

## Canadian ETF Industry Report: November 2018

As we are approaching the end of the year, more ETF Issuers are planning to jump on the ETF bandwagon in 2019. In November, two new providers have filed preliminary prospectus to launch their first ETF suites.

CIBC will be the last of the Big Five banks to enter the ETF industry. CIBC Asset Management's suite will consist of two active fixed income ETFs and two multifactor equity ETFs tracking CIBC's in-house indices, the CIBC Multifactor Canadian Equity Index and the CIBC Multifactor U.S. Equity Index. The indices are comprised of equally-weighted portfolios of equity securities of Canadian or U.S. companies that exhibit 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. The ETFs will charge management fees ranging from 0.30% to 0.40%.

SmartBe Wealth Inc., a Calgary-based wealth manager, is planning to issue its first ETF. The SmartBe Global Value Momentum Trend Index ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of the Alpha Architect Value Momentum Trend for Canada Index. The index is based on three factors: value, momentum and trend-following.

### NOVEMBER ETF LAUNCHES AND TERMINATIONS:

#### LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
FOUR	Horizons Industry 4.0 Index ETF	Equity	0.65%	TSX
EARN	Evolve Active Global Fixed Income ETF	Fixed Income	0.65%	TSX
CAPS.U	Evolve Active US Core Equity ETF (USD Unhedged Units)	Equity	0.70%	TSX
TPRF	TD Active Preferred Share ETF	Equity	0.45%	TSX
TUSB	TD Select US Short Term Corporate Bond Ladder ETF	Fixed Income	0.25%	TSX
TUSB.U	TD Select US Short Term Corporate Bond Ladder ETF (USD)	Fixed Income	0.25%	TSX
TCSB	TD Select Short Term Corporate Bond Ladder ETF	Fixed Income	0.25%	TSX
PYF.U	Purpose Premium Yield Fund (USD)	Equity	0.60%	TSX
PYF.B	Purpose Premium Yield Fund (Non-FX Hedged)	Equity	0.60%	TSX

#### TERMINATIONS

TICKER	NAME	ASSET CLASS	DATE	AUM	MGT. FEE
HGC	Horizons Global Currency Opportunities ETF	Currency	2019-02-14	\$8.431 M	0.55%
HADM	Horizons Active Intl Developed Markets Equity ETF	Equity	2019-02-14	\$6.307 M	0.80%

TD Asset Management introduced a suite of actively-managed ETFs that focuses on generating income with management fees ranging from 0.25% to 0.45% of NAV. The new suite consists of a Canadian preferred share ETF, the TD Active Preferred Share ETF (“**TPRF**”), and two short term corporate bond ETFs, the TD Select Short Term Corporate Bond Ladder ETF (“**TCSB**”) and the TD Select U.S. Short Term Corporate Bond Ladder ETF (“**TUSB**”). TD Select U.S. Short Term Corporate Bond Ladder ETF is also offered in USD units under the ticker “**TUSB.U**”.

As announced in September, TD Asset Management changed the underlying index of TDB, TTP, TPU, THU, TPE and THE from indices provided by S&P Opco, LLC, a subsidiary of S&P Dow Jones Indices LLC, to indices provided by Solactive AG. Subsequent to the changes, TD lowered the management fee on TDB, TTP, TPU and THU by 2 basis points each.

Another ETF provider announced fee reduction. Effective on December 1, 2018, Horizons ETFs will slash the management fees on the following actively managed ETFs:

FEE REDUCTION			
TICKER	NAME	CURRENT MGT. FEE	NEW MGT. FEE
HRA	Horizons Global Risk Parity ETF	0.85%	0.65%
HGM	Horizons Managed Global Opportunities ETF	0.85%	0.50%
HAZ	Horizons Active Global Dividend ETF	0.80%	0.65%
HAJ	Horizons Active Emerging Markets Dividend ETF	0.80%	0.65%
HAL	Horizons Active Canadian Dividend ETF	0.70%	0.55%
HAU	Horizons Active US Dividend ETF	0.70%	0.55%

In the past few months, many ETFs and mutual funds had their risk ratings lowered. Risk rating is a section of the Fund/ETF Facts, required to be filed by the Canadian Securities Administrators. The classification methodology for risk rating uses standard deviation calculated for the most recent 10 years of a fund, taking monthly total returns. Risk ratings are getting more optimistic as the effects in volatility spike of the 2008 financial crisis are dissipating and considering volatility was historically low in 2017.

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