

Enhanced Balanced Portfolio

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a sophisticated blend of active and passive management.

Concentrated North American Equities

based on the BMO Growth Opportunities fund, bottom-up security selection combined with...

Global Asset Allocation

regional and factor tilts using ETFs to gain exposure to a wider opportunity set

Long-Term Focus to Own with Conviction

expertise from proven fundamental and macro research teams

Multi-Asset Solutions Team (MAST): 5 Lenses Outlook† – July 2024

Lens 1 Asset Mix

- We remain neutral across our asset mix between stocks, bonds and cash.
- While the global economy remains resilient, we think equities are exposed to elevated valuation multiples as multiple risks lie ahead.
- The political cycle is heating up, especially in the U.S. where odds to Trump rose after a challenging debate for the Democrats while France is also facing greater political uncertainty.
- Investors must also face somewhat sticky inflation fear and delayed U.S. Federal Reserve ("Fed") cuts, which could turn into headwinds for equities this summer.

Tactical Score:

Equities	0
Fixed Income	0
Cash	0

Lens 2 Asset Class Equity

- Our outlook and the loonie, regional equity mix remains unchanged this month as the economy and markets largely evolve along the lines of our expectations.
- We remain underweight to Canadian equities and continue to prefer U.S. equities.
- We prefer to be tilted toward U.S. equities with its bias for higher quality and benefit from the more robust U.S. economy.
- We expect the Canadian economic outlook to continue to soften as elevated interest rates are weighing on the economic.

Tactical Score:

Canada	-1
U.S.A.	+1
EAFE	0
EM	0

Lens 3 Asset Class Fixed Income

- We downgraded high-yield corporate bonds to a small underweight as spreads to government bonds are tight and relatively unattractive
- While the Bank of Canada appears ready to ease monetary policy more than the markets expect, interest-rate duration ultimately needs some Fed easing, but the Fed remains handcuffed by data for now.
- We remain bullish on gold as a hedge against the risk that long-term interest rates might continue to drift higher or if the U.S. economy was to cool faster than expected.

Tactical Score:

IG Credit	0
High Yield	-1
EM Debt	0
Duration	0

Lens 4 Style/Factor

- We continue to prefer higher quality companies who enjoy stronger balance sheets and pricing power, which enables them to have more resilient and wider profit margins.
- We remain bullish on firms with strong dividends as interest rates are likely to decrease in 2024, albeit modestly; we expect investors to rotate in favour of that sector this year.
- We remain bullish on value companies as we expect sticky inflation fear to favour value-oriented companies.
- We remain bullish on low-volatility companies to better navigate a potentially more volatile equity market.

Tactical Score:

Value	+1
Volatility	-1
Quality	+1
Yield	+1

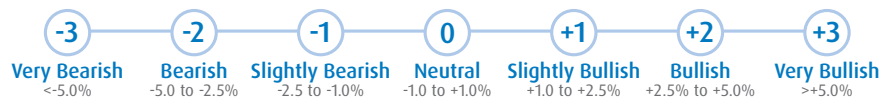
Lens 5 Implementation

- We continue to like gold as a hedge against downside macro risks.
- We think gold could continue to shine if investors were surprised with renewed recession fear or inflation anxiety which could lead to further delaying expectations for Fed rate cuts and re-ignite a risk-off U.S. Dollar rally and weigh on the loonie.
- Several central banks are steadily increasing their allocation to gold as a share of their international reserves, which is helping boost demand for gold.

Tactical Score:

Canadian Dollar	-1
Gold	+2

▲ Indicates an increase in the tactical score month-over-month | ▼ Indicates a decrease in the tactical score month-over-month



† The Five Lenses strategy is primarily based on a 12-month time horizon, however BMO's Multi-Asset Solutions Team may deviate from the longer term view in the short term especially with regards to currency. 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.

Portfolio Guidelines

	Benchmark
Fixed Income	40%
Equity	60%
– Canada	30%
– Foreign	30%

Benchmark is defined as 30% S&P/TSX Composite, 30% MSCI ACWI, 40% FTSE TMX Universe.

Allocation as of June 30, 2024

Asset Class	Weight (%)
Cash - CAD	1.6
Fixed Income	35.8
Equity	62.7
– Canadian Equity	29.9
– U.S. Equity	22.8
– EAFE Equity	6.2
– Emerging Markets Equity	3.8

Holdings as of June 30, 2024

Top-Down	Fixed Income	Weight (%)
ZCPB	BMO CORE PLUS BOND FUND	29.0
BMO83203	BMO AM GLOBAL ABSOLUTE RETURN BOND FUND	1.9
ZFL	BMO LONG FEDERAL BOND INDEX ETF	4.8
Top-Down	Equity	
ZCN	BMO S&P/TSX CAPPED COMPOSITE INDEX ETF	6.5
ZEA	BMO MSCI EAFE INDEX ETF	4.9
ZEM	BMO MSCI EMERGING MARKETS INDEX ETF	3.8
ZLB	BMO LOW VOLATILITY CANADIAN EQUITY ETF	2.5
ZSP	BMO S&P 500 INDEX ETF	1.1
Bottom-Up	BMO Growth Opportunities SMA (Top 10)	
CSU	CONSTELLATION SOFTWARE INC.	2.8
MSFT-US	MICROSOFT CORP	2.4
WCN	WASTE CONNECTIONS INC	2.4
DOL	DOLLARAMA INC	2.2
XLE.US	ENERGY SELECT SECTOR SPDR FUND	2.2
GOOG-US	ALPHABET INC CLASS C	2.0
IFC	INTACT FINANCIAL CORP	1.9
RY	ROYAL BANK OF CANADA	1.9
ISRG-US	INTUITIVE SURGICAL INC	1.8
BN	BROOKFIELD CORP	1.5

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