

Canadian ETF Industry Report: January 2019

Three new ETF providers entered the industry in January. CIBC Asset Management introduced a suite of two actively-managed fixed income ETFs and two multifactor equity ETFs, which seek to replicate CIBC's in-house indices. The indices consider the following factors in selecting equity securities: low volatility (low sensitivity to market fluctuations), quality (high profitability and low financial leverage), value (low price to earnings and price to book), and high price momentum characteristics.

SmartBe Wealth Inc. launched the SmartBe Global Value Momentum Trend Index ETF ("**SBEA**") listed on NEO exchange. The ETF tracks the Alpha Architect Value Momentum Trend for Canada Index, which is based on three factors: value, momentum and trend-following. The index is designed by Alpha Architect LLC, a research-intensive asset management firm that delivers concentrated factor exposure.

National Bank Investments Inc. joined the herd of ETF sponsors with the launch of four ETFs. Its initial suite includes the NBI Active Canadian Preferred Shares ETF ("**NPRF**"), the NBI Canadian Family Business ETF ("**NFAM**"), the NBI Global Real Assets Income ETF ("**NREA**") and the NBI Liquid Alternatives ETF ("**NALT**"). NALT's investment objective is to provide a positive return while maintaining low correlation to, and lower volatility than, the return of the global equity markets. The ETF will seek to achieve this objective by investing primarily in long and short positions on financial derivatives that provide exposure to different major asset classes, such as government bonds, currencies, equities or commodities.

Another ETF Issuer has filed a preliminary prospectus to issue liquid alternatives ETFs. Accelerate Financial Technologies Inc., established by a team with a track record of successfully managing award-winning hedge funds, intends to launch a suite of exchange traded alternative funds.

Accelerate's initial suite consists of the Accelerate Absolute Return Hedge Fund ("**HDGE**"), the Accelerate Enhanced Canadian Benchmark Alternative Fund ("**ATSX**") and the Accelerate Private Equity Alpha Fund ("**ALFA**"). The ETFs' fee structure will be similar to that of hedge funds. They have a 0% management fee and will only earn a performance fee if they outperform their high-water mark. For instance, HDGE will charge a performance incentive fee of 20% of the excess NAV in between quarters, ATSX's performance incentive fee is 50% of the positive amount by which ATSX's performance exceeds the performance of the S&P/TSX 60 TR Index for the quarter and ALFA will charge a performance incentive fee of 15% of the excess NAV in between quarters.

JANUARY ETF LAUNCHES AND TERMINATIONS:

LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
NREA	NBI Global Real Assets Income ETF	Equity	0.90%	TSX
NPRF	NBI Active Canadian Preferred Shares ETF	Equity	0.50%	TSX
NFAM	NBI Canadian Family Business ETF	Equity	0.35%	TSX
NALT	NBI Liquid Alternatives ETF	Alternatives	0.60%	TSX
CMCE	CIBC Multifactor Canadian Equity ETF	Equity	0.25%	TSX
CMUE	CIBC Multifactor U.S. Equity ETF	Equity	0.25%	TSX
CMUE.F	CIBC Multifactor U.S. Equity ETF (CAD-Hedged)	Equity	0.25%	TSX
CAFR	CIBC Active Investment Grade Floating Rate Bond ETF	Fixed Income	0.30%	TSX
CACB	CIBC Active Investment Grade Corporate Bond ETF	Fixed Income	0.35%	TSX
FCCL	Fidelity Canadian Low Volatility Index ETF	Equity	0.35%	TSX
FCUL	Fidelity U.S. Low Volatility Index ETF	Equity	0.35%	TSX
FCLH	Fidelity U.S. Low Volatility Currency Neutral Index ETF	Equity	0.38%	TSX
FCIL	Fidelity International Low Volatility Index ETF	Equity	0.45%	TSX
FCCQ	Fidelity Canadian High Quality Index ETF	Equity	0.35%	TSX
FCUQ	Fidelity U.S. High Quality Index ETF	Equity	0.35%	TSX
FCQH	Fidelity U.S. High Quality Currency Neutral Index ETF	Equity	0.38%	TSX
FCIQ	Fidelity International High Quality Index ETF	Equity	0.45%	TSX
DANC	Desjardins Alt Long/Short Equity Market Neutral ETF	Alternatives	1.00%	TSX
HUTL	Harvest Equal Weight Global Utilities Income ETF	Equity	0.50%	TSX
HGGG	Harvest Global Gold Giants Index ETF	Equity	0.40%	TSX
HCRE	Horizons Equal Weight Canada REIT Index ETF	Equity	0.50%	TSX
HEWB	Horizons Equal Weight Canada Banks Index ETF	Equity	0.45%	TSX
ZZZD	BMO Tactical Dividend ETF Fund	Multi-Asset	0.70%	TSX
SBEA	SmartBe Global Value Momentum Trend Index ETF	Equity	0.86%	NEO
VCIP	Vanguard Conservative Income ETF Portfolio	Multi-Asset	0.22%	TSX
VEQT	Vanguard All-Equity ETF Portfolio	Equity	0.22%	TSX
PMNT	PIMCO Global Short Maturity Fund (Canada)	Fixed Income	0.35%	TSX

TERMINATIONS

TICKER	NAME	ASSET CLASS	DATE	AUM	MGT. FEE
SHC	Sphere FTSE Canada Sustainable Yield Index ETF	Equity	2019-03-28	\$3.74 M	0.45%
SHE	Sphere FTSE Europe Sustainable Yield Index ETF	Equity	2019-03-28	\$3.10 M	0.50%
LINK	Evolve Blockchain ETF	Equity	2019-03-28	\$0.80 M	0.75%
REEM	RBC Emerging Markets Equity Index ETF	Equity	2019-04-05	\$28.82 M	0.25%
SBND	Purpose Short Duration Tactical Bond Fund	Fixed Income	2019-03-22	\$8.51 M	0.25%

Following the strategic alliance announced on January 8, 2019 between RBC GAM Inc. and BlackRock Asset Management Canada Limited, RBC iShares will streamline its product line-up by merging the following RBC ETFs with iShares ETFs:

RBC iShares ETF Mergers

TERMINATING RBC ETF	MGT. FEE	CONTINUING iSHARES ETF	MGT. FEE
RBC Canadian Short Term Bond Index ETF (RCSB)	0.10%	iShares Core Canadian Short Term Bond Index ETF (XSB)	0.09%
RBC Canadian Bond Index ETF (RCUB)	0.10%	iShares Core Canadian Universe Bond Index ETF (XBB)	0.09%
RBC Canadian Equity Index ETF (RCAN)	0.05%	iShares Core S&P/TSX Capped Composite Index ETF (XIC)	0.05%
RBC U.S. Equity Index ETF (RUSA)	0.09%	iShares Core S&P 500 Index ETF (XUS)	0.09%
RBC International Equity Index ETF (RINT)	0.20%	iShares Core MSCI EAFE IMI Index ETF (XEF)	0.20%

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