

Leveraged ETFs In Canada



Athanasios Psarofagis

Team: Strategy

BI ETF Analyst

Canada ETF Issuers Look to Test Appetite for 'Degen' Investing

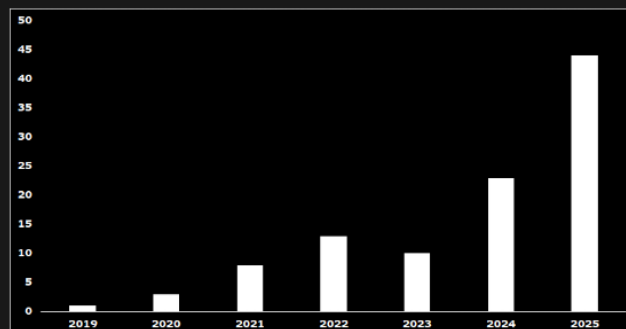
Canada's ETF market is booming but has a cautious side, with minimal investor use of leverage. Still, issuers are testing the waters, launching record leveraged products, including the first double-leveraged single-stock ETFs, attempting to awaken investors' inner "degen" -- the tendency to seek high risk and leveraged investments. (06/18/25)

1. Leveraged ETF Launches Accelerate in Canada

A quarter of all ETF launches in Canada this year, 44 out of roughly 175, have incorporated leverage in some form, marking a significant shift in tone historically. The country is seeing its first-ever single-stock leveraged ETFs, products that until recently had been the domain of US markets. The shift suggests that issuers believe there's untapped demand for higher-risk, higher-reward products, even in a market that typically is more muted about chasing risk. The timeline has been too short to gauge the record for single-stock ETFs, but income-oriented ETFs launched this year using modest amounts of leverage, such as the Harvest Microstrategy Enhanced High Income Shares ETF, have had success.

LongPoint Asset Management launched Canada's first double-leveraged single-stock ETFs. (06/18/25)

Canadian ETFs Using Leverage



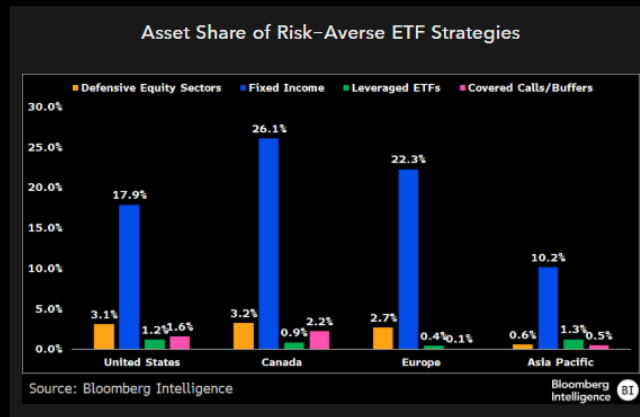
Source: Bloomberg Intelligence

Bloomberg Intelligence 

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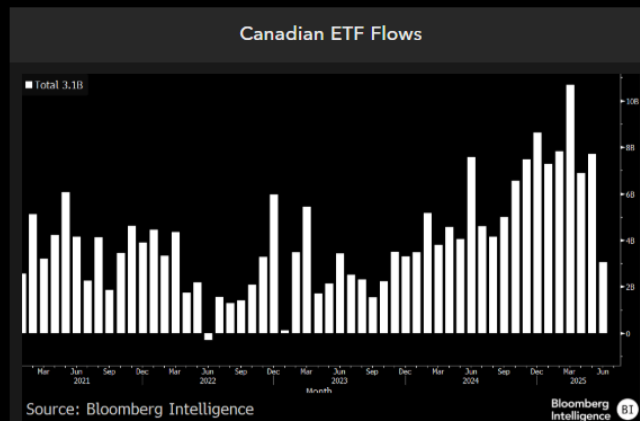
2. Leverage Faces Uphill Battle in Cautious Market

ETF investor preferences vary by geography, and Canada stands out as the most risk-averse market. Investors in the country allocate a greater share of assets to lower-risk strategies -- including bonds, defensive sectors and structured products like covered-call and buffer ETFs -- than anywhere else. Covered-call and buffer ETFs account for over 2% of total ETF assets in Canada, the highest proportion globally. In contrast, leveraged ETFs represent less than 1% of the market, underscoring the limited appetite for high risk. (06/18/25)



3. Single-Stock ETFs Arrive as Risk Returns to Menu

The push into leveraged ETFs could be well-timed. After cautious positioning at the start of the year, risk appetite appears to be returning to markets as such products have had a more receptive backdrop. Meanwhile, Canada's ETF industry is booming. ETFs in the country logged a record \$54 billion in inflows in 2024 and are on pace for a new high this year. That surge in demand creates strong ground to test more speculative strategies. (06/18/25)



To contact the analyst for this research:
Athanasios Psarofagis at apsarofagis1@bloomberg.net