

Annual Management Report of Fund Performance

for the year ended December 31, 2017



First Asset Global Financial Sector ETF

Fund:

First Asset Global Financial Sector ETF

Securities:

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

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:

Signature Global Asset Management

2 Queen Street East, 20th Floor

Toronto, ON M5C 3G7

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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 First Asset Global Financial Sector ETF (the "Fund") is to seek long-term total returns consisting of long-term capital appreciation and regular dividend income from an actively managed portfolio composed primarily of securities of issuers in the global financial services sector across developed and emerging markets. The Fund invests primarily in equity and equity related 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. Holders should refer to the prospectus as it contains a detailed discussion of risk and other considerations relating to an investment in the Fund. The prospectus is available free of charge on our website at www.firstasset.com and on SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

The Fund's net assets increased by \$50.2 million to \$62.9 million from December 31, 2016 to December 31, 2017. The Fund had net sales of \$42.2 million for the year. The Fund paid distributions totalling \$0.6 million while the portfolio's performance increased assets by \$8.6 million. The Fund returned 23.6% after fees and expenses for the one-year period ended December 31, 2017. Over the same time period, the Fund's benchmark returned 16.6%. The Fund's benchmark is the MSCI ACWI Financials Index.

During the year, the U.S. Federal Reserve Board ("Fed") raised interest rates three times, for a total increase of 75 basis points. In Europe, as economic activity picked up, investors' outlook for an increase in interest rates was more favourable, which boosted sentiment towards the global financials sector as a whole. The U.S. administration's bias for less regulation, as well as clarity on the Basel IV framework, which imposes regulatory changes to international banking standards, reduced a significant overhang on the sector since the financial crisis. This is the case because tougher regulations have limited the potential for capital return by banks. Recent U.S. tax reform has also been positive for the global financials sector, as it will bring the corporate tax rate down from around 35% to approximately 20%. Banks, which on average have tax rates in the low 30% range, will be major beneficiaries of the U.S. administration's new tax law.

An overweight allocation to U.S. financials companies contributed to the Fund's performance, boosted by the Fed's interest rate increases, better regulation outlook and the passage of U.S. corporate tax reform. Exposure to emerging markets banks contributed to the Fund's performance, as they outperformed their developed market peers. With a better outlook for credit quality, higher loan growth rates and faster growing economies, the Portfolio Manager believes emerging markets financials will continue to offer attractive returns.

Top individual contributors to the Fund's performance included Wells Fargo & Co. ("Wells Fargo") and an overweight allocation to ICICI Bank Ltd. ("ICICI"). Wells Fargo

saw its warrants increase by 28%, which added 3.1% to the Fund's returns. The bank's performance was driven by higher interest rates, more favourable regulation outlook and passage of tax reforms, as well as company-specific factors after its management addressed a number of issues post a 2016 sales scandal. ICICI boosted the Fund's performance by 1.6%. The Indian economy attracted investor attention, and ICICI in particular seemed to take steps to solve its non-performing loan issues. Other contributors included an overweight exposure to Italian banks, specifically holdings in Intesa Sanpaolo SPA and Banco BPM SPA, which added 1.3% and 1.1%, respectively, to performance. Both banks benefited from Italy's economic recovery. In addition, the Portfolio Manager viewed Banco BPM SPA as a turnaround story with more improvements to come.

The uncertainty surrounding the non-performing loan clean-up in Italy added some volatility in the fourth quarter but for the year Italian financials contributed 5% to overall Fund performance. The Italian market is one of the last markets in Europe to struggle with high non-performing loans since the financial crisis. Because of a lack of clarity from the European Central Bank on requirements, Italy's current efforts to clean up the system through raising capital and selling assets has resulted in short-term challenges and volatility. In the long run, the Portfolio Manager believes that the clean-up exercise will benefit the sector as a whole. Individual detractors from the Fund's performance included Flow Traders NV (-1.4%) and Qudian Inc. (-1.0%), both of which were eliminated during the year. Flow Traders NV's underperformance was driven by a lack of volatility in the market and negative regulatory changes, which reduced the company's profitability. After the Portfolio Manager participated in Qudian Inc.'s initial public offering, there were sudden unfavourable regulatory changes imposed on the online lending industry which negatively impacted Qudian share price.

A new position in Sberbank of Russia PJSC was added to the Fund. As the largest bank in Russia, it has a significant market share, is very profitable and is going through a transformation that should help it maintain its high returns. However, the Portfolio Manager has limited the Fund's exposure because of political risks. Fears of a housing price crisis in Sweden has impacted Swedbank AB's performance, lowering its share price. The Fund's existing holdings in the company were increased due to the share price weakness, as the Portfolio Manager views softening house prices as a positive development, as housing affordability remains a longer-term concern. Sweden's economy remains strong and Swedbank AB is extremely efficient at managing capital. The Fund's position in Citigroup Inc. was eliminated, as the bank's stock approached its fair value, and is not expected to benefit as much as other banks from U.S. tax reform. In addition, Citigroup Inc. has a significant exposure to Mexico, which increases uncertainty for the bank.

RECENT DEVELOPMENTS

The Portfolio Manager maintains a positive outlook for the global financials sector, as risk premiums remain attractive relative to the broader market. The financial system is healthy despite earnings headwinds from low interest rates. While the peripheral European financial systems remain fragile, the region is making gradual progress in

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repairing balance sheets. U.S. financials companies are especially well positioned to benefit from lower U.S. corporate tax rates and relaxed regulations. With careful stock selection, the emerging markets financials sector is expected to continue and offer an attractive growth angle to the fund. In addition, the financials sector in general is likely the only sector that will benefit from gradually rising interest rates in the coming period.

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.

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.

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Financial Highlights

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance since inception.

THE FUND'S NET ASSETS PER SECURITY ⁽¹⁾

	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015	Period from Inception to Dec. 31, 2014
	\$	\$	\$	\$
Commencement of operations October 29, 2014				
Net assets, beginning of year	17.18	17.26	18.14	18.66
Increase (decrease) from operations				
Total revenue	0.24	0.38	0.36	-
Total expenses	(0.32)	(0.43)	(0.46)	(0.10)
Realized gains (losses) for the year	2.28	(3.67)	(0.38)	(0.28)
Unrealized gains (losses) for the year	2.29	1.88	(0.38)	(0.14)
Total increase (decrease) from operations ⁽²⁾	4.49	(1.84)	(0.86)	(0.52)
Distributions				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	(0.20)	(0.11)	-	-
Total distributions ⁽³⁾	(0.20)	(0.11)	-	-
Net assets, end of the year ⁽⁴⁾	21.01	17.18	17.26	18.14

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	62,854	12,745	26,546	27,878
Number of securities outstanding ⁽⁵⁾	2,991,952	741,952	1,537,500	1,537,500
Management expense ratio excluding offering expenses (%) ⁽⁶⁾	1.41	2.10	1.73	1.46
Management expense ratio (%) ⁽⁶⁾	1.41	2.10	1.73	8.87
Portfolio turnover rate (%) ⁽⁷⁾	149.62	107.09	123.03	1.54
Trading expense ratio (%) ⁽⁸⁾	0.68	0.60	0.47	0.91
Net asset value per security (\$)	21.01	17.18	17.26	18.14
Closing market price (\$) ⁽⁹⁾	21.00	17.14	16.62	19.40

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.

(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 year ending December 31, 2014 includes agents' fees and other offering expenses, which are one-time expenses and therefore are not annualized. Total expenses also include interest expense on leverage utilized by the Fund prior to Conversion.

(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. 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.

(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, the Fund pays First Asset an annual management fee at the maximum annual rate set out below. The fee is based on the net asset value of the Fund, and is calculated daily and paid monthly 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 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.

Maximum annual management fee rate	As a percentage of management fee	
	Dealer compensation	General administration and profit
0.85%	-	100%

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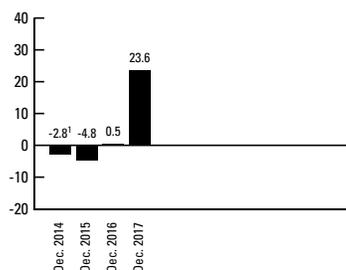
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Past Performance

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 chart shows the Fund's annual performance for the financial years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



¹ 2014 return is for the period from October 29, 2014 to December 31, 2014.

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 MSCI AC World Index (unhedged) ("Index A") and the MSCI ACWI Financials Index (unhedged) ("Index B"). The MSCI AC World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI ACWI Financials Index captures large and mid cap representation across 23 developed markets and 24 emerging markets and only includes securities that are classified as Financials as per the Global Industry Classification Standard (GICS®). The Fund's annual compound returns shown below include the performance of the Fund's investment strategy prior to the Conversion on April 25, 2016. As the criterion for determining the constituents of the Fund and the indices differ, it is not expected that the Fund's performance will mirror the performance of the indices. 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 (%)
Index A	23.6	5.7	n/a	n/a	4.6
Index B	15.8	12.2	n/a	n/a	12.2
	16.6	13.1	n/a	n/a	13.6

(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			
United States	41.7	Financials	94.1	Synchrony Financial	9.8
Italy	9.7	Industrials	2.3	Wells Fargo & Co., Warrants, 2018/10/28	7.8
Sweden	9.4	Cash and Cash Equivalents	2.2	Discover Financial Services	5.4
United Kingdom	5.6	Other assets, net of liabilities	1.4	Nordea Bank AB	4.7
Peru	3.3			Swedbank AB	4.7
India	3.3			Intesa Sanpaolo SPA	3.8
Czech Republic	3.1			Anima Holding SPA	3.8
Ireland	2.7			KeyCorp	3.7
Russia	2.7			InterCorp Financial Services Inc.	3.3
China	2.4			JPMorgan Chase & Co.	3.3
Austria	2.2			ICICI Bank Ltd., ADR	3.3
Cash and Cash Equivalents	2.2			Moneta Money Bank AS	3.1
Australia	2.2			Bank of Ireland Group PLC	2.7
Denmark	2.0			Sberbank of Russia PJSC, ADR	2.7
Netherlands	1.7			Lloyds Banking Group PLC	2.6
Mexico	1.7			TD Ameritrade Holding Corp.	2.5
Other assets, net of liabilities	1.4			Standard Life Aberdeen PLC	2.4
Hong Kong	1.1			Air Lease Corp.	2.3
Indonesia	0.9			BAWAG Group AG	2.2
Brazil	0.7			Cash and Cash Equivalents	2.2
				Macquarie Group Ltd.	2.2
				Banco BPM SPA	2.2
				Affiliated Managers Group Inc.	2.1
				Danske Bank AS	2.0
				ABN AMRO Group NV	1.7
				Total Net Asset Value	\$62,854,226

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.