

BM0 Ascent Portfolios

June 2025

Monthly Commentary

Market & Economic Commentary

BM0 Managed Solutions

Portfolio Activity

as at May 31, 2025

Asset Allocation

as at May 31, 2025

Performance

as at May 31, 2025

Legal Disclaimer

*If you have any issues with the file links, please update your version of Adobe Reader.



Global Asset Management

“Calm After the Storm”

May saw a resurgence of risk appetite following the de-escalation of the U.S. tariff narrative, as President Trump reduced effective tariffs on China, while continuing to reassure the media that countries were “lining up to make deals”. At time of writing, the number of completed deals sits at exactly one, the UK, which in fact yielded very few concrete details. Since then, the administration has refocused on sectoral trade barriers, instating a 50% levy on steel and aluminum, while more actively engaging China on the topics of semiconductors and rare earth metals. More importantly, court rulings pausing the interim reciprocal tariffs have emerged (only to be suspended by the Court of Appeals), which will ultimately fall before the U.S. Supreme Court. While these legal wranglings might defer the emergency tariffs imposed, they will not eliminate tariffs completely, as the administration has other avenues to apply them under different legislation.

If anything, tariffs actually seemed to take on secondary importance as the advancement of what has been widely dubbed Trump’s “Big, Beautiful Bill” through the U.S. House of Representatives. Alas, beauty is indeed in the eye of the beholder, and U.S. bond markets saw it more beastly than beautiful (cue the Disney music...). The ramifications for the U.S. budget deficit and total debt projections sent long-term yields higher, and the U.S. dollar lower. While the debt beast on the surface was ugly, it was what was lurking under the bed that raised the hair on the back of foreign investors’ necks. Section 899 of the bill included provisions to allow the U.S. to impose new taxes on dividends and income paid to foreign residents of countries deemed to be “unfair and abusive” in their tax regimes, namely, countries that impose a Digital Services Tax or Value-Added Tax (i.e., Canada, UK, and Europe). Promptly nicknamed the “Revenge Tax”, it would allow for progressive annual increases on the tax rates applied to payments made to foreign investors (including dividends, passive income and dispositions of real property), to a potential maximum rate of 50%. (Source: [Unpacking Section 899's proposed 'unfair foreign tax' provision](#). June 10, 2025. Grant Thornton). Hardly an incentive to attract

foreign investment, and almost certain to be challenged by the Senate upon their review, let alone legal challenges to including tax changes in a reconciliation bill.

With an above consensus May nonfarm jobs report, the U.S. Federal Reserve remains hamstrung with regard to lowering rates, pushing market pricing of any next potential cuts to October. Furthermore, wage growth came in at a healthy 0.4% month over month (May 2025 Jobs Report, U.S. Bureau of Labor Statistics). There is evidence of cracks in forward-looking data including manufacturing hiring intentions and new orders, but it is hard to argue that the economy is losing water quite yet. Following the first quarter of 2025 (“Q1”) frontrunning activity that boosted gross domestic product (GDP), the second quarter is expected to give back a little ground, while Q1 earnings season wrapped with above-average earnings surprise, in both number and magnitude.

Markets ultimately bounced back from April’s downdraft, with the S&P 500 Index back to above pre-“Liberation Day” levels, and at time of writing, only 1.5% shy of February’s all-time high. European and Canadian equities, despite lagging the U.S. rebound in May remain ahead by a wide margin on a year-to-date basis. Gold remains range-bound between \$3,177 and \$3,432 US/oz, while the 10-year yield is similarly tracking between 4.21% and 4.60% (Bloomberg, May 2025).

Steven W. Shepherd, CFA
Director, Portfolio Manager, BMO Asset Management Inc.

Index	Canadian Dollar Return	Close
S&P 500 Index	5.89%	17,957.69
MSCI World Index	5.50%	23,210.92
FTSE Canada Universe Bond Index	0.02%	1,185.01
Canadian Dollar (\$US/\$CA)	0.44%	0.73
Crude Oil	4.03%	83.63 bbl/CAD

Index performance is shown for illustrative purposes only. Index returns do not reflect transaction costs or the deduction of other fees and expenses. You cannot invest directly in an index.

Source: Bloomberg, from Apr 30, 2025 to May 31, 2025.

Main
Page

BMO Ascent Portfolios – Monthly Portfolio Commentary

Fixed Income

- Fixed-income holdings in the BMO Ascent Portfolios (“the portfolios”) ended the month mixed either flat, or positive with [BMO High Yield US Corporate Bond Hedged to CAD Index ETF \(ZHY\)](#) & [BMO Emerging Markets Bond Fund](#) leading the pack as spreads tightened aggressively for these two markets – overcoming the rise in yields.
- [BMO Long-Term US Treasury Bond Index ETF \(ZTL.F\)](#), was the worst performing fixed-income fund as the duration trade hurt this month.
- The portfolios continued to hold onto a small duration tilt, while preferring U.S. investment grade credit over high yield in this highly uncertain environment.

Equities

- In the portfolios, we maintained a U.S. equity overweight and a direct exposure to Chinese equities but trimmed the U.S. overweight in favour of Canadian equities as U.S. staged a quick recovery. The U.S. equity allocation is well diversified across factor equities, sector equities, long-short equities, and active equities – thereby producing a lower U.S. equity beta versus the broad benchmark.
- The active mutual fund- [BMO Women in Leadership Fund](#) – not only had a positive month, but it has added great value during this tumultuous period year-to-date.
- As volatility subsided with trade deals and more tariff-pauses coming to light, the low-volatility strategies lagged their respective beta-1 benchmarks with Canadian low-volatility having a positive month, while U.S., a negative. The U.S. growth holding, Vanguard Russell 1000 Growth Index Fund (VONG), was the best performing fund for the portfolios in May as high-beta stocks led the recovery. U.S. Value stocks added gains but lagged broad market.
- The integrated barbell factor approach has helped the portfolios stay competitive.

Alternatives

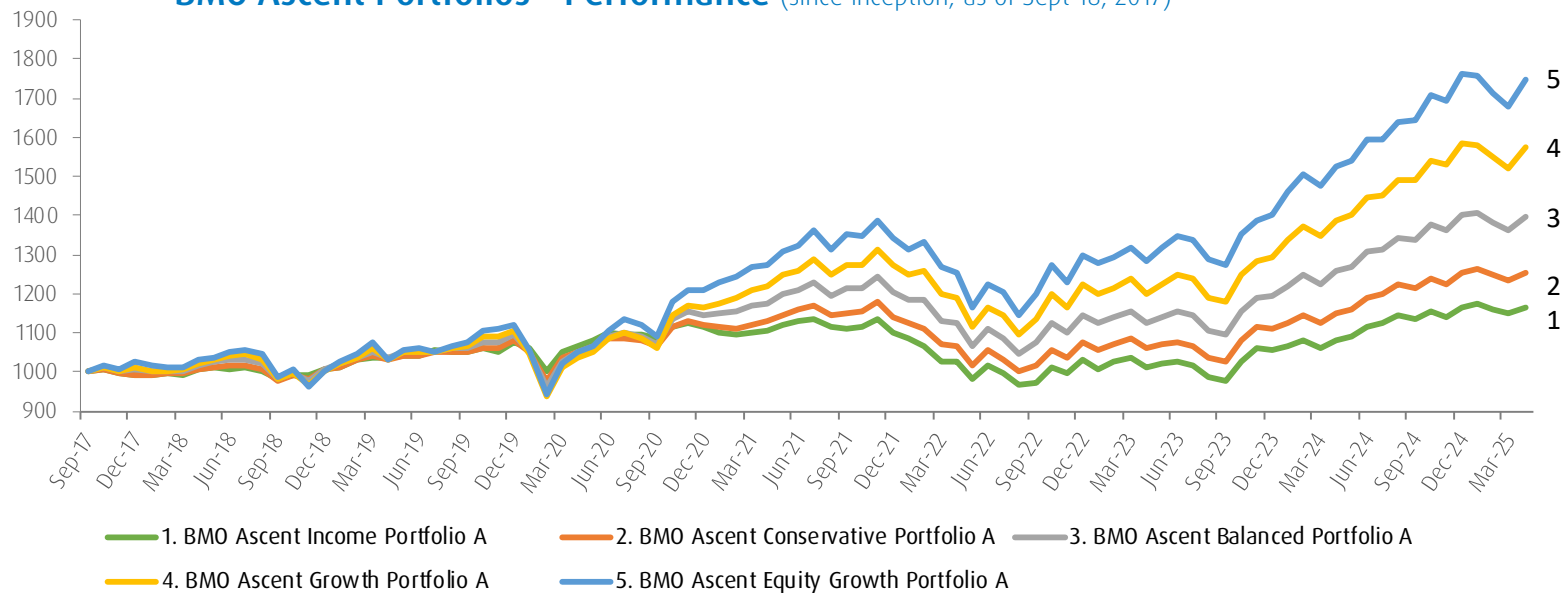
- Infrastructure & Real Estate holdings via [BMO Global Infrastructure Fund](#) and iShares Global REIT ETF (REET) both had positive months, but having a defensive sector tilt, they lagged broad beta-1 ETFs.
- The Physical Gold position via The Royal Mint Physical Gold ETC Securities (RMAU), after a stellar rally year-to-date, took a breather this month. We continue to believe gold has a positive role to play as a diversifier with geopolitical tension here to stay.
- We are fully invested in BMO Carlyle Private Equity Strategies Fund, in the Balanced / Growth / Equity Growth mandates. We are happy with our positioning and we continue to have a very positive view on the manager and their investment strategy.
- Another private market solution that we invested in this month was BMO Alpha Managers Hedge Fund, in the Balanced fund, with the goal to expand to the Income & Conservative portfolios down the road. This solution is well suited for fixed-income heavy portfolios due to a set return target and a lower volatility target. Together, we believe these private asset solutions will enhance the Sharpe ratio (a measure of risk-adjusted returns) in the portfolios.
- The portfolios will continue to emphasize the integrated approach of ETFs | Factors | Alternatives in its portfolio construction.

BMO Ascent Portfolios (%) – as at May 31, 2025

Fixed Income	Income	Conservative	Balanced	Growth	Equity Growth
BMO Core Plus Bond Fund	14.6	13.2	8.3	4.1	-
BMO Aggregate Bond Index ETF	17.7	17.3	11.1	3.2	-
BMO Mid-Term US IG Corporate Bond Index ETF	20.9	13.8	9.6	4.6	-
BMO Emerging Markets Bond Fund	5.5	4.3	2.8	1.1	-
BMO High Yield US Corporate Bond Index ETF	5.3	3.1	1.8	-	-
BMO Money Market Fund ETF	1.7	1.5	-	-	-
Other Fixed Income / Cash	3.8	3.0	1.8	1.7	0.4
Total Fixed Income	69	56	35	15	0
Equity					
BMO S&P 500 Index ETF	5.8	8.9	14.2	21.0	25.4
BMO S&P/TSX Capped Composite Index ETF	2.1	5.2	10.1	15.2	16.2
BMO MSCI EAFE Index ETF	6.6	9.7	16.9	21.5	24.6
BMO MSCI Emerging Markets Index ETF	1.0	1.5	3.1	4.3	5.5
BMO Global Infrastructure Fund	2.2	2.9	3.5	4.0	4.2
US Vanguard Russell 1000 Growth ETF	-	1.0	-	1.8	3.2
BMO Women in Leadership Fund	0.5	0.7	1.0	2.0	4.7
BMO Global Small Cap Fund	-	0.1	1.5	1.4	1.4
iShares Global REIT ETF	1.9	2.0	2.2	2.8	2.9
BMO MSCI USA Value ETF	0.7	1.3	1.0	1.2	1.1
BMO Carlyle Private Equity Strategies Fund	-	-	3.1	3.4	3.6
Royal Mint Responsibly Sourced Physical Gold ETC	2.2	3.5	4.0	5.3	5.4
BMO Strategic Equity Yield Fund	1.6	1.7	0.3	-	-
Other Equity	6.0	5.3	3.8	1.4	1.3
Total Equity	31	44	65	85	100

The portfolio holdings and allocations are subject to change without notice. They are not recommendations to buy or sell any particular security.

BMO Ascent Portfolios – Performance (since inception, as of Sept 18, 2017)



The chart illustrates the impact to an initial investment of \$1,000 dollars from September 18, 2017 to May 31, 2025 in the BMO Ascent Portfolios - Series A. It is not intended to reflect future returns on investments.

Series A Performance (%)	Since Inception	1 Month	3 Months	6 Months	1 Year	3 Year	5 Year
BMO Ascent Income Portfolio A	2.3	1.1	-1.0	0.5	7.5	4.3	1.8
BMO Ascent Conservative Portfolio A	3.3	1.6	-0.9	0.9	8.9	5.5	3.6
BMO Ascent Balanced Portfolio A	4.9	2.4	-0.6	1.5	11.1	7.5	5.9
BMO Ascent Growth Portfolio A	6.7	3.5	-0.6	2.0	13.2	9.7	8.7
BMO Ascent Equity Growth Portfolio A	8.3	4.2	-0.4	2.5	14.4	11.7	10.7

Source: Morningstar. Performance is as of May 31, 2025 for Series A mutual Funds in Canadian dollars, and is net of fees and taxes.

This report is for information purposes. The information contained herein is not, and should not be construed as, investment, tax or legal advice to any party. Particular investments and/or trading strategies should be evaluated relative to the individual's investment objectives and professional advice should be obtained with respect to any circumstance.

This report has been prepared by the BMO Multi-Asset Solutions Team and is intended for informational purposes only. The viewpoints expressed by the Portfolio Manager represents their assessment of the markets at the time of publication. Those views are subject to change without notice at any time without any kind of notice. 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. Past performance is no guarantee of future results.

Third Party Links and Content

This article may contain links to other sites that BMO Global Asset Management does not own or operate. Also, links to sites that BMO Global Asset Management owns or operates may be featured on third party websites on which we advertise, or in instances that we have not endorsed. Links to other websites or references to products, services or publications other than those of BMO Global Asset Management on this article do not imply the endorsement or approval of such websites, products, services or publication by BMO Global Asset Management. We do not manage, and we are not responsible for, the digital marketing and cookie practices of third parties. The linked websites have separate and independent privacy statements, notices and terms of use, which we recommend you read carefully.

Any content from or links to a third-party website are not reviewed or endorsed by us. You use any external websites or third-party content at your own risk. Accordingly, we disclaim any responsibility for them.

The BMO ETFs or securities referred to herein are not sponsored, endorsed or promoted by MSCI Inc. ("MSCI"), and MSCI bears no liability with respect to any such BMO ETFs or securities or any index on which such BMO ETFs or securities are based. The prospectus of the BMO ETFs contains a more detailed description of the limited relationship MSCI has with BMO Asset Management Inc. and any related BMO ETFs.

The Select Sector SPDR Trust consists of eleven separate investment portfolios (each a "Select Sector SPDR ETF" or an "ETF" and collectively the "Select Sector SPDR ETFs" or the "ETFs"). Each Select Sector SPDR ETF is an "index fund" that invests in a particular sector or group of industries represented by a specified Select Sector Index. The companies included in each Select Sector Index are selected on the basis of general industry classification from a universe of companies defined by the S&P 500®. The investment objective of each ETF is to provide investment results that, before expenses, correspond generally to the price and yield performance of publicly traded equity securities of companies in a particular sector or group of industries, as represented by a specified market sector index.

The Index is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI"), and has been licensed for use by the Manager. S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates ("S&P") and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"), and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by the Manager. The ETF is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the Index.

You cannot invest directly in an index.

continued...

Commissions, management fees and expenses (if applicable) all may be associated with investments in mutual funds and ETFs. Trailing commissions may be associated with investments in certain series of securities of mutual funds. Please read the ETF facts, fund facts or prospectus of the relevant mutual fund or ETF before investing. The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

For a summary of the risks of an investment in BMO Mutual Funds or BMO ETFs, please see the specific risks set out in the prospectus of the relevant mutual fund or ETF. BMO ETFs trade like stocks, fluctuate in market value and may trade at a discount to their net asset value, which may increase the risk of loss. Distributions are not guaranteed and are subject to change and/or elimination.

BMO Mutual Funds are offered by BMO Investments Inc., a financial services firm and separate entity from Bank of Montreal. BMO ETFs are managed and administered by BMO Asset Management Inc., an investment fund manager and portfolio manager and separate legal entity from Bank of Montreal.

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

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