

FIRST ASSET ACTIVE CANADIAN DIVIDEND ETF



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

Risks

There were no changes to the Fund over the period of this report that materially affected the overall level of risk associated with an investment in the Fund. Holders should still refer to the prospectus of the Fund dated July 20, 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 Fund's Common Units returned 0.3%, compared to the S&P/TSX Composite Total Return Index of -8.3%. The following tables highlight the performance of the Fund's Common Units and Advisor Class Units on a net asset value basis and market price basis.

Net Asset Value	December 31, 2015	December 31, 2014	Return
FDV	\$9.24	\$9.58	0.6%
FDV.A	\$9.24	\$9.58	(0.2)%

Market Value	December 31, 2015	December 31, 2014	Return
FDV	\$9.19 ⁽¹⁾	\$9.56 ⁽²⁾	0.3%

(1) Closing market price taken from last trade on December 29, 2015.

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

*Performance not shown for Advisor Class Units (FDV.A) as there was no comparable trade on or about December 31, 2015.

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 \$0.40 and \$0.32, respectively, during the year.

The Fund's net assets were \$2.8 million as at December 31, 2015, an increase from \$2.4 million as at December 31, 2014. The largest factor contributing to this increase was net subscriptions of \$0.5 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 (+250 bps) and health care sectors (+26 bps) contributed to its performance. Major contributors to the performance of the consumer sector included Gildan Activewear Inc. ("Gildan Activewear") and Alimentation Couche-Tard Inc. ("Alimentation Couche-Tard"), while health care got a boost from Johnson & Johnson, with its solid balance sheet and high cash levels, 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 Gildan Activewear (+73 bps), which posted solid earnings results in the first half of the year, Alimentation Couche-Tard (+69 bps), as the company completed a major European acquisition and Constellation Brands Inc. (+65 bps), which saw robust revenue growth and margin expansion in the beer category, and instituted a dividend.

The Fund's allocations to the industrials (-179 bps), financials (-169 bps) and information technology (-103 bps) sectors detracted from its performance. Key detractors from the industrials sector's performance were Union Pacific Corporation ("Union Pacific") and Canadian Pacific Railway Limited, which were both impacted by negative rail volume growth. 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 ("Bank of America"), which weakened after the Fed delayed interest rate hikes until the end of the year. Individual stocks that detracted from performance included Union Pacific (-90 bps), which had negative rail volume growth, DH Corporation (-68 bps), after a key contract with The Walt Disney Company was not extended and Enbridge Inc. (-65 bps), as the stock declined on weaker oil prices and concerns that the pace of new project announcements would begin to slow.

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 Barrick Gold Corporation, to add gold exposure for its defensive characteristics. Existing shares of Northland Power Inc. were increased as the company's valuation looked compelling and it has reduced risks in some of its major growth projects. Element Financial Corporation was increased for its exposure to the U.S. economy. WPT Industrial Real Estate Investment Trust holdings were increased to add exposure to the industrials sector.

Several positions were eliminated from the Fund, including CI Financial Corp., to reduce exposure to asset managers, Computer Modeling Group Ltd., to lower exposure to oil-levered stocks and Westjet Airlines Ltd., to reduce exposure to industrials sector. First Asset trimmed holdings in Linamar Corporation, to reduce exposure to industrials, Bank of America and Manulife.

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-capitalization 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.

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

Financial Highlights

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

THE FUND'S NET ASSETS PER SECURITY⁽¹⁾

	Common Units	
	2015	2014 ⁽²⁾
Net Assets, beginning of period	\$9.58	\$10.00
Increase (decrease) from operations		
Total revenue	0.40	0.08
Total expenses	(0.10)	(0.03)
Realized gains (losses) for the period	(0.01)	(0.57)
Unrealized gains (losses) for the period	(0.20)	0.35
Total increase (decrease) from operations⁽³⁾	0.09	(0.17)
Distributions		
From income (excluding dividends)	0.00	0.00
From dividends	(0.22)	(0.02)
From capital gains	0.00	0.00
Return of capital	(0.18)	(0.08)
Total Distributions⁽⁴⁾	(0.40)	(0.10)
Net Assets, end of period⁽⁵⁾	\$9.24	\$9.58

	Advisor Class Units	
	2015	2014 ⁽²⁾
Net Assets, beginning of period	\$9.58	\$10.00
Increase (decrease) from operations		
Total revenue	0.38	0.08
Total expenses	(0.18)	(0.06)
Realized gains (losses) for the period	0.03	(0.57)
Unrealized gains (losses) for the period	(0.25)	0.20
Total decrease from operations⁽³⁾	(0.02)	(0.35)
Distributions		
From income (excluding dividends)	0.00	0.00
From dividends	(0.14)	0.00
From capital gains	0.00	0.00
Return of capital	(0.18)	(0.07)
Total Distributions⁽⁴⁾	(0.32)	(0.07)
Net Assets, end of period⁽⁵⁾	\$9.24	\$9.58

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.
- (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) ⁽¹⁾	\$2,541	\$2,156
Number of securities outstanding ⁽¹⁾	275,000	225,000
Management expense ratio ⁽²⁾	1.01%	0.69%
Management expense ratio before waivers or absorptions ⁽²⁾	4.09%	3.24%
Portfolio turnover rate ⁽³⁾	154.41%	58.69%
Trading expense ratio ⁽⁴⁾	0.17%	0.07%
Net asset value per security	\$9.24	\$9.58
Closing market price ⁽⁵⁾	\$9.19	\$9.56

	2015 Advisor Class Units	2014 Advisor Class Units
Total net asset value (000s) ⁽¹⁾	\$231	\$240
Number of securities outstanding ⁽¹⁾	25,000	25,000
Management expense ratio ⁽²⁾	1.87%	1.27%
Management expense ratio before waivers or absorptions ⁽²⁾	4.94%	3.83%
Portfolio turnover rate ⁽³⁾	154.41%	58.69%
Trading expense ratio ⁽⁴⁾	0.17%	0.07%
Net asset value per security	\$9.24	\$9.58
Closing market price ⁽⁵⁾	\$9.17	\$9.65

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.
- (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%

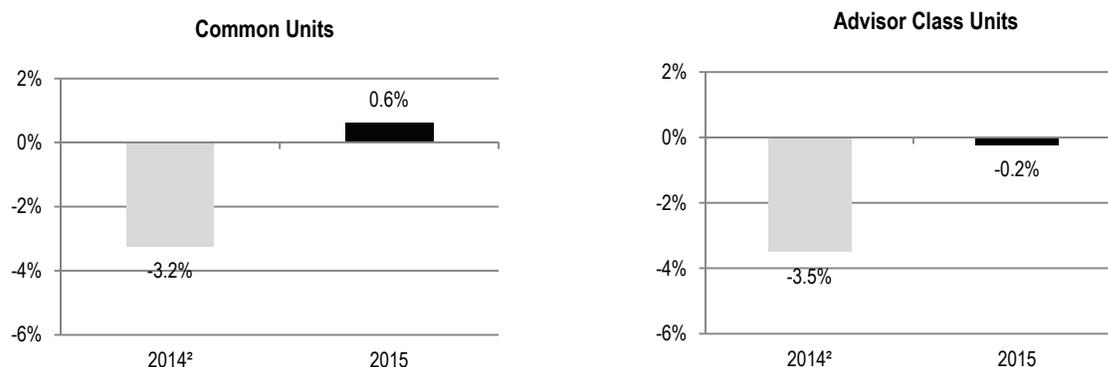
For the year ended December 31, 2015, First Asset waived or absorbed expenses of the fund totaling \$77,702.

Past Performance

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

YEAR-BY-YEAR RETURNS⁽¹⁾

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



ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the periods ended December 31 as indicated. As a basis for comparison we have provided the performance of the S&P/TSX Composite Total Return Index ("Index A"). The Index is a market 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	Common Units ⁽¹⁾	Advisor Class Units ⁽¹⁾	Index A
1 year	0.6%	(0.2)%	(8.3)%
Since inception	(2.0)%	(2.8)%	(10.3)%

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

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

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	24.50
WPT Industrial Real Estate Investment Trust	6.20
Element Financial Corp.	4.16
Medtronic PLC	4.15
Emera Inc.	3.73
Johnson & Johnson	3.69
Crombie Real Estate Investment Trust	3.16
Northland Power Inc.	2.91
Loblaw Companies Limited	2.83
Air Lease Corp	2.61
Superior Plus Corporation	2.55
DH Corp.	2.46
Royal Bank of Canada	2.41
Sun Life Financial Inc.	2.24
Canadian Real Estate Investment Trust	2.18
Pembina Pipeline Corporation	2.18
The Toronto-Dominion Bank	2.15
Bank of America Corp.	2.04
BCE Inc.	1.93
Pure Industrial Real Estate Trust	1.89
National Bank of Canada	1.89
The Bank of Nova Scotia	1.89
Cott Corporation	1.81
Enbridge Inc.	1.70
Alimentation Couche-Tard Inc.	1.58
Total Net Asset Value	\$2,772,107

SECTOR ALLOCATIONS AS AT DECEMBER 31, 2015

Industry	% of Net Asset Value
Financials	34.72
Cash and Cash Equivalents	24.50
Utilities	10.30
Health Care	8.11
Consumer Staples	6.22
Information Technology	4.13
Energy	3.88
Industrials	2.61
Telecommunication Services	1.93
Materials	1.92
Consumer Discretionary	1.78
	100.10
Other Liabilities, Net of Assets	(0.10)
Total Net Asset Value	100.00

