

Views from the Desk

BMO Covered Call ETFs – Rebalance Update

Jun 30, 2021

Summary

The High Dividend Covered Call ETFs were rebalanced in the month of May 2021. The turnovers were relatively light, ranging from 6.0% to 10% across ZWC, ZWH & ZWP (one-way turnover). From a return perspective, ZWC & ZWH had strong performance comparable to the broad market. The dividend factor was overall in favour to start the year, and the higher levels of volatility (relative to pre-COVID) were beneficial for the option overlay.

YTD High Level Performance Summary (Date: 12/31/2020 till June 30, 2021, Distribution Yield as of July 7, 2021)

	BMO Canadian High Dividend Covered Call (ZWC)	BMO S&P/TSX Capped Composite (ZCN)		
Return	16.55%	17.26%		
Dist. Yield	6.63%	2.82%	Hedged ETFs:	
	BMO US High Dividend Covered Call (ZWH)	BMO S&P 500 Index ETF (ZSP)	BMO US High Dividend Covered Call Hedged to CAD (ZWS)	BMO S&P 500 Hedged to CAD Index ETF (ZUE)
Return	11.25%	12.07%	13.90%	14.90%
Dist. Yield	6.06%	1.21%	5.96%	1.16%
	BMO Europe High Dividend Covered Call (ZWP)	MSCI Europe Net Total Return	BMO Europe High Dividend Covered Call Hedged to CAD (ZWE)	MSCI Europe Local Net TR
Return	7.83%	8.65%	12.66%	14.50%
Dist. Yield	6.19%	2.64%*	6.15%	2.64%*

*withholding tax adjusted

BMO Canadian High Dividend Covered Call (ZWC)

BMO Canadian High Dividend Covered Call (ZWC)			
Sectors	Previous Weight	New Weight	Difference
Communication Services	10.2%	13.0%	2.8%
Industrials	7.1%	9.4%	2.3%
Materials	6.6%	7.6%	1.0%
Utilities	8.9%	9.9%	1.0%
Health Care	0.0%	0.0%	0.0%
Information Technology	0.0%	0.0%	0.0%
Real Estate	0.0%	0.0%	0.0%
Consumer Discretionary	4.2%	3.4%	-0.8%
Financials	41.2%	39.7%	-1.5%
Consumer Staples	5.9%	3.9%	-2.0%
Energy	15.9%	13.1%	-2.8%

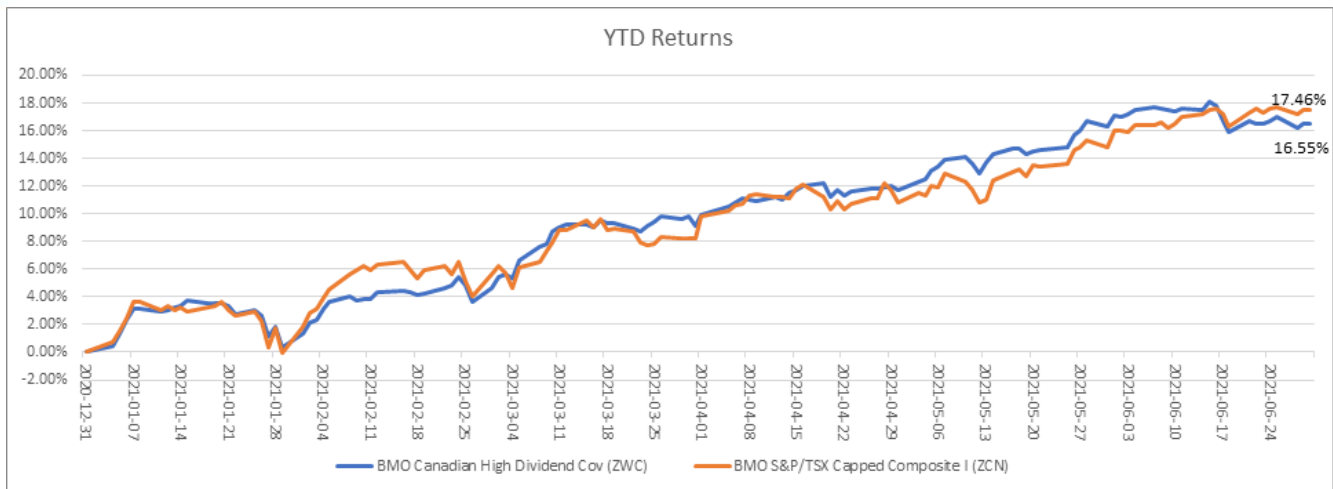
Dividend Yield	3.82%	3.81%	0.00%
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Turnover (1-way)	10.10%
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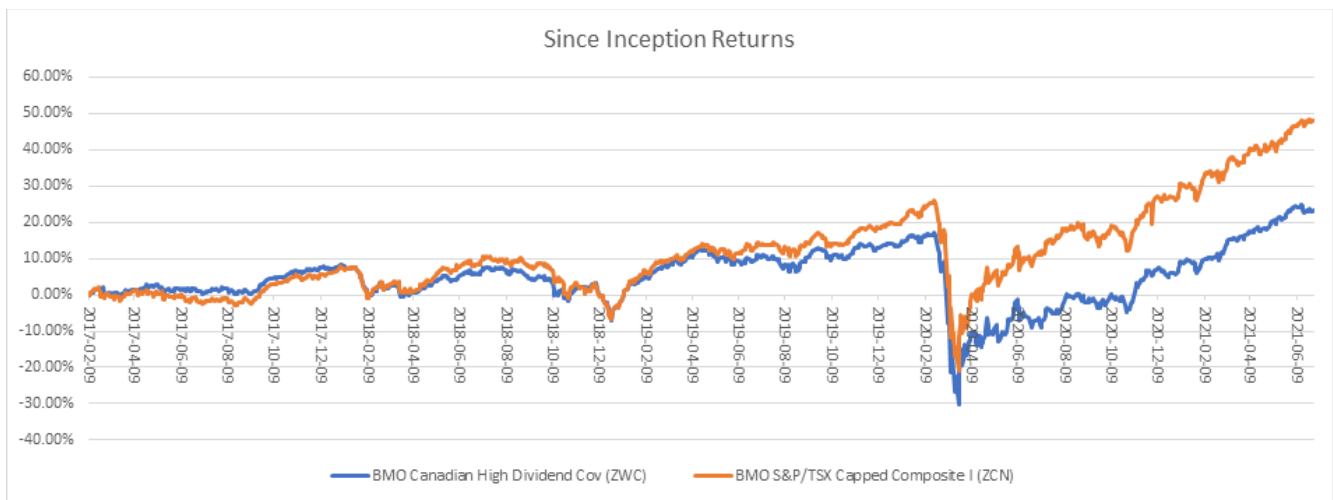
ZWC Commentary

- During the May 2021 rebalance, there was no deletion and addition.
- From a performance perspective, ZWC had a strong performance in the first half of 2021, performing very comparably with the broad market.
 - Our underweight exposure in Information technology detracted value
 - Our overweight exposure in Financials & Communication Services helped partially offset some of the underperformance.

• Date: 12/31/2020 till June 30, 2021	BMO Canadian High Dividend Covered Call (ZWC)	BMO S&P/TSX Capped Composite I (ZCN)
Return	16.55%	17.46%



Since Inception	BMO Canadian High Dividend Covered Call (ZWC)	BMO S&P/TSX Capped Composite I (ZCN)
Cumulative Return	23.20%	47.97%
Annualized Return	4.87%	9.34%
Date: Feb 09, 2017 till June 30, 2021		



BMO US High Dividend Covered Call (ZWH)

BMO US High Dividend Covered Call (ZWH)			
Sectors	Previous Weight	New Weight	Difference
Information Technology	21.9%	24.1%	2.2%

Communication Services	9.5%	10.6%	1.1%
Health Care	12.8%	13.7%	0.9%
Consumer Staples	7.2%	8.1%	0.9%
Utilities	3.8%	4.0%	0.2%
Energy	3.8%	4.0%	0.2%
Consumer Discretionary	9.9%	10.0%	0.1%
Real Estate	2.2%	2.0%	-0.2%
Industrials	8.8%	8.0%	-0.8%
Financials	15.6%	13.5%	-2.1%
Materials	4.6%	2.0%	-2.6%

Dividend Yield	2.96%	2.92%	-0.04%
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Turnover (1-way)	7.53%
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Additions

Ticker	Name	Sector	New Weight
ORCL US Equity	Oracle Corp	Information Technology	2.08%

Deletions

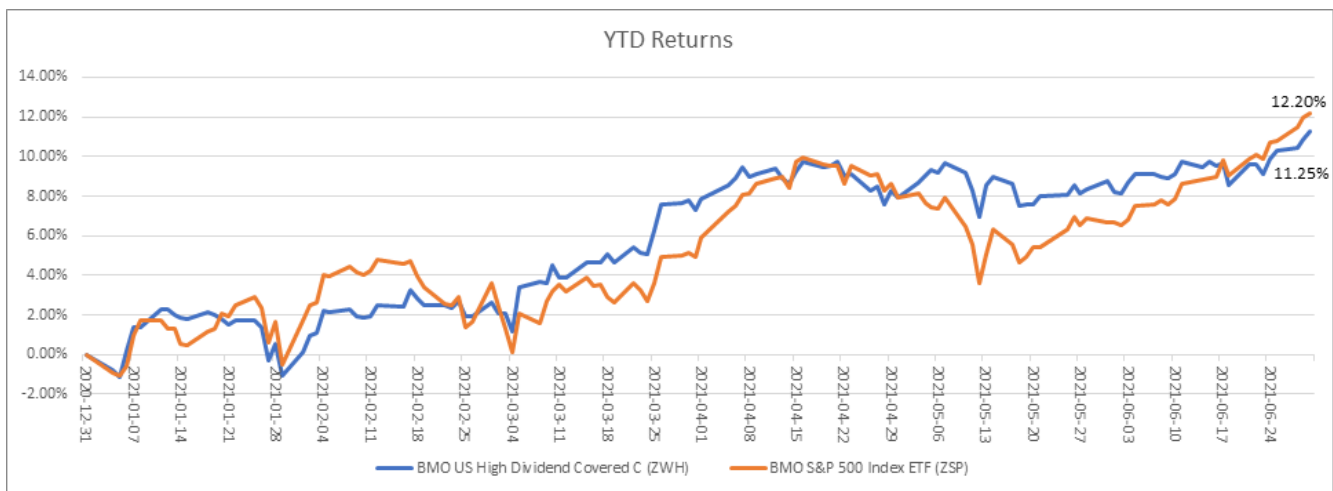
Ticker	Name	Sector	Reason
DOW US Equity	Dow Inc	Materials	Credit Rating Deterioration

ZWH Commentary

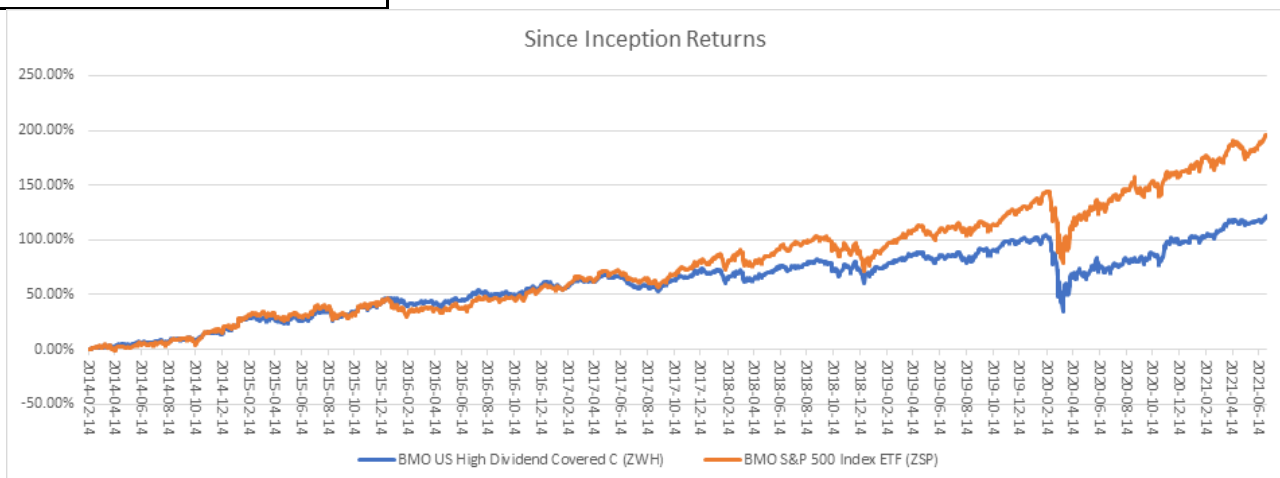
- During the May 2021 rebalance, there was 1 deletion and 1 new addition.
 - Dow Inc was deleted due to credit rating deterioration.
- From a performance perspective, ZWH had a strong performance in the first half of 2021, performing very comparably with the broad market.
 - Our underweight exposure in information technology detracted value

- Our overweight exposure in Financials & Materials helped partially offset some of the underperformance.
- Our overweight exposure in Financials helped partially offset some of the underperformance.

Date: 12/31/2020 till June 30, 2021	BMO US High Dividend Covered C (ZWH)	BMO S&P 500 Index ETF (ZSP)
Return	11.25%	12.20%



Since Inception	BMO US High Dividend Covered C (ZWH)	BMO S&P 500 Index ETF (ZSP)
Cumulative Return	121.54%	196.27%
Annualized Return	11.38%	15.86%
Date: Feb 14, 2014 till June 30, 2021		



BMO Europe High Dividend Covered Call (ZWP)

BMO Europe High Dividend Covered Call (ZWP)			
Sectors	Previous Weight	New Weight	Difference
Health Care	17.4%	19.2%	1.8%
Utilities	3.5%	4.0%	0.5%
Real Estate	1.7%	2.0%	0.3%
Information Technology	6.4%	6.6%	0.2%
Energy	3.9%	4.0%	0.1%
Materials	9.5%	9.4%	0.0%
Consumer Staples	12.5%	12.2%	-0.3%
Industrials	11.8%	11.4%	-0.4%
Financials	13.9%	13.4%	-0.4%
Communication Services	8.1%	7.2%	-0.8%
Consumer Discretionary	11.5%	10.6%	-0.9%

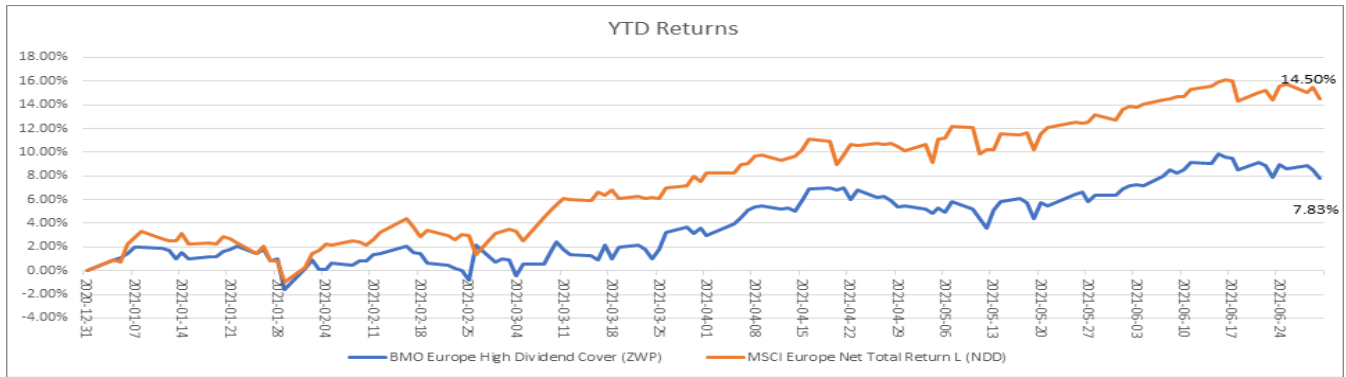
Dividend Yield	3.51%	3.53%	0.02%
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Turnover (1-way)	5.63%
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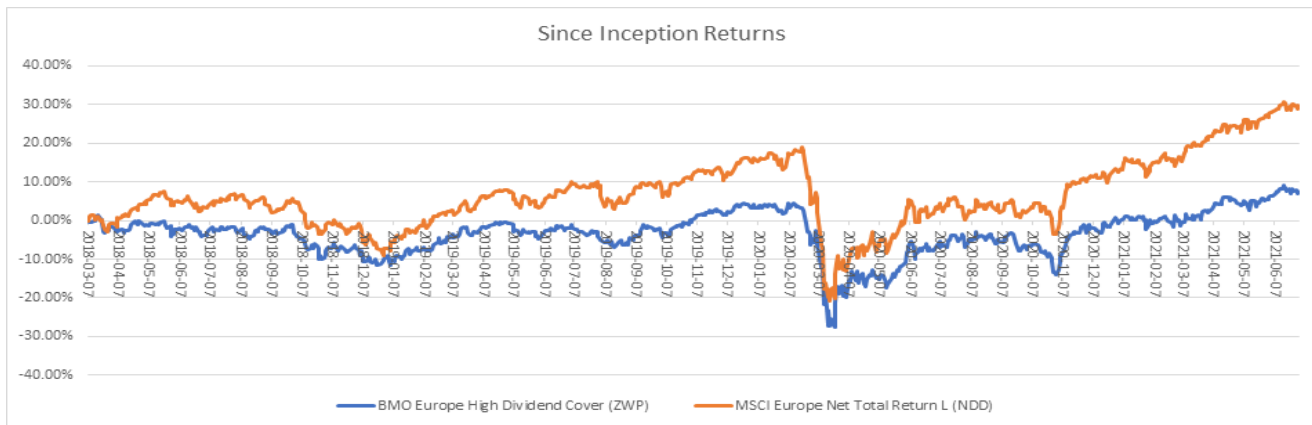
ZWP Commentary

- During the May 2021 rebalance, there was no deletion and addition.
- From a performance perspective, ZWH lagged significantly vs the broad market mainly driver by had a strong performance in the first half of 2021, performing very comparably with the broad market.
 - Our underweight regional exposure in Netherlands detracted value.
 - Our overweight regional exposure in Switzerland & Germany detracted value as they underperformed the broader Europe market.

Date: 12/31/2020 till June 30, 2021	BMO Europe High Dividend Cover (ZWP)	MSCI Europe Net Total Return
Return	7.83%	14.50%



Since Inception	BMO Europe High Dividend Cover (ZWP)	MSCI Europe Net Total Return
Cumulative Return	6.96%	28.79%
Annualized Return	2.05%	7.92%
Date: March 07, 2018 till June 30, 2021		



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