

MBS TRADING STRATEGY COMMENTARY DISCLOSURE

This material has been prepared with the assistance of employees of BMO Nesbitt Burns Inc., BMO Capital Markets Limited, or BMO Capital Markets Corp. (collectively, “BMOCM”) who are involved in MBS trading strategy efforts. Accordingly, it should be considered to be a solicitation of the MBS trading business generally and not a research report that reflects the views of disinterested research analysts.

Notwithstanding the foregoing, this material should not be construed as an offer or the solicitation of an offer to sell or to buy or subscribe for any particular product or services (including, without limitation, any commodities, securities or other financial instruments).

We are not soliciting any specific action based on this material. It is for the general information of our clients. It does not constitute a recommendation or a suggestion that any investment or strategy referenced herein may be suitable for you. It does not take into account the particular investment objectives, financial conditions, or needs of individual clients.

Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your unique circumstances, or otherwise constitutes an opinion or a recommendation to you. BMOCM is not providing advice regarding the value or advisability of trading in commodity interests, including futures contracts and commodity options or any other activity which would cause BMOCM or any of its affiliates to be considered a commodity trading advisor under the U.S. Commodity Exchange Act. BMOCM is not undertaking to act as a swap advisor to you or in your best interests and you, to the extent applicable, will rely solely on advice from your qualified independent representative in making hedging or trading decisions. This material is not to be relied upon in substitution for the exercise of independent judgment. Any recipient of these materials should conduct its own independent analysis of the matters referred to herein, together with its qualified independent representative, if applicable. Any discussion of tax matters in these materials (i) is not intended to be used, and cannot be used or relied upon, for the purposes of avoiding any tax penalties and (ii) may have been written in connection with the “promotion or marketing” of the transaction or matter described herein. Accordingly, the recipient should seek advice based on its particular circumstances from its own independent financial, tax, legal, accounting and other professional advisors (including, without limitation, its qualified independent representative, if applicable).

These materials are confidential and proprietary to, and may not be reproduced, disseminated or referred to, in whole or in part without the prior consent of BMOCM. Information presented in this material has been obtained or derived from sources believed by BMOCM to be reliable, but BMOCM does not guarantee their accuracy or completeness. BMOCM assumes no responsibility for verification of the information in these materials, no representation or warranty is made as to the accuracy or completeness of such information and BMOCM accepts no liability whatsoever for any loss arising from any use of, or reliance on, these materials. BMOCM assumes no obligation to correct or update these materials. These materials do not contain all information that may be required to evaluate any transaction or matter and information may be available to BMO and/or its affiliates that is not reflected herein.

BMOCM and its affiliates may have positions (long or short), and effect transactions or make markets, in securities mentioned herein, or provide advice or loans to, or participate in the underwriting or restructuring of the obligations of, issuers and companies mentioned herein. Moreover, BMOCM's trading desks may have acted on the basis of the information in these materials.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorized and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorized and regulated by the Financial Conduct Authority) in the UK and Australia.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

™ - “BMO (M-bar roundel symbol) Capital Markets” is a trade-mark of Bank of Montreal, used under licensed.

TO U.K./E.U. RESIDENTS: In the UK, Bank of Montreal London Branch is authorized and regulated by the Prudential Regulation Authority and the Financial Conduct Authority ("FCA") and BMO Capital Markets Limited is authorized and regulated by the FCA. The contents hereof are intended solely for clients which satisfy the criteria for classification as either a "professional client" or an "eligible counterparty", each as defined in Directive 2014/65/EU. Any U.K. person wishing to effect transactions in any security discussed herein should do so through Bank of Montreal, London Branch or BMO Capital Markets Limited; any person in the E.U. wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Limited.

TO PRC RESIDENTS: This material does not constitute an offer to sell or the solicitation of an offer to buy any financial products in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the "PRC"). BMO and its affiliates do not represent that this material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. This material may not be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

TO HONG KONG RESIDENTS: This material has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly the material must not be issued, circulated or distributed in Hong Kong other than (1) except for "structured products" as defined in the Securities and Futures Ordinance, in circumstances which do not constitute it as a "Prospectus" as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance, or (2) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules made thereunder. Unless permitted by the securities laws of Hong Kong, no person may issue in Hong Kong, or have in its possession for issue in Hong Kong this material or any other advertisement, invitation or document relating to the products other than to a professional investor as defined the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules.

TO SINGAPORE RESIDENTS: This document has not been registered as a prospectus with the Monetary Authority of Singapore and the material does not constitute an offer or sale, solicitation or invitation for subscription or purchase of any shares or financial products in Singapore. Accordingly, BMO and its affiliates do not represent that this document and any other materials produced in connection therewith may lawfully be circulated or distributed, whether directly or indirectly, to persons in Singapore. This document and the material do not and are not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore.

TO THAI RESIDENTS: The contents hereof are intended solely for the use of persons qualified as Institutional Investors according to Notification of the Securities and Exchange Commission No. GorKor. 11/2547 Re: Characteristics of Advice which are not deemed as Conducting Derivatives Advisory Services dated 23 January 2004 (as amended). BMO and its affiliates do not represent that the material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any regulatory requirements in Thailand, or pursuant to an exemption available under any applicable laws and regulations.

TO KOREAN RESIDENTS: This material is not provided to make a recommendation for specific Korean residents to enter into a contract for trading financial investment instruments, for investment advising, for discretionary investment, or for a trust, nor does it constitute advertisement of any financial business or financial investment instruments towards Korean residents. The material is not provided as advice on the value of financial investment instruments or any investment decision for specific Korean residents. The provision of the material does not constitute engaging in the foreign exchange business or foreign exchange brokerage business regulated under the Foreign Exchange Transactions Act of Korea.

In Asia, Bank of Montreal is licensed to conduct banking and financial services in Hong Kong and Singapore. Certain products and services referred to in this document are designed specifically for certain categories of investors in a number of different countries and regions. Such products and services would only be offered to these investors in those countries and regions in accordance with applicable laws and regulations. The Information is directed only at persons in jurisdictions where access to and use of such information is lawful.