

## Canadian ETF Industry report: January 2017

The ETF Industry started the year with a variety of new products. Mackenzie Investments introduced traditional index ETFs to their product line while Vanguard Canada launched three new asset allocation ETFs with conservative, balanced and growth strategies. Thematic ETFs that cover hot topics in the investment industry are also among the new launches.

### LAUNCHES

TICKER	NAME	ASSET CLASS	MGT. FEE	EXCHANGE
HBLK	Blockchain Technologies ETF	Equity	0.65%	TSX
HRES	Harvest Global Resource Leaders ETF	Equity	0.75%	TSX
HUBL	Harvest US Bank Leaders Income ETF	Equity	0.75%	TSX
HUBL.U	Harvest US Bank Leaders Income ETF	Equity	0.75%	TSX
VBAL	Vanguard Balanced ETF Portfolio	Multi-Asset	0.22%	TSX
VCNS	Vanguard Conservative ETF Portfolio	Multi-Asset	0.22%	TSX
VGRO	Vanguard Growth ETF Portfolio	Multi-Asset	0.22%	TSX
MJJ	Marijuana Opportunities Fund	Equity	0.75%	NEO
BHAV	Redwood Behavioural Opportunities Fund	Equity	1.00%	NEO
PZW.F	PowerShares FTSE RAFI Global Small-Mid Fundamental ETF (CAD Hedged)	Equity	0.60%	TSX
FLBA	Franklin Liberty Core Balanced ETF	Multi-Asset	0.45%	TSX
FLEM	Franklin LibertyQT Emerging Markets Index ETF	Equity	0.55%	TSX
FLGD	Franklin LibertyQT Global Dividend Index ETF	Equity	0.55%	TSX
QCN	Mackenzie Canadian Equity Index ETF	Equity	0.05%	TSX
QCE	Mackenzie Canadian Large Cap Equity Index ETF	Equity	0.05%	TSX
QDX	Mackenzie International Equity Index ETF	Equity	0.20%	TSX
QUU	Mackenzie US Large Cap Equity Index ETF	Equity	0.08%	TSX
QHY	Mackenzie US High Yield Bond Index ETF (CAD-Hedged)	Fixed Income	0.50%	TSX
QTIP	Mackenzie US TIPS Index ETF (CAD-Hedged)	Fixed Income	0.20%	NEO
QBB	Mackenzie Canadian Aggregate Bond Index ETF	Fixed Income	0.09%	TSX
QCB	Mackenzie Canadian All Corporate Bond Index ETF	Fixed Income	0.30%	NEO
QSB	Mackenzie Canadian Short-Term Bond Index ETF	Fixed Income	0.09%	TSX
QDXH	Mackenzie International Equity Index ETF (CAD-Hedged)	Equity	0.20%	TSX
QUIG	Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	Fixed Income	0.25%	TSX
QAH	Mackenzie US large Cap Equity Index ETF (CAD-Hedged)	Equity	0.08%	TSX
QCH	Mackenzie China A-Shares CSI 300 Index ETF	Equity	0.65%	NEO

### TERMINATIONS

TICKER	NAME	ASSET CLASS	DATE	MGT. FEE
GAS	Canadian Natural Gas Index ETF	Commodity	23-Mar-18	0.65%
HMF	Horizons Auspice Managed Futures Index ETF	Multi-Asset	28-Mar-18	0.95%

Harvest Portfolios launched the first blockchain ETF in Canada, the Blockchain Technologies ETF (“**HBLK**”), which tracks the Harvest Blockchain Technologies Index. The index is designed to track the performance of issuers in the large cap blockchain segment and issuers in the emerging blockchain segment exposed to the development and implementation of blockchain technologies in North America. Harvest Portfolios is not the only ETF provider looking into blockchain ETFs. Evolve Funds and First Trust Portfolios have filed preliminary prospectus to launch ETFs focusing on blockchain companies with Canadian regulators.

The industry is still waiting for regulators to approve cryptocurrencies ETFs. In Canada, Evolve Funds and Purpose Investments are head to head in the race of launching the world’s first bitcoin ETF. If approved, the ETF will certainly attract significant attention.

Another popular theme is the marijuana sector. Redwood launched the world’s first actively managed marijuana-focused ETF, Marijuana Opportunities (“**MJJ**”). Evolve Funds intends to launch their own actively managed marijuana ETF. Horizons has filed for another marijuana ETF that will be listed on NEO after the success of their first marijuana ETF, the Horizons Marijuana Life Sciences Index ETF (“**HMMJ**”).

It is not surprising that ETF providers are venturing into these trending themes, considering the success of some of these ETFs, especially to the younger demographic. The world’s first marijuana ETF, HMMJ, has attracted over \$600-million in AUM in less than a year of existence. Blockchain ETFs have also had great success among investors. In the U.S., Amplify Transformational Data Sharing ETF (“**BLOK**”) and Reality Shares NASDAQ NextGen Economy ETF (“**BLCN**”), have attracted \$262-million, collectively, in AUM in only a week. Thematic ETFs could be the gateway for asset managers to reach millennials.

BlackRock Canada recently announced planned reclassification of all the advisor class units of its ETFs (consisting of 27 listings) into common units of the same iShares ETFs. Advisor class units incur additional fees, called trailing commissions, that are paid to advisors who purchased the fund on behalf of their clients. Last year, in anticipation of changes in the regulatory environment concerning fee transparency and the proposed ban of embedded commissions, Horizons and First Assets eliminated their advisor class units, which represented less than 2% of their sponsor’s assets under management. Following BlackRock’s move to eliminate its advisor class units, First Trust Portfolios will be the only ETF provider still offering these types of units in the Canadian market.

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