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ETF EDGE

YOUR CANADIAN ETF SNAPSHOT: WEEK ENDING APRIL 28

Notable Weekly Market News

- The [Investment Funds Institute of Canada \(IFIC\)](#) announced [March's net flows and assets for investment funds](#): mutual funds and ETFs. Despite RSP season, when investors usually allocate to mutual funds, outflows in these funds resumed last month. MFs shed C\$-3,402M, reversing the C\$3.2B gathered in February – March's outflows take YTD flows in MFs to only C\$-6M. ETFs did not see the same fate, attracting C\$6,047M inflows in March – taking YTD flows to C\$10.5B. This behaviour reflects the ongoing preference of ETFs over mutual funds, for both institutional & retail investors. IFIC does not account for funds that invest in units of other funds to avoid double counting. Refer to the [stats here](#) for more detail.
- A new report ([The Renaissance of ETFs](#)) suggests that ETFs are on track to account for nearly 25% of global fund assets by 2027, up from 17% currently, as fund volumes across North America and Europe are expected to keep rising steadily. The report claims that ETFs have been “the single most disruptive trend within the asset management industry” over the past 20 years. While this disruption has been driven mainly by passive ETFs, the report believes actively managed ETFs will fuel the next growth stage.
 - Some tailwinds for the European ETF industry include the [rapid growth of digital investment platforms](#), which should drive ETF adoption across the continent, as well as a consolidated tape for European exchanges, which [ETF issuers largely support](#).
- **ESG Confusion Remains:**
 - Just a few months after several European ESG ETFs with more than €100B in AUM were downgraded from Article 9 (“dark green”) to Article 8 (“light green”) to prevent greenwashing through improper classification, [revised guidance from the European Commission](#) will cause the same funds to [be upgraded again to Article 9](#). Analysts [expect about](#) €76B-worth of ESG fund downgrades will be reversed. SFDR Level 1 and Level 2 regulations are meant to diminish greenwashing in the industry and aim to clarify and simplify ESG investing – instead, this back-and-forth is causing the opposite.
 - While various SFDR downgrades are set to be reversed, [MSCI is re-categorizing scores of various ESG ETFs](#) after stricter, new criteria. The world's three largest ESG ETFs with cumulative AUM of US\$26.6B will see their rankings downgraded – **ESGU and ESGD** will now score AA from AAA, while **ESGV** is now ranked as A from AA.
 - We believe discrepancies between ESG criteria, definitions, and what a “sustainable investment” is, along with ping-pong regulations will damage the ESG ETF space – further increasing greenwashing, pushing investor concentration to only a few institutional investors, and limiting SFDR and future regulations.

New ETF Products – Avalanche of New Canadian Products

New ETF Preliminary Filings

Date Filed	Fund Manager	ETF	Investment Objective
April 26, 2023	BMO Asset Management Inc.	BMO Global Dividend Opportunities Fund (BGDV) <ul style="list-style-type: none"> • Prelim Prospectus • Prelim Fact Sheet 	Seeks to increase the value of your investment over the long term by investing primarily in equity securities of companies from around the world that pay dividends or that are expected to pay dividends
April 26, 2023	BMO Asset Management Inc.	BMO Global Enhanced Income Fund (ZWQT) <ul style="list-style-type: none"> • Prelim Prospectus • Prelim Fact Sheet 	Seeks to provide income and long-term capital growth by investing in a diversified portfolio of global equity ETFs that are higher yielding than the broader equity market, with such funds expected to be predominantly or exclusively funds that are managed by BMO or one of its affiliates or associates. The fund may also invest in other mutual funds or invest directly in individual fixed income and equity securities
April 26, 2023	BMO Asset Management Inc.	BMO Global Equity Fund (BGEQ) <ul style="list-style-type: none"> • Prelim Prospectus • Prelim Fact Sheet 	Seeks to provide a long-term growth of capital through investment in a portfolio of equity securities of publicly-traded companies from around the world with significant growth potential
April 26, 2023	BMO Asset Management Inc.	BMO Global Health Care Fund (BGHC) <ul style="list-style-type: none"> • Prelim Prospectus • Prelim Fact Sheet 	Seeks to increase the value of your investment over the long term by investing primarily in companies that operate in, or are expected to benefit from, health care related businesses from around the world
April 26, 2023	BMO Asset Management Inc.	BMO Global Infrastructure Fund (BGIF) <ul style="list-style-type: none"> • Prelim Prospectus • Prelim Fact Sheet 	Seeks to achieve a high level of total return, including dividend income and capital gains, by investing primarily in companies that operate in, or are expected to benefit from, infrastructure related businesses from around the world
April 26, 2023	BMO Asset Management Inc.	BMO Global Innovators Fund (BGIN) <ul style="list-style-type: none"> • Prelim Prospectus • Prelim Fact Sheet 	Seeks to provide long-term capital growth by investing primarily in equity and equity-related securities of companies involved in the development of innovative products, processes or services and

			companies that may benefit from these innovations from around the world
April 26, 2023	BMO Asset Management Inc.	<p>BMO Global REIT Fund (BGRT)</p> <ul style="list-style-type: none"> Prelim Prospectus Prelim Fact Sheet 	Seeks to increase the value of your investment over the long term by investing primarily in REITs and equity securities of companies from around the world that operate in, or are expected to benefit from, the residential and commercial real estate sectors
April 26, 2023	BMO Asset Management Inc.	<p>BMO US Equity Growth Fund (ZUGE)</p> <ul style="list-style-type: none"> Prelim Prospectus Prelim Fact Sheet 	Seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies that offer above average prospects for growth. The Fund follows a disciplined multi-factor security analysis to identify growth-oriented companies based on fundamental ratios and trading statistics
April 26, 2023	BMO Asset Management Inc.	<p>BMO US Equity Value Fund (ZUVE)</p> <ul style="list-style-type: none"> Prelim Prospectus Prelim Fact Sheet 	Seeks to provide long-term capital growth by investing primarily in equity securities of U.S. companies priced below their intrinsic value. The Fund follows a disciplined multi-factor security analysis to identify value companies based on fundamental ratios and trading statistics
New ETF Approvals			
Date Approved	Fund Manager	ETF	Investment Objective
April 24, 2023	RBC Global Asset Management	<p>RBC Target 2024 Government Bond ETF (RGQL)</p> <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to provide income, for a limited period of time ending on or about September 30, 2024, by investing primarily in a portfolio of fixed-income securities issued by Canadian governments and agencies that mature in the same calendar year as the ETF's termination date
April 24, 2023	RBC Global Asset Management	<p>RBC Target 2025 Government Bond ETF (RGQN)</p> <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to provide income, for a limited period of time ending on or about September 30, 2025, by investing primarily in a portfolio of fixed-income securities issued by Canadian governments and agencies that mature in the same

			calendar year as the ETF's termination date
April 24, 2023	RBC Global Asset Management	RBC Target 2026 Government Bond ETF (RGQO) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide income, for a limited period of time ending on or about September 30, 2026, by investing primarily in a portfolio of fixed-income securities issued by Canadian governments and agencies that mature in the same calendar year as the ETF's termination date
April 24, 2023	RBC Global Asset Management	RBC Target 2027 Government Bond ETF (RGQP) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide income, for a limited period of time ending on or about September 30, 2027, by investing primarily in a portfolio of fixed-income securities issued by Canadian governments and agencies that mature in the same calendar year as the ETF's termination date
April 24, 2023	RBC Global Asset Management	RBC Target 2028 Government Bond ETF (RGQQ) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide income, for a limited period of time ending on or about September 30, 2028, by investing primarily in a portfolio of fixed-income securities issued by Canadian governments and agencies that mature in the same calendar year as the ETF's termination date
April 24, 2023	RBC Global Asset Management	RBC Target 2029 Government Bond ETF (RGQR) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide income, for a limited period of time ending on or about September 30, 2029, by investing primarily in a portfolio of fixed-income securities issued by Canadian governments and agencies that mature in the same calendar year as the ETF's termination date
April 24, 2023	RBC Global Asset Management	RBC U.S. Discount Bond ETF (RUDB/RUDB.U) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide exposure to the performance of a diversified portfolio of primarily short term fixed-income securities issued in the U.S. market by U.S. governments and U.S. and foreign corporations which at the time of purchase are trading below the weighted average price of the universe of U.S. short

			term bonds to provide regular income while preserving capital
April 24, 2023	RBC Global Asset Management	RBC U.S. Discount Bond (CAD Hedged) ETF (RDBH) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide exposure, by investing in the RBC US Discount Bond ETF, to the performance of a diversified portfolio of primarily short term fixed-income securities issued in the U.S. market by U.S. governments and U.S. and foreign corporations which at the time of purchase are trading below the weighted average price of the universe of U.S. short term bonds to provide income while preserving capital, while seeking to minimize the exposure to currency fluctuations between the U.S. and Canadian dollars
April 24, 2023	RBC Global Asset Management	RBC U.S. Dividend Covered Call ETF USD Units (RUDC.U) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	New USD units of existing ETF (RUDC)
April 25, 2023	CI Investments Inc.	CI Balanced Asset Allocation ETF (CBAL) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide a combination of long-term capital growth and a moderate level of income, primarily by investing in ETFs that provide exposure to a portfolio of global equity and fixed income securities
April 25, 2023	CI Investments Inc.	CI Balanced Growth Asset Allocation ETF (CBGR) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide long-term capital growth with a potential for a moderate level of income, primarily by investing in ETFs that provide exposure to a portfolio of global equity and fixed income securities
April 25, 2023	CI Investments Inc.	CI Balanced Income Asset Allocation ETF (CBIN) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide a combination of income and moderate long-term capital growth, primarily by investing in ETFs that provide exposure to a portfolio of global fixed income and equity securities
April 25, 2023	CI Investments Inc.	CI Conservative Asset Allocation ETF (CCNV) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to provide income with a potential for modest capital appreciation by investing in ETFs that provide exposure to a portfolio of global fixed income and equity securities

April 25, 2023	CI Investments Inc.	CI Equity Asset Allocation ETF (CEQT) <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to provide long-term capital growth, primarily by investing in ETFs that provide exposure to a portfolio of global equity securities
April 25, 2023	CI Investments Inc.	CI Growth Asset Allocation ETF (CGRO) <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to provide long-term capital growth, primarily by investing in ETFs that provide exposure to a portfolio of global equity and fixed income securities
April 26, 2023	Manulife Investment Management	Manulife Smart Global Bond ETF (GBND) <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to earn a high rate of US dollar income, while at the same time preserving capital and maintaining liquidity, by investing primarily in high-quality debt securities denominated in US dollars, generally maturing in not more than one year
April 26, 2023	Manulife Investment Management	Manulife Smart Global Dividend ETF Portfolio (GDIV) <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to provide a steady flow of income and long-term capital appreciation by investing in underlying ETFs managed by the Manager that provide exposure to a diversified portfolio of global dividend paying securities

New ETF Launches

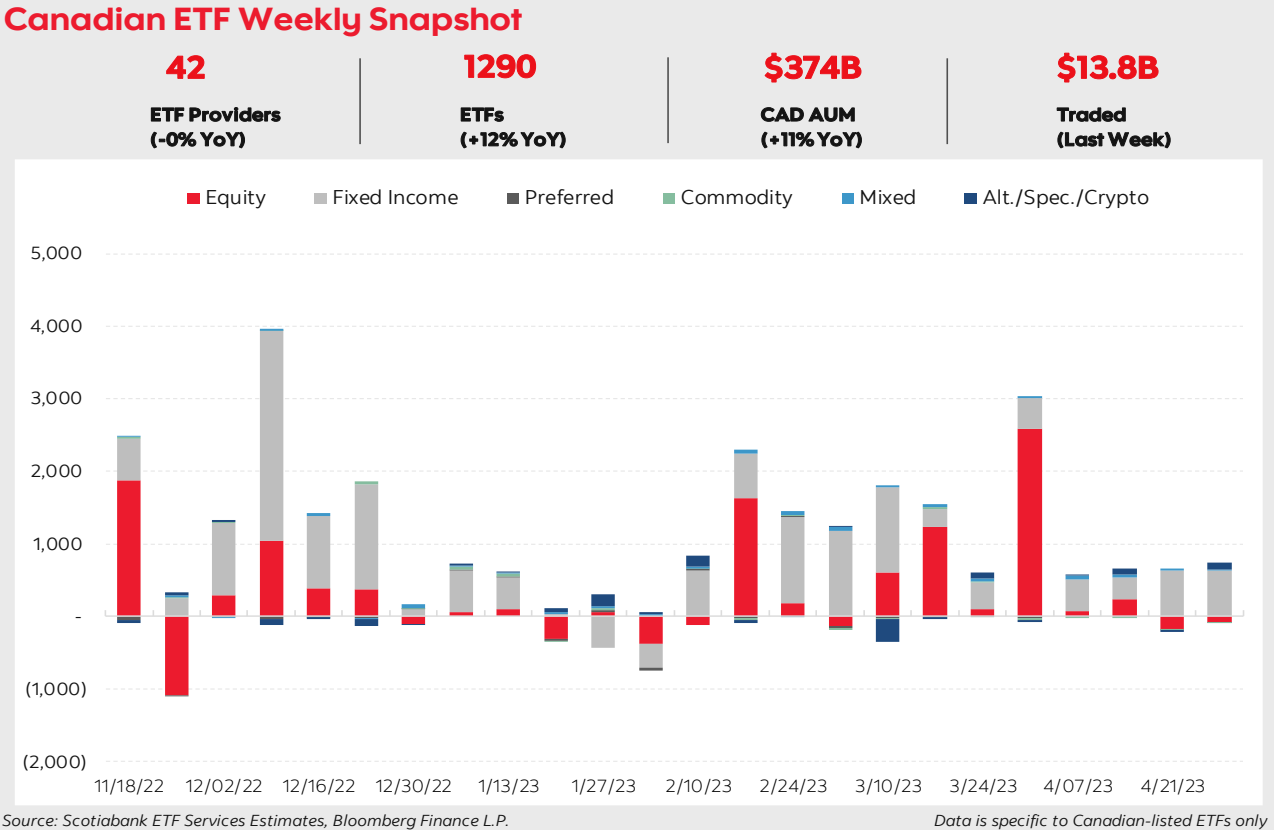
Date Launched	Fund Manager	ETF	Investment Objective
April 27, 2023	TD Asset Management Inc.	TD Canadian Bank Dividend Index ETF (TBNK) <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to track the performance of the Solactive Canadian Bank Dividend Index (CA GTR), which uses a rules-based weighting methodology that ranks the constituent issuers based on dividend growth and puts more weight in the issuers with higher dividend growth
April 27, 2023	TD Asset Management Inc.	TD Active US Enhanced Dividend CAD Hedged ETF (TUEX) <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to earn income and generate moderate capital growth by investing primarily in, or gaining exposure to, dividend-paying equity securities of issuers located in the United States, hedged to the Canadian dollar
April 27, 2023	TD Asset Management Inc.	TD Global Technology Leaders CAD Hedged Index ETF (TECX) <ul style="list-style-type: none"> Prospectus Fact Sheet 	Seeks to track the performance of the Solactive Global Technology Leaders Hedged to CAD Index (CA NTR)

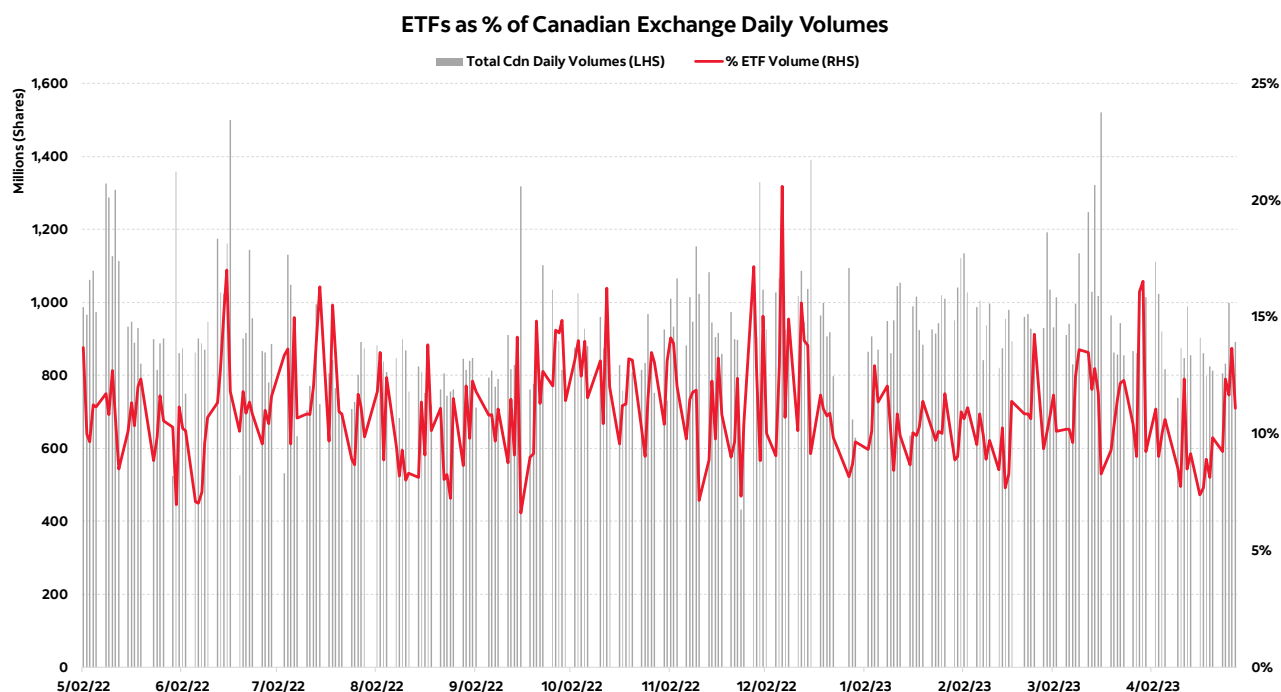
April 27, 2023	Purpose Investments Inc.	Purpose USD Cash Management Fund (MNU.U) <ul style="list-style-type: none"> • Prospectus • Fact Sheet 	Seeks to earn a high rate of US dollar income, while at the same time preserving capital and maintaining liquidity, by investing primarily in high-quality debt securities denominated in US dollars, generally maturing in not more than one year
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Last Week's Summary

- Canadian ETF AuM rose last week to C\$374B (+11% YoY).
 - Canadian ETF volumes jumped significantly vs. previous April weeks – investors traded C\$13.8B last week.
 - Weekly ETF volumes as % of TSX total volume increased to 11.6%, surpassing the 2022 average (10.9%) (2nd chart below).
- Weekly flows (C\$650.6M/+0.2%) were once again weak, capping off April. Avg weekly flows in April were \$577M vs. 2023's avg \$943M (1st chart below).
 - **Weekly fixed income flows (C\$564.0M/+0.6% of AuM) outpaced spec/alt flows (C\$114.7M/+3.9% of AuM)** ...
 - ...while weekly equity flows (C\$-77.9M/-0.0% of AuM) led ETF outflows for the second week in a row.
- Equity investors **sold growth for a third week** (C\$-448.2M/-0.8% of AuM) and **bought ESG/SRI** (C\$545.4M/+13.3% of AuM) strategies.
 - **Sector-wise: thematic** (C\$456.4M/+4.3% of AuM) **and financials** (C\$143.8M/+1.1% of AuM) led sector inflows. While **energy** (C\$-75.6M/-1.8% of AuM) suffered deep outflows.
- Fixed income investors **bought government** (C\$212.3M/+1.3% of AuM) and **credit** (C\$210.9M/+0.9% of AuM) strategies. Investors allocated to quality, buying **IG-rated** bond ETFs (C\$575.8M/+0.7% of AuM). Investors favoured **funds with mid maturities** (C\$251.6M/+1.8% of AuM).
 - **Flows into cash ETFs slowed vs. previous weeks (C\$66.6M) but volumes jumped 55% above March's avg.**
- **Commodity ETFs** recorded another week of exits, outflow streak reaches 5 weeks.
 - Investors sold **natural gas** (C\$-12.8M) and **silver** (C\$-1.1M) ETFs.
- Weekly **cryptocurrency** flows (C\$-18.7M/-0.8% of AuM) are negative for a second week in a row as bitcoin is sold.
- Weekly flows into **active strategies** (C\$69.0M/+0.1% of AuM) slowed vs. previous week but remain positive.
 - Investors largely bought **proprietary and dividend/income** strategies, within **liquid alts (long/short)**.
- AUM of **ESG-focused ETFs** rose significantly to C\$12.2B, as some institutional rebalance programs benefited ESG ETFs inflows (+C\$465.0M/+4.0% of AuM).
 - Concentration risk: XSEM (+\$450M) largely responsible for ESG inflows, while a handful others attract the rest.
- Desjardins AM (C\$211.3M/+12.7% of AuM) and Lysander (C\$3.4M/+4.2% of AuM) gathered the most assets (as % of AuM) among issuers.

- o Inflows were dominated by EM ESG stocks, Cdn banks, and US credit ETFs (XSEM, ZEB, ZMU, ZIC). Canadian broad equities led outflows (XIU).





Source: Scotiabank ETF Services Estimates, Bloomberg Finance L.P.

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Sources: Scotiabank GBM estimates and Bloomberg Finance LP.

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