BMO ETFs: Trading Tips

When trading ETFs its important to be aware of market conditions and underlying exposures that could impact your trading activity. Remember to consider these tips when buying and selling ETFs.

Avoid Trading on the Open & Close of the Market

As the market price of an ETF is a reflection of the underlying portfolio's value, minimize trading in the first 10 minutes of the day. This allows enough time for the underlying portfolio to start trading. Similarly, minimize trading the last 10 minutes to close, as underlying portfolio movement can be volatile at the end of the day.

Always Use Limit Orders

As with trading equity securities, many order types are available for use. The entry or exit trading price will impact the trade's overall profitability. As the underlying market levels continue to move while a trade is being placed, a limit order can ensure a desired price on the trade. It's important to note that if the market moves away from a limit, an order may not get filled so consider revisiting your limit price.

Trade When the Underlying Market is Open

The underwriter will be able to keep a tighter spread when the underlying portfolio is trading, as the ETF's price can be precisely calculated. When the underlying market is closed, the underwriter will have to model the price, and will therefore set a slightly wider spread to reflect their increased risk on the trade. Where possible, for international ETFs, trade when the underlying market is open and keep in mind Canadian holidays differ from other countries.

Awareness of Market Volatility

During times of high market volatility bid/ask spreads can widen and change very quickly. It is important to always use limit orders to ensure you get the best price.

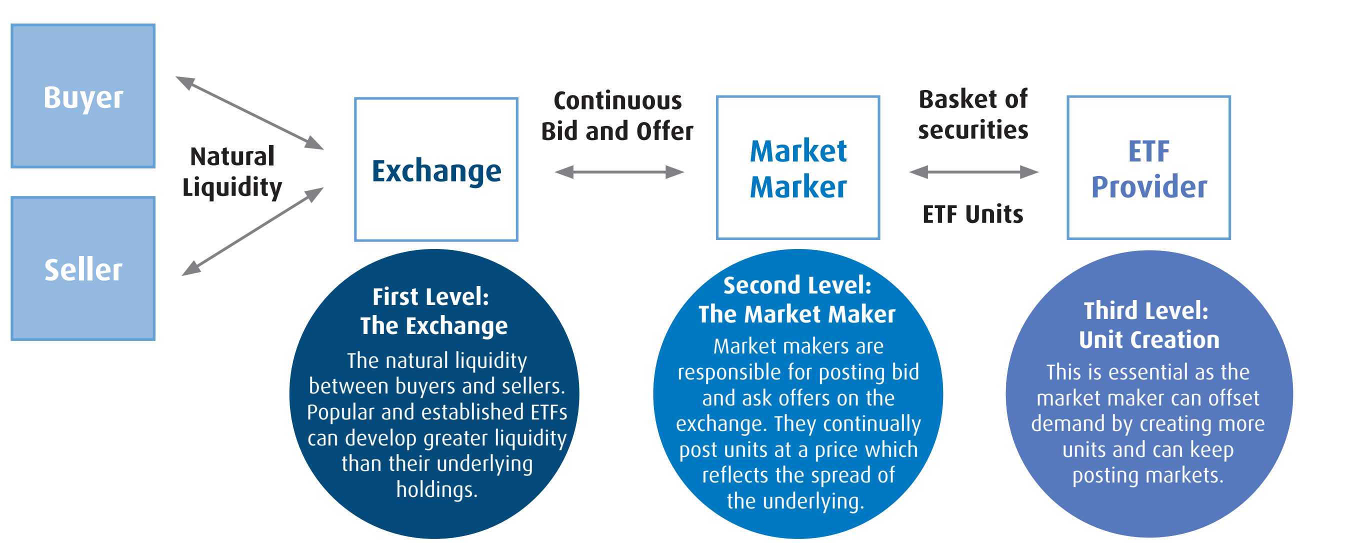
For more information or questions please contact your ETF Specialist.

Liquidity of ETFs

The liquidity of an individual security is directly related to the traded volume of that security, the same correlation however does not apply to ETFs.

Instead, the liquidity of an ETF is best measured by the underlying securities which it holds. If the individual securities that compose the ETF have a high traded volume, and are therefore very liquid, then the ETF that holds them will have the same degree of liquidity. Similarly, if the underlying securities of the ETF have a low traded volume, or are illiquid, the ETF will have a low degree of liquidity as well. BMO ETFs have been constructed to have liquid portfolios by establishing traded volume requirements for each security held within the portfolios.

Understanding ETF Liquidity



BMO Global Asset Management

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Commissions, management fees and expenses (if any) all may be associated with investments in exchange traded funds. Please read the ETF Facts or prospectus before investing. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

For a summary of the risks of an investment in the BMO ETFs, please see the specific risks set out in the prospectus. BMO ETFs and ETF series trade like stocks, fluctuate in market value and may trade at a discount to their net asset value, which may increase the risk of loss. Distributions are not guaranteed and are subject to change and/or elimination.

BMO ETFs are managed by BMO Asset Management Inc., which is an investment fund manager and a portfolio manager, and a separate legal entity from Bank of Montreal.