BMO Financial Group to Acquire F&C Asset Management plc

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These factors include the satisfaction of the Conditions, as well as additional factors, such as: the anticipated benefits from the proposed transaction, for example the Acquisition being accretive to earnings, the estimated internal rate of return, and BMO's capital position are not realized as a result of changes in general economic and market conditions in the countries in which BMO operates; weak, volatile or illiquid capital and/or credit markets; interest rate and currency value fluctuations; the degree of competition in the geographic and business areas in which BMO operates; changes in laws or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance; and those other factors set out on pages 30 and 31 of BMO's 2013 Annual Report. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors.

Assumptions about current and expected capital requirements, F&C's assets under management, revenues and expenses, potential for assets under management and earnings growth as well as costs associated with the Acquisition, and expected revenue and cost synergies were material factors BMO considered in estimating the internal rate of return to BMO and the estimate of the acquired business being accretive to BMO's earnings.

Assumptions about current and expected capital requirements and BMO's models used to assess those requirements under the Canadian Capital Adequacy Requirement Guideline, F&C's assets under management, revenues and expenses, potential for assets under management and earnings growth as well as costs associated with the Acquisition were material factors BMO considered in estimating the impact on its Basel III Common Equity Tier 1 ratio.

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This document contains summary information only and does not provide an exhaustive description of the terms and conditions of the Acquisition. All information contained in this document is subject to and qualified by reference to the information, terms and conditions contained in the Rule 2.7 Announcement dated January 28, 2014 (including the bases and sources and terms upon which such information is provided).

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Non-GAAP Measures

BMO uses both GAAP and non-GAAP measures to assess performance. Readers are cautioned that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies. Reconciliations of GAAP to non-GAAP measures as well as the rationale for their use can be found in BMO's 2013 Management's Discussion and Analysis, which is available on our website at www.bmo.com/investorrelations.

Examples of non-GAAP amounts or measures include: adjusted earnings, earnings attributable to common equity holders, revenues, expenses, earnings per share, cash based measures and other adjusted or cash based measures which exclude the impact of certain items such as one-time acquisition and integration costs and amortization of intangible assets.

BMO provides supplemental information on combined business segments to facilitate comparisons to peers.

PRESENTATION

Operator

Please be advised that this conference call is being recorded. Good morning, and welcome to the BMO Financial Group conference call. Your host for today is Ms. Sharon Haward-Laird, Head Investor Relations. Ms. Haward Laird, please go ahead.

Sharon Haward-Laird - ***BMO Financial Group - SVP & Head, IR***

Thank you operator, and welcome everyone, thanks for joining us today. We're very pleased to have this call this morning to discuss the announcement.

We will begin the call with remarks from Bill Downe, BMO's CEO; Tom Flynn, the Bank's Chief Financial Officer; Gilles Ouellette, Head of Wealth Management; and Barry McInerney, Head of BMO Global Asset Management US and International. Also with us today is Frank Techar, BMO's Chief Operating Officer.

After their comments, we will have a short question and answer period where we will take questions from pre-qualified analysts.

On behalf of those speaking today, I note that forward-looking statements may be made during this call. Actual results could differ materially from forecasts, projections or conclusions in these statements. Additional information on factors and assumptions related to forward-looking information can be found in our annual MD&A.

I would also like to note that, under the terms of the UK takeover code, we are not permitted to provide information relating to the acquisition, which is not in the Rule 2.7 announcement, or otherwise publicly available. As a result, answers to some of your questions may be constrained.

With that said, I will hand things over to Bill.

Bill Downe - ***BMO Financial Group - CEO***

Thank you, Sharon, and welcome to all of you on the call and webcast. I recognize some of you had only a short period of time to review the materials, and thank you for joining us.

This morning we announced an acquisition in our wealth management business. It's an all-cash transaction to purchase F&C, a diversified investment manager headquartered in the United Kingdom, for $1.3 billion. BMO is the oldest bank in Canada and our ties with the UK have been present since our founding. F&C also has a rich heritage that dates back almost 150 years, to its founding in 1868 as the Foreign & Colonial Investment Trust, the first ever listed pooled investment trust.

With BMO and F&C, we'll build distinctive and engaging brands that are grounded in the long history of trust. We share a deeply held conviction for working in the best interest of our clients. This is a unique opportunity for our wealth management business, which has become of increasing importance to BMO, given its success and the attractive growth profile of the industry.

The acquisition is consistent with our stated intent of growing the wealth business at a faster pace relative to the rest of the Bank. It also demonstrates our deep commitment to the asset management business, where we've been steadily building our global client base.

The addition of F&C to our global asset management business is compelling, given the complementary nature of our footprint and product offering. F&C brings an established pedigree in fixed income investment and broad equity and property capabilities across its European platform. This adds further scope and scale to our well-established portfolio of wealth management.

BMO has been a disciplined acquirer over time, striking a good balance between growth and prudence. Today's announcement meets all the criteria against which we assess potential acquisitions. It's an excellent strategic, financial and cultural fit. We look forward to welcoming the F&C management team and employees to BMO Financial Group.

And with that, I'll turn it over to Tom to take you through the transaction details.

Tom Flynn - *BMO Financial Group - CFO*

Thanks, Bill. I'll make some brief comments and we'll focus on the details of the transaction outlined on slide 3 of our deck.

We are acquiring the shares of F&C for 120p per share in cash, or total consideration of approximately CAD1.3 billion. Given our strong capital position, no common equity offering will be required for the transaction. We expect the acquisition to impact our Basel III common equity Tier 1 ratio by approximately 75 basis points.

We had the strongest capital ratio of peers at the end of fiscal 2013, and expect to be strong on an absolute and relative basis after closing. The economics of the transaction are sound, it is attractive strategically and accretive to EPS in the first year, excluding one-time costs and the amortization of intangible assets.

Given the size of F&C relative to BMO, accretion is modest. The transaction has an IRR of approximately 15%; the enterprise value to EBITDA multiple is approximately 9.5 times F&C's EBITDA for the last 12 months ended June 30, 2013.

We expect the transaction to close during our third quarter, subject to satisfaction of regulatory and other conditions and F&C shareholder approvals.

For the six months ended June 30, 2013, F&C reported revenue of GBP126 million, adjusted cash earnings of GBP28 million, and EBITDA of GBP50 million.

Cost savings from the acquisition are expected to be modest, in part, as F&C has been focused on enhancing efficiency itself. Total operating costs have been reduced significantly since 2011, with additional cost savings of approximately GBP8 million expected by the end of 2014, under F&C's efficiency program.

We see good opportunities for revenue growth from the combined business, given the complementary nature of the distribution and product capabilities of the two companies. The recurring fee-based income generated by F&C will further diversify BMO's earnings.

To sum up; F&C is a great addition to our wealth management business, which has had strong performance and a successful track record of growing both organically and through acquisition.

And with that, I'll pass it over to Gilles.

Gilles Ouellette - *BMO Financial Group - Group Head, Wealth Management*

Thanks, Tom. We're pleased to announce our agreement to purchase F&C. This acquisition strengthens our competitive position as a global investment manager; it adds scale, resources and capabilities to our Global Asset Management business.

Our two organizations share a common focus on meeting clients' evolving investment management needs. We also have a common desire to grow the business.

On slide 4, we provide a brief overview of BMO's wealth management business. In 2013, wealth management contributed approximately 22% of total Bank revenue. We have a global business operating in Canada, and the US as well as Europe, Asia and other select markets.

We have five main groups which are set out on the slide. F&C will be part of the BMO Global Asset Management business, which includes institutional asset management, our mutual fund businesses in Canada and the US, and our ETF complex. In 2013, Global Asset Management contributed over 20% of total wealth management revenue.

Wealth management has a history of expanding successfully through acquisitions. We have a proven track record of integrating people and capabilities, and creating value through enhanced distribution and product offerings.

Slide 5 provides an overview of BMO Global Asset Management. We provide a broad range of investment solutions to our institutional and individual clients. Assets under management have grown more than 20% since 2011, and were more than $130 billion as of December 31.

Turning now to slide 6; F&C is a diversified investment manager with assets under management of GBP82 billion, or $136 billion.

F&C is headquartered in the UK; it has offices in 11 cities across 8 countries, mostly in Europe. They have over 650 employees, including 250 investment professionals.

F&C has attractive distribution capabilities and the majority of their clients are located in the UK, the Netherlands, Portugal, Germany and Ireland.

F&C has a diverse product range across multiple asset classes, and a strong performance track record, with overall assets under management outperforming benchmarks by 80% or more over one, three and five years. Like BMO, F&C seeks to innovate constantly to provide products that address the changing needs of their clients.

The acquisition of F&C extends our global reach by giving us attractive distribution capabilities in the UK and the rest of Europe. And as European economies continue to recover, and the pace of growth accelerates in the UK, these are very attractive markets for us.

A common culture, our shared commitments to our clients' needs, an enhanced global and diverse product offering, and a track record of delivering strong investment returns, will benefit both BMO and F&C clients and employees. I'm looking forward to welcoming the F&C team to BMO.

And with that, I'll turn it over to Barry McInerney, the Head of BMO Global Asset Management, US and International. Barry has been responsible for driving much of the strong performance that we've seen from BMO Global Asset Management in recent years. Barry.

Barry McInerney - *BMO Financial Group - BMO Global Asset Management CEO, US & International*

Thank you, Gilles. The acquisition of F&C is exciting news for BMO Global Asset Management and for our clients.

Turning to slide 7, BMO Global Asset Management currently operates multi-disciplined investment hubs in both Canada and the United States, in addition to a number of specialized equity and fixed income boutiques.

The F&C business will form the centerpiece of our European operations, complemented by Pyrford International and Lloyd George Management, our two equity boutiques with offices in London.

The UK and European markets are strategically important to us, both from the perspective of investment strategies and product distribution.

Slide 8 shows the compelling pro-forma view of the roughly US$270 billion in combined assets under management, which we expect to strengthen our competitive position as a significant global money manager. F&C also enhances the diversification of our managed assets, across asset classes, client type and geographies.

F&C has made significant progress in building sustainable growth in its consumer and institutional businesses. Inflow momentum has grown in both of these client segments, with net inflows of approximately GBP1.3 billion in 2013. This strong momentum has been offset, in part, by some expected declines in low margin legacy relationship assets.

F&C is focused on extending these legacy relationships beyond the current contractual periods, and we've taken into account the nature of these relationships as well as the momentum in the consumer and institutional business in our valuation analysis. We are very focused on growing the size and range of our combined asset base.

Turning to slide 9; we expect attractive cross-sell potential because we have complementary distribution networks and limited overlap in our product capabilities.

The acquisition also brings additional scale, which has become increasingly important and is highly valued by the consultant-driven institutional markets in both the United States and the UK. Having this scale improves the prospects for winning institutional mandates in faster-growing market segments such as multi-asset class, and liability-driven investing or LDI.

And we have good revenue growth opportunities as a result of this acquisition. We can plug BMO product capabilities into F&C's distribution channels where we currently have only a modest presence, and BMO's distribution in North America and Asia can also be leveraged to increase sales of F&C's investment strategies.

We have the ability to offer clients a broader range of solutions; areas of investment expertise for BMO include North American equity fixed income, passive and quantitative equities, ETFs and structured solutions.

With F&C, we have expertise in European equities and European fixed income, liability-driven investing, socially responsible investing, multi manager and real estate investments.

Both BMO and F&C clients will clearly benefit from expanded and diversified global product offerings, with access to economies and markets around the world.

BMO attaches great importance to the skills and experience of the existing management and employees of F&C, and we look forward to the opportunity to develop further client relationships together in our markets.

We share a passion for focusing on our clients' needs, and look forward to welcoming F&C clients and employees to the BMO Global Asset Management family.

With that, we'd be happy to take your questions.

QUESTION AND ANSWER

Operator

Thank you. (Operator Instructions). Gabriel Dechaine, Credit Suisse.

Gabriel Dechaine - *Credit Suisse - Analyst*

First a quick one for Bill. You've outlined the capital impact; I just want to know, is this going to cause you to put the buyback on hold at all?

Bill Downe - *BMO Financial Group - CEO*

Gabriel, we put the buyback in for the year, thinking about the possibility of moving ahead with this transaction. And so the way we view it is that the capital generation of the firm, plus the surplus capital through the point of closing, will help us fund the transaction, as Tom said, without raising equity. And I think we'll look to the latter part of the year as we consider the buyback.

Gabriel Dechaine - *Credit Suisse - Analyst*

Okay, thanks. I just wonder what attracted you to this asset? I understand that F&C has been on the market for a number of years now. Why now does it make sense for BMO to acquire it?

And there's a couple of issues on the makeup of the business that I can spot here. First of all, there's a retail element to the AUM mix. I'm just wondering what your future plans are there? Are you committed to retail asset management in the UK?

And then the strategic partners' AUM in your modeling, where do you expect those assets to settle in because that's where the bulk of the outflows have been; granted they're lower margin, but they're still a big component of the AUM there that's at risk.

Bill Downe - *BMO Financial Group - CEO*

Let me start, Gabriel, on the logic. The business of BMO Asset Management has been growing, over the last five years, in a relatively significant way as we've added new pieces and as the investment performance of the business has been matched with much better global distribution; sales forces that address markets, not only in North America but outside North America. The boutique businesses that we've added have been very complementary. They've created more interest from investors and consultants and continue to expand the potential client base.

As Barry said, adding a larger fixed income and European component really helps to round out what is a broad global offering. And I think it's going to be attractive to both our investor base in the United States and Canada, but as he said, in Asia, Europe and the Middle East. So it is a very good rounding out.

I think the timing is very good. We can see the emergence of possible economic growth in Europe sooner, perhaps, than some had expected. I don't think it's going to be rapid, but I think this is an opportune time from a valuation perspective.

And hopefully, as we close and integrate, we'll start to see a little more economic momentum and so I think that's all positive.

And then culturally, the match between the professionals who work at F&C and the professionals who work in our firm is very good. We initiated this conversation because we respect both the franchise and the investment track record and thought that it would be a very logical fit.

Tom, do you want to talk a little bit about anything with respect to -- you know what, why don't we go to Barry or Gilles to talk about the retail component and if there's anything you want to add, we'll come back.

Barry McInerney - *BMO Financial Group - BMO Global Asset Management CEO, US & International*

So we're certainly committed to all the different distribution channels that F&C currently has. They've been quite successful in growing their retail, institutional and wholesale markets, adding strong talent, distribution talent. Their performance, as Gilles mentioned, is very strong. The way they manage money is attractive in all those marketplaces from their single asset classes to multi manager and multi-asset class products that they have, and they're attracting solid assets. As I mentioned, GBP1.3 billion in positive net inflows last year alone in the consumer, retail and institutional marketplaces, so good strong momentum. And we think that will go even faster with our products to be offered as well.

Over to Gilles.

Gilles Ouellette - *BMO Financial Group - Group Head, Wealth Management*

Thanks, Barry. Gabriel, I'd just like to add a little bit is that as you know, we've talked at length about growing wealth management at BMO and making it a larger part of BMO. And two businesses that we think had global capabilities are both the asset management business and private banking, and you know we've made some acquisitions in both spaces.

But this UK/European market, it's a large market and is about one-third of the global investable assets and we have a lot of experience here. We've bought Pyrford here seven years ago and then Lloyd George a few years after. We're very comfortable in this market.

But I think the thing that attracted us also to F&C is that they have very little distribution in North America. I think something like 1% of their products are distributed in North America. And we've had a lot of success with Pyrford distributing their products into North America. Something like 40% of Pyrford's assets are now in North America, and we think we can do exactly the same thing with F&C.

We have a great distribution sales force throughout North America. The management is certainly enthused about the products that they have to offer. And on top of that, I think that we can use the platform to distribute our North American products in the UK and European markets.

So from the point of view of revenue, there are fabulous synergies. They've done the work in the last couple of years to get their costs out, so we don't think there's much in the way of cost synergies to go. I think it's going to be mainly on the revenue side, Gabriel.

Gabriel Dechaine - *Credit Suisse - Analyst*

Okay. And then on the strategic partner side, I was just wondering, is that stuff that we should consider as going away completely over time?

Gilles Ouellette - *BMO Financial Group - Group Head, Wealth Management*

So in the last couple of years the legacy relationships, there's been some withdrawals from that, and we've built into our models some further withdrawals over the next couple of years. But I think what's been a little bit lost here is the progress that this company has made in the last couple of years.

As I mentioned earlier, they've gotten a lot of the cost out. I think they are on the public record as saying that they've taken something like 25% of the cost out. But where they've had a lot of success has been on third party in the last couple of years. As I mentioned earlier the investment performance of this company is very good. Something like 80% of their assets in the one year, three years and five years are beating their benchmark and that's resonated with the market.

And in the last year they've had lots of success in the third-party market and they've been able to replace a lot of these low margin legacy relationships with high margin third-party business. So we expect that the momentum they currently have, plus adding the BMO distribution, they're going to be able to grow their revenue smartly here for the coming years.

Gabriel Dechaine - *Credit Suisse - Analyst*

Great, thanks.

Operator

Robert Sedran, CIBC.

Robert Sedran - *CIBC World Markets - Analyst*

I just wanted to follow up on a couple of those answers actually. So Bill, if I understood you correctly, it sounds like this was not a competitive or auction process; it was just the two firms getting together and realizing there was a fit?

Bill Downe - *BMO Financial Group - CEO*

There's similarities to many of the transactions, Rob, that we've done where we started a conversation built around what we hoped would be a shared view of the future, and that really was the basis for it.

Robert Sedran - *CIBC World Markets - Analyst*

Okay. And I guess to Gilles, to your answer on the legacy relationships. The word legacy is often used to denote something that's not part of your future, but it sounds like this is a business that has been running off but you think there's a level at which it will stabilize. Can you give us a sense of why these assets have been leaving and what do you think is going to be different, or what is different about the remaining assets, that you'll keep some of them, or have you got specific ones that are targeted for exit? I'm just curious how you came to an understanding of which assets were going to be part of the future and which ones may not be.

Gilles Ouellette - *BMO Financial Group - Group Head, Wealth Management*

Yes, Robert, because of the 2.7 we're a little limited to what it is that we can say about that. But we've had some conversations and they're, how should I say it, we've talked about what BMO has to offer. They're very intrigued by that. Obviously, it's all very preliminary. I can't say much more than this. This 2.7 here is keeping us back, Rob.

Robert Sedran - *CIBC World Markets - Analyst*

Okay. We'll come back to it when you can. One last one I guess and I apologize if this is in the materials, but I see the net sales of GBP1.3 billion. Are you able to give me the gross sales and the gross redemptions to get to those numbers? I just wasn't able to dig it out; I apologize if it's somewhere in the materials.

Bill Downe - *BMO Financial Group - CEO*

Rob, if you hang on for one second because Tom is just making sure that we give you an approximation.

Robert Sedran - *CIBC World Markets - Analyst*

If you want to move on to the next question --

Bill Downe - *BMO Financial Group - CEO*

We'll point you to the right place.

Tom Flynn - *BMO Financial Group - CFO*

They are disclosed, Rob. They're in the 2.7. I don't have them handy, but I think the gross sales were close to 50% higher than the net sales.

Robert Sedran - *CIBC World Markets - Analyst*

Okay. Thank you.

Operator

Mario Mendonca, TD Securities.

Mario Mendonca - *TD Securities - Analyst*

A question similar to what Gabriel was getting at. When you say that the deal would be slightly or modestly accretive, do you take into account the reversal of what you may have had in terms of share buybacks? Is that on an all-in basis adjusting for what you may have had for share buybacks?

Tom Flynn - *BMO Financial Group - CFO*

It's Tom, Mario. The way we've looked at that is we've taken a look at our projections as we've done them, given the transaction, and compared them to the street estimates that are out there for the company. And the street estimates include a level of buyback when you look at the consensus numbers. And so I think the short answer to your question is, yes.

Mario Mendonca - *TD Securities - Analyst*

So whatever you can gather from what we have on buybacks, you reverse that and still came up with just a little bit of accretion then? Is that a fair statement?

Tom Flynn - *BMO Financial Group - CFO*

That's correct. And we've looked at the consensus numbers, and the consensus numbers do incorporate a level of buybacks, and compared that to this scenario. As Bill said, given the strong capital position that we've got, there's no equity offering connected to the transaction. Our capital ratio was the strongest of the peers at Q4. It will still be towards the top end of the peer group after the transaction, based on our understanding. And so as we approach the end of the year, we'll consider what makes sense from a buyback perspective. So we'll be on hold for a period of time, but it will be just a period of time.

Mario Mendonca - *TD Securities - Analyst*

Is it fair to say you accrete capital organically, maybe 20 basis points a quarter? Is that a fair estimate?

Tom Flynn - *BMO Financial Group - CFO*

It varies quarter to quarter obviously. But I'd say 15 basis points to 20 basis points is a pretty good number.

Mario Mendonca - *TD Securities - Analyst*

And then the goodwill on this deal, something like $1.5 billion. Does that sound about right?

Tom Flynn - *BMO Financial Group - CFO*

We don't have that number in the 2.7. You can pretty much calculate it. I shouldn't respond specifically to the number, but that's not an unreasonable number.

Mario Mendonca - *TD Securities - Analyst*

Okay. Thank you.

Operator

Michael Goldberg, Desjardins Securities.

Michael Goldberg - *Desjardins Securities - Analyst*

Just a follow-up on an earlier question, and maybe you can answer it this way. Why did you, or why did F&C, rename the strategic partner assets as legacy relationships?

Tom Flynn - *BMO Financial Group - CFO*

It's Tom, Michael. I'll take that and others can jump in. If you look at F&C's disclosures, the term they generally use is strategic partners. That term, I think, refers to the depth of the relationships that they've had over time, and the importance that the relationships have had. The company has been working hard, as Bill and Gilles said, over the last few years to grow its other operations. And off the back of very good performance numbers, they've had good net sales over the last year.

As we thought about presenting the transaction here, we're focused on how we can grow the company, the retail and the third-party growth opportunities that exist. And we thought the term legacy relationships just fit better with the growth profile that we see going forward, and the nature of the relationships that the company has with those parties. I wouldn't read too much into it. The words are different, but I wouldn't read too much into it.

Michael Goldberg - *Desjardins Securities - Analyst*

Just to follow up though, in arriving at your 15% IRR, do you have to build in any expectation of increase in the contribution from that part of the business, or maybe another way of putting it, losses in that part of the business going away?

Tom Flynn - *BMO Financial Group - CFO*

We certainly, in building the number, baked in expectations about those assets, and all of the other parts of the company. I really can't disclose exactly what those expectations are, but I'd say we were realistic and prudent in informing our overall financial assessment, including the assessment related to those relationships.

Michael Goldberg - *Desjardins Securities - Analyst*

Okay. So if you can't give us any metrics related to the 15% IRR that you talk about, what does that number mean? How should we interpret it, and what can we look at as evidence that that's a credible number?

Tom Flynn - *BMO Financial Group - CFO*

I guess I would look at the performance of the company over the recent past, the strong performance of our business. I would consider the potential for cross sell that we've talked about, given the complementary nature of the distribution and the product offerings. And I would think about the amount of capital that we're putting up.

And the calculation, I think, is a fairly straightforward one. We've allocated the capital against the transaction that is required. And then we've taken the income statement and the cash flows that go with it, and extrapolated them out in a pretty normal fashion. And, based on that analysis, we're producing IRR of about 15%, and what we think are very good returns for our shareholders.

Michael Goldberg - *Desjardins Securities - Analyst*

So can you tell us what rate of growth in earnings you're assuming? And maybe what multiple on terminal earnings you used to get to the terminal value?

Tom Flynn - *BMO Financial Group - CFO*

We can't. Number 1, I don't think that you typically would do that because we don't give profit forecasts, and most companies don't. And number 2, we're constrained by what's in the 2.7.

Michael Goldberg - *Desjardins Securities - Analyst*

Okay. Thank you.

Operator

Peter Routledge, National Bank Financial.

Peter Routledge - *National Bank Financial - Analyst*

Just some follow-ups on the strategic partners. They've been running their assets off from F&C now for a couple of years, but now F&C potentially is owned by a different parent. Does that change their calculus in your view? Are they more or less likely to keep their assets at F&C because BMO is there?

Bill Downe - *BMO Financial Group - CEO*

Barry, why don't we point that question to you? You've been closer to the partners going through the process. And maybe you could reflect a little bit on how you're going to approach it.

Barry McInerney - *BMO Financial Group - BMO Global Asset Management CEO, US & International*

Yes. So F&C's had a dialog with their legacy relationships for quite some time on expanding what they're currently doing for them aside from the declines in the assets, leveraging their core strengths, as I mentioned, particularly in the multi-asset class and multi manager arena, which is fast growing, actually not just here in UK and Europe, but across North America.

So they've had some productive discussions with them, obviously before we came into the scene. And we're quite confident actually that, again, when you add our complementary capabilities to further strengthen the value proposition of those multi-asset class products, and obviously some are single products, that those discussions with those relationships can be more fruitful, going forward, and a higher degree of confidence from us and from them that we can work with them differently, going forward, than we have in the past.

Peter Routledge - *National Bank Financial - Analyst*

And then just on the cost side, you mentioned they've been taking a lot of cost out. Is there any, in your view, with a full integration, is there any more room on cost to go? Or have you pretty much got all the synergies you can get out of that platform?

Gilles Ouellette - *BMO Financial Group - Group Head, Wealth Management*

Peter, it's Gilles. As I mentioned earlier, they've done an excellent job in the last couple of years. Some of the costs that we think we'll be able to take out have to do with the public market costs which obviously it's going to be a sub of BMO, so we won't need that. And the plan there is to take those costs and really replace them with more sales people.

In the last couple of years, although they've expanded the sales force and they've been directing it to the third-party market. The conversations I've had certainly with management here is they think that there are more opportunities to add feet on the ground. And that's probably the first thing that we're going to do is just add more sales people. They've got a great performance, but they don't have enough people selling it.

Peter Routledge - *National Bank Financial - Analyst*

Okay. Thanks; that's everything.

Bill Downe - *BMO Financial Group - CEO*

Okay, great. Thanks for the questions. Let me wrap up and just summarize our key takeaways. This transaction is a good strategic fit, and financial fit, for BMO. It supports the accelerating expansion of our wealth business. It further strengthens our competitive position in the market with a larger and more diverse base of managed assets.

The combination of our two organizations is expected to drive future revenue growth. The sum is greater than the underlying parts with higher cross-sell potential across markets, and global product offering. Both management teams and organizations share a strong customer focus, and a desire to grow the business.

Thank you for joining us today. And I think, operator, that's the end of the call.