

Annual Management Report of Fund Performance

for the year ended December 31, 2016



First Asset U.S. & Canada Lifeco Income ETF

Fund:

First Asset U.S. & Canada Lifeco Income ETF

Securities:

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

Period:

January 1, 2016 to December 31, 2016

Manager, Trustee & Investment Advisor:

First Asset Investment Management Inc. ("First Asset")
2 Queen Street East, Suite 1200
Toronto, ON M5C 3G7
(416) 642-1289 or (877) 642-1289
www.firstasset.com - info@firstasset.com

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.

First Asset U.S. & Canada Lifeco Income ETF

Management Report of Fund Performance for the year ended December 31, 2016

Investment Objectives and Strategies

The Fund's investment objectives are to provide securityholders with (i) quarterly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of portfolio returns than would be experienced by owning a portfolio of publicly-traded common equity securities of the ten largest U.S. and Canadian life insurance companies by market capitalization directly. The Fund invests on an equal weight basis in the portfolio which consists of publicly-traded common equity securities of the ten largest U.S. and Canadian life insurance companies, and rebalances and reconstitutes the portfolio annually and in connection with certain corporate events. The Fund sells call options each month on up to 25% of the portfolio securities of each issuer held in the portfolio.

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 20.4%, compared to the S&P 500 Life & Health Insurance Index return of 24.9% and the broader S&P 500 Total Return Index, which returned 12.0%. 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
FLI	\$12.64	\$11.22	20.4%
FLI.A	\$12.80	\$11.34	19.5%

Market Value	December 31, 2016	December 31, 2015	Return
FLI	\$12.66	\$11.24	20.4%

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

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 \$0.72 and \$0.63, respectively, during the year.

The Fund's net assets as at December 31, 2016, were \$129.3 million, an increase from \$122.6 million as at December 31, 2015. The largest factor contributing to this increase was net gains on investments of \$20.6 million. This was offset in part by distributions of \$7.1 million and net redemptions of \$5.0 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.

First Asset U.S. & Canada Lifeco Income ETF

Management Report of Fund Performance for the year ended December 31, 2016

The Fund is entirely invested in large-capitalization Canadian and U.S. insurance companies, as described in its mandate. Life insurance stocks outperformed the broader market over the period as speculation grew that interest rates would begin to rise, which is a net positive for the group. The top three individual contributors to the Fund's performance were Lincoln National Corp. (+300 basis points, "bps"), Unum Group (+273 bps) and Principal Financial Group Inc. (+263 bps). While all 10 of the Fund's holdings finished the year in positive territory, those that contributed least to performance were Manulife Financial Corporation (+160 bps), MetLife Inc. (+98 bps) and Great-West Lifeco Inc. (+49 bps).

As the composition of the Fund's portfolio is passive, changes in the economy, markets or unusual events do not have an impact on the way the investment strategy is implemented. The monthly near-the-money covered call writing strategy is designed to generate income and lower the overall volatility of the Fund's returns, but may cause it to lag in stronger markets.

Recent Developments

While economies worldwide seem to be recovering, U.S. President Donald Trump's administration will likely cause some uncertainty in 2017. The initial market reaction has been positive, and it will be interesting to see if that enthusiasm continues.

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.

First Asset U.S. & Canada Lifeco Income ETF

Management Report of Fund Performance for the year ended December 31, 2016

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	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Period from Inception to Dec. 31, 2013 ⁽¹⁰⁾
	\$	\$	\$	\$
Commencement of operations July 26, 2013				
Net assets, beginning of period	11.22	11.15	10.62	9.43
Increase (decrease) from operations				
Total revenue	0.26	0.24	0.22	0.07
Total expenses	(0.11)	(0.10)	(0.12)	(0.04)
Realized gains (losses) for the period	1.21	0.97	0.38	(0.09)
Unrealized gains (losses) for the period	0.56	(0.44)	0.52	1.49
Total increase (decrease) from operations⁽²⁾	1.92	0.67	1.00	1.43
Distributions				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	(0.69)	(0.47)	(0.11)	-
Return of capital	(0.03)	(0.11)	(0.40)	(0.24)
Total distributions⁽³⁾	(0.72)	(0.58)	(0.51)	(0.24)
Net assets, end of the period⁽⁴⁾	12.64	11.22	11.15	10.62

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	128,301	121,426	129,630	145,736
Number of securities outstanding ⁽⁵⁾	10,150,000	10,825,000	11,625,000	13,725,000
Management expense ratio excluding offering expenses (%) ⁽⁶⁾	0.99	0.91	1.14	0.74
Management expense ratio (%) ⁽⁶⁾	0.99	0.91	1.14	6.48
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	0.99	0.91	1.14	6.48
Portfolio turnover rate (%) ⁽⁷⁾	40.67	36.12	34.00	6.77
Trading expense ratio (%) ⁽⁸⁾	0.16	0.13	0.13	0.29
Net asset value per security (\$)	12.64	11.22	11.15	10.62
Closing market price (\$) ⁽⁹⁾	12.66	11.24	11.17	10.25

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

First Asset U.S. & Canada Lifeco Income ETF

Management Report of Fund Performance for the year ended December 31, 2016

Financial Highlights (continued)

THE FUND'S NET ASSETS PER SECURITY⁽¹⁾

Advisor Class Units	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015	Period from Inception to Dec. 31, 2014
Commencement of operations September 9, 2014	\$	\$	\$
Net assets, beginning of period	11.34	11.27	10.94
Increase (decrease) from operations			
Total revenue	0.26	0.23	0.06
Total expenses	(0.19)	(0.20)	(0.06)
Realized gains (losses) for the period	1.22	1.09	0.28
Unrealized gains (losses) for the period	0.38	(1.15)	0.14
Total increase (decrease) from operations⁽²⁾	1.67	(0.03)	0.42
Distributions			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	(0.63)	(0.27)	-
Return of capital	-	(0.21)	(0.09)
Total distributions⁽³⁾	(0.63)	(0.48)	(0.09)
Net assets, end of the period⁽⁴⁾	12.80	11.34	11.27

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	960	1,134	563
Number of securities outstanding ⁽⁵⁾	75,000	100,000	50,000
Management expense ratio (%) ⁽⁶⁾	1.76	1.73	1.68
Management expense ratio before waivers or absorptions (%) ⁽⁶⁾	1.76	1.73	1.68
Portfolio turnover rate (%) ⁽⁷⁾	40.67	36.12	34.00
Trading expense ratio (%) ⁽⁸⁾	0.16	0.13	0.13
Net asset value per security (\$)	12.80	11.34	11.27
Closing market price (\$) ⁽⁹⁾	12.42	12.11	11.20

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. Comparative figures above have been restated to reflect the accounting policy adjustments made in accordance with IFRS.

(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.

(10) Opening net assets per security reflects the issue price of \$10.00 less offering expenses.

First Asset U.S. & Canada Lifeco Income ETF

Management Report of Fund Performance for the year ended December 31, 2016

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	0.75%	-	100%
Advisor Class Units	1.50%	50%	50%

First Asset U.S. & Canada Lifeco Income ETF

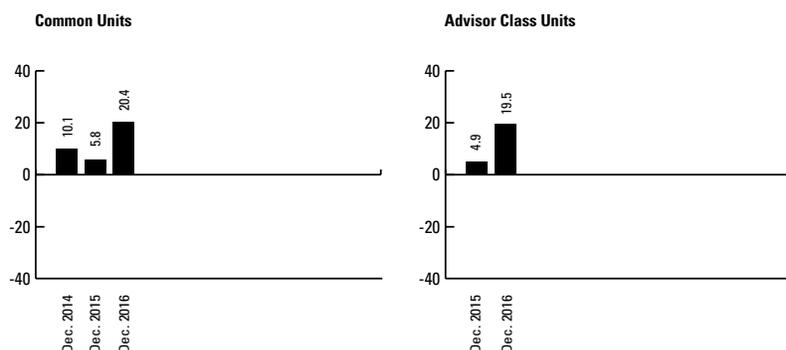
Management Report of Fund Performance for the year ended December 31, 2016

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 500 Total Return Index ("Index A") and the S&P 500 Life & Health Insurance Index ("Index B"). The S&P 500 Total Return Index tracks 500 large-cap U.S. stocks representing all major industries and is used as a benchmark to help you understand the Fund's performance relative to the general performance of the broader U.S. equity market. The S&P 500 Life & Health Insurance Index is a subset of the S&P 500 Total Return Index. 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	20.4	12.0	24.9
3 years	11.9	8.9	6.0
5 years	n/a	n/a	n/a
10 years	n/a	n/a	n/a
Since inception	15.3	11.7	9.6

Period	Advisor Class Units ⁽¹⁾	Index A	Index B
1 year	19.5	12.0	24.9
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	12.0	7.2	6.9

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

First Asset U.S. & Canada Lifeco Income ETF

Management Report of Fund Performance for the year ended December 31, 2016

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 HOLDINGS AS AT DECEMBER 31, 2016

Description	% of Net Asset Value
Long Positions	
Lincoln National Corp.	11.52
Unum Group	10.94
Principal Financial Group, Inc.	10.71
Prudential Financial, Inc.	10.37
Sun Life Financial, Inc.	10.23
Manulife Financial Corp.	10.18
Torchmark Corp.	10.11
Aflac, Inc.	8.95
MetLife, Inc.	8.75
Great-West Lifeco, Inc.	8.51
Cash and Cash Equivalents	0.64
Call Options	
Unum Group	(0.06)
Lincoln National Corp.	(0.05)
Sun Life Financial, Inc.	(0.03)
MetLife, Inc.	(0.03)
Aflac, Inc.	(0.03)
Principal Financial Group, Inc.	(0.02)
Prudential Financial, Inc.	(0.01)
Torchmark Corp.	(0.01)
Manulife Financial Corp.	(0.01)
Great-West Lifeco, Inc.	(0.01)
Total Net Asset Value	\$129,260,468

SECTOR ALLOCATION AS AT DECEMBER 31, 2016

Industry	% of Net Asset Value
Financials	100.02
Cash and Cash Equivalents	0.64
	100.66
Other assets, net of liabilities	(0.66)
Total Net Asset Value	100.00
Industry	
CALL OPTIONS	
Financials	(0.25)
	(0.25)