

BMO Sustainable Universal MAP fund range

The value of investments and any income from them can go down as well as up and investors may not get back the original amount invested.

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 funds in the BMO Sustainable Universal MAP range.

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 risk profiling is important

Accurate risk profiling is essential to providing quality investment advice. The consequences of not doing it or getting it wrong can be severe for both investor and adviser. In the UK, there are many examples of individuals being mis-sold products which did not fit their risk profile. The benefits of getting it right however are also significant; from your perspective there is the opportunity to avoid unwanted investment experiences which are either too risky, or indeed too conservative (which is the case for many UK consumers).

Benefits of active management

The BMO Sustainable Universal MAP fund range will always be predominantly active. The benefit of active fund management is that it can add value by selecting or avoiding companies that passive funds cannot, as passive funds are tied to tracking a stock market index. Active managers also have the flexibility to tilt their portfolios to focus on different sectors in light of prevailing market conditions. However, if the management team believe value cannot be added from active securities in certain areas, they will invest in passive instruments.

Why multi-asset?

Different investments (or asset classes) can deliver different returns over different time periods and this can change depending on the economic environment. As a result, many investors choose to diversify their investment via a multi-asset fund, which ensures they spread their capital to avoid putting 'all their eggs in one basket'. By choosing a multi-asset fund to meet your investment needs, you will benefit from an expert multi asset team who will continually monitor and make investment decisions based on their experience, research and expertise.

Suitability report Page 2

Multi asset low cost proposition – 0.39% ongoing fund charge (OCF)

The BMO Sustainable Universal MAP fund range is an institutional calibre product that is globally diversified and invests in individual equities and fixed income securities, derivatives, collective schemes and exchange-traded funds (ETFs).

Your risk profile broadly matches the BMO Sustainable Universal MAP [Defensive Cautious Balanced Growth Adventurous] - **remove those which don't apply**

The BMO Sustainable Universal MAP range 'Avoid, Invest, Improve' philosophy

Within underlying asset classes, the BMO investment specialists seek to identify the best opportunities. When picking stocks, they implement clear screening standards around defined product and conduct-based criteria. As well as avoiding damaging or unsustainable practices they aim to emphasise those that make a more positive contribution. The portfolios target predominantly direct holdings to allow a high level of engagement.

- **Avoid:** Product-based assets with damaging or unsustainable business practices, specifically weapons, tobacco and fossil fuels. Conduct-based breaches of the UN's Global Compact or companies with a low ESG score.
- **Invest:** Select assets that make a positive contribution to society and the environment
- **Improve:** Encourage best practice management of ESG issues through engagement and voting

The BMO Sustainable Universal MAP range investment process

The aim of the range is to deliver steady, long-term, risk-controlled returns that contribute to a more sustainable world, designed on three key investment principles:

- **Risk-controlled** – Carefully managed exposure to multi asset sustainable investments aligned to an investor's attitude to risk with a CPI+ return expectation
- **Active** – combining strategic and tactical asset allocation with individual sustainable security selection
- **Cost focused** – capped 0.39% OCF designed to meet the need for high quality, low-cost sustainable investment solutions

Three step active process

Strategic asset allocation: Reviewed quarterly, this is the main lever of the investment process and aims to position the portfolio with a long-term perspective of the economic cycle. This allows for further minor shifts in the approach and helps ensure the fund stays within its volatility levels.

Manager selection: The managers chosen within the range are predominantly in-house responsible investment experts with long track records of beating their benchmarks. They seek to avoid investment in companies that are doing harm whilst emphasising those helping the world to meet the sustainability challenges it faces. In addition, they aim to drive positive improvement through active ownership.

Suitability report Page 3

Tactical asset allocation: The BMO Multi-Asset team, along with asset class specialists, review monthly the asset allocation of the funds to identify short term market anomalies that can either protect capital values or potentially increase returns. These include:

- asset class allocation between equities and bonds on a global basis
- geographical allocations within equities
- sub-asset class allocations within fixed income

Risk Mapping

BMO Sustainable Universal MAP	Defaqto Engage	Dynamic Planner	eValue (15 Yr) Standard 1-10	FinaMetrica	Synaptic Risk 1-5 (1-10)
Defensive Fund	3	3	2	TBC	2.6 (4)
Cautious Fund	4	4	5	38-54	3.2 (5)
Balanced Fund	5	5	6	55-62	3.8 (6)
Growth Fund	6	6	8	63-79	4.4 (7)
Adventurous Fund	8	7	10	TBC	5.5 (10)

Q1 2021 (or from launch of Defensive and Adventurous 16/3/2021)

BMO Global Asset Management ESG/Sustainable investment credentials

Investing responsibly lies at the heart of everything BMO Global Asset Management does. This means they are well positioned to offer investors the advantages of multi-asset solutions combined with the benefits of sustainable investing. While BMO Multi-Asset team is responsible for constructing and managing the portfolio day-to-day, their close collaboration with the Responsible Investment team makes all the difference, from integrating ESG factors within their investment processes to driving improvement through engagement, screening, proxy voting and detailed client impact reporting.

BMO Global Asset Management have 35+ years of experience in responsible investing and have a team of 100+ people across 9 investment teams with £8.3bn* AUM across 15 ESG strategies and £227bn* in responsible engagement overlay.

- **1984:** Launched Europe's first social and environmentally screened fund in 1984. Pioneering sustainable investment for 30+ years
- **A+ Rated:** By UN Principle for Responsible Investment
- **Independent Responsible Investment Advisory Council (RIAC):** These five external sustainability experts help maintain the integrity of the standards by which the Sustainable funds are run, providing advice on ESG, ethical and sustainability criteria.
- **Award winning:** History of awards including Investment Week Sustainable & ESG Investment Awards Winner for Best ESG/SRI/Impact research team in 2018, 2019, 2020 and Winner of 2019 and 2020 Environmental Finance Sustainable Investment Awards for Best ESG reporting by a large asset manager
- **#1 Sustainably Managed Bank:** BMO was ranked first among all banks and #15 of 5,500 global enterprises in the 2020 *Wall Street Journal* survey of the 100 Most Sustainably Managed Companies in the World

* Source BMO Global Asset Management as at 31-Dec-2020

Suitability report Page 4

Fund management expertise

The BMO Sustainable Universal MAP fund range is managed by the BMO Multi-Asset team, who have over 18 years average industry experience. The 28 strong team located in London, Toronto and Chicago, have a wealth of experience managing multi-asset solutions for institutional clients including; pension funds, local authorities, charities and other financial institutions. In constructing the Universal portfolios, the team will be utilising the considerable investment expertise from the 300+ investment professionals within BMO Global Asset Management Group.

Ongoing charges

All funds in the range are capped at 0.39% OCF. This highly competitive cost is delivered as the BMO Multi Asset team manage circa £40bn in multi asset portfolios for institutional investors and have leveraged their considerable scale and expertise to offer retail investors the BMO Sustainable Universal MAP active fund range at low cost.

BMO Financial Group one of Canada's largest financial institutions

The BMO Financial Group has a long heritage dating back over 200 years to 1817. It has total assets of around CAD\$ 949bn and servicing more than 12 million customers by its 45,000 employees. BMO Global Asset Management (owned by the BMO Financial Group), operates in more than 25 cities in 14 countries, and currently has £227bn assets under management (as at 31.12.20). In 2014, it acquired one of the world's longest established asset managers, F&C, who launched the first ever collective investment scheme 150 years ago, the Foreign & Colonial Investment Trust. Providing innovative investment solutions for investors across the globe is at the heart of what they do.

© 2021 BMO Global Asset Management. Financial promotions are issued for marketing and information purposes in the United Kingdom by BMO Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority. 1211021 UK (03/21).