



The win-win potential of active ETFs

by Mark Brisley, Managing Director and Head of Dynamic Funds

The best of both worlds?

That may be the best way to describe active exchange-traded funds (ETF)s which combine two different investment approaches so you can enjoy the benefits of both at the same time. Active ETFs share the same characteristics as traditional ETFs as they're low-cost, highly liquid and can be bought and sold throughout the day at market-determined prices.

What sets active ETFs apart is their reliance on professional money managers to make choices from available investments, monitor their performance and buy and sell holdings to try to achieve the desired return of the fund. With a professional manager at the helm, you may also take comfort in knowing he or she can leverage their research and pick and choose among an index's constituents to build a portfolio of their best ideas as well as weight constituents in different amounts than representative benchmarks.

Potential outperformance

While that doesn't guarantee outperformance, the fact that the manager's portfolio may differ from the benchmark - sometimes dramatically - means returns may be dissimilar than the index. And with the opportunity to hold cash, the manager has the flexibility to step back from the market altogether and wait for mispriced opportunities to arise. All told, you're able to access professional money management in a low-cost, highly liquid investment vehicle that can be traded in real-time. That's the win-win potential of active ETFs.

When it comes to portfolio construction, there are enough active ETFs of varying mandates with which to build a well-diversified portfolio of investments for your clients. Another option is to blend active ETFs with traditional, standalone equity, bond and balanced mutual funds. The reasoning runs parallel to that of investing in active ETFs. A professional manager may add higher performance potential by owning a thoroughly researched, carefully selected basket of stocks rather than the entire market. Trading opportunities may also arise that allow the manager to upgrade the portfolio with potentially stronger performers at lower valuations. Whether you turn to a traditional mutual fund or an ETF with a professional manager, an active

approach to investment decision-making may play an increasingly important role in the success of a diversified portfolio as volatility appears to be making a comeback in markets here and around the world.

Investment considerations

As with all investment decisions, you know your clients' individual circumstances best which puts you in a good position to know what may work for them. Learn more about [Dynamic's suite of active ETFs](#), their investment mandates and one-year performance data.

About Mark Brisley

Mark is Managing Director and Head of Dynamic Funds, one of Canada's largest asset management companies. With over 20 years of industry experience, Mark is responsible for the firm's strategic execution, day-to-day business operations and business development.

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