

FIRST ASSET ACTIVE CANADIAN DIVIDEND ETF



Annual Management Report of Fund Performance for the period
July 18, 2014 to December 31, 2014

Fund:

First Asset Active Canadian Dividend ETF

Securities:

Common Units - Listed Toronto Stock Exchange ("TSX"): FDV
Advisor Class Units - Listed TSX: FDV.A

Period:

July 18, 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.

Investment Objectives and Strategies

The Fund's investment objective is to seek long-term total returns consisting of regular dividend income and long-term capital appreciation from an actively managed portfolio comprised primarily of dividend-paying and other equity securities of Canadian issuers. The Fund may also invest up to 30% of its net asset value in dividend-paying and other equity securities of non-Canadian issuers.

Risks

There were no changes to the Fund over the period of this report that materially affected the overall level of risk associated with an investment in the Fund. Holders should still refer to the prospectus of the Fund dated July 18, 2014 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. 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

The Fund's Common Units and Advisor Class Units commenced operations on September 9, 2014 with an initial net asset value of \$10.00 and new subscriptions totaling \$1.75 million for Common Units and \$0.25 million for Advisor Class Units. For the period, the Fund's Common Units returned -3.2%. The following tables highlight the performance of the Fund's Common Units and Advisor Class Units on a net asset value basis and market price basis.

Net Asset Value	December 31, 2014	Return
FDV	\$9.58	-3.2%
FDV.A	\$9.58	-3.5%

Market Value	December 31, 2014	Return
FDV	\$9.56 ⁽¹⁾	-3.4%
FDV.A	\$9.65 ⁽²⁾	-2.8%

⁽¹⁾ Closing market price taken from last trade on December 23, 2014.

⁽²⁾ Closing market price taken from last trade on November 21, 2014

The above returns, whether based on net asset value or market price, assume the reinvestment of all distributions. The Fund's Common Units and Advisor Class Units had per unit distributions of \$0.10 and \$0.07, respectively, during the period.

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 signaled 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 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 membership with the European Union. The uncertainty of potential military escalation from the West, and sanctions imposed on Russia, has 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.

Exposure to the financials, industrials and information technology sectors contributed positively to the Fund's performance. Industrials contributed 445 basis points ("bps") on a strong U.S. economic recovery, and information technology added 181 bps as many companies boosted their technology investment, a trend that is expected to continue. Financials contributed 85 bps as a result of the anticipation of an interest rate hike in 2015. The Fund's position in Linamar Corp. added 163 bps to performance as the company exceeded earnings expectations. Union Pacific Corp.'s strong growth and improving cost performance resulted in a contribution of 106 bps. CAE Inc. shares benefited from strong demand in the civil aviation training network, contributing 96 bps to the Fund's performance.

Energy companies detracted 1,176 bps from the Fund's performance. Lower energy prices negatively impacted some of the Fund's holdings, notably Whitecap Resources Inc. ("Whitecap") (-186 bps), TORC Oil and Gas Ltd. (-175 bps) and Baytex Energy Corp. (-159 bps). The utilities sector also weighed on performance, detracting 95 bps, largely as a result of poor results from Superior Plus Corp., which did not sell its construction division as expected.

Positions in Whitecap, Suncor Energy Inc. and Gibson Energy Inc. were eliminated in order to lessen the Fund's exposure to the energy sector. First Asset also trimmed shares of Apple Inc., as well as financials sector stocks Bank of America Corp. and JPMorgan Chase & Co. as interest rates failed to rise as expected. New positions were initiated in Union Pacific Corp., currently undervalued compared to its railway peers, as well as Linamar Corp. and Gildan Activewear Inc. First Asset also added to the Fund's existing holdings in Canadian Imperial Bank of Commerce, Enbridge Inc. and Royal Bank of Canada.

Recent Developments

First Asset believes that the U.S. economy will be the global leader in growth next year, with the Fed expected to raise interest rates sometime in the latter half of 2015. Crude oil prices, after their recent sharp drop, are likely to remain low for the first half of the year. Going forward, First Asset will look for companies that perform well in a rising interest rate environment, such as those in the financials, industrials and information technology sectors, and for companies whose businesses are poised to benefit from a strengthening U.S. economy.

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 since inception.

THE FUND'S NET ASSETS PER SECURITY⁽¹⁾

	Common Units 2014 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations	
Total revenue	0.08
Total expenses	(0.03)
Realized gains (losses) for the period	(0.57)
Unrealized gains (losses) for the period	0.35
Total decrease from operations⁽³⁾	(0.17)
Distributions	
From income (excluding dividends)	0.00
From dividends	(0.02)
From capital gains	0.00
Return of capital	(0.08)
Total Distributions⁽⁴⁾	(0.10)
Net Assets, end of period⁽⁵⁾	\$9.58

	Advisor Class Units 2014 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations	
Total revenue	0.08
Total expenses	(0.06)
Realized gains (losses) for the period	(0.57)
Unrealized gains (losses) for the period	0.20
Total decrease from operations⁽³⁾	(0.35)
Distributions	
From income (excluding dividends)	0.00
From dividends	0.00
From capital gains	0.00
Return of capital	(0.07)
Total Distributions⁽⁴⁾	(0.07)
Net Assets, end of period⁽⁵⁾	\$9.58

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.
- (2) Results for the period from July 18, 2014 (inception date) to December 31, 2014.
- (3) 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.
- (4) Distributions were paid in cash.
- (5) This is not a reconciliation of the beginning and ending net assets per security.

RATIOS AND SUPPLEMENTAL DATA

	2014 Common Units
Total net asset value (000s) ⁽¹⁾	\$2,156
Number of securities outstanding ⁽¹⁾	225,000
Management expense ratio ⁽²⁾	0.69%
Management expense ratio before waivers or absorptions ⁽²⁾	3.24%
Portfolio turnover rate ⁽³⁾	58.69%
Trading expense ratio ⁽⁴⁾	0.07%
Net asset value per security	\$9.58
Closing market price	\$9.56

	2014 Advisor Class Units
Total net asset value (000s) ⁽¹⁾	\$240
Number of securities outstanding ⁽¹⁾	25,000
Management expense ratio ⁽²⁾	1.27%
Management expense ratio before waivers or absorptions ⁽²⁾	3.83%
Portfolio turnover rate ⁽³⁾	58.69%
Trading expense ratio ⁽⁴⁾	0.07%
Net asset value per security	\$9.58
Closing market price	\$9.65

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 transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (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, the Fund pays First Asset an annual management fee on the Common and Advisor Class Units at the maximum annual rate set out below. The fee is based on the net asset value of the relevant class, and is calculated daily and paid monthly in arrears, except for the portion of the Advisor Class management fee that is in respect of the service fee payable to dealers which 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.

	Maximum annual management fee rate	As a percentage of management fee	
		Dealer compensation	General administration and profit
Common Units	0.55%	–	100%
Advisor Class Units	1.30%	58%	42%

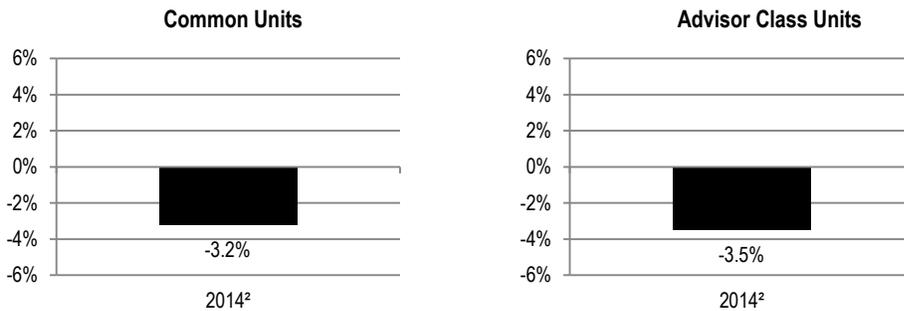
For the year ended December 31, 2014, First Asset waived or absorbed expenses of the Fund totaling \$33,884

Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the period 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 ⁽¹⁾

The following bar charts show the performance for each class of the Fund's securities for the period shown. The bar charts show, in percentage terms, how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



⁽¹⁾ Returns based on net asset value per security.

⁽²⁾ Return for the period September 3, 2014 to December 31, 2014.

ANNUAL COMPOUND RETURNS

As the Fund was not a reporting issuer throughout the entire period, we have not provided a compound annual return or a comparative index.

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	9.10
Union Pacific Corp.	4.19
Canadian Imperial Bank of Commerce	4.17
Enbridge Inc.	4.13
Linamar Corporation	3.85
CI Financial Corp.	3.75
Manulife Financial Corp.	3.57
Royal Bank of Canada	3.52
The Toronto-Dominion Bank	3.48
Bank of Nova Scotia	3.27
NextEra Energy, Inc.	3.09
Westjet Airlines Ltd.	3.03
Gildan Activewear Inc.	3.02
Air Lease Corp.	3.00
Bank of America Corp.	2.88
Open Text Corporation	2.82
Canadian Pacific Railway Ltd.	2.80
JPMorgan Chase & Co.	2.76
Superior Plus Corporation	2.74
The Blackstone Group LP	2.68
Sun Life Financial Inc.	2.63
MetLife, Inc.	2.62
AltaGas Ltd.	2.55
Alimentation Couche-Tard Inc.	2.44
Inter Pipeline Ltd.	2.44
Total Net Asset Value	\$2,395,328

SECTOR ALLOCATIONS AS AT DECEMBER 31, 2014

Industry	% of Net Asset Value
Financials	39.27
Industrials	14.19
Energy	10.17
Cash and Cash Equivalents	9.10
Information Technology	8.25
Consumer Discretionary	8.05
Utilities	7.17
Consumer Staples	2.44
Materials	1.74
	100.38
Other Liabilities, Net of Assets	(0.38)
Total Net Asset Value	100.00



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