For Professional Clients and/or Qualified Investors only

Fund update

BMO Responsible Global Equity Fund

19 March 2020

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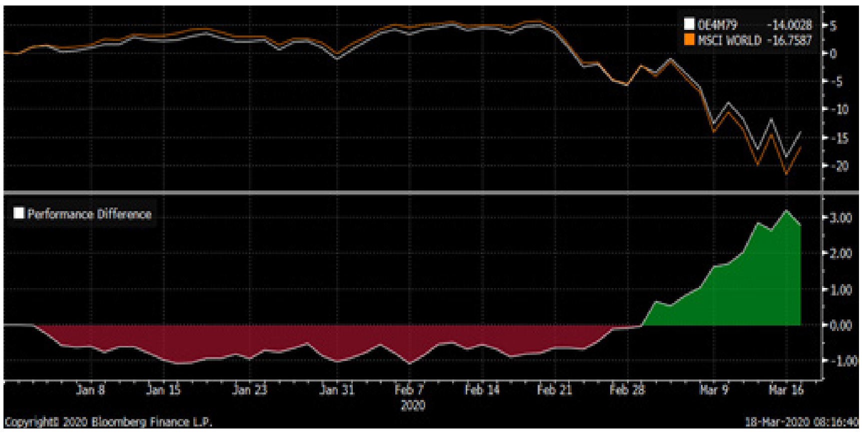
This is clearly an unsettling time for many investors, experiencing heavy paper losses within their portfolios year-to-date. However, it is in these instances where one must exercise caution and not make hasty decisions. The total consequences of the COVID-19 outbreak are clearly unknown, but equity markets have certainly discounted a large degree of disruption on both the supply and demand side of global trade.

In terms of portfolio performance, as you may be aware in recent quarters, given a more elevated market valuation vs previously, we have been strategically rotating towards companies with high visibility of earnings (such as higher recurring revenues streams) in an effort to provide some downside protection. We are pleased to see that this activity has, so far, been paying off in recent weeks. Whilst the fund maintains a clear focus on quality growth businesses addressing long term sustainability challenges, the fund has suffered less than the wider equity markets, as these higher quality, higher visibility compounders have provided some relative protection. Below are relative performance charts of the fund vs the benchmark (MSCI World) on a year-to-date and 3yr view, respectively.

2020 YTD – relative performance



3 Year – cumulative relative performance

Whilst this is a highly uncertain time, and despite dramatic headlines comparing recent moves in equity markets to those seen in 2008, we ultimately see the recent volatility as a short-term painful correction in the context of a 10-year bull market run, rather than anything more structurally concerning. The building blocks of the financial markets appear robust; whilst the yield curve is a short-term challenge for financial stocks, banks remain in good shape from a capital and liquidity perspective. This does not suggest to us that we are about to witness another global financial crisis scenario and, as such, makes us cautiously constructive on global equities from here, when taking a long-term view.

We are therefore using this volatility to add to certain positions where we feel the share price moves are exaggerated and allow us the opportunity to 'upgrade' the portfolio sustainability quality and buy high quality businesses at the forefront of addressing long term sustainability challenges at more attractive valuations. To be clear: you will not see us move away from our skillset, we will continue to look for high quality businesses with sustainability front of mind; and neither will you see us look to time risk, we will be selective about the any trades placed in order to keep risk and factor exposures in check, given the danger of being 'whipsawed' by market volatility.

Recent activity includes the sale of **ING Groep** at the start of the month given underlying concerns given ongoing concerns around anti-money laundering (AML) practices, as well as uncertainty around the company's strategic direction given management turnover. We also trimmed **Crown Castle International**, **Intercontinental Exchange**, and **Xylem**, three names that have all held up well on a relative basis.

We thank you for the ongoing trust you place in us, and we will continue to do our very best to allocate your capital in the best risk adjusted manner. Should you require any further comment or assistance we are always here.

With best wishes, and stay safe,

Jamie Jenkins & Nick Henderson
Portfolio Managers | BMO Responsible Global Equity Fund

BMO Global Asset Management

Continued

Discrete rolling 12-month performance

Percentage growth %	Feb-19/ Feb-20	Feb-18/ Feb-19	Feb-17/ Feb-18	Feb-16/ Feb-17	Feb-15/ Feb-16
BMO Responsible Global Equity Fund	12.0	4.3	12.2	31.5	0.7
FTSE All Share	9.6	4.6	6.6	36.6	-0.7

Source: Lipper, net of fees in sterling to 28-Feb-20

Past performance should not be seen as an indication of future performance.

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.

Screening out sectors or companies may result in less diversification and hence more volatility in investment values.

How BMO Global Asset Management can help you

BMO Global Asset Management incorporates material ESG issues into its investment processes across asset classes. We also offer our Responsible Funds range, which invests in companies operating sustainably and excludes those not meeting our ethical and ESG criteria, and our ***reo***® engagement service, through which we provide engagement and voting services covering global equities and credit.

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