

# BMO Global Asset Management Architect Equity Solutions

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# Our Purpose

**Our purpose is to aim to deliver exceptional outcomes that our clients deserve.**

**To achieve this, we apply an unwavering focus on our long-term investment process within a team based collaborative culture.**

# Our Core Investment Beliefs

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## Sustainable business models

We are business analysts, not stock market speculators

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High-quality businesses with strong moats led by excellent capital allocators

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ESG considers significant stakeholders and risks not captured in financial statements

## Long-term value creation

Compounded growth creates value over the long term

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What could this company look like in 5 to 10 years?

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Focus on the key long-term business drivers

## Risk Management

Risk is inherent throughout our process

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We focus on risk from a business owner's perspective

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Behavioral risk mitigation - collaborative team, diverse views

## Concentrated Portfolios

Construct a concentrated and high conviction-weighted portfolio

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Capitalize on highest conviction ideas

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Focus on exceptional business models

# Our Fundamental Five Pillar Process

Investment decisions based on careful analysis  
across five key pillars



**Leadership**



**Growth  
Potential**



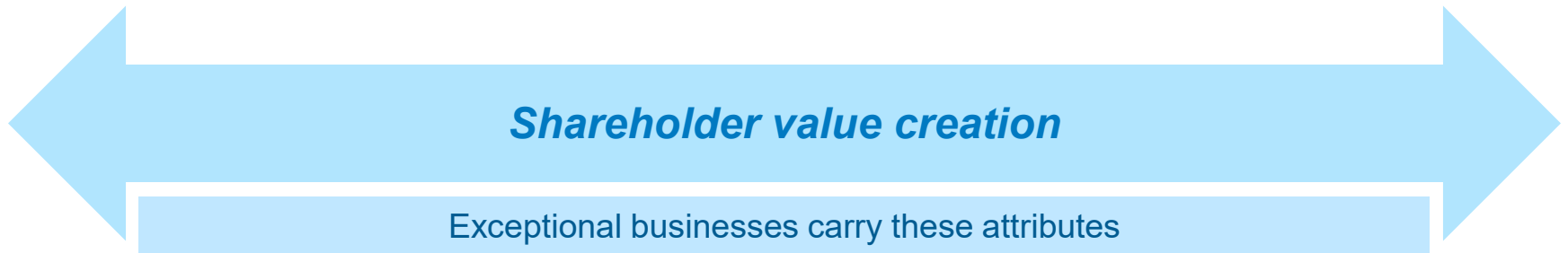
**Economic  
Moat**



**Responsible  
Investment**



**Business  
Value**



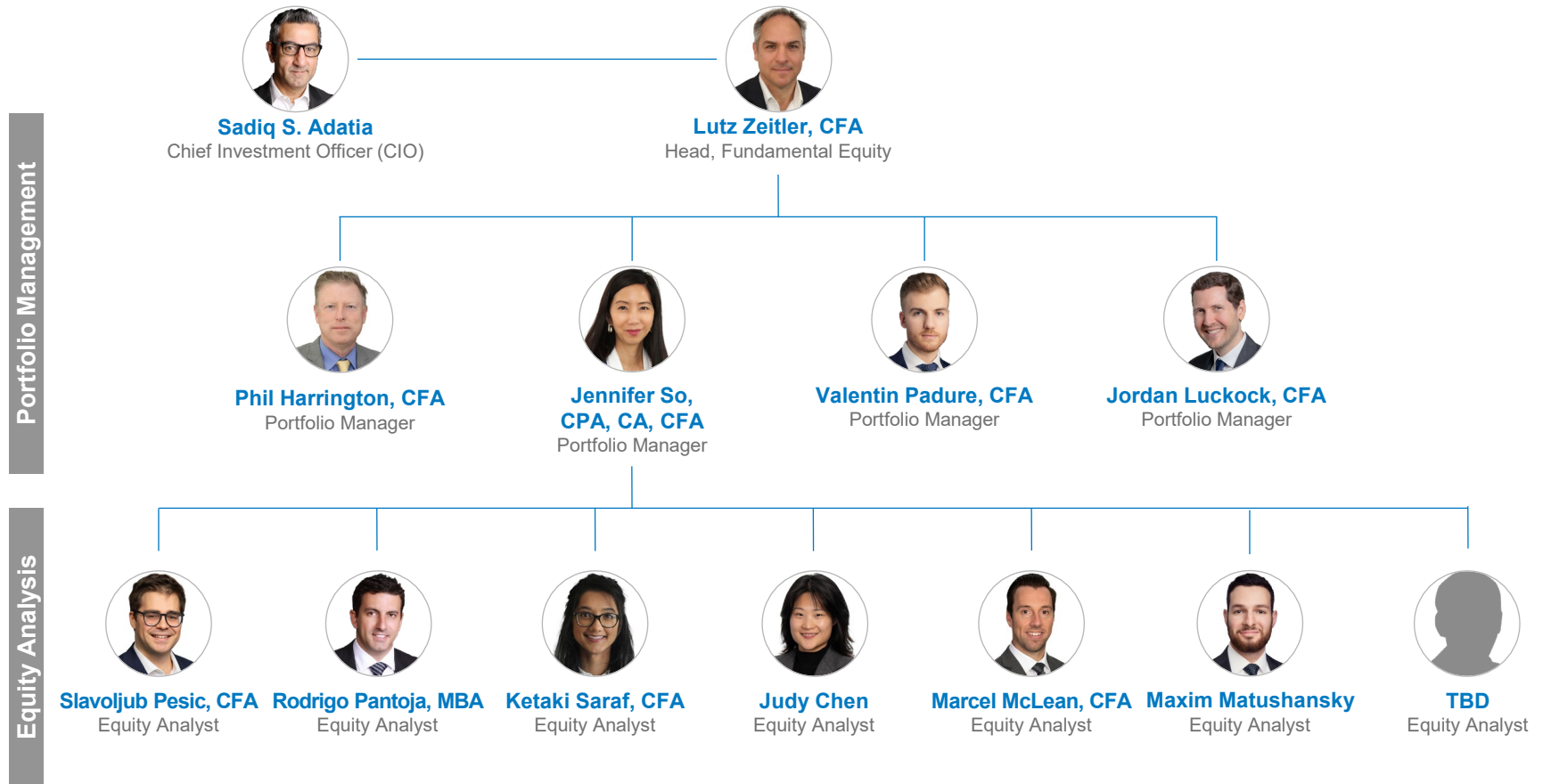
# BMO Asset Management Canadian Stock Selection

Jordan Luckock, MSc, CFA, Vice President & Portfolio Manager



Global Asset Management

# Fundamental Equity Team



Collaborative team-based culture with shared philosophy and process

# Our Investment Pillars

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**Investment decisions based on careful analysis  
across five key pillars**



**Economic  
Moat**



**Growth  
Potential**



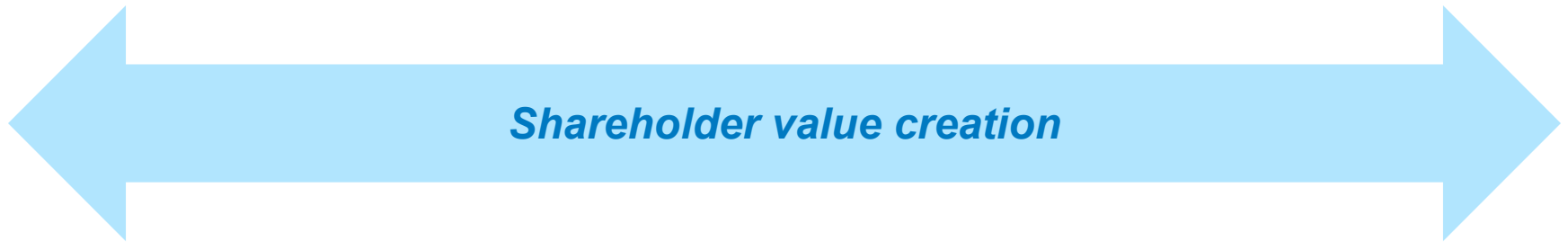
**Leadership**



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Value**



# Key Reasons to Own

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# Our Differentiation

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**Not a  
Benchmark  
Portfolio**

- 35-40 high conviction holdings
- Top 10 makes up ~50% of the fund



**Unique  
Ideas**

- Concentrated in best ideas across entire Canadian equity universe
- Large cap-focused with a handful of high conviction small/mid-caps



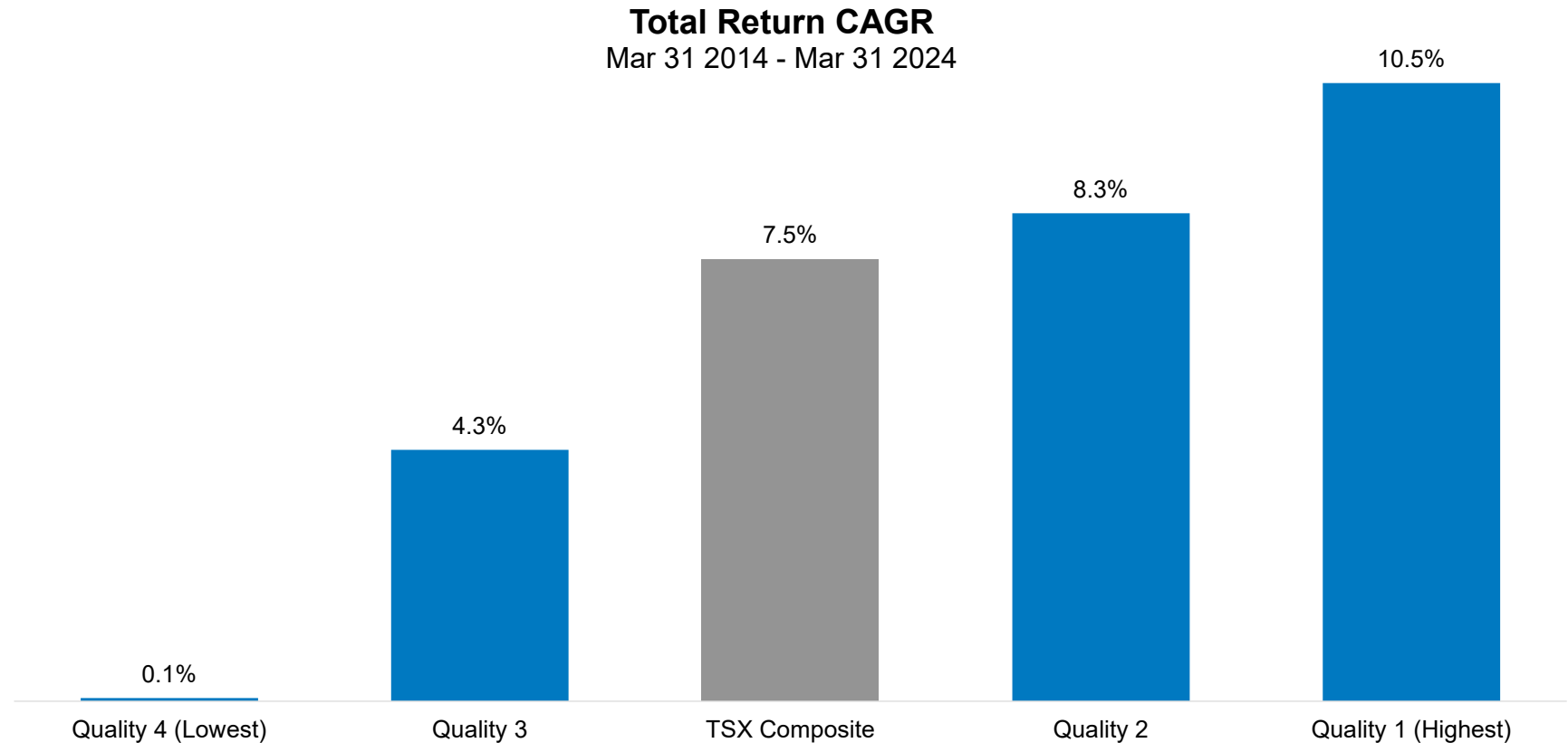
**Disciplined  
Process**

- Deeply researched bottom-up stock selection
- Disciplined portfolio construction/risk management

# Why Own High Quality? Because it Works

## The highest quality stocks (as we define them) have outperformed over time

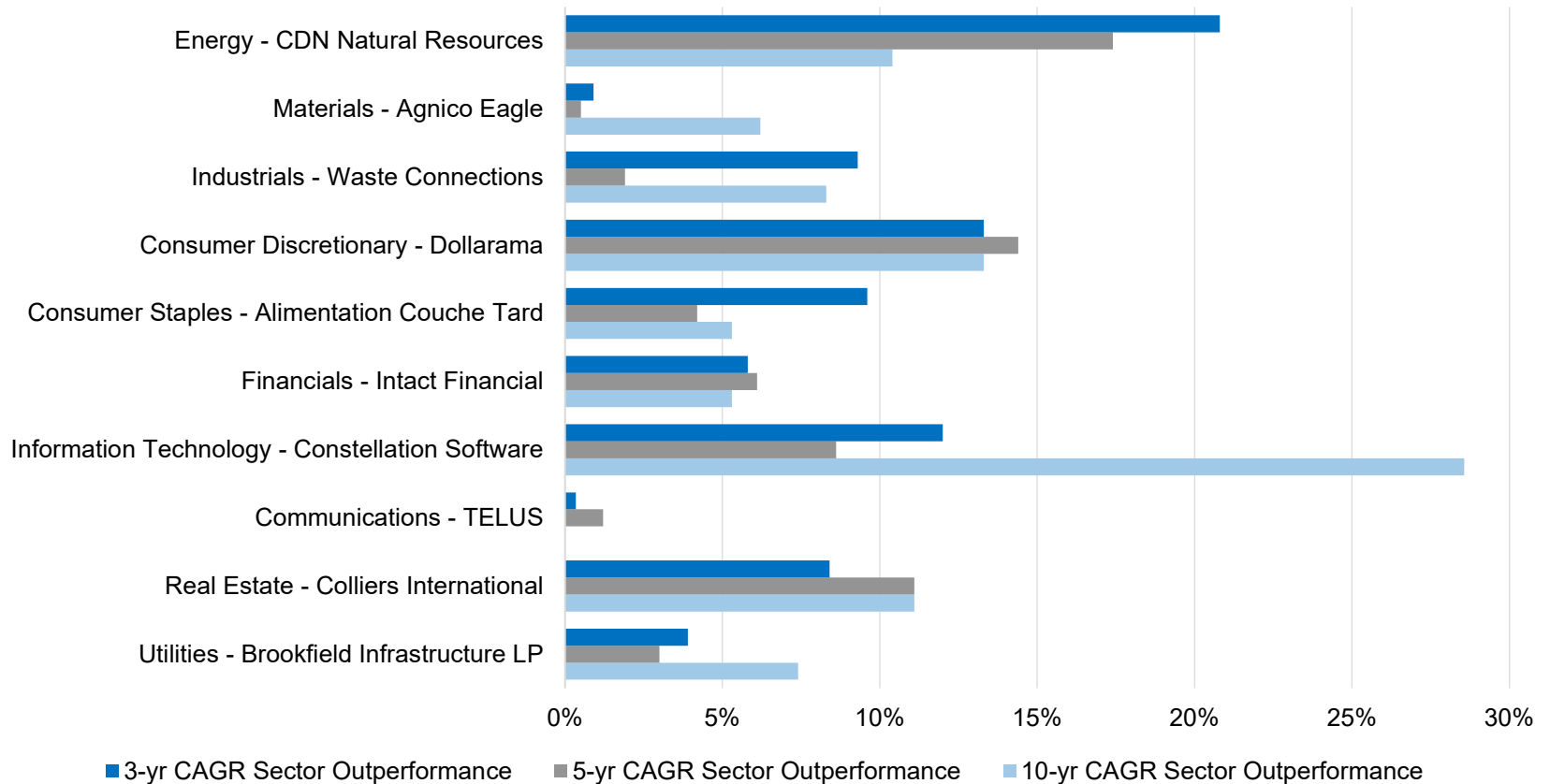
- Ranked by Economic Moat, Growth Potential, Leadership and Responsible Investment



Source: Bloomberg, BMO AM Inc.

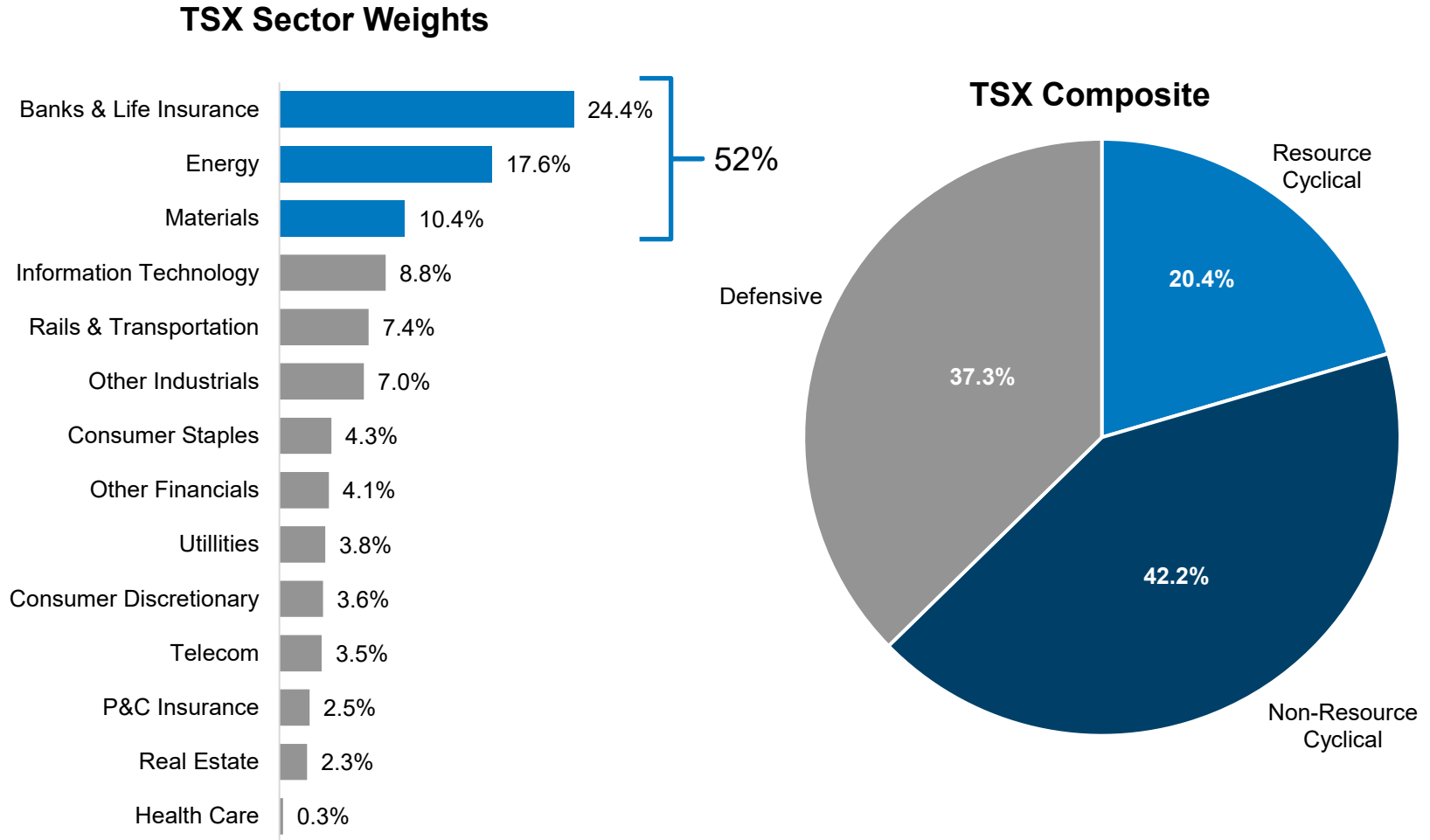
# Why Own High Quality? Because it Works

## These companies outperformed their GICS sector on a 3-, 5- and 10-yr basis



Source: Bloomberg. As of March 31, 2024.

# Canadian Equities are Mostly Cyclical



Source: Bloomberg. As of March 31, 2024.

# We Own a Mix of Compounders & High-Quality Cyclical

## Compounders



## Cyclicals



## Small Caps

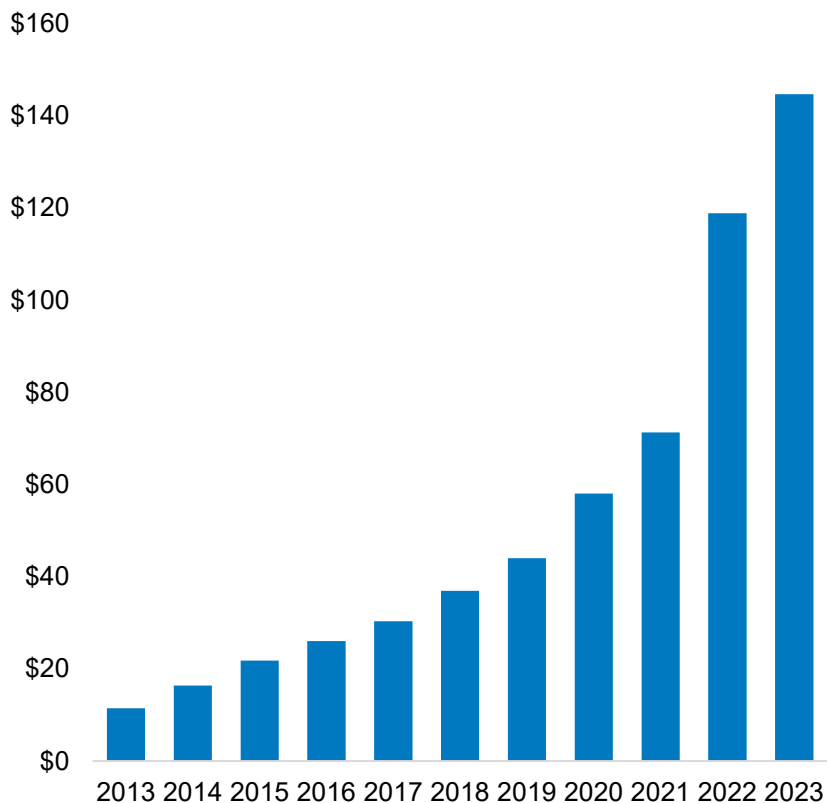


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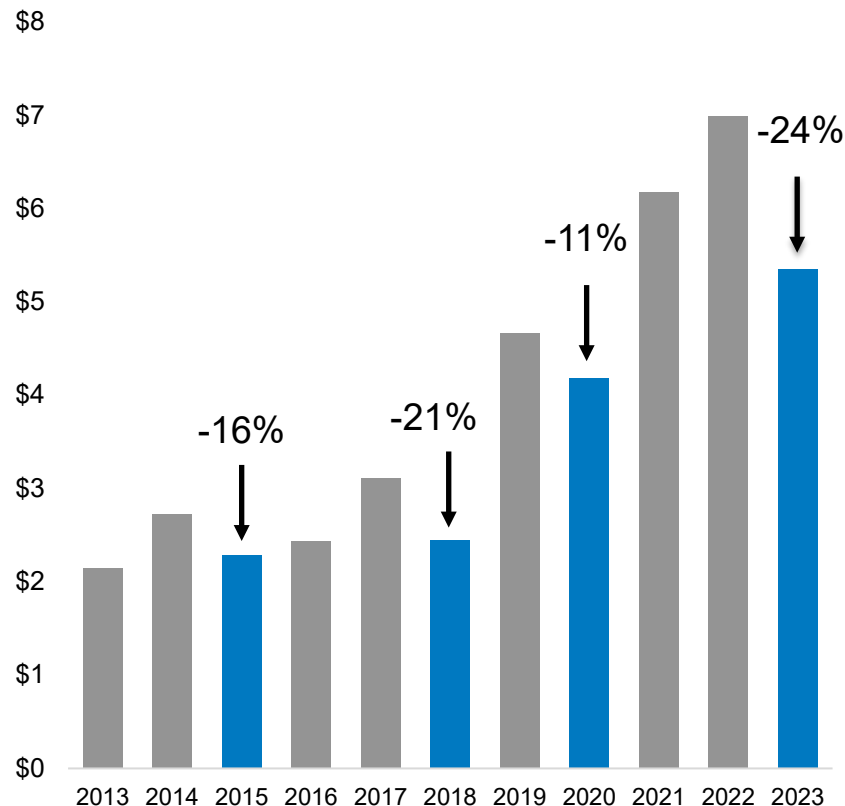
# Examples of Compounders vs. High-Quality Cyclical

**Colliers has consistently grown over five-year periods, but with relatively more volatility**

**Constellation Software EBITDA/Sh.**



**Colliers EPS**



Source: Bloomberg. As of December 31, 2023.

# What is a High-Quality Resource Producer?

## Asset Quality



- Project Economics
- Diversification
- Geopolitics



Canadian Natural



## Leadership



- Operational Track Record
- Capital Allocation
- Return on Capital Employed



ARC RESOURCES LTD.



Cameco



Nutrien

## Growth



- Per Share Growth Metrics
- Grow Within Cash Flow
- Full Cycle Basis



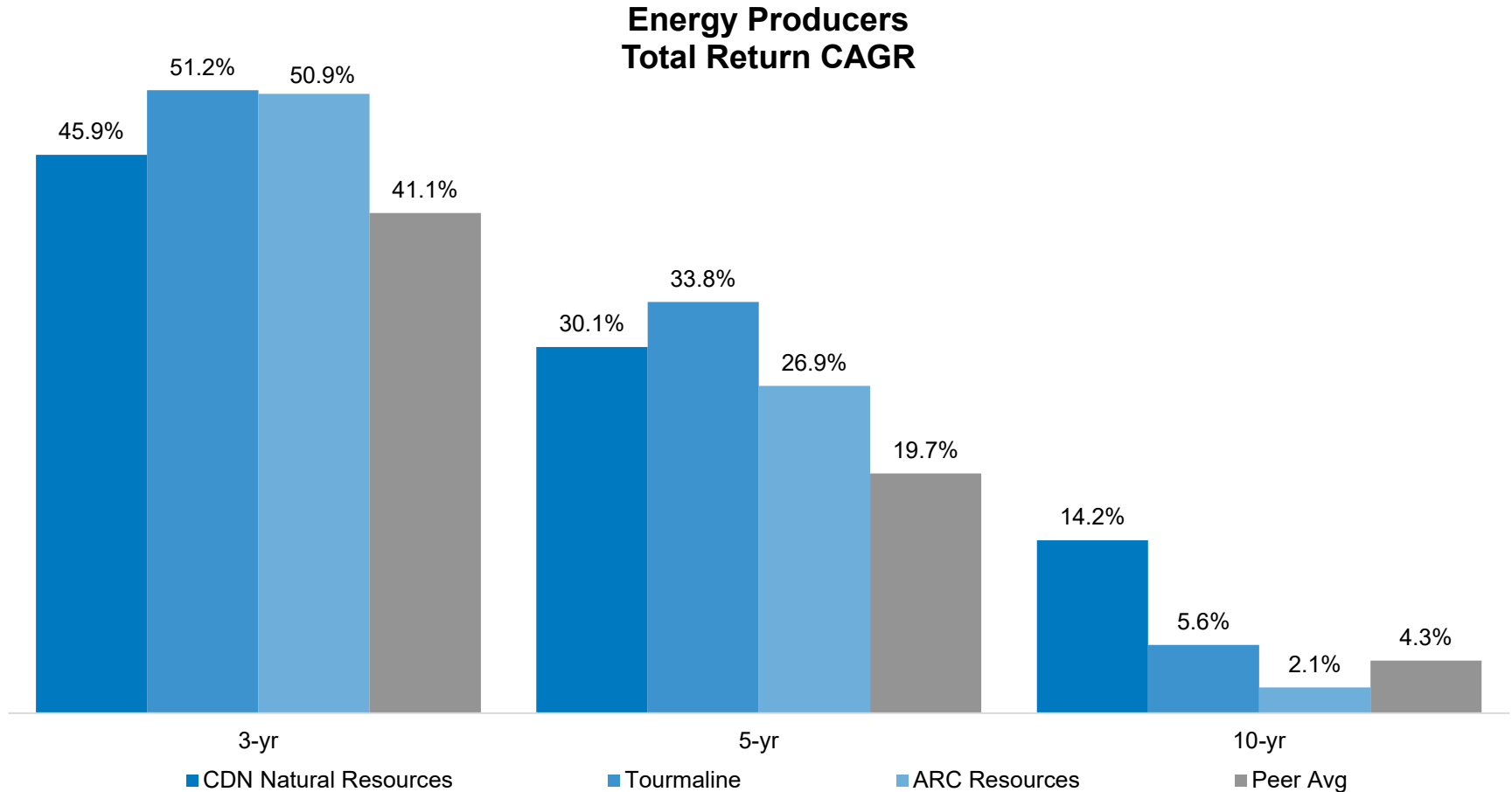
Teck



AGNICO EAGLE

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# High Quality Resource Producers Have Outperformed

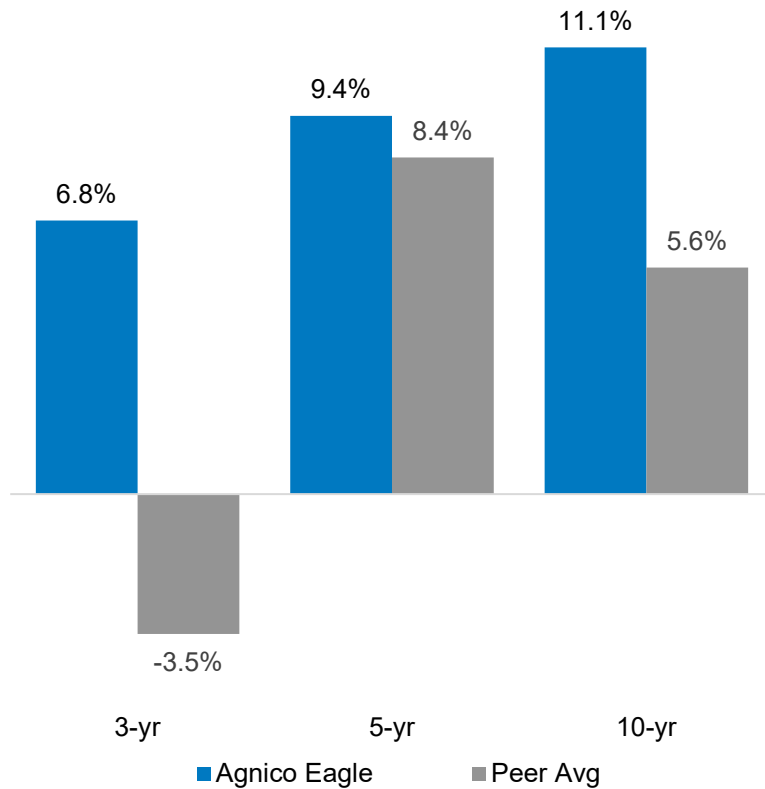


Energy Producer peers include Suncor, Cenovus, and Imperial Oil  
Source: Bloomberg. As of March 31, 2024.

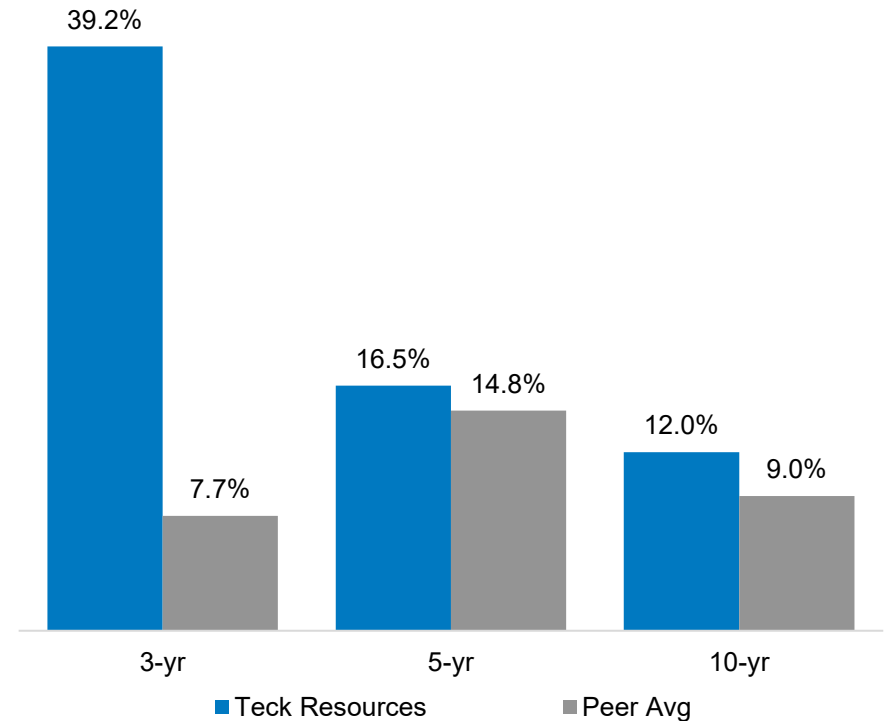


# High Quality Resource Producers Have Outperformed

### Gold Producers Total Return CAGR



### Base Metals Producers Total Return CAGR

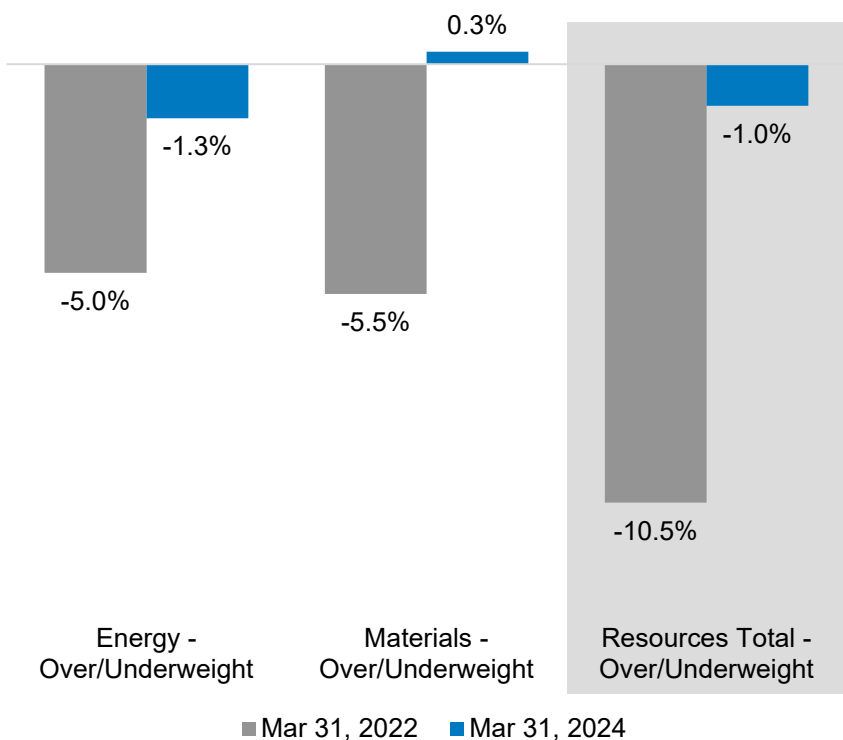


Gold Producer peers include Barrick, Newmont, and Kinross  
Base Metals Producer peers include Ivanhoe, First Quantum, Lundin, and Hudbay  
Source: Bloomberg. As of March 31, 2024.

# Resource Stocks Have Been a Key Performance Driver for Us

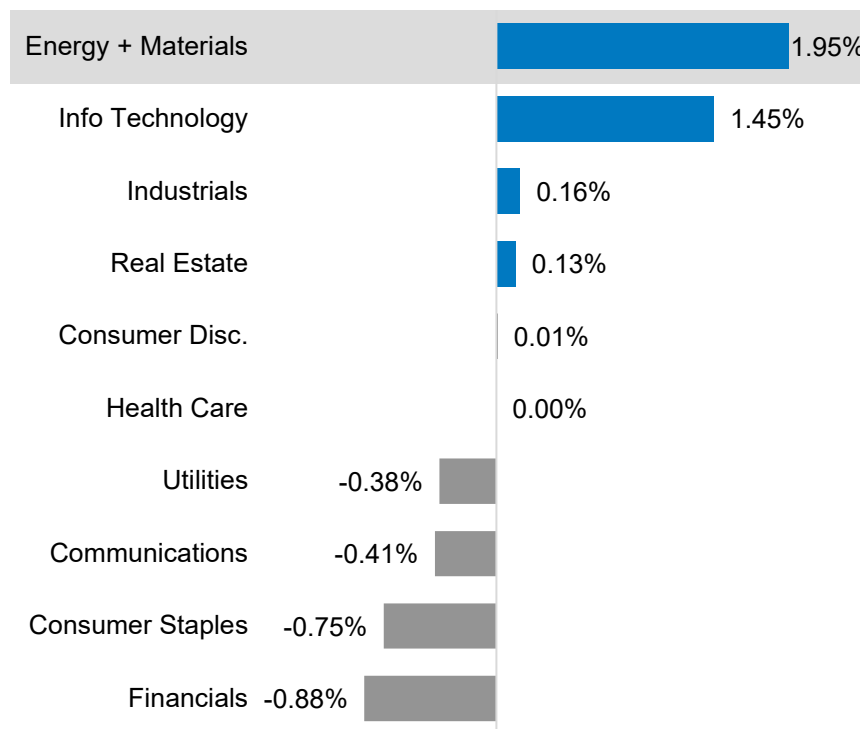
- We significantly increased our position in the resource sectors
- Stock selection within the resource sectors has been strong the past two years

## Resource Exposure – "Then vs. Now"



## Stock Selection Effect

Mar 31 2022 - Mar 31 2024

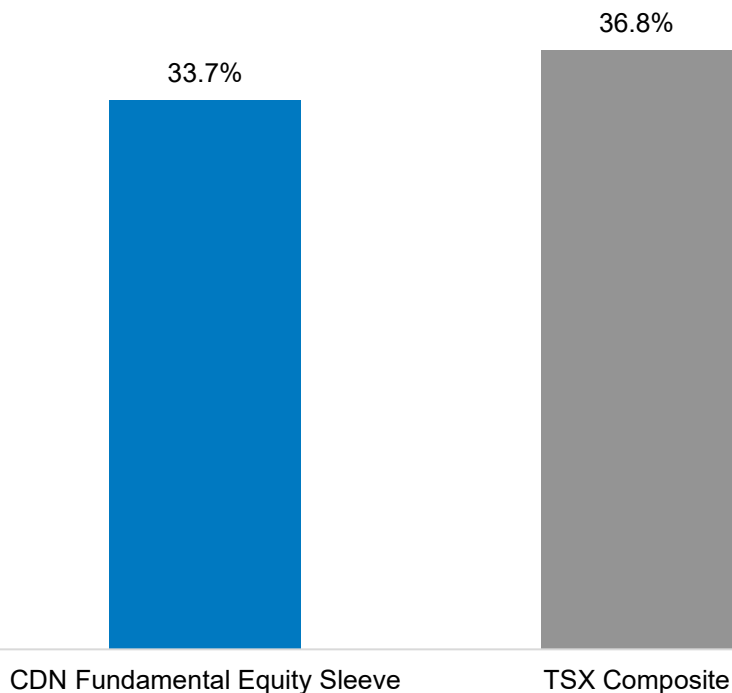


Source: Bloomberg, BMO AM Inc.

# Other Managed Risk Exposures

These include rate and economic sensitivity, market cap, cash flow duration, etc.

## Exposure to Stocks Negatively Impacted by Rising L-T Rates



## Rising Rate Periods

Start Date	End Date	Change in 10-yr US Treasury Rate	Theoretical Portfolio Alpha*
15-Dec-22	28-Dec-22	+43 bps	-0.6%
02-Feb-23	02-Mar-23	+67 bps	-0.1%
03-May-23	21-Aug-23	+100 bps	3.1%
31-Aug-23	30-Sep-23	+88 bps	0.4%
01-Feb-24	13-Feb-24	+40 bps	0.2%
08-Mar-24	25-Apr-24	+63 bps	0.4%
<b>Average</b>			<b>0.6%</b>

## Falling Rate Periods

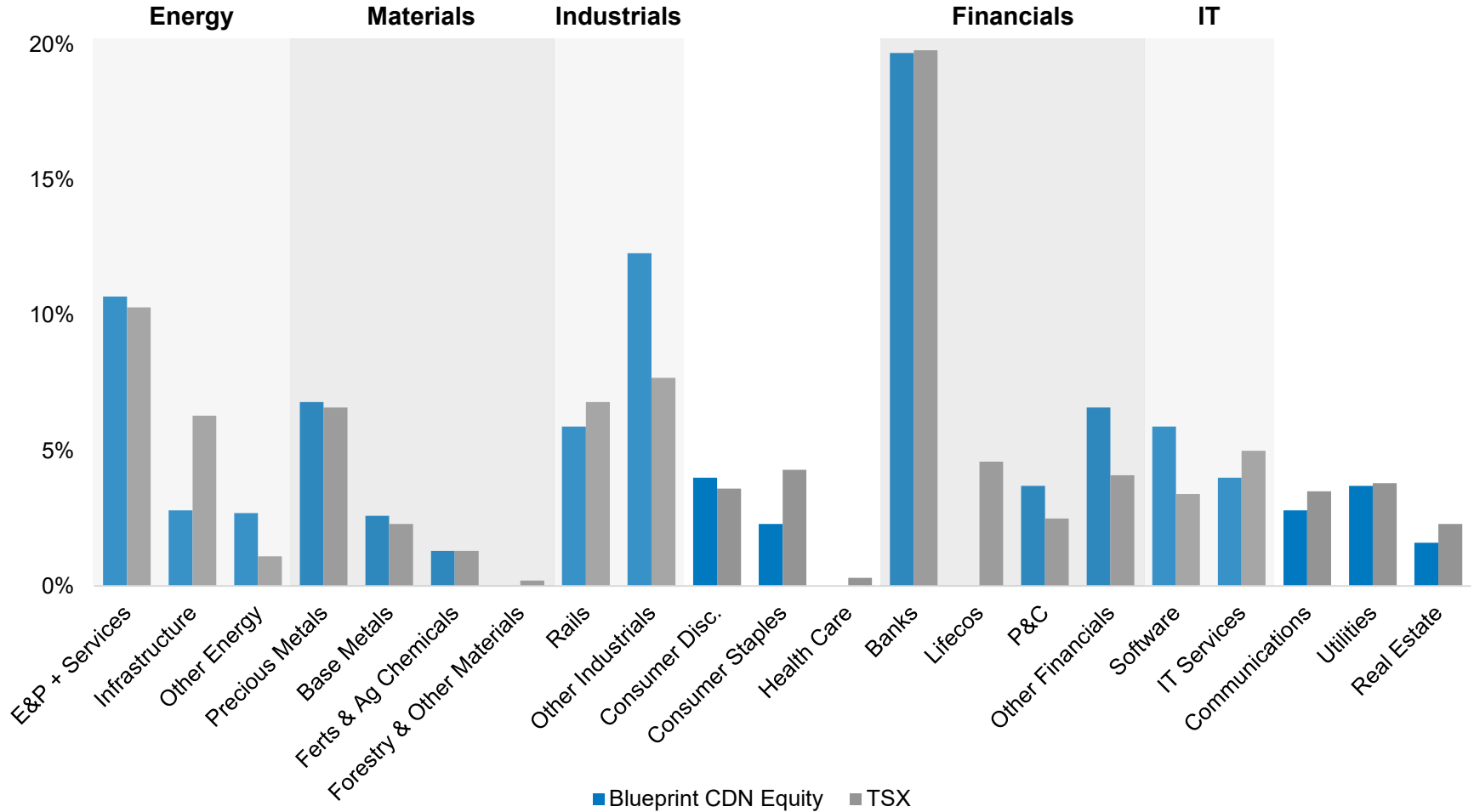
Start Date	End Date	Change in 10-yr US Treasury Rate	Theoretical Portfolio Alpha*
11-Jul-19	04-Sep-19	-67 bps	1.1%
14-Jun-22	01-Aug-22	-90 bps	2.5%
07-Nov-22	07-Dec-22	-79 bps	1.2%
30-Dec-22	18-Jan-23	-50 bps	0.0%
02-Mar-23	06-Apr-23	-75 bps	0.5%
19-Oct-23	27-Dec-23	-120 bps	1.7%
<b>Average</b>			<b>1.2%</b>

\*Current Portfolio Theoretical Alpha shows how our current portfolio (in names & weights) would have approximately performed over the designated time period.

Source: Bloomberg, BMO AM Inc.

# Sector Weights

## As of March 31, 2024



# Top 10 Active Weights

As of March 31, 2024

## BluePrint Canadian Equity Portfolio

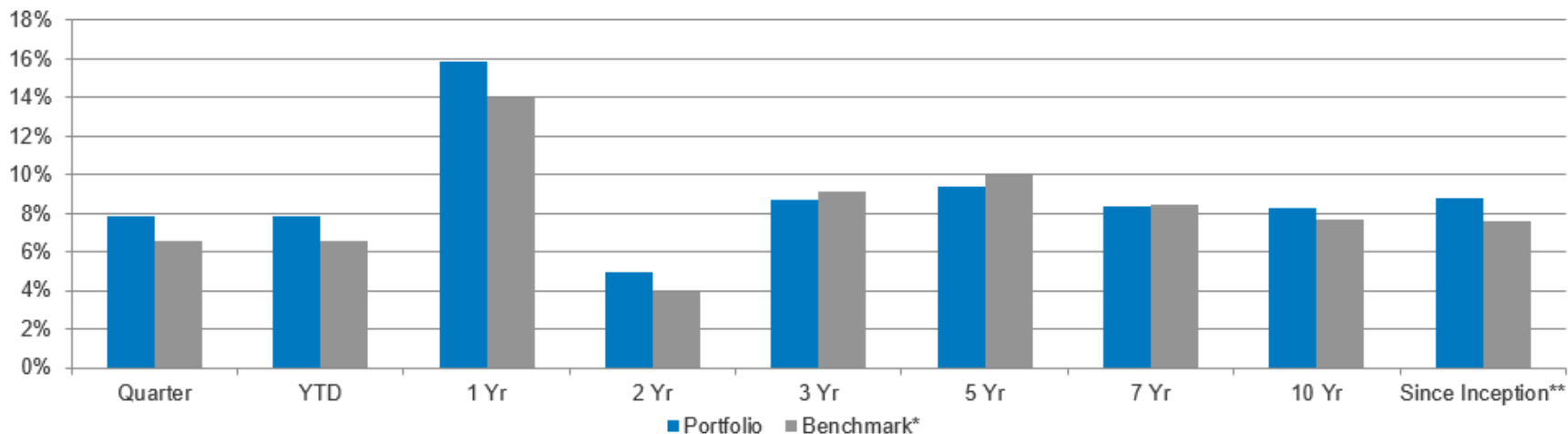
Security	% of Total Portfolio	% of S&P/TSX Composite Index	Difference
Canadian Pacific Kansas City Ltd.	5.95	3.51	2.43
Element Fleet Management Corp.	2.65	0.27	2.38
Waste Connections Inc.	4.20	1.89	2.31
Royal Bank of Canada	8.33	6.06	2.27
Brookfield Infrastructure Partners LP	2.86	0.62	2.25
Constellation Software Inc.	4.35	2.30	2.05
PrairieSky Royalty Ltd.	2.21	0.18	2.03
Pembina Pipeline Corp.	2.83	0.83	2.00
TELUS Corp.	2.76	1.00	1.76
Teck Resources Ltd.	2.58	0.90	1.69

Source: BMO AM Inc., Bloomberg

# BluePrint Canadian Equity Portfolio Performance

## Annualized Performance

As of March 31, 2024



Annualized Returns as of March 31, 2024

	Quarter	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Since Inception**
<b>Portfolio</b>	<b>7.86</b>	<b>7.86</b>	<b>15.87</b>	<b>4.97</b>	<b>8.67</b>	<b>9.38</b>	8.39	<b>8.31</b>	<b>8.76</b>
Benchmark*	6.62	6.62	13.96	3.95	9.11	9.96	8.48	7.67	7.60
Difference	1.24	1.24	1.91	1.02	-0.44	-0.58	-0.09	0.64	1.16

Calendar Returns Ending December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Portfolio</b>	<b>13.42</b>	<b>-9.43</b>	<b>13.83</b>	<b>9.03</b>	<b>15.86</b>	<b>-2.14</b>	<b>9.31</b>	<b>9.29</b>	<b>6.29</b>	<b>13.11</b>
Benchmark*	13.31	-9.98	11.87	10.27	15.70	-2.58	7.70	8.91	2.85	10.66
Difference	0.11	0.55	1.96	-1.25	0.16	0.44	1.61	0.38	3.44	2.45

\*Benchmark: S&P/TSX Composite Index

\*\*Since Inception: August 31, 1993.

Note: Performance is gross of fees. Past performance is not indicative of future results.

Source: BMO AM Inc., Bloomberg

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# Appendix

# BluePrint Canadian Equity Portfolio Snapshot

		Portfolio	TSX			Portfolio	TSX
<b>Energy</b>		<b>16.3%</b>	<b>17.6%</b>	<b>Consumer Staples</b>		<b>2.3%</b>	<b>4.3%</b>
CNQ	Canadian Natural Resources	4.6%	3.5%	ATD	Alimentation Couche-Tard	2.3%	1.8%
PPL	Pembina Pipeline	2.8%	0.8%	<b>Financials</b>		<b>29.9%</b>	<b>30.9%</b>
PSK	PrairieSky Royalty	2.2%	0.2%	RY	Royal Bank of Canada	8.3%	6.1%
TOU	Tourmaline Oil	2.1%	0.7%	TD	Toronto-Dominion Bank	6.3%	4.6%
CCO	Cameco	2.0%	0.8%	BN	Brookfield Corp.	3.4%	2.6%
ARX	ARC Resources	1.9%	0.5%	BNS	Bank of Nova Scotia	2.6%	2.7%
NOA	North American Construction	0.7%	0.0%	IFC	Intact Financial	2.6%	1.2%
<b>Materials</b>		<b>10.7%</b>	<b>10.4%</b>	BMO	Bank of Montreal	2.4%	3.0%
AEM	Agnico Eagle Mines	2.8%	1.3%	X	TMX Group	1.7%	0.3%
TECK/B	Teck Resources	2.6%	0.9%	BAM	Brookfield Asset Management	1.5%	0.6%
FNV	Franco-Nevada	2.2%	1.0%	TSU	Trisura Group	1.1%	0.1%
OR	Osisko Gold Royalties	1.8%	0.1%	<b>Information Technology</b>		<b>9.9%</b>	<b>8.8%</b>
NTR	Nutrien	1.3%	1.1%	CSU	Constellation Software	4.4%	2.3%
<b>Industrials</b>		<b>18.3%</b>	<b>14.4%</b>	SHOP	Shopify	4.0%	4.0%
CP	Canadian Pacific Kansas City	5.9%	3.5%	DSG	Descartes Systems Group	1.5%	0.3%
WCN	Waste Connections	4.2%	1.9%	<b>Communication Services</b>		<b>2.8%</b>	<b>3.5%</b>
EFN	Element Fleet Management	2.6%	0.3%	T	TELUS	2.8%	1.0%
WSP	WSP Global	2.1%	0.9%	<b>Real Estate</b>		<b>1.6%</b>	<b>2.3%</b>
CJT	Cargojet	1.3%	0.1%	CIGI	Colliers International Group	1.6%	0.2%
TFII	TFI International	1.0%	0.5%	<b>Utilities</b>		<b>3.7%</b>	<b>3.8%</b>
TRI	Thomson Reuters	1.0%	1.0%	BIP-U	Brookfield Infrastructure Partners LP	2.9%	0.6%
<b>Consumer Discretionary</b>		<b>4.0%</b>	<b>3.6%</b>	NPI	Northland Power	0.9%	0.2%
DOL	Dollarama	1.6%	0.9%	<b>Cash</b>		<b>0.5%</b>	<b>0.0%</b>
QSR	Restaurant Brands International	1.4%	1.1%				
PET	Pet Valu Holdings	1.1%	0.0%				
<b>Health Care</b>		<b>0.0%</b>	<b>0.3%</b>				

As of March 31, 2024.



# Compliance & Performance Oversight

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## Compliance

- Separation of duties
- Client portfolios and funds maintained in Charles River complete with any guidelines or constraints
- Fully automated pre-trade and post-trade compliance
- Compliance checks run daily by independent Compliance team

## Performance Oversight

- Ongoing oversight by portfolio manager
- Regular oversight by CIO
- Quarterly oversight by Investment Committee (CEO, CIO, Investment Team Heads)

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Safeguarding clients' assets with comprehensive operational and performance oversight

# Disclaimer

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*Levering a disciplined process to identify high quality, sustainable dividend growers, we build high conviction, concentrated portfolios focused on creating shareholder value.*

**Thank You**