BMO Global Income & Growth Fund

Global Investing Made Easy – All-in-one Global Balanced Fund

Monthly Commentary

- Core, All-in-one, Global Multi-Asset Solution
- Experienced Portfolio Managers, with a Team who follows a Sector Process
- Ability to invest in Multiple Asset Classes, Regions, and Sectors

BMO Global Income & Growth Fund uses the experience and insights from over 40[1] investment professionals and leverages their top ideas in one global balanced Fund. They incorporate insights from micro (individual stocks) to macro (for example, how will inflation affect different asset classes) in one comprehensive global balanced fund that can invest in multiple asset classes, regions, or sectors.

Trailing Returns (%)[i]

Name	1M	3M	6M	YTD	1Y	2Y	SI*
BMO Global Income & Growth Fund Series F	**2.7**	**-1.8**	**2.3**	**2.6**	**11.9**	**13.8**	**14.4**
Morningstar Quartile Rank*	2nd	3rd	1st	1st	1st	-	-
# of Funds in Category	1,680	1,637	1,636	1,636	1,608	-	-

[i]Returns are calculated as Total Return.

Calendar Year Returns (%)

Name	2024	2023
BMO Global Income & Growth Fund Series F	**19.2**	**12.3**
Morningstar Quartile Rank*	1st	1st
# of Funds in Category	1,598	1,578

Source – BMO GAM. Data through May 31, 2025. Blended Benchmark is 30% Bloomberg Global Aggregate Bond Index (Hedged to C$), 10% Bloomberg U.S. High Yield Very Liquid Index (Hedged to C$), 60% MSCI World Index (C$). +Since inception returns are presented from November 8, 2022 to May 31, 2025. Past performance is not indicative of future results. Series F units are only available to investors who participate in eligible wrap programs or flat fee accounts with their registered dealers that have entered into a Series F Agreement with BMO Investment Inc. *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.

Key Portfolio Changes in May

- In May, the Fund maintained a defensive asset mix yet added to equity and decreased cash after signs of potential tariff de-escalation. We're not out of the woods yet and we will continue to be active as developments arise.

[1] As of January 31, 2025.

- The equity portfolio is positioned with overweight Information Technology (IT), Communication Services, Utilities, & Real Estate, plus underweight Health Care, Consumer Discretionary, Industrials, Materials, Consumer Staples, & Energy.
- During May we increased our target weight in IT and decreased our target weight in Health Care.

Current Asset Mix as of May 31st

Asset Class	**Benchmark Weight	Current Weight*	Asset Mix Changes During the Month
Global Equity	60%	58.0%	Increased
Government Bonds	20%	20.0%	Unchanged
IG Corporates**	10%	10.0%	Unchanged
High Yield Corporates	10%	9.0%	Unchanged
Gold	0%	2.0%	Unchanged
Cash and Equivalents	0%	1.0%	Decreased

*Approximate weights as of May 31, 2025. *The portfolio holdings are subject to change without notice. They are not recommendations to buy or sell any particular security. **Benchmark is: 30% Bloomberg Global Aggregate Bond Index (Hedged to C$), 10% Bloomberg U.S. High Yield Very Liquid Index (Hedged to C$), 60% MSCI World Index (C$). It is not possible to invest directly in an Index. ** IG is Investment Grade.

Key Macro Points

In investing, there are times when the market environment warrants making big bets and pushing every potential advantage. But with uncertainty continuing to be the overarching theme, this is not one of them. Rather, we've opted to rein in our bets this month, returning to a neutral stance so that we can nimbly shift once we know whether a bullish or bearish outcome is more likely.

Over the past several months, market dynamics have been seemingly in a continuous state of flip-flopping. Trump's tariffs were the big story in April, but as they were paused, we saw a big rally in May. In recent weeks, we've seen a court battle erupt over the tariffs—first, they were struck down, then temporarily re-instated to allow the Trump administration's appeal to be heard. We've seen the U.S. President announce even steeper tariffs on steel and aluminium, while negotiations with China are akin to a soap opera. The bottom line, in our view, is that markets could move in any direction, which is reflected in our largely neutral stance—we're not overly bullish, but we're not necessarily bearish either.

Looking ahead, we expect continued volatility[2] as Trump contends with the legal row around tariffs and potentially explores other ways to pressure America's trading partners. What we don't know is how other countries will respond—will they be as willing to strike a trade deal with Trump if it's determined he has no legal ground to stand on? Much could come down to the U.S. Supreme Court, which is likely to be the final destination for the battle.

It's important to stress that uncertainty doesn't necessarily mean a negative outcome. As part of our neutral positioning, we still want to have some defense in our portfolios, including an allocation to Gold, a tilt towards lower-volatility equities, and some protection via options strategies. The U.S. economy continues to hold up relatively well despite some signs of slowing, and we still believe that the U.S. Federal Reserve Board (Fed) will step in with some rate relief in the second half of the year. In addition to the interest rate outlook, we'll be closely monitoring unemployment data and consumer sentiment, including hard numbers from consumer

[2] Volatility measures how much the price of a security, derivative, or index fluctuates. The most commonly used measure of volatility when it comes to investment funds is standard deviation.

spending-oriented companies such as credit card firms, for signs of which way the wind is blowing. Once we have a clearer picture, we won't hesitate to move—one way or the other.

Asset Mix Drivers

- Compared to earlier in the spring, there's an argument to being a touch more bullish though timing and short-term volatility are significant considerations. A major caveat however is that all views and opinions should be considered valid for 12 hours only and that window is perhaps getting shorter by the day (just kidding… sort of). To the central question of how to allocate capital in such conditions, the answer is, to be as diversified as possible. On trade policy, we've gone from something approximating economic insanity down to extremely problematic: an effective tariff rate of *only* 17% on U.S. imports sounds far more reasonable on a relative basis, but when considered as a nearly seven-fold increase from the average rate that's been in place for the past couple of decades, it remains a sobering factor. Yet the market response to Trump's climbdown from exorbitant duties on China while pausing global reciprocal tariffs, was a positive one, with the S&P500 returning and surpassing its pre-April 2nd level.
- We have neutralized our view on Equities across the board. Amid chronic policy, economic, and financial market uncertainty there is one consensus: a baseline of ~10% tariffs into the U.S. market is likely here to stay. Beyond that, we're in for a state of persistent flip-flopping. The bargaining process of Trump coming out hard, and then backing down is inherently volatile. That's a central reason we've brought in our bets in general—it's difficult to make a call in any particular direction.
- Our present view on Equities is, we're now buyers on dips, rather than sellers on rallies. Despite widespread withdrawals of guidance from a number of companies, Q1 earnings were better than initially feared, and in fact showed higher than average levels of upside surprises. Profits were supported by some tariff front-running so some giveback in Q2 should be expected. However, the worst-case scenarios seem priced out of valuations and the outlook is becoming a bit more optimistic. For now, our view is, we've seen some aggressive outflows from Equities, which means there's potential upside to be had as we revert to the mean—but caution remains warranted.
- On bonds, we remain neutral. The focus has shifted from how the Fed would respond to a tariff-induced stagflation scenario to what Trump's 'big, beautiful' tax bill is going to do in terms of U.S. deficit sustainability. It's impacting the value of the U.S. dollar while we saw the 30-year U.S. bond yield crack 5%. What are holders of long-dated U.S. Treasuries going to demand going forward, and with that added level of risk and unreliability, is that going to be a permanent upshift in what the long end of the yield curve[3] looks like? On the short end, market expectations early in the year had as many as four cuts priced in. We're down to two or maybe even one as of this writing, at the September meeting at the earliest. Higher than expected May non-farm payrolls and hourly wage growth may push these off even further.
- As we've seen long-end U.S. bonds dance toward that 5% threshold, raising the spectre of a very costly long-term refinancing problem for the U.S. government, it's worth unpacking what's behind those yield movements. A smaller component is supply. We've seen some messy auctions (in both the U.S. and Japan; the weakness is not limited to U.S. Treasuries), creating an upward drift in long rates. The bigger driver going forward are concerns around U.S. debt sustainability; the new U.S. tax bill is effectively going to lock in a significant budget deficit of ~6-7% of Gross Domestic Product (GDP) for the foreseeable future[4].

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[3] Yield curve: A line that plots the interest rates of bonds having equal credit quality but differing maturity dates. A normal or steep yield curve indicates that long-term interest rates are higher than short-term interest rates. A flat yield curve indicates that short-term rates are in line with long-term rates, whereas an inverted yield curve indicates that short-term rates are higher than long-term rates.
[4] Source: BMOGAM as of May 31, 2025.

- We will say that one positive is the effective interest rate being paid is still only about 3.5% but will inevitably increase. over time, especially if rates stay higher for longer. For the moment, the real rate remains manageable relative to nominal GDP growth. As those two things (effective interest rate on aggregate U.S. debt and nominal U.S. growth) converge, we start to envision real trouble. We are not there yet.
- Elsewhere, at the short end of the yield curve, we are seeing some asymmetry as cuts get priced out which makes the front end a lot more attractive. Our view is that the bar for hikes is extremely high, while the one for cuts is low if we start to see a weakening in employment and consumer spending. We remain neutral on Canadian Duration[5].
- We've seen the Canadian curve drift higher at the long end in sympathy with the U.S. At the short end, the Bank of Canada (BoC) has control in setting the rate, while further out the curve we're of course along for the ride as long yields in the U.S., Japan, and other places, drift up. We are similarly neutral on credit. We aren't seeing significant spread widening in High Yield while the return of higher for longer is not good for smaller issuers relying on floating rate debt.
- There's no change in our view on the Canadian dollar (CAD), which is still slightly bullish —though it won't be without volatility. In general, in the portfolios, we view currency hedging as a defensive tool rather than an alpha[6] generator. It is used to take a little bit of edge off the risk that the U.S. dollar could continue to fall.
- On Gold, although our view remains unchanged at an overweight (as an off-benchmark position in any amount of gold represents an overweight), we are starting to see elements of both valuation risk and opportunity cost risk. For the better part of a year, we've been oscillating between being buyers or holders. This is the first month in some time where can be considered potential sellers. That's not because Gold is going to necessarily fall off a cliff, it is more an issue of it's potential to lag other risk markets. The precious metal has consolidated but hasn't fallen below any technical breaking point that leads to a big leg down, and if you've got a long enough investment horizon, you could argue that we're in the early innings of a multi-year super cycle. But for the moment, we're on the sidelines—the move to US$3,500/ounce was fast, led by retail flows, which are notoriously fickle.
- We continue make use of option overlays[7], primarily from a defensive standpoint given the volatility, but we are scaling back at the margin. We have been sellers on market rallies in order to buy some downside protection in preparation for the inevitable reversions. The need for protection remains, but our risk appetite for the moment is a touch higher.

Recent Performance

- Asset allocation was a slight negative contributor to Fund performance in May as markets rebounded, yet we maintained a defensive asset mix. We are comfortable maintaining this positioning.
- Bond selection within our Government, Investment Grade (IG), and High Yield (HY) Bond sleeves all were positive in May.
- Sector allocation was slightly negative in May, due to underweight IT.

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[5] A measure of the sensitivity of the price of a fixed income investment to a change in interest rates.

[6] A measure of performance often considered the active return on an investment.

[7] Option overlay strategies can be constructed to mitigate systematic risk, enhance portfolio income, or improve risk/return, enabling investors to efficiently achieve long-term portfolio objectives.

- Stock selection was positive in May. Utilities, Financials, Industrials, IT, Energy, & Real Estate were all positive contributors, while selection within Health Care, Materials, Communications Services, & Consumer Discretionary were detractors.

Fund Codes & Fees

Series	Fund Code	MER*
Advisor FE / US$ FE	BM099165 / BM079165 (USD)	1.87
T6 FE	BM034270	1.84
Series F / US$	BM095165 / BM040165 (USD)	0.77
Series F6	BM036165	0.80

*Annual Management Expense Ratios (MERs) are as of September 30, 2024.

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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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BMO Global Equity Fund – HUB Link

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