

Interim Management Report of Fund Performance

for the period ended June 30, 2018



First Asset Enhanced Short Duration Bond ETF

Fund:

First Asset Enhanced Short Duration Bond ETF

Securities:

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

US\$ Common Units - Listed TSX: FSB.U

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:

Marret Asset Management

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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 increased by \$101.7 million to \$328.9 million from December 31, 2017 to June 30, 2018. The Fund had net sales of \$101.6 million for the period. The Fund paid distributions totalling \$3.5 million while the portfolio's performance increased assets by \$3.6 million.

During the period, there was upward movement in the U.S. Treasury yield curve. Increased geopolitical risks emerged in several places around the world, and the implementation of trade tariffs resulted in further international friction.

Security selection contributed to the Fund's performance, as did its yield curve positioning and duration (interest rate sensitivity). Top individual contributors to performance included multiple fixed income securities issued by Sprint Corp., a holding in FMG Resources Pty. Ltd. (9.8%, Mar. 2022), and two bonds issued by Reynolds Group Holdings Inc. (5.8%, Oct. 2020 and 6.9%, Feb. 2021).

The Fund's cash position, which was capital waiting to be deployed, detracted from its performance, as did security selection. Individual detractors from performance included multiple fixed-income securities issued by Comcast Corp., The Goldman Sachs Group Inc. and Crown Castle International Corp.

The upward movement and general flattening of the U.S. Treasury yield curve applied pressure on interest-sensitive holdings, impacting the attractiveness of front-dated corporate credits. The Portfolio Manager initiated a new holding in KB Home, and increased multiple existing fixed income securities issued by Valeant Pharmaceuticals International Inc. FMG Resources Pty. Ltd. was eliminated from the Fund, while Dollar Tree Inc. was trimmed.

RECENT DEVELOPMENTS

Equity markets have been supported by strong earnings growth, which has been driven largely by U.S. tax cuts. The Portfolio Manager believes that this will fade later in 2018 and higher interest rates should weigh on the economy. Credit markets are stable, with low default rates, but the real test will be when the effects of the tax cut begin to diminish. The Portfolio Manager takes a defensive stance toward financial markets for the coming period. The Fund's short duration and credit hedges should insulate it from periods of increased volatility.

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 First Asset. 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 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 tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception.

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

Common Units	Six Months Ended Jun. 30, 2018	Period from Inception to Dec. 31, 2017
Commencement of operations August 21, 2017	\$	\$
Net assets, beginning of period	9.93	10.00
Increase (decrease) from operations		
Total revenue	0.24	0.10
Total expenses	(0.04)	(0.03)
Realized gains (losses) for the period	(0.38)	-
Unrealized gains (losses) for the period	0.23	(0.01)
Total increase (decrease) from operations ⁽²⁾	0.05	0.06
Distributions		
From income (excluding dividends)	(0.07)	(0.06)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.05)	(0.05)
Total distributions ⁽³⁾	(0.12)	(0.11)
Net assets, end of the period ⁽⁴⁾	9.87	9.93

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	272,827	180,265
Number of securities outstanding ⁽⁵⁾	27,650,000	18,150,000
Management expense ratio (%) ⁽⁶⁾	0.77	0.80
Portfolio turnover rate (%) ⁽⁷⁾	165.06	107.42
Trading expense ratio (%) ⁽⁸⁾	0.02	-
Net asset value per security (\$)	9.87	9.93
Closing market price (\$) ⁽⁹⁾	9.88	9.97

*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⁾

US\$ Common Units	Six Months Ended Jun. 30, 2018	Period from Inception to Dec. 31, 2017
Commencement of operations August 21, 2017	\$	\$
Net assets, beginning of period	US\$ 9.98	US\$ 10.00
Increase (decrease) from operations		
Total revenue	US\$ 0.23	US\$ 0.13
Total expenses	(0.04)	(0.02)
Realized gains (losses) for the period	0.02	(0.02)
Unrealized gains (losses) for the period	0.28	(0.26)
Total increase (decrease) from operations ⁽²⁾	US\$ 0.49	US\$ (0.17)
Distributions		
From income (excluding dividends)	US\$ (0.07)	US\$ (0.06)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.05)	(0.03)
Total distributions ⁽³⁾	US\$ (0.12)	US\$ (0.09)
Net assets, end of the period ⁽⁴⁾	US\$ 9.91	US\$ 9.98

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	56,067	46,930
Number of securities outstanding ⁽⁵⁾	4,300,000	3,750,000
Management expense ratio (%) ⁽⁶⁾	0.80	0.87
Portfolio turnover rate (%) ⁽⁷⁾	165.06	107.42
Trading expense ratio (%) ⁽⁸⁾	0.02	-
Net asset value per security (\$)	US\$ 9.91	US\$ 9.98
Closing market price (\$) ⁽⁹⁾	US\$ 9.93	US\$ 9.94

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 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.

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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 on Common Units and \$US Common Units at the maximum rate set out below. The fee is based on the net asset value of the relevant class, 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
Common Units	0.60%	-	100%
US\$ Common Units	0.60%	-	100%

Past Performance

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

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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			
Long Positions		Long Positions			
United States	60.8	Health Care	20.1	Cash and Cash Equivalents	11.2
Canada	27.2	Telecommunication Services	16.0	Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC /	
Cash and Cash Equivalents	11.2	Materials	14.0	Reynolds Group Issuer (Luxembourg) SA,	
Ireland	1.0	Cash and Cash Equivalents	11.2	5.75%, October 15, 2020	4.9
Luxembourg	0.8	Industrials	8.9	VRX Escrow Corp., 5.38%, March 15, 2020	4.9
United Kingdom	0.6	Consumer Discretionary	7.6	Sprint Communications Inc., 9.00%, November 15, 2018	4.4
Guernsey	0.5	Consumer Staples	4.9	CSC Holdings LLC., 8.63%, February 15, 2019	3.3
France	0.5	Financials	4.9	Hughes Satellite Systems Corp., 6.50%, June 15, 2019	3.3
Cayman Islands	0.4	Real Estate	4.1	Valeant Pharmaceuticals International Inc.,	
Netherlands	0.3	U.S. Federal Bonds & Guaranteed	3.7	6.50%, March 15, 2022	2.9
Australia	0.3	Energy	3.2	HCA Inc., 6.50%, February 15, 2020	2.7
Bermuda	0.2	Information Technology	2.9	CCO Holdings LLC / CCO Holdings Capital Corp.,	
Sweden	0.2	Government of Canada & Guaranteed	1.6	5.25%, March 15, 2021	1.8
Other assets, net of liabilities	(1.3)	Utilities	0.9	Tenet Healthcare Corp., 4.75%, June 1, 2020	1.8
Total Long Positions	102.7	Other assets, net of liabilities	(1.3)	Lundin Mining Corp., 7.88%, November 1, 2022	1.7
		Total Long Positions	102.7	Netflix Inc., 5.38%, February 1, 2021	1.7
Short Positions		Short Positions		Rockies Express Pipeline LLC, 6.85%, July 15, 2018	1.7
Canada	(1.5)	Government of Canada & Guaranteed	(1.4)	Blue Cube Spino Inc., 9.75%, October 15, 2023	1.6
United States	(1.2)	U.S. Federal Bonds & Guaranteed	(0.8)	Bombardier Inc., 7.75%, March 15, 2020	1.5
Total Short Positions	(2.7)	Investment Fund	(0.5)	First Quantum Minerals Ltd., 7.00%, February 15, 2021	1.4
		Total Short Positions	(2.7)	Government of Canada, 1.00%, June 1, 2027	1.3
				United States Treasury Bond, 2.88%, May 15, 2028	1.3
				Envision Healthcare Corp., 5.13%, July 1, 2022	1.2
				MGM Resorts International, 8.63%, February 1, 2019	1.2
				TEGNA Inc., 5.13%, October 15, 2019	1.2
				Valeant Pharmaceuticals International Inc.,	
				7.50%, July 15, 2021	1.2
				CDK Global Inc., 3.80%, October 15, 2019	0.9
				Sprint Spectrum Co. LLC / Sprint Spectrum Co. II LLC /	
				Sprint Spectrum Co. III LLC, 3.36%, March 20, 2023	0.9
				United States Treasury Bond, 2.13%, December 31, 2022	0.8
				Total Net Asset Value	\$328,894,656

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.