

CLIENT PROFILE



Lila and Bruce Zhang*, 33, 32

Personal Shopper, Realtor,
Vancouver, B.C.

Lila and Bruce Zhang met five years ago through mutual friends and after a lengthy engagement, the couple finally tied the knot in January. The newlyweds own a two-bedroom condo in Vancouver's trendy Yaletown. Lila works as a personal shopper for a well-known retailer and has an annual salary of \$75,000. Meanwhile, Bruce is a real estate agent in the area, and makes more than \$150,000 a year.

Though they don't have plans for children yet, they want to plan for the future. Aside from what Bruce knows about real estate and mortgages, the couple's investment knowledge is limited. Terms like mutual funds, active/passive management and Exchange Traded Funds (ETFs) are foreign. Combined, they have \$22,800 in TFSAs and about \$25,000 in RRSPs. They're considering meeting with an advisor but are hesitant. They want to ensure their investments are diversified and their portfolio is in good hands, with a solid performance. Can you turn this couple into your client?

“*We want to plan for our future, and learn about flexible investment solutions that will help our savings grow.*”

*Disclaimer: The referenced profiled characters are fictional

Our Solution

Lila and Bruce are just starting their life together, and their goal is to grow their wealth over time. They want an investment solution that's easy to understand and diversified. They're young and have a long time horizon, so they're able to take on more risk than investors with a shorter time horizon. An investment with a higher equity weight is the right choice for them since they're investing for the long term.

Further, ETFs will help them achieve their goal to diversify since they'll get to access different parts of the market, whether it's asset class or geography, that a more traditional fund wouldn't necessarily have the ability to do. For instance, an ETF solution would allow them to invest in certain segments of the bond market, or single emerging-market countries, while at the same time maintaining a disciplined core of broad market ETFs. Being able to get into those types of exposures is beneficial for Lila and Bruce because it creates a powerful investment return opportunity. Here's an ideal solution for this couple.

BMO Balanced ETF Portfolio—Series A

Benchmark: 60% Equities, 40% Bonds

BMO Balanced ETF Portfolio is a good option for Lila and Bruce because it provides equity growth potential and fixed-income protection, combined with the benefits of asset allocation through active management. Holding a basket of ETFs

that's unitized as a mutual fund, this portfolio is available whether Lila and Bruce's advisor is IROC or MFDA licensed. It combines the benefits of both mutual funds (automatic rebalancing, asset allocation, professional management and low minimum investment) and ETFs (diversification; easy access to specific markets, sectors and asset classes; transparency; tax efficiency and low cost).

The portfolio is a core holding for this couple, and their advisor can choose to add value around it with direct holdings or securities. There are four key benefits to this portfolio.

1. BMO Balanced ETF Portfolio is an all-in-one investment solution characterized by low to medium risk. Since Lila and Bruce have a light level of financial acumen, they need an investment that's easy to use. Further, the portfolio targets returns based on Lila and Bruce's risk profile. The couple can handle a little more risk because they've got a long time horizon, so this portfolio provides them with a solution that caters to their specific needs.

2. BMO Balanced ETF Portfolio is highly diversified, with a traditionally balanced exposure to equities and bonds. But it also has exposure to different markets, asset classes and niches. This includes Canadian, U.S., and international equity, aggregate fixed income, as well as specialty equity and fixed-income sectors.

3. BMO Balanced ETF Portfolio has active portfolio management, which is proprietary to BMO ETF portfolios and adds value over time.

Portfolio manager Paul Taylor and his team at BMO Asset Management Inc. are making decisions based on broad and segmented assumptions, analyzing each of BMO's 95 ETF listings.

4. BMO Balanced ETF Portfolio is a lower-cost solution, which is something Lila and Bruce can appreciate. They understand that one of the key components of investing is to get a good return over the long term, while ensuring your money is working for you.

\$12.2 billion

Assets in mutual funds that invest exclusively in ETFs

Source: Investor Economics (as of September 2017)

There are 57 mutual funds in Canada and the U.S. that invest exclusively in ETFs

Source: Investor Economics (as of September 2017)

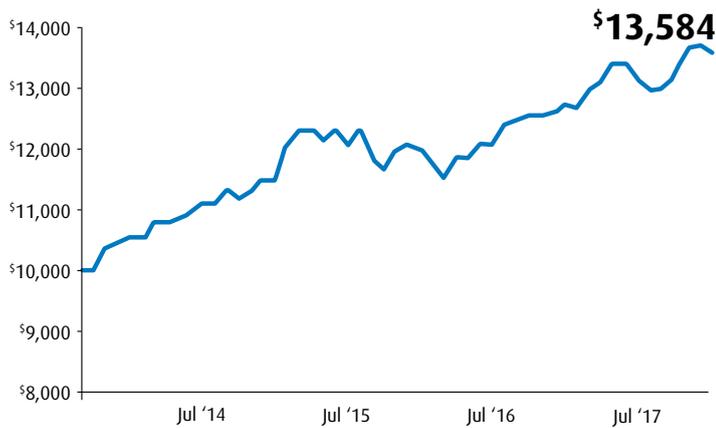
Performance

BMO Balanced ETF Portfolio has exposure to equity markets, which is critical for Lila and Bruce to build their long-term wealth and participate in market returns. But it also has a fixed-income component to give them some security through bonds. The solution has low correlations between pure equity and fixed income.

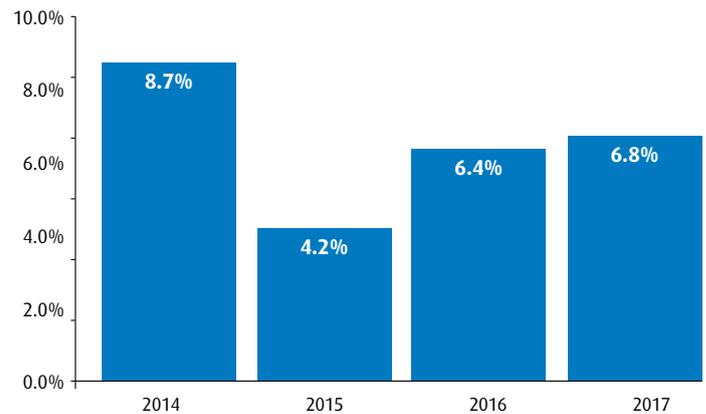
And since the portfolio holds ETFs, it's capturing market returns because, by definition, it's representing the market. Combine that with lower fees, and the portfolio is addressing both aspects of the return continuum: gross performance and lower fees.

BMO BALANCED ETF PORTFOLIO—SERIES A

BMO Balanced ETF Portfolio (Growth of \$10,000) as of February 12th, 2018



Performance (Year-by-year)



Annual Compound Returns as of January 31st, 2018

Fund Name	Series	Currency	1 Y	2 Y	3 Y	4 Y	Since Inception
BMO Balanced ETF Portfolio	A	CAD	7.3	7.7	4.3	6.50	7.1

Source: BMO Asset Management, all data as of December 31st 2017, unless otherwise indicated



YOUR CLIENTS MAY ALSO LIKE

BMO offers a full spectrum of low-cost, risk-targeted ETF portfolios designed to meet diverse investor needs:

- **BMO Fixed Income ETF Portfolio:** Asset allocation of 100% fixed income; ideal solution for clients who have a short time horizon and want low risk.
- **BMO Income ETF Portfolio:** Asset allocation of about 75-80% fixed income/20-25% equities; provides low risk but still offers growth potential through equities.
- **BMO Conservative ETF Portfolio:** Asset allocation of about 60-65% fixed income/30-35% equities; beneficial for clients who are comfortable with low to medium risk.
- **BMO Growth ETF Portfolio:** Asset allocation of about 80-85% equities/15-20% fixed income; provides growth with medium risk.
- **BMO Equity Growth ETF Portfolio:** Asset allocation of 100% equities; ideal solution for clients who are focused on growth through equities.

BMO  Global Asset Management

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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.

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