

FIRST ASSET CANADIAN DIVIDEND OPPORTUNITY FUND



Annual Management Report of Fund Performance for the year ended
December 31, 2015

Fund:

First Asset Canadian Dividend Opportunity Fund

Securities:

Class A, Class F

Period:

January 1, 2015 to December 31, 2015

Manager, Trustee & Investment Advisor:

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

1. This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at www.sedar.com. Holders may also contact us to request a free copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.
2. This report may contain forward looking statements. Forward looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward looking statements.
3. Unless otherwise indicated all information is as at December 31, 2015.
4. None of the websites that are referred to in this report, nor any of the information on any such websites, are incorporated by reference in this report.

Investment Objectives and Strategies

The Fund's investment objectives are to provide holders with monthly distributions and the opportunity for capital appreciation, by investing in an actively managed portfolio comprised primarily of high-quality dividend paying Canadian equity securities of Canadian utility issuers, pipeline issuers and telecommunications issuers and select higher yielding equity securities. The portfolio also includes securities of dividend issuers like banks and financial services issuers that have strong track records of maintaining and raising distributions.

Risks

There were no changes to the Fund over the period of this report that materially affected the overall level of risk associated with an investment in the Fund. Holders should still refer to the prospectus of the Fund dated April 27, 2015, as it contains a detailed discussion of risk and other considerations relating to an investment in the Fund. The prospectus is available free of charge on our website at www.firstasset.com and on SEDAR at www.sedar.com. Readers are also directed to note 5 and the Fund Specific Notes of the Fund's 2015 annual financial statements, which discusses management of financial risks.

Results of Operations

For the year ended December 31, 2015, the net assets per Class A security of the Fund was \$10.51 after payment of distributions to securityholders compared to \$11.25 on December 31, 2014. The Fund paid cash distributions of \$0.60 per Class A security during the year. Total return for the Fund's Class A securities over the year was -1.8% as compared to the S&P/TSX Composite Total Return Index which returned -8.3%. Please refer to the "Year-by-Year Returns" section which outlines the performance of the Fund's other classes of securities.

The Fund's net assets as at December 31, 2015 were \$61.5 million, a decrease from \$88.3 million as at December 31, 2014. The largest factors contributing to this decrease were redemptions of \$27.0 million and distributions of \$4.0 million. This was offset in part by subscriptions of \$3.5 million.

A number of macro-economic events dominated headlines during the 12-month period ended December 31, 2015, all of which drove negative market sentiment. These included a slowdown in global growth, volatility in the energy markets, eurozone uncertainty and U.S. monetary policy. Credit markets had a dismal year, with credit spreads driven wider by poor equity market performance and elevated default risks, especially from the energy sector.

Greece was in the headlines again after the left-leaning Syriza party won Greek elections with a pledge to citizens of relief from austerity while remaining in the eurozone. Initial proposals by the Greek government to reduce austerity measures fell short of European Central Bank expectations and raised concerns that Greece would be forced to exit the eurozone. The Greek debt crisis was averted when the government agreed to austerity measures in exchange for more debt to pay off its current obligations.

The price of oil collapsed over 50.0% from mid-year highs of US\$60 per barrel to close 2015 around US\$30. Crude inventories continued to rise even as rig counts declined in both Canada and the U.S. Sentiment for oil prices remained soft as the Organization of the Petroleum Exporting Countries ("OPEC") maintained production quotas to protect market share along with elevated Iranian supply potentially hitting the market in early 2016. Primarily as a result of the pullback in energy prices and its impact on the economy, the Bank of Canada ("BoC") cut interest rates twice in 2015, further weakening the Canadian dollar, which finished down 16.5% versus the U.S. dollar. Sentiment in the market is for one additional 25 basis point ("bp") cut in rates in 2016.

The Chinese government took several steps to stabilize equity markets and support its economy, including devaluation of the yuan, equity market controls and forced buying by state-owned agencies of equities. These moves all added volatility to the markets. The estimated growth rate for China was downgraded during the year, which did not help sentiment for commodities.

The U.S. Federal Reserve Board ("Fed") waited until its December meeting before raising the federal funds rate by 25 bps, basing the decision primarily on improving employment numbers. There is some debate on the pace of future rate hikes, but with recent economic trends pointing to a slowing in the U.S. and global economy, the pace of future hikes is expected to be measured.

The Fund's exposure to the consumer (+148 bps), information technology (+64 bps) and health care (+32 bps) sectors contributed to its performance. Major contributors to the performance of the consumer sector included Alimentation Couche-Tard Inc., which rallied after it completed a major European acquisition, and Constellation Brands Inc., which saw robust revenue growth and margin expansion in the beer category. The information technology sector got a boost from CGI Group Inc. ("CGI") after it posted solid quarterly results and may be in a position for a major acquisition. Key contributors to the health care sector included Concordia Healthcare Corporation, as its acquisition of Covis Pharma Commercial

Assets closed, and Medtronic, Inc., after it announced its Covidien PLC acquisition, which will help lower operating costs substantially.

Holdings with the greatest individual contributions to performance included CGI (+91 bps), Northland Power Inc. ("Northland Power," +82 bps), which performed well as management reduced risk in a number of major offshore wind projects in Europe and Element Financial Corporation (+57 bps), after it closed its deal to purchase General Electric Company's fleet, and the company received an investment grade rating from a rating agency.

The Fund's allocations to the industrials (-121 bps), materials (-72 bps) and financials (-52 bps) sectors detracted from its performance. Key detractors from industrials sector performance were Union Pacific Corporation ("Union Pacific"), which was impacted by negative rail volume growth, and WestJet Airlines Ltd., which sold off on overcapacity concerns. The materials sector was impacted by the performance of lumber companies, Western Forest Products Inc. ("Western Forest") and Norbord Inc., both of which felt the effects of weaker pricing and a slow U.S. housing recovery. Financials sector performance was partly driven by Manulife Financial Corporation ("Manulife"), which sold off on higher than expected non-recurring charges, and Bank of America Corporation, which weakened after the Fed delayed interest rate hikes until the end of the year.

Individual stocks that detracted from the Fund's performance included Manulife (-42 bps), Enbridge Inc. (-46 bps), as the stock declined on weaker oil prices and concerns that the pace of new project announcements would begin to slow and Union Pacific (-90 bps), which had negative rail volume growth.

First Asset introduced new positions to the Fund in Pure Industrial Real Estate Trust, to add exposure to industrials, Crombie Real Estate Investment Trust, a defensive stock focused on grocery anchored properties, and Cott Corporation, for its compelling valuation and the expectation that it will ramp up its free cash flow. Existing shares of Northland Power were increased as the company's valuation looked compelling and it has reduced risks in some of its major growth projects. Tricon Capital Group Inc. was increased for its exposure to the U.S. housing market, and Superior Plus Corp., for its defensive attributes.

Several positions were eliminated from the Fund, including Canadian Energy Services & Technology Corp. and TORC Oil & Gas Ltd., to reduce exposure to oil-levered companies, and Western Forest, as the outlook for the lumber sector has softened. First Asset trimmed holdings in Absolute Software Corporation, to reduce exposure to smaller-capitalization names, Whitecap Resources Inc., to reduce exposure to oil-levered companies and Manulife, in order to reduce exposure to higher risk names.

Recent Developments

Economic indicators seem to point to a slowing in the U.S. and global economy, a trend that is expected to continue given top-line revenue and bottom-line earnings-per-share declines across most sectors in the last earning season. Recent economic data, particularly in China, has been moderating and demand for commodities will likely continue to be weak until there is a pick up in global growth. Energy continues to be in an oversupply position, with OPEC showing no signs of reducing production and U.S. production levels remaining fairly stable. Divergence in monetary policy (the Fed raising interest rates in December as the majority of other central banks continue quantitative easing) could lead to further U.S. dollar strength, not usually a positive factor for commodities.

First Asset expects a "lower for longer" bond environment, and does not expect the yield on 10-year Treasuries to go above 2.7% in the U.S. and 2.0% in Canada for some time. In this type of environment, high-quality dividend stocks should perform well.

The Fund's current bias is for larger-cap companies with lower risk and good balance sheets, and it will continue to hold a higher than average cash balance in anticipation of volatile markets and better buying opportunities. With U.S. growth likely to remain higher than Canada's, the Fund will continue to target companies that have exposure south of the border. Because a good portion of the Fund's recent outperformance of the S&P/TSX Composite Index resulted from underweight allocations to the energy and materials sectors, these underweights will continue into 2016.

On October 23, 2015, CI Financial Corp. announced that it had agreed to acquire First Asset Capital Corp. The transaction, which closed on November 30, 2015, resulted in a change of control of First Asset.

Related Party Transactions

First Asset is deemed to be a related party to the Fund. Please refer to the "Management Fee" section below which outlines fees paid to First Asset. F.A. Administration Services Inc., an affiliate of First Asset, administers the Fund's relationship with the Fund's Independent Review Committee ("IRC") on behalf of First Asset, however, it receives no compensation for doing so.

The Fund has received standing instructions from its IRC with respect to the certain related party transactions: (a) since November 30, 2015, trades in securities of CI Financial Corp. (referred to as "Related Issuer Trades"), which indirectly owns and controls First Asset; (b) purchases or sales of securities of an issuer from or to another investment fund managed by First Asset (referred to as "Inter-Fund Trades"); (c) purchases or sales by the Fund of securities of another investment fund managed by First Asset (referred to as "Related Fund Trades"); and (d) mergers of funds with another

fund that is subject to National Instrument 81-102 (“Fund Mergers”).

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

Except as otherwise noted below, First Asset and the Fund were not party to any related party transactions during the year ended December 31, 2015.

Related Fund Trades – During the period, the Fund engaged in Related Fund Trades or held positions in Related Funds at the end of the period. The Related Fund Trades were executed by an unrelated broker and through the facilities of the TSX at prevailing market prices on the days of the transactions. No related parties received any fees in connection with the trades. The trades were executed in reliance on a standing instruction issued by both funds’ IRC.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the past five years.

THE FUND’S NET ASSETS PER SECURITY⁽¹⁾

	2015 Class A	2014 Class A	2013 Class A	2012 Class A	2011 Class A
Net Assets, beginning of period⁽¹⁾	\$11.25	\$11.69	\$10.85	\$10.38	\$9.92
Increase (decrease) from operations					
Total revenue	0.26	0.30	0.31	0.34	0.46
Total expenses	(0.27)	(0.27)	(0.26)	(0.24)	(0.19)
Realized gains (losses) for the period	0.66	1.36	0.51	0.97	1.03
Unrealized gains (losses) for the period	(0.74)	(1.18)	0.86	(0.01)	(0.19)
Total increase (decrease) from operations⁽³⁾	(0.09)	0.21	1.42	1.06	1.11
Distributions					
From income (excluding dividends)	0.00	0.00	0.00	0.00	(0.04)
From dividends	0.00	0.00	0.00	0.00	(0.12)
From capital gains	(0.33)	(0.55)	0.00	(0.49)	(0.66)
Return of capital	(0.27)	(0.05)	(0.60)	(0.11)	0.00
Total Distributions⁽⁴⁾	(0.60)	(0.60)	(0.60)	(0.60)	(0.82)
Net Assets, end of period⁽⁵⁾	\$10.51	\$11.25	\$11.69	\$10.83	\$10.38

THE FUND'S NET ASSETS PER SECURITY⁽¹⁾

	2015 Class F	2014 Class F	2013 Class F	2012 ⁽²⁾ Class F
Net Assets, beginning of period	\$10.90	\$11.23	\$10.33	\$10.00
Increase (decrease) from operations				
Total revenue	0.26	0.28	0.31	0.23
Total expenses	(0.15)	(0.15)	(0.14)	(0.10)
Realized gains (losses) for the period	0.64	1.36	0.50	0.32
Unrealized gains (losses) for the period	(0.74)	(1.18)	0.76	0.21
Total increase from operations⁽³⁾	0.01	0.31	1.43	0.66
Distributions				
From income (excluding dividends)	0.00	0.00	0.00	0.00
From dividends	0.00	0.00	0.00	0.00
From capital gains	(0.33)	(0.55)	0.00	(0.28)
Return of capital	(0.27)	(0.05)	(0.60)	(0.17)
Total Distributions⁽⁴⁾	(0.60)	(0.60)	(0.60)	(0.45)
Net Assets, end of period⁽⁵⁾	\$10.27	\$10.90	\$11.23	\$10.31

Notes:

- (1) This information is derived from the Fund's audited annual financial statements. The term "net assets" used in this report and the term "net assets attributable to holders of redeemable securities" used in the Fund's financial statements are interchangeable. The Fund adopted International Financial Reporting Standards ("IFRS") on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as defined in Part V of the CPA Canada Handbook. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which requires that if an asset or liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. Accordingly, the opening net assets as at January 1, 2013 was restated to reflect the accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 remain in accordance with Canadian GAAP.
- (2) Results for the period from April 19, 2012 (inception date) to December 31, 2012.
- (3) Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the financial period.
- (4) Distributions were paid in cash or reinvested in additional securities of the Fund.
- (5) This is not a reconciliation of the beginning and ending net assets per security.

RATIOS AND SUPPLEMENTAL DATA

	2015 Class A	2014 Class A	2013 Class A	2012 Class A	2011 Class A
Total net asset value (000s) ⁽¹⁾	\$57,899	\$85,871	\$125,795	\$123,094	\$157,537
Number of securities outstanding ⁽¹⁾	5,507,032	7,630,967	10,764,303	11,354,945	15,154,500
Management expense ratio ⁽²⁾	2.39%	2.32%	2.38%	2.28%	1.81%
Management expense ratio before waivers or absorptions ⁽²⁾	2.39%	2.32%	2.38%	2.28%	1.81%
Portfolio turnover rate ⁽³⁾	59.31%	121.22%	150.44%	163.20%	96.35%
Trading expense ratio ⁽⁴⁾	0.23%	0.32%	0.28%	0.28%	0.28%
Net asset value per security	\$10.57	\$11.25	\$11.69	\$10.84	\$10.40

	2015 Class F	2014 Class F	2013 Class F	2012 Class F
Total net asset value (000s) ⁽¹⁾	\$3,650	\$2,427	\$3,913	\$2,181
Number of securities outstanding ⁽¹⁾	355,325	222,697	348,627	211,209
Management expense ratio ⁽²⁾	1.38%	1.29%	1.32%	1.37%
Management expense ratio before waivers or absorptions ⁽²⁾	1.38%	1.29%	1.32%	1.37%
Portfolio turnover rate ⁽³⁾	59.31%	121.22%	150.44%	163.20%
Trading expense ratio ⁽⁴⁾	0.23%	0.32%	0.28%	0.28%
Net asset value per security	\$10.27	\$10.90	\$11.23	\$10.33

Notes:

- (1) This information is provided as at December 31 of the year shown.
- (2) Management expense ratio is based on total expenses (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.
- (3) The Fund's portfolio turnover rate indicates how actively First Asset manages the Fund's portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between high turnover rate and the performance of a fund.
- (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 period.

Management Fee

First Asset manages and administers the business operations and affairs of the Fund, and is also responsible for providing or arranging for all investment advisory and portfolio management services required by the Fund. As compensation for the services it provides to the Fund, the Fund pays First Asset an annual management fee as set out below. The fee is based on the net asset value of the Fund, and is calculated daily and paid monthly in arrears. Out of the management fees received, First Asset pays for sales and trailing commissions to dealers on the distribution of the Fund's securities, as well as for general administration, investment advice and profit. In addition to investment advisory and portfolio management, the services provided by First Asset to the Fund include, without limitation, implementation of the Fund's investment strategies, negotiating contracts with certain third-party service providers, authorizing the payment of operating expenses incurred on behalf of the Fund, maintaining certain accounting and financial records, calculating the amount and determining the frequency of distributions by the Fund, ensuring that securityholders are provided with financial statements and other reports as are required from time to time by applicable law, ensuring that the Fund complies with all other regulatory requirements including continuous disclosure obligations under applicable securities law and administering purchases, redemptions and other transactions in securities.

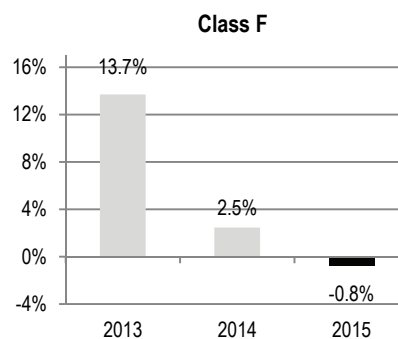
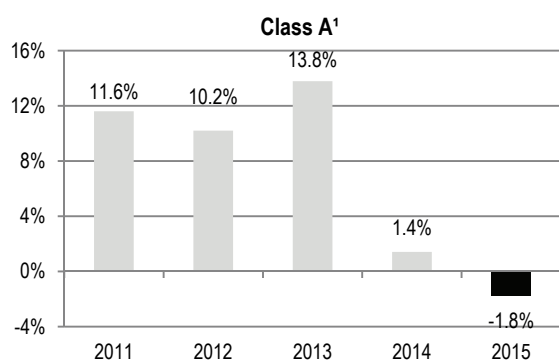
As a percentage of management fees

	Annual management fee rate	Dealer compensation	General administration, investment advice and profit
Class A	2.00%	52%	48%
Class F	1.00%	–	100%

Past Performance

YEAR-BY-YEAR RETURNS

The following bar charts show annual performance for each class of the Fund's securities for the financial years shown and illustrate how the Fund's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



(1) In connection with the conversion of the Fund from a closed-end fund to an open-end mutual fund on April 19, 2012, the trailing commission charged on the existing Class A units (initial sales charge option) increased by 0.50% (increasing the aggregate annual management fee to 2.0%), and the Fund ceased using leverage in order to achieve its investment objectives. If these changes had been in effect when the Fund was created, the performance above would have been lower.

ANNUAL COMPOUND RETURNS

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

Period	Class A	Index
1 Year	(1.8)%	(8.3)%
3 Year	4.3%	4.6%
5 Year	6.9%	2.3%
Since Inception	7.8%	4.3%

Period	Class F	Index
1 Year	(0.8)%	(8.3)%
3 Year	5.3%	4.6%
Since Inception	6.5%	5.0%

Summary of Investment Portfolio

The following is a summary of the Fund's investment portfolio as at December 31, 2015. This is a summary only and will change due to ongoing portfolio transactions of the Fund. A quarterly update is available on www.firstasset.com.

TOP 25 HOLDINGS AS AT DECEMBER 31, 2015

Description	% of Net Asset Value
Cash and Cash Equivalents	25.92
Element Financial Corporation	4.56
Northland Power Inc.	4.08
First Asset Morningstar US Dividend Target 50 Index ETF	3.53
Medtronic PLC	3.47
CGI Group Inc.	3.25
First Asset Tech Giants Covered Call ETF	3.10
Air Lease Corp	3.02
Tricon Capital Group, Inc.	2.85
Bank of America Corp.	2.37
Citigroup Inc.	2.37
Brookfield Asset Management Inc.	2.34
Superior Plus Corporation	2.28
Royal Bank of Canada	2.28
Bank of Nova Scotia	2.18
Sun Life Financial Inc.	2.17
WPT Industrial Real Estate Investment Trust	2.08
The Toronto-Dominion Bank	2.07
Crombie Real Estate Investment Trust	2.04
National Bank of Canada	1.96
Pure Industrial Real Estate Trust	1.95
DH Corp.	1.75
Alimentation Couche-Tard Inc.	1.68
Absolute Software Corporation	1.56
BCE Inc.	1.56
Total Net Asset Value	\$61,548,560

SECTOR ALLOCATION AS AT DECEMBER 31, 2015

Industry	% of Net Asset Value
Financials	35.03
Cash and Cash Equivalents	25.92
Investment Fund	8.32
Information Technology	7.25
Utilities	7.01
Consumer Staples	4.22
Health Care	3.78
Industrials	3.02
Consumer Discretionary	1.97
Energy	1.85
Telecommunication Services	1.56
Materials	1.20
	101.13
Other Liabilities, Net of Assets	(1.13)
Total Net Asset Value	100.00

