

# WHY CHOOSE MERITAGE TACTICAL ETF PORTFOLIOS

## ETFs<sup>1</sup> in a nutshell



### Composed of a diverse range of asset classes

- ▶ May invest in a pool of stocks, bonds and other financial instruments
- ▶ Provide diversification benefits, much like a mutual fund



### Traded like a stock

- ▶ Traded on an organized exchange
- ▶ Seek to track an index, commodity, or basket of stocks or bonds
- ▶ Prices change throughout the day as investors buy and sell ETFs

## Three reasons to add ETFs to your portfolio

ETFs are a great way to optimize your diversification strategy and reduce portfolio risk.

1

### Increased diversification

Exposure to a wide range of asset classes or individual securities can reduce volatility and offer increased protection against market downturns.

2

### Transparency

Information on an ETF's current price/underlying holdings is easily accessible and disclosed frequently.

3

### Cost effectiveness

ETF management fees allow the investor to minimize the management fees paid and capture the maximum potential return.

## ETFs: The challenge of choice

The ETF universe is growing in popularity...

Canada and U.S.<sup>2</sup>

+2,800 ETFs

+110 providers

...but also becoming increasingly complex.

- ▶ Selecting an optimal mix of ETFs can be difficult and time consuming.
- ▶ That's why more and more investors are opting for actively managed model portfolios such as Meritage Tactical ETF Portfolios.

## Our ETF solution

▶ Meritage Tactical ETF Portfolios provide a well-diversified, simple and practical solution for every investor profile.

### Meritage Tactical ETF Portfolios

- ▶ Meritage Tactical ETF Fixed Income Portfolio
- ▶ Meritage Tactical ETF Moderate Portfolio
- ▶ Meritage Tactical ETF Balanced Portfolio
- ▶ Meritage Tactical ETF Growth Portfolio
- ▶ Meritage Tactical ETF Equity Portfolio

<sup>1</sup> Exchange-traded funds <sup>2</sup> Source: National Bank Financial - ETF Research (as at May 31, 2018)

# WHY CHOOSE MERITAGE TACTICAL ETF PORTFOLIOS

## Prominent global providers



**Open architecture.**  
Endless opportunities.

- Each Meritage Tactical ETF Portfolio is made up of several ETFs managed by prominent external providers, selected via our 100% open architecture structure.
- We sub-advise exclusively to other firms the portfolio management of the funds built for our product shelf, which allows us to identify and work with some of the best portfolio managers from around the world.

## Our value added

<b>ANNUAL</b>	Optimization and review of positioning based on current market conditions and competition	<ul style="list-style-type: none"> <li>➤ Target asset allocation update</li> <li>➤ Management expense ratios (MERs) and fixed distribution target</li> </ul>
<b>QUARTERLY</b>	Review of underlying ETFs with regards to performance, risk metrics and performance attribution	<ul style="list-style-type: none"> <li>➤ Review and adjustments to underlying ETFs based on the list produced by National Bank Financial's ETF research team</li> <li>➤ Tactical asset allocation and currency exposure adjustments</li> </ul>
<b>MONTHLY</b>	Review of performance and risk metrics of Meritage Portfolios	<ul style="list-style-type: none"> <li>➤ Tactical asset allocation and portfolio construction</li> <li>➤ Value added monitoring</li> </ul>
<b>AD HOC</b>	Analysis following a major event on an underlying ETF	<ul style="list-style-type: none"> <li>➤ ETF listing or delisting</li> <li>➤ Optimization following an addition or reorganization</li> </ul>

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