



FIRST ASSET EXCHANGE TRADED FUNDS

DISTRIBUTION REINVESTMENT PLAN

1. Introduction

Each of the First Asset Exchange Traded Funds set forth on Schedule A hereto (each, a “**Fund**”) has established this distribution reinvestment plan (the “**Plan**”) to provide beneficial holders of trust units of a class (“**Units**”) of the Fund with a means to reinvest distributions on such Units declared and payable to them in additional Units of the same class, as described in the Plan.

Distributions on Units, including Units purchased under the Plan (“**Plan Units**”), will be reinvested on behalf of Unitholders under this distribution reinvestment plan, by Computershare Trust Company of Canada as the agent of each Fund (the “**Plan Agent**”), on the terms and conditions contained in the Plan. First Asset Investment Management Inc. (the “**Manager**”) as trustee and/or manager of the Funds may deliver an amended Schedule A to the Plan Agent from time to time to add additional Funds to the Plan.

2. Defined Terms

As used herein, the following terms have the following meanings:

“**Business Day**” means any day on which the Plan Agent’s offices are generally open for the transaction of commercial business, but does not in any event include a Saturday, Sunday, civic or statutory holiday in the Province of Ontario or a day on which securities listed on the TSX do not trade.

“**CDS**” means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository acting or subsequently appointed by a Fund as the depository in respect of Units of the Fund.

“**CDSX**” means the electronic communication system between the CDS Participants and the Plan Agent.

“**CDS Participant**” means a participant in the CDS depository service, including a broker, dealer, bank, other financial institution.

“**Distribution Record Date**” means any date designated by the Manager as a record date for the determination of Unitholders entitled to receive a Distribution.

“**Distribution Payment Date**” means a day following a Distribution Record Date on which a Distribution has been declared, on which a Fund pays such Distribution to its Unitholders.

“Distribution” means, with respect to a Fund, a distribution of net income, net realized capital gains or return of capital payable in cash by the Fund on its Units in respect of a specific Distribution Record Date.

“Plan” means the distribution reinvestment plan described herein.

“Plan Agent” means Computershare Trust Company of Canada or its successors or permitted assigns or any replacement plan agent hereunder, as agent under the Plan.

“Plan Participant” means, with respect to a Fund, a holder of Units of a class who has notified the Manager and the Plan Agent via the applicable CDS Participant that such holder wishes to participate in the Plan in respect of any Distribution.

“Plan Unit” means, with respect to a Fund, a Unit of a class purchased under the Plan by the Plan Agent for a Plan Participant.

“Pre-authorized Cash Contribution” or **“PACC”** means a pre-authorized recurring electronic withdrawal of funds from the Plan Participant’s bank account at a Canadian Bank or financial institution of no less than \$100.00 and no more than \$10,000.00 monthly that is, at the option of a Plan Participant, used to acquire additional Plan Units under the Plan.

“PACC Enrollment Form” means the duly completed form submitted by a CDS Participant to the Plan Agent to indicate that a Unitholder is making a Pre-authorized Cash Contribution under the Plan, giving the Plan Agent authority to initiate a PACC service for the Plan Participant.

“Systematic Withdrawal Plan Notice” or **“SWP Notice”** means the notice given by a CDS Participant to the Plan Agent indicating the aggregate number of whole Units the Unitholder wishes to sell or reduce its holding of Units by on a pre-determined basis.

“SWP Processing Date” means the last Business Day of the month.

“Tax Act” means the Income Tax Act (Canada) and includes the regulations promulgated thereunder.

“TSX” means The Toronto Stock Exchange.

“Units” means the trust units of a class of a Fund listed on the TSX.

“Unitholder” means, with respect to a Fund, any holder of Units recorded on the register of Units of such Fund and, in the case of Units registered in the name of CDS, includes any beneficial owner of such Units.

3. Distribution Reinvestment Plan

Any eligible Unitholder may enrol in the Plan by notifying the CDS Participant through which the Unitholder holds its Units of such Unitholder's intention to participate in the Plan. Under the Plan, cash distributions will be used to acquire Plan Units in the market and will be credited to the account of the Plan Participant through CDS. The CDS Participant must, on behalf of such Plan Participant, elect on line via CDSX no later than 5:00 p.m. (Toronto time) on each applicable Distribution Record Date in respect of the next expected Distribution in which the Unitholder wishes to participate. These elections are received directly by the Plan Agent via CDSX. If this election via CDSX is not received by the Plan Agent by the applicable deadline, the Unitholder will not participate in the Plan for that Distribution.

Participation in the Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than "Canadian partnerships" as defined in the Tax Act) are not eligible to participate in the Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify their CDS Participant and terminate participation in the Plan immediately. The Plan Agent will not have any duty to inquire into the residency status or partnership status of Plan Participants, nor will the Plan Agent be required to know the residency status or partnership status of, Plan Participants other than as notified by CDS or the Manager.

4. Administration

On each Distribution Payment Date, the Fund shall pay to the Plan Agent, on behalf of the Plan Participants, all amounts paid as Distributions in respect of the Units (including Plan Units) for which Plan Participants were beneficial owners as of the applicable Distribution Record Date. The Plan Agent shall purchase Plan Units for the Plan Participants as described below under "Purchase of Units by Plan Agent".

Plan Units purchased by the Plan Agent will be credited to the Plan Participant's account via the applicable CDS Participant through whom a Plan Participant holds Units.

5. Purchase of Units by Plan Agent

Distributions payable to the Plan Participants will be applied, on behalf of Plan Participants, to purchase Plan Units in the Canadian open market, including the facilities of the TSX, the TSX Venture Exchange and/or any other alternative Canadian market. The Plan Agent shall purchase Units in the Canadian open market through a broker-dealer designated by the Plan Agent, during the five Business Day period following such Distribution Payment Date. The price of such Plan Units shall be the average of the price paid (excluding brokerage commissions, fees and all transaction costs) per share for all Units purchased by the Plan Agent.

The Plan Units purchased in the market will be allocated on a pro rata basis to the Plan Participants based on their respective entitlement to the Distributions used to purchase Plan Units.

6. Pre-authorized Cash Contribution Procedure and Limitations

Plan Participants will also be able to make Pre-authorized Cash Contributions on the last Business Day of a month, calendar quarter recurring basis (March, June, September and December) or calendar year ("**Payment Date**") which will be invested in Plan Units by the Plan Agent. A Plan Participant that wishes to make a PACC must notify the CDS Participant through which such Unitholder holds its Units for instructions and then submit to such CDS Participant a completed PACC Enrollment Form along with a personal "Void" cheque. The CDS Participant must, on behalf of the Plan Participant, complete the CDS portion located on the reverse side of the PACC Enrollment Form, and submit the PACC Enrollment Form and personal "Void" cheque to the Plan Agent no later than ten (10) Business Days prior to a specified Distribution Payment Date. For any month in which there is no specified Distribution Payment Date, then a deemed Distribution Payment Date will be used for that month which will be the last Business Day of the month. Any PACC Enrollment Forms received following such time will not be processed for the current period. Contributions will be debited from the Plan Participant's financial institution (or bank) account five (5) Business Days prior to the next applicable specified or deemed Distribution Payment Date. Insufficient funds in a Plan Participant's financial institution (or bank) account will result in termination of that Plan Participant's PACC participation. If notice is not received by the Plan Agent prior to this deadline, the Unitholder will not make a PACC in the Plan for that period.

A Plan Participant may invest a minimum of \$100.00 and a maximum of \$10,000.00 per PACC monthly via their CDS Participant. Pre-Authorized Cash Contributions will be used by the Plan Agent to purchase Plan Units on the same basis as Distributions as described under the heading "Purchase of Units by Plan Agent" above.

A Plan Participant participating in the Systematic Withdrawal Plan may not participate in the PACC service under this Plan.

7. Systematic Withdrawal Plan

A Unitholder may elect to systematically withdraw (through the sale of Units) a fixed, but approximated¹, dollar amount owned by such Unitholder in respect of each subsequent SWP processing date by participating in the SWP service on a monthly, quarterly or annual recurring basis. Such dollar amount of Units to be sold for each such SWP Processing Date may not be less than \$100.00 or greater than \$10,000.00 of Units (the "**Specified Dollar Amount**"). A Unitholder may so elect to sell Units by notifying the Plan Agent via the applicable CDS Participant through which such Unitholder holds its Units of the Unitholder's intention to so sell Units. The CDS Participant must, on behalf of such Unitholder, (i) provide a Systematic Withdrawal Plan Notice through CDSX to the Plan Agent that the Unitholder wishes to sell Units in this manner no later than 5:00 p.m. (Toronto time) on the applicable SWP Processing Date. The CDS Participant must also ensure the required number of Plan Units to be sold is delivered to CDS for settlement. Any late submissions will not be processed for the current

¹ The Unitholder's account with the relevant CDS Participant will be reduced by the maximum number of whole Plan Units (as calculated by the CDS Participant) that can be sold to meet the requested dollar withdrawal amount. In any event, the value of the whole Plan Units sold by the Plan Agent will reflect the market price of the Plan Units sold which may be more or less than the fixed dollar amount requested.

period. If notice is not received by the Plan Agent prior to this deadline, the Unitholder will not be able to sell Units under the Plan for such Payment Date.

For each SWP Processing t Date following the proper delivery of an SWP Notice, the Plan Agent shall sell the Units of such Unitholders in the Canadian open market during the five Business Day period following the applicable SWP Processing Date. The proceeds of the sale of the Units will be delivered by the Plan Agent to CDS as soon as practicable for the benefit of each participating Unitholder to the account of the applicable CDS Participant through whom such Unitholder holds his or her Units.

The Plan Participant's account with the relevant CDS Participant will be reduced by the maximum number of whole Units, as calculated by the CDS Participant, that can be sold to meet the requested dollar withdrawal amount. In any event, the value of the whole Units sold by the Plan Agent will reflect the market price of the Units sold which may be more or less than the fixed dollar amount requested.

A Unitholder who makes Pre-Authorized Cash Contributions may not deliver an SWP Notice under this Plan.

8. Insufficient Funds

The Plan Agent shall not be obligated to purchase any Units in the event that it has insufficient funds in order to carry out its duties.

9. Fractional Units

No fractional Plan Units will be purchased or sold under the Plan. Payments in cash for any remaining uninvested funds may be made in lieu of fractional Plan Units by the Plan Agent to CDS or CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant, via the applicable CDS Participant.

10. Withdrawing from the Plan

Any Plan Participant may withdraw from the Plan by contacting the CDS Participant through which the Unitholder holds its Units for procedures.

11. Termination or Modification of Participation

Plan Participants may voluntarily terminate or modify their participation as follows:

- (a) Plan Participants no longer wishing to participate in the Plan must notify their CDS Participant no later 4:00 p.m. (Toronto time) at least two (2) Business Days immediately prior to the applicable Distribution Record Date. If notice is received after this deadline, participation will continue for that Distribution only. Future Distributions will be made in cash to such Unitholders.
- (b) Plan Participants may discontinue participation in the PACC service by calling the Plan Agent directly toll-free at 1-800-564-6253 or by submitting a clear written request (by means of

the PACC Enrollment Form or other written notice) to the Plan Agent at the address noted in Section 21 Notices. Cancellations must be received no later than ten (10) Business Days prior to a specified or deemed Distribution Payment Date. If notice is received after this deadline, PACC participation will continue for the current investment only.

- (c) Plan Participants may modify their PACC contribution amount, banking details or frequency by selecting “**Modify Existing Debit Instructions**” on the PACC Enrollment Form and following the same instruction and process as explained under Section 6 Pre-Authorized Cash Contribution (PACC) Participation. If there is a modification to the banking details, a new personal “Void” cheque must be submitted. If there is a modification to the frequency, the Plan Participant must select the revised frequency (i.e., monthly or calendar-quarterly recurring basis).
- (d) Plan Participants may discontinue participation or modify the recurring withdrawal amount or frequency in the SWP service by informing their CDS Participant in writing. Plan Participants should contact their applicable CDS Participant for the specific submission deadline of such CDS Participant. The CDS Participant may withdraw from the SWP via CDSX no later than 5:00 p.m. (Toronto time) on the applicable SWP Processing Date.

12. Certificates

Certificates representing Plan Units purchased under the Plan will not be issued to Plan Participants.

13. Voting of Plan Units

Plan Units may be voted in the same manner as the Plan Participants’ other Units may be voted.

14. Statements of Account

A Plan Participant will receive, from his, her or its CDS Participant, for tax reporting purposes, confirmation of the number of Plan Units purchased by or sold for him, her or it under the Plan in accordance with the CDS Participant’s usual practice.

15. Commissions and Administrative Costs

All commissions, administrative costs and brokerage charges or fees payable in connection with the operation of the Plan, on the purchase of Plan Units or on the sale of Plan Units will be paid for by the Manager on behalf of each applicable Fund.

16. Responsibilities of the Funds, the Manager and the Plan Agent

None of the Funds, First Asset Investment Management Inc. as manager of the Fund or the Plan Agent shall be liable for any act done by any of them in good faith or for any good faith omission to act. In particular, none of the Funds, the Manager or the Plan Agent shall have any liability with respect to:

- (a) the prices at which Plan Units are purchased or sold for the Plan Participants' accounts or the times at which such purchases or sales are made; and
- (b) any action or responsibilities of CDS or any CDS Participant in relation to the Plan, or otherwise, including, without limitation: (i) any aspect of the records relating to, or payments made on account of, beneficial ownership interests of the Units held by and registered in the name of CDS or any CDS Participant; and (ii) any authority, advice, or representation made or given by CDS or any CDS Participant to the Plan Agent or otherwise, including representations with respect to rules of CDS and any action taken or to be taken by CDS or any CDS Participant.

None of the Funds, the Manager or the Plan Agent can assure a gain or protect against loss as a result of Plan Participants holding Plan Units.

17. Amendments, Suspension or Termination of Plan and Plan Agent

The Manager may terminate the Plan with respect to any Fund in its sole discretion, upon not less than 30 days notice to: (i) the Plan Participants, via the CDS Participants through which the Plan Participants hold their Units, (ii) the Plan Agent, and (iii) the TSX (if applicable). The Manager may also amend, modify or suspend the Plan with respect to any Fund at any time in its sole discretion, provided that it complies with certain requirements and gives notice of that amendment, modification or suspension (which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner the Manager determines appropriate) to: (i) CDS Participants through which the Plan Participants hold their Units, (ii) the Plan Agent, and (iii) the TSX (if applicable). The Plan will terminate automatically with respect to any Fund upon the termination of such Fund.

The Manager may adopt additional rules and regulations to facilitate the administration of the Plan, subject to the approval of the TSX (if required by the TSX rules).

The Manager may, in its sole discretion, and upon at least 30 days written notice to the Plan Agent, remove the Plan Agent and appoint a new Plan Agent.

18. Rules and Regulations

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Plan. The Manager reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

19. No Personal Liability

No Unitholder of a Fund will have any personal liability and no resort will be had to, nor recourse or satisfaction sought from, the property or assets of any Unitholder of a Fund for any liability whatsoever to any person in connection with the property of such Fund or its affairs, including for satisfaction of any obligations or claims of such Fund arising out of or in connection with the Plan. The property and assets of such Fund only are intended to be liable and subject to levy or execution for satisfaction of any such obligations or claims.

20. Currency

All references in this Plan to dollar amounts refer to Canadian dollars.

21. Notices

All notices required to be given to Plan Participants by a Fund will be given to CDS, to be further provided to the CDS Participants through which they hold their Units of such Fund.

Written communications to the Plan Agent should be addressed to:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
North Tower
Toronto, Ontario M5J 2Y1

Attention: Distribution Reinvestment Dept.

or by calling the National Customer Contact Centre at 1-800-564-6253 (toll-free in North America) or (514) 982-7555.

Written communications to any Fund or the Manager should be addressed to:

First Asset Investment Management Inc.
95 Wellington Street West, Suite 1400
Toronto, Ontario M5J 2N7

Attention: Chief Operating Officer

Facsimile: (416) 362-2199

Plan Date: September 19, 2011; as updated by the Schedule A list of Exchange Traded Funds.