

# Target Your Fixed Income ETFs with Precision

## BMO Target Canadian Corporate Bond ETFs (2027-2028-2029)

Introducing 3 Target Canadian Corporate Bond ETFs that have the **Precision of a Bond, with the Liquidity and Diversification of an ETF**

**You Want a Bond-like Experience?  
Ensure You Get it!**

BMO Target  
**2027** Canadian  
Corporate Bond ETF

ZXCO

Management Fee: **0.15%**

BMO Target  
**2028** Canadian  
Corporate Bond ETF

ZXCP

Risk Rating: **Low\***

BMO Target  
**2029** Canadian  
Corporate Bond ETF

ZXCQ

### Canada's largest fixed income ETF provider<sup>1</sup>

BMO ETFs has a robust shelf of over 70 fixed income ETFs and over \$40 billion in assets under management within them. These ETFs consist of a precise fixed income suite in Canada that covers broad market, targeted and non-traditional exposures.<sup>2</sup> Investors continue to choose BMO's Fixed Income ETFs because of our commitment to deliver strong risk adjusted returns<sup>3</sup> and help build better portfolios.

### What are Target Canadian Corporate Bond ETFs?

BMO's Target Canadian Corporate Bond ETFs have the combined benefits of traditional bond ETFs such as diversification and professional management, with the advantages of individual bonds such as defined maturity and the reduction of duration risk<sup>4</sup> over time. These ETFs hold a static portfolio of investment grade bonds that mature in its final year, at a specified date providing an experience like holding an individual bond. Whether the goal is cashflow generation, education funding, or purchasing a home, BMO's Target Canadian Corporate Bond ETFs have differing timelines to meet the various objectives of investors\*.

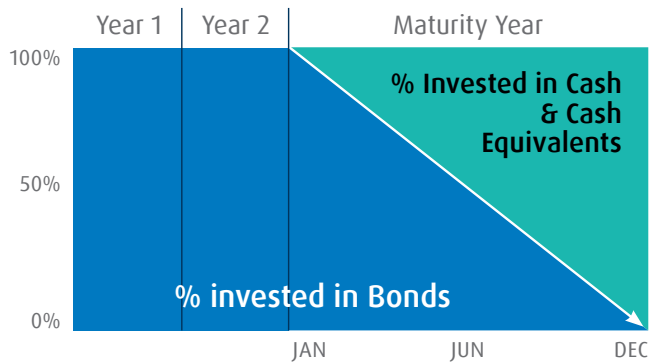


\* All investments involve risk. The value of an ETF can go down as well as up and you could lose money. The risk of an ETF is rated based on the volatility of the ETF's returns using the standardized risk classification methodology mandated by the Canadian Securities Administrators. Historical volatility 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.

## BMO ETF's Approach to Target Canadian Corporate Bond ETFs is Different

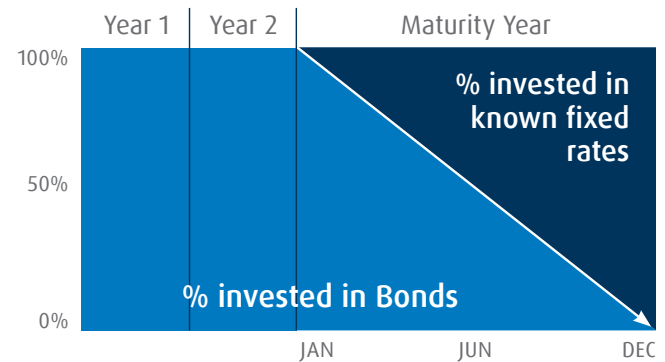
BMO Target Canadian Corporate Bond ETFs provide a more accurate bond like experience. **Unlike traditional Target Maturity ETFs, BMO's Target Canadian Corporate Bond ETFs will hold a static portfolio of such bonds with maturity dates in the fund's final year.**

### Traditional Target Maturity Bond ETFs<sup>6</sup>



- ETFs rebalance and redemption proceeds may be carried forward into cash/cash equivalents until the fund terminates.
- As underlying bond holdings mature, proceeds are reinvested into cash/cash equivalents during their final year,
- Yield is not certain in its final year due to its reinvestment into cash/cash equivalents.

### BMO ETF's Approach<sup>5</sup>



- ETFs will hold bonds until maturity and does not rebalance.
- Will use derivatives to lock in rates for the final year upfront, thereby mitigating uncertainty in the final year.
- Strategy is designed to act like a traditional bond providing greater yield certainty, with the diversification benefits of an ETF.

**Once the maturity date of the ETF is reached, the ETFs will delist from the exchange and make a final distribution of the net asset value per unit to its unitholders.**

## Combine the Benefits of Individual Bonds, and Fixed Income ETFs/Mutual Funds

	BMO Target Canadian Corporate Bond ETFs	Traditional Target Maturity Bond ETFs	Individual Bonds	GICs	Regular Bond ETF/MFs
Distributions	Quarterly	Monthly or Quarterly	Semi annual	No	Monthly or Quarterly
Diversification	Yes	Yes	No	No	Yes
Declining Duration	Yes	Yes	Yes	No	n/a
Intraday Price Transparency	Yes	Yes	No	No	ETFs Yes, MFs No
Professionally Managed	Yes	Yes	No	No	Yes
Liquidity	Yes	Yes	Not as liquid	Not as liquid	Yes
Set Maturity Date	Yes	Yes	Yes	Yes	No
Yield to Maturity <sup>5</sup> Certainty	Yes	Unknown	Yes	Yes	Unknown

## Benefits of BMO's Canadian Corporate Target Bond ETFs

BMO ETFs realizes that a client goals are important to them. With BMO ETF's suite of Target Canadian Corporate Bond ETFs, investors can choose from 3 different maturity dates to build a customized fixed income portfolio tailored to their specific objectives. BMO's Target Canadian Corporate Bond ETFs offer many potential **benefits to help investors hit their investment target.**

### Bond Like Experience

Provides a more accurate yield expectation than traditional target maturity ETFs.

### Liquidity

Fixed income ETFs can provide a high level of liquidity where some individual bonds may not.

### Low Cost

Management Fee of **only 0.15%**: the consideration of fees in your investment decision making process is important as fees can impact overall performance.

### More Yield Certainty

Competitor target maturity funds go into cash in the year of maturity which may hinder performance and outcome expectations.

### Diversification

Within a single trade, access a portfolio of investment grade Canadian corporate bonds across a variety of issuers and sectors.

### Potential Tax Effective Income

The yield is made up of coupon interest as well as capital gains. For investors in taxable accounts this can be of benefit.

### Goal Setting

Match maturity dates and your investment time horizon like individual bonds.

### Reliable Cash Flow

The high-quality bonds within the Target Canadian Corporate Bond ETFs can provide reliable regular quarterly cashflow.<sup>7</sup>



### Laddering

An option to disperse interest rate risk throughout the short end of the yield curve<sup>8</sup> is by considering an investment in all 3 ETFs **ZXCO, ZXCP** and **ZXCQ**.

<sup>1</sup> Source: Bloomberg as of February 28, 2025

<sup>2</sup> Source: Bloomberg November 2024

<sup>3</sup> Source: [Fund Grade Awards 2024](#), [Lipper Awards 2024](#).

<sup>4</sup> Duration & Duration Risk: A measure of the sensitivity of the price of a fixed income investment to a change in interest rates. Duration is expressed as number of years. The price of a bond with a longer duration would be expected to rise (fall) more than the price of a bond with lower duration when interest rates fall (rise). Essentially, duration estimates the percentage change in a bond's price for a 1% change in interest rates. This sensitivity is what constitutes the risk: as interest rates rise, bond prices fall, and vice versa.

<sup>5</sup> Yield to maturity (YTM): The total expected return from a bond when it is held until maturity – including all interest, coupon payments, and premium or discount adjustments.

<sup>6</sup> Graphs for Traditional Target Maturity Bond ETFs and BMO ETF's Approach are for illustrative purposes only and may not fully replicate the underlying holdings of Target Maturity Bond ETFs.

<sup>7</sup> Distributions are not guaranteed and are subject to change and/or elimination.

<sup>8</sup> Yield curve: A line that plots the interest rates of bonds having equal credit quality but differing maturity dates. A normal or steep yield curve indicates that long-term interest rates are higher than short-term interest rates. A flat yield curve indicates that short-term rates are in line with long-term rates, whereas an inverted yield curve indicates that short-term rates are higher than long-term rates.

BMO Global Asset Management is a brand name that comprises BMO Asset Management Inc. and BMO Investments Inc.

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. 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.

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