

Interim Management Report of Fund Performance

for the period ended June 30, 2018



First Asset European Bank ETF

Fund:

First Asset European Bank ETF

Securities:

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

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 interim management report of fund performance contains financial highlights but does not contain the complete interim or annual financial statements of the investment fund. You can get a copy of the interim or 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.

RESULTS OF OPERATIONS

The Fund's net assets decreased by \$5.0 million to \$37.3 million from December 31, 2017 to June 30, 2018. The Fund had net redemptions of \$2.5 million for the period. The Fund paid distributions totalling \$0.5 million while the portfolio's performance decreased assets by \$2.0 million. The Fund returned -4.5% after fees and expenses for the six-month period ended June 30, 2018. Over the same time period, the Fund's benchmark returned -12.4%. The Fund's benchmark is the STOXX Europe 600 Banks Index.

Investor fears over the European Union rose after the Italian elections in March. The outcome of the elections and weak economic data from the region negatively impacted investor appetite towards Europe in general and the European financials sector in particular. In 2017, the potential cleanup of non-performing loans in several markets, including Italy, was anticipated because of improved economic activity. With political uncertainty rising and weaker-than-expected economic data, the prospect for a cleanup appears to have been delayed. The U.S. administration's stance towards global trade and the imposition of new tariffs introduced uncertainty to the global economy.

An overweight allocation to Norway contributed to the Fund's performance. Stock selection in Italy, Spain and the U.K. also contributed to performance. Top individual contributors to performance included holdings in Banco BPM SPA and Bank of Ireland, and participation in an initial public offering ("IPO") of Adyen NV. Banco BPM SPA was purchased in 2017 when the Portfolio Manager First Asset believed in the potential for a turnaround of the bank's balance sheet. Pre-election profits were locked in as the holding's valuation became less compelling. Bank of Ireland added 41 basis points ("bps") to the Fund's performance. The bank appeared to offer value as investors were concerned about cost overruns in its information technology upgrade project and the speed of its non-performing loan cleanup. The Adyen NV IPO was highly in demand, and doubled in value post-listing, adding more than 10 bps to performance.

Allocation to Russia detracted from the Fund's performance, particularly through its holding in Sberbank of Russia PJSC. An overweight allocation to Denmark also detracted from performance, largely driven by weakness in Danske Bank A/S. Individual detractors included Banco Santander SA ("Santander") and Credit Agricole SA. Santander detracted 83 bps from performance as the introduction of a centre-left government and a significant exposure to emerging markets like Brazil and Mexico has weighed on the stock. In addition, there has been talk of a potential bank tax being implemented in Spain. Credit Agricole SA detracted 108 bps from the Fund's performance, driven by weak sentiment towards French banks.

A new position in ING Bank N.V. was purchased for the Fund as its share price underperformed amid worries over costs and reduced expectations of capital return. With a reset in expectations for capital return, the Portfolio Manager believes that the company

will be able to meet Basel IV requirements and control costs. In several markets, such as Germany for example, ING Bank is proving how its technology helps it earn returns significantly higher than the industry average. The Fund's position in Bank of Ireland was eliminated after its shares outperformed, reaching close to its target price.

RECENT DEVELOPMENTS

European banks have significantly lagged their global competitors in recent years and appear to offer the most compelling regional investment opportunity within global financials. The outlook for European banks has been a relatively poor one in recent years, with an extremely low (or negative) interest rate structure, weak economies and high political risks, and a significant number of non-performing loans just in Italy. However, the Portfolio Manager believes that the sector is poised for a catch-up trade relative to global competitors given less demanding valuations, an improving economic backdrop, a decline in regulatory uncertainty (Basel IV) and an anticipated rise in European interest rates in the medium term. The sector offers compelling dividend yield and growth relative to the European market and global financials in general.

Effective April 1, 2018, Stuart Hensman became a member of the Independent Review Committee ("IRC") of the Fund. Meanwhile, Carl Solomon resigned from the role as a member of the IRC.

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 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 period ended June 30, 2018.

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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⁾

| | Six Months Ended Jun. 30, 2018 | 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 July 18, 2014 | | | | | |
| Net assets, beginning of period | 9.20 | 7.67 | 9.24 | 9.62 | 10.00 |
| Increase (decrease) from operations | | | | | |
| Total revenue | 0.38 | 0.32 | 0.24 | 0.16 | 0.03 |
| Total expenses | (0.14) | (0.22) | (0.09) | (0.13) | (0.05) |
| Realized gains (losses) for the period | 0.25 | 0.37 | (1.89) | (0.87) | (0.22) |
| Unrealized gains (losses) for the period | (0.90) | 1.03 | (0.12) | (0.39) | (0.86) |
| Total increase (decrease) from operations ⁽²⁾ | (0.41) | 1.50 | (1.86) | (1.23) | (1.10) |
| Distributions | | | | | |
| From income (excluding dividends) | (0.10) | (0.16) | (0.16) | (0.01) | - |
| From dividends | - | - | - | - | - |
| From capital gains | - | - | - | - | - |
| Return of capital | (0.01) | (0.02) | - | (0.05) | - |
| Total distributions ⁽³⁾ | (0.11) | (0.18) | (0.16) | (0.06) | - |
| Net assets, end of the period ⁽⁴⁾ | 8.68 | 9.20 | 7.67 | 9.24 | 9.62 |

RATIOS AND SUPPLEMENTAL DATA

| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Total net asset value (\$000's) ⁽⁵⁾ | 37,323 | 42,298 | 31,657 | 60,724 | 25,738 |
| Number of securities outstanding ⁽⁵⁾ | 4,299,583 | 4,599,583 | 4,125,483 | 6,573,000 | 2,675,000 |
| Management expense ratio (%) ⁽⁶⁾ | 1.35 | 1.28 | 1.26 | 1.25 | 1.15 |
| Management expense ratio before waivers or absorptions (%) ⁽⁶⁾ | 1.35 | 1.28 | 1.26 | 1.25 | 1.66 |
| Portfolio turnover rate (%) ⁽⁷⁾ | 83.50 | 1.80 | 54.28 | 82.28 | 15.35 |
| Trading expense ratio (%) ⁽⁸⁾ | 0.67 | 0.78 | 0.14 | 0.37 | 0.32 |
| Net asset value per security (\$) | 8.68 | 9.20 | 7.67 | 9.24 | 9.62 |
| Closing market price (\$) ⁽⁹⁾ | 8.62 | 9.12 | 7.64 | 9.23 | 9.73 |

Notes:

(1) This information is derived from the Fund's unaudited interim and 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 June 30, 2018 and 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 period, 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 period.

(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 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, 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 securities 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 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. 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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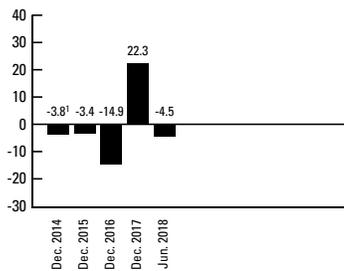
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Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the 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 chart shows the Fund's interim and annual performance for the financial periods shown and illustrates how the Fund's performance has changed from period to period. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



¹ 2014 return is for the period from July 23, 2014 to December 31, 2014.

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

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Summary of Investment Portfolio as at June 30, 2018

| Category | % of Net Asset Value | Category | % of Net Asset Value | Top 25 Holdings | % of Net Asset Value |
|--|----------------------|--|----------------------|---|----------------------|
| Country allocation | | Sector allocation | | | |
| Sweden | 14.4 | Financials | 95.8 | UBS Group AG, Registered | 7.6 |
| France | 13.1 | Cash and Cash Equivalents | 3.7 | BNP Paribas SA | 7.3 |
| Netherlands | 11.3 | Other assets, net of liabilities | 0.5 | Nordea Bank AB | 7.0 |
| Spain | 9.5 | | | ING Groep NV | 6.3 |
| Italy | 9.4 | | | Banco Bilbao Vizcaya Argentaria SA | 5.8 |
| United Kingdom | 8.4 | | | Credit Agricole SA | 5.8 |
| Switzerland | 7.6 | | | Danske Bank AS | 5.7 |
| Denmark | 5.7 | | | Moneta Money Bank AS | 4.9 |
| Czech Republic | 4.9 | | | NIBC Holding NV | 4.7 |
| Norway | 4.3 | | | Prudential PLC | 4.5 |
| Cash and Cash Equivalents | 3.7 | | | Swedbank AB, Series 'A' | 4.5 |
| Russia | 3.6 | | | Banco Santander SA | 3.8 |
| Austria | 3.1 | | | Cash and Cash Equivalents | 3.7 |
| Turkey | 0.5 | | | Sberbank of Russia PJSC, ADR | 3.6 |
| Other assets, net of liabilities | 0.5 | | | Anima Holding SPA | 3.4 |
| | | | | BAWAG Group AG | 3.1 |
| | | | | UniCredit SPA | 3.1 |
| | | | | Skandinaviska Enskilda Banken, Series 'A' | 3.0 |
| | | | | Intesa Sanpaolo, ADR | 2.9 |
| | | | | Skandiabanken ASA | 2.9 |
| | | | | BrightSphere Investment Group PLC | 2.0 |
| | | | | TBC Bank Group PLC | 1.9 |
| | | | | DNB ASA | 1.4 |
| | | | | Turkiye Garanti Bankasi AS | 0.5 |
| | | | | Adyen NV | 0.3 |
| | | | | Total Net Asset Value | \$37,323,078 |

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.