

The S&P/TSX Capped Utility TR Index was up +0.37% in June, ahead of the S&P/TSX Composite TR Index which was down -0.75%, over the month. The First Asset Active Utility & Infrastructure ETF (the "Fund") had a total return of -0.64% during the month.

During the month the Canada 10-year government bond yield backed up 35bps to finish at 1.76%. On average, the Canadian Energy Infrastructure group is trading at a 278bp spread to 10-year bond yields, 126bps above the long term average of 152bps.

Energy production and exports is a significant part of the Canadian economy. In 2016 roughly 10% of Canadian GDP came from energy related activities. According to some estimates, production in Western Canada is expected to increase over 20% over the next five years. We estimate that between 500,000 to 1,000,000 of pipeline take-away capacity will be required for growing production.

Building new pipeline export capacity is important as it will allow Canadian producers to maximize revenues. In the recent past it was estimated that Canadian producer were losing tens of billions of dollars due to unfavourable pricing because of transportation bottlenecks. Differentials have come in recently, however, it could blow out if production increases significantly.

Many of the pipeline and midstream names will benefit from the build-out in infrastructure including pipelines, processing facilities, and storage tanks.

For the month, the Fund's top three contributors to total return were: Algonquin Power & Utility Corporation (AQN – TSX), contributing +123.3 bps; Veresen (VSN –TSX), +120.2 bps; and, Boralex Inc. (BLX - TSX) +96.7 bps. The Fund's bottom three performing holdings for the month were: Enbridge (ENB - TSX), (-31.9 bps); Tidewater Midstream (TWM - TSX), (-23.5 bps); and Superior Plus Corp. (SPB - TSX) (-22.1 bps).

Monthly Recap – June 2017

- On June 1, President Trump withdrew the U.S. from the Paris climate accord. The agreement was originally signed by the Obama administration in 2015. The U.S. withdrawal will likely not have a major impact on our Independent Power Producers or the development of renewable energy. Improvement in technology and lower capital costs are driving renewable investments.
- On June 8th, Enbridge (TSX: ENB) hosted a mid-year-update where it highlighted its large back-log of projects underpinning the 10-12% guidance growth for dividends. Following the \$46B Spectra acquisition, Enbridge's business mix is more balanced between Natural Gas and Oil infrastructure, opening up opportunities to exploring further oil infrastructure expansion in areas such as the U.S. gulf coast.
- On June 19th, Pattern Energy (TSX: PEGI) announced a strategic partnership with PSP investments and an expansion of development activities. PSP is a pension manager that invests funds for the Public Service, the Canadian Armed Forces, the Royal Canadian Mounted Police and the Reserve Force. PSP has committed to co-invest US\$500M in projects acquired by PEGI.

The Fund's top ten holding at March 31st were Boralex, Fortis, Algonquin Power, TransCanada, Enbridge, Enercare, Emera, Northland Power, Parkland, Keyera. Combined, these holdings represent ~44% of the Fund.



Manash Goswami, CFA, CPA, CMA
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
First Asset Energy & Resource Fund

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 | -0.64% | 1.98% | 7.72% | 7.72% | 10.19% | 6.22% | 10.16% | 7.95% | 6.76% |
| S&P/TSX Capped Utilities TR Index | 0.37% | 2.55% | 9.99% | 9.99% | 10.27% | 9.59% | 7.43% | 6.68% | 8.33% |
| S&P/TSX Composite TR Index | -0.75% | -1.64% | 0.74% | 0.74% | 11.05% | 3.08% | 8.74% | 3.89% | 6.69% |

Source: First Asset as at May 31, 2017

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.

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



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