

# CI First Asset Canadian REIT ETF

## Management Report of Fund Performance for the year ended December 31, 2019

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 1-800-563-5181, by writing to us at CI Investments Inc., 2 Queen Street East, Twentieth Floor, 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.

### INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the CI First Asset Canadian REIT ETF (the Fund) is to seek long-term total returns consisting of regular income and long-term capital appreciation from an actively managed portfolio comprised primarily of securities of Canadian real estate investment trusts, real estate operating corporations and entities involved in real estate related services.

### RISK

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. Unitholders should refer to the prospectus as it contains a detailed discussion of risk and other considerations to an investment in the Fund. The prospectus is available free of charge on our website at [www.firstasset.com](http://www.firstasset.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### RESULTS OF OPERATIONS

The Fund's net assets increased by \$282.6 million to \$627.5 million from December 31, 2018 to December 31, 2019. The Fund had net sales of \$213.3 million for the year. The Fund paid distributions totalling \$23.4 million while the portfolio's performance increased assets by \$92.7 million. The Fund returned 23.0% after fees and expenses for year ended December 31, 2019. Over the same time period, the Fund's benchmark returned 22.8%. The benchmark is the S&P/TSX Capped REIT Total Return Index (the Index or Benchmark).

Global central banks turned increasingly cautious during 2019 as economic uncertainty increased, driven in part by the U.S.-China trade dispute and concerns over the U.K.'s exit negotiations from the European Union. The 10-year Government of Canada (GoC) bond yield finished the year at 1.7%, down 27 basis points (bps) from 2.0% at the beginning of the year, while the 10-year U.S. Treasury yield finished the year at 1.9%, down 76 bps from 2.7%. In early 2019, GoC 10-year bond yields sank below three-month yields. This inversion in the yield curve in both Canada and the U.S. sparked concerns of economic recession, yet the consensus view was that gross domestic product growth would remain in positive territory in 2020 and beyond.

In this uncertain environment, institutional allocations to real estate continued to rise. Over the last 12 to 24 months, a tremendous amount of capital has flowed into private equity, and real estate private equity specifically, fueling merger and acquisitions activity. In 2019, a number of real estate investment trust (REIT) privatization deals were announced, and in most cases, the acquirers were private equity investors.

In 2019, the real estate operating environment remained broadly healthy across most markets and property types. Demand for real estate, both from a tenant and investor perspective remained strong across most property types, with capitalization rates generally steady, and rents and occupancy stable to rising in many markets. Debt capital remained broadly available at attractive rates, and the supply environment remained benign.

The Fund slightly outperformed its benchmark for the year. Investment selection, particularly within retail, residential and diversified REITs, contributed to the Fund's performance. An overweight exposure to industrials REITs was another contributor to performance. Top individual contributors to performance included holdings in Dream Industrial REIT, Killam Apartment REIT and Crombie REIT. Another notable contributor to performance was a holding in Dream Global REIT, which was acquired by The Blackstone Group L.P. in an all-cash transaction valued at \$6.2 billion, representing an 18.5% premium.

The single individual detractor from performance was NorthWest Healthcare Properties REIT, only a very modest detractor from the Fund's total return. The position was initiated in late 2019.

A number of new positions were purchased for the Fund during the year, including Dream Office REIT, Northview Apartment REIT, Americold Realty Trust and European Residential REIT.

During the first half of the year, positions in American Hotel Income Properties REIT L.P. and Brookfield Property Partners L.P. were eliminated from the Fund. The Fund also benefited from mergers and acquisitions activity involving Agellan Commercial REIT, Pure Multi-Family REIT L.P. and Dream Global REIT, each of which were taken private at double-digit premiums to their units prices.

### RECENT DEVELOPMENTS

Generally healthy real estate operating fundamentals, low bond yields and strong institutional demand for direct property and REIT equity issuances, as well as mergers and acquisitions, contributed to positive REIT returns in 2019. The Fund's sector allocation continues to favour multi-family residential, industrial, select office and defensive daily necessity-oriented retail.

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.

Effective September 19, 2019, James McPhedran became a member of the IRC of CI Funds and effective August 15, 2019, John Reucassel resigned as a member of the IRC of CI Funds.

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## RELATED PARTY TRANSACTIONS

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

CI is the Manager, Trustee and Portfolio Manager of the Fund. CI is a subsidiary of CI Financial Corp. The Manager, in consideration of management fees, provided management services required in the day-to-day operations of the Fund.

Management fee rate as at December 31, 2019, for the class is shown below:

	Annual management fee rate (%)
Common Units	0.750

The Manager received \$3.9 million in management fees for the year.

### **Management Fees**

100% of management fees were used to pay for investment management and other general administration.

### **Independent Review Committee**

The Fund received standing instructions from the Fund's IRC 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.

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 the 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 year.

Except as otherwise noted above, the Fund was not a party to any related party transactions during the year ended December 31, 2019.

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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 for the past five years.

Net Assets per Unit (\$) <sup>(1)(2)(4)</sup>	Increase (decrease) from operations:					Distributions:					Net assets at the end of the year shown <sup>(2)</sup>	
	Net assets at the beginning of year <sup>(2)</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions <sup>(2)(3)</sup>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

### Common Units

Commencement of operations October 28, 2004

Listed TSX: RIT

Dec. 31, 2019	15.86	0.39	(0.17)	0.76	2.28	3.26	(0.19)	(0.01)	(0.54)	(0.07)	(0.81)	18.65
Dec. 31, 2018	16.03	0.49	(0.15)	0.60	(0.38)	0.56	(0.11)	(0.22)	(0.51)	-	(0.84)	15.86
Dec. 31, 2017	15.08	0.53	(0.17)	0.52	0.80	1.68	(0.03)	(0.39)	(0.37)	(0.02)	(0.81)	16.03
Dec. 31, 2016	13.52	0.76	(0.14)	0.36	1.13	2.11	(0.13)	(0.19)	(0.67)	-	(0.99)	15.08
Dec. 31, 2015	13.13	0.70	(0.17)	1.29	(0.87)	0.95	(0.04)	(0.19)	(0.98)	-	(1.21)	13.52

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding for the relevant class over the fiscal year.

(3) Distributions are automatically reinvested in additional units of the Fund.

(4) This information is provided for the years ended December 31.

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## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(6)</sup>

	Total net assets <sup>(1)</sup> \$000's	Number of units outstanding <sup>(5)</sup> 000's	Management expense ratio before waivers or absorptions <sup>(2)</sup> %	Management expense ratio after taxes <sup>(2)</sup> %	Trading expense ratio <sup>(3)</sup> %	Portfolio turnover rate <sup>(4)</sup> %	Closing market price (\$) <sup>(6)</sup> %
<b>Common Units</b>							
Commencement of operations October 28, 2004							
Listed TSX: RIT							
Dec. 31, 2019	627,453	33,646	0.87	0.87	0.04	28.69	18.67
Dec. 31, 2018	344,920	21,746	0.90	0.90	0.03	21.66	15.89
Dec. 31, 2017	305,391	19,046	0.93	0.93	0.07	33.28	16.05
Dec. 31, 2016	190,122	12,604	0.97	0.97	0.07	32.69	15.10
Dec. 31, 2015	84,549	6,254	1.24	1.24	0.12	79.70	13.60

(1) This information is derived from the Fund's audited annual financial statements.

(2) Management expense ratio is calculated based on expenses charged to the Fund (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets for the year, including the Fund's proportionate share of any underlying fund(s) expenses, if applicable. The Effective HST tax rate is calculated using the attribution percentage for each province based on unitholder residency and can be different from 13%.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year, including the Fund's proportionate share of such expenses of any underlying fund(s), if applicable.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its 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 fiscal 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 a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the year, and excluding cash and short-term investments maturing in less than one year, and before assets acquired from a merger, if applicable, by the average of the monthly fair value of investments during the year.

(5) This information is provided for the years ended December 31.

(6) Closing market price.

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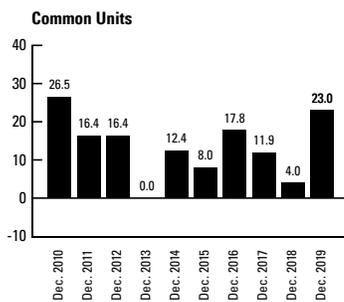
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## PAST PERFORMANCE

This section describes how the Fund has performed in the past. Remember, past returns do not indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the years shown were reinvested in additional units of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following chart shows the Fund's annual performance for each of the years shown and illustrates how the Fund's performance has changed from year to year. In percentage terms, the chart shows 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, except where noted.



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## Annual Compound Returns

The following table shows the Fund's annual compound returns for each year indicated, compared to the S&P/TSX Capped REIT Total Return Index and the S&P/TSX Composite Total Return Index.

The S&P/TSX Capped REIT Index is a sub-index of the broad-based S&P/TSX Income Trust Index. This sector-based index comprises real estate income trusts, which are classified in the Global Industry Classification Standards real estate sector. The relative weight of any single index constituent is capped at 25%.

The S&P/TSX Composite Index is a float-adjusted market capitalization weighted index, which is the principal broad measure of the Canadian equity market. It includes common stocks and income trust units of companies incorporated in Canada which are listed on the Toronto Stock Exchange.

A discussion of the performance of the Fund as compared to the benchmark is found in the Results of Operations section of this report.

	<b>One Year (%)</b>	<b>Three Years (%)</b>	<b>Five Years (%)</b>	<b>Ten Years (%)</b>	<b>Since Inception (%)</b>
<b>Common Units</b>	23.0	12.7	12.7	13.4	n/a
S&P/TSX Capped REIT Total Return Index	22.8	12.8	10.0	11.3	n/a
S&P/TSX Composite Total Return Index	22.9	6.9	6.3	6.9	n/a

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## SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2019

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
Canada .....	88.2	Real Estate .....	85.5	Cash & Cash Equivalents .....	7.2
Cash & Cash Equivalents .....	7.2	Cash & Cash Equivalents .....	7.2	InterRent REIT .....	4.7
U.S.A. ....	2.2	Health Care .....	5.5	Canadian Apartment Properties REIT .....	4.7
U.K. ....	2.0	Financials .....	1.4	Dream Industrial REIT .....	4.6
Other Net Assets (Liabilities) .....	0.4	Other Net Assets (Liabilities) .....	0.4	Allied Properties REIT .....	4.2
				Killam Apartment REIT .....	4.1
				Morguard North American Residential REIT .....	4.0
				RioCan REIT .....	3.9
				First Capital REIT .....	3.8
				Minto Apartment REIT .....	3.8
				Tricon Capital Group Inc. ....	3.6
				Choice Properties REIT .....	3.5
				WPT Industrial REIT .....	3.4
				Granite REIT .....	3.3
				Crombie REIT .....	3.3
				H&R REIT .....	3.3
				Chartwell Retirement Residences .....	3.1
				Summit Industrial Income REIT .....	3.1
				Northview Apartment REIT .....	2.9
				CT REIT .....	2.5
				Sienna Senior Living Inc. ....	2.4
				European Residential REIT .....	2.2
				Cushman & Wakefield PLC .....	2.0
				StorageVault Canada Inc. ....	1.8
				Brookfield Asset Management Inc., Class 'A' .....	1.4
				<b>Total Net Assets (in \$000's)</b>	<b>\$627,453</b>

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a quarterly basis.

## 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.