
# The Best Ways to Profit From ETF Surge

## Description

**National Bank of Canada** (TSX:NA) released its May 2017 ETF findings June 5, and the news was excellent for anyone working in ETFs at **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and iShares, **BlackRock, Inc.'s** (NYSE:BLK) ETF division.



BMO and iShares both saw May net inflows of more than $1 billion, accounting for more than half the new money flowing into Canadian ETFs this past month. Of the $3.7 billion in net inflows in May, $2.1 billion went into equity ETFs with Canadian equity ETFs getting the bulk of the action.

**ETF assets continue to grow**

There has been $12.2 billion in net ETF inflows in the first five months of the year. ETF assets in Canada hit $130 billion in May — still a tiny fraction of the $1.4 trillion in mutual fund assets under management, but growing at a much faster rate.

There are a few big players in the ETF market here in Canada, some of them publicly traded, some privately owned, but all growing.

Once upon a time, it made sense to invest in the stocks of mutual fund companies because they were growing so rapidly. Now, the same theory applies to ETFs.

**24 ETF providers**

According to the National Bank, there are 24 mutual fund providers in Canada as of the end of May, up 33% from the end of the year. Of those 24 companies, eight have assets of $1 billion or more.

Of the eight, five trade on either the TSX, New York, or NASDAQ exchanges. I previously mentioned BlackRock and BMO. They have 44.1% and 31.1% market share in Canada, leaving the other 22 companies to fight over the remaining 25%.

Of the 16 ETF providers whose assets are less than $1 billion, there are five stocks to choose from that trade on one of the three major indices including **Franklin Resources, Inc.** (NYSE:BEN), which, on

May 31, launched two actively managed ETFs.

**Aggressive investors**

If you're looking for a stock that could "pop" in the next few months, I'd go with **AGF Management Limited** (TSX:AGF.B), a company that's had troubles in recent years, but appears to be getting its act together.

AGF CEO Blake Goldring let down his hair a little in a recent article in the *Globe and Mail* where he's brutally honest about the trials and tribulations of his company, a firm founded by his father Warren Goldring in 1957.

Now, in the ETF game, either the business continues to rebound, or it's bought out. In either case, its stock moves higher than where it's currently trading.

**Middle-of-the-road investors**

I'm inclined to recommend Bank of Montreal because of its market share and its SmartFolio robo-advisor. By entering the digital advisory space, it's gone a long way to maintaining its second-place lead on Vanguard.

However, if you already own a bank stock or two and don't want another, I'd go with **CI Financial Corp.** (TSX:CIX), a stock that continues to disappoint, but whose First Asset smart-beta ETFs have done well in a very crowded marketplace.



**Conservative investors**

You can't go wrong with quality.

Sure, iShares's market share is shrinking here in Canada — two years ago, it had 51.1% market share; that's 700 basis points higher than today — but it's still number one — 13 percentage points higher than Bank of Montreal.

When in doubt, go with BlackRock, the industry leader and a company that manages more money than any other firm on earth.

**CATEGORY**

1. Bank Stocks
2. Investing

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1. Editor's Choice

**TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:GLW (Corning Incorporated)
3. TSX:AGF.B (AGF Management Limited)

4. TSX:BMO (Bank Of Montreal)
5. TSX:CIX (CI Financial)
6. TSX:NA (National Bank of Canada)

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