ETF & MUTUAL FUND UPDATE

IN THIS ISSUE

Market Radar		
Markets	TSX Composite	S&P 500
P/E	15.32	22.27
Yield (%)	3.76	2.37
YTD Performance (%)	-8.79	-3.89
Top Performers	ETF	Mutual Fund
1-Month	Horizons US Marijuana ETF	Manulife U.S. Dollar U.S. All Cap Eq I
YTD	Emerge ARK AI & Big Data ETF	3iQ Global Cryptoasset Class A CAD
3-Year	iShares S&P/TSX Capped Info Tech ETF	Resolute Performance

Market data as of June 3rd 2020; top performers as of month-end.
Note: We are no longer including leveraged ETFs in top performers list

A Look Back and A Look Forward: Six Month Market Review

By Ryan Modesto, CFA

It feels as though we have crammed a decade of market action into the first six months of 2020. Not only did the U.S. markets see one of the fastest bear markets but it also saw one of the fastest recoveries into a bull market! While the recovery for the TSX has not been as robust, it has certainly not been a slouch. Since the beginning of the year, the TSX saw declines of just over 34% and has since recovered to being down "only" around 7% as of 8 June 2020. From the trough on the TSX, markets have rallied a whopping 41%! From the 23 March trough to 26 March, the TSX had already rallied 19%. Yes, in less than a week, nearly half of the recovery had already occurred. If you had not invested until the 26 March, you would experience only 18.5% upside compared to the 41%. If you need an important example as to why time in the market is better than timing the market, let this be it. An investor had a few days to time the bottom, and if they did not, they missed out on substantial potential returns in a short period.

Here are Some Statistics on North American Markets as of June 8, 2020:

TSX

5-Year Total Return = 26.3%

1-Year Total Return = 1.7%

YTD Total Return = -5%

Yield = 3.6%

12-Month Forward P/E = 18.07

SPX

5-Year Return = 72.2%

1-Year Return = 14.7%

YTD Return = 0.9%

Yield = 2.24%

12-Month Forward P/E = 23.1

We can look at the TSX returns and have one of two views:

Optimistic: After going through one of the fastest bear markets and a once in a lifetime (hopefully) pandemic, being down only 5% is not so bad and up nearly 2% over the last 12 months could certainly be worse.

Pessimistic: Even after markets have recovered a material amount of losses, markets are up 26.3% over five years. That's an annualized return of 4.8% for five years. That is compared to 11.5% in the U.S. over the same period!

We think both views can be right. On one hand, things could certainly be much worse for Canadian markets. On the other, the TSX has largely just treaded water in providing an acceptable return to investors.

If we zoom out a bit more and look at a 10-year period, returns are 86.96% or 6.5% annualized for the TSX. This is certainly more acceptable, but assuming investors are reinvesting 100% of funds back into the TSX, it might be a bit optimistic on its own. Needless to say, dividends have been a big part in carrying the TSX higher over the years and some geographic diversification has likely gone a long way in investors' portfolios.

Looking forward, what is an investor to do? Obviously, no one has a crystal ball that can tell the future but we think there are a few elements in place that actually create an optimistic scenario for North American markets. So, let us put pandemic risks aside for the time being, as that is a whole other discussion, and see what elements might make a case for markets to go higher:

1. Interest rates at record lows and unlikely to rise any time soon.

2. Canadian markets not at particularly high valuations relative to other options.

3. Signalling from governments that they may do "whatever it takes" to keep economies rolling.

4. Lack of other investment alternatives—For many investors and retirees looking at very low bond yields, we might argue "stocks" are one of the only options if your timeframe is in excess of five years.

5. Demand surge after lockdowns. More short-term in nature but a surge in activity is likely as things get back to normal and inventory levels are re-stocked.

We will be clear, there are also many items to point to as to why markets might go lower but that has been and will always be the case. Markets and economies have gotten through some really bad times before and we have to think we will get through these times as well. Over history in North America, remaining invested with a diversified portfolio in some form or fashion has almost always been the right decision and we continue to think this will be the appropriate long-term decision in the future.

ETF Madness: Fixed Income ETFs

By Barkha Rani

How do we even begin to define fixed income? For some investors, it is a "hedge" against recession; for some, it is a way to reduce variance in a portfolio and for some, it is a reliable source of income, no matter how paltry yields have been getting. Regardless of how one may define it, fixed income deserves some space in everybody's portfolio and this is why fixed income ETFs are up for this round of ETF Madness!

ZAG: BMO Aggregate Bond Index ETF

ZAG is a fund of fund ETF that replicates the FTSE Canada UniverseXM Bond Index. The benchmark consists of Government of Canada, Provincial and Corporate bonds as a broad measure of the Canadian investment-grade fixed income market. The index consists of semi-annual pay fixed rate bonds, with an effective term to maturity greater than one year and a credit rating of BBB or higher. Approximately 37% of the holdings are in Provincial bonds, 34% in Federal, 27% in Corporate and 2% in Municipal bonds. With over 1200 holdings, ZAG allows exposure to a wide variety of bonds differing in maturities, yields and market capitalization. Coming back to bond basics, ZAG has an average weighted term to maturity of 11.05 years and supports a weighted average coupon of 3.15%. The weighted average current yield stands at 2.69%, with an average yield to maturity of 1.49% and an average duration of 8.3. With a low MER of 0.08% and a near zero correlation with the S&P500, ZAG is a competitive ETF with $4.7 billion in assets.

It has returned 5.6% year to date and 6.9% over the past year. Since inception in early 2010, ZAG has returned 4.3% on an annualized basis.

XBB: iShares Core Canadian Universe Bond Index ETF

XBB replicates the FTSE Canada Universe Bond Index and holds just over 1300 securities. It's sector breakdown mirrors that of ZAG with 37.3% of AUM in Provincial bonds, 33.1% in Federal, 27.4% in Corporate and 2% in Municipal bonds. This mirror image carries on with their maturities as well. Just over 41% of the holdings expire in the next five years, 23% in the next five to ten years, and 35% in the next ten to thirty years. About 36.8% of XBB's holdings have a rating of AAA. This portion stands at around 38.6% for ZAG. ~37% of XBB's holdings have a rating of AA, while 35% of ZAG accounts for the same. 'A' rated holdings represent ~14% in both XBB and ZAG. Lastly, BBB securities account for nearly 11.7% of XBB and 12.2% of ZAG. XBB has an average weighted term to maturity of 11.09 years with a weighted average coupon rate of 3.06%. The weighted average current yield stands at 2.4%, with an average yield to maturity of 1.36% and an average duration of 8.5. While still competitive, XBB has a slightly higher MER of 0.10% compared to ZAG's 0.08%. On a year-to-date basis, XBB has returned 5.6% and 6.9% over the past year. Over the past five years, it's annualized return stands at 3.5%, which is the same for ZAG. Since inception in late 2000, XBB has returned an annualized performance of 5.3%. The calendar performances of XBB and ZAG haven't been far off each other.

VAB: Vanguard Canadian Aggregate Bond Index ETF

VAB seeks to track the performance of a broad Canadian bond index by tracking the Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index. In contrast to XBB and ZAG, VAB allots a small percentage of its AUM to the US (2.0%) and others (1.2%). 39% of its securities hold an AAA rating, 37% AA, 13.6% A, and 9.8% in BBB. Grouping Provincial and Municipal together, these account for nearly 40.1% of VAB's AUM. Federal securities account for nearly 38% of VAB giving itself an edge over its competitors XBB and ZAG with a larger portion in treasuries. Corporate holdings represent ~22% of VAB AUM of $2.9 billion. Its MER of 0.09% places it nicely between ZAG and XBB. Nearly 40.7% of its holdings have maturities of less than five years, 23% in the next five to ten years and 36% in the next ten to thirty years. Placing it in line with XBB, about 39% of VAB's holdings have an AAA rating, 37% AA, 13.6% A and 9.8% BBB. Not rated securities accounted for the rest. VAB has an average term to maturity of 10.9 years, with a weighted average coupon rate of 3.2%. The average current yield stands at 2.4%, with an average yield to maturity of 1.41% and an average duration of 8.3 years. Year-to-date, VAB has returned 5.8% and 7% over the past year. It's five year annualized return stands at 3.6% and its annualized return since inception in late 2011 comes in at 3.8%.

Competition

Given the various characteristics of a fixed income ETF, it is particularly difficult to decide given the similarities of the 'contestants'. The sector and rating breakdowns aren't that far off from each other, meaning similar risk and variance profiles. There is little to differentiate among the three ETFs due to their similarities in duration, yield, coupon and MER. Just to give an example of how closely related they are, even if we come down to their performance, XBB has annualized performance of 5.3% which comes far ahead of ZAG's 4.3% and VAB's 3.8%, however, keeping in mind their inception differences, XBB saw a benefit from the 2008-2009 popularity spike of bonds giving it a upper hand. All three ETFs have performed similarly during the coronavirus sell-off reflecting their resemblance. Due to the nature of the competition, we have decided to pick ZAG as a winner. VAB's lower assets under management allows others to shine a bit brighter, and while it was a close one between ZAG and XBB, with a slightly lower MER of 0.08%, ZAG comes in just an inch higher in line.

ETF Model Portfolio Update

By Richard Morrison, CIM

This year, governments ordered lockdowns to control the COVID-19 pandemic, triggering a recession. Despite a recovery rally, year-to-date results were poor for any Exchange Traded Funds (ETFs) that did not hold Internet-based companies, which prospered as people sat in on virtual meetings, watched streamed programming, and shopped online.

As a general rule, retirees and the near-retired are typically told to avoid both volatile and risky securities since these investors will have no employment income to offset losses. A conservative portfolio that suits investors with low risk tolerance will generate interest and dividend income without too much volatility, but growth, if it comes at all, will be slow.

At the other end of the spectrum, a growth portfolio may suffer sharp losses over the short-term and will pay little, if any, in interest or dividends. In exchange, the growth portfolio offers the prospect of major long-term capital gains. A balanced portfolio is simply a blend of conservative and growth.

Let's take a moment to review the Model ETF portfolios compared to their Vanguard benchmarks in the above image and see what is happening 'under the hood'.

Conservative Model ETF Portfolio

The largest holding in this collection of 11 funds is the BMO Aggregate Bond Index ETF (ZAG), with a 25% weighting. This fund has $4.72 billion in assets invested in 1,271 Canadian government and corporate bonds, each with a credit rating of BBB or higher, and a maturity of more than one year. The fund, which carries a management expense ratio (MER) of 0.08%, has paid a consistent monthly distribution with an annual yield of about 2.9% and has posted relatively steady gains since its inception in 2010.

Portfolio	3 Month Return	YTD Return
Conservative Portfolio	-1.42	-0.09
Vanguard Benchmark	0.93	2.36
Differential	(2.35)	(2.45)
Balanced Portfolio	0.22	0.04
Vanguard Benchmark	0.65	1.19
Differential	(0.43)	(1.15)
Growth Portfolio	1.93	0.90
Vanguard Benchmark	0.24	-0.12
Differential	1.69	1.03

Three ETFs in the Conservative Portfolio with solid long-term results suffered setbacks this year: The BMO Equal Weight REITs Index ETF (ZRE), which has an annualized performance of 7.9% since inception in 2010, lost ground in 2020 as unit holders reacted poorly to the sight of closed stores and empty office buildings whose former occupants now worked from home. As the economy contracted, preferred shares slipped, hurting the iShares S&P/TSX Canadian Preferred Share Index ETF (CPD), an income fund whose unit price is expected to remain relatively stable. Loans from once reliable debtors became questionable, causing pain for the BMO Covered Call Canadian Banks ETF (ZWB), whose annualized performance since its launch in 2011 is 5.75%.

Conservative investors who seek income should not concern themselves with short-term price fluctuations as long as distributions remain steady. Most of the ETFs in the Conservative Portfolio have a long history of paying distributions every month, while those that track the broadest indexes pay every quarter and one fund, the iShares Core MSCI EAFE IMI Index ETF (XEF), has paid out an annual distribution every December since its launch in 2013.

The Conservative Portfolio is measured against the Vanguard Conservative ETF Portfolio (VCNS), a collection of seven Vanguard ETFs that, when combined, hold just about every imaginable conservative investment in the world: stocks of 12,469 companies and bonds from 16,584 issuers, with roughly 59% in bonds and 41% in stocks. The Conservative ETF, allocated roughly 45% to bonds and 55% to stocks, generated a total return that lagged VCNS over the past three months and year-to-date, but short-term fluctuations are unavoidable.

Balanced Model ETF Portfolio

Of the 11 funds in this portfolio, the BMO Aggregate Bond Index ETF (ZAG) described above represents the largest holding at 21%. The second heaviest weighting in the Balanced Portfolio, at 19%, is the venerable iShares S&P/TSX 60 Index ETF (XIU), billed as the largest and most liquid ETF in Canada. XIU is the successor to the world's first ETF, the Toronto 35 Index Participation units (TIPs) launched in 1990. Today's fund has $8.28 billion in assets invested in 60 of Canada's largest companies. The fund had the same holdings for years until Ottawa based ecommerce platform Shopify rocketed up the list to become XIU's second largest holding behind the Royal Bank.

The Balanced Portfolio includes four growth funds deemed too risky for the Conservative Portfolio: the iShares Russell 2000 Growth ETF (IWO), the iShares U.S. Technology ETF (IYW), the Vanguard FTSE Emerging Markets All Cap Index ETF (VEE) and the CI First Asset Morningstar Canadian Momentum Index ETF (WXM). The iShares U.S. Technology ETF's impressive total return of 11.7% this year is nothing unusual, as the fund has posted an average annual return of about 15% over the past three-, five- and 10-year periods. The CI First Asset Morningstar Canadian Morningstar Momentum Index ETF holds 30 stocks with attractive price charts that have above average return on equity that have inspired analysts to raise their earnings estimates. Although the fund slipped in 2020, it has consistently outperformed its benchmark.

The Balanced ETF Portfolio is allocated roughly 26% to bonds and 74% to stocks while the benchmark Vanguard Balanced ETF Portfolio (VBAL), has a more bond-heavy mix at 61% in bonds and 39% in stocks.

Growth Model ETF Portfolio

The Growth ETF Portfolio outperformed its benchmark so far this year thanks to its 10.5% weighting in the iShares NASDAQ 100 Index ETF (CAD-Hedged) (XQQ), the only Model Portfolio to hold this fund, and a 5.3% weighting in the iShares U.S. Technology ETF (IYW), which also appears in the Balanced ETF Portfolio. The two funds have nearly identical holdings but XQQ is hedged to the Canadian dollar. Both XQQ and IYW hold stakes in the largest 100 companies listed on the Nasdaq.

The Growth ETF Portfolio is allocated roughly 84% to stocks and 16% to bonds, while its benchmark, the Vanguard VGRO, is split roughly 81%-19% between stocks and bonds.

This Time is Not Different!

Dramatic swings in the stock market always prompt investors to declare that "this time is different." In the dot.com bubble of the late 1990s investors rejected blue-chip stocks and embraced any '.com' name because "this time is different." During the banking crisis of 2008-2009, investors dumped their shares and began stocking up on canned goods to prepare for the end of the world, insisting this time was different from other bear markets. Today, COVID-19 makes a convincing case for the "this time is different" doomsayers since the last pandemic was the Spanish Flu of 1918-19, far from most investor memories and minds. While the current crisis creates added fears and volatility, we think an investor can be confident that the one thing that will not be different is that a well diversified portfolio will serve investors well over the long-term.

Disclosure: Authors, directors, partners and/or officers of 5i Research have a financial or other interest in ZRE, XQQ

ETF Madness: Asset Allocation ETFs

By Moez Mahrez, CFA

Welcome to another round of Exchange-Traded Fund (ETF) madness! This round will be a little bit different in style. Instead of having individual ETF face-offs, this will be a showdown of the four big ETF providers in Canada to determine which company provides the best offering of asset allocation ETFs (aka "All-in-one ETFs"). These ETFs provide the most diversification and can be relied on as entire portfolios in and of themselves. From the winning ETF provider, we will then select the most suitable ETF from its line-up to face against other ETFs in a future knockout round. We will discuss the aspects that are critical to asset allocation ETFs and then draw the final verdict. The following page shows the ETFs in order from most conservative to most aggressive.

Name	Ticker	Mkt Tot Ret 12 Mo (Current)	Total Assets MM	MER	Yield 12 Mo	Equity	Bonds/Cash
Vanguard Conservative Income ETF Port	VCIP	6.01	115.00	0.25	2.24	20.83	77.98
iShares Core Income Balanced ETF	XINC	-	9.00	0.20	-	21.26	74.64
BMO Conservative ETF	ZCON	6.94	21.00	0.20	2.56	39.36	59.63
Vanguard Conservative ETF Portfolio	VCNS	6.31	338.00	0.25	2.33	41.14	57.96
iShares Core Conservative Balanced ETF	XCNS	-	13.00	0.20	-	43.06	53.94
Horizons Conservative TRI ETF Portfolio	HCON	10.24	13.00	0.15	0.03	43.85	56.47
BMO Balanced ETF	ZBAL	7.25	50.00	0.20	2.51	59.20	40.11
iShares Core Balanced ETF Portfolio	XBAL	6.85	317.00	0.20	2.27	59.57	38.31
Vanguard Balanced ETF Portfolio	VBAL	6.55	1,062.00	0.25	2.23	61.05	38.34
Horizons Balanced TRI ETF Portfolio	HBAL	11.09	29.00	0.16	0.19	62.11	38.42
BMO Growth ETF	ZGRO	7.39	47.00	0.20	2.53	79.31	20.34
iShares Core Growth ETF Portfolio	XGRO	7.19	369.00	0.20	2.32	80.14	18.83
Vanguard Growth ETF Portfolio	VGRO	6.56	1,366.00	0.25	2.19	80.40	19.30
Horizons Growth TRI ETF Portfolio	HGRO	-	6.00	0.17	-	92.63	8.27
iShares Core Equity ETF	XEQT	-	65.00	0.20	-	99.33	0.64
Vanguard All-Equity ETF Portfolio	VEQT	6.60	375.00	0.25	1.51	99.47	0.50

Asset Allocation

In asset allocation, all four ETF providers, Vanguard, iShares, BMO and Horizons, use very similar weightings for Conservative and Balanced portfolios with about 45/55 and 65/35 equity/bond mix respectively. BMO comes out a little more conservative on the balanced portfolio with a 60/40 mix where Horizons is slightly more aggressive with a 67/33 mix. All Growth portfolios also tend to agree on an 80/20 equity/bond mix, with the exception of Horizons Growth TRI ETF Portfolio (HGRO) which comes in at 100% equity. Although we like Horizon's slightly more aggressive weighting in its Horizons Balanced TRI ETF Portfolio (HBAL), we think the overly aggressive nature of HGRO deprives investors of the option to invest in a growth portfolio with some income. We would rather HGRO be labelled as an "all-equity ETF" so as not to confuse the many investors who are looking for the standard 80/20 equity/bond mix. Unfortunately, Horizons loses points on this front.

Fees

The competition in the fee category is fierce with all funds ranging between 0.15%-0.25%. Vanguard, who was the first to launch asset allocation ETFs, comes in the highest with all ETFs at 0.25%. iShares and BMO came shortly after with fees at 0.20%, then Horizons, doing things quite differently has different fees for different investor profiles (conservative: 0.15%, balanced: 0.16% and growth: 0.17%), with higher equity allocation resulting in higher fees. A pattern we notice here is that the more recent the launch, the lower the fees, we wonder if this is reflective of the fact that there is little to compete on when it comes to passively managed products other than lower fees, especially when there is little to no history/track record for performance.

Horizons takes the points for lowest fees, however, these points are not worth very much because your portfolio size would have to be quite large for the differential in fees to influence your decision. Using the range of fees mentioned above, a $10 million investment would cost $16,000 annually versus $25,000 annually resulting in a differential of $10,000 versus an investment of $10,000 resulting in a differential of only $10. Compared to the rest of the fund industry, any of these ETF providers would be a good choice when it comes to fees for the average investor.

Asset Base

Vanguard is the clear winner in this category. While the ETF giant was the first to introduce asset allocation ETFs to Canada at these fees, it was as recently as 2018 that Vanguard launched these ETFs, making their asset accumulation quite impressive over the last two years, with all five of its asset allocation ETFs having assets over $100 million, two of which are over $1 billion. Blackrock comes in second place with only two of its funds over $100 million in assets, none of which comes close to Vanguard's top funds. For all funds, the growth and balanced portfolio ETFs tend to have the most in assets given the general appeal of the 80/20 and 60/40 equity/bond mix. BMO and Horizons funds seem still behind in the game of attracting investors to their asset allocation ETFs, however BMO's assets are beginning to catch up with $50 million in assets for its top fund (BMO Balanced ETF – (ZBAL)) which is just over a year old. We think it won't be long before BMO is neck in neck with Vanguard and iShares. Horizons' top fund Horizons Balanced TRI ETF Portfolio (HBAL) sits at only $29 million in assets, meaning their line-up is automatically disqualified from the competition. Horizon's unorthodox approach of using derivatives and total return swaps, as well as a different approach to security selection is a double-edged sword as it allows them to compete on many aspects, but may keep investors wary of more 'exoctic' strategies at bay for some time.

Variety

Blackrock and Vanguard come out as the kings of variety here, offering additional "conservative income" and "all-equity" options which give investors an ultra-conservative 80/20 bond/equity split and a more aggressive 100% equity exposure option. This expands the range of the Blackrock and Vanguard offerings compared to the standard Conservative, Balanced and Growth asset allocations that BMO and Horizons offer.

Sectors

With the exception of the financial and technology sectors, all asset allocation ETFs seem to be in agreement when it comes to sector allocations, which we found to be interesting but not surprising, given the passive management approach investors should expect with these funds. The largest differences are in the financial services and technology sectors with ranges of 13.7%-21.2% and 14.1%-23.7% respectively for sector weights. Horizons and Vanguard seem to be taking opposite bets in these sectors with Horizon taking on a 23% weighting in technology and 14% in financials, while Vanguard has about 21% in financials and 14% in technology. In the long-term, Horizon's higher weight in technology offers higher potential return and scores a few extra points for this, however this may also result in more volatility. That said, we do not view Vanguard's lower technology and higher financials allocations as a negative point, as they are still within a reasonable range. However, iShares and BMO ETFs lie somewhere in the middle of the range when it comes to the financial and technology sectors and score points for moderation and balance.

Geography

Here we are focused on the equity portion. BMO and iShares ETFs come in around the same with Canada, U.S. and international exposure at around 22.5%, 46.25% and 31.25% respectively, and we see this as an appropriate mix for the average Canadian investor. Vanguard loses some points here for having a high Canadian bias in its equity portions compared to peers with 31.25% in Canada, 40.75% in U.S. and 28% international. While we would not consider this an overly negative point, we find a ratio of about 2:1 more appropriate for U.S. to Canada exposure as seen with the BMO and iShares funds, since the U.S. is more diversified than Canada when it comes to sectors, and generally has more potential for economic growth. Horizons has certainly taken a bigger bet on U.S. growth with about a 60-65% weighting in the U.S. for the equity portion of their portfolio. We are not surprised here, as Horizons seems to take a non-standard approach in many aspects compared to other ETF providers. The bias towards the technology sector is attributed to Horizons' bias in U.S. equity, while Vanguard's bias towards the financial sector comes from the bias in exposure to Canadian equity.

Performance

There is little to say about performance as return history is quite brief and we think it would be unfair to assign points based on performance in the short-term. However, we think it is worth noting that Horizons' ETFs substantially outperformed their peers (who all interestingly returned ~6-7% over the last 12 months regardless of equity/bond mix) returning about 10% and 11% for the Horizons Conservative TRI ETF Portfolio (HCON) and Horizons Balanced TRI ETF Portfolios (HBAL). While we think this is likely attributed to Horizons' higher weighting towards U.S. equities (big tech companies, in particular which saw a substantial recovery from the COVID-19 crash compared to other large-caps), we think this bet on the U.S. may also serve Horizons funds well in the long-term.

Structure and Tax-Efficiency

Both BMO and Horizons earn points in this category for having structures that encourage tax-efficiency. BMO has a good reputation for holding U.S. and foreign securities directly in its ETFs rather than through other U.S.-listed ETFs, resulting in one less layer of withholding tax on foreign dividends. This is an area that Blackrock and Vanguard funds have come up short, as most of their ETFs use U.S.-listed ETFs as their underlying holdings. Horizons takes a different approach altogether (as usual) and uses total return swaps to turn dividends into capital gains, which are taxed at a lower rate than dividends. However, this comes with the caveat of giving up the stream of income that investors normally receive from a distribution yield. Some investors may not appreciate this, so Horizons does not earn as many points as BMO in this category.

And the Winner is...Vanguard!!

Taking the asset allocation trophy, we would consider the Vanguard line-ups to be the "go-to" option when investors are looking for an all-in-one solution, and their significantly higher assets are a testament to this. The competition was fierce in almost all aspects, so Vanguard's significantly higher assets gave them a significant boost to the finish line. That said it was a close call with iShares and BMO ETFs which offer similar exposures. BMO, in particular, offers strong potential with their proven ability to accumulate assets among ETF investors as well the tax-efficiency they offer. Although they do not nearly qualify when it comes to assets under management for all three of their asset allocation ETFs, Horizons deserves an honorary mention for having a differentiated approach in asset allocation and tax-efficiency compared to the Vanguard, iShares and BMO line-ups which have very similar offerings.

ETF Model Portfolios (As of Jun/09/2020)

Name	Ticker	Recent Price	Portfolio Weight	3 Month Total Return (%)	YTD Total Return (%)	Distribution Yield (%)
Conservative ETF Portfolio		**35.79**	**100.00%**	**-1.42**	**-0.09**	**3.06**
iShares S&P/TSX 60 Index ETF	XIU-T	24.17	5.43%	-4.72	-5.05	3.43
iShares S&P/TSX Cdn Preferred Share Idx ETF-Com	CPD-T	10.82	4.64%	-11.72	-9.92	5.99
iShares 1-5 Year Laddered Government Bond Idx ETF	CLF-T	18.31	10.40%	2.29	4.02	2.23
BMO Aggregate Bond Index ETF	ZAG-T	16.46	25.03%	1.90	5.30	2.92
BMO Equal Weight Utilities Index ETF	ZUT-T	20.96	6.01%	-4.60	5.66	4.01
BMO Equal Weight REITs Index ETF	ZRE-T	21.32	5.00%	-22.41	-12.28	5.07
BMO Covered Call Canadian Banks ETF	ZWB-T	15.75	4.11%	-15.48	-12.27	6.48
BMO S&P 500 Index ETF	ZSP-T	47.60	12.79%	6.20	1.64	1.51
iShares Core MSCI EAFE IMI Index ETF	XEF-T	29.92	6.39%	-0.61	-4.94	2.10
Vanguard US Dividend Appreciation Index ETF	VGG-T	56.12	10.10%	5.41	2.14	1.47
iShares Interest Rate Hedged High Yield Bond ETF	HYGH-US	111.94	10.11%	-1.69	-1.89	3.93
Name	Ticker	Recent Price	Portfolio Weight	3 Month Total Return (%)	YTD Total Return (%)	Distribution Yield (%)
Balanced ETF Portfolio		**58.14**	**100.00%**	**0.22**	**0.04**	**2.30**
iShares S&P/TSX 60 Index ETF	XIU-T	24.17	19.01%	-4.72	-5.05	3.43
iShares Russell 2000 Growth ETF	IWO-US	285.85	5.16%	4.58	2.91	0.60
iShares US Technology ETF	IYW-US	350.92	5.66%	15.20	11.68	1.11
iShares S&P/TSX Cdn Preferred Share Idx ETF-Com	CPD-T	10.82	4.46%	-11.72	-9.92	5.99
iShares 1-5 Year Laddered Government Bond Idx ETF	CLF-T	18.31	5.23%	2.29	3.77	2.23
BMO Aggregate Bond Index ETF	ZAG-T	16.46	21.05%	1.90	5.30	2.92
Vanguard FTSE Emerging Markets All Cap Index ETF	VEE-T	32.60	4.68%	-5.30	-5.97	0.66
CI First Asset Morningstar Can Momentum Idx ETF	WXM-T	19.13	9.75%	-3.33	-3.49	1.00
BMO S&P 500 Index ETF	ZSP-T	47.60	10.30%	6.20	1.64	1.51
iShares Core MSCI EAFE IMI Index ETF	XEF-T	29.92	9.59%	-0.61	-4.94	2.10
Vanguard US Dividend Appreciation Index ETF	VGG-T	56.12	5.09%	5.41	2.14	1.47
Name	Ticker	Recent Price	Portfolio Weight	3 Month Total Return (%)	YTD Total Return (%)	Distribution Yield (%)
Growth ETF Portfolio		**72.14**	**100.00%**	**1.93**	**0.90**	**1.73**
iShares S&P/TSX 60 Index ETF	XIU-T	24.17	12.11%	-4.72	-5.05	3.43
iShares Russell 2000 Growth ETF	IWO-US	285.85	5.26%	4.58	2.91	0.60
iShares US Technology ETF	IYW-US	350.92	5.26%	15.20	11.68	1.11
iShares Global Consumer Discretionary ETF	RXI-US	167.80	5.26%	5.56	2.39	1.18
iShares 1-5 Year Laddered Corporate Bond Index ETF	CBO-T	18.90	5.26%	0.67	2.76	2.54
BMO Aggregate Bond Index ETF	ZAG-T	16.46	10.53%	1.90	5.30	2.92
iShares Global Healthcare Index ETF (CAD-Hedged)	XHC-T	55.26	5.26%	10.59	2.27	1.01
iShares NASDAQ 100 Index ETF (CAD-Hedged)	XQQ-T	78.25	10.53%	12.05	12.36	0.37
Vanguard FTSE Emerging Markets All Cap Index ETF	VEE-T	32.60	6.32%	-5.30	-5.97	0.66
CI First Asset Morningstar Can Momentum Idx ETF	WXM-T	19.13	10.53%	-3.33	-3.49	1.00
BMO S&P 500 Index ETF	ZSP-T	47.60	10.53%	6.20	1.64	1.51
iShares Core MSCI EAFE IMI Index ETF	XEF-T	29.92	7.89%	-0.61	-4.94	2.10
Vanguard Global Value Factor ETF	VVL-T	29.55	5.26%	-9.14	-11.41	2.99

Disclosure: Authors, directors, partners and/or officers of 5i Research have a financial or other interest in ZRE, VGG, ZWB, XQQ

