

BMO Value ETFs

Enhanced Access to the Value Factor

- BMO MSCI Canada Value Index ETF (ZVC)
- BMO MSCI USA Value Index ETF (ZVU)

Defining the Value Factor

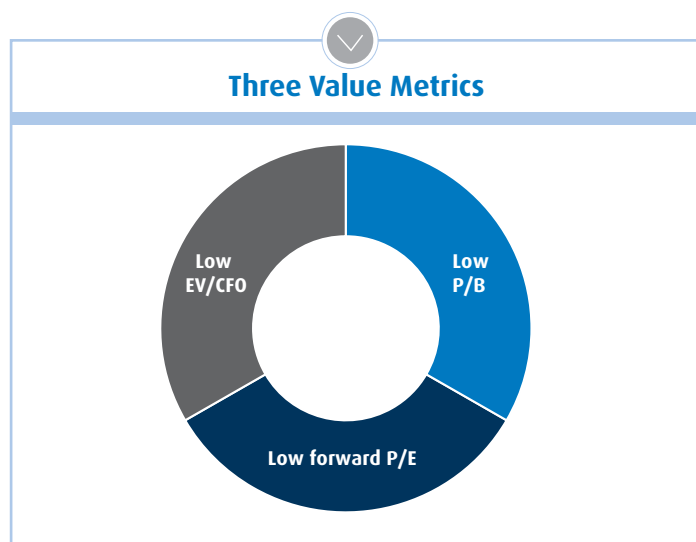
Value factor investing- the pursuit of low cost securities relative to their fundamental value- is an investing style employed by active managers. While the premise may be similar, not all value strategies are the same. Factor based value investing takes traditional value style investing a step further by selecting a more concentrated segment of the investable universe and adjusting securities weights by the value score. BMO Value ETFs provide a rules-based and transparent methodology while being cost effective and maintaining a more consistent risk-return profile.

How Do We Identify Value?

Traditional value investors can employ flawed strategies that contain sector bias, have a high concentration of highly leveraged companies, or depend on metrics that can be subject to distortion. These characteristics can increase risk within a value strategy and lead investors into value traps: stocks that may seem inexpensive, but will not actually appreciate. BMO Value ETFs use a value index which more accurately identifies value companies while reducing risk associated with traditional value approaches. This is achieved by focusing on three core metrics:

- **Low Forward Price-to-Earnings (P/E)**
Indicates a company is less expensive than its peers who have similar earnings projections; signals a market mispricing.
- **Low Price-to-Book (P/B)**
Identifies companies which are less expensive than their peers.
- **Low Enterprise Value-to-Cash Flow from Operations (EV/CFO)**
Enterprise Value reflects all sources of capital, debt and equity. Therefore, evaluating Enterprise Value will screen out companies which are highly financially leveraged. Lower EV companies with high levels of operating cash flow indicate a value company.

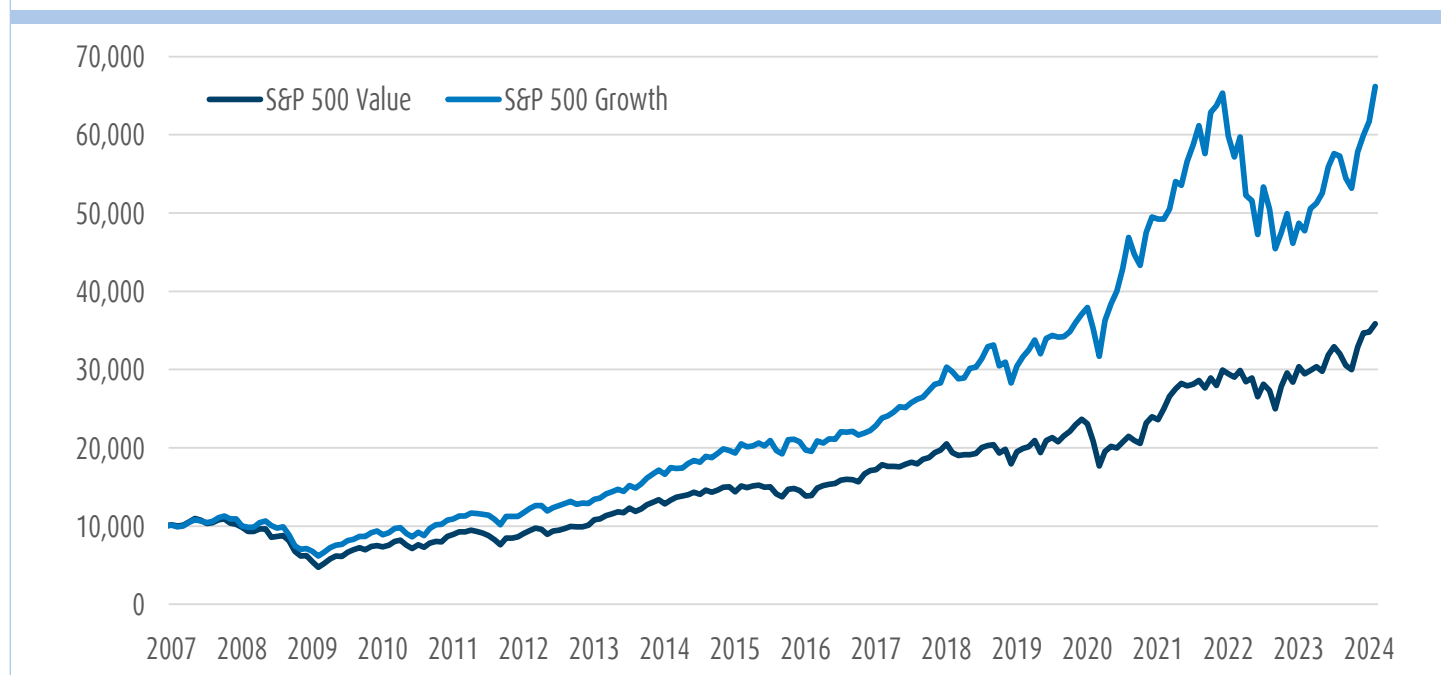
On their own, each metric is not an indicator of a value company. For example, P/B is a backward looking variable, can contain sector bias and only reflects the market value of the firm's equity. P/E can be volatile and earnings can be manipulated. When combined, these three value descriptors provide a more accurate assessment.



Value Factor Investing

Factor investing is cyclical and there are certain macroeconomic factors which contribute to value factor success. The value factor performs best with restored investor confidence in the economy: as the economy recovers and grows, value stocks become more popular. Lastly, a rising interest rate environment also favours value investing. With interest rates trending up, value investing has become more attractive. BMO Value ETFs aim to accurately identify stocks that capitalize on value cycles.

Value Vs Growth Comparison: S&P 500 Value vs S&P 500 Growth (Total Return, USD)



Source: Morningstar, January, 1, 2007 to February 29, 2024.

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.

Strategy Implementation

The selection universe begins with a neutral parent index (ZVC – MSCI Canada Index, ZVU – MSCI USA Index), then adjusts towards the value factor by using equal weights of the three core metrics to compute a composite z-score¹. The z-score is scored by sector, producing a final value score which is multiplied by the market cap. The maximum security weight in each index is capped at 10%. The index targets 50% of the parent market cap coverage. The weight of each sector is the same as the sector weights within the parent index. The indexes are rebalanced and reviewed semi-annually. This methodology aims to not only identify value companies, but to ensure high trading liquidity and to moderate security turnover while staying cost effective. BMO Value ETFs are designed to be core equity options.

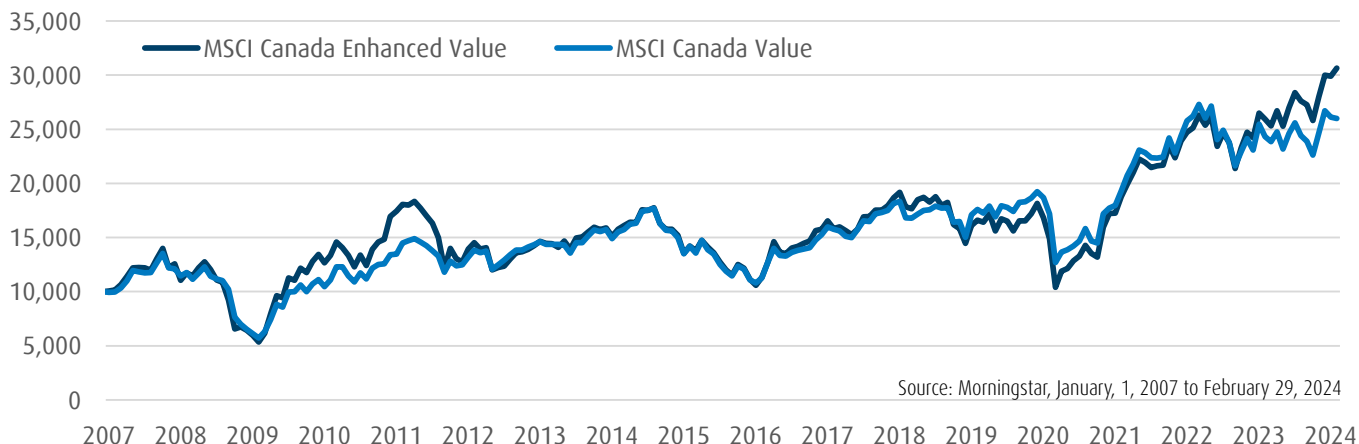
Targeting Value

The MSCI Enhanced Value Capped Indices that ZVC and ZVU follow are constructed differently than the traditional MSCI Value indices in both geographic areas. One of the

main distinguishing factors is the difference between style investing and factor investing. The traditional MSCI Value indexes follow value style characteristics (using P/B, forward P/E, and dividend yield), targeting 50% of the parent index (which are the same parent indexes as the Enhanced Value Capped Indexes) and can only moderately capture value, offering a tilt towards value bias. In contrast, the MSCI Enhanced Value Capped Indexes target the value factor, and are designed to capture high levels of exposure to value. The Enhanced Value Capped Indexes differ in that they use EV/CFO instead of dividend yield to identify value companies. This is a more precise metric because it assists in avoiding value trap situations. These indexes target 30% of their parent index (with the exception of Canada which targets 50%) and are based on derived value scores so companies exhibiting higher value scores will have a heavier weighting in the index. As a result, this creates a more focused exposure to value and provides the MSCI Enhanced Value Capped Indexes the potential to outperform the traditional value indexes over the long run.

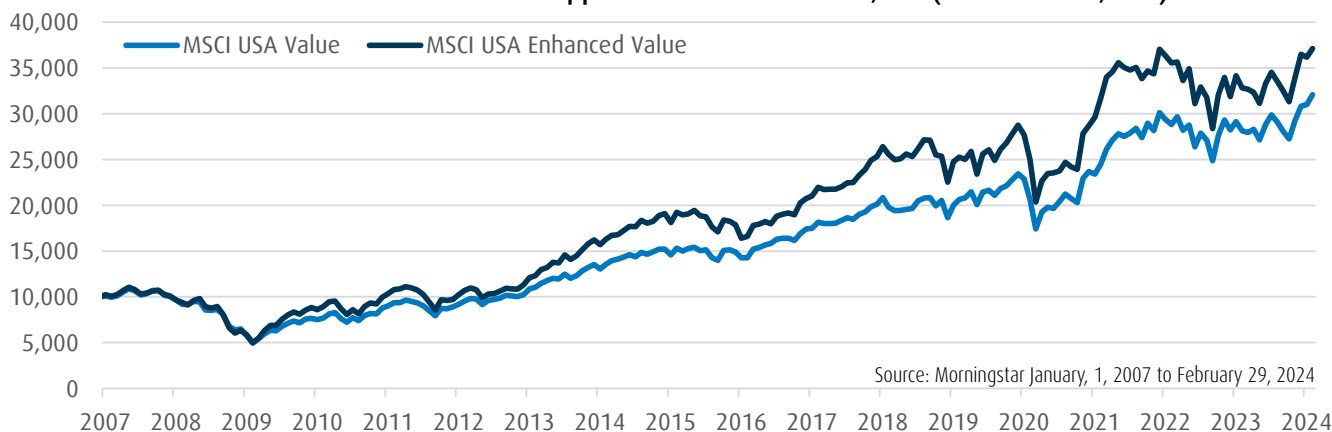
¹ Z-score is an indicator of how closely a value relates to the mean (average) of a set of values. Z-score is quantified by the number of standard deviations from the mean. A positive z-score means the data point is above the mean. A negative z-score means the data is below the mean. Standard deviation is a measure of risk in terms of the volatility of returns.

MSCI Canada Value vs. MSCI Canada Enhanced Value Capped Index – Growth of 10,000 (Returns Gross, USD)



The chart illustrates the impact to an initial investment of \$10,000 dollars from January 1, 2007 to February 29, 2024 in the MSCI CANADA Enhanced Value Capped Index and MSCI CANADA Value Index. It is not intended to reflect future returns on investments and does not consider fees, expenses or taxes. 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.

MSCI USA Value vs. MSCI USA Enhanced Value Capped Index – Growth of 10,000 (Returns Gross, USD)



The chart illustrates the impact to an initial investment of \$10,000 dollars from January 1, 2007 to February 29, 2024 in the MSCI USA Enhanced Value Capped Index and MSCI USA Value Index. It is not intended to reflect future returns on investments and does not consider fees, expenses or taxes. 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.

ETF Name	Ticker	Management Fee	MER
BMO MSCI Canada Value Index ETF	ZVC	0.35%	0.40%
BMO MSCI USA Value Index ETF	ZVU	0.30%	0.34%

Fund Stats

Stats	ZVC	ZVU
Distribution Yield (%)	3.23	2.57
Beta	0.96	0.74
P/E	16.50	16.76
P/B	2.07	2.34
Number of Holdings	52	152

Data as of February, 29, 2024. Source: BMO ETFs

The portfolio holdings are subject to change without notice and only represent a small percentage of portfolio holdings. They are not recommendations to buy or sell any particular security. Annualized Distribution Yield: This yield is calculated by taking the most recent regular distribution, or expected distribution, (excluding additional year end distributions) annualized for frequency, divided by current NAV. The yield calculation does not include reinvested distributions.

Fund Performance (%)

Performance Period	ZVC	ZVU
1 month	2.92	3.51
3 month	7.28	9.32
6 month	6.41	10.65
1 year	8.96	11.54
3 year	13.50	6.84
5 year	9.75	7.90
Since Inception (October 4, 2017)	8.09	7.83

Performance Data as of February 29, 2024. Source: Morningstar

Trading Table

Stats	ZVC	ZVU
AUM (\$MM)	19.50	70.73
Average Daily Trading Volume	2,690	12,628
Spread (%)	0.08	0.11
Underlying Market Cap (\$B)	1,650.75	7,825.20

Source: BMO ETFs, as of February 29, 2024

For more detailed methodology information regarding the value factor variables, security composite scoring, security selection, weighting and index maintenance, visit the MSCI indices website: <http://www.msci.com/factor-indexes>



Exchange Traded Funds

Let's connect



1-800-361-1392



bmoetfs.com

The exchange traded funds or securities referred to herein are not sponsored, endorsed or promoted by MSCI, and MSCI bears no liability with respect to any such exchange traded funds or securities or any index on which such exchange traded funds or securities are based. The prospectus contains a more detailed description of the limited relationship MSCI has with BMO Asset Management Inc. and related exchange traded funds.

This communication is intended for informational purposes only and is not, and should not be construed as, investment and/or tax advice to any individual. Particular investments and/or trading strategies should be evaluated relative to each individual's circumstances. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment.

The BMO ETFs or securities referred to herein are not sponsored, endorsed or promoted by MSCI Inc. ("MSCI"), and MSCI bears no liability with respect to any such BMO ETFs or securities or any index on which such BMO ETFs or securities are based. The prospectus of the BMO ETFs contains a more detailed description of the limited relationship MSCI has with BMO Asset Management Inc. and any related BMO ETFs.

Distribution yields are calculated by using the most recent regular distribution, or expected distribution, (which may be based on income, dividends, return of capital, and option premiums, as applicable) and excluding additional year end distributions, and special reinvested distributions annualized for frequency, divided by current net asset value (NAV). The yield calculation does not include reinvested distributions. **Distributions are not guaranteed, may fluctuate and are subject to change and/or elimination. Distribution rates may change without notice (up or down) depending on market conditions and NAV fluctuations.** The payment of distributions should not be confused with the BMO ETF's performance, rate of return or yield. If distributions paid by a BMO ETF are greater than the performance of the investment fund, your original investment will shrink. Distributions paid as a result of capital gains realized by a BMO ETF, and income and dividends earned by a BMO ETF, are taxable in your hands in the year they are paid. **Your adjusted cost base will be reduced by the amount of any returns of capital. If your adjusted cost base goes below zero, you will have to pay capital gains tax on the amount below zero.**

Cash distributions, if any, on units of a BMO ETF (other than accumulating units or units subject to a distribution reinvestment plan) are expected to be paid primarily out of dividends or distributions, and other income or gains, received by the BMO ETF less the expenses of the BMO ETF, but may also consist of non-taxable amounts including returns of capital, which may be paid in the manager's sole discretion. To the extent that the expenses of a BMO ETF exceed the income generated by such BMO ETF in any given month, quarter, or year, as the case may be, it is not expected that a monthly, quarterly, or annual distribution will be paid. Distributions, if any, in respect of the accumulating units of BMO Short Corporate Bond Index ETF, BMO Short Federal Bond Index ETF, BMO Short Provincial Bond Index ETF, BMO Ultra Short-Term Bond ETF and BMO Ultra Short-Term US Bond ETF will be automatically reinvested in additional accumulating units of the applicable BMO ETF. Following each distribution, the number of accumulating units of the applicable BMO ETF will be immediately consolidated so that the number of outstanding accumulating units of the applicable BMO ETF will be the same as the number of outstanding accumulating units before the distribution. Non-resident unitholders may have the number of securities reduced due to withholding tax. Certain BMO ETFs have adopted a distribution reinvestment plan, which provides that a unitholder may elect to automatically reinvest all cash distributions paid on units held by that unitholder in additional units of the applicable BMO ETF in accordance with the terms of the distribution reinvestment plan. For further information, see the distribution policy in the BMO ETFs' prospectus.

Commissions, management fees and expenses all may be associated with investments in exchange traded funds. Please read the ETF Facts or prospectus of the BMO ETFs before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. 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 BMO ETF's prospectus. BMO ETFs 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.

®/™Registered trademarks/trademark of Bank of Montreal, used under licence.

Published April 2024