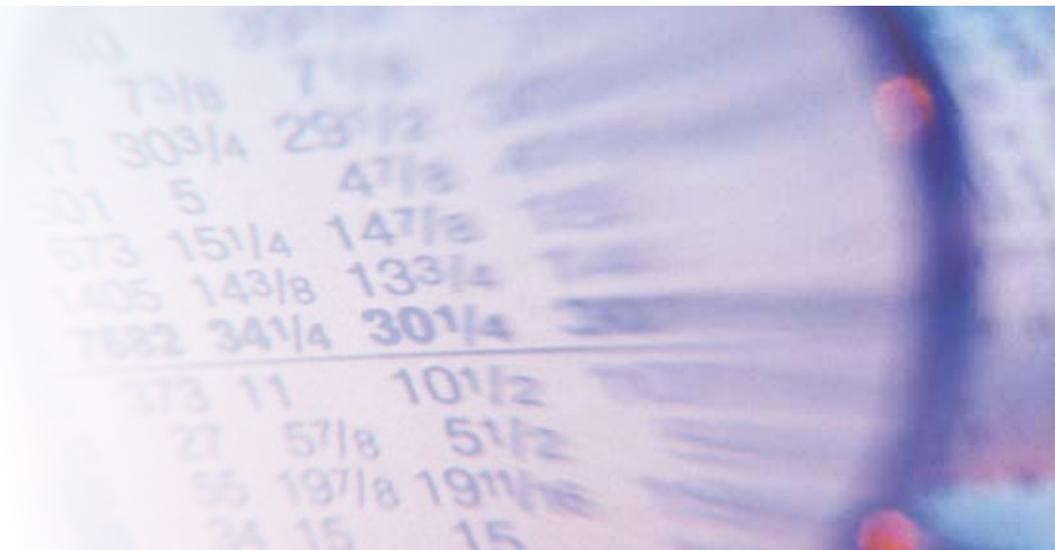


# 2019 Semi-Annual Management Report of Fund Performance



 **CI FIRST ASSET**  
Exchange Traded Funds

CI First Asset MSCI USA Low Risk Weighted ETF

**Fund:**

CI First Asset MSCI USA Low Risk Weighted ETF

**Securities:**

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

Unhedged Common Units - Listed TSX: RWU.B

**Manager, Trustee and Portfolio Advisor:**

CI Investments Inc. ("CI")

2 Queen Street East, Suite 1200

Toronto, ON M5C 3G7

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

[www.firstasset.com](http://www.firstasset.com) - [info@firstasset.com](mailto:info@firstasset.com)

MSCI is a trademark of MSCI Inc. The Fund and the securities referred to herein are not sponsored, endorsed or promoted by MSCI Inc. or any of its affiliates (collectively, "MSCI") and MSCI bears no liability with respect to any such fund or securities or any index on which such fund or securities are based. The Fund's prospectus contains a more detailed description of the limited relationship MSCI has with CI and any related funds.

# CI First Asset MSCI USA Low Risk Weighted ETF

Management Report of Fund Performance for the period ended June 30, 2019

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual or annual financial statements of the investment fund. You can get a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-877-642-1289, by writing to us at CI Investments Inc., 2 Queen Street East, Suite 1200, Toronto, ON, M5C 3G7 or by visiting our website at [www.firstasset.com](http://www.firstasset.com) or SEDAR at [www.sedar.com](http://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 \$7.3 million to \$39.7 million from December 31, 2018 to June 30, 2019. The Fund had net sales of \$2.3 million for the period. The Fund paid distributions totalling \$0.3 million while the portfolio's performance increased assets by \$5.3 million. Common Units returned 19.0% after fees and expenses for the six-month period ended June 30, 2019. Over the same time period, the Fund's benchmark returned 18.7%. The benchmark is the MSCI USA Risk Weighted Top 150 Total Return Index (CAD Hedged).

Please refer to the "Past Performance" section which outlines the performance of the Fund's other units of securities.

The Fund slightly outperformed the benchmark for the period, it is attributable to timing around corporate actions or the reinvestment of dividends and other trading, as well as Fund expenses. The performance data for the Index assumes the reinvestment of all distributions. Distributions are paid quarterly to unitholders of the Fund.

During the first half of 2019, global equity markets rebounded after a sharp sell-off at the end of 2018. Fears of trade wars and a slowing economy provoked concern in investors at times, and led to an equity market correction in May. However, for the most part, investors focused on more cautious central banks and declining bond yields. The Canadian equity market, as measured by the S&P/TSX Composite Index, rose 16.2%, while the U.S. equity market, as measured by the S&P 500 Index, gained 17.4%.

At the beginning of the year, investors had been anticipating a couple of interest rate increases by the U.S. Federal Reserve Board ("Fed") in 2019. However, early in the year, it was clear that these increases would not come to fruition, and by the second quarter of 2019, there was discussion of possibly two to three interest rate cuts by year-end. The Fed appeared willing to do whatever it could to extend the business cycle, as inflation remains subdued despite extremely tight labour markets. Bond yields responded to the change in Fed's tone, with 10-year U.S. Treasury yields declining from 2.7% at the end of 2018 to 2.0% at the end of June. In Canada, 10-year bond yields declined from 2.0% to 1.5%. Few economists had anticipated that magnitude of yield decline, and it aided equity markets as investors searched for return in a new lower-for-longer interest rate scenario.

The Fund's top-performing sectors included the financials, utilities and industrials sectors, which contributed 318 basis points ("bps"), 235 bps and 229 bps, respectively, to performance. Top individual contributors to performance included Equinix Inc. (21 bps), WP Carey Inc. (18 bps) and Prologis Inc. (16 bps).

The weakest sector performance came from energy (+15 bps), communication services (+46 bps) and consumer discretionary (+55 bps). Individual detractors from performance

included Annaly Capital Management Inc. (-5 bps), AGNC Investment Corp. (-4 bps) and Simon Property Group Inc. (-4 bps).

Any notable changes in the Fund's holdings were related to Index rebalancing activity. Portfolios are obtained from Morningstar and rebalanced as per its direction with respect to constituents and weightings.

## RECENT DEVELOPMENTS

Equity markets are currently trading close to all-time highs, yet there are a number of concerns and economic data points that lead us to be cautious in our outlook. Economic data continues to soften, which has been reflected in central banks around the world adopting a more cautious stance. Revenue and earnings growth both continue to slow. The recent inversion of the yield curve is also important given that every recession going back to the 1970s has been preceded by an inverted yield curve.

Effective April 22, 2019, the risk rating for the Fund changed from "Medium" to "Low to Medium". This change is the result of an annual review to comply with the methodology mandated by the Canadian Securities Administrators and is not the result of any changes to investment objective, strategies or management of the Fund.

Effective April 29, 2019, First Asset ETFs were rebranded as CI First Asset ETFs.

On July 1, 2019, First Asset Investment Management Inc. amalgamated with CI Investments Inc. ("CI"). After the amalgamation, members of the Independent Review Committee ("IRC") of the CI family of funds also became members of the First Asset Funds' IRC (together, the "CI Funds IRC"). Previous members of the First Asset Funds' IRC resigned on June 30, 2019.

## RELATED PARTY TRANSACTIONS

### **Manager, Trustee and Portfolio Advisor**

CI Investments Inc. is the Manager, Trustee and Portfolio Advisor of the Fund. CI Investments Inc. is a subsidiary of CI Financial Corp. Please refer to the "Management Fee" section which outlines fees paid to the Manager.

### **Independent Review Committee**

The Fund received standing instructions from the Fund's Independent Review Committee with respect to the following related party transactions:

- a) trades in securities of CI Financial Corp.; and
- b) purchases or sales of securities of an issuer from or to another investment fund managed by the Manager.

# CI First Asset MSCI USA Low Risk Weighted ETF

*Management Report of Fund Performance for the period ended June 30, 2019*

---

The applicable standing instructions require, amongst others, that related party transactions be conducted in accordance with the Manager's policies and procedures and applicable law and that Manager advise the IRC of any material breach of such policies. The standing instructions also require that investment decisions in respect of related party transactions (a) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (c) are made in compliance with the Manager's policies and procedures; and (d) achieve a fair and reasonable result for the Fund. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC on a quarterly basis to monitor compliance.

The Fund relied on the IRC's standing instructions regarding related party transactions during this reporting period.

Except as otherwise noted below, CI and the Fund were not party to any related party transactions during the period ended June 30, 2019.

---

# CI First Asset MSCI USA Low Risk Weighted ETF

Management Report of Fund Performance for the period ended June 30, 2019

## 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 <sup>(1) \*</sup>

Common Units	Six Months Ended Jun. 30, 2019	Year Ended Dec. 31, 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 January 27, 2014	\$	\$	\$	\$	\$	\$
<b>Net assets, beginning of period</b>	14.68	15.12	13.40	12.32	12.12	10.00
<b>Increase (decrease) from operations</b>						
Total revenue	0.23	0.42	0.30	0.28	0.30	0.24
Total expenses	(0.09)	(0.18)	(0.25)	(0.09)	(0.08)	(0.07)
Realized gains (losses) for the period	(0.06)	0.85	1.76	0.80	1.05	0.84
Unrealized gains (losses) for the period	2.72	(2.07)	0.19	0.20	(0.79)	1.19
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	2.80	(0.98)	2.00	1.19	0.48	2.20
<b>Distributions</b>						
From income (excluding dividends)	(0.12)	(0.26)	(0.10)	(0.18)	(0.17)	(0.14)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	(0.13)	-	(0.34)
Return of capital	-	-	(0.09)	-	-	-
<b>Total distributions <sup>(3)</sup></b>	(0.12)	(0.26)	(0.19)	(0.31)	(0.17)	(0.48)
<b>Net assets, end of the period <sup>(4)</sup></b>	17.34	14.68	15.12	13.40	12.32	12.12

### RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) <sup>(5)</sup>	14,168	12,728	9,828	8,709	5,544	1,818
Number of securities outstanding <sup>(5)</sup>	816,898	866,898	650,165	650,000	450,000	150,000
Management expense ratio (%) <sup>(6)</sup>	0.67	0.67	0.68	0.68	0.67	0.66
Portfolio turnover rate (%) <sup>(7)</sup>	19.88	58.25	59.36	66.94	37.77	66.46
Trading expense ratio (%) <sup>(8)</sup>	0.04	0.13	0.05	0.10	0.24	0.17
Net asset value per security (\$)	17.34	14.68	15.12	13.40	12.32	12.12
Closing market price (\$) <sup>(9)</sup>	17.32	14.04	15.17	13.43	12.07	12.35

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

# CI First Asset MSCI USA Low Risk Weighted ETF

Management Report of Fund Performance for the period ended June 30, 2019

## Financial Highlights (cont'd)

### THE FUND'S NET ASSETS PER SECURITY <sup>(1)</sup>

Unhedged Common Units Commencement of operations January 27, 2014	Six Months Ended	Year Ended	Year Ended	Year Ended	Year Ended	Period from
	Jun. 30, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Inception to Dec. 31, 2014
	\$	\$	\$	\$	\$	\$
<b>Net assets, beginning of period</b>	18.71	17.55	16.50	15.53	12.56	10.00
<b>Increase (decrease) from operations</b>						
Total revenue	0.29	0.50	0.40	0.33	0.33	0.25
Total expenses	(0.09)	(0.20)	(0.16)	(0.11)	(0.10)	(0.07)
Realized gains (losses) for the period	0.63	1.52	1.19	0.72	1.26	1.00
Unrealized gains (losses) for the period	1.84	(0.38)	(0.94)	0.77	2.32	1.69
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>2.67</b>	<b>1.44</b>	<b>0.49</b>	<b>1.71</b>	<b>3.81</b>	<b>2.87</b>
<b>Distributions</b>						
From income (excluding dividends)	(0.14)	(0.29)	(0.44)	(0.19)	(0.13)	(0.12)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	(0.13)	-	(0.38)
Return of capital	(0.01)	(0.02)	-	-	(0.07)	-
<b>Total distributions <sup>(3)</sup></b>	<b>(0.15)</b>	<b>(0.31)</b>	<b>(0.44)</b>	<b>(0.32)</b>	<b>(0.20)</b>	<b>(0.50)</b>
<b>Net assets, end of the period <sup>(4)</sup></b>	<b>21.26</b>	<b>18.71</b>	<b>17.55</b>	<b>16.50</b>	<b>15.53</b>	<b>12.56</b>

### RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) <sup>(5)</sup>	25,511	19,645	30,704	97,500	26,405	4,397
Number of securities outstanding <sup>(5)</sup>	1,199,996	1,049,996	1,749,996	5,910,000	1,700,000	350,000
Management expense ratio (%) <sup>(6)</sup>	0.65	0.72	0.68	0.69	0.68	0.66
Portfolio turnover rate (%) <sup>(7)</sup>	19.88	58.25	59.36	66.94	37.77	66.46
Trading expense ratio (%) <sup>(8)</sup>	0.04	0.13	0.05	0.10	0.24	0.17
Net asset value per security (\$)	21.26	18.71	17.55	16.50	15.53	12.56
Closing market price (\$) <sup>(9)</sup>	21.30	18.62	17.59	16.55	15.54	12.77

#### Notes:

(1) This information is derived from the Fund's unaudited semi-annual 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 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 June 30, 2019 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 Portfolio Advisor 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.

(9) Closing market price.

# CI First Asset MSCI USA Low Risk Weighted ETF

Management Report of Fund Performance for the period ended June 30, 2019

---

## Management Fee

CI 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 CI an annual management fee on the Common Units and Unhedged Common Units at the maximum annual 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. Out of the management fees received, CI pays for general administration and profit. General administration covers most costs and expenses relating to the operation of the Fund including investment management, administration, legal, accounting, custody, audit, registrar and transfer agency fees, index licensing fees (if applicable) and expenses associated with the advertising, marketing and promoting the sale of the units of the Fund, subject to certain exclusions as noted in the Fund's prospectus. In addition to investment advisory and portfolio management, the services provided by CI 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 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, CI 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%
Unhedged Common Units	0.60%	-	100%

---

# CI First Asset MSCI USA Low Risk Weighted ETF

Management Report of Fund Performance for the period ended June 30, 2019

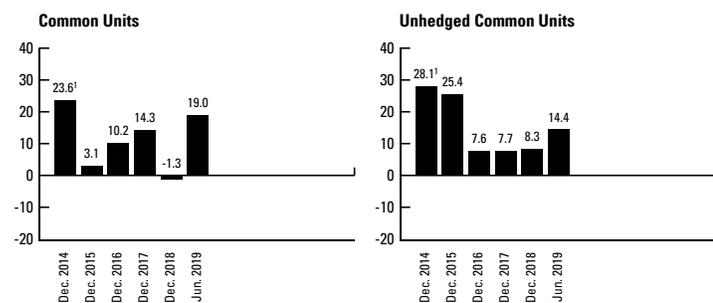
---

## 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 <sup>(1)</sup>

The following bar charts show semi-annual and annual performance for each class of the Fund's securities for the financial periods shown and illustrate how the Fund's performance has changed from period to period. The bar charts show, 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.



<sup>1</sup> 2014 return is for the period from February 5, 2014 to December 31, 2014.

---

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

