

BMO Institutional Global Equity (Unhedged)

April 2019

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Calls may be recorded.

The value of investments and any 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.

Changes in rates of exchange may also reduce the value of your investment.

Market backdrop

Global equities posted yet another strong month rising over 3.7%, as measured by the MSCI World (Total Return, local currency). This brought the year-to-date return to 16.8% and the one-year return to 8.6%. All told, despite fears of the global economy slowing; talk of trade wars and central banks becoming less accommodative, the past twelve months have been very good for developed-market equities. Investment grade bonds managed a positive month and are now showing a return of over 3% year-to-date. Commodity prices have also joined the risk on spirit rising 8.5% year-to-date, although over twelve months they are still negative.

Performance

	Fund	Benchmark	Discrete periods	Fund	Benchmark
1 month	2.3%	3.6%	2018-2019	8.8%	13.1%
3 months	6.3%	9.2%	2017-2018	8.5%	6.9%
YTD	10.1%	14.0%	2016-2017	26.8%	30.6%
1 year	8.8%	13.1%	2015-2016	1.4%	1.1%
Since inception	13.2%	13.3%	2014-2015	22.1%	18.7%

Fund Benchmark: MSCI World TR GBP.

All data as at 30 April 2019. Discrete performance table refers to 12-month periods ending at 30 April. Returns provided gross of fees and in GBP. Fund inception 30 June 2010.

Past performance should not be seen as an indication of future performance. The performance figures are shown gross of fees. The effect of fees or costs will be to lower the figures shown.

The fund underperformed its benchmark by 1.2%. This underperformance was driven by three of the four factor portfolios with only True GARP managing a small positive contribution. The largest negative contribution came from True Momentum.

Style contributions

	Starting weight	Contribution
Low Volatility	17%	-0.4%
True Momentum	24%	-0.6%
True Value	28%	-0.3%
True GARP	32%	0.1%
Weighted sum of style components		-1.1%
+/- Trimming effect		0.0%
Return bottom up		-1.1%
+/- Friction		-0.1%
Relative return		-1.2%

Five largest positive contributors vs benchmark

Company name	Active weight	Stock specific return	Active stock specific contribution
Ford Motor Company	2.11%	16.32%	0.34%
Dell Technologies Inc Class C	0.54%	12.10%	0.07%
Citigroup Inc	1.18%	5.16%	0.06%
Cerner Corporation	0.22%	19.90%	0.04%
3M Company	-0.30%	-13.82%	0.04%

At the stock level, the strategy enjoyed positive contributions from; Ford Motor Co which reported earnings and revenue in excess analyst expectations and Cerner Corp, a supplier of healthcare solutions & services, which reported reaching a 'pact' with the activist investor Starboard and announced an increased share buyback program.

A notable negative contribution came from a small underweight position in Qualcomm Inc who announced the end of a two-year legal dispute with Apple and that a deal had been struck that was highly earnings accretive for the mobile phone chipset manufacturer. The share price rose over 50% in the month. Finally, Walt Disney rose some 23% as investors reacted positively to the proposed launch of Disney+, a direct competitor to Netflix. The service is expected to loss making for at least 5 years!

Five largest negative contributors vs benchmark

Company name	Active weight	Stock specific return	Active stock specific contribution
QUALCOMM Incorporated	-0.17%	43.76%	-0.08%
Walt Disney Company	-0.50%	14.48%	-0.07%
Facebook Inc Class A	-0.88%	7.92%	-0.07%
Walgreens Boots Alliance Inc	0.39%	-16.18%	-0.06%
Anthem Inc	0.80%	-6.85%	-0.05%

Source: BMO Global Asset Management, all data as at 30 April 2019. Returns provided gross of fees and in GBP. Relative returns are calculated on a geometric basis

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.

Glossary

Trimming effect – The impact on the return of removing small positions from the portfolio.

Friction – Transaction costs and fund costs (other than the management fee).

Return bottom up – Returns as calculated by using individual stock positions.