FIRST ASSET ACTIVE UTILITY & INFRASTRUCTURE ETF
(formerly, First Asset Pipes & Power Income Fund)

Annual Management Report of Fund Performance for the year ended
December 31, 2014

FIRSTASSET™

Fund:

First Asset Active Utility & Infrastructure ETF
(formerly, First Asset Pipes & Power Income Fund)

Securities:

Common Units - Listed Toronto Stock Exchange (“TSX”): FAI (formerly, EWP.UN - see Recent Developments)
Advisor Class Units – Listed TSX: FAI.A

Period:

January 1, 2014 to December 31, 2014

Manager, Trustee & Investment Advisor:

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Notes:

1. This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at www.sedar.com. Holders may also contact us to request a free copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

2. This report may contain forward looking statements. Forward looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward looking statements.

3. Unless otherwise indicated all information is as at December 31, 2014.

4. None of the websites that are referred to in this report, nor any of the information on any such websites, are incorporated by reference in this report.

5. On January 16, 2015 the Fund converted into an exchange-traded fund (“ETF”). In connection with the conversion, the Fund's name changed to "First Asset Active Utility & Infrastructure ETF"; the Fund's investment objectives, strategies and restrictions changed in order to, among other things, expand the universe of issuers in which it may invest, and ensure that it complies with the securities laws that apply to exchange traded funds; the Fund's existing units were re-designated as common units of the ETF, and their ticker symbol changed to FAI from EWP.UN; and a new class of advisor units of the ETF were created under the ticker symbol FAI.A.

Investment Objectives and Strategies

The Fund's current investment objectives are to provide unitholders with monthly cash distributions and the opportunity for capital appreciation from an actively managed portfolio comprised primarily of equity securities of issuers that: derive their revenue from the distribution, wholesale or retail, of oil, natural gas or other refined products typically pursuant to fixed rate transportation tolls or from power generation and sale including hydroelectric, gas-fired, coal-fired and wind, among others, typically pursuant to long term fixed price contracts; service and support these industries; or are otherwise in the energy infrastructure industry.

Prior to its conversion into an exchange-traded fund, the Fund's investment objectives were to provide holders with the benefits of high monthly cash distributions and low management fees, together with the opportunity for capital appreciation by investing in an actively managed portfolio of pipeline and power issuers.

Risks

On January 16, 2015, the Fund converted from a closed-end fund into an exchange-traded fund ("ETF") as approved by unitholders at the special meeting held on December 18, 2014. In connection with its conversion, the Fund filed a final prospectus dated January 12, 2015 with the securities regulatory authorities of all of the provinces and territories of Canada. Holders should refer to the prospectus 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. As discussed in the prospectus, the following risk factors may apply to the Fund following its conversion into an ETF:

Short Selling Risk – If the ETF engages in short selling, the ETF will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The ETF will also deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits. Possible losses from short sales differ from losses that may be incurred from purchases of securities because losses from short sales may be unlimited, whereas losses from purchases are limited to the total amount invested. To deliver securities to a purchaser, the ETF must arrange through a broker to borrow the securities, and, as a result, the ETF becomes obligated to replace the securities borrowed at the market price at the time of replacement, whatever that price may be. A short sale therefore involves the theoretically unlimited risk of loss occasioned by an increase in the market price of the security between the date of the short sale and the date on which the ETF covers its short position. In addition, the borrowing of securities entails the payment of a borrowing fee (which may increase during the borrowing period) and the payment of any dividends or interest payable on the securities until they are replaced. If the ETF engages in short selling it is required to maintain cash cover for its short positions and other investments may need to be sold quickly (and at potentially unattractive prices) in order to maintain sufficient cash cover.

Corresponding Net Asset Value Risk – Similar to other exchange traded funds, the closing trading price of the Securities may be different from its NAV. As a result, dealers may be able to acquire or redeem a prescribed number of units (or "PNU") at a discount or a premium to the closing trading price per Security. Such price differences may be due, in large part, to supply and demand factors in the secondary trading market for Securities being similar, but not identical, to the same forces influencing the price of the underlying securities of the ETF at any point in time. As the designated brokers and dealers may subscribe for or redeem a PNU at the applicable NAV per Security, the Manager expects that large discounts or premiums to the NAV per Security will not be sustained.

Designated broker/Dealer Risk - As the ETF will only issue Securities directly to designated brokers and dealers, in the event that a purchasing designated broker or dealer is unable to meet its settlement obligations, any resulting costs and losses incurred will be borne by the Fund.

Fund of Funds Investment Risk - The ETF may invest in other exchange traded funds, mutual funds, closed-end funds or public investment funds as part of its investment strategy. If the ETF invests in such underlying funds, its investment performance largely depends on the investment performance of the underlying funds in which it invests. Additionally, if an underlying fund suspends redemptions, the ETF may be unable to accurately value part of its investment portfolio and may be unable to redeem its Securities. Underlying funds in which the ETF may invest can be expected to incur fees and expenses for operations, such as investment advisory and administration fees, which would be in addition to those incurred by the Fund.

Exchange Traded Funds Risk - The ETF may invest in exchange traded funds that seek to provide returns similar to the performance of a particular market index or industry sector index. Any such exchange traded fund may not achieve the same return as its benchmark market or industry sector index due to differences in the actual weightings of securities held in the fund versus the weightings in the relevant index and due to the operating and administrative expenses of the fund. For example, the exchange traded fund incurs a number of operating expenses not applicable to the underlying index, and incurs costs in buying and selling securities, especially when rebalancing the exchange traded fund's securities holdings to reflect changes in the composition of the underlying index.

Absence of an Active Market for the Units and Lack of Operating History - The Fund has limited operating history as an exchange-traded fund. Although the Securities are listed on the TSX, there can be no assurance that an active public market for the Securities will develop or be sustained.

Multi-Class Structure Risk - The Securities are available in multiple classes. If the ETF cannot pay the expenses or satisfy the obligations entered into by the ETF for the sole benefit of one of those classes of Securities using that class of Security's proportionate share of the assets, the ETF may have to pay those expenses or satisfy those obligations out of another class of Security's proportionate share of the assets, which would lower the investment return of such other class of Securities. In addition, a creditor of the ETF may seek to satisfy its claim from the assets of the ETF as a whole, even though its claim or claims relate only to a particular class of Securities.

Readers are also directed to note 4 and the Fund Specific Notes of the Fund's 2014 annual financial statements, which discusses management of financial risks.

Results of Operations

For the year ended December 31, 2014, the net assets per unit of the Fund was $10.03 after payment of distributions to securityholders compared to $8.71 on December 31, 2013. The Fund paid cash distributions of $0.36 per unit during the year. The Fund's total return for the year was 19.4%.

The Fund's net assets as at December 31, 2014 were $30.7 million, a decrease from $32.1 million as at December 31, 2013. The largest factors contributing to this decrease were redemptions of $5.4 million and distributions of $1.1 million. This was offset in part by net gains on investments of $5.9 million.

Over the course of the year, the U.S. economy performed well amid improved economic data on employment and housing starts. The U.S. Federal Reserve Board (the "Fed") ended its asset purchase program in October, to which markets responded well. The European Central Bank ("ECB") signalled its goal to grow its balance sheet by one trillion euros, and announced its intent to undertake quantitative easing measures in 2015, which could include purchasing sovereign bonds of European Union members. In Japan, the Government Pension Investment Fund announced that it will shift investments from bonds to Japanese and global equities, and the Bank of Japan began to increase its accommodative monetary policies. Meanwhile, the Bank of Canada ("BoC") indicated that it would not increase interest rates in the near term.

Geopolitical tensions between Russia and Ukraine over the occupation of Crimea became heightened as Ukraine's government struggled with a weakening economy and a population divided on whether to seek membership within the European Union. The uncertainty of potential military escalation from the West, and sanctions imposed on Russia, weighed on global markets. An outbreak of the Ebola virus in Africa brought rising concerns of a global pandemic. Oil prices collapsed as a result of oversupply, and fell further when the Organization of the Petroleum Exporting Countries ("OPEC") chose not to cut production.

For the year, the Fund had a total return of 19.4% compared to the S&P/TSX Capped Utility Total Return Index and the S&P/TSX Composite Index, which returned 16.1% and 10.6%, respectively. Exposure to the energy sector contributed 925 basis points ("bps") to the Fund's performance, based on strong first and second quarter performance as companies benefited from increasing energy production in the oil sands and shale oils. Another significant contributor was the utilities sub-sector, adding 874 bps as companies benefited from continued low interest rates and increasing energy production in the oil sands and shale oils. The Fund's holdings in EnerCare Inc. added 142 bps to performance after the company announced it would acquire the portion of its business owned by Direct Energy. Algonquin Power & Utilities Corp. ("Algonquin") contributed 136 bps on continued growth of their utility and power generation business. Inter Pipeline Ltd. shares benefited from a larger than expected dividend increase, contributing 192 bps to the Fund's performance.

Lower energy prices naturally had an impact on many of the Fund's holdings, notably Canexus Corp., which detracted 16 bps from performance amid concerns over cost escalations and legal disputes with its main customer MEG Energy Corporation. Pattern Energy Group Inc. hindered the Fund's return by 41 bps after the company had to restate its quarterly results in 2014.

First Asset eliminated the Fund’s holdings in Atco Ltd., which appeared to have reached its full value, and in order to avoid the company’s exposure to the resource sectors through their structures and logistics business. The Fund also exited its position in Canexus Corp. after the company announced their second cost overrun for the year. Positions in Enbridge Inc., Algonquin and Superior Plus Corp. were trimmed. New positions were initiated in Brookfield Asset Management Inc., for growth in its asset management business, and Parkland Fuel Corp. A stable cash flow from hydro generation prompted the purchase of a new position in Brookfield Renewable Energy Partners LP, to help provide greater stability in the Fund. In addition, First Asset increased existing holdings of Canadian Utilities Ltd. and Fortis Inc., in order to increase the Fund’s exposure to regulated utilities, and EnerCare Inc.

BORROWING

First Asset, on behalf of the Fund, has entered into a revolving term facility with a Canadian bank. The Fund may borrow up to 10% of the total assets of the Fund pursuant to the loan facility. The proceeds of the loan facility are used to purchase additional securities in accordance with the investment guidelines and restrictions relating to the Fund, in order to attempt to increase the potential returns of the Fund. Amounts borrowed under the facility are collateralized by a security interest in the assets and undertakings of the Fund. Amounts borrowed bear interest at the bank’s prime rate or, if incurred by way of banker’s acceptance, at rates slightly below prime. The terms, conditions, interest rates and expenses are typical for a loan of this nature. The loan facility was not utilized during the year and was terminated in January 2015.

Recent Developments

First Asset expects that Canadian interest rates will remain low in 2015. Crude oil prices, after their recent sharp drop, are likely to stay at low levels for the first half of the year. First Asset has reduced the Fund’s exposure to pipeline companies and, going forward, will look to increase exposure to power and utilities companies.

As approved by securityholders at the special meeting held on December 18, 2014, the Fund automatically converted into an exchange-traded fund ("ETF") on January 16, 2015. In connection with the conversion:

- The Fund's name changed to "First Asset Active Utility & Infrastructure ETF".
- The Fund's investment objectives, strategies and restrictions changed in order to, among other things, expand the universe of issuers in which it may invest, and ensure that it complies with the securities laws that apply to exchange traded funds.
- The Fund's existing units were re-designated as common units of the ETF, and their ticker symbol changed to FAI from EWP.UN.
- A new class of advisor units of the ETF were created under the ticker symbol FAI.A.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Fund adopted International Financial Reporting Standards (IFRS) on January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. The Fund’s 2014 annual financial statements are prepared in accordance with IFRS, and include 2013 comparative financial information and an opening Statement of Financial Position as at January 1, 2013, also prepared in accordance with IFRS. Note 12 and the Fund Specific Notes of the December 31, 2014 annual financial statements disclose the impact of the transition to IFRS on the Fund’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund’s financial statements prepared under Canadian generally accepted accounting principles as defined in Part V of the CPA Canada Handbook (Canadian GAAP).

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.

First Asset and the Fund were not party to any other related party transactions during the period ended December 31, 2014. F.A. Administration Services Inc., an affiliate of First Asset, administers the Fund's relationship with the Fund's Independent Review Committee on behalf of First Asset, however, it receives no compensation for doing so.

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]

	2014	2013	2012	2011	2010
Net Assets, beginning of period	$8.71	$8.29	$8.32	$8.02	$7.11
Increase (decrease) from operations					
Total revenue	0.34	0.32	0.32	0.36	0.39
Total expenses	(0.18)	(0.14)	(0.13)	(0.13)	(0.12)
Realized gains (losses) for the period	1.51	0.63	0.74	1.32	0.54
Unrealized gains (losses) for the period	0.02	0.04	(0.22)	(0.61)	0.48
Total increase from operations[2]	1.69	0.85	0.71	0.94	1.29
Distributions					
From income (excluding dividends)	0.00	0.00	0.00	(0.02)	(0.06)
From dividends	(0.03)	(0.13)	(0.11)	(0.15)	(0.16)
From capital gains	0.00	0.00	0.00	0.00	0.00
Return of capital	(0.33)	(0.23)	(0.25)	(0.19)	(0.14)
Total Distributions[3]	(0.36)	(0.36)	(0.36)	(0.36)	(0.36)
Net Assets, end of period[4]	$10.03	$8.71	$8.27	$8.32	$8.02

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. The Fund adopted IFRS on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which requires that if an asset or liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. Accordingly, the opening net assets as at January 1, 2013 was restated to reflect the accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 remain in accordance with Canadian GAAP.

(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 period.

(3) Distributions were paid in cash.

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

RATIOS AND SUPPLEMENTAL DATA

	2014	2013	2012	2011	2010
Total net asset value (000s)(1)	$30,739	$32,137	$49,443	$51,621	$44,535
Number of securities outstanding(1)	3,066,186	3,689,965	5,965,881	6,202,661	5,547,648
Management expense ratio excluding offering expenses(2)	1.70%	1.69%	1.56%	1.55%	1.61%
Management expense ratio(2)	1.70%	1.37%	2.51%	2.53%	1.94%
Management expense ratio before waivers or absorptions(2)	1.70%	1.37%	2.51%	2.53%	1.94%
Portfolio turnover rate(3)	56.40%	83.22%	138.20%	71.97%	72.19%
Trading expense ratio(4)	0.16%	0.31%	0.33%	0.29%	0.25%
Net asset value per security	$10.03	$8.71	$8.29	$8.32	$8.03
Closing market price	$9.80	$8.53	$8.12	$8.15	$7.88

Notes:

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

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transactions costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The MER for the periods ending December 31, 2010, 2011, 2012 and 2013 include agents' fees and other offering expenses, which are one-time expenses and therefore are not annualized.

(3) 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.

(4) 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 period.

Management Fee

First Asset manages and administers the business, operations and affairs of the Fund, and is also responsible for providing all investment advisory and portfolio management services required by the Fund. As compensation for the services it provides to the Fund, First Asset is entitled to receive an annual management fee from the Fund in an amount equal to 0.75% of the net asset value of the Fund, which is calculated daily and paid monthly in arrears.

In addition, First Asset is entitled to an amount equal to the service fee (the ''Service Fee'') payable to registered dealers which is equal to 0.30% annually of the net asset value of the Fund held by clients of the registered dealers. This Service Fee is calculated daily and paid quarterly in arrears.

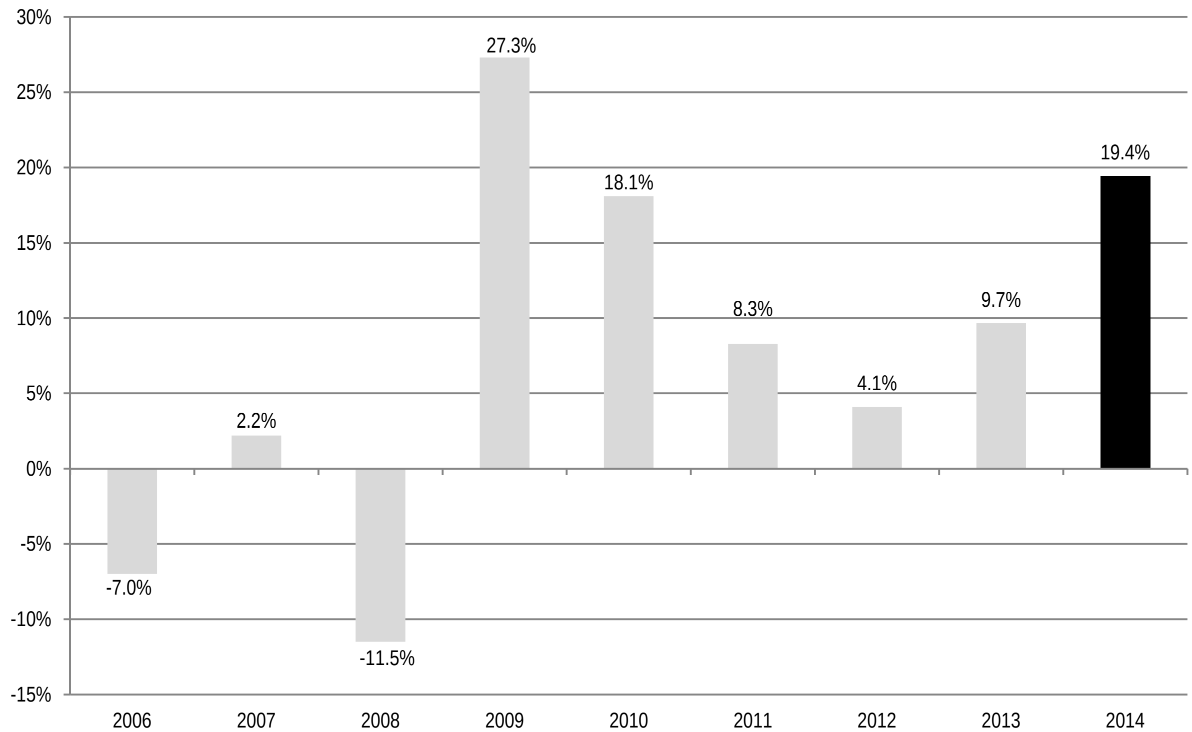
Other than investment advisory and portfolio management, the services provided by First Asset to the Fund include authorizing the payment of operating expenses, determining the amount of distributions by the Fund, and ensuring the Fund complies with its continuous disclosure and reporting requirements obligations under applicable law.

Past Performance

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

The following bar chart shows the Fund's annual performance for the financial years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, 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.



ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the periods 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 A") and the S&P/TSX Capped Utility Total Return Index ("Index B"). 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 with the S&P/TSX Capped Utility Total Return Index being a subset thereof. As the criteria for determining the constituents of the Fund and the indices differ, it is not expected that the Fund's performance will mirror that of the indices. 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.

Period	Fund[(1)]	Index A	Index B
1 year	19.4%	10.6%	16.1%
3 year	10.9%	10.2%	4.9%
5 year	11.8%	7.5%	7.8%
Since inception	6.9%	7.3%	8.0%

(1) Returns based on Net Asset Value per Security.

Summary of Investment Portfolio

The following is a summary of the Fund's investment portfolio as at December 31, 2014. 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.

TOP 25 HOLDINGS AS AT DECEMBER 31, 2014

Description	% of Net Asset Value
Cash and Cash Equivalents	27.52
Canadian Utilities Limited	5.75
Fortis Inc.	4.91
Algonquin Power & Utilities Corp.	4.70
Superior Plus Corporation	4.68
Enbridge Inc.	4.66
Pembina Pipeline Corp.	4.08
Brookfield Infrastructure Partners LP	3.94
EnerCare, Inc.	3.94
AltaGas Ltd.	3.82
Boralex Inc.	3.75
Northland Power Inc.	3.12
Emera Inc.	2.94
Capital Power Corporation	2.94
Veresen Inc.	2.84
Gibson Energy Inc.	2.63
TransAlta Renewables Inc.	2.35
Brookfield Renewable Energy Partners LP	2.34
Pattern Energy Group Inc.	1.96
Inter Pipeline Ltd.	1.84
Parkland Fuel Corporation	1.46
Enbridge Income Fund Holdings Inc.	1.31
Keyera Corp.	1.03
Brookfield Asset Management Inc.	0.95
SNC-Lavalin Group Inc.	0.45
Total Net Asset Value	$30,738,889

SECTOR ALLOCATIONS AS AT DECEMBER 31, 2014

Industry	% of Net Asset Value
Utilities	41.68
Cash and Cash Equivalents	27.52
Energy	25.82
Consumer Discretionary	3.94
Financials	0.95
Industrials	0.45
Information Technology	0.00
	100.36
Other Liabilities, Net of Assets	(0.36)
Total Net Asset Value	100.00

FIRSTASSET™

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