

Canadian ETF Industry Report: August 2018

The Canadian ETF Industry reached a new high of \$164-billion in assets under management at the end of August. As the market is sending mixed signals, it is a priority for investors to look for ways to further diversify their portfolio. When it comes to investing, Canadians are prone to home bias. One way to mitigate risk is by investing in international markets. Three ETFs providing exposure to international markets have been added to the Canadian ETF product line-up.

AUGUST ETF LAUNCHES AND TERMINATIONS:

LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
VIDY	Vanguard FTSE Developed ex North America High Dividend Yield Index ETF	Equity	0.28%	TSX
JAPN	WisdomTree Japan Equity Index ETF	Equity	0.51%	TSX
JAPN.B	WisdomTree Japan Equity Index ETF	Equity	0.48%	TSX
CHNA.B	WisdomTree ICBCCS S&P China 500 Index ETF	Equity	0.55%	TSX
RQL	RBC Target 2024 Corporate Bond Index ETF	Fixed Income	0.25%	TSX
RQN	RBC Target 2025 Corporate Bond Index ETF	Fixed Income	0.25%	TSX
FLOT	Purpose Floating Rate Income Fund - FX Hedged	Fixed Income	0.85%	TSX
FLOT.U	Purpose Floating Rate Income Fund - USD	Fixed Income	0.85%	TSX
FLOT.B	Purpose Floating Rate Income Fund - Non-FX hedged	Fixed Income	0.85%	TSX

TERMINATIONS

TICKER	NAME	ASSET CLASS	DATE	MER
RQF	RBC Target 2018 Corporate Bond Index ETF	Fixed Income	2018-11-08	0.22%

Vanguard Investments Canada Inc. launched the Vanguard FTSE Developed ex North America High Dividend Yield Index ETF (“**VIDY**”). The replicating index is an international equity index that measures the investment return of common stocks of companies that are characterized by high dividend yield, with a focus on companies located in developed markets outside North America. VIDY has a management fee of 28 basis points.

WisdomTree Canada introduced two International Equity ETFs with exposure to China and Japan.

The WisdomTree Japan Equity Index ETF (“**JAPN**”) invests in dividend-paying companies incorporated in Japan and traded on the Tokyo Stock Exchange that derive less than 80% of their revenue from sources in Japan, favoring companies with a more significant global revenue base. The ETF is fundamentally weighted and is also offered in non-hedged units under the ticker “**JAPN.B**”. The management fee charged is 0.51% for the hedged units and 0.48% for the unhedged units. The only other Canadian ETF with exposure to Japan is the iShares Japan Fundamental Index ETF (“**CJP**”). CJP seeks to track the FTSE RAFI Japan Canadian Dollar Hedged Index, a free float adjusted index containing large and mid cap stocks and capturing approximately 90% of the Japanese market.

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The WisdomTree ICBCCS S&P China 500 Index ETF (“**CHNA.B**”) seeks to track, to the extent possible, the price and yield performance of the S&P China 500 Index CAD. The index comprises 500 of the largest, most liquid Chinese companies while approximating the sector composition of the broader Chinese equity market. The largest 500 eligible companies from the broader S&P Total China BMI Index, which represents the entire investment universe of Chinese companies, are selected. CHNA.B charges a management fee of 0.55%. Other ETFs covering the Chinese market are iShares China Index ETF (“**XCH**”), the BMO China Equity Index ETF (“**ZCH**”), the Horizons China High Dividend Yield Index ETF (“**HCN**”) and the Mackenzie China A-Shares CSI 300 Index ETF (“**QCH**”).

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