

Precision counts with BMO Fixed Income ETFs



Key facts

Structure
Exchange Traded Funds (ETFs)

Fund manager
Robert Gates

Our suite of fixed income ETFs offer duration building blocks to help asset allocators construct fixed income portfolios. Our ETFs use an optimised approach based on the VLI (Very Liquid Index) subset of the Bloomberg Barclays Global Aggregate and Global High Yield Indices. They provide the yield and duration benefits of corporate bonds coupled with currency hedged global diversification.

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Fund	Ticker	ISIN	Ongoing charges figure p.a. (OCF)
BMO Barclays 1 - 3 Year Global Corporate Bond (GBP Hedged) UCITS ETF	ZC1G	IE00BZ053K08	0.30%
BMO Barclays 3 - 7 Year Global Corporate Bond (GBP Hedged) UCITS ETF	ZC3G	IE00BZ053L15	0.30%
BMO Barclays 7 - 10 Year Global Corporate Bond (GBP Hedged) UCITS ETF	ZC7G	IE00BZ053P52	0.30%
BMO Barclays Global High Yield Bond (GBP Hedged) UCITS ETF	ZHYG	IE00BZ053R76	0.35%

Corporate bonds

The economic developments of recent years have seen yields of government debt fall to record low levels. Corporate bonds offer investors the opportunity of a higher return while still meeting their duration level of risk appetite. We expect institutions to continue, and even accelerate, a shift in allocation to corporate bonds, driving returns in the asset class.

Maturity bands

BMO Global Asset Management have introduced an innovative approach by launching a series of ETFs segmented by maturity. This gives investors the ability to implement a precise duration management strategy within the corporate universe.

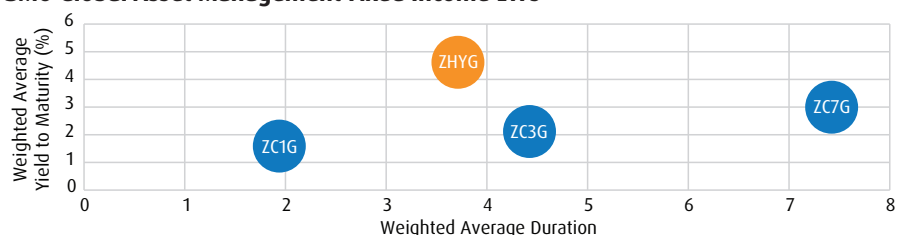
Hedged global diversification

These ETFs offer diversification globally, across country and issuer while removing the additional volatility of currency movements. By embedding a currency hedging strategy, investors are able to mitigate the effects of currency fluctuations. Returns are derived from corporate bond exposure.

Partnering with Bloomberg

We have partnered with Bloomberg, a global leader in fixed income indices who offer unmatched market coverage. Our suite of precise corporate bond ETFs are benchmarked to indices with liquidity filters; offering investors diversified, global, fixed interest exposure with added focus on the underlying bonds' liquidity. The various yields to maturity and durations that investors can choose from are illustrated below.

BMO Global Asset Management Fixed Income ETFs



Source: Bloomberg as at 30 June 2017

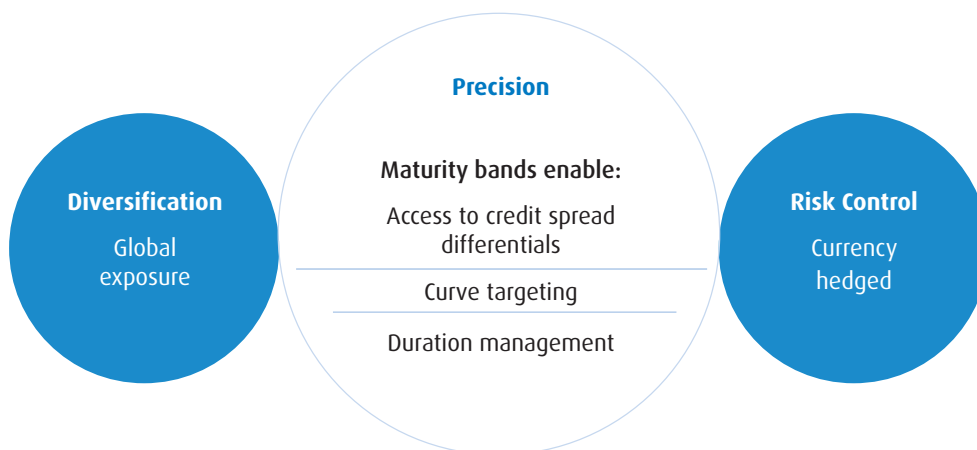
BMO Fixed Income ETFs

Our Fixed Income ETFs give maturity options to investors so they can position their credit exposure in line with their view on interest rates and market conditions.

Precision investing with ETFs

Given the current low yield environment, there is a greater need for investors to have the flexibility to position where they want to be on the yield curve and to change the overall duration of their portfolios to manage yield and to reduce volatility. BMO Global Asset Management has launched a suite of innovative investment grade global corporate bond ETFs offering a spectrum of maturity bands allowing investors to precisely position their portfolios on the yield curve. Additionally, a high yield bond ETF compliments this product suite. These innovative instruments can help absorb interest rate moves effectively.

Our suite of fixed income ETFs provides convenient and efficient exposure to global corporate and high yield bonds, offering liquidity, yield and diversification tapping into global yield opportunities with the benefit of added currency hedging. Strategic and tactical investment decisions are now possible through our full suite of targeted ETFs in the form of maturity bands.



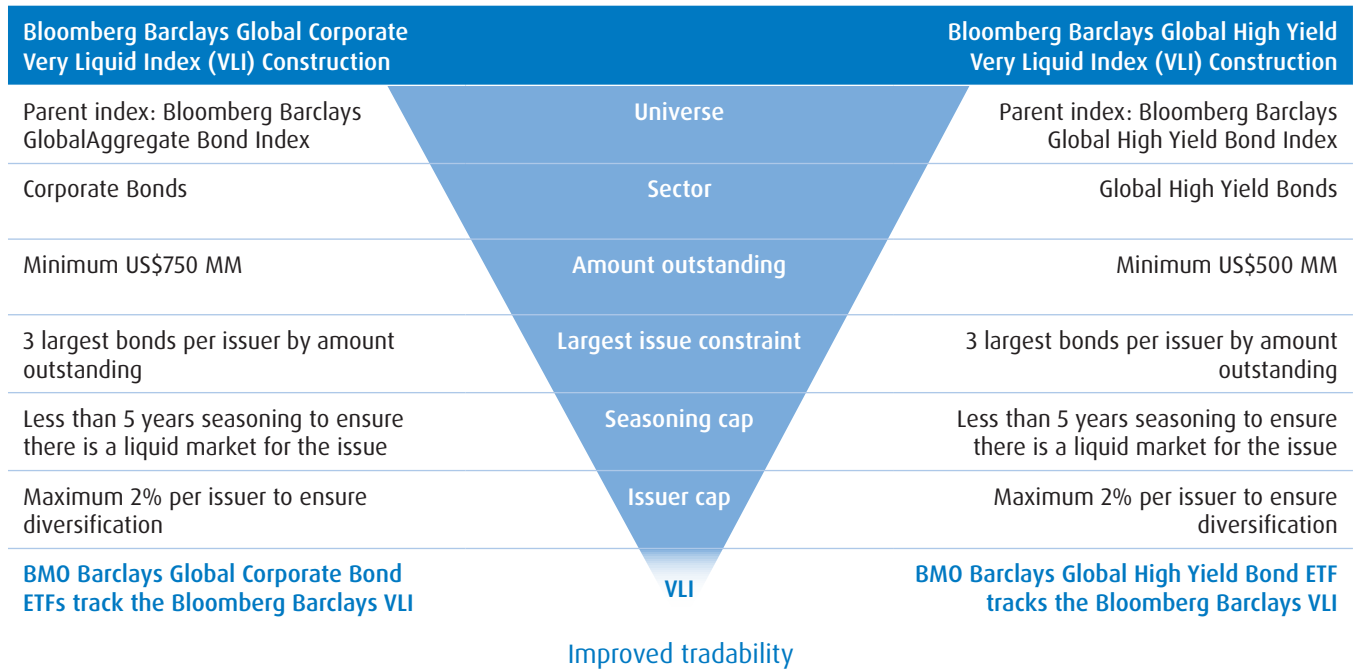
Innovative indices

The Very Liquid Index (VLI)* provides a narrower subset of the Bloomberg Barclays broad-based flagship indices, the Bloomberg Barclays Global Aggregate Bond and Bloomberg Barclays Global High Yield Bond Indices. The VLI follows the same eligibility criteria as the index on which it is based, but only includes recently issued bonds with a higher minimum per amount outstanding and restricts inclusion by issuer to only their largest issue or issues. The VLI offers similar exposure to the same maturity subset of the broad index.

The VLI benchmarks enable the construction of portfolios with improved operational efficiency when accessing global corporate and high yield bond markets. This allows for better trading efficiency within the portfolios while maintaining broad diversification of a global portfolio.

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

VLI index construction



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

Additional screens

Global Corporate Bonds	Global High Yield Bonds
<ul style="list-style-type: none"> ➤ Must be rated investment grade ➤ Segmented by maturity band 	<ul style="list-style-type: none"> ➤ Must be rated high yield (Ba1 or lower) ➤ Maturity greater than one year ➤ Excludes 144a securities (private placement exemption from registration) ➤ USD, EUR, GBP, CHF and SEK eligible securities

The ETFs provide precision tools to gain exposure to different segments of the corporate bond yield curve, supporting flexible portfolio construction, i.e. liability matching or to express specific views, thus permitting tactical positioning to varying sensitivity to changes in market interest rates. The index is rebalanced on a monthly basis to include qualifying new issues and remove any bonds that may have fallen out of the required screen.

Currency hedging

When investing in global bonds, currency fluctuations typically have a meaningful impact on portfolio returns. Investors are implicitly taking bets on currency movements.

Hedging currency risk can significantly reduce the return volatility of global bond investments, giving investors better risk control; by removing currency volatility, returns can be attributed solely to performance of the credit exposure.

BMO Global Corporate Bond and Global High Yield Bond UCITS ETFs with embedded currency hedging aim to provide investors with smoother returns over time.

Meet the fund manager



Robert Gates is a Fund Manager in the Systematic Strategies team. Before this, he worked on the Global Rates desk, specifically with a UK focus. He began his career in 2005 working for LV asset Management initially alongside their Actuarial department. Robert is a CFA charterholder, holds the IMC and has a BSc (Hons) in Mathematics from the University of Warwick.

Robert Gates, CFA, Lead Fund Manager

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.

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. Investment objectives, risk information, fees and expenses and other important information about the funds can be found in the prospectus.

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.

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.

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.

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