

There was a large sell-off in markets towards the end of the year over concerns of slowing global growth, trade tensions, and political uncertainty. The S&P/TSX Composite Index was down -5.40%, over the month. First Asset Active Canadian Dividend ETF (the Fund¹) had a total return of -2.39% during the month.

For the year, the S&P/TSX Composite Index was down -8.89%. In comparison, the Fund was down -2.79%.

Top individual contributors to performance included EnerCare Inc. (+107 bps), Waste Connections Inc. (+66 bps) and Pure Multi-Family REIT L.P. (+53 bps). EnerCare Inc.'s stock performed well because it was acquired at a premium by Brookfield Infrastructure Partners L.P. Waste Connections Inc. benefited from steady, free cash flow generation and its management's execution on acquisitions and effective cost-cutting initiatives. Pure Multi-Family REIT L.P.'s stock rose amid speculation of a take-out, which did not ultimately take place.

The largest individual detractors from the Fund's performance were Keyera Corp. (-69 bps), Manulife Financial Corp. ("Manulife", -58 bps) and Whitecap Resources Inc. (-58 bps). Keyera Corp. reported third-quarter earnings that were well below consensus estimates. Manulife was negatively impacted by weak sentiment on long-term interest rates. Declining oil prices affected Whitecap Resources Inc.'s share price, along with other energy producers in the sector.

In early 2018, the majority of economic data that First Asset tracks in both Canada and the U.S. was exhibiting positive trends. Strong corporate results were being reported, with companies exhibiting good earnings growth. Rising interest rates should have been positive for the Financials sector, and oil prices appeared to have the potential to rise. The Fund was fully invested and favoured more pro-cyclical sectors, such as Financials, Industrials and Information Technology.

Around the middle of 2018, there was a change in economic data. With rising global trade war risk, particularly between the U.S. and China, and North American Free Trade Agreement uncertainty, First Asset took a more cautious stance, and became more defensive in the Fund's sector allocations, favouring Utilities and Real Estate companies, and raising the Fund's cash weighting. We remain cautious heading into 2019 and maintain our defensive positioning amid the continued uncertainty of potential trade wars and slowing global growth.

Fund Performance

	1 Month	3 Month	6 Month	YTD	1 Year	3 Year	SI
First Asset Active Canadian Dividend ETF	-2.39%	-3.51%	-3.47%	-2.79%	-2.79%	3.56%	1.82%
S&P/TSX Composite Index	-5.40%	-10.11%	-10.62%	-8.89%	-8.89%	6.37%	0.95%

Source: First Asset as at December 31, 2018

Inception date: September 3, 2014

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.



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First Asset Active Canadian Dividend ETF
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