

Annual Management Report of Fund Performance

for the year ended December 31, 2016



First Asset Active Credit ETF

Fund:

First Asset Active Credit ETF

Securities:

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

Advisor Class Units - Listed TSX: FAO.A

US\$ Common Units - Listed TSX: FAO.U

US\$ Advisor Class Units - Listed TSX: FAO.V

Period:

January 1, 2016 to December 31, 2016

Manager, Trustee & Investment Advisor:

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

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Toronto, ON M5C 3G7

(416) 642-1289 or (877) 642-1289

www.firstasset.com - info@firstasset.com

Portfolio Manager:

Onex Credit Partners, LLC

910 Sylvan Avenue

Englewood Cliffs, New Jersey

U.S.A. 07632

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.
5. All information is stated in Canadian dollars except for all per unit information for the US\$ classes which are stated in US dollars.

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Investment Objectives and Strategies

The Fund's investment objective is to maximize long term risk-adjusted total returns, delivered through cash distributions and long term capital appreciation, in a manner consistent with preservation of capital and prudent risk management by actively investing primarily in Credit Securities of North American issuers, including high yield bonds (senior secured and senior unsecured), investment grade bonds, senior floating rate loans of varying maturities and other floating rate fixed income securities.

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 January 24, 2017 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 performance was driven primarily by a recovery in the credit markets broadly and benefitted from asset selection. The following tables highlight the performance of the Fund's Common Units, Advisor Class Units, US\$ Common Units and US\$ Advisor Class Units on a net asset value basis and market price basis.

Net Asset Value	December 31, 2016	December 31, 2015	Return
FAO	\$9.88	\$9.16	14.2%
FAO.A	\$9.92	\$9.20	13.6%
FAO.U	US\$9.74	US\$9.16	13.4%
FAO.V	US\$9.78	US\$9.15	12.7%

Market Value	December 31, 2016	December 31, 2015	Return
FAO	\$9.87 ⁽¹⁾	\$9.22	13.3%
FAO.A	\$9.95 ⁽²⁾	\$9.25	13.4%
FAO.U	US\$9.74 ⁽³⁾	US\$9.10 ⁽⁴⁾	13.4%

(1) Closing market price taken from last trade on December 28, 2016.

(2) Closing market price taken from last trade on December 21, 2016.

(3) Closing market price taken from last trade on December 28, 2016.

(4) Closing market price taken from last trade on December 22, 2015.

*Performance not shown for US\$ Advisor Class Units (FAO.V) as there were no comparable trades 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, Advisor Class Units, US\$ Common Units and US\$ Advisor Class Units had per unit distributions of \$0.55, \$0.50, \$0.55 USD and \$0.50 USD, respectively, during the year.

The year began much the same way 2015 ended, with tremendous volatility in the credit markets, although the market entered a period of modest recovery and stability by the end of the first quarter. Globally, investors are searching for positive yield during a time of negative rates around the world, and this demand has helped support the credit markets.

The Fund's strategy allows the Portfolio Manager to vary allocations opportunistically between senior secured loans and high-yield bonds as market conditions change. Investments are based on fundamental credit and relative value analysis to maximize long term risk-adjusted total returns and enables the Portfolio Manager to prudently manage the credit and duration profile.

Aside from normal course active portfolio management, there were no material changes to portfolio composition. The Fund continues to be primarily invested in high-yield bonds, with a smaller allocation to leveraged loans. During the period, the portfolio's allocation to loans increased from ~25% to ~35% as the opportunity set evolved, and the Portfolio Manager's view is that the Fund is better positioned for a rising interest rate environment. The Portfolio Manager expects the Fund to benefit from a greater allocation to floating rate loans, which were added in place of a previously larger allocation to secured fixed-rate high-yield bonds.

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The composition and changes to the composition of the Fund's portfolio in the period were consistent with the investment objectives and strategy of the Fund. Portfolio capital has been deployed primarily in lower duration high-yield bonds that the Portfolio Manager assesses to be more actively traded. Investments were selected for their strong asset coverage and/or cash flow coverage, among other criteria. Since the end of 2015, there were measured decreases to energy-related names, while the Portfolio Manager increased exposure to healthcare and consumer discretionary names. Changes to the portfolio composition continue to be driven more so by opportunities in individual names, including an attractive risk/reward profile, and less so by industry-level or broad economic factors (although both are monitored closely).

Recent Developments

Further volatility in oil prices, results of the recent U.S. presidential election, the evolving Brexit situation, world events in Syria and elsewhere in the Middle East and increasing tensions with Russia, could bring additional volatility to the credit markets. The Portfolio Manager continues to find attractive opportunities to augment the portfolio and is monitoring global events and potential impacts closely.

Based on the improvement in the non-investment grade debt markets, the Portfolio Manager is cautiously optimistic and expects continued stability, barring any unforeseen economic or market-specific factors.

Related Party Transactions

First Asset and the Portfolio Manager are deemed to be related parties to the Fund. Please refer to the "Management Fee" section below which outlines fees paid to these parties. 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, the Portfolio Manager 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 since inception.

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

Common Units	Year Ended Dec. 31, 2016	Period from Inception to Dec. 31, 2015
	\$	\$
Commencement of operations January 12, 2015		
Net assets, beginning of period	9.16	10.00
Increase (decrease) from operations		
Total revenue	0.64	0.56
Total expenses	(0.12)	(0.11)
Realized gains (losses) for the period	(0.09)	0.44
Unrealized gains (losses) for the period	0.81	(1.26)
Total increase (decrease) from operations⁽²⁾	1.24	(0.37)
Distributions		
From income (excluding dividends)	(0.53)	(0.43)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.02)	(0.10)
Total distributions⁽³⁾	(0.55)	(0.53)
Net assets, end of the period⁽⁴⁾	9.88	9.16

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	17,411	16,146
Number of securities outstanding ⁽⁵⁾	1,762,453	1,762,454
Management expense ratio (%) ⁽⁶⁾	1.30	1.16
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	1.83	1.27
Portfolio turnover rate (%) ⁽⁷⁾	36.48	58.15
Trading expense ratio (%) ⁽⁸⁾	0.01	0.02
Net asset value per security (\$)	9.88	9.16
Closing market price (\$) ⁽⁹⁾	9.87	9.22

*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	9.20	10.00
Increase (decrease) from operations		
Total revenue	0.64	0.56
Total expenses	(0.17)	(0.16)
Realized gains (losses) for the period	(0.09)	0.34
Unrealized gains (losses) for the period	0.84	(1.16)
Total increase (decrease) from operations⁽²⁾	1.22	(0.42)
Distributions		
From income (excluding dividends)	(0.47)	(0.38)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.03)	(0.05)
Total distributions⁽³⁾	(0.50)	(0.43)
Net assets, end of the period⁽⁴⁾	9.92	9.20

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	248	230
Number of securities outstanding ⁽⁵⁾	25,000	25,000
Management expense ratio (%) ⁽⁶⁾	1.81	1.72
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	2.33	1.83
Portfolio turnover rate (%) ⁽⁷⁾	36.48	58.15
Trading expense ratio (%) ⁽⁸⁾	0.01	0.02
Net asset value per security (\$)	9.92	9.20
Closing market price (\$) ⁽⁹⁾	9.95	9.25

*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)*}

US\$ Common Units	Year Ended Dec. 31, 2016	Period from Inception to Dec. 31, 2015
	\$	\$
Commencement of operations January 12, 2015		
Net assets, beginning of period	US\$ 9.16	US\$ 10.00
Increase (decrease) from operations		
Total revenue	US\$ 0.63	US\$ 0.57
Total expenses	(0.11)	(0.11)
Realized gains (losses) for the period	(0.06)	0.32
Unrealized gains (losses) for the period	(0.18)	0.07
Total increase (decrease) from operations⁽²⁾	US\$ 0.28	US\$ 0.85
Distributions		
From income (excluding dividends)	US\$ (0.55)	US\$ (0.42)
From dividends	-	-
From capital gains	-	-
Return of capital	-	(0.10)
Total distributions⁽³⁾	US\$ (0.55)	US\$ (0.52)
Net assets, end of the period⁽⁴⁾	US\$ 9.74	US\$ 9.16

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	2,396	5,457
Number of securities outstanding ⁽⁵⁾	183,150	433,151
Management expense ratio (%) ⁽⁶⁾	1.26	1.16
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	1.79	1.28
Portfolio turnover rate (%) ⁽⁷⁾	36.48	58.15
Trading expense ratio (%) ⁽⁸⁾	0.01	0.02
Net asset value per security (\$)	US\$ 9.74	US\$ 9.11
Closing market price (\$) ⁽⁹⁾	US\$ 9.74	US\$ 9.10

*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⁾

US\$ 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	US\$ 9.15	US\$ 10.00
Increase (decrease) from operations		
Total revenue	US\$ 0.63	US\$ 0.56
Total expenses	(0.16)	(0.16)
Realized gains (losses) for the period	(0.09)	0.34
Unrealized gains (losses) for the period	0.47	0.11
Total increase (decrease) from operations⁽²⁾	US\$ 0.85	US\$ 0.85
Distributions		
From income (excluding dividends)	US\$ (0.47)	US\$ (0.38)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.03)	(0.05)
Total distributions⁽³⁾	US\$ (0.50)	US\$ (0.43)
Net assets, end of the period⁽⁴⁾	US\$ 9.78	US\$ 9.15

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	328	316
Number of securities outstanding ⁽⁵⁾	25,000	25,000
Management expense ratio (%) ⁽⁶⁾	1.81	1.72
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	2.34	1.84
Portfolio turnover rate (%) ⁽⁷⁾	36.48	58.15
Trading expense ratio (%) ⁽⁸⁾	0.01	0.02
Net asset value per security (\$)	US\$ 9.78	US\$ 9.15
Closing market price (\$) ⁽⁹⁾	US\$ 9.84	US\$ 10.05

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) 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 the Portfolio Manager 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. 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, Advisor Class, US\$ Common and US\$ 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 and US\$ 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, without limitation, the proper oversight to ensure 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 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	0.85%	-	100%
Advisor Class Units	1.35%	37%	63%
US\$ Common Units	0.85%	-	100%
US\$ Advisor Class Units	1.35%	37%	63%

For the year ended December 31, 2016, First Asset waived or absorbed expenses of the Fund totaling \$112,788.

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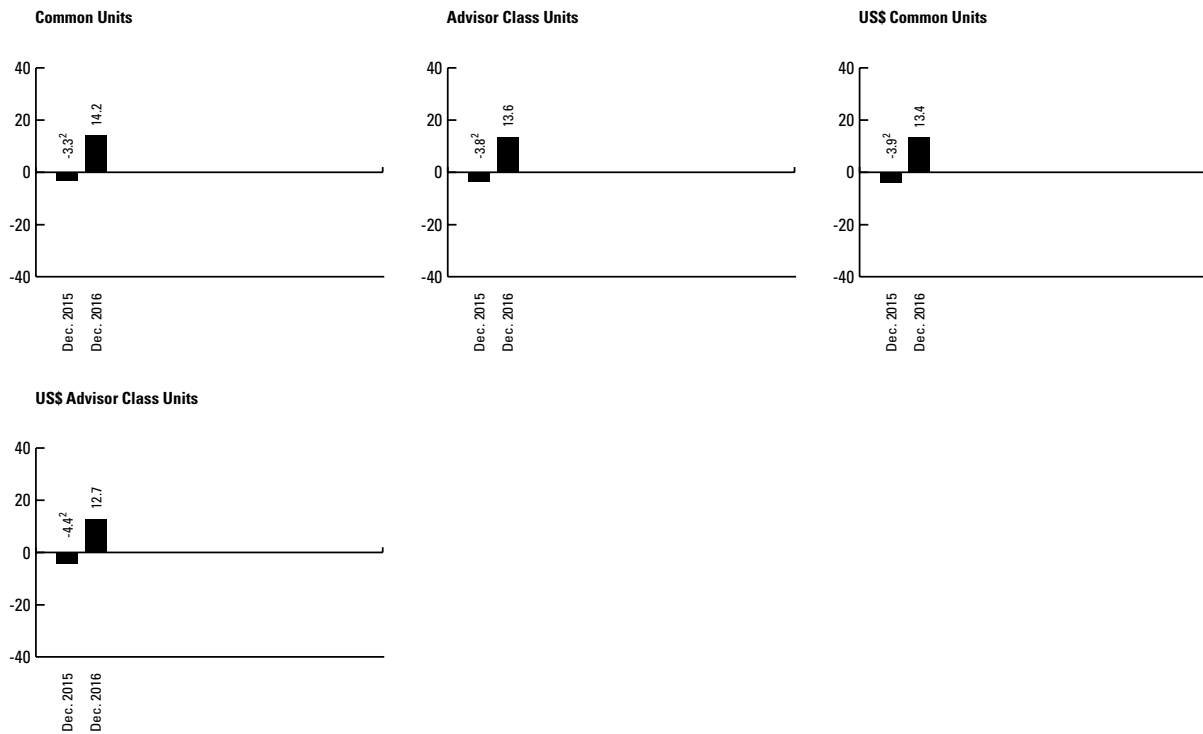
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Past Performance

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.



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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 Credit Suisse High Yield Index ("Index A") and the Credit Suisse Leveraged Loan ("Index B"). The Credit Suisse High Yield Index is designed to mirror the investable universe of the \$US-denominated high yield debt market and the Credit Suisse Leveraged Loan is an index designed to mirror the investable universe of the \$US-denominated leveraged loan market. 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	14.2	18.3	9.9
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	5.2	6.2	4.7

Period	Advisor Class Units ⁽¹⁾	Index A	Index B
1 year	13.6	18.3	9.9
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	4.6	6.2	4.7

Period	US\$ Common Units ⁽¹⁾	Index A	Index B
1 year	13.4	18.3	9.9
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	4.5	6.2	4.7

Period	US\$ Advisor Class Units ⁽¹⁾	Index A	Index B
1 year	12.7	18.3	9.9
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	3.9	6.2	4.7

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

(2) Return for the period January 12, 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
iShares iBoxx \$ High Yield Corporate Bond ETF	6.27
SUPERVALU, Inc.	4.98
Sprint Capital Corp.	3.49
KB Home	3.45
Sinclair Television Group, Inc.	3.43
Infor US, Inc.	3.43
Safeway, Inc.	3.43
Zayo Group LLC	3.43
Beazer Homes USA, Inc.	3.41
Surgical Care Affiliates, Inc.	3.40
Vistra Operations Co LLC	3.33
Select Medical Corp.	3.29
Duke Finance LLC	3.27
DTI Holdco, Inc.	3.24
Federal-Mogul Corp.	3.24
Cision US, Inc.	3.24
PBF Logistics LP / PBF Logistics Finance Corp.	3.24
LifePoint Health, Inc.	3.23
Alon USA Partners, LP	3.22
Travelport Finance Luxembourg Sarl	3.20
Calpine Corp.	3.18
YRC Worldwide, Inc.	3.10
Momentive Performance Materials, Inc.	3.10
Nexstar Broadcasting, Inc.	2.83
Intelsat Jackson Holdings SA	2.77
Total Net Asset Value	\$20,383,338

SECTOR ALLOCATION AS AT DECEMBER 31, 2016

Industry	% of Net Asset Value
Consumer Discretionary	20.68
Health Care	12.78
Industrials	11.50
Consumer Staples	10.50
Telecommunication Services	9.68
Information Technology	8.47
Energy	6.45
Investment Fund	6.27
Financials	4.83
Materials	3.27
Utilities	3.18
Cash and Cash Equivalents	1.98
	99.59
Other assets, net of liabilities	0.41
Total Net Asset Value	100.00