



# Mortgages and Short-Term Bonds: Add some incremental high-quality yield to your portfolio

## Short-Term High-Quality Bonds

- **If you believe interest rates will increase:** short-term bonds have shorter duration (less sensitivity to interest rates) and will help mitigate bond price drops
- **If you're worried about volatility:** short-term investment-grade corporate and government bonds and insured mortgage-backed securities reduce price swings as they have less credit and interest rate risk than long-term and speculative-grade instruments
- **No currency risk:** This Fund invests only in Canadian-dollar denominated instruments

	Fund Guidelines
Corporate Bonds	Max 50%
Mortgages	Min 30%
High Yield Bonds Foreign Currency Instruments	None
Risk Rating	Low

**MBS Defined** Mortgage-Backed Securities (“MBS”) are fixed-rate investments that represent an ownership interest in a pool of many mortgages. Every month investors receive a proportional share of the interest and principal payments associated with those mortgages. The mortgage pool is securitized, meaning that the mortgages are packaged into a credit-enhanced investment and sold to investors through investment dealers and banks.

Both the principal and interest of National Housing Act Mortgage-Backed Securities have the full amount of both their principal and interest payments insured by the Canada Housing and Mortgage Corporation, resulting in instruments of extremely high credit quality.



### Fully guaranteed by CMHC

- NHA MBS are fully guaranteed by CMHC in Canada, both principal and interest payments.



### \$ Defensive Income

- Combat the low yield environment with a regular monthly income stream.
- Yield pick up over federal bonds while maintaining a AAA rating.



### Highly Liquid

- No Lock Up Period (Mutual Fund can be redeemed at any time).
- Allows investors access to this OTC market segment.

**BMO Asset Management Inc. has the scale, capabilities and resources to identify and mitigate key risk exposures with capital preservation as a key principle.**



**Andrew Osterback, CFA**  
Director & Portfolio Manager  
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Portfolio Manager  
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# Protecting the downside and growing your capital

## A consistent track record of downside protection

- 43 years of positive performance (Series A) with only 4 negative calendar years (1994, 2016, 2017, 2021)

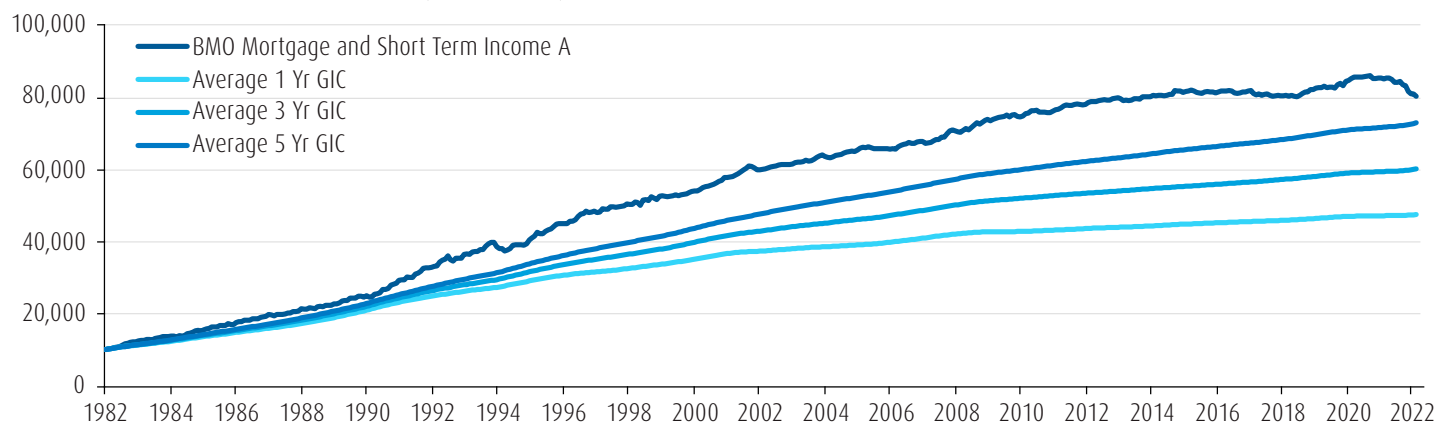
Year	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Return (Sr A)	9.55	13.38	10.09	7.70	6.20	8.53	12.44	22.63	13.57	11.94	13.17	10.07
Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Return (Sr A)	8.54	8.35	11.52	12.37	16.88	8.57	11.45	-0.61	12.85	9.66	2.47	5.65
Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Return (Sr A)	1.53	5.92	8.27	0.63	2.54	3.05	1.53	2.29	2.50	5.86	2.07	1.87
Return (Sr F)	-	-	-	-	-	-	-	-	-	-	2.63	2.39
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Return (Sr A)	2.77	1.60	0.38	1.68	0.78	-0.46	-0.65	0.59	1.92	4.04	-1.80	
Return (Sr F)	3.28	2.14	1.06	2.68	1.78	0.53	0.34	1.60	2.87	4.74	-1.27	

## Can provide a higher growth, liquid alternative to GICs

- Units are liquid and can be redeemed daily, GICs tend to be locked-in for period of the certificate

### Investment Growth

Time Period: Since Common Inception (April 1, 1982) to June 30, 2022



Source: Morningstar Direct as of June 30, 2022. Shows the growth of \$10,000 at the inception of the fund, April 1, 1982. Note: GICs are guaranteed by the Canadian government while mutual funds are not and their value can fluctuate.

Series	MER (%)	Front End	Low Load*	DSC*
Advisor	1.00	BMO99141	BMO98141	BMO97141
F	0.46	BMO95141	-	-

\* Low Load and DSC purchase options are no longer available for sale.

Management Expense Ratio (MER) as at September 30, 2021.



Commissions, trailing commissions (if applicable), management fees and expenses all may be associated with mutual fund investments. Please read the fund facts or prospectus of the relevant mutual fund before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and are subject to change and/or elimination. For a summary of the risks of an investment in BMO Mutual Funds, please see the specific risks set out in the prospectus. BMO Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from Bank of Montreal.

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