



## The Rise of ETF Series in Canada

Bridging the gap  
between ETFs and  
mutual funds



When Canadian investors think about building wealth, two investment options usually come to mind: mutual funds and exchange-traded funds (ETFs). Both options have unique features and benefits that can impact an investors' decision when trying to determine which option is more appropriate for their needs and goals.

But what if there was an option that combined the benefits of both?

Enter the ETF Series - an innovative structure that combines many key benefits of both mutual funds and ETFs. First introduced in Canada in 2013, ETF Series have grown steadily as investors and advisors recognize their potential as a flexible, efficient way to access familiar strategies.

## What Exactly Is an ETF Series?

At its core, ETF Series is not a brand-new fund but rather a different way to access an existing mutual fund. The underlying portfolio remains the same, but instead of buying units directly from the fund company, investors can trade them on a stock exchange — just like an ETF.

Think of it as opening a new door to the same house: the furnishings inside don't change, but the entrance (and the experience of getting in) gets an upgrade.

# The Appeal of ETF Series

ETF Series were designed for investors who want the professional oversight of mutual funds but also value the flexibility and transparency of ETFs. Some of the key advantages include:



**Intraday Liquidity:** Unlike mutual funds, which only settle once per day, ETF Series can be bought and sold throughout the trading day



**Performance History:** Since ETF Series are linked to existing funds, investors can review historical data rather than starting with a “blank slate”



**Cost Efficiency:** Fees are generally in line with F-Series mutual funds, making them accessible to a wider audience



**Simplified Tax Reporting:** Investors receive a single annual slip, keeping year-end reporting straightforward

## Key Considerations

While ETF Series offer many advantages, they also come with nuances that investors should be aware of:

### **Bid/Ask Spreads:**

Depending on market liquidity, execution costs may vary

### **Limited Tax Efficiency:**

Unlike traditional ETFs, ETF Series may not fully benefit from in-kind redemption strategies that help minimize taxable events

### **Less Frequent Disclosure:**

Active ETF Series typically disclose holdings quarterly, like mutual funds, rather than daily like most ETFs

## A Growing Role in Canadian Portfolios

ETF Series are still relatively new in the broader investment landscape, but their adoption in Canada is accelerating. They represent a compelling evolution in investment access: They don't replace mutual funds or ETFs, but they give Canadian investors a new option to balance cost, flexibility,

and professional management. As more fund companies embrace this structure, ETF Series are poised to become an increasingly important part of the investment toolkit, bridging the gap between the familiar and the innovative.

# Evolution

## Mutual Funds vs. ETF Series vs. Standalone ETFs

Feature	Mutual Funds	ETF Series	ETFs (Standalone)
Structure	Traditional pooled investment	Exchange-traded version of a mutual fund	Independent ETF
Trading	End-of-day price (NAV)	Intraday on exchanges	Intraday on exchanges
Liquidity	Daily	Intraday	Intraday
Order Types	No market orders	Market, limit, stop orders	Market, limit, stop orders
Fees	Varies by series	Typically aligned with F-Series	Often lower than mutual funds
Tax Reporting	May require multiple slips	One annual slip	One annual slip
Holdings Disclosure	Quarterly	Quarterly	Daily (passive) or quarterly (active)
Execution Costs	Shared across all series	Shared across all series	Externalized via bid/ask spreads

# Flexibility

# ETF Series

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