

For the month of July, the First Asset Active Canadian Dividend ETF (the "Fund") had a total return of -0.65%. The Fund underperformed the S&P/TSX Composite TR Index, which was down -0.06%, over the month.

Year-to-date for the period ending July 31, 2017, the Fund has had a total return of 4.14%, outperforming the S&P/TSX Composite TR Index which was up 0.67%, by 350 basis points.

During the month the Canada 10-year government bond yield backed up 29bps to finish at 2.057%.

For the month, the Fund's top three contributors to total return were: Air Canada (AC -TSX), contributing +21.9 bps; First Quantum Minerals Ltd. (FM - TSX), + 16.3bps; and, Lundin Mining Corp. (LUN - TSX), +15.2 bps. The Fund's bottom three performing holdings for the month were: CCL Industries Inc. (CCL.B - TSX), (-28.2 bps); Tricon Capital Group Inc. (TCN - TSX) (-22.0bps), and CSX Corp. (CSX - TSX) (-17.6 bps).

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.

We continue to see broad based positive revenue and earnings growth trends on both the S&P/TSX Composite TR Index and the S&P 500 TR Index during the current earning cycle.

The Fund's top ten holding at April 28th were Waste Connections, Toronto Dominion, Enbridge, Veresen, Royal Bank, TransCanada, Bank of Nova Scotia, Northland Power, Algonquin Power, and Johnson & Johnson Combined, these holding represent ~34% of the Fund.

### Fund Performance

	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	SI <sup>1</sup>
First Asset Active Canadian Dividend ETF	-0.65%	-0.73%	3.65%	4.14%	1.29%	3.14%	2.16%
S&P/TSX Composite TR Index	-0.06%	-2.13%	-0.17%	0.67%	6.81%	5.40%	1.85%

Source: First Asset as at July 31, 2017

Inception date: September 3, 2014<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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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

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