

# Canadian Bank Focused Mutual Funds

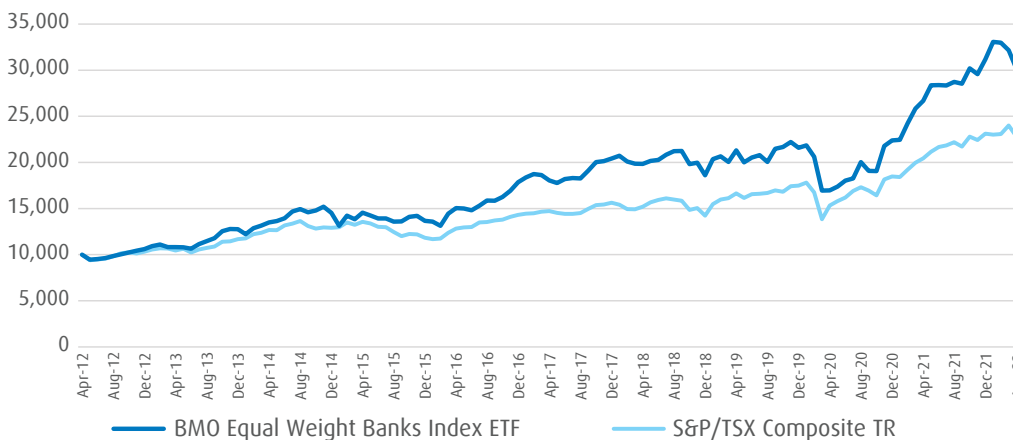


## Banking on Banks

### Canadian Banks - Growth and Dividends

For over 200 years, Canadian banks have and continue to provide everyday banking products and services like chequing accounts and mortgages to Canadians. Canadian banks have grown to be some of the largest companies and one of the core drivers of the Canadian economy. But banks have also provided investors with capital growth and dividends.

#### S&P/TSX Composite vs BMO Equal Weight Banks Index ETF (ZEB)



The chart illustrates the impact to an initial investment of \$10,000 dollars from April 30, 2012 to April 30, 2022 in BMO Equal Weight Banks Index ETF. It is not intended to reflect future returns.

Index returns do not reflect transactions costs or the deduction of other fees and expenses and it is not possible to invest directly in an Index. Past performance is not indicative of future results.

Source: BMO Global Asset Management, as of April 30, 2022. For illustration purposes only.

#### Annualized Returns (%)

	1 year	3 years	5 years	10 years
BMO Equal Weight Banks Index ETF (ZEB)	12.9	12.3	10.8	11.7

## Dividends Matter, especially when they grow

At the core of the Canadian banks success is their ability to grow their dividends over time. This slow, but steady, increase is the result from business growth and prudent capital management. Over the last decade, this has resulted in price and dividend growth.

Bank Stock	April 30 <sup>th</sup> , 2012			May 31 <sup>st</sup> , 2022		
	Stock Price	Annual Dividend	Yield	Stock Price	Forward Dividend	Yield
Toronto Dominion Bank	\$39.53	\$1.44	3.64%	\$96.66	\$3.56	3.68%
National Bank of Canada	\$36.83	\$1.58	4.29%	\$97.08	\$3.68	3.79%
Royal Bank of Canada	\$51.55	\$2.28	4.42%	\$132.17	\$5.12	3.87%
Bank of Montreal	\$55.23	\$2.80	5.07%	\$137.59	\$5.56	4.04%
Bank of Nova Scotia	\$52.97	\$2.20	4.15%	\$85.78	\$4.12	4.80%
Canadian Imperial Bank of Commerce	\$36.03	\$1.80	5.00%	\$69.58	\$3.32	4.77%

Yield is calculated by dividing annual forward dividend by current NAV x 100 to get % yield. Data as of May 31, 2022.

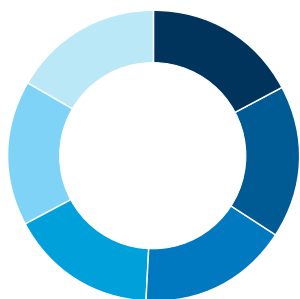
Source: Morningstar, BMO Global Asset Management.



## Two ways to invest in Canadian Banks

### Investment Process → Equal Weight and Enhanced Dividends

BMO uses an equal weight strategy at the core of our Canadian Banks funds. The two mandates were launched first in ETF format (ZWB and ZEB) and are now available in mutual Fund format.



- 17.43% National Bank of Canada
- 17.18% Toronto Dominion Bank
- 16.95% Royal Bank of Canada
- 16.51% Bank of Montreal
- 16.33% Bank of Nova Scotia
- 15.65% Canadian Imperial Bank of Commerce

Holdings for ZEB as of April 30, 2022.

BMO Canadian Banks ETF Fund uses the same investment strategy as BMO Equal Weight Banks Index ETF. The portfolio holdings are target weights for illustration purposes only and subject to change without notice. Holdings are rebalanced semi-annually in March and September of each year. They are not recommendations to buy or sell any particular security.

	BMO Canadian Bank ETF Fund	BMO Covered Call Canadian Banks ETF Fund
Underlying ETF Strategy	BMO Equal Weight Banks Index ETF (ZEB)	BMO Covered Call Canadian Banks ETF (ZWB)
F Series Distribution Yield	4% <sup>1</sup>	6.4% <sup>2</sup>
Use Covered Call Options	no	yes
Distribution Frequency	Monthly	Monthly
Series Available	Advisor, T6, F, F6	Advisor, F

1 Target distribution yield is estimated based on the expected distributions from the underlying holdings of the Fund, annualized for frequency, divided by current NAV. Yield for illustration purposes only and subject to change without notice.

2 Annualized Distribution Yield: The most recent regular distribution, or expected distribution, (excluding additional year end distributions) annualized for frequency, divided by current NAV

The covered call option strategy, also known as a buy-write strategy, is designed to provide an investor with a double source of cash flow: an option premium plus the dividend yield. The strategy is implemented by writing (selling) a call option contract, while owning the underlying stock. It is considered an income enhancement strategy because it generates additional cash flows compared to only owning the underlying stock. It is also considered a defensive strategy as equity downside returns are reduced by the option premiums as a trade off from excess positive returns.

## Reasons to Own



- Growth potential and income
- Exposure to Canadian bank stocks
- Professionally managed by BMO Global Asset Management

Series	BMO Canadian Banks ETF Fund		BMO Covered Call Canadian Banks ETF Fund	
	MER <sup>3</sup>	Sales Charge	MER	Sales Charge
Advisor Series	1.41%	BM099262	1.64%	BM099765
Series T6	1.41%	BM034262		
Series F (Fee Based)	0.28%	BM095262	0.73%	BM095765
Series F6 (Fee Based)	0.28%	BM036262		

<sup>3</sup> Management Expense Ratio (MER) is estimated as Fund is less than one year old. BMO Covered Call Canadian Banks ETF Fund MER as of September 30, 2021.



## Let's connect



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Distributions, if any, for all series of securities of a BMO Mutual Fund (other than ETF Series) are automatically reinvested in additional securities of the same series of the applicable BMO Mutual Fund, unless the securityholder elects in writing that they prefer to receive cash distributions. For ETF Series securities of a BMO Mutual Fund, distributions, if any, may be paid in cash or reinvested automatically in additional ETF Series securities of the applicable BMO Mutual Fund and the ETF Series securities will be immediately consolidated such that the number of outstanding ETF Series securities following the distribution will equal the number of ETF Series securities outstanding prior to the distribution. If a securityholder is enrolled in a distribution reinvestment plan, distributions, if any, will be automatically reinvested in additional ETF Series securities of the applicable BMO Mutual Fund pursuant to the distribution reinvestment plan. For further information, see the distribution policy for the applicable BMO Mutual Fund in the simplified prospectus.

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