

# CI First Asset Active Credit ETF

Management Report of Fund Performance for the period ended June 30, 2020

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 1-800-563-5181, 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.

## RESULTS OF OPERATIONS

The Fund's net assets decreased by \$5.1 million to \$21.0 million from December 31, 2019 to June 30, 2020. The Fund had net redemptions of \$1.5 million for the period. The Fund paid distributions totalling \$0.7 million while the portfolio's performance decreased assets by \$2.9 million. Common Units returned -9.4% after fees and expenses for the six-month period ended June 30, 2020. Over the same time period, the Fund's benchmark returned -4.8%. The benchmark is the Credit Suisse Leveraged Loan Total Return Index (USD) (the Index or the Benchmark).

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

Onex Credit Partners, LLC is the portfolio manager (Portfolio Manager) to the Fund.

In response to the turmoil in capital markets and the economy, the Bank of Canada (BoC) cut its overnight rate three times, from 1.75% to 0.25%. Government of Canada (GoC) five-year bond yields declined by 132 basis points (bps) to 0.4%, while the two-year GoC bond yield was down 141 bps to 0.3%. The credit spread on provincial bonds widened, with the spread on the five-year Province of Ontario bond moving from 40 bps at the beginning of the year, hitting 92 bps in March, and ending June at 52 bps. Canadian banks agreed to a six-month moratorium on mortgage payments, if requested, and the Canadian government provided emergency funds to individuals and businesses who had lost jobs or revenues as a result of COVID-19.

Credit spreads on investment-grade bonds widened, from 128 bps at the end of February to 300 bps by March month-end, partially recovering to 160 bps at the end of June. High-yield spreads also widened considerably, from 500 bps in February to 860 bps in March, ending June at 650 bps. This was still better than the spread widening that occurred in 2008 when high-yield spreads hit over 1800 bps. The current credit crisis has been driven by a health crisis, one that necessitated government-mandated industry shutdowns and shelter-in-place restrictions. Central banks and governments were able to leverage the lessons learned from 2008 and acted swiftly to add liquidity. The U.S. Federal Reserve Board (Fed) and the BoC introduced bond purchase programs to provide liquidity and to reintroduce quantitative easing. For the first time, the Fed announced it would purchase exchange traded funds holding corporate bonds as part of the effort to add liquidity to the secondary markets.

Globally, banks were also better capitalized in comparison to the prior downturn, and were able to keep financing themselves, in contrast to 2008. Also, U.S. non-bank investment dealers were eligible to borrow from the Fed's discount window, unlike in early 2008 when it was available only to banks.

Top individual contributors to the ETF's performance included Aquilex Holdings LLC, Ford Motor Credit Co. LLC and Hearthsides Food Solutions LLC. Aquilex is a leading North American industrial cleaning and specialty maintenance provider serving refining, petrochemical, power generation, utility and industrial end markets. The company is owned by Littlejohn & Co., LLC. Despite expected weakness in the second quarter of 2020 stemming from COVID-19-related slowdowns, Aquilex benefited from lower-than-expected profitability declines as a result of aggressive cost-saving actions early in March that offset revenue weakness. The company's liquidity also appears sufficient enough to support Aquilex through the economic downturn.

The Ford loan benefited from the market perception that the company has ample liquidity to weather shutdowns related to COVID-19. Despite the company spending excess cash during the pandemic, it is expected to have enough liquidity to potentially benefit from a reopening of the economy.

Hearthsides manufactures packaged food products that have been essential during the pandemic. The company benefited from strong demand as customers stocked their pantries, as well as a general shift toward eating at home.

Top detractors from performance included iShares iBoxx High Yield Corporate Bond ETF, Dealer Tire, LLC and TransDigm Group Inc. Dealer Tire declined slightly in response to the impact of COVID-19, including the potential impact of the pandemic on the company's volumes, profitability and debt levels. The company has implemented initiatives with regard to its cost structure and cash preservation, however, against a backdrop of improving volume trends and strong sponsor support.

Like most of the aerospace industry, TransDigm came under pressure as a result of the unprecedented shutdown of the global aviation and travel industry for much of 2020. Still, the company appears to have ample liquidity and should be well positioned for the medium term.

Overall, the Fund underperformed its benchmark for the period.

## RECENT DEVELOPMENTS

In the wake of the March economic shutdown, the Fed and BoC both unveiled corporate bond purchase programs designed to provide liquidity to markets in times of stress. These programs should ensure that credit spreads remain more orderly for the balance of the year, and we do not anticipate a return to the lows for credit markets, even if a global second wave for COVID-19 becomes a reality before year-end.

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Effective April 3, 2020, Stuart Hensman resigned as a member of the Independent Review Committee (IRC) of CI Funds and effective April 3, 2020, Donna Toth was appointed as a member of the IRC.

Effective July 1, 2020, Marret Asset Management Inc., replaced Onex Credit Partners, LLC as the Portfolio Manager of the Fund. CI Financial Corp., an affiliate of CI Investments Inc., owns a majority interest in Marret Asset Management Inc.

## RELATED PARTY TRANSACTIONS

### **Manager and Trustee**

CI Investments Inc. is the Manager and Trustee of the Fund. CI Investments Inc. 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 rates as at June 30, 2020, for each of the Classes are shown below:

	Annual management fee rate (%)
Common Units	0.850
US\$ Common Units	0.850

The Manager received \$0.1 million in management fees for the period.

During the period ended June 30, 2020, the Manager of the Fund absorbed \$10,111 in operating expenses.

### **Management Fees**

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

### **Independent Review Committee**

The Fund has 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 period.

Except as otherwise noted above, the Fund was not a party to any related party transactions during the period ended June 30, 2020.

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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 six periods.

Net Assets per Unit (\$) <sup>(1)(2)(4)</sup>	Increase (decrease) from operations:					Distributions:					Net assets at the end of the period shown <sup>(5)</sup>	
	Net assets at the beginning of period <sup>(2)</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period	Unrealized gains (losses) for the period	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>
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Common Units</b>												
Commencement of operations January 12, 2015												
Listed TSX: FAO												
Jun. 30, 2020	9.58	0.23	(0.06)	(1.13)	(0.17)	(1.13)	(0.24)	-	-	(0.03)	(0.27)	8.41
Dec. 31, 2019	9.12	0.58	(0.11)	0.14	0.41	1.02	(0.48)	-	-	(0.06)	(0.54)	9.58
Dec. 31, 2018	9.85	0.59	(0.11)	(0.75)	0.13	(0.14)	(0.48)	-	-	(0.06)	(0.54)	9.12
Dec. 31, 2017	9.88	0.59	(0.12)	0.54	(0.53)	0.48	(0.48)	-	-	(0.06)	(0.54)	9.85
Dec. 31, 2016	9.16	0.64	(0.12)	(0.09)	0.81	1.24	(0.53)	-	-	(0.02)	(0.55)	9.88
Dec. 31, 2015	10.00	0.56	(0.11)	0.44	(1.26)	(0.37)	(0.43)	-	-	(0.10)	(0.53)	9.16
<b>US\$ Common Units <sup>(4)</sup></b>												
Commencement of operations January 12, 2015												
Listed TSX: FAO.U												
Jun. 30, 2020	9.65	0.24	(0.06)	(0.69)	0.06	(0.45)	(0.24)	-	-	(0.03)	(0.27)	8.56
Dec. 31, 2019	9.11	0.60	(0.11)	0.09	0.04	0.62	(0.47)	-	-	(0.07)	(0.54)	9.65
Dec. 31, 2018	9.82	0.56	(0.11)	(0.09)	0.26	0.62	(0.54)	-	-	-	(0.54)	9.11
Dec. 31, 2017	9.74	0.61	(0.12)	(0.07)	(0.57)	(0.15)	(0.49)	-	-	(0.07)	(0.56)	9.82
Dec. 31, 2016	9.16	0.63	(0.11)	(0.06)	(0.18)	0.28	(0.55)	-	-	-	(0.55)	9.74
Dec. 31, 2015	10.00	0.57	(0.11)	0.32	0.07	0.85	(0.42)	-	-	(0.10)	(0.52)	9.16

(1) This information is derived from the Fund's semi-annual and 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 period.

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

(4) This information is provided for the period ended June 30, 2020 and the years ended December 31.

(5) Per units amounts are presented in U.S. dollars.

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## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(5)</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 after taxes <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> %
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### Common Units

Commencement of operations January 12, 2015

Listed TSX: FAO

Jun. 30, 2020	17,982	2,138	1.33	1.24	0.06	123.34	8.30
Dec. 31, 2019	22,871	2,388	1.33	1.13	0.03	119.00	9.56
Dec. 31, 2018	22,219	2,438	1.39	1.12	0.03	157.60	9.19
Dec. 31, 2017	33,375	3,388	1.56	1.15	0.01	77.27	9.88
Dec. 31, 2016	17,411	1,762	1.83	1.30	0.01	36.48	9.87
Dec. 31, 2015	16,146	1,762	1.27	1.16	0.02	58.15	9.22

### US\$ Common Units <sup>(7)</sup>

Commencement of operations January 12, 2015

Listed TSX: FAO.U

Jun. 30, 2020	3,003	258	1.33	1.24	0.06	123.34	8.74
Dec. 31, 2019	3,236	258	1.32	1.13	0.03	119.00	9.62
Dec. 31, 2018	3,213	258	1.40	1.13	0.03	157.60	9.06
Dec. 31, 2017	3,791	308	1.56	1.15	0.01	77.27	9.78
Dec. 31, 2016	2,396	183	1.79	1.26	0.01	36.48	9.74
Dec. 31, 2015	5,457	433	1.28	1.16	0.02	58.15	9.10

(1) This information is derived from the Fund's semi-annual and 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 period, 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 period, 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 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 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 period, 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 period.

(5) This information is provided for the period ended June 30, 2020 and the years ended December 31.

(6) Closing market price.

(7) Per units amounts are presented in U.S. dollars.

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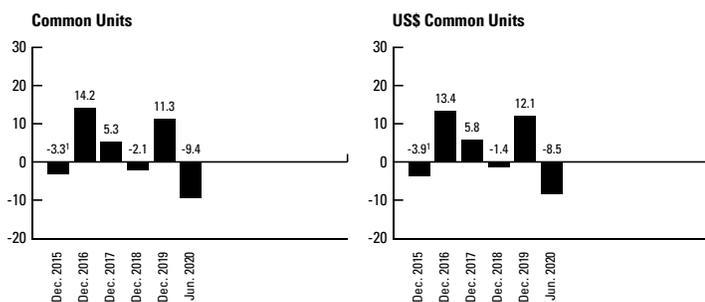
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## PAST PERFORMANCE

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 periods shown were reinvested in additional units of the relevant Class 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 charts show the Fund's semi-annual and annual performance for each of the periods shown and illustrate how the Fund's performance has changed from period to period. In percentage terms, the charts show 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, except where noted.



<sup>1</sup> 2015 return is for the period from January 12, 2015 to December 31, 2015.

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## SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2020

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
U.S.A.	87.9	Investment Fund(s)	48.9	iShares iBoxx High Yield Corporate Bond ETF	30.9
Cash & Cash Equivalents	3.6	Consumer Discretionary	11.2	Invesco Senior Loan ETF	7.7
Canada	3.1	Consumer Staples	11.0	VanEck Vectors Fallen Angel High Yield Bond ETF	5.3
Netherlands	1.6	Health Care	7.9	SPDR Bloomberg Barclays High Yield Bond ETF	4.9
Ireland	1.6	Communication Services	5.5	Cash & Cash Equivalents	3.6
Luxembourg	1.5	Industrials	4.8	Ford Motor Credit Co. LLC, 5.11%, May 3, 2029	3.2
Other Net Assets (Liabilities)	0.7	Cash & Cash Equivalents	3.6	HCA Inc., 3.50%, September 1, 2030	3.1
		Information Technology	2.9	Citgo Holding Inc., 9.25%, August 1, 2024	1.8
		Energy	1.8	Adient US LLC, 9.00%, April 15, 2025	1.7
		Financials	1.7	Navistar International Corp., 9.50%, May 1, 2025	1.7
		Other Net Assets (Liabilities)	0.7	Univision Communications Inc., 9.50%, May 1, 2025	1.7
				AmWINS Group Inc., 7.75%, July 1, 2026	1.7
				Prime Security Services Borrower LLC / Prime Finance Inc, Series 'SEPT', 5.75%, April 15, 2026	1.7
				Aramark Services Inc., 6.38%, May 1, 2025	1.7
				Albertsons Cos. LLC / Safeway Inc. / New Albertson's Inc / Albertson's LLC, 5.88%, February 15, 2028	1.7
				Delta Air Lines Inc., 7.00%, May 1, 2025	1.7
				JBS USA LUX SA / JBS Food Co. / JBS USA Finance Inc, 5.50%, January 15, 2030	1.7
				Bausch Health Cos. Inc., 5.50%, November 1, 2025	1.7
				Panther BF Aggregator 2 L.P. / Panther Finance Co Inc, 8.50%, May 15, 2027	1.6
				Sigma Holdco BV, 7.88%, May 15, 2026	1.6
				Change Healthcare Holdings LLC / Change Healthcare Finance Inc, Series 'APR', 5.75%, March 1, 2025	1.6
				Endo Dac / Endo Finance LLC / Endo Finco Inc., 5.88%, October 15, 2024	1.6
				iHeartCommunications Inc., 5.25%, August 15, 2027	1.6
				Connect Finco SARL / Connect US Finco LLC, 6.75%, October 1, 2026	1.5
				LifePoint Health Inc., 4.38%, February 15, 2027	1.5
				<b>Total Net Assets (in \$000's)</b>	<b>\$20,984</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.