FUND PROFILE

RSMR

BMO GLOBAL ASSET MANAGEMENT RESPONSIBLE GLOBAL EQUITY FUND

January 2021

RSMR RESPONSIBLE FUND

OUR RESEARCH. YOUR SUCCESS

CONTENTS

BMO GLOBAL ASSET MANAGEMENT RESPONSIBLE GLOBAL EQUITY FUND

OUR FUND PROFILES provide an in-depth review of our leading rated funds and are designed to give advisers, paraplanners and analysts an 'under the bonnet' view of the fund. In providing more detailed commentary than a standard fund factsheet we believe our fund profiles set the standard for the next generation of research notes, aiding in fund selection and in meeting the ongoing suitability requirements expected by the FCA, and helping ensure firms deliver good client outcomes.

All of our rated funds are subject to rigorous and ongoing scrutiny on both a qualitative and quantitative basis. Our fund methodology is available for download from the RSMR Hub – www.rsmr.co.uk

The **BMO Global Asset Management Responsible Global Equity Fund** has been an RSMR Responsible rated fund since April 2012 and is listed within the RSMR Responsible classifications as Ethical.

Originally launched in 1987, it is a global equity fund that originates from the asset manager who created Europe's first ethically screened fund in 1984.

Benchmarked against the MSCI World, the fund comprises global equities with limited exposure to off benchmark holdings in the emerging markets.

The fund is bottom up in construction with an investment process that has ESG considerations embedded throughout. This process results in some of the more prominent mega-capitalisation global names not being permissible for inclusion in the fund. This leads to the fund having a bias to mid-cap companies compared to the benchmark, although this has reduced over time.

It is a high conviction fund with low consistent turnover, that invests for the long term. The risk adjusted returns of the fund are a by-product of resource that is utilised for portfolio construction and reflected in the upside and downside market capture of the fund.

Stuart Ryan, Chartered FCSI, Chartered Wealth Manager, Investment Research Manager, RSMR

Stuart graduated from the University of Wales Swansea with a degree in Law and commenced his career in finance in 2004 at HSBC in Canary Wharf. He has gained wide range of experience in finance ranging from investment management and investment banking to financial trading and market making.

Stuart worked for over 6 years at London based IFA Holden & Partners as Investment Manager leading the in-house investment team. This included portfolio construction (including SRI & ESG portfolios), investment research, conducting face-to-face meetings with both fund managers and clients and being a member of the internal investment committee. He was subsequently the Performance & Risk manager at Redmayne Bentley based in Leeds and sat on the various asset allocation committees as well as the Model Portfolio Service committee

Stuart is a Chartered Fellow of the Chartered Institute for Securities and Investment (CISI) as well as a Chartered Wealth Manager.

IA GLOBAL SECTOR

The BMO Global Asset Management Responsible Global Equity Fund is classified in the Investment Association (IA) Global sector. The sector comprises funds which are geographically diversified with at least 80% of their assets invested in global equities, typically with a primary objective of achieving long term capital growth. There are over 350 funds within the sector with over £150bn of assets under management as at November 2020.

The coronavirus outbreak, which began in China in December 2019 and quickly spread throughout the world, has caused a great deal of volatility in global stock markets. Coming off the back of the longest bull market in history, some major indices began 2020 by reaching record highs before suffering significant falls, as the extent of the economic impact of the virus became apparent. The speed with which markets fell was unprecedented in some cases, with several large indices falling by 20-30% in a matter of weeks. In order to combat the spread of the virus, some governments restricted the movement of people and many companies reduced or suspended their business operations, particularly in sectors which rely on face-to-face interactions such as hospitality and retail as well as in manufacturing. The truly global nature of modern-day supply chains has helped to power economic growth over the past few decades but when factories and borders are closing this has a significant knock-on effect on the availability of goods. These factors had a profound effect on the level of economic output in a number of the world's largest economies such as the US and China, and across Europe.

2020 was characterised by a sharp decline in the first quarter whereby a narrow group of stocks did enjoy some success, particularly those that were seen as potential beneficiaries of the global shutdown such as technology companies. This was followed by a sharp rebound in the second quarter fuelled primarily by increased optimism as well as monetary policy as liquidity had been injected into the market looking for a return. This led many to comment that a dislocation had taken place between the market and the real economy as the full extent of the damage caused by the crisis had yet to wash through. Concerns grew in the third quarter over the threat of a second wave with cases rising once again in many nations. The breakthrough came at the beginning of November when Pfizer and BioNTech announced a vaccine candidate. This announcement resulted in a sharp rebound in risk assets, with sectors that had been hit hardest by the pandemic (such as hospitality and travel) appreciating strongly.

Against this backdrop, there will undoubtedly be a small number of long-term casualties with more cyclical sectors such as oil and gas or bricks and mortar retailers taking longer to recover than nimble, asset light businesses in technology, for example. Some commentators believe that existing long term structural growth trends have been accelerated by the pandemic, including the move towards cloud computing and online shopping, as well as the proliferation of ethical and positive impact investing. Funds that were exposed to these existing long-term structural growth trends benefitted with BMO Responsible Global Equity firmly in that category.

Although there has been positive news in the development and manufacture of vaccines, it is important to recognise that we are not out of the woods yet in terms of the crisis and, as with all equity investment, there will be periods of short-term volatility in global stock markets, especially directed by news flow in terms of any increased cases or further restrictions. However, although challenges remain, the opportunity set for global equities is broad with the core indices listing several thousand companies across a diverse range of sectors and geographies, and investment within the asset class should continue to offer attractive long-term returns.

BMO GLOBAL ASSET MANAGEMENT

BMO Global Asset Management forms part of the BMO Financial Group and is wholly owned by the Bank of Montreal (BMO). BMO is a 200-year-old institution serving over 12 million customers across the world, and the 8th largest bank, by assets, in North America. With total assets of CAD$852 billion as of 31 October 2019 and over 45,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products.

BMO is publicly listed on the New York (NYSE) and Toronto (TSX) stock exchanges.

BMO GLOBAL ASSET MANAGEMENT RESPONSIBLE GLOBAL EQUITY FUND

Managers	Jamie Jenkins and Nick Henderson
Structure	OEIC
IA Sector	Global
Launched	13th October 1987
Fund Size	£1,022.3m (31.01.2021)

Fund Management Team

The Responsible Global Equity Fund has inputs from three distinct teams, namely the Global Equities team, the Responsible Investment team and the Responsible Investment Advisory Council. The overall process is led by the Global Equities team.

Global Equities team – The Global Equities team is co-managed by Jamie Jenkins and David Moss. The team comprises sixteen investment professionals, all of which are based in London. Of the sixteen members, eight are portfolio managers, six are dedicated analysts and two are assistants. The team use fundamental bottom-up research to build a portfolio from the investment universe of the fund. The team initially identify companies for possible inclusion in the investable universe with Responsible Investment Team assessing the company against the screening criteria of the fund.

Responsible Investment team – The Responsible Investment Team comprises eighteen investment professionals with individual sectoral responsibilities. Most of the team are based in London with some team members based in Toronto. The team are responsible for conducting in depth research on companies that are proposed for investment, covering environmental, social and governance issues. From this research a decision is made on whether a company can be included in the investable universe of the fund utilising input from the Responsible Investment Advisory Council. The team are also responsible for the ongoing engagement and proxy voting for all companies held in the strategy.

Responsible Investment Advisory Council – The Responsible Investment Advisory Council comprises six members and is presided over by the Most Reverend Justin Welby, Archbishop of Canterbury. The primary role of the council is to provide advice on the ethical criteria whilst utilising the council's collective experience across responsible investment, ethical, environmental and social issues.

The lead manager of the fund is Jamie Jenkins with the alternate manager of the strategy Nick Henderson.

Jamie Jenkins – Managing Director and Co-Head of Global Equities

Jamie Jenkins is Head of the Global Equities team. Jamie joined the firm in 2000 and is lead manager of the BMO Responsible Global Equity Fund. Prior to joining the firm, Jamie worked at Hill Samuel Asset Management as a Japanese Equities Fund Manager. He holds an MA in History from the University of Edinburgh, has IMC and IIMR qualifications and is a member of the CFA Society of the UK.

Nick Henderson – Director, Portfolio Manager, Global Equities

Nick Henderson is a Portfolio Manager within the Global Equities team. He is the alternate manager of the BMO Responsible Global Equity Fund. He joined both the firm and the team in 2008. Prior to joining the firm, Nick graduated with a Bachelor of Science degree in Economics from the University of Bristol and is a CFA Charterholder.

Fund Objectives & Targets

The BMO Global Asset Management Responsible Global Equity Fund aims to provide long term-capital growth. It is an actively managed fund benchmarked against the MSCI World Index that invests in a diversified portfolio of global equities that meet the ethical criteria of the investment process. The fund targets companies that are making a positive contribution to both society and the environment, whilst avoiding companies that have damaging or unsustainable business practices.

Investment Philosophy & Process

The responsible investment philosophy of the fund is built upon the three pillars of avoid, invest and improve. For avoidance, the team seek to avoid companies with damaging or unsustainable business practices. For invest, the team invest in companies that make a positive contribution to society

and the environment. For improve, the team use their influence as investors to encourage best practice management of environmental, social and governance (ESG) issues through engagement and voting. The pillars are the same across all of the responsible funds managed at BMO Global Asset Management.

'We intend to be a very progressive responsible global equity fund'
– Jamie Jenkins

The sixteen strong team are long term, bottom-up stock pickers with a focus on quality growth companies with a commitment to sustainability. They strongly believe in the power of active ownership and are prepared to have a deeper conversation with the companies they invest in. Turnover is low and the team seek to have a minimum five-year holding period. Idea generation is not limited to the sixteen team members as they are able to leverage from other teams within BMO internationally. By drawing on this resource, the ambition of the team is to deliver top quartile returns whilst being a leader in specialist, global ESG investing.

Both ethical and sustainability screens are used in the process; however, it is not sufficient for a company to just to pass the screens to be included in the portfolio. The company has to be actively doing something positive and changing the world for the better. Due to this, the team believe it is possible to align purpose and profit and that by looking through a responsible lens they can enhance returns and reduce risk for client. As the manager states, 'we intend to be a very progressive responsible global equity fund'.

The investment process comprises the following steps:

1. Idea Generation

The investment process commences with idea generation within the Global Equities team by considering long term social and environmental themes and then seeking opportunities across industries and along value chains. The team are looking for companies that can demonstrate that they are contributing to solutions to key sustainability challenges, whilst building successful business models. The team feel that companies that are in this position will benefit from a long-term tailwind with regards to their growth opportunities. Ideas can be generated from company meetings, industry conferences, ESG research or via sector/thematic research.

Although the fund is bottom up in composition, there are distinct sustainability themes within the portfolio and these assist in focusing analysis rather than dictating allocation. The current themes in the portfolio are:

- Digital empowerment
- Health and wellbeing
- Connect and protect
- Sustainable finance
- Resource efficiency
- Energy transition
- Sustainable cities

2. Ethical and sustainable screening

Stocks that are identified for investment are subject to screening by members of the Responsible Investment Team to determine whether the company is permissible for the fund's investment universe.

The screen on the fund can be subdivided into product based and conduct based. For product, this excludes areas such as alcohol, gambling, nuclear power generation, oil, gas & coal reserves, pornography, tobacco and weapons. For conduct, companies will be excluded that fail to address the key ESG impacts of their operations. This includes for environmental the impact on climate change, biodiversity loss, waste management and water consumption. For social this covers human rights, labour standards, product safety, animal testing & welfare and responsible sales & marketing. Governance covers bribery & corruption and compliance & ethics.

BMO Global Asset Management publish a Responsible Investment Strategies Summary Criteria document that contains full details of the exclusion criteria adopted and can be obtained from the BMO Global Asset Management website.

The Responsible Investment team undertake a quarterly monitoring process to identify any changes that have occurred to a business (e.g. through a merger or acquisition), whether companies are still meeting the ESG criteria of the fund or if there have been any controversies that could impact a company (e.g. corruption or mis-selling).

The Responsible Investment Advisory Council is involved in the development of the screening utilised by the fund as well as reviewing the ratings of companies invested in.

The portfolios are also mapped to the UN Sustainable Development Goals (SDGs). This information is published to investors in the annual ESG Profile and Impact Report (now in its fifth year) which provides detailed SDG revenue alignment, including any negative alignment, as well as wider ESG analysis.

3. Fundamental analysis

Each member of the Global Equities team has differing sectoral responsibilities for conducting research and are seeking to locate high quality companies that are attractively valued. To determine this, each company is analysed covering the company's background, its strategy, financials and industry dynamics. The competitive advantages of the company are identified as well as assessing the management team for any strengths or weaknesses. Detailed valuation analysis is undertaken covering discounted cash flow models and relative valuations to determine whether the company is attractively valued. Catalysts are also identified which may impact the share price going forward.

When assessing companies, the team focus on three areas, namely high-quality businesses, strong management/governance and valuation (attractive price). The following list highlights some of the considerations for each area.

- High quality business
  - Competitive advantages
  - Long-term growth drivers
  - Strong sustainability characteristics
  - Understandable
- Strong management/governance
  - Proven management team
  - Consistent execution
  - Responsible capital allocators
  - Appropriate incentives
- Attractive price
  - Identification of long-term value creators
  - Sustainable superior returns
  - Margin of safety
  - Use of discounted cash flow and relative valuation

The fund will aim to invest in companies that overlap these three areas, i.e. the company should be a high-quality business, with strong management and good or improving governance at an attractive price.

ESG factors are factored into the analysis of the business model and the assessment of the quality of the management. This may result in adjustments to the discount rates used if deemed appropriate. To achieve this, the team use an alternate weighted average cost of capital. This allows them to embed the individual ESG profile of the business into the discount rate. The better the business from a sustainability perspective, the lower the discount rate the team are comfortable using in the discounted cash flows.

To aid in this assessment, the Global Equites team collaborate with the Responsible Investment team whilst using the Morgan Stanley Capital International (MSCI) ESG Research ratings and analysis. This helps in identifying key issues by industry and then rates companies on ESG performance in both absolute and relative terms to their respective industry. The team also take into account twenty key governance

indicators. Although the team use third party research in the process, they undertake their own assessment with the Responsible Investment team to understand the ESG risks for a specific company.

The output from this analysis is a full investment thesis note for each company.

4. Portfolio construction

Companies held in the portfolio are high quality and are only included if they are currently attractively valued (either undervalued or fair valued). Undervalued indicates that there is significant upside (typically more than 20%) to the blended price target based on discounted cash flow models and relative valuation. Undervalued names can form higher weightings in the portfolio with position sizes between 2.5% and 5.0% active weight. Fairly valued names have modest upside to the blended price target and have lower weightings in the portfolio ranging between 1.0% and 2.5%. Overvalued names are not held but may be considered for the watch list.

When trading activity does takes place in the portfolio, the team are seeking to improve the overall quality and sustainability profile of the fund with any changes that are made.

In terms of sell discipline, a position would be removed from the portfolio if there was a fundamental change in the investment thesis (including no longer meeting the ESG criteria of the fund) or if a holding has become fully valued.

5. Engagement and proxy voting

The Responsible Investment team are responsible for all ESG research, engagement and voting for the fund. Companies that are held are monitored and where applicable are engaged with either via dialogue or via voting rights to encourage best practice. Companies are encouraged to address ESG issues in order to manage the risk as well as the performance of the investment.

As the fund has a small and mid-cap bias, the team have established direct relationships with the businesses in which they invest and as such they undertake engagement in their meetings and work in partnership with the Responsible Investment team.

In the calendar year 2019, engagement was undertaken with 38 companies held within the portfolio which equates to approximately 76% of the fund. In the same calendar year, votes were cast in favour of the management of companies held 79% of the time.

Portfolio Construction Parameters

The fund is bottom-up in composition and as such there are no formal constraints in terms of country, sector or industry. However, diversification is factored into the portfolio construction process with geographical exposure typically limited to +/-10% relative regional allocation difference to the benchmark. By applying this limit, the team are seeking to ensure that the majority of the risk in the portfolio is stock specific.

The only constraint in terms of portfolio construction is the application of the screens that are used against the investable universe and as such structural biases can occur. For example, the fund will be underweight to the benchmark with regards to sectors such as energy due to the screens applied. Other sectoral differences are a by-product of the team's stock selection.

In addition, the fund has a style bias towards mid-cap and growth companies which is in part due to the screen but also the style of the managers. The mid-cap exposure has declined over time, in part this is a by-product of the wider market as mid-cap names in the investable universe have become large cap.

The fund will have a quality growth and sustainability tilt, and it is up to the team to manage that tilt throughout a cycle. The portfolio usually consists of 40-60 stocks with position size limits of a maximum of 5% per stock in large cap companies and a maximum of 3% per stock in small cap companies. Turnover in the fund averages between 20% and 30% per annum with an active share of circa 87%.

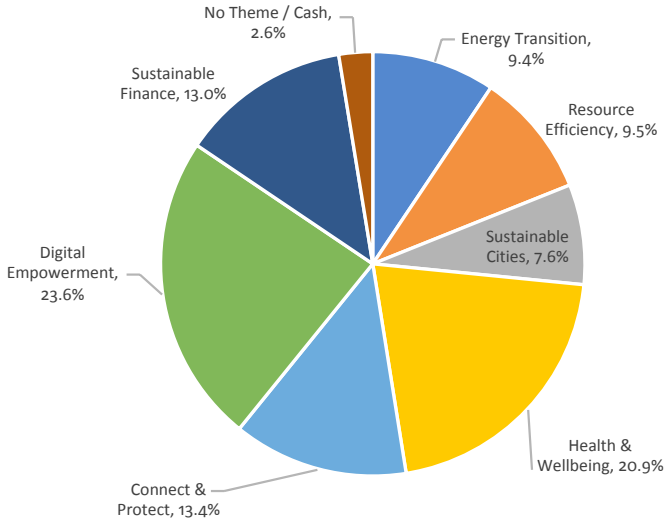
There are no explicit limits on tracking error, although this has been typically between 2-7%.

PAST & CURRENT POSITIONING/STRATEGY

'we do not want to invest in sunset industries, we want to invest in companies with a bright future'
– Jamie Jenkins

The team are seeking to identify and own companies that not only pass the avoidance criteria but are also actively doing something positive and changing the world for the better. This leads to the fund owning forward looking businesses. As the manager states, 'we do not want to invest in sunset industries, we want to invest in companies with a bright future'.

Themes are a by-product of the bottom-up stock selection and they assist in focusing analysis rather than dictating allocation. The following pie chart provides an example of the theme exposure within the portfolio:



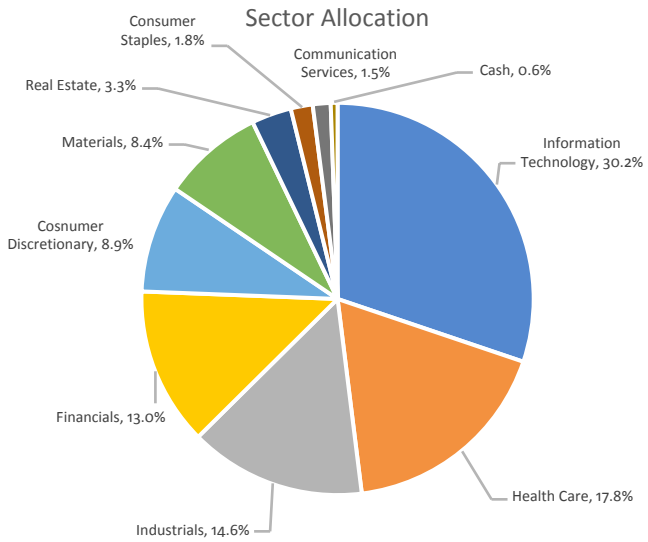
Source: BMO Global Asset Management (31/12/2020). Numbers may not add up to 100% due to rounding or the exclusion of cash

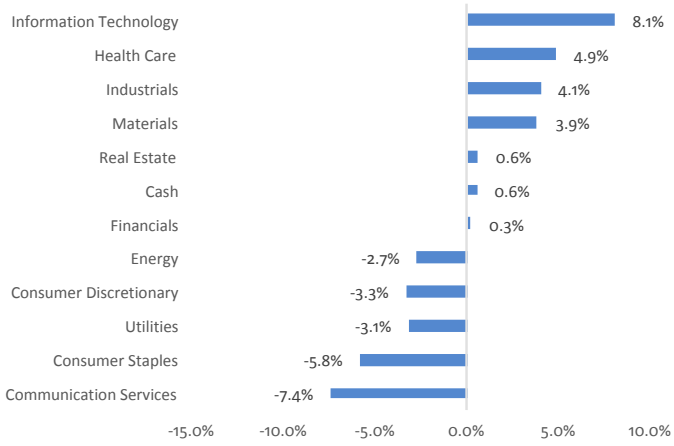
The theme of resource efficiency has been increased recently with names such as Schneider Electric, a company which was introduced earlier in the Covid-19 pandemic. Schneider Electric had been on the teams watchlist previously; however, the valuation pre-pandemic was too high an entry point to justify for inclusion at that stage. The market selloff in March 2020 provided the opportunity to not only introduce Schneider Electric into the portfolio, but also to improve the overall quality and sustainability profile of the fund by removing Rotork.

Rotork was owned in the portfolio at the beginning of 2020 with the team growing increasingly uncomfortable with its revenue exposure from oil and gas customers (approximately 50%). With the market presenting a more attractive entry price for Schneider Electric, the team used the sales proceeds from Rotork (plus additional funds) to purchase Schneider Electric which is now a top ten holding in the fund. This is an example of the team seeking to improve the overall quality and sustainability profile of the fund with any changes that are made.

Comparing sector allocation to the benchmark, the fund is overweight information technology and underweight consumer services. However, the two sectors should be viewed as a pair due to names such as Alphabet and Facebook (which the fund does not own) being classified in consumer services. When looked from this perspective, exposure to information technology is approximately neutral to the benchmark. The fund will be underweight to the benchmark with regards to sectors such as energy due to the screens applied.

The following pie chart illustrates an example of the underlying sector equity exposure in the portfolio.





Source: BMO Global Asset Management (31/12/2020) & RSMR. Numbers may not add up to 100% due to rounding or the exclusion of cash. The fund is actively managed, and its composition will vary. Fund details and characteristics are as of the date noted and subject to change

The team are aware that there are many ways in which technology companies are changing the world, however they are conscious of the valuation, regulatory and business ethics aspects of technology companies and this is reflected in the differences in the underlying exposures compared to peers. For example, the fund does not currently have exposure to names such as Alphabet, Facebook, Amazon.com or Tesla. The multiple share class structure of businesses such as Alphabet and Facebook make, from the team's perspective, engagement more challenging. Consequently, the team believe they can add alpha across a variety of names in a variety of sectors without having to compromise their process and chase momentum.

Amazon.com was held in the portfolio previously, however this was sold in May 2019 as the team took the view that a lack of progress in labour management practices, as well as rising concern regarding the monetisation of personal data within their advertising platform, made the position incompatible with our view around responsible investing. The company is no longer permissible in the universe of the fund as the team were making insufficient in roads on human capital management, although the position was sold before the company became unacceptable to own.

The proceeds from the sale of Amazon were switched into Microsoft. This was the largest trade for the fund in 2019 and played into the quality upgrade thesis the team adopt.

The team have discussed Tesla, and the company is acceptable to own (although historically this was not case due to lack of disclosure by the company on their supply chain). However, the team prefer to gain exposure to the electric vehicle (EV) theme via Umicore (Belgian chemicals company), who provide multiple solutions to the EV market. This includes having 50% of the world market share of cathode materials for EV batteries as well as being at the forefront of recycling EV batteries and the world leading precious metals recycler (e.g. mobile phone and computer components).

Linde is currently the largest active name in the portfolio and is a leading industrial gas company helping customers to become more energy and

resource efficient. The company is also a leader in hydrogen manufacturing with over 200 plants covering the process of manufacture, recovery, purification, storage, liquefaction and transportation of hydrogen. Due to the energy required in the production of hydrogen, the area of 'green' hydrogen is attracting significant interest whereby hydrogen is produced using renewable energy sources (e.g. wind farms). This is an area that Linde are also active in by investing in leading technologies for green hydrogen. In addition, the company was at the forefront of the pandemic due it being one of the largest producers of oxygen for medical settings.

Xylem is widely held across sustainability portfolios, although it is not widely held in global mandates. The company focuses on developing innovative water solutions through smart technology. The manager explains that water is not a new sustainability theme, but an important and relevant theme going forward with businesses focused on this theme, such as Xylem, having the potential to grow faster than global GDP.

NVIDIA is also a name that the fund does not own, with this being by product of portfolio construction due to the company's link to the video gaming industry, an industry the team are debating the social merits of. The team prefer to hold companies such as TSMC and Apple to gain exposure to areas such as advanced semi-conductors.

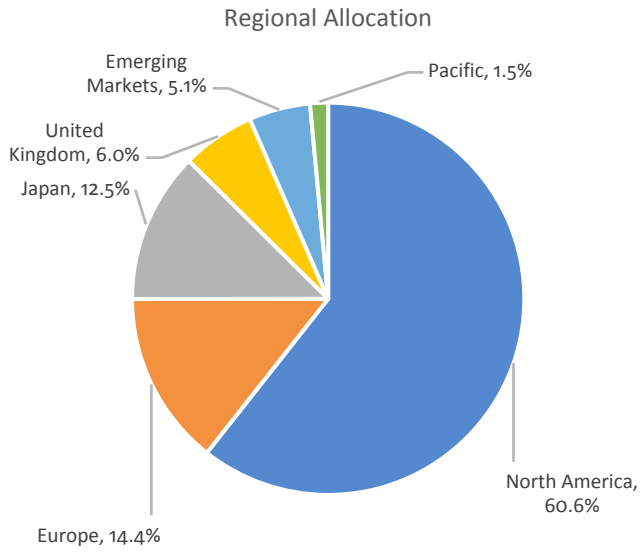
'We just want to invest in brillaint businesses'
– Jamie Jenkins

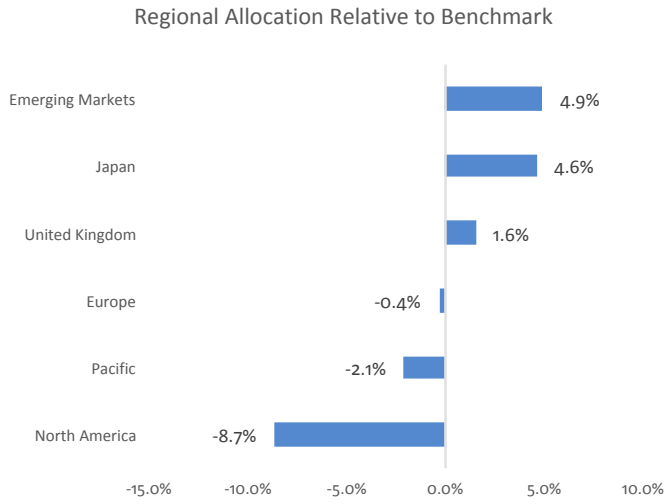
In terms of regional allocation, the fund tries to position itself as a go anywhere fund and is currently overweight to Japan and emerging markets. Japan is a region that the team feel provides opportunities as there are many good businesses based there and it is under researched region. The manager has a history of managing Japanese equities with this experience leveraged upon to locate opportunities. Japan has many great businesses and combine this with improving corporate governance provides a rewarding hunting ground for the fund. For the emerging market exposure, these are off benchmark holdings currently accessed through two names, TSMC and HDFC Bank (India).

North America exposure is the largest underweight and is slightly misleading as 3.5% of this underweight exposure is from not owning Canada. Discounting the Canadian exposure, the US exposure is 5% underweight. This underweight positioning to North America facilitates the overweight positioning in Japan and emerging markets.

The team try to be agnostic as to where a company is listed when constructing the portfolio, as ultimately, as the manager states, 'we just want to invest in brilliant businesses'.

The following pie chart illustrates an example of the underlying regional exposure in the portfolio.





Source: BMO Global Asset Management (31/12/2020) & RSMR. Numbers may not add up to 100% due to rounding or the exclusion of cash. The fund is actively managed, and its composition will vary. Fund details and characteristics are as of the date noted and subject to change.

Since 2012, the turnover of the fund has reduced to the current average levels are between 20% and 30%, although turnover for 2020 is higher than previous years due to the opportunities presented to the fund during the market sell off to upgrade the quality of the portfolio (e.g. Rotork into Schneider Electric).

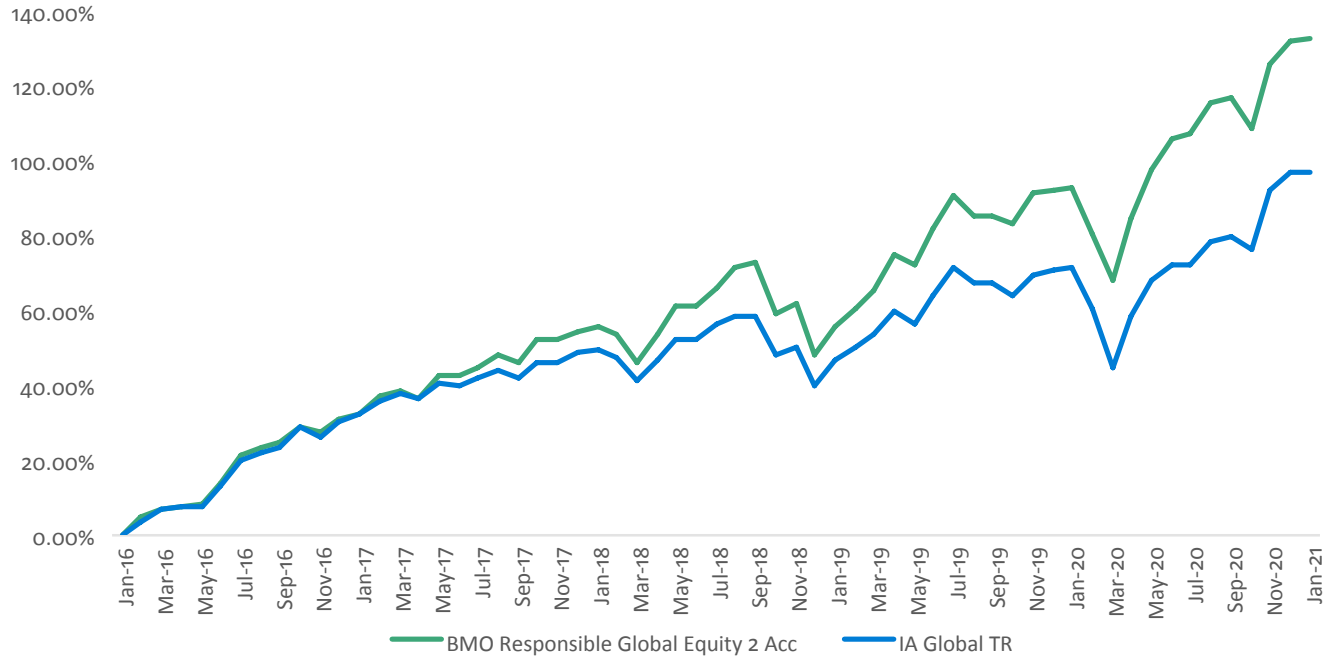
PERFORMANCE

The team are trying to build a broad list of contributors to performance as opposed to having large bets on single names. This can also be seen from the regional contribution to the portfolio as this is spread as opposed to focusing on any one region.

In terms of performance attribution, digital payments have been a growth area with PayPal a leading contributor in the portfolio as well as Mastercard and to a lesser extent eBay. Although the pandemic backdrop has been favourable for PayPal, it has been less so for Mastercard which has been impacted by the travel restrictions (card payments for flights, hotels etc.) whereas PayPal is agnostic to this. Technology names such as Apple and Microsoft have also benefitted returns, although not owning names such as Amazon.com, Alphabet and Tesla has been a detractor, however this has not impacted performance greatly and the fund has still delivered robust returns against its benchmark and the wider IA Global sector.

Over the five-year period from January 2016 to January 2021, on a total return basis, the fund delivered 132.46% versus 96.71% for the wider IA Global sector. As can be seen from the chart, the focus of the investment process (high-quality businesses with strong management/governance at an attractive price), combined with the screen has served the fund well. This can be especially seen in the outperformance compared to sector in 2020 where the exposure in the portfolio to companies with a bright future instead of sunset industries was factor.

BMO Responsible Global Equity vs IA Global Sector (January 2016-January 2021)

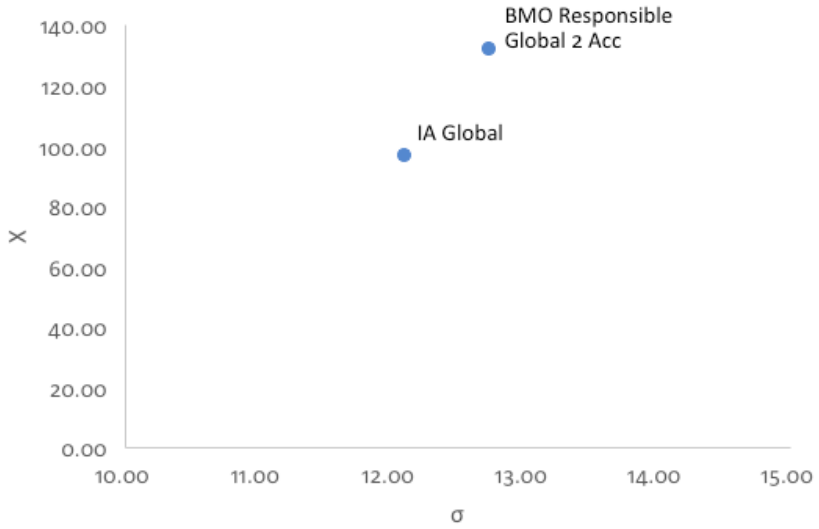


Source: BMO Global Asset Management 31/01/2021 & RSMR

The team focus resource into portfolio construction as they seek to increase the risk adjusted returns of the portfolio. This is reflected in the upside and downside market capture of the fund during the market sell off in 2020 and the subsequent rebound.

Focusing on risk further, over the same five-year period the fund has delivered this outperformance versus the wider IA Global sector whilst taking marginally more annualised risk. This is demonstrated in the following scatter chart.

Annualised Risk vs Return (31/01/2016-31/01/2021)



Source: BMO Global Asset Management 31/01/2021 & RSMR

SUMMARY & EVALUATION

Originally launched in 1987, the BMO Global Asset Management Responsible Global Equity Fund is benchmarked against the MSCI World and comprises global equities with limited exposure to off benchmark holdings in the emerging markets. It is a high conviction fund with low consistent turnover, that invests for the long term.

The fund is bottom-up in construction with an investment process that has ESG considerations embedded throughout. This process means that some of the more prominent mega-capitalisation global names are not permissible for inclusion in the fund which results in the fund having a bias to mid-cap companies compared to the benchmark, although this has reduced over time.

Co-headed by Jamie Jenkins and David Moss, the Global Equities team are well resourced (eight portfolio managers, six dedicated analysts and two assistants) with extensive industry experience working in partnership with the Responsible Investment team in engaging with the businesses they own.

The team are open and transparent in the reporting on the fund and publish an annual ESG Profile and Impact Report (now in its fifth year) containing Sustainable Development Goal revenue alignment and wider ESG analysis.

Performance has not been hindered by the screens applied, in fact these have benefitted the strategy, as the focus on businesses with bright future (compared to sunset industries) has resulted in exposure to companies that have accelerated against the challenging backdrop of the global pandemic.

From a risk perspective, the focus on portfolio construction has benefitted the risk adjusted returns of the portfolio, an area that is reflected in the upside and downside market capture of the fund during the market sell off in 2020 and the subsequent rebound as well as the overall risk/return profile of the fund versus the wider sector.

The combination of the Responsible Investment team defining the investable universe and the portfolio managers focusing on the investment case for each company, produces a diversified global equity portfolio that is suitable for investors seeking capital growth.

ABOUT US

RSMR

Established in 2004 RSMR provides research and analysis to firms working across the UK's personal financial services marketplace.

Our work is completed with total impartiality, without any conflict of interest and delivered to a high professional standard by a team of experienced and highly qualified people.

Working with advisers

We provide specialist research, analysis and support to a diverse range of financial advisers and planners helping them to deliver sound advice to their clients, backed by rigorous and structured research and due diligence.

The main regulatory body in the UK, the FCA, states that personal recommendations made by advisers should be 'based on a comprehensive and fair analysis of the relevant market' and this has led to closer scrutiny of the whole advice process. Our solutions are designed to help advisers meet these challenges whilst recognising that advisory firms require a range of flexible options that best meet their own business needs and those of their clients.

Working with providers

We work with all the leading fund groups, life and pension companies and platform operators across the financial services sector offering straight forward and pragmatic advice to help add value and improve their business performance and efficiency whilst treating customers fairly in line with FCA requirements.

Ratings

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RSMR

Number 20
Ryefield Business Park
Belton Road
Silsden
West Yorkshire
BD20 0EE

Tel: 01535 656 555
Email: enquiries@rsmgroup.co.uk
www.rsmr.co.uk

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