

BMO Structured Product Funds

Unlocking Cash Flow with Options

Income
Generation
with Structured
Outcomes¹

Structured Notes: Increase Yield, Not Risk

Structured notes are hybrid securities whose returns are linked to some reference asset, such as an interest rate or equity index. They allow holders to customize potential outcomes and risk/return profile, and can be a valuable addition to stabilize portfolios in volatile times.

BMO STRATEGIC FIXED INCOME YIELD FUND

BMO Strategic Fixed Income Yield Fund seeks to replicate the outcome of an actively managed portfolio of diversified structured interest rate notes to generate higher yield without the added credit risk. Structured interest rate notes are a type of structured product that are designed to take traditional fixed income securities and replace the typical coupon with customizable cash flows.



Reference Exposure:
Secured Overnight
Financing Rate (SOFR)



Categorized as Fixed
Income

Higher Level
of Monthly
Cash Flow^{*}

Experienced
Management
Team

Low & Low-to-
Medium Risk
Ratings³

BMO STRATEGIC EQUITY YIELD FUND

BMO Strategic Equity Yield Fund seeks to replicate the outcome of an actively managed portfolio of diversified autocallable notes through the use of derivatives or structured equity products. Autocallable notes are a subset of structured notes that seek to provide enhanced yield plus contingent downside protection².



Reference Exposure:
Mostly North American
Equity indices



Categorized as North
American Equity



F Series Target Yield^{4,5}:
8%

MEET THE TEAM

We're one of the only asset managers in Canada with a dedicated team for structured products.

We have established the first in-house division for Convergence investing in Canada. Our team is composed of highly tenured professionals with a combined 100+ years of experience in capital markets.



Bill Bamber
Chief Executive Officer,
BMO Global Asset
Management



Sara Petrich
Head of ETFs &
Structured Solutions,
BMO Global Asset
Management



Jimmy Xu
Managing Director,
Head of Liquid Alts
BMO Global Asset
Management



Duy Le
Portfolio Manager,
Structured Solutions
BMO Global Asset
Management



Charles-Lucien Myssie
Director, Portfolio Manager,
BMO Global Asset
Management

PROCESS

BMO Strategic Fixed Income Yield Fund

Macroeconomic Research

Macroeconomic trends, Central Bank Policies, Fiscal Policies, Interest Rate Forecasts

Active Portfolio Management

Technical indicators, derivative hedging⁶, value-at-risk analysis⁷

BMO Strategic Equity Yield Fund

Top-down fundamental Research

Macroeconomic trends, Central Bank Policies, Interest Rate Forecasts

Bottom-up Analysis

Financial statement analysis, security screening (i.e. Volatility and dividend sustainability)

Active Portfolio Management

Technical indicators, derivative hedging, value-at-risk analysis

EXPOSURES

BMO Strategic Fixed Income Yield Fund

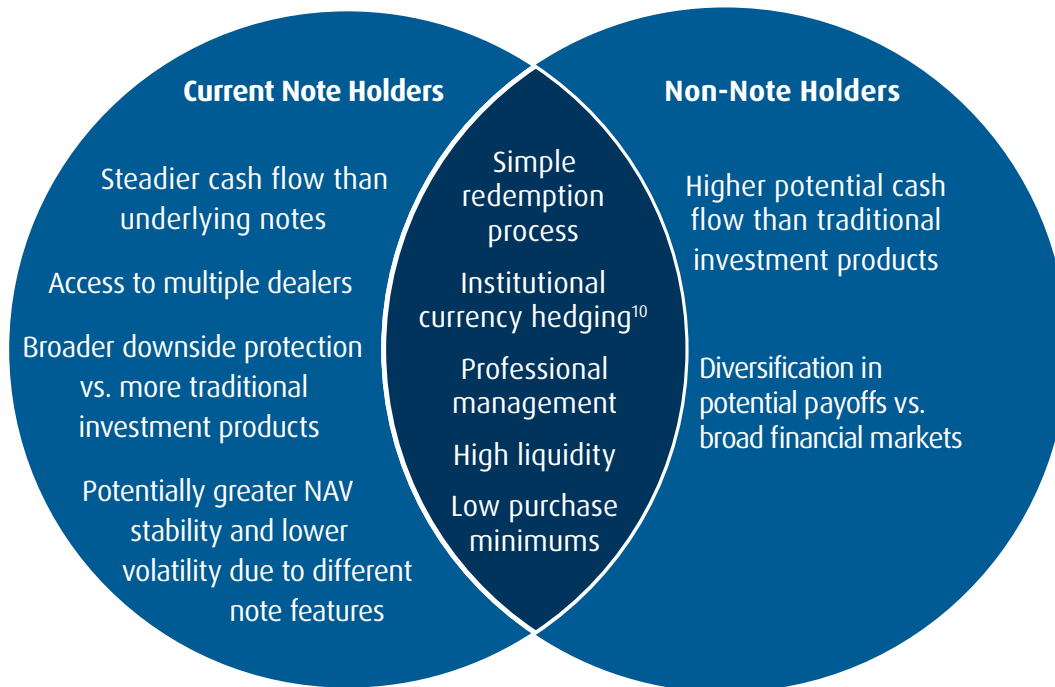
| Rate Environment | Yield Curve Movement |
|------------------|---------------------------|
| ✓ Rising Rates | ✓ Flattening ⁸ |
| ✓ Stable Rates | ✓ Steepening ⁹ |
| ✓ Falling Rates | |

BMO Strategic Equity Yield Fund

| Geography (max weight) | Reference Asset | Target Range* |
|----------------------------|-----------------------------|---------------|
| Canada (70%) | Canadian Banks | 20-40% |
| | Canadian Broad Equities | 5-20% |
| | Canadian Telecommunications | 0-10% |
| | Canadian Utilities | 0-10% |
| | Canadian Pipelines | 0-5% |
| United States (50%) | U.S. Index | 5-20% |
| | U.S. Banks | 0-10% |
| | U.S. Life Insurance | 0-10% |
| | U.S. Technology | 0-10% |
| | U.S. Energy | 0-10% |
| Global (10%) | European Broad Equities | 0-10% |
| Other (10%) | Other | 0-10% |

* Subject to change without notice.

KEY BENEFITS FOR...



FUNDS AT A GLANCE

BMO Strategic Fixed Income Yield Fund

| | |
|-------------------------------|---|
| Investment Purpose | The fund seeks to generate income with a focus on price stability and capital preservation by investing in primarily fixed income securities including the use of derivatives |
| Investment Process | Top-down |
| Category | Global Fixed Income |
| Risk Rating* | Low |
| Distribution Frequency | Monthly |
| Benchmark Index | Bloomberg U.S. Aggregate Bond Index (Hedged to CAD) |

BMO Strategic Equity Yield Fund

| | |
|-------------------------------|---|
| Investment Purpose | The fund seeks to provide capital appreciation and regular distributions while mitigating the downside risk associated with a direct investment in North American and/or global equity markets through the use of derivatives |
| Investment Process | Top-down and bottom up |
| Category | North American Equity |
| Risk Rating* | Low-Medium |
| Distribution Frequency | Monthly |
| Benchmark Index | 50% CBOE S&P 500 PutWrite Index (C\$) 50% S&P/TSX 60 Index |

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

FUND CODES AND FEES

| Fund | Code | MER(%) |
|--|----------|-------------------|
| BMO Strategic Equity Yield Fund - Advisor Series | BM099290 | 1.83 |
| BMO Strategic Equity Yield Fund - F Series | BM095290 | 0.73 |
| BMO Strategic Fixed Income Yield Fund - Advisor Series | BM099341 | 1.30 [*] |
| BMO Strategic Fixed Income Yield Fund - F Series | BM095341 | 0.73 [*] |

*The listed management expense ratio (MER) is an estimate since this series of the fund is less than one year old. The actual MER will not be known until the fund's financial statements are prepared for its first fiscal year end.

- ¹ Structured Outcomes: a family of solutions designed to enhance predictability to an investor's results. Generally, they include a customizable risk-return profile through enhanced upsides and/or downside protection
- ² The autocallable note exposure in the fund is currently obtained through the use of total returns swaps with different dealers, which replicate the exposure of a portfolio of autocallable notes.
- ³ All investments involve risk. The value of a Mutual Fund can go down as well as up and you could lose money. The risk of a Mutual Fund is rated based on the volatility of the Mutual Fund's returns using the standardized risk classification methodology mandated by the Canadian Securities Administrators. Historical volatility doesn't tell you how volatile a Mutual Fund will be in the future. A Mutual Fund with a risk rating of "low" can still lose money. For more information about the risk rating and specific risks that can affect a Mutual Fund's returns, see the BMO Mutual Fund's simplified prospectus.
- ⁴ Estimated Distribution Yield was calculated by using the expected annualized distribution yield (which may be based on income, dividends, return of capital and option premiums as applicable) of the underlying portfolio and excluding any capital gains from portfolio turnover, less expenses. The distribution rate is based on the starting NAV of \$10. Distribution yield is not an indicator of overall performance and will change based on market conditions, NAV fluctuations, and is not guaranteed.
- ⁵ BMO Strategic Equity Yield Fund Performance (F Series): 0.62% (3mo), 3.22% (6mo), 3.36% (1yr), 2.75% (Since Inception, June 16, 2023). Source: Morningstar, as of June 30, 2024.
- ⁶ Derivative hedging: Involves using financial contracts to reduce potential losses from an existing investment.
- ⁷ Value-at-risk analysis: Estimates the maximum potential loss of an investment over a specific timeframe with a given level of confidence. It helps quantify the risk of loss in a portfolio.
- ⁸ Flattening Yield Curve: When the difference between short-term and long-term interest rates decreases.
- ⁹ Steepening Yield Curve: When the difference between short-term and long-term interest rates increases.
- ¹⁰ Institutional Currency Hedging: The portfolio managers use hedging to offset currency exposure in the underlying assets through forward agreements with counterparties.

Any statement that necessarily depends on future events may be a forward-looking statement. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although such statements are based on assumptions that are believed to be reasonable, there can be no assurance that actual results will not differ materially from expectations. Investors are cautioned not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, investors should carefully consider the areas of risk described in the most recent simplified prospectus.

Distributions are not guaranteed and may fluctuate. Distribution rates may change without notice (up or down) depending on market conditions. The payment of distributions should not be confused with an investment fund's performance, rate of return or yield. If distributions paid by an investment fund are greater than the performance of the fund, your original investment will shrink. Distributions paid as a result of capital gains realized by an investment fund, and income and dividends earned by an investment 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.** Please refer to the distribution policy for BMO Mutual Fund set out in the simplified prospectus.

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 further information, see the distribution policy for the applicable BMO Mutual Fund in the simplified prospectus.

Commissions, trailing commissions (if applicable), management fees and expenses all may be associated with mutual fund investments. Please read the fund facts or simplified prospectus of the relevant mutual fund before investing. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and are subject to change and/or elimination.

For a summary of the risks of an investment in BMO Mutual Funds, please see the specific risks set out in the simplified prospectus.

BMO Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from Bank of Montreal.

BMO Global Asset Management is a brand name under which BMO Asset Management Inc. and BMO Investments Inc. operate.

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