

## Canadian ETF Industry Report: October 2018

The Canadian ETF space is getting crowded with over 650 ETFs offered by 33 ETF issuers. This month, iA Clarington Investments joined the industry with active ETF series of iA Clarington Core Plus Bond Fund, iA Clarington Global Bond Fund and iA Clarington Emerging Markets Bond Fund. Two new providers are set to join the ETF industry in 2019.

National Bank Investments filed a preliminary prospectus to launch its first suite of ETFs. It consists of four ETFs: an active Canadian preferred shares ETF, an ETF that invests in equity securities of family-owned Canadian companies, a global real estate and infrastructure sectors ETF and a liquid alternatives ETF. Management fees for this suite range from 35 to 90 basis points.

Middlefield Group, a Specialty Investment Manager which creates and manages specialized investment products for individual and institutional investors, will convert two closed-end funds into exchange-traded funds. Middlefield Healthcare & Life Sciences Dividend Fund and REIT INDEXPLUS Income Fund, which together represent approximately \$150-million in assets, are expected to be converted into ETFs in early 2019.

### OCTOBER ETF LAUNCHES AND TERMINATIONS:

#### LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
ICPB	iA Clarington Core Plus Bond - ETF Series Units	Fixed Income	0.50%	TSX
IEMB	iA Clarington Emerging Markets Bond Fund - ETF Series Units	Fixed Income	0.80%	TSX
IGLB	iA Clarington Global Bond Fund - ETF Series Units	Fixed Income	0.70%	TSX
QGB	AGFIQ Enhanced Core Global Multi-Sector Bond ETF	Fixed Income	0.45%	NEO
BPRF	Brompton Flaherty & Crumrine Investment Grade Preferred ETF	Equity	0.75%	TSX
BDIV	Brompton Global Dividend Growth ETF	Equity	0.75%	TSX
BFIN	Brompton North American Financials Dividend ETF	Equity	0.75%	TSX
ETHI	Horizons Global Sustainability Leaders Index	Equity	0.65%	TSX
KILO	Purpose Gold Bullion Fund - FX Hedged	Commodity	0.20%	TSX
KILO.B	Purpose Gold Bullion Fund - Non-FX Hedged	Commodity	0.20%	TSX
KILO.U	Purpose Gold Bullion Fund - USD	Commodity	0.20%	TSX

Purpose Investments launched the Purpose Gold Bullion Fund (“**KILO**”). It provides unique access to physical gold bullion in a low-cost, liquid and transparent fund. As the stock market suffered the biggest monthly loss since 2011 this past month, investors might look into the gold market to reduce their exposure to equities. The ETF is also available in unhedged units under the ticker KILO.B, US dollar denominated units under the symbol KILO.U and in F-class mutual fund on Fundserv (PFC3701). Each ETF charges management fee of 0.20% of NAV.

Brompton Funds introduced a suite of actively managed ETFs with target annual distribution rate of 5 to 6%. The Brompton Flaherty & Crumrine Investment Grade Preferred ETF (“**BPRF**”) seeks to provide a distribution rate of 5% per annum by investing in a portfolio consisting of Canadian and US dollar denominated preferred securities, with at least 75% of the ETF’s portfolio consisting of securities that are rated investment grade. BPRF is sub-advised by Flaherty & Crumrine, a US-based investment advisor specializing in the management of preferred securities since 1983.

Brompton Global Dividend Growth ETF (“**BDIV**”) provides monthly distributions, targeted at 6% per year, and the opportunity for capital gains through an investment in an actively managed portfolio consisting of at least 20 large cap global dividend growth companies, complemented by a proprietary covered call program. Brompton may write covered calls on up to 33% of the ETF portfolio in order to increase distributable cash and to reduce portfolio volatility.

Brompton North American Financials Dividend ETF (“**BFIN**”) provides monthly distributions, targeted at 5% per annum, and the opportunity for capital gains through an investment in an actively managed portfolio consisting of at least 15 large cap North American financial services companies. Brompton may write covered calls on up to 33% of the ETF portfolio in order to earn option premiums and lower the overall volatility of portfolio returns.

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