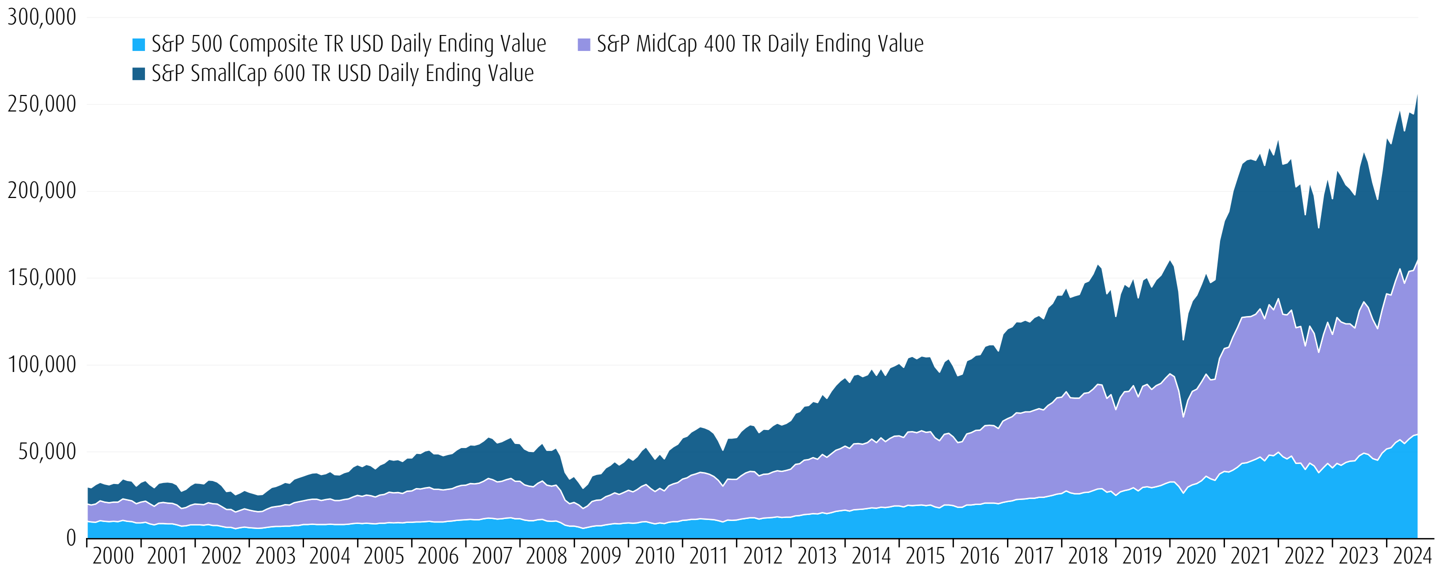
S&P MidCap 400 and SmallCap 600 Indices:
An entire universe at your fingertips

Compliment the core and stability of the S&P 500 Index with growth-oriented small and mid-cap ETFs.

Capturing the Size Equity Premium

In the early 1990s, Nobel Prize winner Eugene F. Fama and co-author Kenneth R. French introduced the three-factor model of market risk, value, and small-cap factors that now serves as the foundation for much of the current research for the size equity premium.

U.S. small- and mid-caps stocks have befitted from the size equity premium historically, outperforming the S&P 500 in the long run. Investing in small caps comes with a higher risk/reward profile and can be a solid diversification strategy when paired with the S&P 500.



Source: Morningstar, June 30, 2024

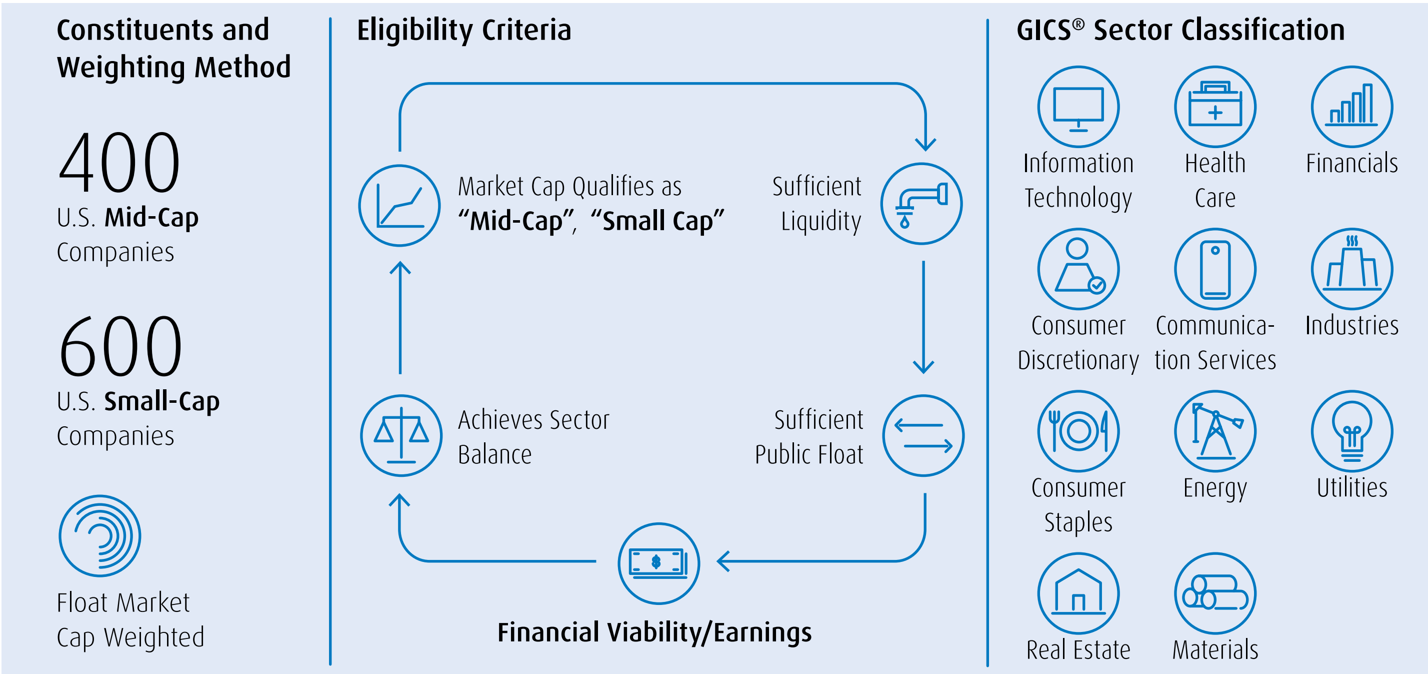
Why S&P Indices?

Index construction was made to be an efficient benchmark made of small and mid cap companies that are float adjusted and market cap[1] weighted that meet investability and financial viability criteria.

Earnings Screen for Quality Bias

A key differentiating factor for the S&P 600 and 400 indices, especially compared with many other small-cap benchmarks, is the earnings requirement that the index implements. It plays an important role in how the index defines quality. It screens for the company's most recent quarter's earnings and the sum of its trailing four consecutive quarters' earnings and it must be positive to meet the index requirement.

S&P Index Construction Process:



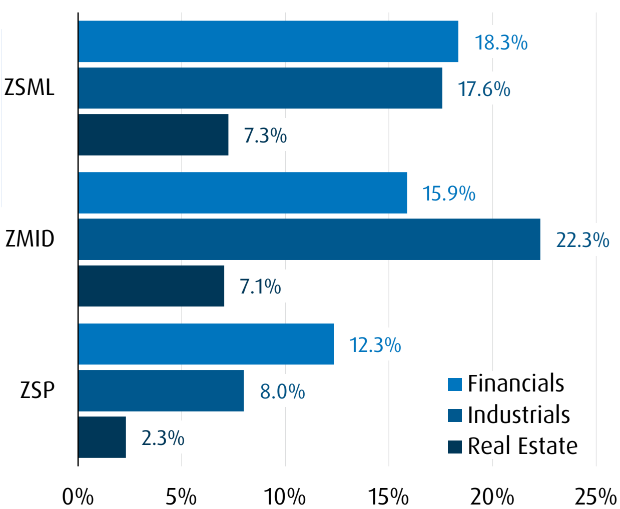
For illustrative purposes only

Diversification & Less Concentration:

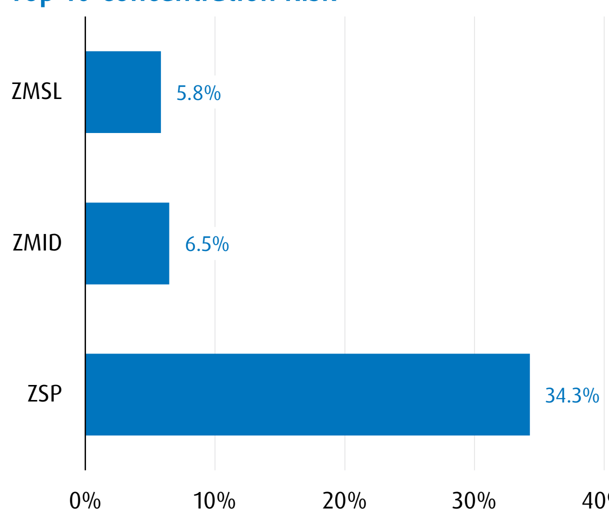
The S&P MidCap 400 & SmallCap 600 indices offer additional sector diversification relative to the S&P 500 to lower overall correlation to the broad index. BMO S&P US Small Cap Index ETF (ZSML) and BMO S&P US Mid Cap Index ETF (ZMID) follow the S&P SmallCap 600 and S&P MidCap 400 indices respectively, which place higher weights on Industrials, Financials and Real Estate sectors. Their top 10 constituents are also less concentrated than the S&P 500.

Offer additional sector diversification exposure to further lower a portfolio's correlation to the broader S&P 500, due to higher weights in Industrials, Financials and Real Estate. The S&P 400 and 600 Top 10 constituents are less concentrated than the S&P 500.

Sector Diversification



Top 10 Concentration Risk[2]



ZSML: BMO S&P US Small Cap Index ETF, ZMID: BMO S&P US Mid Cap Index ETF, ZSP: BMO S&P 500 Index ETF. | Source: Bloomberg, BMO Global Asset Management, June 30, 2024. | Subject to change.

An Indexing Approach Works

Indexing small and mid cap U.S equities is an efficient, rules based approach, that can be an effective long term investing strategy relative to an active approach. S&P is trusted provider of some of the largest and most widely used indices in the industry, with a long and successful history in index construction. Below illustrates the percentage of funds that underperformed the index:

SPIVA® U.S. Scorecard

Percentage of U.S. Equity Funds Underperforming Their Benchmarks (Based on Absolute Return)

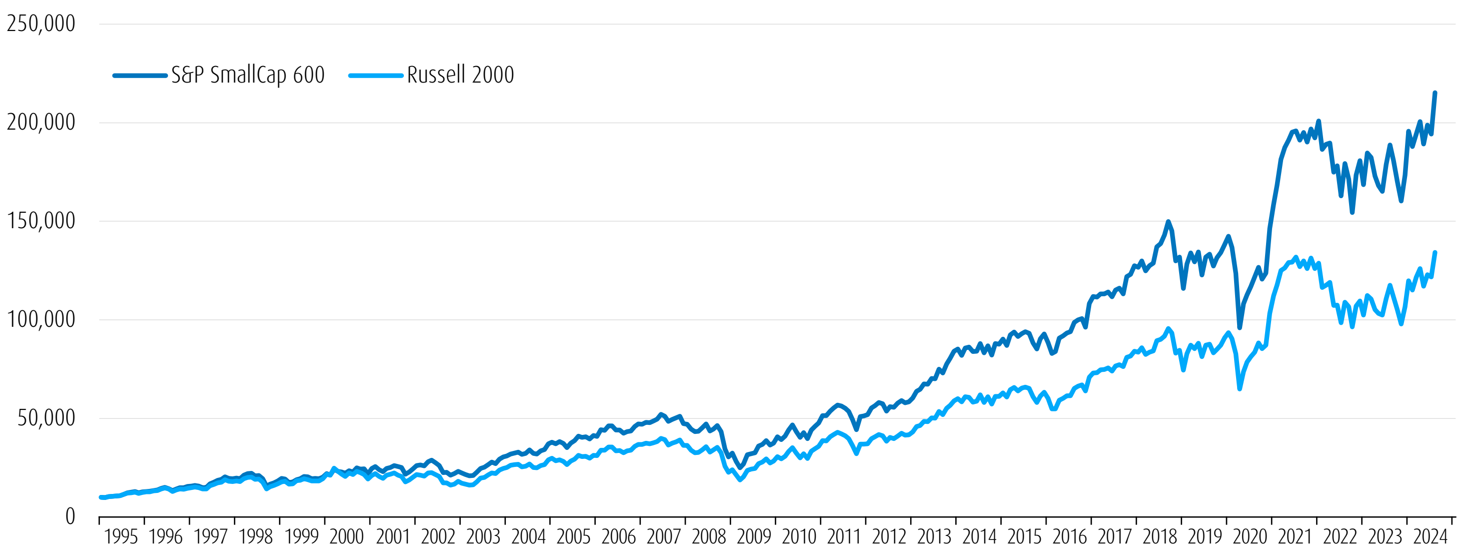
Fund Category	Comparison Index	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)	20-Year (%)
All Mid-Cap Funds	S&P MidCap 400	49.66	69.97	65.92	80.38	88.20	92.75
All Small-Cap Funds	S&P SmallCap 600	48.31	64.24	61.10	88.29	86.91	95.71

Source: S&P Down Jones, as of December 31, 2023.

S&P SmallCap 600 Index

Small Cap Exposure: Quality Bias

Not all small caps are created equally so investors will need to be discerning in which small caps to invest in, considering the risks of leverage and weaker earnings relative to large caps. The earnings screen embedding the S&P index methodology is an important step to help filter out certain risks associated with smaller companies. It has been found to contribute to relatively strong annual returns, as well as potential downside protection.



Source: Morningstar, June 30, 2024

The Size

Small Cap must fall between $850 million and $3.7 billion[3] to ensure individual assets do not overlap with the larger S&P 500 or S&P MidCap 400.

Sensitivity to Economic Growth

Small Cap companies are more correlated to U.S. GDP growth and components of GDP such as private investment and consumption than the larger companies. The they also have a slightly greater percentage of revenue generated domestically.

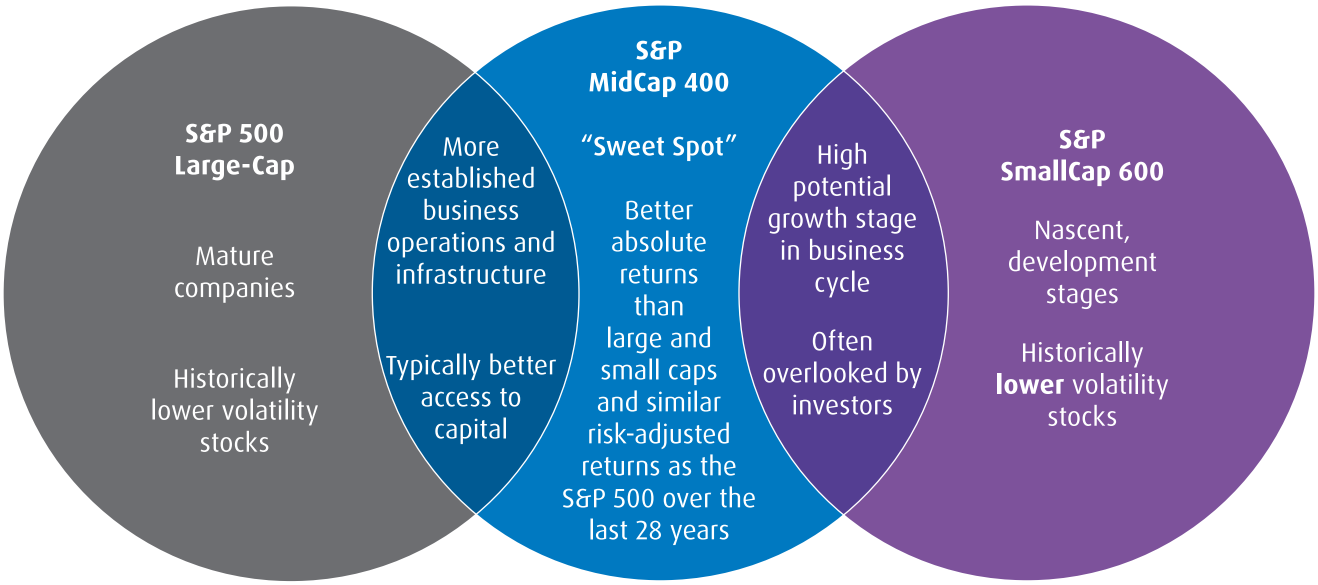
BMO S&P US Small Cap Index ETF

ZSML unhedged[4] | **ZSML.F** hedged to CAD | **ZSML.U** unhedged[4] USD

Distribution Frequency: Quarterly
Mgmt. Fee 0.20%
Risk Rating[5]: Medium to High

S&P MidCap 400 Index

Some investors may overlook the potential benefits of U.S. mid caps, this risks overlooking a sizeable piece that some have considered a "sweet spot" of performance, historically. The S&P 400 has distinct characteristics from its large- and small-cap counterparts, as highlighted below. Mid-cap companies tend to be more established than those in the S&P 600 but, unlike their large-cap counterparts, mid caps may not be in the mature phase of their business cycles. There is also a fluid relationship between the three size segments. Several S&P 600 companies have been promoted to the S&P 400 and some mid-cap companies have matured into the S&P 500.



For illustrative purposes only

The Size:

To put the sheer size of the S&P Midcap 400 into perspective, the index market capitalization size is larger than Canada's entire equity market.

Stability and Growth:

Mid-cap companies have successfully navigated the challenges specific to small companies, such as raising initial capital and managing early growth, and often have established infrastructure, access to capital, and developed distribution systems.

BMO S&P US Mid Cap Index ETF

ZMID unhedged[4] | **ZMID.F** hedged to CAD | **ZMID.U** unhedged[4] USD

Distribution Frequency: Quarterly
Mgmt. Fee 0.15%
Risk Rating[5]: Medium

Fund Name	Ticker	1 Year	2 Year	3 Year	Since Inception
BMO S&P US Small Cap Index ETF	ZSML	16.48%	12.18%	4.66%	8.96%
BMO S&P US Mid Cap Index ETF	ZMID	18.01%	15.71%	7.51%	10.67%

Source: Bloomberg, BMO Global Asset Management, August 30, 2024.

Solutions for U.S. Dollar Accounts

- No U.S. Estate Tax Exposure
- No T-1135 Foreign Income Verification Required

BMO S&P US Mid Cap Index ETF	BMO S&P US Small Cap Index ETF
ZMID.U	**ZSML.U**

By investing in Canadian listed ETFs, investors can simplify their taxes. BMO ETFs offers investors a comprehensive suite of solutions that provide tax effective foreign diversification.

BMO | Exchange Traded Funds

[1] In a float adjusted market capitalization index weighting, the weight of each constituent security is determined by adjusting it's market cap by it's market float. Float refers to the shares that has been issued by a company to trade publicly.

[2] Concentration Risk: As opposed to diversifying a portfolio to lower risk, concentration risk entails investing heavily in a few securities that can lead to higher risk of losses. Since if those securities fall in value, it will have a greater affect on your overall portfolio

[3] Eligibility Market Cap: To be included, companies must have an unadjusted market cap of USD 1 billion and USD 6.7 billion. Source: S&P Dow Jones, August 30, 2024.

[4] Changes in rates of exchange may also reduce the value of your investment.

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

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.

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 prospectus.

This material is for information purposes. The information contained herein is not, and should not be construed as, investment, tax or legal advice to any party. Particular investments and/or trading strategies should be evaluated relative to the individual's investment objectives and professional advice should be obtained with respect to any circumstance.

Commissions, management fees and expenses all may be associated with investments in exchange traded funds. Please read the ETF Facts or prospectus of the BMO ETFs before investing. The indicated rates of return are the historical annual compounded total returns including changes in 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 unitholder that would have reduced returns. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

For a summary of the risks of an investment in the BMO ETFs, please see the specific risks set out in the BMO ETF's prospectus. 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.

BMO ETFs are managed by BMO Asset Management Inc., which is an investment fund manager and a portfolio 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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