

BMO Dividend Fund

Quarterly Commentary



Philip Harrington, CFA
Director, Portfolio Manager
Canadian Equities
BMO Asset Management Inc.



Lutz Zeitler, CFA
Managing Director & Portfolio Manager
Head of Canadian Fundamental Equities
BMO Asset Management Inc.

Market Commentary

While Canadian equities faced challenges during the first quarter of 2025 (“the quarter”) amid global trade tensions and domestic economic uncertainties, they posted a slight gain. The S&P/TSX Composite Index experienced volatility, with sectors like Materials and Utilities outperforming due to their defensive nature. Health Care and Information Technology were the worst performing sectors. Investor sentiment was cautious, influenced by concerns over potential tariff impacts on exports. Despite these challenges, select sectors demonstrated strength (Materials, Energy, Communication Services), and the overall market posted a total return of 1.51%, reflecting a cautiously optimistic outlook amid prevailing uncertainties.

The Fund outperformed its benchmark (S&P/TSX Composite Total Return Index) over the quarter.

Attribution Comments

Positive stock selection led to outperformance while Negative sector allocation weighed on relative performance to a degree.

From a sector allocation perspective, the underweight bias to the Information Technology sector added to relative performance while the overweight position in Financials weighed on performance.

The Fund had several standout performances within the Industrials, Financials, and Materials sectors with some underperformances within the Technology and Utility sectors.

Outlook for Market/Fund

North American equities experienced notable volatility this past quarter amid a massive surge in U.S. led global trade tensions under the Trump administration. The outlook for the Canadian stock market for the rest of 2025 hinges on several key factors, including clarity on the tariff picture and the impact on the Canadian economy, corporate earnings resiliency, and central bank interest rate policy. In addition, Canada is now facing a federal election which will be critical to tackling many issues in addition to the trade file such as Canadian sovereignty, interprovincial trade relations, and

The views expressed in this document are those of the Portfolio Manager. They do not necessarily represent the views of BMO Global Asset Management. The views and opinions have been arrived at by the Portfolio Manager and should not be considered to be a recommendation or solicitation to buy or sell any products that may be mentioned.

long-standing productivity woes. These persistent macro risks will ensure that the outlook for Canadian equity returns will be challenging and volatile in the near to medium term.

Despite the elevated economic uncertainty, dividends and dividend growth will be an important part of investor returns in our view. Our strategy continues to be anchored to investing in high quality, sustainable businesses with safe and growing dividend streams which we believe will be increasingly attractive to investors looking forward as interest rates ease.

Buys/Sells

Holdings in Alimentation Couche-Tard Inc., TD Bank, and Telus Corp. were increased owing to their high-quality business characteristics, above average dividend growth profiles, and attractive valuations.

Positions in Fastenal Co., Costco Wholesale Corp., Canadian Apartment Properties REIT, and Rogers

Communications Inc. were trimmed as a result of lower risk reward profiles than other opportunities within the Fund.

Hold: GE Aerospace operates in a duopoly creating and servicing advanced jet turbines for the worlds' commercial airlines. GE is well situated to deliver attractive dividend growth and returns based on its 1) dominant market power based on scale advantages 2) strong management and culture 3) long duration service revenues 3) thematic demand tailwinds 4) shareholder friendly focus.

The Fund hedges a portion of its USD currency risk.

The views expressed in this document are those of the Portfolio Manager. They do not necessarily represent the views of BMO Global Asset Management. The views and opinions have been arrived at by the Portfolio Manager and should not be considered to be a recommendation or solicitation to buy or sell any products that may be mentioned.

FundSERV Codes	Front End†	Low Load	Deferred Sales Charge*
Trust - Advisor	BM099146	BM098146	BM097146
Trust - T5	BM054146	BM053146	BM052146
Trust - F (Fee Based)	BM095146	-	-
Trust - F4	BM037146	-	-
Trust - F6	BM036146	-	-
Class - Advisor	BM087241	BM086241	BM085241
Class - F (Fee Based)	BM088241	-	-

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

This material may contain forward-looking statements. "Forward-looking statements," can be identified by the use of forward-looking terminology such as "may", "should", "expect", "anticipate", "outlook", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof, or variations thereon, or other comparable terminology. Investors are cautioned not to place undue reliance on such statements, as actual results could differ materially due to various risks and uncertainties.

This communication 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.

BMO Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from the Bank of Montreal.

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.

BMO Global Asset Management is a brand name that comprises BMO Asset Management Inc. and BMO Investments Inc.

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

The views expressed in this document are those of the Portfolio Manager. They do not necessarily represent the views of BMO Global Asset Management. The views and opinions have been arrived at by the Portfolio Manager and should not be considered to be a recommendation or solicitation to buy or sell any products that may be mentioned.