

Canadian ETF Industry report: November 2017

At the end of November, assets under management (AUM) stood at a record level of \$145.9-billion, driven by net inflows of \$3.3-billion, according to Yves Rebetez, managing director and editor of ETF Insight. The product shelf keeps on expanding and offers more investment choices. As the industry grows, the influx of market players accelerates. Two new providers joined the ETF market, with the number of market players now at 28.

Equium Capital Management Inc. entered the industry by launching ETF series of the Equium Global Tactical Allocation Fund (“**ETAC**”). The fund invests primarily in a mix of global equity securities, fixed income investments, derivative securities, and money market instruments. The ETF series units charge a management fee of 0.95%. The asset manager is a boutique investment management firm focused on global, multi-asset portfolio solutions.

Arrow Capital Management Inc. also joined the market through ETF series of the Exemplar Investment Grade Fund. Arrow Capital Management is an independent, employee-owned investment firm founded in 1999. It currently manages over CAD \$1 billion of assets.

The industry is slowly becoming saturated, resulting in mergers and acquisitions among market players. This month, some of Questrade Wealth Management Inc.’s ETFs were merged into WisdomTree Asset Management Canada, Inc.’s ETFs as the acquisition, announced in July, come into effect.

MERGED FUNDS				
Effective Date	Merging Funds		Continuing Funds	
	TICKER	NAME	TICKER	NAME
30-Nov-17	QMG	Questrade Russell US Midcap Growth Index ETF Hedged to CAD	UMI	WisdomTree U.S. MidCap Dividend Index ETF
30-Nov-17	QMV	Questrade Russell US Midcap Value Index ETF Hedged to CAD		
30-Nov-17	QCP	Questrade Fixed Income Core Plus ETF	CAGG	WisdomTree Yield Enhanced Canada Aggregate Bond Index ETF
30-Nov-17	QRT	Questrade Russell 1000 Equal Weight US Technology Index ETF Hedged to CAD	DGR	WisdomTree U.S. Quality Dividend Growth Index ETF
30-Nov-17	QRH	Questrade Russell 1000 Equal Weight US Health Care Index ETF Hedged to CAD		
30-Nov-17	QRD	Questrade Russell 1000 Equal Weight US Consumer Discretionary Index ETF Hedged to CAD		
06-Dec-17	QRI	Questrade Russell 1000 Equal Weight US Industrials Index ETF Hedged to CAD		

Source: Questrade Wealth Management Inc.

Several other acquisitions are in the pipeline: Evolve Funds will acquire Sphere Investment Management Inc.'s ETFs and Sun Life Global Investments is set to take over Excel Funds' ETFs.

NOVEMBER ETF LAUNCHES:

The Canadian industry has come a long way since the days investors would only hold core ETFs in their portfolios. These "core" are broad stock and bond index funds ideal for long-term investments. Today, investors' demand for niche ETFs causes the product line-up of theme-driven and sector-specific ETFs to expand.

LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
ETAC	Equium Global Tactical Allocation Fund	Multi-asset	0.95%	TSX
CORP	Exemplar Investment Grade Fund ETF	Fixed Income	0.80%	TSX
CARS.U	Evolve Automobile Innovation Index ETF - USD Units	Equity	0.40%	TSX
INOC	Horizons Inovestor Canadian Equity Index ETF	Equity	0.50%	TSX
ROBO	Horizons Robotics and Automation Index ETF	Equity	0.75%	TSX
MWMN	Mackenzie Global Leadership Impact ETF	Equity	0.60%	NEO
MIVG	Mackenzie Ivy Global Equity ETF	Equity	0.85%	TSX
MCSB	Mackenzie Canadian Short Term Fixed Income ETF	Fixed Income	0.49%	TSX
MPCF	Mackenzie Portfolio Completion ETF	Multi-asset	0.60%	TSX
MCSM	Manulife Multifactor Canadian SMID Cap Index ETF	Equity	0.60%	TSX
MUSC	Manulife Multifactor U.S. Small Cap Index ETF - Hedged units	Equity	0.55%	TSX
MUSC.B	Manulife Multifactor U.S. Small Cap Index ETF - Unhedged units	Equity	0.50%	TSX
DFE	Desjardins Emerging Markets Multifactor-Controlled Volatility ETF	Equity	0.65%	TSX

The Mackenzie Global Leadership Impact ETF ("**MWMN**") is the latest themed ETF launched. "The ETF seeks to provide capital growth by investing primarily in companies that promote gender equality and women's leadership, anywhere in the world." It is the second gender ETF offered in Canada. The Evolve North American Gender Diversity ETF ("**HERS**") invests in North American equity securities that have demonstrated commitment to gender diversity as part of their corporate social responsibility strategy.

Niche ETFs allow investors to capitalize on macro trends. In November, Horizons unveiled one such investment solution, the Horizons Robotics and Automation Index ETF ("**ROBO**"). ROBO tracks the ROBO Global Robotics and Automation Index, an index designed to provide exposure to the performance of equity securities of robotics-related and/or automation-related companies. Other than conventional sectors like financial, energy and metal, the Canadian ETF space also covers the cyber security industry and even the marijuana industry.

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