

AAA CLOs - The Top of the Waterfall

NEW BMO AAA CLO ETF on Cboe

BMO AAA CLO ETF

ZAAA.F

Hedged Units
Risk Rating: Low¹

ZAAA

CAD Units
Risk Rating:
Low to Medium¹

ZAAA.U

USD Units
Risk Rating: Low¹

Management Fee: 0.20%

**Smart
income starts
at the top!**

As Canada's largest fixed income ETF provider², BMO Exchange Traded Funds is now offering the BMO AAA CLO ETF! AAA Collateralized Loan Obligation (CLO) tranches are the most stable within the CLO structure because they are entitled to the highest claim on cash flow distributions in the event of default.



The BMO AAA CLO ETF offers investors exposure to a carefully curated portfolio of top-tier, AAA-rated CLO tranches³ - delivering diversified, high-quality credit exposure with a focus on seeking income and capital preservation.

Benefits of Holding the BMO AAA CLO ETF

Underlying CLOs Provide Attractive Cashflow

CLOs often provide higher yields compared to traditional investment grade bonds.⁴ The BMO AAA CLO ETF has a monthly distribution frequency.*

Diversification

CLO ETFs provide exposure to a distinct asset class that is less correlated with traditional fixed-income securities, enhancing portfolio diversification.

Access to Institutional-Grade Investments

ETFs allow investors access to AAA CLOs, a market historically dominated by institutional investors.

Floating Rate

CLO tranches have a floating interest rate tied to benchmarks of overnight rates which reset periodically making them an effective hedge against the movement of interest rates.

Low Default Rates

There have historically been zero defaults on AAA tranches through the 30-year history of CLOs.⁴

Liquidity and Transparency

ETFs offer a more liquid way to invest in CLOs compared to purchasing individual tranches directly, which can be illiquid and complex. ETFs also provide daily pricing and greater transparency.



by BMO Global Asset Management

¹ All investments involve risk. The value of an ETF can go down as well as up and you could lose money. The risk of an ETF is rated based on the volatility of the ETF's returns using the standardized risk classification methodology mandated by the Canadian Securities Administrators. Historical volatility doesn't tell you how volatile an ETF will be in the future. An ETF with a risk rating of "low" can still lose money. For more information about the risk rating and specific risks that can affect an ETF's returns, see the BMO ETFs' simplified prospectus.

² Source: Bloomberg March 31st 2025

³ AAA herein refers to the order of payments, should there be any defaults, and does not represent the ratings of the underlying loans within the CLO.

⁴ Source: Bloomberg, as of December 31, 2024.

CLOs are floating- or fixed-rate debt securities issued in different tranches, with varying degrees of risk, by trusts or other special purpose vehicles ("CLO Issuers") and backed by an underlying portfolio consisting primarily of below investment grade corporate loans. The BMO ETF pursues its investment objective by investing, under normal circumstances, at least 85% of its net assets in CLOs that, at the time of purchase, are rated AAA or the equivalent by a nationally recognized statistical rating organization.

AAA herein refers to the order of payments, should there be any defaults, and does not represent the ratings of the underlying loans within the CLO. If there are loan defaults or the CLO Issuer's collateral otherwise underperforms, scheduled payments to senior tranches take precedence over those of mezzanine tranches (a tranche or tranches subordinated to the senior tranche), and scheduled payments to mezzanine tranches take precedence over those to subordinated/equity tranches. The riskiest portion is the "Equity" tranche, which bears the first losses and is expected to bear all or the bulk of defaults from the corporate loans held by the CLO Issuer serves to protect the other, more senior tranches from default.

*Distributions are not guaranteed and are subject to change and/or elimination

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.

BMO Global Asset Management is a brand name that comprises BMO Asset Management Inc. and BMO Investments Inc.

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. 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 BMO ETF's prospectus. BMO ETFs 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.

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