

## DUE DILIGENCE CHECKLIST

Whether you're researching active or passive solutions — or solutions that fall somewhere in between like Strategic Beta ETFs — there are many variables to consider. Use this checklist to ensure you're providing the best options to your clients.

Areas of due diligence	Active management	Benchmark passive	Strategic Beta
<b>People</b>	<input type="checkbox"/> Portfolio managers <input type="checkbox"/> Research team <input type="checkbox"/> Compliance	<input type="checkbox"/> Traders	<input type="checkbox"/> Portfolio managers <input type="checkbox"/> Rules developers <input type="checkbox"/> Compliance
<b>Process/Philosophy</b>	<input type="checkbox"/> Idea generation <input type="checkbox"/> Portfolio construction <input type="checkbox"/> Risk management <input type="checkbox"/> Consistency		<i>Understanding rules:</i> <input type="checkbox"/> Idea generation <input type="checkbox"/> Portfolio construction <input type="checkbox"/> Risk management <input type="checkbox"/> Consistency
<b>Parent</b>	<input type="checkbox"/> Organization <input type="checkbox"/> Risk controls <input type="checkbox"/> Investment competencies	<input type="checkbox"/> Experience with ETFs	<input type="checkbox"/> Organization <input type="checkbox"/> Risk controls <input type="checkbox"/> Investment competencies
<b>Performance</b>	<input type="checkbox"/> Investment objective <input type="checkbox"/> Absolute, risk-adjusted, capture ratios, style purity <input type="checkbox"/> Relative to benchmarks <input type="checkbox"/> Relative to peers	<input type="checkbox"/> Tracking error	<input type="checkbox"/> Absolute, risk-adjusted, capture ratios, style purity <input type="checkbox"/> Relative to benchmarks <input type="checkbox"/> Relative to peers <input type="checkbox"/> Tracking error
<b>Price</b>	<input type="checkbox"/> Absolute, relative <input type="checkbox"/> Alpha per cost (ACE)	<input type="checkbox"/> Cost	<input type="checkbox"/> Absolute, relative <input type="checkbox"/> Alpha per cost (ACE)

### Best practices for trading ETFs

#### Avoid trading around the market open and close

- ETF price volatility often increases near the opening and closing bell.

#### Consider order limits

- Focus on execution price, not speed. Limit orders emphasize execution price, while market orders emphasize speed of execution.

#### Understand your ETF trading resources

- Trade size can impact the spread, and the listed spread is not necessarily constant for all trade sizes.
- Financial advisors have access to traders who can help execute large trades, so find out if your custodian has an ETF execution desk.
- Reach out to your ETF issuer for trading insights and best practices.

## About Columbia Threadneedle Investments

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There are risks involved with investing in **ETFs** including the loss of money. An investment in the fund is subject to **investment risk** including the possible loss of the entire principal amount that you invest. Although the fund's shares are listed on the **exchange**, there can be no assurance that an active, liquid or otherwise orderly trading market for shares will be established or maintained. These Funds may have **portfolio turnover**, which may cause an adverse cost impact. Columbia Management Investment Advisers, LLC serves as the investment manager to the ETFs. The ETFs are distributed by **ALPS Distributors, Inc.**, member FINRA, which is not affiliated with Columbia Management Investment Advisers, LLC.

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