

Invest from
a new
perspective –
BMO ETFs



BMO Global Asset Management – intelligent about Exchange Traded Funds (ETFs)

At BMO Global Asset Management, our focus is on the provision of innovative solution orientated ETFs.

Award winning – recognising innovation

At the ETF.com Europe Awards, we were named ‘Best New ETF Issuer 2015’ and awarded ‘Best New Fixed Income ETFs 2015’.



BMO ETFs – invest from a new perspective

In 2009, we launched our first ETF in Canada. Since then, we have built a range of over 70 ETFs and become Canada’s second largest provider. We are now expanding our capabilities overseas with the launch of BMO ETFs in Hong Kong in 2014 and, most recently, with the launch of nine new ETFs in the UK. At BMO Global Asset Management, our focus is on providing high quality solution orientated ETFs rather than ‘me too’ offerings replicating indices like the FTSE All-Share or S&P 500.

We thought very carefully about the nine ETFs we launched in the UK during 2015. Our ambition is to give investors something truly different whether that’s by providing access to defined opportunities or by offering solutions to very real investment challenges. Our award winning maturity-banded credit ETFs typify that commitment. We are not stopping there though and are already developing new products.

The continued expansion of ETFs

With institutional and retail investors recognising the benefits associated with Exchange Traded Funds, ETFs will play an increasingly prominent role in the growth of the asset management industry, accounting for an increasing proportion of asset flows in many markets and investor segments. ETFs now hold approximately US\$3.1 trillion of assets globally.¹

Key ETF benefits

- Diversified portfolios
- Precise exposures
- Transparent
- Efficient

Their rapid rise can largely be attributed to the growing acceptance of indexing, but ETFs are likely to get an additional boost in the coming years from greater penetration of global markets, growing acceptance among more types of investors and the introduction of a wider variety of investment strategies. ETFs are widely expected to continue growing, assets are expected to at least double, reaching US\$5trillion or more by 2020.²

The growth of the ETF market, both in terms of product offerings through smart beta and currency options, and through growing investor interest and trading, reflects wider recognition that ETFs can be useful tools for positioning portfolios and addressing market volatility.

Our view is that the ETF industry will continue on its current growth trajectory, buoyed by increased investor adoption. It is our aim that BMO Global Asset Management is viewed as an industry innovator and is helping drive that growth.

‘We expect the ETF industry to continue on its current growth trajectory, buoyed by increased investor adoption. We project the global ETF industry to double over the next five years.’

**Rob Thorpe, Head of UK Intermediary,
BMO Global Asset Management**

¹ ETFGI press release dated May 9, 2016

² PWC report ‘ETF 2020’

BMO Global Corporate Bond and High Yield ETFs

Our fixed income ETFs currently consist of three global corporate bond ETFs spanning different maturity bands and one global high yield bond ETF.

Product features and benefits

- **Global portfolios** – diversification and stability of income
- **Maturity bands** – position with precision
- **Currency-hedged** – counter undesired risk exposures
- **Physical replication** – avoid potential conflicts

Our corporate bond ETFs give maturity options for investors so they can position their credit exposure in line with their view on interest rates and market conditions. They are also currency hedged and aim to provide consistent return by removing currency fluctuations.

ETF Name	Ticker	ETF Objective	OCF ¹	Base Currency
BMO Barclays 1-3 Year Global Corporate Bond (GBP Hedged) UCITS ETF	ZC1G	Defensive Interest Income	0.30%	GBP
BMO Barclays 3-7 Year Global Corporate Bond (GBP Hedged) UCITS ETF	ZC3G	Interest Income	0.30%	GBP
BMO Barclays 7-10 Year Global Corporate Bond (GBP Hedged) UCITS ETF	ZC7G	Interest Income	0.30%	GBP
BMO Barclays Global High Yield Bond (GBP Hedged) UCITS ETF	ZHYG	Diversified Interest Income	0.35%	GBP

¹OCF – Ongoing Charges Figure

Intelligent index construction

Liquidity has become a key consideration for investors in credit. Each ETF tracks the Barclays Global Corporate Very Liquid Index (VLI)*, a subset of the Barclays Global Aggregate Bond Index. The Barclays Global Corporate VLI applies filters to exclude more illiquid bond issues.

* The Very Liquid Index and the abbreviation VLI refer to the benchmark index calculated by Barclays and is a name created and owned by Barclays. F&C Management Limited makes no guarantees, warranties, claims, or representations as to the liquidity of the assets held in the ETF itself.



Currency hedging

Currency fluctuations can have a meaningful impact on portfolio returns. Our ETFs are listed in Sterling and those that invest in non-sterling assets are also available as sterling-hedged funds to mitigate this currency risk.



Liquid benefits

Daily liquidity in our ETFs 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 that investors have easy and flexible access when executing their investment strategy.

BMO Income Leaders ETFs

Our equity 'Income Leaders' ETFs aim to provide high quality cost effective income orientated solutions. Each ETF is based on new MSCI Select Quality Yield Indices, developed between MSCI and BMO Global Asset Management.

Product features

- **Smart yield** – sustainable yield and emphasis on quality
- **Currency-hedged** – counter undesired risk exposures
- **Physical replication** – avoid potential conflicts
- **Quality index** – partnered with MSCI

In a low interest rate world, income is set to remain a key challenge for investors – our income leader ETFs are designed to help source attractive and reliable yields from high quality equities.

ETF Name	Ticker	ETF Objective	OCF ¹	Base Currency
Europe				
BMO MSCI Europe ex-UK Income Leaders UCITS ETF	ZILE	European Income Equity	0.35%	EUR
BMO MSCI Europe ex-UK Income Leaders (GBP Hedged) UCITS ETF	ZIEG	European Income Equity	0.40%	GBP
BMO MSCI UK Income Leaders UCITS ETF	ZILK	European Income Equity	0.35%	GBP
US				
BMO MSCI USA Income Leaders UCITS ETF	ZILS	US Income Equity	0.35%	USD
BMO MSCI USA Income Leaders (GBP Hedged) UCITS ETF	ZISG	US Income Equity	0.40%	GBP

¹ OCF – Ongoing Charges Figure

Targeting 'quality' income

Filters are applied during index construction in order to identify companies with the highest quality scores and higher than average dividend yields. By identifying quality, they aim to contain leading companies with long-term sustainable business models and clear competitive advantages. Screening for higher than average dividend yields means having the potential to provide investors with a sustainable income stream.



An experienced team

Our nine ETFs are managed by a London-based team who have extensive experience in index and factor-based investing. They are also able to leverage off our award winning ETF capabilities in Canada and Hong Kong.



BMO Global Asset Management (EMEA) ETFs are UCITS funds, registered in Dublin under the Irish Collective Asset management Vehicle ("ICAV") structure.

'We have thought about the income shortfall facing investors today and the challenges of finding high quality investments to address this gap. The result is, we have developed innovative equity and bond ETFs which aim to help them meet these challenges. Our regional equity ETFs aim to deliver a higher level of sustainable income with quality screening to capture growth over market cycles. Our credit based fixed income ETFs combine the diversification of global investments with the precision of maturity bands.'

Marc Knowles, Director ETFs, BMO Global Asset Management (EMEA)

Introducing BMO Global Asset Management

BMO Global Asset Management is a worldwide investment manager. We are owned by the Bank of Montreal, one of Canada's largest banks and manage around £150bn+* for our clients across a range of asset classes and strategies.

Our aim is to offer clients high quality investment solutions by drawing on our worldwide investment capabilities. These include those in our four regional investment hubs together with the specialist expertise in our network of investment boutiques.

Our business in numbers*

£150bn+ in assets
 1500+ employees worldwide
 250+ investment strategies
 25+ offices
 15+ countries

* figures as at 31 March 2016



Canada Launched BMO ETFs in 2009

- Over 70 listed ETFs
- #1 in net new assets 5 years in a row
- Second largest ETF provider in Canada
- Comprehensive platform:
 - Superior Smart Beta
 - Innovative Solutions
 - Comprehensive Fixed Income
 - Effective Broad Market

Hong Kong Launched BMO ETFs in Nov 2014

- Listed 7 local BMO ETFs
- Main gateway to China's markets
- Recognized for excellence by Asian Asset management Awards:
 - Best Thematic ETF
 - Best New ETF
 - Most Innovative ETF


Europe Launched BMO ETFs in Nov 2015

- Listed 9 UCITS ETFs
- Innovative global corporate bond ETFs with maturity bands
- Smart beta income leaders suite
- Recognized for excellence by ETF.com
 - Best New ETF Issuer
 - Best New Fixed Income ETF

Time for a breath of fresh air

We recognise the challenges market volatility and economic uncertainty pose to investors. Our approach is one that actively embraces these conditions and across our business, we aim to bring a fresh perspective to investment – investing to foster the delivery of innovative solutions built on the foundations of extensive investment capabilities.

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For further information on ETFs by BMO Global Asset Management (EMEA) please visit bmo.com/gam/uk/etf.

You can also access our ETF videos and webinars through the Learning Centre which can be found on bmo.com/gam/uk/etf/learning-centre.

BMO Global Asset Management is also part of the ETF Forum which hosts a series of CPD accredited seminars roadshows around the country that are free to attend. Please visit www.theetfforum.com to know more.

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.

BMO ETFs are registered for distribution in Italy (for professional investors only), UK, Germany, Netherlands and Spain.

Shares are listed on the London Stock Exchange and may be purchased and sold on the exchange through a broker-dealer. 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.

This document is provided for information purposes only and is not to be construed as investment advice to a recipient on the merits of any investment. This document does not constitute, or form part of, any solicitation of any offer to deal in any type of investment. This document is provided only to assist financially sophisticated investors in their independent review of particular investments and is not intended to be, and must not be relied upon, as the sole basis for any investment decision. This document must not be acted on or relied on by persons who are not relevant persons and who are not the intended recipients of this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of any investment, and should consult its own legal counsel and financial, actuarial, accounting, regulatory and tax advisers to evaluate any such investment.

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.

Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any products that may be mentioned.

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The funds or securities referred to herein are not sponsored, endorsed, issued, sold or promoted by MSCI, and MSCI bears no liability with respect to any funds or securities or any index on which such funds or securities are based. The prospectus contains a more detailed description of the limited relationship MSCI has with F&C Management Limited and any related funds.

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