

Canada ETF Industry in Review

As at end December 2011

- ▶ Overall 2011 was tumultuous year – especially the second half as the European debt crisis weighed on markets. The theme for investors was stability and income generation. Canadian fixed income ETFs had a breakout year, with 3.3 billion in net new assets, which was over 40% of total net inflow in Canada ETFs in 2011.
- ▶ The iShares® S&P®/TSX® 60 Index Fund (XIU) was the leading asset gatherer in 2011, with \$920 million in net new assets. After XIU, the next eight best-selling ETFs of 2011 were all income oriented, investing either in fixed income directly, or focused on income generating investment strategies.
- ▶ Canadian ETFs took in a total of \$7.9 billion in net new assets in 2011, representing an inflow growth rate of 20.7% since December 31, 2010. However, total ETF assets increased just 11.9% due to weak equity markets.
- ▶ In 2011, the number of Canadian ETF providers doubled to eight, with four new players including Invesco PowerShares®, RBC Global Asset Management Inc. (RBC ETF), Vanguard Investments Canada Inc. and XTF Capital Corp. launching their first products. The total number of funds increased from 160 to 229.
- ▶ At the close of 2011, Canada's 222 ETFs represented \$42.5 billion in assets under management (AUM). This represented a 1.2% increase from November's AUM. The iShares business continues to be the market leader amongst all providers with 68% of market share and \$28.6 billion AUM, followed by Claymore Investments, Inc. with 16% and \$6.7 billion AUM.
- ▶ Q4 was a strong quarter, with \$3.0 billion in net new assets. Fixed income was particularly strong in Q4, with \$1.45 billion in net new assets. Canadian equities also had strong growth in Q4, with \$1.3 billion in net new assets.
- ▶ The ETF industry experienced \$1.5 billion in net inflows in December.
- ▶ Canadian equity and fixed income are leading all other asset classes with more than 80% of AUM with \$35.8 billion in AUM. This is influenced by the iShares S&P/TSX 60 Index Fund (XIU) which by far had the most net sales in December resulting in \$556.5 million net new assets.

Bond Yields

BOND YIELDS	DEC 2010	SEPT 2011	NOV 2011	DEC 2011
Bank of Canada Overnight Target Rate (Yield)	1.00%	1.00%	1.00%	1.00%
2-year Gov't Canada (Yield)	1.71%	0.88%	1.02%	0.93%
5-Year Gov't Canada (Yield)	2.47%	1.42%	1.52%	1.35%

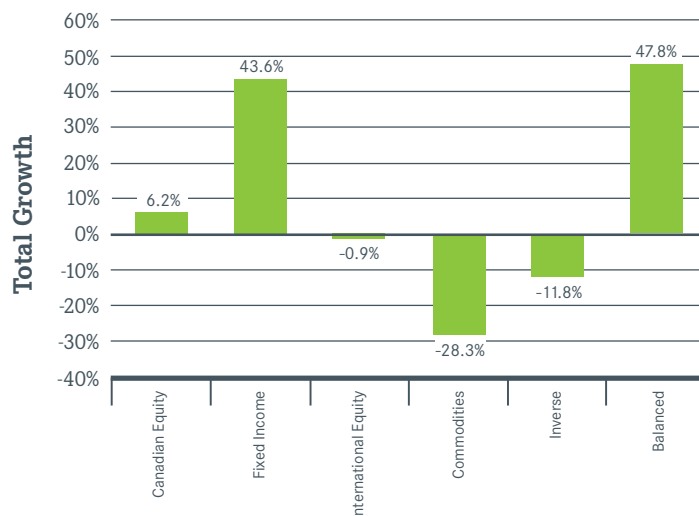
Source: BlackRock Asset Management Canada Limited

Key Benchmark Performance

INDEX	ASSET CLASS	DEC 2011	2011 Q4	2011 FY
S&P/TSX Composite Index™ (TR)	Canada Equity	-1.70%	3.59%	-8.71%
DEX Universe Bond Index (TR)	Canada Fixed Income	1.68%	2.09%	9.67%
S&P 500 Index (TR in CAD)	U.S. Equity	1.17%	9.26%	4.64%
MSCI® EAFE® Index (TR in CAD)	International Equity	-0.79%	1.02%	-9.55%
MSCI Emerging Markets Index (TR in CAD)	Emerging Markets Equity	-1.05%	2.06%	-16.15%

Source: BlackRock Asset Management Canada Limited

AUM Growth by Category (%) – YTD

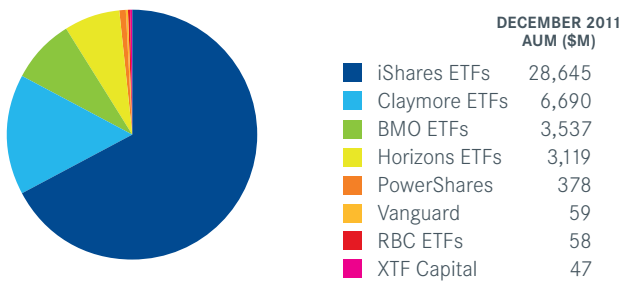


Canadian ETFs by Asset Class

ASSET CLASS	ASSETS UNDER MANAGEMENT (\$M)			NET NEW ASSETS (\$M)		
	DEC 2010	DEC 2011	CURRENT % OF AUM	DEC 2011	2011 Q4	2011 FY
Canadian Equity	22,478	23,876	56.1%	849	1,272	3,819
Fixed Income	8,305	11,923	28.0%	674	1,455	3,296
International Equity	4,155	4,117	9.7%	79	138	390
Commodities	1,996	1,432	3.4%	48	44	206
Inverse	664	586	1.4%	(117)	83	-28
Balanced	406	600	1.4%	12	63	198
Total	38,004	42,533		1,546	3,056	7,881

Source: BlackRock Asset Management Canada Limited

Market Share by Assets Under Management



Source: BlackRock Asset Management Canada Limited

10 Largest ETFs by AUM

FUND	AUM DEC 2011 (\$M)
iShares S&P [®] /TSX [®] 60 Index Fund	11,219
iShares DEX Short Term Bond Index [™] Fund	2,126
iShares DEX Universe Bond Index [™] Fund	1,923
iShares S&P 500 [®] Index Fund (CAD-Hedged)	1,506
iShares DEX All Corporate Bond Index [™] Fund	1,449
iShares S&P/TSX Capped REIT Index Fund	1,260
iShares S&P/TSX Capped Composite Index Fund	1,244
iShares S&P/TSX Global Gold Index Fund	1,200
Claymore 1-5 YR Laddered Corporate Bond ETF (Common)	1,004
iShares Dow Jones Canada Select Dividend Index Fund	919

Source: BlackRock Asset Management Canada Limited

Canadian ETF Net Sales – Monthly

DECEMBER LEADERS - NET NEW ASSETS	NET NEW ASSETS DEC 2011 (\$M)
iShares S&P/TSX 60 Index Fund	556.5
BMO Aggregate Bond Index ETF	142.1
iShares DEX Universe Bond Index Fund	93.6
BMO Short Federal Bond Index ETF	52.8
HBP S&P/TSX Global Gold Bull Plus ETF	51.5
Claymore 1-5 Yr Laddered Government Bond ETF (Common)	46.6
iShares Dow Jones Canada Select Dividend Index Fund	40.1
Claymore S&P/TSX CDN Preferred Share ETF (Common)	39.4
Claymore 1-5 YR Laddered Corporate Bond ETF (Common)	34.6
BMO Short Corporate Bond Index ETF	32.8

Source: BlackRock Asset Management Canada Limited

Canadian ETF Net Sales – Quarterly

Q4 LEADERS - NET NEW ASSETS	NET NEW ASSETS Q4 2011 (\$M)
iShares S&P/TSX 60 Index Fund	533.6
HBP NYMEX Natural Gas Bull Plus ETF	213.4
iShares DEX Universe Bond Index Fund	208.0
BMO Aggregate Bond Index ETF	200.0
HBP NYMEX Crude Oil Bear Plus ETF	172.0
Claymore 1-5 Yr Laddered Government Bond ETF (Common)	124.3
Claymore 1-5 YR Laddered Corporate Bond ETF (Common)	118.8
iShares DEX All Corporate Bond Index Fund	103.8
Claymore S&P/TSX CDN Preferred Share ETF (Common)	90.5
BMO Covered Call Canadian Banks ETF	87.2

Source: BlackRock Asset Management Canada Limited

Canadian ETF Net Sales – 2011 FY

2011 - NET NEW ASSETS	NET NEW ASSETS 2011 FY (\$M)
iShares S&P/TSX 60 Index Fund	920.1
BMO Covered Call Canadian Banks ETF	708.5
iShares DEX Universe Bond Index Fund	283.7
BMO Aggregate Bond Index ETF	266.8
Claymore S&P/TSX CDN Preferred Share ETF (Common)	246.9
Claymore 1-5 Yr Laddered Government Bond ETF (Common)	239.5
Claymore 1-5 YR Laddered Corporate Bond ETF (Common)	232.4
Horizons AlphaPro Enhanced Income Equity ETF	231.0
PowerShares Ultra DLUX Long Term Government Bond Index ETF	181.7
iShares S&P/TSX Capped Energy Index Fund	171.4

Source: BlackRock Asset Management Canada Limited

Canadian ETF Trading

CANADA'S 10 MOST ACTIVES - 1X LONG ONLY	TOTAL \$ VOLUME 2011 FY (\$M)
iShares S&P/TSX 60 Index Fund	74,715
iShares S&P/TSX Capped Energy Index Fund	8,652
iShares S&P/TSX Global Gold Index Fund	7,633
iShares S&P/TSX Capped Financials Index Fund	4,554
iShares S&P 500 Index Fund (CAD-Hedged)	2,927
HBP S&P/TSX 60 Index ETF	2,686
iShares DEX Short Term Bond Index Fund	2,158
iShares DEX Universe Bond Index Fund	2,044
iShares S&P/TSX Capped Composite Index Fund	1,709
iShares DEX All Corporate Bond Index Fund	1,416

CANADA'S 10 MOST ACTIVES - INVERSE & LEVERAGED	TOTAL \$ VOLUME 2011 FY (\$M)
HBP NYMEX Natural Gas Bull Plus ETF	21,787
HBP NYMEX Natural Gas Bear Plus ETF	18,180
HBP NYMEX Crude Oil Bull Plus ETF	17,328
HBP NYMEX Crude Oil Bear Plus ETF	14,818
HBP S&P/TSX Global Gold Bull Plus ETF	9,068
HBP S&P/TSX 60 Bull Plus ETF	8,260
HBP COMEX Silver Bull Plus ETF	6,088
HBP S&P/TSX 60 Bear Plus ETF	5,397
HBP COMEX Silver Bear Plus ETF	4,037
HBP S&P/TSX Global Gold Bear Plus ETF	3,738

Source: BlackRock Asset Management Canada Limited

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