

CSA Point of Sale Disclosure Project ETF Facts Document Testing

Prepared by:
Allen Research Corporation
January 2015



Contents

	Page
Background & Research Objectives	4
Research Methodology	5
Overview of ETF Facts	12
Summary, Conclusions & Recommendations	15
Detailed Findings	29
SECTION 1: QUALITATIVE RESEARCH	30
1.0 Current ETF Purchase Experience	31
2.0 Initial Impressions of ETF Facts	33
3.0 Detailed Reactions to ETF Facts.....	35
▪ ETF Facts - Page 1	36
▪ ETF Facts – Page 2	42
▪ ETF Facts – Page 3	45
4.0 Overall Attitudes to ETF Facts	48
5.0 Process – How Investors Want to Use ETF Facts	50
6.0 Reactions to Language in Textbox for a Leveraged ETF.....	52

Contents

	Page
SECTION 2: QUANTITATIVE RESEARCH	55
1.0 Profile of ETF Investors [QA, B, C, D, F, G, H, I J, K, L, N].....	56
2.0 ETF Facts – Page 1	66
▪ What does the ETF invest in? [Q1]	68
▪ Trading information [Q2]	72
3.0 ETF Facts - Page 2	74
▪ How has the ETF performed? [Q3].....	76
▪ Trading ETFs [Q4, 5, 6a, 6b, 7]	79
4.0 ETF Facts - Page 3	88
▪ How much does it cost? [Q8, 9, 10]	90
5.0 Overall Investor Reactions to ETF Facts [Q11, 12, 13 14 15 16, 17].....	97
6.0 Reactions to Language in the Textbox for a Leveraged ETF [Q18, 19 20]	108
Appendix	113
▪ ETF Facts Document	
▪ Qualitative Interview Guide	
▪ Quantitative Questionnaire	

Background & Research Objectives

- With the ten provincial and three territories securities regulators, the Canadian Securities Administrators [CSA] regulates capital markets in Canada. The CSA is committed to fostering fair and efficient capital markets and to protecting investors from unfair, improper, or fraudulent practices.
- The CSA is working to improve sales disclosure practices for Canadian investors. As part of this initiative, a Fund Facts document for mutual funds was developed and tested in 2006, revised and retested in 2012. Final amendments requiring delivery of the Fund Facts were published in 2014.
- The CSA is now developing a summary disclosure document for exchange-traded funds [ETFs] called ETF Facts.
- The CSA requested qualitative and quantitative research to test the ability of the ETF Facts document to give potential retail investors the information they need in plain language and in an easy to understand format. ETF Facts is largely based on the Fund Facts document, but with additional information tailored to ETF investors.
- Overall, ETF Facts is intended to help retail investors make an informed investment decision by highlighting key information about an ETF. This includes what the fund invests in, past performance, risks, cost of investing and investor rights.

Research Methodology

Qualitative Research - Approach

- As was the case with Fund Facts, the CSA requested qualitative and quantitative research to test the ability of ETF Facts to provide potential investors the information they need in plain language and in an easy to understand format.
- Two ETF documents were tested:
 - ETF Facts for XYZ S&P/TSX 60 Index ETF, a sample non-leveraged ETF [3 pages]
 - ETF Facts for XYZ S&P/TSX 60 Index Bull 2X ETF, a sample leveraged ETF [Page 1]
- A sample of present and potential ETF investors was asked to attend the interviews 30 minutes early in order to read the XYZ S&P/TSX60 Index ETF Facts document prior to the interview. Testing of initial impressions was, therefore, limited.
- Because of time limitations, the focus of the testing was on the first document. Only certain disclosure elements specific to the leveraged ETF were tested in the second document:
 - a) Introductory language in the textbox
 - b) Opening paragraph of 'What does the fund invest in?'

Research Methodology

Qualitative Research – Approach cont'd

- The research was conducted in French and English.
- The report which follows uses the English document as the basis for the main commentary. Reference is made to the French document wherever differences occurred.
- Because ETF Facts is based on the Fund Facts document, which has been tested several times, commentary focuses largely on those areas where ETF Facts differs from Fund Facts.
- All documents can be found in the Appendix.

Research Methodology: Qualitative Research - Sample

- 28 one-on-one in-depth interviews, lasting 1 hour each, were completed:
 - 18 in Metropolitan Toronto [English]
 - 10 in Montreal [French]
- The sample was well distributed by gender, age, income, and occupation. Participating investors came from healthcare, education, manufacturing, customer service retail sales, government, engineering, real estate, science, administration and the legal profession. Men outnumbered women in Montreal.

Demographics - 28	Total	Toronto [English]	Montreal [French]
Male	18	9	9
Female	10	9	1
25 - 35 years	5	4	1
36 - 49 years	10	6	4
50 – 67 years	13	8	5
\$30 - \$99k	13	9	4
\$100 - \$149k	8	5	3
\$150-\$200k	7	4	3

Research Methodology: Qualitative Sample cont'd

- All participants were retail investors who held at least one investment and were the decision maker or key influencer for investments in their household. In Toronto, 12 investors held at least one ETF; 6 had no ETFs. In Montreal, 6 investors had an ETF; 4 had no ETFs.
- Investors were also screened for investment knowledge. Categories are self-reported. In Toronto 8 investors were online traders; in Montreal, 4 were online investors.

Financial Background	Total	Toronto [English]	Montreal [French]
Not very knowledgeable	9	6	3
Somewhat/Fairly knowledgeable	12	8	4
Very knowledgeable	7	4	3
Total	28	18	10

Research methodology

-- Quantitative research

- A random sample of 3599 Canadians from an online panel responded to an invitation to participate in the research. This contact sample was checked against Statistics Canada data by age within gender within region. From this contact sample, the final sample of 533 online respondents across Canada was screened as defined by the CSA as retail investors who –
 1. Are men and women, aged 18 years or older
 2. Are the person in the household responsible for or an equal decision maker in the purchase of investments
 3. Are holders of a minimum of one investment
 4. Have personal incomes of less than \$200,000 or household incomes of less than \$300,000.
- The sample was then further screened. Quotas were set to identify 348 ETF and 185 Non-ETF investors to provide sufficient base for robust analysis. To prepare the final data for analysis, ETF and non-ETF investors were weighted to their proper proportions to achieve a representative sample of Canadian retail investors as defined by the CSA criteria 1, 2, 3, and 4.

Research methodology

-- Quantitative research cont'd

- Investors who purchase through Investment Industry Regulatory Organization of Canada [IIROC] members, both full service and discount brokerage channels, were included. Investors who are registered to advise or sell stocks, bonds, or mutual funds were excluded.
- During the online survey, investors were asked to scan each page briefly. They were then shown specific sections of the scanned page and asked questions to test their understanding of the section. Participants were free to review the section as often as they wished.
- The ETF Facts for the leveraged ETF was tested briefly for responses to the introductory language on disclosure presented in the textbox.
- Field dates: October 22 – November 10, 2014

- In the summary tables, some columns may not add to 100% because of 'don't knows', multiple mentions, or rounding.
- Findings that are substantially larger or smaller than others have been highlighted as an aid to the reader. Neither necessarily indicates statistical significance.
- Unweighted bases are given in the report for statistical testing. The margins of error at the 95% confidence level for different random sample sizes are given below.

Sample size	50	100	150	200	300	500
	± 14.1	± 10.0	± 8.2	± 7.1	± 5.8	± 4.5

- For example, if the finding on a sample size of 500 is 50%, then there is a 95% probability that the true answer falls between 45.5% and 54.5%.

Overview of ETF Facts



Overview

- Among the participating investors, both unsophisticated and sophisticated retail investors valued ETF Facts. A substantial majority of ETF and non-ETF investors described it as good, very good, or excellent and were committed to using it as a major component of their decision-making process for ETFs. It will make a valuable addition to the information available to retail investors in Canada.
- During the qualitative research, based on familiarity with the format of pie chart and past performance bar graph, as well as the list of top companies, many investors initially believed that ETF Facts contains only standard information that they already received from their financial advisor [FA] or online. After review, however, they expressed appreciation for the document's ability to present all of the necessary basic information about the XYZ S&P/TSX 60 Index ETF briefly, in one place and in plain language.
- This sense of value was reinforced by the quantitative research; a substantial majority of investors reported they would read ETF Facts completely or the parts of most interest to them if considering the purchase of this ETF. This behaviour was often in addition to asking their FA to explain the ETF to them and conducting research on the Internet.

Overview

- In both components of the research, retail investors, whether ETF investors or non-ETF investors, wanted to have access to ETF Facts prior to purchase. During the qualitative interviews, several online traders wanted ETF Facts accessible online primarily through their trading service or on the website of the dealer.
- For the most part, ETF Facts was seen as clear, easy to read, and attractive in layout and colours. ETF and non-ETF investors described the three pages of ETF Facts as about the right length. For many it provided the level of information retail investors need in order to know whether or not to consider purchase of this fund. They did not have to go to the prospectus – which many admitted they do not read.
- Despite this appreciation, however, a number of possible improvements to the document were identified.
- There are a number of areas that investors found confusing and that can be easily improved. Some basic definitions are called for and some emphasis is needed to break through misconceptions. Repetition of key points may be helpful either in the document or by the FA or both.
- Major recommendations are outlined in the next section; minor suggestions can be found in the body of the report.

Summary, Conclusions & Recommendations



Conclusions & Recommendations

Beginning with a profile of ETF investors, this section then provides a high level summary of reactions to the ETF Facts section-by-section with suggestions for improvements. Emphasis is on those areas that differ from the much tested Fund Facts document. Minor suggestions can be found in the body of the report. Sections that do not need improvement or were not a focus of the research are not mentioned. Comments are based on the findings of both the qualitative and quantitative research and both the English and French documents.

Profile of ETF investors

- 13% of retail investors*
- 64% male; 36% female
- Average age 48; 34% are 55 or older
- Predominately resident in Ontario [46%] and Quebec [29%]
- Average personal income \$83,100 vs. \$71,700 for retail investors as a whole
- 62% claimed to be very/fairly knowledgeable about investing compared to 36% of all retail investors
- 60% used online trading vs. 29% of all retail investors
- More likely to also hold stocks [73%] and bonds [39%] compared to other investors [43%, 19%].

**Retail investors defined as adults 18 and older who hold a minimum of one investment and are the decision maker or key influencer for household investment decisions with household incomes of less than \$300,000 and personal incomes of less than \$200,000.*

Conclusions & Recommendations

Structural Issues

ETF Facts is written in plain language and uses simple sentences and simple words except where technical terms are called for by content needs. Nevertheless, some areas of confusion remain. Readers were often confused when –

1. Educational information on ETFs is mixed with specific details of the XYZ S&P/TSX 60 Index ETF.
2. Where, in an effort to be clear, more sentences or paragraphs are used than needed to express the same idea.
 - Investors often had to reread several sections although the individual sentences were quite clear. There were too many sentences to convey easily one idea. Several investors talked about repetition, but that is not really the problem. It is unnecessary expansion.
 - Within each section of the following commentary, passages that would benefit from greater concision are identified and would benefit from being reviewed.

3. Technical words are correctly used, but not always explained.
 - Some investors did not know what the Index is, did not know what an ETF is even after reading ETF Facts, did not understand the use of 'sales commission', 'trailing commission', 'brokerage commission' in the same section.
 - Too many abbreviations close together are difficult especially in French.
4. Not all investors are capable of reasoning from definitions, but they can understand core concepts if given in a simple, direct statement or in an example.
 - In some cases, however, key statements are not seen, e.g., "It [bar graph] does not tell you how the ETF will perform in the future."
5. The title 'XYZ S&P/TSX 60 Index ETF' is not always understood.
 - The abbreviation 'ETF' is not spelled out as 'exchange-traded fund [ETF]' until the second sentence of the first paragraph. No definition of an ETF is ever given.

Reactions to selected sections:

Quick facts *[Qualitative research]*

- 'Distributions' is not understood and needs review. "DRIP" is not always understood either, but can usually be worked out.
- Showing only the MER of 0.20% confuses investors when they see 0.21% as the total cost on Page 3.
- Several investors asked to have the annual average rate of return added to Quick facts.
- Some also asked that total units issued and average price per unit on June 1 be added.

Trading information [*Qualitative and Quantitative research*]

- Unsophisticated investors, those describing themselves as 'not very/somewhat knowledgeable about investing', seldom knew how to use this information. Nevertheless, 72% to 80% of investors identified four terms as very or fairly important – 'currency', 'exchange', 'average', 'daily volume', and 'total value'.
- 47% of investors did not know the term 'CUSIP' and only 26% regarded it as important.

'What does the ETF invest in?' [*Quantitative research*]

- Throughout the quantitative research, understanding of different sections was tested by reactions to true/false statements. Overall, 40% to 60% of the ETF investors correctly understood each section. Non-ETF investors were often less accurate.
- There was often little difference in accuracy between those who described themselves as very/fairly knowledgeable [sophisticated investors] and those who said they were somewhat or not very knowledgeable [unsophisticated investors].

'What does the ETF invest in?' cont'd

- Reactions to the statements used to test 'What does the ETF invest in?' demonstrate some of the difficulties investors had.
- Statements vary in difficulty throughout the survey. Investors were most accurate when the statement almost exactly mirrors a statement in ETF Facts as in 'The amount of each company invested in this ETF is proportionate to the amount in the Index'. 67% of ETF investors identified this as a true statement.
- They do less well if there is a term they do not know, i.e., 'Index' as in 'The Index is made up of all of the stocks on the TSX'. Only 48% of ETF investors realized this statement is false.
- They also have difficulty if the statement requires them to reason independently as the statement 'The fund manager chooses 60 of the stocks he or she personally likes best to make up this ETF' does. Just over half of ETF investors [54%] described this statement as false.

What does the ETF invest in? - Other reactions *[Qualitative Research]*

- The opening paragraph, 'This ETF aims to track...', puzzled many. 'Aims to track' is less clear than the French 'vise á reproduire'. Several did not understand the reference to the Index.
- The use of parentheses made readers stumble.
- The list of investments and the pie chart were understood and appreciated.
- Some investors thought 7.5% was the return of the Royal Bank. They could not find any column headings.

PAGE 2

'How has the ETF performed?' [Qualitative and quantitative research]

% Correct	ETF investors	Non-ETF investors
The returns of this ETF are the same as the Index. - <i>False</i>	61	58
The bar graph tells you how the ETF will perform in the future. - <i>False</i>	72	72
The returns of this ETF are based on its NAV. - <i>True</i>	71	65

- Quantitatively, scores were higher for both segments in this section, partly because the statements are based almost directly on statements found in the section itself.
- In the qualitative research, there was evidence of confusion here because of the many distinct ideas the section contains and the lack of flow between paragraphs.
- The first paragraph is not useful or understood.
- Investors did not understand the term 'NAV' and did not understand that the bar graph is based on NAV values. Nevertheless, they liked the year-by-year comparison.

Trading ETFs *[Quantitative research]*

- This was perhaps the most difficult section in the ETF Facts document. Only online traders, 29% of the total sample, seemed to understand what most of the information meant and how to use it but 78% of retail investors described all or most of the section as useful.

[Qualitative research]

- Bid-ask spread – usually understood if read several times.
 - The use of parentheses is confusing.
 - Investors reworked the material to separate ‘bid’ and ‘ask’. Once understood separately they were better able to understand the phrase ‘bid-ask spread’.
- Premium and discount – seldom understood even by more knowledgeable investors. When asked, few remembered the definition of NAV from the first paragraph of Page 2 or how it differs from market price.
- Brokerage commission – Investors were confused by ‘brokerage commission’, ‘trailing commission’, ‘commission’.
- Several investors objected to “See ‘how much does it cost?’ for details”. They do not like to ‘flip pages’.

'Trading ETFs' [Quantitative research]

- ETF investors did better than non-ETF investors in correctly labelling all of these statements, in several cases substantially so. Some 60% of ETF investors compared to 25% of non-ETF investors trade online.
- In order to identify the correct answers, investors had to be able to reason using the definitions provided in 'Trading ETF's'. Few of these statements actually appear in ETF Facts.

% Correct	ETF investors	Non-ETF investors
A smaller bid-ask spread means you're more likely to get the price you want. - <i>True</i>	68	59
An ETF with a smaller bid-ask spread is generally more liquid. - <i>True</i>	68	65
An ETF with a higher trading volume is generally harder to buy and sell. - <i>False</i>	61	42
Highly liquid ETFs generally have a lower volume of trading. - <i>False</i>	57	47
An ETF's NAV is the same as its market price. - <i>False</i>	57	53
If you buy an ETF at a discount, you may be paying less than its assets are worth. - <i>True</i>	56	52

PAGE 3

'How much does it cost?' [Qualitative and quantitative research]

- This information was looked for by many investors and much appreciated. Investors were told in the text that brokerage commissions may be included in fee-based accounts, but they were confused by the other statements because they did not know what a 'trailing commission' is or how it differs from other commissions mentioned in this section. Investors also seemed to fail to read the last sentence of the document which follows after the chart.
- Nevertheless, 70% of investors said the section explains costs very or fairly clearly.

% Correct	ETF investors	Non-ETF investors
Brokerage commission may be automatically included in the fees paid for a fee-based account. - <i>True</i>	80	75
You may pay a trailing commission when you buy and sell an ETF. - <i>True</i>	60	60
The trailing commission of this ETF is 0%. - <i>True</i>	49	41

- When asked for suggestions to improve this section, the most frequently offered one was to explain the terms – commission, trailing commission, brokerage commission, fee-based account.

How much does it cost? cont'd

- Issues raised in the qualitative research and to be considered include –
 - Failure of investors to recognize the ‘tables’ as tables
 - Lack of clear explanations given above and below the ETF expenses table
 - Inability of many to understand ‘fee-based account’
 - Use of ‘expenses’ in several places is confusing – ‘ETF expenses’, ‘Management Expense Ratio’, ‘operating expenses’, ‘Trading expense ratio’
 - ‘0.20%’ placed incorrectly; suggests this is the amount waived
 - The ETF expenses of 0.21% seems to contradict the MER of 0.20% in Quick facts.
- Paragraph two -- ‘Higher commissions can influence...’ -- was much liked and considered an important reminder. Investors did not know if it applies to this ETF.
- The example, “As of March 31...”, was very much appreciated and some wanted to see it highlighted. [¶5]
- ‘Trailing commission’ was not understood. Is it the same as the Brokerage commission of the first section? Although zero for this ETF, investors wanted the zero to be shown.

How investors would use ETF Facts

- ETF Facts was much appreciated despite the confusion that some investors experienced.
 - 88% of ETF and 74% of non-ETF investors described it as good, very good, or excellent.
 - 81% of ETF and 76% of non-ETF investors described it as very or fairly easy to read and 79% of both segments said it is about the right length.
- More importantly, if considering this ETF,
 - 52% of both segments would read ETF Facts completely.
 - 59% of both segments would read ETF Facts [in some degree]. 64% of non-ETF investors and 49% of ETF investors would ask their FA to explain the ETF to them.
 - 52% of all investors would research the ETF online.
 - 87% of investors want ETF Facts prior to purchase.

ETF Facts is a useful document that is likely to be valued by retail investors for the information and clarity it brings to the product and by FAs for the time it saves in educating retail investors.

Detailed Findings





CSA Point of Sale Disclosure Project ETF Facts Document Testing

Section 1: Qualitative Research



1.0 Current ETF Purchase Experience

- While a few of the investors, screened as more sophisticated investors, knew what an exchange-traded fund is, many in Toronto and Montreal did not, even if they actually held units in an ETF. Among those who did not have an ETF, several had not heard of them. After reading the ETF Facts carefully during the research, many were still unable to explain what this investment vehicle is.
- Less sophisticated investors were usually sold their ETF by their FA. More knowledgeable investors often bought ETFs online. They initially heard about them from their broker, a friend, the press, or in an MBA seminar.
- Several reasons were given for purchasing ETFs, though for many investors their decision was based solely on their FA's recommendation.
- Other reasons included:
 - Greater safety because of diversity
 - Low fees
 - Better return than a GIC, good return
 - Ability to sample the Index when an investor cannot afford to invest in all the companies individually
 - Ability to focus on one product or category

Current Sources of ETF Information

- Not all knew what their ETF was invested in. Among those who did, mentions included gold, banks, commodities, energy, and an Index. Although very few understood what an ETF is, there were no complaints about lack of information about them.
- Those who purchased through a FA reported receiving information from their FA but doing little research themselves. If given a prospectus, they were unlikely to read it, expressing trust in their advisor.
- Those who purchased online mentioned a large variety of print and online information sources with particular mention of the resources provided by their online trading service and *The Globe and Mail*.

2.0 Initial Impressions of ETF Facts

- Because investors read the ETF Facts immediately prior to the interview, it was not possible to observe initial reactions. Reported reactions, however, included:
 - Positive reactions to the pie chart, risk bar graph and past 10-year bar chart
 - Sense of familiarity because of the graphics
 - Liking of the colours, bolded titles
 - Impression document is well organized
 - Acceptance of the font size although a few said it was too small
 - Impression ETF Facts would be easy to read
- Several reported that the length was acceptable, but a few asked for 2 pages only.
- Because of the pie chart, list of companies invested in, and past 10-year performance graph, several investors said they had received this type of document before from their FA or seen similar materials online. ETF Facts was described as 'standard' and there was little expectation that it would bring anything new.

- Comments included:

"It's a good summary but it's almost too simple. It touches on everything but there's still a part of the picture not seen. I still don't know what an ETF is."

"It has the high level of information that I need and I don't have to spend a ton of time with it."

"I'd definitely read it. It captures all the information I look for in one spot."

"There aren't tons of materials in French."

"I like the layout... it's easy to read."

The font could be bigger. Online I'd increase it."

"It's laid out like a website...the column on the left."

"I liked it because it is done in English I can understand."

"I'm impressed by the way it's laid out."

"Two pages would be better."

3.0 Detailed Reactions to ETF Facts

In the report that follows, commentary is based on the English version of the ETF Facts. Commentary on the French version is included wherever findings are different or specific to the language. Overall, findings in Toronto and Montreal were similar with differences based on language rather than on information needs or level of understanding. Both the English and French ETF Facts are included in full in the Appendix.

ETF Facts: Pages 1 - 2



XYZ S&P/TSX 60 Index ETF

ETF FACTS

June 30, 20XX
XYZ

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Quick facts

Date ETF started	March 31, 20XX
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly
Dividend Reinvestment Plan (DRIP)	Yes

Trading Information

Ticker symbol	XYZ
CUSIP	54321E000
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Total value on June 1, 20XX	\$220.18 million

What does the ETF invest in?

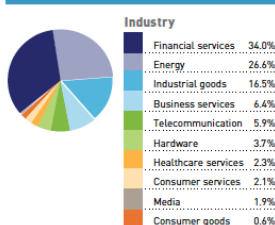
This ETF aims to track the performance of the S&P/TSX 60 Index (the Index) as closely as possible before the ETF's expenses are deducted. It invests in the same securities and in the same proportions as the Index. The Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, as determined by S&P.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the Index.

Top 10 investments (June 1, 20XX)

1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
9. Manulife Financial Corporation	2.7%
8. Canadian Imperial Bank of Commerce	2.9%
10. Canadian National Railway Company	1.9%
Total percentage of top 10 investments	42.0%
Total number of investments	60

Investment mix (June 1, 20XX)



How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility". In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

XYZ ETFs has rated the volatility of this ETF as **medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

No guarantees

ETFs do not have any guarantees. You may not get back the amount of money you invest.



XYZ S&P/TSX 60 Index ETF

How has the ETF performed?

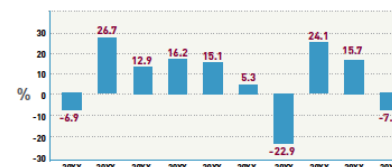
This section tells you how units of the ETF have performed over the past 10 years. These returns have been calculated using the ETF's net asset value (NAV). This is the value of the ETF calculated after the close of each trading day.

Returns are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the Index.

Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for units of the ETF in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best return	32.6%	Apr. 30, 20XX	Your investment would rise to \$1,326.
Worst return	-24.7%	Nov. 30, 20XX	Your investment would drop to \$753.

Average return

The annual compounded return of the ETF was 6.8% over the past 10 years. A \$1,000 investment in the ETF 10 years ago would now be worth \$1,930.

Who is this ETF for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

⚠ Don't buy this ETF if you need a steady source of income from your investment.

A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

Trading ETFs

ETFs trade on stock exchanges. An ETF's trading or market price will change throughout the trading day.

Here are some other things to know before you buy or sell an ETF:

- **Bid-ask spread** — the difference between the highest price a buyer is willing to pay (bid) and the lowest price a seller is willing to accept (ask).
- **Volume** — the total number of units traded each day.
- **Liquidity** — how quickly and easily you can sell your investment. In general, the higher the volume and the smaller the bid-ask spread, the more liquid the ETF.
- **Premium and discount** — the difference between an ETF's market price and NAV. During the trading day, an ETF's market price may be higher than its NAV (premium) or lower than its NAV (discount). If you buy an ETF at a premium, you may be paying more than what its investments are worth.
- **Brokerage commission** — you may have to pay a commission when you buy and sell an ETF. See "How much does it cost?" for details.



XYZ S&P/TSX 60 Index ETF

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses — including any trailing commissions — can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1. Brokerage commissions

You may have to pay a commission when you buy and sell units of the ETF. If you hold your units in a fee-based account, any trading costs are generally included in the fee you pay.

2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

Annual rate
(as a % of the ETF's value)

Management expense ratio (MER)

This is the total of the ETF's management fee and operating expenses.

XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher. 0.20%

Trading expense ratio (TER)

These are the ETF's trading costs. 0.01%

ETF expenses 0.21%

Trailing commission

This ETF doesn't have a trailing commission.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact XYZ ETFs or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

XYZ ETFs
456 Asset Allocation St.
Toronto, ON M1A 2B3

Phone: 416.555.5555
Toll-free: 1.800.555.5556
Email: investing@xyzetfs.com
Web: www.xyzetfs.com



XYZ
ETFs

XYZ S&P/TSX 60 Index ETF

ETF FACTS
June 30, 20XX
XYZ

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Masthead

- The title confused some investors who did not know what the Index is or what ETF stands for. 'Exchange-traded fund' is only used once in the ETF Facts and often not read. Acronyms are seldom used in French, but can be acceptable if clearly identified.
- Several investors did not read the introductory paragraph, assuming it was a legal disclaimer or unimportant. The green background and smaller font do not show up well on the print document.
- Once read, several investors wanted the contact information here as well as at the end. Others argued they would have no need for it until after reading the document when they might have questions.

Bolded sentence 'Before you invest...'

- Appreciated by investors who described themselves as having low or medium investment knowledge, irritating to some who are more sophisticated.

Quick Facts

- Seen and appreciated
- MER described as useful as a cost of some kind. Not always understood. On page 3, some investors wondered why the costs were shown at 0.21% there, but 0.20% here.
- Fund and Portfolio Managers less important. A few investors understood this ETF is a passive fund. Nevertheless, if investors thought they knew the names, it gave some of them a sense of the document's credibility.
- Distributions – often misunderstood; read as when statements or reports issued. Some suggested it should read 'Dividends'.
- DRIP – term little known. Several, but not all, figured it out.
- Some investors suggested adding average yield in dividends, minimum investment, as well as total expenses of 0.21%.

Quick facts

Date ETF started	March 31, 20XX
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly
Dividend Reinvestment Plan (DRIP)	Yes

“I’d look at this [Quick Facts].”
“A lot of information that I want.”
“I don’t know these terms.”
“I want to see if it pays dividends and if I can get my money out.”

Trading information

- Online investors were more likely to understand the value of this section. Others sometimes found it interesting but not necessary.
“My broker needs this. I don’t.”
- Ticker symbol – Usually understood
- CUSIP – No investors knew this term.
- Exchange – Understood
- Currency – Understood
- Average daily volume/Total value – Often understood, but usually only online traders knew how to use this information.
- A few online traders suggested adding total units issued and average trading volume.

Trading information

Ticker symbol	XYZ
CUSIP	54321E000
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Total value on June 1, 20XX	\$220.18 million

What does this ETF invest in?

- Paragraph 1 [¶1] – is critical to the ETF Facts, but is not readily understood. Several investors did not understand that this ETF is made up of the same companies as those in the Index and in the same proportion. They did not understand that it is a ‘passive’ fund.
- Several did not know what the Index is.
- In English, ‘aims to track’ does not clearly indicate that the ETF ‘mirrors’ or ‘represents’ the Index. In French, ‘visé à reproduire’ is more accurate. ‘Securities’ is a confusing word for some.
- The use of parentheses is distracting and unnecessary.
- ‘Market capitalization’ is little understood.
- The top 10 investments list and the pie chart were much liked and often seen before anything else.
- Investors were reassured by the familiar company names, but again, not all clearly

What does the ETF invest in?

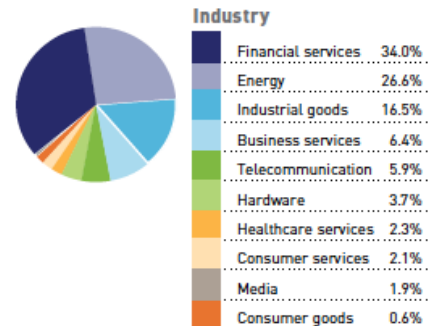
This ETF aims to track the performance of the S&P/TSX 60 Index (the Index) as closely as possible before the ETF’s expenses are deducted. It invests in the same securities and in the same proportions as the Index. The Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, as determined by S&P.

The charts below give you a snapshot of the ETF’s investments on June 1, 20XX. The ETF’s investments will change to reflect changes in the Index.

Top 10 investments (June 1, 20XX)

1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
3. Canadian Natural Resources	5.8%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
8. Canadian Imperial Bank of Commerce	2.9%
9. Manulife Financial Corporation	2.7%
10. Canadian National Railway Company	1.9%
Total percentage of top 10 investments	42.0%
Total number of investments	60

Investment mix (June 1, 20XX)



interpreted these data as a reflection of the Index. A few treated the company percentage data as returns. Some wanted 42% highlighted more.

- Several, but not all, knew where to go to find the rest of the list, but not all.
- The industry sector information was very important to more knowledgeable investors.

How has the ETF performed?

- 'NAV' is confusing in French and English. In French there are few acronyms further confusing the meaning. Many think NAV is simply the last market price at close of trade. They do not see it as different from market price.
- Investors did not connect NAV with the returns shown on the graph and did not need it to like the graph. They had forgotten it when needed to understand concepts in the 'Trading ETFs' section.

How has the ETF performed?

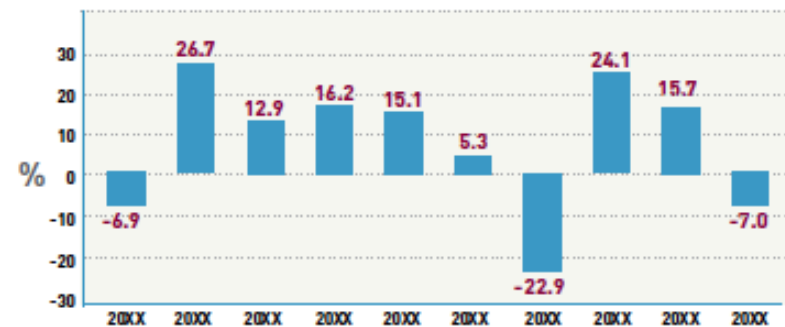
This section tells you how units of the ETF have performed over the past 10 years. These returns have been calculated using the ETF's net asset value (NAV). This is the value of the ETF calculated after the close of each trading day.

Returns are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the Index.

Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



Trading ETFs

- One of the most difficult sections and for unsophisticated investors, puzzling. They did not understand what it is for, but nevertheless usually wanted it kept.
- The information is presented as general rather than specific to XYZ S&P/TSX 60 Index ETF.
- Many investors stumbled over hyphenated or compound terms. In trying to understand, they separated the items, dealing with them one at a time.
- Bid-ask spread - confusing, but often worked out. Parentheses seem always to interrupt thought.
- Volume – understood
- Liquidity – The second sentence was usually understood on second reading.
- Premium and discount – confusing even for experienced investors. Very few knew what NAV is. Again the parenthetical material is confusing.

Trading ETFs

ETFs trade on stock exchanges. An ETF's trading or market price will change throughout the trading day.

Here are some other things to know before you buy or sell an ETF:

- **Bid-ask spread** – the difference between the highest price a buyer is willing to pay (bid) and the lowest price a seller is willing to accept (ask).
- **Volume** – the total number of units traded each day.
- **Liquidity** – how quickly and easily you can sell your investment. In general, the higher the volume and the smaller the bid-ask spread, the more liquid the ETF.
- **Premium and discount** – the difference between an ETF's market price and NAV. During the trading day, an ETF's market price may be higher than its NAV (premium) or lower than its NAV (discount). If you buy an ETF at a premium, you may be paying more than what its investments are worth.
- **Brokerage commission** – you may have to pay a commission when you buy and sell an ETF. See "How much does it cost?" for details.

"It gives full disclosure, though I don't understand it."

"I read this several times, but still find it confusing."

"This is what you should know before going into an ETF."

"It's a good reminder."

Trading ETFs

- Brokerage commission – confusing. Some online traders thought investors always pay this.
- Some investors were irritated by the instruction to “See ‘How much does it cost?’” They described it as unnecessary and did not want to ‘flip pages’.
- In the French version, there were three typos in this section:
 - Écart acheteur-vendeur
 - Le nombre
 - Coûte-t-il?.
- ‘Les bourses de valeurs’ is correct but some investors stumbled over it, preferring ‘les marchés boursiers’ [¶1]

Trading ETFs

ETFs trade on stock exchanges. An ETF’s trading or market price will change throughout the trading day.

Here are some other things to know before you buy or sell an ETF:

- **Bid-ask spread** — the difference between the highest price a buyer is willing to pay (bid) and the lowest price a seller is willing to accept (ask).
- **Volume** — the total number of units traded each day.
- **Liquidity** — how quickly and easily you can sell your investment. In general, the higher the volume and the smaller the bid-ask spread, the more liquid the ETF.
- **Premium and discount** — the difference between an ETF’s market price and NAV. During the trading day, an ETF’s market price may be higher than its NAV (premium) or lower than its NAV (discount). If you buy an ETF at a premium, you may be paying more than what its investments are worth.
- **Brokerage commission** — you may have to pay a commission when you buy and sell an ETF. See “How much does it cost?” for details.

How much does it cost?

- Investors were very interested in this page, but did not always find it easy to follow. The mix of general comments on ETFs and information specific to this ETF is confusing. The tables were not always recognized as tables.
- Investors were not always sure if this section covers all the fees and expenses of this ETF or not.
- ¶1 – ‘What tables?’
- Very few knew the expression ‘trailing commissions’.
- ¶2 - Investors appreciated this warning and think it is important –
 - “A good point.”
 - “I like it [the warning] here a lot.”
 Investors did not know if the warning applies to this ETF or not.
 - “Is it this fund or others? I want everything on this fund.”*

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses — including any trailing commissions — can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1. Brokerage commissions
You may have to pay a commission when you buy and sell units of the ETF. If you hold your units in a fee-based account, any trading costs are generally included in the fee you pay.

2. ETF expenses
You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

	Annual rate (as a % of the ETF's value)
Management expense ratio (MER) This is the total of the ETF's management fee and operating expenses.	
XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.20%
Trading expense ratio (TER) These are the ETF's trading costs.	0.01%
ETF expenses	0.21%
Trailing commission This ETF doesn't have a trailing commission.	

1. Brokerage commissions

You may have to pay a commission when you buy and sell units of the ETF. If you hold your units in a fee-based account, any trading costs are generally included in the fee you pay.

2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

- Brokerage commissions – Many Investors believed they always pay a 'commission' for each trade. Many did not know what a 'fee-based account' is or how it can affect payment of commissions.
- 'Brokerage commission' is correctly translated 'courtages' in French, but a clearer translation may be 'Frais de courtage' or 'Commissions de courtage'
- ETF expenses – Confusing to investors because in the next table this term summarizes the total of all the expenses, but is also used to explain what is added to the MER. Several investors found it difficult to sort out the three uses of 'expenses'.

- MER – understood here and remembered from Quick Facts
- ‘XYZ ETFs waived...’ received with suspicion. Investors did not understand why this was done and suspect these expenses were recovered somewhere else. Part of the problem is that ‘0.20%’ belongs opposite the MER line. Otherwise it reads as if this is how much was waived.
- Clear
- ‘ETF expenses’ is confusing here, given the use of ‘ETF expenses’ in several places above.
- ‘Trailing commission’ remains confusing. Investors were unsure if ‘trailing commission’ = ‘Brokerage commission = ‘commission = ‘trading fee’.
- When asked, investors wanted to see the trailing commission for this fund listed here even if set at zero. They asked to have the zero shown.

Annual rate (as a % of the ETF's value)	
Management expense ratio (MER)	
This is the total of the ETF's management fee and operating expenses.	
XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.20%
Trading expense ratio (TER)	
These are the ETF's trading costs.	
	0.01%
ETF expenses	0.21%
Trailing commission	
This ETF doesn't have a trailing commission.	

- Several investors pointed out that the 0.21% does not match the 0.20% of Quick Facts. They objected to the apparent inconsistency and wanted the total expenses of 0.21% shown on Page 1.

4.0 Overall Attitudes to ETF Facts

- ETF Facts for XYZ S&P/TSX 60 Index ETF was valued in both Toronto and Montreal.
- Despite requests for some changes, both unsophisticated and most more sophisticated investors valued ETF Facts as a brief, accurate and easy to understand presentation of the facts about XYZ S&P/TSX 60 Index ETF. For the most part, unsophisticated investors would still consult their FAs and more sophisticated online investors would look for more information online, but ETF Facts makes an excellent starting place. A few also thought it would be helpful when considering several ETFs at once.

“I had a prospectus. Hundreds of pages. It’s not worth it. This is manageable. I’d read this as a first step.”

“I don’t read the prospectus. I can’t understand it. If the fund was new to me, I’d want this.”

“It’s useful. I wouldn’t go deeper than this. It’s the level I need.”

“I’d read it all. It helps me to feel good about my decision.”

“The people who put this document together did their research. It’s put together so the user has information relevant to the investor. I’m going home and phone my FA.”

“I like the ETF. It’s very helpful for people who don’t know a lot.”

“I don’t want ETF Facts. I want whole things. I’d go to the web.”

- At the same time several retail investors admitted that after reading this ETF Facts they still did not know what an ETF is.

“I need to know what type of fund it is before I invest, but it doesn’t say.”

5.0 Process – How Investors Want to Use ETF Facts

- All of those interviewed, except a very few who did not want ETF Facts at all, wanted to see it before making their purchase decision.
- Some retail investors wanted to receive ETF Facts before meeting with their FA so that they could review it and prepare any questions they might have prior to the meeting.
- Several investors would like to receive it at the beginning of the meeting and have their FA walk them through it. A few felt it is too difficult to do on their own; while others wanted the interactive contact so that they could ask questions as they arise. A few envisaged two meetings – one to review ETF Facts, then take it home to think about it, and then at a second meeting make their decision.
- Because of the graphs and charts, many investors continued to believe that they already receive something like ETF Facts, but appreciated that this document brings everything together in one place.

“If my FA gave me this, I would think he was good and helpful, not just trying to sell you.”

“I’d expect my FA to give me this and walk me through it before purchase.... [ETF Facts] is absolutely looking out for the best interest of the investor...It’s like a home inspection before you buy.”

“Make it mandatory – but it still doesn’t tell me what an ETF is.”

- Online investors who seldom meet with a FA wanted ETF Facts to be available online. They suggested several web locations:
 - Their online trading service
 - The fund manager's website
 - The fund website XYZ S&P/TSX 60 Index ETF
 - Morningstar – or other information source

6.0 Reactions to Language in the Textbox for a Leveraged ETF

- At the end of the research, retail investors were briefly shown a second ETF Facts for a leveraged fund.
- Investors were asked to read only the the paragraph in the initial textbox and the opening paragraph of ‘What does the ETF invest in?’ These paragraphs are intended to position this ETF as a risky fund suitable for a sophisticated investor.
- Overall investors understood very well for whom this ETF is best suited.

XYZ S&P/TSX 60 Index Bull 2x ETF

ETF FACTS
June 30, 20XX
XXZ

This exchange traded fund (ETF) is highly speculative. It uses leverage, which magnifies gains and losses. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.

This document contains key information you should know about XYZ S&P/TSX 60 Index Bull 2x ETF. You can find more details about this ETF in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Quick facts			
Date ETF started	March 31, 20XX	Average daily volume	210,040 units
Total value on June 1, 20XX	\$73.32 million	Units outstanding	2,200,000 units
Management expense ratio (MER)	1.2%	Fund manager	XYZ ETFs
Ticker symbol	XXZ	Portfolio manager	Capital Asset Management Ltd.
Exchange	TSX	Distributions	Quarterly
Currency	Canadian dollars	Dividend Reinvestment Plan (DRIP)	Yes

What does the ETF invest in?

This ETF aims to provide daily investment results of twice the daily performance of the S&P/TSX 60 Index (the Index) before the ETF's expenses are deducted. The Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, as determined by S&P. **This ETF uses derivatives, such as options, futures and swaps to provide the desired daily exposure of twice the daily performance of the Index.**

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the Index.

Top 10 investments (June 1, 20XX)

1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
3. Canadian Natural Resources	5.8%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
8. Canadian Imperial Bank of Commerce	2.9%
9. Manulife Financial Corporation	2.7%
10. Canadian National Railway Company	1.9%
Total percentage of top 10 investments	42.0%
Total number of investments	60

Investment mix (June 1, 20XX)

Industry	Percentage
Financial services	34.0%
Energy	26.6%
Industrial goods	16.5%
Business services	6.4%
Telecommunication	5.9%
Hardware	3.7%
Healthcare services	2.3%
Consumer services	2.1%
Media	1.9%
Consumer goods	0.6%

How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility".

In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

XYZ ETFs has rated the volatility of this ETF as **high**.

This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

Low
Low to medium
Medium
Medium to high
High

For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

No guarantees
ETFs do not have any guarantees. You may not get back the amount of money you invest.



XYZ S&P/TSX 60 Index Bull 2x ETF

ETF FACTS
June 30, 20XX
XXZ

This exchange traded fund (ETF) is highly speculative. It uses leverage, which magnifies gains and losses. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.

- Retail investors were struck by the word 'speculative' and understood from this paragraph that this ETF is --
 - Very high risk
 - May provide large returns, but also large losses
 - Short term only
 - For expert investors

"It's very scary. I wouldn't touch this....Well worded."

"This is not for me. Thankfully it [ETF Facts] outlines it. It's highly speculative and short term."

"It's aimed at high risk people who have money to play with in the short term."

"I'm not interested. I don't have time for daily trading and I'm not sophisticated. I'm long term. This is dangerous."

What does the ETF invest in?

This ETF aims to provide daily investment results of twice the daily performance of the S&P/TSX 60 Index (the Index) before the ETF's expenses are deducted. The Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, as determined by S&P.

This ETF uses derivatives, such as options, futures and swaps to provide the desired daily exposure of twice the daily performance of the Index.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the Index.

- Retail investors focused on the highlighted sentence. Very few, even those who claim greater knowledge know what an option, future, or swap is. From this sentence they again understood that this is a very risky investment for expert investors.
 - *"I can't understand a word."*
 - *"Wow. Put it away."*
 - *"It's good they give a warning in the beginning."*
 - *"For real adrenaline seekers."*
- Most decided that this ETF would not be of interest to them, but one or two thought it might be fun to invest a small amount just to see what would happen.
 - *"I might gamble a \$1 or \$2."*
 - *"Its very risky, but yes I'd invest. A quick in and out. I'm intrigued. I might make more money."*
 - *"I'd put in 10%. It's very risky but well diversified."*

CSA Point of Sale Disclosure Project: ETF Facts Document Testing

Section 2: Quantitative Research

1.0 Profile of ETF Investors



Age and Gender

- Although Canada’s investor population* is evenly balanced by gender and closely mirrors the Canadian population at large, ETF investors show a different profile. Predominately male, by a ratio of roughly 3 to 2, they also skew somewhat older with more than half aged 45 or older [56% vs. 47%]. The average age of ETF investors is 48 compared to 46 years for non-ETF investors.
- ETF investors make up 13% of Canadian investors.

% of population	Stats Canada General population	Retail investors (533)	ETF Investors (348)
Male	49	49	64
Female	51	51	36
18 - 24 years	11	10	9
25 – 34 years	16	19	16
35 - 44 years	20	23	20
45 - 55 years	21	21	22
55 – 64 years	14	12	15
65+ years	18	14	19
Average	46	46	48

*Retail Investors are here defined as Canadians 18 and older who hold a minimum of one investment, including GICs, and are decision makers or equal influencers in their household for investment decisions. They were also screened for household incomes of less than \$300,000 or personal incomes of less than \$200,000.

Region

- ETF investors are more likely to be found in Ontario and Quebec than in the West or Maritimes [75% vs. 25%].

% of Region	Stats Canada General population	Retail investors (533)	ETF Investors (348) %
Maritimes	7	7	2
Quebec	23	23	29
Ontario	41	41	46
The West [net]	28	29	23
Man/Sask	7	7	5
Alberta	8	8	6
British Columbia	13	13	12

Education

- ETF investors are marginally more likely to have attended or completed post graduate work and less likely to have a high school diploma or less.

%	Retail investors (533)	ETF Investors (348) %
Completed high school or less	14	8
Some/completed college/ technical school	28	30
Some/completed university/post graduate [net]	58	62
Some university	14	9
Completed university	37	38
Some/completed post graduate	8	15

Industries Worked In

- Like other investors, ETF investors come from a wide variety of industries with the largest segment drawn from those already retired. ETF investors are marginally over-represented in the IT/technical industries which may partly account for their interest in online trading.

Mentions less than 4% not shown	Retail investors (533)	ETF Investors (348) %
Government	10	8
IT/technology	8	12
Healthcare	8	5
Education	8	5
Business services	8	6
Retail sales	7	4
Manufacturing	6	9
Financial	4	4
Retired	17	21
Homemaker	6	4
Student	4	5

Personal Income

- For this research, personal income was limited to \$200,000 and household income to \$300,000.
- Average annual income for ETF investors is higher than that of other retail investors by more than \$10,000.

%	Retail investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Less than \$30,000	16	8	17
\$30,000 to \$49,999	21	18	22
\$50,000 to \$99,999	43	42	43
\$100,000 to \$149,999	14	25	13
\$150,000 to \$199,999	6	6	6
Average[\$1,000s]	\$71,700	\$83,100	\$70,000

QJ. What was your personal income in 2013 before taxes?

Personal income was limited to \$200,000; household income to \$300,000.

Financial Knowledge: Self-report



- ETF investors are much more likely to describe themselves as fairly or very knowledgeable than are non-ETF investors [62% vs. 32%].
- They are also substantially more likely to participate in online trading [60% vs. 25%].

%	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Very knowledgeable	4	12	3
Fairly knowledgeable	32	50	29
Somewhat knowledgeable	44	31	46
Not very knowledgeable	20	7	22
Yes, online trading	29	60	25

QL. How knowledgeable are you about investing?

QH. Do you personally do any online trading?

Types of Investments Held



- ETF investors are more likely to describe themselves as fairly or very knowledgeable about investing and more likely to hold equities and corporate or provincial bonds as well as ETFs than other investors.
- Among all retail investors, 13% hold ETFs.

%	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (148)
Mutual funds	71	74	71
GICs	54	53	54
Stocks or equities	43	73	38
Corporate or provincial bonds	19	39	16
Exchange-traded fund or ETF	13	100	-

**Multiple mentions.*

QF. Which of the following types of investments do you hold whether in a registered or non-registered account?

Channel for ETF Purchases



- More than half of ETF investors [53%] have purchased some of their ETFs online. Men are almost twice as likely to purchase online as women [61% vs. 38%]. 74% of women use a financial advisor. *The proportion of online investors may be exaggerated since the survey was conducted with an online panel.*
- Those 18 to 34 are the age group most likely to use a FA [72%]. The use of online services to purchase ETFs jumps after age 34 [28% vs. 41%/48%].

% Base: Those investing in ETFs	ETF Investors (348)	Male (228)	Female (120)	18-34 (100)	35-54 (156)	55+ (92)
Through a financial advisor	47	39	62	64	41	48
Online/discount brokerage	41	49	27	28	41	48
Both of the above	12	13	12	9	17	9
Any Financial Advisor (net)	60	51	74	72	59	52
Online/Discount (net)	53	61	38	37	59	57

*Multiple mentions.

Q1. How did you purchase your ETFs?

Institutions Used for Investments



- 67% of Canadian investors purchased some of their investments through the banks. 14% purchased through online services or 13% through insurance companies.
- ETF investors again stood out for their use of online services with 25% using this channel.

% Users by category	Retail Investors (533)	ETF Investors (348)
Banks/ credit unions	67	67
Online services	14	25
Insurance companies	13	14
Direct Investment companies	9	8
Brokers	4	5
Mutual fund companies	*	*

*Less than 1%.

QG. Please list the companies you use to purchase your investments.

2.0 ETF Facts – Page 1



ETF Facts – Page 1



XYZ S&P/TSX 60 Index ETF

ETF FACTS

June 30, 20XX
XYZ

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Quick facts

Date ETF started	March 31, 20XX
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly
Dividend Reinvestment Plan (DRIP)	Yes

Trading information

Ticker symbol	XYZ
CUSIP	54321E000
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Total value on June 1, 20XX	\$220.18 million

What does the ETF invest in?

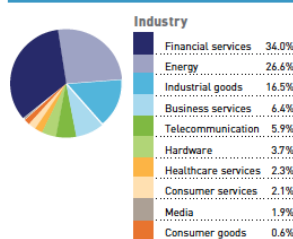
This ETF aims to track the performance of the S&P/TSX 60 Index (the Index) as closely as possible before the ETF's expenses are deducted. It invests in the same securities and in the same proportions as the Index. The Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, as determined by S&P.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the Index.

Top 10 investments (June 1, 20XX)

1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
3. Canadian Natural Resources	5.8%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
8. Canadian Imperial Bank of Commerce	2.9%
9. Manulife Financial Corporation	2.7%
10. Canadian National Railway Company	1.9%
Total percentage of top 10 investments	42.0%
Total number of investments	60

Investment mix (June 1, 20XX)



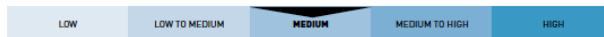
How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility". In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

XYZ ETFs has rated the volatility of this ETF as **medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

No guarantees

ETFs do not have any guarantees. You may not get back the amount of money you invest.

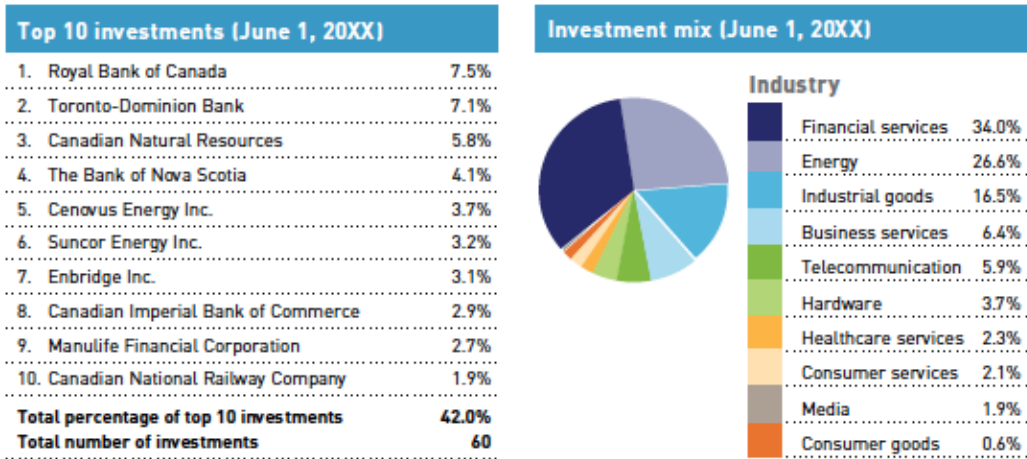
- Online respondents were asked to scan the first page to provide a context for selected sections.
- They were then asked to read 'What does the ETF invest in?'

What does the ETF invest in?

What does the ETF invest in?

This ETF aims to track the performance of the S&P/TSX 60 Index (the Index) as closely as possible before the ETF's expenses are deducted. It invests in the same securities and in the same proportions as the Index. The Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, as determined by S&P.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the Index.



- ETF investors were more knowledgeable than non-ETF investors, but neither segment fully understood the core principles behind the choice of investments for the XYZ S&P/TSX 60 Index ETF.
- Users of ETF Facts answered correctly when the exact statement was given, but they did not always reason correctly from the text. Many did not understand that the Index is not the TSX, but draws on stocks from it.

What does the ETF invest in?

- 1



- About half of ETF investors were able to identify the correct answer for the first two statements [48% - 54%]. Many did not understand that the Index fund does not include all of the stocks on the TSX or that managers do not simply choose their personal favourites.
- 67% understood that this ETF is invested proportionately to the Index.

% ETF Investors (348)	True	False	Don't Know
The Index is made up of all the stocks on the Toronto Stock Exchange. - <i>False</i>	42	48	10
The fund manager chooses 60 of the stocks he or she personally likes best to make up this ETF. - <i>False</i>	34	54	12
The amount of each company invested in this ETF is proportionate to the amount in the Index. - <i>True</i>	67	17	17

Q1. Which of the following statements are true? Which are false?

**Correct answers are identified by highlighting*

What does the ETF invest in?

- 2



- Throughout the survey, ETF investors were somewhat better informed than other investors, but their knowledge was uneven. Surprisingly, like the non-ETF investors, some 4 out of 10 believed the Index is made up of all the stocks on the TSX [42% vs. 36%].
- ETF investors were somewhat more likely than non-ETF investors to believe managers do NOT choose their personal favorites in stock and that the amount of investment is proportionate to stocks in the Index.

% ETF vs. Non-ETF Investors [348, 185]	True	False	Don't Know
The Index is made up of all the stocks on the Toronto Stock Exchange. - <i>False</i>	42 vs. 36	48 vs. 45	10 vs. 19
The fund manager chooses 60 of the stocks he or she personally likes best to make up this ETF. - <i>False</i>	34 vs. 28	54 vs. 48	12 vs. 24
The amount of each company invested in this ETF is proportionate to the amount in the Index. - <i>True</i>	67 vs. 57	17 vs. 16	17 vs. 27

Q1. Which of the following statements are true? Which are false?

What does the ETF invest in?

- 3



- Except for greater understanding that ‘the amount of each company invested in this ETF is proportionate to the amount in the Index’, those who claimed to be very or fairly knowledgeable did not score better than those who admit they were somewhat or not very knowledgeable.
- But those who claimed to be only somewhat or not very knowledgeable were often twice as likely as other investors to report they didn’t know.
- 48% of those who claimed to be very or fairly knowledgeable reported that the first statement is true, but an equal proportion, 46% of the same segment, said it is false.
- The section does not communicate clearly to all investors.

% True vs. False By Degree of Investment Knowledge	Very/fairly knowledgeable (285)	Somewhat/ not very Knowledgeable (248)
The Index is made up of all the stocks on the Toronto Stock Exchange. - <i>False</i>	48 vs. 46	31 vs. 46
The fund manager chooses 60 of the stocks he or she personally likes best to make up this ETF. - <i>False</i>	35 vs. 47	26 vs. 50
The amount of each company invested in this ETF is proportionate to the amount in the Index. - <i>True</i>	68 vs. 17	53 vs. 16

Q1. Which of the following statements are true? Which are false?

Trading information

Trading information	
Ticker symbol	XYZ
CUSIP	54321E000
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Total value on June 1, 20XX	\$220.18 million

- Retail investors were asked to read this section.
- Seven out of ten or more of all retail investors [68% - 79%] identified currency, exchange, average daily volume and total value as very or fairly important trading information.

Importance of Trading Information



- 72% to 80% of ETF investors identified currency, exchange, average daily volume and total value as very or fairly important trading information. 67% to 78% of non-ETF investors rated these items as very or fairly important.
- Of least interest is 'CUSIP', a term 47% of retail investors said they did not understand.

% Very/fairly important	ETF Investors (348)	Non-ETF Investors (185)	Retail Investors Don't understand this term (533)
Currency	80	78	4
Exchange	73	68	8
Average daily volume	73	67	11
Total value on June 1, 20XX	72	74	9
Ticker symbol	62	55	15
CUSIP	26	22	47

Q2. How important is each of the following items in the 'Trading information' section to you in evaluating this ETF?

3.0 ETF Facts – Page 2





XYZ S&P/TSX 60 Index ETF

How has the ETF performed?

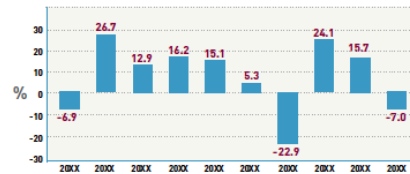
This section tells you how units of the ETF have performed over the past 10 years. These returns have been calculated using the ETF's net asset value (NAV). This is the value of the ETF calculated after the close of each trading day.

Returns are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the Index.

Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for units of the ETF in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best return	32.6%	Apr. 30, 20XX	Your investment would rise to \$1,326.
Worst return	-24.7%	Nov. 30, 20XX	Your investment would drop to \$753.

Average return

The annual compounded return of the ETF was 6.8% over the past 10 years. A \$1,000 investment in the ETF 10 years ago would now be worth \$1,930.

Who is this ETF for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

! Don't buy this ETF if you need a steady source of income from your investment.

A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

Trading ETFs

ETFs trade on stock exchanges. An ETF's trading or market price will change throughout the trading day.

Here are some other things to know before you buy or sell an ETF:

- **Bid-ask spread** — the difference between the highest price a buyer is willing to pay (bid) and the lowest price a seller is willing to accept (ask).
- **Volume** — the total number of units traded each day.
- **Liquidity** — how quickly and easily you can sell your investment. In general, the higher the volume and the smaller the bid-ask spread, the more liquid the ETF.
- **Premium and discount** — the difference between an ETF's market price and NAV. During the trading day, an ETF's market price may be higher than its NAV (premium) or lower than its NAV (discount). If you buy an ETF at a premium, you may be paying more than what its investments are worth.
- **Brokerage commission** — you may have to pay a commission when you buy and sell an ETF. See "How much does it cost?" for details.

- Retail investors were asked to scan page 2 and then read the section 'How has the ETF performed'?

How has the ETF performed?

How has the ETF performed?

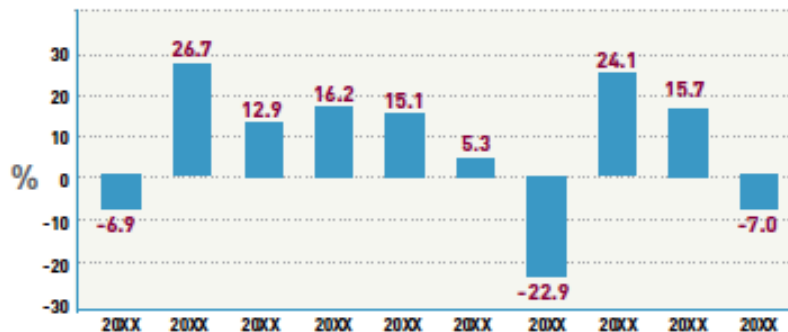
This section tells you how units of the ETF have performed over the past 10 years. These returns have been calculated using the ETF's net asset value (NAV). This is the value of the ETF calculated after the close of each trading day.

Returns are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the Index.

Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



- 59% to 72% of all retail investors correctly labelled the three test sentences as true or false, indicating they had understood the performance section.
- However, 17% still thought that the bar graph predicted the future or [12%] that the returns of the ETF matched those of the Index.

How has the ETF performed?



- 1

- The majority of ETF investors [61% to 72%] were able to identify the correct answers describing the performance of this ETF.
- Consistent with repeated messages in this section, 72% of ETF investors understood that the bar graph cannot be used to predict performance in the future and 61% understood that the ETF returns are not the same as the Index.

% ETF Investors (348)	True	False	Don't Know
The returns of this ETF are the same as the Index. <i>- False</i>	18	61	21
The bar graph tells you how the ETF will perform in the future. <i>- False</i>	18	72	10
The returns of this ETF are based on its NAV. <i>- True</i>	71	11	19

Q3. Which of the following statements are true? Which are false?

**Correct answers are identified by highlighting*

How has the ETF performed?

- 2



- In understanding the performance of this ETF, ETF investors were fairly similar to non-ETF investors. ETF investors were somewhat more likely to understand that the returns given in ETF Facts are based on its NAV [71% vs. 65%]. They continued to be less likely to report they did not know [19% vs. 28%].
- Combining those who said they did not know with those who gave incorrect answers, 28% to 41% of all retail investors did not fully understand the ETF Facts section on performance, but the majority [59% to 72%] did. It is important to note that each statement tested in this section is closely related to the actual text of ETF Facts.

% ETF vs. Non-ETF Investors (348, 185)	True	False	Don't Know
The returns of this ETF are the same as the Index. - <i>False</i>	18 vs. 11	61 vs. 58	21 vs. 30
The bar graph tells you how the ETF will perform in the future. - <i>False</i>	18 vs. 17	72 vs. 72	10 vs. 11
The returns of this ETF are based on its NAV. - <i>True</i>	71 vs. 65	11 vs. 8	19 vs. 28

*The table is read, 61% of ETF investors and 58% of non-investors believe it is false to say the returns are the same as the Index.

Q3. Which of the following statements are true? Which are false?

Trading ETFs

Trading ETFs

ETFs trade on stock exchanges. An ETF's trading or market price will change throughout the trading day.

Here are some other things to know before you buy or sell an ETF:

- **Bid-ask spread** — the difference between the highest price a buyer is willing to pay (bid) and the lowest price a seller is willing to accept (ask).
- **Volume** — the total number of units traded each day.
- **Liquidity** — how quickly and easily you can sell your investment. In general, the higher the volume and the smaller the bid-ask spread, the more liquid the ETF.
- **Premium and discount** — the difference between an ETF's market price and NAV. During the trading day, an ETF's market price may be higher than its NAV (premium) or lower than its NAV (discount). If you buy an ETF at a premium, you may be paying more than what its investments are worth.
- **Brokerage commission** — you may have to pay a commission when you buy and sell an ETF. See "How much does it cost?" for details.

- This section of ETF Facts requires that readers understand the terms well enough to be able to apply them to trading situations.
- ETF investors understood the use of these terms better than non-ETF investors. It is not possible to know how much of this difference came from a closer reading of ETF Facts or from the greater experience many ETF investors have of personally trading ETFs online.

Trading ETFs - 1

- 57% to 68% of ETF investors were able to identify the correct answers to the statements based on the trading terms, showing that they could use the information given in ETF Facts well, or that they already knew this information.
- Nevertheless, this still leaves 32% to 43% of ETF investors who either did not know the answer to the questions or answered incorrectly.

% ETF Investors (348)	True	False	Don't know
A smaller bid-ask spread means you're more likely to get the price you want. - <i>True</i>	68	19	14
An ETF with a smaller bid-ask spread is generally more liquid. - <i>True</i>	68	18	14
An ETF with a higher trading volume is generally harder to buy and sell. - <i>False</i>	22	61	16
Highly liquid ETFs generally have a lower volume of trading. - <i>False</i>	20	57	23
An ETF's NAV is the same as its market price. - <i>False</i>	21	57	22
If you buy an ETF at a discount, you may be paying less than its assets are worth. - <i>True</i>	58	23	19

**Correct answers are identified by highlighting.*

Q4. Which of the following statements are true? Which are false?

Trading ETFs - 2

- In terms of understanding trading terms, ETF investors outperformed non-ETF investors on each statement by +3 to +19 percentage points. This was especially true in understanding the implications of a smaller bid-ask spread, the impact of higher trading volumes on sales, and high liquidity.
- The presence of so many online traders in the ETF sample is an important factor here. 53% of ETF investors trade online.

% ETF vs. Non-ETF Investors (348, 185)	True	False	Don't know
A smaller bid-ask spread means you're more likely to get the price you want. - <i>True</i>	68 vs. 59	19 vs. 16	14 vs. 25
An ETF with a smaller bid-ask spread is generally more liquid. - <i>True</i>	68 vs. 65	18 vs. 9	14 vs. 26
An ETF with a higher trading volume is generally harder to buy and sell. - <i>False</i>	22 vs. 30	61 vs. 42	16 vs. 28
Highly liquid ETFs generally have a lower volume of trading. - <i>False</i>	20 vs. 19	57 vs. 47	23 vs. 33
An ETF's NAV is the same as its market price. - <i>False</i>	21 vs. 14	57 vs. 53	22 vs. 33
If you buy an ETF at a discount, you may be paying less than its assets are worth. - <i>True</i>	58 vs. 52	23 vs. 19	19 vs. 29

**The table is read, 68% of ETF investors and 59% of non-ETF investors believe it is true that a smaller bid-ask spread means you are more likely to get the price you want.*

Q4. Which of the following statements are true? Which are false?

Trading ETFs - 3

- With the exception of understanding that a smaller bid-ask spread means you're more likely to get the price you want, different levels of self-reported knowledge seemed to matter little.

% Correct Answer	Very/fairly knowledgeable (285)	Somewhat/ Not at all knowledgeable (248)
A smaller bid-ask spread means you're more likely to get the price you want. - <i>True</i>	67	56
An ETF with a smaller bid-ask spread is generally more liquid. - <i>True</i>	67	65
An ETF with a higher trading volume is generally harder to buy and sell. - <i>False</i>	49	43
Highly liquid ETFs generally have a lower volume of trading. - <i>False</i>	55	45
An ETF's NAV is the same as its market price. - <i>False</i>	51	55
If you buy an ETF at a discount, you may be paying less than its assets are worth. - <i>True</i>	54	52

Q4. Which of the following statements are true? Which are false?

Usefulness of 'Trading ETFs' Section



- 78% of retail investors described some or all of the 'Trading ETFs' section as useful. Among ETF investors this figure increases to 88%.

	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
All or most of it	35	40	34
Some of it	43	48	42
Very little of it	16	10	17
None of it	7	1	8
Average 4 – 1	3.1	3.3	3.0

Q5. Do you find the information presented under the Trading ETFs section useful?

Information Would Use for Buying or Selling an ETF - 1



- ETF investors were equally interested in bid-ask spread, the premium or discount to NAV, and volume as aids in buying or selling an ETF.
- Non-ETF Investors were less interested in volume. The section does not explain how volume is used as a context to understand the other items.

Base: Those reporting all, most, or some of trading information useful	Retail investors (449)	ETF Investors (305)	Non-ETF Investors (144)
Bid-ask spread	66	59	67
Premium/discount to NAV	65	60	65
Volume	56	59	55
None of the above	11	12	10

Q6a. IF ALL, MOST OR SOME: What information would you use in making your decision to buy or sell an ETF? Please check all that apply.

Information Would Use for Buying or Selling an ETF - 2

- 77% of those who did not find the trading information useful explained that it was too complicated.

Base: Those reporting very little or none of trading information useful	Retail Investors (84)*
The information is too complex.	77
The information is too general.	7
Other	18

**Base too small to break down further.*

Q6b. IF VERY LITTLE OR NONE: Why was this information not useful to you? Please check all that apply.

Suggestions to Improve 'Trading ETFs' Section - 1



- Some 13% of retail investors described the section as confusing with some emphasis on difficult terminology, e.g., NAV and bid-ask spread.

Retail Investors <i>*Mentions less than 2% not shown</i>	Retail Investors (533)
Confusing/Hard to understand/ Simplify [net]	13
- Confusing/simplify the information - Needs to be more straight forward/ clearer	10 3
Explain terms/ difficult terms [net]	2
- NAV/bid-ask spread/definition of titles/terms/MER/volume	2

Q7. What, if anything, would you change or add to improve this section on trading ETFs?

Suggestions to Improve 'Trading ETFs' Section - 2



- 44% of retail investors offered a suggestion to improve the 'Trading ETFs' section. Suggestions for improvement were interesting but widely scattered, ranging from the use of examples to a history of performance, better definitions, and adding a selling price. Several requests are in fact met later in ETF Facts.

Retail Investors <i>*Mentions less than 2% not shown</i>	Retail Investors (533)
General suggestions for improvement [net]	11
- Examples are better than explanations	4
- Show more detailed information	3
- History of any changes/ performance	2
- Describe importance to my portfolio	2
Add specific information or data [net]	7
- Purchasing/ selling price/ value	3
Clear/ easy to understand/helpful [net]	5
Miscellaneous [net]	7
Nothing [net]	56

Q7. What, if anything, would you change or add to improve this section on trading ETFs?

4.0 ETF Facts – Page 3



ETF Facts – Page 3



XYZ S&P/TSX 60 Index ETF

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses — including any trailing commissions — can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1. Brokerage commissions

You may have to pay a commission when you buy and sell units of the ETF. If you hold your units in a fee-based account, any trading costs are generally included in the fee you pay.

2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

Annual rate
(as a % of the ETF's value)

Management expense ratio (MER)

This is the total of the ETF's management fee and operating expenses.

XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher. 0.20%

Trading expense ratio (TER)

These are the ETF's trading costs. 0.01%

ETF expenses 0.21%

Trailing commission

This ETF doesn't have a trailing commission.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact XYZ ETFs or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

XYZ ETFs
456 Asset Allocation St.
Toronto, ON M1A 2B3

Phone: 416.555.5555
Toll-free: 1.800.555.5556
Email: investing@xyzetfs.com
Web: www.xyzetfs.com

- Retail investors were asked to scan page 3.

How much does it cost?



How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses — including any trailing commissions — can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1. Brokerage commissions

You may have to pay a commission when you buy and sell units of the ETF. If you hold your units in a fee-based account, any trading costs are generally included in the fee you pay.

2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

	Annual rate (as a % of the ETF's value)
--	--

Management expense ratio (MER)

This is the total of the ETF's management fee and operating expenses.

XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher. 0.20%

Trading expense ratio (TER)

These are the ETF's trading costs. 0.01%

ETF expenses 0.21%

Trailing commission

This ETF doesn't have a trailing commission.

- Overall, 70% of retail investors reported that ETF Facts explains the costs of the ETF very or fairly clearly.

How much does it cost? - 1 ETF Investors



- 80% of ETF investors knew that brokerage commissions may be included in the fees of a fee-based account. 60% knew that ETFs may carry a trailing commission but only 48% read the last sentence in this section that tells them that this ETF does not have a trailing commission.

ETF Investors	True	False	Don't know
Brokerage commissions may be automatically included in the fees paid for a fee-based account. - <i>True</i>	80	10	10
You may pay a trailing commission when you buy and sell an ETF. - <i>True</i>	60	27	13
The trailing commission of this ETF is 0%. - <i>True</i>	48	39	13

Q8. Which of the following statements are true? Which are false?

**Correct answers are identified by highlighting*

How much does it cost? - 2 ETF vs. Non-ETF Investors



- There was little difference between ETF and non-ETF investors in their understanding of the costs of the ETF with the exception of the final statement. ETF investors were more likely to understand that this ETF has no trailing commission [49% vs. 41%].
- Overall, understanding of trailing commissions was limited among both segments.

ETF vs. non-ETF Investors (348, 185)	True	False	Don't know
Brokerage commissions may be automatically included in the fees paid for a fee-based account. - <i>True</i>	80 vs. 75	10 vs. 12	10 vs.13
You may pay a trailing commission when you buy and sell an ETF. - <i>True</i>	60 vs. 60	27 vs.21	13 vs. 19
The trailing commission of this ETF is 0%. - <i>True</i>	49 vs. 41	39 vs. 35	13 vs.23

**The table is read, 80% of ETF investors and 75% of non-ETF investors believe it is true that commissions may be included in fees for fee-based accounts.*

Q8. Which of the following statements are true? Which are false?

Clarity of 'How much does it cost' - 1



- 70% of retail investors reported that ETF Facts explains the costs of the ETF very or fairly clearly. 30%, however, remained confused.
- ETF investors were more likely than non-ETF investors to say that ETF Facts describes the costs of this ETF very clearly [23% vs. 15%]. As a group, they had more background knowledge to build on.

	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Very clearly	16	23	15
Fairly clearly	54	53	54
Not very clearly	27	22	27
Not at all clearly	4	2	4

Q9. Thinking about all of the information in this section, how clearly would you say ETF Facts describes the costs of this ETF?

Clarity of 'How much does it cost?' - 2



- Those who claimed to be very or fairly knowledgeable about investments were more likely to say that ETF Facts describes the costs of this ETF very or fairly clearly compared to those who said they were less knowledgeable [77% vs. 66%].

Clarity of cost section By level of knowledge	Very/fairly knowledgeable (285)	Somewhat/ Not at all knowledgeable (248)
<i>Very clearly</i>	19	14
<i>Fairly clearly</i>	58	52
Not very clearly	22	29
Not at all clearly	2	5

Q9. Thinking about all of the information in this section, how clearly would you say ETF Facts describes the costs of this ETF?

Suggestions to Improve the Costs Section - 1



- Suggestions to improve the cost section of ETF Facts focus more on adding specific information [34%] than on areas of confusion [6%] with the exception of some terminology, including trailing commission [5%].

Retail Investors <i>*Mentions less than 1% not shown</i>	Retail Investors (533)
Add specific information or data [net]	6
- Better info on costs and fees	4
- What is deducted from my returns/ effect on my taxes	1
- What fees are waived on this ETF	1
- Explanation of typical costs	1
General suggestions for improvement [net]	6
- Example or case needed	4
- Show more detailed information	2

Q10. What, if anything, would you change or add to improve this section on the costs of the ETF?

Suggestions to Improve the Costs Section - 2



Retail Investors <i>*Mentions less than 1% not shown</i>	Retail Investors (533)
Confusing/ Hard to understand / Simplify [net]	6
Explain terms/ difficult terms [net]	5
- Clearer definitions/ terminology - What is 'trailing fee'/ 'stock'	4 1
Clear/ Easy to understand/ Helpful [net]	4
Graphics/ Design/ More pictures/ Bigger text [net]	1
Miscellaneous	6
Nothing	66

Q10. What, if anything, would you change or add to improve this section on the costs of the ETF?

5.0 Overall Investor Reactions to ETF Facts



Investor Reactions to ETF Facts - Snapshot



- 76% of retail investors described ETF Facts as 'good', 'very good' or 'excellent'. Even more ETF investors [88%] did so.
 - Retail investors also described ETF Facts as about the right length [79%] and
 - Very or fairly easy to read [77%].
 - Just over half [52%] would read ETF Facts completely if considering investing in this ETF.
 - 62% of retail investors would also ask their adviser to explain ETF Facts to them.
 - 87% wanted to receive ETF Facts prior to purchase.

Length of ETF Facts



- 79% of investors regardless of segment believed ETF Facts is about the right length. Less than a fifth [17%] described it as too long.

%	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Too short	4	4	4
About the right length	79	79	79
Too long	17	17	17

Q11. An ETF Facts document can be a maximum of 2 pages double-sided. Is this length...?

Ease of Reading ETF Facts



- 77% described the ETF Facts as very or fairly easy to read. There was no real difference by segment.

	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Very easy to read	17	20	16
Fairly easy to read	60	61	60
Not very easy to read	17	17	17
Not at all easy to read	6	3	7

Q12. Overall how easy to read is ETF Facts?

Likely Use of ETF Facts

- More than half of retail investors [52%] claimed they would read ETF Facts completely if they were interested in purchasing this ETF. A third [32%] would read the parts of most interest to them, while a small proportion [14%] would scan it.
- Very few reported that they would not read ETF Facts at all [3%].
- There were no real differences by segment.

%	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Read ETF Facts completely	52	52	52
Read the parts of most interest to you	32	36	31
Scan it	14	10	14
Not read it at all	3	2	3

Q13. If you were interested in purchasing this ETF, how would you use ETF Facts?

Actions Would Definitely Take



- A clear pattern of reported behaviour can be found in the data. More than half of retail investors exposed to ETF Facts would ask their FA to explain the ETF to them, read ETF Facts, and research the fund on the Internet.
- The pattern among ETF investors differs in that a smaller proportion would ask their FA, but they would read ETF Facts and research the fund on the internet.

%	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Ask your adviser to explain the ETF to you	62	49	64
Read ETF Facts	59	59	59
Research the ETF on the Internet	52	53	52
Read the ETF's prospectus	45	49	44
None of the above	5	2	5

**Multiple mentions.*

Q14. If considering investing in this ETF, which of the following actions would you definitely take? Please check all that apply.

When Investors Want to Receive ETF Facts



- 87% of retail investors would prefer to receive ETF Facts prior to purchase.
- Overall only 5% did not want ETF Facts.

	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Before you purchase the ETF	87	83	88
After you purchase the ETF along with your trade confirmation	8	14	7
Don't want ETF Facts	5	4	6

Q15. If you were interested in purchasing an ETF, when would you want to receive ETF Facts?

Overall Evaluation of ETF Facts - 1



- 76% of retail investors rated the ETF Facts as good, very good, or excellent. ETF investors, however, were more pleased [88%] than non-ETF investors [74%].
- Overall, some 17% described the ETF Facts as 'fair' or 'poor'.

	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Excellent	9	15	8
Very good	38	44	37
Good	29	29	29
Fair	16	8	17
Poor	1	3	1
Not sure	7	2	8
Average 5 - 1	3.4	3.6	3.4

Q17. Overall as a brief document to help investors evaluate an ETF, how would you describe ETF Facts?

Overall Evaluation of ETF Facts - 2



- Those who claimed to be most knowledgeable about investments rated the ETF Facts more highly than did those who said they were less knowledgeable [good/very good/ excellent 87% vs. 70%].

Evaluation of ETF Facts By level of knowledge	Very/fairly knowledgeable (285)	Somewhat/ Not at all knowledgeable (248)
Excellent	16	5
Very Good	46	34
Good	25	31
Fair	12	18
Poor	1	2
Not sure	*	11
Average 4 - 1	3.6	3.3

Q17 Overall as a brief document to help investors evaluate an ETF, how would you describe ETF Facts?

Overall Suggestions to Improve ETF Facts - 1



- 81% of investors had nothing further to add to their earlier comments. 6% described ETF Facts as easy to understand or helpful and 6% asked for more information. A small percentage [4%] noted they found it confusing or difficult to understand with 2% commenting on difficult terminology.

%	Retail Investors (533)
Mentions less than 1% not shown	
General suggestions for improvement [net]	6
- Would like more information	3
- Explain benefits	1
- Have a webinar	1
Clear/ easy to understand/ helpful [net]	6
- Good/OK	2
- Clear/ simple	2
- This level of detail is essential/ informative	1
- Have an information night	1
- Looks reasonable/ very well explained	1
Confusing/ Hard to understand/ Simplify [net]	4

Q`16. Thinking about your own needs as an investor, do you have any further comments or suggestions for improving ETF Facts?

Overall Suggestions to Improve ETF Facts - 2



% Mentions less than 1% not shown	Retail Investors (533)
Explain terms/ deliberately obtuse [net]	2
Add specific data or information/ historic performance/ dividends [net]	1
Design/shorten/ more images [net]	1
Miscellaneous [net]	3
Nothing	81

Q16. Thinking about your own needs as an investor, do you have any further comments or suggestions for improving ETF Facts?

6.0 Reactions to Language in the Textbox for a Leveraged ETF



Leveraged ETF Facts: Introductory Paragraph - Snapshot



XYZ S&P/TSX 60 Index Bull 2x ETF

ETF FACTS
June 30, 20XX
XXZ

This exchange traded fund (ETF) is highly speculative. It uses leverage, which magnifies gains and losses. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.

- For the second version of the ETF Facts, the leveraged fund, investors were asked to read only the opening paragraph in the textbox.

- Investors clearly understood this introductory information:
 - 77% understood the fund is very risky.
 - 67% understood that it is a short-term investment.
 - 84% believed the introduction is fair and appropriate while a further 14% believed it is not strong enough.
 - 84% also thought it is useful information to have when deciding whether or not to invest.

Understanding the Introductory Paragraph



- 77% retail investors understood that the leveraged ETF is very risky. ETF investors were marginally more aware that this statement is true [81% vs.76%].
- A smaller proportion, 67% understood that it is not appropriate as a long-term investment.

%	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
This ETF is very risky			
True	77	81	76
False	10	14	9
Don't know	13	5	15
This ETF is appropriate as a long-term investment			
True	22	27	22
False	67	67	67
Don't know	11	6	11

Q18. Which of the following statements are true? Which are false?

Reactions to the Introductory Paragraph - 1



- 84% of retail investors including 90% of ETF investors described the introductory paragraph as useful to them in deciding whether or not to invest in this ETF.
- Some 84% of investors, regardless of segment, believed the paragraph is appropriate and fair with a further 14% who thought it is not a strong enough warning.

	Retail Investors (533)	ETF Investors (348)	Non-ETF Investors (185)
Yes, useful in deciding whether to invest. (Q19)	84	90	83
- Appropriate and fair (Q20)	84	86	83
- Exaggerated and unfair	3	4	2
- Not strong enough	14	10	14

Q19. If you were interested in this ETF, would the information in the blue box be useful to you in deciding whether to invest?

Q20. How would you rate the information in the blue box for the average investor?

Reactions to the Introductory Paragraph - 2



- Regardless of professed level of investment knowledge, 84% of all investors agree that the introductory paragraph is useful to them in deciding whether to invest in this ETF or not.
- However, those less knowledgeable are more likely to comment that the paragraph is not strong enough [17% vs. 7%].

% Attitudes By Level of Knowledge	Very/fairly Knowledgeable (285)	Somewhat/ Not very Knowledgeable (248)
Yes, useful in deciding whether to invest. (Q19)	84	84
- Appropriate and fair (Q20)	88	81
- Exaggerated and unfair	5	1
- Not strong enough	7	17

Q19. If you were interested in this ETF, would the information in the blue box be useful to you in deciding whether to invest?

Q20. How would you rate the information in the blue box for the average investor?

Appendix



ETF Facts [English]



XYZ S&P/TSX 60 Index ETF

ETF FACTS

June 30, 200X
XYZ

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Quick facts

Date ETF started	March 31, 200X
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly
Dividend Reinvestment Plan (DRIP)	Yes

Trading Information

ticker symbol	XYZ
CUSIP	54301E000
Exchange	TSX
Currency	Canadian dollars
Average daily volume	300,000 units
Total value on June 1, 200X	\$120.10 million

What does the ETF invest in?

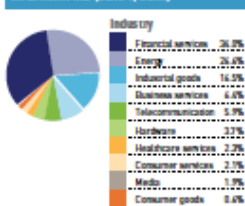
This ETF aims to track the performance of the S&P/TSX 60 Index (the Index) as closely as possible before the ETF's expenses are deducted. It invests in the same securities and in the same proportions as the Index. The Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, as determined by S&P.

The charts below give you a snapshot of the ETF's investments on June 1, 200X. The ETF's investments will change to reflect changes in the Index.

Top 10 investments (June 1, 200X)

1. Royal Bank of Canada	7.0%
2. Toronto-Dominion Bank	5.1%
3. Canadian National Resources	3.0%
4. The Bank of Nova Scotia	1.7%
5. Suncor Energy Inc.	2.2%
6. Scotiabank Inc.	2.1%
7. Canadian Imperial Bank of Commerce	2.1%
8. Manulife Financial Corporation	2.7%
9. Canadian National Railway Company	1.9%
10. Canadian National Banking Company	1.9%
Total percentage of top 10 investments	42.8%
Total number of investments	60

Investment mix (June 1, 200X)



How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility". In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

XYZ ETFs has rated the volatility of this ETF as **medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

No guarantees

ETFs do not have any guarantees. You may not get back the amount of money you invest.



XYZ S&P/TSX 60 Index ETF

How has the ETF performed?

This section tells you how units of the ETF have performed over the past 10 years. These returns have been calculated using the ETF's net asset value (NAV). This is the value of the ETF calculated after the close of each trading day.

Returns are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the Index.

Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 5 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for units of the ETF in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best return	20.4%	Apr. 30, 200X	Your investment would rise to \$1,204.
Worst return	-24.7%	Nov. 30, 200X	Your investment would drop to \$753.

Average returns

The annual compounded return of the ETF was 6.8% over the past 10 years. A \$1,000 investment in the ETF 10 years ago would now be worth \$1,930.

Who is this ETF for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

⚠ Don't buy this ETF if you need a steady source of income from your investment.

A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

Trading ETFs

ETFs trade on stock exchanges. An ETF's trading or market price will change throughout the trading day.

Here are some other things to know before you buy or sell an ETF:

- **Bid-ask spread** — the difference between the highest price a buyer is willing to pay (bid) and the lowest price a seller is willing to accept (ask).
- **Volume** — the total number of units traded each day.
- **Liquidity** — how quickly and easily you can sell your investment. In general, the higher the volume and the smaller the bid-ask spread, the more liquid the ETF.
- **Premium and discount** — the difference between an ETF's market price and NAV. During the trading day, an ETF's market price may be higher than its NAV (premium) or lower than its NAV (discount). If you buy an ETF at a premium, you may be paying more than what its investments are worth.
- **Brokerage commission** — you may have to pay a commission when you buy and sell an ETF. See "How much does it cost?" for details.

ETF Facts [English] cont'd



XYZ S&P/TSX 60 Index ETF

How much does it cost?

The following tables show the fees and expense you could pay to buy, own and sell units of the ETF. Fees and expenses – including any trailing commissions – can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be available for you at a lower cost.

1. Brokerage commissions

You may have to pay a commission when you buy and sell units of the ETF. If you hold your units in a fee-based account, any trading costs are generally included in the fee you pay.

2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 2006, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

	Annual rate (as a % of the ETF's value)
Management expense ratio (MER) This is the total of the ETF's management fee and operating expenses.	
XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.20%
Trading expense ratio (TER) These are the ETF's trading costs.	0.01%
ETF expenses	0.21%

Trailing commission

This ETF doesn't have a trailing commission.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact XYZ ETFs or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

XYZ ETFs
656 Avenue/Allocation St.
Toronto, ON M5A 2E3

Phone: 416.555.5555
Toll-free: 1.800.555.5554
Email: investing@xyzetfs.com
Web: www.xyzetfs.com

ETF Facts [French]



FNB XYZ fondé sur l'indice S&P/TSX 60

APERÇU DU FNB
au 30 juin 2007
XYZ

Ce document contient des renseignements essentiels sur le FNB XYZ fondé sur l'indice S&P/TSX 60. Vous trouverez plus de détails dans le prospectus de ce fonds négocié en bourse (FNB). Pour en obtenir un exemplaire, communiquez avec votre représentant ou avec Les FNB XYZ au 1 800 555-5555 ou à l'adresse placement@fxyz.com, ou visitez le www.fxyz.com.

Avant d'investir dans un FNB, vous devriez évaluer s'il accorde avec vos autres investissements et respecte votre tolérance au risque.

Bref aperçu

Date de création du FNB : 31 mars 2006
Ratio des frais de gestion (FRG) : 0,20 %
Questionnaire du fonds : Les FNB XYZ
Questionnaire de portefeuille : Gestion de capitaux fixe
Distributions : Trimestrielles
Plan de réinvestissement des dividendes : Oui
Information sur les opérations :
Symbole boursier : XYZ
CUSIP : 542010000
Bourse : Bourse de Toronto (TSX)
Monnaie : Dollars canadiens
Volume quotidien moyen : 308 000 parts
Valeur totale au 1^{er} juin 2007 : 220,15 millions de dollars

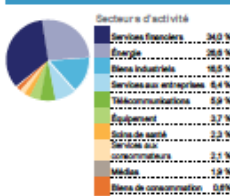
Dans quel le FNB investit-il?

Le FNB vise à reproduire le plus fidèlement possible le rendement de l'indice S&P/TSX 60 (l'« indice ») avant déduction des frais. Il investit dans les mêmes titres et dans les mêmes proportions que l'indice. L'indice est composé des titres des 60 sociétés les plus importantes (en capitalisation boursière) et les plus liquides inscrites à la cote de la TSX, selon S&P.
Les graphiques ci-dessous donnent un aperçu des placements du FNB au 1^{er} juin 2007. Ces placements changeront en fonction des modifications apportées à l'indice.

Dix principaux placements (au 1^{er} juin 2007)

1. Banque Royale du Canada 7,5 %
2. Banque Toronto-Dominion 7,1 %
3. Canadian National Resources 6,8 %
4. La Banque de Nouvelle-Écosse 6,1 %
5. Energie Canada Inc. 5,7 %
6. Sunor Energie Inc. 5,2 %
7. Bombardier Inc. 5,1 %
8. Banque Canadienne Impériale de Commerce 4,8 %
9. Financière Manulife 4,7 %
10. Compagnie des chemins de fer nationaux du Canada 4,6 %

Répartition des placements (au 1^{er} juin 2007)



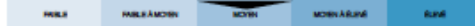
Quels sont les risques associés à ce FNB?

La valeur du FNB peut augmenter ou diminuer. Vous pourriez perdre de l'argent.

Une façon d'évaluer les risques associés à un fonds est de regarder les variations de son rendement, ce qu'on appelle la « volatilité ». En général, le rendement des FNB très volatils varie beaucoup. Ces FNB peuvent perdre de l'argent mais aussi avoir un rendement élevé. Le rendement des FNB peu volatils varie moins et est généralement plus faible. Ces FNB risquent moins de perdre de l'argent.

Niveau de risque

Les FNB XYZ estiment que la volatilité de ce FNB est moyenne. Ce niveau est établi d'après la variation du rendement du FNB d'une année à l'autre. Il indique pas la volatilité future du FNB et peut changer avec le temps. Un fond dont le niveau de risque est faible peut quand même perdre de l'argent.



Pour en savoir davantage sur le niveau de risque et les facteurs de risque qui peuvent influer sur le rendement du FNB, consultez le rubrique Risques dans le prospectus du FNB.

Aucune garantie

Ce FNB n'offre aucune garantie. Vous pourriez ne pas récupérer le montant investi.



FNB XYZ fondé sur l'indice S&P/TSX 60

Quel a été le rendement du FNB?

Cette section vous indique le rendement annuel des parts du FNB au cours des 10 dernières années. Les rendements ont été calculés en fonction de la valeur liquidative du FNB. Il s'agit de la valeur du FNB calculé après la clôture de chaque jour de bourse.

Les frais du FNB ont été déduits du rendement exprimé. Les frais réduisent le rendement du FNB. Il est donc possible que les rendements du FNB ne correspondent pas à ceux de l'indice.

Rendements annuels

Ce graphique indique le rendement des parts du FNB chacune des 10 dernières années. La valeur du FNB a diminué pendant trois de ces années.

Les rendements indiqués et leur variation annuelle peuvent vous aider à évaluer les risques antérieurs associés à ce FNB, mais ils ne vous indiquent pas quel sera son rendement futur.



Meilleur et pire rendement sur trois mois

Ce tableau indique le meilleur et le pire rendement des parts du FNB sur trois mois au cours des 10 dernières années. Ces rendements pourraient augmenter ou diminuer. Tenez compte de la perte que vous seriez en mesure d'assumer sur une courte période.

	Rendement	3 ^{ème} trimestre	Si vous aviez investi 1 000 \$ dans le FNB au 30/09/2006 et que cette période
Meilleur rendement	32,6 %	30 avril 2006	Votre placement augmenterait à 1 326 \$.
Pire rendement	-34,7 %	30 nov. 2006	Votre placement chuterait à 70 \$.

Rendement moyen

Au cours des 10 dernières années, les parts du FNB ont généré un rendement annuel composé de 6,6 %, ce qui signifie que si vous aviez investi 1 000 \$ dans le FNB il y a 10 ans, votre placement vaudrait aujourd'hui 1 666 \$.

À qui le FNB est-il destiné?

Aux investisseurs qui :

- recherchent un placement à long terme;
- désirent investir dans une large éventail d'entreprises canadiennes;
- peuvent supporter les hauts et les bas du marché boursier.

ⓘ N'investissez pas dans ce FNB si vous avez besoin d'une source de revenu régulier.

Un mot sur la fiscalité

En général, vous devez payer de l'impôt sur l'argent que vous rapporte un FNB. Le montant à payer varie en fonction des lois fiscales de votre lieu de résidence et selon que vous détenez ou non le FNB dans un régime enregistré, comme un régime enregistré d'épargne-retraite ou un compte d'épargne libre d'impôt.

Rappelez-vous que si vous détenez votre FNB dans un compte non enregistré, les distributions du FNB s'ajoutent à votre revenu imposable, qu'elles soient versées en argent ou réinvesties.

Négociation des FNB

Les FNB se négocient sur les bourses de valeurs. Le prix ou le cours des parts d'un FNB varient tout au long du jour de bourse.

Voici quelques éléments que vous devriez savoir avant d'acheter ou de vendre un FNB.

- **Écart acheteur-vendeur** — la différence entre le cours le plus élevé qu'un acheteur accepte de payer (cours acheteur) et le cours le plus bas auquel le vendeur accepte de vendre (cours vendeur).
- **Volume** — le nombre total de parts négociées chaque jour.
- **Liquidité** — la rapidité et la facilité avec laquelle vous pouvez vendre votre placement. En général, plus le volume est élevé et l'écart acheteur-vendeur petit, plus le FNB est liquide.
- **Prime et escompte** — la différence entre le cours d'une part d'un FNB et la valeur liquidative. Pendant le jour de bourse, le cours d'une part d'un FNB peut être plus élevé que sa valeur liquidative (prime) ou plus bas (escompte). Si vous achetez une part à prime, vous risquez de la payer plus cher qu'elle ne vaut.
- **Courtages** — il se pourrait que vous ayez à payer une commission lorsque vous achetez ou vendez un FNB. Pour en savoir davantage, consultez la rubrique Combien cela coûte-t-il?



FNB XYZ fondé sur l'indice S&P/TSX 80

Combien cela coûte-t-il?

Les tableaux qui suivent présentent les frais que vous pourriez avoir à payer pour acheter, posséder et vendre des parts du FNB. Les frais (y compris les commissions de suivi) peuvent varier d'un FNB à l'autre.

Des commissions élevées peuvent inciter les représentants à recommander un placement plutôt qu'un autre. Informez-vous sur les FNB et les placements plus économiques qui pourraient vous convenir.

1. Courtages

Il se pourrait que vous ayez à payer une commission lorsque vous achetez ou vendez des parts du FNB. Si vous détenez un compte tarifié, les frais de transactions sont généralement inclus dans les frais que vous payez déjà.

2. Frais du FNB

Vous ne payez pas ces frais directement. Ils ont cependant des conséquences pour vous, car ils réduisent le rendement du FNB.

Au 31 mars 2006, les frais du FNB s'élevaient à 0,21 % de sa valeur, ce qui correspond à 2,10 \$ sur chaque tranche de 1 000 \$ investie.

Taux annuel
(en % de la valeur du FNB)

Ratio des frais de gestion (RFG)

Il s'agit du total des frais de gestion et des frais d'exploitation du FNB.

Les FNB XYZ ont renoncé à certains frais. Dans le cas contraire, le RFG aurait été plus élevé. 0,20 %

Ratio des frais d'opérations (RFO)

Il s'agit des frais de transactions du FNB. 0,01 %

Frais du FNB 0,21 %

Commission de suivi

Ce FNB ne facture pas de commission de suivi.

Et si je change d'idée?

En vertu des lois sur les valeurs mobilières de certaines provinces et certains territoires, vous avez le droit d'annuler votre souscription ou acquisition dans les 48 heures suivant la réception de sa confirmation.

Dans certaines provinces et certains territoires, vous avez également le droit de demander la nullité d'une souscription ou d'une acquisition ou de poursuivre en dommages-intérêts si le prospectus, l'aperçu du FNB ou les états financiers contiennent de l'information fautive ou trompeuse. Vous devez agir dans les délais prescrits par la loi sur les valeurs mobilières de votre province ou territoire.

Pour de plus amples renseignements, reportez-vous à la loi sur les valeurs mobilières de votre province ou territoire, ou consultez un avocat.

Renseignements

Pour obtenir un exemplaire du prospectus et d'autres documents d'information du FNB, communiquez avec Les FNB XYZ ou votre représentant. Ces documents et l'aperçu du FNB constituent les documents légaux du FNB.

Les FNB XYZ
486, rue Ripartition d'actif
Montréal (Québec) H1A 2B3

Téléphone : 514 555 5555
Sans frais : 1 800 555 5555
Courriel : placement@fnbxyz.com
Site Web : www.fnbxyz.com

ETF Facts Interview Guide

1. Introduction to Research [2 minutes]

- Role of interviewer
- Facilities – audio/videotaping, one-way mirror, confidentiality
- Purpose of Research: The Canadian Securities Administrators in conjunction with the Ontario Securities Commission are working to improve sale disclosure practices for Canadian investors. They want to make sure that Canadian investors receive the information they need to make a decision when choosing investments and that that information is provided in a way that is easy to understand and use.
- I want to examine with you a summary disclosure document they are developing to describe Exchange-Traded Funds or ETFs. This document is being called ETF Facts. I am not testing you in any way. Together we are testing the document to make sure that it is clear and meaningful to you and fairly easy to understand. I also want to know whether you would actually use it or not, and, if so, how. Your feedback will be used to consider possible changes to the ETF Facts document.

2. Background of investor [5 minutes]

- Just to understand your background a bit, what types of investments do you have?
PROBE: GICs, Mutual Funds in an RSP, outside an RSP, equities, bonds, ETFs, anything else
- IF HOLD ETF:
 - How long have you had an ETF?
 - What kind is it? [Index, commodity, Bond, Equity, Industry, etc.]
 - Why did you decide to get an ETF?
 - Can you describe the process? [institution used, Role of FA, materials used, other resources including online]
 - IF RELY ON FA, what questions did you ask?
 - IF OWN RESEARCH, what specific information did you look for to make your ETF purchase decision?
 - Did you feel you had all the information you needed to make a good decision when you purchased your ETF? IF NO: What was missing?
- IF NO ETF:
 - Before today had you heard about Exchange-Traded Funds?
 - IF YES, HEARD OF: Where did you hear about it? How would you describe an ETF?

- Is it something you would consider as an investment? Why or why not?

IF NO, NOT HEARD:

- Our document tonight describes an ETF. I'm very interested to see how much you learn about ETFs from the document.
- What have you learned so far from the few minutes you had with the document before our interview? What else?

3. Initial Reactions to ETF Facts [3 minutes]

EXPLAIN: THIS IS A FACT SHEET FOR INVESTORS TO SEE WHEN THEY INVEST IN AN EXCHANGE-TRADED FUND. IMAGINE YOU ARE THAT INVESTOR AND THIS IS PART OF THE INFORMATION YOU ARE GIVEN ABOUT THE EXCHANGE-TRADED FUND.

SHOW ETF FACTS BRIEFLY.

- Initial impressions
- What stands out to you?
- Reactions to titles, font size, layout, length
- What information would you expect to find here?
- How likely to read this? Why or why not? PROBE FULLY.

4. Detailed Reactions to ETF Facts

PAGE 1 – 15 minutes

LET'S IMAGINE YOU ARE SITTING AT HOME AND HAVE RECEIVED THIS FROM YOUR FINANCIAL ADVISOR.

Masthead/ Quick Facts / Trading information/What does the ETF invest in?

PLEASE TAKE A MOMENT TO REVIEW PAGE 1 UP TO 'HOW RISKY IS IT?'

- What did you find useful here? What else?

Let's go through it in detail.

- Based on the title what would you expect this document to be? Explain XYZ.
- Did you read the green area? IF NO, why not? What does it tell you? Useful? Location?
- Did you see 'Before you invest....' What is it asking you to do?

Quick Facts (Quick Scan – no new elements)

- Did you read Quick Facts? IF NO, Why not?
- Are there any terms here you are not familiar with? Check MER, DRIP,
- Is this information useful to you? Anything missing?

Trading information – Verbal Protocol

- Would you read Trading information or not? IF NO, Why not?
- Let's go through it.... Check ticker symbol, CUSIP, average daily volume, Total value on June....., other issues
- Is this information useful to you? Anything missing?

What does the ETF invest in? SCAN

TAKE ANOTHER MOMENT AND LOOK AT THIS SECTION

- Can you explain in your own words what this ETF invests in?
- Do the table and graph help you understand what it invests in?
- Do you understand what this ETF does?

- Is this information useful? Anything missing? Do you need more of an explanation?
- Do you understand the difference between a passive index-based fund and an actively managed fund? What type of fund do you think is described in this ETF Facts? Why?

How risky is it? SCAN

- Does this section help you understand the risk of the ETF?
- Can you explain in your own words what the first sentence means? What is 'volatility'? What is higher volatility? What is it associated with?
- Can you explain the relationship between risk and return in your own words?
- Why is it important for you to understand the risk of the ETF?

- What is the risk rating of this ETF? How helpful is the graph?
- The first bolded sentence of the ETF Facts document urged you to consider your tolerance for risk and how this ETF would work with other investments you may hold. Does this give you enough information to do this?
- If you wanted to know more about the risk of this ETF what could you do? What is a prospectus?
- Do you find this section useful?
- Anything you would do to improve this section?

OVERVIEW OF PAGE 1

- Look back over Page 1. Overall how helpful or not is this page to you in making a decision?
- What section is most interesting to you? Why?
- Do you understand the relationship between risk and losses?

- Is there anything you would change in Page 1? Drop or add?

PAGE 2 – 12 minutes

How has the ETF performed? - VERBAL PROTOCOL

- What does NAV stand for?
- Why may the returns not match the Index?

CHART: YEAR-BY-YEAR RETURNS:

- What does the chart show you about the ETF?
- Overall how would you say this ETF has performed?
- Is MEDIUM risk a reasonable description?
- Do you get the ink difference between risk performances?

Table: BEST AND WORST 3-MONTH RETURNS Scan

- What does this table show you?
- How much did this investor put in?
- What is the most he or she lost in a 3-month period? Gained?
- How much will the investor lose in the future?

AVERAGE RETURN Scan

- What does this paragraph tell you? Meaning of 'annual compounded return'

- How useful is this section to you in deciding whether or not to buy this fund? Please explain. Would you use this information?

Who is this ETF for? Scan

- Can you describe the person this ETF is most suitable for?
- Does this info help you in determining whether to buy this ETF?

A word about tax - SCAN

- Anything here you do not understand?

Trading ETFs – VERBAL PROTOCOL

- Do you know these terms? Why are they important to know?
- How would you use this information?
- If you wanted more information what would you do?
- Any explanations you think should be improved?

- How does market price differ from Net Asset Value discussed in the "How has this ETF performed?" section? At what price do you buy and sell ETFs? Market price or NAV?

OVERVIEW OF PAGE 2

- Looking at this page, what did you learn?
- How useful is the information on this page? How helpful is it to your decision making?
- Would drop anything?
- Change the location of anything? Does the information help you to make an investment decision?
- When you think about the performance of your ETF is this the kind of information you want and need?
- Anything you would change, drop or add? Improvements?
- Anything here you would not read?

PAGE 3 – 8 minutes

How much does it cost? VERBAL PROTOCOL

- ¶1 Are there any fees or expenses not dealt with in this section?
- ¶2 'Higher commissions...' Can you explain this paragraph to me? Any action you should take?

Brokerage commissions

- Do you understand what brokerage commissions are?
- Who pays them? When?
- ETF expenses - SCAN

TABLE

PLEASE SCAN THE TABLE.

- Any questions here?
- What is a 'trailing commission'?

What if I change my mind? SCAN

- Awareness?

For more information - SCAN

- Sufficient contact information?

OVERVIEW OF PAGE 3

- Thinking about the whole of Page 3, any overall comments?

- Do you now understand what you would pay if you took this investment? What does this ETF cost?
- What suggestions do you have to improve this page or make it easier to understand?

5. Review of Document – 7 minutes

TAKE A MOMENT AND LOOK BACK OVER THE ETF FACTS DOCUMENT.

- Assuming you are considering investing in an ETF and this document was available to you, in truth, how likely would you be to read it? Carefully? Scan it? Or not read it at all?
- **As an investor how useful is it to you in making your decision about investing in this ETF? What in the document matters most to you for this decision?**
- Would you be more comfortable investing in this ETF with ETF Facts or without it or does it make no difference?
- Would you seek out this document before investing?
 - What do you like about it?
 - What do you dislike about it?
 - What about the order – any changes there?
 - Length of the document? Maximum length is 2 pages double sided. Is that a good length?
 - If too long what sections would you drop to cut the length?
- **What would you think of an FA who gave you this document?**
- If using this document, what do you see as the ideal process? When receive – do you want it before you make your decision, at the time of making the decision or to review after making the decision?
- Desired role of FA with respect to ETF Facts document, amount of discussion about it?
- Would it be helpful, if you were trying to choose among several ETFs at the same time? Would you find it helpful to compare the ETF Facts for each ETF side-by-side?

6. Leveraged ETF – 4 minutes

I want to take just a moment to look at an ETF Facts document for a different ETF fund just to see if it is clear. **HAND ONE PAGE.**

PLEASE READ THE TEXT HIGHLIGHTED IN GREEN.

- Can you explain in your own words what this text is telling the reader?
- What does 'speculative' mean? Leverage? 'Compounded'?
- What kind of ETF is this? Given more information could it be for you? Why or why not?

TAKE A MOMENT TO LOOK AT THE PARAGRAPH 'WHAT DOES THE ETF INVEST IN?'

- Look at the last sentence. Do you know what 'derivatives', 'options', 'futures' 'swaps' are? CHECK BRIEFLY. How do these derivatives work to double the daily exposure of this ETF?
- Is this material useful to you? Do you need more information? What do you need?

7. Conclusion – 3 minutes

- Thinking again about our original document, what other comments or suggestions would you like to make?
- IF NON-ETF INVESTOR: Now that you have seen this document how do you feel about ETFs? Do you understand what they are? Do you still have questions about them?

Quantitative Questionnaire

[Online screens not shown]



SCREENER

We would like to invite you to participate in a survey sponsored by the Canadian Securities Administrators (CSA). The CSA wants your opinion about a document they have developed called ETF Facts. It is intended to provide Canadian investors with information they should consider before deciding whether or not to invest in a specific exchange traded fund or ETF. The CSA wants to know if ETF Facts is useful in assisting investors in making investment decisions and whether it is easy to understand.

You do not need any specialized financial information to answer this survey. WE ARE TESTING THE DOCUMENT; WE ARE NOT TESTING YOU.

The survey takes no more than 20 minutes and is easy to complete. Our purpose is education and research only; no sale is involved and there will be no follow-up emails or calls.

To begin, please tell us a little about yourself.

A. Are you

Male	1
Female	2

B. In what year were you born? [MUST BE 1996 or earlier]

C. Where do you live?

The Maritimes	1
Quebec	2
Ontario	3
Prairies	4
Alberta	5
BC	6

D1. What industry do you work in?

Agriculture or Fisheries	1
Business services	2
Education	3
Entertainment	4
Financial	5
Government	6
Healthcare	7
Hospitality	8
IT/ technology	9
Legal	10
Manufacturing	11
Mining or Forestry	12
Pipeline	13
Research	14
Retail sales	15
Social services	16
/Counseling/Religion	
Transportation	17
Wholesale	18
Unemployed	19
Retired	20
Homemaker	21
Student	22
Disabled	23

D2. IF FINANCE: Do you yourself sell or advise investors about stocks, bonds, or mutual funds?

Yes	1 TERMINATE
No	2

E. Are you the person in your household who is responsible for or an equal influencer in the purchase of investments?

Yes	1 CONTINUE
NO	2 THANK AND TERMINATE

Questionnaire cont'd



F. Which of the following types of investments do you hold, whether in a registered or non-registered account?

Corporate or provincial bonds	1
Exchange traded fund or ETF	2
GICs	3
Mutual funds	4
Stocks or equities	5
NONE	6 TERMINATE

SECURE 333 ETF INVESTORS; 167 NON-ETF INVESTORS

G. Please list the companies you use to purchase your investments.

H. Do you personally do any online trading?

Yes	1
No	2

[QUESTION SPECIFICALLY FOR 333 ETF INVESTORS ONLY]

I. How did you purchase your ETFs?

Through a financial advisor	1
Online/discount brokerage	2
Both of the above	3

J. What was your personal income in 2013 before taxes?

Less than \$30,000	1
\$30,000 to \$49,999	2
\$50,000 to \$99,999	3
\$100,000 to \$149,000	4
\$150,000 to \$199,000	5
\$200,000 to \$300,000	6 TERMINATE
Over \$300,000	7 TERMINATE

K. Was your household income in 2013 before taxes greater than \$300,000?

No	1
Yes	2 TERMINATE

L. How knowledgeable are you about investing?

Very knowledgeable	4
Fairly knowledgeable	3
Somewhat knowledgeable	2
Not very knowledgeable	1

M. What language do you speak and read most easily?

English	1
French	2
Other WRITE IN	

N. What is your highest level of education?

Primary school or less	1
Some/ completed high school	2
Some college or technical school	3
Completed college or technical school	4
Some university	5
Completed university	6
Some/ Completed post-graduate university	7

MAIN QUESTIONNAIRE

Imagine you are considering investing in an exchange traded fund or ETF.

Let's look at the ETF Facts document.

ETF Facts consists of 3 printed pages. We will show you each page before focusing on a short section from each page.

Here is page 1. PLEASE SCAN IT BRIEFLY, READING THE TITLES OR HEADLINES ONLY. YOU MAY HAVE TO SCROLL DOWN TO SEE THE ENTIRE PAGE.

Questionnaire cont'd



SCREEN B:

What does the ETF invest in?

[SHOW ONLY THIS SECTION. STOP AT 'HOW RISKY IS IT?']

PLEASE READ THIS SCREEN.

1. Which of the following statements are true? Which are false?

	True	False	Don't know
The Index is made up of all the stocks on the Toronto Stock Exchange.			
The fund manager chooses 60 of the stocks he or she personally likes best to make up this ETF.			
The amount of each company invested in this ETF is proportionate to the amount in the Index.			

SCREEN C:

TRADING INFORMATION – SHOW ONLY THIS SECTION.

2. How important is each of the following items in the 'Trading information' section to you in evaluating this ETF?

	Very important	Fairly important	Somewhat important	Not very important	I don't understand this term
Ticker symbol					
CUSIP					
Exchange					
Currency					
Average daily volume					
Total value on June 1, 20XX					

HERE IS THE SECOND PAGE OF ETF FACTS.

PLEASE SCAN TITLES AND HEADLINES ONLY. YOU MAY HAVE TO SCROLL DOWN TO SEE THE ENTIRE PAGE.

SCREEN D: Page 2 – SCAN BRIEFLY.

Screen E: How has the ETF performed?

[SHOW LEFT COLUMN, PAGE 2, SHOW ONLY THIS SECTION. STOP AT BEST AND WORST 3-MONTH RETURNS]

PLEASE READ THIS SCREEN.

3. Which of the following statements are true? Which are false?

	True	False	Don't know
The returns of this ETF are the same as the Index.			
The bar graph tells you how the ETF will perform in the future.			
The returns of this ETF are based on its NAV.			

SCREEN F: Trading ETFs

[SHOW 'TRADING ETFs' SECTION ONLY.]

PLEASE READ THIS SCREEN

4. Which of the following statements are true? Which are false?

	True	False	Don't know
A smaller bid-ask spread means you're more likely to get the price you want.			
An ETF with a smaller bid-ask spread is generally more liquid.			
An ETF with a higher trading volume is generally harder to buy and sell.			
Highly liquid ETFs generally have a lower volume of trading.			
An ETF's NAV is the same as its market price.			
If you buy an ETF at a discount, you may be paying less than its assets are worth.			

5. Do you find the information presented under the Trading ETFs section useful?

All or most of it	
Some of it	
Very little of it	
None of it	

Questionnaire cont'd



6a. **IF ALL, MOST, OR SOME**, what information would you use in making your decision to buy or sell an ETF? Please check all that apply.

Bid-ask spread	<input type="checkbox"/>
Volume	<input type="checkbox"/>
Premium/discount to NAV	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

6b. **IF VERY LITTLE OR NONE**, why was this information not useful to you? Please check all that apply:

Information is too complex	<input type="checkbox"/>
Information is too general	<input type="checkbox"/>
Other PLEASE EXPLAIN BRIEFLY.	<input type="checkbox"/>

7. What, if anything, would you change or add to improve this section on trading ETFs?

Here is the last page of ETF Facts.

SCREEN G: Page 3 - SCAN BRIEFLY; HEADLINES ONLY.

SCREEN H: How much does it cost?

[SHOW ALL OF THIS SECTION, LEFT COLUMN ONLY.]

PLEASE READ THIS SECTION.

8. Which of the following statements are true? Which are false?

	True	False	Don't know
Brokerage commissions may be automatically included in the fees paid for a fee-based account.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You may pay a trailing commission when you buy and sell an ETF.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The trailing commission of this ETF is 0%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Thinking about all of the information in this section, how clearly would you say ETF Facts describes the costs of this ETF?

Very clearly	4
Fairly clearly	3
Not very clearly	2
Not at all clearly	1

10. What, if anything, would you change or add to improve this section on the costs of the ETF?

SCREEN I: THE ETF FACTS DOCUMENT

[SHOW WHOLE DOCUMENT]

ALL OF THE ETF FACTS DOCUMENT IS SHOWN ON THIS SCREEN. YOU HAVE ALREADY SEEN ALL OF THESE PAGES. PLEASE DO NOT READ THEM, BUT SCAN ONLY. THE FINAL QUESTIONS ARE GENERAL.

Questionnaire cont'd



11. An ETF Facts document can be a maximum of 2 pages double-sided. Is this length

Too short	1
About the right length	2
Too long	3

12. Overall, how easy to read is ETF Facts?

Very easy to read	4
Fairly easy to read	3
Not very easy to read	2
Not at all easy to read	1

13. If you were interested in purchasing this ETF, how would you use ETF Facts?

Read ETF Facts completely	1
Read the parts of most interest to you	2
Scan it	3
Not read it at all	4

14. If considering investing in this ETF, which of the following actions would you definitely take? Please check all that apply

Read ETF Facts	1
Read the ETF's prospectus	2
Ask your advisor to explain the ETF to you	3
Research the ETF on the Internet	4
None of the above	5

15. If you were interested in purchasing an ETF, when would you want to receive ETF Facts?

Before you purchase the ETF	1
After you purchase the ETF, along with your trade confirmation	2
Don't want the ETF Facts	3

16. Thinking about your own needs as an investor, do you have any further comments or suggestions for improving ETF Facts?

17. Overall as a brief document to help investors evaluate an ETF, how would you describe ETF Facts?

Excellent	5
Very good	4
Good	3
Fair	2
Poor	1
Not sure	[]

Lastly, here is an ETF Facts for a different type of ETF investment.

SCREEN I
[SHOW LEVERAGED INDEX BULL 2X ETF DOWN TO LEVERAGE WARNING TEXTBOX]

PLEASE READ THE TITLE AND INFORMATION IN THE BLUE BOX.

18. Which statements about this ETF are true? Which are false?

	True	False	Don't know
This ETF is very risky			
This ETF is appropriate as a long-term investment			

19. If you were interested in this ETF, would the information in the blue box be useful to you in deciding whether to invest?

Yes	1
No	2

20. How would you rate the information in the blue box for the average investor?

Exaggerated and unfair	1
Appropriate and fair	2
Not strong enough	3

THANK YOU FOR YOUR OPINIONS.