

Canadian ETF Industry Report: May 2018

The Canadian ETF industry welcomes another issuer, 1832 Asset Management L.P., an indirectly wholly-owned subsidiary of The Bank of Nova Scotia. Its first suite consists of four ETF portfolios holding other ETFs in the U.S. equity, Canadian equity, International equity and fixed income space. The management fee on Scotiabank's ETFs range from 0.45% to 0.60%.

Invesco launched Canada's first equal-weight U.S. large-cap ETF. The Invesco S&P 500 Equal Weight Index ETF ("EQL") provides equal-weight exposure to the companies that make up the S&P 500 Index by allocating 0.2% weight to each company at its quarterly rebalancing. This equal-weight component reduces concentration risk of the S&P 500. To illustrate, the S&P 500 Index (float-adjusted market cap weighted) has an exposure of 26% to the Information Technology sector compared with 13.6% for the S&P 500 Equal Weight Index. The ETF is also offered in hedged and US dollar units and has a management fee of 0.25% of NAV.

MAY ETF LAUNCHES:

LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
SFIX	Scotia Strategic Fixed Income ETF Portfolio	Fixed Income	0.45%	TSX
SCAD	Scotia Strategic Canadian Equity ETF Portfolio	Equity	0.60%	TSX
SUSA	Scotia Strategic U.S. Equity ETF Portfolio	Equity	0.60%	TSX
SINT	Scotia Strategic International Equity ETF Portfolio	Equity	0.60%	TSX
ZGSB	BMO Global Strategic Bond Fund - ETF Series	Fixed Income	0.73%	TSX
ZMSB	BMO Global Multi-Sector Bond Fund - ETF Series	Fixed Income	0.60%	TSX
ZCPB	BMO Core Plus Bond Fund - ETF Series	Fixed Income	0.50%	TSX
WOMN	BMO Women In Leadership Fund -ETF Series	Equity	0.35%	TSX
EQL	Invesco S&P 500 Equal Weight Index ETF - CAD	Equity	0.25%	TSX
EQL.F	Invesco S&P 500 Equal Weight Index ETF - CAD hedged	Equity	0.25%	TSX
EQL.U	Invesco S&P 500 Equal Weight Index ETF - USD	Equity	0.25%	TSX
FLGA	Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	Fixed Income	0.35%	TSX
FLSL	Franklin Liberty Senior Loan ETF (CAD-Hedged)	Fixed Income	0.45%	TSX
FLUI	Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	Fixed Income	0.35%	TSX
RUBY	RBC U.S. Banks Yield Index ETF - CAD Class	Equity	0.29%	TSX
RUBY.U	RBC U.S. Banks Yield Index ETF - USD Class	Equity	0.29%	TSX
RUBH	RBC U.S. Banks Yield (CAD Hedged) Index ETF	Equity	0.29%	TSX
FINT	First Trust International Capital Strength ETF	Equity	0.70%	TSX

In a rising interest rate environment, actively-managed bond funds are an attractive bet to get exposure to fixed income securities. Active bond managers can mitigate risk associated with rising rates by shifting to short duration bonds. In May, six active fixed income ETFs were launched from two different issuers, BMO ETFs and Franklin Templeton Investments. The newly-launched bond ETFs cover the Canadian, U.S. and global market.

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