

# Tax-Loss Harvesting

## Start Early, Add Value

The markets continue a steady climb led by technology with precious metals underperforming as investors move out of safe haven trades with confidence that the economic recovery is under way. As 2021 year end approaches, we provide trade ideas to help your clients harvest tax savings from underperforming securities.

### What is tax-loss harvesting?

- By disposing of securities with accrued capital losses, investors can help offset taxes otherwise payable in respect of other securities that were sold at a capital gain. The proceeds from the sale of these securities can then be reinvested in different securities with similar exposures to the securities that were sold, in order to maintain market exposure.
- If capital gains are not available in the current year, the realized losses may be carried back for three years to shelter gains realized in those years or carried forward to reduce capital gains in upcoming years.
- The ability to recognize a capital loss for tax purposes may be restricted in certain circumstances, including where the acquired security is identical to the security that is sold. Investors should not repurchase the loss security within 30 days of the loss sale. Investors should consult their own tax advisor to ensure that restrictions do not apply.

### Tax-Loss harvesting example:

- Realized capital gains from previous transactions or capital gains distributions from mutual funds can be offset by selling securities, which are trading at a lower price than their adjusted cost base.
- Investors can then use the proceeds from the security that is sold to invest in a different security, such as a BMO Exchange Traded Fund (ETF).
- In addition to common shares, tax-loss harvesting can also be applied in respect of other financial instruments that are on capital account, such as bonds, preferred shares, ETFs, mutual funds, etc.

### Important dates to remember:

- December 29, 2021 – Last day for Canadian and U.S. tax-loss selling (with T+2 settle). Please note the tables below are used for illustrative purposes only, where losses are calculated based on year-to-date. For tax purposes, capital losses are based on the difference between price sold and book value.

## Canadian Equities

| Ticker | Name                      | Gain/Loss<br>YTD as of<br>Oct 26, 2021 | BMO ETF                                | Ticker |
|--------|---------------------------|--|--|--------|
| AEM    | AGNICO EAGLE MINES LTD    | -19.43                                 | BMO Equal Weight Global Gold Index ETF | ZGD    |
| PAAS   | PAN AMERICAN SILVER CORP  | -24.84                                 | BMO S&P/TSX Capped Composite Index ETF | ZCN    |
| TLRY   | TILRAY INC-CLASS 2 COMMON | -31.61                                 | BMO S&P/TSX Capped Composite Index ETF | ZCN    |
| BTO    | B2GOLD CORP               | -19.74                                 | BMO Junior Gold Index ETF              | ZJG    |
| YRI    | YAMANA GOLD INC           | -24.22                                 | BMO Junior Gold Index ETF              | ZJG    |
| BLDP   | BALLARD POWER SYSTEMS INC | -33.45                                 | BMO Equal Weight Industrials Index ETF | ZIN    |
| SSRM   | SSR MINING INC            | -20.02                                 | BMO Junior Gold Index ETF              | ZJG    |
| WEED   | CANOPY GROWTH CORP        | -47.92                                 | BMO S&P/TSX Capped Composite Index ETF | ZCN    |
| BLX    | BORALEX INC -A            | -20.33                                 | BMO Equal Weight Utilities Index ETF   | ZUT    |

Do you want to get out of the equity market and park your cash for future investment opportunities? Consider **BMO Money Market Fund (ZMMK)** as a parking place, providing investors with liquidity and stability.

## U.S Equities

| Ticker | Name                          | Gain/Loss<br>YTD as of<br>Oct 26, 2021<br>(\$USD) | BMO ETF   | Ticker |
|--------|-------------------------------|---|---|--------|
| CLX    | CLOROX COMPANY                | -18.19  | BMO Global Consumer Staples Hedged to CAD Index ETF       | STPL   |
| MKC    | MCCORMICK & CO                | -14.18  | BMO Global Consumer Staples Hedged to CAD Index ETF       | STPL   |
| TTWO   | TAKE-TWO INTERACTIVE SOFTWARE | -12.15  | BMO Global Communications Index ETF                       | COMM   |
| ENPH   | ENPHASE ENERGY INC            | -14.71  | BMO Clean Energy Index ETF                                | ZCLN   |
| VFC    | VF CORP                       | -13.75  | BMO Global Consumer Discretionary Hedged to CAD Index ETF | DISC   |
| GPN    | GLOBAL PAYMENTS INC           | -27.35  | BMO MSCI Fintech Innovation Index ETF                     | ZFIN   |
| VRTX   | VERTEX PHARMACEUTICALS INC    | -22.12  | BMO MSCI Genomic Innovation Index ETF                     | ZGEN   |
| ATVI   | ACTIVISION BLIZZARD INC       | -12.60  | BMO Global Communications Index ETF                       | COMM   |
| TMUS   | T-MOBILE US INC               | -13.71  | BMO Global Communications Index ETF                       | COMM   |
| FIS    | FIDELITY NATIONAL INFO SERV   | -12.74  | BMO MSCI Fintech Innovation Index ETF                     | ZFIN   |
| QCOM   | QUALCOMM INC                  | -12.12  | BMO MSCI Next Gen Internet Innovation Index ETF           | ZINT   |

### Fixed Income and Preferred Shares:

For fixed income and preferred shares trading at a loss, institutions and financial advisors can contact their BMO ETF Specialist and potentially convert them into a BMO ETF. By doing so, investors can realize losses on an individual security but remain invested in an asset class through a BMO ETF.

For further details on the conversion please [Click Here](#) or contact your **BMO ETF Specialist**.

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