁶⁾	2.88	5.39	6.43	6.75	8.06
Portfolio turnover rate (%) ⁽⁷⁾	816.52	1,313.88	1,438.73	802.49	441.74
Trading expense ratio (%) ⁽⁸⁾	0.82	1.08	1.17	1.35	1.13
Net asset value per security (\$)	14.92	14.92	14.07	12.83	11.85

*Footnotes for the tables are found at the end of the Financial Highlights section.

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Financial Highlights (cont'd)

THE FUND'S NET ASSETS PER SECURITY ⁽¹⁾

Private Placement Class	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013
Commencement of operations April 23, 2012	\$	\$	\$	\$	\$
Net assets, beginning of year	18.23	16.63	14.47	13.16	10.47
Increase (decrease) from operations					
Total revenue	0.40	0.48	0.50	0.46	0.52
Total expenses	(0.37)	(0.32)	(0.29)	(0.24)	(0.15)
Realized gains (losses) for the year	0.40	0.80	2.34	2.89	0.57
Unrealized gains (losses) for the year	(0.09)	0.64	(0.39)	(1.02)	1.75
Total increase (decrease) from operations ⁽²⁾	0.34	1.60	2.16	2.09	2.69
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	(0.05)	-
From capital gains	-	-	(2.54)	(3.05)	-
Return of capital	-	-	-	-	-
Total distributions ⁽³⁾	-	-	(2.54)	(3.10)	-
Net assets, end of the year ⁽⁴⁾	18.57	18.23	16.63	14.47	13.16

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	4,596	4,512	4,116	3,798	3,452
Number of securities outstanding ⁽⁵⁾	247,500	247,500	247,500	262,500	262,500
Management expense ratio (%) ⁽⁶⁾	1.21	1.89	1.82	1.66	1.29
Portfolio turnover rate (%) ⁽⁷⁾	816.52	1,313.88	1,438.73	802.49	441.74
Trading expense ratio (%) ⁽⁸⁾	0.82	1.08	1.17	1.35	1.13
Net asset value per security (\$)	18.57	18.23	16.63	14.47	13.15

Notes:

(1) This information is derived from the Fund's audited annual 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) 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 year.

(3) Distributions were paid in cash or reinvested in additional securities of the Fund.

(4) This is not a reconciliation of the beginning and ending net assets per security.

(5) This information is provided as at December 31 of the year shown.

(6) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year, including the Fund's proportionate share of such expenses of any underlying fund in which the Fund has invested and is expressed as an annualized percentage of daily average net asset value during the year. The MER for the years ended December 31, 2014 include agents' fees and other offering expenses, which are one time expenses and therefore are not annualized.

(7) 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.

(8) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year, including the Fund's proportionate share of such expenses of any underlying fund in which the Fund has invested.

(9) Closing market price.

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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, First Asset is entitled to an annual fee (i) with respect to the Class F units equal to 1.50% per annum of the net asset value of the Class F units, calculated daily and payable monthly in arrears; and (ii) with respect to the Class A units equal to 2.00% per annum of the net asset value of the Class A units comprised of 1.50% per annum of the net asset value of the Class A units, calculated daily and payable monthly in arrears, plus an amount calculated quarterly and paid as soon as practicable after the end of each calendar quarter, equal to the service fee of 0.50%. First Asset is responsible for fees payable to the Portfolio Manager. 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 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. Where the Fund invests in other investment funds, in accordance with the provisions of National Instrument 81-102, First Asset ensures that there is no duplication of management fees charged by the Fund and any other underlying investment fund for the same service.

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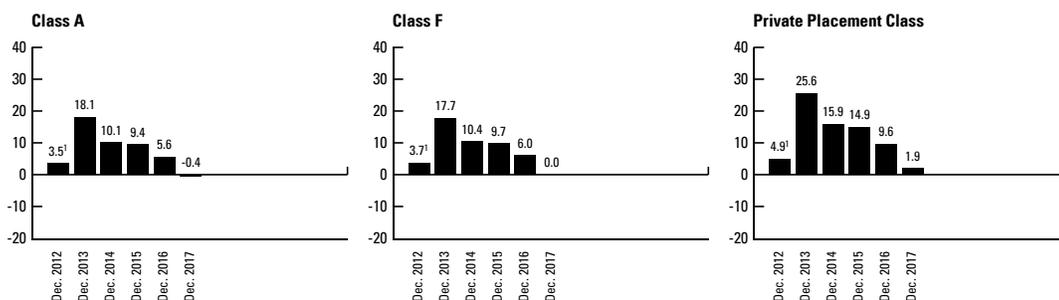
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Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the years 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 2012 return is for the period from May 18, 2012 to December 31, 2012.

ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the years ended December 31 as indicated. As a basis for comparison we have provided the performance of the S&P/TSX Composite Total Return Index ("Index"). The Index is a capitalization-weighted index designed to measure market activity of stocks listed on the Toronto Stock Exchange. As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund's performance will mirror that of the Index. A discussion on the relative performance of the Fund as compared to its benchmark index can be found under the Results of Operations section of this report. Further, the return of the indices is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Since Inception (%)
Class A	(0.4)	4.8	8.4	n/a	8.1
Index	9.1	6.6	8.6	n/a	9.9
Class F	0.0	5.2	8.6	n/a	8.3
Index	9.1	6.6	8.6	n/a	9.9
Private Placement Class	1.9	6.8	13.3	n/a	12.7
Index	9.1	6.6	8.6	n/a	9.9

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

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Summary of Investment Portfolio as at December 31, 2017

Category	% of Net Asset Value	Category	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Country allocation		Sector allocation			
Long Positions		Long Positions			
Cash and Cash Equivalents	67.2	Cash and Cash Equivalents	67.2	Cash and Cash Equivalents	67.2
Canada	50.6	Consumer Discretionary.....	10.8	Government of Canada, 1.25%, November 1, 2019	5.7
United States	7.4	Government of Canada & Guaranteed.....	9.5	Government of Canada, 0.75%, March 1, 2021	3.8
Ghana.....	0.1	Energy.....	8.8	iShares S&P/TSX 60 Index ETF	3.4
Other assets, net of liabilities	(0.3)	Financials.....	5.5	Diversified Royalty Corp	3.0
Total Long Positions	125.0	Information Technology	5.4	SPDR S&P 500 ETF Trust	1.9
Short Positions		Industrials	4.2	Enbridge Inc., Preferred, Series '1', Variable Rate, Callable, Perpetual	1.9
Canada	(14.6)	Real Estate.....	3.8	United States Treasury Bond, 2.00%, December 31, 2021	1.9
United States	(9.6)	Materials.....	3.8	Photon Control Inc.....	1.7
South Africa	(0.5)	Health Care.....	2.6	Parex Resources Inc.....	1.6
Turkey.....	(0.3)	U.S. Federal Bonds & Guaranteed.....	1.9	Alignvest Acquisition II Corp., Class 'A'	1.3
Total Short Positions	(25.0)	Consumer Staples.....	1.0	Dorel Industries Inc., 5.50%, November 30, 2019	1.2
		Utilities.....	0.4	Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual	1.2
		Telecommunication Services.....	0.4	AG Growth International Inc., 5.25%, December 31, 2019	1.0
		Other assets, net of liabilities	(0.3)	Chemtrade Logistics Income Fund.....	0.9
		Total Long Positions	125.0	Cannabis Strategies Acquisition Corp.....	0.9
		Short Positions		CGI Group Inc., Class 'A'	0.9
		Investment Fund.....	(8.6)	Chemtrade Logistics Income Fund, 5.00%, August 31, 2023	0.9
		Consumer Discretionary.....	(4.3)	Vecima Networks Inc.....	0.9
		Consumer Staples.....	(2.4)	Uni-Select Inc.....	0.8
		Energy.....	(2.2)	Artis REIT, Preferred, Series 'C', Variable Rate, Perpetual.....	0.8
		Financials	(1.5)	Imvescor Restaurant Group Inc.	0.8
		Industrials	(1.5)	iShares iBoxx \$ High Yield Corporate Bond ETF.....	0.8
		Health Care	(1.1)	Visa Inc., Class 'A'	0.8
		Real Estate	(0.9)	CanWel Building Materials Group Ltd., Subscription Receipt.....	0.7
		Information Technology	(0.7)		
		Telecommunication Services.....	(0.7)	Total Net Asset Value	\$236,340,158
		Materials.....	(0.6)		
		Utilities.....	(0.5)		
		Total Short Positions	(25.0)		

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.

A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any

forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.