

BMO Strategic Equity Yield Fund

Bi-Weekly Update

Portfolio Manager Commentary

The Strategic Equity Yield Fund (SEYF) has a NAV of 9.3467 as of January 20, 2025. The average coupon is between 10.00% to 10.50% and the average protection within the Fund is between 75.00% to 80.00%. Five exposures (~\$4.75mm CAD) were called in the month of January and the called notional was reinvested into new exposures. In terms of regional allocation, the Fund is 65.4% invested into Canadian exposures, 30.9% invested in U.S. exposures, and 3.8% invested in European exposures. Canadian Banks (23.2%), U.S. Banks (17.3%), and Canadian broad-based indices (14.4%) represents the three largest exposures within our Fund.

Equity markets experienced gyrations to start 2025 but was largely up on the heels of easing inflation data and strong earnings coming from U.S. financials. Despite the Federal Reserve cutting interest rates by 100bps since September 2024, the 10-yr U.S. treasury yield moved in higher by roughly the same amount, reflecting the market's angst around inflationary pressures coming from the pro-growth policies of the incoming U.S. administration, a growing fiscal deficit, and tariffs on imported goods. The Federal Reserve has a tough task ahead to enact monetary policies that reduce the inflationary pressures while maintaining full employment. Recent U.S. economic data points to a strong U.S. labour market, however monetary policy remains restrictive and credit card balances are increasing to fund purchases. The Portfolio Manager (PM) of the Fund believes that the first few weeks of the year may be a preview for what to expect for the rest of 2025: increased market volatility.

The Fund is well positioned to take advantage of market volatility as Autocallable notes perform very well in flat, slightly up, or slightly down equity markets. In terms of positioning, the PM continues to have a bias towards U.S. exposures and has added 17 trades in U.S. Big Banks (~78M CAD) since Oct 16, 2024.

Fund Snapshot

Coupon Range	Buffer Level Range
10.00%-10.50%	20% – 25%

Distributions

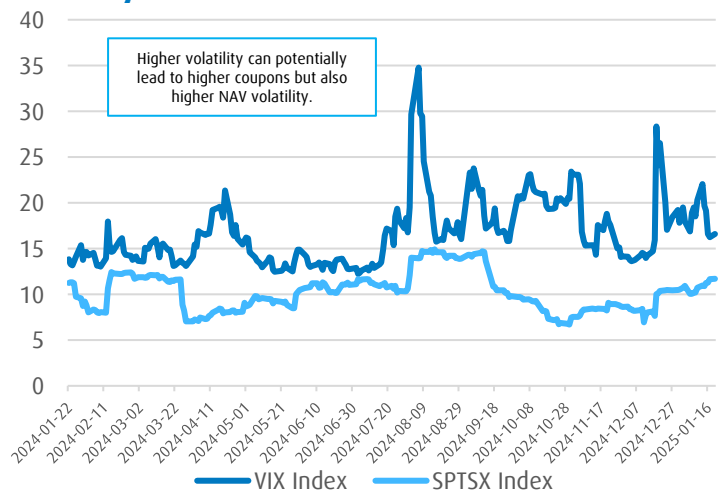
Previous	Upcoming
January 16, 2025	February 17, 2025

Fund Characteristics

Series	Fund Codes	MER (%)
Advisor (CAD)	BM099290	1.74
F (CAD)	BM095290	0.70

**Low to Medium risk rating by prospectus

Volatility



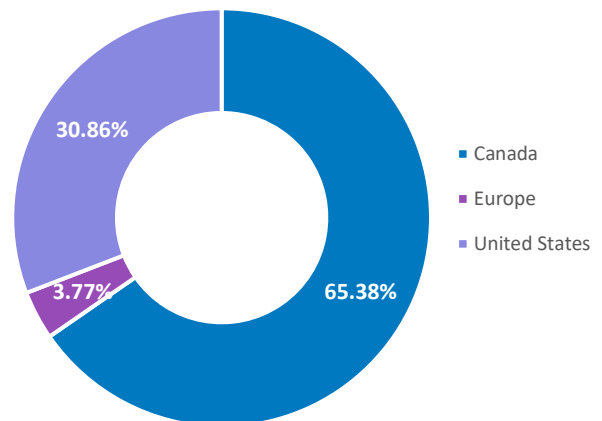
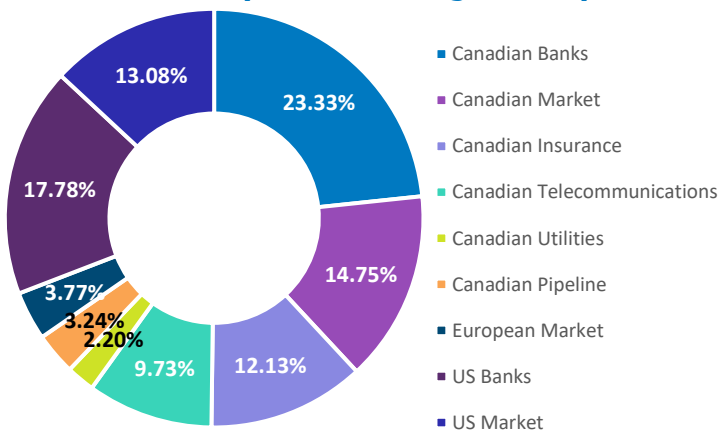
Source: Bloomberg, January 20, 2025.

Top 10 Trades

Reference Asset	Annualized Coupon	% of overall fund	Distance to Protection	Distance to Call (Positive is in the money)
Canadian Banks	10.30%	10.24%	21.99%	1.99%
Canadian Banks	9.10%	10.24%	21.99%	1.99%
Canadian Market	10.00%	8.32%	18.97%	-1.03%
US Banks	10.31%	7.68%	30.93%	10.93%
US Banks	9.97%	7.68%	21.54%	1.54%
US Market	9.06%	7.68%	22.69%	2.69%
Canadian Market	10.44%	7.68%	19.05%	-0.95%
US Banks	10.74%	7.68%	24.49%	4.49%
Canadian Banks	10.50%	7.68%	20.98%	0.98%
US Market	9.00%	7.68%	19.31%	-0.69%

Source: BMO GAM January 20, 2025

Reference Asset Exposure and Regional Exposure³



³Reference Asset and Regional Exposure refer to the underlying benchmark exposure from the Total Return Swaps held by the Fund. Source BMO GAM January 20, 2025. Holdings are subject to change without notice.

Disclaimer

The BMO Strategic Equity Yield Fund will focus on replicating exposure to notes focused on income generation, while also maintaining contingent downside protection. Our dedicated team of structured product professionals seeks to achieve above market returns and exposure to North American and/or global equity markets through the use of derivatives and/or structured products.

Series F units are only available to investors who participate in eligible wrap programs or flat fee accounts with their registered dealers that have entered into a Series F Agreement with BMO Investment Inc.

Commissions, trailing commissions (if applicable), management fees and expenses all may be associated with mutual fund investments. Please read the fund facts or prospectus of the relevant mutual fund before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and are subject to change and/or elimination.

For a summary of the risks of an investment in BMO Mutual Funds, please see the specific risks set out in the simplified prospectus.

BMO Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from Bank of Montreal.

BMO Global Asset Management is a brand name under which BMO Asset Management Inc. and BMO Investments Inc. operate.

The viewpoints expressed by the Portfolio Managers represents their assessment of the markets at the time of publication. Those views are subject to change without notice at any time. The information provided herein does not constitute a solicitation of an offer to buy, or an offer to sell securities nor should the information be relied upon as investment advice. Past performance is no guarantee of future results. This communication is intended for informational purposes only.

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Any statement that necessarily depends on future events may be a forward-looking statement. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although such statements are based on assumptions that are believed to be reasonable, there can be no assurance that actual results will not differ materially from expectations. Investors are cautioned not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, investors should carefully consider the areas of risk described in the most recent simplified prospectus.

** All investments involve risk. The value of a Mutual Fund can go down as well as up and you could lose money. The risk of a Mutual Fund is rated based on the volatility of the Mutual Fund's returns using the standardized risk classification methodology mandated by the Canadian Securities Administrators. Historical volatility doesn't tell you how volatile a Mutual Fund will be in the future. A Mutual Fund with a risk rating of "low" can still lose money. For more information about the risk rating and specific risks that can affect a Mutual Fund's returns, see the BMO Mutual Fund's simplified prospectus.

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