

# BMO Premium Yield ETF Fund

An alternative strategy designed to deliver enhanced cash flows with lower risk



## The BMO Premium Yield ETF Fund:

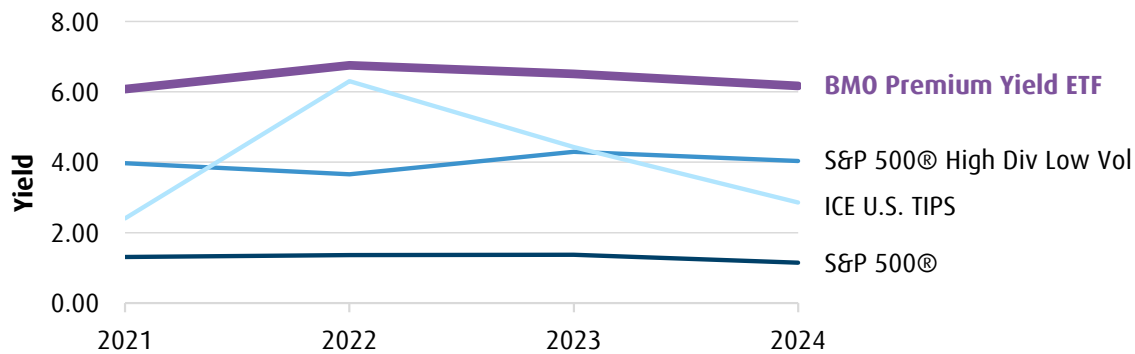
- Offering an attractive alternative for investors looking to generate higher cash flows with reduced exposure to equity market volatility.
- Utilizes options strategies to generate returns that can outpace inflation over the long run.
- Follows a dynamic strategy that responds to market conditions by using options, delivering greater diversification and lower overall volatility.
- Has an F-Series Distribution Yield of 6.10%<sup>1</sup>

## STRATEGY HIGHLIGHTS

### Higher Yield

The Fund generates higher yield by integrating both call and put option writing on a select portfolio of high-quality, large-cap U.S. equities. The Fund’s smart use of options generates additional cash flows through premiums while providing mechanisms for capital appreciation.

Since its inception, series F units of the Fund have generated an annualized distribution yield of over 6%, outperforming both comparable equity and fixed income alternatives while mitigating exposure to the full risk within either asset class.



Source: Morningstar, as of October 31, 2024. BMO Premium Yield ETF (ZPAY) used as proxy for the BMO Premium Yield ETF Fund. The fund invests up to 100% of its assets in securities of BMO Premium Yield ETF. Index returns do not reflect transactions costs or the deduction of other fees and expenses and it is not possible to invest directly in an Index. Past performance is not indicative of future results.

Name	1 Yr	Since Inception (March 29, 2023)
BMO Premium Yield ETF F	15.37	13.34

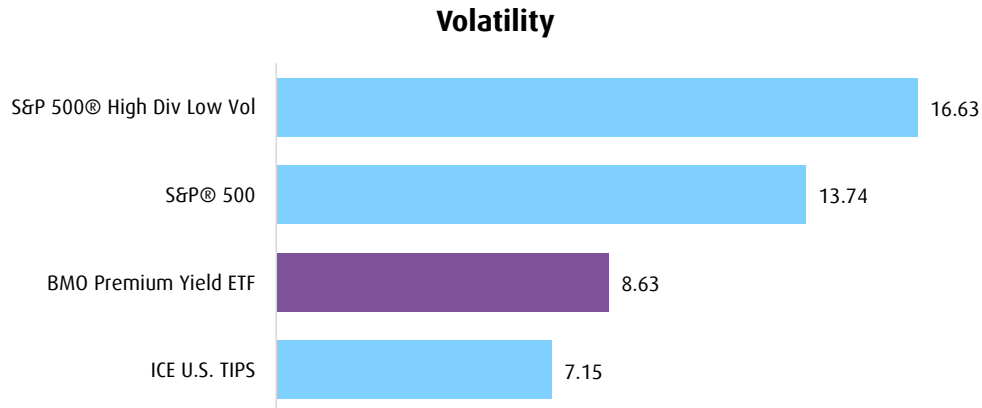
Source: Morningstar, as of October 31, 2024.

<sup>1</sup> As of October 31, 2024. Annualized Distribution Yield: The most recent regular distribution, or expected distribution, (excluding additional year end distributions) annualized for frequency, divided by current NAV.

## Lower Volatility

Unlike traditional long-only equity portfolios that move in tandem with market fluctuations, this fund introduces a dynamic strategy that moderates volatility through its use of options to provide a smoother investment experience.

By maintaining partial exposure to the equity markets and employing protective options, the Fund achieves a balance that reduces volatility, making it a suitable choice for investors who prioritize stability with some participation in equity market growth.



Source: Morningstar, as of October 31, 2024. Volatility represented by standard deviation of returns over 3 years. BMO Premium Yield ETF (ZPAY) used as proxy for the BMO Premium Yield ETF Fund. The fund invests up to 100% of its assets in securities of BMO Premium Yield ETF.

## Tax Efficient<sup>2</sup>

Some of the option premiums are taxed as capital gains. The long portion of the portfolio with exposure to U.S. equities will have greater ability for growth, and this capital appreciation is also taxed as capital gains.

## Investment Process

The Fund will invest in a concentrated basket of 40-50 large-cap U.S. equities. Stocks are selected based on quality fundamentals such as strong balance sheets, low debt to equity, high return on equity, and liquidity screens. In normal market conditions, the Fund will target a range of 25-50% to be invested in equity securities.

**50%–80%<sup>3</sup> cash or T-bills**

**Short put exposure:**  
yield earned here

**20%–50%<sup>3</sup> Equity**

**½ long exposure:**  
full market  
participation

**½ short call options:**  
yield earned here

<sup>2</sup> As compared to an investment that generates an equivalent amount of interest income.

<sup>3</sup> The portfolio ranges referenced are what the portfolio aims for in normal market conditions. The portfolio composition can change based on market movements. As market conditions change, the portfolio's equity and option exposure may vary. The asset mix illustrated below is a target under normal market conditions.

## Fund Codes and Fees

Series	MER	Fund Code
Series F	0.71%	BM095324
Advisor	1.87%	BM099324

## ETF Tickers and Fees

Type	MER	Ticker
ETF	0.72%	ZPAY*
ETF (CAD Hedged Units)	0.73%	ZPAY.F
ETF (USD Units)	0.72%	ZPAY.U

\* Changes in rates of exchange may also reduce the value of your investment.



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