

Annual Management Report of Fund Performance

for the period ended December 31, 2017



First Asset U.S. TrendLeaders Index ETF

Fund:

First Asset U.S. TrendLeaders Index ETF

Securities:

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

Manager, Trustee & Investment Advisor:

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

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Certain trademarks of Canadian Imperial Bank of Commerce and/or certain of its affiliates (collectively "CIBC") have been licensed by First Asset for use in connection with the Fund. The securities of the Fund are not sponsored, promoted, sold or supported in any other manner by CIBC or by the index calculation agent, Solactive A.G. ("Solactive"), nor do CIBC or Solactive offer any express or implicit guarantee or assurance either with regard to the results of using the index on which the Fund is based, or the index prices at any time or in any other respect. The prospectus of the Fund contains a more detailed description of the limited relationship CIBC and Solactive have with First Asset and the Fund.

First Asset U.S. TrendLeaders Index ETF

Management Report of Fund Performance for the period ended December 31, 2017

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 First Asset U.S. TrendLeaders Index ETF (the "Fund") seeks to replicate, to the extent possible, the performance of the CIBC U.S. TrendLeaders Index (the "Index"), net of expenses. The Index is comprised of equity securities of U.S. companies. The Index was developed by CIBC World Markets based on the empirical evidence that shows that equity securities with the highest trend scores will continue to generate better absolute and relative returns on a more frequent basis and will undergo different cycles of mean-reversion, mostly tied to the duration of the period during which the trend factors are expanding or contracting. To qualify for inclusion in the Index an equity security must: (i) be a constituent of the Solactive U.S. Large and Mid Cap Index; and (ii) meet a minimum average daily traded dollar value volume threshold.

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 still refer to the prospectus of the Fund 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

As at December 31, 2017, the net asset value of the Fund was \$29.7 million. The Fund had net sales of \$28.0 million for the period. The portfolio's performance increased assets by \$1.7 million.

Despite an unpredictable start to the current U.S. administration, U.S. and global stock markets enjoyed a strong 2017, with the S&P 500 Index up approximately 22% and the MSCI World Index up just over 23%. Volatility was low, as investors appeared to shrug off potential concerns. The Canadian equity market, while still a decent performer, particularly in the second half of the year, underperformed, with a total return of 9%. Despite a rise in crude oil prices in the latter part of the year, the energy sector was down over 10%, which impacted the rest of the Canadian market.

Emmanuel Macron's victory in the French presidential election seemed to put an end to the nationalistic movement that has been trending since June 2016, when the U.K. voted to exit the European Union ("EU"). In the U.K., Prime Minister Theresa May called a snap election to solidify her mandate, but ended up losing her majority government. Despite that, the U.K. triggered Article 50, starting the exit process from the EU. In December, after failing to pass any substantive legislative changes during the year, the U.S. administration pushed through legislation to overhaul the U.S. tax system that is expected to lower corporate and personal taxes. Speculation regarding these tax changes seemed to propel U.S. markets in the last few months of the year.

The U.S. Federal Reserve Board ("Fed") raised the federal funds rate by 25 basis points ("bps") three times in 2017. With the U.S. economy performing well, the market anticipates two more increases in 2018. The Fed indicated that it will begin decreasing the size of its balance sheet.

Despite the Fed's three interest rate increases, U.S. 10-year bond yields ended 2017 at 2.4%, which is close to where they started the year, and up from their September lows of 2.1%. In Canada, strong economic data moved the Bank of Canada to raise interest rates twice in the second half of the year. Government of Canada ("GoC") bond yields rose, with the 10-year GoC bond yield ending the year at 2.1%, up 1.7% from the beginning of the year.

Any notable changes in the Fund's holdings were related to Index rebalancing activity. Portfolios are obtained from the Canadian Imperial Bank of Commerce and rebalanced as per their direction with respect to securities and weightings.

RECENT DEVELOPMENTS

Global expansion is expected to continue in 2018, though at a more gradual pace. North American earnings are expected to remain robust, as the corporate reporting season begins in January. Economic data in North America remains strong, particularly with respect to job growth. With a low rate of inflation, tax cuts in the U.S. may stimulate further economic expansion. This optimism, however, is tempered by concerns around growing levels of household debt. Investors will be watching to see if China's fourth quarter gross domestic product ("GDP") figures indicate that a slowdown is coming, which will impact both developed and emerging economies. Commodities have begun to recover, with both energy and metals trading upwards.

Further interest rate increases are expected for the coming year, with the market anticipating three more increases in Canada and two more in the U.S. This should result in higher bond yields, which would put negative pressure on bond prices. These increases could also further flatten the yield curve (plots the interest rates of bonds with equal credit quality but differing maturities). This could possibly lead to an inverted yield curve (an interest rate environment in which long-term debt instruments have a lower yield than short-term ones with the same credit quality), which has historically been a strong leading indicator of recession. This would be beneficial for government bonds, but could result in the underperformance of provincial issues. If current fiscal policies are maintained, it is possible that Canada may not have a balanced federal budget for quite some time. However, expectations are for Canada's debt-to-GDP ratio to decline.

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 First Asset. 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.

First Asset U.S. TrendLeaders Index ETF

Management Report of Fund Performance for the period ended December 31, 2017

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 and the Fund were not party to any related party transactions during the period ended December 31, 2017.

First Asset U.S. TrendLeaders Index ETF

Management Report of Fund Performance for the period ended December 31, 2017

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) *}

	Period from Inception to Dec. 31, 2017 \$
Commencement of operations July 5, 2017	
Net assets, beginning of period	20.00
Increase (decrease) from operations	
Total revenue	0.07
Total expenses	(0.13)
Realized gains (losses) for the period	(0.03)
Unrealized gains (losses) for the period	2.28
Total increase (decrease) from operations ⁽²⁾	2.19
Distributions	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total distributions ⁽³⁾	-
Net assets, end of the period ⁽⁴⁾	22.01

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	29,709
Number of securities outstanding ⁽⁵⁾	1,350,000
Management expense ratio excluding offering expenses (%) ⁽⁶⁾	-
Management expense ratio (%) ⁽⁶⁾	0.85
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	1.36
Portfolio turnover rate (%) ⁽⁷⁾	294.43
Trading expense ratio (%) ⁽⁸⁾	0.27
Net asset value per security (\$)	22.01
Closing market price (\$) ⁽⁹⁾	22.10

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 period.

(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 period shown.

(6) 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.

(7) The Fund's portfolio turnover rate indicates how actively First Asset 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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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 period.

(9) Closing market price.

First Asset U.S. TrendLeaders Index ETF

Management Report of Fund Performance for the period ended December 31, 2017

Management Fee

First Asset manages and administers the business operations and affairs of the Fund, and is also responsible for providing all investment advisory and 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. In addition to investment advisory and portfolio management, the services provided by First Asset to the Fund include, without limitation, 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 purchases, 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
	0.75%	-	100%

For the period ended December 31, 2017, First Asset waived and absorbed expenses of the Fund totalling \$42,853.

Past Performance

The Fund was not a reporting issuer throughout the entire period, therefore we have not provided past performance information.

First Asset U.S. TrendLeaders Index ETF

Management Report of Fund Performance for the period ended December 31, 2017

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	96.4	Information Technology	35.9	First Solar Inc.	2.3
United Kingdom	1.8	Health Care	30.8	Nektar Therapeutics	2.2
Other assets, net of liabilities	1.6	Consumer Discretionary	11.7	EPAM Systems Inc.	2.1
Cash and Cash Equivalents	0.2	Industrials	6.1	ON Semiconductor Corp.	2.1
		Financials	5.8	Arista Networks Inc.	2.1
		Utilities	2.0	Take-Two Interactive Software Inc.	2.1
		Materials	2.0	Bluebird Bio Inc.	2.1
		Consumer Staples	2.0	United Rentals Inc.	2.1
		Telecommunication Services	1.9	Neurocrine Biosciences Inc.	2.1
		Other assets, net of liabilities	1.6	Wynn Resorts Ltd.	2.1
		Cash and Cash Equivalents	0.2	GrubHub Holdings Inc.	2.1
				Marriott International Inc., Class 'A'	2.0
				Boeing Co. (The)	2.0
				Cree Inc.	2.0
				IPG Photonics Corp.	2.0
				Progressive Corp. (The)	2.0
				NRG Energy Inc.	2.0
				ANSYS Inc.	2.0
				Deere & Co.	2.0
				Adobe Systems Inc.	2.0
				NVIDIA Corp.	2.0
				FMC Corp.	2.0
				Centene Corp.	2.0
				Estée Lauder Cos. Inc., Class 'A'	2.0
				Coherent Inc.	2.0
				Total Net Asset Value	\$29,708,602

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.