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CONSERVATIVE PORTFOLIO STAYS ON TRACK

By Gordon Pape, Editor and Publisher

I created this Conservative Portfolio in September 2011 for investors who are willing to accept reduced returns in exchange for lower risk. The goal is to preserve capital while earning a target return of two percentage points more than the yield on a five-year GIC from the major banks. The current RBC five-year rate is 1.6% so we are aiming for gains of 3.6% per year.

Here is a look at the securities we hold with some comments on how they performed since my last update in mid-October. Prices are as of the afternoon of April 13 except for the PIMCO fund, which is at the close of trading on April 12.

iShares Canadian Short Term Bond Index ETF (TSX: XSB). This short-term bond ETF was added to the portfolio in April 2016. It provides regular monthly cash flow of about \$0.053 per unit and is very low risk. However, it won't provide much of a return. It's strictly a defensive holding.

iShares Core Canadian Short Term Corporate + Maple Bond Index ETF (TSX: XSH). This is another short-term ETF. It was added to the portfolio in the fall of 2013 to provide some exposure to Maple Bonds, which are Canadian-dollar bonds from foreign issuers such as Bank of America, JPMorgan Chase, and Goldman Sachs. The unit price is down by a nickel since the last review in October, but we received monthly distributions totalling about \$0.29 during the period so we came out slightly ahead.

iShares Canadian Universe Bond Index ETF (TSX: XBB). We added this ETF to the portfolio in September 2015 when it was trading at \$31.37. Bonds have been weak in recent months and the units are down \$0.44 since the October review. However, we received distributions of \$0.4243 per unit so we just about broke even for the period.

PIMCO Monthly Income Fund (PMO005). We added this global fixed-income mutual fund in October 2013. It offers monthly cash flow, currently about \$0.04 per unit, plus a year-end capital gains payment, which was about \$0.40 in 2016. Since the last review, the unit value lost \$0.17 in value but we received distributions totalling about \$0.65 per unit.

BCE Inc. (TSX, NYSE: BCE). BCE shares were virtually flat over the latest six months, with a small gain of just \$0.47. However, the company announced a 5% dividend increase effective in March, bringing the quarterly payment to \$0.7174 per share (\$2.87 per year).

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Conservative portfolio – continued from page 1...

Enbridge Inc. (TSX, NYSE: ENB). Enbridge has been a strong performer for us but the shares faltered a bit in the latest period, losing \$1.64 in value. On the good news side, the company increased its dividend by 10% to \$0.583 per quarter (\$2.332 per year).

Brookfield Infrastructure Limited Partnership (TSX: BIP.UN, NYSE: BIP). This Bermuda-based limited partnership keeps powering ahead. At the time of the last review, I reported a three for two split that increased our total position to 53 units. The shares have continued to move higher since and are up \$7.34 since October. As well, the partnership implemented an 11.6% distribution

hike in February, bringing the quarterly payment to US\$0.435 (US\$1.74 per year). This is by far the top performer in the portfolio with a gain of over 185%.

We received interest of \$7.65 on the cash invested at 2% in a high-interest savings account at EQ Bank.

Following is a summary of where we stood on the afternoon of April 13. The initial book value of the portfolio was \$10,000. At the time of my last review the value of the portfolio, including dividends/distributions, was \$14,679.06. Brokerage commissions are not factored in and the Canadian and U.S. dollars are treated as being at par for ease of calculation. (This only affects one security, as the distributions from BIP.UN are paid in U.S. dollars.)

IWB Conservative Portfolio (a/o April 13/17)

Security	Weight %	Total Shares	Average Cost/Share	Book Value	Current Price	Market Value	Retained Income	Gain/Loss %
XSB	15.7	80	\$28.41	\$2,272.80	\$28.14	\$2,251.20	\$47.51	+ 1.1
XSH	16.4	120	\$19.72	\$2,366.80	\$19.68	\$2,355.60	\$107.89	+ 4.9
XBB	13.2	60	\$31.52	\$1,890.95	\$31.64	\$1,898.40	\$67.27	+ 4.0
PMO005	9.9	100	\$14.01	\$1,400.70	\$14.23	\$1,423.00	\$105.31	+ 9.1
BCE	12.7	30	\$39.93	\$1,197.76	\$60.91	\$1,827.30	\$178.66	+67.5
ENB	11.8	30	\$31.17	\$935.10	\$56.22	\$1,686.60	\$265.60	+108.8
BIP.UN	19.3	53	\$19.15	\$1,015.20	\$52.11	\$2,761.83	\$140.65	+185.9
Cash	1.0			\$121.89		\$129.54		
Totals	100.0			\$11,196.02		\$14,333.47	\$912.89	+36.2
Inception				\$10,000.00				+52.5

Comments: The portfolio gained 3.9% in the latest period, thanks mainly to the price surge in the units of the Brookfield LP. The rest of the portfolio was more or less flat. Since inception, our total cumulative return is now 52.5%, which works out to an average annual compound growth rate of 7.82%, more than double our target. The value of the portfolio at this point is \$15,246.36.

Changes: We will not make any basic changes in our mix, however we will spend a little of our cash as follows:

ENB – While the price is down, we will add five shares to our position, bringing the total to 35. The cost is \$281.10.

We will use our retained income of \$265.60 and take the balance of \$15.50 from the cash account.

BIP.UN – We will increase our total to 55 units by purchasing two more for a cost of \$104.22. That will leave \$36.43 in retained income.

Readers are reminded not to do small trades in a personal account unless it is fee-based. Use dividend reinvestment plans where available. Here is the revised portfolio. We will keep the cash balance of \$657.11 invested in EQ Bank, which pays 2%. I will review it again on its sixth anniversary in September.

IWB Conservative Portfolio (revised April 13/17)

Security	Weight %	Total Shares	Average Cost/Share	Book Value	Current Price	Market Value	Retained Income
XSB	15.3	80	\$28.41	\$2,272.80	\$28.14	\$2,251.20	\$47.51
XSH	16.0	120	\$19.72	\$2,366.80	\$19.68	\$2,355.60	\$107.89
XBB	12.9	60	\$31.52	\$1,890.95	\$31.64	\$1,898.40	\$67.27
PMO005	9.7	100	\$14.01	\$1,400.70	\$14.23	\$1,423.00	\$105.31
BCE	12.4	30	\$39.93	\$1,197.76	\$60.91	\$1,827.30	\$178.66
ENB	13.4	35	\$31.17	\$1,216.20	\$56.22	\$1,967.70	\$0
BIP.UN	19.5	55	\$19.15	\$1,119.42	\$52.11	\$2,866.05	\$36.43
Cash	0.8			\$114.04		\$114.04	
Totals	100.0			\$11,578.67		\$14,703.29	\$543.07
Inception				\$10,000.00			

DON'T SHUN COMPANIES WITH DUAL CLASS SHARES

Contributing editor Shawn Allen is back with us again this week with some insights on the controversial issue of dual class shares. Shawn has been providing stock picks on his website at www.investorsfriend.com since the beginning of the year 2000 and has a great success record. He is based in Edmonton.

Shawn Allen writes:

Bombardier is "Exhibit A" when it comes to making an argument against investing in companies with dual class shares. Bombardier's thinly traded A shares are entitled to 10 votes per share while the far more heavily traded B shares are entitled to only one vote.

Bombardier is controlled by the descendants and in-laws of the founder of the company. The family owns about 80% of the multiple voting shares but only about 12% of the total shares of the company. Due to the multiple voting shares, the family controls just over 50% of the total votes. It has used its control position to place five family members on the board, including Pierre Beaudoin as executive chairman.

While the company has grown dramatically and contributes greatly to the Canadian economy, its financial performance has been astonishingly poor since the turn of the century. The shares peaked at over \$26 back in 2000 but closed on Wednesday at just \$2.22. On its financial statements, its liabilities exceed its assets! Its owner's equity has a book value of negative \$5.2 billion!

The dual-class voting structure and family control is widely viewed as having greatly contributed to the problems and as being a major barrier to needed changes.

Looking at Bombardier, it is easy to conclude that investors should studiously avoid companies with dual class share structures. That would be a mistake.

Some dual-share companies do well

The founding families, through multiple-voting shares, control some of the best performing companies on the TSX. Conversely, there are many examples of companies that have no controlling family interest and only a single class of shares but have been poorly managed and exceedingly poor investments.

In theory, when all trading shares have equal voting power, it is far easier for shareholders to band together and oust an

incompetent or underperforming board or management. In practice, individual retail investors tend to find that their vote is of little practical use in effecting such change. For a variety of reasons shareholders seldom band together to vote against the wishes of management. Most retail investors realize that while voting against management may provide some satisfaction it is ultimately a futile exercise in almost all cases.

A long-standing CEO has often chosen most of the directors on the board and they may not act in a truly independent fashion. Poor management and a weak board composition can sometimes stay in place for decades, despite the theoretical power of shareholders to vote them out. In my opinion, TransAlta Corp. is a notorious case in point.

The TransAlta story

TransAlta traded at just under \$14 in January 1995. It then traded in a volatile fashion and reached an all-time high of about \$37 in August of 2008. Yet it closed on Thursday at just \$7.50, which is not much more than half of its price of 22 years ago! Traditionally, the stock did pay an excellent dividend, which peaked at \$1.16 per year. However, the dividend has been cut in two stages and is now only \$0.16 per share per year.

While Bombardier operates in an extremely tough industry, TransAlta does not have that excuse. Many other Alberta utilities, including TransCanada, Canadian Utilities Ltd., Enbridge, and AltaGas, have done very well over this period of time. TransAlta made the ill-fated decision in 2000 and 2002 to sell its regulated electricity distribution and transmission utilities. Under new owners those businesses have gone on to produce excellent profits and to grow substantially with the Alberta economy. It now seems apparent that TransAlta had, in effect, sold off the crown jewels of its assets.

TransAlta apparently invested the proceeds mostly into unregulated generation assets in Argentina, Australia, New Zealand, the United States, and Mexico. Given the stock price performance, it does not appear that much, if any, of that was wise.

Despite this track record, TransAlta's board kept the same CEO in place for 15 years from 1996 to 2011. A new CEO was then appointed from inside the company who, perhaps hampered by the poor decisions of the past, has not done much better so far. And shareholders, for

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Dual class shares – continued from page 3...

whatever reasons, never voted to oust the board or put the company up for sale despite the lack of a controlling shareholder and despite the absence of a dual class share structure.

Since the absence of dual class shares cannot prevent weak management or poor governance and since some dual class

share companies have been among the very best managed firms in Canada, I see no reason for any blanket shunning of companies with dual class share structures.

My updates below include two companies that have been exceptionally good investments over the years despite their dual class share structures.

SHAWN ALLEN'S UPDATES

Alimentation Couche-Tard (TSX: ATD.B, OTC: ANCUF)

Originally recommended by Tom Slee on March 4/13 (#21309) at C\$17.62, US\$17.13. Closed Thursday at C\$60.80, US\$45.86.

Background: Quebec-based Couche-Tard's business is the ownership and operation of convenience/vehicle fuel stores/stations. Throughout its 36-year history, it has grown by acquisition. It now derives 68% of its revenues from the U.S., 21% from Europe, and just 11% from Canada.

Stock Performance: Couche-Tard's stock ended 2016 almost exactly where it started the year and is also virtually unchanged in 2017 to date. Looking at the longer term, the stock has been a stellar performer climbing about 950% since I first starting tracking it at the end of March 2005.

Dual class share structure: The A shares have 10 votes per share and the B shares one vote per share. The subordinate voting B shares are the main trading shares, with a volume that was recently several hundred times that of the A shares. The same dividend applies to both classes of shares.

As of April 12, the multiple voting A shares traded at a 4.5% premium. Due to the low liquidity, there is also typically a higher buy/sell spread on the A shares. Due to this spread, buying and then immediately selling the A shares would cause a loss of just 0.1% on the B shares but 1.8% on the A shares.

The superior voting rights of the A shares is scheduled to come to an end within about five years, when the last of the founders ceases to be part of management or turns 65 years old.

Traditionally the voting shares had traded at little to no premium. I do not expect these A shares to ultimately be worth any more than the B shares. Any investor buying more than 1,000 shares and who is not prepared to hold

for many years should favor the B shares, even if they were the same price, for the increased trading liquidity and the resulting lower buy/sell spread. In the face of the current 4.5% premium for the multiple voting A shares, I would highly favor the subordinate voting B shares.

Valuation: At Wednesday's closing price of \$60.83, the price to book value ratio is 4.5 and the p/e is 22.4. These ratios make the stock expensive but this is justified by the very attractive return on equity (ROE) of 22%. The dividend yield is very modest at 0.6%. This reflects a payout ratio of just 13% of earnings, as profits are largely retained to fund their growth-by-acquisition strategy without the need to issue new shares.

Dividend: The dividend was increased by 15% effective with the July 2016 payment to \$0.0775 per quarter (\$0.31 annually). Couche-Tard should not be considered a dividend stock. Its strategy has been to retain and reinvest the great majority of its earnings. And that strategy has been highly beneficial for shareowners.

Recent results: The company reported results for its 2017 fiscal third quarter, which ended Jan. 29. Net earnings per share, adjusted for restructuring and acquisition expenses, were about unchanged from the same quarter of the prior year. Revenues per share, however, were up 22%. Same-store merchandise revenues were up 1.9% in the U.S., up 2.5% in Europe, but down 0.9% in Canada. In the past several years, revenues per share had stagnated but this was due to lower gasoline prices. Earnings per share continued to rise at double-digit rates until the past two quarters.

Outlook: Recent and pending large acquisitions should boost earnings. Couche-Tard has a long and very successful record of integrating acquisitions and of achieving synergies. Individual quarters can suffer setbacks due to volatility in gasoline margins and currency fluctuations but the long-term growth trend remains.

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Shawn Allen's updates – continued from page 4...

Conclusion: The company goes from strength to strength. It is one of Canada's best-managed firms. Its stock price should keep rising over the years as it continues to grow.

Action now: Buy.

Canadian Tire Corporation Ltd (TSX: CTC.A, OTC: CDNAF)

Originally recommended by Tom Slee on June 13/11 (#21121) at C\$61.58, US\$62.90. Closed Thursday at C\$162.96, US\$123.15.

Background: In addition to its namesake stores, Canadian Tire owns the Mark's chain with 382 stores and the 433 store former Forzani chain (Sports Check, Sports Expert, Atmosphere, Athlete's world, Pro Hockey Life, and others). Canadian Tire also has very significant operations as a MasterCard credit card issuer. The original Canadian Tire store chain accounts for 65% of the retail square footage but only 29% of the store count.

Stock performance: The stock was up 18% in 2016 and is up a further 17% in 2017 to date. Since it was first recommended here by retired contributing editor Tom Slee it has gained almost 165%.

Dual class share structure: The main class of trading shares is the non-voting A series. The voting shares do trade under the symbol CTC but the volume is close to zero (average is just 314 shares per day). The average daily trading volume for the non-voting A shares is 189,000.

Martha Billes, daughter of one of the founders of the company, along with her son Owen Billes, now control the company, together owning 61.4% of the voting shares. The Dealer Association owns 20.5% and the profit sharing plan owns 12.2%. This leaves less than 6% of the voting shares available to be traded.

The voting shares currently trade at a premium of 27%. This premium has recently been declining. At the end of 2014, the premium was an astonishing 104%. Traditionally, there had been a much more modest premium. For example, at the end of 2011 the premium on the voting shares was 10%. I see no justification for a large premium. A coattail provision requires that if an offer is made to acquire the voting shares and a majority is obtained, then the non-voting shares become voting unless the non-voting shares are purchased at the same price. I believe that the three parties that hold almost 96% of the voting shares have some sort of standstill agreement and there has been almost no insider trading of these shares in at least the last ten years.

Given the extremely thin trading volume of the voting shares and given that there appears to be no economic basis for the current 27% premium, investors should strictly buy the non-voting shares.

Recent developments: Adjusted profits per share rose 11% in 2016. Same-store sales increases in the fourth quarter were unusually high, up 8.1% at Canadian Tire, 10.1% at Mark's, and 5.1% at its sports stores. It was not clear to what extent price increases as opposed to volume were responsible for the large gains.

Valuation: Analyzed at Wednesday's closing price of \$162.56. The price to book value ratio seems reasonable at 2.4 but is materially higher than it has been in recent years. The dividend yield is modest at 1.6%, reflecting the relatively low payout ratio of 28% of adjusted earnings. The ROE is attractive at 13.2%. Earnings growth per share over the past five calendar years has been quite strong at a compounded average of 9.4% per year. Sales per share growth was reasonably good at a compounded average of 5.7% in the past five years. The trailing 12 months adjusted p/e is neutral in attractiveness at 18. This valuation is certainly not extreme but neither is it compelling.

Risks and outlook: Canadian Tire appears set for continued growth over the years. There is, however, some risk of more intense competition. The company would be considered economically sensitive in that its earnings would likely decline if a recession develops in Canada.

Dividend: The dividend was increased by 13% effective with the March 2017 payment to \$0.65 per quarter (\$2.60 annually).

Conclusion: Canadian Tire is a sound business that is very well managed. It has experienced strong earnings growth but the share price has lately risen even faster than earnings. Given the recent share price increases and given that the valuation ratios are no longer compelling I now rate this a Hold. Those with larger positions could consider selling half.

Action now: Hold.

CRH Medical Corporation (TSX: CRH, ASE: CRHM)

Originally recommended on Oct. 12/16 (#21638) at C\$6.19, US\$4.64. Closed Thursday at C\$11.89, US\$8.90.

Background: CRH is a medical products and services company founded in Vancouver in 2001. Investors should view this as a U.S. company since all of its revenues and the great majority of its costs occur in the U.S. All figures below are U.S. dollars except as noted.

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Shawn Allen's updates – continued from page 5...

Share performance: The share price has almost doubled since the company was recommended to IWB readers in October 2016 at US\$4.64 or C\$6.19.

Recent developments: The company continues to grow by acquiring majority interests in anesthesia service providers. In February, the company agreed to pay \$4.1 million for 51% of a provider in the state of Georgia.

Dividend policy: This company does not pay a dividend as it retains all earnings to help fund its growth-by-acquisition strategy.

Valuation: At the April 12 closing price of C\$11.98, the price to book value ratio, in isolation, is not attractive at 11.1 and the tangible book value per share is negative. And, based on earnings adjusted to add back the amortization of intangibles and to eliminate currency gains and losses, the p/e ratio is ostensibly not attractive at 32.

However, revenues and earnings per share have recently been growing extremely rapidly. The adjusted ROE is very strong at 39%. The stock is "pricing in" considerable growth. The company appears over-valued based on current earnings but it is possible that the rapid growth will more than justify the high valuation ratios.

Outlook: The company appears set to continue growing through acquisitions.

Risks: The annual report lists many risks including operational and competitive risks. In my view, the more important risks would include potential medical liability and regulatory risks.

Conclusion: The thesis in buying or holding this company is to participate in the expected continued growth through acquisitions.

Action now: Continue to Hold.

GORDON PAPE'S UPDATES

TransCanada Corp. (TSX, NYSE: TRP)

Originally recommended by Yola Edwards on April 23/06 (#2616) at C\$34.07, US\$29.92. Closed Thursday at C\$63.45, US\$47.63.

Background: TransCanada operates a network of natural gas pipelines that extends more than 68,000 kilometres, tapping into virtually all the major gas supply basins in North America. It is also active in power generation with a 31.6% stake in the Bruce Power nuclear plant in Ontario.

Stock performance: We last updated this stock in late August when it was trading in Toronto at \$61.19. I rated the stock a Hold at that time as I felt the shares were fairly priced.

Recent developments: The big story was the Trump administration's reversal of President Obama's rejection of the Keystone XL pipeline. However, the move was expected and did not have much impact on the share price.

CEO Russ Girling welcomed the decision, saying: "We greatly appreciate President Trump's administration for reviewing and approving this important initiative and we look forward to working with them as we continue to invest in and strengthen North America's energy infrastructure."

However, there is no clear indication as yet regarding when we might see shovels in the ground. TransCanada says it will continue to work with key stakeholders in Nebraska, Montana, and South Dakota to obtain the necessary permits and approvals to advance the project

to construction. Meantime, environmentalists are gearing up for another push to stop the project in its tracks.

Financial results: In February, the company reported a fourth-quarter net loss attributable to common shareholders of \$358 million (-\$0.43 per share). The company said that the loss was due to an \$870 million after-tax loss related to the monetization of its U.S. Northeast Power business and charges associated with the termination of its Alberta PPAs, with the acquisition of Columbia Pipeline Group, Inc., and other items including unrealized gains and losses on risk management activities.

For the full 2016 fiscal year, the company reported net income of \$124 million (\$0.16 per share). That compared to a net loss of \$1.2 billion (\$1.75 per share) in 2015. Stripping out one-time revenues and expenses, comparable earnings for 2016 were \$2.1 billion (\$2.78 per share) compared to \$1.8 billion (\$2.48 per share) in 2015.

"Excluding specific items, we generated record financial results in 2016," said Mr. Girling. "Comparable earnings per share increased 12% when compared to 2015 while net cash provided by operations exceeded \$5 billion for the first time in the company's history."

Dividend: The company announced a dividend increase of 10.6% to \$0.625 per quarter (\$2.50 per year) effective with the March payment. This is the 17th year in a row that the company has increased its payout.

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Gordon Pape's updates – continued from page 6...

The company has targeted annual dividend increases of between 8% and 10% through 2020. However, Mr. Girling said that new projects now in the works could "augment or extend the company's dividend growth outlook through 2020 and beyond."

The shares yield 3.9% at the current price.

Action now: I'm restoring TransCanada to a Buy. The shares have shown renewed strength recently and the dividend yield is very attractive.

Canadian Apartment Properties REIT (TSX: CAR.UN, OTC: CDPYF)

Originally recommended on July 14/14 (#21425) at C\$22.90, US\$21.32. Closed Thursday at C\$34.05, US\$25.58.

Background: CAPREIT, as it calls itself, owns interests in multi-unit residential rental properties. These include apartments, townhomes and manufactured home communities. Its properties are primarily located in and near major urban centres across Canada. As of the start of this year, the REIT owned interests in 48,767 residential units, comprised of 42,316 residential suites and 31 manufactured home communities, comprising 6,451 land lease sites.

Share performance: CAPREIT was first recommended in July 2014 at \$22.90. It was last updated in February

2015 as a Buy at \$28.31. The units traded above \$33 in the summer of 2016 but then dipped below \$29 last fall before resuming an upward climb. Last week they hit a new 52-week high.

Recent developments: The REIT turned in an excellent performance in 2016 as all the numbers reflected big improvements over 2015 results. Operating revenue came in at \$596.8 million, up 11.8% from \$533.8 the year before. Net rental income was just under \$367 million, for a margin of 61.5%. That compares to \$324.7 million (margin of 60.8%) in 2015.

Normalized funds from operations, a key factor in determining a REIT's financial strength, was \$231.8 million (\$1.77 per unit) compared to \$200 million (\$1.69 per unit) the year before. The payout ratio was 70.9%, down from 73.1% in 2015.

CAPREIT continued to grow during the year, acquiring 2,552 residential suites and sites for total costs of \$412.9 million.

Distributions: Investors benefitted from the good financial results when the directors approved a 2.4% increase in the monthly cash distribution to \$0.1067 per unit (\$1.28 on an annualized basis). The yield at the current price is 3.8%.

Action now: CAPREIT remains a Buy for income and long-term growth.

YOUR QUESTIONS

Bond funds

Q - In a recent issue of Internet Wealth Builder (#21714) you recommended to a subscriber in the Q&A section that he buy XSB (iShares Canadian Short Term Bond Index ETF). I am curious why you wouldn't recommend iShares Core Short Term High Quality Canadian Bond Index ETF (TSX: XSQ). Those funds seem nearly identical with respect to holdings and returns but XSQ charges half the management fee and MER. What am I missing? – Lorne D. (TSX: XSQ). Those funds seem nearly identical with respect to holdings and returns but XSQ charges half the management fee and MER. What am I missing? – Lorne D.

A – Both are short-term bond funds and, as you point out, the holdings are similar. In fact, when we look at the positions in the two funds it's hard to understand why Blackrock felt the need to create XSQ, which was launched in July 2014. Both funds have similar portfolio

allocations. Federal bonds make up 45.57% of the XSQ and 48.1% of XSB. Provincial bonds are 13.91% of XSQ and 16.9% of XSB so overall XSB has slightly more exposure to government issues. Corporate bonds represent 40% of the XSQ holdings and 33.5% of XSB. The biggest difference is sector exposure; almost all of XSQ corporates are in the financial sector.

As you point out, XSQ has a low management expense ratio of 0.14% versus 0.28% for XSB. But the one-year return to the end of March was almost the same for both: 1.01% for XSQ and 1.02% for XSB. Since XSQ has only been around since mid-2014, we don't have a longer history to compare.

The bottom line is these are very similar funds. You could choose either one. Longer-term, XSQ's lower MER may make a difference but we have not seen evidence of that yet. – G.P.