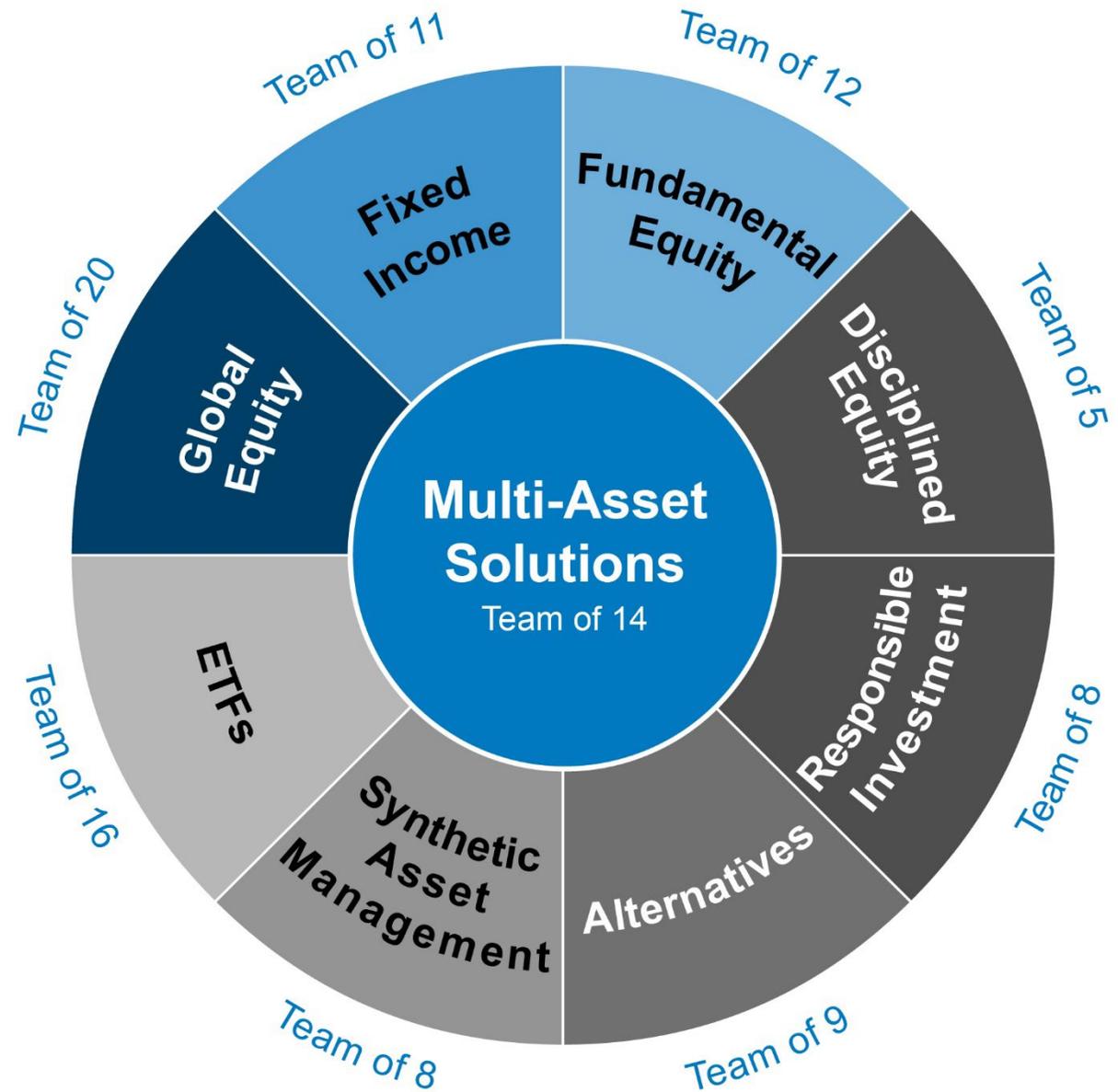




# BMO Climate Transition Fund

**BMO GAM:**  
Deep and Diverse  
Investment Talent of  
over 100 Investment  
Professionals



# BMO GAM – Global Equity Team



**Jeff Elliott, PhD, CFA, MBA**  
Portfolio Manager



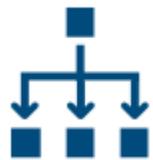
# BMO Global Equity Team – A Differentiated Model

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## Global Sector Specialists

- All sectors are different and require a different approach
- Sector focus allows flexibility of style, deep relationships, and tactical investing



## Differentiated Process for Alpha Generation

- Decentralized decision making by sector PMs increases speed and diversification
- Best sector ideas combine to create global equity portfolio



## Collaborative Culture

- High functioning team necessary for synthesizing and sharing insights
- Dedicated partner with internal and external stakeholders

# Why Invest in Climate Transition

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# Why Invest in Climate Transition

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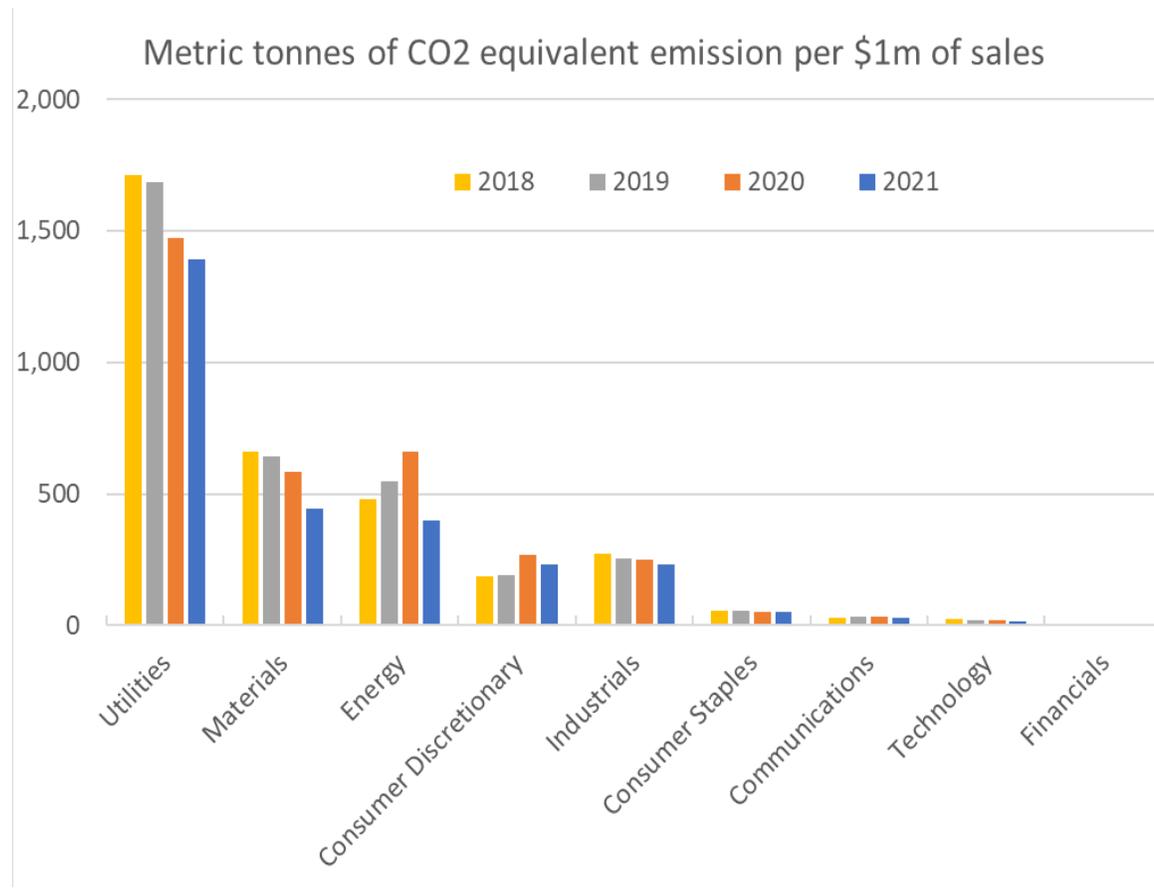
**Transitioning away from fossil fuels will be a multi-decade effort requiring global collaboration, cross sector participation, and public and private initiatives:**

- Substantial transition capital presents a significant investment opportunity.
- Failure to adapt is a significant risk for any company.
- Dislocation of the traditional technologies makes way for new leadership.
- Global markets continue to shift towards climate themes providing strong tailwinds.

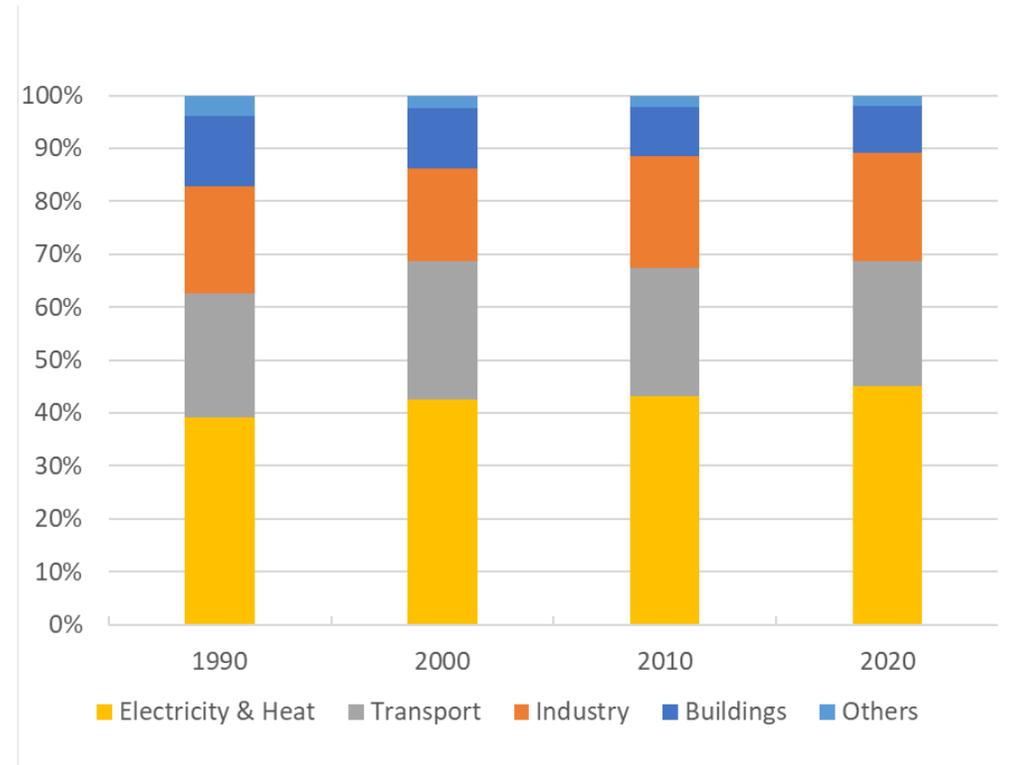
*Global climate transition is a long-term, complex, and rapidly evolving challenge*

# Emissions Impact by Sector

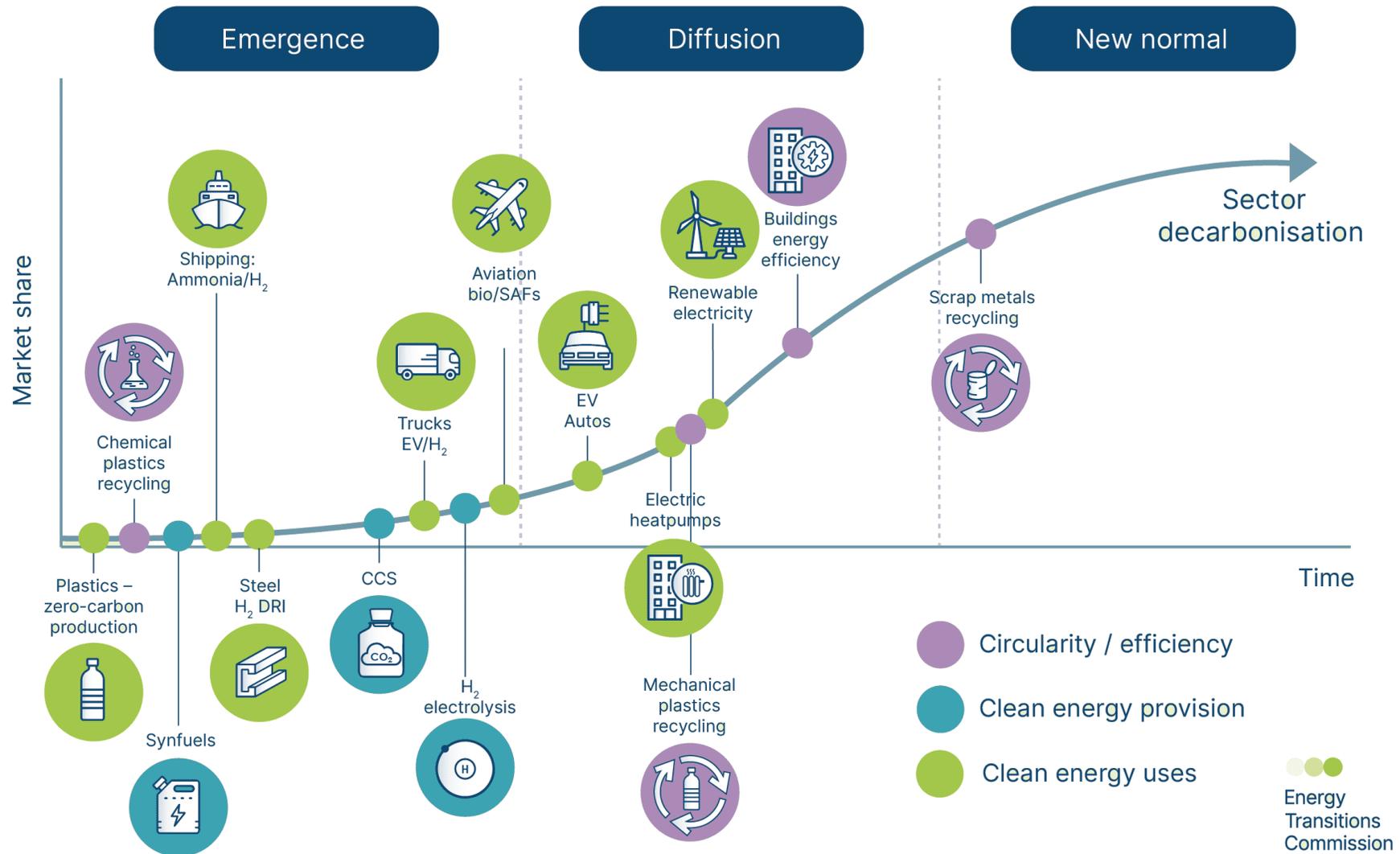
## Emission intensity by sector



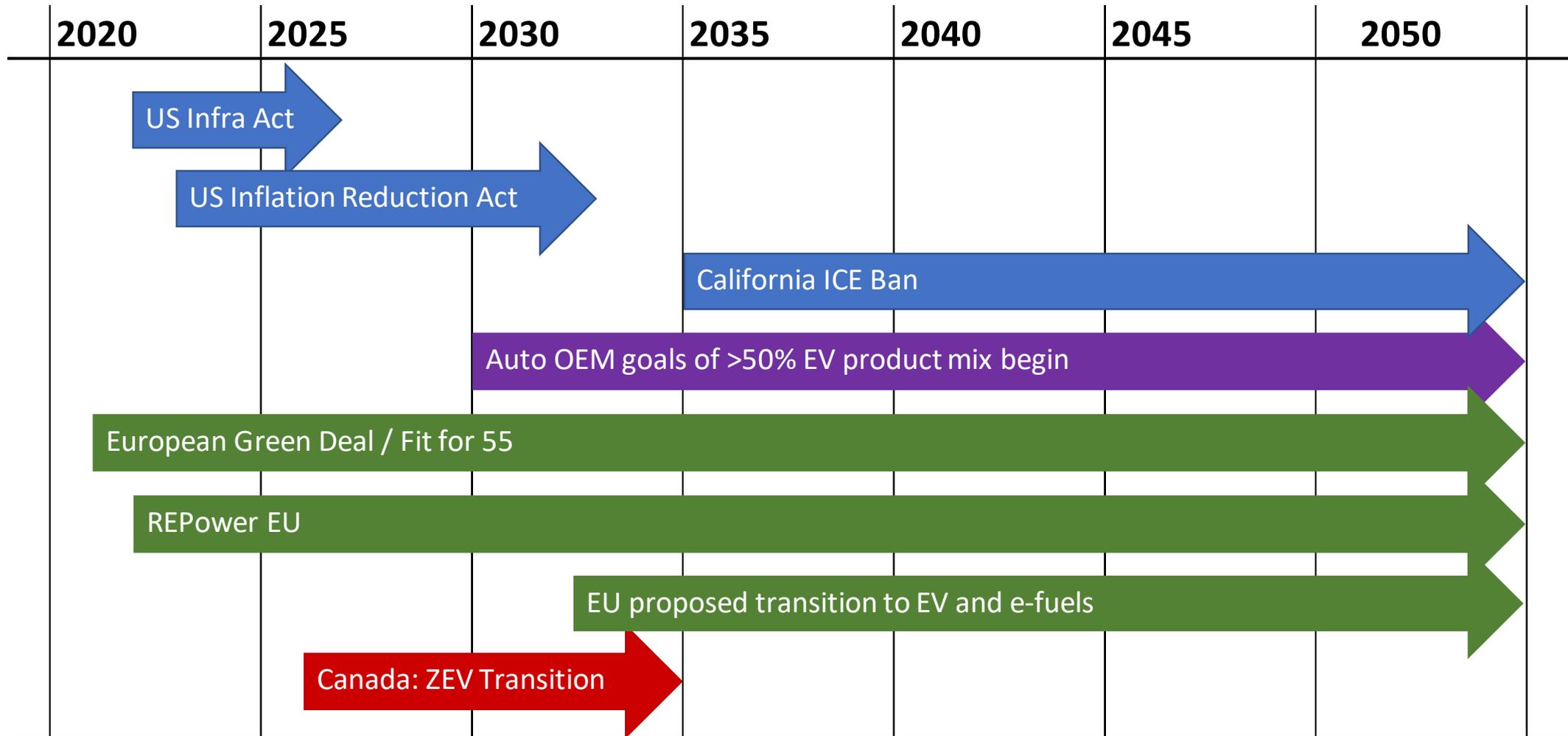
## Global CO2 emissions from fuel combustion by sector



# Multi-Faceted Solutions to Zero-emissions

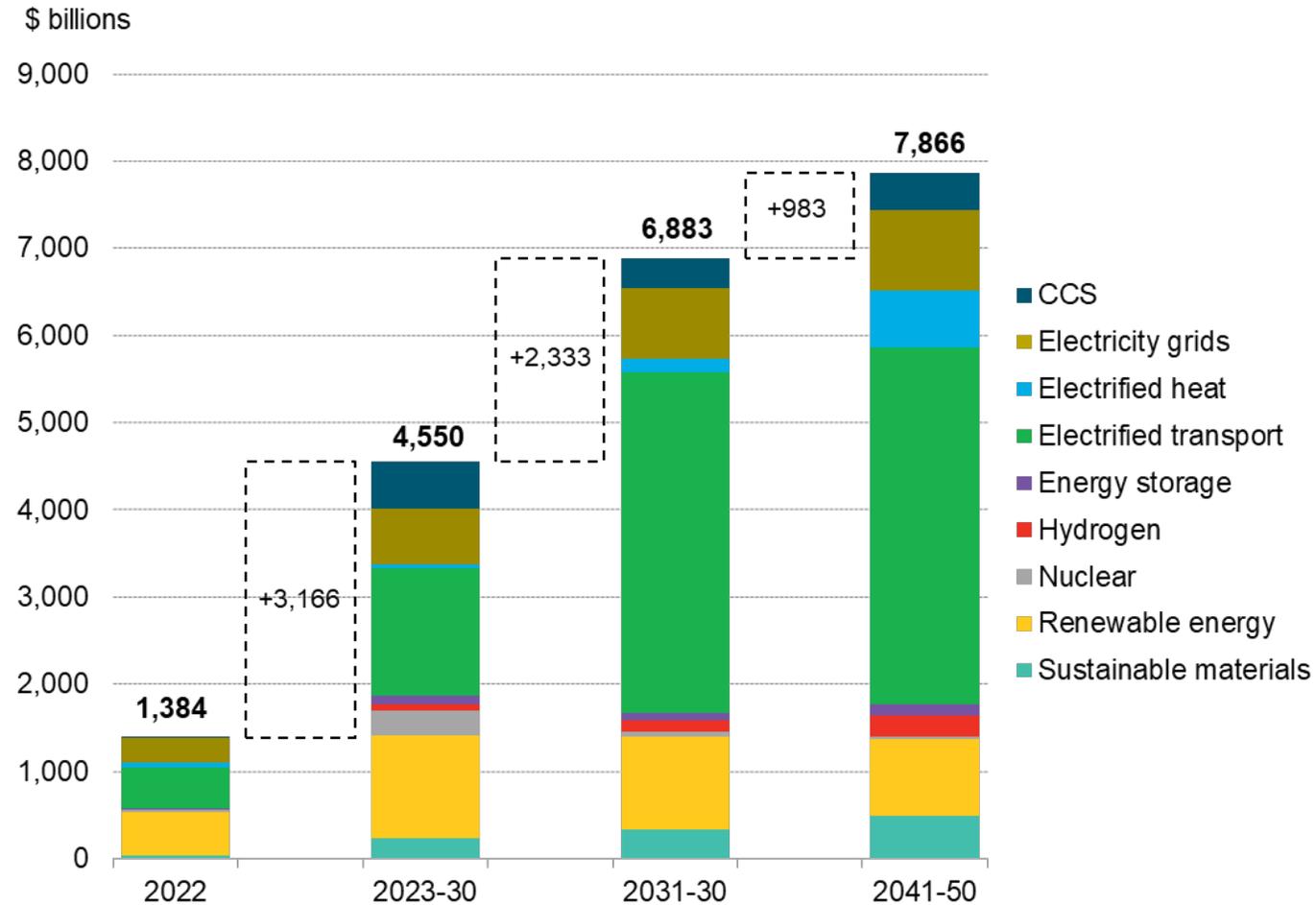


# Public & Private Transition Initiatives



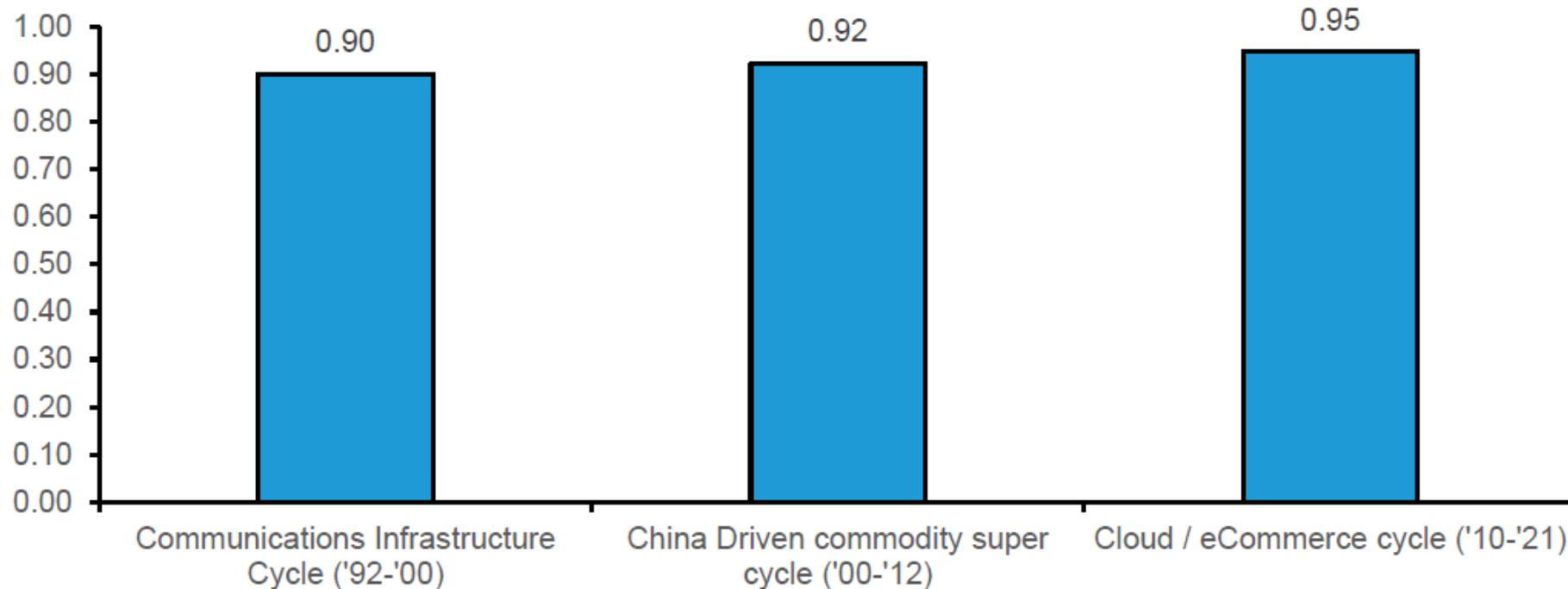
# Energy Transition Spending to Triple by 2030

## Annual Spending Required to Achieve Net-Zero by 2050



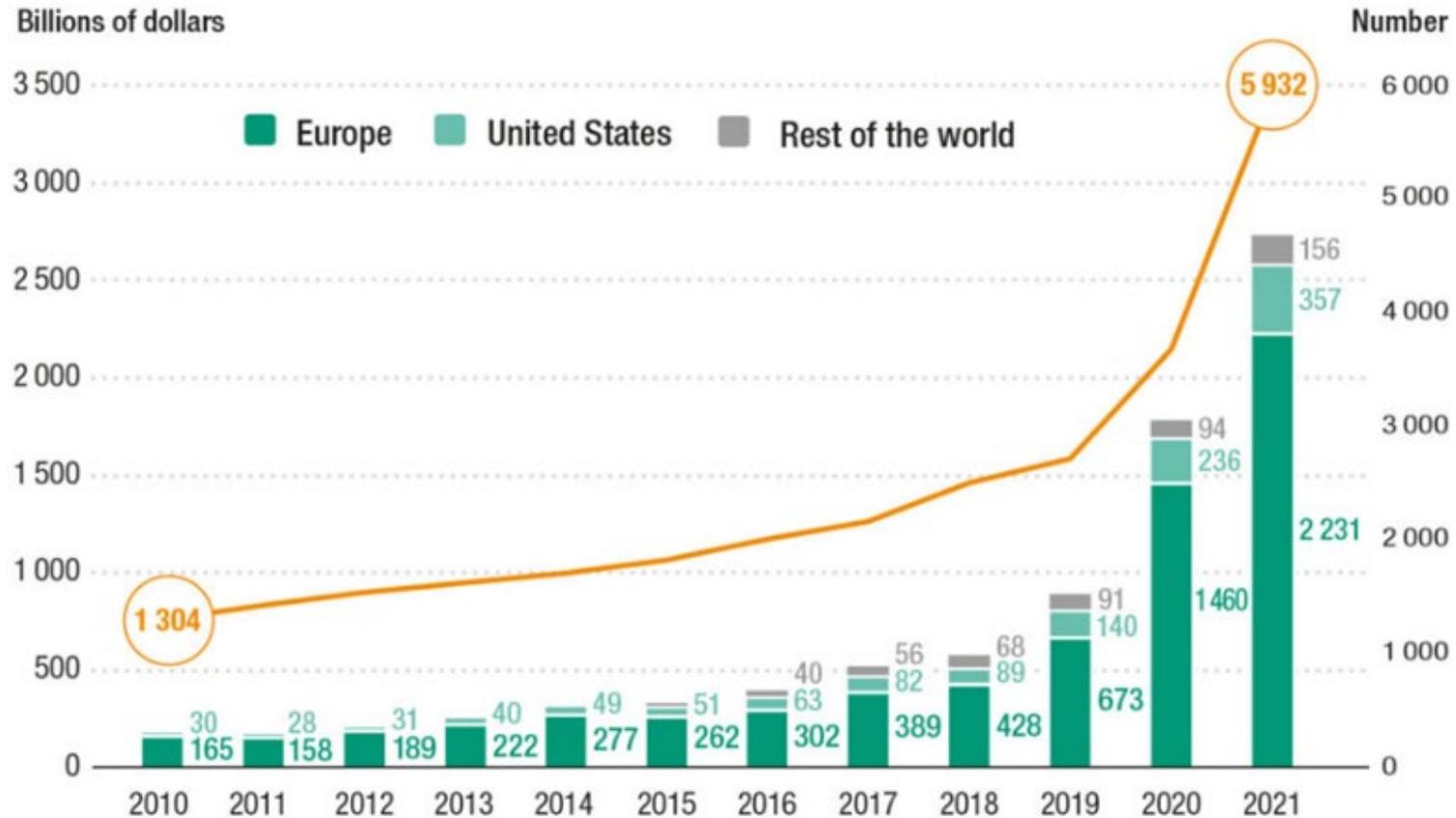
# Capex Investments Flows Drive Market Flows

Correlation between sector capex as % of gdp vs sector market cap as % of SP500



# Sustainability-themed investments are booming

## Rapidly growing assets under management



Source: UNCTAD World Investment Report 2022, based on Morningstar data.

UNCTAD estimates that the value of sustainability-themed investment products in global financial markets amounted to \$5.2 trillion in 2021, up 63 per cent from 2020. These products include (i) sustainable funds and (ii) sustainable bonds, including green, social and mixed-sustainability bonds.

# What is the Climate Transition Fund?

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# BMO Global Climate Transition Fund

This fund's objective is to increase the value of your investment over the long term by investing primarily in equity securities of companies from around the world that may focus on the global low carbon climate transition.



Low  
Carbon  
Enablers  
& Adopters

Invests in global companies that are enablers and/or adopters of a global transition to a low carbon economy



Multi  
Sector  
Opportunity

Targets companies across a range of sectors whose earnings growth may improve with increased investment and focus on global low carbon climate transition



Transitioning  
Companies

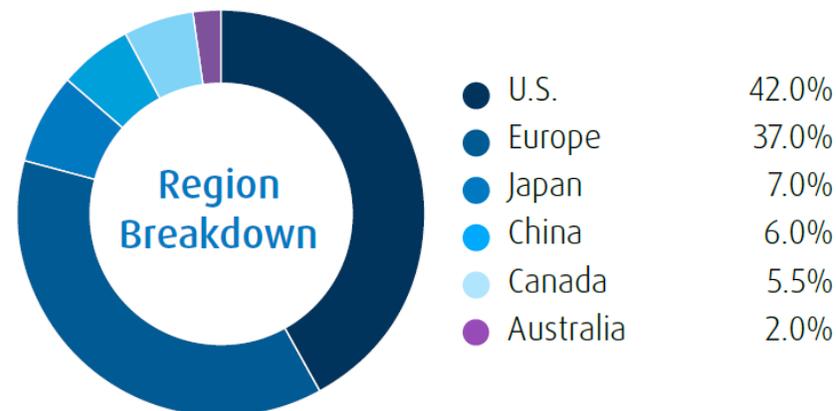
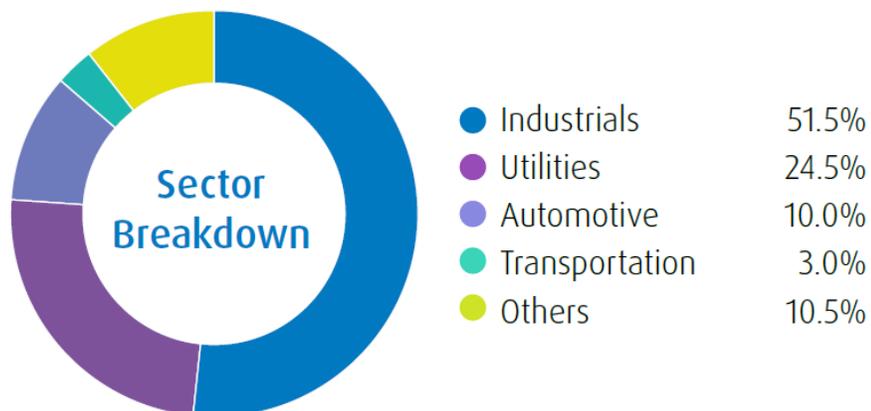
Investments may include carbon-intensive companies actively transitioning or enabling the transition to a lower-carbon future

# BMO Global Climate Transition Fund – At a Glance

<b>Invests In</b>	This fund's objective is to increase the value of your investment over the long term by investing primarily in equity securities of companies from around the world that may focus on the global low carbon climate transition.		
<b>Fund Style</b>	Core with ability to tilt value or growth		
<b>Investment Process</b>	Top-down and bottom-up; climate transition focus		
<b>Investment Universe</b>	800 Companies	<b>CIFSC Category</b>	Global Equity
<b>Typical Holdings</b>	~50 Names	<b>Risk Rating</b>	Medium
<b>Individual Holdings Max</b>	10%	<b>Market Exposure</b>	All Cap
<b>Distribution*</b>	Annually		

## Top 10 Equity Holdings

- Eaton Corporation PLC
- Canadian Pacific Railway Ltd.
- Honeywell International Inc.
- Vesta Wind Systems A/S
- Constellation Energy Corp
- BYD Co. Ltd.
- Quanta Services, Inc.
- Atlas Copco AB
- Cheniere Energy Inc.
- Iberdrola SA



The portfolio holdings, as at May 31, 2023, are subject to change without notice and only represent a small percentage of portfolio holdings. They are not recommendations to buy or sell any particular security.

# Climate Transition Fund - Key Investment Themes

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**Low Carbon Solutions:** companies that provide low carbon solutions through improved energy efficiency, advanced manufacturing, industrial processes, engineering and construction, advanced materials, or other technological innovation



**Clean Energy:** companies involved in electrification and the development, deployment, transmission and distribution of wind, solar photovoltaic, solar thermal, geothermal, biomass, hydro power, nuclear, energy storage, hydrogen, and other renewable or low carbon energy



**Transportation & Mobility:** companies that enable the efficient transportation of people and goods, including rail, shipping, autonomous and electric vehicles, smart infrastructure, optimization, and logistics



**Resilience Solutions:** companies that are devising and providing resilience solutions to mitigate the impact of climate change



**Resource Efficiency:** companies that support the efficient extraction, recovery, use, and maintained circular reuse of resources across the economy

# Decarbonizing will require holistic approach



Low Carbon Solutions



Clean Energy



Transportation & Mobility



Resiliency Solutions



Resource Efficiency

Enablers

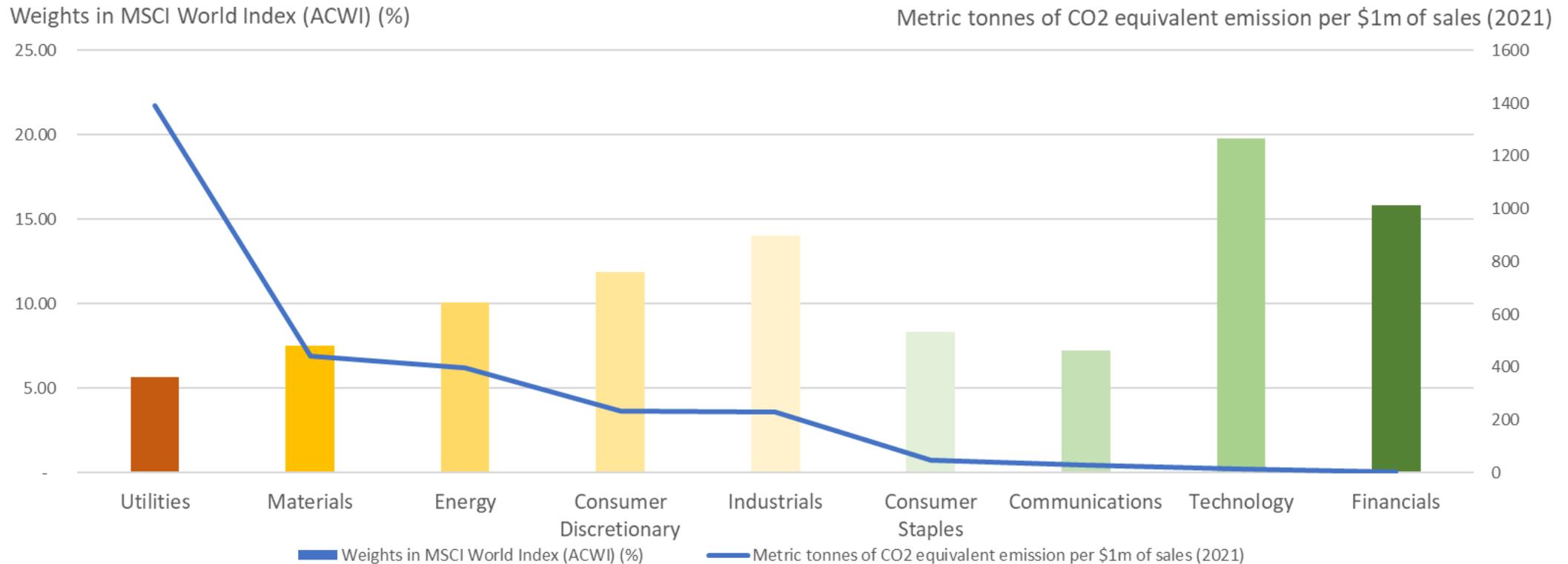
	Low Carbon Solutions	Clean Energy	Transportation & Mobility	Resiliency Solutions	Resource Efficiency
Utilities	✓	✓	✓	✓	✓
Energy	✓	✓	✓	✓	
Materials	✓	✓			
Machinery and Auto	✓		✓		✓
Automation	✓		✓	✓	✓

Adopters

Construction	✓			✓	✓
Transportation	✓			✓	✓
Agri-Chem-Cem-Steel	✓				✓
Mining	✓				✓
Waste Management	✓				✓

# We focus on sectors with the highest carbon emission intensity

- Diversified by geography, end markets, business models, and technology lifecycles
- Adheres to a Medium Risk Rating



# Why Invest in BMO Climate Transition Fund?

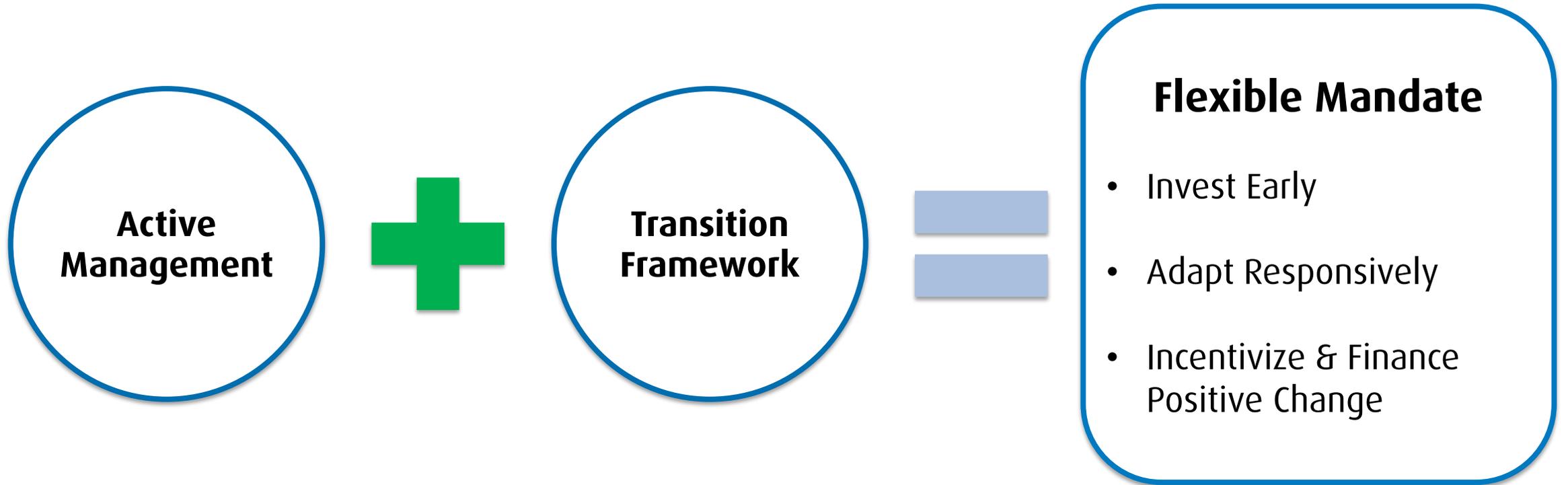
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# Why the BMO Climate Transition Fund?

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1. The Fund is forward looking as it can invest in companies that are transitioning towards low carbon business models
2. Climate Transition will be a multi decade business opportunity for Enablers and Adopters
3. The complex nature of decarbonization will require both Resource Efficiency and Resilience Solutions as essential components of successful Climate Transition

# BMO Climate Transition Fund - Dynamic by Design



- Transition pathways, solutions, technologies, goals and leadership evolve rapidly
- The BMO Climate Transition Fund is designed to be as dynamic as the Climate Transition itself

# BMO Global Climate Transition Fund – Portfolio Managers



## **Massimo Bonansinga, MBA**

Director, Portfolio Manager, Global Equity (Industrials, Automotive and Infrastructure)

Massimo has over 28 years of financial, managerial and consulting experience. Most recently, he served as Vice President, Portfolio Management and Portfolio Manager at CI Global Asset Management. Massimo has an MBA (Finance) from the Wharton School of the University of Pennsylvania and a Master's and Bachelor's degree from Università Bocconi in Milan.



## **Hoa Hong, CFA, CPA**

Director, Portfolio Manager, Global Equity (Energy and Materials)

Hoa has over 20 years of investment experience in both equity and fixed income and specializes in energy and resources. Most recently, she was Vice President, Portfolio Management and Portfolio Manager at CI Global Asset Management. She has been recognized for five consecutive years as a TopGun Investment Mind in Canada, attaining Platinum Status ([TopGun Investment Minds and Buy-Side Traders of Canadian Stocks 2022/2023](#) | [Brendan Wood International](#) | [TopGun Press](#)). Hoa holds the Chartered Financial Analyst (CFA) designation, an MBA from McMaster University, and a Bachelor of Pharmacy from the University of Toronto.



## **Janice Wong, CFA, CPA**

VP, Associate Portfolio Manager, Global Equity (Industrials and Infrastructure)

Janice has 20 years of experience in the financial services industry and specializes in industrials and infrastructure. Most recently, she was a Senior Investment Analyst, Global Industrial Equities at CI Global Asset Management, where she managed asset allocation and stock selection. Janice has a Master of Accounting degree from the University of Waterloo.

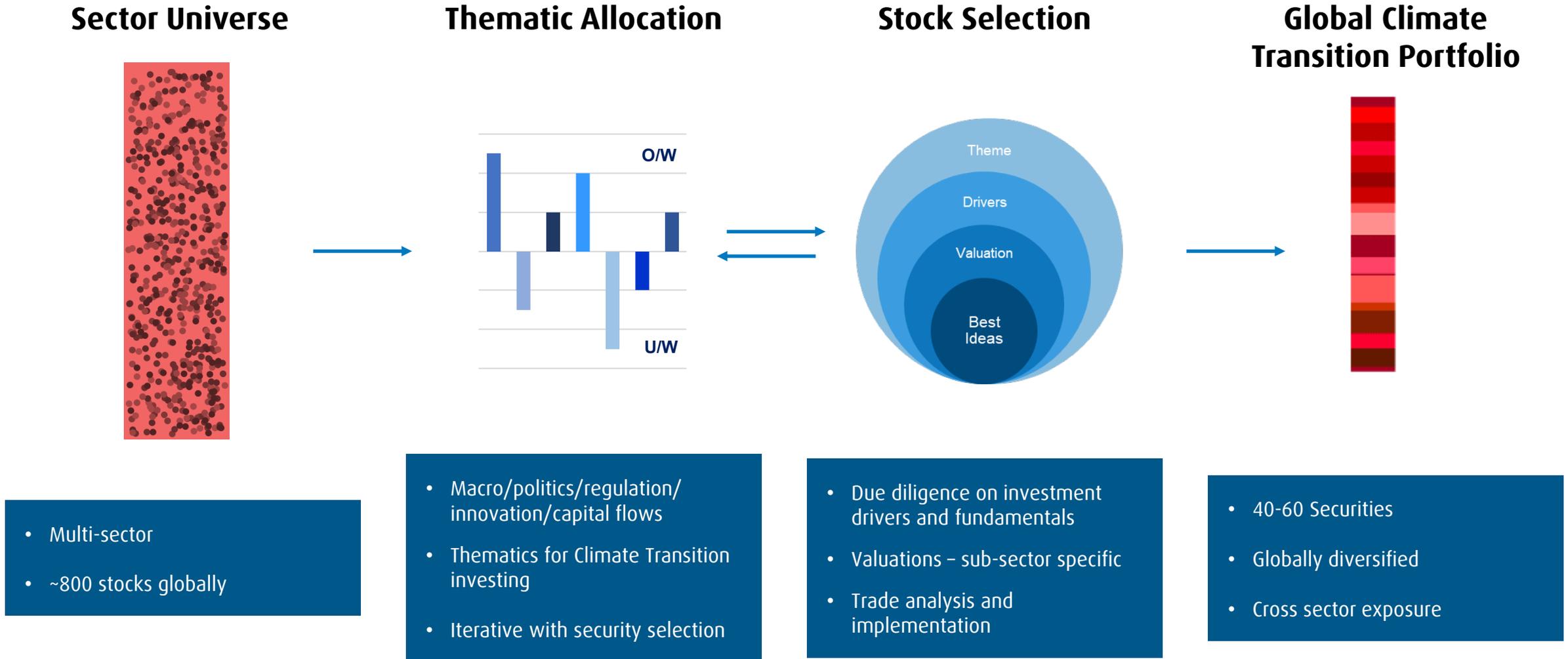


## **Alex Yang, CFA**

VP, Associate Portfolio Manager, Global Equity (Utilities, Industrials, Infrastructure)

Alex has 15 years of experience in the investment management industry and specializes in utilities, industrials and infrastructure. Most recently, he served as Senior Investment Analyst at CI Global Asset Management, managing asset allocation and stock selection. Alex holds the Chartered Financial Analyst (CFA) designation and has a Master's in Economics from the National University of Singapore.

# Global Transition Fund Stock Selection Framework



# Case Study – Iberdrola (IBE)



**Iberdrola (IBE) is one of the largest electricity utility groups in the world with more than 60 gigawatts of generation capacity (~80% are emission-free), serving almost 100 million people mainly in Europe, Latin America, and the U.S.**

## **Focusing on renewables and network:**

Around 60% of electricity produced by IBE in 2022 was generated from renewables, and ~1/5 from nuclear. It is one of the largest offshore wind developer and operators, and a pioneer in utility scale hydrogen. About 90% of its European generation came from zero emission sources.

IBE also operates large scale transmission and distribution grids as integrated backbones to facilitate the green energy transition and deliver energy solution services.

## **Long term/Stable cash flows:**

Most of IBE's businesses are under a regulated framework or long-term contracts, with network businesses contributing almost half of its EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). Approximately 30% of its EBITDA is directly linked to inflation, and roughly 20% indirectly linked.

Greater than 85% of its 2023-2025 investments in network business have already been secured thanks to stable regulatory frameworks. Accordingly, its asset base is set to increase by 44% by 2025.





**Quanta is the largest specialty electric power grid infrastructure company in North America and the leader in renewable generation infrastructure solutions. Its services are generation agnostic and critical to the North American energy transition. Quanta offers an attractive combination of growth and resilience.**

Transmission & Distribution megatrends should support above average revenue CAGR for many years to come.

- Aging North American infrastructure compels grid modernization and storm hardening investment
- Renewable build out, the Inflation Reduction Act and other green initiatives support grid expansion and connectivity projects
- Growing electric vehicle (EV) adoption fuels investment in EV charging infrastructure
- Scarcity of craft skilled labour drives market share gain



In Underground Utility Infrastructure, Quanta’s pipeline solutions enable the larger scale adoption of carbon capture, hydrogen, renewable natural gas and biodiesel.

- Utility and renewable energy developers account for 75% of sales.
- Base business projects expected to account for 90% of sales, reducing large project volatility.

# BMO Global Climate Transition Fund

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**Global Imperative:** Multi-decade capital advantage



**Portfolio Matrix:** Global equities and multi-sector approach, diverse solutions at the forefront of change



**Transition Focus:** Nimble, credible and active

# Five Reasons to Own the Fund

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- 1. Long-Term Global Investments in De-Carbonization:** the global effort to reach net zero will require large capital investments for a few decades, BMO's Climate Transition Fund invests in companies that are at the forefront of developing and implementing innovative solutions to mitigate carbon emissions and are best placed to take advantage of the flow of public and private investments and build value for shareholders
- 2. Growing Support from Global Investors:** As more companies and people shift towards environmentally sustainable practices, there is a growing demand for climate transition investments, potentially leading to long term attractive returns for investors
- 3. Reduced Risk:** Companies that are improving carbon emissions practices are often better positioned to manage potential climate-related risks, such as regulatory changes and supply chain disruptions. By investing in BMO's Climate Transition Fund, you can potentially reduce your overall portfolio risk profile.
- 4. Active Management:** BMO Climate transition funds is actively managed by experienced sector portfolio managers who have in-depth knowledge of the companies and global trends. By investing in companies that are undergoing their carbon evolution this can result in potentially better alpha generation potential for clients.
- 5. Align with Personal Values:** Investing in BMO's Climate Transition Fund allows you to align your investments with your personal values and contribute to a more sustainable future.

# Thank you

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# Disclaimers

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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.

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. 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.

Risk tolerance measures the degree of uncertainty that an investor can handle regarding fluctuations in the value of their portfolio. The amount of risk associated with any particular investment depends largely on your own personal circumstances including your time horizon, liquidity needs, portfolio size, income, investment knowledge and attitude toward price fluctuations. Investors should consult their financial advisor before making a decision as to whether this Fund is a suitable investment for them.

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.

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