



Sphere FTSE Canada Sustainable Yield Index ETF

2016 ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-764-0526, by writing to us at Sphere Investments, 161 Bay Street, Suite 2820, Toronto, ON, M5J 2S1 or by visiting our website at www.spheretfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

For the period ended December 31, 2016

Investment Objectives and Strategies

The Sphere FTSE Canada Sustainable Yield Index ETF (the “Fund”) seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Canada Sustainable Yield 150 10% Capped Index (CAD) (the “Benchmark”), or any successor thereto. The Fund invests directly or indirectly in up to 150 Canadian equity securities of public issuers exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

Risks

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund’s most recent prospectus and consider the description of risks contained therein.

Results of Operations

The Fund’s units commenced trading on April 11, 2016 with initial net asset value of \$10.00 and subscriptions totaling \$4 million. For the period, the Fund’s units returned 20.2%. This compares to the Benchmark, which returned 20.3% for the same period. The difference in the performance of the Fund relative to the Benchmark can be attributed primarily to the fees and expenses incurred by the Fund. The Fund’s net assets were \$14.1MM as at December 31, 2016 with the majority of the increase in net assets (\$8.5MM) coming from net subscriptions and \$1.6MM from positive market movements.

For additional comparison, the FTSE Canada All Cap Index returned 16.8% over the same period. The 3 main sectors within the S&P/TSX (Financials, Energy and Materials) all outperformed. The outperformance of 340 bps was primarily driven by the Fund’s overweight in Financials.

After a very poor performance vs. global markets in 2015 and five successive years of underperformance vs. the US, China’s announced stimulus measures and the Federal Reserve’s vow to go slowly on interest rates increases led to a stabilization in commodity prices that helped the Canadian market to not only outperform the US but all major developed markets in 2016.

Two political events dominated global headlines and resulted in short-term volatility, Brexit and Trump. Great Britain’s vote to leave the European Union raised fears of dire economic consequences but impacted the British Pound significantly more than the equity markets. Republican Donald Trump’s surprise victory in the November election sent the markets higher on the belief that his administration will be able to cut taxes, reduce regulations on businesses and increase infrastructure spending.

As the composition of the Fund’s portfolio is based on replicating the constituents of the Benchmark, macro-economic, political and market movements do not have a direct impact on the Fund’s investment strategy.

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

An affiliate of Canaccord Genuity holds an indirect minority interest in the Manager and acts as the Designated Broker for this Fund, on terms and conditions that are comparable to arm's length agreements in the exchange traded funds industry. The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the IRC.

Management Fees

The management fees are calculated based on 0.54% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid quarterly. For the period ended December 31, 2016, the Fund incurred \$44,089 in management fees. These management fees were received by Sphere Investment Management Inc. for managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.sphereetfs.com/ca website, and providing all other services including marketing and promotion.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	Period from March 30, 2016* to December 31, 2016
Net assets, beginning of period	\$ 10.00
Increase (decrease) from operations	
Total investment income	0.32
Total expenses	(0.06)
Realized gains (losses) for the period	0.11
Unrealized gains (losses) for the period	1.53
Total increase (decrease) from operations²	<u>1.90</u>
Distributions	
From income (excluding dividends)	-
From dividends	(0.18)
From capital gains	-
Return of capital	-
Total annual distributions³	<u>(0.18)</u>
Net assets, at end of period	<u>\$ 11.77</u>

Ratios and Supplemental Data

Total net asset value (000's) ⁴	\$ 14,124
Number of units outstanding (000's) ⁴	1,200
Management expense ratio ^{5,6}	0.70%
Management expense ratio before waivers or absorptions ⁵	2.21%
Portfolio turnover rate ⁷	16.25%
Trading expense ratio ⁸	0.01%
Net asset value per unit	\$ 11.77
Closing market price	\$ 11.83

* Date of establishment

¹ This information is derived from the Fund's audited annual financial statements.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

⁴ This information is provided as at December 31 of the year shown.

⁵ Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (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.

⁶ The Manager, at its discretion, absorbed certain expenses otherwise payable by the Fund. The Manager may change the amount absorbed or discontinue absorbing these expenses at any time without notice.

⁷ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its 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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

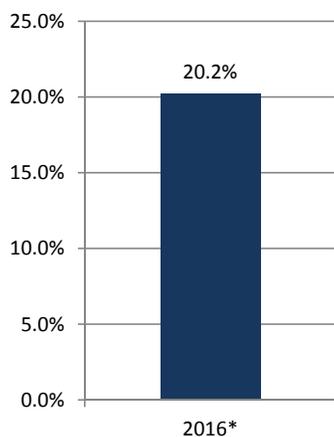
⁸ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

Past Performance

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart below shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.



Annual Compound Return

The table shows the historical annual compound total return of the Fund as compared to the benchmark listed below. The returns are for period ended December 31, 2016. For a discussion of the relative performance of the Fund as compared to the index, please refer to the "Results of Operations" section in the "Management Discussion of Fund Performance".

	2016*
the Fund	20.2%
FTSE Canada Sustainable Yield 150 10% Capped Index (CAD)	20.3%

*2016 return is from April 11, 2016

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Security	% of Net Asset Value
The Toronto-Dominion Bank	10.3
Royal Bank of Canada	10.2
The Bank of Nova Scotia	9.6
Bank of Montreal	6.6
Enbridge Inc.	5.6
TransCanada Corporation	5.5
Manulife Financial Corporation	5.0
Canadian Imperial Bank of Commerce	4.6
Sun Life Financial Inc.	3.3
Potash Corporation of Saskatchewan Inc.	2.2
Thomson Reuters Corporation	2.1
Rogers Communications Inc. Cl. B	2.0
Agrium Inc.	2.0
National Bank of Canada	2.0
BCE Inc.	1.8
Pembina Pipeline Corporation	1.8
Fortis Inc.	1.8
Shaw Communications Inc. Cl. B	1.2
Inter Pipeline, Ltd.	1.1
Power Corporation of Canada	1.1
Great-West Lifeco Inc.	1.1
RioCan Real Estate Investment Trust	0.9
TELUS Corporation	0.9
Power Financial Corporation	0.8
Keyera Corp.	0.8
Total	84.3

Industry Allocation

Industry	% of Net Asset Value
Energy	18.7
Materials	4.4
Industrials	1.7
Consumer Discretionary	1.6
Consumer Staples	0.1
Financials	59.5
Information Technology	0.3
Telecommunication Services	4.9
Utilities	4.0
Real Estate	4.4
Cash	0.4
Total	100.0

The Summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.spheretfs.com.



Sphere FTSE US Sustainable Yield Index ETF

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Management Discussion of Fund Performance

For the period ended December 31, 2016

Investment Objectives and Strategies

The Sphere FTSE US Sustainable Yield Index ETF (the “Fund”) seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index (the “Benchmark”), or any successor thereto. The Fund invests directly or indirectly in up to 150 U.S. equity securities of public issuers exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

Risks

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund’s most recent prospectus and consider the description of risks contained therein.

Results of Operations

The Fund’s units commenced trading on April 12, 2016 with initial net asset value of \$10.00 and subscriptions totaling \$3 million. For the period, the Fund’s units returned 7.9%. This compares to the Benchmark, which returned 8.8% for the same period. The difference in the performance of the Fund relative to the Benchmark can be attributed primarily to the fees and expenses incurred by the Fund, portfolio trading and hedging strategies. The Fund’s net assets were \$5.3MM as at December 31, 2016 with the majority of the increase in net assets coming from net subscriptions (\$2.1MM) and the remaining \$0.2MM from positive market movement.

For additional comparison, the FTSE USA All World Index returned 10.3% over the same period. Energy, buoyed by the curb in OPEC production and Financials, driven by the prospects of higher interest rates and a reduction in financial regulations were the two best performing sectors. The underperformance of 240 bps was primarily driven by the Fund’s underweight in Energy and Financials. The US equities bounced back from a flat 2015 and eclipsed all-time highs during the year.

Two political events dominated global headlines and resulted in short-term volatility, Brexit and Trump. Great Britain’s vote to leave the European Union raised fears of dire economic consequences but impacted the British Pound significantly more than the equity markets. Republican Donald Trump’s surprise victory in the November election sent the markets higher on the belief that his administration will be able to cut taxes, reduce regulations on businesses and increase infrastructure spending.

As the composition of the Fund’s portfolio is based on replicating the constituents of the Benchmark, macro-economic, political and market movements do not have a direct impact on the Fund’s investment strategy.

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

An affiliate of Canaccord Genuity holds an indirect minority interest in the Manager. The Manager has entered into agreements with Canaccord and other major dealers in Canada to act as dealers for the creation and redemption of units for Sphere's exchange traded funds. The terms and conditions for all dealers are comparable to arm's length agreements in the exchange traded funds industry. The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the IRC.

Management Fees

The management fees are calculated based on 0.54% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid quarterly. For the period ended December 31, 2016, the Fund incurred \$18,071 in management fees. These management fees were received by Sphere Investment Management Inc. for managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.sphereetfs.com/ca website, and providing all other services including marketing and promotion.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	Period from March 30, 2016* to December 31, 2016
Net assets, beginning of period	\$ 10.00
Increase (decrease) from operations	
Total investment income	0.23
Total expenses	(0.05)
Realized gains (losses) for the period	(0.16)
Unrealized gains (losses) for the period	0.64
Total increase (decrease) from operations²	<u>0.66</u>
Distributions	
From income (excluding dividends)	(0.15)
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions³	<u>(0.15)</u>
Net assets, at end of period	<u>\$ 10.63</u>

Ratios and Supplemental Data

Total net asset value (000's) ⁴	\$ 5,315
Number of units outstanding (000's) ⁴	500
Management expense ratio ^{5,6}	0.70%
Management expense ratio before waivers or absorptions ⁵	4.47%
Portfolio turnover rate ⁷	57.95%
Trading expense ratio ⁸	0.01%
Net asset value per unit	\$ 10.63
Closing market price	\$ 10.64

* Date of establishment

¹ This information is derived from the Fund's audited annual financial statements.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

⁴ This information is provided as at December 31 of the year shown.

⁵ Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (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.

⁶ The Manager, at its discretion, absorbed certain expenses otherwise payable by the Fund. The Manager may change the amount absorbed or discontinue absorbing these expenses at any time without notice.

⁷ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its 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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

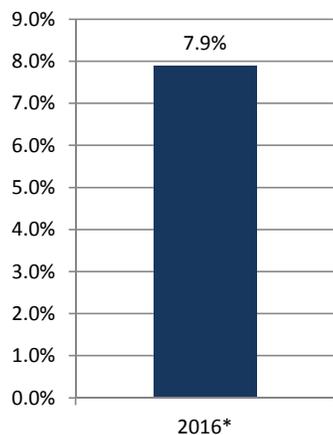
⁸ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

Past Performance

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart below shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.



Annual Compound Return

The table shows the historical annual compound total return of the Fund as compared to the benchmark listed below. The returns are for period ended December 31, 2016. For a discussion of the relative performance of the Fund as compared to the index, please refer to the "Results of Operations" section in the "Management Discussion of Fund Performance".

	2016*
the Fund	7.9%
FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index	8.8%

*2016 return is from April 12, 2016

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Security	% of Net Asset Value
Apple Inc.	8.8
Johnson & Johnson	4.5
JPMorgan Chase & Co.	4.5
AT&T Inc.	3.8
The Procter & Gamble Company	3.2
Verizon Communications Inc.	3.1
Pfizer Inc.	2.8
The Coca-Cola Company	2.5
The Home Depot, Inc.	2.4
Cisco Systems, Inc.	2.2
PepsiCo, Inc.	2.2
Philip Morris International Inc.	2.0
Cash	1.8
Amgen Inc.	1.6
3M Co.	1.5
AbbVie Inc.	1.5
McDonald's Corporation	1.5
Bristol-Myers Squibb Company	1.4
Honeywell International Inc.	1.3
The Boeing Company	1.3
Union Pacific Corporation	1.2
United Parcel Service, Inc. Cl. B	1.1
Time Warner Inc.	1.1
Lockheed Martin Corporation	1.0
Texas Instruments Incorporated	1.0
Total	59.3

Industry Allocation

Industry	% of Net Asset Value
Energy	2.0
Materials	4.4
Industrials	13.3
Consumer Discretionary	9.8
Consumer Staples	15.6
Health Care	13.1
Financials	9.5
Information Technology	14.4
Telecommunication Services	7.1
Utilities	8.2
Real Estate	3.0
Cash	1.8
Other assets and liabilities	(2.2)
Total	100.0

The Summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.spheretfs.com.



Sphere FTSE Europe Sustainable Yield Index ETF

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Management Discussion of Fund Performance

For the period ended December 31, 2016

Investment Objectives and Strategies

The Sphere FTSE Europe Sustainable Yield Index ETF (the “Fund”) seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index (the “Benchmark”), or any successor thereto. The Fund invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Europe, exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

Risks

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund’s most recent prospectus and consider the description of risks contained therein.

Results of Operations

The Fund’s units commenced trading on April 13, 2016 with initial net asset value of \$10.00 and subscriptions totaling \$2 million. For the period, the Fund’s units returned 7.6%. This compares to the Benchmark, which returned 10.2% for the same period. The difference in the performance of the Fund relative to the Benchmark can be attributed primarily to the fees and expenses incurred by the Fund, portfolio trading and hedging strategies. The Fund’s net assets were \$3.2MM as at December 31, 2016 with the majority of the increase in net assets coming from net subscriptions (\$1.0MM) and the remaining \$0.2MM from positive market movement.

For additional comparison, the FTSE Developed Europe All World Index (in local) returned 11.0% over the same period. European stocks advanced in local currency, supported by central bank stimulus and modestly improving economic growth. In particular, Energy, buoyed by the curb in OPEC production and Materials, driven by China’s announced stimulus measures were the two best performing sectors. The underperformance of 340 bps was primarily driven by the Fund’s underweight in economically sensitive sectors, primarily Energy, Materials and Industrials.

Two political events dominated global headlines and resulted in short-term volatility, Brexit and Trump. Great Britain’s vote to leave the European Union raised fears of dire economic consequences but impacted the British Pound significantly more than the equity markets. Republican Donald Trump’s surprise victory in the November election sent the markets higher on the belief that his administration will be able to cut taxes, reduce regulations on businesses and increase infrastructure spending.

As the composition of the Fund’s portfolio is based on replicating the constituents of the Benchmark, macro-economic, political and market movements do not have a direct impact on the Fund’s investment strategy.

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

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Management Fees

The management fees are calculated based on 0.54% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid quarterly. For the period ended December 31, 2016, the Fund incurred \$11,414 in management fees. These management fees were received by Sphere Investment Management Inc. for managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.sphereetfs.com/ca website, and providing all other services including marketing and promotion.

Financial Highlights

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The Fund's Net Assets Per Unit¹

	Period from March 30, 2016* to December 31, 2016	
Net assets, beginning of period	\$	10.00
Increase (decrease) from operations		
Total investment income		0.22
Total expenses		(0.05)
Realized gains (losses) for the period		0.41
Unrealized gains (losses) for the period		0.27
Total increase (decrease) from operations²		<u>0.85</u>
Distributions		
From income (excluding dividends)		(0.17)
From dividends		-
From capital gains		(0.44)
Return of capital		-
Total annual distributions³		<u>(0.61)</u>
Net assets, at end of period	<u>\$</u>	<u>10.60</u>

Ratios and Supplemental Data

Total net asset value (000's) ⁴	\$	3,181
Number of units outstanding (000's) ⁴		300
Management expense ratio ^{5,6}		0.71%
Management expense ratio before waivers or absorptions ⁵		6.75%
Portfolio turnover rate ⁷		28.99%
Trading expense ratio ⁸		0.50%
Net asset value per unit	\$	10.60
Closing market price	\$	10.57

* Date of establishment

¹ This information is derived from the Fund's audited annual financial statements.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

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⁵ Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (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.

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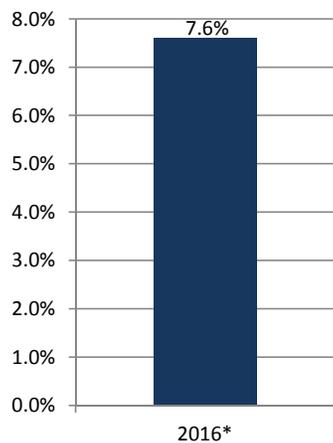
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Year-by-Year Returns

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Annual Compound Return

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	2016*
the Fund	7.6%
FTSE Developed Europe Sustainable Yield 150 10% Capped 100%	
Hedge CAD Index	10.2%

*2016 return is from April 13, 2016

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Security	% of Net Asset Value
Nestlé SA	7.3
HSBC Holdings PLC	5.3
Roche Holding AG	5.3
Total SA	3.7
Sanofi	2.9
BASF SE	2.8
Daimler AG	2.5
Allianz SE	2.5
Banco Santander, SA	2.5
AstraZeneca PLC	2.3
Novo Nordisk A/S Cl. B	2.2
Unilever NV CVA	2.1
BNP Paribas SA	2.0
Deutsche Telekom AG	1.8
UBS Group AG	1.8
ING Groep NV	1.8
AXA SA	1.6
National Grid PLC	1.5
Imperial Tobacco Group PLC	1.4
ABB, Ltd.	1.3
Telefonica SA	1.3
BT Group PLC	1.2
Iberdrola SA	1.2
Societe Generale	1.2
Cash	1.2
Total	60.7

Country Allocation

Country	% of Net Asset Value
Austria	0.7
Belgium	1.4
Denmark	3.6
Finland	2.1
France	18.4
Germany	12.6
Ireland	0.2
Italy	3.1
Luxembourg	0.2
Netherlands	7.6
Norway	0.8
Portugal	0.2
Spain	6.3
Sweden	4.7
Switzerland	18.3
United Kingdom	19.6
Cash	1.2
Other assets and liabilities	(1.0)
Total	100.0

The Summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.spheretfs.com.

The accompanying notes are an integral part of the financial statements.



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Results of Operations

The Fund’s units commenced trading on April 13, 2016 with initial net asset value of \$10.00 and subscriptions totaling \$2 million. For the period, the Fund’s units returned 20.1%. This compares to the Benchmark, which returned 20.2% for the same period. The difference in the performance of the Fund relative to the Benchmark can be attributed primarily to the fees and expenses incurred by the Fund, portfolio trading and hedging strategies. The Fund’s net assets were \$2.4MM as at December 31, 2016 with the entire increase of \$0.4MM attributed to positive market movements.

For additional comparison, the FTSE Developed Asia All World Index (in local) returned 13.6% over the same period. Asian stocks advanced in local currency, supported by Japan’s fiscal stimulus package in July, a rebound in materials companies amid higher commodity prices led Australia higher. In particular, Materials, driven by China’s announced stimulus measures and was the best performing sector. The outperformance of 650 bps was primarily driven by the Fund’s overweight in Financials and Information Technology while underweight in Consumer Staples.

Two political events dominated global headlines and resulted in short-term volatility, Brexit and Trump. Great Britain’s vote to leave the European Union raised fears of dire economic consequences but impacted the British Pound significantly more than the equity markets. Republican Donald Trump’s surprise victory in the November election sent the markets higher on the belief that his administration will be able to cut taxes, reduce regulations on businesses and increase infrastructure spending.

As the composition of the Fund’s portfolio is based on replicating the constituents of the Benchmark, macro-economic, political and market movements do not have a direct impact on the Fund’s investment strategy.

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

An affiliate of Canaccord Genuity holds an indirect minority interest in the Manager. The Manager has entered into agreements with Canaccord and other major dealers in Canada to act as dealers for the creation and redemption of units for Sphere's exchange traded funds. The terms and conditions for all dealers are comparable to arm's length agreements in the exchange traded funds industry. The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the IRC.

Management Fees

The management fees are calculated based on 0.54% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid quarterly. For the period ended December 31, 2016, the Fund incurred \$10,064 in management fees. These management fees were received by Sphere Investment Management Inc. for managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.sphereetfs.com/ca website, and providing all other services including marketing and promotion.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	Period from March 30, 2016* to December 31, 2016	
Net assets, beginning of period	\$	10.00
Increase (decrease) from operations		
Total investment income		0.25
Total expenses		(0.06)
Realized gains (losses) for the period		0.94
Unrealized gains (losses) for the period		0.79
Total increase (decrease) from operations²		<u>1.92</u>
Distributions		
From income (excluding dividends)		(0.11)
From dividends		-
From capital gains		-
Return of capital		-
Total annual distributions³		<u>(0.11)</u>
Net assets, at end of period	<u>\$</u>	<u>11.96</u>

Ratios and Supplemental Data

Total net asset value (000's) ⁴	\$	2,392
Number of units outstanding (000's) ⁴		200
Management expense ratio ^{5,6}		0.75%
Management expense ratio before waivers or absorptions ⁵		7.60%
Portfolio turnover rate ⁷		171.45%
Trading expense ratio ⁸		0.51%
Net asset value per unit	\$	11.96
Closing market price	\$	11.89

* Date of establishment

¹ This information is derived from the Fund's audited annual financial statements.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

⁴ This information is provided as at December 31 of the year shown.

⁵ Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (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.

⁶ The Manager, at its discretion, absorbed certain expenses otherwise payable by the Fund. The Manager may change the amount absorbed or discontinue absorbing these expenses at any time without notice.

⁷ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its 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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

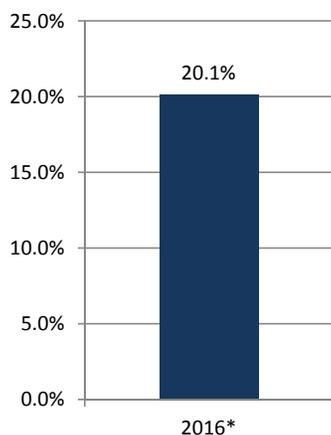
⁸ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

Past Performance

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart below shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.



Annual Compound Return

The table shows the historical annual compound total return of the Fund as compared to the benchmark listed below. The returns are for period ended December 31, 2016. For a discussion of the relative performance of the Fund as compared to the index, please refer to the "Results of Operations" section in the "Management Discussion of Fund Performance".

	2016*
the Fund	20.1%
FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index	20.2%

*2016 return is from April 13, 2016

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Security	% of Net Asset Value
Samsung Electronics Co., Ltd.	10.4
Toyota Motor Corporation	9.8
Australia and New Zealand Banking Group Limited	5.4
National Australia Bank Limited	5.0
Mizuho Financial Group, Inc.	3.8
Takeda Pharmaceutical Company Limited	2.7
NTT DoCoMo, Inc.	2.5
Astellas Pharma Inc.	2.5
Cash	2.2
Fuji Heavy Industries, Ltd.	2.1
Bridgestone Corp.	2.0
Panasonic Corporation	1.8
DBS Group Holdings Limited	1.8
Macquarie Group Limited	1.6
Itochu Corporation	1.6
Shinhan Financial Group Co., Ltd.	1.4
Telstra Corporation Limited	1.3
Eisai Co., Ltd.	1.3
Tokyo Electron, Ltd.	1.2
Hang Seng Bank Limited	1.2
CLP Holdings Limited	1.2
Daiichi Sankyo Company, Limited	1.1
Sumitomo Corp.	1.1
Nitto Denko Corp.	1.0
West Japan Railway Company	1.0
Total	67.0

Country Allocation

Country	% of Net Asset Value
Australia	14.4
Bermuda	1.0
Cayman Islands	0.9
Hong Kong	2.7
Japan	58.9
New Zealand	0.9
Singapore	1.8
South Korea	17.3
Cash	2.2
Other assets and liabilities	(0.1)
Total	100.0

The Summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.spheretfs.com.



Sphere FTSE Emerging Markets Sustainable Yield Index ETF

2016 ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-764-0526, by writing to us at Sphere Investments, 161 Bay Street, Suite 2820, Toronto, ON, M5J 2S1 or by visiting our website at www.spheretfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

For the period ended December 31, 2016

Investment Objectives and Strategies

The Sphere FTSE Emerging Markets Sustainable Yield Index ETF (the “Fund”) seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index (the “Benchmark”), or any successor thereto. The Fund invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as emerging markets, exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

Risks

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund’s most recent prospectus and consider the description of risks contained therein.

Results of Operations

The Fund’s units commenced trading on September 29, 2016 with initial net asset value of \$10.00 and subscriptions totaling \$5 million. For the period, the Fund’s units returned -1.9%. This compares to the Benchmark, which returned 0.2% for the same period. The difference in the performance of the Fund relative to the Benchmark can be attributed primarily to the fees and expenses incurred by the Fund, portfolio trading and hedging strategies. The Fund’s net assets were \$9.0MM as at December 31, 2016 with the entire increase of \$4.0MM attributed to net subscriptions.

For additional comparison, the FTSE Emerging All World Index (in local) returned -1.9% over the same period. Unlike other regions that took a “Trump bounce” after Republican’s Donald Trump’s surprise election victory, the emerging markets saw some weakness as concerns over US protectionist policies clouded the rather positive outlook. Energy, buoyed by the curb in OPEC production and Materials, driven by China’s announced stimulus measures were the two best performing sectors.

As the composition of the Fund’s portfolio is based on replicating the constituents of the Benchmark, macro-economic, political and market movements do not have a direct impact on the Fund’s investment strategy.

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

An affiliate of Canaccord Genuity holds an indirect minority interest in the Manager. The Manager has entered into agreements with Canaccord and other major dealers in Canada to act as dealers for the creation and redemption of units for Sphere's exchange traded funds. The terms and conditions for all dealers are comparable to arm's length agreements in the exchange traded funds industry. The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the IRC.

Management Fees

The management fees are calculated based on 0.54% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid quarterly. For the period ended December 31, 2016, the Fund incurred \$8,997 in management fees. These management fees were received by Sphere Investment Management Inc. for managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.sphereetfs.com/ca website, and providing all other services including marketing and promotion.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	Period from March 30, 2016* to December 31, 2016
Net assets, beginning of period	\$ 10.00
Increase (decrease) from operations	
Total investment income	0.09
Total expenses	(0.02)
Realized gains (losses) for the period	(0.14)
Unrealized gains (losses) for the period	0.13
Total increase (decrease) from operations²	<u>0.06</u>
Distributions	
From income (excluding dividends)	(0.03)
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions³	<u>(0.03)</u>
Net assets, at end of period	<u>\$ 9.97</u>

Ratios and Supplemental Data

Total net asset value (000's) ⁴	\$ 8,973
Number of units outstanding (000's) ⁴	900
Management expense ratio ^{5,6}	0.68%
Management expense ratio before waivers or absorptions ⁵	3.82%
Portfolio turnover rate ⁷	1.13%
Trading expense ratio ⁸	1.13%
Net asset value per unit	\$ 9.97
Closing market price	\$ 9.78

* Date of establishment

¹ This information is derived from the Fund's audited annual financial statements.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

⁴ This information is provided as at December 31 of the year shown.

⁵ Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (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.

⁶ The Manager, at its discretion, absorbed certain expenses otherwise payable by the Fund. The Manager may change the amount absorbed or discontinue absorbing these expenses at any time without notice.

⁷ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its 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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

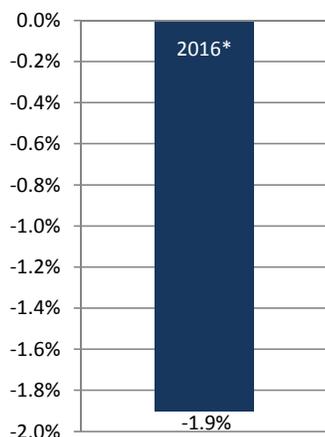
⁸ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

Past Performance

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart below shows the Fund's annual performance for the period shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.



Annual Compound Return

The table shows the historical annual compound total return of the Fund as compared to the benchmark listed below. The returns are for period ended December 31, 2016. For a discussion of the relative performance of the Fund as compared to the index, please refer to the "Results of Operations" section in the "Management Discussion of Fund Performance".

	2016*
the Fund	-1.9%
FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge	
CAD Index	0.2%

*2016 return is from September 29, 2016

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Security	% of Net Asset Value
Hon Hai Precision Industry Co., Ltd.	7.3
Housing Development Finance Corporation, Ltd.	5.5
Gazprom PJSC	5.1
LUKOIL PJSC	4.8
China Petroleum & Chemical Corporation Cl. H	3.4
Tata Consultancy Services	3.0
PT Telekomunikasi Indonesia Tbk Series B	2.8
Formosa Plastic Corporation	2.5
Standard Bank Group	2.5
Formosa Chemicals & Fibre Corporation	2.4
Nan Ya Plastics Corporation	2.3
PT Astra International Tbk	2.3
Chunghwa Telecom Co., Ltd.	2.2
Cathay Financial Holding Co., Ltd.	2.2
FirstRand Limited	2.2
Grupo Financiero Banorte SAB de CV Series O	2.1
Credicorp Limited	1.5
Cash	1.4
PICC Property and Casualty Company Limited Cl. H	1.3
Bharat Petroleum Corporation Limited	1.2
China Resources Land Limited	1.1
Coal India Limited	1.1
Vodacom Group Limited	1.0
Indian Oil Corporation Limited	1.0
Telefonica Brasil SA Preferred	1.0
Total	63.2

Country Allocation

Country	% of Net Asset Value
Bermuda	1.8
Brazil	2.7
Cayman Islands	2.9
Chile	2.0
China	8.7
Colombia	0.4
Egypt	0.1
Greece	0.4
Hong Kong	1.3
India	15.1
Indonesia	5.5
Malaysia	1.0
Mexico	4.3
Philippines	1.1
Poland	0.1
Russia	12.2
South Africa	11.9
Taiwan	24.9
Thailand	2.5
Turkey	0.8
United Arab Emirates	0.8
Cash	1.4
Other assets and liabilities	(1.9)
Total	100.0

The Summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.spheretfs.com.