

The MSCI Europe Index returned 2.7% during the third quarter bringing the year to date total return to an attractive 10%. The MSCI Europe Banks Index returned 4.7% in Euro currency over the recent quarter, adding to bank outperformance YTD, which reached 17%. During the quarter the Euro banks outperformed the global financials as measured by the MSCI ACWI Financial Index which returned 5.7% in US\$, and just 2.25% in the Euro currency. The First Asset European Bank ETF (the "Fund") outperformed both the broad European benchmark and the European bank index with a return of 6.8% in Canadian dollars during the period.

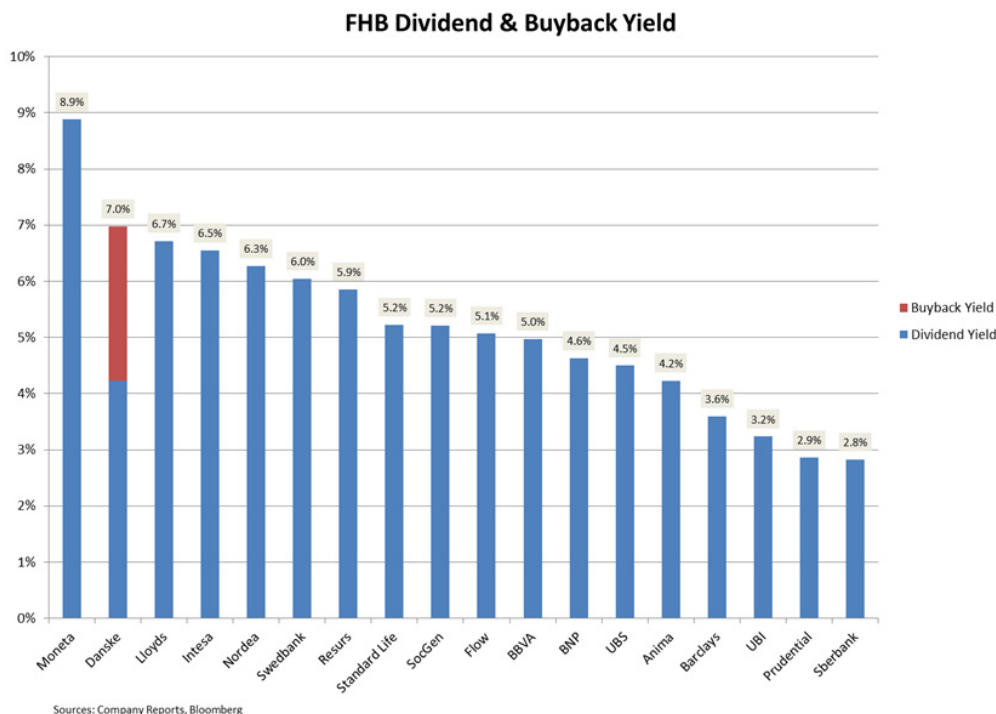
The strongest performers during the quarter were generally banks with the highest sensitivity to movements in short term interest rates. Market participants remain encouraged by the positive economic backdrop supporting a growing view that European short term rates could rise within their investment horizon. Italy remained one of the stronger banking markets and the UK remains out of favour. The Fund's overweight in Italy paid off again this quarter with the average returns exceeding 12% on our holdings. Banco BPM advanced almost 20% during the period, with UBI Banca close behind at 16.5%. We continue to feel very good in regards to our Italian exposures as risk premiums remain high and recent meetings with local companies have been encouraging in regards to their business outlook.

The strongest single position during the quarter was Sberbank of Russia, which advanced 32% in Rubbles and 30% in Canadian currency. The average Fund portfolio weight in Sberbank over the period was just 2.1%. We view Sberbank as an incredibly strong capital compounder, operating with an appropriately high risk premium, however our risk budget allocation to such an investment has modest limits.

Disappointments during the quarter included Barclays and Flow Traders, with declines of 4.2% and 4.6%. Barclays has underperformed European banks by more than 20% YTD and we continue to view valuation as extremely undemanding. Flow Traders revenue outlook and valuation continues to suffer from a current lack of market volatility, but this of course is unpredictable.

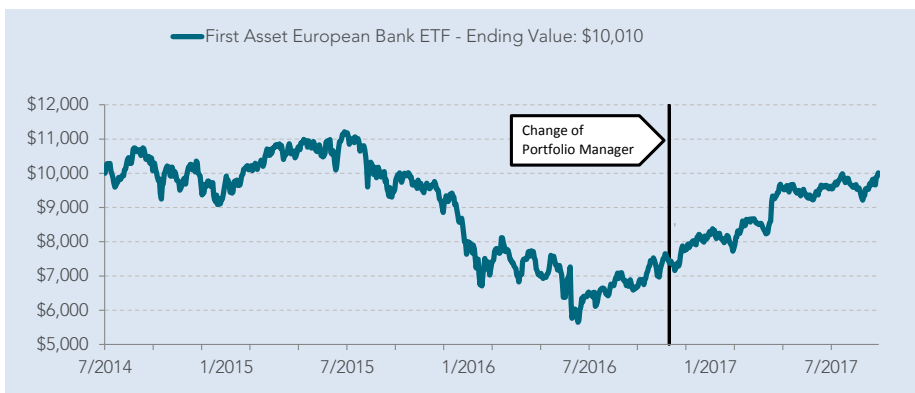
Currency Hedging – We dropped the limited Euro currency hedge and continue to hedge approximately 45% of British Pound exposure.

Sector Yield - We view the financial sector as relatively appealing and unique given compelling yield opportunities that will likely benefit from increasing interest rates. The chart below illustrates anticipated capital returns to shareholders via dividends and buybacks as a percentage of current market capitalization for select holdings in the Fund.



We remain constructive on the global financial sector as risk premiums remain attractive relative to the market. The financial system is healthy, despite low interest rate earnings headwinds and while peripheral Europe remains fragile, the region is making gradual progress in repairing balance sheets. Following a decade of significant underperformance, global financials outperformance may take some getting used to. European banks offer very attractive dividend yields and dividend growth from banks will likely exceed overall market dividend growth. In addition, Financials are likely the only sector that will benefit from gradually rising interest rates. We encourage sector investors to acknowledge our demonstrated ability to add value in the sector and consider the Fund as a serious contributor to portfolio objectives.

Fund Performance



Source: First Asset

The rate of return chart shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the Fund or returns on investment in the Fund.

	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	SI
First Asset European Bank ETF	4.58%	6.79%	17.04%	26.60%	49.60%	2.76%	0.03%
MSCI Europe Index CAD	3.04%	2.51%	7.17%	14.52%	16.38%	8.13%	7.14%
MSCI Europe Banks Index CAD	3.71%	4.53%	12.90%	21.64%	41.72%	7.18%	4.95%
MSCI ACWI Financial Index CAD	2.80%	1.82%	4.38%	9.60%	25.62%	13.47%	12.40%

Source: Morningstar Direct as at September 30, 2017

Inception date: July 23, 2014¹

The MSCI Europe Index represents the performance of large and mid-cap equities across 15 developed countries in Europe. The Index has a number of sub-Indexes which cover various sub-regions market segments/sizes, sectors and covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Europe Banks Index is composed of large and mid-cap stocks across 15 developed markets countries in Europe. The MSCI ACWI Financials Index captures large and mid-cap representation across 23 developed and 24 emerging market countries.

¹The indicated rates of return are the historical annual compounded total returns, including changes in unit value and do not take into account sales, redemption or optional charges or income taxes payable by a security holder that would have reduced returns. **On November 18, 2016, Signature Global Asset Management, a division of CI Investments Inc., commenced investment advisory and portfolio management services for the Fund.**



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Signature Global Asset Management manages a diverse range of equity, balanced and income funds, and is CI Investments' largest in-house portfolio management group. The team of over 40 investment professionals, led by Chief Investment Officer Eric Bushell, manages over \$55 billion and has offices in Toronto and Hong Kong.

Investment Philosophy

The Signature investment philosophy is designed to deliver the best possible risk-adjusted returns in today's complex environment and is based on these key elements:

- The globalization of the world economy has resulted in increased complexity, requiring specialized knowledge.
- The increased interconnectivity of the global economy demands collaboration.

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First Asset - Smart Solutions™

First Asset, a CI Financial Company, is a Canadian investment firm delivering a comprehensive suite of smart ETF solutions. Rooted in strong fundamentals, First Asset's smart solutions strive to deliver better risk-adjusted returns than the broad market while helping investors achieve their personal financial goals.

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