

Canadian ETF Industry Report: June 2018

Competition in the ETF industry is putting pressure on fees. In June, BMO Asset Management Inc. announced that it is reducing the annual management fee on the BMO Aggregate Bond Index ETF (“**ZAG**”) from 0.09% to 0.08%. ZAG’s new management fee aligns with that of a similar ETF, the Vanguard Canadian Aggregate Bond Index ETF (“**VAB**”). Vanguard Investments Canada lowered the management fee of its popular fixed income ETF from 0.12% to 0.08% in February. It did not take long for BMO to adjust the fee of ZAG in fear of losing assets.

Another ETF had its management fee reduced. As a result of a change in its replicating index, the management fee of the Horizons Robotics and Automation Index ETF (“**RBOT**”) was decreased from 0.75% to 0.68%. RBOT is Canada’s first robotics and A.I. ETF. It now seeks to replicate, to the extent possible, the performance of the Indxx Global Robotics & Artificial Intelligence Thematic Index, net of expenses.

JUNE ETF LAUNCHES AND TERMINATIONS:

LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
FHI	First Asset Health Care Giants Covered Call ETF (CAD Hedged)	Equity	0.65%	TSX
FHI.B	First Asset Health Care Giants Covered Call ETF (Unhedged)	Equity	0.65%	TSX
IGB	Purpose Managed Duration Investment Grade Bond Fund	Fixed Income	0.50%	TSX
PFG	Purpose Global Financials Income Fund	Equity	0.55%	TSX
HFMU	Hamilton Capital U.S. Mid-Cap Financials ETF	Equity	0.85%	TSX
BKCH	Horizons Blockchain Technology & Hardware Index ETF	Equity	0.65%	TSX
BKCH.U	Horizons Blockchain Technology & Hardware Index ETF	Equity	0.65%	TSX

TERMINATIONS

TICKER	NAME	DATE	FINAL NAV PER UNIT
HVU	BetaPro S&P 500 VIX Short-Term Futures 2X Daily Bull ETF	June 11, 2018	\$13.2220
HVI	BetaPro S&P 500 VIX Short-Term Futures Daily Inverse ETF	June 11, 2018	\$2.4187

First Asset launched the First Asset Health Care Giants Covered Call ETF (“**FHI**”). It provides differentiated exposure to some of the largest health care companies by aiming to minimize volatility and generate attractive income through an actively managed covered call option writing program. The ETF is equally weighted and holds the largest 20 issuers, measured by market capitalization, as determined by the portfolio manager in its discretion. The call option component of the ETF gives up the upside potential of the constituents to generate regular income. FHI charges a management fee of 0.65% and is offered in CAD hedged and unhedged units.

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