William Blair

Investment Management
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Getting the Most from ETF Trading

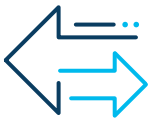
Successful exchange-traded fund (ETF) investing is about more than choosing the right fund; thoughtful trading practices can help improve execution and potentially reduce trading costs. Consider these tips when buying or selling ETF shares.

Avoid Trading Near the Market Open and Close

The first minutes of the trading day can be volatile as markets absorb overnight news and underlying securities establish opening prices. Similarly, trading activity often increases near the end of the trading day as investors, institutions, and index funds rebalance positions. When possible, consider avoiding trading 15 to 30 minutes after market open or before market close.

Use Limit Orders

A market order executes at the best available price but does not guarantee a specific price. A limit order allows investors to set the maximum purchase price or minimum sale price they are willing to accept. Consider using limit orders, particularly for larger trades or less frequently traded ETFs.



Focus on Bid-Ask Spreads

The bid-ask spread is the difference between the highest price a buyer is willing to pay and the lowest price a seller is willing to accept. Narrower spreads generally indicate lower transaction costs, but appropriate spread levels can vary by asset class. For example, an emerging markets debt ETF may naturally have a wider spread than an ETF that tracks the S&P 500 Index because the underlying securities are less liquid. Before placing a trade, review the ETF's bid-ask spread relative to comparable ETFs and other investment vehicles in the same asset class. Consider avoiding trading when the spread appears unusually wide compared with similar offerings or the ETF's typical trading range.

Don't Judge Liquidity by Trading Volume Alone

An ETF's trading volume tells only part of the story. Because ETFs can create and redeem shares based on the liquidity of their underlying holdings, an ETF may be able to accommodate sizable trades even if average daily volume appears modest. Consider both ETF trading activity and the liquidity of the underlying securities.

Be Mindful During Volatile Markets

Market-moving events, economic announcements, and periods of heightened volatility can temporarily widen spreads and increase trading costs. If timing is flexible, consider waiting for markets to stabilize before trading.

Use Your Firm's Trading Desk

For larger or more complex ETF trades, a centralized trading desk can provide valuable expertise, tools, and access to liquidity.

The desk can evaluate the size and characteristics of an order, identify the most appropriate execution approach, and potentially improve pricing.

Depending on the trade, this may include soliciting broker quotes through a request for quote (RFQ), arranging a direct creation or redemption, or working with a custodian's ETF trading desk to uncover additional liquidity.

Learn More About William Blair's Active ETFs

WINC
William Blair Emerging Income ETF

WBIE
William Blair International Equity ETF

WBEM
William Blair Emerging Markets Equity ETF

ETF Trading Checklist

- ☐ Avoid the first and last 15 to 30 minutes of trading
- ☐ Trade during the middle of the trading day
- ☐ Use limit orders when appropriate
- ☐ Check the bid-ask spread
- ☐ Look beyond ETF trading volume alone
- ☐ Be cautious during volatile markets
- ☐ Use your firm's trading desk

Important Disclosures

Please carefully consider the William Blair ETFs' investment objectives, risks, charges, and expenses before investing. This and other information is contained in the ETF's prospectus and summary prospectus, which you may obtain by calling 1-800-742-7272. Read the prospectus and summary prospectus carefully before investing. Investing includes the risk of loss.

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Investing involves risks, including the possible loss of principal. ETF shares are bought and sold on an exchange at market prices rather than NAV and may trade at a premium or discount to NAV. Investors may pay more than NAV when buying shares and receive less than NAV when selling shares. Brokerage commissions and other trading costs may reduce returns. Shares of the ETFs are not redeemable with the ETF other than in creation unit aggregations. There can be no assurance that an active trading market for the ETF's shares will develop or be maintained.

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