

Annual Management Report of Fund Performance

for the year ended December 31, 2017



First Asset Canadian Dividend Opportunity Fund

Fund:

First Asset Canadian Dividend Opportunity Fund

Securities:

Class A, Class F

Manager, Trustee & Investment Advisor:

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

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First Asset Canadian Dividend Opportunity Fund

Management Report of Fund Performance for the year ended December 31, 2017

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-877-642-1289, by writing to us at First Asset Investment Management Inc., 2 Queen Street East, Suite 1200, Toronto, ON, M5C 3G7 or by visiting our website at www.firstasset.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

The investment objectives of the First Asset Canadian Dividend Opportunity Fund (the "Fund") 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 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.

RESULTS OF OPERATIONS

The Fund's net assets decreased by \$0.5 million to \$46.5 million from December 31, 2016 to December 31, 2017. The Fund had net redemptions of \$1.1 million for the year. The Fund paid distributions totalling \$3.0 million while the portfolio's performance increased assets by \$3.6 million. Class A securities returned 7.3% after fees and expenses for the one-year period ended December 31, 2017. Over the same time period, the Fund's benchmark returned 9.1%. The Fund's benchmark is the S&P/TSX Composite Total Return Index. Please refer to the "Past Performance" section which outlines the performance of the Fund's other classes of securities.

Despite an unpredictable start to the current U.S. administration, U.S. and global stock markets enjoyed a strong 2017, with the S&P 500 Index up approximately 22% and the MSCI World Index up just over 23%. Volatility was low, as investors appeared to shrug off potential concerns. The Canadian equity market, while still a decent performer, particularly in the second half of the year, underperformed, with a total return of 9%. Despite a rise in crude oil prices in the latter part of the year, the energy sector was down over 10%, which impacted the rest of the Canadian market.

Emmanuel Macron's victory in the French presidential election seemed to put an end to the nationalistic movement that has been trending since June 2016, when the U.K. voted to exit the European Union ("EU"). In the U.K., Prime Minister Theresa May called a snap election to solidify her mandate, but ended up losing her majority government. Despite that, the U.K. triggered Article 50, starting the exit process from the EU. In December, after failing to pass any substantive legislative changes during the year, the U.S. administration pushed through legislation to overhaul the U.S. tax system that is expected to lower corporate and personal taxes. Speculation regarding these tax changes seemed to propel U.S. markets in the last few months of the year.

The U.S. Federal Reserve Board ("Fed") raised the federal funds rate by 25 basis points ("bps") three times in 2017. With the U.S. economy performing well, the market anticipates two more increases in 2018. The Fed indicated that it will begin decreasing the size of its balance sheet.

Despite the Fed's three interest rate increases, U.S. 10-year bond yields ended 2017 at 2.4%, which is close to where they started the year, and up from their September lows of 2.1%. In Canada, strong economic data moved the Bank of Canada ("BoC") to raise interest rates twice in the second half of the year. Government of Canada ("GoC") bond yields rose, with the 10-year GoC bond yield ending the year at 2.1%, up 1.7% from the beginning of the year.

Exposure to the industrials sector contributed 377 bps to the Fund's performance, as improved economic conditions boosted investor sentiment. An overweight allocation to industrial and multi-family real estate investment trusts ("REITs") contributed 197 bps to the Fund's returns. The Fund's exposure to the consumer discretionary sector (+187 bps) was another contributor to performance, as the sector benefited from investor conviction that improved economic conditions would boost retail sales. The top three individual contributors to performance included Pembina Pipelines Corp. ("Pembina", +129 bps), Waste Connections Inc. ("Waste Connections", +122 bps) and Air Canada (+107 bps). Pembina posted good results following its \$9.7 billion acquisition of Veresen Inc. Waste Connections benefited from good financial results and fund flows into companies within the industrials sector. Air Canada's stock was up after a number of positive announcements, including a new pilot agreement, the internalization of its loyalty program, decreased debt and more stable margins.

The Fund's allocation to the energy sector detracted 154 bps from performance, as the sector was impacted by oversupply concerns. Low inflation has not helped sentiment for the sector, and there has been a sell-off of base metals stocks in general. Low inflation has not helped the sector's performance, and there has been a sell-off of base metals stocks in general. The largest individual detractors from the Fund's performance were Element Fleet Management Corp. ("Element"), Cardinal Energy Ltd. ("Cardinal") and ARC Resources Ltd., which detracted approximately 72 bps, 57 bps and 48 bps, respectively, from performance. Element's stock sold off amid concerns of a bankruptcy of its joint venture partner. The company has since disclosed that its exposure to the partner is limited. Cardinal's and ARC Resources Ltd.'s shares sold off with the rest of the energy sector.

During the year, new holdings were added to the Fund, including AltaGas Ltd., as it appeared oversold, and Keyera Corp., for its compelling valuation. In order to increase the Fund's exposure to the industrials sector, Canadian Pacific Railway Co. was purchased. Existing positions in Enbridge Inc. and TransCanada Corp. were increased to add to the Fund's exposure to the energy sector, while Waste Connections was increased to increase exposure to the industrials sector.

First Asset Canadian Dividend Opportunity Fund

Management Report of Fund Performance for the year ended December 31, 2017

DH Corp. was eliminated after First Asset lost confidence in the company's management given its sub-par results. Emera Inc. was sold after reaching its full value, while Milestone Apartments REIT was eliminated from the Fund after it was acquired by Starwood Capital Group, a U.S. private investment firm. Positions in Royal Bank of Canada, Pure Industrial Real Estate Trust and Algonquin Power & Utilities Corp. were all trimmed due to valuations.

RECENT DEVELOPMENTS

First Asset remains positive regarding the outlook for equity markets. Underlying economic fundamentals remain robust, with continued job growth in both the U.S. and Canada. Global growth is also expected to continue in 2018.

Both the BoC and the Fed have signalled a desire to increase interest rates from current levels. Given the current environment of historically low interest rates, even a couple of rate increases would still leave them at very low levels. While equity market volatility has been quite low, given high valuations and interest rate increases, there is potential for it to increase. The Fund continues to be positioned with a bias toward cyclical sectors, such as industrials, information technology and consumer discretionary.

Effective as of close of business on March 10, 2017, the First Asset Canadian Dividend Opportunity Fund II merged into the Fund.

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) 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, 2017.

Related Fund Trades – During the year, the Fund engaged in Related Fund Trades or held positions in Related Funds at the end of the year. 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.

Fund Mergers – see Recent Developments section above.

First Asset Canadian Dividend Opportunity Fund

Management Report of Fund Performance for the year ended December 31, 2017

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) *}

Class A Commencement of operations March 22, 2010	Year Ended				
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
	\$	\$	\$	\$	\$
Net assets, beginning of year	9.97	10.51	11.25	11.69	10.85
Increase (decrease) from operations					
Total revenue	0.23	0.20	0.26	0.30	0.31
Total expenses	(0.27)	(0.29)	(0.27)	(0.27)	(0.26)
Realized gains (losses) for the year	0.23	0.59	0.66	1.36	0.51
Unrealized gains (losses) for the year	0.52	(0.44)	(0.74)	(1.18)	0.86
Total increase (decrease) from operations ⁽²⁾	0.71	0.06	(0.09)	0.21	1.42
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.01)	-	-	-	-
From capital gains	(0.04)	(0.40)	(0.33)	(0.55)	-
Return of capital	(0.55)	(0.20)	(0.27)	(0.05)	(0.60)
Total distributions ⁽³⁾	(0.60)	(0.60)	(0.60)	(0.60)	(0.60)
Net assets, end of the year ⁽⁴⁾	10.08	9.97	10.51	11.25	11.69

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	42,263	43,048	57,899	85,871	125,795
Number of securities outstanding ⁽⁵⁾	4,194,821	4,319,447	5,507,032	7,630,967	10,764,303
Management expense ratio (%) ⁽⁶⁾	3.10	2.58	2.39	2.32	2.38
Portfolio turnover rate (%) ⁽⁷⁾	69.05	143.20	59.31	121.22	150.44
Trading expense ratio (%) ⁽⁸⁾	0.26	0.26	0.23	0.32	0.28
Net asset value per security (\$)	10.08	9.97	10.57	11.25	11.69

*Footnotes for the tables are found at the end of the Financial Highlights section.

First Asset Canadian Dividend Opportunity Fund

Management Report of Fund Performance for the year ended December 31, 2017

Financial Highlights (cont'd)

THE FUND'S NET ASSETS PER SECURITY ⁽¹⁾

Class F	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013
Commencement of operations April 19, 2012	\$	\$	\$	\$	\$
Net assets, beginning of year	9.83	10.27	10.90	11.23	10.33
Increase (decrease) from operations					
Total revenue	0.23	0.20	0.26	0.28	0.31
Total expenses	(0.16)	(0.17)	(0.15)	(0.15)	(0.14)
Realized gains (losses) for the year	0.24	0.55	0.64	1.36	0.50
Unrealized gains (losses) for the year	0.51	(0.47)	(0.74)	(1.18)	0.76
Total increase (decrease) from operations ⁽²⁾	0.82	0.11	0.01	0.31	1.43
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.04)	-	-	-	-
From capital gains	(0.04)	(0.40)	(0.33)	(0.55)	-
Return of capital	(0.52)	(0.20)	(0.27)	(0.05)	(0.60)
Total distributions ⁽³⁾	(0.60)	(0.60)	(0.60)	(0.60)	(0.60)
Net assets, end of the year ⁽⁴⁾	10.04	9.83	10.27	10.90	11.23

RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's) ⁽⁵⁾	4,203	3,949	3,650	2,427	3,913
Number of securities outstanding ⁽⁵⁾	418,761	401,714	355,325	222,697	348,627
Management expense ratio (%) ⁽⁶⁾	2.47	1.51	1.38	1.29	1.32
Portfolio turnover rate (%) ⁽⁷⁾	69.05	143.20	59.31	121.22	150.44
Trading expense ratio (%) ⁽⁸⁾	0.26	0.26	0.23	0.32	0.28
Net asset value per security (\$)	10.04	9.83	10.27	10.90	11.23

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) 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 year.

(3) Distributions were paid in cash or reinvested in additional securities of the Fund.

(4) This is not a reconciliation of the beginning and ending net assets per security.

(5) This information is provided as at December 31 of the year shown.

(6) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year, including the Fund's proportionate share of such expenses of any underlying fund in which the Fund has invested and is expressed as an annualized percentage of daily average net asset value during the year.

(7) 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.

(8) 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 year, including the Fund's proportionate share of such expenses of any underlying fund in which the Fund has invested.

First Asset Canadian Dividend Opportunity Fund

Management Report of Fund Performance for the year ended December 31, 2017

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 Class A securities and Class F securities, 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. Where the Fund invests in other investment funds, in accordance with the provisions of National Instrument 81-102, First Asset ensures that there is no duplication of management fees charged by the Fund and any other underlying investment fund for the same service.

	Maximum annual management fee rate	As a percentage of management fee	
		Dealer compensation	General administration and profit
Class A	2.00%	49%	51%
Class F	1.00%	-	100%

First Asset Canadian Dividend Opportunity Fund

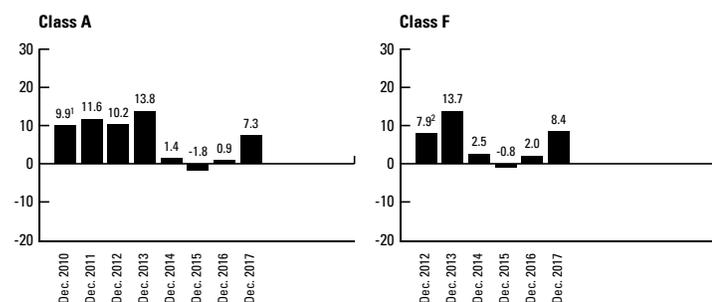
Management Report of Fund Performance for the year ended December 31, 2017

Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the years 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.



1 2010 return is for the period from April 19, 2010 to December 31, 2010.

2 2012 return is for the period from April 19, 2012 to December 31, 2012.

ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the years 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. A discussion on the relative performance of the Fund as compared to its benchmark index can be found under the Results of Operations section of this report. Further, the return of the indices is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Since Inception (%)
Class A	7.3	2.1	4.2	n/a	6.8
Index	9.1	6.6	8.6	n/a	6.9
Class F	8.4	3.1	5.3	n/a	6.0
Index	9.1	6.6	8.6	n/a	8.4

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

First Asset Canadian Dividend Opportunity Fund

Management Report of Fund Performance for the year ended December 31, 2017

Summary of Investment Portfolio as at December 31, 2017

Category	% of Net Asset Value	Category	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Country allocation		Sector allocation			
Canada	94.2	Investment Fund.....	51.7	First Asset Active Canadian Dividend ETF	51.7
Cash and Cash Equivalents	5.9	Energy.....	9.9	Cash and Cash Equivalents	5.9
Other assets, net of liabilities.....	(0.1)	Real Estate.....	8.1	Waste Connections Inc.....	2.7
		Financials	6.5	Keyera Corp.....	2.3
		Utilities.....	5.9	Northland Power Inc.....	2.2
		Cash and Cash Equivalents	5.9	TransCanada Corp.....	2.2
		Industrials	5.8	Pembina Pipeline Corp.....	2.1
		Consumer Discretionary.....	2.0	Canadian Pacific Railway Ltd.	2.1
		Information Technology	1.8	Algonquin Power & Utilities Corp.	2.1
		Health Care	1.2	Manulife Financial Corp.....	2.0
		Materials.....	0.7	Open Text Corp.	1.8
		Consumer Staples.....	0.6	AltaGas Ltd., Subscription Receipt.....	1.8
		Other assets, net of liabilities.....	(0.1)	Boralex Inc., Class 'A'	1.6
				Pure Industrial Real Estate Trust.....	1.6
				Tricon Capital Group Inc.	1.6
				Crombie REIT.....	1.5
				Enbridge Inc.	1.5
				Toronto-Dominion Bank (The).....	1.4
				H&R REIT.....	1.3
				Sienna Senior Living Inc.	1.2
				EnerCare Inc.....	1.1
				WPT Industrial REIT	1.1
				Air Canada	1.1
				Bank of Nova Scotia.....	1.1
				Royal Bank of Canada.....	1.0
				Total Net Asset Value	\$46,466,208

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.

A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any

forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.