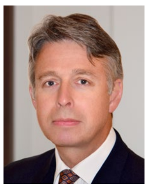
BMO Concentrated Global Equity Fund

Quarterly Commentary



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Market Commentary

Global equities ended the fourth quarter of 2024 ("the quarter") relatively flat, as measured by the MSCI World Index, but still produced a strong return for the full calendar year. Despite additional rate cuts by central banks around the developed world, protectionist rhetoric from the incoming Trump administration put a damper on stock markets. A stronger US dollar (relative to other major currencies) and the continued outperformance of US mega-cap stocks relative to developed market peers, helped US equities continue to dominate global equities. The Magnificent Seven, in particular, continued to dominate market headlines, but there are signs that dominance may lessen in the year ahead.

The Fund underperformed the MSCI World Index (benchmark) in the fourth quarter.

Attribution Comments

Sector and country weights are an output of bottom-up stock selection.

Top contributors included **Booking Holdings, CME Group, and Mastercard**. **Booking Holdings**, a leading global online travel company, continues to benefit from elevated consumer spending on travel with Q3 gross bookings increasing 9% against a tough comp of 21% in Q323. Increasing penetration of connected trip transactions bode well for higher customer booking frequency, the likelihood of a greater percentage of direct bookings in the future, and a positive trajectory for operating margins. **CME Group** is a leading provider of global derivative products that help its customers manage financial risk. Strong results in Q3 with volume, revenue, and operating profit growth of 26%, 18%, and 25% respectively helped propel the stock forward during the quarter. **Mastercard**, the 2nd largest global card payments network, reported strong Q3 results, with revenue growing 14% in constant currency. After gaining access to Chinese domestic card payments over the past year, China was included in the company's addressable market at their Capital Markets Day in November.

Bottom detractors included **Novo Nordisk, Novonesis**, and **L'Oréal**. **Novo Nordisk** is a leader in diabetes care, specialising in innovative treatments for chronic diseases like diabetes, and obesity. In December, the company announced that its experimental obesity drug, CagriSema, did not meet weight loss expectations in a Phase III trial. The trial reported an average weight loss of 22.7%, below the anticipated 25%, but better than Lilly's Zepbound (22.5%) and its existing treatment, Wegovy (14.9%). The results were hampered by the trial design: the company used a flexible dosing protocol where only 57% reached the highest dosing. **Novonesis** is a global manufacturer of enzymes and microbials for various end markets. The stock declined on the election of Trump in the US and the potential for anti-ESG policies. **L'Oréal** is the world's largest beauty products company. The company reported 3.4% like-for-like growth in Q3, down from 7.3% for H1, with continued weakness in China, while other regions grew over 5%. In China, L'Oréal is gaining share in 3 of the 4 divisions.

Outlook for Market / Fund

US megacap tech stocks have led global equities by a longshot for the past few years. There are signs this dominance may be waning. The premium assigned to AI-leaders may fade should competing AI models set a new benchmark. Risks abound in the current market: a new US administration making a series of significant policy pivots, government balance sheets stretched thin around the world, geopolitical tensions (and conflicts), and more.

The Fund invests in 20-25 high quality long-term secular growth companies with a strong focus on valuation. It is managed using a bottom-up investment process and the companies invested in are exposed to secular growth drivers meaning that the Fund does not employ "top down" macro-economic analysis or forecasting as a driver of asset allocation decisions.

The Fund has struggled to keep up with the unusually strong returns of its benchmark index over the past few years.

The Fund is effectively always on a defensive footing, given its tilt to quality. The Manager takes a long view on all holdings, forecasting five or more years into the future. On a go-forward basis, the Manager's proprietary forecasts for the Fund's holdings indicate double-digit, long-term earnings growth is likely, and they are, therefore, satisfied with the overall quality of the Fund.

Buys/Sells

In December, holdings of two stocks that had benefited from strong share price performance, **ADP** and **Alphabet**, were reduced. Proceeds were reinvested in **Dassault Systèmes** and **L'Oréal**, where we have strong conviction in the long-term outlook and view current prices as undervalued.

Hold: **Novonesis:** The world leader in bio-innovation, producing a wide range of industrial enzymes, microorganisms, and biopharmaceutical ingredients for use in the Household Care, Food & Beverages, Bioenergy, Agriculture & Feed, and Pharmaceutical industries. Strong innovation pipeline across markets and library of strains, enables customization and increasing value for customers. Innovation leader in the space with longstanding customer relationships. New management team are more focused on targeted R&D efforts/commercialization.

No hedging is done within the Fund.

FundSERV Codes	Front End†	Low Load	Deferred Sales Charge*
Advisor	BM099213	BM098213	-
Advisor US$	BM079213	BM078213	-
Advisor Hedged	BM026213	BM025213	-
T6	BM034774	BM033774	-
T6 (No Load)	BM0774	-	-
F (Fee Based)	BM095213	-	-
F US$ (Fee Based)	BM040213	-	-
F Hedged (Fee Based)	BM024213	-	-
F6	BM036774	-	-

* DSC closed to new purchase. As of November 2020, LL no longer available for sale. †Front End = Sales Charge

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