

Dividend Investing and Covered Calls with BMO ETFs

BMO ETFs offer a full suite of traditional dividend ETFs, complemented by covered call ETFs for investors looking for enhanced cashflow. With market uncertainty, dividend investing is an effective factor approach to invest in mature industry leading companies with consistent cash flow generation.

BMO dividend and covered call ETFs have track records stretching back over a decade, delivering cashflow while maintaining strong total returns. Within dividend strategies, we focus on avoiding yield traps, companies with deteriorating financials and a higher chance of cutting dividends. Within high dividend covered call strategies, we hold similar portfolios and apply a light touch with the covered call overlay to better position the ETFs for capital growth.

BMO ETFs maintain a consistent rules-based approach to investing in dividend paying companies. For dividend ETFs, in a market where cash is king, we focus not just on dividend payers but dividend growers to enable strong total returns. Based on the screening criteria below, we identify companies with both a willingness (dividend growth) and ability (dividend payout) to increase dividends over time.

1. Identify securities that meet market capitalization and liquidity requirements.
2. Screen on 3 year dividend growth, ranked by total dividends
3. Screen on 5 year dividend payout, including the next year forecast
4. The portfolio includes the highest dividends available securities that have passed the screens
5. Weighting is by total dividends, subject to sector and security caps
6. The portfolio is rebalanced in June and reconstituted in December.

BMO Dividend ETFs*

BMO Canadian Dividend ETF

ZDV

Distribution Yield: 4.2% | **M**
Mgmt. Fee: 0.35%

Risk Rating: Medium

BMO US Dividend ETF

ZUD **ZDY** **ZDY.U**
hedged to CAD unhedged USD Units

Distribution Yield:
ZUD: 2.8%, **ZDY:** 2.6%, **ZDY.U:** 2.8% | **M**
Mgmt. Fee: 0.30%

Risk Rating: Medium

BMO International Dividend ETF

ZDH **ZDI**
hedged to CAD unhedged

Distribution Yield: **ZDH:** 4.5%, **ZDI:** 4.4% | **M**
Mgmt. Fee: 0.40%

Risk Rating: Medium

For BMO high dividend covered call ETFs, we require further liquidity in the portfolio based on the options market, so while we use the same screened total dividends approach, we select a more concentrated portfolio to put more weight in the large cap securities.

ZCN: 233 holdings, top ten 35% of the portfolio

ZDV: 52 holdings, top ten 43% of the portfolio

ZWC: 36 holdings, top ten 45% of the portfolio

BMO High Dividend Covered Call ETFs*

<p>BMO Canadian High Dividend Covered Call ETF</p> <p>ZWC</p> <p>Distribution Yield: 7.4% M Mgmt. Fee: 0.65% Risk Rating: Medium</p>	<p>BMO US High Dividend Covered Call ETF</p> <p>ZWS ZWH ZWH.U hedged to CAD unhedged USD Units</p> <p>Distribution Yield: ZWS: 6.1%, ZWH: 6.0%, ZWH.U: 6.2% M Mgmt. Fee: 0.65% Risk Rating: Medium</p>
<p>BMO Europe High Dividend Covered Call ETF</p> <p>ZWE ZWP hedged to CAD unhedged</p> <p>Distribution Yield: ZWE: 7.2%, ZWP: 7.0% M Mgmt. Fee: 0.65% Risk Rating: Medium</p>	<p>BMO Global High Dividend Covered Call ETF</p> <p>ZWG</p> <p>Distribution Yield: 7.5% M Mgmt. Fee: 0.65% Risk Rating: Medium</p>

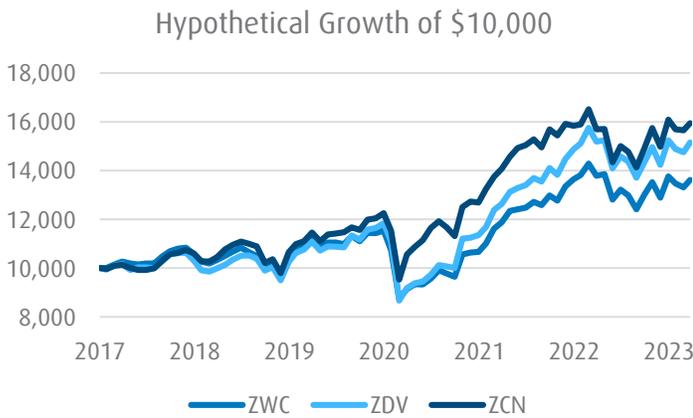
For other BMO covered call ETFs, we use differentiated weighting strategies that may offer growth profiles that are closer to the broad market over the long term.

<p>BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF</p> <p>ZWA hedged to CAD</p> <p>Distribution Yield: 6.4% M Mgmt. Fee: 0.65% Risk Rating: Medium</p>	<p>BMO Covered Call Canadian Banks ETF</p> <p>ZWB ZWB.U USD Units</p> <p>Distribution Yield: ZWB: 7.0%, ZWB.U: 7.8% M Mgmt. Fee: 0.65% Risk Rating: Medium</p>	<p>BMO Covered Call US Banks ETF</p> <p>ZWK</p> <p>Distribution Yield: 11.1% M Mgmt. Fee: 0.65% Risk Rating: High</p>
<p>BMO Covered Call Utilities ETF</p> <p>ZWU</p> <p>Distribution Yield: 8.3% M Mgmt. Fee: 0.65% Risk Rating: Low to Medium</p>	<p>BMO Covered Call Technology ETF</p> <p>ZWT hedged to CAD</p> <p>Distribution Yield: 5.0% M Mgmt. Fee: 0.65% Ris Rating: Medium</p>	

All BMO covered call ETFs use a similar dynamic implementation strategy for cashflow enhancement.

1. Select out of the money calls to allow for price return
2. Select short dated calls to capitalize on time decay close to maturity
3. Write on approximately half the portfolio to allow for growth
4. Dynamically adjust to market conditions, by writing further out of the money in volatile markets to capture a similar level of premiums while giving the portfolio room to recover

A closer look at Canadian dividend options and broad market exposure

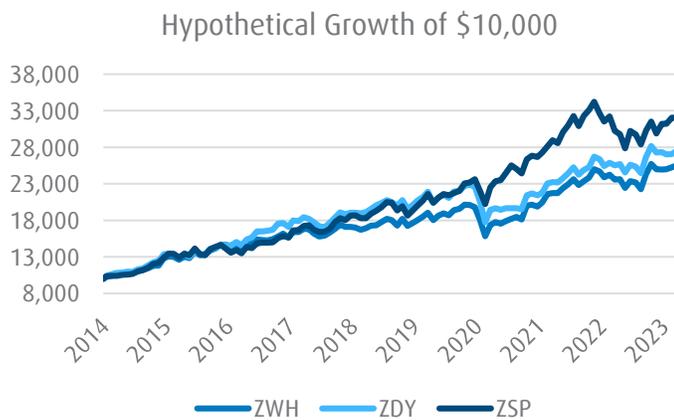


ETF	ZWC	ZDV	ZCN
1YR	-0.20	0.78	2.63
3YR	14.55	18.56	15.11
5YR	5.87	8.90	9.02
10YR	-	6.75	8.36
Since Inception	5.15	7.30	7.56
Inception date	09-Feb-17	21-Oct-11	29-May-09

Source: Morningstar, April 28th, 2023, hypothetical growth of \$10,000, common inception February 2017-April 2023.

All returns in CAD Past performance does not indicate future results. Annualized performance of the BMO Canadian High Dividend Covered Call ETF (ZWC), BMO Canadian Dividend ETF (ZDV) and the BMO S&P/TSX Capped Composite Index ETF (ZCN).

A closer look at U.S. dividend options and broad market exposure



ETF	ZWH	ZDY	ZSP
1YR	8.69	8.16	7.88
3YR	13.85	12.44	13.11
5YR	8.66	7.63	12.25
10YR	-	-	-
Since Inception	10.74	12.65	16.33
Inception date	10-Feb-14	19-Mar-13	14-Nov-12

Source: Morningstar, April 28th, 2023, hypothetical growth of \$10,000, common inception February 2014-April 2023.

All returns in CAD Past performance does not indicate future results. Annualized performance of the BMO US High Dividend Covered Call ETF (ZWH), BMO US Dividend ETF (ZDY) and the BMO S&P 500 Index ETF (ZSP).

A closer look at International dividend strategies and broad market exposure



ETF	ZWP	ZDI	ZEA
1YR	21.31	18.34	15.06
3YR	12.87	14.12	10.70
5YR	4.90	4.30	4.83
10YR	-	-	-
Since Inception	5.07	5.94	6.59
Inception date	02-Mar-18	05-Nov-14	10-Feb-14

Source: Morningstar, April 28th, 2023, hypothetical growth of \$10,000, common inception March 2018-April 2023.

All returns in CAD Past performance does not indicate future results. Annualized performance of the BMO Europe High Dividend Covered Call ETF (ZWP), BMO International Dividend ETF (ZDI) and the BMO MSCI EAFE Index ETF (ZEA).

BMO ETFs dividend and covered call strategies are effective portfolio construction tools and are particularly relevant in today's uncertain markets and high inflation. With over ten years track record, these BMO ETFs deliver strong total returns and cashflow generation.



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* Source: BMO Global Asset Management, April 28, 2023. 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.

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