

BMO MM Navigator Funds

Suitability report paragraphs are an important part of offering investors the most appropriate investment advice. They are an area we can help you with. This document aims to help you with ideas you can include in these letters when recommending the Lifestyle Funds.

Please note that it is your responsibility and not that of BMO Global Asset Management to ensure that your letter is compliant with the rules of the regulatory authorities. You should have a particular regard to the suitability of the investment for your client and that they are aware of the risks involved.

Why invest through a multi-manager fund?

Diversification

The way you spread your savings across asset types can be a key determinant of long-term investment success. Indeed, asset allocation is widely regarded as the key driver of long-term performance. A well-managed multi-manager fund is an ideal way to access a range of different investment types such as equities and fixed income as well as different geographic regions.

Spreading risk

As well as providing access to a broader spread of investments, a multi-manager fund can help reduce some of the risks inherent in single funds. By investing in 20-40 funds, with each in turn investing in say 25-100 individual companies, a multi-manager portfolio may be less exposed to disappointment in any one particular fund, asset class or geographical region, as well as being able to tap into a broader number of potentially profitable opportunities.

Active management

A good multi-manager fund manager adopts an active approach to investment. With over 5,000 individual funds now on offer, identifying the best available options is crucial. Equally important is the ability to blend each selected fund into a balanced portfolio capable of delivering risk-adjusted consistent performance.

Full time expertise

Multi managers constantly monitor and review their portfolios as well as the performance and behaviour of the individual funds they own. While this can mean that charges can be slightly higher than those incurred by investing in single funds, investors benefit from knowing their portfolio is being actively managed given prevailing conditions.

Benefits of a multi-manager structure

The underlying funds are held within a multi-manager structure as a way of maximising tax efficiency and reducing cost. The managers can sell underlying funds without having to pay capital gains tax (CGT) - a CGT liability will only arise for investors when they sell their holding and they will only need to pay CGT on the amount by which any gains exceed their annual CGT allowance. Multi-managers are often able to access funds at a lower cost than if you invested in the underlying funds directly, either as a result of their increased buying power, or because they can access cheaper institutional share classes.

BMO MM Navigator Funds

Overview

The BMO Global Asset Management multi-manager team adopts a common sense approach to multi-manager investing. With one of the industry's largest, most experienced and talented teams they are able to identify the best managers in each area of the market before blending individual funds into sensible portfolios capable of delivering consistent performance.

Market leading

Rob Burdett and Gary Potter are the co-heads of the BMO Multi-Manager team. They have been to the fore of multi-manager investing since 1996, amassing an impressive track record first at Rothschild and then at Credit Suisse, before joining Thames River in October 2007, which then became part of F&C and subsequently BMO Global Asset Management.

Team strength

Rob and Gary combine with seven other members to form one of the industry's leading multi-manager teams. They have over 150 years' combined investment experience, 90 of which have been spent in fund selection and portfolio construction. The team work within BMO Global Asset Management, a global investment manager with more than 20 offices worldwide. BMO Global Asset Management has £188bn in assets under management (as at 30.11.17).

Independently rated

The multi-manager range contains funds recognised by leading ratings agencies Morningstar OBSR, Rayner Spencer Mills, Fund Calibre and Square Mile.

The approach

Real investment talent

The multi-manager team is a firm believer in the outperformance potential of the best active fund managers – a view that often leads them to the investment boutiques in which talent tends to flourish best.

Talent spotting

They are keen to combine positions in proven managers with undiscovered and emerging talent, mindful of the benefits of investing early when performance generation can be at its most potent.

Investment insights

With one of the largest teams around, they work hard to know what they are buying, developing an understanding of what makes a fund manager tick, the approach they adopt and their style of investment. They underpin their qualitative insights with a proprietary scoring process, combining 16 key factors into an overall 'iq' rating.

Portfolio construction matters

Each multi-manager portfolio contains 20-30 individual funds, balancing the benefits of diversification with the need to ensure each position is big enough to make a meaningful impact - the latter being crucial as the team expect fund selection to be the key driver of performance.

Strategic and tactical allocation

Carefully blending individual funds together allows the team to target performance around the cycle. When necessary they will supplement strategic medium-term asset allocation with shorter-term tactical positions to ensure their portfolios are suited to prevailing conditions.

Ongoing assessment

As key investors, the managers have full access to each underlying portfolio, employing a range of tools to analyse their make up in forensic detail. The use of Style Research software allows them to assess the overall impact of their fund choices at the portfolio level.

Quality service

The team ensure that investment activity and actions are transparent so that investors are kept up to date. This includes regular fund updates, client reports and newsletters to keep you informed.

Why invest in BMO MM Navigator Distribution Fund?

Investing widely for income

Investing across a range of asset classes, BMO MM Navigator Distribution is suited to those seeking attractive and reliable income returns. Diversification is crucial in the actively managed multi-manager portfolio, which harnesses income from a wide range of sources.

Attractive income with options for monthly or quarterly payments

The Fund aims to achieve an income in the top 10% of income generators in its sector with income stacking up well relative to broader alternatives like cash, fixed income and equity income funds. Monthly income is delivered “smoothly” (surplus is months when more income is received is rolled over to boost those months in which the income flow is lower). Quarterly income payments are made four times a year in February, May, August and November.

Diversification matters

By investing in 30-40 funds, income is sourced across asset classes, geographies, sectors and individual companies/instruments. The portfolio contains around 2,400 individual sources of income at any one time - diversification that aims to ensure income is consistent as well as attractive.

Income specialists

As well as looking to the industry's best income managers, investors benefit from a flexible approach to asset allocation, allowing the portfolio to tap into specialist income opportunities overlooked by many other funds.

Independent accolades

The experience, process and results achieved by the managers are recognised by a number of leading ratings agencies. BMO MM Navigator Distribution is 'rated' by Rayner Spencer Mills, Elite fund rated by Fund Calibre, AA rated by Square Mile and Morningstar OBSR has awarded it a bronze rating.

Investment protection - Applicable to D Inc and Acc shares only

Investment protection safeguards the value of your investment against capital loss of up to £150,000 on death and is available on investments you make when you are aged 79 or under. If you die and the value of your investment on your date of death is less than the amount you originally invested (less the proportion of any shares sold), the difference will be paid out to your estate, subject to a £150,000 maximum. Investment Protection is provided via a group life assurance policy which the company renegotiates every two years. It is their intention to maintain this protection but in the unlikely event that the terms of the policy change, they reserve the right to withdraw the cover.

Why invest in the BMO MM Navigator Cautious Fund?

A core investment solution

The BMO MM Navigator Cautious Fund is designed and managed as a potential core portfolio holding. It is an actively managed multi-manager fund offering access to equities, fixed income and other asset classes through a range of what the managers believe to be the best investment funds available. It aims to deliver a consistent total return as well as an attractive income and is managed in a conservative and risk aware manner. The characteristics of this fund make it an ideal choice for cautiously minded investors.

Cautious mindset = ideal core holding

A highly diversified multi-manager fund providing access to UK and international equities as well as fixed income markets through the talents of the industry's finest established fund managers.

Diversification assured

20-30 individual funds are carefully selected and blended to ensure diversification across asset classes, geographical regions, sectors and individual companies, as well as underlying investment styles and fund management groups.

Attractive income

The portfolio is inherently biased towards quality income producing assets – both equity and fixed income – and offers a compelling alternative to cash savings.

Independent accolades

The experience, process and results achieved by the managers are recognised by a number of leading ratings agencies. BMO MM Navigator Cautious is rated by Rayner Spencer Mills and A rated by Square Mile.

Investment protection [applicable to D Acc shares only]

Investment protection safeguards the value of your investment against capital loss of up to £150,000 on death and is available on investments you make when you are aged 79 or under. If you die and the value of your investment on your date of death is less than the amount you originally invested (less the proportion of any shares sold), the difference will be paid out to your estate, subject to a £150,000 maximum. Investment Protection is provided via a group life assurance policy which the company renegotiates every two years. It is their intention to maintain this protection but in the unlikely event that the terms of the policy change, they reserve the right to withdraw the cover.

Why invest in the BMO MM Navigator Balanced Fund?

A balanced route to success

BMO MM Navigator Balanced is an actively managed fund of funds looking to deliver long-term capital growth. In keeping with this growth objective the portfolio has an emphasis on equities – blending a core allocation to the UK stock market with the most compelling global opportunities. Equity positions are complemented with a meaningful fixed income weighting. The team targets the best fund managers in each area, blending individual positions into what they believe will be a winning investment team.

Seeking an ideal balance

A highly diversified multi-manager fund, blending the growth potential of UK and international equities with the more stable and income producing characteristics of fixed income markets.

Dynamic approach

The team aim to add value through real fund selection that combines established performers with new talent. Meanwhile, a tactical approach to asset allocation is designed to supplement underlying fund returns.

Diversification assured

20-30 individual funds are carefully selected and blended to ensure diversification across asset classes, geographical regions, sectors and individual companies, as well as underlying investment styles and fund management groups.

Independent accolades

The experience, process and results achieved by the managers are recognised by a number of leading ratings agencies. BMO MM Navigator Balanced is A rated by Square Mile.

Why invest in BMO MM Navigator Growth Fund?

Harnessing global growth

This actively managed fund-of-funds is designed for investors looking to tap-into the growth potential of international equities. Managed in a flexible manner, the portfolio contains a blend of what the team believes are the best investment managers, both at home and abroad. Diversification is crucial with 20-30 funds giving access to over 30 countries and over 1000 individual companies.

Global mindset

Around a core of UK equities, the team builds a truly international portfolio, giving investors access to the best investment opportunities wherever they may arise.

Picking the best funds

Adding value through fund selection in a portfolio that combines established performers with the very best emerging talent. The team employs a tactical approach to geographical positioning, which is designed to supplement underlying fund returns.

Diversification assured

By investing globally the portfolio is well diversified across geographic regions, industry sectors and size of company. The team works to ensure a complementary balance between fund characteristics and management styles.

Independent accolades

The team's experience, process and results are widely recognised. BMO MM Navigator Growth Fund is A rated by Square Mile.

Why invest in BMO MM Navigator Boutiques Fund?

The finest investment talent

The team believes that the very best investment talent is often found away from the limelight in smaller boutique houses, flourishing in more entrepreneurial, flexible and performance orientated environments. The BMO MM Navigator Boutiques Fund gives investors access to the real performance potential of some of the world's finest fund managers through the insights, contacts and fund selection expertise of their multi manager team.

Access granted

The team scour the world for the best investment talent, with their size and contacts meaning they have access to individuals and funds that are out-of-reach to many other investors.

Boutique focus

Investing primarily in asset management boutiques with manager selection driving portfolio performance.

Global growth

The Fund invests globally, achieving diversification and capitalising on compelling sources of return around the world, including the US, Asia and emerging markets.

Independent accolades

The team's experience, process and results are recognised by a number of leading ratings agencies.

Investment protection - **Applicable to D Acc shares only**

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