



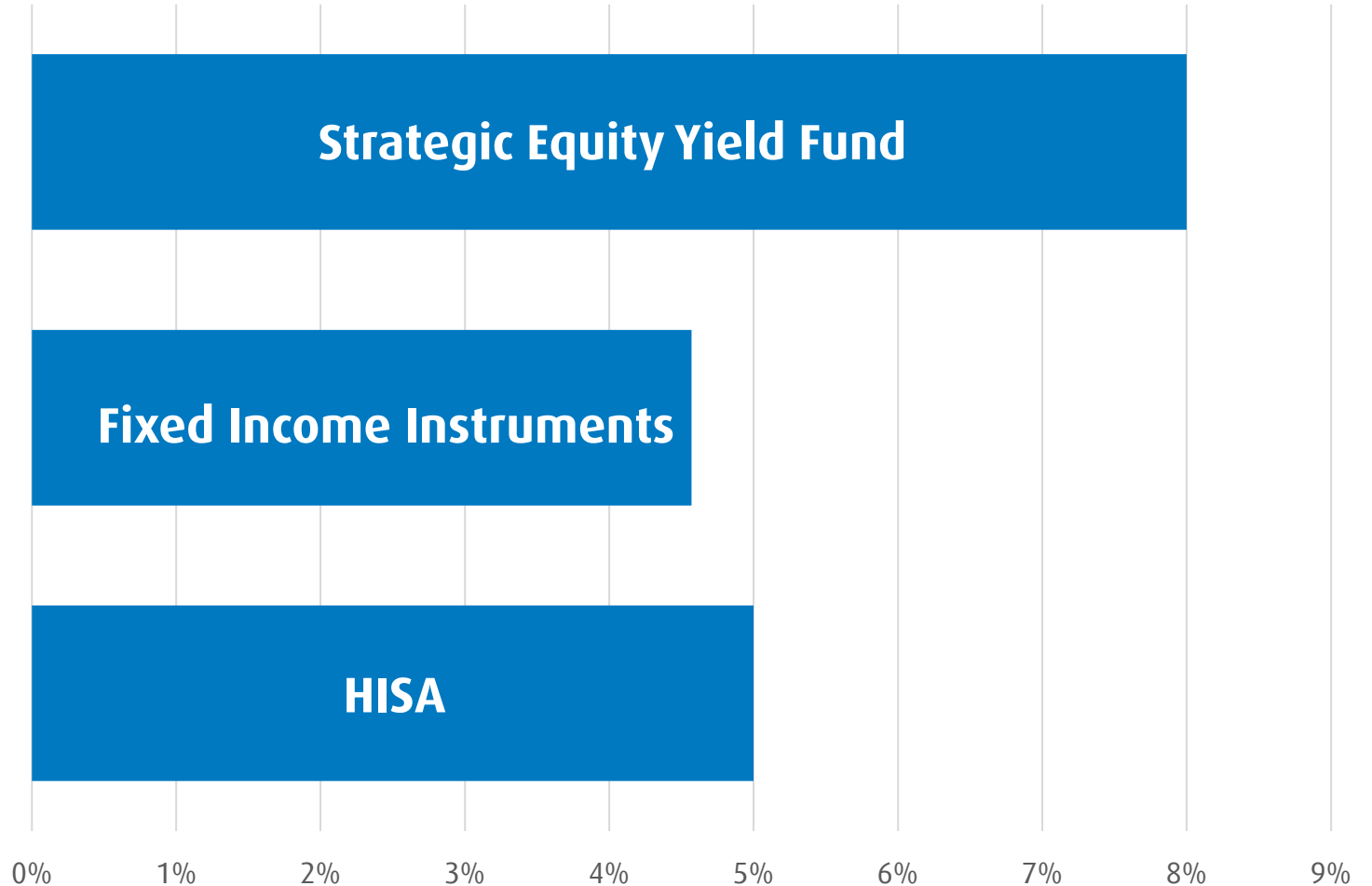
BMO Strategic Equity Yield Fund

What is your target yield?

Strategic Equity Yield Fund: SEYF has a target yield of 8%¹ annually, distributed monthly

Fixed Income Instruments: In today's market environment, the U.S Aggregate index has a YTW of 4.71²

HISA: In today's market environment, a HISA account could give you up to 5% yield³

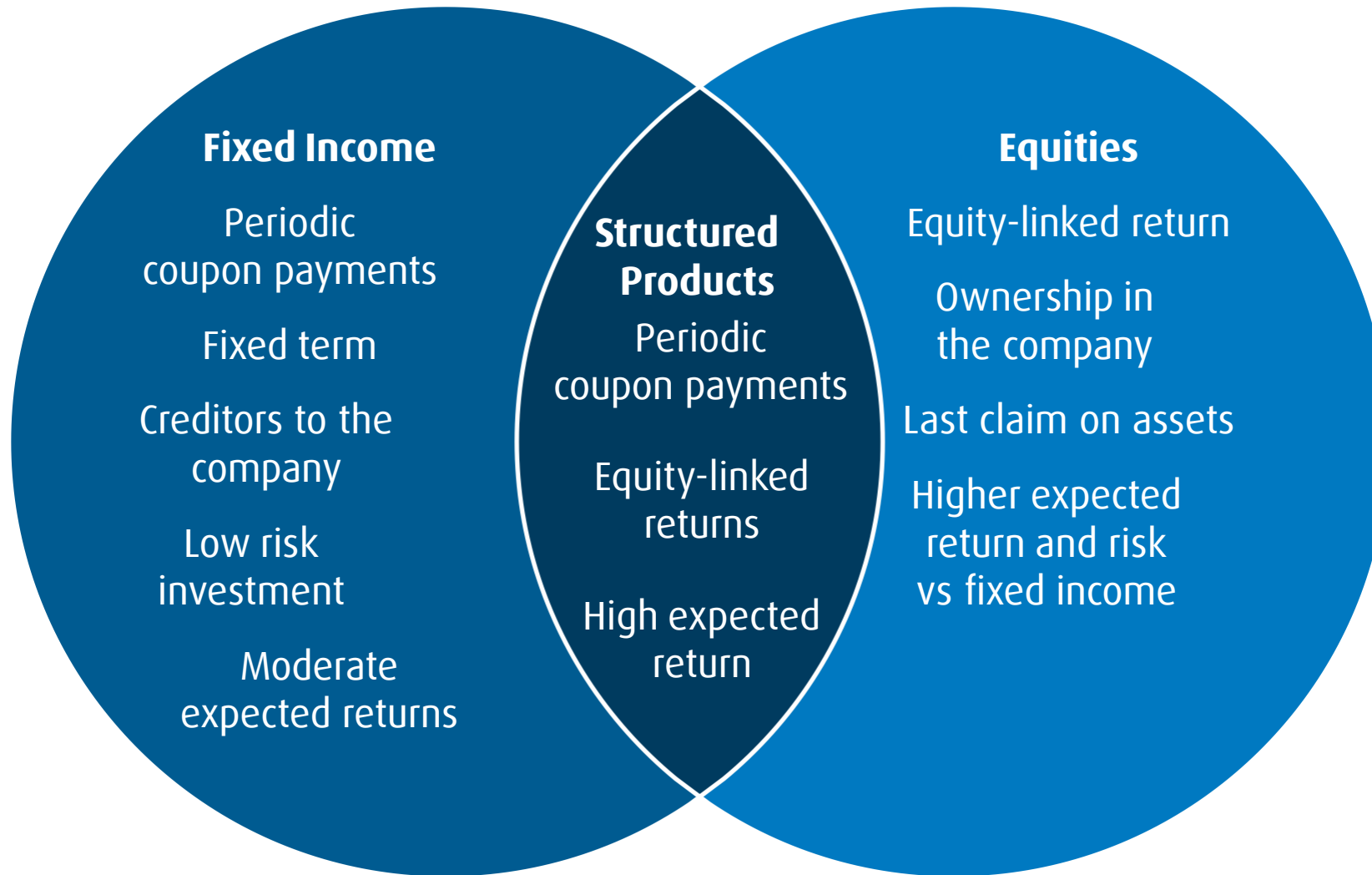


¹ For the month indicated in the as of date, the distribution paid is multiplied by 12, divided by the month end net asset value of the fund and annualized. This excludes any additional annual distributions that may have been paid in the month.

²Source: Bloomberg 9/04/2024

³Source: <https://www.scotiabank.com/ca/en/personal/bank-accounts/savings-accounts/savings-accelerator-account.html>

Structured Products are a Hybrid of Fixed Income and Equities



Disclaimer: There can be no assurance that actual results will not differ materially from expectations.

Broad Categories of Structured Notes



Principal Protected Notes (PPNs)

The full principal amount of the note is protected at maturity provided it is held until then
Not covered by CDIC
Secondary Market may be available



Market-Linked GICs (MLGICs)

The full principal amount of the MLGIC is protected at maturity
Eligible for CDIC coverage*
No secondary market available



Principal-At-Risk Notes (PaRs)

Provide enhanced upside potential compared to PPNs and MLGICs, but the investor's principal is not always protected at maturity
PaR notes may offer some downside protection
Daily secondary market

Key Concepts of Autocallable Notes

Autocallable Notes are enhanced yield strategies that provide investors with exposure to an underlying reference asset and seek to provide an above-market coupon plus contingent downside protection



Autocallable:

The Notes are automatically called (and thus mature) if the underlying reference asset is above a predetermined autocall level on any predetermined observation dates.



Observation Dates:

The pre-determined dates in which the notes are eligible to be called.



Coupon Payment:

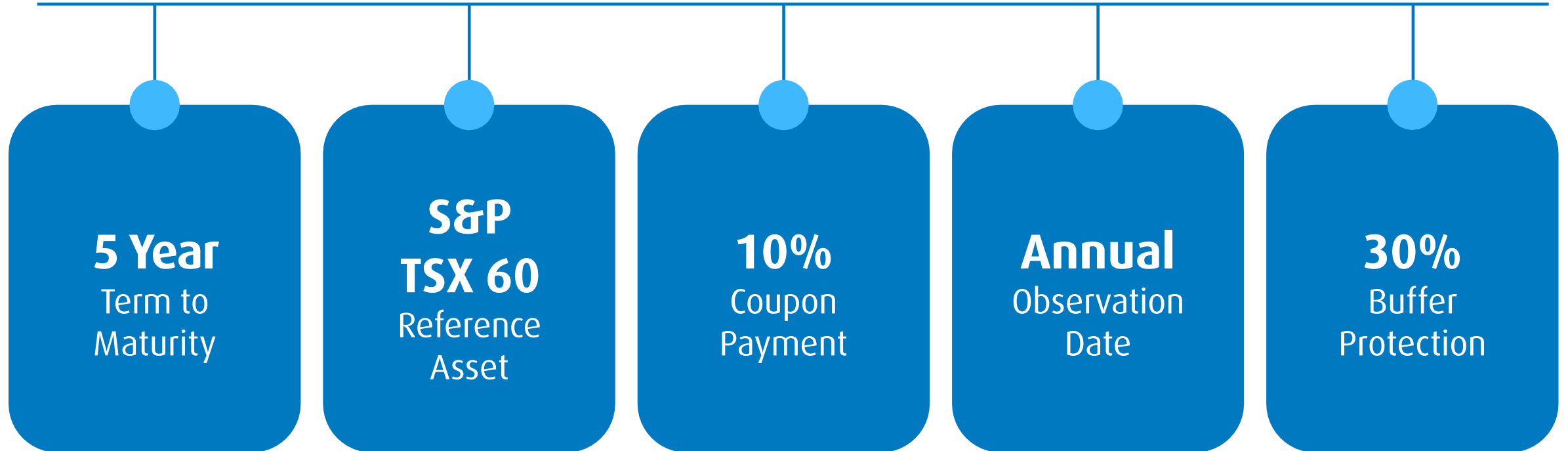
The distribution yield that income - oriented structured notes are meant to deliver.



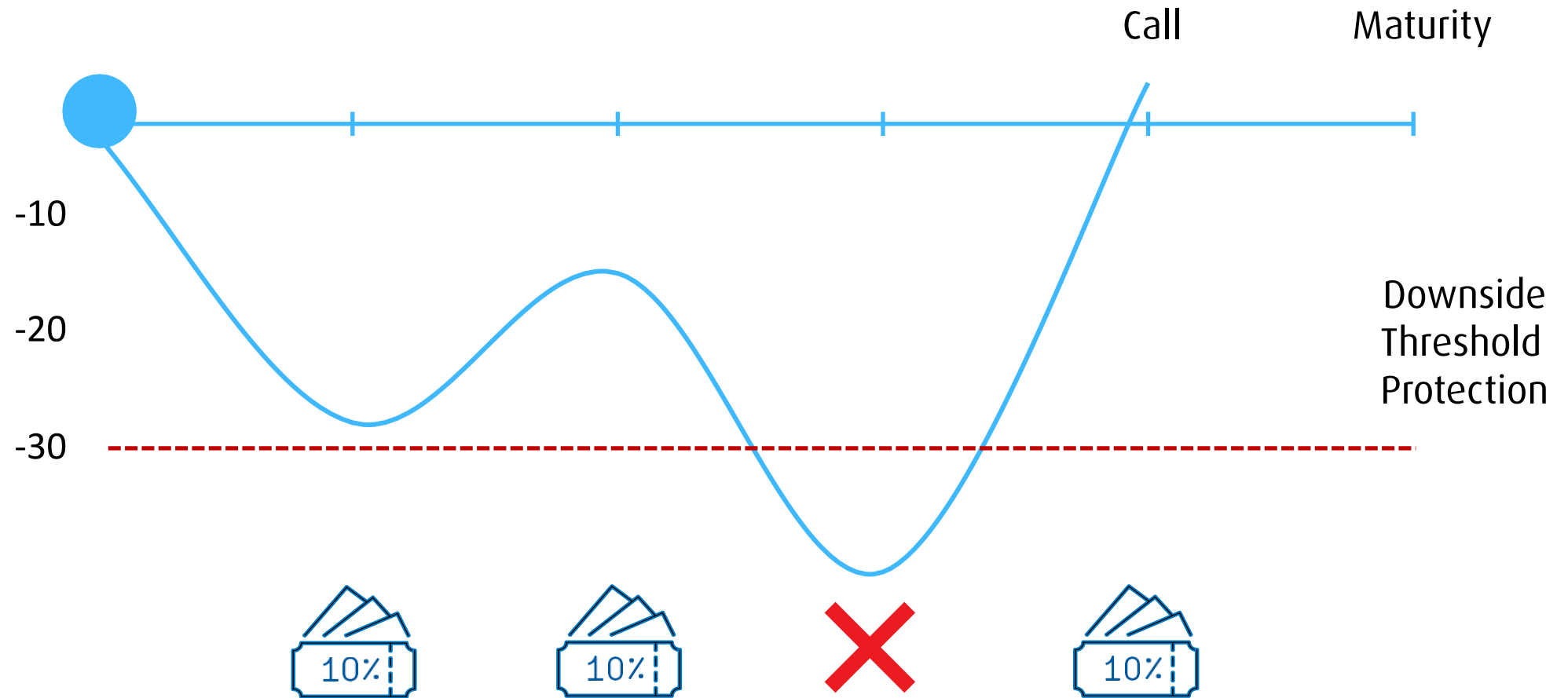
Contingent Downside Protection:

The level at which an investor's principal and coupon payments are protected. When breached on an observation date, no coupon is paid. When breached at maturity, the investor is subject to principal loss.

Autocallable Coupon Note – Test Drive



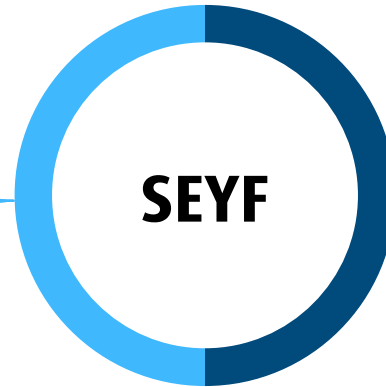
Autocallable Coupon Note Test-Drive



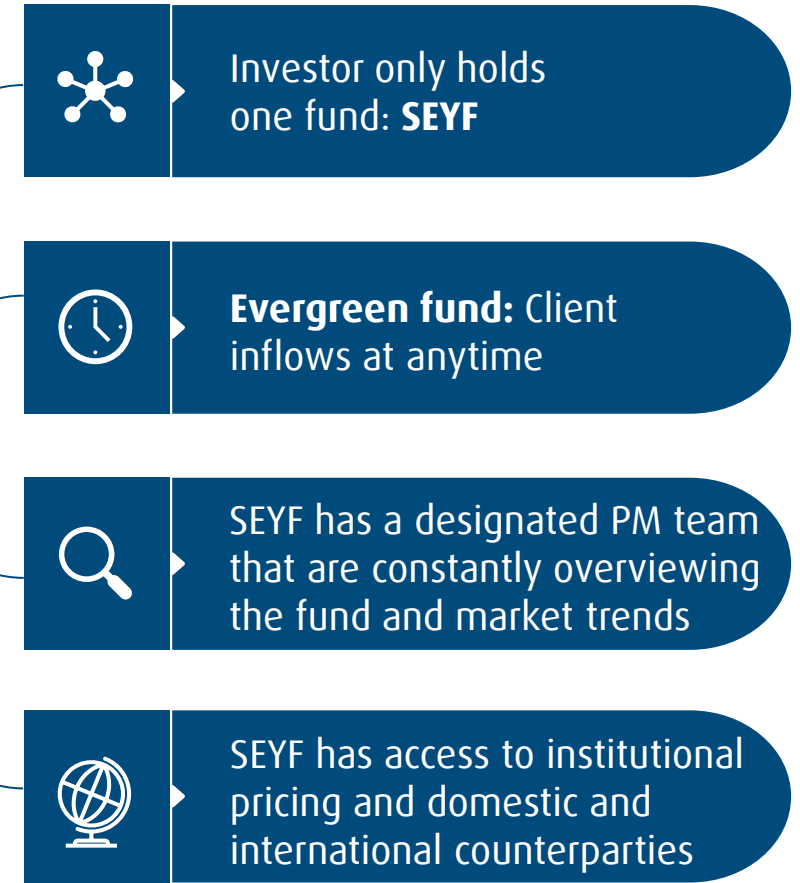
For illustrative purposes only

Paradigm Shift

Before



After



Structured Notes – The Engine Behind *Convergence Investing*

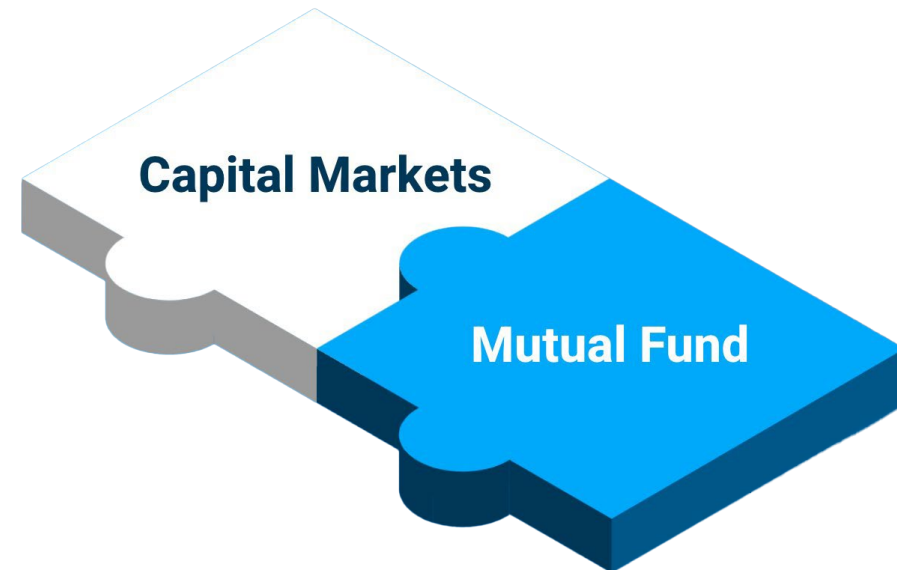
The BMO Strategic Equity Yield fund (**SEYF**) is the first step in rolling out our new suite of products that we like to call: convergence investing. The fund seeks to replicate the exposure to a portfolio of autocallable structured notes to create stable income for investors.

Convergence Investing

A new generation of investment strategies, providing access to sophisticated strategies previously only available to Capital Markets clients

The Next Era of Investment Strategies

- Aims to level the playing field for Canadian investors
- Expand access to elite capital markets solutions via mutual funds
- Focus on structured outcomes rather than beating the benchmark



BMO Strategic Equity Yield Fund Offers The Following Key Benefits



Target a Yield* of 8.0%

- Target Yield of:
- F-series: 8.0%
- A-series: 7.0%



Monthly Cash Flow

- The BMO Strategic Equity Yield Fund aims to deliver stable monthly income to investors
- Monthly distribution of \$1,667 on a \$250k initial principal (assuming 8% target yield)¹



Diversification

- The payoff profile for autocallable notes is different from equity and fixed income products
- Exposure to a range of autocallable products across different geography and sectors



Experienced Management Team

- Portfolio managers with extensive experience in Capital Markets and Wealth Management



Time Savings

- Actively managing a large portfolio of notes is time consuming and cumbersome for the client, as notes get called frequently in a rising equity market



Currency Hedging

- Clients gain exposure to the underlying asset and returns are not affected by movements in currency pairs



Contingent Principal Protection

- Autocallable notes provide partial downside protection
- If the note is not called prior to maturity, the initial principal is protected if the underlying asset's level is at or above the protection level at maturity



Lower Minimum Investments

- Clients can have access to expensive assets that generally require higher capital investments within this fund, as there are low minimum requirements



Accessibility

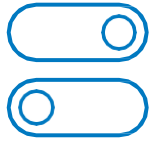
- Typically, structured notes have a limited selling window (around two weeks)
- Within an open fund structure, clients can invest into the fund at any time

*The target distribution yield was 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). Distribution yield is not an indicator of overall performance and will change based on market conditions, NAV fluctuations, and is not guaranteed

¹The calculations is based of a NAV of 10.00 CAD.

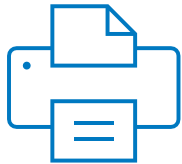
What does the Fund Invest in?

- The Fund intends to gain exposure to **Autocallable Notes exposure** via:



Total Return Swaps (TRS)

A contractual agreement with a counterparty, where the receiver (the Fund) agrees to periodically pay a set rate to the counterparty (usually a large bank) in exchange for payments based on the returns of an underlying asset.



Replication of Autocallable Notes

Invest into the individual components of Autocallable Notes to synthetically recreate their risk-reward profiles.



Direct Investment in Autocallable Notes*

The fund may, from time to time, directly purchase notes from issuers (typically major Canadian or big International banks) to a maximum of 10% of the Fund.

*The BMO Strategic Equity Yield Fund will focus on replicating exposure to notes focused on income generation, while also maintaining contingent downside protection. Our dedicated team of structured product professionals seeks to achieve above market returns and exposure to North American and/or global equity markets through the use of derivatives and/or structured products.

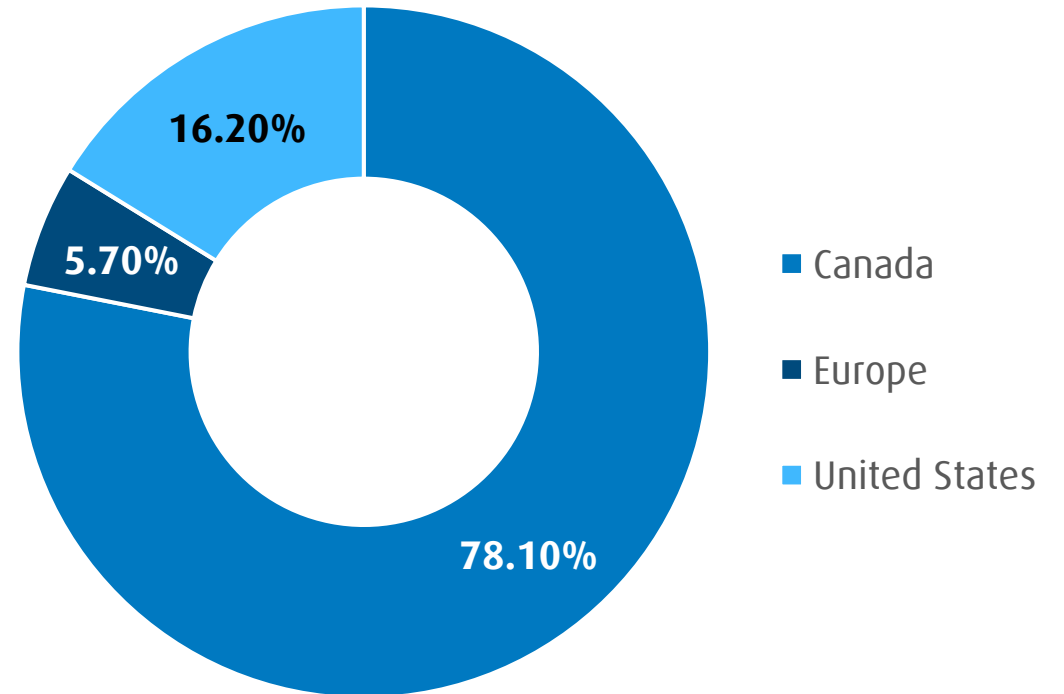
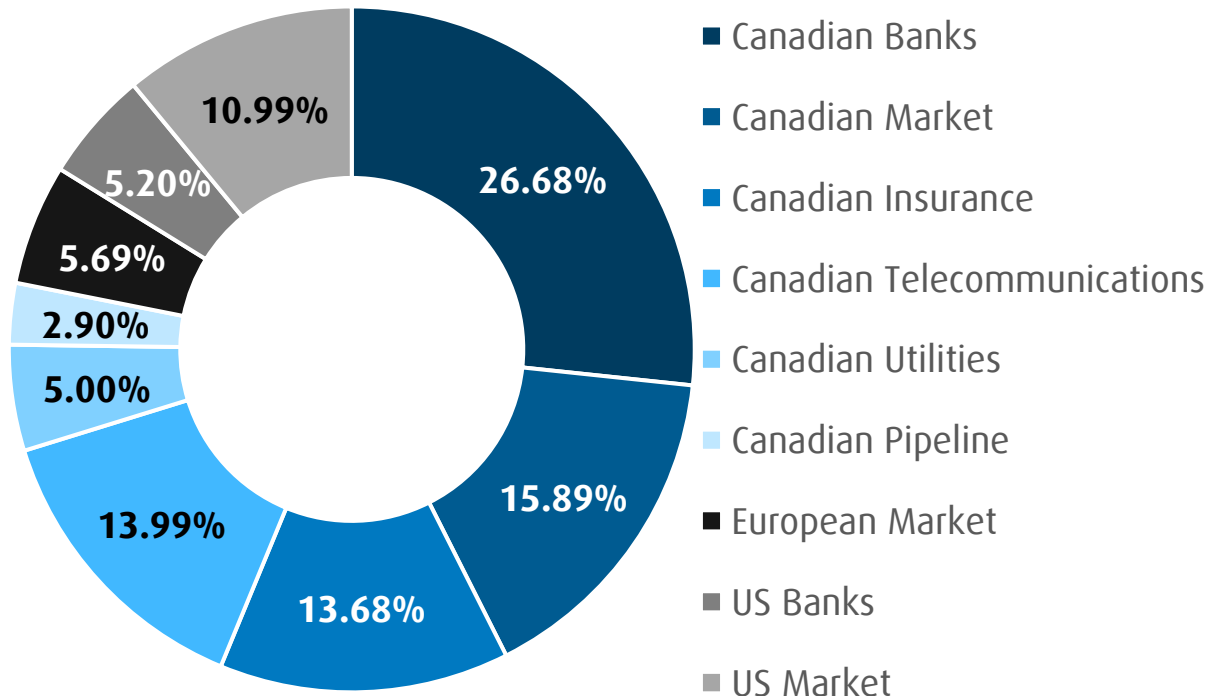
BMO Strategic Equity Yield Fund

- The following is representative of the reference assets of the Autocallable notes that the fund would be replicating.
- The sample portfolio was constructed based on market research of Canadian investors' preference and the fund managers' understanding of the current market environment.

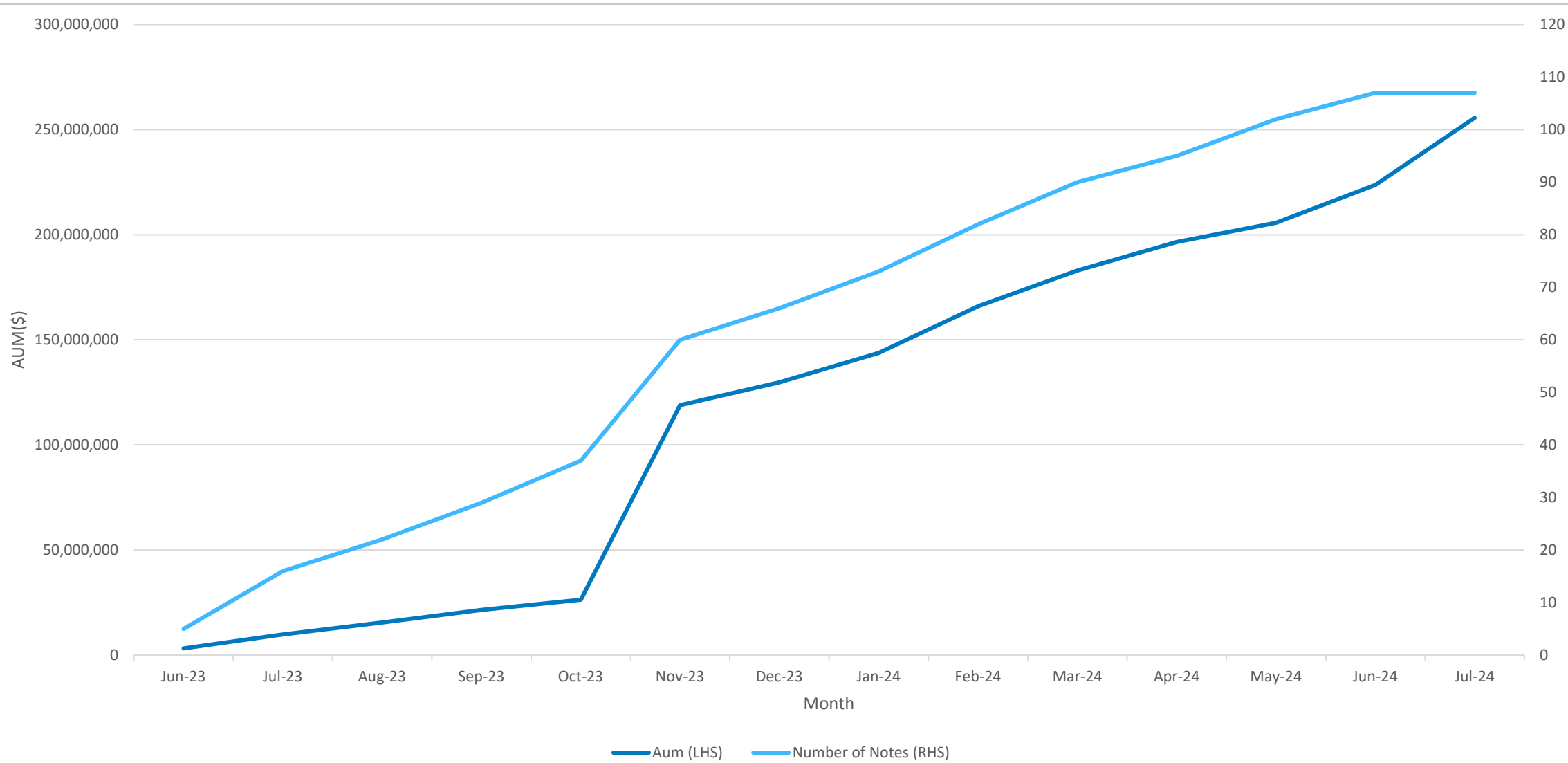
Geography (max weight %)	Reference Index	Sample Target Weight (%)
Canada (70%)	Canadian Banks	20%-40%
	Canadian Broad Equities	5%-20%
	Canadian Telecommunications	0%-10%
	Canadian Utilities	0%-10%
	Canadian Pipelines	0%-5%
US (50%)	US Broad Equities	5%-20%
	US Big Banks	0%-10%
	US Life Insurance	0%-10%
	US Technology	0%-10%
	US Energy	0%-10%
Other (20%)	Other	0%-20%

Fund Facts

Coupon Range	Buffer Level Range	Distributions		A class MER(%)*	F class MER(%)*
		Previous	Upcoming		
11-12%	20 – 25%	August 16, 2024	September 16, 2024	1.86%	0.73%

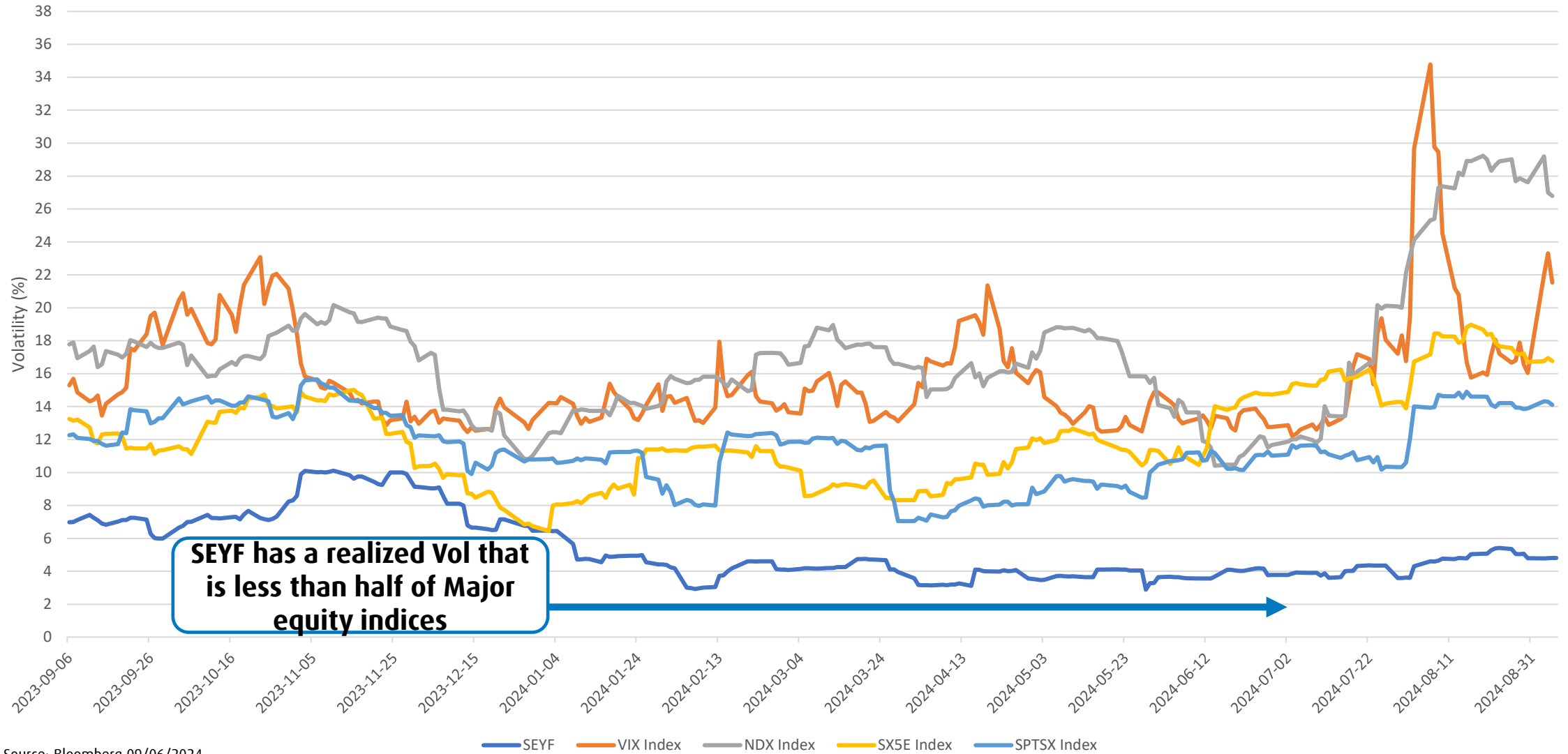


SEYF AUM Growth & Number of notes



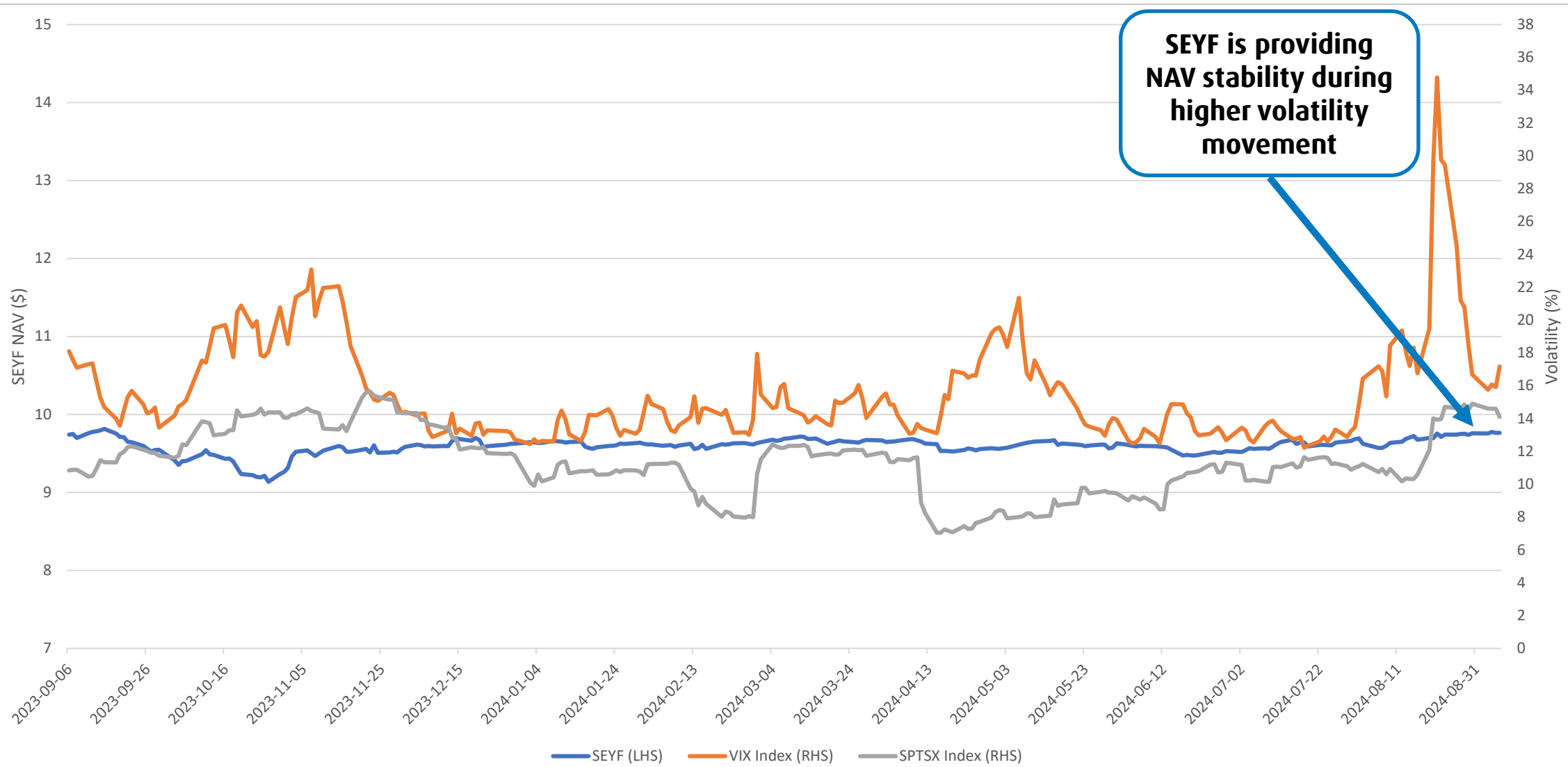
Source: BMO GAM

SEYF 30 Day Vol vs. Major Indices



Source: Bloomberg 09/06/2024

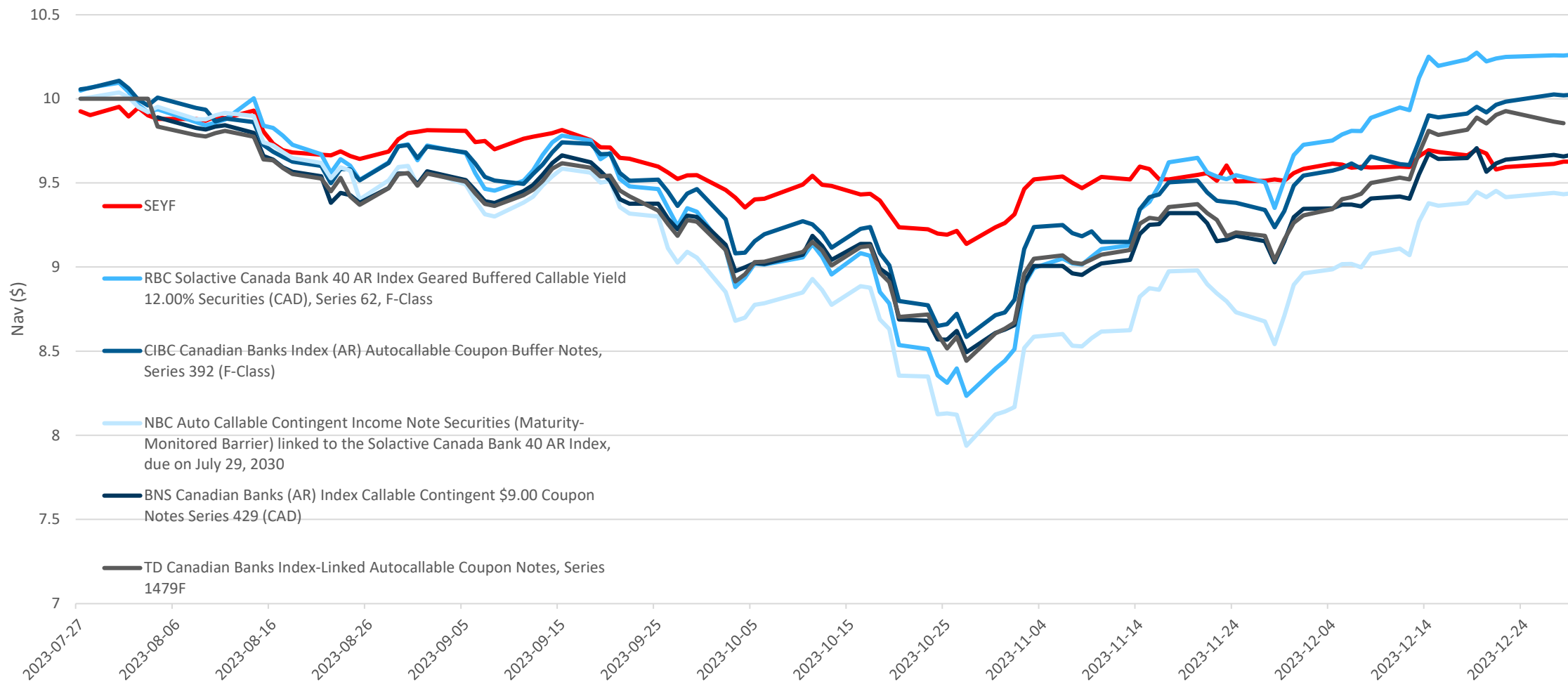
SEYF NAV vs. SPTSX VOL vs. VIX Index



Source: Bloomberg 09/06/2024

SEYF Vs Cad Banks Structured Notes

SEYF Vs CAD Banks NAV Comparison



Success Stories



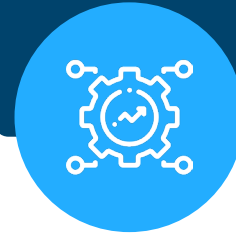
Rolls

When notes are called or mature advisors can invest them, **SEYF** saves time in replacing maturities.



Cash Wedge

Clients looking for the pay cheque portfolio. Add **SEYF** as the cash wedge strategy with a target yield of 8%.



Model Portfolio

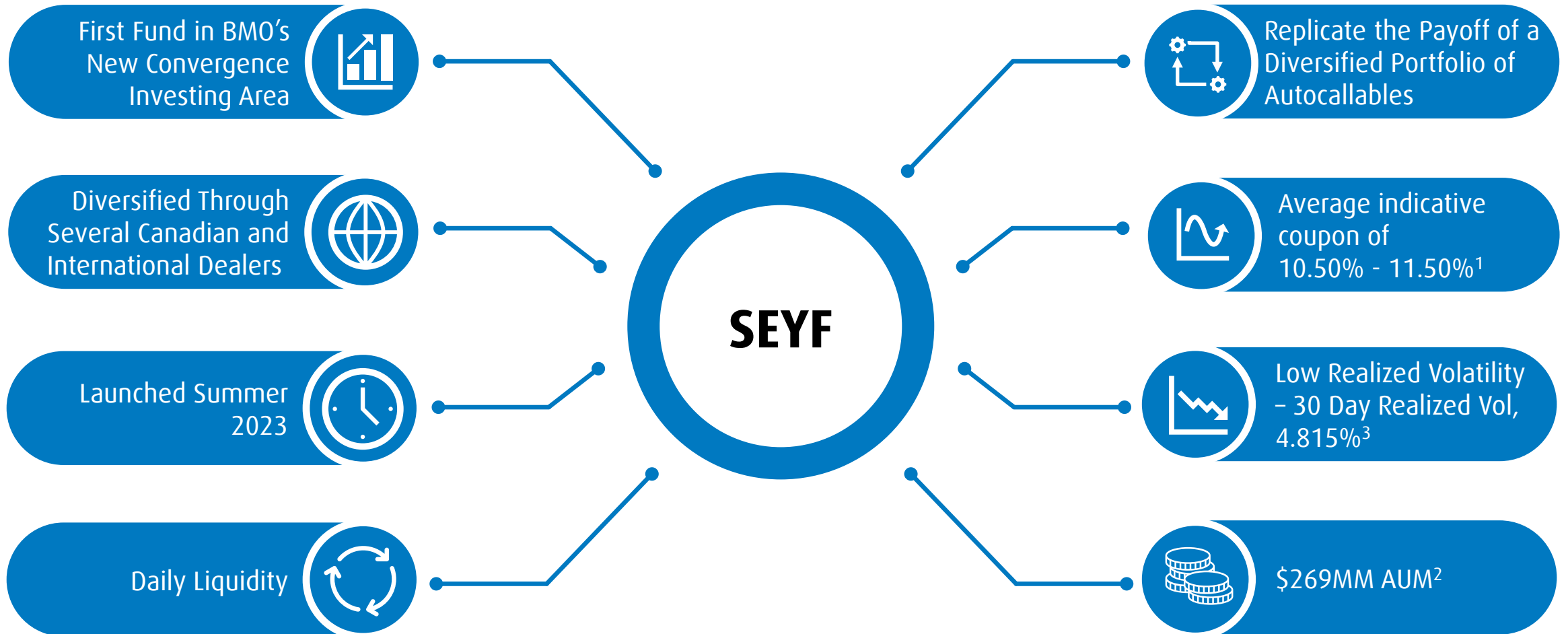
SEYF offers the flexibility to add structured products into Model Portfolios.



Opportunity to enter a new market

SEYF is a universal product that provides the opportunity for all advisors to offer exposure to structure notes through a mutual fund.

BMO Strategic Equity Yield Fund



¹The average indicative coupon comes from the Fund's investments in Total Return Swaps and is not guaranteed | ²Source: BMO Global Asset Management as of September 06, 2024 | ³Source: BMO Global Asset Management as of September 06, 2024

BMO Strategic Equity Yield Fund Details

Fund Parameter	Detail
Fund Name	BMO Strategic Equity Yield Fund
Fund Manager	BMO Investments Inc.
Strategy	Autocallable Fund
Investment Universe	<ul style="list-style-type: none"> • The autocallable reference assets are major equity indices in Canada, US and Europe, as well as potentially equity securities from these indices. • Autocallable notes can have one or more reference assets. • The investment management team selects autocallable notes by seeking a balance between the choice of coupons, the capital protection barriers and the coupon barriers.
Series	F-series, Advisor-series, A-series
Fund Code	BM095290, BM099290, BM070290
Launch Date	June 19, 2023
Currency	CAD
Liquidity	Daily
MER (Target)	F-series: 0.73%, Advisor-series, A-series: 1.86%
Trailer	1.0%

* The listed target Management Expense Ratio (MER) are estimated. As the series of funds are less than one year old, actual MER costs will not be known until the fund financial statements for the current fiscal year are released.

Disclaimer

This communication is intended for informational purposes only and is not, and should not be construed as, investment and/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.

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). **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 a BMO Mutual Fund's performance, rate of return or yield. If distributions paid by a BMO Mutual Fund 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 Mutual Fund, and income and dividends earned by a BMO Mutual Fund, 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.**

Distributions, if any, for all series of securities of a BMO Mutual Fund (other than ETF Series) are automatically reinvested in additional securities of the same series of the applicable BMO Mutual Fund, unless the securityholder elects in writing that they prefer to receive cash distributions. For ETF Series securities of a BMO Mutual Fund, distributions, if any, may be paid in cash or reinvested automatically in additional ETF Series securities of the applicable BMO Mutual Fund and the ETF Series securities will be immediately consolidated such that the number of outstanding ETF Series securities following the distribution will equal the number of ETF Series securities outstanding prior to the distribution. If a securityholder is enrolled in a distribution reinvestment plan, distributions, if any, will be automatically reinvested in additional ETF Series securities of the applicable BMO Mutual Fund pursuant to the distribution reinvestment plan. For further information, see the distribution policy for the applicable BMO Mutual Fund in the simplified prospectus.

Commissions, management fees and expenses (if applicable) all may be associated with investments in mutual funds and ETFs. Trailing commissions may be associated with investments in certain series of securities of mutual funds. Please read the ETF facts, fund facts or prospectus of the relevant mutual fund or ETF before investing. The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

For a summary of the risks of an investment in BMO Mutual Funds or BMO ETFs, please see the specific risks set out in the prospectus of the relevant mutual fund or ETF. 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.

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Appendix

Investment Solutions for Modern Portfolios







Contact your local wholesaler

or



Visit us at **[bmofundcentral.com](https://www.bmofundcentral.com)**

The Lifecycle of a Structured Note

Note Component	High Volatility	Higher Interest Rates	Higher Dividends	Higher Prices
Buy Binary Call Options	Slight Increase in Value	Slight Increase in Value	Slight Decrease in Value	Slight Increase in Value
Sell Downside Put (Buffer)	Significant Decrease in Value	Slight Increase in Value	Slight Decrease in Value	Significant Increase in Value
Long Zero Coupon Bond	No Change	Significant Decrease in Value	No Change	No Change
				
OVERALL Impact	Slight Decrease in Value	Slight Decrease in Value	Slight Decrease in Value	Significant Increase in Value

Is it riskier to run this Fund versus a portfolio of autocallable notes?

We would argue that running SEYF in a fund format reduces risk. Here are 5 reasons why:

Diversification

Given that there are over 80 positions within **SEYF**, the Fund is diversified in terms of industry, sector, region, structures and entry-points. Exposures are not perfectly correlated to one another.

Consistency of Payments

Related to the strategy of diversification, **SEYF** aims to provide a consistent income stream whereas a single structured note may have more variable outcomes.

Liquidity

Individual structured notes can only be sold back to the issuing bank. There is no other market through which the Notes may be sold. As a result, the bid-offer spreads are at the discretion of the issuing bank. **SEYF** uses Total Return Swaps (TRS) and investment grade fixed income instruments to gain exposure to structured note payoffs, which are liquid and can be unwound at any time throughout the life of the trade in a cost efficient and timely manner.

Counterparty Risk

Structured Notes issued by a bank constitute direct, unsecured and unsubordinated debt obligations of the issuing bank ranking pari passu with all other present and future direct, unsecured and unsubordinated indebtedness of the issuing bank. In the unlikely event that the bank has solvency issues, the end client's investment may be at risk. In contrast, **SEYF** has a number of counterparties which mitigates the risk of being exposed to one single issuer defaulting on its obligations.

Market Surveillance on Behalf of the Client

On top of benefiting from the care and experience of a dedicated team of PMs overseeing the portfolio, the **SEYF** unitholders also access the full synergy and collaboration of GAM's ecosystem whereby groups (MAST, Quants, Global sector PMs,...) regularly discuss views, harvest market outlooks and spot trends in the structured notes landscape.

Portfolio Managers



Duy Le, CFA
Portfolio Manager
BMO Global Asset Management

Duy Le currently serves as a portfolio manager within the Synthetic Asset Management group at BMO Global Asset Management. Before joining BMO Global Asset Management, Duy worked in the Capital Markets industry at CIBC World Markets and BMO Capital Markets. At CIBC World Markets, Duy worked in the Structuring team where he gained experience in pricing and building innovative structured products for the bank's clients. After leaving CIBC World Markets, Duy joined BMO Capital Markets where he got the opportunity to co-lead the business development desk. Duy is a CFA Charterholder and holds an undergraduate degree in mechanical engineering from the University of Waterloo, a master's degree in computational combustion modeling in the University of Waterloo, a MBA from York University's Schulich School of Business, a financial engineering graduate diploma from York University, and is currently enrolled in the master's of computer science degree at Georgia Institute of Technology.



WE GOT THE ROLL!

Wholesaler Nr1 and Specialized Sales worked with one advisor in Calgary and after several meetings the advisor gave us access to their structured note portfolio. The Structured Solutions team analyzed and sorted the portfolio, before sending it back to the wholesaler with detailed notes on which dates to follow up with the advisor. **Wholesaler Nr1** reached out to the client and he secured 750K in roll money.



MY COUPON BARRIERS ARE BREACHED!

Advisor Nr1 – 10 million came due for the advisor in CIBC notes, autocallable coupon notes linked to Solactive Canadian Banks, Solactive Canadian Pipelines, and Solactive Canadian Insurance. All these notes were customized and had -10% coupon barriers and maturity buffers. The notes had breached their coupon levels a few times and as these notes were called the advisor replaced a portfolio of the roll money with **SEYF** and continued to customize notes with CIBC with deeper levels of protection.



IT'S TIME FOR BASE HITS & NOT HOME RUNS!

Advisor Nr2– A traditional bond buyer graduated to buying structured notes over time. He accumulated positions and the rolls were becoming unmanageable for his team. **SEYF** was a good replacement for the advisor's autocallable coupon notes as it saves the advisor time, and they don't have to worry about reinvestment risk. The advisor bogie is around 7% for yield and he doesn't reach for 10%. Additionally, the advisor was tired of looking at the long lists of notes to select from.



STEADIER RIDE!

Advisor experienced statement risk – many conversations with clients where notes were trading at lower levels. This was experienced with both Principal Protected Notes and Autocallables. **SEYF** provides NAV stability vs. other investments.

Reference Asset Exposure

	Canadian Banks	Canadian Insurance	Canadian Market	Canadian Pipelines	Canadian Telecommunications	Canadian Utilities	European Market	US Banks	US Market
Jul-23	27.8%	6.6%	21.1%	9.1%	0.0%	10.1%	16.2%	4.0%	5.1%
Aug-23	35.3%	4.2%	20.4%	5.8%	7.1%	6.4%	10.3%	7.4%	3.2%
Sep-23	32.6%	7.2%	14.7%	8.9%	7.6%	13.9%	7.4%	5.3%	2.3%
Oct-23	34.1%	8.0%	14.4%	7.3%	10.4%	13.5%	6.1%	4.4%	1.9%
Nov-23	28.1%	8.6%	14.7%	8.5%	9.2%	12.8%	1.4%	7.8%	8.9%
Dec-23	27.8%	7.9%	13.5%	7.8%	11.8%	11.8%	2.2%	8.3%	9.0%
Jan-24	29.8%	10.0%	12.0%	6.9%	12.0%	10.5%	2.6%	7.4%	8.7%
Feb-24	31.1%	11.6%	11.9%	6.0%	10.4%	9.1%	4.6%	6.4%	8.9%
Mar-24	30.1%	11.5%	10.8%	5.4%	10.4%	8.2%	5.8%	5.8%	11.9%
Apr-24	29.3%	13.6%	11.3%	5.0%	11.1%	7.7%	5.4%	5.4%	11.1%
May-24	29.2%	13.5%	9.6%	4.1%	12.6%	6.3%	7.4%	5.7%	11.6%
Jun-24	27.0%	13.4%	12.4%	3.7%	12.3%	5.8%	7.5%	5.1%	12.9%
Jul-24	25.7%	13.4%	14.7%	3.1%	13.9%	5.4%	6.1%	5.9%	11.8%
Aug-24	25.8%	13.9%	16.3%	3.0%	14.3%	5.1%	5.0%	5.3%	11.3%

Source: BMO GAM

Active Management

