

# BMO's Monthly Covered Call and Enhanced Income Report

**The BMO Covered Call Strategy** strikes a balance between generating income and participating in rising markets. This approach can potentially provide exposure to the underlying portfolio with potentially less risk.

- Cash Flows are generated from option call premiums and dividend income from the underlying stocks.
- BMO writes covered calls on approximately 50% of the portfolios, allowing for participation in rising markets.
- Options are sold 1-2 months to expiry to take maximum advantage of time decay.
- Option strike prices will be set further out-the-money when volatility rises. When volatility rises, option premiums increase.
- Over the long-term, covered call strategies provide lower risk levels relative to their underlying portfolios.

ETF	% Covered	% Out-of-the-Money	1 <sup>st</sup> Month	2 <sup>nd</sup> Month	3 <sup>rd</sup> Month	Annualized Opt. Yield*	Dividend Yield	Indicative Yield
ZWB	48.14%	2.58%	55.77%	44.23%	0.00%	2.98%	4.71%	7.70%
ZWU	44.13%	4.08%	68.57%	31.43%	0.00%	3.60%	5.25%	8.85%
ZWA	53.78%	4.83%	86.28%	13.72%	0.00%	5.89%	1.86%	7.75%
ZWH/ZWS	51.59%	6.09%	86.73%	13.27%	0.00%	3.74%	2.82%	6.56%
ZWE/ZWP	46.43%	5.30%	83.98%	16.02%	0.00%	3.66%	3.82%	7.48%
ZWC	47.66%	3.80%	70.05%	29.95%	0.00%	3.52%	4.32%	7.85%
ZWK	56.65%	6.61%	99.32%	0.68%	0.00%	6.17%	3.84%	10.01%
ZWG	47.29%	4.26%	83.12%	16.88%	0.00%	5.65%	3.03%	8.68%
ZWT	50.40%	12.28%	93.87%	6.13%	0.00%	5.07%	0.56%	5.63%
ZWHC	47.77%	4.85%	100.00%	0.00%	0.00%	6.24%	1.89%	8.12%
ZWEN	46.60%	4.54%	91.19%	8.81%	0.00%	5.58%	4.14%	9.72%
ZPW/ZPH	62.41%	3.73%	100.00%	0.00%	0.00%	18.63%	0.00%	18.63%

ETF	Portfolio Weight*	% Covered	% Out-of-the-Money	1 <sup>st</sup> Month	2 <sup>nd</sup> Month	3 <sup>rd</sup> Month	Annualized Opt. Yield	T-Bill/Dividend Yield	Indicative Yield
ZPAY Puts	63.22%	57.70%	6.33%	95.17%	4.83%	0.00%	5.05%	0.00%	5.05%
ZPAY Calls	36.77%	7.62%	7.25%	100.00%	0.00%	0.00%	0.74%	0.75%	1.50%

Data as of March 31, 2024. Source: BMO Asset Management Inc. \*3 month trailing average.

**Annualized Option Yield:** the annualized portfolio weighted average yield of trades completed during the month

**Call:** a call option gives the holder the right to buy a stock

**Dividend Yield:** annualized yield generated from the underlying dividend paying companies.

**Indicative Yield:** the annualized option yield plus the forward annualized dividend yield before fees, trading costs and taxes

**Option Premium:** it is the total amount that an investor pays the call writer for an option contract

**% Covered:** the percentage of the portfolio that call options are written on.

**% Out-of-the-Money:** how far the strike price is set relative to the underlying stock price.

**Put:** a put option gives the holder the right to sell a stock.

**T-Bill Yield:** the total yield derived from the underlying treasury bills

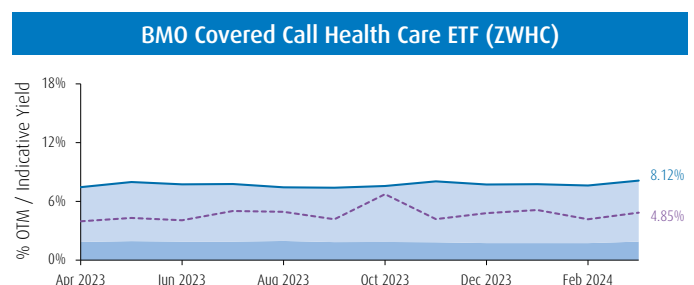
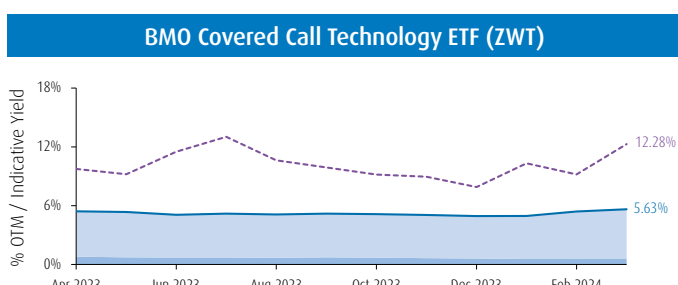
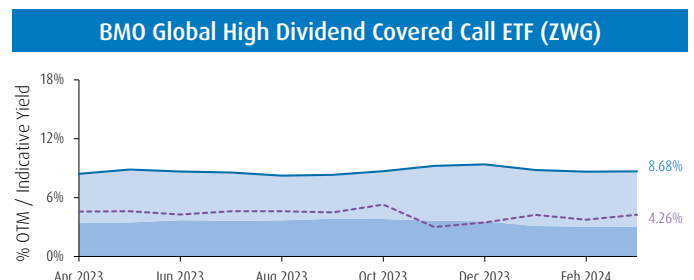
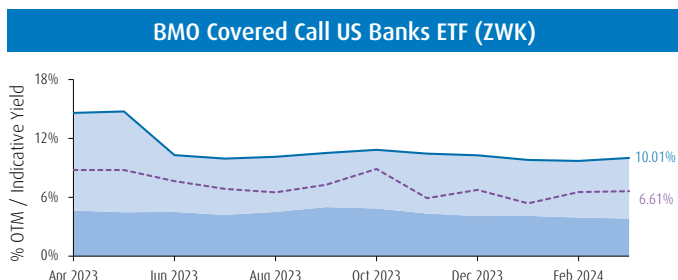
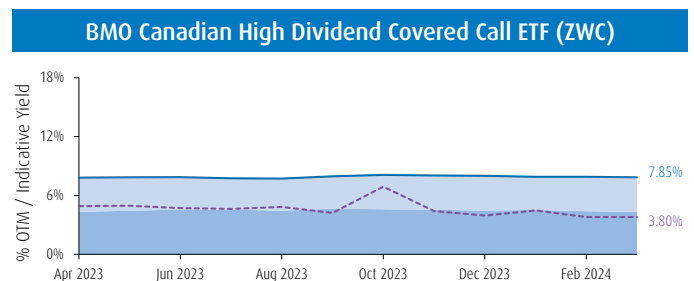
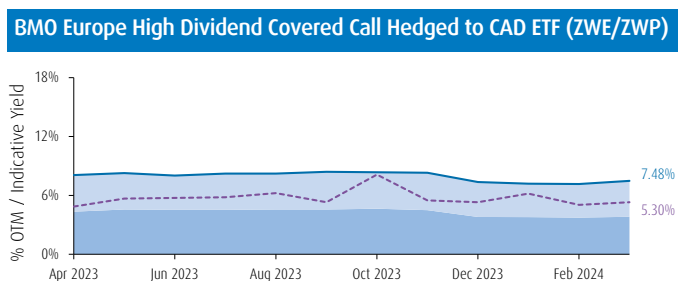
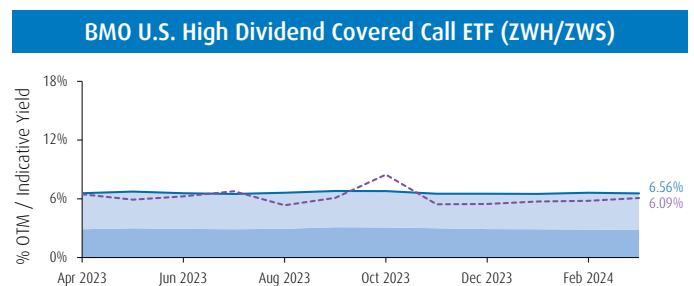
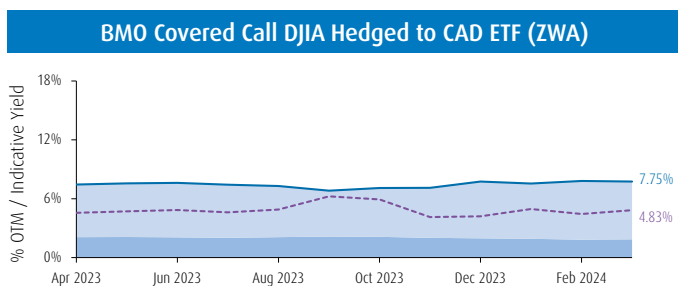
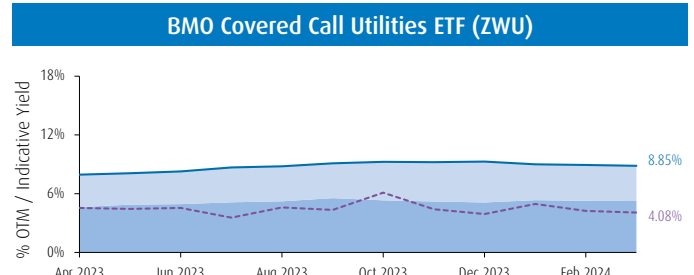
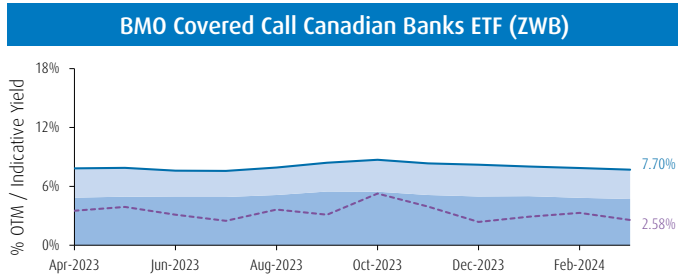
**Time Decay:** is a measure of the rate of decline in the value of an options contract due to the passage of time.

**Volatility:** measures how much the price of a security, derivative, or index fluctuates. The most commonly used measure of volatility when it comes to investment funds is standard deviation.

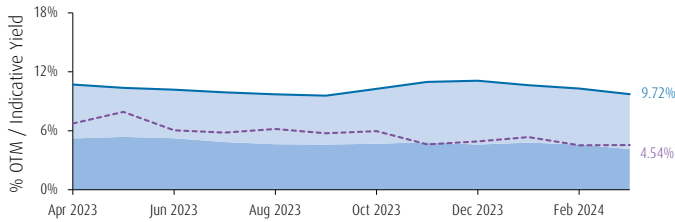
# Fund Spotlight

The charts below illustrate the breakdown of yield between dividend and option premium income, as well as the %OTM in order to generate the option premium yield.

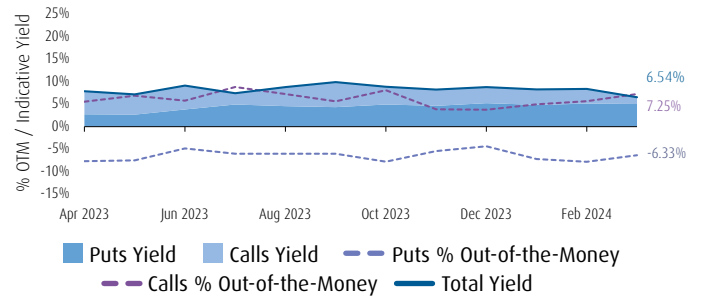
■ Dividend Yield ■ Annualized Opt. Yield - - % Out-of-the-Money — Indicative Yield



BMO Covered Call Energy ETF (ZWEN)



BMO Premium Yield ETF (ZPAY)



Performance

Ticker	Fund Name	Inception Date	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
ZWB	BMO Covered Call Canadian Banks ETF	28-Jan-11	4.89%	10.64%	5.26%	7.21%	7.30%	8.03%
ZWU	BMO Covered Call Utilities ETF	20-Oct-11	0.77%	-2.87%	0.77%	2.08%	3.08%	3.86%
ZWA	BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	20-Oct-11	5.04%	16.91%	6.35%	8.41%	8.54%	10.00%
ZWH	BMO US High Dividend Covered Call ETF	10-Feb-14	9.26%	13.00%	9.74%	9.05%	10.59%	10.90%
ZWS	BMO US High Dividend Covered Call Hedged to CAD ETF	2-Mar-18	6.86%	11.59%	6.32%	7.72%	-	6.86%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	9-Sep-15	6.78%	13.44%	10.94%	8.07%	-	7.64%
ZWP	BMO Europe High Dividend Covered Call ETF	2-Mar-18	5.48%	12.66%	10.18%	7.01%	-	5.63%
ZWC	BMO Canadian High Dividend Covered Call ETF	9-Feb-17	4.20%	8.52%	7.52%	5.65%	-	5.19%
ZWK	BMO Covered Call US Banks ETF	15-Feb-19	13.08%	27.45%	-2.94%	2.09%	-	0.97%
ZWG	BMO Global High Dividend Covered Call ETF	16-Jan-20	8.38%	15.48%	7.90%	-	-	7.64%
ZWT	BMO Covered Call Technology ETF	20-Jan-21	18.69%	58.23%	18.22%	-	-	17.58%
ZWHC	BMO Covered Call Health Care ETF	23-Jan-23	8.30%	9.81%	-	-	-	-
ZWEN	BMO Covered Call Energy ETF	23-Jan-23	11.56%	20.57%	-	-	-	-
ZPW	BMO US Put Write ETF	2-Sep-15	5.51%	17.42%	10.40%	6.60%	-	4.92%
ZPW.U	BMO US Put Write ETF (USD Units)	2-Sep-15	3.21%	17.15%	7.69%	6.33%	-	4.73%
ZPH	BMO US Put Write Hedged to CAD ETF	9-Feb-17	3.17%	16.07%	7.06%	5.55%	-	3.93%
ZPAY	BMO Premium Yield ETF	15-Jan-20	4.39%	11.93%	7.30%	-	-	7.25%
ZPAY.F	BMO Premium Yield ETF (Hedged Units)	21-Jan-20	2.06%	10.75%	4.15%	-	-	5.50%
ZPAY.U	BMO Premium Yield ETF (USD Units)	15-Jan-20	2.12%	11.66%	4.66%	-	-	6.32%

Data as of March 31, 2024. Source: BMO Asset Management Inc

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Annualized Distribution Yield Definition: This yield is calculated by taking the most recent regular distribution, or expected distribution, (excluding additional year end distributions) annualized for frequency, divided by current NAV. The yield calculation does not include reinvested distributions.

Distribution yields are calculated by using the most recent regular distribution, or expected distribution, (which may be based on income, dividends, return of capital, and option premiums, as applicable) and excluding additional year end distributions, and special reinvested distributions annualized for frequency, divided by current net asset value (NAV). The yield calculation does not include reinvested distributions. **Distributions are not guaranteed, may fluctuate and are subject to change and/or elimination. Distribution rates may change without notice (up or down) depending on market conditions and NAV fluctuations.** The payment of distributions should not be confused with the BMO ETF's performance, rate of return or yield. If distributions paid by a BMO ETF are greater than the performance of the investment fund, your original investment will shrink. Distributions paid as a result of capital gains realized by a BMO ETF, and income and dividends earned by a BMO ETF, are taxable in your hands in the year they are paid. **Your adjusted cost base will be reduced by the amount of any returns of capital. If your adjusted cost base goes below zero, you will have to pay capital gains tax on the amount below zero.**

Cash distributions, if any, on units of a BMO ETF (other than accumulating units or units subject to a distribution reinvestment plan) are expected to be paid primarily out of dividends or distributions, and other income or gains, received by the BMO ETF less the expenses of the BMO ETF, but may also consist of non-taxable amounts including returns of capital, which may be paid in the manager's sole discretion. To the extent that the expenses of a BMO ETF exceed the income generated by such BMO ETF in any given month, quarter, or year, as the case may be, it is not expected that a monthly, quarterly, or annual distribution will be paid. Distributions, if any, in respect of the accumulating units of BMO Short Corporate Bond Index ETF, BMO Short Federal Bond Index ETF, BMO Short Provincial Bond Index ETF, BMO Ultra Short-Term Bond ETF and BMO Ultra Short-Term US Bond ETF will be automatically reinvested in additional accumulating units of the applicable BMO ETF. Following each distribution, the number of accumulating units of the applicable BMO ETF will be immediately consolidated so that the number of outstanding accumulating units of the applicable BMO ETF will be the same as the number of outstanding accumulating units before the distribution. Non-resident unitholders may have the number of securities reduced due to withholding tax. Certain BMO ETFs have adopted a distribution reinvestment plan, which provides that a unitholder may elect to automatically reinvest all cash distributions paid on units held by that unitholder in additional units of the applicable BMO ETF in accordance with the terms of the distribution reinvestment plan. For further information, see the distribution policy in the BMO ETFs' prospectus.

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