

ETF FOCUS LIST



December 2016

Contents

The Focus List.....	3
List Changes.....	5
Additions.....	5
Deletions	6
ETFs of Note.....	6
Fixed Income.....	12
Income / Cash Flow	13
Canadian Equity	14
U.S. Equity.....	16
International / Global Equity.....	17
Specialty / Sector	18
ETF Descriptions	19
Fixed Income.....	19
Income / Cash Flow	19
Canadian Equity	20
U.S. Equity.....	21
International / Global Equity.....	22
Specialty / Sector	23
Disclaimer	25
About Us	26

The Focus List

% Returns at October 31, 2016											
Name	Ticker	3 Mth	1 Yr.	3 Yr.	5 Yr.	MER	3 Yr. Tracking Error	5 Yr. Tracking Error	3 Yr. Standard Deviation	5 Yr. Standard Deviation	Average Daily Volume
Fixed Income											
PowerShares Senior Loan CAD Hedged ETF	BKL	1.04	5.63	2.23	-	0.82%	10.21	-	3.37	-	3K■-
Vanguard Canadian Short Term Bond ETF	VSB	-0.27	1.71	2.16	-	0.11%	1.08	-	1.40	-	46K▲
BMO Short Corporate Bond Index	ZCS	0.45	3.07	2.85	2.95	0.13%	1.36	1.34	1.43	1.38	40K▲
iShares Canadian Universe Bond Index	XBB	-0.79	5.20	4.92	3.91	0.34%	1.20	1.15	3.86	3.62	68K▲
Vanguard Canadian Aggregate Bond ETF	VAB	-0.89	5.46	5.15	-	0.13%	1.15	-	3.78	-	59K
PowerShares Tactical Bond ETF	PTB	-0.57	6.35	4.69	-	0.52%	1.80	-	3.88	-	12K▲
Income / Cash Flow											
BMO Monthly Income ETF	ZMI	0.30	4.89	4.39	5.59	0.63%	3.10	3.51	4.85	4.93	4K▼
iShares Diversified Monthly Income Fund	XTR	-0.26	7.67	3.59	4.55	0.56%	3.84	3.59	5.21	4.88	49K▼
Canadian Equity											
PowerShares S&P/TSX Comp Low Vol. ETF	TLV	-1.17	9.59	10.02	-	0.33%	5.89	-	6.70	-	8K▲
PowerShares Canadian Dividend ETF	PDC	2.66	11.41	6.89	10.40	0.55%	5.02	6.21	8.52	8.88	6K▲
PowerShares FTSE RAFI Cdn Fundamental	PXC	4.60	17.06	5.61	-	0.51%	3.98	-	10.29	-	5K▼
Horizons Active Canadian Dividend	HAL	3.38	7.92	8.07	8.68	0.79%	5.44	6.23	8.73	8.71	2K■
iShares Core S&P/TSX Capped Composite	XIC	2.16	12.65	6.43	6.78	0.06%	0.60	0.73	8.34	8.54	148K▼
iShares S&P/TSX Completion Index	XMD	-1.04	12.10	3.67	4.48	0.62%	0.67	0.82	10.19	9.63	10K■-
First Asset Morningstar Cdn Momentum	WXM	0.58	4.75	5.98	-	0.67%	6.04	-	9.00	-	28K▲
U.S. Equity											
Vanguard MSCI U.S. Broad Mkt (C\$ Hedged)	VUS	-1.95	3.14	7.45	-	0.16%	9.85	-	10.97	-	17K▼
iShares US Fundamental Index	CLU	-0.81	4.33	6.40	12.62	0.73%	11.04	9.50	10.54	10.52	4K■
iShares Core S&P 500 Index	XSP	-1.81	3.54	8.32	13.12	0.11%	9.63	8.60	10.78	10.41	368K▲

% Returns at October 31, 2016											
Name	Ticker	3 Mth	1 Yr.	3 Yr.	5 Yr.	MER	3 Yr. Tracking Error	5 Yr. Tracking Error	3 Yr. Standard Deviation	5 Yr. Standard Deviation	Average Daily Volume
International / Global Equity											
iShares MSCI EAFE Minimum Volatility Index	XMI	-3.34	1.21	12.19	-	0.37%	6.56	-	11.75	-	16K■
BMO MSCI EAFE Index (C\$ Hedged)	ZDM	3.09	-0.80	4.77	10.21	0.23%	8.06	6.75	11.53	11.19	23K▼
iShares International Fundamental Index	CIE	5.57	0.44	6.02	10.36	0.73%	3.26	3.79	12.02	12.52	15K▼
iShares MSCI World	XWD	1.49	3.70	12.57	15.17	0.47%	1.55	1.44	10.62	9.68	17K▼
First Asset MSCI Eur. Low Risk Wghtd C\$Hdg	RWE	-0.63	0.42	-	-	0.66%	-	-	-	-	6K■
Specialty / Sector											
Vanguard FTSE Emerging Mkts All Cap ETF	VEE	6.04	13.39	7.39	-	0.24%	3.65	-	12.85	-	19K▼
iShares Gold Bullion Fund ETF	CGL	-5.54	11.94	-1.47	-6.14	0.55%	16.56	17.48	16.56	17.48	115K▲
BMO Equal Weight REITs Index ETF	ZRE	-7.44	8.24	5.36	6.52	0.61%	12.83	11.44	9.90	10.05	36K■
BMO Global Infrastructure	ZGI	2.13	11.99	15.29	16.78	0.61%	1.43	1.70	10.79	9.72	8K■
iShares S&P/TSX Capped Financials Index	XFN	5.61	11.30	8.28	12.11	0.63%	13.06	11.18	11.32	10.92	283K▲

Source: Morningstar, Fundata, iShares, BMO, Vanguard, Invesco, First Asset

Notes:

- ETFs highlighted in Green represent new additions to the Focus List. ETFs highlighted in Red are being removed from the Focus List
- Returns stated are the market returns of the ETF, including all reinvested dividends and/or distributions.
- Returns do not include the effect of sales commissions or dealer compensation
- The arrows beside the Average Daily Volume show if the average daily volume has increased or decreased over the last report.

List Changes

Additions

Vanguard Canadian Aggregate Bond Index ETF (TSX: VAB) – This TSX traded ETF provides broad exposure to the Canadian bond market. It is designed to track the Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index, net of fees. The index is cap weighted and holds investment grade government and corporate bonds of Canadian issuers.

It is rather like the **iShares Canadian Universe Bond Index (TSX: XBB)**, but there are some differences. The first is VAB has a higher exposure to government bonds than XBB. VAB holds around 80% in government bonds, which is equally split between provincial and federal/agency debt. In comparison, XBB holds 70% in government debt, with a very slight tilt towards federal/agency debt. Because of this, the average credit quality is higher with VAB. A drawback is the interest rate sensitivity is higher. The duration of VAB is 7.8 years, compared to 7.3 years for XBB. In practical terms, this means VAB is likely to be hit modestly harder in the event of a bump in yields. Given the market volatility of the past few weeks, this has played out as expected, with XBB dropping by 2.05% in November, while VAB was down 2.18%.

Much of this drop was the result of expectations that the U.S. Federal Reserve would step up and increase overnight rates at their December meetings. A few bond managers have noted they now believe the majority of this rate hike has been priced into bonds, and no further increases are expected until mid-2017. In Canada, it remains likely the Bank of Canada will keep rates steady for the foreseeable future. Volatility in the rate market is expected to remain high, but they are not likely to move significantly in one direction or the other.

In this environment, expected returns become muted, and costs matter. The MER on VAB is listed at 0.13%, compared with 0.34% for XBB. For that reason, I am replacing XBB with VAB on my ETF Focus List. I believe that over the longer term, the lower cost will more than offset the higher volatility, and greater interest rate sensitivity, and allow for VAB to provide a slight level of outperformance relative to VAB.

As we move forward and the pace of economic growth picks up in Canada, the potential for higher yields will also increase. As that occurs, investors may want to take steps to reduce the overall interest rate sensitivity of their fixed income holdings. To do this, investors may want to consider increasing their allocation to short term bonds, corporate and high yield bonds, or looking towards a high quality, actively managed bond fund that allows the manager the ability to adjust sector mix, credit quality and duration positioning based on the outlook. These can help reduce the headwind that will be created as bond yields rise.

Deletions

iShares Canadian Universe Bond Index ETF (TSX: XBB) – This has been an excellent Canadian broad market bond ETF for many years, and remains one today. However, with an MER of 0.34%, it is considerably more expensive than what is available with the **Vanguard Canadian Aggregate Bond Index ETF (TSX: VAB)**, which is a similar offering.

Both ETFs invest in a broad mix of Canadian government and investment grade corporate bonds. XBB offers a slightly lower duration, and a higher yield to maturity, but my analysis shows that over the long term, any advantage gained from this will be offset by the higher cost. Thus, I am removing it from the ETF Focus List.

ETFs of Note

Vanguard Canadian Short Term Bond ETF (TSX: VSB) – The period between July 31 and October 31 was rather interesting for this short-term focused ETF. During this time, the ETF lost 0.27% in market value, yet gained 0.22% on a net asset value (NAV) basis. On a market value basis, it also dramatically underperformed its peers. The reason for this is somewhat complicated. Over the summer, the ETF realized fairly large inflows, which resulted in the market price of the ETF trading at a significant premium to the underlying net asset value. In the month of August, as fund flows normalized, this significant premium corrected, resulting in underperformance on a market value basis. The returns of the net asset value tracked the underlying benchmark reasonably well.

This also highlights one of the more complicated aspects of investing in ETFs. There may be short term periods where the market value fails to accurately track the true value of the underlying investments. This can happen to the positive, resulting in the ETF trading at a premium to NAV, or it can underperform, resulting in it trading at a discount.

This can occur with any ETF, and the phenomenon is usually rather short lived. Over time, the premiums and discounts tend to shrink, and most of the well-managed, liquid ETFs tend to track their indices fairly closely. Investors must be aware that these situations can occur. The best way to minimize the likelihood is to avoid purchasing an ETF that is trading at a significant premium to its NAV. You will also want to make sure that you trade smart, and use limit orders to get the ETF at a price that makes sense, rather than going with a straight market order.

Even with this blip in performance, VSB remains an excellent ETF for investors looking for low cost exposure to a diversified portfolio of short term Canadian government and corporate bonds.

iShares Diversified Monthly Income ETF (TSX: XTR) – For investors looking for a simple, low cost, diversified income generating ETF, this iShares offering pays investors a regular monthly distribution that has been set at \$0.05 per month. At recent prices, this works out to an annualized yield of approximately 5.3%.

The focus is heavily tilted towards Canada, which makes up more than 71% of the ETFs exposure. Nearly a quarter is invested in the U.S., with the balance being cash and “other”.

Portfolio turnover has been very modest on a historic basis, so the asset mix is not expected to change dramatically from one quarter to another.

At the end of November, the asset mix was nearly 60% in fixed income, and 40% in equity investments. The equity sleeve is heavily tilted towards higher yielding ETFs including the **iShares S&P U.S. Dividend Growers Index (TSX: CUD)**, **iShares S&P/TSX Equity Income Index (TSX: XEI)**, and **iShares Canadian Select Dividend ETF (TSX: XDV)**. It also has direct exposure to REITs and Utilities. This results in a high level of interest rate sensitivity, which has been a drag on the portfolio in the recent months. The U.S. Dividend, REIT and Utilities exposure has detracted from returns in recent months.

Turning to the fixed income sleeve, it is a rather diversified mix that includes exposure to corporate, high yield, government, and short term bonds. The average credit quality is high, averaging BBB, and the duration is well below the market, coming in at 4.35 years. In comparison, the broader Canadian bond market has a duration of 7.4 years. This lower duration will result in slightly less sensitivity to interest rates, but it is still highly dependent on rates.

With the U.S. Federal Reserve poised to move rates upwards at their December meeting, it is very likely we will see continued high levels of volatility in interest rates, including those here in Canada. This will translate into potentially higher levels of volatility for this ETF, and its underlying constituents, making for a bumpy ride for investors.

I am typically not a fan of prepackaged balanced funds, as I believe most investors and advisors can do a better job in creating their own. That said, for those looking for simplicity and a one ticket solution, this isn't a bad option. Costs are reasonable, with an MER of 0.56%, it offers an attractive distribution yield, and it is fairly well diversified. The drawback is the high level of interest rate sensitivity, and the potential for increased volatility as we move into a more uncertain interest rate environment.

Horizons Active Canadian Dividend ETF (TSX: HAL) – Managed by Sri Iyer and his Systematic Strategies team at Guardian Capital, this ETF looks to find Canadian companies that have the ability to pay, sustain, and grow their dividends. To find these, the team runs the Canadian equity universe through screens that analyze 31 different factors, looking for positive rates of change. These factors focus on growth, payout

ratios, efficiency, valuation, and investor sentiment. Further, the team will conduct a fundamental review to validate any of the potential buy candidates to ensure the rating is appropriate.

The portfolio is well-diversified, holding around 60 names, with the top ten making up just under 30% of the ETF. It invests in companies of any size. Roughly 45% is invested in big cap names, with the balance invested in small and mid-caps. The sector mix is dramatically different than the broader Canadian market, with an overweight in consumer cyclicals, utilities, telecom, and energy. It is significantly underweight both financials and energy. Despite this overweight to the higher yielding sectors, valuation metrics look more attractive than the broader market and the peer group.

This positioning has led to decent outperformance in the short-term, but over the long term, it has lagged the S&P/TSX Composite Index. Volatility numbers have been in line with the index.

Going forward, the managers remain defensive. They are placing a greater emphasis on companies that offer higher earnings and cash flow visibility, and higher than average dividend yields. This would be expected to allow for better downside protection if we see a large pullback in the market.

I like the process used by the management team. It has resulted in a portfolio that I believe is better diversified than the broader Canadian market. The drawback is its cost, with an MER of 0.79%, which is well above the 0.06% MER of the **iShares Core S&P/TSX Capped Composite Index ETF (TSX: XIC)**. Even with this higher cost, I believe the ETF has the potential to deliver index like returns with better downside protection.

First Asset Morningstar Canadian Momentum Index ETF (TSX: WXM) –The ETF is founded on the premise that outperforming stocks tend to continue to outperform, and looks for stocks that have above average returns on equity, upward earnings estimate revisions, and strong technical price momentum indicators. In the first few years after its launch, performance was very strong, handily outpacing the broader market and many of its peers. More recently, this trend has shifted, and it has lagged. Year-to-date to the end of November, it has gained 6% while the S&P/TSX Composite has risen by more than 19%. So what has changed?

Nothing has fundamentally changed with the ETF. A few things hurt it over the past year. It's technology, materials and financial names were subpar. It's underweight in the hot energy and materials sector was also a headwind. And finally, poor stock selection in the mid cap names also hurt.

Looking ahead, this strategy is still expected to do well over the long term, but because of the momentum strategy, there are going to be periods when it dramatically outperforms and dramatically underperforms. Momentum strategies can run into trouble at market inflection points, and I have heard some rumblings from strategists that we may be at or near an inflection point now. That may help explain why we are seeing a period of performance that is out of step with the recent trends.

If I look at the valuation numbers of this portfolio, it appears to be way overvalued. According to Morningstar, it's trading at a P/E of 23 times, compared with 17 times for the broader market. However, if I look at forward looking growth rates, WXM is forecasting earnings growth of nearly 27% compared to the market of just over 8%. Factoring in the earnings outlook, the valuation metrics are not nearly as out of line as they appear in isolation.

Over the long term, it has been shown that stock prices follow earnings. Short term, it's all driven by sentiment, meaning it's possible that more underperformance is imaginable, particularly given the nature of momentum investing. If your time horizon is short, you may want to reconsider your holding of this ETF. If you're looking longer term, I remain comfortable with and believe it can deliver above average returns with average or slightly above average levels of volatility.

iShares MSCI EAFE Minimum Volatility Index ETF (TSX: XMI) – The whole selling point to low volatility funds and ETFs is they are supposed to hold up better in market drawdowns. Apparently, this ETF missed that memo, dropping 3.3% for the three months ending October 31. This was the worst of any foreign equity fund on the ETF Focus List, and one of the worst in the broader International equity category.

The biggest detractors in performance were in the healthcare sector, including Novartis and Roche. Other detractors included consumer giants Nestle, and Reckitt Benckiser Group.

Even with this selloff, portfolio valuations remain extended, with a P/E ratio of 17.3 times, compared with the MSCI EAFE Index, which trades at 15.2 times. The growth outlook is rather muted, largely the result of its defensive positioning, with overweight allocations to utilities, consumer staples, and healthcare. It is also overweight real estate, which is expected to struggle in the face of potentially rising rates. It has virtually no exposure to energy, which has done well, with the news of a recent OPEC agreement that sets the framework for a production cut that is widely expected to push the price of energy higher.

Considering these factors, I would expect to see continued weakness in this low volatility portfolio. Investors, particularly those with a risk tolerance that is moderate or higher would likely be better off with the BMO MSCI EAFE Index ETF. It is available in two versions; ZDM

which has all currency exposure hedged back to Canadian dollars, and the unhedged ZEA. Your outlook in the Canadian dollar will help you decide which of these options is most appropriate for your portfolio.

Vanguard FTSE Emerging Markets All Cap ETF (TSX: VEE) – Throughout the campaign, President-elect Trump talked about making America great again, and has talked of tearing up trade deals. After his election, the much-anticipated Trans Pacific Partnership was put out of its misery. Add to this a rise in populism, increasing protectionism in the U.S. and Europe, a stronger U.S. dollar, and the near-term outlook for many trade reliant emerging market nations has dimmed considerably. I would also expect to see an increase in volatility in the short term.

Despite the weaker near term outlook, the longer-term outlook remains largely unchanged. Many developing nations are undergoing significant structural reforms that will see tremendous growth opportunities. Add to that the valuation levels of many emerging market companies is significantly more attractive than more developed stocks and the medium to long-term outlook becomes more appealing. In this environment, I am downgrading emerging markets from Neutral to Underweight.

For those looking for low cost passive exposure to the emerging markets, this ETF is my top pick. However, given the inefficiencies in the emerging markets, I tend to favour a high quality actively managed mutual fund over a cap weighted passive strategy. Funds I'm liking now include **Brandes Emerging Markets Value**, **Trimark Emerging Markets**, and **RBC Emerging Markets Equity**.

BMO Equal Weight REITs Index ETF (TSX: ZRE) – With the U.S. Federal Reserve all but assured of hiking rates at their December meeting, interest sensitive sectors, including real estate have been hit very hard. Further, expectations are that under a Trump presidency, inflation has the potential to increase at a pace that is much greater than what is being anticipated. This could make it challenging for Canadian REITs who have benefitted handsomely from the low rate environment. Most investors have been viewing REITs as a bond proxy, given the higher yields offered relative to what is available in the fixed income space.

As the tide turns on interest rates, REITs are expected to face growing headwinds. Even if the pace of increases is gradual and measured, we can expect significantly higher levels of volatility in the rate market, which can also have a negative effect on the price of REITs. In this environment, I am starting to favour actively managed real estate funds over the passive options. I will be taking a look at the available options in the coming months. In the interim, of the passive REIT ETFs, this remains my pick, given the equal weighting methodology, which results in a portfolio that offers greater diversification than the cap weighted options.

BMO Global Infrastructure Index ETF (TSX: ZGI) – On the campaign trail, President elect Donald Trump laid out plans to increase infrastructure spending in the U.S. to the tune of over \$1 trillion. This is on top of Prime Minister Justin Trudeau's plan to increase infrastructure

spending by an extra \$60 billion over the next ten years, bringing the total expected spending to more than \$125 billion. Whether all this cash is ever deployed into new projects is another story, but with this kind of commitment, there is certainly a reason to be at least modestly bullish on infrastructure stocks.

The BMO Global Infrastructure Index ETF invests in companies active in the development, ownership, lease, or management of infrastructure assets. It is a cap weighted, passive portfolio that tracks the Dow Jones Brookfield Global Infrastructure North America Listed Index. It is North American focused, with two-thirds invested in the U.S., 22% in Canada, 9% in the UK, and the balance in Mexico and Brazil. From a sector perspective, utilities and energy make up more than 82% of the portfolio.

Performance has been strong, gaining nearly 15% to the end of November. In comparison, actively managed infrastructure mutual funds are lagging by about 1000 basis point. For example, the Sentry Global Infrastructure Fund (Series F) is up 6.4%, while other notable infrastructure funds are up between 5% and 6%. Volatility has been notably higher, but the excess return has more than made up for this.

Perhaps not surprisingly, given the strong performance numbers, valuations look stretched compared with its actively managed brethren. Morningstar reports that the P/E ratio of the portfolio is nearly 29 times earnings, while the other funds are trading between 20 and 27 times earnings. Factoring in modest growth projections, the valuation levels still appear to be stretched when compared to the broader market, but are on the low end of the other infrastructure options.

Costs are reasonable, with an MER of 0.61%. In comparison, an actively managed infrastructure mutual fund will carry an MER of between 1.4% and 1.7% in a fee based version, offering a considerable cost savings. Infrastructure is one of those specialized areas of the market where a high-quality manager should be able to outperform, but to date, the mutual fund options have largely disappointed, making this a solid choice for those looking for infrastructure exposure in their portfolios.

.

Fixed Income

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
PowerShares Senior Loan CAD Hgd	TSX: BKL	Leveraged Loans	Cap Weighted	0.82%	\$56	- Loans have been strong on both income and capital growth. Now trade near par. - Fed expected to move in December. This may be a good way to protect against rise - Higher cost may be a drag
Vanguard Canadian Short Term Bond	TSX: VSB	Short Term Fixed Income	Cap Weighted	0.11%	\$805	- Market price lagged NAV in period. Still trades at modest premium. - Invests in bonds with 1 – 5 yr. maturities - Holds about 28% corporates
BMO Short Corporate Bond Index	TSX: ZCS	Short Term Fixed Income	Cap Weighted	0.13%	\$1,337	- Decent quarter with corps Outpacing govs - Offers a higher YTM and duration than CBO or XSB, making it more attractive in current environment. It also has a lower MER.
Vanguard Canadian Aggregate Bond ETF	TSX: VAB	Traditional Bond	Cap Weighted	0.13%	\$1,101	This replaces XBB Offers basically the same exposure, although slightly higher government weights. Duration and YTM comparable to XBB MER is substantially lower.
PowerShares Tactical Bond ETF	TSX: PTB	Tactical Bond	Fund of ETFs	0.52%	\$204	- Outperformed the broader market, on shorter duration, HY, and EM exposure. - With more rate volatility expected, active management should help returns. - Invests in a mix of underlying bond ETFs - A “one-ticket” bond portfolio - Drawback is cost, coming in at 0.52%

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr
PowerShares Senior Loan	1.04	5.63	2.23	-	-	-2.29	0.48	3.77	-	-	-	-4	-	-50	-
Vanguard Cdn Sht Term Bond	-0.27	1.71	2.16	-	-	2.02	2.80	1.58	1.76	-	-	65	-	24	-
BMO Short Corp. Bond Index	0.45	3.07	2.85	2.95	-	2.36	3.46	2.13	3.80	3.78	4.25	72	82	-11	-3
Vanguard Cdn. Aggregate Bd	-0.89	5.46	5.15	-	-	3.61	8.68	-1.86	3.62	-	-	104	-	73	-
PowerShares Tactical Bond	-0.57	6.35	4.69	-	-	2.02	7.68	-2.11	-	-	-	102	-	85	-

Note: Source: Morningstar, Fundata, iShares, BMO, Vanguard, Invesco

Income / Cash Flow

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
BMO Monthly Income Fund	TSX: ZMI	Canadian Neutral Balanced	Fund of ETFs	0.63%	\$79	• Higher equity weight helped it outpace XTR • Invests in a portfolio of fixed income and high yielding equity ETFs from BMO • Target mix is 50% equity 50% bonds. • Current mix is in line with target • Volatility profile comparable to XTR • Equity valuation more in line with market. Low vol exposure running at 8%, in line with last period. • A decent one ticket solution for income focused investors. Yields approximately 4%
iShares Diversified Monthly Income	TSX: XTR	Fixed Income Balanced	Fund of ETFs	0.56%	\$608	• Struggled in period as interest sensitive holdings, like bonds, REITs, and Utilities lost in face of rising yields. • Remains highly sensitive to rates. More rate volatility expected in near term. • After recent pullback, equity valuations attractive, but rate sensitivity will weigh • Invests in a mix of income focused ETFs • Emphasis on cash flow. Yields 5.4%

Fund	Annualized Returns (%)						Calendar Year Returns (%)					Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr
BMO Monthly Income Fund	0.30	4.89	4.39	5.59	-	-0.58	9.40	3.34	10.24	-	-	85	86	91	57
iShares Div. Monthly Income	-0.26	7.67	3.59	4.55	4.35	-6.04	6.51	2.06	8.37	6.62	15.60	93	107	163	172

Note: Source: Morningstar, Fundata, iShares, BMO, Vanguard, Invesco

Canadian Equity

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
PowerShares S&P/TSX Composite Low Volatility ETF	TSX: TLV	Canadian Equity	Rules Based	0.33%	\$260	• Struggled as interest sensitive names lost ground in rising yield environment. • Is an ETF made up of the 50 least volatile stocks in the S&P/TSX Composite Index • There are no constraints on sector exposure, hence a big overweight in financials • Rebal. quarterly. Weighted by volatility
PowerShares Canadian Dividend ETF	TSX: PDC	Cdn Dividend & Income Equity	Rules Based / Cap Weighted	0.55%	\$96	• Decent showing thanks to bank holdings • Invests in the 45 largest TSX traded stocks with stable or rising dividends in past 5 yrs. • Quarterly rebalancing. Big financials weight • Valuation slightly better than other div ETFs
PowerShares FTSE RAFI Canadian Fundamental	TSX: PXC	Canadian Equity	Fundamental	0.51%	\$208	• Best performing Cdn equity ETF on the list • Financial and commodity names helped • Valuation looks good compared to peers. • Underweight interest sensitives to help
Horizons Active Canadian Dividend	TSX: HAL	Cdn Dividend & Income Equity	Active - Fundamental	0.79%	\$23	• Active strategy helped. Expect it to do well as volatility increases in rising yield world • All cap mandate that is managed using a multifactor quant model. Holds ~50 names • Focuses on the growth, quality of payout and sustainability of the dividend.
iShares Core S&P/TSX Capped Composite	TSX: XIC	Canadian Equity	Cap Weighted	0.06%	\$2,664	• Interest sensitives weighed in period. • Low cost exposure to the TSX Composite • Concentrated in energy, financials & materials. Less concentrated than PXC
iShares S&P/TSX Completion Index	TSX: XMD	Canadian Small / Mid-Cap Equity	Cap Weighted	0.62%	\$204	• Invests the stocks in the S&P/TSX Composite that are not in the S&P/TSX 60 • Very mid-cap focused. I continue to favour mids over small caps, despite the more favourable valuations of the small caps.
First Asset Morningstar Canadian Momentum	TSX: WXM	Canadian Equity	Rules Based	0.67%	\$145	• Momentum continues to struggle. • Universe of stocks is rated and ranked on 6 factors including ROE, EPS Revisions, Earnings Surprises and price changes • Not a core holding, but can be a complement to your other equity holdings

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr
PowerShares S&P/TSX Composite Low Volatility ETF	-1.17	9.59	10.02	-	-	0.40	16.56	11.35	-	-	-	84	-	34	-
PowerShares Canadian Dividend ETF	2.66	11.41	6.89	10.40	-	-8.76	11.74	20.24	15.31	-	-	92	99	82	62
PowerShares FTSE RAFI Canadian Fundamental	4.60	17.06	5.61	-	-	-9.81	6.66	16.19	-	-	-	117	-	139	-
Horizons Active Canadian Dividend	3.38	7.92	8.07	8.68	-	-7.20	12.59	19.76	8.78	-0.46	-	94	92	74	68
iShares Core S&P/TSX Capped Composite	2.16	12.65	6.43	6.78	4.65	-8.62	10.95	12.46	7.01	-8.79	17.42	99	100	100	102
iShares S&P/TSX Completion	-1.04	12.10	3.67	4.48	4.05	-10.57	5.07	11.99	3.92	-8.48	30.21	98	98	102	102
First Asset Morningstar Canadian Momentum	0.58	4.75	5.98	-	-	-9.03	17.10	26.76	-	-	-	82	-	76	-

Note: Source: Morningstar, Fundata, iShares, BMO, Vanguard, Invesco

U.S. Equity

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
Vanguard MSCI U.S. Broad Market (C\$ Hedged)	TSX: VUS	U.S. Equity	Cap Weighted	0.16%	\$380	- Exposure to small and mid-cap names dragged performance in latest period. - One of the lowest cost US equity ETFs - It invests in the U.S. traded VTI, which invests in a well-diversified, all cap portfolio. - Provides exposure to nearly 4,000 U.S. based companies - Currency exposure is fully hedged - Best performing U.S. ETF in period as commodity exposure helped.
iShares US Fundamental Index	TSX: CLU	U.S. Equity	Fundamental	0.73%	\$149	- Better valuation expected to allow for stronger relative showing in volatile mkts. - Holds the largest 1000 U.S. stocks by fundamental value including dividends, cash flow, sales, and book value. - Higher cost is a headwind.
iShares Core S&P 500 Index	TSX: XSP	U.S. Equity	Cap Weighted	0.11%	\$3,743	- Replicates the S&P 500, hedged to CAD. If you want the unhedged, you can use XUS - Valuations look high compared to CLU, but when forward looking growth projections are factored in, this ETF looks stronger. Remains my top pick for U.S. equities - CAD expected to fall if FED bumps rates or Bank of Canada cuts. May want to use XUS in short term because of unhedged currency. Same investment exposure

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr
Vanguard MSCI U.S. Broad Market (C\$ Hedged)	-1.95	3.14	7.45	-	-	-0.81	13.13	33.90	15.36	-	-	53	-	78	-
iShares US Fundamental Index	-0.81	4.33	6.40	12.62	4.28	-4.07	12.79	35.44	15.39	-2.00	16.83	44	69	60	88
iShares Core S&P 500 Index	-1.81	3.54	8.32	13.12	5.11	0.54	14.02	32.33	15.41	0.65	13.91	54	72	71	95

Note: Source: Morningstar, Fundata, iShares, BMO, Vanguard, Invesco

International / Global Equity

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
iShares MSCI EAFE Minimum Volatility Index	TSX: XMI	International Equity	Rules Based	0.37%	\$231	• Valuations and interest rate sensitivity hurt in the period. Expect more in near term. • Uses an optimization approach to try to minimize the volatility of the EAFE Index
BMO MSCI EAFE Index (C\$ Hedged)	TSX: ZDM	International Equity	Cap Weighted	0.23%	\$492	• One of cheapest ways to track MSCI EAFE • Currency exposure is fully hedged. BMO offers unhedged version, ZEA, which might be better option in near term.
iShares International Fundamental Index ETF	TSX: CIE	International Equity	Fundamental	0.73%	\$202	• More attractive valuation levels and commodity holdings helped in period. • Invests in the 1000 largest listed companies outside the U.S ranked on sales, cash flow, book value & dividends.
iShares MSCI World	TSX: XWD	Global Equity	Cap Weighted	0.47%	\$386	• U.S. exposure muted gains in period • Replicates MSCI World Index, net of fees. • A great way to get global equity exposure • More suited to smaller accounts. Larger accounts can buy 60% XUS & 40% ZEA for same exposure at lower cost
First Asset MSCI Europe Low Risk Weighted ETF (Hedged)	TSX: RWE	European Equity	Risk Weighted	0.66%	\$43	• Interest rate sensitivity and high valuations hurt in period. Watching Fed... • Provides exposure to the 100 least volatile stocks in the MSCI Europe Index • Weights set by risk, not market cap • May be a lower risk way to play Europe • Expect outperformance in falling markets, but will likely lag in rising market.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr
iShares MSCI EAFE Min Vol.	-3.34	1.21	12.19	-	-	27.81	12.91	24.14	-	-	-	95	-	58	-
BMO MSCI EAFE Idx (C\$ Hdg)	3.09	-0.80	4.77	10.21	-	4.71	5.12	26.95	17.04	-12.86	1.36	69	80	74	74
iShares Int'l Fundamental Idx	5.57	0.44	6.02	10.36	-	12.43	1.61	32.74	13.06	-14.16	0.59	93	102	103	119
iShares MSCI World	1.49	3.70	12.57	15.17	-	17.42	14.31	35.69	11.82	-4.10	5.54	98	98	105	110
FA MSCI Eur LR Weighted ETF	-0.63	0.42	-	-	-	10.82	-	-	-	-	-	-	-	-	-

Note: Source: Morningstar, Funddata, iShares, BMO, Vanguard, Invesco, First Asset

Specialty / Sector

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
Vanguard FTSE Emerging Markets All Cap ETF	TSX: VEE	Emerging Markets	Cap Weighted	0.24%	\$362	• Strong period on back of tech names. Has sold off worries over Trump presidency • Protectionist policies expected to hurt. • Longer term outlook remains strong
iShares Gold Bullion Fund ETF	TSX: CGL	Commodity	Other	0.55%	\$316	• Gold weakened on stronger dollar and higher expectation of a Fed raise in Dec. • ETF is fully hedged back to Canadian dollars. For unhedged exposure use TSX: MNT
BMO Equal Weight REITs Index ETF	TSX: ZRE	Real Estate Equity	Equal Weighted	0.61%	\$378	• Rates poised to rise - REITs sold off hard • Expect more volatility in near term. • More diversified than the other REIT ETFs. • Risk adjusted returns likely to be better than XRE. Starting to watch RIT...
BMO Global Infrastructure	TSX: ZGI	Global Equity	Cap Weighted	0.61%	\$284	• Infrastructure expected to pick up from Trump presidency. Rate rise may be drag • This focuses on U.S. or Canadian listed companies with > \$500 MM market cap. • Invests in companies involved with infrastructure projects like airports, toll roads, • Provides mix of capital growth and income
iShares S&P/TSX Capped Financials Index	TSX: XFN	Financial Services Equity	Cap Weighted	0.63%	\$1,093	• Invests in the largest banks and insurance companies that trade on the TSX • Banks posted strong gains, as markets expecting higher rates to improve margins. • Still Expect continued volatility in near-term. You may want to take some profits

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr
Vanguard FTSE EM All Cap	6.04	13.39	7.39	-	-	0.21	8.37	1.05	15.11	-	-	100	-	97	-
iShares Gold Bullion Fund ETF	-5.54	11.94	-1.47	-6.14	-	-11.31	-1.50	-28.70	7.08	9.55	29.12	-210	-788	-	-
BMO Equal Weight REITs	-7.44	8.24	5.36	6.52	-	-5.12	8.68	-4.74	18.16	13.68	-	34	48	23	42
BMO Global Infrastructure	2.13	11.99	15.29	16.78	-	-4.05	30.36	22.43	12.87	18.75	-	103	101	109	106
iShares S&P/TSX Cpd Fincl	5.61	11.30	8.28	12.11	6.12	-3.71	11.89	26.00	16.42	-4.40	7.91	41	57	11	32

Note: Source: Morningstar, Fundata, iShares, BMO, Vanguard, Invesco

ETF Descriptions

(From Managers)

Fixed Income

PowerShares Senior Loan CAD Hedged (TSX: BKL) - PowerShares Senior Loan (CAD Hedged) Index ETF (BKL) seeks to replicate, before fees and expenses, the performance of the S&P/LSTA (Loan Syndications and Trading Association) U.S. Leveraged Loan 100 Index (CAD Hedged). The index gives investors exposure to the largest 100 loan facilities drawn from a larger benchmark - the S&P/LSTA Leveraged Loan Index.

Vanguard Canadian Short Term Bond Index (TSX: VSB) - The Vanguard Canadian Short-Term Bond Index ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad Canadian bond index with a short-term dollar-weighted average maturity. Currently, this Vanguard ETF seeks to track the Barclays Global Aggregate Canadian Government/Credit 1–5-year Float Adjusted Bond Index (or any successor thereto). It invests primarily in public, investment-grade fixed income securities issued in Canada.

BMO Short Corporate Bond Index ETF (TSX: ZCS) – BMO Short Corporate Bond Index ETF has been designed to replicate, to the extent possible, the performance of the FTSE TMX Canada Short Term Corporate Bond Index™, net of expenses. BMO Short Corporate Bond ETF invests in a variety of debt securities primarily with a term to maturity between one and five years. Securities held in the Index are generally corporate bonds issued domestically in Canada in Canadian dollars, with an investment grade rating.

Vanguard Canadian Aggregate Bond Index ETF (TSX: VAB) - Vanguard Canadian Aggregate Bond Index ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad Canadian bond index. Currently, this Vanguard ETF seeks to track the Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index (or any successor thereto). It invests primarily in public, investment-grade fixed income securities issued in Canada.

PowerShares Tactical Bond ETF (TSX: PTB) – The PowerShares Tactical Bond ETF seeks to achieve income and capital growth by investing primarily in securities of PowerShares ETFs that provide exposure to fixed-income securities. The ETF will make tactical shifts based on economic conditions and opportunities.

Income / Cash Flow

BMO Monthly Income ETF (TSX: ZMI) - BMO Monthly Income ETF has been designed to deliver the performance of an underlying basket of higher yielding BMO ETFs. ETFs are eligible to be selected by having a higher yield than either the equity market represented by the BMO

S&P/TSX Capped Composite Index ETF (ZCN) or the fixed income market represented by the BMO Aggregate Bond Index ETF (ZAG). The holdings are weighted to emphasize yield, with 50 percent investment in each of equity and fixed income and a cap of 20 percent for each security. The ETF is rebalanced and reconstituted semi-annually in July and January. In addition, as ZMI is a fund of fund, the management fees charged are reduced by those accrued in the underlying funds.

iShares Diversified Monthly Income Fund (TSX: XTR) - The iShares Diversified Monthly Income ETF seeks to provide a consistent monthly cash distribution, with the potential for modest long-term capital growth, by investing primarily in Canadian iShares Funds that provide exposure to a diversified portfolio of income-bearing investments. Exposure to these types of income-bearing investments may also be obtained by investing directly in them and/or through the use of derivatives. The investment strategy of XTR is to invest primarily in income-bearing Canadian iShares Funds. XTR will invest in a portfolio that is a diversified representation of income-bearing asset classes, including, but not limited to, common equities, fixed income securities and real estate investment trusts. BlackRock Canada will develop and maintain a strategic asset allocation policy for XTR. The fund will generally rebalance to this allocation policy on a quarterly basis, but may also do so more frequently if market conditions warrant. The majority of the XTR's investment exposure will be to Canadian securities, but foreign asset classes may also be included as a result of their income properties or diversification benefits. BlackRock Canada will review, and may adjust, XTR's strategic asset allocation from time to time, as market conditions change, and as the investible universe evolves.

Canadian Equity

PowerShares S&P/TSX Composite Low Volatility ETF (TSX: TLV) - TLV seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the S&P/TSX Composite Low Volatility Index, or any successor thereto. This PowerShares ETF invests, directly or indirectly, primarily in Canadian equity securities. Low-volatility stocks (i.e., securities with a standard deviation of price returns lower than that of the broader market) have historically provided a layer of protection in declining markets by capturing a smaller portion of downside.

PowerShares Canadian Dividend ETF (TSX: PDC) - PDC seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the NASDAQ Select Canadian Dividend Index, or any successor thereto. This PowerShares ETF invests primarily in Canadian equity securities. PDC invests in liquid, high-yielding securities of Canadian corporations with a track record of growing dividends.

PowerShares FTSE RAFI Canadian Fundamental (TSX: PXC) - The PowerShares FTSE RAFI Canadian Fundamental Index ETF (PXC) seeks to replicate, before fees and expenses, the performance of the FTSE RAFI® Canada Index. This ETF gives investors exposure to all Canadian equities in the FTSE RAFI® Developed ex U.S. 1000 Index, a fundamentally weighted index.

Horizons Active Canadian Dividend ETF (TSX: HAL) – The investment objective of the Horizons Active Canadian Dividend ETF (the “ETF”) is to seek long-term total returns consisting of regular dividend income and modest long-term capital growth. The ETF invests primarily

in equity securities of major North American companies with above average dividend yields. The ETF, to the best of its ability, seeks to hedge its U.S. currency exposure to the Canadian dollar at all times.

iShares Core S&P/TSX Capped Composite Index (TSX: XIC) - The iShares Core S&P/TSX Capped Composite Index ETF seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the S&P®/TSX® Capped Composite Index through investments in the constituent issuers of such index, net of expenses. The index is comprised of the largest (by market capitalization) and most liquid securities listed on the Toronto Stock Exchange, selected by S&P Dow Jones Indices LLC using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.

iShares S&P/TSX Completion Index (TSX: XMD) - The iShares S&P/TSX Completion Index ETF seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the S&P/TSX Completion Index through investments in the constituent issuers of such index, net of expenses. The index is comprised of all constituents of the S&P/TSX Composite Index that are not in the S&P/TSX 60 Index.

First Asset Morningstar Canadian Momentum Index ETF (TSX: WXM) – The First Asset Morningstar Canada Momentum Index ETF (the "Fund") has been designed to replicate, to the extent possible, the performance of the Morningstar® Canada Target Momentum Index (the "Index") (formerly, Morningstar® Canada Momentum Index), net of expenses. The Index is comprised of liquid equity securities of Canadian companies, utilizing proprietary CPMS methodologies from Morningstar to screen for, among other things, above average returns on equity, with an emphasis on upward earnings estimate revisions and technical price momentum indicators. To qualify for inclusion in the Index, the constituent securities must, among other things, trade on the TSX, be classified as a Canadian issuer, and demonstrate average monthly volume (12 month) in the top third of stocks in the investible universe. The Index is comprised of the top 30 issuers that meet the screening requirements, and are equally weighted and rebalanced quarterly.

U.S. Equity

Vanguard MSCI U.S. Broad Market C\$ Hedged (TSX: VUS) - Vanguard U.S. Total Market Index ETF (CAD-hedged) seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad U.S. equity index that measures the investment returns of primarily large-capitalization U.S. stocks, which index is hedged to the Canadian dollar. Currently, this Vanguard ETF seeks to track the CRSP US Total Market Index (CAD-hedged) (or any successor thereto). It invests directly or indirectly primarily in stocks of U.S. companies and uses derivative instruments to seek to hedge the U.S. dollar exposure of the securities included in the CRSP US Total Market Index (CAD-hedged) back to the Canadian dollar.

iShares US Fundamental Index (TSX: CLU) - iShares US Fundamental Index ETF seeks to track, less fees and expenses, the FTSE RAFI US 1000 C\$ Hedged Index, comprised of the largest 1,000 US-listed companies by fundamental value. They're selected on the basis of 3

factors aggregated over 5 years: total cash dividends, free cash flow and total sales. Current book equity value is also taken into account. CLU is hedged against U.S. currency risk.

iShares Core S&P 500 Index (TSX: XSP) - The iShares Core S&P 500 Index ETF (CAD-Hedged) seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the S&P 500 Hedged to Canadian Dollars Index, net of expenses. The Index is a market capitalization-weighted index of securities of 500 of the largest U.S. public issuers provided by S&P Dow Jones Indices LLC, hedged to Canadian dollars.

International / Global Equity

iShares MSCI EAFE Minimum Volatility Index (TSX: XMI) - The iShares MSCI EAFE Minimum Volatility Index ETF seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the MSCI EAFE Minimum Volatility Index (USD), net of expenses. The index measures the performance of international equity securities that have lower volatility relative to the equity securities included in the MSCI EAFE Index. The eligible universe of securities is taken from the MSCI EAFE Index, which is a capitalization-weighted index, and then MSCI, Inc. follows a rules-based methodology to determine optimal weights for securities in the index in order to seek to minimize total risk of the MSCI EAFE Index. The index includes stocks from Europe, Australasia, the Middle East and the Far East. Representative companies include consumer staples, financials and health care companies. The Index is optimized in U.S. dollars and reported in Canadian dollars.

BMO MSCI EAFE Hedged to CAD Index ETF (TSX: ZDM) - The BMO MSCI EAFE Hedged to CAD Index ETF has been designed to replicate, to the extent possible, the performance of the MSCI EAFE 100% Hedged to CAD Dollars Index, net of expenses. The Fund invests in developed markets equity, excluding Canada and the U.S. The Manager may use a sampling methodology in selecting investments for the fund. The Fund may also invest in or hold securities intended to replicate the performance of the Index. The foreign currency exposure is hedged back to the Canadian dollar. In addition, as ZDM may hold other underlying ETFs, the management fees charged are reduced by the management fees paid on the underlying ETFs.

iShares International Fundamental Index ETF (TSX: CIE) - iShares International Fundamental Index Fund seeks to track, less fees and expenses the FTSE RAFI Developed ex US 1000 Index, composed of the largest 1000 listed companies incorporated outside the U.S., ranked by 4 fundamental measures of size: sales, cash flows, book value and dividends. It represents 25 separate country/regional indices from Europe, Australasia and the Far East.

iShares MSCI World Index ETF (TSX: XWD) – The iShares MSCI World Index ETF seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the MSCI World Index, net of expenses. The MSCI World Index is a free float-adjusted market capitalization weighted index provided by MSCI, Inc. that is designed to measure the equity market performance of developed markets.

First Asset MSCI Europe Low Risk Weighted ETF (TSX: RWE) – The Fund has been designed to replicate, to the extent possible, the performance of the MSCI Europe Risk Weighted Top 100 Index Hedged to CAD (the “Index”), net of expenses. The index is based on a traditional market capitalization weighted parent index, MSCI Europe Index, which includes developed Europe large and mid-capitalization stocks. Constructed using a simple, but effective and transparent process, each security of the parent index is reweighted so that stocks with lower risk are given higher index weights. The final constituents of the MSCI Europe Risk Weighted Top 100 Index are determined by ranking these security level risk weights and taking the top 100 subset securities. The Indexes seek to emphasize stocks with lower historical return variance and tend to have a bias towards lower size and lower risk stocks. Historically, the Index has exhibited lower realized volatility in comparison to its parent index. At all times, at least 90% of the foreign currency exposure will be hedged back to the Canadian dollar.

Specialty / Sector

Vanguard FTSE Emerging Markets All Cap ETF (TSX: VEE) - Vanguard FTSE Emerging Markets All Cap Index ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad emerging markets index. Currently, this Vanguard ETF seeks to track the FTSE Emerging Markets All Cap China A Inclusion Index (or any successor thereto). It invests directly or indirectly primarily in stocks of companies located in emerging markets.

iShares Gold Bullion Fund ETF (TSX: CGL) - The fund seeks to replicate the performance of the price of physical gold bullion, less the fund’s fees and expenses. The fund is not actively managed. To achieve its objective, the fund invests in long-term holdings of unencumbered gold bullion, in 100 or 400 troy ounce international bar sizes. In accordance with its investment objective, strategy, policies and restrictions, the assets of the fund consist of gold bullion that the fund purchases and holds, cash, permitted gold certificates, if any, and forward contracts relating to the currency hedge.

BMO Equal Weight REITs Index ETF (TSX: ZRE) - The BMO Equal Weight REITs Index ETF has been designed to replicate, to the extent possible, the performance of the Dow Jones Canada Select Equal Weight REIT Index, net of expenses. The Fund invests in Canadian real estate investment trusts. The Fund invests in and holds the Constituent Securities of the Index in the same proportion as they are reflected in the Index. The Dow Jones Canada Select Equal Weight REIT Index consists of the Canadian securities that fall within the Real Estate Investment Trust sector. Each security in the Index is allocated a fixed weight rather than a market capitalization weight. To be included as a Constituent Security, an issue must meet certain minimum trading volume requirements and be incorporated in, or has its primary market listing in Canada.

BMO Global Infrastructure (TSX: ZGI) - BMO Global Infrastructure Index ETF has been designed to replicate, to the extent possible, the performance of the Dow Jones Brookfield Global Infrastructure North American Listed Index (Index), net of expenses. The ETF invests in and holds the Constituent Securities of the Index in the same proportion as they are reflected in the Index. The Dow Jones Brookfield Global

Infrastructure North American Listed Index (Index) is a float-adjusted market capitalization weighted Index. To be eligible for inclusion in the Index, a company must have a minimum float-adjusted market capitalization of US\$500 million as well as a minimum three-month average daily trading volume of US\$1 million. Securities of constituent issuers also must be listed in Canada or the United States. More than 70% of a potential constituent issuer's cash flows must be derived from the development, ownership, lease, concession or management of infrastructure assets.

iShares S&P/TSX Capped Financials Index (TSX: XFN) - The iShares S&P/TSX Capped Financials Index ETF seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the S&P/TSX Capped Financials Index, net of expenses. The index is comprised of constituents of the S&P/TSX Composite Index in GICS Sector 40, but excluding GICS Industry Group 4040 – Real Estate. Constituents are capped at 25% weight.

Disclaimer

Financial Information provided by Fundata Canada. (c) Fundata Canada. All Rights Reserved.

Information is from sources believed to be reliable. Every effort is made to ensure its accuracy, however, we cannot be responsible for inaccuracies or omissions in any of the data.

Information used in this analysis is historic in nature. Past performance is no guarantee of future performance.

Monthly Standard Deviation is the most recent 60-month historical standard deviation of returns.

Sharpe Ratio is a measure of risk adjusted returns. The higher the ratio, the better the manager has been at delivering more return for less risk.

Alpha represents the excess return which the manager has been able to deliver over and above the applicable benchmark.

Beta represents the volatility of the fund relative to its applicable benchmark. A beta of one means that there is a level of volatility equal that of the benchmark. A beta in excess of one indicates that the volatility is greater than the benchmark, while a beta of less than one indicates that volatility is less than the benchmark.

Correlation measures the similarity in return patterns between the fund and a benchmark. The correlation will range between -1 and +1. A correlation close to +1 indicates that the fund and the index have very similar return patterns. A correlation close to -1 indicates that the returns are almost opposite, while a correlation close to zero indicates no relationship.

Historic returns are calculated using the monthly return data in our database. Slight variations in return results will be attributable to decimal rounding and number truncation.

This is not a solicitation from Paterson & Associates to sell mutual funds or any financial product. For additional information, please contact your advisor or refer to the important information found in the mutual fund prospectus. - All Information is for Broker Use Only.

About Us

Dave Paterson is the Director of Research, Investment Funds for D.A. Paterson & Associates Inc. Paterson & Associates is an independent consulting firm specializing in providing research and due diligence on a wide range of different investment products including mutual funds, exchange traded funds, hedge funds and other exempt market products to financial advisors, individual investors and investment dealers.

Dave has worked in the mutual fund industry since 1994. Prior to starting his own firm in 2002, he worked for a variety of respected mutual fund companies and money managers including the Mackenzie Financial, Guardian Group of Funds, the Bank of Montreal and Jones Heward. In these roles, Dave has had the opportunity to work with some of the most respected money managers in the country.

Using this knowledge, Dave has developed a unique analytical approach which focuses on identifying the funds which have consistently delivered strong, risk adjusted returns on both an absolute and relative basis.

In 2011, Dave took over the publication and editor duties of Gordon Pape's Mutual Fund and ETF Update and Top Funds Report, the most widely read mutual fund newsletters in the country. He is also regularly quoted in the Financial Post, Globe and Mail and the FundLibrary.com and has appeared on BNN.

Dave was awarded the Chartered Financial Analyst (CFA) designation in 2000 and holds a Bachelor of Commerce (Finance) from the University of Windsor.