

Innovative Tax Efficient Low Cost Bond Solutions

BMO's Suite Discount Bond ETFs – ZDB, ZSDB & ZCDB

ZDB, ZSDB and ZCDB can help investors reduce taxable interest income relative to traditional bond funds with similar exposures.

BMO's Discount Bond ETFs invest in bonds where the current yield is near or below par value. Having the coupon and Yield to Maturity (YTM) aligned provides investors with fair taxation.

BMO Discount Bond Index ETF

ZDB

Management fee: 0.09%
100% Investment Grade

BMO Short-Term Discount Bond ETF

ZSDB

Management fee: 0.09%
100% Investment Grade new

BMO Corporate Discount Bond ETF

ZCDB

Management fee: 0.15%
100% Investment Grade new

In a taxable account the higher the coupon, the higher tax the investor will pay. This does not impact the before tax total return, where coupons and price movement generally equal yield to maturity over time. See illustration as example.

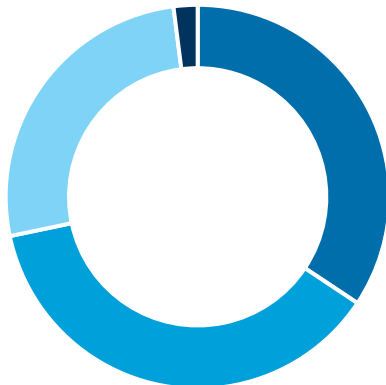
	Yield To Maturity (YTM)	Coupon	After Tax Yield*
When coupon exceeds YTM	2.50%	3.00%	1.50%
When coupon matches YTM	2.50%	2.50%	1.25%
When coupon less than YTM	2.50%	2.00%	1.00%

*After tax yield assumes the coupon is taxed at 50%. - For illustration purposes only

For taxable clients, tax is based on interest income (coupon earned) not yield, so it is advantageous to hold bonds that have a lower coupon. (example below).

Price	Adjusted Face Value	Issuer	Maturity Date	Yield	Annual Coupon Rate	Date
▶ 98.20	1,250,000,000	BMO	05/28/2026	1.98	1.55	12/31/2021
▶ 98.42	1,000,000,000	BMO	07/22/2026	2.29	1.93	12/31/2021
▶ 99.84	1,250,000,000	BMO	06/17/2025	2.12	2.08	12/31/2021
102.41	1,000,000,000	BMO	09/17/2024	1.96	2.88	12/31/2021
102.47	2,000,000,000	BMO	06/20/2023	1.19	2.89	12/31/2021
107.06	2,500,000,000	BMO	03/01/2028	1.97	3.19	12/31/2021

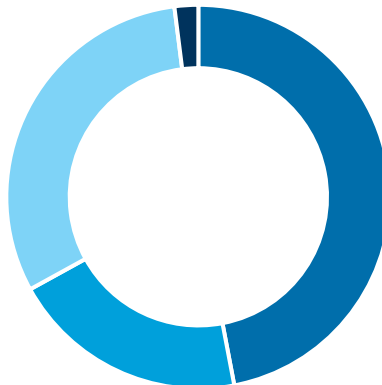
BMO Discount Bond Index ETF
(Ticker: ZDB)



● Federal Bonds – 34% ● Corporate Bonds – 26%
● Provincial Bonds – 37% ● Municipal Bonds – 2%

BMO Discount Bond Index ETF has the yield-to-maturity, duration, and sector characteristics designed to approximate the Canadian Aggregate universe

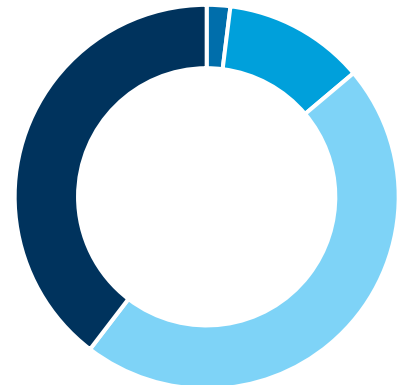
NEW! **BMO Short-Term Discount Bond ETF** (Ticker: ZSDB)



● Federal Bonds – 47% ● Corporate Bonds – 31%
● Provincial Bonds – 20% ● Municipal Bonds – 2%

BMO Short-Term Discount Bond ETF has federal, provincial, corporate, and municipal bonds with a remaining term to maturity between one and five years that are issued in Canada and have an investment grade rating

NEW! **BMO Corporate Discount Bond ETF** (Ticker: ZCDB)



● AAA – 2% ● A – 47%
● AA – 12% ● BBB – 40%

BMO Corporate Discount Bond ETF invests in corporate bonds with a remaining term to maturity between one to ten years that are issued in Canada and have an investment grade rating

BMO Exchange Traded Funds (ETFs) are experts at understanding how ETFs can complement and enhance portfolio construction. BMO ETFs has the most comprehensive fixed income lineup in Canada with over 50 Fixed Income ETFs, and is the number 1 fixed income ETF provider in Canada based on AUM*.

For more on the Benefits of Fixed Income ETFs please visit:

- [We know ETFs](#)
- [BMO ETFs - How ETFs Are Solving for Challenges in Fixed Income](#)
- [Views from the Desk: Understanding the price movements of fixed income ETFs](#)

* Source: Bloomberg March 31st 2022



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The payment of distributions is not guaranteed and may fluctuate. The payment of distributions should not be confused with a fund's performance, rate of return or yield. If distributions paid by the fund are greater than the performance of the fund, your original investment will shrink. Distributions paid as a result of capital gains realized by a fund, and income and dividends earned by a fund 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. Please refer to the funds, distribution policy in the prospectus.

Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio data is "as of" the date indicated, and we disclaim any responsibility to update the information. MERs are as of Sept 30, 2020. This communication should not be construed to be legal or tax advice, as each client's situation is different. Please consult your own legal and tax advisor.

BMO Global Asset Management is a brand name that comprises BMO Asset Management Inc. and BMO Investments Inc.

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. 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.

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