

Investment Analysis





Executive Summary

With the new changes to Client Focused Reforms (CFR), BMO aims to support Registered Individuals with information about the recommended securities and tools to help address the Know Your Product (KYP) and Suitability expectations and guidelines. With consideration to understanding client-investment suitability, Registered Individuals must be able to demonstrate their assessment and understanding of a reasonable range of alternative securities made available through the firm.

To make a suitability determination, Registered Individuals need to take reasonable steps to understand the securities that they purchase, sell, or recommend for a client, including the initial and ongoing costs associated with acquiring and holding each security, the security's structure, features, and risks, and the impact of the action on their clients' accounts, including liquidity, concentration, and the actual and potential impact of costs on the client's return. Registered Individuals also must obtain approval from the firm to offer the security to their client.

In addition to putting their clients' interests first, the ability to meet the KYP requirements is pertinent to making a suitability determination. The Registered Individual must provide a reasonable range of alternative actions available at the time of determination. This refers to a suitable range of comparable securities that are available through the firm that fall within a similar risk level, suitability, and category when compared to a client's risk profile. Once these requirements are met, the Registered Individual may then present this recommendation to their client.

Completion of all the above KYP requirements should be recorded in a format that can be readily provided to regulating bodies upon request to ensure that adequate steps were taken. With the following presentation and checklist, it can help evidence that KYP obligations have been completed in order to conduct a suitability determination.



KYP Checklist

- Has the security been approved by the firm to be made available to the client?
- Have reasonable steps been taken by the Registered Individual to understand the securities to enable a suitability determination?
- Has the risk rating of the recommendation and the impact of the action on the client's account been evaluated?
- Has a reasonable range of alternative products been reviewed within the comparison at the time of the suitability determination?

Commentary

BMO Nasdaq 100 Equity ETF Fund uses the same investment mandate as BMO Nasdaq 100 Equity Index ETF, which has a longer track record and similar costs to the Fund f series and so has been used as a proxy for purposes of this report.

BMO Nasdaq 100 Equity ETF Fund

- Comprised of the 100 largest non-financial companies trading on the NASDAQ stock exchange.
- R&D Focused - companies in the fund spend nearly twice as much in R&D, on average, compared to those in the S&P 500
- Tesla has been part of the NASDAQ 100 Index since 2013. In this time, it has become a top 10 company in the index. The S&P 500 Index which has stricter inclusion criteria did not add Tesla until December 2020.

3 key focuses of the portfolio management strategy:

- Market weighted - Does not select constituents by committee or any strict inclusion criteria. The top companies weighted by market cap are included
- Medium Risk rating
- Fund - low fee of 0.40% MER, Fund Code = BMO95120

Relative to the included peer group the BMO Nasdaq Equity ETF has:

- outperformed over the 3-year trailing period
- the best risk adjusted performance (Sharpe ratio) and upside/downside capture ratio
- the best 3-year risk/reward profile

Fees:

An MER of 0.39% (0.40% for the Fund) that is 60- 65% less expensive than peer group

Summary

The Fund's non-financial focus (i.e. no banks or insurance companies) and exposure to technology and innovation companies make it a good complement to Canadian equities. The innovation and growth focus can add performance potential while the portfolio construction methodology has resulted in a medium risk investment with the best 3-year risk/return profile in the peer group. The Fund also has a very low MER in comparison to the peer group.

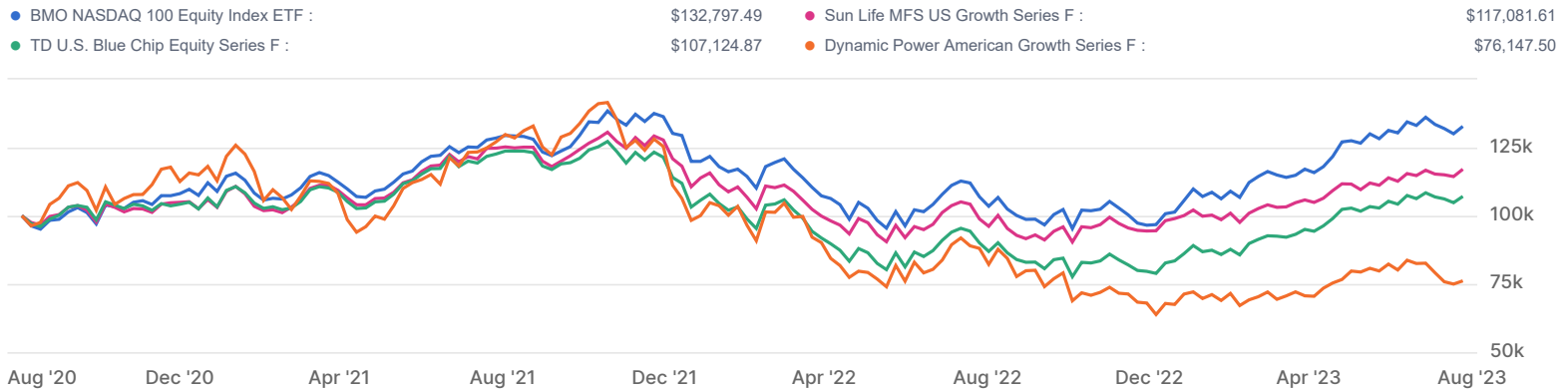
Source: BMO Global Asset Management as of 31st August 2023.



Hypothetical Return Graph

Growth of \$100,000.00

From 2020-09 to 2023-08



Hypothetical returns are net of fees and are based on weekly performance for the period ending on 25/08/23 for ● ZNQ, ● SUN405, ● TDB410 and ● DYN253. For periods greater than one year, the indicated rates of return are the average annual compound total returns as of the date indicated including changes in unit value and the reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any unitholder that would have reduced returns.

Overview

	● BMO NASDAQ 100 Equity Index ETF	● Sun Life MFS US Growth Series F	● TD U.S. Blue Chip Equity Series F	● Dynamic Power American Growth Series F
YTD Return	33.33%	19.15%	29.66%	5.30%
6 Month Return	13.97%	10.46%	14.23%	2.53%
1 Year Return	27.74%	21.29%	22.34%	-9.98%
3 Year Return	9.98%	4.09%	1.47%	-11.27%
5 Year Return	N/A	9.57%	7.52%	2.47%
10 Year Return	N/A	14.77%	14.74%	11.99%
Beta	0.99	1.13	1.03	1.03
MER	0.39%	1.06%	1.05%	1.30%

Performance is net of fees. Performance data for period ending on 27/09/23 for ● ZNQ, ● SUN405, ● TDB410 and ● DYN253. Risk data for period ending on 31/08/23 for ● ZNQ, ● SUN405, ● TDB410 and ● DYN253. MER provided by Funddata for the following items: ● TD U.S. Blue Chip Eq... and ● Dynamic Power Americ...

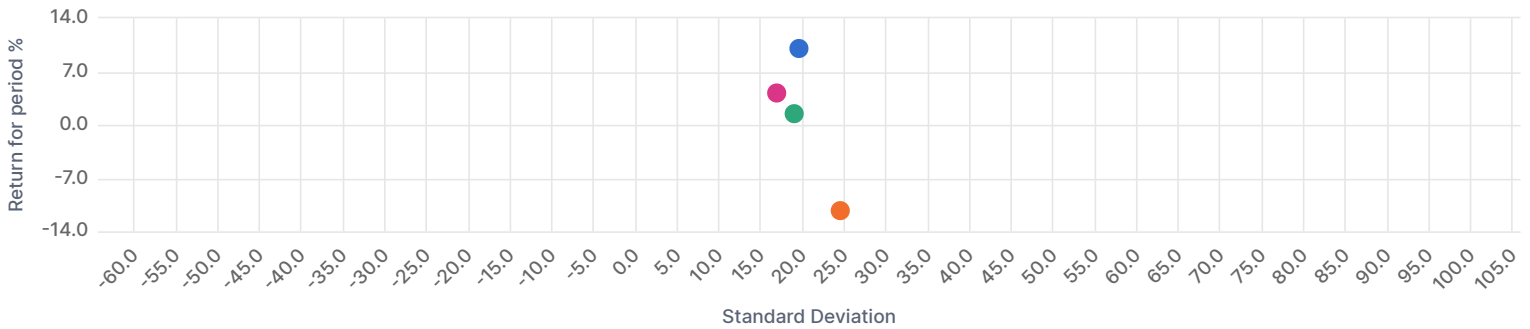
Asset Allocation

	● BMO NASDAQ 100 Equity Index ETF	● Sun Life MFS US Growth Series F	● TD U.S. Blue Chip Equity Series F	● Dynamic Power American Growth Series F
Fixed Income	0.00%	0.00%	0.21%	0.00%
Cash	0.07%	1.13%	0.03%	3.98%
Canadian Equity	0.38%	1.18%	1.10%	0.00%
United States Equity	97.18%	88.25%	94.83%	94.05%
International Equity	2.44%	9.41%	3.77%	0.00%
Other	-0.07%	0.03%	0.06%	1.97%

Allocations data as at 31/08/23 for ● ZNQ and ● TDB410, as at 31/07/23 for ● SUN405 and as at 31/05/23 for ● DYN253. The "Other" category will also compensate for data that is currently unavailable.

Risk / Reward Analysis (3 Years)

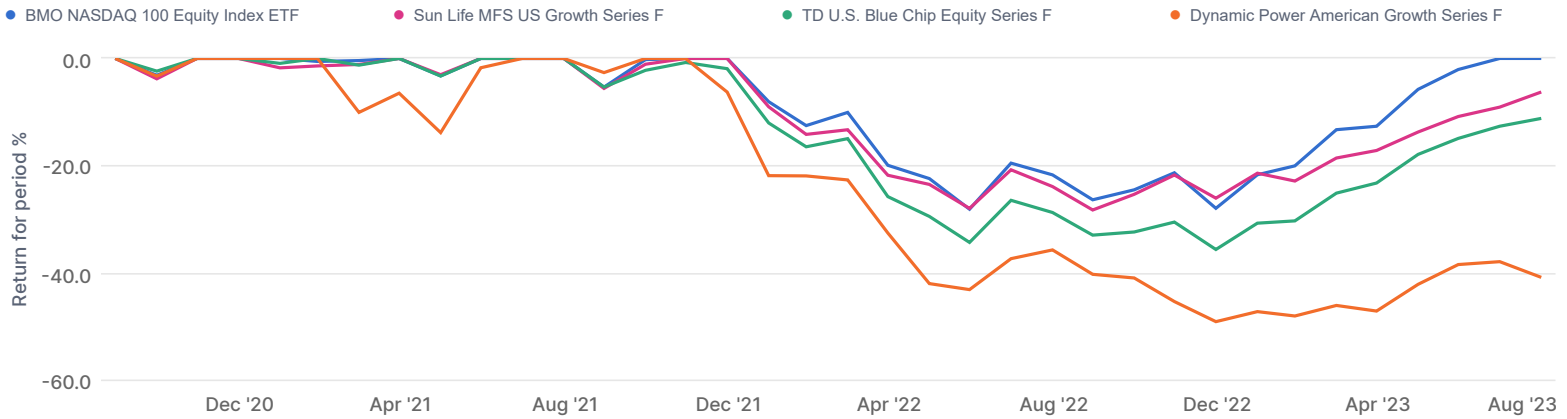
● BMO NASDAQ 100 Equity Index ETF | Std. Dev.: 19.53 | Return: 9.98%
 ● Sun Life MFS US Growth Series F | Std. Dev.: 16.98 | Return: 4.09%
 ● TD U.S. Blue Chip Equity Series F | Std. Dev.: 18.96 | Return: 1.47%
 ● Dynamic Power American Growth Series F | Std. Dev.: 24.46 | Return: -11.27%



Risk data for period ending on 31/08/23 for ● ZNQ, ● SUN405, ● TDB410 and ● DYN253. Performance is net of fees. Performance data for period ending on 27/09/23 for ● ZNQ, ● SUN405, ● TDB410 and ● DYN253.





Drawdown Analysis



From 2020-09 to 2023-08







For periods greater than one year, the indicated rates of return are the average annual compound total returns as of the date indicated including changes in unit value and the reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any unitholder that would have reduced returns. Drawdown data is net of fees and is based on monthly performance for the period ending on 31/08/23 for ● ZNQ, ● SUN405, ● TDB410 and ● DYN253.

Trailing Returns

	 BMO NASDAQ 100 Equity Index ETF	 Sun Life MFS US Growth Series F	 TD U.S. Blue Chip Equity Series F	 Dynamic Power American Growth Series F
1 Month Return	-3.06%	-3.90%	-3.62%	-5.95%
3 Month Return	0.07%	0.86%	0.47%	-10.74%
6 Month Return	13.97%	10.46%	14.23%	2.53%
YTD Return	33.33%	19.15%	29.66%	5.30%
1 Year Return	27.74%	21.29%	22.34%	-9.98%
2 Year Return	1.62%	-4.36%	-7.88%	-25.69%
3 Year Return	9.98%	4.09%	1.47%	-11.27%
4 Year Return	18.32%	10.18%	8.81%	3.53%
5 Year Return	N/A	9.57%	7.52%	2.47%
10 Year Return	N/A	14.77%	14.74%	11.99%
Since Inception	17.92%	15.15%	6.35%	9.01%





Performance is net of fees. Performance data for period ending on 27/09/23 for  ZNQ,  SUN405,  TDB410 and  DYN253.





Calendar Year Returns (5 Years)

	 BMO NASDAQ 100 Equity Index ETF	 Sun Life MFS US Growth Series F	 TD U.S. Blue Chip Equity Series F	 Dynamic Power American Growth Series F
2022	-28.00%	-26.11%	-34.45%	-45.77%
2021	26.10%	21.77%	16.52%	11.89%
2020	45.15%	28.51%	31.34%	63.32%
2019	N/A	30.12%	23.21%	33.91%
2018	N/A	10.67%	10.54%	24.47%

Performance is net of fees.

Top 5 Equity Industry Holdings

	 BMO NASDAQ 100 Equity Index ETF	 Sun Life MFS US Growth Series F	 TD U.S. Blue Chip Equity Series F	 Dynamic Power American Growth Series F
First	58.72% Technology	48.27% Technology	54.91% Technology	44.54% Technology
Second	17.61% Consumer Services	12.92% Financials	13.10% Consumer Services	18.65% Health Care
Third	7.81% Consumer Goods	11.92% Industrials	11.80% Health Care	18.14% Consumer Services
Fourth	6.71% Health Care	10.26% Health Care	9.27% Financials	12.39% Non Classified Equity*
Fifth	4.77% Industrials	9.70% Consumer Services	4.26% Industrials	4.14% Consumer Goods

Allocations data as at 31/08/23 for  ZNQ and  TDB410, as at 31/07/23 for  SUN405 and as at 31/05/23 for  DYN253. *Non-Classified includes securities for which the industry allocation is not available.

Top 5 Country Allocations

	BMO NASDAQ 100 Equity Index ETF	Sun Life MFS US Growth Series F	TD U.S. Blue Chip Equity Series F	Dynamic Power American Growth Series F
First	97.21% United States of Ameri...	88.26% United States of Ameri...	95.04% United States of Ameri...	97.90% United States of Ameri...
Second	0.91% Netherlands	4.16% Ireland	1.33% Netherlands	1.97% Unidentified
Third	0.57% Uruguay	2.30% Canada	1.17% Switzerland	0.13% Canada
Fourth	0.50% Ireland	1.82% Netherlands	1.13% Canada	N/A
Fifth	0.42% Canada	1.52% United Kingdom	0.74% United Kingdom	N/A

Core Equity Metrics

	BMO NASDAQ 100 Equity Index ETF	Sun Life MFS US Growth Series F	TD U.S. Blue Chip Equity Series F	Dynamic Power American Growth Series F
Equity Allocation	100.00%	98.84%	99.69%	94.05%
Price-To-Book Ratio	13.82	13.20	13.47	28.83
Price-To-Earnings Ratio	36.34	38.18	38.41	1408.74
Distribution Yield	0.16%	0.63%	0.00%	0.00%
Return on Equity	38.56%	34.92%	37.19%	1.26%













Allocations data as at 31/08/23 for ● ZNQ and ● TDB410, as at 31/07/23 for ● SUN405 and as at 31/05/23 for ● DYN253. Return on equity as at 31/08/23 for ● ZNQ and ● TDB410, as at 31/07/23 for ● SUN405 and as at 31/05/23 for ● DYN253. Other equity metrics as at 31/08/23 for ● ZNQ and ● TDB410, as at 31/07/23 for ● SUN405 and as at 31/05/23 for ● DYN253.









Equity Style Breakdown

	BMO NASDAQ 100 Equity Index ETF	Sun Life MFS US Growth Series F	TD U.S. Blue Chip Equity Series F	Dynamic Power American Growth Series F
Equity Style				
Value	0.41%	0.00%	0.00%	0.00%
Blend	6.30%	0.00%	0.78%	0.00%
Growth	93.29%	100.00%	99.22%	100.00%
Market Cap				
Large Cap	100.00%	100.00%	99.94%	86.64%
Mid Cap	0.00%	0.00%	0.06%	13.36%
Small Cap	0.00%	0.00%	0.00%	0.00%





Equity style provided by Fundata and is as at 31/08/23 for ● ZNQ and ● TDB410, as at 31/07/23 for ● SUN405 and as at 31/05/23 for ● DYN253.

Core Risk Metrics (3 Years)

	 BMO NASDAQ 100 Equity Index ETF	 Sun Life MFS US Growth Series F	 TD U.S. Blue Chip Equity Series F	 Dynamic Power American Growth Series F
Risk Rating	Medium	Medium	Medium to high	High
Beta	0.99	1.13	1.03	1.03
Standard Deviation	19.53	16.98	18.96	24.46
Sharpe Ratio	0.44	0.20	0.02	-0.44
Maximum Drawdown	-28.17%	-28.32%	-35.70%	-49.18%
R-Squared	1.00	0.86	0.93	0.34
Correlation Coefficient	1.00	0.93	0.96	0.59
Upside / Downside	 96.7%  99.1%	 103.7%  134.5%	 80.9%  108.0%	 56.4%  149.0%

Risk data for period ending on 31/08/23 for  ZNQ,  SUN405,  TDB410 and  DYN253. The risk metrics for  ZNQ were calculated with NASDAQ 100 TR and FTSE CAD 3 Months Eurodeposit. The risk metrics for  SUN405 were calculated with S&P 500 TR and FTSE CAD 3 Months Eurodeposit. The risk metrics for  TDB410 were calculated with Russell 1000 Growth TR and FTSE CAD 3 Months Eurodeposit. The risk metrics for  DYN253 were calculated with S&P 500 TR CAD and FTSE CAD 3 Months Eurodeposit.

Top 5 Holdings

	 BMO NASDAQ 100 Equity Index ETF	 Sun Life MFS US Growth Series F	 TD U.S. Blue Chip Equity Series F	 Dynamic Power American Growth Series F
First	11.31% Apple Inc ORD	9.38% Microsoft Corp ORD	13.23% Microsoft Corp ORD	5.60% Datadog Inc ORD
Second	9.33% Microsoft Corp ORD	6.40% Alphabet Inc Class A O...	10.67% Apple Inc ORD	5.51% MongoDB Inc ORD
Third	5.42% Amazon.com Inc ORD	6.32% Apple Inc ORD	8.01% Amazon.com Inc ORD	5.41% HubSpot Inc ORD
Fourth	4.67% NVIDIA Corp ORD	6.17% NVIDIA Corp ORD	6.91% Alphabet Inc Class C O...	5.27% Trade Desk Inc ORD
Fifth	3.52% Meta Platforms Inc ORD	6.15% Amazon.com Inc ORD	6.79% NVIDIA Corp ORD	5.12% Palo Alto Networks Inc...
Sub Total	34.25%	34.43%	45.61%	26.92%

Holdings data as at 31/08/23 for  ZNQ and  TDB410, as at 31/07/23 for  SUN405 and as at 31/05/23 for  DYN253.

Glossary

Alpha

Alpha is a measure of performance. It indicates when an investment has beaten the market over a period of time.

Beta

Beta is used as a measure of volatility of an investment compared to the risk of the entire market. A score of 1 indicates the investment is as volatile as the market. Less than 1 indicates it is less volatile than the market.

Consistent Return

The Lipper Rating for Consistent Return identifies a fund that has provided relatively superior consistency and risk-adjusted returns when compared to a group of similar funds. Funds which achieve high ratings for Consistent Return may be the best fit for investors who value a fund's year-to-year consistency relative to other funds in a particular peer group.

Investors are cautioned that some peer groups are inherently more volatile than others, and even Lipper Leaders for Consistent Return in the most volatile groups may not be well suited to shorter-term goals or less risk-tolerant investors.

Information Ratio

Information Ratio measures a portfolio's return beyond the returns of a benchmark and compares it to the volatility of the returns.

Lipper Leader Scores

<http://www.lipperleaders.com/quickinfo.aspx>

Funds are ranked against their Lipper peer group classifications each month for 3-, 5-, 10-year, and overall periods. These ratings are based on an equal-weighted average of percentile ranks of the five Lipper Leaders metrics.

For each metric:

- the top 20% of funds receive a rating of '5' and are named Lipper Leaders;
- the next 20% of funds receive a rating of '4';
- the middle 20% of funds receive a rating of '3';
- the next 20% of funds receive a rating of '2';
- the lowest 20% of funds receive a rating of '1'.

Lipper Leaders provide context and perspective for making informed investment decisions but do not predict future performance.

Management Expense Ratio

Management Expense Ratio ("MER") indicates how much a fund pays in management fees, operating expenses, taxes, and potentially commissions to advisors.

Maximum Drawdown

Maximum Drawdown is the maximum compounded loss an investment incurred during a period.

Portfolio Correlation

Portfolio Correlation measures how much two investments move relative to each other. Correlation falls between -1.0 and 1.0.

Preservation

Choosing a Lipper Rating for Preservation may help to minimize downside risk relative to other fund choices in the same asset class. Investors are cautioned that equity funds have historically been more volatile than mixed-equity or fixed-income funds, and that even the Lipper Rating for Preservation in more volatile asset classes may not be well suited to shorter-term goals or less risk-tolerant investors.

R-Squared

R-squared measures what percentage of an investment's performance is caused by movements in its benchmark. R-squared values range from 0 to 100%.

Sharpe Ratio

Sharpe Ratio describes how much excess return an investment produces relative to its volatility.

Sortino Ratio

Sortino Ratio describes how much excess return an investment produces relative to its downside volatility.

Standard Deviation

Standard Deviation measures the historical volatility of an investment. It compares the variance of performance relative to its average over time.

Total Return

The Lipper Rating for Total Return denotes a fund that has provided superior total returns (income from dividends and interest as well as capital appreciation) when compared to a group of similar funds.

Tracking Error

Tracking Error is the difference between the standard deviation of a fund and its benchmark. It is used to indicate how closely a fund replicates a benchmark.

Upside/Downside Capture

Upside/Downside Capture is a measure of an investment's performance during positive and negative market periods. It's used to determine how well an investment performed during periods where market returns have been positive or negative. It's presented as a percentage.

The KYP Tool is provided to Financial Advisors only, for educational and informational purposes only and solely as a tool for advisors to support the assessment of investment suitability for investors. Investors are expected to consult their advisors to determine suitability for their investment objectives and portfolio. The information, analysis and opinions expressed herein are for general information only and are not intended to provide specific advice or recommendations for any individual security. Please note that the information presented may not be appropriate for all. The KYP Tool is not intended to be an exhaustive or definitive examination, professional advice should be obtained.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the fund facts or prospectus of the mutual funds in which investment may be made before investing, including mutual fund investments under an asset allocation service. The indicated rates of return (other than for each money market fund) are the historical annual compounded total returns assuming the investment strategy recommended by the asset allocation service is used and after deduction of the fees in respect of the service. The returns are based on the historical annual compounded total returns of the participating funds including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder in respect of a participating fund that would have reduced returns. In case of BMO Money Market Fund note that mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the Fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated. The indicated rate of return for each money market fund is an annualized historical yield based on the seven-day period ended as indicated and annualized in the case of effective yield by compounding the seven-day return and does not represent an actual one-year return.

Risk tolerance measures the degree of uncertainty that an investor can handle regarding fluctuations in the value of their portfolio. The amount of risk associated with any particular investment depends largely on your own personal circumstances including your time horizon, liquidity needs, portfolio size, income, investment knowledge and attitude toward price fluctuations. Investors should consult their financial advisor before making a decision as to whether this Fund is a suitable investment for them.

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