

Annual Management Report of Fund Performance

for the year ended December 31, 2016



First Asset Active Utility & Infrastructure ETF

Fund:

First Asset Active Utility & Infrastructure ETF

Securities:

Common Units - Listed Toronto Stock Exchange ("TSX"): FAI
Advisor Class Units - Listed TSX: FAI.A

Period:

January 1, 2016 to December 31, 2016

Manager, Trustee & Investment Advisor:

First Asset Investment Management Inc. ("First Asset")
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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, 2016.
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.

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Investment Objectives and Strategies

The Fund's investment objectives are to provide unitholders with monthly cash distributions and the opportunity for capital appreciation from an actively managed portfolio comprised primarily of equity securities of issuers that: derive their revenue from the distribution, wholesale or retail, of oil, natural gas or other refined products typically pursuant to fixed rate transportation tolls or from power generation and sale including hydroelectric, gas-fired, coal-fired and wind, among others, typically pursuant to long term fixed price contracts; service and support these industries; or are otherwise in the energy infrastructure industry.

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 15, 2016 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 5 and the Fund Specific Notes of the Fund's 2016 annual financial statements, which discusses management of financial risks.

Results of Operations

For the year ended December 31, 2016, the Fund's Common Units returned 13.4% compared to the S&P/TSX Capped Utilities Total Return Index and the S&P/TSX Composite Total Return Index, which returned 17.6% and 21.1%, respectively. 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, 2016	December 31, 2015	Return
FAI	\$10.14	\$9.26	13.4%
FAI.A	\$10.14	\$9.27	12.4%

Market Value	December 31, 2016	December 31, 2015	Return
FAI	\$10.16	\$9.16 ⁽¹⁾	13.4%

(1) Closing market price taken from last trade on December 30, 2015.

*Performance not shown for Advisor Class Units (FAI.A) as there was no comparable trade on or about December 31, 2016 or 2015.

The above returns, whether based on net asset value or market price, assume the reinvestment of all distributions. The Fund's Common Units and Advisor Class Units had per unit distributions of \$0.35 and \$0.27, respectively, during the year.

The Fund's net assets as at December 31, 2016, were \$20.2 million, a decrease from \$21.2 million as at December 31, 2015. The largest factors contributing to this decrease were net redemptions of \$2.9 million and distributions of \$0.7 million. This was offset in part by net gains on investments of \$2.9 million.

North American stock markets experienced several spikes in volatility, but overall finished the year strongly. Global markets started the year with a fairly large sell-off over concerns of lower global growth, weak oil markets and the potential for further monetary policy tightening by the U.S. Federal Reserve Board ("Fed"). At one point, the S&P/TSX Composite Index was down almost 9%. Negative sentiment deepened as a result of Chinese policy instability, including the introduction and suspension of stock market circuit breakers, forced stock buying by government agencies and speculation of further devaluation of China's currency.

From the January lows, markets rallied over 20%, driven in part by cautious comments from the Fed over concerns about weak wage inflation and risks from abroad. The Fed lowered its growth and inflation forecasts for the U.S. economy in 2016, and pulled back its expectations for interest rate increases for the balance of the year.

In June, equity markets sold off sharply following the U.K. vote to exit the European Union, also known as "Brexit", amid unknown implications for the European and global markets. However, the downturn ended up being short-lived, as markets quickly rebounded. After a relatively quiet summer and early fall, the U.S. presidential election in November caught the market's attention. Not only was Donald Trump's victory a surprise to most analysts, but the market's reaction was equally unpredictable, with stock markets rebounding post-election as investors focused on the U.S. President-elect's pro-growth platform.

Oil prices rallied strongly from their February lows through early June, partly as a result of supply disruptions in the Canadian oil sands caused by wild fires. The price of crude oil spent most of the summer and autumn below US\$50 per barrel, but received a boost in December as members of the Organization of the Petroleum Exporting Countries agreed to production cuts in 2017, and other major producers, including Russia, also agreed to reduce production. West Texas Intermediate crude finished the year at US\$53.72 per barrel, up from US\$37.04 at the end of 2015.

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From a sector allocation perspective, independent power producers contributed most to the Fund's performance, adding 699 basis points ("bps"), while the utilities sector and pipelines sub-sector contributed 232 bps and 224 bps, respectively. Top individual contributors to performance included Northland Power Inc. ("Northland", +97 bps), TransAlta Renewables Inc. ("TransAlta", +143 bps) and Boralex Inc. ("Boralex", +175 bps). Northland traded up after it announced a strategic review that could lead to its sale. TransAlta Renewables traded up on solid financial results, and Boralex announced a number of new growth initiatives in Canada and France.

The largest individual detractors from the Fund's performance included Brookfield Asset Management Inc. ("Brookfield", -6 bps) and Pattern Energy Group Inc. ("Pattern Energy", U.S.-listed shares -49 bps as well as Canada-listed shares -26 bps). Brookfield sold off after the Brexit vote over concern of negative impacts on its UK investment. Pattern Energy's shares came under pressure as bond yields started to increase in the second half of the year.

The Fund started the year more defensively positioned, favouring power and utilities over midstream and pipelines, and with a higher-than-average cash balance. As the year progressed, economic data became more constructive and First Asset rotated holdings into midstream and pipelines from power and utilities. New positions were introduced in Hydro One Ltd., Just Energy Group Inc. and Crius Energy Trust, while existing holdings in Algonquin Power & Utilities Corp., Keyera Corp. and Emera Inc. were increased. Transalta, Brookfield and AltaGas Ltd. were eliminated from the Fund, and positions in Superior Plus Corp., Northland and EnerCare Inc. were trimmed.

Recent Developments

North American markets rebounded following the U.S. presidential election in November, improving economic data (namely, stronger global growth, improving business surveys and rising confidence) and commodity prices. Potential challenges to the Fund include U.S. dollar strength, increased borrowing costs and potentially unfavourable trade policies, which could outweigh the positive benefits of potential deregulation and tax cuts.

Looking forward, First Asset believes that uncertainty will likely persist as markets work through the current recovery and whether or not U.S. President Donald Trump's new policies match up with market expectations. Economic data has improved, which should follow through to company earnings. Improved global economic data, strengthening corporate profits, accelerating U.S. wage growth and rising oil prices should support rising inflation and an increase in bond yields. The Fund continues to rotate into more pro-growth cyclical sectors (for example, financials, industrials and energy), and reduce its weightings in more defensive sectors, such as real estate, utilities and telecommunication services.

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. F.A. Administration Services Inc., an affiliate of First Asset, administers the Fund's relationship with the Fund's Independent Review Committee ("IRC") on behalf of First Asset, however, it receives no compensation for doing so.

The Fund has received standing instructions from its IRC with respect to the certain related party transactions: (a) trades in securities of CI Financial Corp. (referred to as "Related Issuer Trades"), which indirectly owns and controls First Asset; (b) purchases or sales of securities of an issuer from or to another investment fund managed by First Asset (referred to as "Inter-Fund Trades"); (c) purchases or sales by the Fund of securities of another investment fund managed by First Asset (referred to as "Related Fund Trades"); and (d) mergers of funds with another fund that is subject to National Instrument 81-102 ("Fund Mergers").

The applicable standing instructions require that related party transactions be conducted in accordance with First Asset's policies and procedures. First Asset is required to advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to related party transactions (a) are made by First Asset free from any influence by any entities related to First Asset and without taking into account any consideration to any affiliate of First Asset; (b) represent the business judgment of First Asset uninfluenced by considerations other than the best interests of the Fund; and (c) are made in compliance with First Asset's policies and procedures. Transactions made by First Asset in respect of the Fund under the standing instructions are subsequently reviewed by the IRC on a semi-annual basis to monitor compliance.

First Asset and the Fund were not party to any related party transactions during the year ended December 31, 2016.

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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.

THE FUND'S NET ASSETS PER SECURITY^{(1)*}

Common Units	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012
Commencement of operations January 27, 2005	\$	\$	\$	\$	\$
Net assets, beginning of period	9.26	10.03	8.71	8.29	8.32
Increase (decrease) from operations					
Total revenue	0.33	0.37	0.34	0.32	0.32
Total expenses	(0.13)	(0.10)	(0.18)	(0.14)	(0.13)
Realized gains (losses) for the period	0.29	0.41	1.51	0.63	0.74
Unrealized gains (losses) for the period	0.76	(1.12)	0.02	0.04	(0.22)
Total increase (decrease) from operations⁽²⁾	1.25	(0.44)	1.69	0.85	0.71
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.16)	(0.15)	(0.03)	(0.13)	(0.11)
From capital gains	-	(0.18)	-	-	-
Return of capital	(0.19)	-	(0.33)	(0.23)	(0.25)
Total distributions⁽³⁾	(0.35)	(0.33)	(0.36)	(0.36)	(0.36)
Net assets, end of the period⁽⁴⁾	10.14	9.26	10.03	8.71	8.27
RATIOS AND SUPPLEMENTAL DATA					
Total net asset value (\$000's) ⁽⁵⁾	19,929	20,974	30,739	32,137	49,443
Number of securities outstanding ⁽⁵⁾	1,966,186	2,266,186	3,066,186	3,689,965	5,965,881
Management expense ratio excluding offering expenses (%) ⁽⁶⁾	1.34	1.05	1.70	1.69	1.56
Management expense ratio (%) ⁽⁶⁾	1.34	1.05	1.70	1.37	2.51
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	1.34	1.05	1.70	1.37	2.51
Portfolio turnover rate (%) ⁽⁷⁾	65.71	50.79	56.40	83.22	138.20
Trading expense ratio (%) ⁽⁸⁾	0.11	0.09	0.16	0.31	0.33
Net asset value per security (\$)	10.14	9.26	10.03	8.71	8.29
Closing market price (\$) ⁽⁹⁾	10.16	9.16	9.80	8.53	8.12

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

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Financial Highlights (continued)

THE FUND'S NET ASSETS PER SECURITY⁽¹⁾

Advisor Class Units	Year Ended Dec. 31, 2016	Period from Inception to Dec. 31, 2015
	\$	\$
Commencement of operations January 12, 2015		
Net assets, beginning of period	9.27	10.02
Increase (decrease) from operations		
Total revenue	0.33	0.38
Total expenses	(0.22)	(0.18)
Realized gains (losses) for the period	0.32	0.26
Unrealized gains (losses) for the period	0.71	(0.98)
Total increase (decrease) from operations⁽²⁾	1.14	(0.52)
Distributions		
From income (excluding dividends)	-	-
From dividends	(0.09)	(0.10)
From capital gains	-	(0.13)
Return of capital	(0.18)	-
Total distributions⁽³⁾	(0.27)	(0.23)
Net assets, end of the period⁽⁴⁾	10.14	9.27

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	254	232
Number of securities outstanding ⁽⁵⁾	25,000	25,000
Management expense ratio (%) ⁽⁶⁾	2.23	1.90
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	2.23	1.90
Portfolio turnover rate (%) ⁽⁷⁾	65.71	50.79
Trading expense ratio (%) ⁽⁸⁾	0.11	0.09
Net asset value per security (\$)	10.14	9.27
Closing market price (\$) ⁽⁹⁾	10.31	9.75

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. The Fund adopted International Financial Reporting Standards ("IFRS") on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as defined in Part V of the CPA Canada Handbook. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS which requires that if an asset or liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. Accordingly, the opening net assets as at January 1, 2013 was restated to reflect the accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 remain in accordance with Canadian GAAP.

(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.

(4) This is not a reconciliation of the beginning and ending net assets per security.

(5) This information is provided as at 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 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.

(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) If the securities traded during the period, the closing market price on the last trading day during the period that the securities traded, as reported on the TSX.

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Management Fee

First Asset 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 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. In addition to investment advisory and portfolio management, the services provided by First Asset to the Fund include, without limitation, 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.

	Maximum annual management fee rate	As a percentage of management fee Dealer compensation	General administration and profit
Common Units	0.65%	-	100%
Advisor Class Units	1.40%	54%	46%

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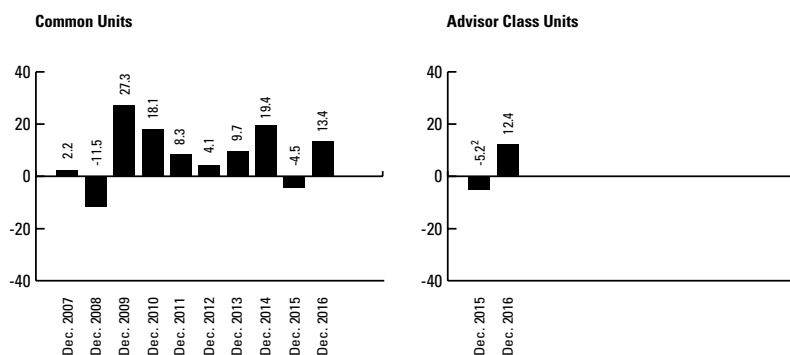
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Past Performance

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 ⁽¹⁾

The following bar charts show annual performance for each class of the Fund's securities for the financial years shown and illustrate how the Fund's performance has changed from year to year. The bar charts show, in percentage terms, 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.



ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the periods ended December 31 as indicated. As a basis for comparison we have provided the performance of the S&P/TSX Composite Total Return Index ("Index A") and the S&P/TSX Capped Utility Total Return Index ("Index B"). The S&P/TSX Composite Total Return Index is a capitalization-weighted index designed to measure market activity of stocks listed on the Toronto Stock Exchange with the S&P/TSX Capped Utility Total Return Index being a subset thereof. As the criteria for determining the constituents of the Fund and the indices differ, it is not expected that the Fund's performance will mirror that of the indices. Further, the return of the indices is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

Period	Common Units ⁽¹⁾	Index A	Index B
1 year	13.4	21.1	17.6
3 years	9.0	7.1	9.6
5 years	8.1	8.2	5.5
10 years	8.1	4.7	5.7
Since inception	6.4	6.9	7.8

Period	Advisor Class Units ⁽¹⁾	Index A	Index B
1 year	12.4	21.1	17.6
3 years	n/a	n/a	n/a
5 years	n/a	n/a	n/a
10 years	n/a	n/a	n/a
Since inception	3.3	6.6	4.4

(1) Returns based on net asset value per security. In connection with the Fund's conversion into an exchanged-traded fund on January 16, 2015, the annual management fee payable to First Asset, as manager, in respect of the Common Units, was reduced to 0.65% (from 1.05%) of the net asset value of the Fund and certain changes were made to the investment objectives, strategies and restrictions applicable to the Fund. If these changes had been in effect when the Fund was created, the performance would have been different.

(2) Returns for the period January 23, 2015 to December 31, 2015.

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Summary of Investment Portfolio

The following is a summary of the Fund's investment portfolio as at December 31, 2016. 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, 2016

Description	% of Net Asset Value
Cash and Cash Equivalents	19.88
Boralex, Inc.	6.01
Algonquin Power & Utilities Corp. - Equity	5.38
Fortis, Inc.	4.81
Emera, Inc.	4.00
Enbridge, Inc.	3.56
TransCanada Corp.	3.53
Keyera Corp.	3.51
Pattern Energy Group, Inc.	3.49
Parkland Fuel Corp.	3.47
TransAlta Renewables, Inc.	3.18
EnerCare, Inc.	3.08
NextEra Energy, Inc.	3.06
Superior Plus Corp.	2.94
Brookfield Renewable Partners LP	2.79
Black Hills Corp.	2.72
Canadian Utilities Ltd.	2.69
Pembina Pipeline Corp.	2.18
Northland Power, Inc.	2.13
Innergex Renewable Energy, Inc.	1.97
Capital Power Corp.	1.95
Brookfield Infrastructure Partners LP	1.92
Veresen, Inc.	1.88
Crius Energy Trust	1.85
Hydro One Ltd.	1.79
Total Net Asset Value	\$20,182,743

SECTOR ALLOCATION AS AT DECEMBER 31, 2016

Industry	% of Net Asset Value
Utilities	54.19
Energy	21.94
Cash and Cash Equivalents	19.88
Consumer Discretionary	3.08
Industrials	0.65
Materials	0.55
Information Technology	0.00
	100.29
Other assets, net of liabilities	(0.29)
Total Net Asset Value	100.00