

ETF FOCUS LIST



December 2018

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The Focus List

% Returns at October 31, 2018											
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											
Invesco Senior Loan CAD Hedged ETF	BKL.F	1.10	2.92	3.72	2.45	0.82%	8.39	9.15	2.69	2.79	4K↔
Vanguard Canadian Short Term Bond ETF	VSB	-0.32	-0.35	0.37	1.17	0.11%	0.99	1.03	1.28	1.42	46K▲
BMO Short Corporate Bond Index	ZCS	0.14	0.17	1.34	1.90	0.11%	1.28	1.28	1.41	1.43	49K▲
iShares Core Cdn Universe Bond Index ETF	XBB	-0.92	-0.64	1.24	2.64	0.19%	1.07	1.03	3.38	3.84	60K▲
Invesco Tactical Bond ETF	PTB	-0.95	-1.87	1.46	2.41	0.54%	1.60	1.59	3.16	3.69	7K▼
Income / Cash Flow											
BMO Monthly Income ETF	ZMI	-2.04	-0.57	3.66	3.85	0.61%	4.52	5.79	4.19	4.42	6K↔
iShares Diversified Monthly Income Fund	XTR	-1.82	-0.48	4.79	3.51	0.60%	3.52	3.34	4.48	4.47	37K▼
Canadian Equity											
Invesco S&P/TSX Comp Low Vol ETF	TLV	-3.90	-4.04	5.89	7.61	0.34%	4.64	5.32	5.84	6.09	6K↔
Invesco Canadian Dividend ETF	PDC	-6.89	-7.59	5.39	5.11	0.55%	3.90	4.57	7.76	7.91	17K▲
Invesco FTSE RAFI Cdn Fundamental	PXC	-8.71	-3.42	8.15	4.94	0.51%	3.27	3.62	8.89	9.49	6K↔
Horizons Active Canadian Dividend	HAL	-4.69	0.23	6.90	7.40	0.79%	4.36	4.75	7.45	8.10	2K↔
iShares Core S&P/TSX Capped Composite	XIC	-7.80	-3.41	6.62	5.34	0.06%	0.46	0.52	7.44	7.81	226K▲
iShares S&P/TSX Small Cap Index	XCS	-8.99	-8.97	6.60	1.63	0.60%	7.71	7.08	13.50	14.20	7K↔
First Asset Morningstar Cdn Momentum	WXM	-9.08	6.26	6.85	6.75	0.67%	6.40	6.09	9.68	9.19	23K▲
U.S. Equity											
Vanguard U.S. Total Mkt (C\$ Hedged)	VUS	-4.35	4.98	9.98	9.86	0.16%	8.39	8.93	9.94	10.33	20K▲
iShares US Fundamental Index	CLU	-3.66	3.63	8.65	8.17	0.72%	-	-	-	-	6K▲
iShares Core S&P 500 Index	XSP	-3.50	5.72	10.26	10.47	0.11%	8.10	8.77	9.40	10.11	572K▲

% Returns at October 31, 2018											
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	-5.42	-0.95	3.93	9.39	0.37%	5.99	5.85	9.01	10.58	7K▼
BMO MSCI EAFE Index (C\$ Hedged)	ZDM	-6.67	-3.98	5.10	6.12	0.23%	6.83	7.38	9.03	10.27	19K▲
iShares International Fundamental Index	CIE	-7.92	-6.01	4.50	6.25	0.72%	-	-	-	-	8K↔
iShares MSCI World	XWD	-4.53	2.81	7.89	11.56	0.00%	1.49	1.47	9.21	9.74	60K▲
First Asset MSCI Eur. Low Risk Wghtd C\$Hdg	RWE	-4.71	-1.18	4.37	-	0.67%	7.32	-	7.81	-	3K▼
Specialty / Sector											
Vanguard FTSE Emerging Mkts All Cap ETF	VEE	-11.9	-11.7	5.07	4.85	0.24%	3.55	3.59	12.01	12.30	66K▲
iShares Gold Bullion Fund ETF	CGL	-0.96	-5.65	0.99	-2.52	0.55%	14.41	14.38	14.40	14.38	27K▼
First Asset Canadian REIT	RIT	-0.25	8.58	10.80	11.82	0.93%	8.35	-	6.61	-	11K↔
BMO Global Infrastructure	ZGI	-2.33	-1.40	4.92	9.59	0.61%	1.29	1.25	10.01	10.32	8K↔
iShares S&P/TSX Capped Financials Index	XFN	-5.40	-3.73	9.03	8.13	0.61%	9.84	11.11	9.43	10.28	301K▲

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

NONE

Deletions

NONE

ETFs of Note

Invesco Senior Loan CAD Hedged ETF (TSX: BKL.F) – Last time around, I noted that I continue to favour this ETF for exposure to the leveraged loan space largely on the higher quality portfolio it offers. During an extremely challenging period for credit markets, this ETF held up better than the other floating rate ETFs, gaining 1.10%. This narrowly outpaced the Mackenzie Floating Rate Income ETF. I continue to follow the Mackenzie offering closely and am looking to see how it continues to perform in a challenging environment.

Invesco Tactical Bond ETF (TSX: PTB) – One of the reasons I liked this ETF was my thesis that the tactical adjustments to the asset mix would allow it to outperform in a challenging bond environment. During the most recent three month, year-to-date, and one-year period, this has not played out as expected. During the past three months, it was down 0.95%, narrowly trailing the return of the iShares Cor Canadian Universe Bond ETF (TSX: XBB), which was lower by 0.92%. Year to date, this discrepancy is even larger, with PTB falling by 2.3% compared to a 1.2% drop in XBB.

Heading into a period of rising bond yields, the ETF increased its exposure to long-term government bonds, the most sensitive to rising yields at precisely the wrong time, moving it from 28% in August to nearly 35% in September. In fact, it was this long-term government bond exposure that was the biggest detractor of returns over the past three months.

I am placing this ETF UNDER REVIEW and will monitor it closely to see if this is a pattern or was more of a one-off scenario that resulted in the significant underperformance.

Horizons Active Canadian Dividend ETF (TSX: HAL) – With volatility returning to the market, funds and ETFs with a focus on valuation, quality, and better than average fundamentals outperformed in the period, while higher beta investments trailed.

This dividend focus strategy uses a systematic approach that scours the Canadian dividend universe looking for stocks that are reasonably valued, growing sustainable dividends, and offer the potential for strong capital growth. The focus is not solely on the dividend yield of a stock, but also the growth potential and its sustainability. The process evaluates several quantitative and qualitative factors and looks to identify companies undergoing an increase in the rate of change of these factors.

The result is a portfolio that holds approximately 50 names, with the top ten making up less than a third of the Fund. The sector mix is the result of the stock selection process, and at the end of October was overweight in the more defensive utilities, real estate and telecom sectors. It was also overweight energy, which has been a headwind in the recent oil price drop. Interestingly for a dividend focused fund, the exposure to financials is roughly half that of the index and peer group. The dividend yield is sharply higher than the index and peer group.

Despite a rough October the longer-term prospects for the Fund remain strong. The focus on fundamental quality would be expected to allow it to outperform the cap-weighted indices in a more volatile market environment. Further, it has demonstrated the ability to protect capital better in a down market. For the five years ending October 31, the Fund participated in 75% of the downside of the market.

It was recently announced that starting December 1, the management fee on HAL would be reduced from 0.70% to 0.55%, a very meaningful reduction in cost. This will certainly have a positive effect on the performance of the Fund on a go forward basis and this, combined with the disciplined and repeatable investment process, it reinforces its place as one of the most attractive dividend ETFs available.

iShares MSCI EAFE Minimum Volatility Index (TSX: XMI) – Low volatility funds have promised to deliver market like performance over the long term, with better downside protection and less overall fluctuation. With the recent bouts of market volatility, these funds have largely lived up to the promise. The **Invesco S&P/TSX Composite Low Volatility ETF (TSX: TLV)** has significantly outperformed the broader Canadian equity market falling by 3.9%, compared with the 7.8% fall in the S&P/TSX Composite for the three months ending October 31. The trend has also held when looking at the international equity low volatility offerings. For the three months ending October 31, this ETF was down 5.4% compared with the 8.1% drop in the MSCI EAFE Index, which translates to two thirds of the downside of the index. Looking out over the past year, XMI is down 1%, compared with the 4.6% fall in the index. This translates to a downside capture ratio of 22%.

Given these numbers, it certainly appears that the low volatility ETFs are living up to their promise. As we head into a new year, which has the potential to be a very challenging one for investors, those worried about losses, yet still want to have some exposure to equities in their portfolios may be wise to consider including some low volatility ETFs.

Fixed Income

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
Invesco Senior Loan CAD Hgd	TSX: BKL.F	Leveraged Loans	Cap Weighted	0.82%	\$62	• High quality portfolio saw outperformance • Has a higher quality portfolio than its peers • Invests in loans with floating rates.
Vanguard Canadian Short Term Bond	TSX: VSB	Short Term Fixed Income	Cap Weighted	0.11%	\$957	• BoC moved rates up twice in prd to 1.75% • ST yields moved out. Corps outperformed. • Trailed on higher gov't bond weight • Invests in bonds with 1 – 5 yr. maturities • Holds about 29% corporates
BMO Short Corporate Bond Index	TSX: ZCS	Short Term Fixed Income	Cap Weighted	0.11%	\$1,432	• Corporates outpaced governments • Higher YTM and lower duration than index • Holds corp bonds with 1-5 yr. maturities
iShares Core Canadian Universe Bond Index ETF	TSX: XBB	Traditional Bond	Cap Weighted	0.19%	\$2,126	• Struggled in a period where the BoC raised rates twice, bringing it to 1.75% • BoC likely to move again before year end • More volatility expected heading into Q4 • As expected, outpaced VAB in volatile mkts
Invesco Tactical Bond ETF	TSX: PTB	Tactical Bond	Fund of ETFs	0.54%	\$131	• Failed to protect capital during a volatile period. UNDER REVIEW • Actively managed with Invesco Bond ETFs • LT Gov & RR Bonds weighed in quarter. • More defensively positioned. 63% in ST bonds, 28% in Long Term bonds. • Duration still high, near 7 years. • 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	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr
Invesco Senior Loan	1.10	2.92	3.72	2.45	-	1.36	9.47	-2.29	0.49	3.77	-	7	0	-36	-39
Vanguard Cdn Sht Term Bond	-0.32	-0.35	0.37	1.17	-	-0.36	1.25	2.02	2.80	1.58	1.76	73	68	45	44
BMO Short Corp. Bond Index	0.14	0.17	1.34	1.90	-	1.03	2.02	2.36	3.46	2.13	3.80	84	76	20	22
iShares Core Cdn Unv Bond	-0.92	-0.64	1.24	2.64	4.16	2.42	1.25	3.30	8.28	-1.31	3.01	103	106	81	88
Invesco Tactical Bond	-0.95	-1.87	1.46	2.41	-	3.08	2.98	2.02	7.68	-2.11	-	92	98	64	81

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	0.61%	\$100	• Tough period for the ETF, falling 2% • Canadian and International equities were the biggest headwinds in the period. • Invests in a portfolio of fixed income and high yielding equity ETFs from BMO • Target mix is 50% equity 50% bonds. • Modest overweight to equities • Volatility profile comparable to XTR • Well positioned for long-term growth • A decent one ticket solution for income focused investors. Yields approximately 4.6%
iShares Diversified Monthly Income	TSX: XTR	Fixed Income Balanced	Fund of ETFs	0.60%	\$575	• Modestly outperformed ZMI largely due to less exposure to international equities • Remains highly sensitive to rates with equal weights to bonds and equities. • Fixed income has modest exposure to HY • Equity sleeve is more richly valued • Invests in a mix of income focused ETFs • Emphasis on cash flow. Yields 5.6%

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr
BMO Monthly Income Fund	-2.04	-0.57	3.66	3.85	-	4.97	5.97	-0.58	9.40	3.34	10.24	55	45	49	50
iShares Div. Monthly Income	-1.82	-0.48	4.79	3.51	6.50	6.61	12.99	-6.04	6.51	2.06	8.37	126	98	69	106

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

Canadian Equity

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
Invesco S&P/TSX Composite Low Volatility ETF	TSX: TLV	Canadian Equity	Rules Based	0.34%	\$336	• Low vol outperformed in volatile markets • Valuations look attractive relative to peers • Is an ETF made up of the 50 least volatile stocks in the S&P/TSX Composite Index • There are no constraints on sectors, which can result in big sector bets. • Rebal. quarterly. Weighted by volatility
Invesco Canadian Dividend ETF	TSX: PDC	Cdn Dividend & Income Equity	Rules Based / Cap Weighted	0.55%	\$595	• Overweight to energy was headwind • Still well positioned for volatile markets • Offers a very attractive yield of more than 5.7%, well above index & peers • Invests in the 45 largest TSX traded stocks with stable or rising dividends in past 5 yrs.
Invesco FTSE RAFI Canadian Fundamental	TSX: PXC	Canadian Equity	Fundamental	0.51%	\$260	• Modest overweight to energy hurt in period • Can be concentrated. At October 31, energy and financials make up 70% of ETF • Valuations solid. Outlook mixed on high energy weight and continued weakness in oil
Horizons Active Canadian Dividend	TSX: HAL	Cdn Dividend & Income Equity	Active - Fundamental	0.79%	\$28	• Lower but outpaced peers on overweight to utilities & REITs. Energy weighed. • Systematic investment process • Focusing on fundamentally strong companies with high & growing dividend payouts. • 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%	\$4,021	• Energy, Materials & healthcare weighed • Low cost exposure to the TSX Composite • Concentrated in energy, financials & materials. Less concentrated than PXC
iShares S&P/TSX Small Cap Index	TSX: XCS	Canadian Small / Mid-Cap Equity	Cap Weighted	0.60%	\$108	• Trailed on overweight to energy & materials • Invests 200 Canadian small cap stocks. • Valuations between small and mids continues to widen. Now very compelling option
First Asset Morningstar Canadian Momentum	TSX: WXM	Canadian Equity	Rules Based	0.67%	\$270	• Tech names weighed in period • Strong valuation and growth prospects • Universe of stocks is rated and ranked on 6 factors including ROE, EPS Revisions, Earnings Surprises and price changes

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr
Invesco S&P/TSX Composite Low Volatility ETF	-3.90	-4.04	5.89	7.61	-	10.15	14.90	0.40	16.56	11.35	-	74	81	60	44
Invesco Canadian Dividend ETF	-6.89	-7.59	5.39	5.11	-	10.26	23.37	-8.76	11.74	20.24	15.31	97	94	112	94
Invesco FTSE RAFI Canadian Fundamental	-8.71	-3.42	8.15	4.94	-	7.16	29.01	-9.81	6.66	16.19	-	118	113	114	127
Horizons Active Canadian Dividend	-4.69	0.23	6.90	7.40	-	7.18	20.05	-7.20	12.59	19.76	8.78	99	99	94	75
iShares Core S&P/TSX Capped Composite	-7.80	-3.41	6.62	5.34	7.32	8.98	21.00	-8.62	10.95	12.46	7.01	100	99	101	99
iShares S&P/TSX Small Cap Index ETF	-8.99	-8.97	6.60	1.63	6.59	2.56	38.35	-13.2	-3.27	7.70	-2.63	149	134	159	156
First Asset Morningstar Canadian Momentum	-9.08	6.26	6.85	6.75	-	10.05	9.24	-9.03	17.10	26.76	-	100	93	96	73

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

U.S. Equity

Fund	Ticker	Asset Class	Construction Method	MER	Assets (\$ mil)	Notes
Vanguard U.S. Total Market (C\$ Hedged)	TSX: VUS	U.S. Equity	Cap Weighted	0.16%	\$706	• Small & mid-cap names lagged, causing VUS to trail the large cap focused SP500 • 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 • Fundamentals lagged the broader markets • Continuing to favour the this over traditional cap weighted given valuation
iShares US Fundamental Index	TSX: CLU	U.S. Equity	Fundamental	0.72%	\$143	• 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%	\$4,278	• Replicates the S&P 500, hedged to CAD. If you want the unhedged, you can use XUS • Valuations look high compared to CLU • I continue to slightly favour the unhedged XUS. The potential for further appreciation in the USD is lower than it was previously, but still exists. Further, if there is a marked selloff, the USD is expected to rise on the flight to safety trade.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr
Vanguard MSCI U.S. Broad Market (C\$ Hedged)	-4.35	4.98	9.98	9.86	-	20.28	11.36	-0.81	13.13	33.90	15.36	64	60	37	58
iShares US Fundamental Index	-3.66	3.63	8.65	8.17	11.54	14.82	15.15	-4.07	12.79	35.44	15.39	-	-	-	-
iShares Core S&P 500 Index	-3.50	5.72	10.26	10.47	12.07	20.71	11.07	0.54	14.02	32.33	15.41	64	61	34	55

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%	\$257	- Held up marginally better than market - Unhedged currency dragged in period - Valuation remains higher than traditional cap weighted or fundamental ETFs.
BMO MSCI EAFE Index (C\$ Hedged)	TSX: ZDM	International Equity	Cap Weighted	0.23%	\$596	- Fully hedged currency position helped. - Replicates MSCI EAFE net of fees. - I'm favouring unhedged ZEA for volatile environment. Expect it to be better near term
iShares International Fundamental Index ETF	TSX: CIE	International Equity	Fundamental	0.72%	\$186	- Fundamental names trailed in period - Unhedged currency helped with falling CAD - 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	0.00%	\$574	- Unhedged currency hurt 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	0.67%	\$53	- Outperformed in volatile period - Remains a lower risk way to play Europe - Valuation looks a bit high compared to index, while growth outlook is lower - Provides exposure to the 100 least volatile stocks in the MSCI Europe Index - Weights set by risk, not market cap

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr
iShares MSCI EAFE Min Vol.	-5.42	-0.95	3.93	9.39	-	13.74	-5.81	27.81	12.91	24.14	-	81	89	78	64
BMO MSCI EAFE Idx (C\$ Hdg)	-6.67	-3.98	5.10	6.12	-	16.17	6.42	4.71	5.12	26.95	17.04	77	74	63	68
iShares Int'l Fundamental Idx	-7.92	-6.01	4.50	6.25	6.54	16.73	2.75	12.43	1.61	32.74	13.06	-	-	-	-
iShares MSCI World	-4.53	2.81	7.89	11.56	-	14.42	4.11	17.42	14.31	35.69	11.82	95	96	98	101
FA MSCI Eur LR Weighted ETF	-4.71	-1.18	4.37	-	-	13.54	1.38	10.82	-	-	-	58	-	41	-

Note: Source: Morningstar, Fundata, 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%	\$805	• Another tough period for emerging markets with higher US dollar and trade worries. • Longer term outlook remains strong • Most cost-effective way to play EM
iShares Gold Bullion Fund ETF	TSX: CGL	Commodity	Other	0.55%	\$297	• Inflation still contained but bubbling • May see support in high volatility periods • ETF is fully hedged back to Canadian dollars. For unhedged exposure use TSX: MNT
First Asset Canadian REIT ETF	TSX: RIT	Real Estate Equity	Active	0.93%	\$348	• Actively managed REIT portfolio • REITs continue to trade at big discounts • Fundamentals remain very strong • Better diversified than either XRE or ZRE
BMO Global Infrastructure	TSX: ZGI	Global Equity	Cap Weighted	0.61%	\$236	• 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	0.61%	\$947	• Invests in the largest banks and insurance companies that trade on the TSX • Insurers & BNS struggled, muting gains • You may want to take some profits

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr
Vanguard FTSE EM All Cap	-11.90	-11.68	5.07	4.85	-	22.55	8.10	0.21	8.37	1.05	15.11	91	97	101	103
iShares Gold Bullion Fund ETF	-0.96	-5.65	0.99	-2.52	-	11.68	8.25	-11.3	-1.50	-28.7	7.08	-	-	-	-
First Asset Canadian REIT ETF	-0.25	8.58	10.80	11.82	15.29	11.72	16.88	15.44	11.19	0.05	17.65	64	-	9	-
BMO Global Infrastructure	-2.33	-1.40	4.92	9.59	-	2.97	17.16	-4.05	30.36	22.43	12.87	102	102	102	104
iShares S&P/TSX Cpd Fincl	-5.40	-3.73	9.03	8.13	9.94	12.54	23.36	-3.71	11.89	26.00	16.42	57	45	27	16

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

ETF Descriptions

(From Managers)

Fixed Income

Invesco Senior Loan CAD Hedged (TSX: BKL) - Invesco 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 TM, 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.

iShares Core Canadian Universe Bond Index ETF (TSX: XBB) - The fund seeks to provide income by replicating, to the extent possible, the performance of the FTSE TMX Canada Universe Bond Index (the “Index”), net of expenses. Under normal market conditions, the fund will primarily invest in Canadian fixed income securities. The Index is a market capitalization-weighted index consisting of a broadly diversified range which may include any or all of federal, provincial, corporate and municipal bonds. The investment strategy of the fund is to invest in a regularly rebalanced portfolio of bonds, selected by BlackRock from time to time, that closely matches the characteristics of the Index.

Invesco Tactical Bond ETF (TSX: PTB) – The Invesco Tactical Bond ETF seeks to achieve income and capital growth by investing primarily in securities of Invesco 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 October 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

Invesco 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 Invesco 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.

Invesco 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 Invesco ETF invests primarily in Canadian equity securities. PDC invests in liquid, high-yielding securities of Canadian corporations with a track record of growing dividends.

Invesco FTSE RAFI Canadian Fundamental (TSX: PXC) - The Invesco 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 Small Cap Index (TSX: XCS) - The investment seeks to replicate, net of expenses, the S&P/TSX Small Cap Index. The index is comprised of smaller (by market capitalization) securities listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.

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 (NEO: 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 (NEO: 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.

First Asset Canadian REIT ETF (TSX: RIT) - First Asset Canadian REIT ETF (the "Fund") will invest in an actively managed portfolio comprised primarily of securities of Canadian real estate investment trusts ("REITs"), real estate operating corporations ("REOCs") and corporations involved in real estate related services. The fund may also invest up to 30% of its net asset value in securities of non-Canadian REITs, REOCs and corporations involved in real estate related services.

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.

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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.