

Canadian ETF Industry report: March 2018

The Canadian ETF industry has seen a staggering growth over the past few years. Assets under management (AUM) rose by nearly 25% to \$150-billion for the one-year ending February 28, 2018, according to reports from the Canadian ETF Association (CETFA). The rapid expansion attracted thirteen new providers since the beginning of 2017, the latest to join the ranks in March being Brompton Funds.

Most of the new market players consist of mutual fund providers wanting a share of the booming industry. The shift to exchange-traded funds can be rewarding, as shown by the success of Harvest Portfolios, PIMCO Canada and AGF Management Limited in the ETF industry. The asset managers each have over \$300-million in AUM in less than 2 years of launching their first ETF suites.

However, venturing in ETFs is not always lucrative and some ETF issuers are forced out of the industry. For instance, Sun Life Global Investment, which recently finalized the acquisition of Excel Funds, will terminate its ETFs and hereby, exit the ETF market on May 30, 2018. The exit arises from a lack of alignment with Sun Life's strategy.

MARCH ETF LAUNCHES & TERMINATIONS:

LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
SYLD	Purpose Strategic Yield Fund	Fixed Income	0.80%	TSX
PINC	Purpose Multi-Asset Income Fund	Multi-Asset	0.85%	TSX
PINV	Purpose Global Innovators Fund	Equity	1.00%	TSX
ZSB	BMO Short-Term Bond Index ETF	Fixed Income	0.09%	TSX
ZCB	BMO Corporate Bond Index ETF	Fixed Income	0.15%	TSX
ZGB	BMO Government Bond Index ETF	Fixed Income	0.15%	TSX
ZWP	BMO Europe High Dividend Covered Call ETF	Equity	0.65%	TSX
ZWS	BMO US High Dividend Covered Call Hedged to CAD ETF	Equity	0.65%	TSX
RLDR	RBC Vision Women's Leadership MSCI Canada Index ETF	Equity	0.25%	NEO
BLACK	First Trust Indxx Innovative Transaction and Process ETF	Equity	0.15%	TSX
DXV	Dynamic iShares Active Investment Grade Floating Rate ETF	Fixed Income	0.30%	TSX
HCBB	Harvest Banks & Buildings Income ETF	Equity	0.85%	TSX
FIXD	Evolve Active Core Fixed Income ETF	Fixed Income	0.45%	NEO
HIG	Global Healthcare Income & Growth ETF	Equity	0.75%	TSX
TLF	Tech Leaders Income ETF	Equity	0.75%	TSX

TERMINATIONS

TICKER	NAME	ASSET CLASS	DATE	MGT. FEE
EXGB	Excel Global Balanced Asset Allocation ETF	Multi-Asset	May 30, 2018	0.60%
EXGG	Excel Global Growth Asset Allocation ETF	Multi-Asset	May 30, 2018	0.60%
FUM	First Asset U.S. Equity Multi-Factor Index ETF	Equity	June 11, 2018	0.60%
FDL	First Asset Canadian Dividend Low Volatility Index ETF	Equity	June 11, 2018	0.55%

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BMO launched 3 Canadian bond ETFs, tracking Bloomberg indices. The BMO Corporate Bond Index ETF (“**ZCB**”) and the BMO Government Bond Index ETF (“**ZGB**”) each charges a management fee of 0.15%, making them the cheapest ETF, in terms of management fee, to provide exposure to Canadian corporate bonds and Canadian government bonds.

As the end of the stock bull market is speculated to be near, more investors are seeking refuge in the fixed income space despite rising interest rates. ETF sponsors are competing to offer the best fixed income solutions in the current environment. Franklin Templeton recently announced that it is reducing the management fee of the Franklin Liberty Canadian Investment Grade Corporate ETF (“**FLCI**”) from 0.40% to 0.35%. Back in February, Vanguard reduced the management fee on its most popular ETF, the Vanguard Canadian Aggregate Bond Index ETF (“**VAB**”).

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