



2021 CETFA ENVIRONICS BROKER ETF STUDY



ENVIRONICS
RESEARCH

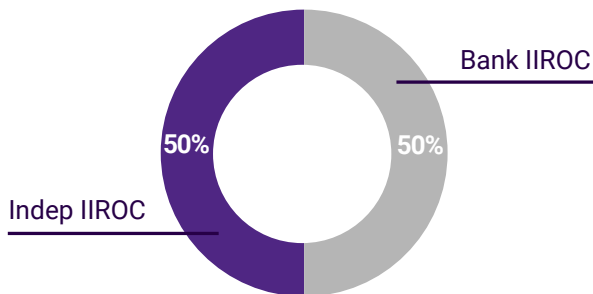
To learn more about the current state of ETF usage among Canada’s independent brokers, Environics Research and CETFA partnered to survey over 300 leading Canadian IIROC brokers.

WHO DID WE TALK TO?

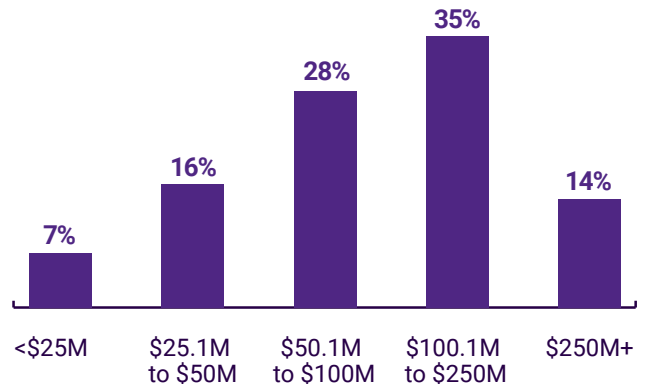


We spoke to a mix of IIROC brokers, including those at bank-based dealers and independents. The study includes a relatively strong skew towards those managing significant assets.

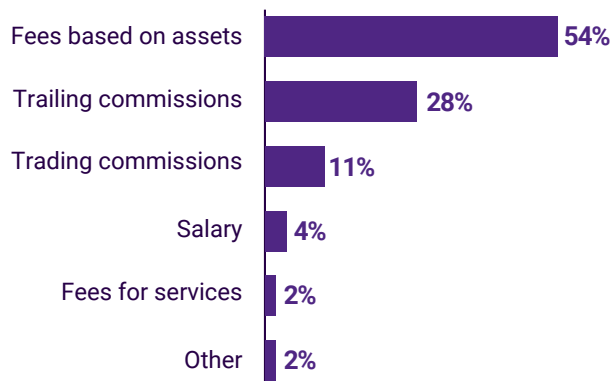
ADVISOR TYPE



ASSETS UNDER MANAGEMENT



COMPENSATION MODEL



KEY TOPICS



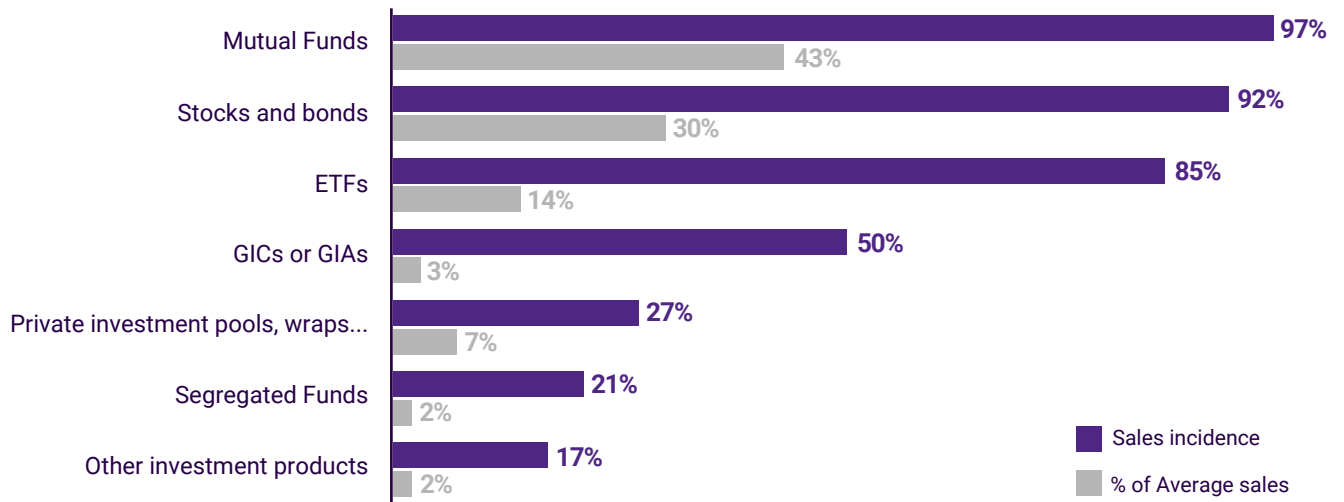
We asked IIROC brokers about where ETFs fit into their practices, where they were expected to fit in the future, what was driving changes and how the ETF industry could better support them.

The survey responses provided an interesting and insightful view into how brokers are working with ETFs and what the future of ETFs in Canada might look like. The following is a summary of some of the most interesting results.

ETFs WIDELY USED

85% of brokers sold ETFs to some extent over the past 12 months and on average, ETFs made up 14% of brokers' sales.

PAST 12 MONTH INVESTMENT SALES



85% use ETFs for an average of 14% of sales

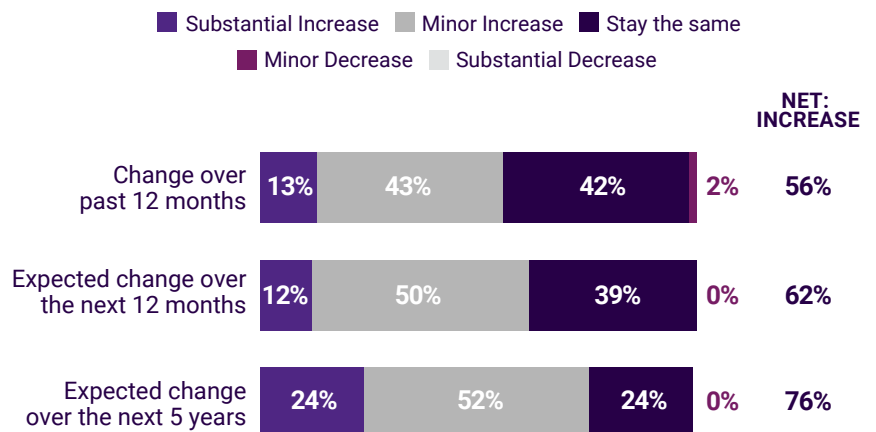
GROWING ETF USAGE

Brokers say that ETF usage is growing significantly and is expected to continue to grow in the future. More than half (56%) say they have increased usage in the past 12 months while even more (62%) say they expect to increase usage over the next year.

Fully three-quarters (76%) say they expect to increase ETF usage over the next five years with 24% saying they anticipate a 'substantial' increase.

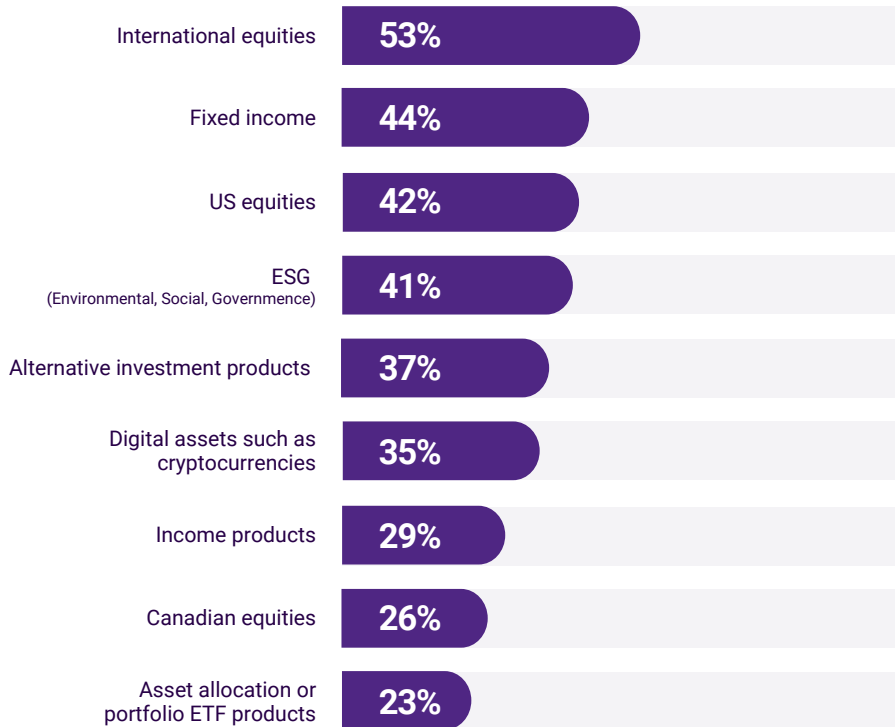
Of the more than 300 we spoke to, only 1 broker expected a minor decline in usage over the next 5 years.

PAST AND FUTURE CHANGES IN ETF USAGE



56% have increased ETF usage in the past year while 76% expect to in the next 5 years.

**TOP ETF GROWTH CATEGORIES
AMONG BROKERS USING ETFS MORE**



Brokers expect to use ETFs more frequently for a wide range of categories.

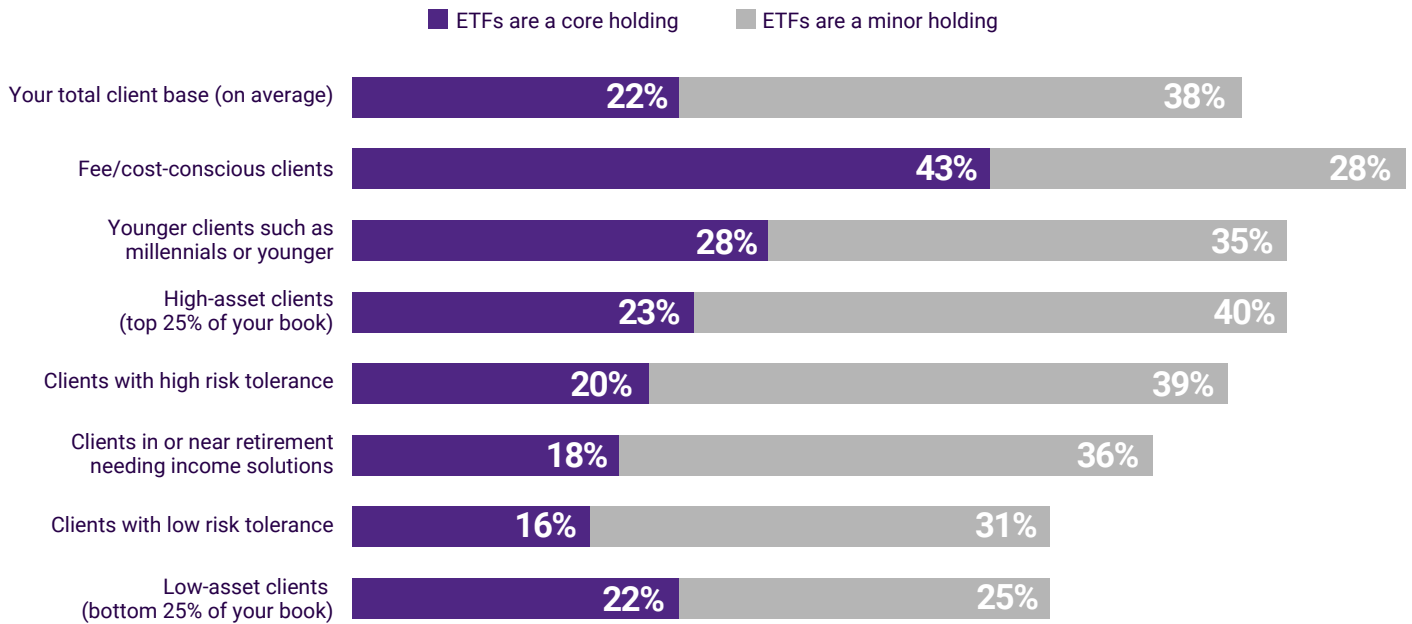
Brokers who are increasing reliance on ETFs say they expect to use ETFs more for International Equities, Fixed Income and US Equities. Environmental, Social Governance (ESG), Alternatives and Cryptocurrencies are also categories where brokers expect to expand ETF use.

ETF USAGE AMONG BROKERS VARIES TO A SURPRISING EXTENT

ETF usage among brokers is surprisingly varied. While some use ETFs intensively – focusing on specific clients, asset classes and mandates – others embrace ETFs much more broadly and include them in portfolio cores or across a much wider range of clients.

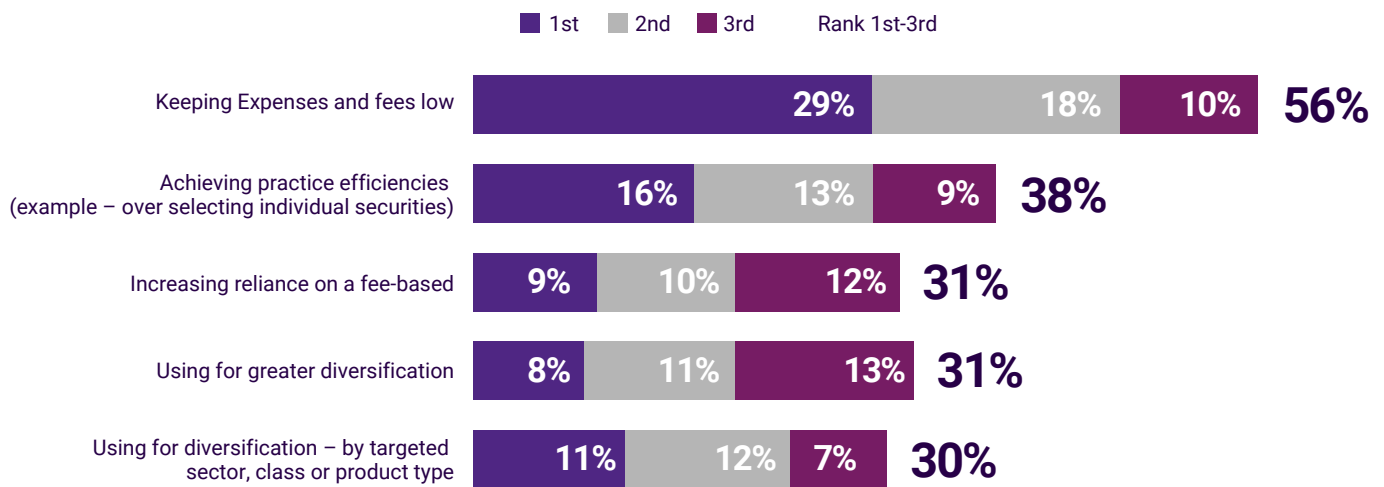
Differences in ETF usage patterns are frequently attributed to practice concerns such as fee-based offerings. However, in many cases patterns are impacted by brokers’ decisions on which clients they are appropriate for, as well as where they believe that ETFs can best be used to achieve practice efficiencies, enhance diversification and keep costs in check.

ETF USAGE BY CLIENT TYPES



Brokers use ETFs for a range of clients, including cost-conscious clients and younger clients.

TOP REASONS FOR INCREASING ETF USAGE



Brokers use ETFs for a range of reasons, including practice efficiencies and diversification.

EDUCATION AND SUPPORT IMPORTANT TO FUTURE ETF ADOPTION

Two-thirds of brokers agree that they would like access to more sophisticated materials on how to incorporate ETFs with other products when building portfolios. A similar number also agree that they would like access to better educational materials for explaining the benefits of ETFs to clients.

These results suggest that despite considerable variation in how and where brokers are using ETFs in their practices, they are open to re-examining strategies and approaches. This is particularly likely to be true if new approaches can save cost, improve practice efficiency, support practice goals or enhance diversification.

Support and education from industry organizations and manufacturers is very likely to play a role in supporting future ETF adoption among brokers.

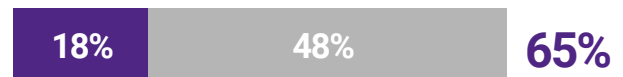
INTEREST IN ADDITIONAL ETF RESOURCES

■ Strongly agree ■ Somewhat agree

I would like access to more sophisticated materials on how to incorporate ETFs with other products in portfolio construction



I would like access to better educational materials for explaining ETFs and the benefits of using ETFs to clients



WHERE WILL ETFS GROWTH GO FROM HERE?

The research paints an optimistic picture of the future of ETF usage in Canada. Brokers see many benefits to using them, anticipate significant growth in the next 5 years and are open to learning more about them and how they can be better used.

The survey results also show that the industry has a role to play in supporting advisors in increasing the use of ETFs in their practices. Canadian brokers are open to leaning about how ETFs can better compliment other products in portfolios and look to wholesalers, dealers, manufacturers and a range of other key sources for this information. It is very likely that if brokers continue to receive support and solid ideas on how ETFs can work alongside a range of other products in client portfolios as well as quality materials for explaining these benefits to clients, the future of ETFs in Canada may be even brighter.