Better conversations.  
Better outcomes.

Enhance your core fixed income: better conversations in a low interest rate environment

Over the past several years, interest rates around the globe have been at or near record lows. Despite a recent rise, rates are still low, leading many fixed-income investors in search of income to seek higher yields. Let’s talk about how a core plus bond strategy may help address your clients’ most pressing concerns regarding income and diversification.

I’m concerned that I will have to take risks to find income.

Traditional fixed-income funds—especially those that track the Bloomberg Barclays Aggregate Bond Index—may be heavily utilizing U.S. Treasuries, which could keep your yield low relative to other sectors. An active, core plus bond strategy will still give you broad market exposure but also may provide additional opportunities for income and growth from sectors like high yield or emerging market debt.

“Plus” sectors may tend to outperform during rising rate periods

<table>
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<th>Traditional core</th>
<th>“Plus” sectors</th>
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<td>U. S. Treasuries</td>
<td>High yield</td>
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<td>Investment grade corporates</td>
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Helping you engage in better conversations that drive better outcomes is at the very heart of who we are at BMO Global Asset Management. And we do that by providing you with ideas, access and ease.

- **Ideas** — Unique insights into wealth planning and financial decision making.
- **Access** — To our investment teams and industry experts.
- **Ease** — Making it easy to put ideas and access into action.

Let’s start better conversations!
Are the markets risky right now? I’m concerned about my retirement savings.

Interest rate risk could cause the value of your portfolio to decline. Let’s talk about how an active core plus bond strategy can help minimize interest rate risk.

- **Actively managed portfolios** have more flexibility to reposition for additional sources of income.
- **High yield bonds** may provide extra income to help offset the impact of rate changes.
- **Emerging markets bonds** can offer diversification and potential for growth.

Source: BMO Global Asset Management

Should I remove bonds from my portfolio?

Even in today’s market environment, it’s important to keep in mind the primary role bonds play in a well-diversified portfolio.

**Diversification opportunities:**

Stock markets are reaching new all-time highs every day. At some point that may run out of steam and your portfolio may benefit with asset class diversity.

**Cash flow and monthly income:**

Bonds still allow you the opportunity to generate income. While equities can provide dividends, they are not guaranteed and companies can reduce them. Whereas with a bond, the income a bond holder receives is the result of a contractual obligation.

Utilizing a core plus bond strategy may provide:

- Broad fixed-income exposure
- Defensiveness relative to other asset classes
- Potential for growth
- Additional sources for income

Continue the conversation

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Investing internationally, especially emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk.

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