BMO Long-Short Strategy ETFs

Investment options

BMO Long Short Canadian Equity ETF	BMO Long Short US Equity ETF
ZLSC	**ZLSU**
Mgmt. Fee: 0.65%	Mgmt. Fee: 0.65%
Distribution frequency: **Q**	Distribution frequency: **Q**
Risk Rating: Low to Medium	**Risk Rating:** Low to Medium

Strategy Overview

A long-short strategy is a popular alternative strategy that has been traditionally used by hedge funds that combines long and short positions within a portfolio to capitalize on rises and declines in stock prices at the same time. The goal of the strategy is to generate better risk adjusted returns by benefitting from both directions of price movements in the market. The long portion benefits from the growth of high-quality stocks while the short portion will provide a portfolio hedge and generate returns when prices are declining, all positions are hand picked by the portfolio management team.

Why invest in BMO ETF's Long-Short strategy?

Access – Easy access through liquid alternative ETF structure, with no rigorous documentation requirements

Highly Liquid – Intraday liquidity on Canadian stock exchanges

Expertise – Managed by the team that brought Low volatility solutions to market; BMO GAM's Disciplined Equity team which has a 14yr track record in managing institutional equity portfolios

Cost effectiveness – Traditionally long-short strategies have charged much higher fees, including performance fees, which lessen the returns available to investors

Transparency – Daily portfolio transparency on BMO ETF webpage so investors will always know what's in the portfolio

Performance – Potential for stronger risk-adjusted performance and lower beta than long only equity funds

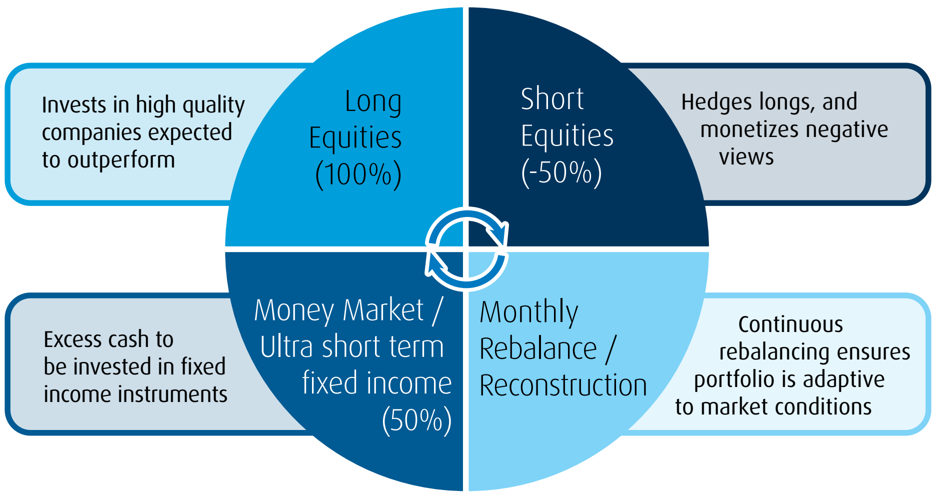
Diversification – Innovative portfolio structure allows for increased ability for stock selection with the ability to short

Democratizing Investing – Make widely available traditionally more exclusive investment strategies

Staying invested – The combined benefits of an alternative strategy can assist with staying the course and capitalizing on drawdowns to create better risk adjusted returns

Portfolio Construction

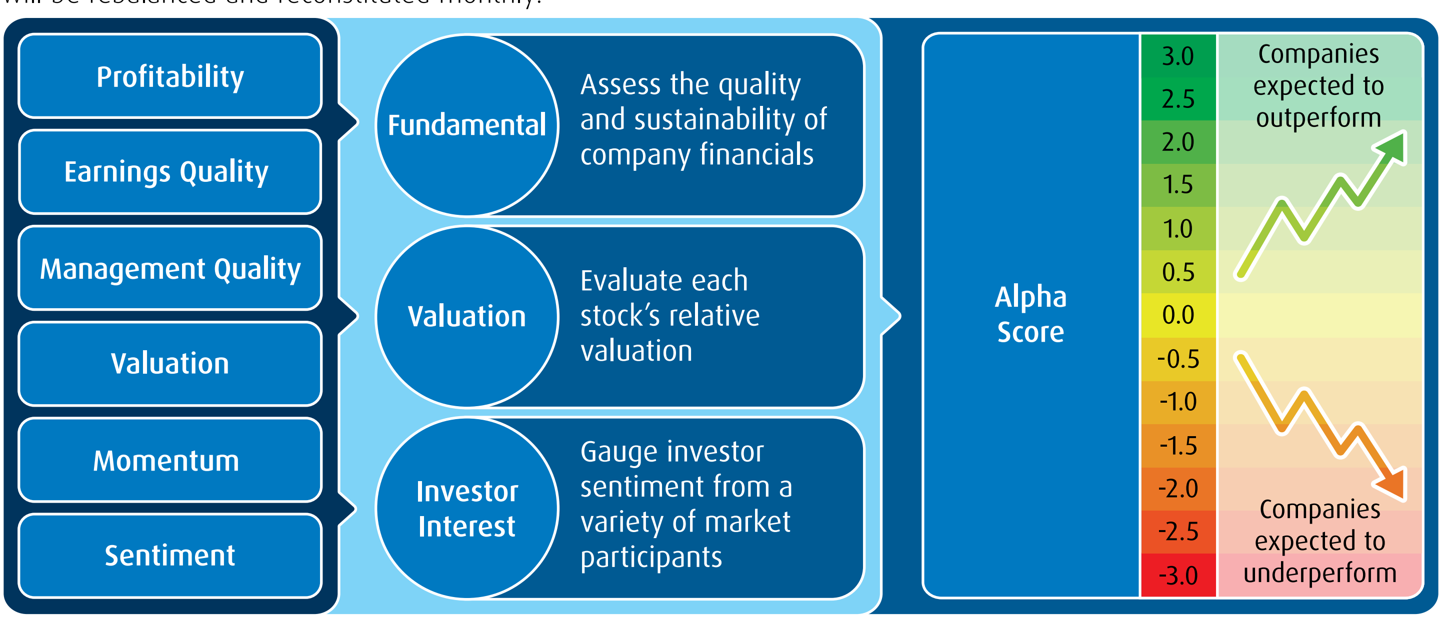
The portfolio will target a gross exposure of approximately 100% long equity (80–100 names) and 50% short equity (60–70 names). Portfolio managers utilize a proprietary stock-ranking methodology, seeking to buy fundamentally strong, attractively valued stocks with positive market sentiment, and sell short companies that are fundamentally weak, expensive, with fading investor interest. Sector holdings net of long and short exposures are managed within 2% of the parent benchmarks; the S&P TSX Composite Index for BMO Long Short Canadian Equity ETF and the S&P 500 Index for BMO Long Short US Equity ETF. The proceeds from short selling will be invested in short-term fixed income instruments to provide an additional source of return.



Stock Selection Process

The portfolio will purchase companies with high alpha scores and hold short positions in companies with low alpha scores. To ensure diversification and proper risk management the portfolio will have active security weights net of long and short exposures within +/- 3% in Canada and net exposures within 2% in US of their respective parent benchmarks, the S&P TSX Composite Index and the S&P 500 Index.

In addition, the portfolio management team will consider several factors that are key to a stock's performance. The weighing of factors being considered to build the portfolio are adaptive and can change according to equity market conditions. To further mitigate risk the portfolio will not exceed an individual stock short exposure allocation of 1.75% and will be rebalanced and reconstituted monthly:



BMO | Exchange Traded Funds

Let's connect

Call us at 1-800-668-7327

bmogam.com/ca-en/investors