

WHAT ARE ACTIVELY MANAGED ETFs?

Actively managed Exchange Traded Funds ("ETFs") are similar to traditional mutual funds, but are listed on an exchange. As a result, active ETFs combine the benefits of active management with the traditional structural advantages of ETFs: lower fees, intraday liquidity, and superior tax efficiency.

HOW OFTEN WILL HAP ETFs DISCLOSE HOLDINGS?

HAP ETFs will report their top 25 holdings on a monthly basis, which will provide investors with greater transparency than traditional mutual funds (quarterly).

ARE THE HAP ETFs ELIGIBLE FOR RSPs, RRIFs, IPPs, AND TFSAS?

Yes, all HAP ETFs are eligible for all registered accounts.

HOW DO THE HAP ETFs FEES COMPARE TO OTHER CANADIAN EQUITY FUNDS?

Investment fees play a large role in portfolio returns as they reduce the amount of capital that is put to work for an investor. Unlike the average Canadian Equity Fund, which charges an average management fee of 2.65%¹, HAP ETFs charge a management fee of 0.70%. The table below shows, based on fees alone, how the HAP S&P/TSX 60 ETF can outperform a typical Canadian Equity Fund, assuming a 10% annual index return over 10 years and various alpha (returns over/under index performance) scenarios².

ETF ALPHA (RETURN OVER/UNDER INDEX PERFORMANCE)

		-3.00%	-2.00%	-1.00%	0.00%	1.00%	2.00%	3.00%
FEES OF COMPARATIVE CDN EQUITY FUND	1.00%	-52.52%	-34.44%	-14.77%	6.60%	29.80%	54.97%	82.27%
	1.50%	-41.88%	-23.80%	-4.13%	17.23%	40.44%	65.61%	92.91%
	2.00%	-31.67%	-13.59%	6.07%	27.44%	50.64%	75.82%	103.11%
	2.50%	-21.88%	-3.80%	15.86%	37.23%	60.43%	85.61%	112.90%
	3.00%	-12.50%	5.59%	25.25%	46.62%	69.82%	95.00%	122.29%

WHAT ARE THE DIFFERENCES BETWEEN ACTIVE ETFs AND MUTUAL FUNDS?

ITEM	ACTIVE ETFs	PASSIVE ETFs	MUTUAL FUNDS
Performance	Designed to outperform a specific index	Designed to track a specific index	Designed to outperform a specific index
Management Fees	Low	Low	High
Intraday Pricing	Yes • Trade intraday, just like stocks • Provide investors with the ability to trade at specific predetermined price	Yes • Can trade intraday just like stocks • Provide investors with the ability to trade with the market at know prices	No • Are priced at the end of each day and reflect their Net Asset Value (NAV) • Investors buy and redeem shares at unknown prices
Transparency	Med-High • Report holdings on a monthly basis at minimum	High • Report holdings on a daily basis	Low • Report holdings on a quarterly or semi-annual basis
Tax Efficient	Most trading will occur between shareholders on the exchange, shielding the ETF from cashing in securities	Most trading will occur between shareholders on the exchange, shielding the ETF from cashing in securities	Mutual funds must sell securities to raise the cash to pay shareholders
Risk Management	Yes • Investors can enter stops in market for downside protection	Yes • Investors can enter stops in market for downside protection	No
Can Be Sold Short	Yes • Investors can short an ETF	Yes • Investors can short an ETF	No • Investors can not short a mutual fund
Can Pay Dividends	Yes	Yes	Yes