



The knowledge source for everything **ETF** in Canada

Roundtable Discussion on Exchange Traded Funds Hosted by The Rotman Capital Markets Institute & The Canadian ETF Association

June 2013

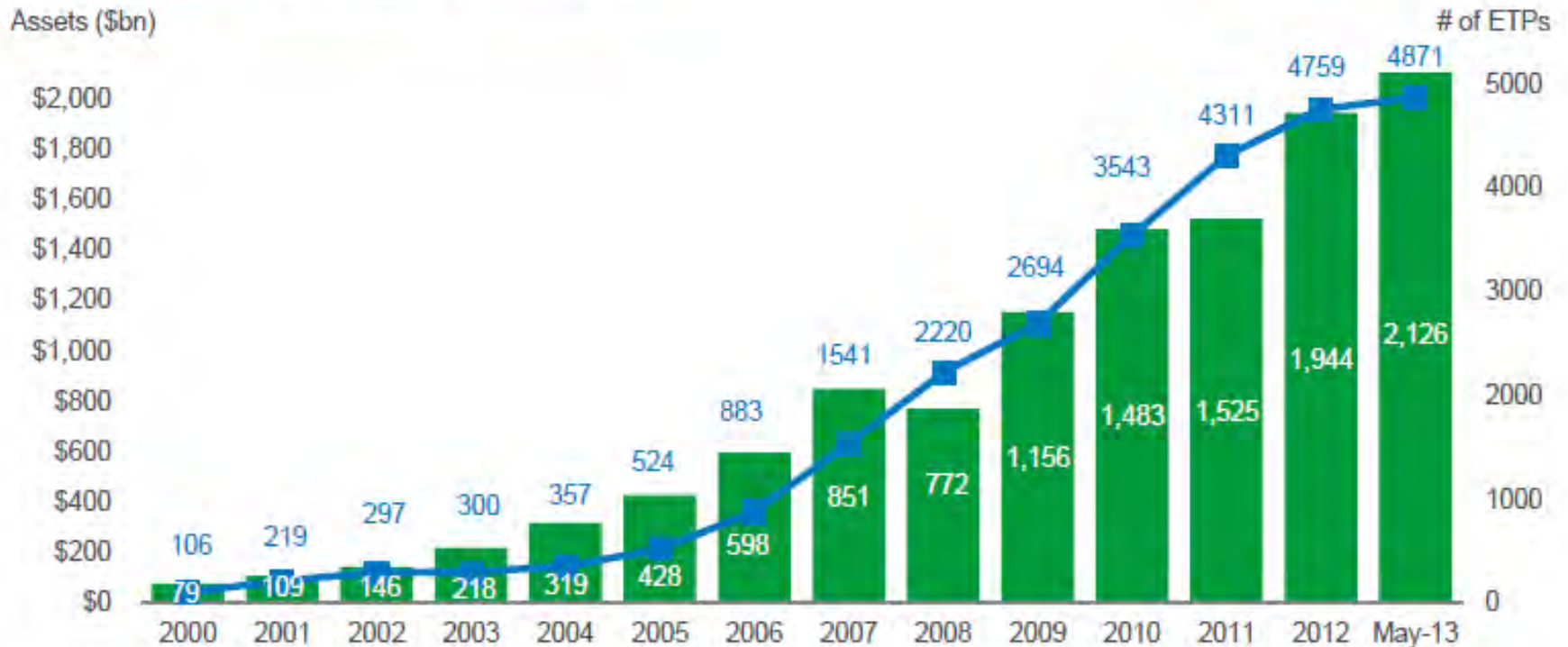
Howard Atkinson, CFA, CIMA[®], ICD.D

President, Horizons ETFs Management (Canada) Inc. and Chair of the
Canadian ETF Association

Global ETF Growth



Global ETP Assets & Number of ETPs by Year

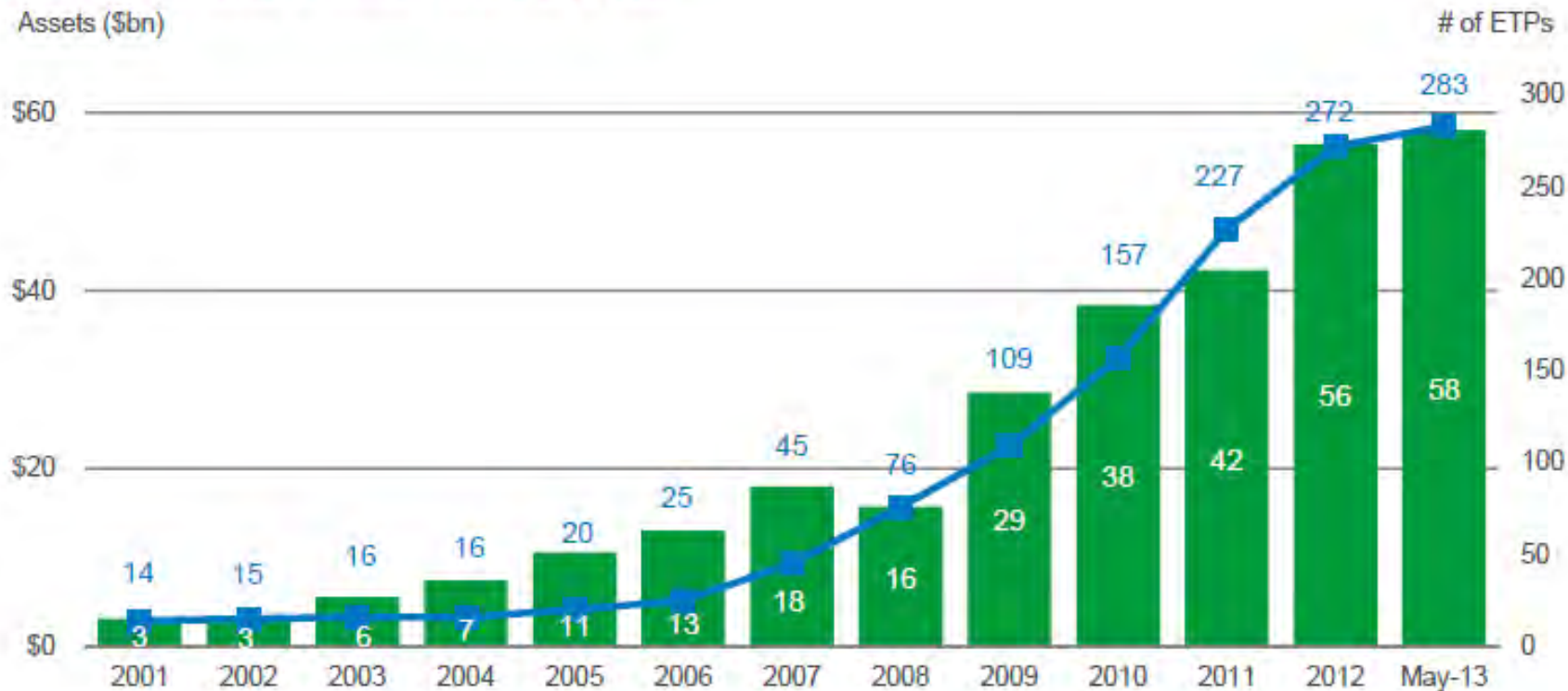


Source: Blackrock, May 31, 2013

Canadian ETF Growth



Canada ETP Assets & Number of ETPs by Year



Source: Blackrock, May 31, 2013

AUM by ETF Provider



Sponsor	ETF assets	Share		Number of ETFs	New ETF launches		Net creations	
	Mar 2013	Mar 2013	Mar 2012	Mar 2013	Q1 2013	12-mo.	3-month	1-yr
Total	\$59,527	100.0%	100.0%	273	11	46	\$2,374	\$9,555
BlackRock Canada	42,361	71.2%	79.9%	91	1	9	88	2,368
BMO Asset Management	10,267	17.2%	11.2%	55	7	11	1,112	4,611
Horizons ETFs	4,261	7.2%	6.8%	77	2	10	633	1,046
<i>of which AlphaPro</i>	1,736	2.9%	3.0%	35	2	9	139	261
Invesco PowerShares	1,530	2.6%	1.4%	14	–	5	207	842
Vanguard Canada	797	1.3%	0.4%	11	–	5	311	580
RBC Global Asset Management	172	0.3%	0.2%	9	–	1	8	68
First Asset	139	0.2%	–	16	1	5	15	40

Source: Investor Economics as of March 31, 2013

ETF vs. Mutual Fund Assets



1

Tale of Two Worlds

Long-term funds in billions of dollars—March 2013

ETF	Canada	U.S.
Assets	\$ 59.4	\$ 1,461.7
3-yr CAGR	20.8%	21.8%
Share of actively-managed mutual funds	6.6%	14.5%
3-yr change in share	1.7%	2.9%
1-yr net creations	\$ 9.5	\$ 192.9
As a % of actively-managed mutual funds	28.3%	53.9%
Index mutual funds		
Assets	\$ 13.8	\$ 1,338.2
3-yr CAGR	10%	18%
Actively-managed mutual funds		
Assets	\$ 844.1	\$ 8,643.6
3-yr CAGR	8.8%	9.6%

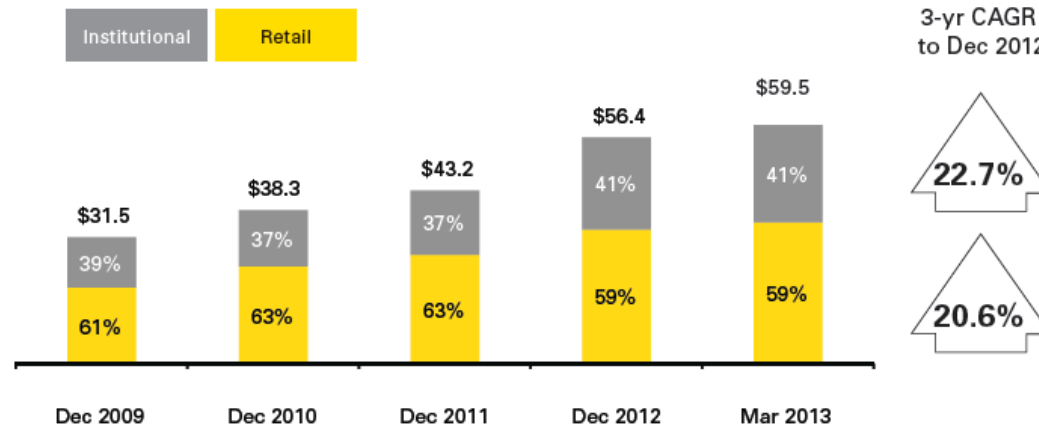
Source: Investor Economics, May 2013

Mutual Funds Owning ETFs

From *Versus* to *With*: A Win-Win Situation

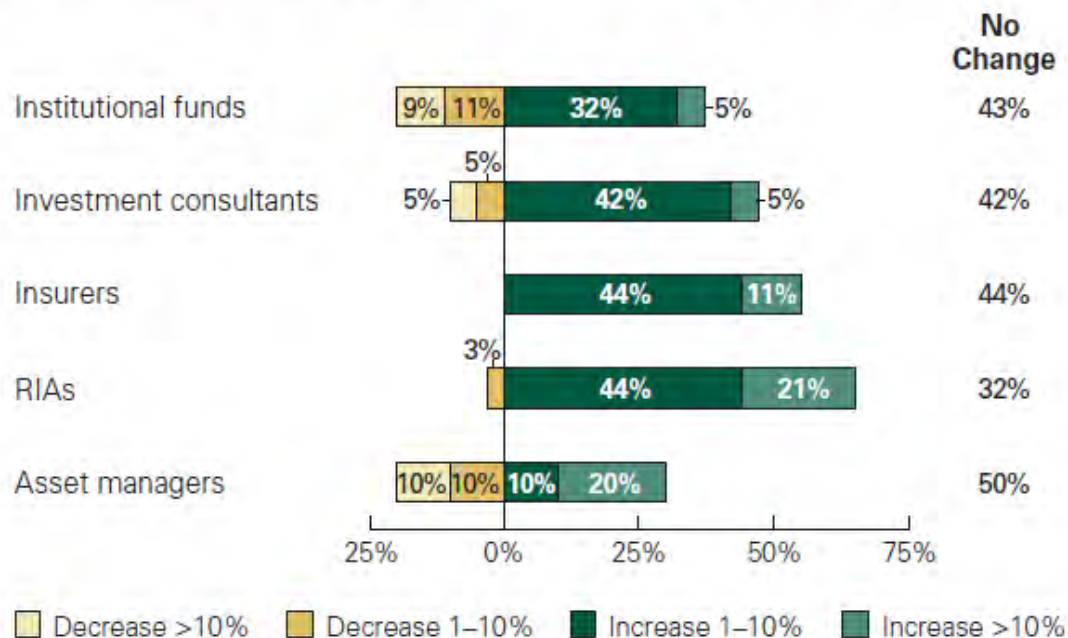
2 Mutual Funds: Instrumental in the Growing Size of ETFs

Canadian-listed ETF assets by channel, in billions of dollars



Source: Investor Economics, May 2013

Expected Change in Allocations to ETFs by Year End



Note: Based on 166 responses: 56 institutional funds, 19 investment consultants, 18 insurance companies, 63 RIAs and 10 asset managers in 2013.

Source: Greenwich Associates 2013 U.S. Exchange-Traded Funds Study

Source: Greenwich Associates 2013

10 Largest Actively Managed ETFs (\$ millions)

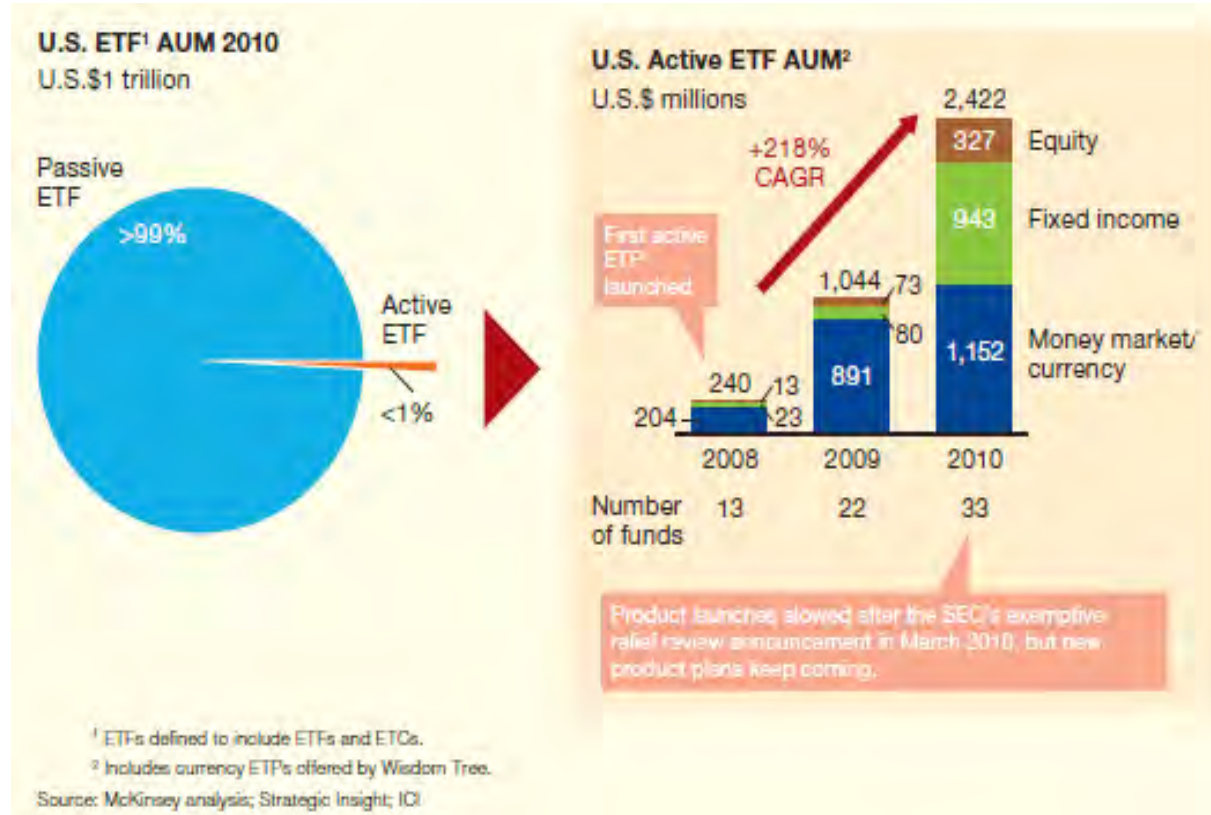


	Assets		Net creations
	Mar 2013	1-yr growth	12 mos.
CANADA			
Total	\$ 2,701	58%	\$ 940
1 iShares Diversified Monthly Income Fund	754	71%	306
2 Horizons Active Corporate Bond ETF	530	17%	53
3 iShares Advantaged Short Duration High Income Fund	356	66%	133
4 iShares Canadian Financial Monthly Income Fund	267	30%	59
5 Horizons Active Preferred Share ETF	161	558%	141
6 Horizons Active Floating Rate Bond ETF	157	87%	76
7 PowerShares Tactical Bond ETF	127	–	128
8 Horizons Seasonal Rotation ETF	94	3%	(4)
9 Horizons Active Global Dividend ETF	62	56%	18
10 Horizons Active Cdn Bond ETF	44	–	51
Top 10	2,553	64%	962
U.S.			
Total	\$ 12,845	131%	\$ 6,854
1 PIMCO Total Return ETF	4,599	1559%	4,070
2 PIMCO Enhanced Short Maturity ETF	2,767	84%	1,157
3 WisdomTree Emerging Market Local Debt Fund	1,880	53%	537
4 WisdomTree Asia Local Debt Fund	518	26%	114
5 WisdomTree Dreyfus Emerging Market Currency Fund	310	-9%	(22)
6 First Trust North American Energy Infrastructure ETF	282	–	251
7 Guggenheim Enhanced Short Duration Bond ETF	231	49%	84
8 AdvisorShrs Ranger Equity Bear ETF	231	27%	97
9 WisdomTree Dreyfus Chinese Yuan Fund	221	-43%	(169)
10 PIMCO Intermediate Municipal Bond ETF	217	66%	60
Top 10	11,255	144%	6,179

Source: Investor Economics, May 2013

Active ETFs: Projections

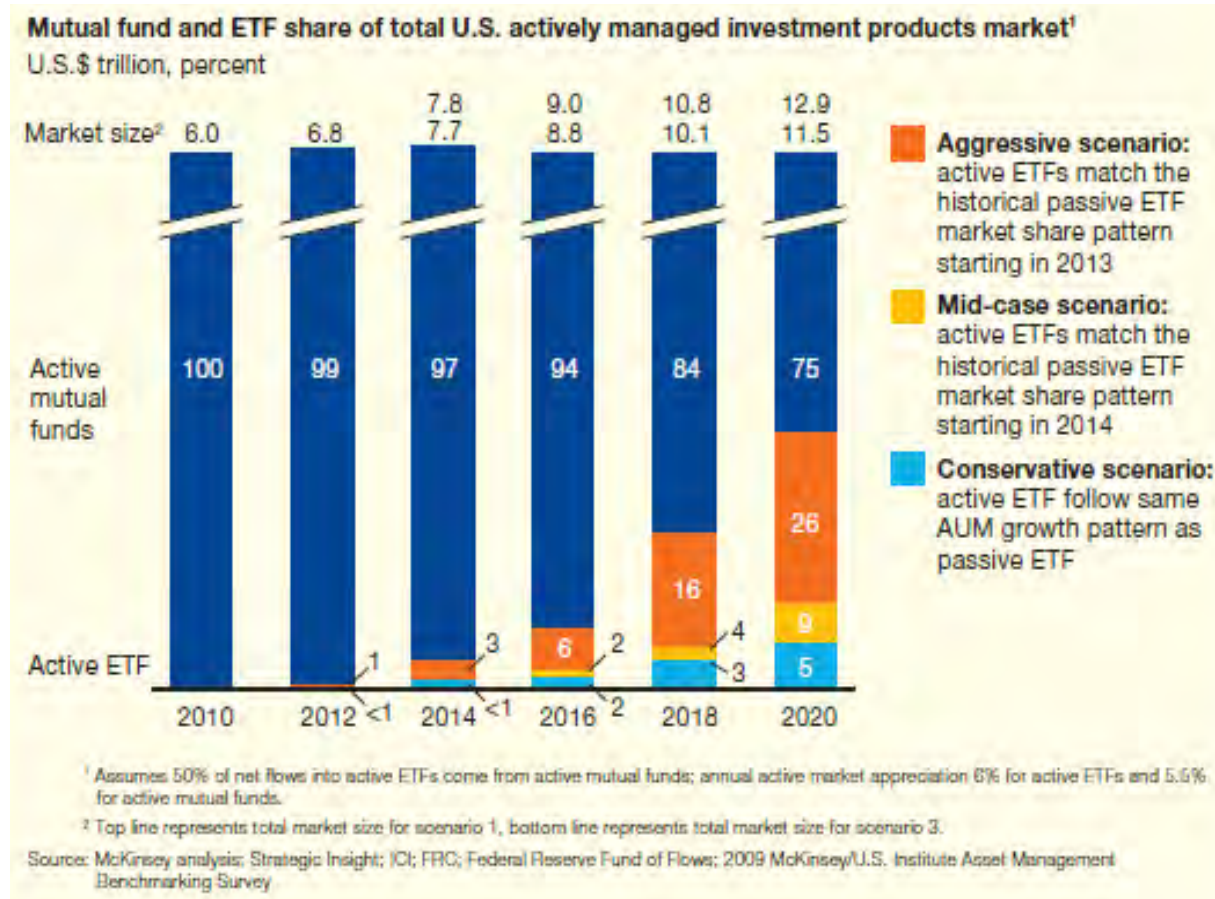
- Active ETF market is small today, but rapidly growing
- McKinsey & Co. forecasts U.S. Active ETFs will reach \$1 trillion in AUM within decade



Reproduced with permission from McKinsey & Co., as at December 31, 2012

Active ETFs: Projections

- McKinsey & Co. scenarios: If active ETFs follow an adoption pattern similar to passive ETFs, they could be extremely disruptive



Reproduced with permission from McKinsey & Co., as at December 31, 2012

ETF Volume



ETF Volume			
Ticker	Fund Name	5 day ADV (M)	
1 XIU	iShares S&P/TSX 60 Index Fund	8.3	
2 HOD	BetaPro NYMEX Crude Oil Bear Plus ETF	4.3	
3 HND	BetaPro NYMEX Nat Gas Bear Plus ETF	4.3	
4 HOU	BetaPro NYMEX Crude Oil Bull Plus ETF	4.2	
5 HGU	BetaPro S&P/TSX Global Gold Bull Plus ETF	1.9	
6 HVU	BetaPro S&P500 VIX S-T Futures Bull Plus	1.9	
7 XSP	iShares S&P 500 Index Fund CAD-Hedged	1.9	
8 HNU	BetaPro NYMEX Nat Gas Bull Plus ETF	1.5	
9 XGD	iShares S&P/TSX Global Gold Index Fund	1.2	
10 HGD	BetaPro S&P/TSX Global Gold Bear Plus ETF	1.1	

Source: National Bank Financial, May 24, 2013



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Thank You