

January 2024: A busy start to the year

- **\$3.9 billion** flowed into Canadian ETFs in January
- **Equities momentum** continued with an impressive **\$2.9 billion haul**
- **Fixed Income** had another **\$1 billion inflow** month—cash ETFs remained popular despite mild declines in yields
- **Crypto-Asset ETFs** suffered outflows in Canada after several new spot bitcoin ETFs launched in the U.S.

Summary: Canadian ETFs kicked off the year with a strong inflow of \$3.9 billion, led primarily by equity ETFs at \$2.8 billion, with demand concentrated into the U.S. and International regions. Fixed Income ETF inflows were strong but far behind equities at \$1 billion created, split among different categories. Cash-like or “high interest savings account” ETFs remained popular despite a mild decline in yields owing to OSFI’s regulatory pronouncements on the liquidity treatment of the underlying deposits at bank treasury departments. (See our September/October flow report: [Crunch Time for Cash for a discussion](#)). Multi-Asset ETFs steadily pulled in another \$370 million, primarily into asset allocation ETFs. Since spot bitcoin ETFs were introduced in the U.S. on January 11th, Canada-listed crypto-ETFs bled \$447 million combined, or 10% of their starting assets. Investors either switched to U.S. products, or they may have been waiting for the U.S.-based ETF launch news as their exit point from bitcoin.

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

The momentum for **Equity** carried over to this year with another \$2.8 billion in creation, widely spread across all categories except for low volatility ETFs that suffered a minor outflow of \$15 million. Broad-based U.S. Equity ETFs (VFV, ZSP, TPU, HXS, XUS, EQL), Financials Sector ETFs (ZEB), Asset allocation all equity and growth ETFs (XEQT, VEQT, VGRO) received the highest inflows within equity. International equity (XEF, ZEA) also pulled in \$1 billion.

Fixed Income ETFs inflow stayed strong as well with \$1 billion in creations. Money market ETFs (CASH, PSA, CMR, ZMMK) gathered a net \$668 million despite large outflows from a single cash alternative ETFs (CSAV) near the top of the outflow leaderboard in January. Preferred share ETF (ZPR) continued to bleed assets with a small outflow of \$41 million. Target maturity ETFs (RQN, RQO, RQP) had another month of impressive haul at \$191 million, or 8.1% of their starting assets - by themselves, none of these

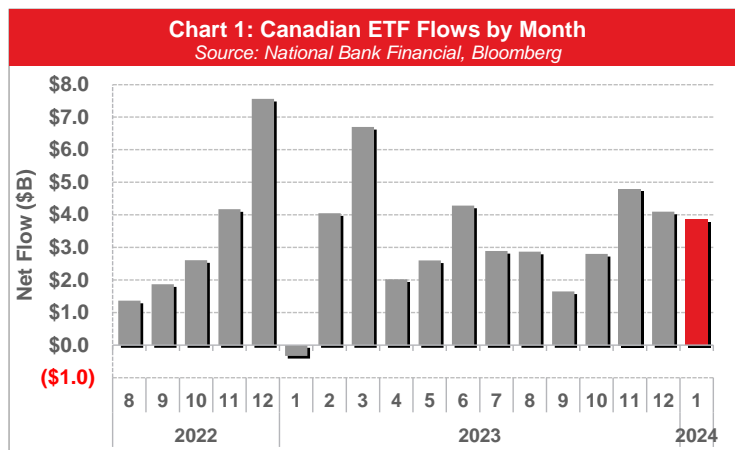
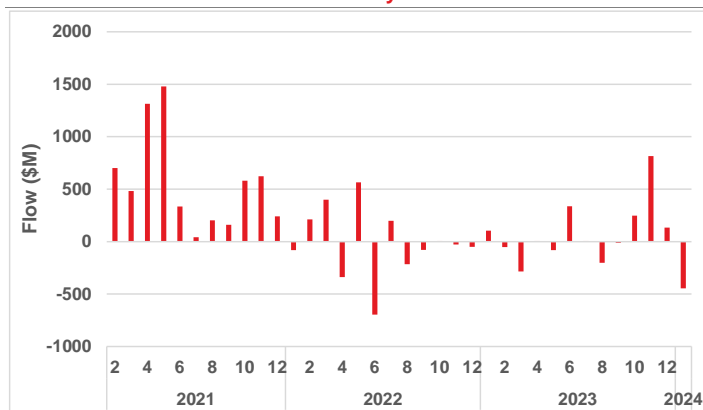


Table 1 - ETF Flows by Category - Jan 2024

	AUM (\$M)	Mkt Shr (%)	Jan 2024 Flow \$M	Jan 2024 Flow/AUM
Equity	\$238,697		\$2,847	1.2%
Canada	\$81,318	21%	\$234	0.3%
United States	\$85,419	22%	\$1,520	1.9%
International	\$71,961	19%	\$1,093	1.6%
Fixed Income	\$120,647	31%	\$1,014	0.8%
Commodities	\$1,561	0%	-\$39	-2.4%
Multi-Asset	\$19,883	5%	\$370	1.9%
Inverse / Levered	\$3,878	1%	\$111	2.9%
Crypto-Asset	\$4,244	1%	-\$447	-9.7%
Total	\$388,910	100%	\$3,856	1.0%

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

Chart 2: Canadian Crypto-Asset ETFs: second-largest monthly outflow since their introduction in early 2021



Source: NBF ETF Research, Bloomberg. Data as of January 31, 2024.

ETFs made the top 20, but if the “target maturity” ETFs were one combined product, they would be in the top 10 in January.

Investors lost interest in short-term bond (XSB), choosing instead to bet on mid- and long-term bonds, given the weakness in the economy and the corresponding possibility of declines in bond yields.

Crypto-Asset ETFs (BTCC/B, BTCX/U, BTCX/B) suffered outflows of \$447 million, their second-largest month of redemptions since the category was introduced in 2021.

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

CI GAM (cash alternative and crypto-asset ETFs) and Mackenzie (bond ETFs) suffered large outflows, whereas Desjardins, Fidelity and Hamilton enjoyed the highest flow as a percentage of starting assets.

21 ETFs were launched in January (Table 3), marking a very busy start of the new year. Fixed income, factor, single stock and option strategies are some of the common themes.

Provider	AUM (\$M)	Mkt Shr (%)	New Methodology (adjusted for ETF-of-ETFs) Jan 2024		Unadjusted Jan 2024	
			Flow (\$M)	Flow/AUM	AUM (\$M)	Flow (\$M)
1 RBC iShares	\$108,928	28.0%	\$38	0%	\$116,383	\$320
2 BMO	\$89,474	23.0%	\$1,326	2%	\$99,394	\$1,410
3 Vanguard	\$51,406	13.2%	\$852	2%	\$63,386	\$1,119
4 Horizons	\$30,184	7.8%	\$507	2%	\$31,193	\$566
5 CI GAM	\$20,679	5.3%	-\$414	-2%	\$20,853	-\$414
6 Mackenzie*	\$12,686	3.3%	-\$83	-1%	\$12,954	-\$77
7 TDAM	\$12,376	3.2%	\$391	3%	\$12,569	\$406
8 NBI	\$11,075	2.8%	\$20	0%	\$11,076	\$20
9 Purpose	\$9,354	2.4%	\$62	1%	\$9,775	\$73
10 Invesco	\$5,944	1.5%	\$98	2%	\$5,970	\$99
11 Fidelity	\$5,413	1.4%	\$380	8%	\$6,069	\$436
12 Evolve Funds	\$3,427	0.9%	\$34	1%	\$3,484	\$33
13 Harvest	\$3,259	0.8%	\$54	2%	\$3,872	\$64
14 Hamilton	\$3,196	0.8%	\$167	5%	\$3,834	\$176
15 Manulife	\$2,913	0.7%	\$28	1%	\$2,913	\$28
16 CIBC	\$2,865	0.7%	\$88	3%	\$2,893	\$90
17 Dynamic	\$2,729	0.7%	\$15	1%	\$2,729	\$15
18 PIMCO	\$2,463	0.6%	\$90	4%	\$2,463	\$90
19 Desjardins	\$2,118	0.5%	\$230	12%	\$2,118	\$230
20 Scotia Bank	\$1,566	0.4%	\$3	0%	\$1,566	\$3
21 Franklin Templeton	\$1,425	0.4%	\$3	0%	\$1,425	\$3
22 AGF	\$1,076	0.3%	-\$9	-1%	\$1,076	-\$9
23 Picton Mahoney	\$712	0.2%	\$12	2%	\$712	\$12
24 Brompton Funds	\$616	0.2%	\$18	3%	\$726	\$17
25 Ninepoint Partners	\$595	0.2%	-\$5	-1%	\$595	-\$5
26 Middlefield	\$475	0.1%	-\$3	-1%	\$475	-\$3
27 First Trust	\$406	0.1%	\$3	1%	\$412	\$3
28 Bristol Gate	\$391	0.1%	-\$12	-3%	\$391	-\$12
29 Guardian Capital	\$376	0.1%	\$12	3%	\$377	\$13
30 3iQ	\$222	0.1%	-\$47	-18%	\$222	-\$47
31 IA Clarington	\$113	0.0%	-\$16	-13%	\$113	-\$16
32 Mulvihill	\$94	0.0%	\$9	10%	\$94	\$9
33 Lysander	\$84	0.0%	-\$2	-2%	\$84	-\$2
34 Russell Investments	\$72	0.0%	-\$2	-2%	\$72	-\$2
35 Accelerate	\$66	0.0%	\$2	3%	\$71	\$2
36 Arrow Capital	\$57	0.0%	\$4	8%	\$57	\$4
37 Forstrong	\$41	0.0%	\$2	5%	\$41	\$2
38 Starlight	\$22	0.0%	\$0	2%	\$22	\$0
39 Caldwell	\$5	0.0%	\$0	0%	\$5	\$0
40 Traluent	\$3	0.0%	\$1	55%	\$3	\$1
Total	\$388,910	100.0%	\$3,856	1.0%	\$422,469	\$4,658

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

Ticker	Name	Fee (%)
1 GBFD	GuardBondsTM 2027 Investment Grade Bond Fund	0.20
2 GBFA	GuardBondsTM 2024 Investment Grade Bond Fund	0.20
3 GBFC	GuardBondsTM 2026 Investment Grade Bond Fund	0.20
4 GBFB	GuardBondsTM 2025 Investment Grade Bond Fund	0.20
5 GBLF	GuardBonds TM 1-3 Year Laddered Investment Grade Bond Fund	0.20
6 HPYM/U	Harvest Premium Yield 7-10 Year Treasury ETF	0.45
7 HPYM	Harvest Premium Yield 7-10 Year Treasury ETF	0.45
8 HPYT/U	Harvest Premium Yield Treasury ETF	0.45
9 TBIL	Harvest Canadian T-Bill ETF	0.10
10 ADIV	Arrow EC Equity Advantage Alternative Fund	0.95
11 CMOM/B	CI US Enhanced Momentum Index ETF	0.30
12 CMOM	CI US Enhanced Momentum Index ETF	0.30
13 CVLU/B	CI US Enhanced Value Index ETF	0.30
14 CVLU	CI US Enhanced Value Index ETF	0.30
15 YNVD	NVIDIA NVDA YIELD SHARES PURPOSE ETF	0.40
16 MSFY	Microsoft Msft Yield Shares	0.40
18 UCSH/U	Horizons Usd High Interest Savings Etf	0.35
17 INAI	Invesco Morningstar Global Next Gen AI Index ETF	0.14
19 INAI/F	Invesco Morningstar Global Next Gen AI Index ETF	0.35
20 IUFR/U	Invesco US Treasury Floating Rate Note Index ETF USD	0.12
21 ZJAN	BMO US Equity Buffer Hedged to CAD ETF - January	0.65

Source: NBF, ETF Providers

Note: the tables below all use the adjusted flows calculation methodology (adjusted for ETF crossholdings)

Table 4 - Top Single Long ETF Inflows - Jan 2024

Ticker	Name	Flow (\$M)	Flow/AUM
1	VFV Vanguard S&P 500 Index ETF	\$517	5%
2	ZEB BMO Equal Weight Banks Index ETF	\$490	18%
3	CASH Horizons High Interest Savings ETF	\$277	7%
4	DCU Desjardins Canadian Universe Bond Index ETF	\$237	100%
5	PSA Purpose High Interest Savings Fund	\$226	6%
6	XIC iShares Core S&P/TSX Capped Composite Index ETF	\$215	2%
7	XEQT iShares Core Equity ETF Portfolio	\$206	9%
8	VEQT Vanguard All-Equity ETF Portfolio	\$166	5%
9	ZSP BMO S&P 500 Index ETF	\$128	1%
10	XEF iShares Core MSCI EAFE IMI Index ETF	\$118	3%
11	TPU TD US Equity Index ETF	\$110	7%
12	VGRO Vanguard Growth ETF Portfolio	\$97	2%
13	CMR iShares Premium Money Market ETF	\$95	15%
14	HXS Horizons S&P 500 Index ETF	\$91	4%
15	XUS iShares Core S&P 500 Index ETF	\$88	2%
16	ZMMK BMO Money Market Fund ETF Series	\$86	10%
17	ZEA BMO MSCI EAFE Index ETF	\$83	1%
18	ZAG BMO Aggregate Bond Index ETF	\$82	1%
19	PMIF PIMCO Monthly Income Fund	\$79	4%
20	EQL Invesco S&P 500 Equal Weighted Index ETF	\$78	14%

Source: National Bank of Canada, Bloomberg;

Table 5 - Top Single Long ETF Outflows - Jan 2024

Ticker	Name	Flow (\$M)	Flow/AUM
1	XIU iShares S&P/TSX 60 Index ETF	-\$462	-4%
2	XBB iShares Core Canadian Universe Bond Index ETF	-\$327	-5%
3	CSAV CI High Interest Savings ETF	-\$231	-3%
4	XCB iShares Core Canadian Corporat	-\$144	-10%
5	BTCC/B Purpose Bitcoin ETF	-\$130	-13%
6	BTXX/U CI Galaxy Bitcoin ETF	-\$111	-26%
7	BTXX/B CI Galaxy Bitcoin ETF	-\$89	-18%
8	HXT Horizon S&P/TSX 60 Index ETF	-\$79	-2%
9	XGB iShares Core Canadian Governrn	-\$78	-8%
10	VGN Vanguard FTSE Canada All Cap Index ETF	-\$75	-2%
11	CDZ iShares S&P/TSX Canadian Dividend Aristocrats Index E	-\$70	-7%
12	BTCC/U Purpose Bitcoin ETF	-\$66	-11%
13	MGB Mackenzie Core Plus Global Fixed Income ETF	-\$62	-35%
14	CBH iShares 1-10 Year Laddered Corporate Bond Index ETF	-\$53	-13%
15	XFN iShares S&P/TSX Capped Financials Index ETF	-\$53	-4%
16	XEB iShares S&P/TSX Capped Energy Index ETF	-\$52	-3%
17	MKC Mackenzie Maximum Diversification Canada Index ETF	-\$51	-11%
18	XDV iShares Canadian Select Dividend Index ETF	-\$50	-3%
19	ZPR BMO Laddered Preferred Share Index ETF	-\$47	-3%
20	XSB iShares Core Canadian Short Term Bond Index ETF	-\$47	-2%

Source: National Bank of Canada, Bloomberg;

Table 6 - ETF Flows by Category - Jan 2024

Asset Class	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Equity	\$238,697	61%	\$2,847	1.2%
Fixed Income	\$120,647	31%	\$1,014	0.8%
Commodities	\$1,561	0%	-\$39	-2.4%
Multi-Asset	\$19,883	5%	\$370	1.9%
Inverse / Levered	\$3,878	1%	-\$111	2.9%
Crypto-Asset	\$4,244	1%	-\$447	-9.7%
Total	\$388,910	100%	\$3,856	1.0%

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

Table 9 - Equity ETF Flows by Focus - Jan 2024

Focus	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Cap-weighted	\$139,652	59%	\$1,462	1.1%
Dividend / Income	\$25,220	11%	\$142	0.6%
Factor: Low Vol	\$7,851	3%	-\$15	-0.2%
Factor: Multi-factor	\$3,460	1%	\$52	1.5%
Factor: Fundamental	\$5,364	2%	\$104	2.0%
Sector	\$30,310	13%	\$562	1.9%
Thematic	\$17,274	7%	\$136	0.8%
ESG**	\$12,173	5%	\$143	1.2%
Other	\$9,567	4%	\$405	4.5%
Total	\$238,697	100%	\$2,847	1.2%

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

** Only includes ESG ETFs under Thematic category

Table 7 - Equity ETF Flows by Geography - Jan 2024

Geography	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Canada	\$81,318	34%	\$234	0.3%
United States	\$85,419	36%	\$1,520	1.9%
DM: Broad	\$26,255	11%	\$466	1.8%
DM: Regional & Country	\$8,922	4%	-\$20	-0.2%
Emerging Markets	\$7,656	3%	\$110	1.4%
Global	\$29,128	12%	\$537	1.9%
Total	\$238,697	100%	\$2,847	1.2%

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

Table 8 - Equity ETF Flows by Sector* - Jan 2024

Sector	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Financials	\$11,537	38%	\$487	4.3%
Technology	\$4,432	15%	\$49	1.2%
Energy	\$3,183	11%	-\$35	-1.1%
Health Care	\$3,057	10%	\$14	0.5%
Real Estate	\$2,907	10%	-\$12	-0.4%
Utilities	\$2,583	9%	\$18	0.7%
Materials	\$1,999	7%	\$57	2.7%
Other	\$611	2%	-\$16	-2.9%
Total	\$30,310	100%	\$562	1.9%

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

Table 10 - Fixed Income ETF Flows by Type - Jan 2024

Type	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Canada Aggregate	\$35,258	29%	\$69	0.2%
Canada Government	\$12,913	11%	-\$64	-0.5%
Canada Corporate	\$15,476	13%	\$56	0.4%
U.S. / North America	\$9,710	8%	\$208	2.2%
Foreign	\$11,541	10%	\$61	0.5%
Sub-Investment Grade	\$3,912	3%	\$55	1.4%
Preferred/Convertible	\$5,956	5%	-\$41	-0.7%
Money Market	\$25,880	21%	\$668	2.7%
Total	\$120,647	100%	\$1,014	0.8%

Source: National Bank of Canada, Bloomberg

Table 11 - Fixed Income ETF Flows by Maturity - Jan 2024

Maturity	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Broad/Mixed	\$56,201	47%	\$234	0.4%
Ultra Short Term	\$4,690	4%	-\$13	-0.3%
Short Term	\$14,963	12%	-\$257	-1.7%
Mid Term	\$6,550	5%	\$60	0.9%
Long Term	\$8,704	7%	\$189	2.1%
Real Return	\$1,124	1%	-\$57	-4.8%
Target Maturity	\$2,536	2%	\$191	8.1%
Money Market	\$25,880	21%	\$668	2.7%
Total	\$120,647	100%	\$1,014	0.8%

Source: National Bank of Canada, Bloomberg

ESG ETF Flows (Table 12)

Canadian ESG ETFs had \$109 million inflows in January. The creation activity mostly occurred in iShares ESG Aware suite, led by iShares ESG Aware MSCI EM Index ETF (XSEM), which was also the top ESG ETF by flow in Canada last year. On the outflow side, Mackenzie Maximum Diversification Canada Index (MKC), and BMO MSCI USA ESG Leaders Index ETF (ESGY) both had some sizable outflows in January.

Category	AUM (\$M)	AUM (%)	Flow (\$M)	Flow/AUM
Equity	\$13,126	77%	\$92	0.7%
Broad - Canada	\$3,074	18%	-\$21	-0.7%
Broad - U.S.	\$2,899	17%	\$0	0.0%
Broad - DM	\$1,655	10%	\$41	2.5%
Broad - EM	\$2,865	17%	\$74	2.5%
Broad - Global	\$1,212	7%	\$0	0.0%
Environment	\$1,124	7%	\$3	0.3%
Clean Energy	\$116	1%	-\$4	-2.8%
Social	\$121	1%	-\$1	-0.6%
Infrastructure	\$58	0%	\$0	-0.8%
Other	\$3	0%	\$0	16.5%
Commodities	\$9	0%	-\$2	-14.1%
Multi-Asset	\$205	1%	\$7	3.4%
Fixed Income	\$3,634	21%	\$12	0.3%
Total Displayed	\$16,973	100%	\$109	0.6%

Source: National Bank of Canada, Bloomberg

Appendix 1 on the next page

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 2022 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 3 - 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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