

BMO Managed Portfolios

June 2025

Monthly Commentary

Market & Economic Commentary

BMO Managed Solutions

Portfolio Activity

as at May 31, 2025

Asset Allocation

as at May 31, 2025

Performance

as at May 31, 2025

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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
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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.

BMO Managed Portfolios – Monthly Portfolio Commentary

- As sentiment has improved, our House View has moved to a neutral position on equities, with a bias to adding on pullbacks. Similarly, we have moved U.S. equities back to neutral from their prior underweight.
- We maintain a small active allocation to India via an actively managed fund.
- We continue to tilt toward the short end of the yield curve on expectations of sticky longer-end yields, adding to [BMO Short Corporate Bond Index ETF \(ZCS\)](#). We have also continued to increase exposure to the actively managed [BMO Core Plus Bond ETF \(ZCPB\)](#).



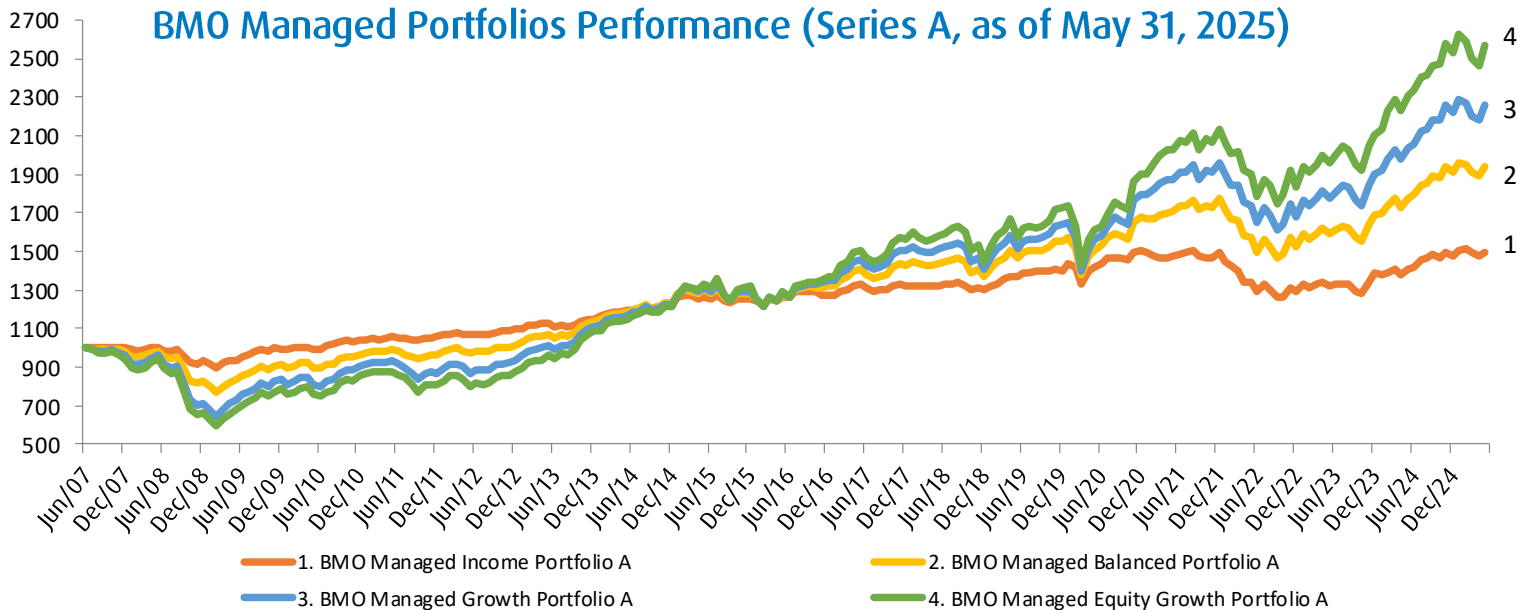
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BMO Managed Portfolios (%) – as at May 31, 2025

	BMO Manged Income Portfolio	BMO Managed Conservative Portfolio	BMO Managed Balanced Portfolio	BMO Managed Growth Portfolio	BMO Managed Equity Growth Portfolio
Fixed Income					
BMO Core Plus Bond Fund	19.7	17.1	11.1	2.4	-
BMO Aggregate Bond ETF	9.7	8.0	3.7	4.0	-
BMO U.S. Corporate Bond Fund	6.8	5.5	3.6	2.0	-
BMO US Aggregate Bond Index ETF Hedged	13.4	10.6	7.0	3.0	-
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	7.3	6.0	4.2	2.2	-
BMO Emerging Markets Bond Fund	5.1	4.3	2.7	1.1	-
BMO Long Federal Bond Index	2.7	3.1	1.8	1.3	-
Other Fixed Income / Cash	3.6	4.3	3.5	1.6	1.7
Total Fixed Income	68	59	38	17	2
Equity					
BMO Multi-Factor Equity Fund	4.5	6.9	12.5	16.8	21.4
BMO Canadian Smart Alpha Equity Fund	-	5.8	9.0	13.1	8.7
BMO European Fund	2.0	2.1	4.4	6.2	7.0
BMO Global Equity Fund	2.7	3.5	5.3	6.6	7.8
BMO Japan Fund	2.0	2.2	4.2	5.9	6.7
BMO Global REIT Fund	0.7	1.3	2.6	3.2	4.0
BMO Global Infrastructure Fund	0.8	1.8	2.6	3.4	4.1
BMO S&P 500 Index ETF	4.7	4.2	3.0	2.8	1.0
BMO MSCI EAFE Index ETF	3.9	4.7	4.3	5.8	4.5
BMO S&P/TSX Capped Comp Index ETF	0.5	2.1	2.3	2.4	8.5
BMO Partners Group Private Markets Fund	3.0	0.0	0.7	-	-
BMO Strategic Equity Yield Fund	2.7	-	-	-	-
BMO Global Innovators Fund	-	2.2	2.3	3.6	6.1
BMO Emerging Markets Fund	-	0.6	0.9	1.2	1.8
BMO Global Small Cap Fund	-	0.6	1.3	2.3	2.9
BMO Carlyle Private Equity Strategies Fund	-	-	0.9	1.5	1.9
BMO Global Health Care Fund	0.2	0.5	0.4	0.4	1.6
BMO Gold Bullion ETF	0.8	1.5	2.0	2.9	3.5
Other Equity	3.4	1.1	3.5	4.5	6.7
Total Equity	32	41	62	83	98

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

BMO Managed Portfolios Performance (Series A, as of May 31, 2025)



The chart illustrates the impact to an initial investment of \$1,000 dollars from June 18, 2007 to May 31, 2025 in the BMO Managed Portfolios - Series A. It is not intended to reflect future returns on investments.

Time Lapse	Income (%)	Conservative (%)	Balanced (%)	Growth (%)	Equity Growth (%)
1 month	1.2	1.8	2.6	3.6	4.3
3 month	-1.1	-0.8	-0.8	-0.8	-0.8
6 month	-0.1	-0.2	-0.2	-0.3	-0.5
1 Year	6.2	7.4	9.2	10.6	11.4
3 Year	3.8	-	7.2	9.0	10.6
5 Year	1.1	-	5.1	7.7	9.7
10 Year	1.7	-	4.1	5.5	6.8
Since Inception	2.2	7.3	3.7	4.6	5.3

Inception date of BMO Managed Conservative Portfolio, Series A, as of June 16, 2023.

Inception date of the Income, Balanced, Growth, and Equity Growth BMO Managed Portfolios as of June 18, 2007.

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

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