

# BMO Strategic Equity Yield Fund

## Bi-Weekly Update

### Portfolio Manager Commentary

The Strategic Equity Yield Fund (SEYF) has a NAV of \$9.34 as of 03/04/2025. The average coupon is between 10.00% to 10.50% and the average protection within the Fund is between 75.00% to 80.00%. Eighteen exposures (~\$33.2mm CAD) were called year-to-date and the called notional was reinvested into new exposures. In terms of regional allocation, the Fund is 62.9% invested into Canadian exposures, 33.4% invested in U.S. exposures, and 3.7% invested in European exposures. U.S. Banks (22.9%), Canadian Banks (21.9%), and Canadian broad-based indices (13.0%) represent the three largest exposures within our Fund.

Over the past few weeks, equity markets have seen increased volatility with headlines dominated by tariffs, mixed corporate earnings, geopolitical tensions, and softer economic data coming out of the United States. The CBOE Volatility index (VIX) exceeded 21% in the end of February, reflecting an increase in market angst and an overall risk-off sentiment. The S&P 500 index ended February approximately 1.5% down and wiped out most of the year-to-date gains. To start the year, U.S. equity markets have been underperforming Canadian, European, and Chinese equity markets, as the theme of U.S. exceptionalism has started to waver. Additionally, the University of Michigan's Consumer Confidence survey showed that consumer confidence is falling with consumers increasingly worried about inflation moving forward.

In terms of portfolio positioning, the Portfolio Managers of the Fund expect equity market volatility to continue over the near-term and have shifted to a defensive positioning. Currently, our preference is to defensive indices, broad-based indices, deeper buffer protection, and relatively safer structures. Typically, defensive positioning would yield lower coupon levels for Autocallable investments, however we expect to see little coupon impact due to the higher equity volatility environment we have been experiencing.

### Fund Snapshot

Coupon Range	Buffer Level Range
10.00%-10.50%	20% – 25%

### Distributions

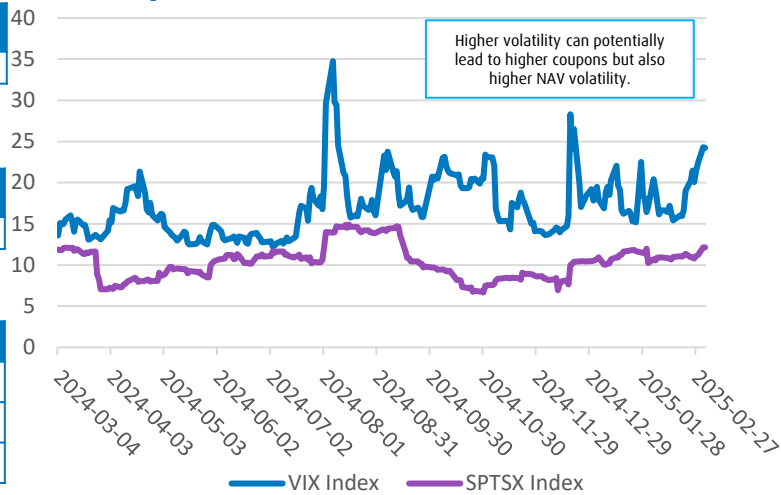
Previous	Upcoming
February 17, 2025	March 17, 2025

### Fund Characteristics

Series	Fund Codes	MER (%)
Advisor (CAD)	BM099290	1.45
F (CAD)	BM095290	0.51

\*\*Low to Medium risk rating by prospectus

### Volatility



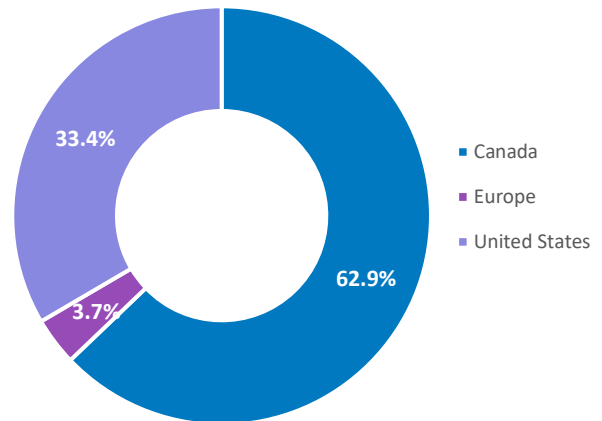
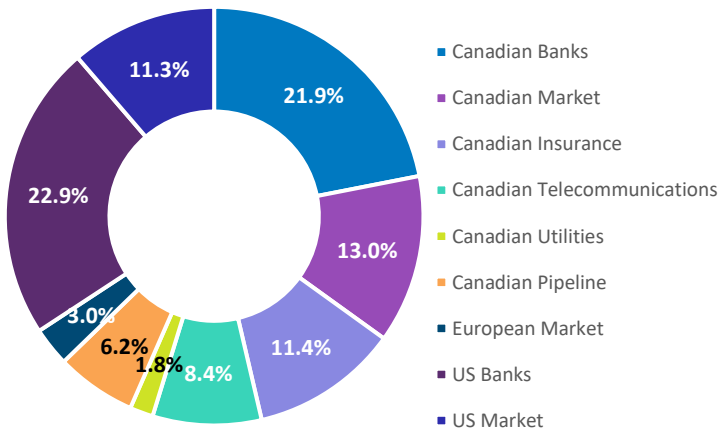
Source: Bloomberg, March 4, 2025.

### Top 10 Trades

Reference Asset	Annualized Coupon	% of overall fund	Distance to Protection	Distance to Call (Positive is in the money)
Canadian Banks	10.30%	1.50%	21.12%	1.12%
Canadian Banks	9.10%	1.50%	21.12%	1.12%
US Banks	10.37%	1.32%	16.26%	-8.74%
Canadian Banks	9.05%	1.32%	20.36%	-4.64%
US Banks	9.19%	1.32%	17.20%	-2.80%
Canadian Insurance	10.85%	1.32%	24.09%	4.09%
Canadian Pipelines	9.42%	1.24%	21.19%	1.19%
US Banks	9.19%	1.22%	15.81%	-4.19%
Canadian Market	10.00%	1.22%	20.93%	0.93%
Canadian Insurance	10.90%	1.20%	22.80%	2.80%

Source: BMO GAM March 4, 2025

### Reference Asset Exposure and Regional Exposure<sup>3</sup>



<sup>1</sup>Reference Asset and Regional Exposure refer to the underlying benchmark exposure from the Total Return Swaps held by the Fund. Source BMO GAM March 4, 2025. Holdings are subject to change without notice.

### Disclaimer

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.

Series F units are only available to investors who participate in eligible wrap programs or flat fee accounts with their registered dealers that have entered into a Series F Agreement with BMO Investment Inc.

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.

The viewpoints expressed by the Portfolio Managers represents their assessment of the markets at the time of publication. Those views are subject to change without notice at any time. The information provided herein does not constitute a solicitation of an offer to buy, or an offer to sell securities nor should the information be relied upon as investment advice. Past performance is no guarantee of future results. This communication is intended for informational purposes only.

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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.

<sup>\*\*</sup>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.

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