

BMO Sector Trade Opportunity

BMO Covered Call Technology ETF and BMO Covered Call US Banks ETF (tickers ZWT & ZWK) Covered Calls for Growth and Income

Investors looking for an income tilt traditionally had to avoid these sectors that don't historically pay a high level of dividends. Now investors are able to **capture the growth potential** of these two sectors while still earning a predictable **income stream**.

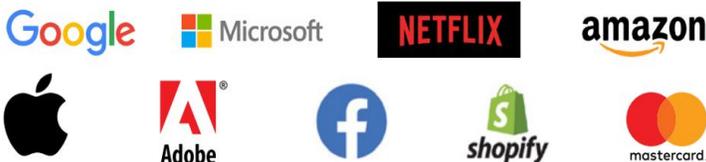
US Technology: Growth and Income BMO Covered Call Technology ETF: ZWT

- Technology and technology related companies continue to be the backbone of the US (and global) economy. As a key driver of productivity gains, the technology sector is highly correlated to advances in economic growth.
- Broadly defined technology includes companies that are not classified as "technology" under GICS methodology - including Alphabet/Google (Communication Services), Amazon (Consumer Discretionary) and Netflix (Communication Services). This provides exposure to a broader set of companies that are likely to provide growth potential from various areas of the overall economy.
- The sector has proven it can grow revenue and earnings during COVID-related restrictions and should continue to be a source of growth even if there is an uneven recovery.
- **BMO Covered Call Technology ETF provides exposure to new age technology companies, benefiting from the growth of the technology industry while also providing sustainable income through covered call writing with an annualized distribution yield of 4.4%**

Source: BMO GAM Aug 31st, 2021.

ZWT Holdings

*Annualized Distribution Yield as of August 31st, 2021. 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.



US Banks: Growth and Income BMO Covered Call US Banks ETF: ZWK

- **BMO Covered Call US banks has a return of 21.93% YTD, as of Aug 31st, 2021.**
- As the US Federal Reserve Bank (the Fed) looks to begin tapering its asset purchase program. There is the potential for longer term interest rates to rise, thus steepening the yield curve. This would be a positive environment for banks, as a steeper yield curve is seen as a positive to banks' lending business.
- In addition, with all the largest US banks passing the latest round of Fed stress tests, the sector has been given the go ahead to resume paying out dividends and initiating buy back programs. These capital return programs provide a level of support to stocks and can even put upward pressure on share prices.
- With the economy continuing to grow at a strong pace as COVID related restrictions continue to be removed (or loosened) over time, this sets up a positive environment for US bank share performance over the short-to-mid term time horizon (so called "reflation trade")
- **BMO Covered Call Banks are designed for investors looking for higher income from equity portfolios and has an annualized distribution yield of 7%.**

Source: BMO GAM Aug 31st, 2021.

ZWK Holdings

*Annualized Distribution Yield as of August 31st, 2021. 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: The most recent regular distribution, or expected distribution, (excluding additional year end distributions) annualized for frequency, divided by current NAV. Distribution yield is not an indicator of overall performance yields will change from month to month based on market conditions and is not guaranteed. See appendix for the full disclaimer.

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Covered Calls for Growth and Income

ZWK YTD Returns vs the S&P 500 Total Return Index as of August 31st, 2021.



Source: Bloomberg. Data as of market close Aug 31st, 2021.

ZWK is tracking the Solactive equal weight US Banks Index. The S&P 500 total return index measures the value of the stocks of the 500 largest corporations by market capitalization listed on the New York Stock Exchange or Nasdaq Composite.

For institutions and advisors with larger trades (50k shares or greater), please contact your BMO ETF Specialist to coordinate this trade. BMO ETFs can help arrange this trade with a market maker in order to better manage the execution. [BMO ETF Specialists](#)

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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.

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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.

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