

## BMO AM Canadian Core Plus Balanced Portfolio

An Expertly Constructed Portfolio of North American Equities & Fixed Income

### Candidate for a Core Portfolio Holding?

The famous writer Mark Twain once said, “The reports of my death are greatly exaggerated.” The same can be said of the traditional balanced fund—a tool that, for many investors, remains an essential building block of portfolio construction in both bull and bear markets. Our **BMO AM Canadian Core Plus Balanced Portfolio** offers diversification and upside participation to help Advisors’ build their portfolios, leveraging talent from some of the finest investment minds across BMO, including portfolio managers Brian Belski and Matt Montemurro.

The strategy has something for everyone—from well known stock names to quiet government bonds, investment grade corporate debt, and income generating assets. It is designed to be well diversified across ten major sectors, with all the equities representing our best investment ideas within the sector. Each of the holdings, such as Apple, Amazon or Costco, are chosen based



Diversification  
+  
Upside  
Participation

on rankings by our analysts, who look for strong, fundamentally sound companies to own across a full market cycle. There is also an equal weight objective that is achieved with quarterly rebalancing.

### Unique Benefits

**Balanced Mandate:** A balance of 60% North American equities and 40% Canadian fixed income assets helps to mitigate risk, particularly during periods of market uncertainty.

**Blue Chip Equities:** Access to established, well-known companies in Canada and the U.S. that have a proven track record of performance in a variety of market conditions.

**Market Sensitive Fixed Income Allocations:** We purposefully select assets for current market conditions, and adjust holdings as warranted by the environment.

**Core, Long-Term Holding:** The consistent and balanced approach enables this portfolio to be a centerpiece for many clients.

## Canadian Equities Plus

**“If I’ve learned anything in my career, it’s that if everyone is focused in one direction, we should go the other way.”**

– Brian Belski, Portfolio Manager, Chief Investment Strategist, BMO Capital Markets

Brian leverages his strong track record of forecasting equity markets for the portfolio, which builds upon the strength of BMO Capital Markets’ top-ranked research capabilities. The number of stocks in the portfolio range from 30 to 60 names, with two-thirds invested in the Canadian market and the remaining one-third in the U.S. The portfolio is typically fully invested, with cash levels capped at 5%.

*Brian Belski is Chief Investment Strategist and leader of the Investment Strategy Group, leveraging his over 30 years in the industry to provide investment and portfolio management advice to both institutional and private clients. Brian’s group produces several investment strategy publications focused primarily on the U.S. and Canadian equity markets. He is renowned for his accuracy as a strategist and is frequently quoted in the financial press, with regular appearances on CNBC and BNN.*

## Fixed Income ETFs

**“Bond ETFs give us control over the yield curve, providing a decisive advantage when optimizing the risk-return profile.”**

– Matt Montemurro, Portfolio Manager, BMO Exchange Traded Funds

Matt’s approach to fixed income begins by segmenting the Canadian bond universe in terms of duration and credit quality. His team then selects areas of the market we believe will maximize returns and yields relative to risk. Non-traditional securities outside of the Canadian bond market—such as U.S. corporate bonds, emerging market debt and preferred shares—are selectively added to improve the portfolio’s diversification, ranked based on their expected returns and an assessment of the asset class.

*Matt is a member of BMO GAM’s ETF team focused on fixed income and preferred share mandates, with over a decade of experience managing Canadian and U.S. fixed income securities, along with emerging market debt. Matt holds an MBA from the Richard Ivey School of Business at Western University and is a CFA Charter holder.*

# Under the Hood

## Fixed Income – 40%

### Holdings

Ticker	Name	Portfolio
ZFS	BMO Short Federal Bond Index ETF	8.2%
ZPS	BMO Short Provincial Bond Index ETF	20.4%
ZCS	BMO Short Corporate Bond Index ETF	15.2%
ZCM	BMO Mid Corporate Bond Index ETF	13.2%
ZLC	BMO Long Corporate Bond Index ETF	8.9%
ZSU	BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF	12.6%
ZTIP.F	BMO Short-Term US TIPS Index ETF (Hedged Units)	9.8%
ZUAG.F	BMO US Aggregate Bond Index ETF (Hedged Units)	9.9%
	CASH	1.8%
<b>Total</b>		<b>100.0%</b>

### Sector Allocation

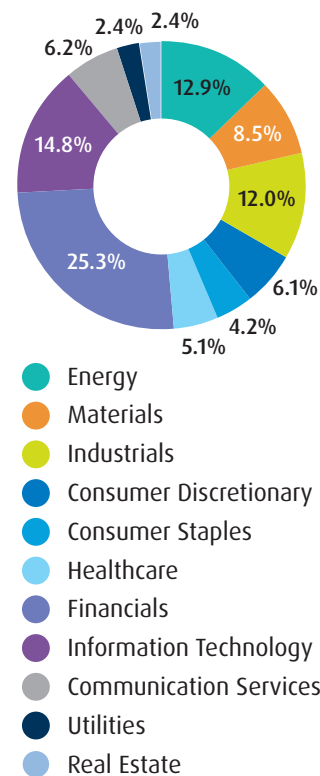
Name	Portfolio
Corporate	52.9%
Government	45.3%
Cash	1.8%
Canadian	67.7%
Non-Canadian	32.3%
Investment-Grade	100.0%
Non-Investment-Grade	0.0%

## Equities – 60%

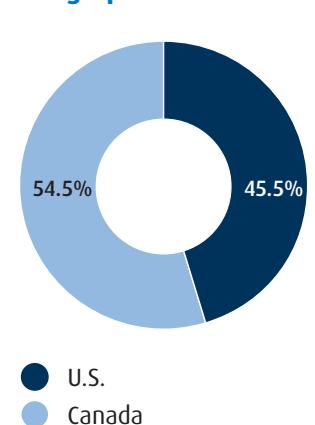
### Top 10 Holdings

Company	Weight
The Toronto-Dominion Bank	4.6%
Royal Bank of Canada	4.5%
Apple Inc	4.2%
Canadian National Railway Co	4.0%
Enbridge Inc	3.9%
Microsoft Corp	3.5%
Bank of America Corp	3.0%
Brookfield Corp Registered Shs -A- Limited	2.8%
BCE Inc	2.8%
Exxon Mobil Corp	2.7%
<b>Percentage of Total Equities Holdings</b>	<b>36.0%</b>

### Sector Allocation



### Geographic Allocation



Source (all charts): Bloomberg, BMO Global Asset Management, to December 31, 2023.

The portfolio holdings 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.

## Spider-Man Wallets and Pension-Style Investing

Wealth Advisor Alex Kastanis, BMO Nesbitt Burns, shares his belief in the deep emotional impact of money—and the BMO Canadian Core Plus Balanced Portfolio.

### “What is your first recollection of money?”

Since money is numbers-based, people often think of it as cold or unemotional. That couldn't be further from the truth. I mostly service clients that are retired or close to retirement, with an average account size of around \$1.1 million. And in my 20 years in financial services, I've always found that money affects every aspect of people's lives, from their health to the wellbeing of their families.

So, when I first meet with a prospective client, I start with a couple of questions. The most revealing is: “What is your first recollection of money?” I've found that when you ask that question, you gain a real understanding of a person's mindset. One client told me that his first recollection was receiving a Spider-Man wallet for Christmas when he was seven years old. When he opened the wallet, he found that there was no money in it, and he started to cry. It was only then that he realized that it was his job to earn the money to fill it. Many clients have similarly emotional connections to money from an early age.

As an Advisor, it's crucial that I understand how clients will feel about money in varying circumstances—for instance, if the market goes south. We all know that investing can be driven by emotions, and only by understanding my clients' motivations can I act as a counterbalance.

### “I've never met a rich pessimist”

When I discuss strategy with clients, I stress the benefits of professional money management. As an Advisor, my goal is to manage risk, and that can often be best achieved by leveraging the expertise of full-time analysts and portfolio managers like BMO's Brian Belski. A product like the BMO Core PLUS Balanced Portfolio, which he manages alongside Matt Montemurro, simplifies the process for both me and my clients by enabling me to give them the attention they deserve instead of painstakingly selecting individual stocks or exposures.

Canadian businessman Ned Goodman once said, “I've never met a rich pessimist.” That's a lesson I've taken to heart. I truly believe that in order to make money in the market, you've got to look at the glass half-full. That's how it is for the best and most successful managers, like BMO's Brian Belski. His bullish disposition—as well as his track record of success—makes investing with his products an easy choice.

The BMO Canadian Core Plus Balanced Portfolio streamlines my product shelf and serves as an excellent portfolio centerpiece. Its consistency and balanced approach—including both Canadian and U.S. exposures and a mix of stocks and bonds—makes it an excellent option for investors of any age, offering both dividend income and the opportunity for capital appreciation. Fee efficiencies are also a major plus—those can really add up for a portfolio of \$1 million or more.

At the end of the day, my top priority is to protect my clients. The BMO Canadian Core Plus Balanced Portfolio helps me do just that.

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