




ETF in focus: BMO Barclays Global High Yield Bond (GBP Hedged) UCITS ETF

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Income generation from High Yield Bonds

High yield bonds can offer higher yield levels compared to other fixed interest investment vehicles. Further, due to the increased spread over government bonds, high yield is an asset class that comes with lower sensitivity to changing central bank interest rates. These two factors lend support to maintaining an allocation to high yield bonds as part of a diversified portfolio. This feels particularly true given the difficult start to the year markets have endured in 2016. Our BMO Barclays Global High Yield Bond (GBP Hedged) UCITS ETF has returned 2.84% so far this year.*

*Source BMO from 31.12.15 to 17.03.16

Exchange Traded Funds (ETFs)

ETFs offer a straightforward and cost efficient investment vehicle to gain exposure to an asset class; reducing the complications and costs of direct investment. With the liquidity of corporate markets – and in particular high yield bonds – a topic of much discussion and concern the attraction to ETFs for asset allocators is clear. The BMO fixed income ETF uses index construction filters to select more liquid underlying bonds. The aim is to reduce the trading costs of managing the fund; delivering benefits to our ETF holders while maintaining strong correlation to the high yield universe. Daily liquidity in the ETF is secured through dedicated on-exchange market making in conjunction with a group of Authorised Participants facilitating liquidity through the creation and redemption process. This ensures existing investors have easy and flexible access when executing their investment strategy.

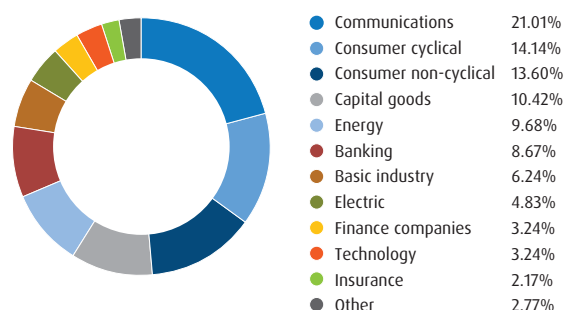
Key information - BMO Barclays Global High Yield Bond (GBP Hedged) UCITS ETF

Ongoing charge: 0.35%	Weighted Avg. Current Yield: 6.0% ¹
Ticker: ZHYG LN	Index: Barclays Global High Yield Bond Corporate Very Liquid Index ex-144A Hedged to GBP Index
Weighted Avg. Yield to Maturity: 6.22%	Index Ticker: BHVLTRGH
Currency: Hedged to GBP	Rebalancing Frequency: Monthly
Weighted Avg. Coupon: 5.8% ¹	Investment Method: Optimised

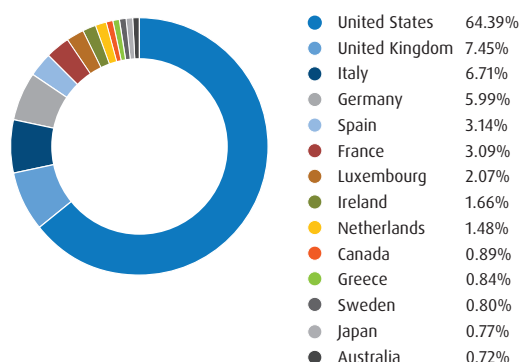
¹ Weighted average yield and coupon valuations as at 17th March 2016. Source BMO

Holdings Breakdown - BMO Barclays Global High Yield Bond (GBP Hedged) UCITS ETF

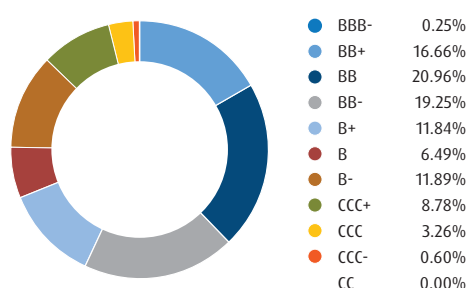
Sector allocation



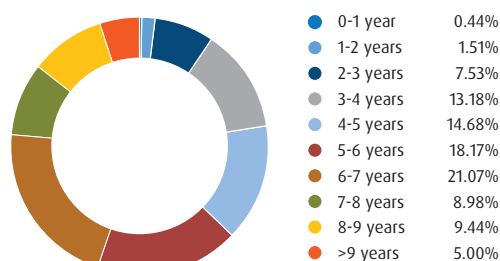
Geographic allocation



Credit allocation



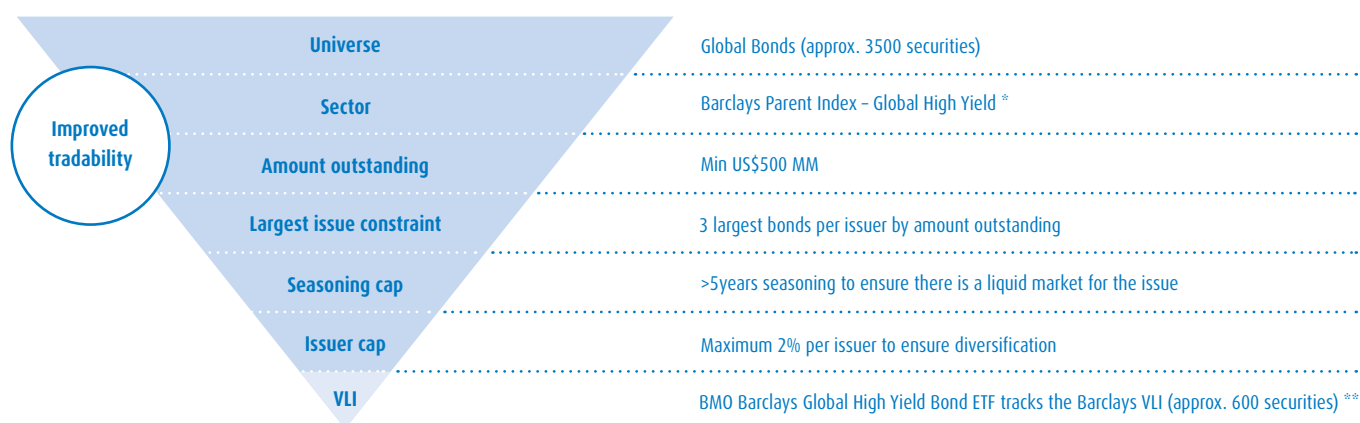
Maturity



Source: Barclays POINT and Bloomberg as at 29.02.2016

VLI index construction

The BMO Barclays Global High Yield Bond (GBP Hedged) UCITS ETF is benchmarked to the Barclays Global High Yield Corporate Very Liquid Index (VLI), a subset of the Barclays Global High Yield universe, using filters that aim to select the more liquid bonds.



Additional Screens

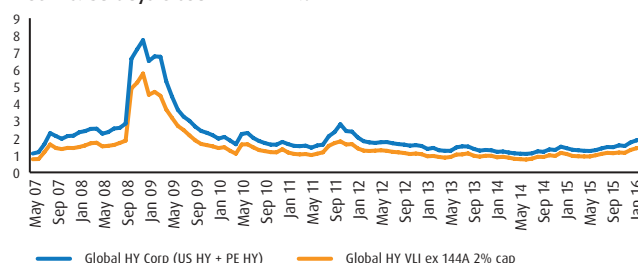
*Barclays Parent Index - Global High Yield contains only issues with maturity greater than one year and that are rated BA1 or lower

**Barclays Global High Yield VLI excludes 144a securities (private placement exemption from registration)

VLI Liquidity Cost Score

Investors benefit from the VLI construction through improved basket liquidity as showcased by the Liquidity Cost Score (LCS)² metric in the graph below. The VLI benchmark aims to reduce tracking error and introduce lower replication costs versus using the parent, which is the broad market universe.

Liquidity Cost Score: Barclays Global HY (US HY + PE HY)
Index vs. Barclays Global HY 144A 2%



Source: Barclays POINT and Bloomberg as at 29.02.2016

BMO Global Asset Management (EMEA) ETFs are listed on the London Stock Exchange

ETF Name	Base currency	TER	ETF Ticker
Equity			
BMO MSCI UK Income Leaders UCITS ETF	GBP	0.35%	ZILK LN
BMO MSCI Europe ex-UK Income Leaders UCITS ETF	EUR	0.35%	ZILE LN
BMO MSCI USA Income Leaders UCITS ETF	USD	0.35%	ZILS UN
BMO MSCI Europe ex-UK Income Leaders (GBP Hedged) UCITS ETF	GBP	0.40%	ZIEG LN
BMO MSCI USA Income Leaders (GBP Hedged) UCITS ETF	GBP	0.40%	ZISG LN
Fixed Income			
BMO Barclays 1-3 Year Global Corporate Bond UCITS ETF	USD	0.30%	ZC1G LN
BMO Barclays 3-7 Year Global Corporate Bond UCTIS ETF	USD	0.30%	ZC3G LN
BMO Barclays 7-10 Year Global Corporate Bond UCTIS ETF	USD	0.30%	ZC7G LN
BMO Barclays Global High Yield Bond UCITS ETF	USD	0.35%	ZHYG LN

ETF Insights

For our Corporate Bond white paper click [here](#)

For our Income Leaders white paper click [here](#)

Our second webinar on ETFs will be based on our Fixed Income ETFs and is scheduled for 19th April, 2016. Please click [here](#) to register

² A bond's Liquidity Cost Score measures the cost (in basis points) of immediately executing a round trip transaction for a standard institutional trade.

For professional investors only.

F&C Management Limited is the investment manager of BMO UCITS ETF ICAV which is authorised by the Central Bank of Ireland as a UCITS.

Registration and listing status

BMO Corporate Bond ETFs are listed on the London Stock Exchange and may be purchased and sold on the exchange through a broker-dealer. BMO Corporate Bond ETFs are registered for distribution in Germany, Ireland, Italy (for institutional investors only), Spain and the UK. Purchasing and selling shares may result in brokerage commissions. Applications for subscriptions directly to the funds may only be made by authorised participants.

Shares purchased on the secondary market cannot usually be sold directly back to the Fund. Secondary market investors must buy and sell ETF Shares with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current Net Asset Value per Share when buying ETF Shares and may receive less than the current Net Asset Value per Share when selling them.

Commissions, fees, costs and expenses all may be associated with investments in exchange traded funds. Please read the prospectus and key investor information document (KIID) before investing. Investment objectives, risk information, fees and expenses and other important information about the funds can be found in the prospectus. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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Past performance should not be seen as an indication of future performance. The value of investments and income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

Investing in ETFs involves risk, including risks associated with market volatility, currency rate fluctuations, replication strategies, and changes in composition of the underlying index and assets.

Diversification and asset class allocation do not guarantee profit or protect against loss.

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