

ETF FOCUS LIST



March 2019

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The Focus List

% Returns at January 31, 2019											
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	-2.23	-0.31	3.63	1.69	0.82%	8.58	9.25	3.63	3.44	3K▼
Vanguard Canadian Short Term Bond ETF	VSB	2.17	2.72	0.96	1.49	0.11%	1.03	1.00	1.40	1.46	20K▼
BMO Short Corporate Bond Index	ZCS	2.11	2.68	1.87	2.11	0.11%	1.45	1.38	1.56	1.49	39K▼
iShares Core Cdn Universe Bond Index ETF	XBB	3.77	3.43	1.99	3.04	0.19%	1.16	1.16	3.52	3.78	63K▲
Invesco Tactical Bond ETF	PTB	3.06	1.47	2.07	2.85	0.54%	1.62	1.63	3.29	3.62	7K↔
Income / Cash Flow											
BMO Monthly Income ETF	ZMI	2.09	1.80	4.87	3.99	0.61%	4.67	5.86	4.74	4.89	5K▼
iShares Diversified Monthly Income Fund	XTR	1.42	0.23	6.76	3.54	0.60%	3.43	3.52	4.91	4.94	41K▲
Canadian Equity											
Invesco S&P/TSX Comp Low Vol ETF	TLV	3.82	0.81	8.13	8.29	0.34%	4.77	5.34	7.35	7.08	5K▼
Invesco Canadian Dividend ETF	PDC	5.61	-1.24	9.09	6.30	0.55%	3.78	4.44	9.39	9.19	14K▼
Invesco FTSE RAFI Cdn Fundamental	PXC	2.36	-2.47	11.36	5.26	0.51%	3.17	3.58	10.13	10.49	5K▼
Horizons Active Canadian Dividend	HAL	2.95	4.46	10.43	7.06	0.79%	4.30	4.38	9.19	9.14	2K↔
iShares Core S&P/TSX Capped Composite	XIC	4.41	0.47	9.97	5.61	0.06%	0.38	0.50	9.07	9.00	242K▲
iShares S&P/TSX Small Cap Index	XCS	-0.29	-9.68	9.41	0.75	0.60%	7.64	7.16	14.59	15.04	9K▲
First Asset Morningstar Cdn Momentum	WXM	-0.37	2.33	9.81	5.63	0.67%	6.53	6.40	11.93	11.07	25K▲
U.S. Equity											
Vanguard U.S. Total Mkt (C\$ Hedged)	VUS	-0.17	-4.08	12.92	9.31	0.16%	8.54	9.20	11.91	11.85	21K▲
iShares US Fundamental Index	CLU	-2.63	-7.69	10.53	7.31	0.72%	-	-	-	-	7K▲
iShares Core S&P 500 Index	XSP	-0.55	-4.22	12.62	9.94	0.11%	8.07	8.82	11.18	11.33	593K▲

Name	Ticker	% Returns at January 31, 2019					MER	3 Yr. Tracking Error	5 Yr. Tracking Error	3 Yr. Standard Deviation	5 Yr. Standard Deviation	Average Daily Volume
		3 Mth	1 Yr.	3 Yr.	5 Yr.							
International / Global Equity												
iShares MSCI EAFE Minimum Volatility Index	XMI	2.75	1.25	3.49	9.30	0.37%	5.45	5.93	8.82	10.65	5K▼	
BMO MSCI EAFE Index (C\$ Hedged)	ZDM	-0.53	-6.29	7.18	6.36	0.23%	6.24	7.32	9.54	10.67	17K▼	
iShares International Fundamental Index	CIE	0.54	-7.60	6.43	5.37	0.72%	-	-	-	-	8K↔	
iShares MSCI World	XWD	0.41	-0.43	8.57	10.27	0.47%	1.37	1.49	9.65	10.21	68K▲	
First Asset MSCI Eur. Low Risk Wghtd C\$Hdg	RWE	0.82	0.13	5.02	-	0.67%	6.45	-	8.35	-	2K▼	
Specialty / Sector												
Vanguard FTSE Emerging Mkts All Cap ETF	VEE	10.79	-8.66	10.53	7.84	0.24%	3.26	3.48	12.35	12.57	60K▼	
iShares Gold Bullion Fund ETF	CGL	8.70	-2.93	4.53	0.34	0.55%	13.77	14.19	13.78	14.21	78K▲	
First Asset Canadian REIT	RIT	4.98	11.15	14.05	13.02	0.93%	7.48	10.38	7.53	8.06	18K▲	
BMO Global Infrastructure	ZGI	4.03	9.55	7.46	8.70	0.61%	1.25	1.26	10.47	10.59	5K▼	
iShares S&P/TSX Capped Financials Index	XFN	2.80	-2.76	11.37	8.76	0.61%	8.69	11.15	11.10	11.22	314K▲	

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) – It was a tough period for BKL.F, falling 2.2% between October 31 and January 31. In fact, of all the bond ETFs on our Focus List, this was the only one that ended in negative territory. Loans, along with all risk assets struggled in the last two months of the year as investor worries over trade and the potential for a slowing economy weighed on sentiment. Despite the loss, the ETF managed to outperform the other floating rate ETFs because of its higher quality portfolio. It invests in the 100 largest and most liquid loans in the U.S.

Over the past few months, I have been speaking with several bond managers and a few have expressed concern that an ETF or mutual fund structure may not be the best structure for a leveraged loan investment. Their rationale is that there is a significant mismatch in the settlement period between the ETF and a levered loan investment. ETFs settle two days after the trade is placed, while a leveraged loan may take upwards of twenty days to settle. Their concern is a significant run on the ETF may cause a liquidity crisis in the underlying investment portfolio.

We spoke to Invesco about this, and they noted there are several safeguards in place to prevent such a liquidity crisis. First, the ETF tends to hold approximately 5% in cash. While this may be a short-term drag on performance, it can provide sufficient liquidity to fund redemptions in most situations. Second, the ETF may hold up to 10% in more liquid short-term high yield bonds which can be converted to cash in a day or two. Third, the Managers have arranged a line of credit of up to one-third of the net asset value of the portfolio which can be tapped in such an emergency.

Given these safeguards, I continue to have a very high level of comfort around this ETF and see it as a strong way to reduce duration exposure when used in a well-diversified portfolio, with one caveat: an investor in this ETF should have a longer time horizon, as the loan asset class is more exposed to the credit cycle and potential for an economic recession given the higher debt levels of its borrowers.

iShares Core Canadian Universe Bond Index ETF (TSX: XBB) – With market volatility on the upswing in the final months of the year, traditional fixed income performed very well. This core offering from iShares was up 3.8% between October 31 and January 31, one of the strongest performers in the period. A key reason for the strong showing was its significant exposure to government bonds. At the end of January, the ETF had 72% in government bonds and 28% in corporate bonds. In volatile markets, government bonds have historically outperformed as investors seek a safe haven refuge from the wild market fluctuations. I expect we will see volatility higher than in 2017 and the first half of 2018, making government bonds a great defensive holding in a portfolio. Another factor to consider is the recent economic data has been mixed but is indicating a slowdown in overall economic activity. If this trend holds, it is expected the Bank of Canada will not be raising rates in the near term. In fact, we are now starting to hear predictions that the Bank's next move on rates will be a rate cut. With rates on hold or lower, combined with yields now at higher levels than a year or so ago make holding government bonds a somewhat attractive option. This ETF provides meaningful exposure to government bonds, but still has some exposure to corporates for higher yield potential. Another factor to consider is this is one of the largest and most liquid bond ETFs in Canada with an MER of 13 basis points making it a great ETF to consider.

Invesco Canadian Dividend ETF (TSX: PDC) – This dividend focused ETF ended the period up 5.6%, making it the best performer on the Focus List. However, the ride was anything but smooth, falling by nearly 6% in December trailing the broader market only to bounce back nicely in January with an 8.8% rise. The main reason for this was its exposure to the energy sector, which sat just north of 30% at the end of January. Enbridge and TransCanada were strong contributors to performance, both surging higher in the past couple months. Banks and utilities have also been strong contributors. I continue to like this ETF for a few reasons. It offers a very attractive yield of 5%. Valuation levels and other fundamentals look attractive. Finally, given where we are in the economic and market cycle, I expect that dividend focused ETFs have the potential to provide better risk adjusted returns based on yield and fundamentals. With a Management Fee of 0.50% it remains an attractive option for investors and I continue to use it as a core Canadian equity holding in many of my ETF focused portfolios.

iShares Core S&P 500 Index ETF (TSX: XSP) – The S&P 500 has historically been one of the most difficult indexes to beat on a consistent basis, and this ETF is designed to track that index. While I appreciate that the iShares U.S. Fundamental Index ETF (TSX: CLU) looks more appealing from a fundamental perspective, I believe the liquidity profile of the underlying holdings, combined with the momentum of the U.S. equity markets make this a more attractive ETF. In my models, I am using the unhedged version, XUS, which provides the same exposure but with unhedged exposure to the U.S. dollar. My rationale is the U.S. dollar has historically rallied in periods of market volatility as investors seek a safe haven. Given my defensive outlook, I am looking for that downside buffer. However, of late, many economists have noted the U.S. dollar appears to be overvalued and may weaken. If that were to occur, the fully hedged XSP would be the better choice. However, for now, with the potential for volatility to remain high, I will continue to hold XUS as I believe the benefit of the downside protection outweighs the risk of loss from a depreciating U.S. dollar.

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%	\$49	<ul style="list-style-type: none"> Loans struggled on flight to safety trade Outperformed peers on high quality port. 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%	\$943	<ul style="list-style-type: none"> BoC held rates steady at 1.75% Yields moved lower on flight to safety trade Government outpaced corporates 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%	\$1,473	<ul style="list-style-type: none"> Corps trailed govts in volatile markets 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%	\$2,373	<ul style="list-style-type: none"> Strong quarter with bonds rallying higher in very volatile equity markets BoC notes path for rates now uncertain Market volatility likely to remain high As expected, outpaced VAB in volatile mkts Remains UNDER REVIEW Actively managed with Invesco Bond ETFs LT Gov & RR Bonds helped in quarter.
Invesco Tactical Bond ETF	TSX: PTB	Tactical Bond	Fund of ETFs	0.54%	\$120	<ul style="list-style-type: none"> Neutral positioning. 40% in ST bonds, 29% in Long Term bonds, 13% HY. Added duration. Now at 8.1 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	2018	2017	2016	2015	2014	2013	3Yr	5Yr	3Yr	5Yr
Invesco Senior Loan	-2.23	-0.31	3.63	1.69	-	-2.13	1.36	9.47	-2.29	0.49	3.77	0	-10	-45	-45
Vanguard Cdn Sht Term Bond	2.17	2.72	0.96	1.49	-	1.65	-0.36	1.25	2.02	2.80	1.58	77	71	43	45
BMO Short Corp. Bond Index	2.11	2.68	1.87	2.11	-	1.23	1.03	2.02	2.36	3.46	2.13	88	76	22	24
iShares Core Cdn Unv Bond	3.77	3.43	1.99	3.04	4.10	1.00	2.42	1.25	3.30	8.28	-1.31	108	106	81	90
Invesco Tactical Bond	3.06	1.47	2.07	2.85	-	-0.48	3.08	2.98	2.02	7.68	-2.11	95	97	64	80

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	<ul style="list-style-type: none"> • Solid period, gaining 2.1% • All the gains driven by the equity sleeve in January. Dividends & REITs lead the way • Invests in a portfolio of fixed income and high yielding equity ETFs from BMO • Target mix is 50% equity 50% bonds. • Maintains 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%	\$582	<ul style="list-style-type: none"> • Trailed ZMI on HY and Pref exposure • 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	2018	2017	2016	2015	2014	2013	3Yr	5Yr	3Yr	5Yr
BMO Monthly Income Fund	2.09	1.80	4.87	3.99	-	-2.39	4.97	5.97	-0.58	9.40	3.34	67	52	53	58
iShares Div. Monthly Income	1.42	0.23	6.76	3.54	8.78	-3.71	6.61	12.99	-6.04	6.51	2.06	144	103	86	123

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%	\$342	<ul style="list-style-type: none"> • Low vol outperformed in volatile markets, but trailed in period after Jan rebound • 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 • Solid period on January Energy bounce • Still well positioned for volatile markets • Offers a very attractive yield of 4.7%, well above index & peers • Invests in the 45 largest TSX traded stocks with stable or rising dividends in past 5 yrs.
Invesco Canadian Dividend ETF	TSX: PDC	Cdn Dividend & Income Equity	Rules Based / Cap Weighted	0.55%	\$630	<ul style="list-style-type: none"> • Modest overweight to energy hurt in period • Can be concentrated. At January 31, energy and financials make up 60% of ETF • Valuations solid. Outlook mixed on high energy weight and continued volatility in oil • Lower but held ground due to 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.
Invesco FTSE RAFI Canadian Fundamental	TSX: PXC	Canadian Equity	Fundamental	0.51%	\$288	<ul style="list-style-type: none"> • Energy and financials weighed • Low cost exposure to the TSX Composite • Concentrated in energy, financials & materials. Less concentrated than PXC
Horizons Active Canadian Dividend	TSX: HAL	Cdn Dividend & Income Equity	Active - Fundamental	0.79%	\$31	<ul style="list-style-type: none"> • Trailed on concern about economic growth • Invests 200 Canadian small cap stocks. • Valuations between small and mids continues to widen. Now very compelling option
iShares Core S&P/TSX Capped Composite	TSX: XIC	Canadian Equity	Cap Weighted	0.06%	\$4,720	<ul style="list-style-type: none"> • 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
iShares S&P/TSX Small Cap Index	TSX: XCS	Canadian Small / Mid-Cap Equity	Cap Weighted	0.60%	\$133	
First Asset Morningstar Canadian Momentum	TSX: WXM	Canadian Equity	Rules Based	0.67%	\$487	

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside	
	3mth	1 Yr	3 Yr	5 Yr	10Yr	2018	2017	2016	2015	2014	2013	3Yr	5Yr	3Yr	5Yr
Invesco S&P/TSX Composite Low Volatility ETF	3.82	0.81	8.13	8.29	-	-6.62	10.15	14.90	0.40	16.56	11.35	77	85	69	50
Invesco Canadian Dividend ETF	5.61	-1.24	9.09	6.30	-	-11.9	10.26	23.37	-8.76	11.74	20.24	101	101	112	95
Invesco FTSE RAFI Canadian Fundamental	2.36	-2.47	11.36	5.26	-	-10.3	7.16	29.01	-9.81	6.66	16.19	111	113	105	124
Horizons Active Canadian Dividend	2.95	4.46	10.43	7.06	-	-6.17	7.18	20.05	-7.20	12.59	19.76	97	96	86	79
iShares Core S&P/TSX Capped Composite	4.41	0.47	9.97	5.61	9.01	-8.71	8.98	21.00	-8.62	10.95	12.46	100	99	98	99
iShares S&P/TSX Small Cap Index ETF	-0.29	-9.68	9.41	0.75	7.23	-19.3	2.56	38.35	-13.2	-3.27	7.70	138	132	155	156
First Asset Morningstar Canadian Momentum	-0.37	2.33	9.81	5.63	-	-4.87	10.05	9.24	-9.03	17.10	26.76	100	91	99	87

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%	\$734	<ul style="list-style-type: none"> • Small & mid-cap names rebounded, causing VUS to lead 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 this over traditional cap weighted given valuation
iShares US Fundamental Index	TSX: CLU	U.S. Equity	Fundamental	0.72%	\$137	<ul style="list-style-type: none"> • 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%	\$4,564	<ul style="list-style-type: none"> • 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	2018	2017	2016	2015	2014	2013	3Yr	5Yr	3Yr	5Yr
Vanguard MSCI U.S. Broad Market (C\$ Hedged)	-0.17	-4.08	12.92	9.31	-	-7.33	20.28	11.36	-0.81	13.13	33.90	81	68	48	73
iShares US Fundamental Index	-2.63	-7.69	10.53	7.31	13.41	-11.2	14.82	15.15	-4.07	12.79	35.44	-	-	-	-
iShares Core S&P 500 Index	-0.55	-4.22	12.62	9.94	13.80	-6.25	20.71	11.07	0.54	14.02	32.33	79	69	46	69

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%	\$259	<ul style="list-style-type: none"> Strongly outperformed the volatile markets Unhedged currency helped 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%	\$615	<ul style="list-style-type: none"> Fully hedged currency position hurt. 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%	\$179	<ul style="list-style-type: none"> Fundamental names trailed in period Unhedged currency hurt with rising 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	0.47%	\$609	<ul style="list-style-type: none"> Unhedged currency helped 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%	\$54	<ul style="list-style-type: none"> 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	2018	2017	2016	2015	2014	2013	3Yr	5Yr	3Yr	5Yr
iShares MSCI EAFE Min Vol.	2.75	1.25	3.49	9.30	-	1.70	13.74	-5.81	27.81	12.91	24.14	77	91	86	63
BMO MSCI EAFE Idx (C\$ Hdg)	-0.53	-6.29	7.18	6.36	-	-10.1	16.17	6.42	4.71	5.12	26.95	93	84	77	77
iShares Int'l Fundamental Idx	0.54	-7.60	6.43	5.37	8.85	-8.17	16.73	2.75	12.43	1.61	32.74	-	-	-	-
iShares MSCI World	0.41	-0.43	8.57	10.27	-	-1.51	14.42	4.11	17.42	14.31	35.69	97	97	101	102
FA MSCI Eur LR Weighted ETF	0.82	0.13	5.02	-	-	-4.30	13.54	1.38	10.82	-	-	71	-	60	-

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%	\$918	<ul style="list-style-type: none"> • A strong period for emerging markets with lower US dollar and fewer 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%	\$318	<ul style="list-style-type: none"> • Outperformed on flight to safety trade • May see momentum in volatile period • 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%	\$408	<ul style="list-style-type: none"> • Actively managed REIT portfolio • REITs continue to trade at discounts • Fundamentals remain very strong • Better diversified than either XRE or ZRE
BMO Global Infrastructure	TSX: ZGI	Global Equity	Cap Weighted	0.61%	\$231	<ul style="list-style-type: none"> • 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%	\$979	<ul style="list-style-type: none"> • Invests in the largest banks and insurance companies that trade on the TSX • Banks 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	2018	2017	2016	2015	2014	2013	3Yr	5Yr	3Yr	5Yr	
Vanguard FTSE EM All Cap	10.79	-8.66	10.53	7.84	-	-7.97	22.55	8.10	0.21	8.37	1.05	96	97	108	101	
iShares Gold Bullion Fund ETF	8.70	-2.93	4.53	0.34	-	-3.19	11.68	8.25	-11.3	-1.50	-28.7	-	-	-	-	
First Asset Canadian REIT ETF	4.98	11.15	14.05	13.02	16.47	3.93	11.72	16.88	15.44	11.19	0.05	74	53	11	7	
BMO Global Infrastructure	4.03	9.55	7.46	8.70	-	-0.78	2.97	17.16	-4.05	30.36	22.43	102	103	102	104	
iShares S&P/TSX Cpd Fincl	2.80	-2.76	11.37	8.76	13.22	-9.76	12.54	23.36	-3.71	11.89	26.00	73	54	43	26	

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.

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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.