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SPECIAL ISSUE, April 2026



Don't worry, you are not seeing double or looking at the calendar wrong! Typically, we don't produce an issue of *Canadian MoneySaver* this month, but thanks to BMO ETFs we are providing you with a bonus issue! In this special bonus issue, we are talking Exchange Traded Funds (ETFs) with the help of one of the firms that has been at the forefront of ETFs in Canada for as long as I can remember.

I am getting old enough now that I can start to tell stories from 'the old days' so here goes one: when I first joined *Canadian MoneySaver* over a decade ago, it was at a time when Mutual Funds tended to still be the investment vehicle of choice and - for individual investors who wanted to own diversified funds - really one of the only choices available. I was fortunate enough when I started investing that low-cost ETFs were already in existence, but they were far from well-known. If you go back into the archives of issues from that time, we featured Mutual Funds far more heavily in the last few pages than we do now, showing that ETFs were still fairly early in their proliferation.

Over the years, *Canadian MoneySaver* transitioned a lot of the 'fund' focus from Mutual Funds over to Exchange Traded Funds, because ETFs tended to rank better on most factors you could think of. ETFs were lower cost, easier to trade and more transparent. This was an easy transition because our readers saw these advantages and wanted to learn more about what options were available. Fast forward to today, and the ETF has become dominant in the Canadian investment landscape, as it should be.

I am a 'stock picker' at heart, but I personally like to utilize sector ETFs to get broad and diversified exposure to certain spaces that I may have less interest or time for, or feel it's not worth my time trying to find a needle in the haystack. A decade ago, BMO ETFs was one of the few providers that offered these niche types of ETFs. Now, obviously, this suite has expanded to every type of allocation I can think of!

With all this in mind, it seemed pretty natural for *Canadian MoneySaver*, who in my view was one of the early proponents of ETFs and low-cost investing, and BMO, as one of the original companies that built out the ETF landscape in Canada, to join forces with this special BONUS issue of *Canadian MoneySaver*.

BMO has been a big supporter of *Canadian MoneySaver* magazine over the years, and this support, along with this bonus issue, are part of the reason why we can continue to bring great personal finance and investing content both in print and digital formats. So, thank you to BMO ETFs for your support and sponsoring this issue, and thank you to our readers. We hope you enjoy this extra ETF edition of *Canadian MoneySaver*!

Ryan

Ryan Modesto, CFA
Canadian MoneySaver



Positioning For AI's Next Act

Bipan Rai, MD and Head of ETFs/Alternatives Strategy,
BMO Global Asset Management

The rapid rise of artificial intelligence (or AI) has reshaped market dynamics more profoundly and more quickly than almost any technological shift in recent memory. What began in late 2022 as a breakthrough in accessible AI quickly evolved into a full-scale capital investment race among the world's largest technology firms. This note explores why AI-related capital expenditures became such a powerful market force, how the funding landscape is now shifting, and what this evolution means for investors. As the AI story enters a more mature—and more selective—phase, understanding who can sustain the race will be essential for navigating the next chapter.

The Story Of Why AI Capex Mattered So Much

For markets, the AI chapter really begins in the autumn of 2022 with the launch of OpenAI's ChatGPT. From this point, AI stopped being a research story and instead became a mass-adoption reality. While there had been large language models (or LLMs) in service prior to then, ChatGPT's interface and accessibility meant that anyone could use it as a collaborator. This triggered a capital race as 'Big Tech' firms realized that AI represented a clear existential threat to their existing business models.

Several of these firms also understood that the new constraint for AI wasn't imagination, it was the ability to 'compute'. After the launch of ChatGPT, usage for it exploded faster than any consumer product in history and the corresponding demand shock meant that technology firms needed to scale up spending to remain in the AI game. However, the cost for training frontier models can be extremely capital intensive. Indeed, only firms with strong balance sheets and cloud scale could afford the additional spending needed to ensure that resources (hardware, software and infrastructure) were adequate for deploying up-to-date AI models.

The uptick in capital expenditures was important for other reasons. For one, it meant a scramble to secure supply of GPUs and to overbuild cloud infrastructure deliberately. This was done to ensure as little of a dependence as possible on other hyper-scalers, but in some instances, this couldn't be avoided. Consider how well the share prices of firms that had already specialized in GPU manufacturing (Nvidia, AMD) have done over the past few years.

Second, the degree of spending in the AI space became an economic story. The most direct way to proxy the effect of AI on the economy is to look at the growth in spending on software and research/development in the GDP numbers that the Bureau of Economic Analysis (BEA) releases. The amount of spending in those categories has averaged 7.8% quarterly growth (on an annualized basis, we might add) over the past year – which is roughly three times the pace that headline real GDP has grown at over that same timeframe.

Third, and most importantly for markets, there was a keen sense that any investment in AI should be rewarded. Part of the reason for this was that spending on AI was taken to mean that tech firms were serious about AI and would do whatever was necessary to keep up in the race. This was an ideal passive environment as AI-related capital expenditures were taken as a signal and not just an investment.

For Markets – Funding Is The Key

For any tech firm investing in the space, the dirty secret about AI is there is no reliable way to quantify the value-add. Of course, we know that AI is a force multiplier for productivity across several sectors, but making the connection to the amount being spent on building out the infrastructure is a bit trickier to do. This is important, because as the degree of spending in this space ramps up, questions about how firms will fund this spending will continue to linger.

In the period between the autumn of 2022 and early 2025, there wasn't as much of a concern about this. After all, the mega-cap tech firms in the AI race could fund the infrastructure spend via operating cash flows. This is a crucial detail that distinguishes this current AI frenzy from the “tech bubble” 25 years ago. Tech firms back then couldn't rely on endogenous cash flows and instead had to tap into external financing (IPOs mainly) to fund themselves. By contrast, the tech firms in the current AI race had fortress balance sheets and were flush with cash.

However, a problem arises when the pace of spending is increasing relative to the growth in cash flow from operations. Once this happens, then firms invested in the AI race cannot rely on endogenous cash flows alone. Instead, it has to look at other forms of financing.

Enter debt issuance. Since the start of the second half of 2025, the ‘hyper-scalers’ have been tapping debt markets as a source of funding at a far more aggressive pace than in prior years. Why debt over equity financing? Because debt is cheaper to issue, avoids the stigmas around equity issuance, and hyper-scaler balance sheets can easily accommodate them.

However, reliance on ever-larger capex budgets creates an asymmetry of risk for equity holders. If a meaningful share of AI investments proves non-economic, assets will be written down while the nominal value of newly issued debt remains fixed—tightening financial flexibility and amplifying downside to equity. As spending growth outpaces operating cash flow growth, the margin for error narrows. This is why investors have shifted from passively rewarding AI spend to actively demanding capex discipline: management teams must now demonstrate hurdle-rate rigor¹, clearer paths to monetization, and pacing that aligns with measurable utilization rather than aspirational scale.

Where Does The Ai Story Go From Here

Given the above, markets have become even more sensitive to planned expenditures going forward. The lofty valuations for the ‘Mag 7’ tells us that there is a fair bit of optimism already in the price. The narrative has shifted away from rewarding big spending to prioritizing clarity and resilience amidst potential disruption.

More directly, what this means is that AI investing is shifting from a passive ‘beta’ story to a more active one.² Said differently, there will now be winners and losers in the space going forward. Determining who wins and who loses will likely come down to a few factors including:

- The degree by which firms are reliant on external debt financing to fund big projects.
- Understanding which firms are more adaptive and resilient to AI advances.

Going forward, we expect the hierarchy in the AI investment race to be restructured. At the top will be firms that have capital structures with the most capacity to absorb debt, and with less exposure to potential advances made in the AI space. The latter point is important— consider the performance of firms that have been heavily reliant on software as part of their business models of late. We do expect that markets will treat additional spending by such firms more judiciously than others.

Tools To Help You Stay Invested

Given this pivot from “reward spending” to “reward discipline,” the opportunity set is broadening beyond a handful of hyperscalers to companies that can apply AI productively and finance growth prudently. That shift argues for portfolio constructions that capture leadership diffusion while managing single-name concentration and currency risk.

First, we expect leadership to continue broadening as AI adoption lifts productivity in non-tech sectors—industrial automation, healthcare workflows, and materials logistics among them. As earnings dispersion narrows and valuation gaps compress, equal-weight exposures can better capture this diffusion than cap-weighted indices that remain top-heavy.

Second, for investors seeking to express targeted views on potential AI “winners” while managing FX, BMO Global Asset Management’s Canadian Depositary Receipts (CDRs) provide CAD-hedged access to select U.S. names, including several hyper-scalers.

Third, for investors that are bearish on the AI space as a whole, there are some sectors that provide ‘hedge-like’ behaviour during periods when tech and telecoms are on the defensive. Since the end of September, we’ve noted that the healthcare, materials and industrials have done particularly well (for different reasons). Each of these sectors are likely to incorporate aspects of AI to improve productivity going forward.

As AI investment enters a new phase, markets are shifting from rewarding sheer spending to scrutinizing the sustainability and strategic value of that spending. The next stage of AI leadership will be defined not only by innovation, but by balance sheet strength, adaptability, and the ability to withstand competitive disruption. For

investors, this transition presents opportunities across sectors as AI adoption broadens and market leadership diversifies. Whether through equal weight strategies, targeted CDR exposure, or selective sector hedges, positioning thoughtfully will be essential. The AI race is far from over—but its winners will be chosen by discipline as much as ambition.

Bipan Rai joined BMO Global Asset Management in 2024 and currently serves as Head of ETF and Alternatives Strategy. He is highly regarded for his macroeconomic insights as well as his knowledge of market structure for various asset classes. Mr. Rai holds an MBA from the Schulich School of Business at York University and a Bachelor of Engineering degree (Aerospace Engineering) from Toronto Metropolitan University.

1 Hurdle-rate rigor refers to the disciplined application of a minimum required rate of return (the "hurdle rate") to filter, prioritize, and approve investment projects or capital expenditures. It acts as a financial "litmus test," ensuring that a firm only commits capital to opportunities that are projected to exceed its cost of capital and adequately compensate for specific risks.

2 Beta is a measure of a security's or portfolio's volatility or systematic risk in comparison to the market as a whole. It tells you how much a security's price is expected to swing relative to broader market movements.

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ETF Fundamentals



True ETF Liquidity: Understanding the Distinction Between On-Screen and Underlying Liquidity

Valerie Grimba, Director, Global ETF Trading at RBC Capital Markets

When most investors think about liquidity in ETFs, their eyes naturally drift to the order book that they see displayed when they enter a ticker symbol. The bid-ask spread, the depth of visible orders, and the volume figures get prominently displayed in trading platforms and help create an intuitive sense of liquidity. Yet this on-screen perspective can be deceptively narrow. True ETF liquidity extends far beyond what appears in the visible order book, and understanding this distinction is crucial for anyone buying or selling ETFs.

Defining ETF Liquidity

At its core, liquidity refers to the ease and speed with

which an asset can be bought or sold without significantly affecting its price. For ETFs, this definition becomes more nuanced than it might be for individual stocks. ETF shares trade on exchanges like regular equities, but they possess a unique structural advantage that fundamentally alters how their liquidity truly functions.

An ETF that appears to have low on-screen liquidity—a sparse order book with wide spreads—may still have robust actual liquidity through mechanisms invisible on the standard trading screen. This paradox confuses many investors who conflate visible market depth with true tradability. The core understanding is this: **An ETF is as liquid as its underlying holdings.**

The Create/Redeem Mechanism: The Core of Real Liquidity

The key to understanding why on-screen liquidity matters less than most assume lies in the authorized participant system and the create/redeem mechanism. Think of it like this: imagine you go to a grocery store wanting to buy five chocolate cakes, but you only see one on the shelf in the bakery section. You might think, "Oh no, I can't get the five cakes I want to purchase, they only have one available." But what you don't realize is that the store's bakers (in the case of an ETF, the authorized participants or market makers) can create new cakes on demand. They have direct access to all of the underlying ingredients in the store require to make an extra cake, and they can make essentially unlimited cakes whenever needed. In theory, despite only displaying one cake, they could produce a thousand, if they had access to all of the ingredients required to make that many cakes.

That's exactly how ETF liquidity works. An ETF share showing limited on-screen availability isn't usually that supply-constrained because authorized participants possess the unique ability to create new ETFs directly with the ETF asset manager by delivering the underlying basket of securities. Conversely, the market makers can redeem (or break apart) shares of the ETF by exchanging them for the underlying holdings.

A small-cap or specialized ETF might show only a few thousand shares in visible orders at any given moment, just like that single cake on the bakery shelf. Yet an investor seeking to purchase or liquidate a million-share position could potentially execute that trade at a price very close to the net asset value, thanks to the ability of authorized participants to create or redeem shares. In this example, an on-screen order book proved irrelevant to the actual transaction, just as the single visible cake is irrelevant to whether you can actually obtain five cakes.

Market Maker Competition And Tightening Spreads

Beyond the create/redeem mechanism, traditional market makers also contribute to ETF liquidity in ways that extend beyond visible order depth. The natural arbitrage between a bid/ask spread and any deviation from net asset value means that market makers are incentivized to offer tight spreads and maintain continuous two-sided markets. This competitive dynamic operates even when the visible order book appears sparse.

A market maker will often maintain liquidity by standing ready to buy or sell at prices competitive relative to the fund's net asset value, knowing they can hedge their position by transacting in the underlying securities or by engaging in creation or redemption orders. They do not need to rely on offsetting buy and sell orders within the market; they can facilitate trading and manage their risk through other mechanisms. This is fundamentally different from, say, a thinly traded stock where market makers depend on eventual offsetting orders from other participants.

The result is that even ETFs with seemingly illiquid appearances often trade at tight spreads in practice. An experienced trader submitting a large order to a lightly traded ETF might receive better execution than the on-screen order book would suggest, because the liquidity provider can immediately hedge that exposure through the underlying market or through the create/redeem process.

Multiple Avenues For Additional Liquidity

The underlying market liquidity is much more relevant to the tradability of an ETF than the on-screen, visible secondary market. This can appear to be a paradox if someone is learning about ETFs. To give a straightforward example, an ETF tracking a broad index of US Treasuries could appear to have minimal order flow and very few trades on the tape. The reality is that the genuine liquidity of this ETF is excellent because the underlying securities, US Treasury Bills, trade in deep, highly liquid markets. An authorized participant can instantly execute large secondary-market trades in these underlying securities if needed and without moving the price of the ETF.

Authorized participants can also tap into the use of liquid proxies. In the case of trading an Emerging Markets equity ETF, they don't always need to trade every share of every underlying company explicitly. Instead, APs can use liquid proxies, other instruments such as emerging market index futures, currency forwards, or highly liquid mega-cap emerging market stocks that move in tandem with the fund's holdings. By hedging their exposure through these more liquid instruments, APs can create and redeem ETF shares efficiently even when the full basket of underlying securities might be cumbersome to trade.

This proxy-hedging capability also dramatically expands the underlying liquidity of ETFs, even if it is not

necessarily visible to the untrained eye. In this example of an Emerging Markets equity ETF, an AP facing a large redemption doesn't need to unwind positions across dozens of illiquid emerging market stocks in various countries. Instead, they can use futures or other securities to hedge their market exposure while they gradually liquidate the underlying holdings over time, or they can simply match the fund's returns using the liquid proxies themselves. Authorized Participants have a lot of different tools in their toolbox to facilitate ETF transactions at or close to the ETF's net asset value, regardless of whether or not there is visible demand for the ETF in the secondary market.

Why On-Screen Metrics Can Mislead

The prevalence of liquidity measurement tools that focus exclusively on bid-ask spreads and order depth can create a misleading narrative around ETF liquidity. These metrics capture only a snapshot of one moment in time and reflect only the specific orders visible on one exchange. They ignore the continuous create/redeem capability and the numerous liquidity sources operating behind the scenes.

An investor comparing ETFs based solely on displayed spreads might incorrectly conclude that a smaller ETF with a 3c spread is less liquid than a similar ETF with a 1c spread. In reality, the difference in actual tradability might be negligible if the ETF benefits from active authorized participant involvement and underlying market liquidity.

Practical Implications For Investors

This distinction between on-screen and true liquidity carries real consequences for investment decisions and portfolio construction. An investor with a significant position to establish or liquidate in a specialized ETF should not be deterred by a seemingly sparse order book or trade history. Instead, they should consider factors like the quality and liquidity of the underlying holdings, the presence of active market makers, and the history and reputation of the asset manager.

Large institutional investors, in particular, benefit from understanding this nuance. Rather than using visible spreads as the primary liquidity gauge, they evaluate actual execution through broker networks and direct

relationships with market makers, knowing that these sources of liquidity extend far beyond what appears on screen.

Conclusion

ETF liquidity represents a more complex phenomenon for investors to understand. While visible order books and spreads provide useful context, they capture only a fraction of the available liquidity sources. The create/redeem mechanism, the underlying securities market's depth, the incentives driving trading participation and dynamic market making activity all work together to collectively ensure that even ETFs with small on-screen trading volumes can still access excellent liquidity in real world transactions. Understanding this distinction allows investors to make more informed decisions around ETF trading, and should ultimately reduce unnecessary trading costs and improve portfolio outcomes.

Valerie Grimba serves as Director, Global ETF Strategy at RBC Capital Markets. In this role, she is responsible for providing solutions to help RBC's institutional clients better understand and implement ETF strategies. She also bridges the gap between clients and ETF trade execution; helping to facilitate global ETF trading and market making for ETF products. Valerie has over 15 years of trading experience and several global market accreditations including the ability to trade on international equity exchanges including Canada, the U.S., Australia and New Zealand.

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Gold Investing Made Practical: Bullion, Miners, and Income Through ETFs

Tony Dong, *Founder of ETF Portfolio Blueprint*

This article is sponsored by BMO ETFs

Gold spot prices have roughly doubled from the start of 2024 to Q1 of 2026. That kind of move tends to attract attention on its own, but it is also worth watching because it reflects broader shifts taking place in the global economy.

One of the most commonly cited drivers is what investors often call the debasement trade. At its core, this refers to concerns that many developed economies, most notably the United States, are running persistent fiscal deficits. Governments are spending more than they are collecting in revenue (taxes), forcing it to borrow the difference by issuing debt.¹

Over time, rising debt levels lead to higher interest costs, crowding out other public spending and increasing pressure on government finances. The U.S. has also experienced repeated debt ceiling standoffs,² and its sovereign credit rating has been downgraded by major agencies such as S&P Global.³ All of these factors have supported the debasement trade, where investors are looking for an asset outside of the U.S. dollar that will hold its value. And it's not just individual investors concerned about debasement—central banks are looking more to gold now too.

According to the World Gold Council, gold plays a role in central bank reserves because it is safe when held in custody, highly liquid when it needs to be sold or pledged, and capable of generating returns over long periods. Today, central banks collectively hold roughly one fifth of all the gold ever mined!⁴

As a retail investor, your reasons for owning gold may be different, but the motivations often overlap. Gold is

commonly used as a hedge against inflation, currency weakness, and geopolitical uncertainty. The question is no longer whether gold belongs in a portfolio, but how to access it in a practical way.

There are several routes available to Canadian investors, and each comes with trade-offs related to cost, storage, taxation, and convenience. You may be thinking about buying gold outright and storing it yourself. That is a valid choice, but it comes with considerations that may be overlooked when compared with exchange-traded funds (ETFs).

Gold remains a go-to refuge for investors, and today there are several straightforward ways to tap into it through ETFs. There are three distinct approaches to investing in gold—holding bullion, investing in gold mining equities, and using income focused strategies—all of which can be accessed through a registered brokerage account using an ETF.

The Hidden Friction Of Buying Physical Gold

Buying physical gold often sounds simple in theory. In practice, it is far more involved. Take the example of an investor living in Vancouver who wants to buy a one-ounce Gold Maple Leaf coin. One of the more reputable options locally is Vancouver Bullion & Currency Exchange. As of January 21, 2026, the cost of a one-ounce coin there was \$6,827.⁵ The first step is payment. Most bullion dealers do not accept credit cards. That means either withdrawing a large amount of cash from your bank or using a debit card with a high daily limit. Carrying several thousand dollars to a physical location

introduces security risk that many investors do not factor in. Once the purchase is complete, you then have to get the gold home. At that point, you are again transporting a high value, easily transferable asset. If something goes wrong, there is often no recourse.

After that comes storage. Gold cannot simply be left in a drawer. Many investors opt for a fire resistant safe that can also withstand break ins. Others choose a bank safety deposit box, which comes with ongoing fees and means relying on a third party to hold the asset. Insurance is another consideration. If the value of the gold is meaningful, your home insurance policy may need to be updated, which can increase premiums or require special riders.

Then there is the spread. While the dealer may sell you that coin for \$6,827, they would only buy it back for \$6,607. That \$220 difference is how the dealer is compensated. It also means the gold price needs to rise materially just for you to break even.

Selling reverses the entire process. You retrieve the gold, transport it back to the dealer, receive cash, and then deposit it at your bank. None of these issues make physical gold a bad investment. However, they do explain why many investors only discover the practical drawbacks after the fact.

The Benefits Of Gold ETFs

For most investors, the appeal of a gold ETF comes down to convenience, cost, and flexibility. Unlike physical bullion, gold ETFs can be bought and sold from a brokerage account on a phone or computer. They trade throughout the day like stocks, with transparent bid and ask prices. The spread between those prices is typically far narrower than what you encounter when buying or selling physical gold through a dealer.

Modern ETFs also solve a structural problem that older closed-end gold trusts struggled with. Gold ETFs rely on a process called in-kind creation and redemption. Large institutional firms, known as authorized participants, can exchange baskets of gold for ETF units and vice versa. This arbitrage mechanism keeps the trading price of the ETF very close to its net asset value (NAV). For investors, that means you are generally transacting at a fair price tied closely to the underlying gold holdings.

Finally, gold ETFs can be held in registered accounts such as a Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP). That alone addresses several of the practical frictions that come with owning bullion directly.

Three Ways To Invest In Gold With BMO ETFs⁶

Beyond those basics, ETFs allow investors to choose how they want gold exposure to behave inside a portfolio. Broadly speaking, that comes down to bullion, equities, or income-focused strategies.

The most straightforward option is bullion exposure. A simple example is the **BMO Gold Bullion ETF (ZGLD)**. It holds physical gold bullion in 400 troy ounce international standard bars⁷ and does not use derivatives or active trading strategies. The cost is modest. The management expense ratio is 0.22% (as of June 30, 2025). On a \$10,000 investment, that works out to about \$22 per year. Compared with dealer spreads, insurance costs, or safety deposit box fees, that is a relatively low price for ongoing exposure. The ETF currently holds roughly \$1.25 billion in assets.⁷ Remember, the price of gold is always quoted in U.S. dollars. Therefore, one point to note is currency exposure. ZGLD is unhedged, which means changes in the Canadian dollar relative to the U.S. dollar will affect returns alongside the gold price itself. Investors who want to reduce currency effects can use the currency-hedged version, **ZGLD.H (BMO Gold Bullion Hedged to CAD ETF)**. Those with U.S. dollars can also access **ZGLD.U (BMO Gold Bullion ETF USD Units)**.

The second way to invest in gold is via the gold miners, which is an equity market exposure to the gold price. Gold mining companies explore for, extract, refine, and sell gold. Many are Canadian, reflecting the country's long history in the sector. Well-known names include Barrick Gold and Agnico Eagle Mines. Gold miners equity performance tends to be correlated with the gold price, but they are not a perfect substitute for bullion. Their share prices are often more sensitive to changes in gold prices because of operating leverage and equity market risk. Mining has large, fixed costs. Once those costs are covered, additional increases in the gold price can flow through to margins and earnings at a faster rate. However, the reverse is also true. When gold prices fall,

miners can be hit hard. Owning individual mining stocks introduces company-specific risks. A single mine may face operational problems, geopolitical risks, or declining ore reserves. That concentration risk is difficult to manage without diversification. An ETF can help address that.

The **BMO Equal Weight Global Gold Index ETF (ZGD)** holds 40 gold mining and streaming companies from around the world, with a heavy weighting toward Canada. The equal weight structure gives each holding the same influence in the portfolio, rather than letting the largest companies dominate. Over time, this creates a natural rebalance effect that trims winners and adds to laggards. Gold producers also tend to pay modest dividends, which gives the ETF a small distribution yield of roughly 0.18%. BMO recently lowered its management fee on ZGD to 0.40%.⁸

Some investors, however, want cash flow from their gold allocation. Physical gold does not pay a dividend, and mining company dividends are relatively small. For those investors, there is a third option. The **BMO Covered Call Spread Gold Bullion ETF (ZWGD)** is designed to generate monthly distributions. It holds gold bullion through ZGLD and overlays a covered call spread strategy.

The mechanics work in two steps. First, the ETF sells call options on gold at a lower strike price to collect a premium. Selling calls limits some upside, which is the trade-off for receiving that cash flow. To regain part of the upside potential, the ETF uses a portion of the premium to buy call options at a higher strike price. Any remaining proceeds can be distributed to unitholders.

The level of monthly distribution varies. It depends on option strike prices, time to expiry, and the volatility of gold markets. The management expense ratio is higher at 0.73%, reflecting the complexity of the strategy.

Each of these ETFs serves a different purpose. Bullion ETFs offer clean exposure to the gold price. Gold equity ETFs add leverage and modest dividend distributions. Covered call strategies trade some upside for enhanced cash flow.

The advantage of ETFs is that they allow Canadian investors to choose the version of gold exposure that best fits their goals, without the logistical complications of directly owning physical gold.

Tony Dong is a Canadian ETF analyst and financial writer based in rural British Columbia. He is the founder of ETF

Portfolio Blueprint and the lead ETF analyst for ETF Central, a partnership between Trackinsight and the NYSE, and has contributed to publications including U.S. News & World Report, Kiplinger, MoneySense, The Motley Fool, and USA Today. Before becoming a full-time writer, Tony advised public sector executives on enterprise risk management and holds a Master of Science in ERM from Columbia University.

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 - 7 BMO Global Asset Management, December 31, 2025.

 - 8 Effective after close of business on January 23, 2026, the management fees on BMO Equal Weight Global Gold Index ETF (ZGD) and BMO Junior Gold Index ETF (ZJG) were reduced from 0.55% to 0.40%.

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Why ETFs Offer a Smarter Path Than Stock Picking

Danielle Neziol, VP, Online Distribution, BMO ETFs

For decades, investors have debated whether it's better to build a portfolio one stock at a time or to rely on diversified investment vehicles that capture broad market exposure. While stock picking can sound appealing, and even exciting, the data has increasingly shown that selecting individual winners is far more difficult than many realize. Exchange Traded Funds (ETFs), by contrast, have emerged as one of the most efficient, transparent, and investor friendly ways to gain market exposure.

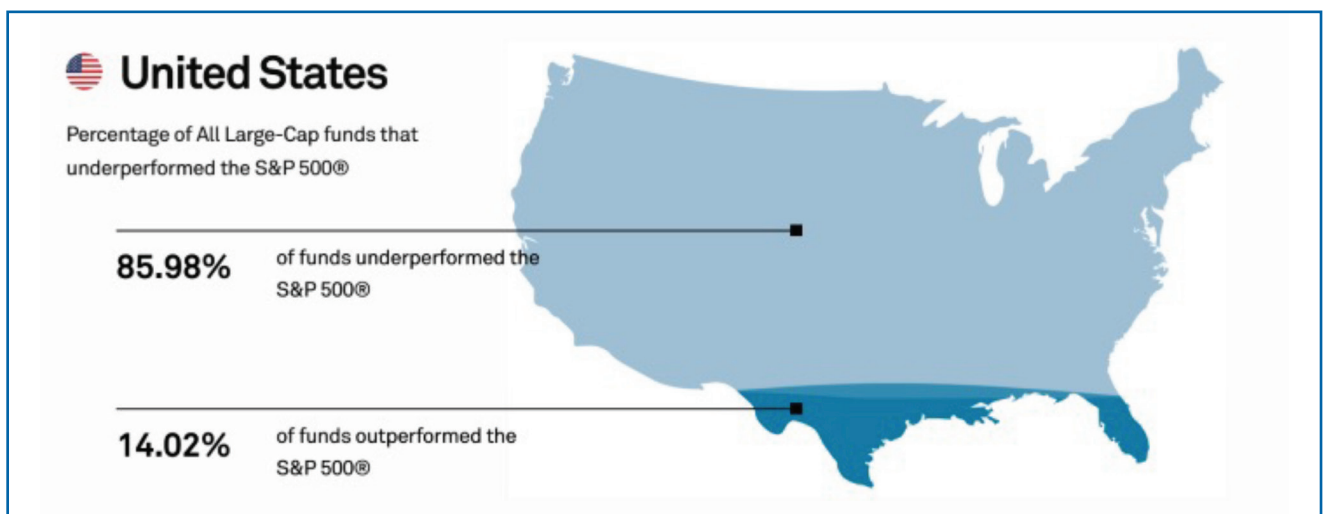
The Challenge With Stock Picking

Market research consistently shows that most actively managed portfolios underperform their benchmarks over long periods. According to research by S&P Dow Jones Indices, over a 10 year investment period, only 14% of active stock pickers were able to outperform their benchmark of the S&P 500 Index. And the stock

pickers assessed were professional portfolio managers, with institutional level research tools.¹

Research such as the SPIVA (S&P Indices Versus Active) reports consistently shows that most active managers fail to outperform their benchmarks over time. Across one-year, three-year, and five-year periods, a majority of actively managed funds lag their index counterparts after accounting for fees. This underperformance is even more pronounced in highly efficient equity markets like in the U.S., where information is abundant and price discovery occurs rapidly.²

So why do active stock pickers have such a hard time beating the broad market? Much of this comes down to how markets behave. Equity markets are efficient, meaning new information is quickly reflected in stock prices, making it hard to consistently find mispriced securities. On top of that, stock returns are skewed: a small proportion of companies generate the majority of



Source: S&P Dow Jones Indices, June 30, 2025.

overall market gains. Missing even one or two of those winners can dramatically reduce returns.

Stock picking also introduces concentration risk. When investors place large bets on a few companies, especially ones in similar sectors, their portfolios become vulnerable to company-specific shocks, earnings misses, regulatory changes, or broader sector downturns. Managing that risk properly requires research, diversification, and ongoing monitoring, tasks that many investors lack the time, expertise, data, or discipline to perform consistently.

Index Investing And The Rise Of ETFs

This is where ETFs have transformed the investing landscape. Index based ETFs allow investors to buy all the stocks in a specific benchmark such as the S&P 500 Index, the NASDAQ 100 Index, or the TSX Composite Index with a single trade. Instead of trying to guess which companies will be tomorrow's winners, ETF investors benefit from the market's natural long-term growth.

The advantages associated with ETFs begin with diversification. By owning a basket of securities, one company's weakness is offset by others' strengths. This helps smooth returns and reduces the impact of market volatility. Market capitalization weighting, used by many major indices, ensures that the most influential companies contribute proportionally to performance, providing a balanced representation of the economy.

ETFs also solve a practical issue: efficiency. Building a diversified portfolio stock by stock requires hundreds or even thousands of trades. ETFs consolidate this into one simple transaction. Rebalancing, which maintains the appropriate weights of each security, keeps the initial risk profile of the portfolio in check and is handled automatically within the ETF structure, ensuring portfolios remain aligned with their target exposures.

Why ETFs Work Well In Investor Accounts

Beyond broad market exposure, ETFs offer a versatile toolkit for building an entire portfolio. Investors can use:

- **Core index** ETFs as long-term foundational holdings.
- **Dividend or covered call** ETFs to generate cash flow.

- **Sector and thematic** ETFs for tactical opportunities or market tilts.
- **Fixed income** ETFs to manage risk and stabilize returns.
- **Asset allocation** ETFs for all-in-one core portfolio holdings. in one

This range allows investors to access virtually any market, region, strategy, or asset class at low cost and with instant liquidity.

The Bottom Line

While stock picking will always appeal to investors who enjoy the challenge, the odds are stacked against consistently beating the market. ETFs, especially those that track a broad market index, offer diversification, transparency, operational efficiency, and low costs, all of which support more reliable outcomes. For investors seeking a disciplined, long-term investment approach, ETFs provide a smarter, simpler, and more strategic path to building wealth.

Danielle Neziol is Vice President, ETF Online Distribution at BMO ETFs, with over eight years of experience driving ETF product development and strategy through collaboration with exchanges, capital markets, index providers, and portfolio managers. She now focuses on delivering ETF insights and education to investors and industry professionals. Danielle is a frequent speaker and media contributor, appears on BNN, and hosts the weekly YouTube channel ETF Market Insights.

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How Diversified Revenues Are Powering Investor Interest In Canada's Big Six Banks

Saakshi Mehta, *Vice President, ETFs and Alternatives Strategy, BMO Global Asset Management*

Every earnings season, Canadian bank results invite the same familiar question: How are the banks doing, and what does it mean for investors? This year, that question feels especially relevant. The ETF and Alternatives Strategy team at BMO Global Asset Management has done some analysis on the outlook for Canadian banks, and we'll be synthesizing their report here.

Economic uncertainty remains elevated, loan growth has slowed to a crawl, and investors are debating whether the Bank of Canada might still be talking about rate hikes sometime in late 2026. Against that backdrop, the latest results from Canada's Big Six banks might seem surprising to investors: minimal growth in lending didn't stop banks from generating revenues. In fact, it's becoming increasingly clear that Canadian banks have done well to diversify their revenue streams—and that shift has important implications for investment portfolios.

At the end of 2025, the earnings picture was mixed for the big six banks. Traditional personal and commercial lending continued to struggle, particularly in Canada, where higher interest rates and cautious borrowers have dampened demand. Pre tax, pre provision earnings in these segments generally came in softer than expected. But that weakness was more than offset elsewhere. Capital markets and wealth management were the stars of the quarter. Trading desks benefited from volatile markets, while fee based wealth platforms continued to attract assets and generate steady income. Credit quality also remained a focus. Banks took different approaches when assessing future risk, with some increasing provisions for non impaired (Stage 1 and 2) loans.¹ That doesn't signal stress today—but it does show that management teams remain cautious about the economic outlook and

are building buffers accordingly. And then there's the availability of capital. On that front, the story remains positive for Canadian banks going forward.

Strong Capital Is the Canadian Banks' Secret Weapon

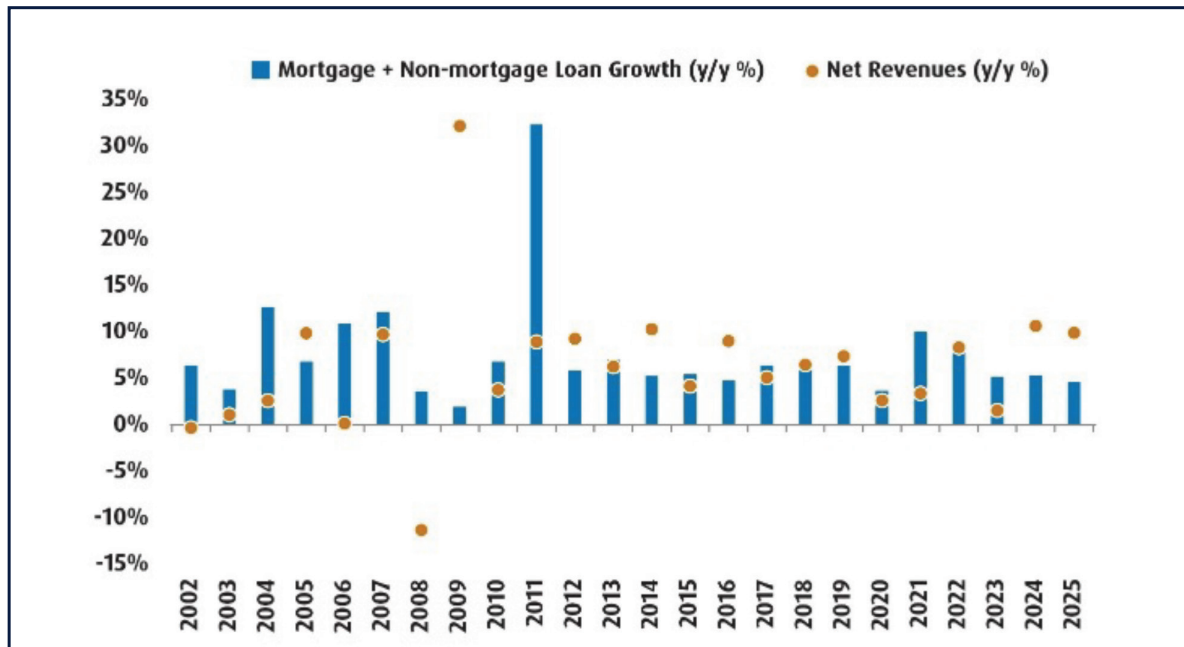
All six major Canadian banks continue to hold capital levels well above regulatory minimums. That gives Canadian banks a lot of flexibility and some have used that opportunity to increase dividends and conduct share buybacks. That is welcome news for income oriented investors. But that flexibility also extends to the ability to deploy capital when opportunities arise, absorb potential credit losses, and invest in higher growth, fee based businesses. This is a big reason why Canadian banks have been able to navigate a challenging environment better than many expected.

The Bigger Story: Banks Are Less About Lending Than Ever Before

If there's one unifying theme we learned from reviewing recent bank earnings, it's this: Canadian banks are no longer just lending machines. Consider the data. Loan growth—both mortgages and non mortgage lending—is on track to be the slowest in a non crisis year since the early 2000s (excluding the financial crisis and the pandemic). By historical standards, this is a remarkably weak lending environment. Yet despite that headwind, bank revenues grew by nearly 10% year over year—one of the strongest revenue growth years this century. How is that possible?

The answer lies in diversification. Trading revenue, wealth management fees, insurance income, and other

Chart 1 – CAD Banks Don't Need Loan Growth to Drive Net Revenues



Source: S&P Dow Jones Indices, June 30, 2025.

non interest sources now account for roughly 54% of total bank revenues. For much of the past two decades, that figure sat below 50%. Today, more than half of bank revenue comes from activities that don't require loan books to grow at all.

This shift matters. Fee based income tends to be more scalable, less capital intensive, and—over time—more resilient than traditional lending. It's a structural change that has helped Canadian banks maintain profitability even as loan growth has stalled.

What Could Drive The Next Leg Of Growth?

For Canadian banks in 2026, there are several potential tailwinds. Public private partnerships tied to federal infrastructure, housing, and defense initiatives could increase demand for capital. A lower starting point for interest rates may help stabilize housing markets and gradually revive mortgage activity. And if trade negotiations under a renewed CUSMA (Canada-United States-Mexico Agreement) framework proceed smoothly, business confidence and investment could improve.

Importantly, banks don't need all of these things to go right to keep generating returns. Their diversified revenue base and strong capital positions give them multiple paths forward.

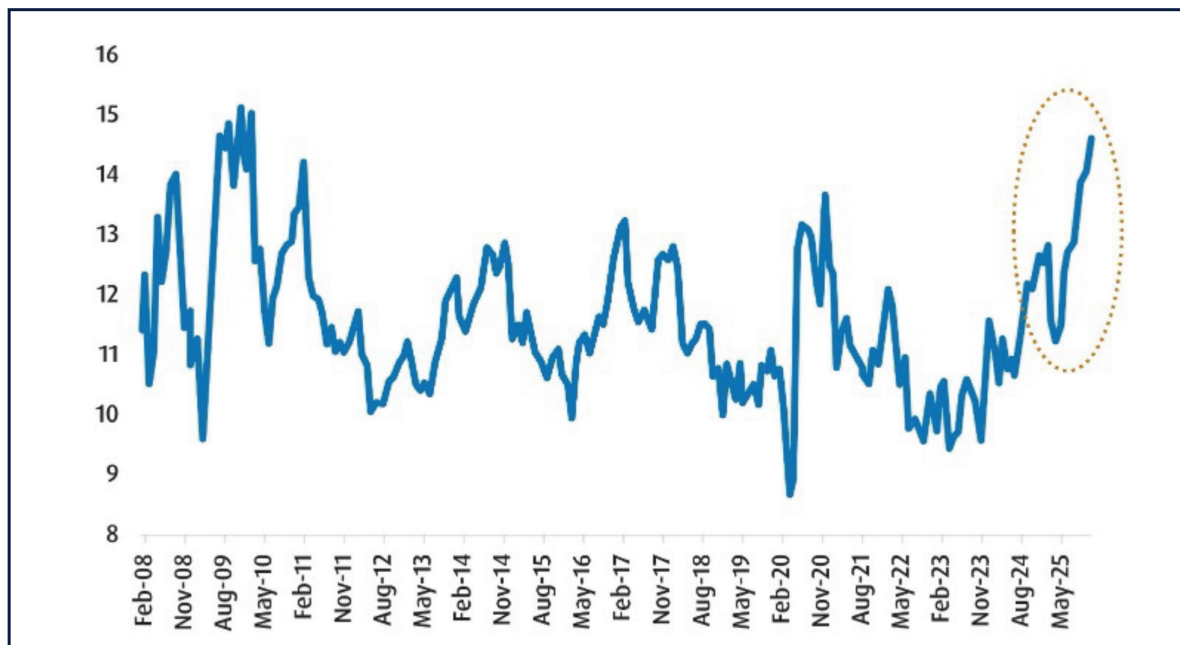
The Valuation Question

That said, no investment story is complete without addressing valuation—and this is where some caution is warranted. Canadian bank stocks have been trading at relatively rich valuations compared to historical averages. That doesn't mean they're destined to fall, but it does suggest that future returns may be more modest and potentially more volatile than investors have become accustomed to. For investors who remain constructive on the sector but are uneasy about valuations, this environment may favour strategies designed to smooth returns.

Positioning Portfolios For Today's Bank Environment

From an investment standpoint, the takeaway is straightforward. The Canadian banks' strong capital

Chart 2 – Price-to-Earnings for Canadian Banks Looks Rich



Source: BMO Global Asset Management, Bloomberg. November 28, 2025.

positions continue to support dividends and buybacks, making the sector attractive for long term investors seeking income and stability. For those looking for broad exposure without betting on any single bank, an equal weight approach like ZEB, the **BMO Equal Weight Banks Index ETF**, offers diversified access to the group and avoids concentration risk. For investors more sensitive to valuation risk or near term volatility, covered call strategies such as ZWB, the **BMO Covered Call Banks ETF** can provide enhanced income potential while helping to dampen price swings.

Bottom Line

Canadian banks may be facing the slowest loan growth in decades—but they’ve proven that loan growth is no longer the sole driver of success. Diversified, fee based revenues, disciplined risk management, and fortress like capital positions have reshaped the sector. For retail investors, that evolution changes the conversation. The question is no longer whether banks can grow without lending—but how best to gain exposure to a sector that has learned how to do exactly that.

Saakshi Mehta joined BMO Global Asset Management in October 2025 and currently serves as Vice President, ETF and Alternatives Strategy. Her work focuses on macroeconomic trends and their implications for ETF markets, including analysis of monetary policy, fiscal developments, and market structure across asset classes. She holds a Master of Financial Economics from the University of Toronto and a Bachelor of Arts in Economics and Psychology from the University of British Columbia.

- 1 A Stage 1 Loan is a loan with no significant increase in credit risk since initial recognition, or a low-risk loan. A Stage 2 Loan is an underperforming loan which carries increased credit risk) since initial recognition, but is not yet in default.

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Why Asset Allocation ETFs Aren't Just for Beginners Anymore

Kornel Szrejber

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For years, “all in one” or asset allocation ETFs were seen as an ideal entry point for new Canadian do it yourself (DIY) investors: simple, diversified, and low cost. But the landscape has changed. The same characteristics that made these products appealing to beginners are increasingly proving valuable for seasoned investors as well. With markets more complex and globally interconnected than ever, the case for choosing one well structured ETF over building and maintaining a portfolio of multiple holdings is stronger than it's ever been.

Today, asset allocation ETFs have become a go to solution not only for beginners, but for long term investors of all experience levels. Their simplicity, efficiency, and disciplined structure offer advantages that many Canadians underestimate, even after years of investing.

The Foundation: What's Inside An Asset Allocation ETF

At their core, asset allocation ETFs bundle several underlying ETFs into a single, diversified investment. Each underlying ETF targets a specific slice of the global market. While the exact mix- which can range from 100% equities down to 40% equities and 60% fixed income- depends on each investor's risk profile, investment goals and time horizon, most Canadian all in one ETFs include exposure to:

- Canadian equities
- U.S. equities
- International developed equities

- Emerging markets
- Investment-grade fixed income

In other words, with one investment trade, an investor gains access to a globally diversified portfolio that would normally require multiple trades and ongoing portfolio maintenance.

This structure appeals to beginners, of course—but the same simplicity solves real world challenges for experienced investors too.

Why More Experienced Investors Are Embracing Them

1. A Drastically Simpler Way To Invest

Building and maintaining a diversified portfolio used to mean holding several ETFs—sometimes seven or more. Each position required periodic review, thoughtful rebalancing, and occasional tweaking. For many investors, this added friction led either to mistakes or to procrastination.

Asset allocation ETFs eliminate that complexity. A single trade secures instant global diversification, eliminating the need to choose between individual equity and fixed income ETFs or to weigh the merits of regional allocations. This simplicity is not a concession—it's a feature that removes decision fatigue and supports long term discipline.

2. Automated Rebalancing Keeps Risk Aligned

Markets move unevenly. U.S. stocks may surge ahead while emerging markets struggle. Bonds may spike or

slump depending on interest rate expectations. Over time, this pulls a DIY investor's portfolio out of alignment with its original risk target.

Traditionally, investors had to rebalance manually, selling portions of overweight holdings and topping up underweight positions. This process not only consumes time, but also introduces human error, from spreadsheet miscalculations to emotional hesitation during volatile periods.

Asset allocation ETFs solve this by rebalancing automatically within the fund. Investors stay aligned with their intended risk profile without lifting a finger. This automated discipline is one of the biggest reasons experienced investors are gravitating toward all in one solutions.

3. Simpler Cash-Flow Management in Retirement Flow Management In Retirement

Decumulation—turning a nest egg into spendable cash—can be surprisingly complicated for retirees holding multiple ETFs. Selling proportionate amounts of different funds to raise cash while maintaining the target asset mix takes planning and precision.

With an asset allocation ETF, retirees simply sell the number of units they need. The underlying allocation remains intact, and the portfolio stays diversified. Coupled with the liquidity advantages of ETFs, this makes managing retirement income far easier than juggling multiple holdings.

4. Reduction Of “Tinkering Risk”

Even experienced investors fall into the trap of tinkering—tweaking allocations based on headlines, market fears, or a compelling narrative. This form of speculation can quietly undermine long term results.

For example, in periods when U.S. equities hit all time highs, many investors find themselves overweight in U.S. stocks. The temptation is strong: should they trim their position? Ride the momentum? Hedge their exposure? These decisions introduce stress and often lead to emotionally driven trades.

With an asset allocation ETF, the temptation to tinker

largely disappears. The allocation is fixed according to the fund's mandate. Investors buy, hold, and avoid the psychological noise that leads many DIY investors astray.

The Fee Question

Historically, one of the biggest arguments against all in one ETFs was cost. Investors could theoretically save money by purchasing the underlying ETFs individually, resulting in a slightly lower aggregate management expense ratio.

But fee compression has reshaped this conversation.

With recent management fee cuts for most of BMO's asset allocation ETFs to 0.15%¹, the difference between building your own portfolio and holding a single ETF has become minimal. For most Canadians, the few basis points saved through DIY construction no longer justify:

- the time commitment
- the complexity of managing multiple holdings
- the risk of errors, miscalculations, or emotional rebalancing decisions
- the potential tax slips and wash trade considerations that can arise from juggling several ETFs trade considerations that can arise from juggling several ETFs

While there are still niche cases where building from scratch may offer slight tax advantages or customization benefits, the drain on time and attention often outweighs the incremental savings.

After a Decade Of Observations...

After more than ten years educating listeners, friends, and family about on index investing, I've noticed a recurring pattern: while many investors believe they want maximum optimization, what they might actually need is maximum sustainability.

The investors who build multi ETF portfolios start strong, but over time, many struggle with the upkeep, or may misidentify a shifting risk profile of the portfolio. Life gets busy. Rebalancing gets delayed. Market noise creeps in. Small deviations compound into bigger ones.

Meanwhile, those who choose a single asset allocation ETF tend to stay the course. They remain diversified. They avoid tinkering. They follow through on their long term strategy.

Even for investors who understand markets well and enjoy the process, the simplicity of all in one ETFs removes friction from the parts of investing that can quietly chip away at performance: mistakes, emotions, and inconsistency.

The Bottom Line

Asset allocation ETFs are no longer just beginner friendly training wheels for DIY investors. They have matured into powerful, efficient, and highly disciplined tools that serve a wide spectrum of investors.

For most Canadians—especially those who value long term results over constant portfolio maintenance—the convenience, diversification, automatic rebalancing, liquidity, and now ultra competitive fees can make all in one ETFs not only a smart starting point, but an excellent destination.

Whether you're just beginning your investing journey

or several decades in, the question is no longer “Are asset allocation ETFs good enough?”

It's increasingly becoming:

“Why complicate your portfolio when a single, low cost, globally diversified ETF can do the hard work for you?”

Kornel Szrejber, Build Wealth Canada.

Sources:

- 1 BMO GAM, management fees were lowered to 0.15% on the BMO All Equity ETF (ZEQT), the BMO Growth ETF (ZGRO), the BMO Balanced ETF (ZBAL), and the BMO Conservative ETF (ZCON). Management fees were lowered in June 2025.

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Management Expense Ratios (MERs) are the audited MERs as of the fund's fiscal year end. MER might not be displayed if the fund is less than one year old since the audited MER of the fund has not gone through a financial reporting period.

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Smarter Corporate Investing: The Benefits of ETFs Inside Your Corporation

Dr. Mark Soth, *The Loonie Doctor*

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Those who must save and invest at a rate faster than the TFSA and RRSP room that they generate may have to invest the excess using non-registered accounts. That is a common challenge for professionals and business owners because they usually take a decade or more to reach their income potential while they train and build their business. In addition to a lost decade of compound growth, higher personal income is taxed aggressively.

Fortunately, many self-employed professionals and business owners may have the option to incorporate their business or practice. While still exposed to tax, a well-managed corporation can invest tax-efficiently. Using ETFs to invest can make that easier and more cost-effective.

What Is Incorporation?

Incorporation is a process by which a separate legal corporate entity is formed from the individual taxpayer to conduct business and/or invest. Incorporation helps to smooth personal income and retain money in the business to buffer the more erratic cash flow intrinsic to being self-employed. Excess money earned from business income that is not needed for immediate personal, or business expenses can also be invested within the corporation and drawn upon later when needed or paid out to the owners (typically in retirement).

How Is Corporate Investment Income Taxed?

The main advantage of a corporation is (personal) tax deferral. Not as good as the full tax-deferral of an RRSP or pension, but the next best thing and without contribution

limits. Corporations that earn active business/professional income pay a lower tax-rate upfront (approximately 10-30% depending on the province and level of income earned) compared to individuals (approximately 20-54% depending on the province and their marginal tax brackets) on the same earned income. For individuals who are high earners, that means more money upfront to invest and grow inside the corporation. They pay the rest of the tax personally when they access the money later by receiving dividends from the corporation. The combined corporate business taxes plus personal dividend tax is typically more than earning the same income personally. However, if the lower-taxed corporate business income money can be retained within the corporation to invest and grow for many years before accessing it, then that tax-deferred growth can potentially be powerful.

There are mechanisms to prevent too much tax deferral. When a corporation earns passive income — interest, dividends, or taxable capital gains — they are taxed at high corporate investment tax rates upfront (which include refundable taxes). When the corporation pays out a taxable dividend to its shareholder (who then pays personal tax), all or part of that corporate refundable investment tax is refunded to the corporation. Looking at this for an individual subject to the highest personal marginal tax rate, the total of the corporate tax (net of the refund) plus personal tax on the dividend from the corporation is more than you'd have paid receiving the same investment income directly.

That seems to discourage corporate investing. However, if you must draw dividends derived from the corporate investment income to live on anyway, then you would be paying that personal tax regardless. In that case, the net tax on investment income after the refund in a corporation is very low — single digit tax cost on interest income, half that amount on capital gains, and zero cost

on dividend income. Foreign dividends, like from the US or non-North American companies are taxed more heavily in a corporation due to how foreign withholding taxes interact with the refundable tax mechanism.

How Can ETFs Help?

If your brain did not explode from the preceding section, you hopefully survived with some important take-aways. Corporate taxation is complicated. It is impacted both by investment income received and the dividends paid out by the corporation. Different types of investment income are treated differently. Using ETFs can simplify the investing and accounting process so that you can focus on optimizing those interactions. I'll explore some of the ways how below.

Simplifying Compensation Planning For Corporate Owners

Corporate owners have an option to pay themselves salary or dividends. Salary has the advantage of lowering corporate taxes and generating tax-advantaged RRSP room. Salary also comes with contributions to the Canada Pension Plan (CPP). Some equate CPP to a "tax" because it is mandatory and national, but it is actually a small defined benefit pension plan that is indexed to inflation. Not a reason to avoid salary and its benefits. On the other hand, dividends paid out of past business income retained earnings have had the advantage of retaining more money in the corporation to invest. Dividends income paid in the future also keep corporate investment income tax efficient by triggering refunds for the passive income taxes.

To get the best of both worlds, "approximately optimal" compensation uses a mix. Paying dividends roughly equal to the corporate investment income ensures release of refundable taxes. For a corporation with a low investment income, that would usually not be enough to fund the owner's lifestyle. The difference can be made up using salary and its advantages. The exact mix can be fine-tuned, and it must be tailored to your specific situation, but that is a good starting point for discussion with your accountant. It may not come up if you do not bring it up.

This approach requires you to have a sense of your investment income over the coming year. That is much easier with one or several ETFs than it is with a large number of individual stocks and bonds paying different types and amounts of income at different times throughout the year.

Simplifying Corporate Investing Enough To DIY

The complexity of corporate taxation is often used to discourage DIY investors from also DIY investing for their corporation. A corporation can open a self-directed brokerage account just like other investing accounts.

The same investing principles apply. Choose an asset allocation that suits your risk tolerance, diversify to mitigate risk, rebalance as needed, and keep fees low. Just like elsewhere, an all-in-one asset allocation ETF can be a great solution for those considerations. The **BMO Growth ETF (ZGRO)** and **BMO Balanced ETF (ZBAL)** even use discount bonds for some increased tax efficiency relative to regular bonds. The savings of using ETFs versus a high fee advisor could be substantial if you can stick to that plan.

The potential for tax savings by trying to finesse it are minimal before the corporation is large enough to produce significant passive income. That often requires millions of dollars invested. Even then, it is optional and ETFs can make DIY investing more feasible.

Asset Location Optimization

Asset location optimization is attempting to match where you hold different investments to the accounts in which they are most tax efficient, while still maintaining your target asset mix. It gets complicated quite quickly and is not worth the effort for those just using an RRSP and TFSA. Small tax savings could be easily undone by execution or assumption errors. However, it can be worthwhile with corporations in the mix because of larger differences between taxation of different income types and how "too much" passive income can make a corporation less tax efficient.

The downside is the complexity, but ETFs can make it feasible by using ETFs that bundle investment income types. For example, a Canadian equity ETF (eligible dividends), a foreign equity ETF (foreign dividends), and a bond ETF (interest). The magnitude of the interest or dividend yield also impacts taxes. So, splitting foreign equity into US (lower dividend) vs non-North American (higher dividend) could allow for even further optimization.

For example, the Canadian allocation would preferentially be held in the corporation given eligible dividend efficiency there while shifting less tax efficient

non-North American equity or bonds in tax-sheltered accounts. US equity ETFs can be efficient in an RRSP, or if the yield is low, a corporation. Even with ETFs, it requires calculations due to the limitations of registered account space and priority of maintaining your overall asset allocation. Given these complexities, a tax professional could help provide further information and guidance.

I have portfolio builder calculators (found on www.looniedoctor.ca) that attempt to make it easier. I can't imagine attempting tax optimization while also juggling enough individual holdings to be diversified. There would be significant potential for errors.

Keeping Accounting Reasonable

An ETF strategy simple enough that you can manage it yourself can reduce the drag of portfolio manager fees. It can also have an important impact on your accounting costs. Many accountants cringe when their client says that they want to DIY invest in their corporation for good reason.

A good full-service advisor should give the accountant a nice package at tax time showing the transactions and summarizing the investment income received. Discount brokerages may issue a tax package, but it usually corresponds to the calendar year rather than the corporate year end.

If you hand your accountant a tangle of multiple transactions on enough individual stocks to be diversified, that will be a lot of work for them to sort and enter the information. That translates into a higher risk of mistakes. It also means either higher costs for their time or less of their time spent on your tax planning. A buy and hold strategy using one, or a handful, of ETFs keeps you diversified while keeping the bookkeeping simple.

Good Corporate Tax Planning Is Complex. ETFs Keep The Investing Simple.

The advantages of ETFs for corporate investors also apply to personal investors using non-registered accounts. However, the benefit is magnified in a corporation due to the corporate tax complexity (compensation planning, asset location, and accounting costs). Corporations also often have larger portfolios making the dollars saved by making DIY investing feasible larger compared to hiring a %AUM manager. Still, the best option depends on your situation, ability to execute, and whether an advisor is able to add value to that relative to their cost. Whether using an advisor or DIY ETF investing in your corporation, hopefully this article gave you some ideas of where the pay-dirt is and what to learn more about or discuss further with your financial team.

Dr. Mark Soth is a practicing ICU physician. He blogs about career, life, personal finance, and investing for Canadian professionals and small business owners as The Loonie Doctor at www.looniedoctor.ca and co-hosts The Money Scope Podcast at www.moneyscope.ca

*This article 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.

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ETF Ask the Experts*



Erin Allen, *BMO ETFs*

Erin Allen, Director of Online Distribution at BMO ETFs, has spent over a decade helping Canadians navigate ETF investing. In this article, she tackles real investor questions — from RESP portfolios to sector ETFs and low volatility strategies — offering practical, accessible insights for today’s DIY investors.

Q: *Can you trust gold ETFs? Do they really hold the gold, or is it ‘virtual’?*

A: There’s a lot of noise online about whether gold ETFs truly hold the gold they say they do. For regulated Canadian ETFs the process is transparent and highly structured. Canadian ETFs operate under strict National Instrument (NI 81 102) rules, which mandate independent oversight, audited holdings, and detailed disclosure to protect investors.

BMO’s Gold Bullion ETFs (ZGLD, ZGLD.U, ZGLH)¹ hold fully allocated physical gold bars stored in secure vaults in Canada. Allocated’ gold means specific bars are held in your ETF’s name, whereas ‘unallocated’ gold refers to pooled exposure without claim to individual bars. BMO’s gold ETFs use fully allocated holdings – something you may want to consider when doing your due diligence on gold ETF providers.

Portfolio managers inspect and audit these bars regularly, and regulatory documents clearly outline that the ETF owns long term holdings of 400-troy-ounce bars - no substitutes, derivatives, or “paper gold.” You can even review the ETF’s custodial reports and bar lists, which are publicly available on the website, and outline every bar held on behalf of unitholders.²

When influencers talk about “virtual gold,” they’re typically referring to products that use futures, swaps, or other derivatives that track the price of gold but don’t hold bullion. These serve different purposes and come with different considerations. If you select a physical gold ETF with allocated bars, such as ZGLD, you’re getting exposure backed by real bullion with strict oversight and disclosure - not virtual exposure.

Q: *Are covered call ETFs like the BMO Covered Call Utilities ETF (ZWU) a good way to generate income in my RRIF?*

A: A covered call strategy begins with owning a basket of stocks. The ETF then sells call options on some or all of those stocks, collecting option premiums that flow to investors as cash flow. Combined with dividends from the underlying holdings, this creates the benefit of two sources of cash flow and can often result in higher yields than traditional equity ETFs.

The trade off is that by selling call options, the ETF gives up some upside when markets rally - meaning growth potential is capped on the written portion of the portfolio.

For RRIF investors, covered call ETFs can play a meaningful role because they can generate steady income potential with lower volatility. ZWU, for

example, invests in utilities, telecom, and pipelines - sectors that are naturally defensive - and layers on a disciplined option writing strategy help to create reliable monthly cash flow. The premiums can help cushion modest market declines and contribute to a smoother ride, something many retirees value.

That said, distributions can fluctuate depending on volatility, and total returns may trail standard equity ETFs in strong bull markets. For many retirees, the income + stability combination may outweigh this trade off. But those seeking more growth may prefer using covered calls as a portion of their equity sleeve rather than the entire thing.

Q: *How should I size positions across different equity ETFs? What's the right max/min weight?*

A: Managing ETF position sizes is about balancing diversification, risk control, and goals - not following one "perfect" formula.

The key is consistency. Regular rebalancing - monthly, quarterly, or when positions drift beyond set thresholds (e.g., $\pm 5\%$), can help maintain alignment with your intended risk profile. There are apps and tools that can help automate this if you prefer a hands off approach.

An even more simplified option is to consider an asset allocation ETF such as the BMO All Equity ETF (ZEQT). These all in one solutions are professionally constructed using underlying BMO index ETFs and automatically maintain their target mix by rebalancing whenever market movements push weights off target. This rules based monitoring ensures long term alignment without requiring investors to manually manage allocation ranges.

For investors who want global diversification, maintenance, and risk control baked into a single ETF, this can be an efficient, set and forget alternative.

Q: *How should I build an RESP portfolio for a newborn? If I could only pick 3 ETFs, which should I choose?*

A: Congratulations on your new addition! With an almost 20 year time horizon, a newborn's RESP may be well suited to a growth focused, equity heavy portfolio, especially in the early years.

Many busy parents prefer a hands off portfolio structure, which is where all in one asset allocation ETFs can be especially appealing. These ETFs combine multiple underlying funds into one globally diversified portfolio and automatically rebalance back to target weights. This is particularly useful in RESPs, where you want growth early on, but also require the ability to gradually lower risk as post secondary approaches.

Examples of solutions investors often consider include the BMO Growth ETF (ZGRO) or the BMO All Equity ETF (ZEQT). These ETFs provide global diversification, reduce dependence on any single market, and manage risk through professional oversight and structured rebalancing. For parents who prefer not to monitor sector weights or geography themselves, such solutions simplify the entire process.

With long timelines, many families may prefer to be equity tilted early, then transition to more balanced exposure adding in some fixed income, as the child nears enrollment. These asset allocation ETFs can also act as a model if you prefer to manage your own positions, offering full transparency on the website in terms of the underlying ETFs and weights. You can always choose to manage it yourself and tweak your allocations based on your goals, conviction and risk tolerance.

Q: *Should I replace my bonds with a low volatility international ETF?*

A: Replacing bonds with a low volatility equity ETF can make sense depending on your goals, but it's important to recognize the trade offs. Low volatility equities may reduce some fluctuations compared to broad equity indexes, but they remain equities, meaning they carry higher risk than bonds and don't protect capital the same way fixed income does.

Bonds typically act as shock absorbers, protecting portfolios during market stress. Low volatility strategies, by contrast, aim to smooth equity performance, not replicate fixed income stability.

Low volatility ETFs select stocks with historically lower beta³ and use constraints such as sector caps to maintain diversification. They're designed to reduce drawdowns and help investors stay invested during periods of turbulence, supporting long term compounding.

If you choose to replace bonds with low volatility equities, understand that you're shifting your "stability sleeve" from fixed income to defensive equities. This may boost long term return potential—but also raises risk. As always, aligning decisions with your personal risk profile (and consulting an advisor when needed) is essential.

The BMO Low Volatility Canadian Equity ETF (ZLB) boasts a 10+ year track record. BMO also offers low volatility solutions that target other areas of the global equity market such as the BMO Low Volatility US Equity ETF (ZLU), the BMO Low Volatility International Equity ETF (ZLI) and the BMO Low Volatility Emerging Markets ETF (ZLE).

Q: *What's the strategy behind BMO's SPDR Select Sector Index ETFs? Are the MERs justified, and can they replace a U.S. dollar brokerage account?*

A: BMO's SPDR Select Sector Index ETFs give Canadian investors direct access to all 11 S&P 500 sectors through Canadian listed funds. Because they trade in CAD and are domiciled in Canada, investors avoid currency conversions and reduce tax complexities associated with U.S. listed ETFs, such as estate tax exposure and additional filing requirements.

These ETFs replicate the established U.S. Sector SPDR lineup - widely known for their liquidity, transparency, and role as sector benchmarks - while providing the added convenience of Canadian accessibility. Investors can choose either hedged or unhedged versions depending on whether they want to manage currency exposure.

From a portfolio construction standpoint, sector ETFs allow for refined exposure to areas of conviction. They can help investors overweight certain sectors, express macroeconomic views, or diversify away from Canada's natural sector concentration (financials and energy).

The management expense ratios (MERs) of the suite of BMO SPDR ETFs are 0.21%. This MER reflects a low cost index tracking strategy while offering the convenience of a Canadian listed solution with fewer administrative hurdles than U.S. listed alternatives.

For many DIY investors, this may make the suite a practical alternative to maintaining a U.S. dollar brokerage account, when simplicity and tax efficiency are priorities.

**This article 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.*

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1 ZGLD is the BMO Gold Bullion ETF. ZGLD.U Is the BMO Gold Bullion ETF USD Units. ZGLH is the BMO Gold Bullion ETF Hedged to CAD. ZGLH invests primarily in ZGLD for exposure to the performance of the price of gold bullion.

2 <https://www.bmogam.com/ca-en/products/exchange-traded-fund/bmo-gold-bullion-etf-zgld/>

3 Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

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BMO FUNDS AS OF FEBRUARY 28, 2026

Fund Name	Ticker	3 Month Return	6 Month Return	YTD Return	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Since Inception	Inception Date	Annualized Distribution Yield	MER	Mgmt Fee	Total Assets (\$Mil)
ACTIVE														
BMO Covered Call Technology ETF CAD	ZWT	-7.41%	3.52%	-5.36%	13.11%	34.92%	18.58%	—	18.33%	2021-01-20	5.22%	0.71%	0.65%	\$194.65
BMO Covered Call Canadian Banks ETF CAD	ZWB	9.93%	22.56%	5.14%	41.21%	19.07%	14.43%	12.54%	10.42%	2011-01-28	5.65%	0.71%	0.65%	\$3,874.17
BMO Canadian High Dividend Covered Call ETF CAD	ZWC	9.73%	18.65%	8.54%	29.60%	15.37%	13.45%	—	8.34%	2017-02-03	5.85%	0.72%	0.65%	\$2,112.61
BMO Europe High Dividend Covered Call ETF CAD	ZWP	8.19%	13.47%	6.31%	17.69%	15.73%	12.96%	—	8.10%	2018-03-02	6.38%	0.72%	0.65%	\$1,064.20
BMO STA Focused North American Equity Fund (ETF Series) CAD	ZFN	-1.16%	7.58%	0.16%	4.36%	18.70%	12.22%	—	11.63%	2018-12-06	6.51%	0.82%	0.80%	\$225.45
BMO Europe High Dividend Covered Call Hedged to CAD ETF CAD	ZWE	7.99%	12.56%	5.85%	10.56%	11.79%	12.03%	9.27%	8.31%	2015-09-02	6.87%	0.73%	0.65%	\$756.50
BMO Global High Dividend Covered Call ETF CAD	ZWG	5.47%	12.38%	5.35%	10.94%	15.21%	11.57%	—	9.83%	2020-01-16	6.28%	0.72%	0.65%	\$287.52
BMO US High Dividend Covered Call ETF CAD	ZWH	3.59%	9.50%	5.24%	6.73%	11.80%	11.31%	9.44%	10.94%	2014-02-10	6.27%	0.71%	0.65%	\$1,049.54
BMO Women in Leadership Fund (ETF Series) CAD	WOMN	-1.69%	1.54%	-0.95%	6.58%	16.42%	10.69%	—	10.64%	2015-05-23	—	0.39%	0.35%	\$7.87
BMO US High Dividend Covered Call ETF (USD Units) USD	ZWH.U	6.11%	10.25%	5.89%	13.21%	11.81%	9.78%	9.35%	8.55%	2018-02-06	5.97%	0.71%	0.65%	US\$82.92
BMO STA Focused Canadian Equity Fund (ETF Series) CAD	ZFC	14.17%	21.83%	12.95%	27.38%	13.69%	9.64%	—	10.64%	2018-12-06	0.14%	0.84%	0.75%	\$85.61
BMO US Put Write ETF CAD	ZPW	-2.07%	3.68%	-1.28%	2.74%	10.99%	9.11%	5.22%	5.27%	2015-09-02	9.96%	0.71%	0.65%	\$88.04
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF CAD	ZWA	1.77%	6.21%	1.05%	9.16%	12.29%	8.80%	10.25%	9.93%	2011-10-20	5.82%	0.72%	0.65%	\$199.99
BMO Covered Call Utilities ETF CAD	ZWU	8.35%	11.51%	10.94%	19.22%	11.33%	8.76%	7.01%	5.70%	2011-10-20	6.97%	0.71%	0.65%	\$2,126.36
BMO US High Dividend Covered Call Hedged to CAD ETF CAD	ZWS	5.52%	9.29%	5.58%	10.89%	10.36%	8.70%	—	7.39%	2018-03-02	5.95%	0.71%	0.65%	\$122.88
BMO Premium Yield ETF CAD	ZPAY	-1.47%	3.77%	-0.32%	1.95%	11.05%	7.98%	—	7.1%	2020-01-15	7.66%	0.71%	0.65%	\$389.09
BMO Tactical Dividend ETF Fund (ETF Series) CAD	ZZD	6.08%	9.03%	6.58%	12.04%	8.47%	7.74%	—	4.75%	2019-01-08	3.90%	0.76%	0.70%	\$22.59
BMO US Put Write ETF (USD Units) USD	ZPW.U	6.31%	4.38%	-0.67%	8.97%	11.01%	7.61%	5.18%	5.03%	2015-09-02	10.10%	0.71%	0.65%	US\$6.83
BMO Floating Rate High Yield ETF CAD	ZFH	0.12%	2.27%	-0.54%	5.33%	9.64%	7.03%	6.01%	5.27%	2014-02-10	4.93%	0.45%	0.40%	\$228.75
BMO US Put Write Hedged to CAD ETF CAD	ZPH	-0.26%	3.46%	-0.96%	6.72%	9.59%	6.61%	—	4.15%	2017-02-03	10.44%	0.72%	0.65%	\$35.17

ENHANCED INCOME

BMO Covered Call Technology ETF CAD	ZWT	-7.41%	3.52%	-5.36%	13.11%	34.92%	18.58%	—	18.33%	2021-01-20	5.22%	0.71%	0.65%	\$194.65
BMO Covered Call Canadian Banks ETF CAD	ZWB	9.93%	22.56%	5.14%	41.21%	19.07%	14.43%	12.54%	10.42%	2011-01-28	5.65%	0.71%	0.65%	\$3,874.17
BMO Canadian High Dividend Covered Call ETF CAD	ZWC	9.73%	18.65%	8.54%	29.60%	15.37%	13.45%	—	8.34%	2017-02-03	5.85%	0.72%	0.65%	\$2,112.61
BMO Europe High Dividend Covered Call ETF CAD	ZWP	8.19%	13.47%	6.31%	17.69%	15.73%	12.96%	—	8.10%	2018-03-02	6.38%	0.72%	0.65%	\$1,064.20
BMO Europe High Dividend Covered Call Hedged to CAD ETF CAD	ZWE	7.99%	12.56%	5.85%	10.56%	11.79%	12.03%	9.27%	8.31%	2015-09-02	6.87%	0.73%	0.65%	\$756.50
BMO Global High Dividend Covered Call ETF CAD	ZWG	5.47%	12.38%	5.35%	10.94%	15.21%	11.57%	—	9.83%	2020-01-16	6.28%	0.72%	0.65%	\$287.52
BMO US High Dividend Covered Call ETF CAD	ZWH	3.59%	9.50%	5.24%	6.73%	11.80%	11.31%	9.44%	10.94%	2014-02-10	6.27%	0.71%	0.65%	\$1,049.54
BMO US High Dividend Covered Call ETF (USD Units) USD	ZWH.U	6.11%	10.25%	5.89%	13.21%	11.81%	9.78%	9.35%	8.55%	2015-02-06	5.97%	0.71%	0.65%	US\$82.92
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF CAD	ZWA	1.77%	6.21%	1.05%	9.16%	12.29%	8.80%	10.25%	9.93%	2011-10-20	5.82%	0.72%	0.65%	\$199.99
BMO Covered Call Utilities ETF CAD	ZWU	8.35%	11.51%	10.94%	19.22%	11.33%	8.76%	7.01%	5.70%	2011-10-20	6.97%	0.71%	0.65%	\$2,126.36
BMO US High Dividend Covered Call Hedged to CAD ETF CAD	ZWS	5.52%	9.29%	5.58%	10.89%	10.36%	8.70%	—	7.39%	2018-03-02	5.95%	0.71%	0.65%	\$122.88
BMO Covered Call US Banks ETF CAD	ZWK	2.17%	5.92%	-1.77%	8.42%	7.4%	6.01%	—	6.12%	2019-02-12	7.02%	0.71%	0.65%	\$317.89
BMO Covered Call Energy ETF CAD	ZWEN	14.72%	18.98%	17.53%	19.03%	13.66%	—	—	11.78%	2023-01-23	7.97%	0.72%	0.65%	\$155.67
BMO Covered Call Spread Gold Bullion ETF CAD	ZWGD	—	—	—	—	—	—	—	—	2025-05-22	—	0.73%	0.65%	\$38.29
BMO Covered Call Health Care ETF CAD	ZWHC	-0.50%	10.84%	2.07%	-1.17%	6.44%	—	—	5.13%	2023-01-23	7.10%	0.73%	0.65%	\$28.41
BMO Global Enhanced Income Fund (ETF Series) CAD	ZWOT	5.59%	12.50%	5.25%	13.92%	—	—	—	16.40%	2023-06-21	5.50%	0.71%	0.65%	\$22.07
BMO Covered Call Canadian Banks ETF (USD Units) USD	ZWB.U	12.60%	23.39%	5.80%	49.78%	19.09%	—	—	9.59%	2022-01-24	5.24%	0.71%	0.65%	US\$19.24
BMO Europe High Dividend Covered Call ETF (Target Cash Flow Units) CAD	ZWP.T	—	—	—	—	—	—	—	—	2026-02-10	—	0.73%	0.65%	\$2.86
BMO Covered Call Utilities ETF (Target Cash Flow Units) CAD	ZWU.T	—	—	—	—	—	—	—	—	2026-02-10	—	0.73%	0.65%	\$2.63
BMO Covered Call Canadian Banks ETF (Target Cash Flow Units) CAD	ZWB.T	—	—	—	—	—	—	—	—	2026-02-10	—	0.73%	0.65%	\$2.21

Fund Name	Ticker	3 Month Return	6 Month Return	YTD Return	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Since Inception	Inception Date	Annualized Distribution Yield	MER	Mgmt Fee	Total Assets (\$Mtl)
CORE														
BMO S&P/TSX Capped Composite Index ETF CAD	ZCN	10.03%	21.59%	8.62%	38.66%	22.79%	17.02%	13.64%	10.06%	2009-05-29	0.35%	0.06%	0.05%	\$15,095.72
BMO NASDAQ 100 Equity Index ETF CAD	ZNQ	-4.17%	5.96%	-1.75%	12.95%	27.85%	16.02%	—	20.63%	2019-02-12	0.20%	0.39%	0.35%	\$1,826.11
BMO S&P 500 Index ETF CAD	ZSP	-1.75%	6.24%	-0.03%	10.00%	21.40%	15.42%	15.18%	17.29%	2012-11-14	0.05%	0.09%	0.08%	\$20,961.83
BMO MSCI USA Selection Equity Index ETF CAD	ESGY	-1.90%	6.68%	-1.02%	12.26%	21.66%	15.39%	—	15.11%	2020-01-15	0.08%	0.23%	0.20%	\$171.09
BMO NASDAQ 100 Equity Index ETF (USD Units) USD	ZNQ.U	-1.84%	6.69%	-1.14%	19.80%	27.87%	14.42%	—	12.89%	2021-02-11	0.08%	0.39%	0.35%	US\$46.20
BMO MSCI Canada Selection Equity Index ETF CAD	ESGA	6.38%	16.49%	5.51%	33.83%	22.77%	14.35%	—	13.59%	2020-01-15	0.25%	0.16%	0.15%	\$180.95
BMO MSCI Global Selection Equity Index ETF CAD	ESGG	0.87%	9.06%	1.48%	15.07%	20.18%	13.88%	—	13.16%	2020-01-16	0.15%	0.28%	0.25%	\$50.86
BMO S&P 500 Index ETF (USD Units) USD	ZSP.U	0.63%	6.97%	0.60%	16.68%	21.42%	13.84%	15.09%	14.64%	2012-11-14	0.80%	0.09%	0.08%	US\$2,545.20
BMO MSCI EAFE Hedged to CAD Index ETF CAD	ZDM	10.59%	17.15%	8.66%	22.82%	17.63%	13.82%	11.47%	8.74%	2009-10-20	0.20%	0.22%	0.20%	\$1,662.67
BMO NASDAQ 100 Equity Hedged to CAD Index ETF CAD	ZDQ	-2.30%	5.81%	-1.43%	17.61%	26.10%	13.09%	18.61%	16.97%	2010-01-19	0.35%	0.39%	0.35%	\$2,670.93
BMO MSCI USA Selection Equity Index ETF (Hedged Units) CAD	ESGY.F	-0.01%	6.42%	-0.68%	16.88%	20.05%	12.53%	—	12.09%	2021-01-20	0.08%	0.23%	0.20%	\$7.57
BMO S&P 500 Hedged to CAD Index ETF CAD	ZUE	0.17%	6.06%	0.31%	14.61%	19.77%	12.51%	13.72%	13.31%	2009-05-29	0.20%	0.09%	0.08%	\$4,105.61
BMO SIA Focused North American Equity Fund (ETF Series) CAD	ZFN	-1.16%	7.58%	0.16%	4.36%	18.70%	12.22%	—	11.63%	2018-12-06	0.20%	0.82%	0.80%	\$225.45
BMO MSCI EAFE Index ETF CAD	ZEA	10.25%	16.40%	9.35%	25.61%	18.50%	12.08%	10.27%	9.07%	2014-02-10	0.35%	0.22%	0.20%	\$11,726.07
BMO Women in Leadership Fund (ETF Series) CAD	WOMN	-1.69%	1.54%	-0.95%	6.58%	16.42%	10.69%	—	10.64%	2018-05-23	0.15%	0.39%	0.35%	\$7.87
BMO MSCI EAFE Selection Equity Index ETF CAD	ESGE	8.79%	15.38%	8.66%	21.32%	16.02%	10.28%	—	9.15%	2020-01-16	0.23%	0.28%	0.25%	\$114.65
BMO S&P US Mid Cap Index ETF CAD	ZMID	5.75%	9.69%	7.61%	10.16%	12.51%	10.17%	—	11.07%	2020-02-05	0.25%	0.16%	0.15%	\$295.02
BMO Dow Jones Industrial Average Hedged to CAD Index ETF CAD	ZDJ	2.43%	7.14%	1.76%	11.03%	14.42%	9.84%	11.86%	11.99%	2009-05-29	0.15%	0.26%	0.23%	\$397.37
BMO SIA Focused Canadian Equity Fund (ETF Series) CAD	ZFC	14.17%	21.83%	12.95%	27.38%	13.69%	9.64%	—	10.64%	2018-12-06	0.75%	0.84%	0.75%	\$85.61
BMO S&P US Mid Cap Index ETF (USD Units) USD	ZMID.U	8.31%	10.43%	8.28%	16.84%	12.52%	8.65%	—	10.60%	2020-02-05	0.20%	0.17%	0.15%	US\$17.03

CHART NOTES

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, then divided by current net asset value (NAV) for an ETF or divided by month-end net asset value (NAV) for a mutual fund. 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 ETF's or BMO Mutual Fund's performance, rate of return or yield. If distributions paid by a BMO ETF or 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 ETF or BMO Mutual Fund, and income and dividends earned by a BMO ETF or 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. Management Expense Ratios (MERs) are the audited MERs as of the fund's fiscal year end or an estimate if the fund is less than one year old since the audited MER of the ETF has not gone through a financial reporting period.

Annualized Distribution 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.

Source: BMO Global Asset Management - Find an ETF - <https://www.bmogam.com/ca-en/products/exchange-traded-funds/find-an-etf/>



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01/26-0070

BMO's Enhanced Cashflow ETF: Spotlight AS OF FEBRUARY 28, 2026

Fund Name	Ticker	YTD Return	3 Month Return	6 Month Return	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Since Inception	Inception Date	Annualized Distribution Yield	MER	Mgmt Fee	Total Assets (\$Mil)
BMO US Put Write Hedged to CAD ETF CAD	ZPH	-0.96%	-0.26%	3.46%	6.72%	9.59%	6.61%	—	4.15%	2017-02-03	10.44%	0.72%	0.65%	\$35.17
BMO US Put Write ETF (USD Units) USD	ZPW.U	-0.67%	0.31%	4.38%	8.97%	11.01%	7.61%	5.18%	5.03%	2015-09-02	10.10%	0.71%	0.65%	US\$6.83
BMO US Put Write ETF CAD	ZPW	-1.28%	-2.07%	3.68%	2.74%	10.95%	9.11%	5.22%	5.27%	2015-09-02	9.96%	0.71%	0.65%	\$88.04
BMO Covered Call Energy ETF CAD	ZWEN	17.53%	14.72%	18.98%	19.03%	13.66%	—	—	11.78%	2023-01-23	7.97%	0.72%	0.65%	\$155.67
BMO Premium Yield ETF CAD	ZPAY	-0.32%	-1.47%	3.77%	1.95%	11.05%	7.98%	—	7.71%	2020-01-15	7.66%	0.71%	0.65%	\$389.09
BMO Premium Yield ETF (Hedged Units) CAD	ZPAY.F	0.03%	0.38%	3.57%	5.96%	9.73%	5.59%	—	5.97%	2020-01-15	7.43%	0.73%	0.65%	\$45.24
BMO Premium Yield ETF (USD Units) USD	ZPAY.U	0.30%	0.92%	4.47%	8.12%	11.05%	6.48%	—	6.93%	2020-01-15	7.19%	0.72%	0.65%	US\$32.29
BMO Covered Call Health Care ETF CAD	ZWHC	2.07%	-0.50%	10.84%	-1.17%	6.44%	—	—	5.13%	2023-01-23	7.10%	0.73%	0.65%	\$28.41
BMO Covered Call US Banks ETF CAD	ZWK	-1.77%	2.17%	5.92%	8.42%	7.74%	6.01%	—	6.12%	2019-02-12	7.02%	0.71%	0.65%	\$317.89
BMO Covered Call Utilities ETF CAD	ZWU	10.94%	8.35%	11.51%	19.22%	11.33%	8.76%	7.01%	5.70%	2011-10-20	6.97%	0.71%	0.65%	\$2,126.36
BMO Europe High Dividend Covered Call Hedged to CAD ETF CAD	ZWE	5.85%	7.99%	12.56%	10.56%	11.79%	12.03%	9.27%	8.31%	2015-09-02	6.87%	0.73%	0.65%	\$756.50
BMO Global Health Care Fund (Active ETF Series) CAD	BGHC	2.12%	-1.01%	19.27%	7.24%	—	—	—	12.30%	2023-06-27	6.41%	0.97%	0.90%	\$7.68
BMO Europe High Dividend Covered Call ETF CAD	ZWP	6.31%	8.19%	13.47%	17.69%	15.73%	12.96%	—	8.10%	2018-03-02	6.38%	0.72%	0.65%	\$1,064.20
BMO Global High Dividend Covered Call ETF CAD	ZWG	5.35%	5.47%	12.38%	10.94%	15.21%	11.57%	—	9.83%	2020-01-16	6.28%	0.72%	0.65%	\$287.52
BMO US High Dividend Covered Call ETF CAD	ZWH	5.24%	3.59%	9.50%	6.73%	11.80%	11.31%	9.44%	10.94%	2014-02-10	6.27%	0.71%	0.65%	\$1,049.54
BMO US High Dividend Covered Call ETF (USD Units) USD	ZWH.U	5.89%	6.11%	10.25%	13.21%	11.81%	9.78%	9.35%	8.55%	2015-02-06	5.97%	0.71%	0.65%	US\$82.92
BMO US High Dividend Covered Call Hedged to CAD ETF CAD	ZWS	5.58%	5.52%	9.29%	10.89%	10.36%	8.70%	—	7.39%	2018-03-02	5.95%	0.71%	0.65%	\$122.88
BMO Canadian High Dividend Covered Call ETF CAD	ZWC	8.54%	9.73%	18.65%	29.60%	15.37%	13.45%	—	8.34%	2017-02-03	5.85%	0.72%	0.65%	\$2,112.61
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF CAD	ZWA	1.05%	1.77%	6.21%	9.16%	12.29%	8.80%	10.25%	9.93%	2011-10-20	5.82%	0.72%	0.65%	\$199.99
BMO Covered Call Canadian Banks ETF CAD	ZWB	5.14%	9.93%	22.56%	41.21%	19.07%	14.43%	12.54%	10.42%	2011-01-28	5.65%	0.71%	0.65%	\$3,874.17
BMO Global Enhanced Income Fund (ETF Series) CAD	ZWOT	5.25%	5.99%	12.50%	13.92%	—	—	—	16.40%	2023-06-21	5.50%	0.71%	0.65%	\$22.07
BMO Covered Call Canadian Banks ETF (USD Units) USD	ZWB.U	5.80%	12.60%	23.39%	49.78%	19.09%	—	—	9.59%	2022-01-24	5.24%	0.71%	0.65%	US\$19.24
BMO Covered Call Technology ETF CAD	ZWT	-5.36%	-7.41%	3.52%	13.11%	34.92%	18.58%	—	18.33%	2021-01-20	5.22%	0.71%	0.65%	\$194.65
BMO Floating Rate High Yield ETF CAD	ZFH	-0.54%	0.12%	2.27%	5.33%	9.64%	7.03%	6.01%	5.27%	2014-02-10	4.93%	0.45%	0.40%	\$228.75
BMO Equal Weight REITs Index ETF CAD	ZRE	7.09%	8.10%	6.89%	17.26%	4.71%	6.00%	7.94%	8.19%	2010-05-19	4.73%	0.61%	0.55%	\$594.33
BMO SPDR Real Estate Select Sector Index ETF (Hedged Units) CAD	ZXLR.F	8.33%	5.65%	4.16%	2.55%	—	—	—	6.47%	2025-02-04	4.63%	0.21%	0.19%	\$1.48
BMO Monthly Income ETF (USD Units) USD	ZMI.U	5.98%	7.74%	11.30%	19.66%	12.49%	—	—	6.61%	2022-01-24	4.40%	0.20%	0.18%	US\$7.26
BMO Global Strategic Bond Fund (ETF Series) CAD	ZGSB	1.11%	0.52%	3.25%	5.56%	7.32%	1.92%	—	3.25%	2018-05-23	4.35%	0.80%	0.73%	\$16.20

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Source: BMO Global Asset Management - Find an ETF - <https://www.bmogam.com/ca-en/products/exchange-traded-funds/find-an-etf/>

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