



## 3 Gender Diversity ETFs: Which Is the Best Buy?

### Description

On March 8, International Women's Day, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), through its Global Asset Management division, launched the **RBC Vision Women's Leadership MSCI Canada Index ETF** (Aequitas NEO Exchange:RLDR) at \$20 a share.

With the launch of RLDR, Canada now has three gender diversity ETFs, with the newest getting a lion's share of the action. Backed by some heavy hitters — the Ontario Municipal Employees Retirement System (OMERS) put up \$100 million in seed money — RBC sees its new ETF as a no-brainer.

"There is clearly an interest in investing in products like this one, products that have more of an impact bend to them, specifically around women's leadership," said Mark Neill, head of RBC ETFs, in an interview with the *Financial Post*. "There's lots of interest in supporting that."

### I couldn't agree more

Women are underrepresented on the boards and senior management of too many TSX companies. Fine [leaders](#) such as **Linamar Corporation** ([TSX:LNR](#)) CEO Linda Hasenfratz are the exception rather than the rule.

The more light shined on gender diversity initiatives such as this new ETF are absolutely essential to the transformation of Canadian public companies from a boys club to a collegial group of talented leaders.

However, just because RBC has managed to convince OMERS to get its ETF off to a flying start doesn't mean it's the best of the three options.

Both the **North American Gender Diversity Index ETF** (TSX:HERS)(TSX:HERS.B) and the **Mackenzie Global Leadership Impact ETF** (Aequitas NEO Exchange:MWMN) will have something to say about that, I'm sure.

## Fees

One of the big reasons to invest in ETFs is because you get professional investment management at a reasonable price. Studies show that long-term performance is affected by higher fees.

On this front, RLDR has the cheapest annual management fee at 0.25% compared to 0.40% for HERS — HERS.B is unhedged against the U.S. dollar — and 0.60% for MWMN.

So, if you're a low-fee investor, RBC's ETF is the better option.

## What's the index?

All three ETFs are passive investments that track a specific index.

RLDR tracks the performance of the MSCI Canada IMI Women's Leadership Select Index. HERS tracks the performance of Solactive Equileap North American Gender Equality Index Canadian Dollar Hedged, and MWMN tracks the performance of the Pax Global Women's Leadership Index.

Which index the ETF uses is important, because it dictates what percentage of the portfolio invests in Canadian stocks, U.S. stocks, and the rest of the world.

RLDR = 100% Canada

HERS = 13% Canada, 87% U.S.

MWMN = 5% Canada, 63% U.S., and 32% rest of the world.

Clearly, RBC's ETF is trying to appeal to our patriotic side by going 100% Canadian. While I think it has some merit from a gender diversity standpoint, I'd be more interested if it's geographic allocation were more evenly split between Canada, the U.S., and the rest of the world.

Let's face it; the [TSX](#) has been a real downer for the better part of a decade.

## The actual holdings

How many holdings is too many? Is it 100, 200, or 500? Obviously, that's a very subjective answer. However, studies have shown that for individual portfolios that hold stocks, it's anywhere between 20 and 40.

ETFs, which are designed to capture a majority of a particular segment of a stock market, can go much higher. Again, it's a point of preference.

From smallest to largest, we have RLDR at 98, HERS at 149, and MWMN at 408.

You can also look at the concentration of the portfolio using the top 10 holdings as a good indication. The greater the percentage held in the top 10 holdings, the greater the concentration, and vice versa.

From smallest to largest, we have HERS at 9%, MWMN at 21%, and RLDR at 52%.

For me, I'm always going to go with the smaller option. That's because even though these ETFs are passive, the top 10 holdings are often the best ideas. So, I'm going to side with RLDR

### **Which is the best gender diversity ETF in Canada?**

As much as I'd like to go with the RBC's ETF, I just don't like the over-reliance on energy companies. MWMN has too many holdings, in my opinion, so that leaves me with HERS, which I like because it's hedged against the greenback.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:RY (Royal Bank of Canada)
2. TSX:LNR (Linamar Corporation)
3. TSX:RY (Royal Bank of Canada)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
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