

# Our Best U.S. Equity Ideas

## All in One Portfolio

## BMO GAM U.S. Equity Sector Neutral Portfolio

U.S. equity markets are the strongest and most stable in the world.<sup>1</sup> Now, you can access our 20-person Global Equity team's best U.S. sector ideas in a single mandate.

The BMO GAM U.S. Equity Sector Neutral Portfolio aims to generate **long-term returns** by investing in a basket of high conviction U.S. equities (approx. 40–50 holdings). Rather than make sector bets, the portfolio will maintain benchmark-like exposure in terms of GICS sectors, but differentiate itself through fundamental stock selection within each sector.

The **Global Equity PM team**, comprised of global sector specialists, selects companies for the U.S. concentrated portfolio based on comprehensive research and extensive knowledge of the drivers of outperformance in each sector. The PM best equipped to make a decision is granted the authority to do so—every time.

## Trust That Goes a Long Way



Meet the expanded Global Equity team: <https://www.youtube.com/watch?v=inD5iCMWnRU>

## Key Features

- Global sector specialists
- High conviction U.S. equities
- No sector bets
- No style bias
- Semi-annual rebalance for sector weights
- Decentralized decision-making
- “Best ideas” portfolio (approx. 40–50 holdings)

“The way our process works is that rather than looking at the global equity universe through styles or regions, we split up the world by sectors. The key to this unique sector model is trust—you have to believe in your colleague’s ability to pick stocks, adapt styles and generate alpha.”

– Jeff Elliott,  
Head of Global Equity, Portfolio  
Manager (Healthcare)

## Unique Benefits

**Experience:** The Global Equity team's 300+ years of combined experience and established networks within their sectors enables them to identify sector risks and opportunities that others may miss.

**Expertise:** Sector specialist PMs employ proprietary sector valuation methods and other tools to curate this high conviction U.S. portfolio.

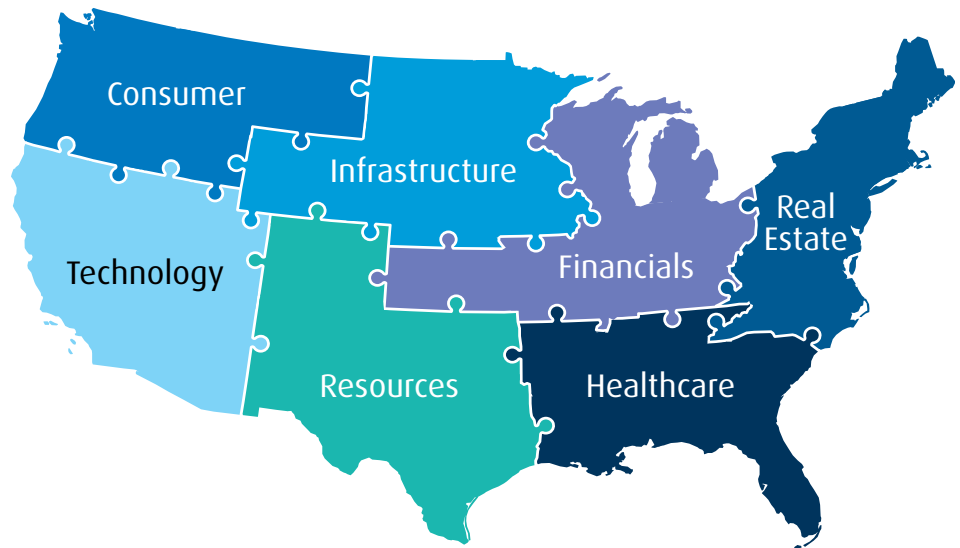
**Holistic Risk Management:** Diversification across sectors and industries, with sector weights rebalanced to within 2.5% of the S&P 500 Index GICS sector weights on at least a semi-annual basis. No style bias, with selection not driven by any particular style, like Growth or Value.

**Growth Potential:** A 100% allocation of U.S. stocks, with bottom-up, company-specific insights and deep knowledge of the alpha generators within each GICS sector.

**Nimble Execution:** Decentralized decision-making increases speed with which the portfolio can be adjusted as new, attractive investment opportunities arise.

**Global Scope:** A unique approach providing global insights that can be applied to U.S. markets, such as a global view of supply chains and industry-specific trends.

## The Global Equity team has every sector covered



## Discovering Gems in Every Sector

The BMO GAM U.S. Equity Sector Neutral Portfolio is guided by BMO's 20-person Global Equity Team. From a research perspective, rather than taking a style or region-based approach to the global equity universe, the Global Equity Team divides up the world by sector. Through this comprehensive strategy, each team member is empowered to develop true expertise over their own domain, with the team members' best sector ideas coming together to form the core of our global and regional portfolios.

This global lens is applied to the U.S. Equity Sector Neutral Portfolio, enabling the Global Equity team to provide advanced insights into industry trends including supply chains, identify superior investment opportunities and stay ahead of the curve.

## Diverse, Award-Winning Portfolio Managers<sup>2</sup>

### The Global Equity team features:



A team of tenured Global sector specialists each with the power to own their best sector ideas.



Portfolio construction from the combined insights of a highly collaborative team and proprietary quantitative models.



13 CFA charterholders and 9 advanced degrees, with educational and real-world experience in diverse fields such as technology, AI, finance, data science, biotechnology, accounting, automotive, banking, and consumer industries.

## Sector Spotlight: Technology

### The A.I. Awakening

As a broad-based U.S. equity strategy, the BMO GAM U.S. Equity Sector Neutral Portfolio generates alpha from the best ideas of the Global Equity PM team across all sectors. This includes exposure to leading names associated with the latest market-driving megatrend: artificial intelligence (A.I.).

A.I. is already changing the way people live and work, representing a new paradigm for how computers can help solve complex, real-world problems. Our Technology PMs expect new investment opportunities associated with the launch of consumer oriented A.I. products, as A.I. technology rapidly evolves and we see its continued integration into existing commercial applications. The BMO GAM U.S. Equity Sector Neutral Portfolio is well-positioned to capture the growth spurred by these innovations.



**“A.I. represents a tectonic shift in computing. Simply put, the rise of A.I. will likely generate billions of dollars in market capitalization for existing companies over the next decade.”**

– Malcolm White,  
Portfolio Manager (Technology),  
Global Equity

## Sector Spotlight: Healthcare

### The Lightbulb Moment

Obesity is a global epidemic affecting more than 650 million people—and by 2030, the global market for obesity drugs is expected to grow to around \$60 billion USD from approximately \$10 billion currently.<sup>3</sup>

Our Healthcare sector specialists first recognized this growth potential in 2019. At a conference in Copenhagen, they witnessed the introduction of new data proving the effectiveness of a new generation of weight loss drugs. This data was publicly available, but they were among the few who understood its potential to open up an entirely new market—because not everyone had a deep background in healthcare, nor did they understand what it could do for the bottom line of a company like Eli Lilly & Co. Since that day, Eli Lilly’s share price has gone up by an astonishing 740%.<sup>4</sup> It is currently one of the BMO GAM U.S. Equity Sector Neutral Portfolio’s top 10 holdings.



**“As sector specialists, we maintain a baseline of knowledge not just on individuals and management teams, but also on companies and industries. Our identification of the opportunity presented by Eli Lilly was an example of an overnight success 10 years in the making.”**

– Jeff Elliott,  
Head of Global Equity, Portfolio  
Manager (Healthcare)

## Sector Spotlight: Financials

### Banking on Banks

The general view is that banks perform well when the U.S. Federal Reserve is cutting interest rates, because rate cuts stimulate improving economic growth which supports loan demand and credit risk. Our Financials sector specialists view recent global Financials outperformance as very well supported by an improving economic outlook and undemanding sector valuations relative to the market. While investors' pessimism and disinterest in the sector has likely ended for the time being, valuations generally remain very supportive of further gains relative to the market.



**“With interest rate cuts likely on the horizon, we simply think that banks are too cheap relative to the market.”**

– John Hadwen  
Portfolio Manager (Financials),  
Global Equity

### Performance (as of July 31, 2024)<sup>5</sup>

	1-Month	3-Month	6-Month	Year-to-Date	1-Year
BMO GAM U.S. Equity Sector Neutral Portfolio	-0.6%	8.1%	17.3%	21.3%	31.4%
S&P 500 Index	1.2%	10.1%	14.8%	16.7%	22.2%

### Top Holdings (as of July 31, 2024)<sup>6</sup>

Name	% Weight
1. NVIDIA CORP	8.0%
2. META PLATFORMS INC – CLASS A	4.0%
3. EAST WEST BANCORP INC	3.6%
4. MICROSOFT CORP	3.5%
5. AMAZON.COM INC	3.3%
6. ADVANCED MICRO DEVICES	3.3%
7. APPLE INC	3.1%
8. AUTOZONE INC	3.0%
9. ELI LILLY & CO	2.9%
10. UNITEDHEALTH GROUP INC	2.8%

## Meet the Global Equity Team

REIT

Resources

Financials

Technology

Infrastructure

Consumer

Health Care



**Kate MacDonald,**  
CFA, MFin  
Portfolio Manager



**Hoa Hong,**  
CFA, MBA  
Portfolio Manager



**John Hadwen,**  
CFA  
Portfolio Manager



**Malcolm White,**  
CFA  
Portfolio Manager



**Jeremy Yeung,**  
CFA  
Portfolio Manager



**Massimo Bonansinga,**  
MBA  
Portfolio Manager



**Ashley Bussin,**  
CFA  
Associate  
Portfolio Manager



**Jeff Elliott, PhD,**  
CFA, MBA  
Head of Global  
Equity, Portfolio  
Manager  
(Healthcare)

## BMO GAM Managed Account Contacts

Western Canada

Central Canada

Eastern Canada

National



**Brent Chernenkoff**  
Director,  
Western Region  
778-330-7169

[brent.chernenkoff@bmo.com](mailto:brent.chernenkoff@bmo.com)



**Dimitri Mastoras**  
Vice President,  
Central Region  
416-272-2720

[dimitrios.mastoras@bmo.com](mailto:dimitrios.mastoras@bmo.com)



**Martin Lafrance**  
Vice President,  
Eastern Region  
438-864-1842

[martin.lafrance@bmo.com](mailto:martin.lafrance@bmo.com)



**Rob Butler**  
Managing Director,  
Intermediary Distribution  
403-615-6508

[rob.butler@bmo.com](mailto:rob.butler@bmo.com)



**Amaan Zahid**  
Vice President, Managed  
Accounts Distribution  
647-210-1741

[amaan.zahid@bmo.com](mailto:amaan.zahid@bmo.com)

<sup>1</sup> Nicholas Jasinski, "Why the U.S. Stock Market Is the World's Best Bet," *Barron's*, February 16, 2024.

<sup>2</sup> TopGun Investment Minds Platinum Class winners 2022/2023 - Platinum Class Winners: Hoa Hong and Kate MacDonald. Platinum Class awarded to individuals who have been Designated TopGun in four consecutive years.

<sup>3</sup> BMO GAM, Bloomberg, Novo Nordisk, Eli Lilly.

<sup>4</sup> BMO GAM, Eli Lilly, Yahoo Finance. Share Price Growth from November 18, 2019, to August 30, 2024. Eli Lilly was not a holding of the BMO GAM U.S. Equity Sector Neutral Portfolio during the entire period presented above and is for illustrative purposes only. This statistic intends to demonstrate the importance of sector expertise and company engagement. Past performance is not indicative of future results.

<sup>5</sup> StateStreet. Currency: USD. Past Performance is not indicative of future results.

<sup>6</sup> 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.

### Advisor Use Only.

The information provided herein does not constitute a solicitation of an offer to buy, or an offer to sell securities nor should the information be relied upon as investment advice. All investing involves risk, including the potential loss of principal. Past performance is not a guarantee of future results.

Certain statements included in this material constitute forward-looking statements, including, but not limited to, those identified by the expressions "expect", "intend", "will" and similar expressions. The forward-looking statements are not historical facts but reflect BMO AM's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Although BMO AM believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. BMO AM undertakes no obligation to update publicly or otherwise revise any forward-looking statement or information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

All Rights Reserved. The information contained herein: (1) is confidential and proprietary to BMO Asset Management Inc. ("BMO AM"); (2) may not be reproduced or distributed without the prior written consent of BMO AM; and (3) has been obtained from third party sources believed to be reliable but which have not been independently verified. BMO AM and its affiliates do not accept any responsibility for any loss or damage that results from this information.

BMO Global Asset Management is a brand name under which BMO Asset Management Inc. and BMO Investments Inc. operate.

BMO Nesbitt Burns Inc. is a Member of the Canadian Investor Protection Fund. BMO Nesbitt Burns Inc. is a Member of the Canadian Investment Regulatory Organization.

"BMO (M-bar roundel symbol)" is a registered trademark of Bank of Montreal, used under licence.