



Q1 2024 Commentary

Canadian ETF assets increased by 9.5% over the first quarter of 2024 and by 23.9% year-over-year. Assets reached \$430.7 billion at the end of March 2024, marking a new all-time high. Quarterly net creations recorded the fourth best Q1 performance on record totalling \$13.9 billion, a 11.1% increase from the previous quarter. February was the best-selling month of the quarter, which saw monthly net creations of \$5.6 billion.

Equity, the largest ETF category, tallied \$10.2 billion in quarterly net creations, over 40.4% of these sales were garnered in the second month of the quarter, attracting \$4.1 billion in February 2024. Looking at the sub-asset class composition, US equity mandates led the way, with net creations tallying \$5.5 billion over the quarter, while global equity mandates followed with \$1.6 billion. International equities rounded out the top three with \$1.55 billion. The five best-selling sector equity ETFs in Q1 2024 accounted for a combined total of \$1.4 billion of positive net creations, of which technology alone represented 49.9% of sales.

Fixed income, the second-largest ETF category, attracted \$2.6 billion in net creations. Investment grade bond funds were responsible for the lion's share of net sales, as corporate bond funds outsold the broader category with \$1.1 billion in quarterly net creations. Government and mix bond funds finished Q1 with a combined total of \$58.4 million in net creations. Meanwhile, high-yield bond ETFs ended the quarter with \$844.5 million in net redemptions.

Focusing on ETF sponsors, 26 out of 42 registered positive net creations over Q1 2024, with Vanguard Canada in the lead at \$3.0 billion in net creations, sponsoring the best-selling ETF in Q1 2024 (the Vanguard S&P 500 Index ETF) with \$1.5 billion of total sales. BlackRock Canada accounted for \$2.5 billion, while TD Asset Management brought in \$1.5 billion in quarterly net creations.

In terms of product development, 43 new ETFs were launched in Canada in Q1. In terms of asset class composition, the quarter's launches continued favouring equities, as 27 funds had equity mandates, while fixed income mandates had 14 ETFs. Fidelity and Guardian Capital LP were the most prolific fund sponsors, with seven ETF launches each in Q1 2024, while Hamilton ETFs launched over four ETFs over the same period.

By: Investor Economics