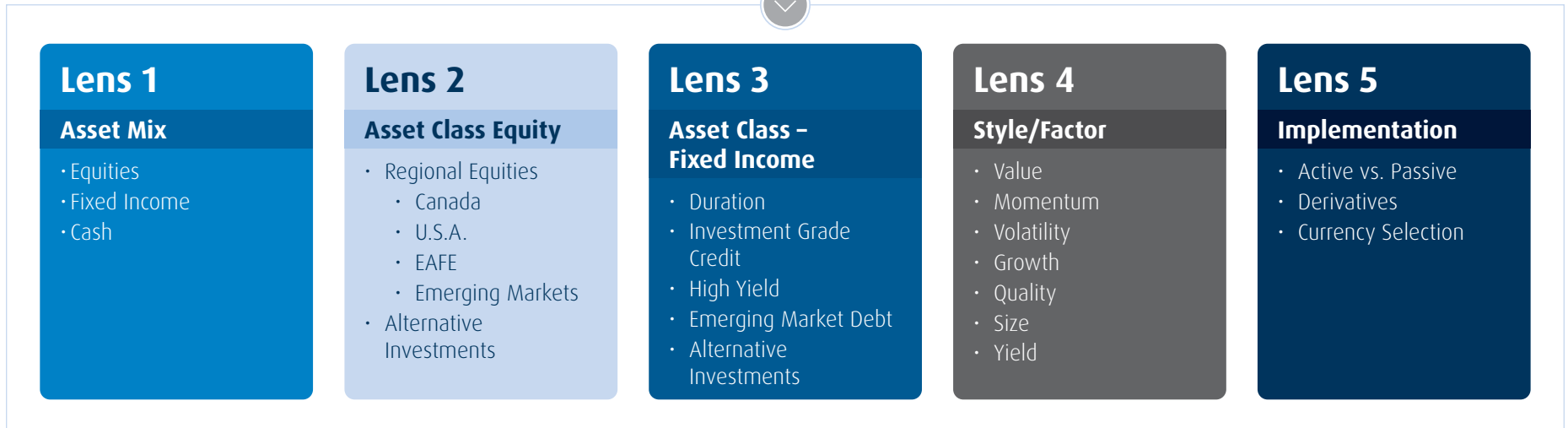


# BMO's "Five Lenses" Strategy

## BMO Multi-Asset Solutions Team

At BMO Global Asset Management (BMO GAM) we recognize that asset allocation is the primary driver of long-term portfolio performance. That's why we've created a group of asset allocators called the Multi-Asset Solutions Team (MAST), who follow

a consistent investment philosophy to focus on global idea generation with local portfolio implementation. The MAST has developed a simplified "Five Lenses" view to help explain what is driving their asset allocation decisions.



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

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

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Any statement that necessarily depends on future events may be a forward-looking statement. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although such statements are based on assumptions that are believed to be reasonable, there can be no assurance that actual results will not differ materially from expectations. Investors are cautioned not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, investors should carefully consider the areas of risk described in the most recent simplified prospectus.

The information provided on this report is intended for informational purposes only. Particular investments or trading strategies should be evaluated relative to each individual. The foregoing is not intended to be and should not be construed as legal, investment or tax advice to any party and a professional should be consulted with respect to any circumstance.

At BMO GAM, we've always promoted the value of long-term investing. To us, that's always been the most important decision. In a similar vein, the Five Lens process begins with the strategic asset allocation, which takes into account the long term expected returns, standard deviations and correlations of various asset classes, adjusted for recent experience. This establishes our longer-term view (4-5 years) that defines the neutral asset mix and the design choices of each portfolio (subject to its objectives). However, we recognize that there are times when our short term views (3-12 months) differ substantially from our longer term views. This is where our tactical asset allocation is employed, and forms part of our risk management framework. How we make our tactical asset allocation decisions forms the DNA for our Five Lenses. Our process first decides where we want to be

more or less bullish, whether we need to adjust our geographic weightings (both within equities and bonds) and whether there are certain exposure we like to have more or less of (i.e., high yield vs. corporate bonds). We then decide whether there are certain styles or factors we want to adjust. The process concludes with how we want to implement those changes. We update tactical changes via our scorecard and communicate it via the Fives Lenses each month. Each portfolio is designed with specific portfolio parameters in mind to allow for sufficient degrees of freedom to implement meaningful tactical calls when appropriate, such as overweight U.S. equities, for example. For us, portfolio management involves both strategic and tactical decisions. We will continue to evolve our Five Lenses Strategy to produce better outcomes for our clients.

## Five Lenses, as of April 2024

Lens 1 Asset Mix	Lens 2 Asset Class Equity	Lens 3 Asset Class Fixed Income	Lens 4 Style/Factor	Lens 5 Implementation																																		
<ul style="list-style-type: none"> <li>We maintained our small tilt to equities as the U.S. economy continues to perform above expectations and looks capable of maintaining favourable momentum during the first half of the year.</li> <li>We continue to prefer fixed income over cash on a longer-term basis as U.S. Federal Reserve ("Fed") and Bank of Canada (BoC) monetary policy is widely expected to pivot to rate cuts later this year.</li> </ul>	<ul style="list-style-type: none"> <li>Our regional equity mix remains unchanged this month.</li> <li>We remain underweight Canadian equities and continue to prefer U.S. equities.</li> <li>We prefer to be tilted toward higher-quality and tech-oriented companies and benefit from the far more robust U.S. economy.</li> <li>We expect the Canadian economic outlook to continue to soften in 2024 as rate hikes are weighing on the economic outlook and the loonie.</li> </ul>	<ul style="list-style-type: none"> <li>We remain neutral across fixed income as the near-term outlook for monetary policy remains uncertain regarding the timing and amplitude of Fed and BoC rate cuts.</li> <li>We stay neutral duration on a robust U.S. growth outlook which could continue to push back rate cut expectations.</li> <li>We continue to like gold as a hedge against another backup in long-term interest rates or if the U.S. economy were to cool faster than expected.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to prefer higher quality companies that enjoy stronger balance sheets and pricing power, which enables them to have more resilient and wider profit margins.</li> <li>We are bullish on firms that can improve and deliver strong dividends. If rate cuts materialize this year, we expect investors to rotate in favour of this sector.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to like gold as a hedge against downside macro risks.</li> <li>We think gold could continue to shine if investors were surprised with renewed bank stress or inflation anxiety. The latter would push back Fed rate cuts and re-ignite a risk-off U.S. Dollar rally, weighing on the loonie.</li> <li>Central bank demand remains strong with room to increase further, which will help support gold prices going forward.</li> </ul>																																		
<b>Tactical Score:</b> <table border="1"> <tr><td>Equities</td><td>+1</td></tr> <tr><td>Fixed Income</td><td>0</td></tr> <tr><td>Cash</td><td>-1</td></tr> </table>	Equities	+1	Fixed Income	0	Cash	-1	<b>Tactical Score:</b> <table border="1"> <tr><td>Canada</td><td>-1</td></tr> <tr><td>U.S.A.</td><td>+1</td></tr> <tr><td>EAFE</td><td>0</td></tr> <tr><td>EM</td><td>0</td></tr> </table>	Canada	-1	U.S.A.	+1	EAFE	0	EM	0	<b>Tactical Score:</b> <table border="1"> <tr><td>IG Credit</td><td>0</td></tr> <tr><td>High Yield</td><td>0</td></tr> <tr><td>EM Debt</td><td>0</td></tr> <tr><td>Duration</td><td>0</td></tr> </table>	IG Credit	0	High Yield	0	EM Debt	0	Duration	0	<b>Tactical Score:</b> <table border="1"> <tr><td>Value</td><td>0</td></tr> <tr><td>Growth</td><td>0</td></tr> <tr><td>Quality</td><td>+1</td></tr> <tr><td>Yield</td><td>+1</td></tr> </table>	Value	0	Growth	0	Quality	+1	Yield	+1	<b>Tactical Score:</b> <table border="1"> <tr><td>Canadian Dollar</td><td>-1</td></tr> <tr><td>Gold</td><td>+1</td></tr> </table>	Canadian Dollar	-1	Gold	+1
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▲ Indicates an increase in the tactical score month-over-month | ▼ Indicates a decrease in the tactical score month-over-month

