

FIRST ASSET HAMILTON CAPITAL EUROPEAN BANK ETF



Annual Management Report of Fund Performance for the period
July 18, 2014 to December 31, 2014

Fund:

First Asset Hamilton Capital European Bank ETF

Securities:

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

Advisor Class Units - Listed TSX: FHB.A

Period:

July 18, 2014 to December 31, 2014

Manager & Trustee:

First Asset Investment Management Inc. ("First Asset")

95 Wellington Street West, Suite 1400

Toronto, Ontario M5J 2N7

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Portfolio Manager:

Hamilton Capital Partners Inc.

55 York Street, Suite 1202

Toronto, Ontario M5J 1R7

Notes:

1. This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at www.sedar.com. Holders may also contact us to request a free copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.
2. This report may contain forward looking statements. Forward looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward looking statements.
3. Unless otherwise indicated all information is as at December 31, 2014.
4. None of the websites that are referred to in this report, nor any of the information on any such websites, are incorporated by reference in this report.

Investment Objectives and Strategies

The Fund's investment objective is to seek long-term total returns consisting of long-term capital appreciation and regular dividend income from an actively managed portfolio comprised primarily of equity securities of European banks.

The Fund will seek to achieve its investment objective through the application of specialized analysis and expertise and intends to invest in a portfolio of equity securities that in the view of the Portfolio Manager represents a diversified portfolio of the most attractive opportunities in the European banking sector. The Fund's investments may be selected from any subsector or capitalization level of the European banking sector.

Risks

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. Holders should still refer to the prospectus of the Fund dated July 18, 2014 as it contains a detailed discussion of risk and other considerations relating to an investment in the Fund. The prospectus is available free of charge on our website at www.firstasset.com and on SEDAR at www.sedar.com. Readers are also directed to note 4 and the Fund Specific Notes of the Fund's 2014 annual financial statements, which discusses management of financial risks.

Results of Operations

The Fund's Common Units and Advisor Class Units commenced operations on July 29, 2014 with an initial net asset value of \$10.00 and new subscriptions totalling \$1.75 million for Common Units and \$0.25 million for Advisor Class Units. The largest factor contributing to the increase between the gross proceeds raised and total net assets at December 31, 2014 of \$26.5 million was additional subscriptions of \$25.9 million. For the period, the Fund's Common Units returned -3.8% compared to the STOXX Europe 600 Bank Index, which had a total return of -3.7%. The following tables highlight the performance of the Fund's Common Units and Advisor Class Units on a net asset value basis and market price basis.

Net Asset Value	December 31, 2014	Return
FHB	\$9.62	-3.8%
FHB.A	\$9.59	-4.1%

Market Value	December 31, 2014	Return
FHB	\$9.73	-2.7%
FHB.A	\$9.50 ⁽¹⁾	-5.0%

⁽¹⁾ Closing market price taken from last trade on December 17, 2014.

European equity investors focused significantly on the absence of monetary accommodation during a period of heightened deflationary pressures from a decline in energy prices, which was the most important macro event since the Fund's launch in July. Although the decline in energy prices weighed on valuations of bank stocks, its net impact is likely to be positive. Other significant events included slowing gross domestic product ("GDP") growth in a number of eurozone countries, ongoing geopolitical tensions caused by the conflict between Ukraine/Russia and the collapse of the Greek government as a result of a failed confidence vote.

The primary contributors to Fund's performance were large-cap banks, Intesa Sanpaolo S.p.A. ("ISP"), Barclays PLC ("BARC"), Royal Bank of Scotland PLC ("RBS") and CaixaBank, S.A. ("CBK"). All banks reported solid earnings during the period and passed the European Central Bank (ISP and CBK) and European Banking Authority (BARC and RBS) stress tests. Banks from Nordic countries including Danske (Denmark), Swedbank AB (Sweden), and Jyske (Denmark) all posted positive returns.

The Fund's portfolio weightings had a significant impact on its relative performance. Individual holdings that detracted from Fund performance included Raiffeisen Bank International AG. Although domiciled in Austria, Raiffeisen has the majority of its business exposure in Central and Eastern Europe ("CEE"), as well as Russia. Although the bank has no significant operational issues from its CEE exposure, the stock suffered as investors consider the stock to be a riskier investment as a result of sanctions on Russia by the U.S. and European governments. Alpha Bank A.E., the Fund's lone Greek bank holding that was eliminated from the Fund in November 2014, also detracted from performance as uncertainty grew about Greece's overall stability and its commitment to the euro.

Increases and decreases made to the Fund's positions during the period were negligible, except for the sale of Alpha Bank in November.

Recent Developments

The Portfolio Manager expects the European Central Bank to announce new quantitative easing measures in early 2015. These would be expected to be supportive of GDP growth, which would be positive for bank earnings. The Fund is heavily biased towards deep-value banks that possess the strong potential for earnings recoveries. Such stocks are expected to outperform their more global peers in an improving economic environment in Europe.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Fund adopted International Financial Reporting Standards (IFRS) on January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. The Fund's 2014 annual financial statements are prepared in accordance with IFRS, and include 2013 comparative financial information and an opening Statement of Financial Position as at January 1, 2013, also prepared in accordance with IFRS. Note 12 and the Fund Specific Notes of the December 31, 2014 annual financial statements disclose the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements prepared under Canadian generally accepted accounting principles as defined in Part V of the CPA Canada Handbook (Canadian GAAP).

Related Party Transactions

First Asset is deemed to be a related party to the Fund. Please refer to the "Management Fee" section below which outlines fees paid to First Asset.

First Asset and the Fund were not party to any other related party transactions during the period ended December 31, 2014. 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.

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 2014 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations	
Total revenue	0.03
Total expenses	(0.05)
Realized gains (losses) for the period	(0.22)
Unrealized gains (losses) for the period	(0.86)
Total decrease from operations⁽³⁾	(1.10)
Distributions	
From income (excluding dividends)	0.00
From dividends	0.00
From capital gains	0.00
Return of capital	0.00
Total Distributions	0.00
Net Assets, end of period⁽⁴⁾	\$9.62

	Advisor Class Units 2014 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations	
Total revenue	0.04
Total expenses	(0.09)
Realized gains (losses) for the period	(0.23)
Unrealized gains (losses) for the period	(0.30)
Total decrease from operations⁽³⁾	(0.58)
Distributions	
From income (excluding dividends)	0.00
From dividends	0.00
From capital gains	0.00
Return of capital	0.00
Total Distributions	0.00
Net Assets, end of period⁽⁴⁾	\$9.59

Notes:

- (1) This information is derived from the Fund's 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) Results for the period from July 18, 2014 (inception date) to December 31, 2014.
- (3) 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.
- (4) This is not a reconciliation of the beginning and ending net assets per security.

RATIOS AND SUPPLEMENTAL DATA

	2014 Common Units
Total net asset value (000s) ⁽¹⁾	\$25,738
Number of securities outstanding ⁽¹⁾	2,675,000
Management expense ratio ⁽²⁾	1.15%
Management expense ratio before waivers or absorptions ⁽²⁾	1.66%
Portfolio turnover rate ⁽³⁾	15.35%
Trading expense ratio ⁽⁴⁾	0.71%
Net asset value per security	\$9.62
Closing market price	\$9.73

	2014 Advisor Class Units
Total net asset value (000s) ⁽¹⁾	\$719
Number of securities outstanding ⁽¹⁾	75,000
Management expense ratio ⁽²⁾	1.91%
Management expense ratio before waivers or absorptions ⁽²⁾	2.43%
Portfolio turnover rate ⁽³⁾	15.35%
Trading expense ratio ⁽⁴⁾	0.71%
Net asset value per security	\$9.59
Closing market price	\$9.50

Notes:

- (1) This information is provided as at December 31 of the year shown.
- (2) 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.
- (3) 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 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 high turnover rate and the performance of a fund.
- (4) 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.

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 the Common and Advisor Class 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, except for the portion of the Advisor Class management fee that is in respect of the service fee payable to dealers which is calculated daily and paid quarterly in arrears. First Asset pays the Portfolio Manager out of its management fee. The services provided by First Asset to the Fund include authorizing the payment of operating expenses, determining the amount of distributions by the Fund, and ensuring the Fund complies with its continuous disclosure and reporting requirements obligations under applicable law.

	Maximum annual management fee rate	As a percentage of management fee	
		Dealer compensation	General administration and profit
Common Units	0.85%	–	100%
Advisor Class Units	1.60%	47%	53%

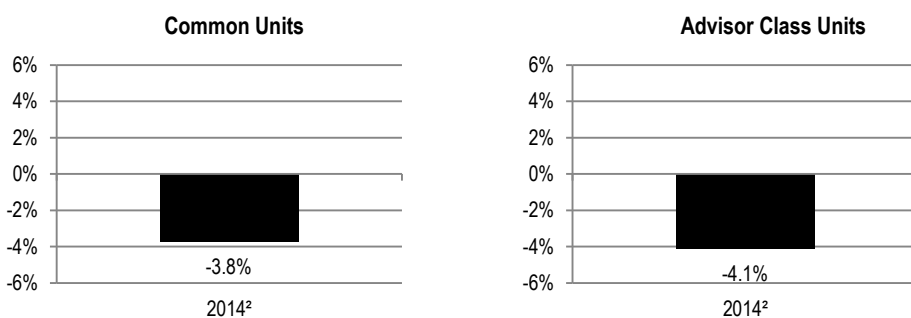
For the period ended December 31, 2014, First Asset waived or absorbed expenses of the Fund totaling \$40,105.

Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the period 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 ⁽¹⁾

The following bar charts show the performance for each class of the Fund's securities for the period shown. The bar charts show, in percentage terms, how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



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

⁽²⁾ Return for the period July 23, 2014 to December 31, 2014.

ANNUAL COMPOUND RETURNS

As the Fund was not a reporting issuer throughout the entire period, we have not provided a compound annual return or a comparative index.

Summary of Investment Portfolio

The following is a summary of the Fund's investment portfolio as at December 31, 2014. 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.

TOP 25 HOLDINGS AS AT DECEMBER 31, 2014

Description	% of Net Asset Value
Intesa Sanpaolo SpA	6.24
Barclays PLC	6.22
Commerzbank AG	5.82
Deutsche Bank AG	5.20
Societe Generale SA	4.83
HSBC Holdings PLC	4.78
BNP Paribas SA	4.51
Banco Bilbao Vizcaya Argentaria SA	4.47
Credit Agricole SA	4.15
CaixaBank SA	4.10
Bank of Ireland	4.08
Banco Popolare SC	4.00
UniCredit SpA	3.94
Royal Bank of Scotland Group PLC	3.35
Cash and Cash Equivalents	3.24
Lloyds Banking Group PLC	3.14
Raiffeisen Bank International AG	3.14
Banco Santander SA	3.06
Danske Bank A/S	3.05
Jyske Bank A/S	2.97
Swedbank AB	2.87
UBS Group AG	2.77
Credit Suisse Group AG	2.73
Banco Comercial Portugues SA	2.62
DNB ASA	2.44
Total Net Asset Value	\$26,456,720

SECTOR ALLOCATIONS AS AT DECEMBER 31, 2014

Industry	% of Net Asset Value
Financials	96.79
Cash and Cash Equivalents	3.24
	100.03
Other Liabilities, Net of Assets	(0.03)
Total Net Asset Value	100.00

