

THE 2021 GLOBE AND MAIL ETF BUYER’S GUIDE, VOL. 1 – CANADIAN EQUITY FUNDS

Fund	Ticker (TSX)	Assets (\$ mil.)	MER (%)	TER (%)	MARKET DATA AS OF FEB. 5		Distributions	No. of holdings	Top sector weightings (%)	TOTAL RETURNS TO JAN. 31 (%)				Launch date (mm-dd-yyyy)
					Price (\$)	Div. yield (%)				1-year	3-year	5-year	3-year beta	
BMO S&P/TSX Capped Composite Index ETF	ZCN	5,002	0.06	0	24.45	3.1	Quarterly	224	Financials 30 Materials 14 Industrials 12.5	3.6	6.2	9.5	1	05-29-2009
Rob Carrick’s comments: An example of how awesomely cheap ETF investing is when you use well-established funds tracking well-followed indexes.														

And so ends the reign of low-volatility funds atop the five-year performance charts for Canadian equity funds. Their focus on stocks that move up and down in price less than the broader market did not mesh well with the surge in share prices that began in late March, 2020. It turns out you can’t count on getting bonus returns by holding more conservative stocks. A couple of low volatility ETFs made last year’s guide – ZLB is the biggest of those and it held up best in the past 12 months.

CI First Asset Morningstar Canada Momentum Index ETF	WXM	848	0.66	0.1	21.46	0.7	Quarterly	30	Materials 14.5 Cons. discret. 13.5 Tech 13	0.9	7.7	10.1	1.09	02-13-2012
Pricey, yes. But WXM is building a track record that may interest ETF investors who want a little extra torque in their Canadian market exposure. This fund tracks an index of stocks that have shown upward momentum in earnings and price.														

Horizons S&P/TSX 60 Index ETF	HXT	2,204	0.04	0	41.35	n/a	n/a	n/a	Financials 34.5 Energy 12.5 Tech 12	2.9	6.2	9.7	0.91	09-14-2010
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Dividends can be messy if you don’t need income and have to keep reinvesting them. HXT solves the problem by producing a total return with dividends built into share price gains instead of being paid in cash. There’s a tax advantage In non-registered accounts because gains are taxed as capital gains (at higher incomes, capital gains are taxed less heavily than dividends). Derivatives are used to mimic the S&P/TSX 60 Index instead of holding actual stocks. This structure has proven durable over the decade this fund has been around.

Invesco FTSE RAFI Canadian Index ETF	PXC	251	0.48	0.03	27.16	3	Quarterly	93	Financials 44.5 Energy 18 Materials 10.5	-2.8	1.8	8.3	1.08	01-26-2012
Takes the usual TSX stocks and screens them in a way to tamp down the weighting of overpriced stocks while adding exposure to those that are undervalued. The process is called fundamental indexing and it does outperform at times. Just not in the past five years.														

iShares Core S&P/TSX Capped Composite Index ETF	XIC	7,319	0.06	0	28.89	2.9	Quarterly	220	Financials 30 Materials 13 Industrials 12	3.5	6.2	9.5	1	02-16-2001
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The huge \$7.3-billion asset base attests to the strong work this fund has done for investors over 20 years. The annualized total return since inception is 6.5 per cent, right in line with what you should expect from long-term stock market exposure.

iShares Jantzi Social Index ETF	XEN	91	0.55	0.02	25.88	3.5	Quarterly	50	Financials 29 Tech 15 Industrials 14	-1.2	2.3	7.9	1	05-14-2007
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Assets in this fund are well down from the \$180-million level of a year ago, likely because so many other ways to invest in a socially responsible way with ETFs have become available in the past year or two. These other ETFs are too new to make this guide, but they will be added. For now, XEN offers exposure to blue chips in all sectors that have been screened according environmental, social and governance (ESG) criteria. Returns don’t look good in this data slice, but XEN has at times compared well with mainstream funds.

iShares S&P/TSX 60 Index ETF	XIU	9,726	0.18	0	27.19	2.9	Quarterly	60	Financials 34 Energy 13 Tech 12.5	2.9	6.1	9.6	0.91	09-28-1999
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XIU is well-used by institutional investors who value its primo liquidity, but a Canadian equity ETF with a lower MER will serve you better if you plan to hold for the long term.

RBC Quant Canadian Equity Leaders ETF	RCE	12	0.43	0.04	23.12	2.7	Quarterly	130	Financials 30 Materials 13.5 Industrials 13	2.9	5.4	9.2	0.98	05-12-2015
RBC uses a screening process meant to emphasize companies with growing, high-quality earnings. The question you have to ask with ETFs like this one is what they give you that you can’t get in the ultra low cost index-trackers listed here.														

Vanguard FTSE Canada Index ETF	VCE	749	0.06	0	38.36	2.8	Quarterly	53	Financials 39.5 Energy 12.5 Tech 11.5	2	6.1	9.4	0.92	11-30-2011
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For the investor who wants cost-effective exposure to big blue chips and doesn’t mind that 40 cents of every dollar invested is in the financial sector.

Vanguard FTSE Canada All Cap Index ETF	VCN	2,900	0.06	0	36.53	2.6	Quarterly	181	Financials 32 Materials 13 Energy 12	3.1	5.6	9.2	1.01	08-02-2013
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‘All Cap’ means this ETF includes small companies in addition to the larger ones held by other ETFs included here. The jury’s out on whether there’s a performance bonus from this broader exposure, but we can all agree that VCN’s low cost is a huge benefit and that its hefty asset base attests to its appeal as an ETF choice for the Canadian market.