

# BMO Guaranteed Investment Funds

## Investment Objectives and Strategies

The information in this document is designed to provide you with general information on the investment objectives and strategies of BMO Guaranteed Investment Funds (GIF) and is not intended to be comprehensive information. It tells you how the portfolio manager tries to achieve the objective of each BMO GIF. A comprehensive description of the features of BMO GIF is contained in the information folder. It is available at [bmoinsurance.com/GIF](http://bmoinsurance.com/GIF)

BMO Life Assurance Company is the issuer of the BMO GIF individual variable insurance contract and the guarantor of any guarantee provisions therein. **Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.** Information in this document is accurate on the posting date and may change without notice.

**TABLE OF CONTENTS**

**BMO ETF PORTFOLIO GIFS – AVAILABLE IN GIF 75/75 AND GIF 75/100 SERIES ..... 1**

BMO FIXED INCOME ETF PORTFOLIO GIF ..... 1

BMO INCOME ETF PORTFOLIO GIF ..... 2

BMO CONSERVATIVE ETF PORTFOLIO GIF ..... 3

BMO BALANCED ETF PORTFOLIO GIF ..... 4

BMO GROWTH ETF PORTFOLIO GIF ..... 5

BMO EQUITY GROWTH ETF PORTFOLIO GIF ..... 6

BMO CONCENTRATED GLOBAL EQUITY GIF ..... 7

**BMO LOW VOLATILITY EQUITY ETF GIFS – AVAILABLE IN GIF 75/75 AND GIF 75/100 SERIES..... 8**

BMO LOW VOLATILITY CANADIAN EQUITY ETF GIF ..... 8

BMO LOW VOLATILITY US EQUITY ETF GIF ..... 8

BMO LOW VOLATILITY INTERNATIONAL EQUITY ETF GIF ..... 8

**OTHER BMO GIFS – AVAILABLE IN GIF 75/75 AND GIF 75/100 SERIES ..... 10**

BMO DIVIDEND GIF ..... 10

BMO MONTHLY HIGH INCOME II GIF ..... 12

**BMO GIFS - AVAILABLE WITH GIF 100/100 SERIES..... 13**

BMO CANADIAN BALANCED GROWTH GIF ..... 13

BMO US BALANCED GROWTH GIF ..... 14

BMO CANADIAN INCOME STRATEGY GIF ..... 11

BMO NORTH AMERICAN INCOME STRATEGY GIF ..... 12

**AVAILABLE IN ALL GIF SERIES ..... 13**

BMO ASSET ALLOCATION GIF ..... 13

BMO MONTHLY INCOME GIF ..... 14

BMO GLOBAL BALANCED GIF ..... 15

BMO CONCENTRATED GLOBAL BALANCED GIF ..... 16

MONEY MARKET GIF ..... 17

## **BMO ETF PORTFOLIO GIFs – available in GIF 75/75 and GIF 75/100 Series**

### **BMO FIXED INCOME ETF PORTFOLIO GIF**

#### **INVESTMENT OBJECTIVES**

BMO Fixed Income ETF Portfolio GIF (GIF) invests in BMO Fixed Income ETF Portfolio or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to preserve the value of your investment by investing primarily in exchange traded funds that invest in Canadian, U.S., and international fixed income securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income securities and cash or cash equivalents. The underlying fund’s asset mix may be changed over time to reflect the portfolio manager’s long-term outlook for each asset class.

#### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio manager uses to try and achieve the underlying fund’s (afterwards the “Fund”) objective:

- employs a strategic asset allocation strategy
- may invest up to 100% of the Fund’s assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- invests a majority of the Fund’s assets in exchange traded funds
- allocates assets among the underlying exchange traded funds and other mutual funds based on each underlying fund’s investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the underlying funds may temporarily depart from their investment objectives by holding a portion of their assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or for defensive purposes to reflect economic and market conditions
- may invest directly in securities and cash or cash equivalents
- may invest up to 95% of the Fund’s assets in foreign securities
- the Fund or its underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the Fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the Fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the Fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency forwards
  - gain exposure to securities without buying the securities directly. The Fund will only use derivatives as permitted by Canadian securities regulators.
- the Fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the Fund’s investment objectives.

## **BMO INCOME ETF PORTFOLIO GIF**

### **INVESTMENT OBJECTIVES**

BMO Income ETF Portfolio GIF (GIF) invests in BMO Income ETF Portfolio or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to preserve the value of your investment by investing primarily in exchange traded funds that invest in fixed income securities with a lesser exposure to exchange traded funds that invest in Canadian, U.S. and international equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income or equity securities and cash or cash equivalents. The underlying fund’s asset mix may be changed over time to reflect the portfolio manager’s long-term outlook for each asset class.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio manager uses to try and achieve the underlying fund’s (afterwards the “Fund”) objective:

- employs a strategic asset allocation strategy
- may invest up to 100% of the Fund’s assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- invests a majority of the Fund’s assets in exchange traded funds
- allocates assets among the underlying exchange traded funds and other mutual funds based on each underlying fund’s investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the underlying funds may temporarily depart from their investment objectives by holding a portion of their assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or for defensive purposes to reflect economic and market conditions
- may invest directly in fixed income securities and cash or cash equivalents
- may invest up to 95% of the Fund’s assets in foreign securities
- the Fund or its underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things: - protect the Fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the Fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps- reduce the impact of volatility on the Fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency forwards - gain exposure to securities without buying the securities directly. The Fund will only use derivatives as permitted by Canadian securities regulators.
- the Fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the Fund’s investment objectives.

## **BMO CONSERVATIVE ETF PORTFOLIO GIF**

### **INVESTMENT OBJECTIVES**

BMO Conservative ETF Portfolio GIF (GIF) invests in BMO Conservative ETF Portfolio or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to preserve the value of your investment and, to a lesser extent, provide some potential for growth by investing primarily in exchange traded funds that invest in Canadian, U.S. and international fixed income and equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income or equity securities and cash or cash equivalents. The underlying fund’s asset mix may be changed over time to reflect the portfolio manager’s long-term outlook for each asset class.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio manager uses to try and achieve the underlying fund’s (afterwards the “Fund”) objective:

- employs a strategic asset allocation strategy
- may invest up to 100% of the Fund’s assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- invests a majority of the Fund’s assets in exchange traded funds
- allocates assets among the underlying exchange traded funds and other mutual funds based on each underlying fund’s investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the underlying funds may temporarily depart from their investment objectives by holding a portion of their assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or for defensive purposes to reflect economic and market conditions
- may invest directly in securities and cash or cash equivalents
- may invest up to 95% of the Fund’s assets in foreign securities
- the Fund or its underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things: - protect the Fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the Fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps- reduce the impact of volatility on the Fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency forwards - gain exposure to securities without buying the securities directly. The Fund will only use derivatives as permitted by Canadian securities regulators.
- the Fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the Fund’s investment objectives.

## **BMO BALANCED ETF PORTFOLIO GIF**

### **INVESTMENT OBJECTIVES**

BMO Balanced ETF Portfolio GIF (GIF) invests in BMO Balanced ETF Portfolio or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide a balanced portfolio by investing primarily in exchange traded funds that invest in Canadian, U.S. and international fixed income and equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income and equity securities and cash or cash equivalents. The underlying fund’s asset mix may be changed over time to reflect the portfolio manager’s long-term outlook for each asset class.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio manager uses to try and achieve the underlying fund’s (afterwards the “Fund”) objective:

- employs a strategic asset allocation strategy
- may invest up to 100% of the Fund’s assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- invests a majority of the Fund’s assets in exchange traded funds
- allocates assets among the underlying exchange traded funds and other mutual funds based on each underlying fund’s investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the underlying funds may temporarily depart from their investment objectives by holding a portion of their assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or for defensive purposes to reflect economic and market conditions
- may invest directly in fixed income securities and cash or cash equivalents
- may invest up to 95% of the Fund’s assets in foreign securities
- the Fund or its underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things: - protect the Fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the Fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps- reduce the impact of volatility on the Fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency forwards - gain exposure to securities without buying the securities directly. The Fund will only use derivatives as permitted by Canadian securities regulators.
- the Fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the Fund’s investment objectives.

## **BMO GROWTH ETF PORTFOLIO GIF**

### **INVESTMENT OBJECTIVES**

BMO Growth ETF Portfolio GIF (GIF) invests in BMO Growth ETF Portfolio or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide long-term growth by investing primarily in exchange traded funds that invest in Canadian, U.S. and international equity securities and, to a lesser extent, fixed income securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income and equity securities and cash or cash equivalents. The underlying fund’s asset mix may be changed over time to reflect the portfolio manager’s long-term outlook for each asset class.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio manager uses to try and achieve the underlying fund’s (afterwards the “Fund”) objective:

- employs a strategic asset allocation strategy
- may invest up to 100% of the Fund’s assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- invests a majority of the Fund’s assets in exchange traded funds
- allocates assets among the underlying exchange traded funds and other mutual funds, based on each underlying fund’s investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the underlying funds may temporarily depart from their investment objectives by holding a portion of their assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or for defensive purposes to reflect economic and market conditions
- may invest directly in fixed income securities and cash or cash equivalents
- may invest up to 95% of the Fund’s assets in foreign securities
- the Fund or its underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things: - protect the Fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the Fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps reduce the impact of volatility on the Fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency forwards - gain exposure to securities without buying the securities directly. The Fund will only use derivatives as permitted by Canadian securities regulators.
- the Fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the Fund’s investment objectives.

## **BMO EQUITY GROWTH ETF PORTFOLIO GIF**

### **INVESTMENT OBJECTIVES**

BMO Equity Growth ETF Portfolio GIF (GIF) invests in BMO Equity Growth ETF Portfolio or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide long-term growth by investing primarily in exchange traded funds that invest in Canadian, U.S. and international equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual equity securities and cash or cash equivalents. The underlying fund’s asset mix may be changed over time to reflect the portfolio manager’s long-term outlook for each asset class.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio manager uses to try and achieve the underlying fund’s (afterwards the “Fund”) objective:

- employs a strategic asset allocation strategy
- may invest up to 100% of the Fund’s assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- invests a majority of the Fund’s assets in exchange traded funds
- allocates assets among the underlying exchange traded funds and other mutual funds, based on each underlying fund’s investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the underlying funds may temporarily depart from their investment objectives by holding a portion of their assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or for defensive purposes to reflect economic and market conditions
- may invest directly in fixed income securities and cash or cash equivalents
- may invest up to 95% of the Fund’s assets in foreign securities
- the Fund or its underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things: - protect the Fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the Fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps- reduce the impact of volatility on the Fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency forwards - gain exposure to securities without buying the securities directly. The Fund will only use derivatives as permitted by Canadian securities regulators.
- the Fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the Fund’s investment objectives.



## **BMO CONCENTRATED GLOBAL EQUITY GIF**

### **INVESTMENT OBJECTIVES**

The Fund invests in the BMO Concentrated Global Equity Fund or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to achieve long-term capital appreciation through investment in a portfolio of high quality equity or equity related securities of issuers throughout the world. As part of this fund’s investment objective, the fund invests primarily in equities of companies that trade on recognized exchanges in countries around the world.

### **INVESTMENT STRATEGIES OF UNDERLYING FUND**

These are the strategies the portfolio manager uses

to try to achieve the fund’s objective:

- uses a disciplined, fundamental bottom-up approach to security selection
- invests in high conviction global equity securities
- may invest up to 30% of the fund’s assets in securities of exchange traded funds and/or other mutual funds, including funds that are managed by us or one of our affiliates or associates
- may invest up to 100% of the fund’s assets in foreign securities
- the fund may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - reduce the impact of currency fluctuations on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund’s investment objectives.

## **BMO LOW VOLATILITY EQUITY ETF GIFs – available in GIF 75/75 and GIF 75/100 Series**

### **BMO LOW VOLATILITY CANADIAN EQUITY ETF GIF**

#### **INVESTMENT OBJECTIVES**

BMO Low Volatility Canadian Equity ETF GIF (GIF) invests in BMO Low Volatility Canadian Equity ETF or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide its unitholders with exposure to the performance of a portfolio of Canadian equities with the potential for long-term capital growth. The securities of the underlying fund will be selected from the largest and most liquid securities in Canada. The securities that have the lowest sensitivity to market movements (beta) will be selected for the underlying fund portfolio and it will be weighted so that a higher allocation is given to securities with lower one year beta, although any investment in a single issuer will be made only in accordance with applicable Canadian securities legislation.

#### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

BMO Low Volatility Canadian Equity ETF will primarily invest in and hold equities of Canadian companies.

Securities will be selected from the largest and most liquid securities in Canada. The securities that have lower sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta.

### **BMO LOW VOLATILITY US EQUITY ETF GIF**

#### **INVESTMENT OBJECTIVES**

BMO Low Volatility US Equity ETF GIF (GIF) invests in BMO Low Volatility US Equity ETF or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide its unitholders with exposure to the performance of a portfolio of U.S. stocks with the potential for long-term capital growth. The securities of the underlying fund will be selected from the large capitalization U.S. equity universe. The securities that have the lowest sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta, although any investment in a single issuer will be made only in accordance with applicable Canadian securities legislation.

#### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

BMO Low Volatility US Equity ETF will primarily invest in and hold equity securities of US companies.

Securities will be selected from the large capitalization U.S. equity universe. The securities that have the lower sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta.

### **BMO LOW VOLATILITY INTERNATIONAL EQUITY ETF GIF**

#### **INVESTMENT OBJECTIVES**

The Fund invests in the BMO Low Volatility International Equity ETF or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide exposure to a low beta weighted portfolio of international stocks in developed countries outside of North America. Beta measures the security’s sensitivity to market movements. The ETF utilizes a rules based methodology to build a portfolio of less market sensitive stocks from a universe of international large cap stocks. The underlying portfolio is rebalanced in June and reconstituted in December.

**INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

BMO Low Volatility International Equity ETF will primarily invest in and hold equity securities of international companies.

Securities will be selected from the international equity universe. The securities that have lower sensitivity to market movement (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta.

## **OTHER BMO GIFS – available in GIF 75/75 and GIF 75/100 Series**

### **BMO DIVIDEND GIF**

#### **INVESTMENT OBJECTIVES**

The Fund invests in the BMO Dividend Fund or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide a high after-tax return, which includes dividend income and capital gains from growth in the value of your investment. The fund invests primarily in dividend-yielding common and preferred shares of established Canadian companies. The fund may invest up to 30% of the fund’s assets in foreign securities.

#### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio manager uses to try to achieve the fund’s objective:

- invests in equities, including up to 10% of the fund’s assets in income trusts, and in fixed income securities
- examines the financial statistics of each company it’s considering to determine if the equity securities are attractively priced
- reviews company operations and research and development to assess each company’s potential for growth continuously monitors the companies in which the fund invests for changes that may affect their profitability
- may invest up to 30% of the fund’s assets in securities of other mutual funds and/or exchange traded funds managed by us or other mutual fund managers including our affiliates or associates
- may invest up to 30% of the fund’s assets in foreign securities
- the fund may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund’s investment objectives.

## **BMO TACTICAL BALANCED GIF**

### **INVESTMENT OBJECTIVES**

The Fund invests in the BMO Tactical Balanced ETF Fund or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide long-term capital growth and preservation of capital by investing primarily in a diversified portfolio of global equity and fixed income exchange traded funds. The fund’s asset mix may be changed over time to reflect the portfolio manager’s outlook for each asset class.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the portfolio sub-advisor uses to try to achieve the fund’s objective:

- invests primarily in equity and fixed income exchange traded funds
- invests up to 100% of the fund’s assets in securities of exchange traded funds, including funds that are managed by us or one of our affiliates or associates
- considers asset class and sector investments based on fundamentals as well as economic and markets outlook
- uses technical indicators when implementing portfolio rebalances
- the underlying funds within the portfolio will be invested in global fixed income and equity securities, and will be selected on the basis that they help the fund to achieve the same strategies it uses when investing directly in those securities
- the fund may temporarily depart from its investment objectives by holding a portion of its assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or for defensive purposes to reflect economic and market conditions
- may invest up to 100% of the fund’s assets in foreign securities
- the fund or underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators. In allocating the portfolio, the sub-advisor may engage in tactical deviations from its target asset mix in order to capitalize on investment opportunities. In doing so, the sub-advisor considers the average market valuations across geographies, sectors, and asset classes, relative economic conditions that may impact an investment, and any perceived downside risks. The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund’s investment objectives.

## **BMO MONTHLY HIGH INCOME II GIF**

### **INVESTMENT OBJECTIVES**

The Fund invests in the BMO Monthly High Income Fund II or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to generate a high level of monthly distributions with moderate volatility by investing primarily in a portfolio of trust units, equity securities and fixed income securities. The fund may invest up to 20% of the fund’s assets in foreign securities.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

- These are the strategies the portfolio manager uses to try to achieve the fund’s objective:
- investing in trust units, such as royalty trust units and real estate investment trusts from various sectors of the economy
- may also invest in common equities, typically demonstrating large market capitalizations and above average dividend yields
- may invest in fixed income securities, primarily consisting of Canadian government and corporate issues of any maturity or credit rating.
- may invest up to 20% of the fund’s assets in foreign securities.

The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund’s investment objectives.

## **BMO GIFs - available with GIF 100/100 Series**

### **BMO CANADIAN BALANCED GROWTH GIF**

#### **INVESTMENT OBJECTIVES**

The fundamental investment objectives of BMO Canadian Balanced Growth GIF (GIF) are to achieve long term capital growth and income by investing primarily in exchange traded funds (“ETFs”). The GIF seeks to provide investors with broad exposure to publicly listed Canadian companies balanced with high quality fixed income securities or cash equivalents.

#### **INVESTMENT STRATEGIES**

BMO Canadian Balanced Growth GIF will make investments in three different categories of assets, namely: equity, fixed income and money market. Such investments may be made using primarily ETFs that are mutual funds. The GIF may also invest in individual equity and fixed income securities, and in equity and fixed income mutual funds, including those that are advised by the investment manager and/ or its affiliates or associates. The investment manager intends to use the following strategies when making investment decisions:

- The investment manager will employ a strategic asset allocation strategy using a combination of fundamental and macroeconomic analysis to determine the GIF’s investment allocation within each category (namely, equity, fixed income and money market).
- The investment manager will also actively manage the allocation between the categories of assets using a tactical asset allocation overlay strategy designed to reduce equity exposure and increase exposure to fixed income securities during periods of above average market volatility in order to minimize the GIF’s long-term return volatility.
- The allocation of the GIF’s assets between the different categories identified above and the proportion of assets held in the form of an underlying fund (as opposed to other securities) may be changed without notice at any time, as frequently as daily.
- When the stock market volatility increases, the investment manager will reduce the GIF’s exposure to a stock market decline by selling equity holdings and buying more fixed income and money market holdings. In periods when stock market volatility reduces, the investment manager will reduce the GIF’s fixed income exposure and increase its equity holdings.
- The investment manager will consider previous and current market performance when evaluating stock market volatility.
- Equity investments will encompass domestic and foreign securities and, it is expected the portfolio will achieve broad diversification in both industry sectors and market capitalization. Growth expectations and valuation considerations will contribute to the selection of investments in equity categories. Aggregate equity investments will not exceed 75% of the portfolio, at the time of investment.
- The GIF may use derivatives as part of its investment strategy to hedge its investments against currency fluctuations. The GIF most commonly uses over the counter forward contracts on a non-levered basis in its investment strategy.
- The GIF or an underlying fund may enter into securities lending, repurchase and reverse repurchase transactions.

## **BMO US BALANCED GROWTH GIF**

### **INVESTMENT OBJECTIVES**

The fundamental investment objectives of BMO US Balanced Growth GIF (GIF) are to achieve long term capital growth and income by investing primarily in ETFs. The GIF seeks to provide investors with broad exposure to publicly listed U.S. companies balanced with high quality Canadian fixed income securities or cash equivalents.

### **INVESTMENT STRATEGIES**

BMO US Balanced Growth GIF will make investments in three different categories of assets, namely: equity, fixed income and money market. Such investments may be made using primarily ETFs that are mutual funds. The GIF may also invest in individual equity and fixed income securities, and in equity and fixed income mutual funds, including those that are advised by the investment manager and/ or its affiliates or associates. The investment manager intends to use the following strategies when making investment decisions:

- The investment manager will employ a strategic asset allocation strategy using a combination of fundamental and macroeconomic analysis to determine the GIF's investment allocation within each category (namely, equity, fixed income and money market).
- The investment manager will also actively manage the allocation between the categories of assets using a tactical asset allocation overlay strategy designed to reduce equity exposure and increase exposure to fixed income securities during periods of above average market volatility in order to minimize the GIF's long-term return volatility.
- The allocation of the GIF's assets between the different categories identified above and the proportion of assets held in the form of an underlying fund (as opposed to other securities) may be changed without notice at any time, as frequently as daily.
- When the stock market volatility increases, the investment manager will reduce the GIF's exposure to a stock market decline by selling equity holdings and buying more fixed income and money market holdings. In periods when stock market volatility reduces, the investment manager will reduce the GIF's fixed income exposure and increase its equity holdings.
- The investment manager will consider previous and current market performance when evaluating stock market volatility.
- Equity investments will encompass foreign securities and, it is expected the portfolio will achieve broad representation in both industry sectors and market capitalization. Growth expectations and valuation considerations will contribute to the selection of investments in equity categories. Aggregate equity investments will not exceed 75% of the portfolio, at the time of investment.
- The GIF may use derivatives as part of its investment strategy to hedge its investments against currency fluctuations. The GIF most commonly uses over the counter forward contracts on a non-levered basis in its investment strategy.
- The GIF or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions.



## **BMO CANADIAN INCOME STRATEGY GIF**

### **INVESTMENT OBJECTIVES**

The fundamental investment objectives of BMO Canadian Income Strategy GIF (GIF) are to achieve long term capital growth and monthly income by investing primarily in ETFs that invest in Canadian income-generating securities: dividend-paying common stocks, preferred shares, income trusts, balanced with high quality fixed income securities or cash equivalents.

### **INVESTMENT STRATEGIES**

BMO Canadian Income Strategy GIF will make investments in three different categories of assets, namely: equity, fixed income and money market. Such investments may be made using primarily ETFs that are mutual funds. The GIF may also invest in individual equity and fixed income securities, and in equity and fixed income mutual funds, including those that are advised by the investment manager and/ or its affiliates or associates. The investment manager intends to use the following strategies when making investment strategies:

- The investment manager will employ a strategic asset allocation strategy using a combination of fundamental and macroeconomic analysis to determine the GIF's investment allocation within each category (namely, equity, fixed income and money market).
- The investment manager will also actively manage the allocation between the categories of assets using a tactical asset allocation overlay strategy designed to reduce equity exposure and increase exposure to fixed income securities during periods of above average market volatility in order to minimize the GIF's long-term return volatility.
- The allocation of the GIF's assets between the different categories identified above and the proportion of assets held in the form of an underlying fund (as opposed to other securities) may be changed without notice at any time, as frequently as daily.
- When the stock market volatility increases, the investment manager will reduce the GIF's exposure to a stock market decline by selling equity holdings and buying more fixed income and money market holdings. In periods when stock market volatility reduces, the investment manager will reduce the GIF's fixed income exposure and increase its equity holdings.
- The investment manager will consider previous and current market performance when evaluating stock market volatility.
- Equity investments will encompass domestic and foreign securities and it is expected the portfolio will achieve broad diversification in both industry sectors and market capitalization. Growth expectations and valuation considerations will contribute to the selection of investments in equity categories. Aggregate equity investments will not exceed 75% of the portfolio, at the time of investment.
- The GIF may use derivatives as part of its investment strategy to hedge its investments against currency fluctuations. The GIF most commonly uses over the counter forward contracts on a non-levered basis in its investment strategy.
- The GIF or the Underlying Funds may enter into securities lending, repurchase and reverse repurchase transactions.

## **BMO NORTH AMERICAN INCOME STRATEGY GIF**

### **INVESTMENT OBJECTIVES**

The fundamental investment objectives of BMO North American Income Strategy GIF (GIF) are to achieve long term capital growth and monthly income by investing primarily in ETFs that invest in Canadian and U.S. income-generating securities: dividend-paying common stocks, preferred shares, income trusts, balanced with high quality Canadian fixed income securities or cash equivalents.

### **INVESTMENT STRATEGIES**

The GIF will make investments in three different categories of assets, namely: equity, fixed income and money market. Such investments may be made using primarily ETFs that are mutual funds. The GIF may also invest in individual equity and fixed income securities, and in equity and fixed income mutual funds, including those that are advised by the investment manager and/or its affiliates or associates. In managing the GIF's portfolio, the investment manager intends to use the following strategies when making investment decisions:

- The investment manager will employ a strategic asset allocation strategy using a combination of fundamental and macroeconomic analysis to determine the GIF's investment allocation within each category (namely, equity, fixed income and money market).
- The investment manager will also actively manage the allocation between the categories of assets using a tactical asset allocation overlay strategy designed to reduce equity exposure and increase exposure to fixed income securities during periods of above average market volatility in order to minimize the GIF's long-term return volatility.
- The allocation of the GIF's assets between the different categories identified above and the proportion of assets held in the form of an underlying fund (as opposed to other securities) may be changed without notice at any time, as frequently as daily.
- When the stock market volatility increases, the investment manager will reduce the GIF's exposure to a stock market decline by selling equity holdings and buying more fixed income and money market holdings. In periods when stock market volatility reduces, the investment manager will reduce the GIF's fixed income exposure and increase its equity holdings.
- The investment manager will consider previous and current market performance when evaluating stock market volatility.
- Equity investments will encompass both domestic and foreign securities and, it is expected the portfolio will achieve broad diversification in both industry sectors and market capitalization. Growth expectations and valuation considerations will contribute to the selection of investments in equity categories. Aggregate equity investments will not exceed 75% of the portfolio, at the time of investment.
- The GIF may use derivatives as part of its investment strategy to hedge its investments against currency fluctuations. The GIF most commonly uses over the counter forward contracts on a non-levered basis in its investment strategy.
- The GIF or the Underlying Funds may enter into securities lending, repurchase and reverse repurchase transactions.

## Available in all GIF Series

### BMO ASSET ALLOCATION GIF

#### INVESTMENT OBJECTIVES

The Fund invests in the BMO Asset Allocation Fund or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide a balance between income and growth in the value of your investment over the long term. As part of its investment objective, the fund invests primarily in Canadian equities and fixed income securities. The portfolio manager may change the mix of assets according to its outlook for each asset class.

#### INVESTMENT STRATEGIES

These are the strategies the portfolio manager uses to try to achieve the fund’s objective:

- invests in equities and in fixed income securities
- invests between 30%-70% of the fund’s assets in equities, between 30%-70% of the fund’s assets in bonds and up to 30% of the fund’s assets in money market securities
- when choosing fixed income securities:
  - may implement dynamic positioning strategies on the yield curve by actively trading different types of securities. This will increase the turnover rate of the fund but will not generally affect the fund’s risk profile. The turnover rate could exceed 100%
  - examines economic indicators like growth inflation and monetary policy to provide a framework for selecting appropriate securities
  - selects a variety of investment terms based on the interest rate outlook
  - analyzes credit ratings of various issuers to determine the best potential investments for the portfolio
  - invests in government and corporate securities to diversify the fund’s holdings
- when choosing equities:
  - employs a systematic model based on fundamental equity analysis to identify and select equities that trade below their intrinsic value, demonstrate superior earnings growth, and demonstrate positive price momentum
  - reviews company operations and research and development to assess the company’s potential for growth continually monitors the companies in which the fund invests for changes that may affect their profitability
  - may invest up to 30% of the fund’s assets in securities of exchange traded funds and other mutual funds, which may include funds that are managed by us or one of our affiliates or associates
  - may invest up to 10% of the fund’s assets in permitted mortgages
  - may invest up to 30% of the fund’s assets in foreign securities
  - the fund may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
    - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
    - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund’s investment objectives.

## **BMO MONTHLY INCOME GIF**

### **INVESTMENT OBJECTIVES**

BMO Monthly Income GIF invests in BMO Monthly Income Fund or a similar fund (“underlying fund”). The fundamental investment objectives of the underlying fund are to provide a fixed monthly distribution and to preserve the value of your investment. The underlying fund invests primarily in (i) Canadian fixed income securities with higher-than-average yields, issued by the federal government, provincial governments, government agencies and corporations, (ii) preferred and common shares, (iii) real estate investment trusts, and (iv) royalty trusts and other high-yielding investments. To enhance the yield, the underlying fund may also invest in Canadian or foreign lower-rated or unrated securities and derivative instruments like options, futures and forward contracts.

### **INVESTMENT STRATEGIES**

These are the strategies the portfolio manager uses to try to achieve the fund’s (afterwards the “Fund”) objectives:

- invests in both equities and fixed income securities
- when choosing fixed income securities:
- may implement dynamic positioning strategies on the yield curve by actively trading different types of securities. This will increase the turnover rate of the Fund but will not generally affect the Fund’s risk profile. The turnover rate could exceed 100%
- invests primarily in securities rated BBB or higher at the time of investment by Standard and Poor’s Rating Service or the equivalent rating as defined by other recognized rating agencies. The Fund will invest no more than two times its benchmark index weight in BBB rated securities
- examines economic indicators like growth, inflation and monetary policy to provide a framework for selecting appropriate securities
- selects the term of the securities based on the outlook for interest rates
- analyzes credit ratings of various issuers to determine the best potential investments for the portfolio
- invests in government and corporate securities to diversify the Fund’s holdings when choosing equities:
- examines the financial statistics of each company it’s considering to determine if the equity securities are attractively priced
- reviews company operations and research and development to assess the company’s potential for growth
- continuously monitors the companies in which the Fund invests for changes that may affect their profitability
- may invest up to 30% of the Fund’s assets in securities of other mutual funds and/or exchange traded funds managed by us or other mutual fund managers including our affiliates or associates
- may invest up to 30% of the Fund’s assets in foreign securities
- the Fund may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the Fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the Fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps.
  - reduce the impact of volatility on the Fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The Fund will only use derivatives as permitted by Canadian securities regulators

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the Fund’s investment objectives.

The portfolio manager may frequently buy and sell investments for the Fund. This can increase trading costs, which may lower the Fund’s returns. It also increases the chance that a distribution may be paid in the year. Distributions in a non-registered account are generally taxable.

## **BMO GLOBAL BALANCED GIF**

### **INVESTMENT OBJECTIVES**

The Fund invests in the BMO Global Balanced Fund or a similar fund (“underlying fund”) The fundamental investment objective of the underlying fund is to provide long-term capital growth consistent with the preservation of capital by investing primarily in a balanced portfolio of global equity and fixed income securities.

### **INVESTMENT STRATEGIES OF THE UNDERLYING FUND**

These are the strategies the sub-advisor uses to try to achieve the fund’s objective:

- the fund’s assets are allocated between equities and fixed income securities
- within the fixed income allocation, the fund focusses primarily on security, sector, credit and yield curve analysis in making an investment decision, and may include both investment grade and/or below-investment grade fixed income securities. The fixed income portion of the fund will be invested primarily in securities issued by sovereign, government, corporate, and structured finance issuers
- within the equity allocation of the fund, the fund seeks out what it considers to be the best global opportunities, which may include both large and/or small capitalization companies. The sub-advisor employs fundamental analysis to determine the intrinsic value of a company while looking for equity securities that are trading at a discount to that price
- the sub-advisor considers economic, investment, and market outlook in creating a well-diversified balanced portfolio
- may invest up to 30% of the fund’s assets in securities of other mutual funds and/or exchange traded funds managed by us or other mutual fund managers including our affiliates or associates
- may invest up to 100% of the fund’s assets in foreign securities
- the fund may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund’s investment objectives.

The fund may engage in short selling in order to manage volatility or enhance the fund’s performance in declining or volatile markets. In compliance with its investment objectives, the fund will engage in short sales by borrowing securities which the portfolio manager believes are overvalued and selling them in the open market. The securities will then be repurchased by the fund at a later date and returned to the lender. The fund will only engage in short sales as permitted by Canadian securities regulators.

## **BMO CONCENTRATED GLOBAL BALANCED GIF**

### **INVESTMENT OBJECTIVES**

The Fund invests in the BMO Global Balanced Fund or a similar fund (“underlying fund”). The fundamental investment objective of the underlying fund is to provide a competitive total rate of return, comprised of capital gains and income from interest and dividends, while maintaining a lower level of volatility than pure equity funds by investing primarily in a diversified portfolio of both Canadian and foreign equity and fixed income securities with no restrictions on the capitalization of the issuers.

### **INVESTMENT STRATEGIES OF UNDERLYING FUND**

- invests the fund’s assets in a balance of equity and fixed income securities
- typically maintains the fund’s asset allocation of 60% equities and 40% Canadian fixed income securities although the allocation will vary over time
- uses a disciplined, fundamental bottom-up approach to security selection
- invests in high conviction global equity securities
- invests in Canadian dollar denominated investment grade debt instruments such as debt securities issued or guaranteed by Canadian federal and provincial governments or issued by Canadian corporations
- may also invest in non-investment grade debt instruments to add value and enhance the fund’s total return
- may invest up to 35% of the fund’s assets in securities of other mutual funds and/or exchange traded funds, including funds that are managed by us or one of our affiliates or associates
- may invest up to 90% of the fund’s assets in foreign securities
- the fund may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund has received an exemption from the Canadian securities regulators allowing it, subject to certain conditions, to purchase from, or sell to, related dealers that are principal dealers in the Canadian debt securities market, non-government debt securities or government debt securities in secondary markets. For more detailed information on this exemption, see the fund’s annual information form.

The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund’s investment objectives.

## MONEY MARKET GIF

### INVESTMENT OBJECTIVES

The objectives of Money Market GIF (GIF) are to preserve the value of your investment, provide interest income and a high level of liquidity. It invests primarily in high-quality money market instruments issued by governments and corporations in Canada.

### INVESTMENT STRATEGIES

In managing the GIF, the investment manager may use the following strategies:

- invest up to 100% of the GIF's assets in pooled funds including exchange traded funds or mutual funds that are managed by us or one of our affiliates or associates.
- invest directly in money market instruments issued by governments and corporations in Canada, like treasury bills, bankers' acceptances, and commercial paper, which are rated R-1 or higher by DBRS or the equivalent rating as defined by other recognized rating agencies.
- attempt to minimize losses by crediting income daily and distributing it monthly.

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BMO GIF Administrative and Services Office  
250 Yonge Street, 7th Floor, Toronto, ON M5B 2M8 1-855-639-3867  
ClientServices.BMOLifeGIF@bmo.com

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