



**BMO Asset
Management**

BMO Dividend Fund

January 2024 Update

BMO  **Global Asset Management**

Presented by:

Canadian Fundamental Equities

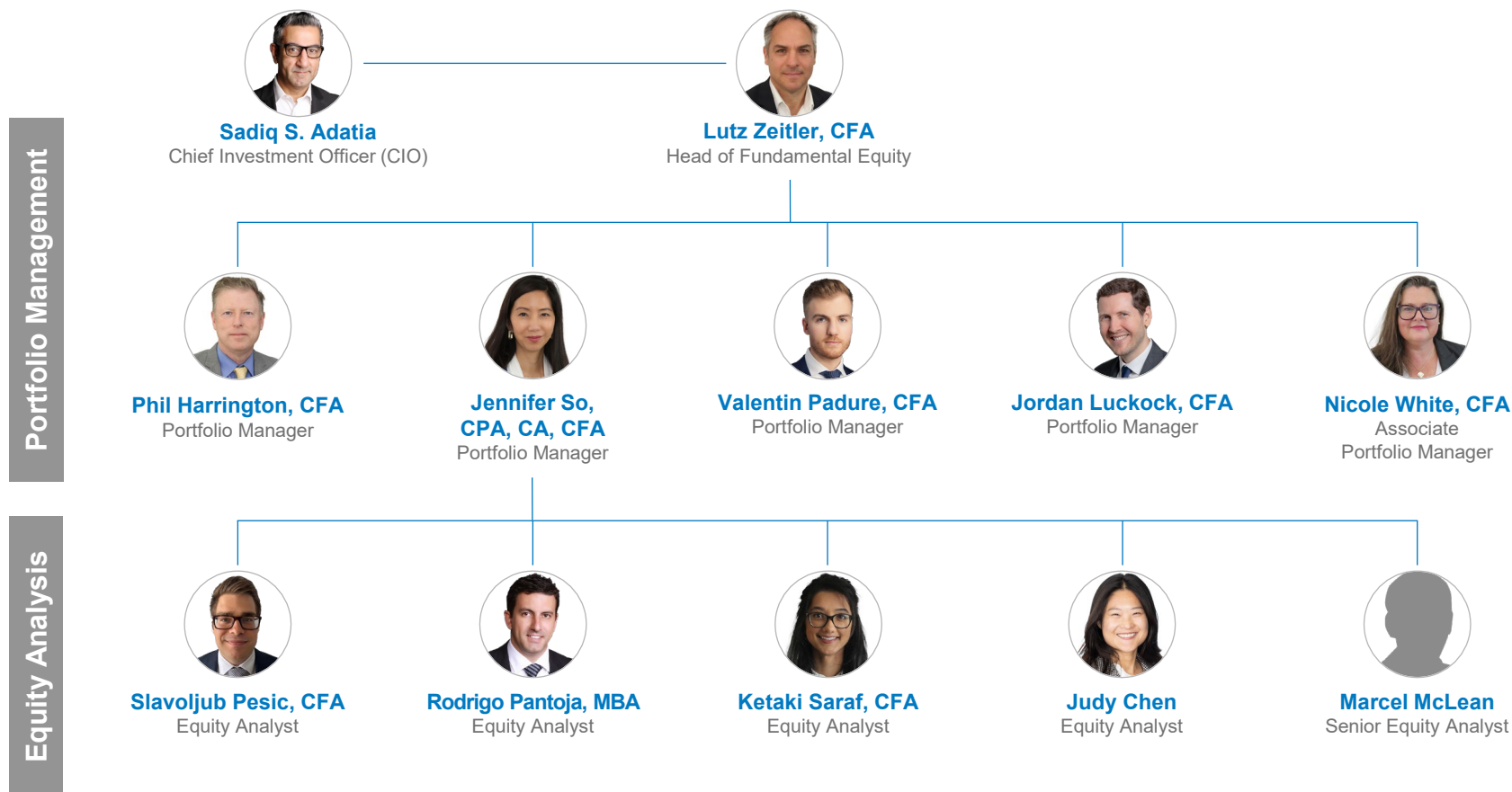
Lutz Zeitler, CFA, Managing Director & Head of Fundamental
Canadian Equities

Phil Harrington, CFA, Director and Portfolio Manager

January 29, 2024

For Advisor Use Only

Fundamental Equity Team



Collaborative team-based culture with shared philosophy and process

Our Core Investment Beliefs

Sustainable business models

We are business analysts, not stock market speculators

High quality businesses with strong moats led by excellent capital allocators

May use general ESG integration in the investment process

Long-term value creation

Compounded growth creates value over the long term

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

Focus on the key long-term business drivers

Risk Management

Stock – view risk from a business owner’s perspective

Portfolio – Conviction-, diversification-, and liquidity-based

Compliance & Oversight

Concentrated Portfolios

Construct a concentrated and high conviction-weighted portfolio

Capitalize on highest conviction ideas

Focus on exceptional business models

Our Investment Pillars

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



**Economic
Moat**



**Growth
Potential**



Leadership



**Responsible
Investment**

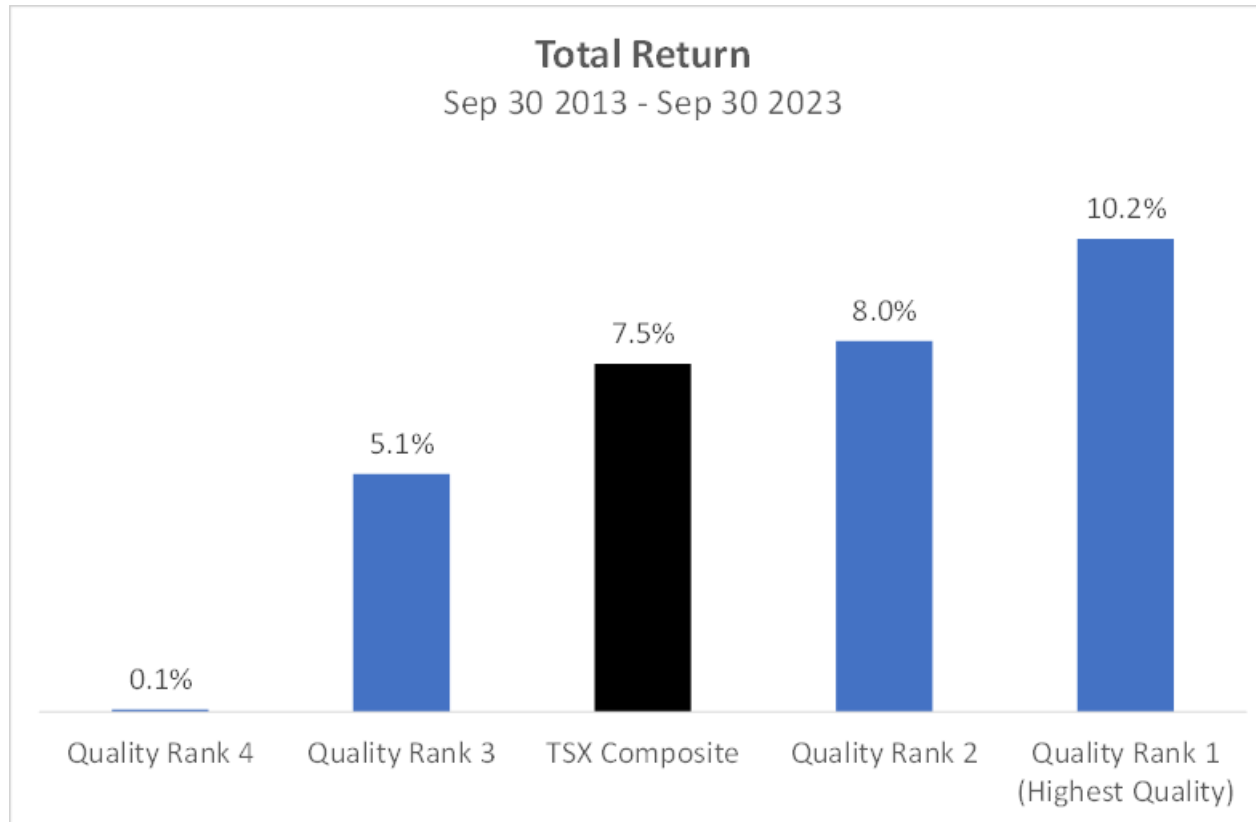


**Business
Value**



Shareholder value creation

Why Do We Insist on Owning High Quality? Because it Works



Source: BMO AM Inc., Bloomberg

BMO Dividend Fund Performance










CAD | YTD Investment as of Jan 25, 2024 | Category: Canadian Dividend and Income Equity as of Jan 25, 2024 | Index: Morningstar Canada DYF GR CAD as of Jan 25, 2024

Trailing Returns

Day End

Month End

Quarter End

Total Return %	1-Day	1-Week	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year
Investment	0.35	1.47	2.10	14.45	1.44	6.76	7.69	8.61	8.28
Category	0.36	1.44	1.45	11.46	0.86	3.27	9.10	7.98	6.40
Index	—	—	—	—	—	—	—	—	—
Quartile Rank									
Percentile Rank	51	51	13	6	16	7	76	37	5
# of Invest. in Cat.	395	392	392	391	392	382	356	315	194

CAD | Investment return as of Jan 25, 2024 | Category: Canadian Dividend and Income Equity as of Jan 25, 2024 | Index: Morningstar Canada DYF GR CAD | Earliest Available Nov 03, 2008 | Time periods greater than 1 year are annualized

Morningstar quartile rankings show how well a fund has performed compared to all other funds in its peer group. Each fund within a peer group is ranked based on its performance, and these rankings are broken into quarters or quartiles. Within a group, the top 25% (or quarter) of the funds are in the first quartile, the next 25% are in the second quartile, the next group in the third quartile, and the bottom 25% of funds with the poorest relative performance are in the fourth quartile. The point in which half the funds had better performance and half had worse performance is the median. If 100 funds are being compared, there would be four quartiles of twenty-five funds each. The median would be the fiftieth fund.

For more details on the calculation of Morningstar star ratings or quartile rankings, please see www.morningstar.ca.

Percentile rank is a standardized way of ranking items within a peer group, in this case, funds with the same Morningstar category. The observation with the largest numerical value is ranked one; the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk). Percentile ranks within categories are most useful in those categories that have a large number of funds. For small universes, funds will be ranked at the highest percentage possible. For instance, if there are only two international hybrid funds with 10-year average total returns, Morningstar will assign a percentile rank of 1 to the top-performing fund, and the second fund will earn a percentile rank of 51 (indicating the fund underperformed 50% of the sample).

Note for closed-end funds: This is the fund's NAV total return or market total return percentile rank relative to all open-end mutual funds and closed-end funds with the same Morningstar category.

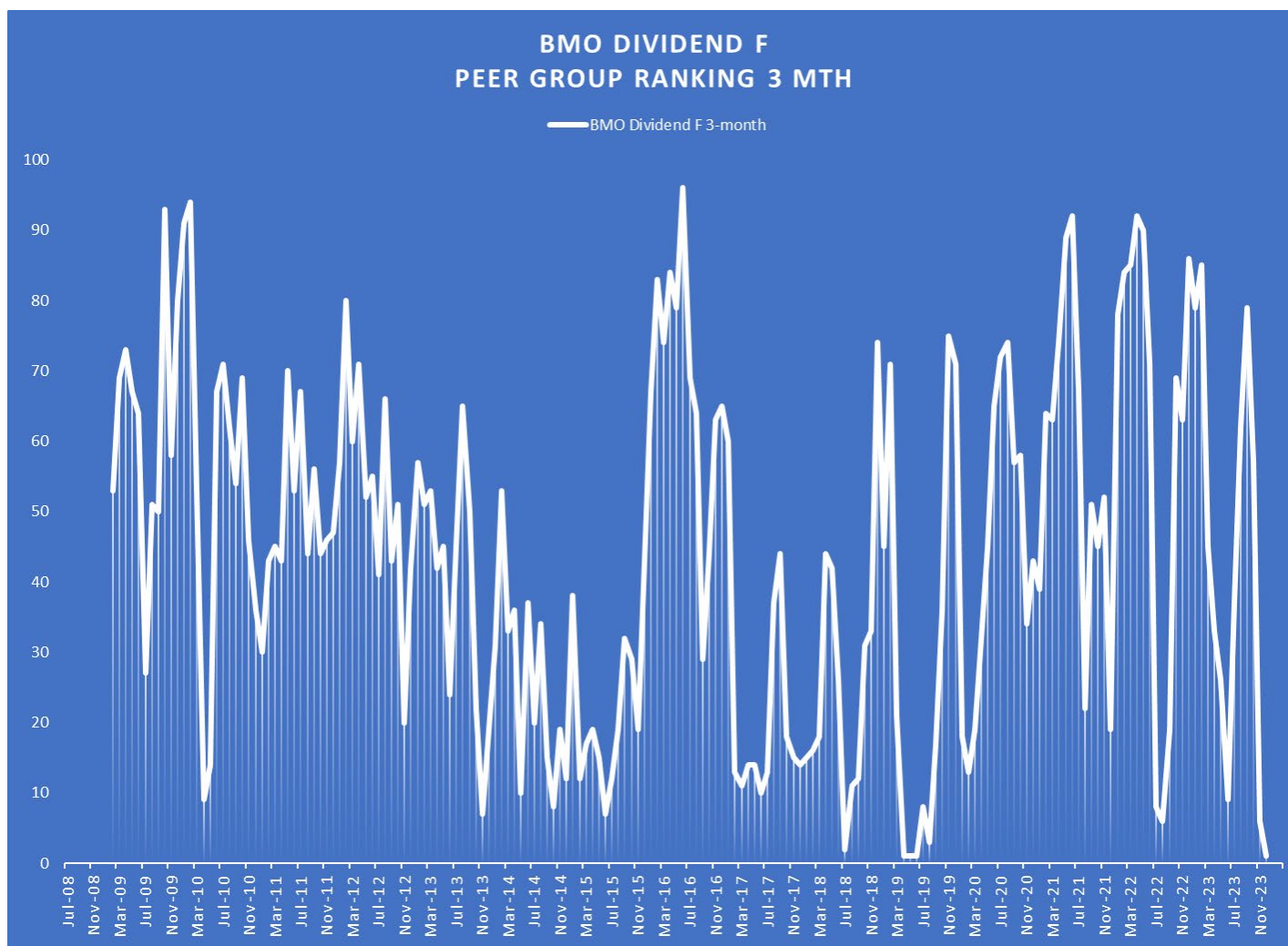
BMO Dividend Fund Performance



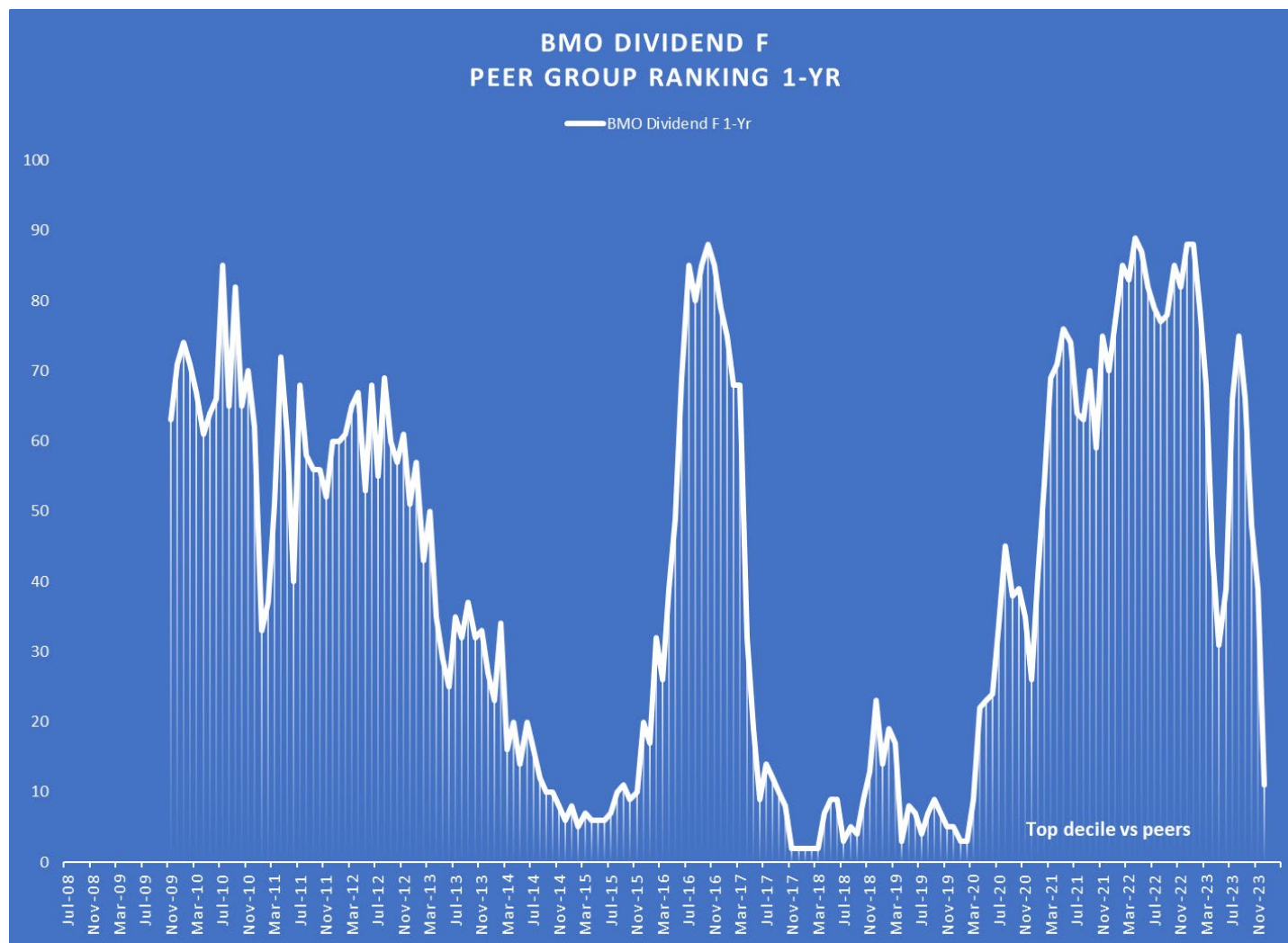
Source: Bloomberg to December 31, 2023. Index returns do not reflect transactions costs or the deduction of other fees and expenses and it is not possible to invest directly in an Index. Past performance is not indicative of future results.

But what does a 10 Year Top Decile Fund look like?

Rolling 3-month Peer Performance



Rolling 1-Year Peer Performance



Rolling 10-Year Peer Performance



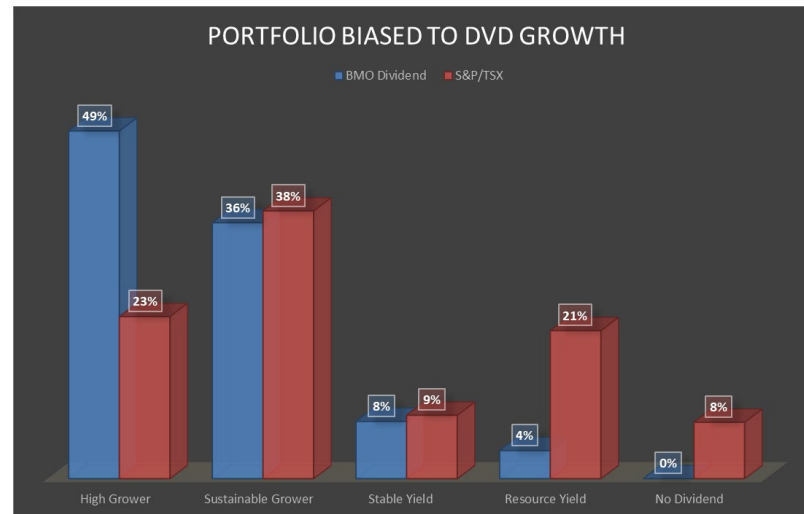
Top 10 Portfolio Weights

Portfolio Holding	Portfolio Weight	Benchmark Weight	Active Weight
ROYAL BANK OF CANADA	7.94	6.15	1.79
TORONTO-DOMINION BANK	6.08	5.00	1.08
BROOKFIELD CORP	4.38	2.61	1.77
MICROSOFT CORP	4.17		4.17
CANADIAN PACIFIC KANSAS CITY	4.04	3.28	0.77
CANADIAN NATL RAILWAY CO	3.84	3.22	0.62
BANK OF MONTREAL	3.78	3.11	0.67
CANADIAN NATURAL RESOURCES	3.69	3.12	0.57
WASTE CONNECTIONS INC	3.66	1.76	1.90
INTACT FINANCIAL CORP	3.61	1.23	2.38
	45.21	29.49	15.73

Source – Morningstar. Date through December 31, 2023.

How Are We Positioned?

GIC EXPOSURES	PORT %	TSX %	SPREAD
ENERGY	10.30%	17.3%	-7.00%
FINANCIALS	36.60%	31.0%	5.64%
REITS	4.12%	2.4%	1.76%
CONSUMER DISCRET	3.32%	3.6%	-0.23%
CONSUMER STAPLES	2.97%	4.2%	-1.26%
INDUSTRIALS	17.23%	13.7%	3.52%
TELECOM	3.90%	3.3%	0.05%
UTILITY	6.61%	4.1%	2.56%
HEALTH CARE	3.25%	0.3%	2.95%
MATERIALS	1.44%	10.7%	-9.22%
TECHNOLOGY	8.01%	8.97%	-0.96%



BMO DIVIDEND TOP 10 ACTIVE CALLS

NAME	WEIGHT	SPTSX WEIGHT	ACTIVE EXPOSURE	YIELD	10Y TRR	10Y DVD CAGR
MICROSOFT CORP	4.2%	0.00%	4.17%	0.7	1200%	10.4%
JPMORGAN CHASE & CO	3.0%	0.00%	2.98%	2.4	313%	10.6%
BROOKFIELD INFRASTRUCTURE PA	3.4%	0.64%	2.72%	4.9	300%	8.5%
MOTOROLA SOLUTIONS INC	2.4%	0.00%	2.41%	1.2	504%	12.1%
INTACT FINANCIAL CORP	3.6%	1.24%	2.37%	2.1	290%	8.6%
VISA INC-CLASS A SHARES	2.3%	0.00%	2.28%	0.8	419%	17.9%
S&P GLOBAL INC	2.1%	0.00%	2.08%	0.8	577%	11.7%
FASTENAL CO	1.9%	0.00%	1.94%	2.3	298%	12.0%
COSTCO WHOLESALE CORP	1.9%	0.00%	1.94%	0.6	657%	12.6%
WASTE CONNECTIONS INC	3.7%	1.78%	1.88%	0.8	549%	12.6%
TOP 10 AVERAGE	28.43%			1.7%	511%	11.7%
SPTSX				3.4%	109%	6.5%

Source – Bloomberg. Date through Jan 25 2024..

Holding Update:

Waste Connections—A great two-way business



Investment Thesis: Boring business generating solid returns

- Steady business with attractive economics through the cycle

Why We Like? The Investment Pillars:

- Moat**—Powerful moat driven by exclusive market focus and unique control of landfill assets
- Mgt**—Disciplined team with a history of smart capital allocation and a focus on ROIC. CEO also the founder.
- Growth**—We see multi year organic and acquisition led growth. Focus on per unit measures. Strong track record of execution.
- Responsible**—Strong in many social, environmental and governance categories. Leads with servant leadership model.
- Value**—leads to an attractive upside/downside profile from today's levels.

Dividend Prospects:

- Well defined capital return plan. Dividends and buybacks remain central to the program. High dividend growth—13.6% 5 yr dividend CAGR.
- 13 straight years of dividend increase since IPO
- Selective buybacks have been utilized

What Is Not Being Counted That Will With Time:

- Ongoing margin improvement
- Several longer dated growth initiatives not picked up by the market—ie. RNG
- Acquisition cadence. Market reluctant to give value despite successful history.
- Rebound in recycled commodity pricing

WASTE CONNECTIONS: AT A GLANCE

~ 23,000 employees

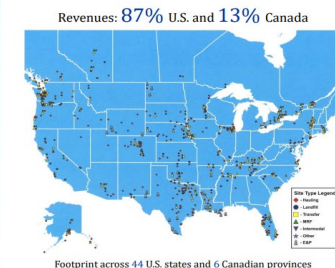
~\$8.025 billion revenue*

~\$2.525 billion adjusted EBITDA*

~\$1.225 billion adjusted free cash flow*

~\$17 billion assets

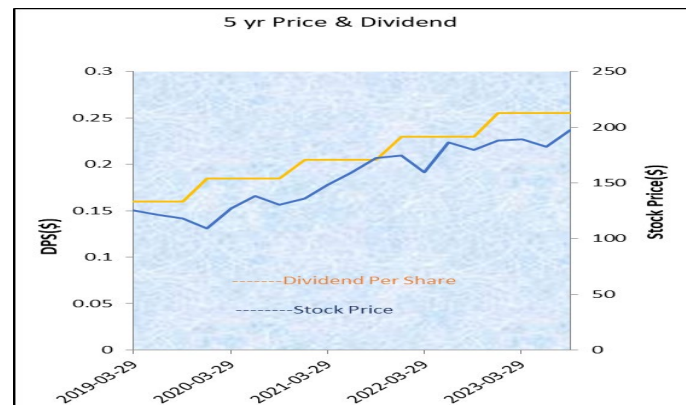
~\$40 billion enterprise value



5 Year Capital Allocation History

	Capital Allocation	Uses	Sources	OCF PO
OCF	\$ 8,081.02	\$ -	\$ 8,081.02	100%
Equity	-\$ 915.61	-\$ 915.61	\$ -	-11%
Debt	\$ 2,390.97	\$ -	\$ 2,390.97	30%
Invest	-\$ 8,455.96	-\$ 8,455.96	\$ -	-105%
Dvd	-\$ 990.72	-\$ 990.72	\$ -	-12%
Net	\$ 109.71	-\$ 10,362.28	\$ 10,471.99	1%

5 yr Revenue growth-per share	9.80%	5 yr EPS gr PS	12.59%
5 yr Ebitda growth--per share	12.37%	5 yr BB	0.49%
5 yr 4 qtr trl rev variability	13.42%		
5 yr 4 qtr trl Ebitda variability	24.32%		



Holding Update:

Fastenal Co. (FAST)—A quiet dividend compounder



Investment Thesis: Maniacal customer focus

- High quality, asset light, growing annuity that generates high ROIC and free cash flow.

What We Like? The Investment Pillars:

- Mgt—strong cultured team led by industry veteran Daniel Florness
- Moat —unparalleled scale and distribution advantages. Unique business model focused on supply chain integration.
- Growth—We see durable domestic market share growth given fragmentation and unique nature of offering
- Responsible—Continuously reducing environmental footprint.
- Value — Durable earnings growth is incorrectly priced.

Dividend Prospects:

- Strong balance sheet focus with high focus on capital return to shareholders.
- Quarterly dividends since 1991. Specials are part of the program like 2023. 18% 5 yr dividend growth CAGR all in.
- Initiated \$1bn share repurchase (~3% share outstanding) in August 2023. Dividend yield of 3% with growth potential.

What is not being counted but will with time:

- Margin expansion alongside growing percentage of sales driven by Onsite and ecommerce offerings.
- Market share growth
- International expansion.



5 Year Capital Allocation History

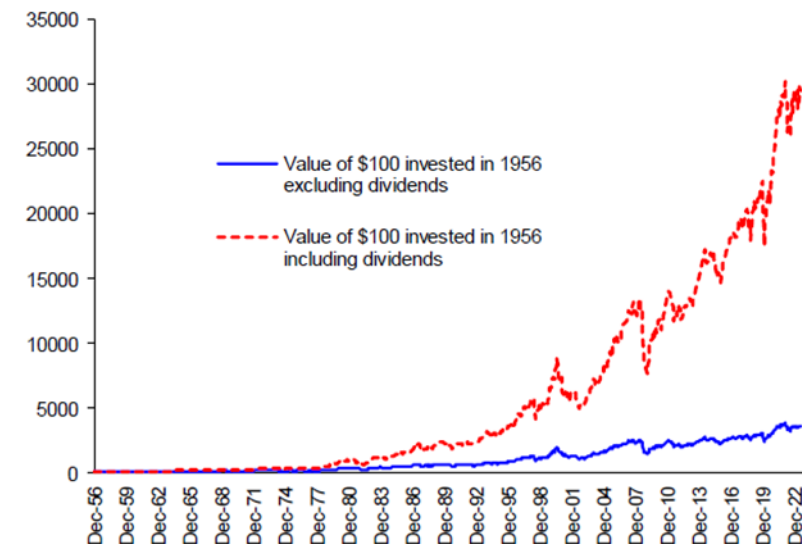
	Capital Allocation	Uses	Sources	OCF PO
OCF	\$ 5,088.30	\$ -	\$ 5,088.30	100%
Equity	-\$ 119.40	-\$ 119.40	\$ -	-2%
Debt	-\$ 240.00	-\$ 240.00	\$ -	-5%
Invest	-\$ 993.50	-\$ 993.50	\$ -	-20%
Dvd	-\$ 3,673.80	-\$ 3,673.80	\$ -	-72%
Net	\$ 61.60	-\$ 5,026.70	\$ 5,088.30	1%
5 yr Revenue growth-per share		8.25%	5 yr EPS gr PS	9.24%
5 yr Ebitda growth-per share		8.55%	5 yr BB	-0.01%
5 yr 4 qtr trl rev variability		11.42%		
5 yr 4 qtr trl Ebitda variability		11.71%		



The Magic Of Compounding Dividends

Name	3Y dvd CAGR	# Cons Yrs Hiking	Yrs Held In FC302
MICROSOFT CORP	10.1	19.0	11.2
CANADIAN NATL RAILWAY CO	11.2	28.0	11.8
INTACT FINANCIAL CORP	9.8	18.0	11.8
BROOKFIELD INFRASTRUCTURE PA	6.5	14.0	11.8
TORONTO-DOMINION BANK	7.3	13.0	11.8
ROYAL BANK OF CANADA	7.7	13.0	11.8
TC ENERGY CORP	4.7	22.0	11.8
FORTIS INC	5.7	49.0	11.8
BROOKFIELD CORP	12.0	12.0	11.8
ROGERS COMMUNICATIONS INC-B	0.0	0.0	11.8
ENBRIDGE INC	3.1	27.0	11.8
BANK OF NOVA SCOTIA	5.4	13.0	11.8
PEMBINA PIPELINE CORP	1.8	13.0	11.1
DOLLARAMA INC	16.5	12.0	10.8
JPMORGAN CHASE & CO	4.4	13.0	10.8
VISA INC-CLASS A SHARES	15.3	16.0	9.9
TJX COMPANIES INC	12.5	28.0	8.7
METRO INC/CN	10.4	28.0	7.6
WASTE CONNECTIONS INC	11.7	13.0	7.4
BANK OF MONTREAL	11.5	15.0	6.7
CANADIAN PACIFIC KANSAS CITY	2.2	5.0	6.2
TEXAS INSTRUMENTS INC	9.3	21.0	6.2
S&P GLOBAL INC	10.3	51.0	5.4
KILLAM APARTMENT REAL ESTATE	1.0	10.0	4.9
NORTHLAND POWER INC	0.0	0.0	4.4
MOTOROLA SOLUTIONS INC	11.2	13.0	4.3
CAN APARTMENT PROP REAL ESTA	1.7	11.0	4.0
PROLOGIS INC	14.5	10.0	4.0
WSP GLOBAL INC	0.0	0.0	3.7
AIR PRODUCTS & CHEMICALS INC	9.3	41.0	3.6
THOMSON REUTERS CORP	8.1	29.0	2.6
ABBOTT LABORATORIES	10.8	51.0	2.5
COSTCO WHOLESALE CORP	14.1	20.0	1.7
FASTENAL CO	8.3	24.0	1.7
TELUS CORP	7.1	19.0	1.5
UNITEDHEALTH GROUP INC	14.7	14.0	1.0
	8.1	19.0	7.6

S&P/TSX: The Power of Dividends



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Source: BMO GAM, Bloomberg.

Portfolio Poised For Growth

Yield Plus Dividend Growth =Compelling setup

Name	Dvd Yield	Proj 2Y Dvd Growth Rate
ABBOTT LABORATORIES	1.9%	10.0%
AIR PRODUCTS & CHEMICALS INC	2.6%	8.0%
BANK OF MONTREAL	4.5%	4.1%
BANK OF NOVA SCOTIA	6.7%	3.1%
BROOKFIELD ASSET MGMT-A	3.4%	13.7%
BROOKFIELD CORP	0.9%	14.2%
BROOKFIELD INFRASTRUCTURE F	4.8%	6.3%
CAN APARTMENT PROP REAL ES	3.1%	2.3%
CANADIAN NATL RAILWAY CO	1.9%	9.3%
CANADIAN NATURAL RESOURCES	4.1%	7.3%
CANADIAN PACIFIC KANSAS CITY	0.7%	9.3%
COSTCO WHOLESALE CORP	0.6%	14.0%
DOLLARAMA INC	0.3%	6.9%
ENBRIDGE INC	7.3%	2.9%
FASTENAL CO	2.6%	8.6%
FORTIS INC	4.2%	4.4%
INTACT FINANCIAL CORP	2.1%	8.4%
JPMORGAN CHASE & CO	2.4%	7.7%
KILLAM APARTMENT REAL ESTA	3.7%	1.1%
METRO INC/CN	1.7%	10.0%
MICROSOFT CORP	0.7%	9.7%
MOTOROLA SOLUTIONS INC	1.0%	11.0%
NORTHLAND POWER INC	4.8%	1.0%
PEMBINA PIPELINE CORP	5.7%	3.1%
PROLOGIS INC	2.7%	10.0%
ROGERS COMMUNICATIONS INC-I	3.1%	1.0%
ROYAL BANK OF CANADA	4.0%	5.4%
S&P GLOBAL INC	0.8%	8.0%
TC ENERGY CORP	7.0%	3.0%
TELUS CORP	5.9%	7.1%
TEXAS INSTRUMENTS INC	3.1%	6.9%
THOMSON REUTERS CORP	1.3%	6.5%
TJX COMPANIES INC	1.3%	10.6%
TORONTO-DOMINION BANK	4.7%	4.7%
UNITEDHEALTH GROUP INC	1.5%	13.0%
VISA INC-CLASS A SHARES	0.7%	15.0%
WASTE CONNECTIONS INC	0.7%	9.1%
WSP GLOBAL INC	0.8%	0.0%
	2.87%	7.28%

Source: BMO Asset Management, Bloomberg, unweighted basis

As of December 31, 2023.



Business Intelligence,
AI, and IoT



Industry 4.0



Clean Energy



Home Ownership,
Improvement, & Housing



Healthy Food &
Agriculture



5G & Data
Infrastructure



Energy Efficiency



Transportation 2.0

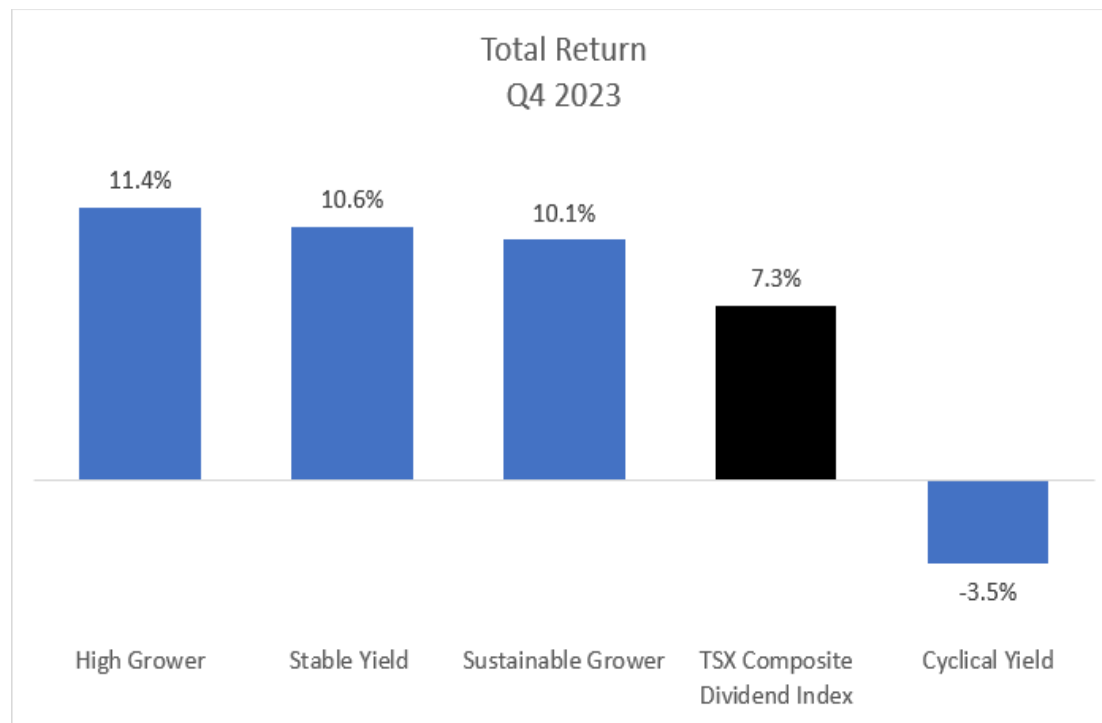
Quality Investing Returns...



High quality stocks rebounded from worst performers to the best in Q4

Source: BMO GAM, Bloomberg

A Better Quarter For Dividend Growth

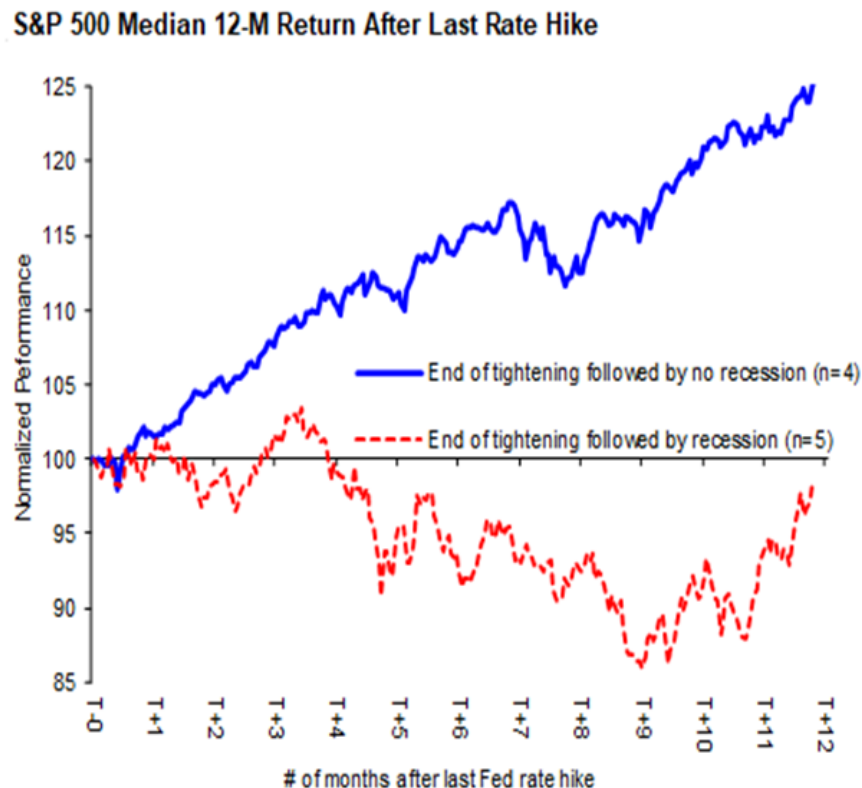


Source: BMO GAM, Bloomberg

Outlook

Outlook – North America Immune to Rate Shocks or Just a Lag?

- Soft landing most likely scenario
- Range of views is wide
- Inflation readings heading down towards targets but sticky
- Next course of central bank action is likely monetary easing.
- Watching 'go forward' inflation readings, labour market developments and Q4 earnings season.
- Staying focused on proven dividend growing business models
- Major risks remain tied to central bank action, recession, inflation trends, crude.



As of December 31, 2023.

Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

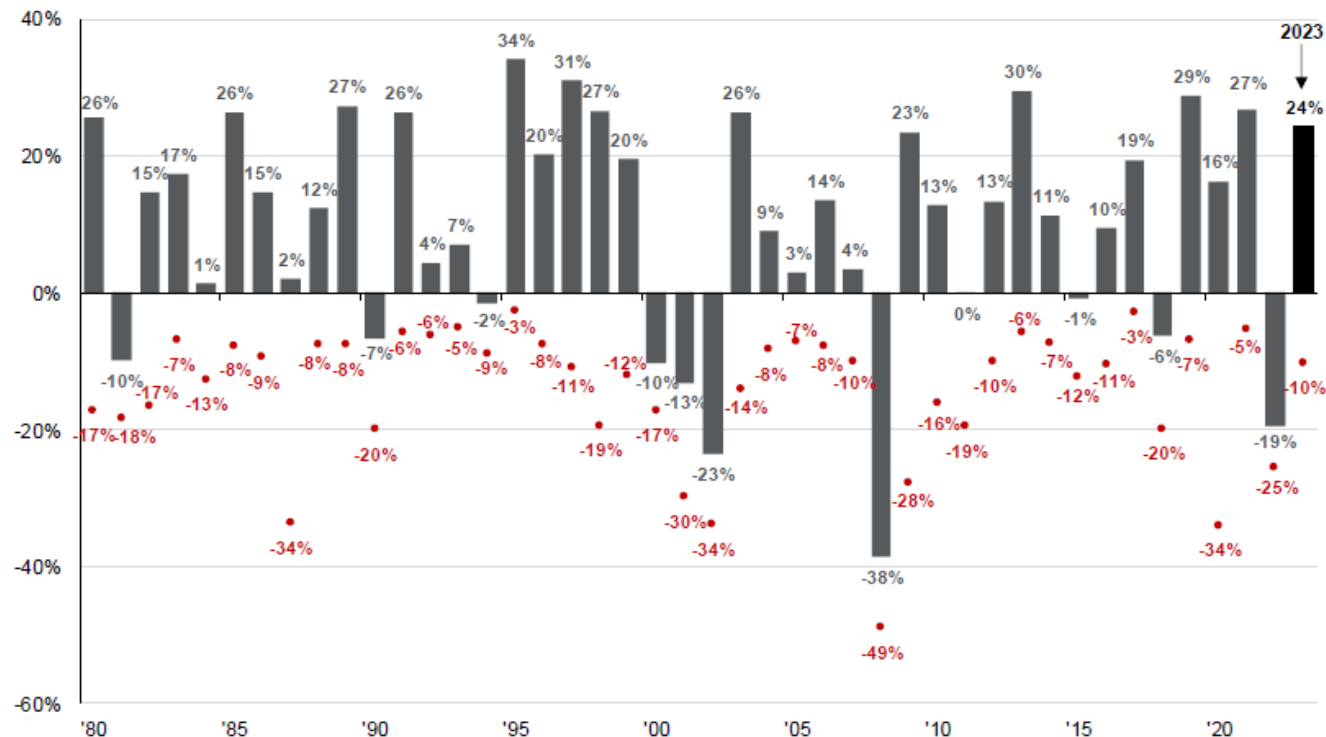
Volatility Is Always Part Of The Equation

Annual returns and intra-year declines

GTM U.S. 14

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 33 of 44 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2023, over which time period the average annual return was 9.0%.
Guide to the Markets – U.S. Data are as of December 31, 2023.

J.P.Morgan
ASSET MANAGEMENT

Dividend Scorecard For 2023 – Commendable

TSX # of Dividend Hikes/ Cuts

	2020		2021		2022		2023	
	Hikes	Cuts/Suspensions	Hikes	Cuts/Suspensions	Hikes	Cuts/Suspensions	Hikes	Cuts/Suspensions
TSX	120	38	130	13	176	16	135	12
Energy	8	16	27	1	48	2	23	0
Materials	32	3	25	4	21	6	13	9
Industrials	15	6	17	1	19	1	16	0
Discretionary	10	5	8	0	10	0	10	0
Staples	12	0	10	0	10	0	11	0
Health Care	1	0	0	0	0	0	0	0
Financials	15	3	14	0	33	1	32	0
Tech	2	0	2	0	2	0	3	0
Comm.	4	1	5	0	5	0	4	0
Utilities	13	2	11	0	11	0	10	1
Real Estate	8	2	11	7	17	6	13	2

Excluding special cash dividends. As at Dec. 29, 2023.

Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Most sectors showcased attractive hikes/cuts profiles in '23

Biographies



Lutz Zeitler, CFA, MBA

Managing Director & Portfolio Manager, *Head of Canadian Fundamental Equities*

Lutz joined BMO Asset Management Inc.'s Canadian equity team in March 2012 as a portfolio manager primarily focused on the firm's large cap Canadian dividend and income strategies. Prior to joining BMO AM, Lutz was a portfolio manager with BMO Harris Investment Management where he managed several Canadian equity yield and core mandates. In addition to Lutz's over two decades of experience in both portfolio management and research, he holds a Master of Business Administration from the Richard Ivey School of Business and is a CFA charterholder.



Philip Harrington, CFA, M.Fin.

Director & Portfolio Manager, *Canadian Fundamental Equities*

Philip joined BMO Asset Management Inc. in March 2012 and brings with him over two decades of experience in the investment industry. Philip is a member of the large cap portfolio management team at BMO AM responsible for the firm's Canadian dividend and income strategies. Previously, he worked as both an analyst and portfolio manager at BMO Harris Investment Management. A graduate from the University of Toronto, Philip holds a Bachelor of Commerce degree, received his Master of Finance from the Rotman School of Business and is a CFA charterholder.

Disclaimer

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

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.

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Commissions, trailing commissions (if applicable), management fees and expenses all may be associated with mutual fund investments. Please read the fund facts or prospectus of the relevant mutual fund before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and are subject to change and/or elimination.

For a summary of the risks of an investment in BMO Mutual Funds, please see the specific risks set out in the prospectus.

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