

CLIENT PROFILE



**Brittany Carson\*, 25**  
Partner and App Developer-in-Chief  
Toronto, Ontario

**Brittany Carson** graduated from the University of Waterloo with a software engineering degree just three years ago, but has already made her mark in app development as a partner in a successful tech start-up. Thanks to strong sales of an innovative personalized marketing app designed for small and medium-sized companies, her company has attracted venture capital and is expanding. It has also generated profits for the partners—and Brittany is interested in making that money grow.

At 25, she is a millennial through and through, and her first investing instinct was do-it-yourself. She lives and breathes the online world—to work, to socialize, to shop. Why not for investing too? Advice, she believes, is expensive. However, her parents, who are in their mid-50s, have urged her to meet with you to start long-term planning with her new-found wealth. She has \$55,000 to invest and plenty of potential for more—but zero patience for high fees. Can you turn her into a client?

“I want an investment I can understand—and I don’t want to pay a lot for it.”

\*Disclaimer: The referenced profile character is fictional

Our Solution

**Brittany isn’t the only one who’s concerned about investment fees.** CRM2 is of course making many investors more aware of the impact of fees on their investment performance. That’s why all advisors need to be ready with a compelling statement about the value of tailored, holistic wealth management advice. But talk isn’t enough. Advisors also need a variety of high-quality, low-cost investing solutions, including f series mutual funds and ETFs.

In this case, Brittany says she doesn’t need access to the savings she’s earmarked for investment for at least 10 years.

Brittany is also confident that the money she has set aside in short-term savings will be sufficient to manage her short-term costs. She still lives a student lifestyle on a student budget—with the addition of more take-out meals since she works long hours. She doesn’t see that changing anytime soon.

Practical and savvy about money, she explains she’s already taking risks as an entrepreneur so she would prefer her investments to be more stable. She would like to invest in a diversified basket of companies, but she has a particular interest in U.S. stocks. That’s not just because they’ve been in the news lately thanks to the so-called Trump bump. She also feels an affinity to companies south of the border because her business looks to the U.S. for growth opportunities.

And then there’s the question of fees. Brittany emphasizes that one of her top priorities is keeping the cost of her investments low. Above almost everything else, she doesn’t want high fees to diminish her returns. Simplicity is important to her too. She doesn’t want complex investment structures she doesn’t understand.

Of course, there’s little that’s simpler, more diversified or more cost-effective than ETFs. But, with so many ETF-related choices out there, which mix is best for Brittany? Here’s an ideal solution for her long-term savings that offers fee transparency and value. It’s easy to explain, well diversified—and absolutely qualifies as low cost.

**80% BMO Balanced ETF Portfolio—Series F**

**Benchmark: 40% Bonds, 60% Equities**  
The BMO Balanced ETF Portfolio may be a good holding for Brittany. It’s a low- to medium-risk choice that holds a diversified mix of stock and bond ETFs, with about half the portfolio in Canada, a quarter in the United States, and the rest around the world. Portfolio Manager Paul Taylor and his asset allocation committee at BMO Asset Management Inc. allocate strategically based on their one-year outlook, and review and rebalance the portfolio on an ongoing basis to keep allocations on target. One of the most attractive features for Brittany is the management expense ratio (MER) of 0.61%. That gives you room to add a fee for your advice and still keep Brittany’s investing costs very reasonable.

**20% BMO S&P 500 Index ETF—ZSP**

**Benchmark: 100% U.S. Equities**  
To add a complementary satellite to Brittany’s portfolio, consider the medium-risk BMO S&P 500 Index ETF. It tracks the performance of the largest and most liquid public companies in the United States, and it has a maximum annual MER of 0.11%. What may also be of interest to Brittany is that, as of January 31, 2017, the largest sector represented in the ETF was information technology, at 21.42%. As she

works towards an enterprise version of her app, S&P 500 companies may be this ambitious millennial’s future partners and customers.

Combining the BMO Balanced ETF Portfolio with the BMO S&P 500 Index ETF allows Brittany to benefit from the complementary advantages of active and passive management. The BMO Balanced ETF Portfolio has the potential to outperform the broad market and provide downside protection because the managers can adjust ETF allocations. The BMO S&P Index ETF tracks the S&P 500 Index and offers efficient access to U.S. equities and meets Brittany’s requirement for low fees.

**\$1.9 trillion**

is invested in fee-based assets, and fee-based programs delivered through the advisor channel experienced a one-year growth rate of 47.3% to December 31, 2015.

Sources: Investor Economics, *The Fee-Based Report*, Winter 2016; Insight Advisory Service, June 2016

**This low-cost core-and-satellite solution blends the actively managed asset allocation of the BMO Balanced ETF Portfolio with a passively managed reflection of the S&P 500 Index.**

Performance

In recent months, the BMO Balanced ETF Portfolio and BMO S&P 500 Index ETF have benefited from the post-election “Trump bump” that boosted U.S. equities, and the BMO Balanced ETF Portfolio’s Canadian content edged up in response to a positive collaboration among Organization of Petroleum Exporting Countries (OPEC) and Russia to cap crude oil output in 2017. Macroeconomics and fundamentals for both investment solutions continue to look promising, though continued volatility is likely as many Europeans head to the polls this year.

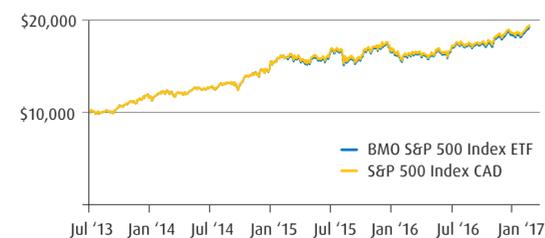
**BMO BALANCED ETF PORTFOLIO—SERIES F**

**BMO Balanced ETF Portfolio (Growth of \$10,000)**  
as of 31/03/2017



**BMO S&P 500 INDEX ETF**

**BMO S&P 500 Index ETF (Growth of \$10,000)**  
as of 31/03/2017



**BMO Global Asset Management is committed to supporting your fee-based practice** with a comprehensive suite of Series F, Series F2, Series F4 and Series F6 mutual funds and ETFs that have led the industry in new asset growth for the past six years, according to Investor Economics’ Insight Advisory Service.

**Annual Compound Returns**  
as of 31/03/2017

1 mo	3 mo	6 mo	YTD	1 yr	2 yr	3 yr	5 yr	10 yr	SI
1.03%	3.00%	4.76%	3.00%	11.62%	4.43%	7.69%	-	-	8.78%

**Calendar Year Returns**  
as of 31/03/2017

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
7.6%	5.4%	9.9%	-	-	-	-	-	-	-

**Annualized Performance**  
as of 31/03/2017

	1 yr	2 yr	3 yr	5 yr	10 yr	SI
NAV	19.50%	11.41%	16.87%	-	-	23.06%
Index	20.81%	12.06%	17.55%	-	-	23.76%



**YOU MAY ALSO LIKE**

**BMO offers a full spectrum of low-cost ETF solutions to meet diverse investor needs:**

- **Superior Smart Beta:** ETFs that deliver factor exposures combined with effective portfolio construction
- **Innovative Solutions:** ETFs that are at the forefront of recognizing and initiating industry development
- **Comprehensive Fixed Income:** ETFs that cover broad market, targeted and non-traditional exposures
- **Effective Broad Market:** Efficient ETFs with the market-leading indexes

If your clients need more active management, BMO Mutual Funds F Series management fees are on average, 25% lower than their category average.  
(source: Morningstar Direct as of December 31, 2016).

**This money management website was designed specifically for Brittany’s generation—and you can share it with your millennial clients: [news.vice.com/banknotes](http://news.vice.com/banknotes)**

**BMO** **Global Asset Management** 1-800-361-1392 [www.bmo.com/etfs](http://www.bmo.com/etfs)

Graphs are only used to illustrate the effects of the compound growth rate and do not reflect future values of any fund or returns on investment of any fund.

S&P 500® is a registered trademark of Standard & Poor’s Financial Services LLC (“S&P”) and “TSX” is a trademark of TSX Inc. These trademarks have been licensed for use by S&P Dow Jones Indices LLC and sublicensed to BMO Asset Management Inc. in connection with ZSP. ZSP is not sponsored, endorsed, sold or promoted by S&P Dow Jones LLC, S&P, TSX, or their respective affiliates and S&P Dow Jones Indices LLC, S&P, TSX and their affiliates make no representation regarding the advisability of trading or investing in such ETF.

Commissions, management fees and expenses may be associated with investments in mutual funds and exchange traded funds (ETFs). Trailing commissions may be associated with investments in mutual funds. Please read the fund facts or prospectus before investing. The indicated rates of return includes changes in unit value and assumes reinvestment of all distributions, and does not take into account for account sales, redemptions, optional charges, or income taxes payable by any security holders, which would reduce returns. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

BMO Mutual Funds refers to certain mutual funds and/or series of mutual funds offered by BMO Investments Inc., a financial services firm and separate legal entity from Bank of Montreal. BMO ETFs are managed and administered by BMO Asset Management Inc., an investment fund manager and portfolio manager and separate legal entity from Bank of Montreal.

BMO Global Asset Management is a brand name that comprises of BMO Asset Management Inc., BMO Investments Inc., BMO Asset Management Corp. and BMO’s specialized investment management firms.