

BMO ETF Low Volatility Strategy

- BMO Low Volatility Canadian Equity ETF (ZLB)
- BMO Low Volatility US Equity Hedged to CAD ETF (ZLH)
- BMO Low Volatility US Equity ETF (ZLU, ZLU.U)
- BMO Low Volatility International Equity Hedged to CAD ETF (ZLD)
- BMO Low Volatility International Equity ETF (ZLI)
- BMO Low Volatility Emerging Markets Equity ETF (ZLE)

With recent market volatility, investors are demanding solutions that stay afloat during market ups and downs. BMO Low Volatility ETFs are designed to provide lower risk than the broad market while still providing growth opportunities, giving investors confidence to stay the course over the long-term.

Focusing on Beta

Beta is a risk metric that measures an investment’s sensitivity to fluctuations in the broad market (market sensitivity). The broad market is assigned a beta value of 1.00, an investment with a beta less than 1.00 indicates the investment is less risky relative to the broad market.

The BMO ETF Low Volatility Strategy uses beta as the primary investment selection and weighting criteria. By constructing ETFs with lower beta securities, the BMO ETF Low Volatility Strategy gives investors access to portfolios that are designed to provide growth while reducing exposure to market risk.

Low beta investments are less volatile than the broad market and can be considered defensive investments. Over the long-term, low beta stocks may benefit from smaller declines during market corrections and still increase during advancing markets. Additionally, low beta stocks tend to be more mature and provide higher dividend yield than the broad market.

Strategy Implementation

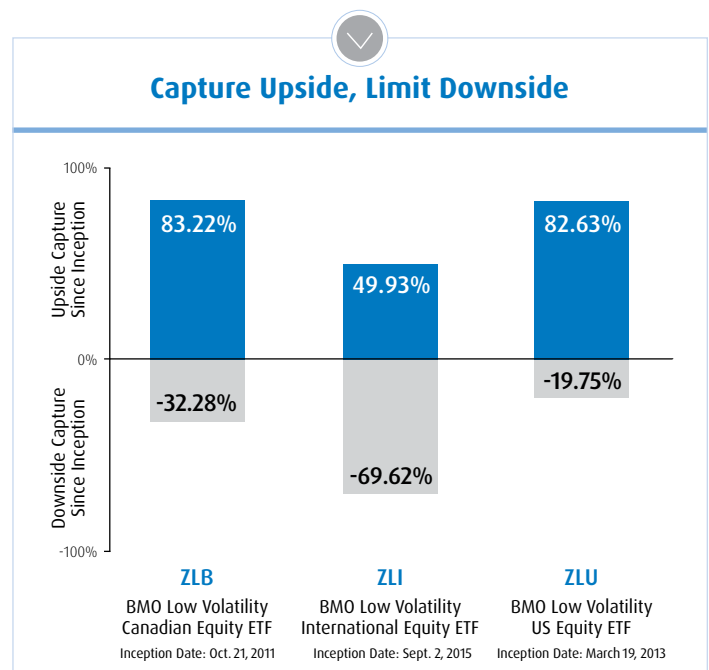
The selection universe consists of mature securities that are the largest and most liquid. Next, the remaining securities are ranked by beta and the lowest betas are selected. The beta used for weighting purposes is calculated using 5 years of market data, with 25% weight placed on the most recent year, 22.5%, 20%, 17.5% and 15% in prior successive years. The portfolios are rebalanced semi-annually, where security weights of the existing holdings are adjusted to reflect changes in their beta.

To ensure a well diversified portfolio and to prevent unintended biases occurring from high concentrations, the BMO ETF Low Volatility Strategy limits exposure to any one security to 10%.

Furthermore, sector exposures in ZLB are limited to 35%, ZLU / ZLU.U / ZLH, ZLI / ZLD and ZLE are limited to 25%. In addition, ZLI/ZLD and ZLE also limits the exposure to any one country to 25%.

Capturing Upside, Limiting Downside

Upside/downside capture ratios show how an investment has performed relative to the broad market during rising and falling markets. As illustrated below, BMO Low Volatility ETFs have captured the majority of market ups and effectively limited the downs.



BMO GAM, Morningstar Direct daily returns as of February 2022.
ZLB is compared to the S&P/TSX Composite Index TR, ZLU is compared to S&P 500 Composite Index CAD and ZLI is compared to MSCI EAFE Index GR CAD.

Currency Flexibility to Execute Your Investment Strategy

Currency returns are an important factor impacting investors purchasing a non-Canadian portfolio. Since the underlying investments of these assets are bought in a foreign currency, the appreciation or depreciation of the foreign currency against the Canadian dollar can either add or detract from the total return. To provide the necessary tools for investors to execute their currency views on their specific investment strategies, BMO Low Volatility ETFs offer a suite of currency and hedging options.

In addition to choice, investors benefit from minimal currency conversion costs as currencies are converted at institutional rates.

BMO ETF Low Volatility Suite - Currency Choices

Exposure	Canadian Dollar	Hedged	U.S. Dollar
Canada	ZLB BMO Low Volatility Canadian Equity ETF	-	-
U.S.	ZLU BMO Low Volatility US Equity ETF	ZLH BMO Low Volatility US Equity Hedged to CAD ETF	ZLU.U BMO Low Volatility US Equity ETF (US Dollar Units)
International	ZLI BMO Low Volatility International Equity ETF	ZLD BMO Low Volatility International Equity Hedged to CAD ETF	-
Emerging Markets	ZLE BMO Low Volatility Emerging Markets Equity ETF	-	-

Strong Returns and Reduced Risk

As the following charts illustrate, the BMO ETF Low Volatility Strategy outperforms the broad market, produces strong returns and reduces volatility by selecting and weighting to lower beta investments.

The BMO ETF Low Volatility Strategy allows investors to target a specific risk tolerance to help mitigate market uncertainties. These ETFs can be used as a core portfolio position, they can also be used to complement existing broad market portfolios. BMO Low Volatility ETFs can be used as a tactical trading vehicle in periods of greater market uncertainty, where a more defensive portfolio may be appropriate.



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For a summary of the risks of an investment in the BMO ETFs, please see the specific risks set out in the 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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