

# Investing in the Future of Genomic Innovations, Today

## BMO MSCI Genomic Innovation Index ETF (ticker: ZGEN)



### Why Should I Think About Adding Genomic Innovations to My Portfolio?

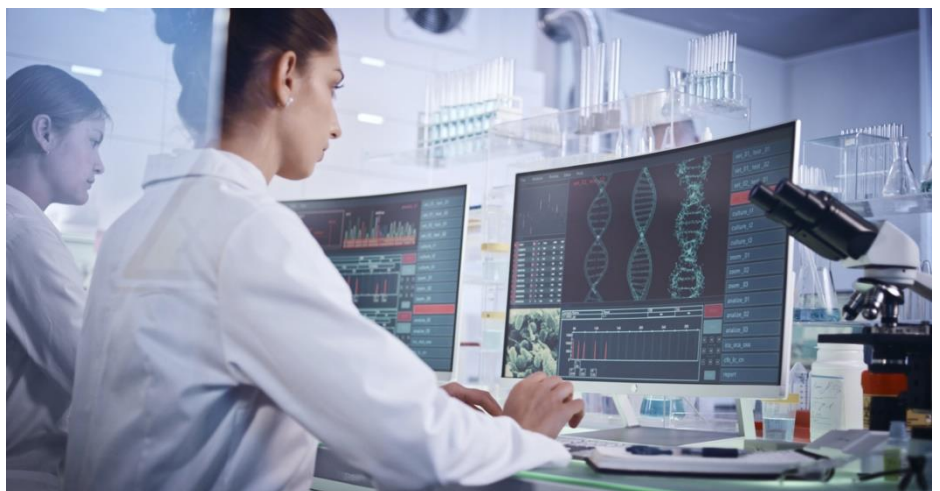
**Get exposure to a growing megatrend.** Genomic Innovators are the leading companies who are investing in future advancements in the genomics space. These companies will be the largest beneficiaries of this megatrend: they will be the owners of the patents for the therapies, treatments and cures that we will rely on in the future.

**Growth investing with genomic innovators.** We will rely on the technologies and therapies that genomic innovation companies will develop and create, this will lead to exponential growth profiles for these innovative companies in the years to come.

**Diversification.** Genomic innovation companies are underrepresented in the Canadian marketplace. Therefore, investors may benefit by adding a genomics ETF to a portfolio to not only get exposure to this theme but to also diversify from Canadian equities. ZGEN has a low correlation to the broad Canadian market at 0.67.<sup>1</sup>

### Genomic Revolution Market Update:

Genomic innovators have been on a run, and this is not a surprise. Over the last three months, the MSCI ACWI IMI Genomic Innovation Index, which represents the global leaders in genomic innovations, returned 21.6% vs the S&P 500 Index return of 13.2%.<sup>2</sup> Vaccines have been the largest driver of the pandemic recovery and this has put a giant spotlight on mRNA technology which until this year had little funding and hardly any awareness. The leading companies exposed to mRNA technology benefit enormously from the global demand for vaccines. **Moderna** is now a household name, and the company shot up 284% year-to-date (YTD).<sup>3</sup> **BioNTech**, who splits its vaccine profits with Pfizer, returned 298% YTD.<sup>4</sup> Both Moderna and BioNTech are benefitting from continued vaccine demand and the future need for boosters. Going forward mRNA technology will be used to prevent other illnesses, for example, BioNTech is currently developing an mRNA vaccine for malaria. There have also been other recent drivers in genomic innovation companies. Many of these companies are exposed to gene editing and CRISPR cas9 technologies and were beneficiaries of current advancements in this space. For example, **Intellia Therapeutics** made a recent breakthrough during a successful trial where gene-editing technology had its first delivery as medicine into a human body.<sup>5</sup> This was a crucial step towards developing future cures for genetic diseases.



Source: <sup>1</sup> Bloomberg September 16, 2021. 3-year correlation of the MSCI ACWI IMI Genomic Innovation Index (CAD) and the S&P/TSX Composite Index (CAD). <sup>2</sup> Bloomberg, September 16, 2021. Total return in CAD. You cannot invest directly in an index. <sup>3</sup> Bloomberg, September 3, 2021. <sup>4</sup> Bloomberg, September 3, 2021. <sup>5</sup> <https://www.nasdaq.com/articles/looking-to-play-intellis-ground-breaking-gene-therapy-2021-07-06>

## BMO MSCI Genomic Innovation Index ETF

### ZGEN

Distribution Yield: N/A | A

Mgmt. Fee: 0.40%

Risk Rating: Medium

new

## Using the BMO MSCI Genomic Innovation Index ETF (ZGEN) to add this megatrend to a portfolio:

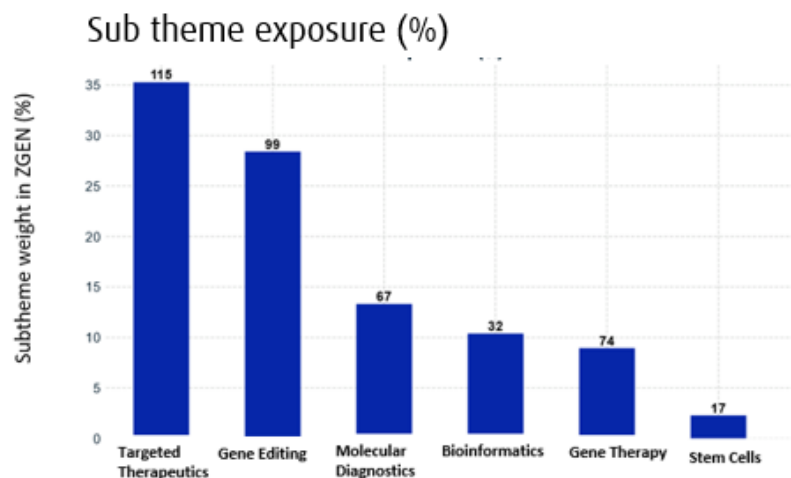
The **BMO MSCI Genomic Innovation Index ETF (ZGEN)** is a thematic ETF which strictly focuses on genomic innovation companies and is an efficient way to access a basket of global genomics stocks. ZGEN holds a portfolio of over 200 companies which are global leaders in genomic innovations. **Using an index-based ETF will maximize exposure to the trend of genomic innovations and minimize single stock risk**, which we believe is a powerful way to add this megatrend to a growth portfolio.

### A Note About Thematic Investing:

Investing in genomic innovations is **thematic investing**, not sector investing, and it is important for investors to understand the difference. For example, a health care sector ETF includes many other sub industries such as health care services, supplies, equipment and technology. So genomic innovators, many of which are classified within the biotech industry, are not given as heavy a weight in a broader sector portfolio. However, in terms of portfolio construction, investors can use thematic ETFs such as ZGEN in the same way as a sector ETF. It can be added to tilt a portfolio to a targeted exposure, in this case genomic innovations.

### Implementation:

To add genomic innovators to your growth portfolio, consider [BMO MSCI Genomic Innovation Index ETF, ZGEN](#).



Source: MSCI, June 30, 2021. The numbers on the bar chart are the number of companies exposed to the respective sub-themes. Please note that a company can be exposed to multiple sub-themes and so the sum of numbers on the chart may not match the total number of holdings in ZGEN.

### Top Holdings

Weight (%)	Name
12.06%	MODERNA INC
5.52%	THERMO FISHER SCIENTIFIC INC
5.14%	ILLUMINA INC
4.85%	WUXI BIOLOGICS CAYMAN INC
4.72%	ROCHE HOLDING AG
4.23%	BRISTOL-MYERS SQUIBB CO
4.05%	VERTEX PHARMACEUTICALS INC
3.34%	AGILENT TECHNOLOGIES INC
2.92%	REGENERON PHARMACEUTICALS INC
2.84%	BAYER AG
2.37%	ICON PLC
2.12%	TELADOC HEALTH INC
1.99%	BIONTECH SE
1.90%	BIO-TECHNE CORP
1.60%	CATALENT INC

### Want to learn more about investing in Genomics?



[Watch.](#) BMO Market Insights Webinar on Genomic Innovations

[Listen.](#) BMO ETFs Podcast on investing in Genomics with ZGEN

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