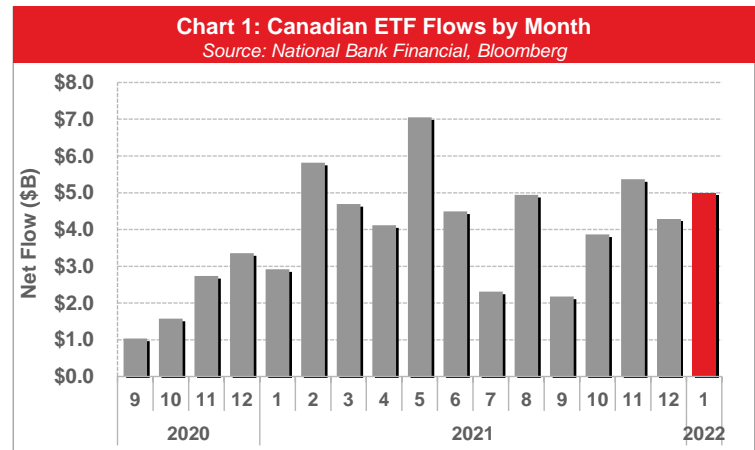


January 2022: \$5 billion in flows and a record 37 launches

- Canadian ETFs kicked off the year with \$5 billion inflows in January
- Sector and factor flows both indicate that a growth-to-value rotation is underway
- Hawkish central bank announcements brought Cash alternative and short-term bond ETFs into favour
- 37 new ETFs listed in January, a record-breaking number for ETF launches

Summary: Canadian ETFs gathered \$5 billion in net flows in January, a strong start to the new year. Equity clearly dominated the demand with inflows of \$4.6 billion, 90% of the month's total. Fixed Income ETFs enjoyed \$98 million in flows. Both the Fed and the Bank of Canada opted to keep overnight rates steady, but their hawkish tone pushed investors out of duration-risky categories like aggregate bond ETFs into safer cash alternative and short-term ETFs. Equity flows may have also been reacting to uncertainties from the upcoming tightening cycle; a rotation from growth into value returned to the forefront. Technology sector ETFs suffered a rare month of outflows whereas financials and energy registered inflows. Precious metal prices remained rangebound in January and commodity ETFs saw another month of outflows amounting to \$187 million led by gold bullion ETFs. Crypto-Asset ETFs also suffered outflows of \$68 million as Bitcoin and Ethereum prices dropped by half from their recent peaks.



Flows by Asset Class, Category and Product: (Table 1 & Tables 4 - 11)

Equity ETFs dominated demand in January and market cap-weighted passive ETFs registered the highest inflows. Broad Canadian Equity (XIU, QCN, HXT, HXCN), U.S. Equity (ZSP, VFV, HXS, XSP) and EAFE Equity (ZEA) remained the most popular categories. Financial sector ETFs and energy sector ETFs (XEG) were in strong demand with over \$100 million in flows going into each category, whereas technology sector ETFs lost assets - TEC bled \$183 million, the largest monthly outflow since its inception. Low volatility ETFs (ZLB) and Multi-factor ETFs (CMCE) registered outflows for a third month in a row. Within fundamental factor ETFs, value factor and high-quality factor ETFs climbed the leaderboard, maintaining the momentum that started late last year.

	AUM (\$M)	Mkt Shr (%)	January 2022 Flow (\$M)	January 2022 Flow/AUM
Equity	\$208,156		\$4,564	2.0%
Canada	\$77,950	24%	\$1,184	1.5%
United States	\$72,717	23%	\$2,054	2.5%
International	\$57,490	18%	\$1,326	2.0%
Fixed Income	\$86,665	27%	\$98	0.1%
Commodities	\$1,689	1%	-\$187	-9.8%
Multi-Asset	\$15,851	5%	\$439	2.8%
Inverse / Levered	\$1,913	1%	\$142	8.1%
Crypto-Asset	\$4,628	1%	-\$68	-1.1%
Total	\$318,902	100%	\$4,989	1.4%

*Equity Flows include option strategies;
Source: National Bank of Canada, Bloomberg

Fixed Income ETFs pulled in meager net flows of \$98 million, a retreat from December's demand surge for safety assets. Cash alternative ETFs (e.g., HSAV) enjoyed the highest inflows among all categories with \$231 million in flows. U.S./North America bond categories also received a boost from the launch of a North American green bond ETF (WSGB) by the Canadian robo-advisor Wealthsimple (flows and assets under Mackenzie).

Commodity ETFs saw a redemption of \$187 million led by gold bullion ETFs. In the Multi-Asset category, all-equity and growth-oriented ETFs (VEQT, VGRO, XEQT) continued to lead inflows relative to balanced and conservative asset allocation products.

Flows by Provider and New Launches (Tables 2 - 3):

Horizons, Vanguard and RBC iShares logged the highest three provider inflows in January. Outside the top 10 ETF providers, Hamilton, Scotiabank and Arrow Capital saw the largest flows as percentage of starting assets. CI First Asset suffered redemptions from its crypto-asset ETFs and its U.S. dollar gold bullion ETF. CIBC also suffered outflows as multi-factor ETFs fell out of favor this month. Franklin Templeton's outflow was driven primary by its global aggregate bond ETF **FLGA**.

January 2022 marked a record month of ETF launches; a whopping 37 new ETFs were launched. ESG was a common theme; 19 of the new launches in both equity and fixed income categories fall under the ESG umbrella. Asset allocation portfolio, fixed income and covered call strategies were some of the other new mandates.

Provider	AUM (\$M)	Mkt Shr (%)	January 2022	
			Flow (\$M)	Flow/AUM
1 RBC iShares	\$96,708	30.3%	\$976	1%
2 BMO	\$82,233	25.8%	\$815	1%
3 Vanguard	\$39,739	12.5%	\$991	2%
4 Horizons	\$20,916	6.6%	\$1,244	6%
5 CI First Asset	\$15,072	4.7%	-\$302	-2%
6 Mackenzie*	\$12,701	4.0%	\$655	5%
7 TDAM	\$8,077	2.5%	\$162	2%
8 Purpose	\$5,588	1.8%	\$56	1%
9 National Bank Investments	\$4,861	1.5%	\$94	2%
10 Invesco	\$4,561	1.4%	\$89	2%
11 CIBC	\$2,880	0.9%	-\$108	-4%
12 Fidelity	\$2,694	0.8%	\$91	3%
13 Dynamic	\$2,647	0.8%	-\$17	-1%
14 Manulife	\$2,468	0.8%	\$8	0%
15 PIMCO	\$2,124	0.7%	\$28	1%
16 Desjardins	\$2,032	0.6%	-\$6	0%
17 Franklin Templeton	\$1,921	0.6%	-\$195	-9%
18 Harvest	\$1,921	0.6%	\$49	3%
19 Evolve Funds	\$1,585	0.5%	\$24	1%
20 AGF	\$1,376	0.4%	\$0	0%
21 Hamilton	\$1,329	0.4%	\$141	12%
22 3iQ	\$1,277	0.4%	-\$4	0%
23 Scotia Bank	\$979	0.3%	\$133	15%
24 Brompton Funds	\$566	0.2%	\$8	1%
25 Picton Mahoney	\$495	0.2%	\$12	2%
26 First Trust	\$399	0.1%	-\$8	-2%
27 Ninepoint Partners	\$384	0.1%	\$29	9%
28 Bristol Gate	\$329	0.1%	\$0	0%
29 Middlefield	\$255	0.1%	\$0	0%
30 Emerge	\$176	0.1%	-\$3	-1%
31 Guardian Capital	\$150	0.0%	\$13	9%
32 IA Clarington	\$143	0.0%	\$3	2%
33 Lysander	\$98	0.0%	-\$3	-3%
34 Accelerate	\$60	0.0%	\$2	3%
35 Russell Investments	\$53	0.0%	\$2	5%
36 Starlight	\$36	0.0%	-\$1	-3%
37 Arrow Capital	\$33	0.0%	\$10	44%
38 SmartBe	\$27	0.0%	-\$1	-3%
39 NCM Investments	\$6	0.0%	\$0	0%
40 Caldwell	\$1	0.0%	\$1	NA
Total	\$318,902	100.0%	\$4,989	1.4%

*Includes Wealthsimple asset and flows. Source: NBF, Bloomberg

Note: the tables below all use the "new" flows calculation methodology.

Tables continue on the next page

Table 3 - Top Single Long ETF Inflows - January 2022

Ticker	Name	Flow (\$M)	Flow/AUM
1 ZSP	BMO S&P 500 Index ETF	\$544	5%
2 ZEA	BMO MSCI EAFE Index ETF	\$509	9%
3 XIU	iShares S&P/TSX 60 Index ETF	\$487	4%
4 QCN	Mackenzie Canadian Equity Index ETF	\$471	61%
5 XUS	iShares Core S&P 500 Index ETF	\$349	7%
6 VEV	Vanguard S&P 500 Index ETF	\$333	5%
7 ZCS	BMO Short Corporate Bond Index ETF	\$331	26%
8 HXS	Horizons S&P 500 Index ETF	\$290	9%
9 HSAV	Horizons Cash Maximizer ETF	\$254	17%
10 HXT	Horizon S&P/TSX 60 Index ETF	\$221	8%
11 HXCN	Horizons S&P/TSX Capped Composite Index ETF	\$211	11%
12 WSGB	Wealthsimple North American Green Bond Index ETF	\$190	NA
13 VEQT	Vanguard All-Equity ETF Portfolio	\$177	10%
14 XSP	iShares Core S&P 500 Index ETF CAD- Hedged	\$165	2%
15 XSB	iShares Core Canadian Short Term Bond Index ETF	\$139	4%
16 VGRO	Vanguard Growth ETF Portfolio	\$126	4%
17 XEG	iShares S&P/TSX Capped Energy Index ETF	\$125	10%
18 XEQT	iShares Core Equity ETF Portfolio	\$123	14%
19 TGED	TD Active Global Enhanced Dividend ETF	\$115	53%
20 TUED	TD Active US Enhanced Dividend ETF	\$96	91%

Source: National Bank of Canada, Bloomberg;

Table 4 - Top Single Long ETF Outflows - January 2022

Ticker	Name	Flow (\$M)	Flow/AUM
1 XIC	iShares Core S&P/TSX Capped Composite Index ETF	-\$298	-3%
2 XEF	iShares Core MSCI EAFE IMI Index ETF	-\$252	-4%
3 XSH	iShares Core Canadian Short Term Corporate Bond Index ETF	-\$250	-13%
4 ZCN	BMO S&P/TSX Capped Composite Index ETF	-\$195	-3%
5 ZMP	BMO Mid Provincial Bond Index ETF	-\$195	-26%
6 VALTU	CI Gold Bullion Fund	-\$195	-56%
7 TEC	TD Global Technology Leaders Index ETF	-\$183	-9%
8 ZAG	BMO Aggregate Bond Index ETF	-\$133	-2%
9 CMUE	CIBC Multifactor US Equity ETF	-\$131	-36%
10 FLGA	Franklin Liberty Global Aggregate Bond ETF Cad-Hedged	-\$126	-19%
11 ZWA	BMO Covered Call Dow Jones Industrial Average CAD-H	-\$104	-32%
12 CMCE	CIBC Multifactor Canadian Equity ETF	-\$90	-27%
13 ZMP	Mackenzie Core Plus Global Fixed Income ETF	-\$90	-36%
14 CGXF	CI Gold+ Giants Covered Call ETF	-\$78	-16%
15 ZSTL	BMO Ultra Short-Term Bond ETF	-\$78	-22%
16 XRE	iShares S&P/TSX Capped REIT Index ETF	-\$75	-5%
17 ZLB	BMO Low Volatility Canadian Equity ETF	-\$74	-2%
18 ZGB	BMO Government Bond Index ETF	-\$60	-7%
19 VAB	Vanguard Canadian Aggregate Bond Index ETF	-\$54	-1%
20 ZQQ	BMO Nasdaq 100 Equity Hedged To CAD Index ETF	-\$51	-3%

Source: National Bank of Canada, Bloomberg;

Table 5 - ETF Flows by Category - January 2022

Asset Class	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Equity	\$208,156	65%	\$4,564	2.0%
Fixed Income	\$86,665	27%	\$98	0.1%
Commodities	\$1,689	1%	-\$187	-9.8%
Multi-Asset	\$15,851	5%	\$439	2.8%
Inverse / Levered	\$1,913	1%	\$142	8.1%
Crypto-Asset	\$4,628	1%	-\$68	-1.1%
Total	\$318,902	100%	\$4,989	1.4%

*Equity Flows include option strategies; Source: National Bank of Canada, Bloomberg

Table 6 - Equity ETF Flows by Geography - January 2022

Geography	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Canada	\$77,950	37%	\$1,184	1.5%
United States	\$72,717	35%	\$2,054	2.5%
DM: Broad	\$21,865	11%	\$603	2.3%
DM: Regional & Country	\$5,476	3%	-\$20	-0.3%
Emerging Markets	\$6,464	3%	\$55	0.8%
Global	\$23,685	11%	\$687	2.8%
Total	\$208,156	100%	\$4,564	2.0%

*Equity Flows include option strategies; Source: National Bank of Canada, Bloomberg

Table 7 - Equity ETF Flows by Sector* - January 2022

Sector	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Financials	\$11,324	39%	\$199	1.7%
Real Estate	\$3,827	13%	-\$69	-1.8%
Technology	\$3,281	11%	-\$146	-3.9%
Energy	\$2,687	9%	\$147	6.8%
Health Care	\$2,456	8%	\$81	3.2%
Materials	\$2,390	8%	\$14	0.6%
Utilities	\$2,335	8%	\$29	1.3%
Other	\$685	2%	-\$12	-1.8%
Total	\$28,985	100%	\$243	0.8%

*Includes all geo focuses and Covered Call Strategies; Source: NBF, Bloomberg

Table 8 - Equity ETF Flows by Focus - January 2022

Focus	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Cap-weighted	\$124,419	60%	\$3,516	2.6%
Dividend / Income	\$21,653	10%	\$418	1.8%
Factor: Low Vol	\$8,448	4%	-\$137	-1.5%
Factor: Multi-factor	\$3,952	2%	-\$238	-5.5%
Factor: Fundamental	\$5,142	2%	\$170	3.3%
Sector	\$28,985	14%	\$243	0.8%
Thematic	\$10,000	5%	\$169	1.6%
Other	\$5,558	3%	\$422	7.9%
Total	\$208,156	100%	\$4,564	2.0%

*Equity Flows include option strategies; Source: National Bank of Canada, Bloomberg

Table 9 - Fixed Income ETF Flows by Type - January 2022

Type	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Canada Aggregate	\$25,487	29%	-\$116	-0.4%
Canada Government	\$9,032	10%	-\$151	-1.5%
Canada Corporate	\$14,235	16%	\$53	0.3%
U.S. / North America	\$7,246	8%	\$114	1.2%
Foreign	\$10,708	12%	-\$89	-0.8%
Sub-Investment Grade	\$4,324	5%	\$10	0.2%
Preferred/Convertible	\$9,227	11%	\$46	0.5%
Cash Alternative	\$6,405	7%	\$231	3.7%
Total	\$86,665	100%	\$98	0.1%

Source: National Bank of Canada, Bloomberg

Table 10 - Fixed Income ETF Flows by Maturity - January 2022

Maturity	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Broad/Mixed	\$45,961	53%	-\$250	-0.5%
Ultra Short Term	\$4,106	5%	-\$33	-0.8%
Short Term	\$19,612	23%	\$236	1.2%
Mid Term	\$4,606	5%	-\$197	-2.9%
Long Term	\$4,154	5%	\$104	2.4%
Real Return	\$1,741	2%	\$9	0.5%
Target Maturity	\$80	0%	-\$1	-0.2%
Cash Alternative	\$6,405	7%	\$231	3.7%
Total	\$86,665	100%	\$98	0.1%

Source: National Bank of Canada, Bloomberg

Appendix 1 - Glossary

AUM (Assets Under Management): AUM is expressed in local currency, which is the Canadian dollar for the purpose of this report.

Flow/AUM (Flow as % AUM): Net flow as a percentage of assets under management from the beginning of the period.

Flow: The net dollar amount of fund creations and redemptions for the period based on daily NAV and daily changes in Shares Outstanding. Flows are expressed in local currency, which is the Canadian dollar for the purpose of this report.

Market Share (%): category's AUM as % of the total AUM.

MER (Management Expense Ratio): Manager's 2020 annual fee for managing and administering the fund, expressed as a percentage of total fund value. In most cases, this includes fees from investing in other ETFs. Where audited MER is unavailable or if the fee has been significantly reduced recently, the MER is estimated using the Stated Management Fee and sales tax.

Canadian MER does not include trading commissions incurred by the ETF, nor does it include trading expenses (such as swap or forward fees). An asterisk (*) indicates that the fund pays additional expenses such as swap or forward fees, which are normally reported under trading expenses. The asterisk can also indicate that the fund charges a performance fee. Data are sourced from annual filings.

NAV (Net Asset Value per share): ETF price is used when NAV is not available.

All numbers are as of last month's final business day.

Appendix 2 - Equity ETF Categories

We group Equity ETFs into the categories below. These groupings follow NBF's discretion and can differ from the ETF Provider's definition and classification from other sources.

Cap-Weighted: A fund that weights securities based on the total or float-adjusted market capitalization of each security.

Dividend/Income: A fund with primary goal of providing income. We classify a fund as belonging to the Income category when its strategy focuses on providing income or the fund self-identifies as using an income strategy, even though it may incorporate other factors in addition to income.

Fundamental: A fund that selects and/or weights securities based on fundamental metrics from a company's financial statements such as balance sheet. Strategies include Value, Growth, Quality, RAFI Fundamental, Earnings, etc.

Low Vol or Risk: A fund that aims to achieve reduced portfolio volatility, either by screening for low volatility stocks, low beta stocks and/or minimizing the portfolio volatility.

Multi-Factor: ETFs that consider more than one NBF-defined factor including Income, Fundamental and Risk.

Sector: ETFs that provide exposure to broad industry sectors classified by the Global Industry Classification Standard (GICS) or other similar classifications. This category contains all sector funds, including ones that screen and/or weight the portfolio using factors.

Thematic: ETFs that provide niche exposures such as blockchain technology, infrastructure, Marijuana companies, Socially Responsible Investing, technology sub-sectors, agriculture, water, sentiment & behaviour, etc. This category contains all thematic funds, including ones that screen and/or weight the portfolio using factors.

Other: Any non-cap weighted strategy that is not covered by otherwise defined categories. This includes momentum, equal-weight, share buyback, high beta, proprietary, actively managed, tactical rotation, price-weighted, etc.

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