



Canadian Advisors Remain Bullish on Equities and Commodities

TORONTO – July 11, 2011 - Canadian investment advisors remain bullish on equities and commodities despite poor returns in many of those asset classes last quarter, according to the Q3 Advisor Sentiment Survey (the “**Q3 Survey**”) conducted by Horizons Exchange Traded Funds Inc. (“**Horizons ETFs**”).

The Q3 Survey asked Canadian investment advisors to give their outlook on 17 distinct asset classes. Advisors responded whether they were bullish, bearish or neutral on the anticipated returns for these asset classes over the next quarter.

The second quarter of 2011 was a difficult time to be an investor. Most of the asset classes covered by the sentiment survey delivered negative returns over the course of the quarter. Despite this, Canadian advisors are only slightly less bullish on most of the equity and commodity asset classes they favoured during the last quarter’s survey (the “**Q2 Survey**”) conducted by BetaPro Management Inc.

For example, advisor sentiment on the S&P/TSX 60™ Index was only slightly less bullish at 58% versus the Q2 Survey’s bullish sentiment of 62%, despite a -5.20% return on the quarter. Similarly, advisors have remained bullish on both U.S. large cap equities and emerging market equities. In fact, bullish sentiment on the S&P 500® increased 6 percentage points over the last quarter, despite a slightly negative return on the S&P 500® of 0.88%.

“The results of this survey seem to suggest that Canadian advisors may view the pullback that occurred last quarter as a buying opportunity rather than a warning,” said Howard Atkinson, CEO of Horizons ETFs. *“In fact, oil prices declined much more than stocks last quarter, relatively speaking, but the bullish sentiment of advisors actually increased for crude oil, which again seems to suggest advisors may have a longer term bullish outlook for a number of asset classes.”*

Bullish sentiment on crude oil increased significantly over the last quarter, by 12 percentage points to 53%, despite the fact that crude oil futures saw more than a 11.5% decrease over the quarter. Bullishness on the S&P/TSX Capped Energy™ Index also remained strong at 55%.

The Q3 Survey also saw bullish sentiment increase on gold bullion and gold equities. Bullish sentiment on gold bullion increased 4 percentage points to 57% from the Q2 Survey, as the precious metal was one of the few asset classes that delivered a positive (+5.23%) return during the last quarter. Advisor sentiment was even more bullish on gold equities, which have been drastically outperformed by bullion over the last few months.

“Advisors may feel that gold equities are undervalued versus the physical commodity, considering that their bullish sentiment on S&P/TSX Global Gold™ Index increased from 51% to 60% over the last quarter, despite a negative return of 6.83% last quarter,” Atkinson said.

Advisor sentiment on the value of the CAD dollar versus the USD remains for the most part undecided much like last quarter. Bullishness on the Canadian dollar increased slightly to 40% from the Q2 Survey.

“It appears advisors may view the value of the CAD versus USD as close to a fair value and, in fact, the value of the CAD dollar was essentially flat at +0.02% during the last quarter,” Atkinson said.

In addition, advisors’ sentiment continues to be mixed on the direction of the 30-year U.S. Treasury Bond, which will be impacted by a rise in interest rates, but anticipated rate rises have failed to materialize. There was a sharp increase in the number of advisors who have a neutral view on the direction of the 30-year U.S. Treasury Bond, rising from 37% last quarter to 51% this quarter.

Bullish sentiment on base metal stocks, represented by the S&P/TSX Global Base Metals™ Index, dropped from 51% to 48% this quarter. However, one of the key base metals, copper, continues to be in favour with advisors. Bullish sentiment on copper increased from 50% to 52% over the last quarter, after the industrial metal delivered a slight positive return for the quarter.

“The fortunes of copper are closely tied to China, and with economic growth remaining robust there, speculation continues that copper could continue to see its price rise over the coming quarter,” Mr. Atkinson said.

Sentiment on Canadian junior oil and gas stocks dropped from clearly bullish last quarter at 62%, to mixed this quarter with only 45% of advisors believing the GMP® Junior Oil and Gas Index™ would post a good return over the next quarter. The GMP® Junior Oil and Gas Index™ declined significantly last quarter along with oil prices, losing 10.4%.

Advisors’ predictions on market direction struck out on 12 of the 17 tracked indices last quarter, as most asset classes delivered negative returns. However, many asset class had little movement, with six benchmarks returning between approximately -1% and +1%.

“This is a stark reversal from the previous quarter when they predicted 10 out of the 16 tracked indices correctly,” Mr. Atkinson said. *“Historically, advisors have been accurate most of the time in predicting the direction of asset classes surveyed.”*

About the Sentiment Survey

Horizons Exchange Traded Funds Inc. conducts the only quarterly sentiment survey of Canadian investment advisors. The survey quantitatively measures advisors' quarterly outlook as it relates to key benchmarks covering equities, bonds, currencies and commodities. Full survey results are available at <http://www.horizonsetfs.com/sentimentSurvey.asp>.

About Horizons Exchange Traded Funds Inc. (www.horizonsetfs.com)

Horizons ETFs is an innovative financial services company offering the Horizons ETFs family of ETFs. The Horizons ETFs family includes a broadly diversified range of investment tools with solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. With approximately \$3 billion in assets under management and more than 70 listings on the TSX, the Horizons ETFs family makes up the largest selection of ETFs in Canada. Horizons ETFs is a member of the Jovian Capital Corporation (TSX: JOV) group of companies.

For further information:

Howard Atkinson, Chief Executive Officer, Horizons ETFs
(416) 777-5167, hatkinson@horizonsetfs.com