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BMO Global Asset Management

Banking Sector ETFs

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Banking Sector ETFs

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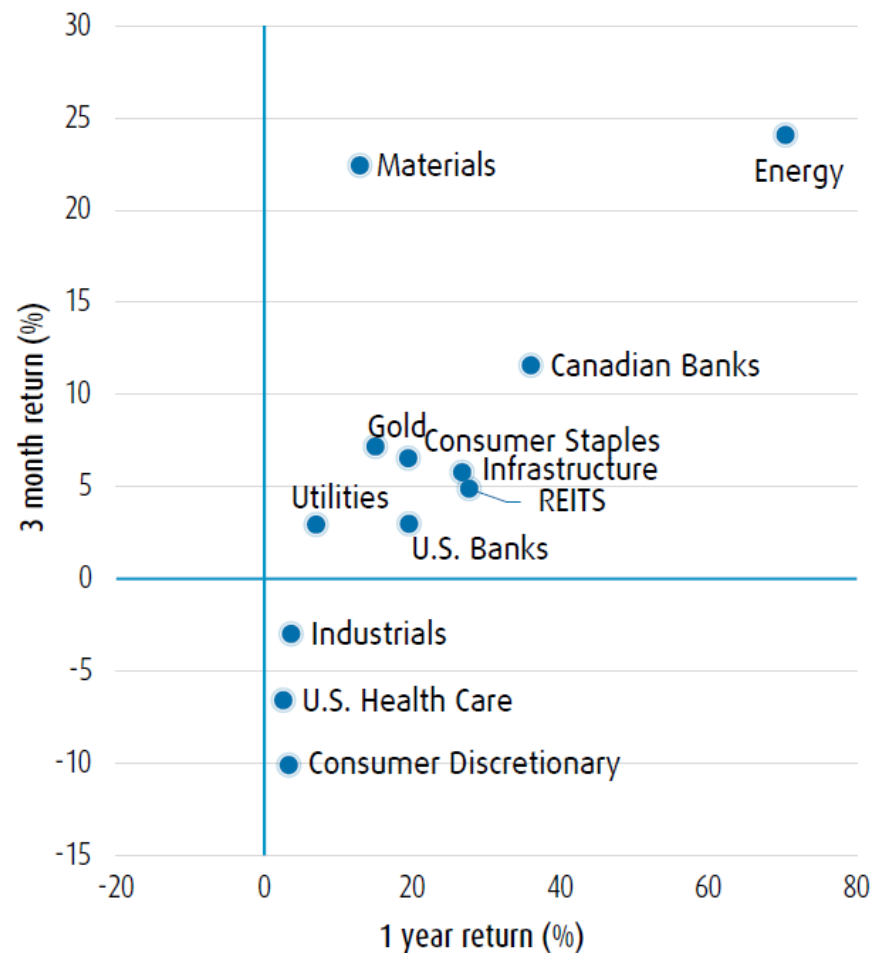
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1 Minute Update

Industry Sectors



- The banking sector has had strong returns on the one year and on the quarter.

Banks in the News

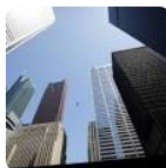


B Bloomberg.com

Canada's Banks Allowed to Resume Buybacks, Raise Dividends

Banks may immediately begin increasing regular dividends and executive compensation, the Office of the Superintendent of Financial Institutions...

6 days ago



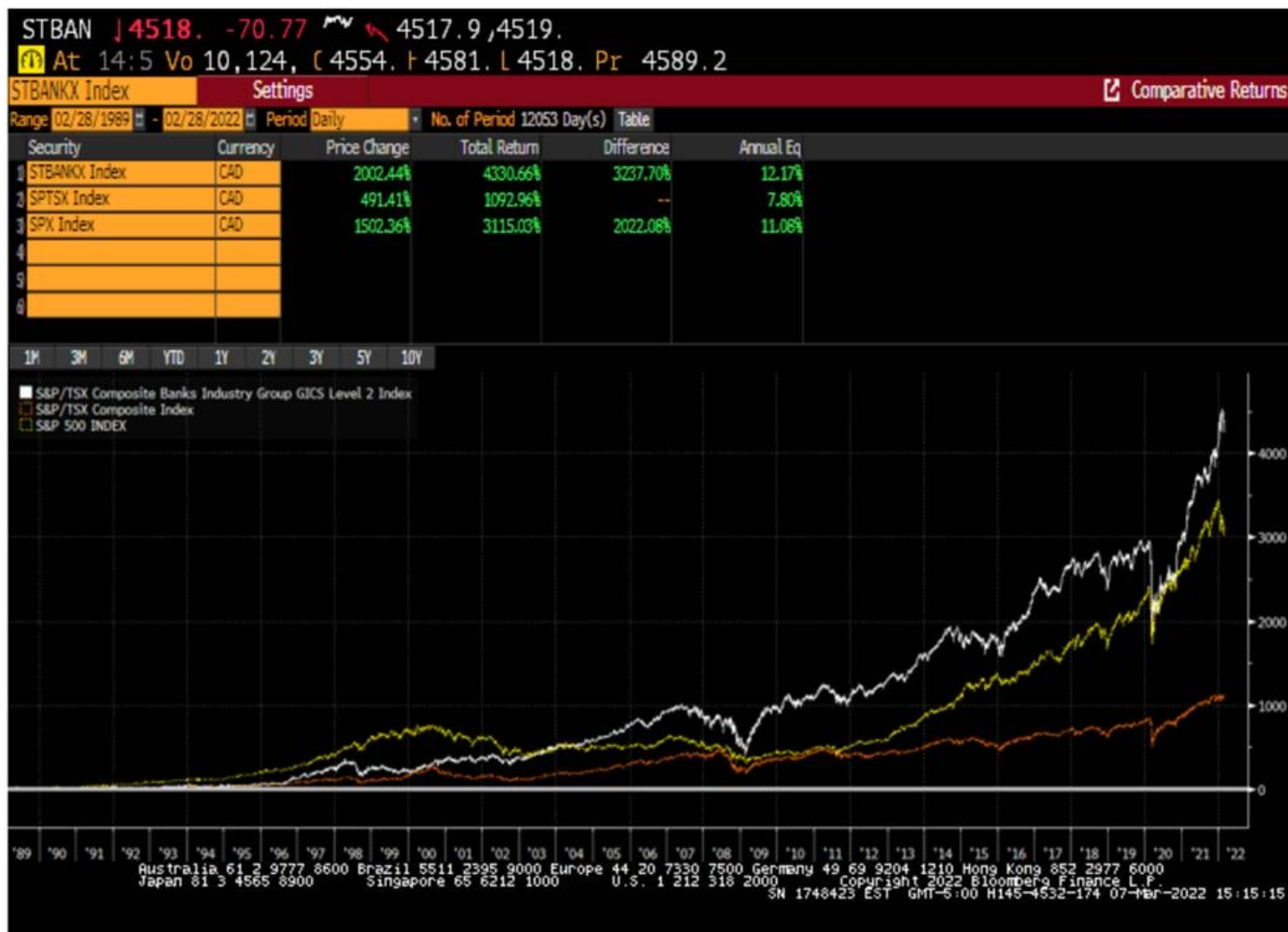
R Reuters

Canadian regulator lets banks, insurers lift dividends, ending ...

TORONTO, Nov 4 (Reuters) - Canadian banks and insurers can resume dividend increases and share buybacks and raise executive compensation,...

5 days ago

Canadian Banks, A Growth Story



Source: Bloomberg, Feb 28th, 2022

Update on Canadian Banks

- YTD, the Canadian Banks have outperformed the broad Canadian Market by 3.67%.¹
- Q1 2022 Canadian Bank earnings beat analysts' expectations **thanks to declining credit losses and stable revenue growth which is diversified among business lines.**
- Analysts continue to predict upside in bank stocks with target prices above current prices.
- Banks have been given the green light to proceed with dividend hikes. This is usually announced during earnings reports.

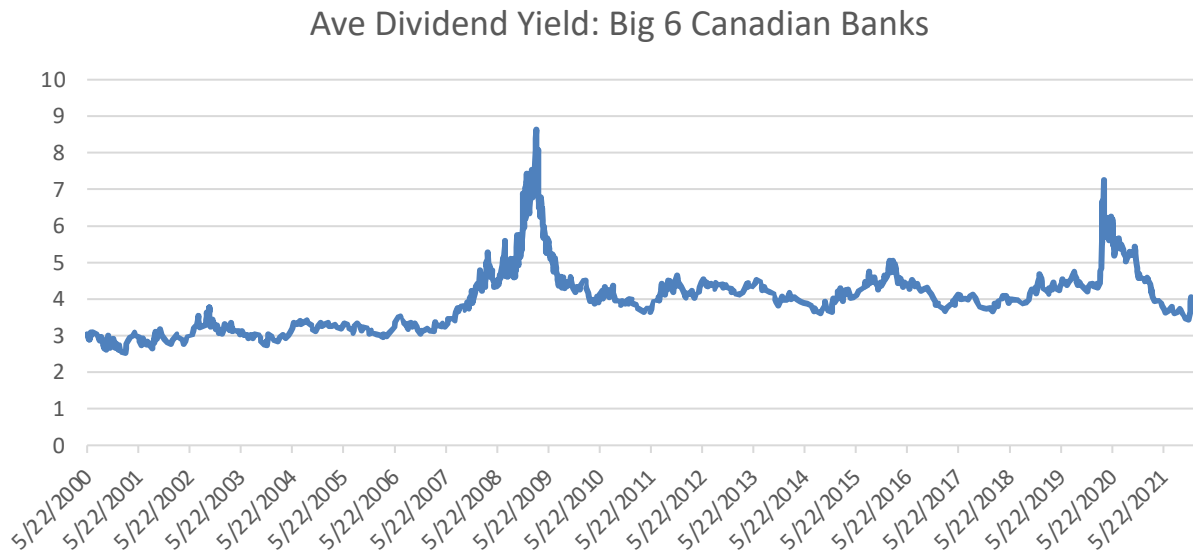


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¹Source: Bloomberg. Canadian Banks performance represented by the Solactive Equal Weight Banks Index. Performance of the broad Canadian market represented by the S&P/TSX Composite Index. Returns as of November 11, 2021. Please note you cannot invest directly in an index.

Canadian Banks- Dividends

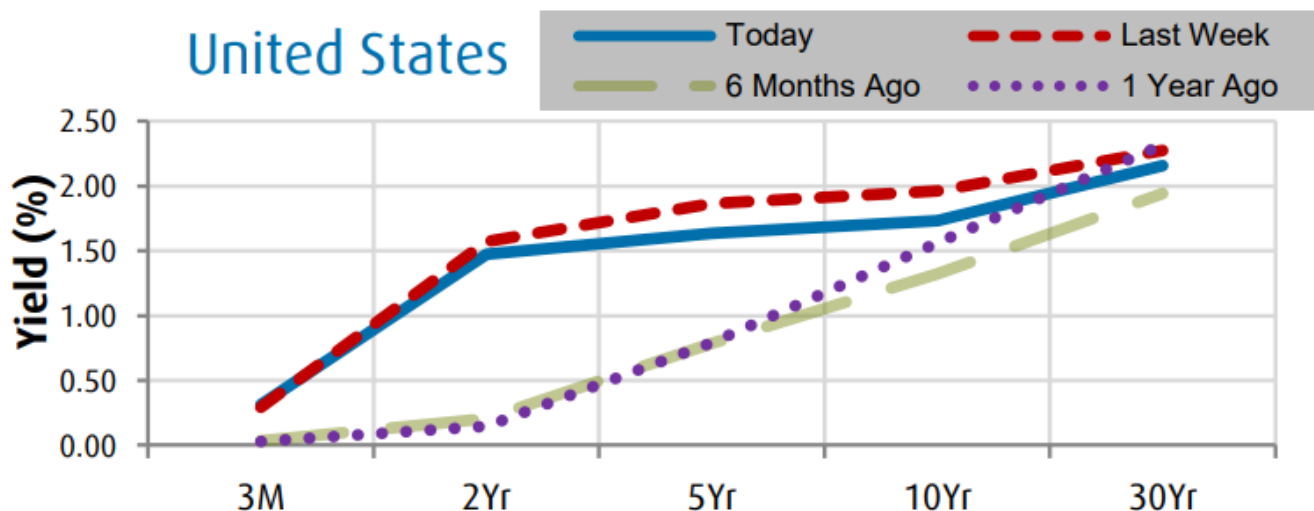
- The average dividend yield for a Big 6 Bank is around 3.75%*
- These dividends are resilient; there have not been cuts in over a decade
- Dividends were not cut throughout the financial crisis
- Major Canadian banks have been paying a dividend since the 1800s



Source – BMO GAM, Bloomberg as of Mar 10, 2022 – For illustrative purposes only. *As of March 10, 2022.

U.S. Banks

- U.S. banks tend to be more sensitive to yield curve movements, because they are more exposed to loans
- U.S. banks tend to have more growth potential than Canadian banks, but this comes with more volatility
- U.S. banks are generally more regionally focused than Canadian banks



Captures the yields available for government bonds across different maturity dates. An upward sloping yield curve suggests longer-term bond yields may continue to rise, reflecting expectations of economic expansion. Conversely, an inverted yield curve suggests yields on longer-term bonds may fall, reflecting expectations of economic recession.

Types of Bank ETFs

- Market Cap Weighted
- Equal Weighted
- Covered Calls
- Fixed Income/ Prefs



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MARKET **INSIGHTS**

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Friday, March 25th, 2022 • 1:00pm (EST)