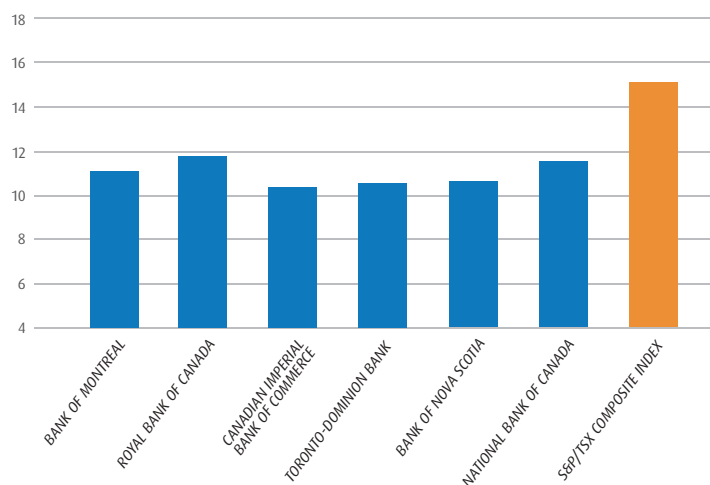


Bargain on Bank Stocks Shouldn't Last Long

Canadian banks are trading at a relative bargain to the broader market right now. The average forward price-to-earnings (P/E)¹ ratio of the Big Six is around 11 times versus the nearly 15 times for the TSX overall. On a valuation basis, banks are trading at a **28% discount** based on a forward-looking P/E. On price, over the past two years banks have lagged the overall market, returning 0.9% versus 4.0% on the TSX on an annualized basis. Banks also remain approximately 14% below all-time levels.



Banks Lagging Broader Market



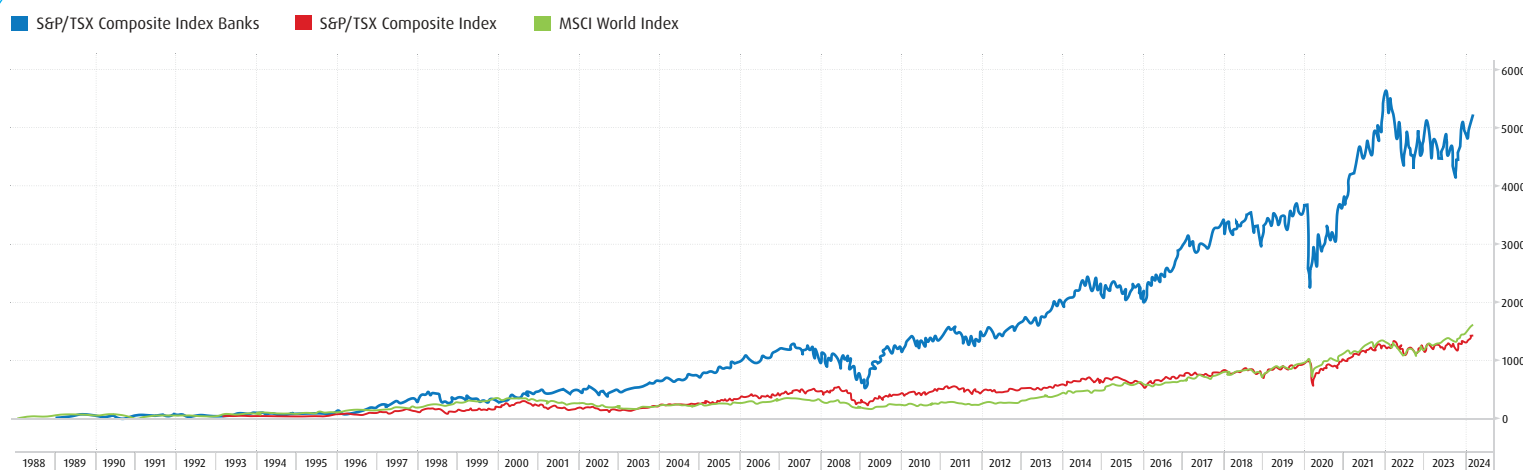
An uncertain interest rate environment has helped lower Big Six valuations relative to the S&P/TSX Composite index.

Source: Bloomberg, BMO Global Asset Management (as of March 29, 2024).

Banks Historically Beat Not Only the TSX, But World Indices

Canadian banks have delivered strong performance over the long term, as investors reward the Big Six for their soundness and conservative practices, which have made the group reputationally some of the strongest performing businesses in the world. Using the S&P/TSX Composite Index Banks sub-index and examining data back to its inception date of December 31, 1987, the group has outperformed not only the broader S&P/TSX Composite, but also the MSCI World Index (in Canadian dollar terms).

| Security | Total Return | Annualized Return |
|-------------------------------|--------------|-------------------|
| S&P/TSX Composite Index Banks | 5,206.37% | 11.57% |
| S&P/TSX Composite | 1,417.24% | 7.79% |
| MSCI World Index | 1,610.01% | 8.14% |



Source: Bloomberg, BMO Global Asset Management (January 1, 1988–March 29, 2024, Canadian dollar terms). 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.

BMO MUTUAL FUNDS: EFFICIENT EXPOSURE

BMO Canadian Banks ETF Fund

The BMO Canadian Banks ETF Fund provides exposure to the Big Six Canadian banks on an equal weight basis. The Fund is rebalanced twice a year, allowing profits from winners to be redistributed in those banks that have underperformed—essentially a buy low, sell high strategy. The F Series² of the Fund currently has an annualized distribution yield of 4.5%³ and an MER of 0.28% (F Series).



\$250,000 invested =
\$932.18 a month⁴

BMO Covered Call Canadian Banks ETF Fund

Investors that want to generate additional yield may consider BMO Covered Call Canadian Banks ETF Fund, which provides exposure to the same base portfolio as the BMO Canadian Banks ETF Fund with the addition of call options on the individual banks being sold in order to generate option premiums to enhance the yield of the portfolio. Currently this Fund has an annualized distribution yield of 7.2%³ and an MER of 0.73% (F Series).



\$250,000 invested =
\$1,500.32 a month⁵

| Fund Performance (%) | YTD | 1-Year | 3-Year | 5-Year | Since Inception | Inception Date |
|--|-----|--------|--------|--------|-----------------|----------------|
| <u>BMO Canadian Banks ETF Fund - Series F</u> | 5.7 | 14.9 | - | - | 2.5 | 29-May-22 |
| <u>BMO Covered Call Canadian Banks ETF Fund - Series F</u> | 4.9 | 10.6 | 5.2 | 7.1 | 7.8 | 27-Apr-16 |

As at March 29, 2024.

FUND CODES

BMO Canadian Banks ETF Fund

| FundSERV Codes | Front End* | MER (%) |
|----------------|------------|---------|
| Advisor | BM099262 | 1.41 |
| T6 | BM034262 | 1.41 |
| F (Fee-Based) | BM095262 | 0.28 |
| F6 | BM036262 | 0.28 |

BMO Covered Call Canadian Banks ETF Fund

| FundSERV Codes | Front End* | MER (%) |
|----------------|------------|---------|
| Advisor | BM099765 | 1.63 |
| F (Fee-Based) | BM095765 | 0.73 |

*Front End = Sales Charge. MER as March 29, 2024.

- ¹ Forward P/E ratio = The forward price to earnings ratio is the ratio for valuing a company that measures its current share price relative to its forecasted per-share earnings (EPS).
- ² 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.
- ³ Annualized Distribution Yield as of March 29, 2024. This yield is calculated by taking the most recent regular distribution, or expected distribution, (excluding additional year end distributions) annualized for frequency, divided by current NAV. The yield calculation does not include reinvested distributions.
- ⁴ \$250,000 invested on March 29, 2024 would generate \$932.18 a month ($\$250,000 / \$9.3866 = 26,633.71$ units paying \$0.035 per unit).
- ⁵ \$250,000 invested on March 29, 2024 would generate \$1,500.32 a month ($\$250,000 / \$11.1643 = 22,392.81$ units paying \$0.067 per unit).

Disclaimers:

Commissions, management fees and expenses (if applicable) all may be associated with investments in mutual funds. Trailing commissions may be associated with investments in certain series of securities of mutual funds. Please read the fund facts, ETF facts or prospectus of the relevant mutual fund before investing. 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 the BMO Mutual Funds, please see the specific risks set out in the prospectus. ETF Series of the BMO Mutual Funds 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 Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from Bank of Montreal.

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.

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.

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.

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.

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