

# FIRST ASSET ACTIVE CANADIAN DIVIDEND ETF



Interim Management Report of Fund Performance for the period  
**January 1, 2015 to June 30, 2015**

**Fund:**

First Asset Active Canadian Dividend ETF

**Securities:**

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

**Period:**

January 1, 2015 to June 30, 2015

**Manager, Trustee & Investment Advisor:**

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**Notes:**

1. This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Fund. You can get a copy of the interim financial statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at [www.sedar.com](http://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 June 30, 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 objective is to seek long-term total returns consisting of regular dividend income and long-term capital appreciation from an actively managed portfolio comprised primarily of dividend-paying and other equity securities of Canadian issuers. The Fund may also invest up to 30% of its net asset value in dividend-paying and other equity securities of non-Canadian issuers.

## Results of Operations

For the six-month period ended June 30, 2015, the Fund's Common Units returned 1.0%, compared to the S&P/TSX Composite Total Return Index which returned 0.9%. The following tables highlight the performance of the Fund's Common Units and Advisor Class Units on a net asset value basis and market price basis.

Net Asset Value	June 30, 2015	December 31, 2014	Return
FDV	\$9.47	\$9.58	1.0%
FDV.A	\$9.47	\$9.58	0.6%

Market Value	June 30, 2015	December 31, 2014	Return
FDV	\$9.67 <sup>(1)</sup>	\$9.56 <sup>(3)</sup>	3.3%
FDV.A	\$9.58 <sup>(2)</sup>	\$9.65 <sup>(4)</sup>	1.0%

(1) Closing market price taken from last trade on June 23, 2015.

(2) Closing market price taken from last trade on June 26, 2015.

(3) Closing market price taken from last trade on December 23, 2014.

(4) Closing market price taken from last trade on November 21, 2014.

The above returns, whether based on net asset value or market price, assume the reinvestment of all distributions. The Fund's Common Units and Advisor Class Units had per unit distributions of \$0.21 and \$0.17, respectively, during the period.

During the six-month period ended June 30, 2015, equity markets were volatile, partially as a result of uncertainty over Greece's debt. Early in the year, the Syriza party won the Greek election with a pledge to give relief to Greek citizens from austerity measures that were imposed as part of the conditions for the loans the country had received, while still remaining in the European Union. European officials rejected recent proposals from Greece, prompting concerns that Greece would be forced to exit the eurozone, the likelihood of which increased as Greece continued to require financial assistance, but remained hesitant to make financial concessions in areas such as pension cuts and taxes. Financial markets experienced further volatility, particularly in the energy sector, as crude oil inventories continued to rise even as rig counts declined in both Canada and the U.S. As anticipated, the Organization of the Petroleum Exporting Countries chose to keep its production quotas unchanged.

While global growth was not robust over the period, economic activity in the U.S. continued to improve, with inflation remaining in check. These factors resulted in the expectation for a U.S. Federal Reserve Board ("Fed") interest rate increase later this year or in early 2016. In contrast, the European Central Bank started buying government bonds under its expanded quantitative easing plan designed to boost price growth in the region, and targeted 1.1 trillion euros in bond purchases. The Bank of Canada ("BoC") surprised markets in January with a 25 basis points ("bps") rate cut, citing weakness in oil prices and the impact of this weakness on Canada's gross domestic product ("GDP") growth.

Exposure to the consumer discretionary and financials sectors contributed positively to the Fund's performance. The consumer discretionary sector contributed 143 basis points ("bps") on expectations that an improving global economic recovery should lead to increased consumer purchases, and the financials sector added 36 bps on the strength of improved credit markets, housing market sentiment and the anticipated Fed interest rate increase. Top individual contributors were The Blackstone Group LP ("Blackstone"), Element Financial Corporation ("Element Financial") and Gildan Activewear Inc., which contributed 71, 70 and 65 bps, respectively. Blackstone experienced better earnings and cash realization than expected, while Gildan Activewear Inc. has benefited from its branded segment market share gains and margin expansion as a result of recent capital expenditures. Element Financial's stock rose in anticipation of the company's announcement of their acquisition of General Electric Capital Corporation's fleet operation business.

The Fund's allocation to the industrials sector detracted 141 bps from the Fund's performance as investors feared a slowing of economic activity. Exposure to the pipes and power sub-sectors negatively impacted the Fund's performance (-47 bps) amid declining oil prices and concerns over lower energy infrastructure spending. Holdings in Union Pacific Corporation ("Union Pacific"), Open Text Corporation ("Open Text") and Canadian Imperial Bank of Commerce ("CIBC") detracted 79, 60 and 43 bps, respectively, from performance. Union Pacific was down as a result of declining crude oil and coal shipment volumes, though volumes are expected to pick up in the second half of 2015. Open Text declined after the company announced its second reorganization in three years. CIBC, which has one of the largest domestic footprints of the big six Canadian banks, also weighed on performance amid concerns over slower loan growth in the Canadian market.

Several positions were eliminated from the Fund, including CIBC in order to lessen domestic exposure given lower growth expectation in Canada, Open Text on its declining outlook, and WestJet Airlines Ltd. amid concerns over increased supply and competition. First Asset also trimmed shares of CI Financial Corp. and Superior Plus Corp. to realize profits, and Element Financial after it had grown above its target weight within the Fund. New positions were initiated in Medtronic PLC to add exposure to a large health care name, Crombie Real Estate Investment Trust to add high quality and low volatility, and DH Corporation as markets are expected to rate the stock higher as they reevaluate it as a technology company after its recent acquisition. First Asset also added to existing holdings of Northland Power Inc. for its prospects in large offshore wind projects in Europe, and WPT Industrial Real Estate Investment Trust for its exposure to the U.S. industrials market.

## Recent Developments

First Asset anticipates another 25 bps rate cut in Canada by the fall of 2015, but an increase in interest rates in the U.S. later in the year. Overall, the Fund is positioned in sectors such as financials and information technology that should benefit from increasing global interest rates and GDP recovery. With the oversupply of crude oil, the possible lifting of Iran sanctions and declining shale oil costs, First Asset is cautious on the energy sector and, as such, has taken steps to lessen the Fund's energy weighting. In anticipation of continued market volatility, the Fund's cash weighting has been increased to allow for potential purchase opportunities.

## 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.

First Asset and the Fund were not party to any other related party transactions during the period ended June 30, 2015. F.A. Administration Services Inc., an affiliate of First Asset, administers the Fund's relationship with the Fund's Independent Review Committee on behalf of First Asset, however, it receives no compensation for doing so.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception.

### THE FUND'S NET ASSETS PER SECURITY<sup>(1)</sup>

	Common Units	
	2015	2014 <sup>(2)</sup>
<b>Net Assets, beginning of period</b>	\$9.58	\$10.00
<b>Increase (decrease) from operations</b>		
Total revenue	0.10	0.08
Total expenses	(0.05)	(0.03)
Realized gains (losses) for the period	0.15	(0.57)
Unrealized gains (losses) for the period	(0.10)	0.35
<b>Total increase (decrease) from operations<sup>(3)</sup></b>	0.10	(0.17)
<b>Distributions</b>		
From income (excluding dividends)	0.00	0.00
From dividends	(0.05)	(0.02)
From capital gains	0.00	0.00
Return of capital	(0.16)	(0.08)
<b>Total Distributions<sup>(4)</sup></b>	(0.21)	(0.10)
<b>Net Assets, end of period<sup>(5)</sup></b>	\$9.47	\$9.58

	Advisor Class Units	
	2015	2014 <sup>(2)</sup>
<b>Net Assets, beginning of period</b>	\$9.58	\$10.00
<b>Increase (decrease) from operations</b>		
Total revenue	0.10	0.08
Total expenses	(0.09)	(0.06)
Realized gains (losses) for the period	0.15	(0.57)
Unrealized gains (losses) for the period	(0.10)	0.20
<b>Total increase (decrease) from operations<sup>(3)</sup></b>	0.06	(0.35)
<b>Distributions</b>		
From income (excluding dividends)	0.00	0.00
From dividends	(0.04)	0.00
From capital gains	0.00	0.00
Return of capital	(0.13)	(0.07)
<b>Total Distributions<sup>(4)</sup></b>	(0.17)	(0.07)
<b>Net Assets, end of period<sup>(5)</sup></b>	\$9.47	\$9.58

#### Notes:

- (1) This information is derived from the Fund's audited annual and unaudited interim financial statements. The term "net assets" used in this report and the term "net assets attributable to holders of redeemable securities" used in the Fund's financial statements are interchangeable.
- (2) Results for the period from July 18, 2014 (inception date) to December 31, 2014.
- (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.
- (5) This is not a reconciliation of the beginning and ending net assets per security.

## RATIOS AND SUPPLEMENTAL DATA

	2015 Common Units	2014 Common Units
Total net asset value (000s) <sup>(1)</sup>	\$2,131	\$2,156
Number of securities outstanding <sup>(1)</sup>	225,000	225,000
Management expense ratio <sup>(2)</sup>	0.97 %	0.69 %
Management expense ratio before waivers or absorptions <sup>(2)</sup>	3.59 %	3.24 %
Portfolio turnover rate <sup>(3)</sup>	58.61 %	58.69 %
Trading expense ratio <sup>(4)</sup>	0.19 %	0.07 %
Net asset value per security	\$9.47	\$9.58
Closing market price <sup>(5)</sup>	\$9.67	\$9.56

	2015 Advisor Class Units	2014 Advisor Class Units
Total net asset value (000s) <sup>(1)</sup>	\$237	\$240
Number of securities outstanding <sup>(1)</sup>	25,000	25,000
Management expense ratio <sup>(2)</sup>	1.82 %	1.27 %
Management expense ratio before waivers or absorptions <sup>(2)</sup>	4.44 %	3.83 %
Portfolio turnover rate <sup>(3)</sup>	58.61 %	58.69 %
Trading expense ratio <sup>(4)</sup>	0.19 %	0.07 %
Net asset value per security	\$9.47	\$9.58
Closing market price <sup>(5)</sup>	\$9.58	\$9.65

### Notes:

- (1) This information is provided as at December 31 of the year shown, except 2015, which is provided as at June 30.
- (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.
- (5) If the securities traded during the period, the closing market price on the last trading day during the period that the securities traded, as reported on the TSX.

## Management Fee

First Asset manages and administers the business operations and affairs of the Fund, and is also responsible for providing all investment advisory and portfolio management services required by the Fund. As compensation for the services it provides to the Fund, the Fund pays First Asset an annual management fee on the Common and Advisor Class Units at the maximum annual rate set out below. The fee is based on the net asset value of the relevant class, and is calculated daily and paid monthly in arrears, except for the portion of the Advisor Class management fee that is in respect of the service fee payable to dealers which is calculated daily and paid quarterly in arrears. In addition to investment advisory and portfolio management, the services provided by First Asset to the Fund include, without limitation, implementation of the Fund's investment strategies, negotiating contracts with certain third-party service providers, authorizing the payment of operating expenses incurred on behalf of the Fund, maintaining certain accounting and financial records, calculating the amount and determining the frequency of distributions by the Fund, ensuring that securityholders are provided with financial statements and other reports as are required from time to time by applicable law, ensuring that the Fund complies with all other regulatory requirements including continuous disclosure obligations under applicable securities law and administering purchases, redemptions and other transactions in securities.

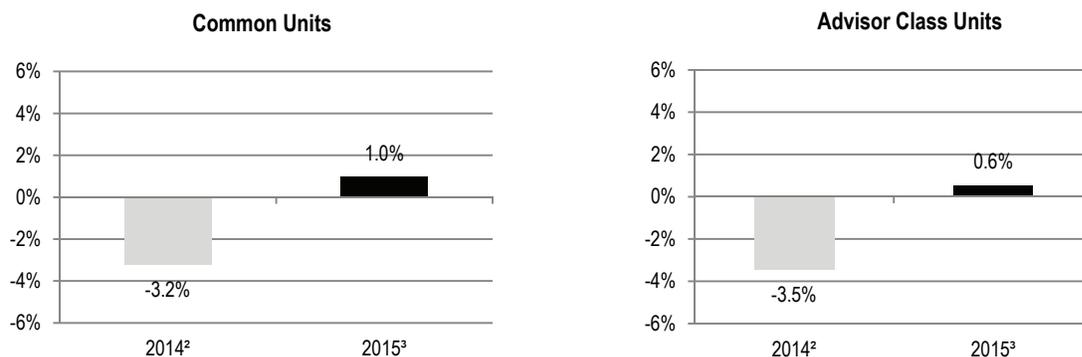
	As a percentage of management fee		
	Maximum annual management fee rate	Dealer compensation	General administration and profit
Common Units	0.55%	–	100%
Advisor Class Units	1.30%	58%	42%

## Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Also note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns on performance. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

### YEAR-BY-YEAR RETURNS<sup>(1)</sup>

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) Returns based on net asset value per security.

(2) Return for the period September 3, 2014 to December 31, 2014.

(3) Return for the period January 1, 2015 to June 30, 2015.

## Summary of Investment Portfolio

The following is a summary of the Fund's investment portfolio as at June 30, 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](http://www.firstasset.com).

### TOP 25 HOLDINGS AS AT JUNE 30, 2015

Description	% of Net Asset Value
Cash and Cash Equivalents	15.36
Enbridge Inc.	4.08
Union Pacific Corp.	3.65
The Blackstone Group LP	3.52
Medtronic PLC	3.52
Royal Bank of Canada	3.39
The Toronto-Dominion Bank	3.36
Air Lease Corp.	3.22
Bank of Nova Scotia	3.21
Johnson & Johnson	3.08
Constellation Brands, Inc.	3.06
DH Corp.	3.03
Crombie Real Estate Investment Trust	3.00
Apple Inc.	2.98
WPT Industrial Real Estate Investment Trust	2.91
Loblaw Cos Ltd.	2.66
Canadian Pacific Railway Ltd.	2.53
Alimentation Couche-Tard Inc.	2.48
Northland Power Inc.	2.40
AltaGas Ltd.	2.26
Bank of America Corp.	2.26
Canadian Real Estate Investment Trust	2.15
Granite Oil Corp	2.12
Superior Plus Corporation	2.11
Pure Industrial Real Estate Trust	1.99
<b>Total Net Asset Value</b>	<b>\$2,368,245</b>

### SECTOR ALLOCATIONS AS AT JUNE 30, 2015

Industry	% of Net Asset Value
Financials	34.66
Cash and Cash Equivalents	15.36
Information Technology	9.92
Energy	9.55
Industrials	9.40
Consumer Staples	9.25
Health Care	6.60
Utilities	4.51
Consumer Discretionary	1.23
	<b>100.48</b>
<b>Other Liabilities, Net of Assets</b>	<b>(0.48)</b>
<b>Total Net Asset Value</b>	<b>100.00</b>



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