

FIRST ASSET ACTIVE UTILITY & INFRASTRUCTURE ETF



Interim Management Report of Fund Performance for the period
January 1, 2015 to June 30, 2015

Fund:

First Asset Active Utility & Infrastructure ETF

Securities:

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

Period:

January 1, 2015 to June 30, 2015

Manager, Trustee & Investment Advisor:

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Notes:

1. This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Fund. You can get a copy of the interim 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 June 30, 2015.
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 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.

Results of Operations

On January 16, 2015, the Fund converted from a closed-end investment fund to an open-end exchange traded fund ("ETF") (the "Conversion"). In connection with the Conversion:

- The Fund's name changed from "First Asset Pipes & Power Income Fund" to "First Asset Active Utility & Infrastructure ETF";
- The Fund's existing units were re-designated as Common Units of the ETF, and their ticker symbol changed from EWP.UN to FAI;
- The annual management fee payable to First Asset, as manager, in respect of the outstanding Common Units was reduced to 0.65% (from 1.05%) of the net asset value of the ETF; and
- A new class of advisor units of the ETF ("Advisor Class Units") were created under the ticker symbol FAI.A and started trading on the TSX on January 23, 2015.

For the six-month period ended June 30, 2015, the Fund's Common Units returned -2.4% compared to the S&P/TSX Capped Utility Total Return Index and the S&P/TSX Composite Total Return Index, which returned -4.4% and 0.9%, respectively.

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	June 30, 2015	December 31, 2014	Return
FAI	\$9.62	\$10.03	(2.4)%
FAI.A	\$9.63	\$-	(2.6)%

Market Value*	June 30, 2015	December 31, 2014	Return
FAI	\$9.60	\$9.80	(2.8)%

* Performance not shown for Advisor Class Units as there was no comparable trade on or about June 30, 2015.

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 \$0.18 and \$0.12, respectively, during the period.

The Fund's net assets as at June 30, 2015 were \$25.9 million, a decrease from \$30.7 million as at December 31, 2014. The largest factors contributing to this decrease were net redemptions of \$3.7 million, distributions of \$0.5 million and net losses on investments of \$0.5 million.

During the six-month period ended June 30, 2015, equity markets were volatile, partially as a result of uncertainty over Greece's debt. Early in the year, the Syriza party won the Greek election with a pledge to give relief to Greek citizens from austerity measures that were imposed as part of the conditions for the loans the country had received, while still remaining in the European Union. European officials rejected recent proposals from Greece, prompting concerns that Greece would be forced to exit the eurozone, the likelihood of which increased as Greece continued to require financial assistance, but remained hesitant to make financial concessions in areas such as pension cuts and taxes. Financial markets experienced further volatility, particularly in the energy sector, as crude oil inventories continued to rise even as rig counts declined in both Canada and the U.S. As anticipated, the Organization of the Petroleum Exporting Countries chose to keep its production quotas unchanged.

While global growth was not robust over the period, economic activity in the U.S. continued to improve, with inflation remaining in check. These factors resulted in the expectation for a U.S. Federal Reserve Board ("Fed") interest rate increase later this year or in early 2016. In contrast, the

European Central Bank started buying government bonds under its expanded quantitative easing plan designed to boost price growth in the region, and targeted 1.1 trillion euros in bond purchases. The Bank of Canada ("BoC") surprised markets in January with a 25 basis points ("bps") rate cut, citing weakness in oil prices and the impact of this weakness on Canada's gross domestic product ("GDP") growth.

The top contributors to the Fund's performance included Brookfield Infrastructure Partners LP ("Brookfield Infrastructure"), Superior Plus Corp. ("Superior Plus") and Pattern Energy Group Inc. ("Pattern"). Brookfield Infrastructure added 69 basis points ("bps") on the strength the company's global exposure and its potential to take advantage of attractively priced acquisition opportunities in Brazil and in Europe. Superior Plus contributed 58 bps on better-than-expected results in its U.S. building division and the company's potential acquisition of Canexus Corporation. Pattern added 56 bps as the company's management outlined a credible growth plan that could see it double its business over the next four years.

The Fund's allocation to the energy sector detracted 83 bps from the Fund's performance, as did exposure to the pipes and power sub-sectors (-48 bps) amid declining oil prices and concerns over lower energy infrastructure spending. Individual detractors included Gibson Energy Inc. (-70 bps) as a result of low oil prices, Canadian Utilities Ltd. (-72 bps) after achieving lower-than-expected quarterly results, and AltaGas Ltd. (-57 bps) amid altered expectations about the timing of liquid natural gas development opportunities.

First Asset eliminated the Fund's holdings in Inter Pipeline Ltd., as they appeared fully valued, and TransAlta Corporation, amid concerns over weak power prices in Alberta. Positions in Algonquin Power & Utilities Corp., Veresen Inc. and Superior Plus Corp. were trimmed, as the stocks appear to have reached their full value. New positions were initiated in NextEra Energy Inc., in Kinder Morgan Inc., whose valuation looked attractive, and in Chemtrade Logistics Income Fund, whose earnings are expected to pick up. In addition, First Asset increased existing holdings of Emera Incorporated for its greater exposure to U.S. power markets versus its Canadian peers, TransCanada Corporation and Parkland Fuel Corporation.

Recent Developments

First Asset anticipates another 25 bps rate cut in Canada by the fall of 2015, but an increase in interest rates in the U.S. later in the year. Overall, the Fund is positioned in sectors such as financials and information technology that should benefit from increasing global interest rates and GDP recovery. With the oversupply of crude oil, the possible lifting of Iran sanctions and declining shale oil costs, First Asset is cautious on the energy sector and, as such, has taken steps to lessen the Fund's energy weighting. In anticipation of continued market volatility, the Fund's cash weighting has been increased to allow for potential purchase opportunities.

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 June 30, 2015. 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⁾

	Common Units				
	2015	2014	2013	2012	2011
Net Assets, beginning of period	\$10.03	\$8.71	\$8.29	\$8.32	\$8.02
Increase (decrease) from operations					
Total revenue	0.19	0.34	0.32	0.32	0.36
Total expenses	(0.05)	(0.18)	(0.14)	(0.13)	(0.13)
Realized gains (losses) for the period	0.33	1.51	0.63	0.74	1.32
Unrealized gains (losses) for the period	(0.68)	0.02	0.04	(0.22)	(0.61)
Total increase (decrease) from operations⁽³⁾	(0.21)	1.69	0.85	(0.71)	0.94
Distributions					
From income (excluding dividends)	0.00	0.00	0.00	0.00	(0.02)
From dividends	(0.11)	(0.03)	(0.13)	(0.11)	(0.15)
From capital gains	0.00	0.00	0.00	0.00	0.00
Return of capital	(0.07)	(0.33)	(0.23)	(0.25)	(0.19)
Total Distributions⁽⁴⁾	(0.18)	(0.36)	(0.36)	(0.36)	(0.36)
Net Assets, end of period⁽⁵⁾	\$9.62	\$10.03	\$8.71	\$8.27	\$8.32

	Advisor Class Units	
	2015 ⁽²⁾	
Net Assets, beginning of period	\$0.00	
Increase (decrease) from operations		
Total revenue	0.19	
Total expenses	(0.08)	
Realized gains (losses) for the period	0.19	
Unrealized gains (losses) for the period	(0.57)	
Total decrease from operations⁽³⁾	(0.27)	
Distributions		
From income (excluding dividends)	0.00	
From dividends	(0.06)	
From capital gains	0.00	
Return of capital	(0.06)	
Total Distributions⁽⁴⁾	(0.12)	
Net Assets, end of period⁽⁵⁾	\$9.63	

Notes:

- (1) This information is derived from the Fund's audited annual and unaudited interim 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 International Financial Reporting Standards ("IFRS") on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as defined in Part V of the CPA Canada Handbook. 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) Results for the period from January 23, 2015 (launch date) to June 30, 2015.
- (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

	2015 Common Units	2014 Common Units	2013 Common Units	2012 Common Units	2011 Common Units
Total net asset value (000s) ⁽¹⁾	\$25,638	\$30,739	\$32,137	\$49,443	\$51,621
Number of securities outstanding ⁽¹⁾	2,666,186	3,066,186	3,689,965	5,965,881	6,202,661
Management expense ratio ⁽²⁾	1.05 %	1.70 %	1.69 %	1.56 %	1.55 %
Management expense ratio before waivers or absorptions ⁽²⁾	1.05 %	1.70 %	1.37 %	2.51 %	2.53 %
Portfolio turnover rate ⁽³⁾	29.73 %	56.40 %	83.22 %	138.20 %	71.97 %
Trading expense ratio ⁽⁴⁾	0.06 %	0.16 %	0.31 %	0.33 %	0.29 %
Net asset value per security	\$9.62	\$10.03	\$8.71	\$8.29	\$8.32
Closing market price ⁽⁵⁾	\$9.60	\$9.80	\$8.53	\$8.12	\$8.15

	2015 Advisor Class Units
Total net asset value (000s) ⁽¹⁾	\$241
Number of securities outstanding ⁽¹⁾	25,000
Management expense ratio ⁽²⁾	1.82 %
Management expense ratio before waivers or absorptions ⁽²⁾	1.82 %
Portfolio turnover rate ⁽³⁾	29.73 %
Trading expense ratio ⁽⁴⁾	0.06 %
Net asset value per security	\$9.63
Closing market price ⁽⁵⁾	\$9.99

Notes:

- (1) This information is provided as at December 31 of the year shown, except 2015, which is provided as at June 30.
- (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.
- (5) If the securities traded during the period, the closing market price on the last trading day during the period that the securities traded, as reported on the TSX.

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 receives an annual management fee from the Fund. Prior to the Conversion, First Asset received an annual management fee from the Fund in an amount equal to 0.75% of the net asset value of the Fund, which was calculated daily and paid monthly in arrears plus an amount equal to the service fee (the "Service Fee") payable to registered dealers which was equal to 0.30% annually of the net asset value of the Fund held by clients of the registered dealers, calculated daily and paid quarterly in arrears. After the Conversion, the Fund pays First Asset an annual management fee of 0.65% on the net asset value of the Common and Advisor Class Units, calculated daily and paid monthly in arrears, and in respect of the Advisor Class Units, an amount equal to the Service Fee payable to registered dealers which is equal to 0.75%, calculated daily and paid quarterly in arrears.

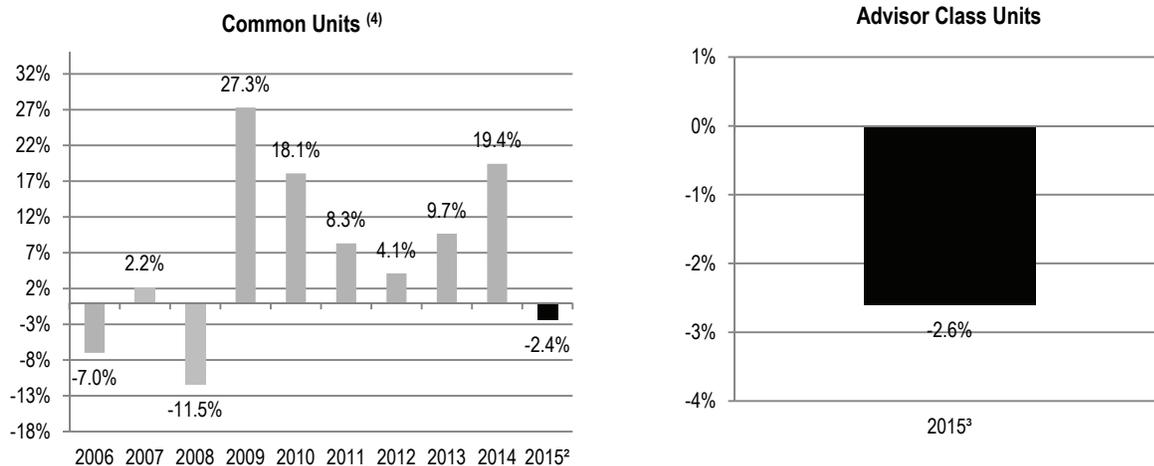
In addition to investment advisory and portfolio management, the services provided by First Asset to the Fund include, without limitation, the proper oversight to ensure implementation of the Fund's investment strategies, negotiating contracts with certain third-party service providers, authorizing the payment of operating expenses incurred on behalf of the Fund, maintaining certain accounting and financial records, calculating the amount and determining the frequency of distributions by the Fund, ensuring that securityholders are provided with financial statements and other reports as are required from time to time by applicable law, ensuring that the Fund complies with all other regulatory requirements including continuous disclosure obligations under applicable securities law and administering purchases, redemptions and other transactions in securities.

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⁽¹⁾

The following bar charts show annual performance for each class of the Fund's securities for the financial years shown and illustrate how the Fund's performance has changed from year to year. The bar charts show, 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.



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

⁽²⁾ Returns for the period January 1, 2015 to June 30, 2015.

⁽³⁾ Returns for the period January 23, 2015 (first day of trading) to June 30, 2015.

⁽⁴⁾ In connection with the Conversion, the annual management fee payable to First Asset, as manager, in respect of the Common Units, was reduced to 0.65% (from 1.05%) of the net asset value of the Fund and certain changes were made to the investment objectives, investment strategies and investment restrictions applicable to the Fund. If these changes had been in effect when the Fund was created, the performance would have been different.

Summary of Investment Portfolio

The following is a summary of the Fund's investment portfolio as at June 30, 2015. 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 JUNE 30, 2015

Description	% of Net Asset Value
Cash and Cash Equivalents	14.68
Canadian Utilities Limited	5.23
Brookfield Infrastructure Partners LP	5.14
Enbridge Inc.	4.87
Emera Inc.	4.82
Algonquin Power & Utilities Corp.	4.72
Boralex Inc.	4.69
EnerCare, Inc.	4.63
Superior Plus Corporation	4.61
Fortis Inc.	4.57
Northland Power Inc.	4.29
Parkland Fuel Corporation	3.20
Capital Power Corporation	2.88
TransCanada Corporation	2.84
AltaGas Ltd.	2.80
TransAlta Renewables Inc.	2.62
Gibson Energy Inc.	2.56
Pattern Energy Group Inc.	2.54
Kinder Morgan Inc.	2.29
Brookfield Asset Management Inc.	2.26
Veresen Inc.	1.85
Brookfield Renewable Energy Partners LP	1.82
NextEra Energy, Inc.	1.73
Pembina Pipeline Corporation	1.64
Enbridge Income Fund Holdings Inc.	1.16
Total Net Asset Value	\$25,878,982

SECTOR ALLOCATIONS AS AT JUNE 30, 2015

Industry	% of Net Asset Value
Utilities	48.37
Energy	27.44
Cash and Cash Equivalents	14.68
Consumer Discretionary	4.63
Financials	2.26
Industrials	1.55
Materials	1.15
Information Technology	0.00
	100.08
Other Liabilities, Net of Assets	(0.08)
Total Net Asset Value	100.00

