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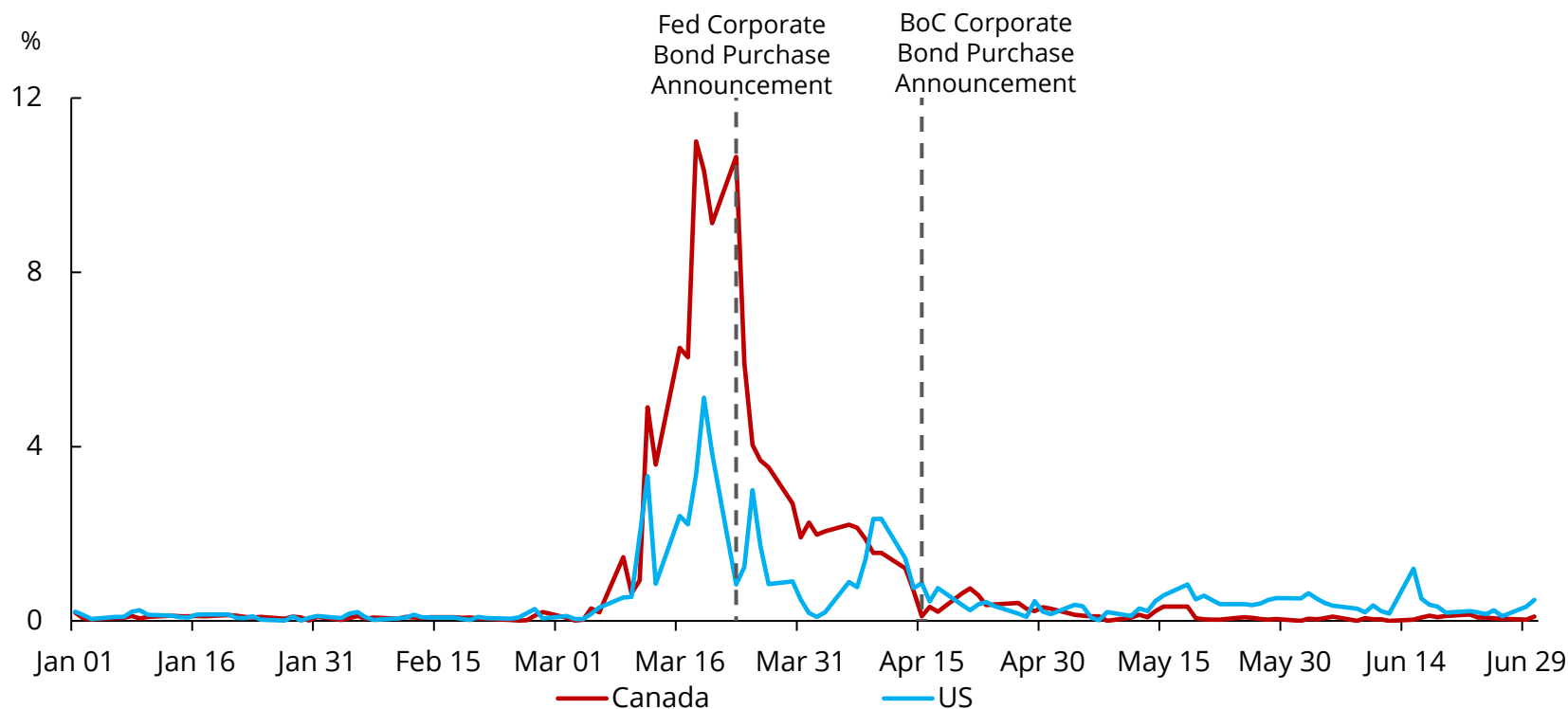
Bond ETFs during March 2020

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Corporate bond ETF Price-to-NAV deviations spiked in March 2020

Chart 1: Magnitudes of corporate bond ETF Price-to-NAV deviations over 2020H1



Note: ETF Price-to-NAV deviations are the absolute value of the difference between the ETF price and its NAV over the NAV. Deviations reflect averages of the top corporate bond ETFs in Canada and US, weighted by their size.

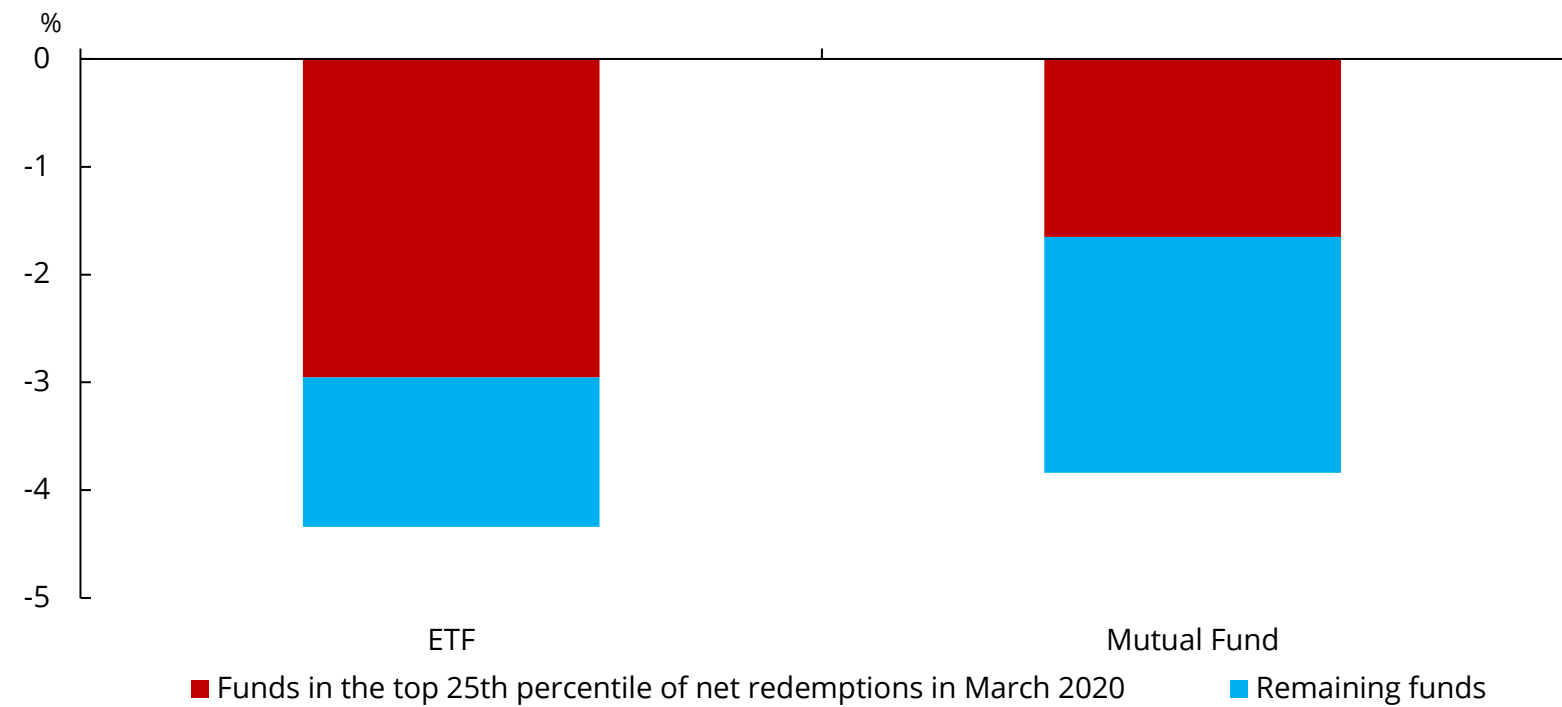
Source: Bloomberg and Bank of Canada calculations

Last observation date: June 30, 2020



Similar share of NAVs redeemed across bond mutual funds and ETFs in March 2020

Chart 2: Investor flows over March 2020



Note: Sample includes bond mutual funds and bond ETFs. Monthly investor flows for a fund is it's share creations minus redemptions within the month as a share of the previous month's NAV.

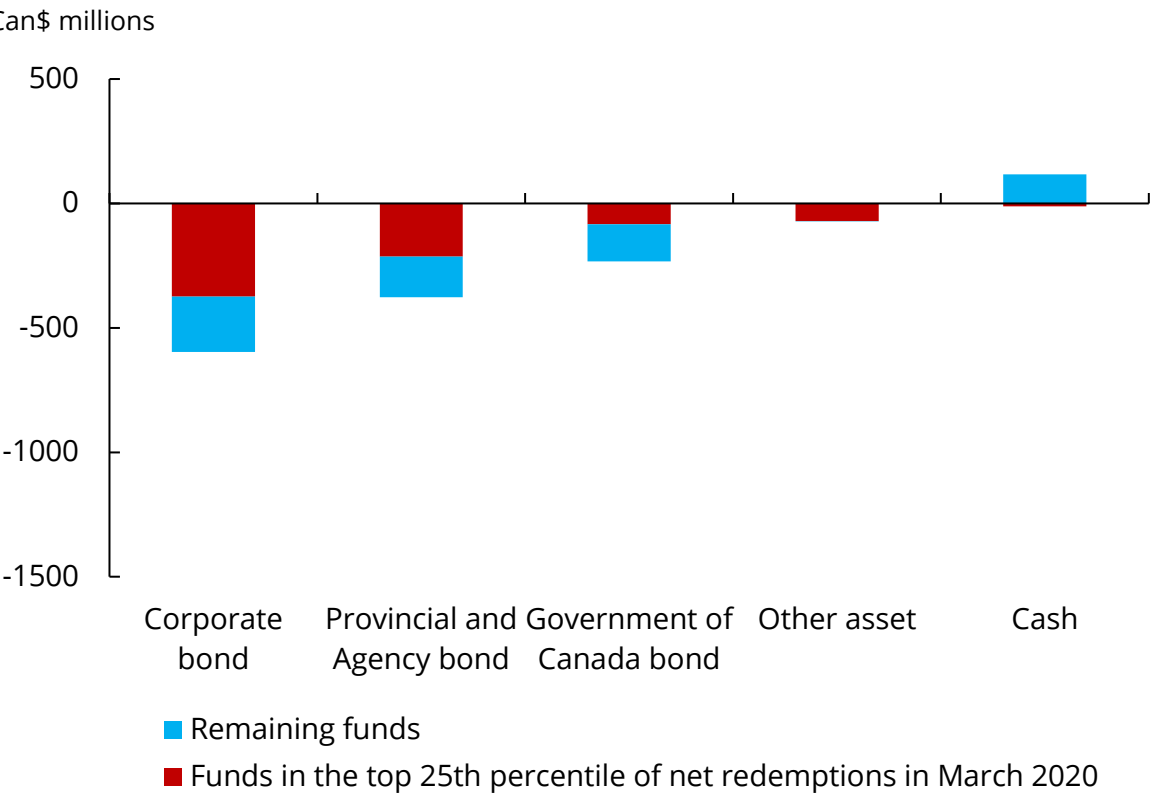
Source: LSEG Refinitiv Lipper, Bank of Canada calculations

Last observation date: March 2020



Bond ETF and mutual funds rebalanced differently in March 2020

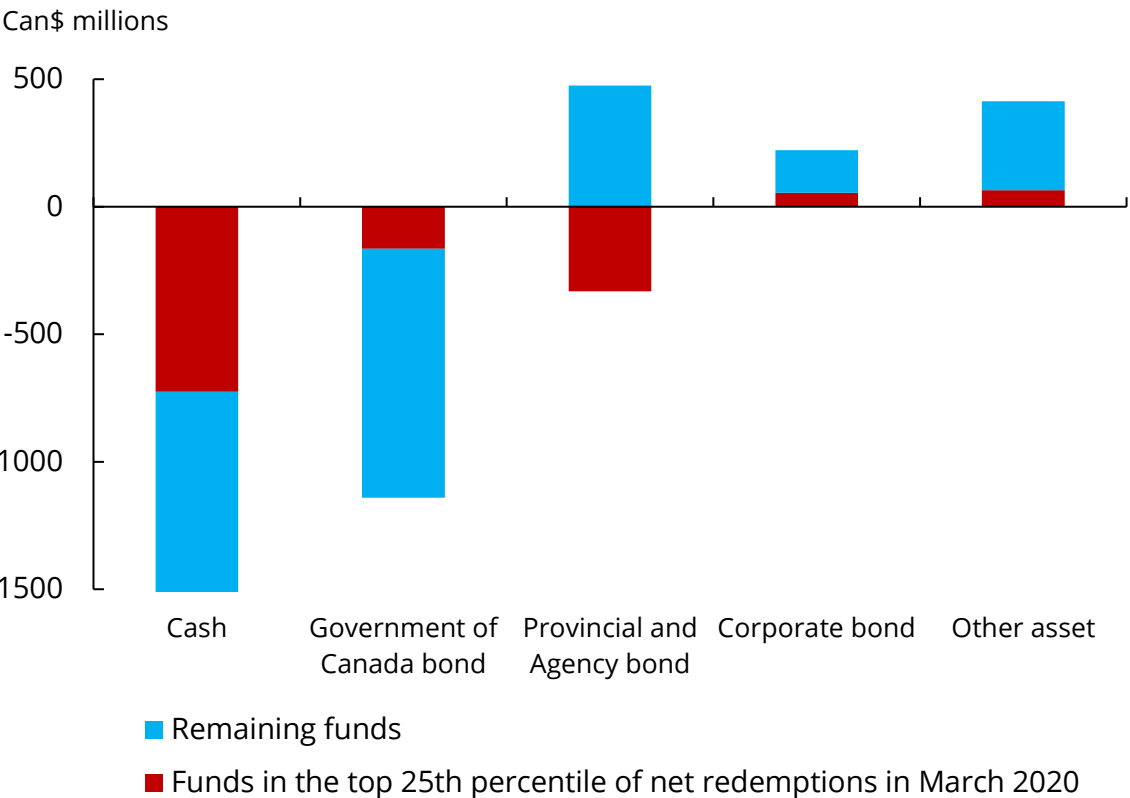
Chart 3: Change in assets over March 2020 for bond ETFs



Source: LSEG Refinitiv Lipper, Bank of Canada calculations

Last observation date: March 2020

Chart 4: Change in assets over March 2020 for bond mutual funds



Source: LSEG Refinitiv Lipper, Bank of Canada calculations

Last observation date: March 2020

Discussion questions

1. What are the sources of ETF Price-to-NAV deviations during normal and crisis times and how should the industry and policymakers interpret these deviations?
2. With growing institutional ownership of ETFs, what implications might this have on ETF behaviour and broader market functioning in future periods of stress?

