

The S&P/TSX Capped Utility TR Index was down -1.96% in July, ahead of the S&P/TSX Composite TR Index which was down -0.06%, over the month. The First Asset Active Utility & Infrastructure ETF (the "Fund") had a total return of -0.88% during the month.

For the month, the Fund's top three contributors to total return were: Enercare Inc. (ECI - TSX), contributing +26.8 bps; Pattern Energy Group Inc. (PEGI -SPX), +14.5 bps; and, TransCanada Corp. (TRP - TSX) +14.5 bps. The Fund's bottom three performing holdings for the month were: Parkland Fuel Corp. (PKI - TSX), (-37.6.9 bps); Canadian Utilities Ltd. (CU - TSX), (-14.8 bps); and Keyera Corp. (KEY - TSX) (-14.0 bps).

During the month the Canada 10-year government bond yield backed up 29bps to finish at 2.057%. On average, the Canadian Energy Infrastructure group is trading at a 209bp spread to 10-year bond yields, 71bps above the long term average of 138bps.

The Bank of Canada (BOC) raised rates 25bp this month and has signaled another rate hikes in the near future with a 25bp rate hike being priced in for October.

There is some debate on whether the BOC should be raising rates with inflation (currently 1.3%) still well below the 2% target level. We would re-frame the question to ask if such simulative low levels of interest rates are required given the recovery in the broader economy and that central banks are currently not fighting deflation.

The first few rate hikes in a cycle are generally an acknowledgement that the economy is on a firmer footing. We expect the BOC to hike again later this year before pausing to evaluate, similar to the Federal Reserve System (Fed), which initially raised rates in December 2015 followed by a one-year pause.

The Fed has given some more colour about the normalization of its \$4.5T balance sheet. It has hinted that the process will likely start this year but has not given a precise start date.

The Fund's top ten holding at March 31st were Boralex, Fortis, TransCanada, Algonquin Power, Enbridge, Enercare, Northland Power, Emera, Veresen, and TransAlta Renewables. Combined, these holdings represent ~43% of the Fund.

## Fund Performance

	1 Month	3 Month	6 Month	YTD	1 Year	3 Year	5 Year	10 Year	SI <sup>1</sup>
First Asset Active Utility & Infrastructure ETF	-0.88%	-0.38%	6.46%	6.77%	7.00%	5.52%	9.58%	7.74%	6.64%
S&P/TSX Capped Utilities TR Index	-1.96%	0.42%	6.29%	7.84%	4.97%	9.40%	6.70%	5.95%	8.10%
S&P/TSX Composite TR Index	-0.06%	-2.13%	-0.17%	0.67%	6.81%	2.58%	8.56%	3.90%	8.97%

Source: First Asset as at July 31, 2017

Inception date: February 17, 2005<sup>1</sup>

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

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