ETF & MUTUAL FUND UPDATE

IN THIS ISSUE

Market Radar		
Markets	**TSX Composite**	**S&P 500**
P/E	14.06	19.99
Yield (%)	3.48	2.47
YTD Performance (%)	13.60	15.20
Top Performers	**ETF**	**Mutual Fund**
1-Month	Horizons Blckchn Tech & Hrdwr ETF	Ninepoint Silver Equities Class Series F
YTD	Canadian Crude Oil ETF	Ninepoint Gold and Precious Minrls Ser I
3-Year	FT AlphaDEX US Technology Sector ETF	Resolute Performance

Market data as of August 29th 2019; top performers as of month-end.
Note: We are no longer including leveraged ETFs in top performers list

ETF Spotlight: Hedge Funds ETF

By Barkha Rani

Hedge funds used to be (and still arguably are) the playground of wealthy investors. The surge of Exchange-Traded Funds (ETFs) offering similar strategies and lower fees has disrupted some of hedge funds' popularity. Hedge funds put forward this persona of being more complex and sophisticated than typical S&P500 index tracking ETFs. However, they are not a whole lot different.

What Is It and How it Works

To understand how a hedge fund ETF works, we can look at one of the few that exist in Canada, the Horizons Morningstar Hedge Fund Index ETF (HHF). HHF replicates the performance of the Morningstar Broad Hedge Fund Index, hedged to the Canadian dollar. The ETF uses a factor-based replication strategy with the use of futures contracts, exchange traded funds, money market instruments and cash. HHF does not invest, directly or indirectly, in the hedge funds comprising the benchmark index.

The Benchmark Index

The Morningstar Broad Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database designed to capture the performance of the most liquid hedge funds. The replication strategy of HHF uses liquid futures contracts on several different asset classes, including equity indices, currencies, fixed income securities and commodities. The index comprises 600 to 800 U.S.-based hedge funds.

Derivatives as Holdings

HHF uses derivatives such as futures and forward contracts, for assets ranging from equities to bonds and commodities, rather than investing in funds directly. This strategy acts as a buffer in the event of a market correction. In order to invest, investors must understand how it works and how it is structured before considering it. Although the ETF indexing is not very different than conventional ETFs, it is still more complex and as a result more expensive, with a Management Expense Ratio (MER) of 0.95 per cent.

Holdings

As per HHF's 2018 annual letter, cash held for collateral accounted for 93% of the total holdings, followed by forward agreements that accounted for 6.4%. The cash position balanced for the difference. The fund held a variety of long and short positions including futures contracts in index, treasury bonds, commodities and currencies. The advantage of this ETF is that it provides the average investor with the ability to implement strategies that are otherwise difficult or expensive to implement, while giving investors quick exposure to well-established hedge fund strategies. The holdings also are well diversified and can be seen below.

Top Holdings**	% of Fund's Net Asset Value
Long Positions	
S&P 500 E-Mini Index Futures	45.93%
Australian 10-Year Treasury Bond Futures	18.58%
Japanese 10-Year Mini Bond Futures	18.03%
Euro-Bund Futures	16.78%
British Pound Currency Futures	6.97%
Gold 100oz. Futures	2.34%
Copper Futures	1.98%
U.S. 2-Year Treasury Bond Futures	1.92%
NY Harbor ULSD Futures	0.74%
Australian 3-Year Treasury Bond Futures	0.73%
Crude Oil Futures	0.54%
Short Positions	
Soybean Futures	-0.20%
Canadian Dollar Currency Futures	-0.67%
Silver Futures	-1.02%
Natural Gas Futures	-1.08%
Wheat Futures	-1.65%
U.S. 10-Year Treasury Bond Futures	-1.67%
Japanese Yen Currency Futures	-5.61%
MSCI Emerging Markets Index Futures	-6.66%
Canadian 10-Year Treasury Bond Futures	-7.02%
Australian Dollar Currency Futures	-8.31%

2018 and its Performance

For the year of 2018, HHF returned -9.27%, after fees and expenses, while its benchmark, the Hedge Fund Index, returned 0.09% in the same period. The margin between the performances is explained by the fact that despite following hedge funds, the asset class and sector weights of hedge fund companies and invested securities are unknown to HHF's investment manager. As hedge funds have different reporting regulations, in times of market volatility, investors can expect relatively higher variations in performance and Sharpe ratio (a measure of risk-adjusted performance). HHF's replication strategy uses statistical models to estimate the net exposure of the benchmark index's components to its main return-generating factors, which typically correspond to the main asset classes on the financial market.

2018 was a tumultuous year for equity markets after seeing relatively stable growth in 2017. HHF's net long position in equities ended the year in negative territory due to the sell-off seen in the market in Q4. It's net short fixed-income position in the first three quarters of 2018 fared well as investors focused more on riskier assets. The short position in U.S. 10-year Treasury Bonds generated a positive return benefitting from strong forward guidance of potential rate hikes given by the Fed. On the commodities side, the fund's crude oil position turned negative as OPEC announced higher crude production and supply leading to a downfall in crude oil prices. Metal commodities positions were also hurt largely due to the U.S.-China tariff war.

Diversification and Concluding Thoughts

Hedge funds were originally designed to combat market risk and volatility by purchasing solid potential winners and shorting losers. Today, hedge funds incorporate a broad texture of strategies aiming to produce market-beating returns. Hedge funds are designed to have low correlation to the broader market, thereby presenting themselves as a class to consider for diversification. Conventional ETFs investing in stocks and bonds might not offer enough diversification on their own. A 60/40 equity-bond index is relatively highly correlated to the market and various balanced funds available out there. While these kinds of hedge fund ETFs try to outperform a traditional equity index, they are not that different from an actively-managed mutual fund or actively-managed ETFs. However, these strategies might come with their own set of inherent risks. The diversified nature of this ETF makes it more likely that performance will be similar to a passive type of market ETF opposed to tracking any specific hedge fund strategy. Because of this, we think HHF might not provide the same type of alpha an investor might expect but should still offer differentiated return which might fit the goals of investors with larger portfolios.

Disclosure: The author has no positions in the funds mentioned at the time of publishing.

Bond ETFs vs. GICs

By Moez Mahrez, CFA

At 5i Research we often get questions from subscribers on whether they should invest in bond exchange-traded funds (ETFs) or Guaranteed Investment Certificates (GICs) and the degree of safety bonds have compared to GICs, timing the bond market and getting the right equity/bond/GIC mix. In this piece we hope to clear up some of the recurring misconceptions and answer the overarching questions our readers have. Let's start with the basics.

Basic Differences

Purchasing a bond essentially means you are lending a sum of money (principal) to a bond issuer (borrower) in exchange for a coupon payment until a specified maturity date, at which point you will receive your principal back. However, it is difficult for the average investor to invest in a single bond issue due to demanding sums of money required, so individual investors need to resort to the arguably better option of a diversified basket of bonds through ETFs (or mutual funds).

GICs on the other hand are much simpler. Your funds are guaranteed not to fall below your principal amount and increases in value at a predetermined rate. However, funds are typically not accessible during a locked-in period. GICs also come in fewer types than bonds (i.e. redeemable, non-redeemable and market-linked) and all have a principal risk level of zero. GIC investors are typically interested in non-redeemable types as they pay the highest guaranteed rates and represent the traditional GIC definition. Bond ETFs, on the other hand, come in all sorts of varieties (fixed or floating rate, government, corporate, high yield, different geographies, inflation-linked etc.). Bond ETFs also have more considerations than GICs do, such as duration (interest-risk) and credit quality (credit risk) resulting in varying risk levels among bond funds.

The Question of Volatility and Risk

Although bond funds carry bond contracts (often hundreds) at various set maturities, they will never be risk-free. A bond fund's price/Net Asset Value (NAV) will still fluctuate for two main reasons:

1) if interest rates go up (down) the price of existing individual bonds will fall (rise).

2) Bond ETFs/funds are traded on the open market so will be subject to supply/demand pressures from buyers and sellers.

As a result, even if a bond fund contains only government bonds (virtually zero credit risk) there will be at least some volatility on a daily basis.

Investors often wishfully believe that bonds are safe and predictable, but they are only to a certain extent. Bonds are certainly far less volatile compared to equities, but in no sense are their returns and principal guaranteed.

GICs on the other hand are the closest thing to zero risk and although technically nothing is "risk-free", considering that if you keep GIC deposits under $100,000 they are insured, which is about the closest thing you can get to risk-free. The majority of GICs in Canada are insured either by the Canadian Deposit Insurance Corporation (CDIC) or a provincial insurer. This is the main distinction between the bonds and GICs. With GICs you get predictability but give up some liquidity while with bonds you have liquidity with less predictability. We emphasize "less" because there is still a great deal of predictability and stability with bonds, which we think investors should not discount.

Although GICs carry next to no principal risk, they do carry a "phantom" liquidity risk. If you are not able to access your funds when needed, this can result in significant opportunity costs if funds are locked-in for say, 2-5 years. Investors can offset this risk is by engaging in a 1-5 year laddered strategy to reallocate funds each year either to new GICs with better rates, bonds or even equities. GICs also have reinvestment risk where being locked into a GIC limits your ability to invest those funds into higher yielding products until the funds become available.

The Case for GICs

Now that interest rates have less room to fall (assuming a floor of 0%), bond prices have less room to rise. This is

a pretty sound argument for owning GICs since they do not experience any capital appreciation or depreciation as a result of changes in interest rates. The other case that can be made for GICs is related to duration. Bonds with higher duration have higher interest rate risk so they are subject to more fluctuations if interest rates change. For example, when interest rates were hiked four times in 2018; Vanguard Canadian Short-term Bond Index ETF (VSB). Vanguard Canadian Aggregate Bond Index ETF (VAB) and Vanguard Canadian Long-term Bond Index ETF (VLB) with durations of roughly 3, 8, 15 returned 1.65%, 1.13% and -0.39% respectively.

Bond investors who can barely stand the idea of bonds having a negative year are likely better off with bonds with shorter durations, but this also translates into lower coupon rates. As discussed in a previous issue (July 2018), there are many ways to hedge interest rate risk by holding floating rate bonds, interest rate hedged/negative duration bond funds or equity funds that hold banks.

One of the more common questions we get about bonds and GICs is: what are the closest bond funds to GICs in terms of principal safety? We like to suggest to investors short duration North American government bonds like iShares 1-5 Year Laddered Government Bond Index ETF (CLF), iShares 1-3 Year Treasury Bond ETF (SHY), which have the highest credit quality available in the bond market and lowest duration (usually 3 or less). Of course, investors should come to terms with the fact that more safety and lower risk means lower yield as these funds yield around 2.00-2.25%. Another ETF we often suggest to our members at 5i is the Purpose High Interest Savings ETF (PSA) which gives the same safety as a savings account, but without CDIC deposit insurance. In terms of safety, this is about as close as you can get to a GIC and as far rate is concerned, PSA has an effective yield of 2.1% (2.25%-MER of 0.15%). Not bad when comparing to current rates on deposit accounts and that the fund is fully liquid.

For GICs, durations are much shorter and generally do not exceed 5-years. However, shorter duration for GICs serves as an advantage not because it reduces interest rate risk (since GICs do not fluctuate), but because it reduces its inherent liquidity risk. This is assuming investors are as likely to hold a bond fund for 3-5 years as they are a GIC with a similar duration. If holding periods are truly the same, a GIC might have benefits in both safety and yield but as we all know, "life happens"and holding periods might be different than individuals expect.

Rates

When it comes to rates, GICs are also straight forward. Your rate is spelled out clearly and does not change, so you know what your return is going to be in advance. The best way to gauge the expected total return received from a bond fund is its Yield-to-Maturity (YTM), but this can change over time because bond prices fluctuate. Many investors will simply go with GICs offered by their financial institution, but with GICs, it is worth shopping around to different institutions for a better rate. If you are locking up your funds and giving up liquidity, you ought to make sure you are compensated for that. Most discount brokerages allow investors to purchase GICs from several financial institutions. Smaller banks or credit unions often offer very competitive rates to attract depositors. For example, at the time of writing Oaken Financial, MAXA Financial and Tangerine offer 5-year rates of 3.00%, 2.85% and 2.30% (USD only) respectively. These rates are quite attractive considering a broad bond market fund like ZAG carries a YTM of ~2.15% with an average duration of ~8 years.

The Case for Bonds: Portfolio Smoothing

The weakness that bonds have of being susceptible to

Year	S&P 500 (includes dividends)	Return on 10-year T. Bond
1973	-14.31%	3.66%
1974	-25.90%	1.99%
1977	-6.98%	1.29%
1981	-4.70%	8.20%
1990	-3.06%	6.24%
2000	-9.03%	16.66%
2001	-11.85%	5.57%
2002	-21.97%	15.12%
2008	-36.55%	20.10%
2018	-4.23%	-0.02%

Source: Federal Reserve database

market risk can also be a source of strength. While GICs do provide certainty, bonds uniquely provide the diversification characteristic of having low correlation to equities. This can prove to be very useful when markets are taking a hit and investors flock towards bonds, resulting in a higher bond price. This is particularly advantageous for rebalancing since the capital gains from a spike in bond prices can be used to repurchase more equities (at discounted prices) to bring asset allocation back to target. The low correlation that bonds have with equities serves investors well in both the short-term and long-term. Over the long run, say 25-30 years, however, bonds actually have a low positive correlation to equities. A quick glance at almost any long-term broad bond and equity chart and it is easy to see that both are generally pointing upwards, adding to the case of holding bond funds as part of a long-term strategy. While GIC returns on any given year are limited to the promised interest rate, the table on page 4 (bond returns during all negative years the S&P500 had over nearly five decades) makes it clear how bonds can come to the rescue in the event of a crisis.

Finding Your Balance

As you might have guessed by now, a good strategy would be to own a mix of bond funds and GICs. This mix comes down to desired yield, risk tolerance and how important liquidity is to the fixed-income portion of your portfolio. If liquidity is very important to you then you are likely to lean more towards bond ETFs than GICs. However, if you are comfortable not having access to your fixed-income portfolio for the medium-term (e.g. 5 years), then you may find a place in your portfolio for more GICs. We would argue that all investors have a need for at least some liquidity in case of any emergency, taking advantage of opportunities and rebalancing your portfolio. To simplify things and help readers come up with their own answers, table 1 explains the pros and cons of investing bonds and GICs.

Maintaining Your Balance

Table 1

	Bond ETFs	GICs
Pros	Liquidity in case of urgent need for funds or to take opprotunity	Principal guaranteed and CDIC insured --> Safety
	Potential for price appreciation	Rate guaranteed* --> Predictability
	Smoothing effect on portfolio --> low correlation to equities in the long-run, negative correlation in short-run	Rates competitive are and often better than bonds (especially with smaller FIs)
Cons	Principal and return not guaranteed --> Less predictable	Little to no access to funds
	Even expected return (YTM) can change	No potential for price appreciation during market decline
	Lower rates for longer duration than GICs	Potential loss of opportunity if funds not accessible

*Exception to market-linked GICs that do not guarantee return or guarantee very small return

To conclude, we would like to make mention of the importance of rebalancing to your GIC/bond mix and portfolio in general. A downturn in equities can easily throw off your asset allocation mix and you will be overexposed to fixed-income. For example, if your portfolio is valued at $100,000 and your desired asset allocation is 70/30 with $70,000 in equities and $30,000 in bonds/GICs. If your equity portfolio falls by 30% one year you would be left with a 54/46% mix, or equities at $35,000 and fixed-income at $30,000 (assuming bonds have not been affected by market fluctuations). To rebalance you need to sell $6,300 in bonds and purchase the same amount in equities to bring the portfolio back to that 70/30 equity/bond mix. Most importantly, to rebalance you also need to make sure you have enough bonds (or cash) available to sell in order to purchase equities to rebalance. This is an important factor to consider when deciding on your bond/GIC mix. Finally, it is important to note that rebalancing to get back to your target asset allocation also speaks to the importance of not shying away from equities when markets are in a decline as it forces investors to maintain a disciplined approach of buying equities at lower prices when everyone else is selling near the bottom.

Disclosure: The author has no positions in the funds mentioned at the time of publishing.

ETFs for Your TFSA

By Moez Mahrez, CFA

In our previous iteration of tax-efficient Exchange-Traded Funds (ETFs), we discussed the unique advantage of avoiding taxes on U.S. dividends in a Registered Retirement Savings Plan (RRSP), which makes those products well-suited for low volatility and income investments. Tax-Free Savings accounts (TFSA), on the other hand, are advantageous for higher growth investments since larger capital gains will not be taxed even upon withdrawal (RRSPs will eventually get taxed at regular income tax rates). In addition, quick profits can be realized without worrying about when to withdraw, making the TFSA a handy account to have for emergencies. Although in theory, tax-efficiency should be relatively equal between the RRSP and TFSA, the tax-exempt feature of the TFSA gives investors more flexibility because they do not need to pay attention to their income level in the present versus the future when deciding when to withdraw. As a general rule, Canadian-listed ETFs that hold Canadian companies are most tax-efficient from a dividend withholding tax point of view, however, this should not stop investors from looking for growth outside of Canada.

Here are some ETFs to consider:

Tax Free Savings Account ETFs				
Fund Name (Ticker)	MER	5 yr Total Return (%)	Country of Exchange/Exposure	Tax-Advantage
First Asset Morningstar Canada Momentum (WXM)	0.67	5.7	Canada/Canada-Growth	Capital gains never taxed
iShares Russell 2000 Growth (IWO)	0.24	8.0	United States/U.S. Growth	Capital gains never taxed
iShares NASDAQ 100 Index (XQQ)	0.39	13.2	Canada/US Tech	Capital gains never taxed
iShares Core MSCI EAFE IMI (XEF) & International BMO ETFs (ZDI, ZLI, ZEM)	0.22*	6.16*	Canada/International	Holds international equities directly; one less layer of withholding tax
BMO Aggregate Bond Index (ZAG)	0.1	3.83	Canada/Canada Broad Bond Market	Interest income never taxed
* MER and Returns are for XEF				

First Asset Morningstar Canada Momentum Index ETF (WXM)

WXM screens for Canadian companies with above-average returns on equity, with an emphasis on upward earnings, estimate revisions and price momentum indicators. We find this ETF fits the bill for the goal of capital appreciation over the long term, working well in a TFSA once those returns are withdrawn tax-free. This is a solid option for diversified sector exposure in Canada.

WXM Sector Weighting

	Sectors	Fund %	Cat %
Cyclical	Basic Materials	13.94	8.26
	Consumer Cyclical	13.75	6.08
	Financial Services	10.57	32.30
	Real Estate	13.11	3.55
Sensitive	Communication Services	9.32	5.96
	Energy	3.17	14.75
	Industrials	16.65	11.13
	Technology	9.68	5.94
Defensive	Consumer Defensive	3.28	7.08
	Healthcare	0.00	1.18
	Utilities	6.53	3.77

Source: Morningstar

iShares Core MSCI EAFE IMI Index ETF (XEF) & BMO International Dividend ETF (ZDI), BMO Low Volatility International Equity ETF (ZLI), BMO MSCI Emerging Markets Index ETF (ZEM)

XEF is a recent add to our ETF recommended list for international developed exposure ex-U.S. and was added for its tax-efficiency. The fund equally works well for each account type, however since this ETF is Canadian-listed we think investors are better off holding it in a TFSA or non-registered account while leaving U.S.-listed funds with the same exposure for RRSPs. The reason why XEF is tax-efficient for Canadians is because it holds international companies directly in the fund and not through another ETF. This protects investors from an extra layer of withholding tax. XEF is one of the few Canadian-listed ETFs that does just that. Geographic exposures include developed economies outside of North America, mainly

in the U.K., Europe and Japan. At the time of writing, these economies are at historically low valuations due to uncertainties in the U.K. and Europe, offering a good opportunity for long-term investors to get in. BMO has also stepped up its game as an ETF provider with more and more funds over the $100 million mark for Assets Under Management (AUM). It does not rely on third-party ETF providers to create its ETFs, dealing directly with the index provider (ex. MSCI). Some examples are BMO International Dividend ETF (ZDI), BMO Low Volatility International Equity ETF (ZLI), and BMO MSCI Emerging Markets Index ETF (ZEM).

Fund Name	Symbol	AUM ($ million)	MER (%)	3-year Return (%)	12 mo Yield (%)
iShares Core MSCI EAFE IMI ETF	XEF	2,700	0.22	5.47	2.72
BMO International Dividend ETF	ZDI	395.6	0.43	3.95	5.39
BMO Low Volatility International Eq ETF	ZLI	374.6	0.42	5.51	2.56
BMO MSCI Emerging Markets ETF	ZEM	874	0.26	4.61	2.1

Source: Morningstar

iShares Russell 2000 Growth ETF (IWO) & iShares NASDAQ 100 Index ETF (CAD-Hedged) (XQQ)

Investors wanting to give their TFSA a bit more of a growth tilt can consider both IWO and XQQ. IWO tracks an index of 2000 small-cap growth stocks in the U.S. while XQQ tracks the top 100 companies on the Nasdaq index, resulting in high exposure to information technology, communications (a newly defined sector consisting of mostly traditionally technology companies like Google and Facebook) and consumer discretionary sectors. Although IWO has about 20 times more companies, its small-cap exposure makes it riskier than the large-cap weighted XQQ. XQQ is also hedged to the Canadian dollar which offers a good option for investors who do not want to worry about the effect of currency fluctuations. If you'd like non-hedged options you can also consider HXQ, however we find assets to be a little low ($61 million) for recommendation. Investors may note that IWO is U.S.-listed, and while we did mention that U.S.-listed funds are more tax-efficient in an RRSP to shield off withholding taxes on dividends, IWO pays virtually nothing in distributions (which makes sense given that small-cap companies normally do not pay a dividend) and hence there is no tax disadvantage in holding IWO in a TFSA.

BMO Aggregate Bond Index ETF (ZAG)

This bond ETF is broad enough to be an "all-in-one" solution for bond exposure in your portfolio. A yield of ~3% and reliability during tough economic times are its main appeal. For example, in 2011 when TSX and S&P 500 saw returns of -9% and 1% respectively, ZAG returned 9% that year. We have included ZAG on both our RRSP and TFSA list because interest income is usually the highest taxed form of investment income and interest income can be reinvested in both tax-sheltered accounts.

Priorities

No one enjoys paying taxes, especially when returns are earned from enduring the uncertainties of the markets. TFSAs give Canadian investors an exemption from taxes, while enjoying withdrawal flexibility and a chance to build their through higher compounded returns. However, as we have discussed, even TFSAs are not fully tax-proof because of withholding taxes on foreign dividends. When it comes to international exposure investors need to know whether that fund gets its exposure from a Canadian-listed or U.S.-listed ETF and whether or not that matters given the yield that fund pays. We would like to remind readers that although tax-efficiency is helpful in optimizing a portfolio, asset allocation should be a priority over tax-efficiency and it will work against a portfolio if the former is compromised for the latter. Investors should also consider the size and composition of their own portfolio to determine how material tax-efficiency is for your portfolio on a percentage and even absolute dollar basis.

Disclosure: The author has no positions in the funds mentioned at the time of writing.

ETFMU Geo-Sector Heat Map

	Sector	30 Day	YTD	1 Yr	5Yr	P/E	YIELD	ETF IDEAS
CANADA	Consumer Discretionary	-0.3	16.3	-3.3	31.1	15.05	2.09	-
	Consumer Staples	4.9	16.0	21.5	80.8	23.91	1.43	XST
	Energy	-11.6	-10.5	-38.6	-61.7	8.53	4.38	ZEO
	Financials	-3.9	8.1	-5.8	13.1	10.60	4.13	ZEB
	Real Estate	3.5	18.2	7.0	31.4	10.46	4.33	ZRE
	Heathcare	-17.0	2.8	-21.6	-9.1	-	-	-
	Industrials	-4.1	18.6	2.2	40.4	22.99	1.64	ZIN
	Information Technology	6.2	55.7	42.3	178.0	-	-	XIT
	Materials	9.2	23.8	20.1	4.1	-	1.53	XMA
	Communications Services	-2.2	4.8	3.6	41.1	17.79	4.19	-
	Utilities	4.6	26.1	19.5	23.6	21.00	4.19	ZUT
USA	Consumer Discretionary	-4.8	19.3	1.2	71.1	25.54	-	VCR
	Consumer Staples	1.0	19.2	12.6	8.7	23.85	2.85	VDC
	Energy	-10.0	-2.0	-24.4	-41.6	14.02	4.29	XLE
	Financials	-5.4	10.5	-7.6	40.0	12.31	2.68	XLF
	Real Estate	3.7	25.0	15.1	37.2	36.01	3.15	VNQ
	Heathcare	-2.8	3.6	-2.7	41.2	22.40	2.30	VHT
	Industrials	-3.9	14.8	-4.2	34.2	19.12	2.14	XLI
	Information Technology	-3.4	25.7	4.2	106.2	22.55	1.73	XLK
	Materials	-4.5	9.9	-7.1	9.5	19.23	2.30	XLB
	Communications Services	-2.8	18.5	5.2	3.2	21.33	-	VOX
	Utilities	2.5	17.1	16.7	45.9	23.27	3.19	XLU

	Country	30 Day	YTD	1 Yr	5Yr	P/E	YIELD	ETF IDEAS
REGIONS	CANADA	-1.4	13.6	-0.5	4.6	14.06	3.48	XIC
	CANADA BOND INDEX	2.5	7.3	7.5	4.7	N/A	1.93	ZAG
	UNITED STATES	-3.2	15.2	-0.3	44.6	19.99	2.47	ZSP
	UNITED KINGDOM	-6.1	5.7	-6.6	4.5	14.12	4.83	EWU
	EUROPE	-3.8	10.4	-3.3	9.3	15.87	3.73	VE
	NIKKEI	-3.1	5.3	-9.2	45.4	16.69	1.93	SCJ
	CHINA	-0.4	15.9	4.4	30.4	11.79	2.68	XCH
	INDIA	-4.7	1.7	-5.9	38.9	20.67	1.33	XID
	BRAZIL	-5.5	11.7	26.7	62.9	14.82	3.93	EWZ
	RUSSIA	-0.5	14.6	15.6	93.8	5.30	7.30	RSX
	MEXICO	-3.8	-1.7	-18.2	-10.0	13.41	3.33	EWW

Starting with this issue, we will be providing readers with a heat map of returns of sectors in Canada and the United States as well as global equity returns from broad indices of major economies around the world. This heat-map offers a nice snapshot of how various markets and sentiment appear in a single image. We often get questions from investors on which geographies and sectors are a good investment in the current global economic environment and what are some ETF options. If you find yourself wondering the same things, this heat map can be a useful tool. Upon a quick glance, one can easily tell what sectors or geographies have been doing well (or not so well) in the short-term and long-term. A view of returns coupled with corresponding P/E ratios and yields can be a good source for generating ideas on where to gear your portfolio or even where certain 'portfolio gaps' can be filled. We have also included a column for ETF ideas. Here we picked some of our favourite ETFs derived from our ETF recommended list, model portfolios and other ETFs we think are a good proxy for exposure at a low cost. Finally you may notice that a few cells are missing information, and this is due to a lack of industry data or available investment options.

