

BMO Sector Trade Opportunity

A tactical time to add exposure to Canadian Banks

BMO Equal Weight Banks Index ETF: ZEB Canadian Banks for Growth

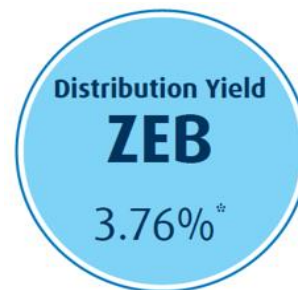


- Q2 2022 Canadian Bank exceeded expectations and earnings remained consistent with Q1 earnings. Out of the 6 major banks all banks beat expectations except for 1.
- It is expected that the Bank of Canada will continue its course to raise interest rates to battle inflation. Analysts continue to predict upside in Canadian bank stocks (see table on page 2), with target prices above current prices.
- Canada's Big Six Banks are still expected to raise dividends to keep up with their stock prices and remain in line with 4%.
- Since "Pfizer Monday" (November 9th, 2020) the Solactive Equal-Weight Canada Banks Index returned 55%, vs the S&P/TSX Composite Index return of 32% and the S&P 500 Index returned 15% during this time.¹
- There may be more volatility in 2022 however the market is starting to restore its confidence in Canadian Banks, and we believe the banks are at an attractive entry point compared to the broader TSX.

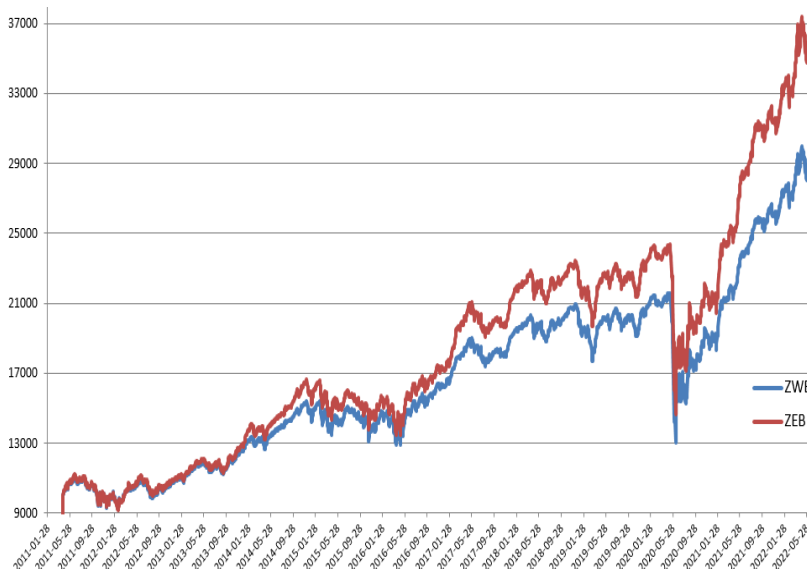
BMO Covered Call Canadian Banks ETF: ZWB Enhanced Yield from Covered Calls for Income



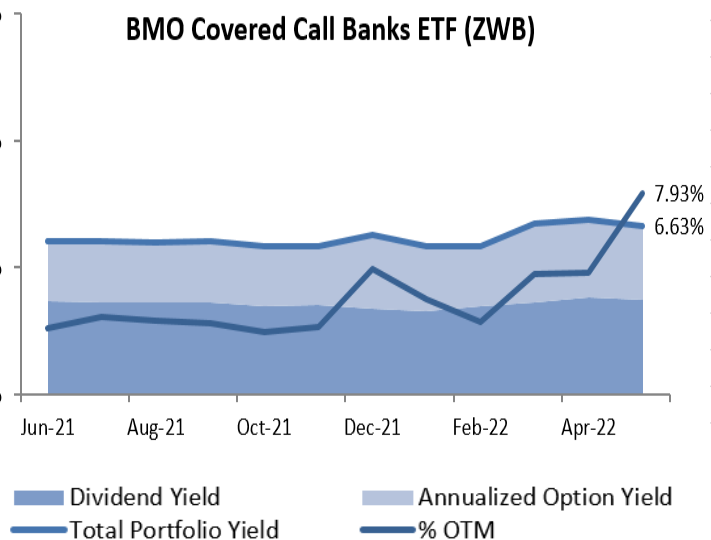
- BMO ETFs call writing strategy consists of writing short dated, out of the money calls on around 50% of the portfolio. That means that for the portion that is overwritten, there is still room for capital growth, while the remainder of the portfolio fully participates in market gains.
- We use a dynamic approach to call strike selection, where in periods of heightened volatility we write further out of the money and capture a comparable option premium, providing more opportunity for the portfolio to participate in potential market gains.
- The premiums received from writing these options adds approximately 2.5% of tax efficient yield to the portfolio.³



Strong History of Performance, Tactical Buying Opportunity: ZEB & ZWB Growth of \$10,000: Since Common Inception (Jan 28, 2011)²



BMO Covered Call Banks ETF (ZWB): Breakdown of Portfolio Yield³



¹ Source: Bloomberg, June 3rd, 2022. All returns in CAD. ²Source: Bloomberg, June 3rd, 2022. Performance of the BMO Covered Call Canadian Banks ETF (ZWB) and the BMO Equal Weight Banks Index ETF (ZEB). ³Source: BMO Global Asset Management, June 3rd, 2022.

*Annualized Distribution Yield (as of May 31st, 2022). Yield subject to change month to month. Past performance does not indicate future results. Annualized performance of ZEB: 1 year 9.55%, 3 year 15.83%, 5 year 11.84%, since inception (October 20, 2009) 11.59%. Annualized performance of ZWB: 1 year 6.84%, 3 year 12.05%, 5 year 9.19% since inception (January 28, 2011) 9.28%.

Analyst Expectations:

Research Analyst	Target Price (Estimate)*					
	BMO	Scotia Bank	CIBC	National Bank	Royal Bank	TD
BMO Capital Markets		\$95	\$83	\$108	\$140	\$100
Canaccord Genuity	\$157	\$92	\$83	\$104	\$134	\$99
CIBC Capital Markets	\$142	\$88		\$102	\$146	\$100
Desjardins Securities	\$155	\$94	\$77	\$103	\$147	\$107
National Bank Financial	\$152	\$91	\$84		\$148	\$102
RBC Capital Markets	\$158	\$94	\$78	\$109		\$106
Scotiabank	\$159		\$83	\$107	\$147	\$102
TD Securities	\$160	\$91	\$78	\$105	\$150	
Average Price (Estimate)*	\$155	\$92	\$81	\$105	\$145	\$102
Current Price (Actual)	\$136	\$84	\$70	\$96	\$132	\$95
% Upside from target	13.6%	9.3%	15.7%	10.3%	9.3%	8.1%
Dividend Yield	4.1%	4.9%	4.8%	3.9%	3.9%	3.8%
Total Return	17.7%	14.2%	20.5%	14.2%	13.2%	11.9%

Average 6 Banks, held in ZEB/ZWB:

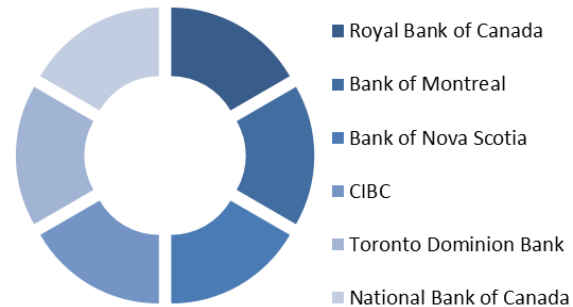
Price Return	11.1%
Dividend Return	4.2%
Total Return	15.3%

*This table shows an **estimated** forward target price for each of the six largest Canadian banks. Each investment firm's research department publishes these reports, and they can be reviewed for further explanation on the reasoning for the price estimate. These are estimates only and are subject to change. Source: Bloomberg, June 9th, 2022.



Implementation

For exposure to an equal weight basket of Canadian Banks consider buying **BMO Equal Weight Banks Index ETF (ticker: ZEB)** or with an enhanced yield component the **BMO Covered Call Canadian Banks ETF (ticker: ZWB)**.



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.

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