

FIRST ASSET ACTIVE CREDIT ETF



Interim Management Report of Fund Performance for the period
January 12, 2015 to June 30, 2015

Fund:

First Asset Active Credit ETF

Securities:

Common Units - Listed Toronto Stock Exchange ("TSX"): FAO

Advisor Class Units - Listed TSX: FAO.A

US\$ Common Units - Listed TSX: FAO.U

US\$ Advisor Class Units - Listed TSX: FAO.V

Period:

January 12, 2015 to June 30, 2015

Manager & Trustee:

First Asset Investment Management Inc. ("First Asset")

95 Wellington Street West, Suite 1400

Toronto, Ontario M5J 2N7

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Portfolio Manager:

Onex Credit Partners, LLC

910 Sylvan Avenue

Englewood Cliffs, New Jersey

U.S.A. 07632

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.
5. All information is stated in Canadian dollars except for all per unit information for the US\$ classes which are stated in US dollars.

Investment Objectives and Strategies

The Fund's investment objective is to maximize long term risk-adjusted total returns, delivered through cash distributions and long term capital appreciation, in a manner consistent with preservation of capital and prudent risk management by actively investing primarily in corporate fixed income instruments of North American issuers, including high yield bonds (senior secured and senior unsecured), investment grade bonds, senior floating rate loans of varying maturities and other floating rate fixed income securities.

Results of Operations

On January 19, 2015, the Fund completed a merger with First Asset Active Credit Fund (formerly, First Asset Yield Opportunity Trust - TSX: FAY.UN and FAY.U) (the "Merged Fund") and commenced trading on the TSX on the same day under the ticker symbols FAO and FAO.U with initial net asset values of \$10 per Common Unit and \$10 USD per US\$ Common Unit. In connection with the merger, each issued and outstanding Series A Unit of the Merged Fund received 1.10586 Common Units of the Fund (TSX: FAO) and each issued and outstanding Series B Unit of the Merged Fund received 0.41337 US\$ Common Units of the Fund (TSX: FAO.U). The Fund's Advisor Class Units (TSX: FAO.A) and US\$ Advisor Class Units (TSX: FAO.V) commenced operations on January 23, 2015.

For the period, the Fund's Common Units returned 2.8%, the Fund's Advisor Class Units returned 2.6%, the Fund's US\$ Common Units returned 1.6% and the Fund's US\$ Advisor Class Units returned 1.4%. These returns assume the reinvestment of all distributions. The Fund's Common Units, Advisor Class Units, US\$ Common Units and US\$ Advisor Class Units had per unit distributions of \$0.28, \$0.21, \$0.27 USD and \$0.20 USD, respectively, during the period.

Over the course of the first half of 2015, investors were concerned with Greece's debt crisis, and whether or not Greece would be forced to leave the eurozone if a new agreement with creditors could not be reached. The political deadlock, combined with weaker-than-expected worldwide economic growth, impacted both fixed income and equity markets globally. The European Central Bank began buying government bonds under its expanded quantitative easing plan designed to boost price growth in the region. The U.S. Federal Reserve Board had been expected to raise interest rates, but a lack of inflationary pressure and weak economic data pushed out expectations to late 2015 or early 2016. Conversely, the Bank of Canada ("BoC") remained accommodative, following its surprise 25 basis points ("bps") cut in January, with another priced in for the fall to offset weak first-quarter gross domestic product results, lacklustre job growth and struggling oil prices. In China, margin-fueled speculation pushed both the Shanghai and Shenzhen indices higher, despite uncertainty around growth in China this year.

During the Fund's first period of operation, the Portfolio Manager invested in high yield bonds and senior secured loans. Interest income drove the majority of the Fund's return during the period. Positive return was generated notwithstanding mixed market conditions for most of the period.

The composition and changes to the composition of the Fund's portfolio in the period were consistent with the investment objectives and strategy of the Fund. Portfolio capital was deployed primarily in lower duration high yield bonds that the Portfolio Manager assesses to be larger and more actively traded and were selected for their strong asset coverage and/or cash flow coverage, among other criteria.

Recent Developments

The Portfolio Manager's continued outlook is for the U.S. economy to deliver modest but stable growth in the second half of 2015. While the Portfolio Manager expects many foreign economies (i.e. China) to face continued headwinds and is cognizant of continued uncertainty surrounding geopolitical events (i.e. Greece and the Eurozone) it maintains a positive outlook for the high yield bond and senior secured loan markets. Potential resurgence of global risks - economic, political, and conflict related - could impact this outlook.

Related Party Transactions

First Asset and the Portfolio Manager are deemed to be related parties to the Fund. Please refer to the "Management Fee" section below which outlines fees paid to these parties.

These parties 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 since inception.

THE FUND'S NET ASSETS PER SECURITY⁽¹⁾

	Common Units 2015 ⁽²⁾
Net Assets, beginning of period	\$10.00
Increase (decrease) from operations	
Total revenue	0.23
Total expenses	(0.05)
Realized gains (losses) for the period	0.72
Unrealized gains (losses) for the period	(0.60)
Total increase from operations⁽³⁾	0.30
Distributions	
From income (excluding dividends)	0.00
From dividends	(0.20)
From capital gains	(0.08)
Return of capital	0.00
Total Distributions⁽⁴⁾	(0.28)
Net Assets, end of period⁽⁵⁾	\$10.00

	Advisor Class Units 2015 ⁽²⁾
Net Assets, beginning of period	\$10.05
Increase (decrease) from operations	
Total revenue	0.24
Total expenses	(0.08)
Realized gains (losses) for the period	0.59
Unrealized gains (losses) for the period	(0.55)
Total increase from operations⁽³⁾	0.20
Distributions	
From income (excluding dividends)	0.00
From dividends	(0.15)
From capital gains	(0.06)
Return of capital	0.00
Total Distributions⁽⁴⁾	(0.21)
Net Assets, end of period⁽⁵⁾	\$10.05

	US\$ Common Units 2015 ⁽²⁾
Net Assets, beginning of period	US\$10.00
Increase (decrease) from operations	
Total revenue	US\$0.23
Total expenses	(0.05)
Realized gains (losses) for the period	0.70
Unrealized gains (losses) for the period	(0.30)
Total increase from operations⁽³⁾	US\$0.58
Distributions	
From income (excluding dividends)	US\$0.00
From dividends	(0.19)
From capital gains	(0.08)
Return of capital	0.00
Total Distributions⁽⁴⁾	US\$(0.27)
Net Assets, end of period⁽⁵⁾	US\$9.89

	US\$ Advisor Class Units 2015 ⁽²⁾
Net Assets, beginning of period	US\$9.99
Increase (decrease) from operations	
Total revenue	US\$0.23
Total expenses	(0.07)
Realized gains (losses) for the period	0.60
Unrealized gains (losses) for the period	(0.32)
Total increase from operations⁽³⁾	US\$0.44
Distributions	
From income (excluding dividends)	US\$0.00
From dividends	(0.14)
From capital gains	(0.06)
Return of capital	0.00
Total Distributions⁽⁴⁾	US\$(0.20)
Net Assets, end of period⁽⁵⁾	US\$9.94

Notes:

- (1) This information is derived from the Fund's 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.
- (2) Results for the period from January 12, 2015 (inception 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
Total net asset value (000s) ⁽¹⁾	\$17,130
Number of securities outstanding ⁽¹⁾	1,712,454
Management expense ratio ⁽²⁾	1.07 %
Management expense ratio before waivers or absorptions ⁽²⁾	1.27 %
Portfolio turnover rate ⁽³⁾	31.28 %
Trading expense ratio ⁽⁴⁾	0.05 %
Net asset value per security	\$10.00
Closing market price ⁽⁵⁾	\$9.98

	2015 Advisor Class Units
Total net asset value (000s) ⁽¹⁾	\$251
Number of securities outstanding ⁽¹⁾	25,000
Management expense ratio ⁽²⁾	1.60 %
Management expense ratio before waivers or absorptions ⁽²⁾	1.80 %
Portfolio turnover rate ⁽³⁾	31.28 %
Trading expense ratio ⁽⁴⁾	0.05 %
Net asset value per security	\$10.05
Closing market price ⁽⁵⁾	N/A

	2015 US\$ Common Units
Total net asset value (000s) ⁽¹⁾	\$2,262
Number of securities outstanding ⁽¹⁾	183,151
Management expense ratio ⁽²⁾	1.08 %
Management expense ratio before waivers or absorptions ⁽²⁾	1.27 %
Portfolio turnover rate ⁽³⁾	31.28 %
Trading expense ratio ⁽⁴⁾	0.05 %
Net asset value per security	US\$9.89
Closing market price ⁽⁵⁾	US\$10.04

	2015 US\$ Advisor Class Units
Total net asset value (000s) ⁽¹⁾	\$310
Number of securities outstanding ⁽¹⁾	25,000
Management expense ratio ⁽²⁾	1.61%
Management expense ratio before waivers or absorptions ⁽²⁾	1.80%
Portfolio turnover rate ⁽³⁾	31.28%
Trading expense ratio ⁽⁴⁾	0.05%
Net asset value per security	US\$9.94
Closing market price ⁽⁵⁾	US\$10.05

Notes:

- (1) This information is provided as at June 30 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 the Portfolio Manager 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. First Asset has retained the Portfolio Manager to provide 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, Advisor Class, US\$ Common and US\$ 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 and US\$ Advisor Class management fee that is in respect of the service fee payable to dealers which is calculated daily and paid quarterly in arrears. First Asset pays the Portfolio Manager out of its management fee. 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 redemptions and other transactions in securities.

As a percentage of management fee

	Maximum annual management fee rate	Dealer compensation	General administration and profit
Common Units	0.85%	–	100%
Advisor Class Units	1.35%	37%	63%
US\$ Common Units	0.85%	–	100%
US\$ Advisor Class Units	1.35%	37%	63%

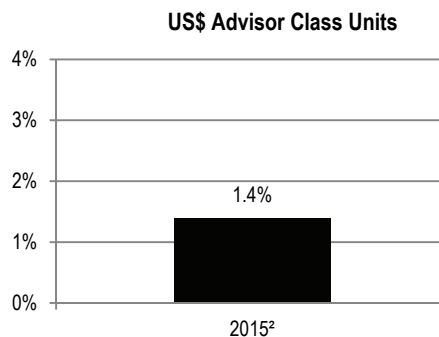
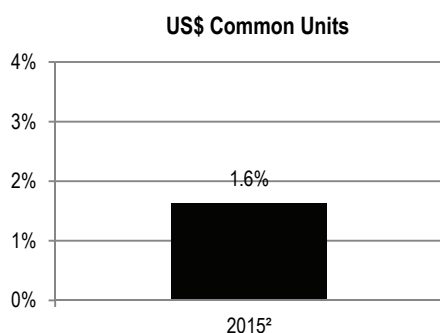
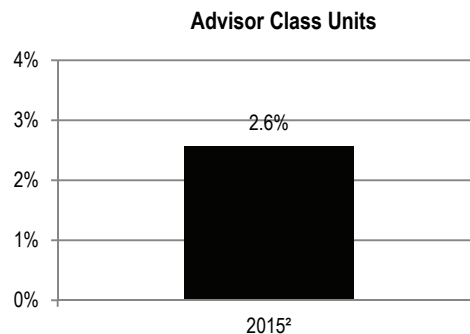
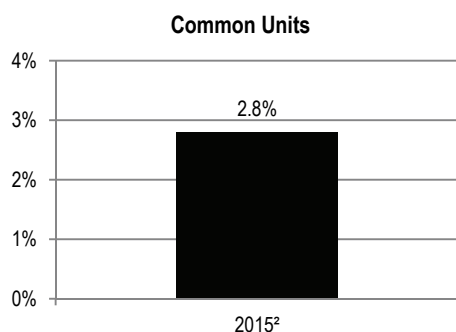
For the period ended June 30, 2015, First Asset waived or absorbed expenses of the Fund totaling \$18,522.

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 from launch date to June 30, 2015.

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
Gray Television Inc.	4.98
PBF Holding Co LLC / PBF Finance Corp.	4.96
Sabine Pass Liquefaction LLC	4.86
Albertsons LLC	4.70
Consolidated Communications Inc.	4.41
Nexstar Broadcasting Inc.	4.41
SPDR Barclays High Yield Bond ETF	4.09
iShares iBoxx \$ High Yield Corporate Bond ETF	3.33
HD Supply Inc.	3.31
Harbinger Corp.	3.30
SUPERVALU Inc.	3.28
Family Tree Escrow LLC	3.27
KB Home	3.27
Sinclair Television Group Inc.	3.22
Sprint Capital Corp.	3.19
Infor (US), Inc.	3.18
Select Medical Corp.	3.16
Western Refining Inc.	3.15
PBF Logistics LP	3.15
Alon USA Partners, LP	3.14
Surgical Care Affiliates Inc.	3.13
Cash and Cash Equivalents	3.09
Beazer Homes USA Inc.	3.08
Calpine Corporation	3.03
iHeartCommunications Inc.	2.98
Total Net Asset Value	\$19,954,100

SECTOR ALLOCATIONS AS AT JUNE 30, 2015

Industry	% of Net Asset Value
Telecommunication Services	21.09
Energy	19.26
Consumer Discretionary	17.91
Consumer Staples	12.93
Health Care	7.89
Investment Fund	7.42
Information Technology	4.72
Cash and Cash Equivalents	3.09
Utilities	3.03
Industrials	2.97
	100.31
Other Liabilities, Net of Assets	(0.31)
Total Net Asset Value	100.00



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