

Precious Metals

Precious metals have long been a store of wealth - owning coins, bars or jewelry used to be the only option to invest in gold, silver, platinum or palladium, but today's investors are able to directly hold metals-backed exchange-traded funds (ETFs) and mutual funds.

Experienced Reserve Managers are adding Gold to their holdings.

Diversification Assets

- Gold may offer a diversification benefit due to its lower correlation with the stock market price.
- Central bank reserve managers have steadily increased their gold holding, diversifying its reserve base.
- After the fastest pace of rate hikes in decades, the rate of increases is likely to moderate in 2023 and may be in a position to support the gold market.
- Managed by an experienced, award winning* Team.

Fund Managers:



Hoa Hong, CFA, MBA*
Director, Portfolio Manager
BMO Asset Management Inc.



Ariel Liang, CFA, MMF
Vice President, Portfolio Manager
BMO Asset Management Inc.

BMO GAM

BMO Global Asset Management (GAM) – BMO GAM is committed to growing our presence in the Canadian market. In 2022, we expanded our ETF, Mutual Fund and Alternative product offerings and hired over 70 new individuals, 14 of which are in our new in-house Global Equity team. While new to BMO this team brings a wealth of global investing experience across multiple sectors to find innovative companies around the world.

* Source: TopGun Investment Minds Platinum Class winners 2021/2022 – Platinum Class Winner, Hoa Hong. Platinum Class awarded to individuals who have been Designated TopGun in four consecutive years. (<https://topgunpress.com/topgun-investment-minds-and-buy-side-traders-of-canadian-stocks-20212022/>)

The viewpoints expressed by the Portfolio Manager represents their assessment of the markets at the time of publication. Those views are subject to change without notice at any time without any kind of notice. The information provided herein does not constitute a solicitation of an offer to buy, or an offer to sell securities nor should the information be relied upon as investment advice. Past performance is no guarantee of future results. This communication is intended for informational purposes only.

Advisors Use Only

Gold

Gold has been used as a safe haven asset to reduce portfolio volatility and provide market diversification.¹ Bullion should provide some diversification in a world that is experiencing increased geopolitical tensions and a paradigm shift by some regions to be less dependent on the US dollar as a trading currency.

Central bank reserve managers have steadily increased their gold holding. According to the World Gold Council, central banks purchases of 400 tonnes in Q3 2022 was one of the largest quarterly purchases on record. Gold holdings offered reserve managers many benefits, including diversification away from the US dollar to a politically neutral asset class.



Sources: Bloomberg Jan 2023, IMF

In 2022, gold performance has been challenged by the strength of the US dollar, the rise in real rates and the fastest rise in central bank rates for decades. The speed of rate increases should moderate in 2023, given the likelihood that inflation has peaked. This should provide a tailwind for the gold market.

¹ World Gold Council – Gold Enabling Opportunity Amidst a Shifting Environment (Nov 2022)

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Investment Process: Combining commodity cycle analysis, sector expertise and deep company research to drive investment ideas

Central to our investment process of attaining superior long-term value creation is our fundamental analysis of the dynamics of the precious metal commodity cycles. Our investment expertise, relationship with company's management and proprietary company valuation models helps in guiding the appropriate investments for the current and long-term commodity environment.

The portfolio managers work with BMO GAMs Multi-Asset Solutions Team (MAST) to incorporate macro views into our view on the natural resources market.

The Investment Process consists of 3 steps:

- Step One Commodity top-down analysis to determine which commodities have a constructive supply and demand dynamic in the mid to long term timeframe.
- Step Two Bottom-up fundamental company research to select the companies that provide the best risk/reward opportunities.
- Step Three Risk Management is continuously applied at both the portfolio and stock levels to ensure appropriate diversification.

Fund at a Glance

Invests in	Equity and equity related securities of companies involved in the global broad precious metal universe.
Investment Process	Top-down and bottom-up; sector focus
Typical Holdings	30 - 45
Risk Rating	High
Benchmark Index	S&P/TSX Gold Sector Index (C\$)

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Fund Codes and Disclaimers

FundSERV Codes	Front End [†]	MER (%)	Low Load [*]	Deferred Sales Charge [*]
Advisor	BM099147	2.40	BM098147	BM097147
F (Fee Based)	BM095147	1.10	-	-

*Low Load and DSC purchase options are no longer available for sale. †Front End = Sales Charge. MER as of 9/30/2022

Any statement that necessarily depends on future events may be a forward-looking statement. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although such statements are based on assumptions that are believed to be reasonable, there can be no assurance that actual results will not differ materially from expectations. Investors are cautioned not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, investors should carefully consider the areas of risk described in the most recent simplified prospectus.

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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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