

The S&P/TSX Capped Utility Total Return Index was up +1.03% in July, underperformed the S&P/TSX Composite TR Index ("TSX") which was up +1.15%, over the month. The First Asset Active Utility & Infrastructure ETF (the "Fund") had a total return of +0.59% during the month.

For the month, some of the top contributors to total return were: Parkland Fuel Corp. (PKI - TSX), contributing +36 bps; and, Enercare Inc. (ECI - TSX), +27 bps, and Pembina Pipeline Corp. (PPL - TSX), +18 bps; Some of the laggards in the Fund's holdings for the month were: Boralex Inc. (BLX - TSX) (-23bps); Altgas Ltd. (ALA - TSX) (-13bps), and Northland Power Inc. (NPI - TSX) (-11 bps).

During the month the Canada 10-year government bond yield went up +14bps to finish at 2.310 %.

During the month, the Bank of Canada ("BOC") raised overnight lending rate 25bp to 1.50% and quantified that further hikes would be data dependent. Although the economy is operating close to capacity, the BOC noted that wage inflation is lower than they would expect, indicating slack in the labour market. Presently, the market is pricing in another two 25bps hikes in December and March of next year.

Even with recent rate hikes interest rates remain low in both Canada and the US. Economic data is still positive but at the margin appears to be topping out suggesting lower growth ahead. In this environment, we believe energy infrastructure equities such as utilities and pipeline can perform well given the defensive nature of their businesses which are underpinned by long term contracts and regulated returns.

We have been underweight utilities for most of the year, but we have recently started taking up our weight versus pipelines and midstream.

Fund Performance

	1 Month	3 Month	6 Month	YTD	1 Year	3 Year	5 Year	10 Year	SI ¹
First Asset Active Utility & Infrastructure ETF	0.59%	5.78%	3.58%	-0.29%	1.55%	6.36%	8.58%	8.64%	6.25%
S&P/TSX Capped Utilities TR Index	1.03%	2.23%	-0.97%	-5.27%	-2.83%	6.54%	6.26%	5.09%	7.24%
S&P/TSX Composite TR Index	1.15%	6.07%	4.58%	3.12%	11.75%	7.48%	8.81%	4.99%	7.03%

Source: First Asset as at July 31, 2018

Inception date: February 17, 2005¹

The S&P/TSX Composite Total Return Index is a capitalization-weighted index designed to measure market activity of stocks listed on the Toronto Stock Exchange. The Index is used as a benchmark to help you understand the Fund's performance relative to the general performance of the broader Canadian equity market.

The S&P/TSX Capped Utility Total Return Index is a capitalization-weighted index designed to measure market activity of the utility sector issuers listed on the Toronto Stock Exchange. The Index is used as a benchmark to help you understand the Fund's performance relative to the general performance of the Canadian utility sector.

1. The Fund was originally launched as a TSX-listed closed-end fund on February 17, 2005, and converted into an exchange traded fund on January 16, 2015. Performance shown is since inception of the closed-end fund. In connection with the conversion, and pursuant to unitholder approval, the annual management fee payable by the Fund to First Asset, as manager, was reduced to 0.65% (from 1.05%) of the NAV per unit and certain changes were made to the investment objectives, strategies and restrictions applicable to the Fund. Material among these changes is the ability for the Fund to invest up to 30% of its portfolio in securities of issuers listed on non-Canadian stock exchanges and the Fund will no longer be permitted to use leverage. Had these changes been in effect prior to this date the performance of the Fund could have been different. On June 12, 2006, pursuant to unitholder approval, the Fund's mandate was changed from that of an equally-weighted fund to that of an actively managed fund with a focus on the power, pipeline and supporting service and infrastructure trusts and the annual management fee payable by the Fund to First Asset, as manager, was increased to 0.75% (from 0.45%) of the NAV per unit. Had these changes been in effect prior to this date the performance of the Fund could have been different.



Manash Goswami, CFA, CPA, CMA
Senior Vice President and Portfolio Manager
First Asset Investment Management Inc.

Mr. Goswami manages the:

First Asset Active Canadian Dividend ETF
First Asset Active Utility & Infrastructure ETF
First Asset Canadian Dividend Opportunity Fund
First Asset Utility Plus Fund

1 (877) 642-1289 | www.firstasset.com | info@firstasset.com



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