



Canadian Crude Oil Index ETF
(CCX:TSX)

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MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Canadian Crude Oil Index ETF (“CCX” or the “ETF”) contains financial highlights and is included with the audited annual financial statements for the investment fund. You may request a copy of the investment fund’s audited annual financial statements, annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosures, at no cost, by calling (toll free) 1 (888) 792-9291, by writing to Auspice Capital Advisors Ltd. (“Auspice” or the “Manager”), at Suite 510 - 1000 7th Avenue SW, Calgary, Alberta, T2P 5L5, by visiting our website at www.auspicecapital.com or through SEDAR at www.sedar.com.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest and the risks detailed from time to time in the ETF’s simplified prospectus. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. We caution that the foregoing list of factors is not exhaustive, and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Manager does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Management Discussion of Fund Performance

Investment Objective and Strategies

CCX seeks to replicate, to the extent possible, the performance of the Canadian Crude Excess Return Index (the “Underlying Index”), net of expenses. The Canadian Crude Excess Return Index is designed to measure the performance of the Canadian crude oil market.

In order to achieve its investment objective, CCX generally invests in derivatives and other financial instruments which may include interest bearing accounts and short-term Canadian federal or provincial treasury bills (“T-Bills”).

CCX has entered into forward purchase and sale agreements (see the Forward Agreements below) with an acceptable counterparty pursuant to which the ETF has gained exposure to the Underlying Index.

The Manager has retained Horizons ETFs Management (Canada) Inc. (“Horizons Management” or the “Portfolio Adviser”) to act as the portfolio adviser and to make and execute investment decisions on behalf of the ETF.

In seeking to achieve the ETF’s investment objective, the Portfolio Adviser:

- will, in respect of the Forward Agreements, invest in interest bearing accounts and T-Bills;
- subject to any exemptive relief that may be required, take positions in equity securities and/or derivatives and/or forward contracts and/or other financial instruments, including investment contracts whose value is derived from the value of an underlying asset, interest rate, equity, commodity, index or currency that the Portfolio Adviser believes, in combination, should simulate the performance of the Underlying Index;

Management Discussion of Fund Performance (continued)

- use a forward contract that is based on a monthly rolling futures position; or
- seek to remain fully invested at all times in equity securities, derivatives, forward contracts and/or other financial instruments that provide exposure to the Underlying Index without regard to market conditions, trends or direction and does not take temporary defensive positions.

The Portfolio Adviser does not invest the assets of the ETF in securities based on the Portfolio Adviser's view of the investment merit of a particular security, nor does it conduct conventional research or analysis, or forecast market movement or trends in managing the assets of the ETF.

If the Portfolio Adviser believes it is appropriate in view of the ETF's investment objective, the ETF may hold a representative sample of the components of the Underlying Index.

The investments of the ETF may include, without limitation, securities, futures contracts, options on futures contracts, forward contracts, swap agreements, options on securities and indices, money market instruments, reverse repurchase agreements or a combination of the foregoing.

The Canadian Crude Excess Return Index

The Canadian Crude Excess Return Index targets an exposure that represents an approximately 3 month rolling position in the following nearby futures contracts (the "Referenced Futures Contracts"): (i) the ICE Crude Diff - TMX WCS 1B Index Future (the "WCS Futures"); and (ii) the ICE WTI Crude Futures (the "WTI Futures").

The roll period will be from the first business day of a month to the business day that corresponds with the expiration of either the first nearest WCS Futures Contract or the first nearest WTI Futures Contract (whichever contract expires first). Such period will vary from month-to-month but is typically between 10 and 14 business days.

Please refer to the ETF's most recent prospectus for a complete description of the ETF's investment restrictions.

The Forward Agreements

The ETF has entered into multiple forward purchase and sale agreements (the "Forward Agreements") with a bank counterparty (the "Counterparty"). The Forward Agreements provide the ETF with both positive and/or negative exposure to the Underlying Index. The ETF seeks to achieve its investment objective through the net exposure of its respective Forward Agreements. The ETF invests the net proceeds of unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The reference asset of each Forward Agreement is a notional amount of positive or negative exposure to the Underlying Index. The notional amount of the Forward Agreements, in the aggregate, is always expected to approximate and not exceed 100% of the net asset value ("NAV") of the ETF. A Counterparty or its guarantor must have a designated rating within the meaning of National Instrument 81-102 – *Investment Funds* ("NI 81-102").

Counterparties, or their guarantors, to any Forward Agreements entered into by the ETF must be a chartered Canadian bank or an affiliate of a chartered Canadian bank whose obligations are guaranteed by a chartered Canadian bank, and which has a designated rating.

In respect of short-term securities or instruments (where the maturity date of the security or instrument is less than one year), Counterparties must have a designated rating for Commercial Paper/Short-Term Debt no lower than (a) Dominion Bond Rating Service Limited ("DBRS") - "R-1(low)"; (b) Fitch Ratings ("Fitch") - "F1"; (c) Moody's Investors Service ("Moody's") - "P-1"; and (d) Standard & Poor's ("S&P") - "A-1(Low)".

In respect of long-term securities or instruments (where the maturity date of the security or instrument is equal to or greater than one year), Counterparties must have a designated rating for Long-Term Debt no lower than (a) DBRS - "A"; (b) Fitch - "A"; (c) Moody's - "A2"; and (d) S&P - "A".

Management Discussion of Fund Performance (continued)

Counterparties are subject to the applicable short-term or long-term designated rating restrictions listed above. The Counterparty to the ETF's existing Forward Agreements, National Bank of Canada ("NBC"), meets those designated rating requirements.

Each Forward Agreement has a remaining term to maturity at any point in time of less than five years which, with the consent of the ETF and the applicable Counterparty, will be extended annually for a fixed number of years and, provided no default or event of default and no unresolved hedging event or disruption event has occurred and is continuing, the ETF has the ability to request the termination of its exposure under a Forward Agreement, in whole or in part, at any time.

Since the Forward Agreements, like most forward agreements, may settle the obligations of each party on a net basis, the exposure of the ETF to the credit risk of any one Counterparty is limited to the positive mark-to-market of the Forward Agreements, in aggregate, entered into with that Counterparty, which is calculated and accrued on a daily basis.

In respect of the Forward Agreements, the ETF has the ability to replace a Counterparty or engage additional acceptable Counterparties at any time.

Risk

Investments in the units of the ETF are speculative, involve a degree of risk and are suitable only for persons who are able to assume the risk of losing their entire investment. The Manager, as a summary for existing investors, is providing the list below of the risks to which an investment in the ETF may be subject. Prospective investors should read the ETF's prospectus and consider the full description of the risks contained therein before purchasing units.

The risks to which an investment in the ETF is subject are listed below and have not changed from the list of risks found in the ETF's prospectus. A full description of each risk listed below may also be found in the prospectus. The prospectus is available at www.auspicecapital.com or from www.sedar.com, or by contacting Auspice Capital Advisors Ltd. directly via the contact information on the back page of this document.

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| <ul style="list-style-type: none"> • Commodity risk • Equity risk • Energy risk • General risks of investing in an ETF that tracks an index and passive investment risk • Risks relating to the use of derivatives • Risks relating to index replication strategies • Calculation of index level and termination of the Underlying Index • Spot vs. futures risk • Concentration risk • Corresponding net asset value risk • Market risk • Regulatory risk • No assurance of meeting investment objective • Tax risk • Price limit risk • No assurance of continued participation • Reverse repurchase transaction risk | <ul style="list-style-type: none"> • Exchange risk • Foreign exchange risk • Aggressive investment technique risk • Trading in derivatives is highly leveraged • Counterparty risk • Correlation risk • Liquidity risk • Early closing risk • Commodity market risk • Underlying Index risk • Conflicts of interest • Liability of unitholders • Reliance on the Manager and the Portfolio Adviser • Designated broker/dealer risk • Exchange rate risk • Securities lending risk • Market for units |
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Management Discussion of Fund Performance (continued)

Results of Operations

For the year ended December 31, 2016, units of the ETF returned 4.42%. This compares to a return of 10.19% for the Underlying Index for the same period.

Strategy and Index

CCX seeks to replicate, to the extent possible, the performance of the Canadian Crude Excess Return Index, net of expenses, and allows investors to access the price of crude oil produced in Canada. The Canadian Crude Excess Return Index is designed to measure the performance of the Canadian crude oil market in an investable format. It reflects the returns that an investor would expect to receive from holding and rolling the contracts that comprise the Canadian Crude Index™ ("CCI").

The CCI represents a simple, transparent and liquid benchmark price for oil that is produced in Canada. The current global benchmarks are not representative of actual Canadian crude oil prices. The CCI gives investors a tool to better understand the price of Canadian crude oil.

The Canadian Crude Market in 2016

The year began with a continuation of the weakness experienced in 2015, one of the worst years for crude oil in history. The first 3 weeks held the same softening trend before bottoming on January 20, 2016. The CCI (reference price) bottomed at \$15.76 per barrel (/bbl), while West Texas Intermediate crude oil (WTI) fell to U.S.\$26.55/bbl - near 12 year lows.

Leaving 2015, the stage was set for a possible recovery. After sliding for the better part of 18 months, it was argued that possibly the world crude market was not weak for lack of demand, but rather an oversupply situation after many years of intense drilling and exploration in the context of multi-year high prices.

The oversupply was brought on from many global sources including out of the Organization of the Petroleum Exporting Countries (OPEC) and the middle-east, Russia, Canada, South America and the U.S. shale plays. In fact, OPEC had responded by raising production ceilings in late 2015. Adding to this, the U.S. allowed exports of oil for the first time in 40 years.

Yet there was a reality check. Demand still seemed to be apparent despite the high prices. China became the largest importer of crude globally in 2015, and as such the much argued growth rate, whether it be 3, 4 or 7% still was a large absolute number when considered in terms of significant long-term growth and demand.

To end 2015, we offered this: "an oversupply situation is much better than a lack of demand from a recovery perspective." Lack of demand takes a long time to change. However, supply is more responsive (elastic). Given we were seeing supply adjustments from U.S. shale production and a dropping Baker Hughes rig count at 12 year lows, the right scenario was there for a possibility of supply-demand rebalancing.

What 2016 brought was a set of factors that changed fundamentals and thus pricing. After an elongated period of weakness, the global crude oil market found some stability in the first half of 2016. After bottoming early, most crude markets have been trending higher since.

Also, on multiple occasions, we were reminded of what OPEC is. It is a cartel. As a cartel, it solely has its interests in mind and is exempt from fair dealing. It is a price and media manipulator. And the year was full of OPEC rhetoric.

Management Discussion of Fund Performance (continued)

To start the year, despite oversupply of oil globally from OPEC and non-cartel suppliers, there was talk of OPEC capping production at its Doha meeting in April. However, there was little commitment to this other than superficially. OPEC agreed to cap production at all-time high levels given the ceilings set in late 2015. Despite the superficial nature of this, human nature and crowd behaviour seemed to help the momentum of crude higher.

While entering the year, the oversupply was approximately 1-2 million barrels a day, this has narrowed given 2016 was full of extraneous factors and surprises. First, at less than \$20/bbl in the CCI, producers were curtailing output as it was no longer economical to continue production. Second, rig counts in North America fell steadily from October 2014 to May 2016. Third, volatile oil producing regions experienced a number of disruptions from oil strikes, militant unrest, and terrorism, in markets such as Kuwait and Nigeria. Lastly, over a million barrels per day were taken offline due to the horrendous fires in Fort McMurray, the epicentre of Canadian oil sands production. While we believe this had a muted impact on prices as the market realized there was significant Canadian storage in place, it was a close call as storage dwindled and it set a stage for a view of a more fragile marketplace that persisted in the second half of the year.

As such, while there were many reasons for the bounce back in the price of global crude oil, the Canadian Crude market has continued to respond favourably and outperform. There are several key reasons for this. The first is volatility. As the marginal barrel in North America, Canadian crude oil is prone to larger percentage moves versus WTI both up and down. It is more volatile. Given that Canada exports 99% of its crude to the U.S., importantly supplying the PADD 2 / U.S. Midwest refinery region, the need for the product feels somewhat binary and thus lower lows and higher highs (on a normalized basis) have been experienced in the recent volatility.

Secondly, leverage. Starting 2016, Canadian Crude had fallen farther, yet the subsequent rally from the lows was greater. Given the price is lower than WTI, averaging a \$14/bbl discount in 2016, it also is a levered play. For example, if there is a \$10 gain from \$16 lows in the CCI, this is a significantly greater return than \$10 on \$26 WTI (63% versus 38%).

The next factor is stability. The differential between WTI and CCI has become more stable in recent years due to additional takeaway capacity and storage for Canadian oil. As such, the scenario presented above has become commonplace where the spread between the Canadian market and WTI does not widen on a rally; rather it is stable or narrows.

Lastly, there is currency exposure. Given the Canadian economy's dependence on the energy sector, the Canadian dollar historically strengthens when the price of oil is strong, further enhancing the return for oil investors.

From the lows on January 20th, the ETF rallied almost 93%, peaking in early June. In comparison, the WTI based USO oil ETF only rallied 51%. If you consider currency exposures over this time, this reduces the gain in USO for a Canadian investor to only 31%, while representing a gain of 122% for U.S. investors buying the Canadian product.

The year ended strong. From Nov 4 to the end of the year, the ETF rallied approximately 25% while WTI gained only 18%. Whether it was the Trump factor, or OPEC finally reaching an agreement to remove 1.2 million barrels of crude oil per day from global oil production, with non-OPEC countries cutting an additional 600,000 barrels per day from production, the effect was positive and better gains were made in Canadian Crude.

Outlook

In the first half of 2017, it will be important to watch whether the implied OPEC "cuts" are followed. OPEC adherence is historically low but matters little as that is the expectation. As such, we recommend continuing to watch the supply demand balance particularly in North America along with global demand and rig counts.

Management Discussion of Fund Performance (continued)

The value of Canadian oil remains paramount within the North American and global context and it can be seen as a bell-weather for the situation. Given it is the largest supplier of oil to the U.S. at more the three times Saudi Arabia and approximately 20% more than all 12 OPEC members combined, its importance is critical. Added to this, the potential approval of the Keystone XL pipeline in the U.S. and Kinder Morgan's Trans Mountain pipeline expansion project approval in Canada, Canadian crude not only remains important, but the potential for access to new global markets makes it the market to watch.

Other Operating Items and Changes in Net Assets Attributable to Holders of Redeemable Units

The year ended December 31, 2016, was the first full year of operations for the ETF. For the year, the ETF generated gross comprehensive income (loss) from investments and derivatives of \$1,039,042. This compares to (\$22,812,384) for the period from when the ETF effectively began operations on May 11, 2015, to December 31, 2015. The ETF paid management, operating and transaction expenses of \$378,905 (2015 – \$313,833) of which \$79,955 (2015 – \$19,427) was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

The ETF did not make any distributions to unitholders during the year ended December 31, 2016, or during the period ended December 31, 2015.

Unitholder Activity

An "ETF" is a stock exchange listed, open-ended, continuously offered fund. All orders to purchase units directly from the ETF must be placed by designated brokers and/or dealers. On any trading day, a designated broker or a dealer may place a subscription order for a prescribed number of units ("PNU") or integral multiple PNU. The ETF reserves the absolute right to reject any subscription order placed by a designated broker and/or dealer. No fees will be payable by the ETF to a designated broker or a dealer in connection with the issuance of units.

If a subscription order is received by the ETF by 9:30 a.m. (Toronto time) on a trading day, the ETF will issue to the designated broker or dealer the number of units of the ETF subscribed for generally on the first trading day after the date on which the subscription order is accepted, provided that payment for such units has been received. The number of units issued is based on the net asset value per unit of the ETF on the trading day on which the subscription is accepted by the Manager. Notwithstanding the foregoing, the ETF will issue to the designated broker or dealer the number of units of the ETF subscribed for no later than the third trading day after the date on which the subscription order was accepted, provided that payment for such units has been received.

In issuing units of an ETF to a designated broker or dealer, the designated broker or dealer must deliver cash in exchange for the units in an amount equal to the net asset value of such units next determined following the receipt of the subscription order.

Investors are able to trade units of the ETF in the same way as other securities traded on the Toronto Stock Exchange ("TSX"), including by using market orders and limit orders. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling units.

Management Discussion of Fund Performance (continued)

Presentation

The attached financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets in the financial statements and/or management report of fund performance is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

Recent Developments

Other than indicated below, there are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF other than indicated below.

Unit Transaction

The units of the ETF were consolidated on a one for two basis effective February 16, 2016. All relevant unit and per unit historical data prior to February 16, 2016, has been adjusted to reflect the consolidation.

Related Party Transactions

Certain services have been provided to the ETF by related parties and those relationships are described below.

Manager, Trustee and Investment Manager

The manager and trustee of the ETF is Auspice Capital Advisors Ltd., Suite 510 - 1000 7th Avenue SW, Calgary, Alberta, T2P 5L5, a corporation incorporated under the laws of the Province of Alberta. The Manager has engaged Horizons ETFs Management (Canada) Inc., 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2 to act as the ETF's portfolio adviser. The Manager has also engaged the Portfolio Adviser to provide administration services to the ETF.

Other Related Parties

An affiliate of National Bank of Canada and National Bank Financial Inc. ("NBF") holds an indirect minority interest in AlphaPro Management Inc., a subsidiary of the Portfolio Adviser. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of the ETF's units. NBF, as market maker of the ETF in the secondary market, may therefore have economic interests which differ from and may be adverse to those of unitholders.

NBF's potential roles as a designated broker and a dealer of the ETF are not as an underwriter of the ETF in connection with the primary distribution of units under the ETF's prospectus. NBF was not involved in the preparation of, nor did it perform any review of, the contents of the ETF's prospectus.

NBF and its affiliates may, at present or in the future, engage in business with the ETF, the issuers of securities making up the investment portfolio of the ETF, or with the Manager or the Portfolio Adviser or any funds sponsored by the Manager or the Portfolio Adviser, or their affiliates, including by making loans, executing brokerage transactions, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between NBF and its affiliates, and the Manager and/or Portfolio Adviser and their affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or the Portfolio Adviser, or their affiliates.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance since it effectively began operations on May 11, 2015. This information is derived from the ETF's audited annual financial statements. Please see the front page for information on how you may obtain the annual financial statements.

The ETF's Net Assets per Unit

Class A		
Year	2016	2015
Net assets, beginning of year ⁽¹⁾	8.37	20.00
Increase (decrease) from operations:		
Total revenue	0.06	0.06
Total expenses	(0.15)	(0.16)
Realized losses for the year	–	(12.18)
Unrealized gains (losses) for the year	0.46	(0.26)
Total increase (decrease) from operations ⁽²⁾	0.37	(12.54)
Total distributions ⁽³⁾	–	–
Net assets, end of year ⁽⁴⁾	\$ 8.74	8.37

1. This information is derived from the ETF's audited annual financial statements as at December 31 of the years shown. Units of the ETF have an initial net asset value of \$20.00 (on a post-consolidation basis) as at May 11, 2015. Information is presented in accordance with IFRS.
2. Net assets per unit 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 financial period.
3. Income, dividend and/or return of capital distributions, if any, are paid in cash, reinvested in additional units of the ETF, or both. Capital gains distributions, if any, may or may not be paid in cash. Non-cash capital gains distributions are reinvested in additional units of the ETF and subsequently consolidated. They are reported as taxable distributions and increase each unitholder's adjusted cost base for their units. Neither the number of units held by the unitholder, nor the net asset per unit of the ETF change as a result of any non-cash capital gains distributions. Distributions classified as return of capital, if any, decrease each unitholder's adjusted cost base for their units. The characteristics of distributions, if any, are determined subsequent to the end of the ETF's tax year. Until such time, distributions are classified as from net investment income (excluding dividends) for reporting purposes.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.

Financial Highlights (continued)**Ratios and Supplemental Data**

Class A			
Year ⁽¹⁾		2016	2015
Total net asset value (000's)	\$	17,474	16,734
Number of units outstanding (000's)		2,000	2,000
Management expense ratio ⁽²⁾		0.93%	0.93%
Management expense ratio before waivers and absorptions ⁽³⁾		1.46%	1.06%
Trading expense ratio ⁽⁴⁾		1.02%	1.02%
Portfolio turnover rate ⁽⁵⁾		0.00%	0.00%
Net asset value per unit, end of year	\$	8.74	8.37
Closing market price	\$	8.73	8.32

1. This information is provided as at December 31 of the years shown. Information is presented in accordance with IFRS.
2. Management expense ratio is based on total expenses, including 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 year or period. Out of their management fees, the Manager pays for such services to the ETF as portfolio manager compensation, service fees and marketing.
3. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at its discretion.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year or period.
5. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. Generally, the higher the portfolio turnover rate in a year, the greater the trading costs payable by the ETF 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 a high turnover rate and the performance of the ETF.

Financial Highlights (continued)**Management Fees**

The Manager appoints the Portfolio Adviser and provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF, calculated and accrued daily and payable monthly in arrears.

The Portfolio Adviser is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Fees related to the operation of the Forward Agreements are not included in the management fees or other operating expenses of the ETF. Forward fees and applicable hedging costs related to the Forward Agreements, as described in the "Fees and Expenses" section of the ETF's prospectus, are incurred by way of a reduction in the forward price payable to the ETF by the Counterparty. For the purposes of financial reporting, these expenses have been broken out and disclosed in "transaction costs" in the statements of comprehensive income and are included in the trading expense ratio in the management report of fund performance.

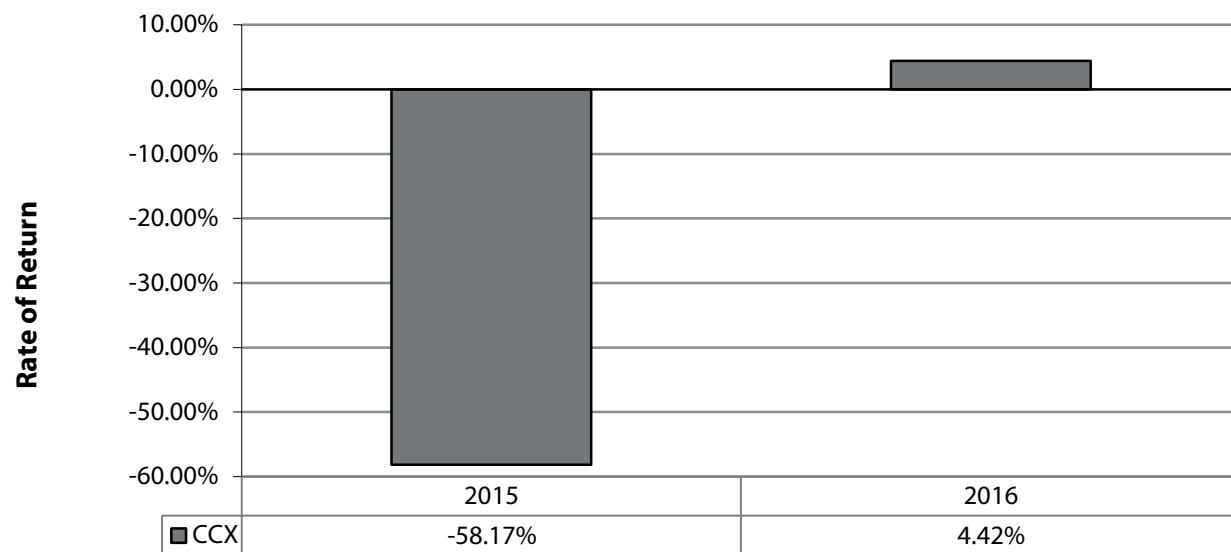
The Manager paid substantially more than 100% of the management fees it received from the ETF during the year towards marketing and promotional costs, and towards the fees associated with the managerial, portfolio management and portfolio advisory services provided to the ETF.

Past Performance

Commissions, trailing commissions, management fees and expenses all may be associated with an investment in the ETF. Please read the prospectus before investing. The indicated rates of return are the historical total returns including changes in unit value and reinvestment of all distributions, if any, and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any investor that would have reduced returns. An investment in the ETF is not guaranteed. Its value changes frequently and past performance may not be repeated. The ETF's performance numbers assume that all distributions are reinvested in additional units of the ETF. If you hold this ETF outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the ETF, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-Year Returns

The following chart presents the performance of the ETF's units for the periods shown. In percentage terms, the chart shows how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



Units of the ETF have an initial net asset value of \$20.00 (on a post-consolidation basis) as at May 11, 2015.

Past Performance (continued)**Annual Compound Returns**

The following table presents the ETF's annual compound total return since inception and for the periods shown ended December 31, 2016, compared with the ETF's applicable benchmark. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the ETF or future returns on investments in the ETF.

	1 Year	Since Inception
Canadian Crude Oil Index ETF	4.42%	-39.58%
Canadian Crude Oil Excess Return Index	10.19%	-36.52%

Units of the ETF have an initial net asset value of \$20.00 (on a post-consolidation basis) as at May 11, 2015.

Summary of Investment Portfolio

As at December 31, 2016

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
Investments	\$ 116,083	0.66%
Cash and Cash Equivalents held for Collateral	17,047,437	97.56%
Cash and Cash Equivalents - Other	308,264	1.76%
Other Assets less Liabilities	2,171	0.02%
	\$ 17,473,955	100.00%

Top Holdings	% of ETF's Net Asset Value
Cash and Cash Equivalents held for Collateral	97.56%
Forward Agreements (net notional value US\$13,009,375)	0.66%

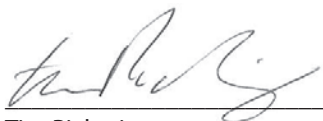
The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling 1 (888) 792-9291, by writing to us at Suite 510 - 1000 7th Avenue SW, Calgary, Alberta, T2P 5L5, by visiting our website at www.auspicecapital.com or through SEDAR at www.sedar.com.

MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited annual financial statements of Canadian Crude Oil Index ETF (the "ETF") are the responsibility of the manager and trustee to the ETF, Auspice Capital Advisors Ltd. (the "Manager"). They have been prepared in accordance with International Financial Reporting Standards using information available and include certain amounts that are based on the Manager's best estimates and judgments.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager and have been audited by KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, on behalf of unitholders. The independent auditors' report outlines the scope of their audit and their opinion on the financial statements.



Tim Pickering
Director
Auspice Capital Advisors Ltd.



Ken Corner
Director
Auspice Capital Advisors Ltd.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Canadian Crude Oil Index ETF (the "ETF")

We have audited the accompanying financial statements of the ETF, which comprise the statements of financial position as at December 31, 2016 and 2015, the statements of comprehensive income, changes in financial position and cash flows for the year ended December 31, 2016 and for the period from inception on May 1, 2015 to December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the ETF as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and for the period from inception on May 1, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants
March 15, 2017
Toronto, Canada

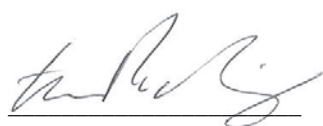
Statements of Financial Position

As at December 31,

	2016	2015
Assets		
Cash and cash equivalents held for collateral	\$ 17,047,437	\$ 17,083,826
Cash and cash equivalents - other	308,264	307,412
Amounts receivable relating to accrued income	17,677	11,959
Derivative assets (note 3)	117,244	6,549
Total assets	17,490,622	17,409,746
Liabilities		
Accrued expenses	15,506	14,418
Derivative liabilities (note 3)	1,161	661,465
Total liabilities	16,667	675,883
Total net assets (note 2)	\$ 17,473,955	\$ 16,733,863
Number of redeemable units outstanding, Class A (note 10)	2,000,000	2,000,000
Total net assets per unit, Class A	\$ 8.74	\$ 8.37

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:



Tim Pickering



Ken Corner

Statements of Comprehensive Income

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

	2016	2015
Income		
Interest income for distribution purposes	\$ 104,929	\$ 108,184
Securities lending income (note 9)	8,875	4,407
Net realized loss on sale of investments and derivatives	(637)	(22,423,210)
Net change in unrealized appreciation (depreciation) of investments and derivatives	925,875	(501,765)
	1,039,042	(22,812,384)
Expenses		
Management fees (note 11)	109,340	110,610
Audit fees	6,348	–
Independent Review Committee fees	2,625	6,825
Custodial fees	11,300	7,968
Legal fees	20,079	–
Securityholder reporting costs	28,229	6,105
Administration fees	44,600	28,647
Transaction costs	156,384	153,678
	378,905	313,833
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(79,955)	(19,427)
	298,950	294,406
Increase (decrease) in net assets for the year	\$ 740,092	\$ (23,106,790)
Increase (decrease) in net assets per unit, Class A	\$ 0.37	\$ (12.54)

(See accompanying notes to financial statements)

Statements of Changes in Financial Position

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

	2016	2015
Total net assets at the beginning of the year	\$ 16,733,863	\$ –
Increase (decrease) in net assets	740,092	(23,106,790)
Redeemable unit transactions		
Proceeds from the issuance of securities of the investment fund	–	39,890,800
Aggregate amounts paid on redemption of securities of the investment fund	–	(50,147)
Total net assets at the end of the year	\$ 17,473,955	\$ 16,733,863

(See accompanying notes to financial statements)

Statements of Cash Flows

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

	2016	2015
Cash flows from operating activities:		
Increase (decrease) in net assets for the year	\$ 740,092	\$ (23,106,790)
Adjustments for:		
Net realized loss on sale of investments and derivatives	637	22,423,210
Net change in unrealized depreciation (appreciation) of investments and derivatives	(925,875)	501,765
Purchase of investments	154,876	153,151
Proceeds from the sale of investments	(637)	(22,423,210)
Amounts receivable relating to accrued income	(5,718)	(11,959)
Accrued expenses	1,088	14,418
Net cash used in operating activities	(35,537)	(22,449,415)
Cash flows from financing activities:		
Amount received from the issuance of units	–	39,890,800
Amount paid on redemptions of units	–	(50,147)
Net cash from (used in) financing activities	–	39,840,653
Net increase (decrease) in cash and cash equivalents during the year	(35,537)	17,391,238
Cash and cash equivalents at beginning of year	17,391,238	–
Cash and cash equivalents at end of year	\$ 17,355,701	\$ 17,391,238
Interest received	\$ 99,211	\$ 98,326
Total Cash and Cash Equivalents are composed of:		
Cash and cash equivalents held for collateral	\$ 17,047,437	\$ 17,083,826
Cash and cash equivalents - other	308,264	307,412
Cash and cash equivalents at end of year	\$ 17,355,701	\$ 17,391,238

(See accompanying notes to financial statements)

Schedule of Investments

As at December 31, 2016

Security	Fair Value
FORWARD AGREEMENTS (0.66%)	
Positive Exposure Forward Agreement (0.67%)	
Canadian Crude Oil Index Forward Agreement	
Payment Date October 1, 2021 (notional value US\$13,139,469)	\$ 117,244
Negative Exposure Forward Agreement (-0.01%)	
Canadian Crude Oil Index Forward Agreement	
Payment Date October 15, 2021 (notional value US\$130,094)	(1,161)
TOTAL FORWARD AGREEMENTS	116,083
CASH AND CASH EQUIVALENTS HELD FOR COLLATERAL (97.56%)	17,047,437
TOTAL INVESTMENT PORTFOLIO (98.22%) (note 8)	\$ 17,163,520
Cash and cash equivalents - other (1.76%)	308,264
Other assets less liabilities (0.02%)	2,171
TOTAL NET ASSETS (100.00%)	\$ 17,473,955

(See accompanying notes to financial statements)

Notes to Financial Statements

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

1. REPORTING ENTITY

Canadian Crude Oil Index ETF ("CCX" or the "ETF") is an investment trust established under the laws of the Province of Ontario by Declaration of Trust and effectively began operations on May 11, 2015. The address of the ETF's registered office is: c/o Auspice Capital Advisors Ltd., Suite 510 - 1000 7th Avenue SW, Calgary, Alberta, T2P 5L5.

The ETF is offered for sale on a continuous basis by its prospectus in class A units ("Class A") which trade on the Toronto Stock Exchange ("TSX") under the symbol CCX. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling units.

The investment objective of CCX is to seek to replicate, to the extent possible, the performance of the Canadian Crude Excess Return Index (the "Underlying Index"), net of expenses. The Canadian Crude Excess Return Index is designed to measure the performance of the Canadian crude oil market.

Auspice Capital Advisors Ltd. ("Auspice" or the "Manager") is the manager and trustee of the ETF. The Manager has appointed Horizons ETFs Management (Canada) Inc. ("Horizons Management" or the "Portfolio Adviser"), to act as the portfolio adviser to the ETF. The Portfolio Adviser is responsible for implementing the ETF's investment strategies.

Unit Transaction

The units of the ETF were consolidated on a one for two basis effective February 16, 2016. All relevant unit and per unit historical data prior to February 16, 2016, has been adjusted to reflect the consolidation.

2. BASIS OF PREPARATION

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

These financial statements were authorized for issue on March 15, 2017 by the Board of Directors of the Manager.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value though profit or loss, which are measured at fair value.

(iii) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the ETF's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

(a) Financial instruments**(i) Recognition, initial measurement and classification**

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are initially recognized on the trade date, at fair value (see below), with transaction costs recognized in the statements of comprehensive income. Other financial assets and financial liabilities are recognized on the date on which they are originated at fair value.

The ETF classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss:
 - Held for trading: derivative financial instruments
 - Designated as at fair value through profit or loss: debt securities and equity investments
- Financial assets at amortized cost: All other financial assets are classified as loans and receivables
- Financial liabilities at fair value through profit or loss:
 - Held for trading: derivative financial instruments
- Financial liabilities at amortized cost: all other financial liabilities are classified as other financial liabilities

(ii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the ETF has access at that date. The fair value of a liability reflects its non-performance risk.

Investments are valued at fair value as of the close of business on each day upon which a session of the TSX is held ("Valuation Date") and based on external pricing sources to the extent possible. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers, are valued at their closing sale price. However, such prices may be adjusted if a more accurate value can be obtained from recent trading activity or by incorporating other relevant information that may not have been reflected in pricing obtained from external sources. Short-term investments, including notes and money market instruments, are valued at amortized cost which approximates fair value.

Investments held that are not traded in an active market, including some derivative financial instruments, are valued using observable market inputs where possible, on such basis and in such manner as established by the Manager. Derivative financial instruments are recorded in the statements of financial position according to the gain or loss that would be realized if the contracts were closed out on the Valuation Date. Margin deposits, if any, are included in the schedule of investments as margin deposits. See also the summary of fair value measurements in note 7.

Fair value policies used for financial reporting purposes are the same as those used to measure the net asset value ("NAV") for transactions with unitholders.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(iv) Specific instruments**Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

Redeemable units

The redeemable units are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units. They are classified as financial liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders.

(b) Investment income

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statements of comprehensive income as part of the net change in unrealized appreciation (depreciation) of investments and derivatives. Interest income for distribution purposes from investments in bonds and short-term investments represents the coupon interest received by the ETF accounted for on an accrual basis. The ETF does not amortize premiums paid or discounts received on the purchase of fixed income securities. The ETF does not use the effective interest method. Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs is recognized when earned.

Income from derivatives is shown in the statements of comprehensive income as net realized gain (loss) on sale of investments and derivatives; net change in unrealized appreciation (depreciation) of investments and derivatives; and, interest income for distribution purposes, in accordance with its nature.

Income from securities lending, if any, is included in "Securities lending income" on the statements of comprehensive income and is recognized when earned. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (see note 9).

If the ETF incurs withholding taxes imposed by certain countries on investment income and capital gains, such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of comprehensive income.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

(c) Foreign currency

Transactions in foreign currencies are translated into the ETF's reporting currency using the exchange rate prevailing on the trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the year-end exchange rate. Foreign exchange gains and losses are presented as "Net realized gain (loss) on foreign exchange", except for those arising from financial instruments at fair value through profit or loss, which are recognized as a component within "Net realized gain (loss) on sale of investments and derivatives" and "Net change in unrealized appreciation (depreciation) of investments and derivatives" in the statements of comprehensive income.

(d) Cost basis

The cost of portfolio investments is determined on an average cost basis.

(e) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets per unit in the statements of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of the ETF outstanding during the reporting period. For management fees please refer to note 11.

(f) Unitholder transactions

The value at which units are issued or redeemed is determined by dividing the net asset value of the class by the total number of units outstanding of that class on the Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statements of changes in financial position.

(g) Amounts receivable (payable) relating to portfolio assets sold (purchased)

In accordance with the ETF's policy of trade date accounting for sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased, but not yet settled as at the reporting date.

(h) Net assets attributable to holders of redeemable units per unit

Net assets attributable to holders of redeemable units per unit is calculated by dividing the ETF's net assets attributable to holders of redeemable units by the number of units of the ETF outstanding on the Valuation Date.

(i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs are expensed and are included in "Transaction costs" in the statements of comprehensive income.

(j) Future accounting changes

The International Accounting Standards Board ("IASB") has issued the following new standards and amendments to existing standards that are not yet effective.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

IFRS 9, Financial Instruments ("IFRS 9"):

In July 2014, the IASB issued IFRS 9, Financial Instruments, to replace International Accounting Standard 39, Financial Instruments – Recognition and Measurement ("IAS 39"). IFRS 9 addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be classified based on the ETF's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. Financial assets will be measured at fair value through profit and loss unless certain conditions are met which permit measurement at amortized cost or value through other comprehensive income.

The classification and measurement of liabilities remain generally unchanged, with the exception of liabilities recorded at fair value through profit and loss. For financial liabilities designated at fair value through profit and loss, IFRS 9 requires the presentation of the effects of changes in the ETF's own credit risk in other comprehensive income instead of net income.

IFRS 9 is effective for fiscal years beginning on January 1, 2018, though early adoption is permitted. The Manager is currently assessing the impact of this new standard on the ETF's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The ETF may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates that the ETF has made in preparing the financial statements. See note 7 for more information on the fair value measurement of the ETF's financial instruments.

5. FINANCIAL INSTRUMENTS RISK

In the normal course of business, the ETF's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the ETF's performance by employing professional, experienced portfolio advisors, by daily monitoring of the ETF's positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategies, internal guidelines and securities regulations.

Please refer to the most recent prospectus for a complete discussion of the risks attributed to an investment in the units of the ETF. Significant financial instrument risks that are relevant to the ETF and an analysis of how they are managed are presented below.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the ETF's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings. The ETF, to the best of its ability, hedges all of its foreign currency exposure back to the Canadian dollar as part of any Forward Agreement (see note 8) so that it has no net foreign currency exposure.

(ii) Interest rate risk

The ETF may be exposed to the risk that the fair value of future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In general, the value of interest-bearing financial instruments will rise if interest rates fall, and conversely, will generally fall if interest rates rise. There is minimal sensitivity to interest rate fluctuation on cash and cash equivalents invested at short-term market rates since those securities are usually held to maturity and are short term in nature. The ETF does not hold any long term debt instruments to which it would have interest rate risk exposure.

(iii) Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The ETF is subject to other market risks that will affect the value of its investments, including general economic and market conditions, as well as developments that impact specific economic sectors, industries or companies. The Underlying Index targets an exposure that represents an approximately 3 month rolling position in the following nearby futures contracts (the "Referenced Futures Contracts"): (i) the ICE Crude Diff - TMX WCS 1B Index Future (the "WCS Futures"); and (ii) the ICE WTI Crude Futures (the "WTI Futures"). The ETF, will normally lose value on days when the Underlying Index, or the security or commodity comprising the Referenced Futures Contracts decline. The ETF intends to remain fully invested regardless of market conditions.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in the Underlying Index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The historical correlation may not be representative of future correlation.

Comparative Index	December 31, 2016	December 31, 2015
Canadian Crude Excess Return Index	\$174,400	\$167,336

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

(b) Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables.

The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position, including any positive mark-to-market of the ETF's Forward Agreement(s). This amount is included in "Derivative assets" (if any) in the statements of financial position. The credit risk related to any one Forward Agreement is concentrated in the Counterparty to that particular Forward Agreement.

Credit risk is managed by dealing with counterparties the Manager believes to be creditworthy and which meet the designated rating requirements of National Instrument 81-102 – *Investment Funds* ("NI 81-102"), please see note 8.

(c) Liquidity risk

Liquidity risk is the risk that the ETF will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The ETF may, at times, have very large purchase and redemption activity. However, the performance of the ETF is primarily affected by the performance of its Forward Agreement(s), which are rebalanced daily and is tied to the performance of the Underlying Index. The performance and liquidity of the ETF is unaffected by the asset size of the ETF, purchases or redemptions as these transactions are taken into account during the daily rebalancing of the Forward Agreement(s).

6. NET CHANGES FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss presented in the table below are comprised of the following: net realized gain (loss) on sale of investments and derivatives, net change in unrealized appreciation (depreciation) of investments and derivatives, dividend income and interest income for distribution purposes. Their classifications between held for trading and designated at fair value are presented in the following table:

Category	Net Changes at FVTPL (\$)	
	December 31, 2016	December 31, 2015
Financial assets (liabilities) at FVTPL:		
Held for trading	925,238	(22,924,975)
Designated at fair value	–	–
Total financial assets (liabilities) at FVTPL	925,238	(22,924,975)

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

7. FAIR VALUE MEASUREMENT

Below is a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1: securities that are valued based on quoted prices in active markets.
- Level 2: securities that are valued based on inputs other than quoted prices that are observable, either directly as prices, or indirectly as derived from prices.
- Level 3: securities that are valued with significant unobservable market data.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as at December 31, 2016 and 2015 in valuing the ETF's investments and derivatives carried at fair values:

	December 31, 2016			December 31, 2015		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial Assets						
Forward Agreements	–	117,244	–	–	6,549	–
Total Financial Assets	–	117,244	–	–	6,549	–
Financial Liabilities						
Forward Agreements	–	(1,161)	–	–	(661,465)	–
Total Financial Liabilities	–	(1,161)	–	–	(661,465)	–
Net Financial Assets and Liabilities	–	116,083	–	–	(654,916)	–

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the year or period shown. In addition, there were no investments or transactions classified in Level 3 for the year ended December 31, 2016, and for the period ended December 31, 2015.

8. FORWARD AGREEMENTS AND COLLATERAL PLEDGED**(a) Forward Agreements**

The ETF has entered into multiple forward purchase and sale agreements (the "Forward Agreements") with a bank counterparty (the "Counterparty"). The Forward Agreements provide the ETF with both positive and/or negative exposure to the Underlying Index. The ETF seeks to achieve its investment objective through the net exposure (the "Net Notional Exposure") of its respective Forward Agreements. The ETF invests the net proceeds of unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The reference asset of each Forward Agreement is a notional amount of positive or negative exposure to the Underlying Index. The notional amount of the Forward Agreements, in the aggregate, is always expected to approximate and not exceed 100% of the net asset value ("NAV") of the ETF. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

Each Forward Agreement with a Forward Counterparty in which the ETF is provided with exposure that corresponds positively with the exposure to the Underlying Index requires the ETF to pay the Counterparty an agreed notional amount. In return, the Counterparty pays the ETF the value of the notional investment, plus an amount based upon any increase or decline in the Underlying Index. Each Forward Agreement with a Counterparty in which the ETF is provided with exposure that corresponds negatively with the exposure to the Underlying Index requires the Counterparty to pay the ETF an agreed notional amount. In return, the ETF pays the Counterparty the value of the notional investment, plus an amount based upon any increase or decline in the Underlying Index. The ETF also invests the net proceeds of unit subscriptions in interest bearing accounts and T-Bills to earn short-term money-market interest rates. The terms of the Forward Agreements requires the ETF, for any applicable Counterparty, to pledge substantially all of its respective interest bearing account and T-Bills to the Counterparty to secure the payment of the ETF's payment obligations under the Forward Agreements.

In respect of the Forward Agreements, the ETF has the ability to replace the Counterparty or engage additional Counterparties at any time.

(b) Forward Counterparty Restrictions

Counterparties, or their guarantors, to any Forward Agreements entered into by the ETF must be a chartered Canadian bank or an affiliate of a chartered Canadian bank whose obligations are guaranteed by a chartered Canadian bank, and which has a designated rating.

In respect of short-term securities or instruments (where the maturity date of the security or instrument is less than one year), Counterparties must have a designated rating for Commercial Paper/Short-Term Debt no lower than (a) Dominion Bond Rating Service Limited ("DBRS") - "R-1(Low)"; (b) Fitch Ratings ("Fitch") - "F1"; (c) Moody's Investors Service ("Moody's") - "P-1"; and (d) Standard & Poor's ("S&P") - "A-1(Low)".

In respect of long-term securities or instruments (where the maturity date of the security or instrument is equal to or greater than one year), Counterparties must have a designated rating for Long-Term Debt no lower than (a) DBRS - "A"; (b) Fitch - "A"; (c) Moody's - "A2"; and (d) S&P - "A".

Counterparties are subject to the applicable short-term or long-term designated rating restrictions listed above. The Counterparty to the ETF's existing Forward Agreements, National Bank of Canada ("NBC"), meets those designated rating requirements.

Each Forward Agreement has a remaining term to maturity at any point in time of less than five years which, with the consent of the ETF and the applicable Counterparty, will be extended annually for a fixed number of years and, provided no default or event of default and no unresolved hedging event or disruption event has occurred and is continuing, the ETF has the ability to request the termination of its exposure under a Forward Agreement, in whole or in part, at any time.

(c) Forward Agreements Exposure

The table below shows the notional exposure of the ETF to Forward Agreements as at December 31, 2016 and 2015 as measured by the Net Notional Exposure. In addition, designated ratings for the Counterparty at each reporting date are presented, as is the credit risk exposure (see note 5) of derivative assets as shown in the statements of financial position.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

As at	Counter-party ⁽¹⁾	Notional Exposure	Credit Risk	DBRS Rating	Fitch Rating	Moody's Rating	S&P Rating
Dec. 31, 2016	NBC	US\$13,009,375	\$117,244	AA (low)	A+	Aa3	A
Dec. 31, 2015	NBC	US\$12,095,312	\$6,549	AA (low)	A+	Aa3	A

⁽¹⁾ NBC refers to National Bank of Canada**9. SECURITIES LENDING**

In order to generate additional returns, the ETF is authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with NI 81-102. Under a securities lending agreement, the borrower must pay the ETF a negotiated securities lending fee, provide compensation to the ETF equal to any distributions received by the borrower on the securities borrowed, and the ETF must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. Revenue, if any, earned on securities lending transactions during the period is disclosed in the ETF's statements of comprehensive income.

The aggregate closing market value of securities loaned and collateral received as at December 31, 2016 and 2015 was as follows:

As at	Securities Loaned	Collateral Received
December 31, 2016	\$9,707,241	\$9,981,379
December 31, 2015	\$9,605,838	\$9,877,391

The table below presents a reconciliation of the securities lending income as presented in the statements of comprehensive income for the year ended December 31, 2016, and for the period ended December 31, 2015. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the ETF, less any taxes withheld and amounts earned by parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

For the year or period ended	December 31, 2016	% of Gross Income	December 31, 2015	% of Gross Income
Gross securities lending income	\$8,875		\$4,407	
Net securities lending income paid to the ETF	\$8,875	100.00%	\$4,407	100.00%

10. REDEEMABLE UNITS

The ETF is authorized to issue an unlimited number of redeemable, transferable Class A units each of which represents an equal, undivided interest in the net assets of the ETF. Each unit entitles the owner to one vote at meetings of unitholders. Each unit is entitled to participate equally with all other units with respect to all payments made to unitholders, other than management fee distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to units

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

of that class of the ETF. All units will be fully paid and non-assessable, with no liability for future assessments, when issued and will not be transferable except by operation of law.

The redeemable units issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the ETF's net assets at each redemption date and are classified as liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders. The ETF's objectives in managing the redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

On any Valuation Date, unitholders of the ETF may (i) redeem units of the ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the ETF on the TSX on the effective day of the redemption, where the units being redeemed are not equal to a prescribed number of units ("PNU") or a multiple PNU; or (ii) redeem, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of units.

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each Valuation Date. Purchase and redemption orders are subject to a 9:30 a.m. (Eastern Time) cutoff time.

The ETF is required to distribute all of its income (including net realized capital gains) that it has earned in the year to such an extent that the ETF will not be liable for ordinary income tax thereon. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and any such amount distributed by the ETF will be paid as a "reinvested distribution". Reinvested distributions on units of the ETF will be reinvested automatically in additional units of the ETF at a price equal to the net asset value per unit of the ETF on such day and the units of the ETF will be immediately consolidated such that the number of outstanding units of the ETF held by each unitholder on such day following the distribution will equal the number of units of the ETF held by the unitholder prior to the distribution. Reinvested distributions are reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units, if any, are recognized in the statements of changes in financial position.

Please consult the ETF's most recent prospectus for a full description of the subscription and redemption features of the ETF's units.

For the year ended December 31, 2016, and for the period ended December 31, 2015, the number of units issued by subscription, the number of units redeemed, the total and average number of units outstanding was as follows:

Year or Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2016	2,000,000	–	–	2,000,000	2,000,000
2015	–	2,002,500	(2,500)	2,000,000	1,842,039

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

11. EXPENSES AND OTHER RELATED PARTY TRANSACTIONS**Management fees**

The Manager appoints the Portfolio Adviser and provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF, calculated and accrued daily and payable monthly in arrears.

The Portfolio Adviser is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Other expenses

Unless otherwise waived or absorbed by the Manager, the ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS Clearing and Depository Services Inc. fees; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs of the Independent Review Committee; income taxes; sales taxes; brokerage expenses and commissions; and withholding taxes.

The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

Fees related to the operation of the Forward Agreements are not included in the management fees or other operating expenses of the ETF. Forward fees and applicable hedging costs related to the Forward Agreements, as described in the "Fees and Expenses" section of the ETF's prospectus, are incurred by way of a reduction in the forward price payable to the ETF by the Counterparty. For the purposes of financial reporting, these expenses have been broken out and disclosed in "transaction costs" in the statements of comprehensive income and are included in the trading expense ratio in the management report of fund performance.

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

Other related party transactions

The management fees paid to the Manager and fees paid to the Independent Review Committee (“IRC”) are considered related party transactions, as the Manager and IRC are related parties to the ETF. Both the management fees and fees paid to the IRC are disclosed in the statements of comprehensive income.

An affiliate of National Bank of Canada (“NBC”) and National Bank Financial Inc. (“NBF”) holds an indirect minority interest in AlphaPro Management Inc., a subsidiary of the Portfolio Adviser. NBF acts or may act as a designated broker, an underwriter and/or a registered trader (market maker). NBC, NBF and its affiliates may, at present or in the future, engage in business with the ETF, the issuers of securities making up the investment portfolio of the ETF, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, executing brokerage transactions, entering into derivative transactions or providing advisory or agency services.

NBF and its affiliates may, at present or in the future, engage in business with the ETF, the issuers of securities making up the investment portfolio of the ETF, or with the Manager or the Portfolio Adviser or any funds sponsored by the Manager or the Portfolio Adviser, or their affiliates, including by making loans, executing brokerage transactions, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between NBF and its affiliates, and the Manager and/or Portfolio Adviser and their affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or the Portfolio Adviser, or their affiliates.

12. INCOME TAX

The ETF has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the “Tax Act”) and accordingly, is not taxed on the portion of taxable income that is paid or allocated to unitholders. As well, tax refunds (based on redemptions and realized and unrealized gains during the period) may be available that would make it possible to retain some net capital gains in the ETF without incurring any income taxes.

13. TAX LOSSES CARRIED FORWARD

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forwards may be applied against future years’ taxable income. Non-capital losses that are realized in the current taxation year may be carried forward for 20 years. As at December 31, 2016, the ETF had net capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

Net Capital Losses	Non-Capital Losses	Year of Expiry
–	\$22,449,821	2035
	\$30,806	2036

Notes to Financial Statements (continued)

For the Year Ended December 31, 2016 and

For the Period from Inception on May 1 to December 31, 2015

14. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at December 31, 2016 and 2015. The "Net" column displays what the net impact would be on the ETF's statements of financial position if all amounts were set-off. "Financial Instruments" may include non-cash collateral pledged by the ETF.

Financial Assets and Liabilities as at December 31, 2016	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	117,244	–	117,244	(1,161)	–	116,083
Derivative liabilities	(1,161)	–	(1,161)	1,161	–	–

Financial Assets and Liabilities as at December 31, 2015	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	6,549	–	6,549	(6,549)	–	–
Derivative liabilities	(661,465)	–	(661,465)	6,549	654,916	–

15. COMPARATIVE FINANCIAL STATEMENTS

Certain information in the comparative financial statements and/or notes to the financial statements for 2015 has been reclassified to conform to the financial statement presentation adopted for 2016.

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