

## S&P 500<sup>®</sup>, 400<sup>®</sup> and 600<sup>®</sup> Indices: An entire universe at your fingertips

BMO ETFs now offers the S&P MidCap 400 and the S&P SmallCap 600 to compliment the S&P 500 large cap exposure.

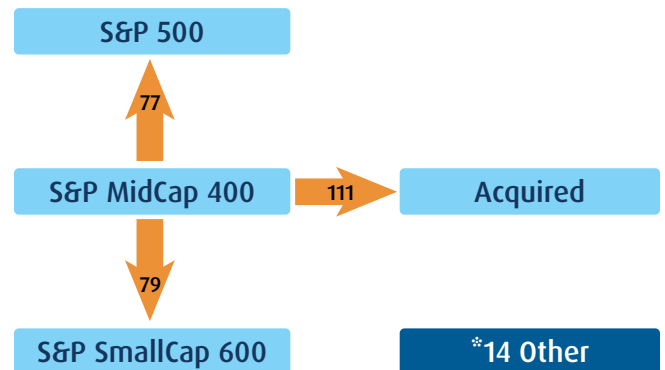
*Compliment the core and stability of the S&P 500 Index with growth-oriented small and mid-cap ETFs.*

### Why S&P SmallCap 600 Index?

- **Purer exposure to the U.S. economy:** Small-cap typically have a greater amount of their revenues generated from home markets. The S&P 600 has a strong domestic bias compared to the S&P 500 where revenues are more global.
- **Quality bias:** Index construction matters in small-caps. The S&P 600's profitability criterion creates a quality bias, which helped it to consistently outperform other small cap indices since inception.
- **Strong historical performance:** The S&P SmallCap 600 equity benchmark delivered an annualized total return of nearly 10.3% since inception 25 years ago.<sup>1</sup>

### Why S&P MidCap 400 Index?

- **Diversification:** The S&P 400 is less concentrated than the S&P 500. The top 10 companies account for 7.2% of the index weight, vs the 27.9% weight held by the top 10 companies in the S&P 500.<sup>2</sup>
- **Sector Exposures:** On average, the S&P MidCap 400 has historically had higher exposures to Real Estate, Utilities, and Materials.\*
- **Stability and Growth:** Mid-cap companies have successfully navigated the challenges specific to small companies, such as raising initial capital and managing early growth, and often have established infrastructure, access to capital, and developed distribution systems.\*



Source: S&P Dow Jones Indices LLC. Data from Jan. 1, 2014, through June 28, 2019. Chart is provided for illustrative purposes.

### Why S&P 500 LargeCap Index

- **Growth:** access diversified basket for the largest 500 countries in the U.S., with globally derived revenues.
- **Large and Liquid:** largest and most liquid securities within the US.
- **Sector exposures:** Growth sectors like Information Technology (28%) and Health Care (14%) are the leading weights.<sup>2</sup>

\*Source: S&P Indices December 31, 2019

<sup>1</sup> Morning Star Direct, November 2, 2020.

<sup>2</sup> BMO Global Asset Management, November 2, 2020.

**BMO S&P 500 Index ETF**  
**ZUE**   **ZSP**   **ZSP.U**  
 hedged to CAD   unhedged   unhedged USD  
 Distribution Yield: 1.4% | Q  
 Mgmt. Fee 0.08%  
**Risk Rating:** Medium

**BMO S&P US Mid Cap Index ETF**  
**ZMID**   **ZMID.F**   **ZMID.U**  
 unhedged   hedged to CAD   unhedged USD  
 Distribution Yield: 1.4% | Q  
 Mgmt. Fee 0.15%  
**Risk Rating:** Medium

**BMO S&P US Small Cap Index ETF**  
**ZSML**   **ZSML.F**   **ZSML.U**  
 unhedged   hedged to CAD   unhedged USD  
 Distribution Yield: 1.5% | Q  
 Mgmt. Fee 0.20%  
**Risk Rating:** Medium to High

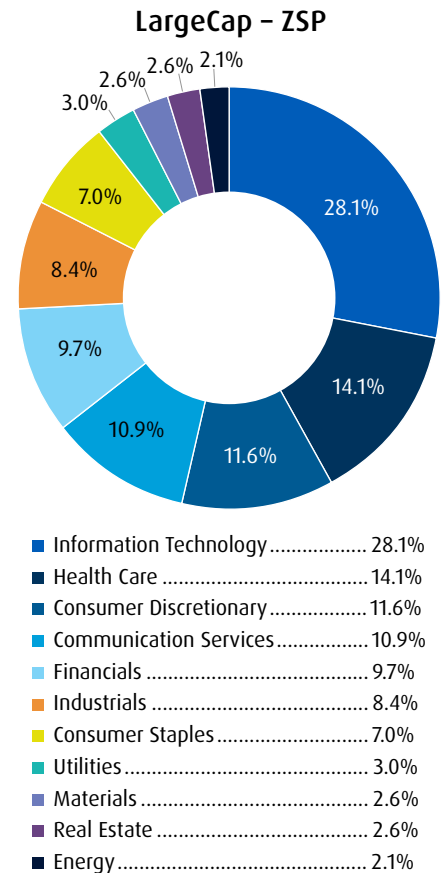
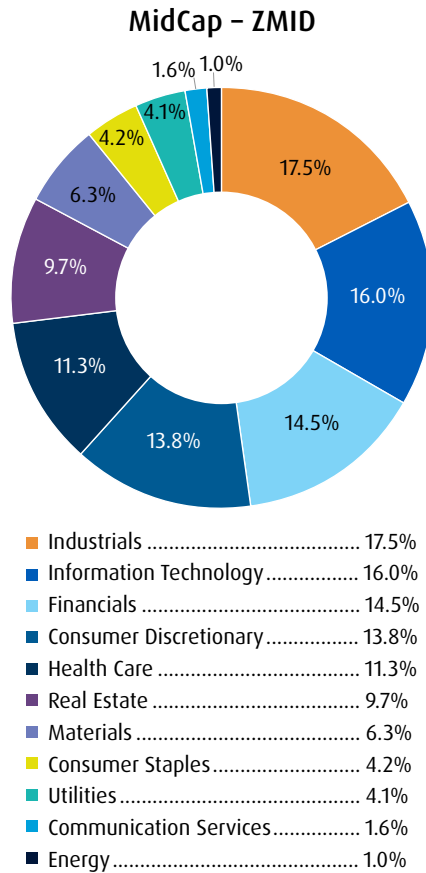
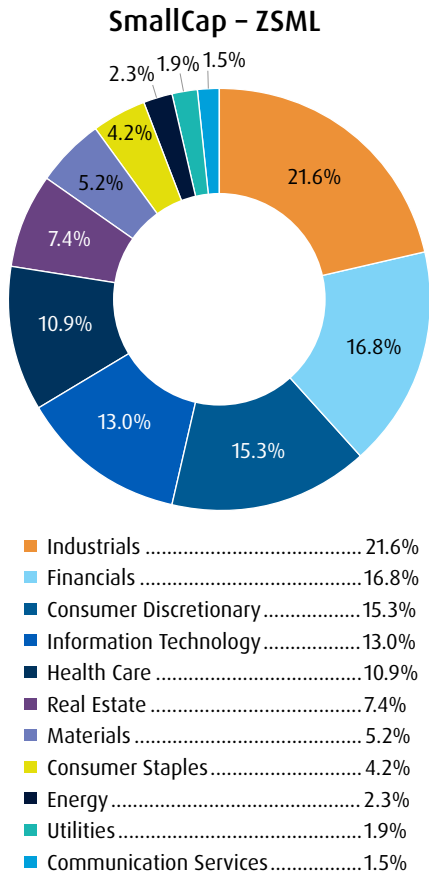
**Index Characteristics**

	S&P 500	S&P 400	S&P 600
Mean Market Cap (USD Million)	\$56,491	\$4,435	\$1,215
Median Market Cap (USD Million)	\$22,336	\$3,702	\$995
Total Market Cap (USD Million)	\$28,532,500	\$1,774,000	\$730,215
Weight of Largest Constituent	6.50%	0.80%	0.60%
Weight of Top 10 Constituents	28.00%	7.20%	5.50%

**Index Fundamentals**

	S&P 500	S&P 400	S&P 600
P/E (projected)	21.80	18.42	19.15
P/B	3.50	1.97	1.66
Standard Deviation (3 Yr)	17.90%	22.07%	23.35%
Standard Deviation (10 Yr)	13.30%	16.25%	20.20%

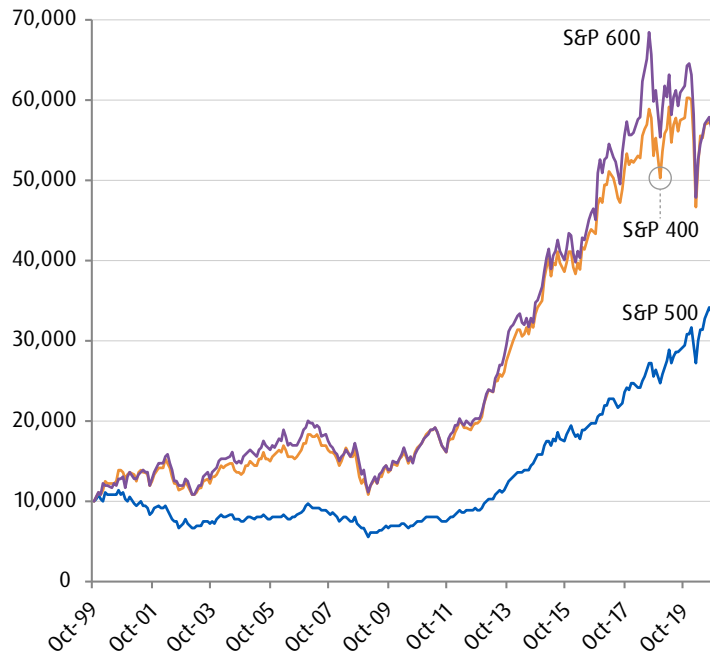
**Sector Breakdown**



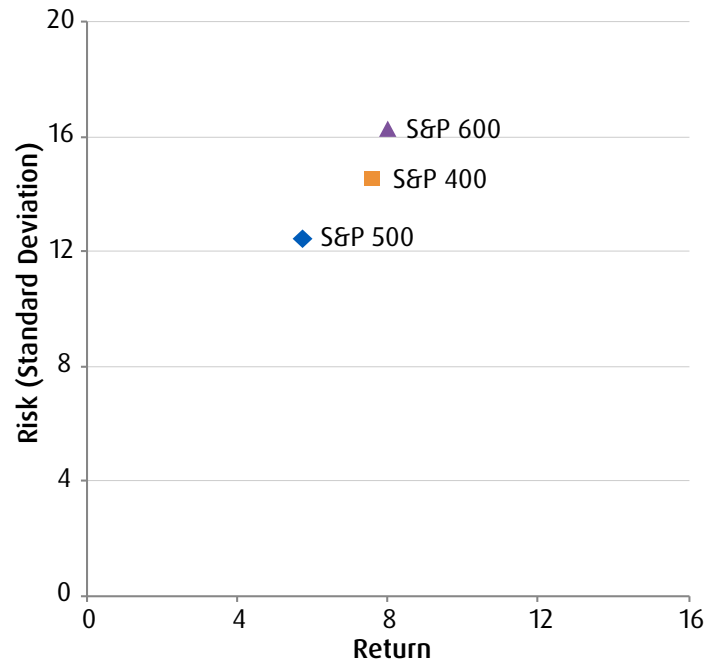
Source: BMO Global Asset Management October 2020.

## Performance

### Growth of \$10,000



### 20 Year Risk Return Profile



Source: MorningStar Direct October 31, 2020. Risk is defined by 20 year annualized standard deviation. Returns are 20 year annualized. Both risk and return are in CAD.

Name	YTD	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	15 Yr	20 Yr	Since Inception	Inception Date
S&P 500 TR	3.33	9.71	11.99	10.42	11.71	13.01	9.12	6.41	9.90	11/09/1989
S&P MidCap 400 TR	-7.91	-1.15	3.81	2.87	7.39	10.36	8.52	8.35	11.22	30/08/1991
S&P SmallCap 600 TR	-15.48	-7.72	-2.39	0.20	6.48	10.39	7.91	8.71	10.33	31/01/1995

Source: Morning Star Direct, October 31, 2020. All returns in USD.

## The Index approach to accessing U.S. equity

Because the U.S. equity market is efficient a rules-based approach to U.S. equity exposure can be effective, especially when staying invested for the long term. S&P Indices has a long and successful history in index construction, and is trusted within the industry as a provider of some of the largest and most widely recognized indexes.

### Percentage of Funds that underperformed their benchmark

#### US Equity

Fund Category	Comparison Index	5 Yr (%)	3 Yr (%)	1 Yr (%)
Large-cap	S&P 500®	73	66	63
Mid-cap	S&P MidCap 400®	56	43	29
Small-cap	S&P SmallCap 600®	68	52	31

Source: SPIVA Report, September 10, 2020. Return data as of December 31, 2019.

\*You cannot invest directly in a market index.

## Solutions for U.S. Dollar Accounts

- No U.S. Estate Tax Exposure
- No T-1135 Foreign Income Verification Required

**BMO S&P 500 Index ETF**  
**ZSP.U**

**BMO S&P US Mid Cap Index ETF**  
**ZMID.U**

**BMO S&P US Small Cap Index ETF**  
**ZSML.U**



By investing in Canadian listed ETFs, investors can simplify their taxes. BMO ETFs offers investors a comprehensive suite of solutions that provide tax effective foreign diversification.



S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and "TSX" is a trademark of TSX Inc. These trademarks have been licensed for use by S&P Dow Jones Indices LLC and sublicensed to BMO Asset Management Inc. in connection with the above mentioned BMO ETFs. These BMO ETFs are not sponsored, endorsed, sold or promoted by S&P Dow Jones LLC, S&P, TSX, or their respective affiliates and S&P Dow Jones Indices LLC, S&P, TSX and their affiliates make no representation regarding the advisability of trading or investing in such BMO ETF(s).

Risk is defined as the uncertainty of return and the potential for capital loss in your investments

This communication is intended for informational purposes only and is not, and should not be construed as, investment, legal or tax advice to any individual. Particular investments and/or trading strategies should be evaluated relative to each individual's circumstances.

Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Commissions, management fees and expenses (if any) all may be associated with investments in exchange traded funds. Please read the ETF Facts or prospectus before investing. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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 and ETF series 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.

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.

®/™Registered trade-marks/trade-mark of Bank of Montreal, used under licence.

**ADVISOR USE ONLY**