

**Brian Belski**

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Portfolio Manager
BMO Capital Markets Corp.

Brian Belski – Chief Investment Strategist and leader of the Investment Strategy Group, BMO Capital Markets - has a strong track record of forecasting equity markets and is a regular resource in the business media and a frequent guest on CNBC, Fox Business, Bloomberg and BNN. Brian is also the Portfolio Manager of BMO U.S. Equity Plus Fund and BMO U.S. All Cap Equity Fund.

Brian and his capital markets team have provided the following research update that is influencing their portfolio management of the BMO U.S. Equity Plus Fund and the BMO U.S. All Cap Equity Fund.

Summary

In this report Brian presents the **U.S. Strategy Comment** and **Canadian Strategy Snapshot** for **August 2025**.

U.S. Strategy Comment - Key Points – Navigating Periods of Extended Market Valuation – August 2025

Summary: **Valuation Concerns Have Resurfaced, but We Continue to View This as a Bull Market**

Main Points:

- Fundamentals Excluding the Largest Stocks Appear More Reasonable
- Lower P/E Stocks Have an Attractive Long-Term Track Record
- This Value Strategy Can Outperform in Various Market Environments
- Above-Average Market Valuation Should Benefit Stocks With Lower Multiples

Canadian Strategy Snapshot - Key Points – Earnings Normalization Remains on Track – August 2025

- Earnings Normalization Remains on Track
 - Earnings growth is returning to a more normalized high-single-digit range, and likely to reach low double digits by year-end
 - Confidence is returning as FY1 & FY2 bottom-up EPS estimates have been trending higher since the June low
 - Profitability metrics have stabilized and, in many cases, are improving
 - Strong breadth of improvement as most sectors are seeing an acceleration in EPS growth
- Cyclical and Financials Driving Improvement in TSX Revision Sentiment
 - Breadth of revisions on a clear upswing, driven by Financials and more cyclical sectors

Performance as of July 31, 2025

Annualized Rates of Return (%) in CAD – As of July 31, 2025 - Trailing Returns (%)ⁱ

Name	Inception Date	1M	3M	YTD	1Y	3Y	5Y	10Y	SI ^{**}	Morningstar Rating Overall ^{**}
BMO U.S. Equity Plus Fund - Series F	2014-11-13	2.86	12.90	6.60	21.03	21.92	16.75	13.42	14.06	★★★★★
Canada Fund US Equity Category		2.81	12.46	3.57	12.96	15.72	13.15	10.62	11.43	-
Excess Return		0.05	0.44	3.03	8.07	6.20	3.60	2.80	2.63	-
# Funds in Category		1,228	1,204	1,160	1,142	1,036	905	566	-	-

Name	Inception Date	1M	3M	6M	YTD	1Y	2Y	3Y	SI ⁺	Morningstar Rating Overall ^{***}
BMO U.S. All Cap Equity Fund - Series F	2021-06-01	2.71	14.30	-0.71	3.81	18.75	23.74	21.55	14.00	★★★★
Canada Fund US Equity Category		2.81	12.46	-0.37	3.57	12.96	17.68	15.72	11.31	-
Excess Return		-0.10	1.84	-0.34	0.24	5.79	6.06	5.83	2.69	-
# Funds in Category		1,228	1,204	1,170	1,160	1,142	-	1,036	-	-

ⁱReturns are calculated as Total Return.

Annual Rates of Return (%) in CAD – As of July 31, 2025 - Calendar Year Returns (%)

Name	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
BMO U.S. Equity Plus Fund - Series F	37.73	25.40	-14.67	26.89	14.31	26.92	-0.75	12.26	8.98	15.73
Canada Fund US Equity Category	27.73	17.98	-13.32	23.46	12.60	22.62	-0.64	12.73	5.60	13.49
Excess Return	10.00	7.42	-1.35	3.43	1.71	4.30	-0.12	-0.46	3.39	2.24
# Funds in Category	1,156	1,359	1,400	1,427	1,636	1,565	1,432	1,300	1,124	1,019

Name	2024	2023	2022
BMO U.S. All Cap Equity Fund - Series F	39.06	24.73	-17.19
Canada Fund US Equity Category	17.98	17.98	-13.32
Excess Return	21.08	6.75	-3.87
# Funds in Category	1,156	1,359	1,400

Source – BMO GAM. Data through July 31, 2025. US Equity Category is represented by Morningstar's Canada Fund US Equity Category.

^{*}Since inception returns are presented from November 14, 2014 to July 31, 2025. ^{*}Since inception returns are presented from June 2, 2021 to July 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. ^{**}**BMO US Equity Plus Fund - Series F:** Overall Rating of 5 stars out of 1,228 funds. The Fund received a Morningstar Rating of 5 stars over 3 years (1,036 funds), 5 stars over 5 years (905 funds) and 4 stars over 10 years (566 funds). ^{***}**BMO US All Cap Fund - Series F:** Overall Rating of 4 stars out of 1,228 funds. The Fund received a Morningstar Rating of 4 stars over 3 years (1,036 funds). Morningstar Rating is for the F share class only; other classes may have different performance characteristics. Past performance is no guarantee of future results.

Fund at a Glance – BMO U.S. Equity Plus Fund

Investment Objective	This fund's objective is to provide long-term capital growth by investing primarily in equity securities of U.S. and Canadian large capitalization companies.
Investment process	Bottom-Up fundamental analysis
Risk Rating ¹	Medium
Typical Holdings	50 - 70 names
Benchmark Index	75% S&P 500 TR Index (C\$) and 25% S&P/TSX Composite TR Index
Sector Constraints	+/-10% Sector Weight
Market Exposure	Large Cap

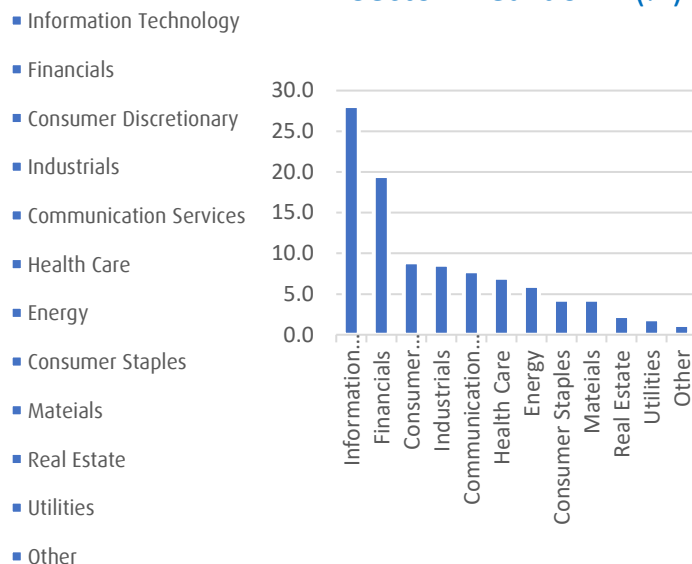
¹All investments involve risk. The value of a Mutual Fund can go down as well as up

and you could lose money. The risk of a Mutual Fund is rated based on the volatility of the Mutual Fund's returns using the standardized risk classification methodology mandated by the Canadian Securities Administrators. Historical volatility doesn't tell you how volatile a Mutual Fund will be in the future. A Mutual Fund with a risk rating of "low" can still lose money. For more information about the risk rating and specific risks that can affect a Mutual Fund's returns, see the BMO Mutual Fund's simplified prospectus.

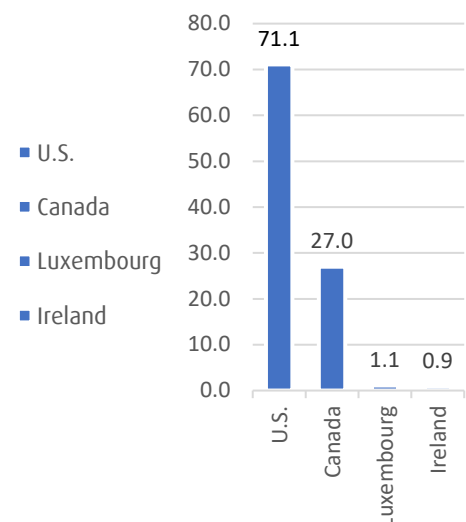
Top Holdings²

Microsoft Corp.	5.2%
Apple Inc.	5.1%
NVIDIA Corp.	4.5%
Amazon.com Inc.	4.1%
Alphabet Inc. Cl A	3.6%
Bank of Montreal	3.4%
Shopify Inc.	3.3%
Bank of America Corp.	3.2%
UnitedHealth Group Inc.	2.9%
Oracle Corp.	2.9%
TOTAL	38.1%

Sector Breakdown (%)



Region Breakdown (%)



²Top Ten Holdings as of July 31, 2025. Sector & Region Breakdown as of July 31, 2025. For illustrative purposes only. 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.

Fund at a Glance – BMO U.S. All Cap Equity Fund

Investment Objective	This fund's objective is to provide long-term capital growth by investing primarily in equity securities of U.S. companies of any size of market capitalization
Investment process	Bottom-Up fundamental analysis
Risk Rating ¹	Medium
Typical Holdings	60 - 80 names
Benchmark Index	S&P 1500 Index
Sector Constraints	No Sector Constraints
Market Exposure	All Cap

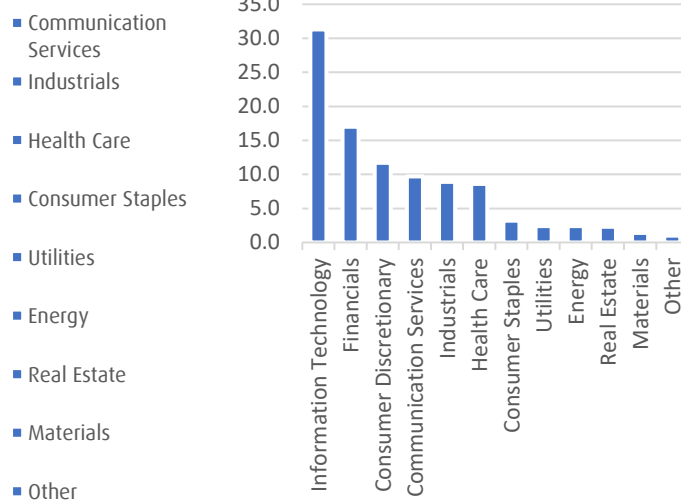
Top Holdings²

Apple Inc.	7.3%
Microsoft Corp.	7.0%
NVIDIA Corp.	4.5%
Amazon.com Inc.	4.2%
Oracle Corp.	4.0%
Alphabet Inc. Cl A	3.7%
UnitedHealth Group Inc.	3.4%
Shopify Inc.	3.0%
Berkshire Hathaway Inc.	2.9%
Broadcom Inc.	2.4%
TOTAL	42.2%

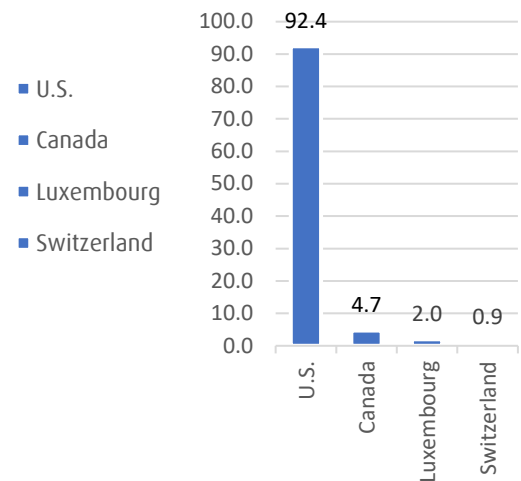
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- Information Technology
- Financials
- Consumer Discretionary

Sector Breakdown (%)



Region Breakdown (%)



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Fund Codes

Series	MER (%)	Front End*	Low Load†	DSC‡
BMO U.S. Equity Plus Fund				
Advisor Series / US\$ Advisor	2.20/2.20	BMO99744/BMO79744	BMO98744/BMO78744	BMO97744/BMO77744
F Series / US\$ F	0.82/ 0.82	BMO95744/BMO40744	-	-
BMO U.S. All Cap Equity Fund				
US\$ Advisor / Advisor Series	1.90/ 1.90	BMO79125/BMO99115	-	-
US\$ F / F Series	0.82/ 0.82	BMO40125/BMO95115	-	-

*Front End = Sales Charge † Low Load and DSC purchase options are no longer available for sale. MER as of March 31, 2024.

Disclaimers (All charts are as of July 31, 2025 unless noted differently.)

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.

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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. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns.

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 simplified 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.

The viewpoints expressed by the Portfolio Manager represents their assessment of the markets at the time of publication. Those views are subject to change without notice at any time. The information provided herein does not constitute a solicitation of an offer to buy, or an offer to sell securities nor should the information be relied upon as investment advice. Past performance is no guarantee of future results. This communication is intended for informational purposes only.

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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.

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US Strategy Comment

Navigating Periods of Extended Market Valuation

Valuation Concerns Have Resurfaced, but We Continue to View This as a Bull Market

While 2025 US stock market performance has been quite impressive so far, there still appears to be much debate regarding the direction of stock prices going forward, in our view. For our part, we continue to believe that US stocks remain in a bull market, from both a cyclical and secular perspective. Unfortunately, the strong rebound and accompanying new record highs from earlier-in-the-year tariff induced sell-off has raised concerns about extended market valuation, yet again. We agree that market levels for certain metrics are quite high when compared with historical averages, but a closer inspection reveals that levels may not be as severe as are being advertised, in our view. Nonetheless, we understand the sentiment, but we disagree with any suggestion that US stocks may be headed for a severe or prolonged downturn based on valuation alone. Instead, we continue to recommend that investors “stay the course” and use any potential periods of market weakness as a buying opportunity. However, we believe that valuation-weary investors could potentially benefit by focusing on lower P/E stocks based on our analysis – a strategy that has seemingly fallen out of favor in recent years as almost all the focus has shifted towards higher-multiple, growth-oriented investment strategies.

Main Points:

- **Fundamentals Excluding the Largest Stocks Appear More Reasonable**
 - ✓ The 10 largest stocks within the S&P 500 are skewing valuation higher against a decelerating earnings growth backdrop, the rest of the index has more manageable valuation and improving earnings growth
- **Lower P/E Stocks Have an Attractive Long-Term Track Record**
 - ✓ Stocks with an NTM P/E of 15x or below have historically outperformed with lower volatility
- **This Value Strategy Can Outperform in Various Market Environments**
 - ✓ Lower P/E stocks can protect against market losses and also outperform with market strength
- **Above-Average Market Valuation Should Benefit Stocks With Lower Multiples**
 - ✓ Lower P/E stocks have historically performed best when market valuation has been extended

Implementation Strategies:

- [US Tactical Equity](#), [US Dividend Growth](#), [US Disciplined Value](#), [US SMID](#) portfolios
- Please see [US Strategy Portfolios](#) and [Investment Strategy Portfolios](#) for recent changes

Investment Strategy

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Legal Entity: BMO Capital Markets Corp.

US Strategy – S&P 500 Targets

Price Target Model	2025E
DDM	6,800
Fair Value P/E	6,200
Price Target	6,700
EPS Target Model	2025E
Macro Regression	\$270
Bottom-Up Consensus	\$265
Normalized EPS	\$240
EPS Target	\$275
Implied P/E	24.4x

Source: BMO Capital Markets Investment Strategy

US Strategy – Recommended S&P 500 Sector Weightings

Sector	Opinion	Tgt. Wgt.
Communication Services	MW	9%
Consumer Discretionary	OW	11%
Consumer Staples	UW	4.5%
Energy	MW	3.5%
Financials	OW	14.5%
Health Care	UW	9.5%
Industrials	MW	8.5%
Information Technology	OW	33%
Materials	MW	3%
Real Estate	MW	2.5%
Utilities	MW	2%

Source: BMO Capital Markets Investment Strategy

OW: Overweight
MW: Market Weight
UW: Underweight

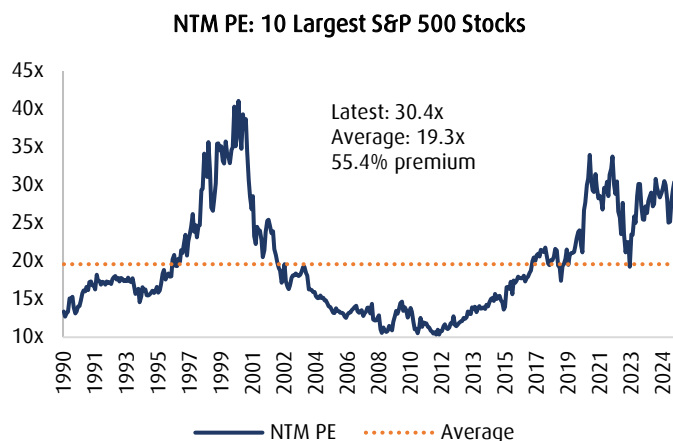
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Navigating Periods of Extended Market Valuation

Fundamentals Excluding the Largest Stocks Appear More Reasonable

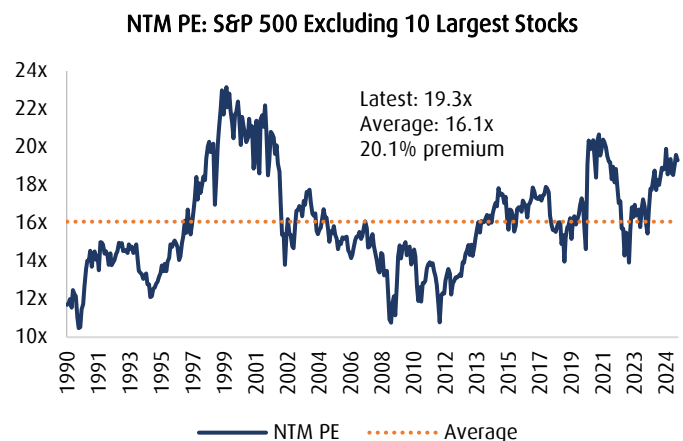
S&P 500 valuation has become a hot topic again as recent levels are undeniably stretched from a historical perspective (Exhibit 8, page 5). However, a closer inspection of the data reveals a less severe backdrop. Yes, valuation for the 10 largest S&P 500 stocks is quite stretched relative to historical norms and is the main reason index levels have become so elevated. For instance, the NTM P/E of these stocks is roughly 30.4x now, which represents more than a 55% premium to its longer-term average (Exhibit 1). By contrast, the rest of the index has an NTM P/E of 19.3x, which represents a more manageable premium to its longer-term average of roughly 20% (Exhibit 2). In addition, NTM EPS growth for the 10 largest stocks has remained relatively lofty over the past couple of years (15%+) and is probably partly responsible for the impressive performance, but recent trends have shown a sharp deceleration (Exhibit 3). On the other hand, NTM EPS growth for the rest of the index bottomed in 2023 and has been generally improving ever since with the latest levels exceeding 10% for the first time in nearly four years (Exhibit 4). Thus, we believe more reasonable valuation and an improving earnings backdrop strongly favors these stocks and will likely buoy the market should the performance of some of the highest profile stocks begin to falter.

Exhibit 1: Largest S&P 500 Stocks Trade at a Substantial Premium



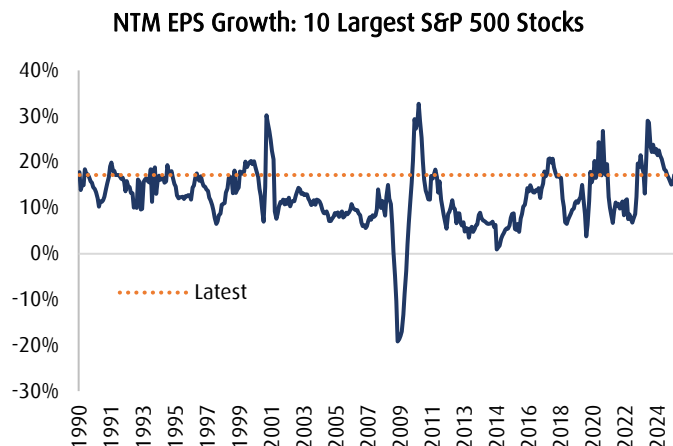
Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Exhibit 2: Rest of Index Valuation Premium More Manageable



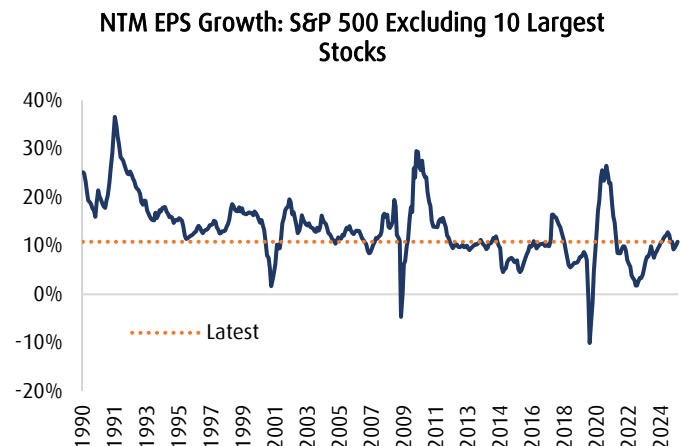
Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Exhibit 3: Earnings Growth of Largest Stocks Has Decelerated



Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Exhibit 4: Earnings Growth for Rest of Index Continues to Improve

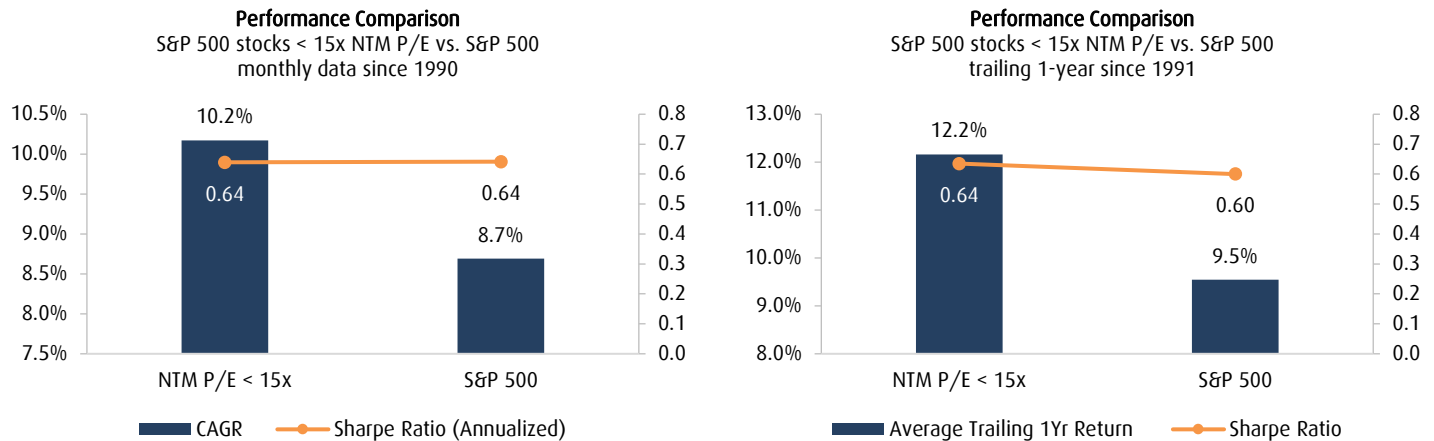


Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Lower P/E Stocks Have an Attractive Long-Term Track Record

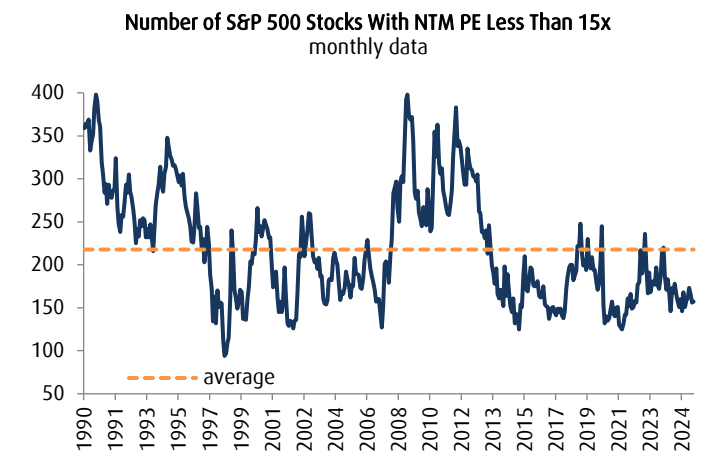
As frequent readers of our work know, valuation has always been an important part of our investment strategy, with NTM P/E, being one of the primary metrics we rely on in our models when making recommendations. Based on years of our client conversations, an NTM P/E multiple of 15x seems to be around the number that many investors associate with fair value of the market or when trying to determine whether US stocks are undervalued or overvalued. Given that market strength this year has pushed the forward P/E for the S&P 500 well over 20x, we thought it would be useful to examine whether investing in US stocks with NTM P/E ratios less than 15x would represent a viable investment strategy over the longer term. To check this, we analyzed rolling monthly price returns and rolling one-year price returns since 1990 for S&P 500 stocks with NTM P/E multiples less than 15x. Our work shows such a strategy has historically outpaced the S&P 500 by 1.5 percentage points on an annualized monthly price return basis with roughly the same Sharpe ratio (Exhibit 5). Similarly, when looking at one-year holding periods, stocks with forward P/E multiples less than 15x outperformed the broader market by 2.7 percentage points, on average, while also producing better risk-adjusted price returns. For context, the average number of S&P 500 stocks with NTM P/E ratios below 15x has been 218 going back to 1990 compared with the current list of 157 (Exhibit 6).

Exhibit 5: Low P/E Stocks Have Generated Attractive Returns



Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Exhibit 6: There Are Plenty of Low P/E Stocks Currently in the Index

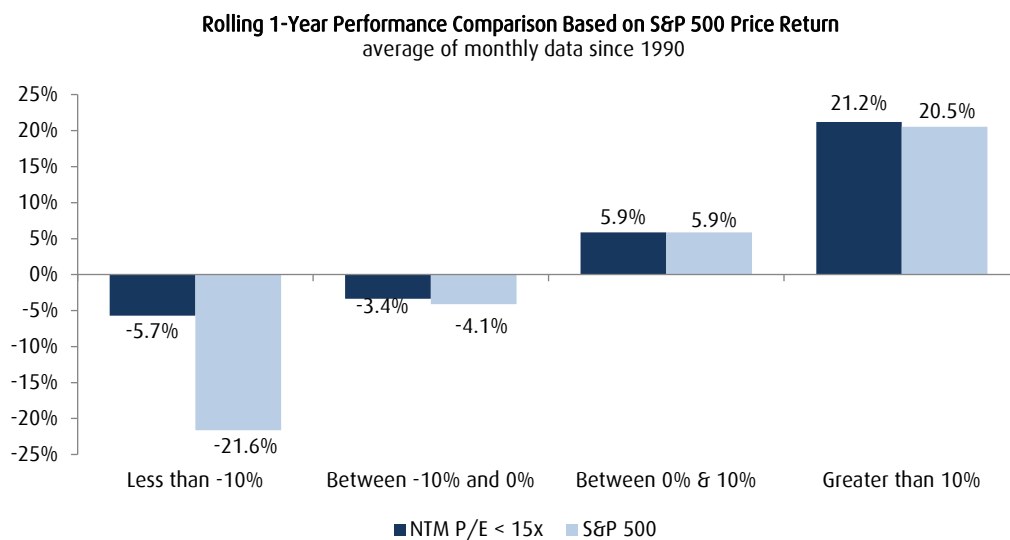


Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

This Value Strategy Can Outperform in Various Market Environments

One of the most attractive attributes of this value-focused investment strategy has been its ability to perform well in both strong and weak market environments. However, many investors seem to be under the impression that value names are at a disadvantage during periods of market strength. Based on our analysis, this is simply not the case. In fact, our work shows that stocks with NTM P/E multiples less than 15x have historically been able to limit losses relative to the S&P 500 during market declines, yet have also managed to outperform, on average, in strong market environments (Exhibit 7).

Exhibit 7: Low P/E Stocks Limit Losses During Periods of Market Weakness, Yet Also Outperform in Strong Market Environments

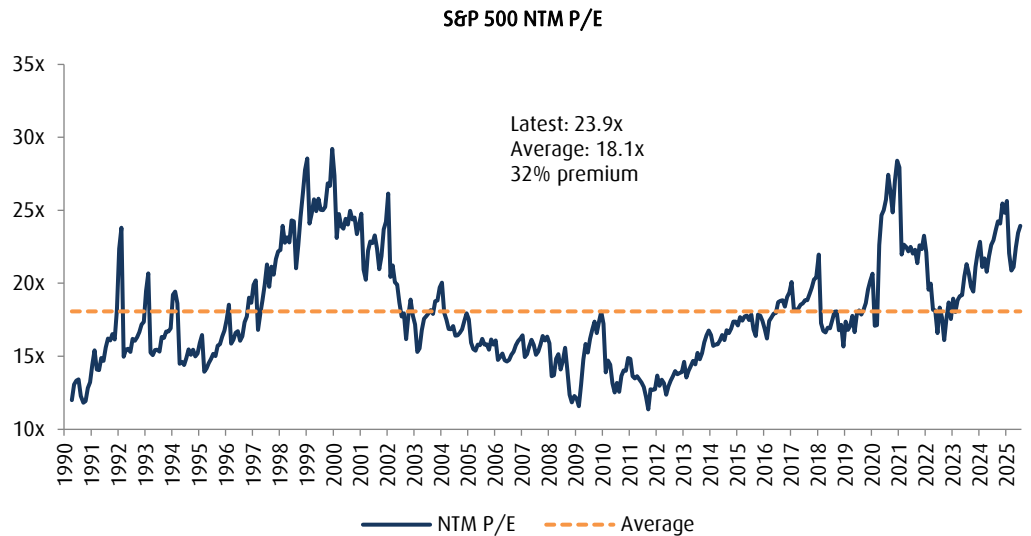


Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Above-Average Market Valuation Should Benefit Stocks With Lower Multiples

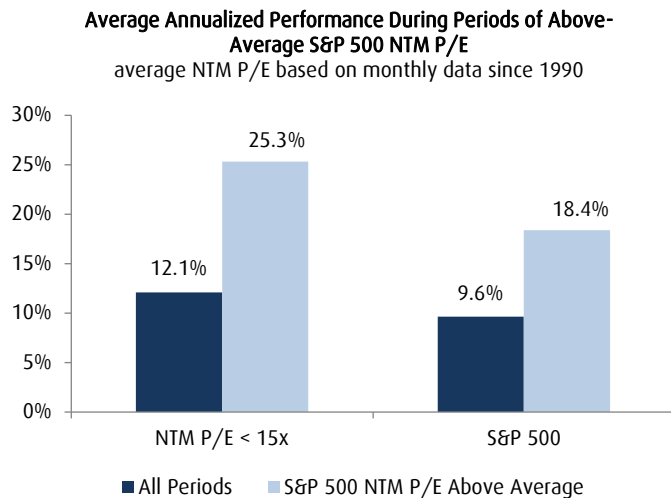
One of the main reasons we believe low P/E stocks can perform well in the coming months relates to the market valuation backdrop. Forward price multiples have been expanding all throughout this bull market with the levels consistently exceeding 20x, which until the past few years had been a relatively rare phenomenon since 1990 (Exhibit 8). We would argue that this is precisely the type of environment that should benefit a value-focused investment strategy because when most stocks are expensive, investors should be seeking lower-cost alternatives. Our analysis appears to confirm this as illustrated in Exhibit 9. Based on monthly data since 1990, we found that stocks with lower NTM P/E multiples have historically outperformed the S&P 500 by a wider margin, on average, during periods of above-average market valuation. In addition, forward performance also seems to benefit these value stocks when S&P 500 valuation is above average. For instance, these stocks typically outpace the S&P 500 by 0.9%, 1.5% and 2.5% in the subsequent 3-months, 6-months and 12-months, respectively, following above average market valuations (Exhibit 10).

Exhibit 8: S&P 500 NTM P/E Has Increased Well Above Historical Averages



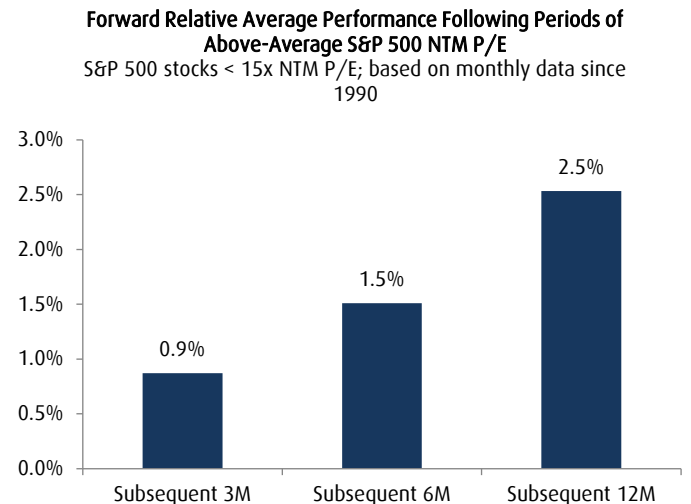
Source: BMO Capital Markets Investment Strategy Group, FactSet, Bloomberg.

Exhibit 9: Performance of Low P/E Stocks Has Historically Benefited During Periods of Above-Average S&P 500 NTM P/E



Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Exhibit 10: Low P/E Stocks Also Outperform in the Periods Following Above-Average Market Valuation



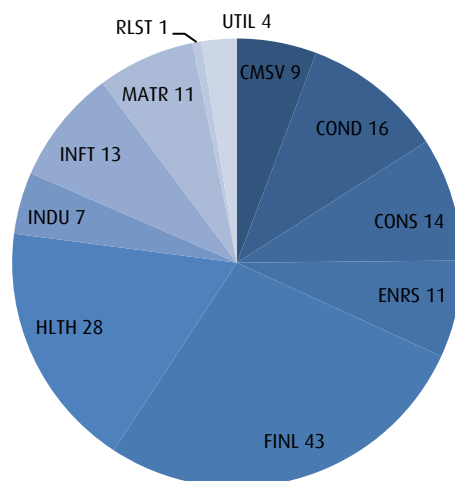
Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

Investing in Lower NTM P/E Stocks Can Be a Diverse Strategy

Investing in S&P 500 stocks with NTM P/E ratios less than 15x can be a fairly diversified investment strategy as shown in Exhibit 11. While the Financials sector currently makes up more than a quarter of this value strategy, most other sectors still have relatively decent representation with at least 10 stocks from six other sectors comprising the current list. In addition, despite common perceptions that a low P/E investment strategy would only provide exposure to the beaten-down names and groups, Technology – the best-performing sector over the past few years – has 13 stocks within the current list.

Exhibit 11: A Low P/E Strategy Provides Exposure to a Variety of Sectors

Count of S&P 500 Stocks With NTM P/E < 15x By Sector



Source: BMO Capital Markets Investment Strategy Group, FactSet, IBES.

BMO Outperform-Rated Stocks That Fit the Theme

Exhibit 12: S&P 500 Stocks With NTM P/E Below 15x Rated Outperform By BMO

Ticker	Company	BMO Rating*
ABBV	AbbVie, Inc.	OP
ALL	Allstate Corporation	OP
AMGN	Amgen Inc.	OP
BG	Bunge Global SA	OP
CF	CF Industries Holdings, Inc.	OP
COP	ConocoPhillips	OP
DVN	Devon Energy Corporation	OP
EOG	EOG Resources, Inc.	OP
EQT	EQT Corporation	OP
EXE	Expand Energy Corporation	OP
FANG	Diamondback Energy, Inc.	OP
FSLR	First Solar, Inc.	OP
GILD	Gilead Sciences, Inc.	OP
MOS	Mosaic Company	OP
NEM	Newmont Corporation	OP
NUE	Nucor Corporation	OP
PCG	PG&E Corporation	OP
PFE	Pfizer Inc.	OP
PGR	Progressive Corporation	OP
PPG	PPG Industries, Inc.	OP
REGN	Regeneron Pharmaceuticals, Inc.	OP
SLB	Schlumberger Limited	OP
STLD	Steel Dynamics, Inc.	OP
STZ	Constellation Brands, Inc. Class A	OP
TRV	Travelers Companies, Inc.	OP
UPS	United Parcel Service, Inc. Class B	OP

Source: BMO Capital Markets Investment Strategy, FactSet.

*Rating Key, according to BMO Capital Markets Equity Research: OP: Outperform, Mkt: Market Perform, Und: Underperform, NR: Not rated by BMO Capital Markets Equity Research.

IMPORTANT DISCLOSURES

Analyst's Certification

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Distribution of Ratings (August 11, 2025)

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Buy	Outperform	54.1 %	22.7 %	59.8 %	58.5 %	68.4 %	57.7%
Hold	Market Perform	42.3 %	17.5 %	35.9 %	39.6 %	30.1 %	37.5%
Sell	Underperform	3.6 %	25.0 %	4.4 %	2.0 %	1.6 %	4.8%

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Prior BMO Capital Markets Rating System

(April 2013 - October 2016)

http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

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Canadian Strategy Snapshot

Earnings Normalization Remains on Track

Bottom Line:

Despite persistent trade rhetoric, we remain steadfast that Canada is well-positioned fundamentally and that investors should remain focused on the broader fundamental normalization process that is well under way in our view. In fact, the Canadian earnings recovery that we have been highlighting since the middle of 2024 continues to trend toward a more normalized growth profile. Furthermore, after a very short-lived trade-induced negative revision cycle at the beginning of the year, revisions have now clearly shifted positive with S&P/TSX FY1 and FY2 bottom-up EPS estimates up almost 2% since bottoming at the end of June. More importantly, profitability metrics have stabilized over the last few quarters and growth expectations have now accelerated back toward more normalized high-single digits and is likely to reach the double-digit range by the end of the year. Yes, from our perspective the normalization process remains firmly on track and Canadian equities remain well-positioned to keep pace with the US...Period.

Key Points:

- Earnings Normalization Remains on Track
 - ✓ Earnings growth is returning to a more normalized high-single-digit range, and likely to reach low double digits by year-end
 - ✓ Confidence is returning as FY1 & FY2 bottom-up EPS estimates have been trending higher since the June low
 - ✓ Profitability metrics have stabilized and, in many cases, are improving
 - ✓ Strong breadth of improvement as most sectors are seeing an acceleration in EPS growth
- Cyclicals and Financials Driving Improvement in TSX Revision Sentiment
 - ✓ Breadth of revisions on a clear upswing, driven by Financials and more cyclical sectors

Implementation Strategies:

- ✓ [North American Dividend Growth Portfolio](#); [Canadian Large Cap PLUS Portfolio](#); [US Equity PLUS Portfolio](#)
[Anything but the Big 3 Portfolio](#); [Canadian Small Cap Portfolio](#)

Investment Strategy

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CDN Strategy – S&P/TSX Targets

S&P/TSX Price Target	
2025 Calendar Year End	28,500
S&P/TSX EPS Target	
2025 Calendar Year End	\$1,600

Source: BMO Capital Markets Investment Strategy.

CDN Strategy – Recommended S&P/TSX Sector Weightings

Sector	Opinion	Tgt. Wgt.
Communication Services	MW	3.0%
Consumer Discretionary	OW	4.5%
Consumer Staples	UW	2.5%
Energy	MW	17.0%
Financials	OW	33.5%
Health Care	UW	0.0%
Industrials	MW	12.5%
Information Technology	OW	9.5%
Materials	MW	12.0%
Real Estate	OW	3.0%
Utilities	UW	2.5%

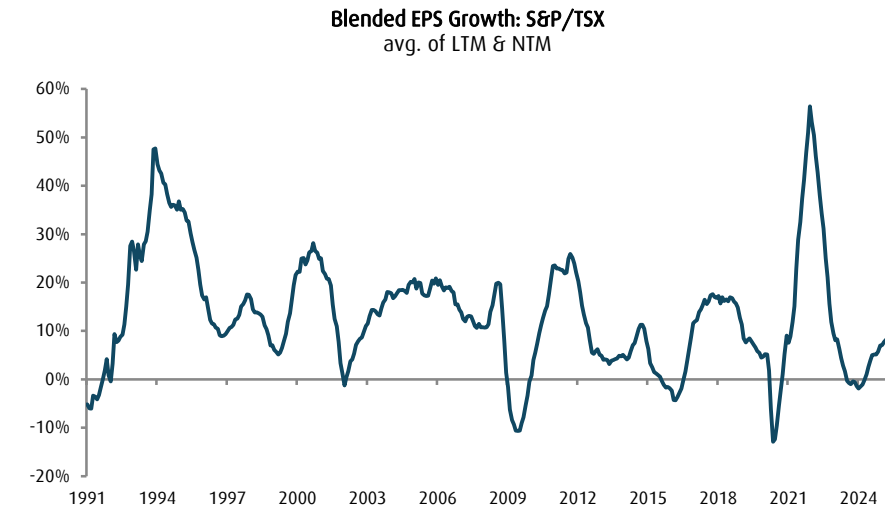
Source: BMO Capital Markets Investment Strategy.

OW: Overweight
MW: Market Weight
UW: Underweight

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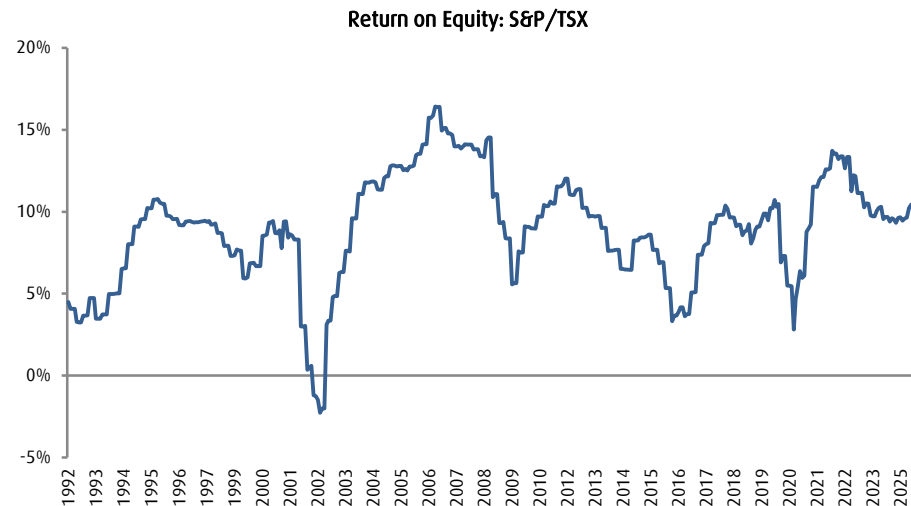
Earnings Normalization Remains on Track

Earnings Growth Continues to Normalize



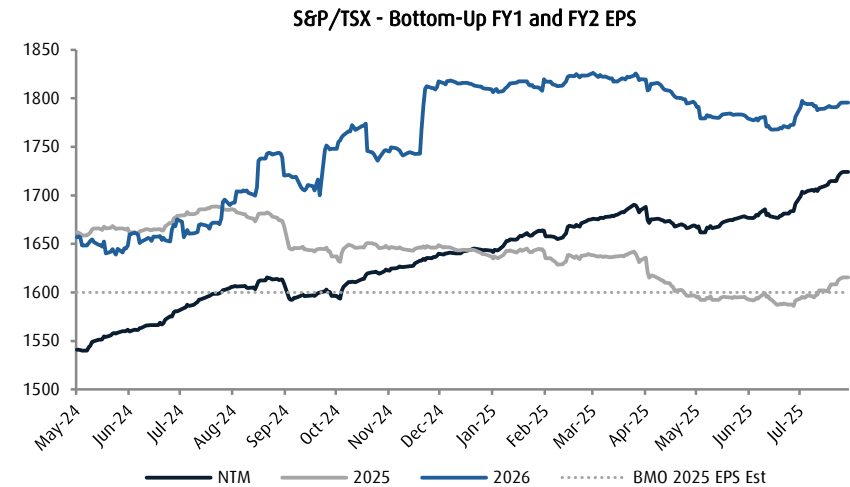
Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

Profitability Metrics Have Stabilized and, in Many Cases, Started to Improve



Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

FY1 and FY2 Bottom-Up EPS Estimates Trending Higher Since June Low



Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

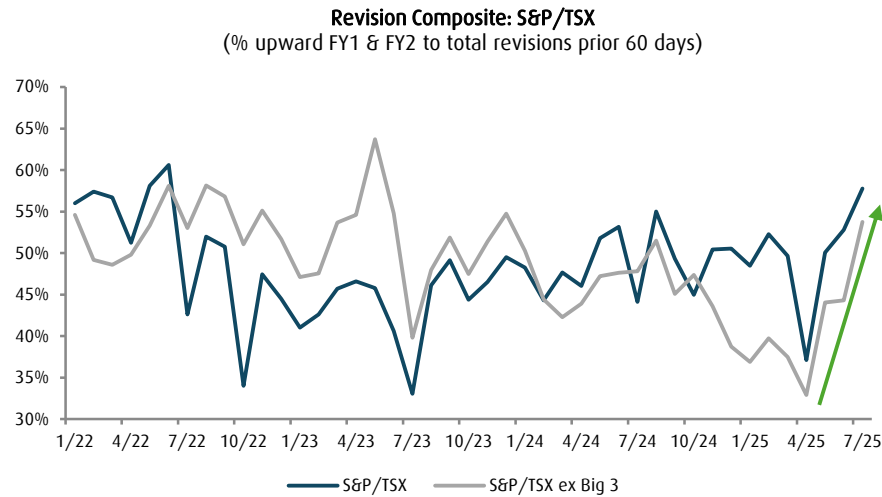
The TSX and Most Sectors Are Seeing an Acceleration in EPS Growth

	LTM EPS Gr.	NTM EPS Gr.	Change in Growth
S&P/TSX	5.3%	9.6%	4.3%
Communication Services	-0.1%	-0.9%	-0.8%
Consumer Discretionary	2.8%	9.4%	6.7%
Consumer Staples	6.5%	11.5%	5.0%
Energy	-10.2%	1.0%	11.2%
Financials	8.6%	8.8%	0.2%
Health Care	9.4%	10.7%	1.3%
Industrials	4.1%	14.2%	10.0%
Information Technology	20.7%	15.7%	-5.0%
Materials	34.3%	28.3%	-6.1%
Real Estate	2.6%	4.5%	1.9%
Utilities	-1.0%	5.8%	6.8%

Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

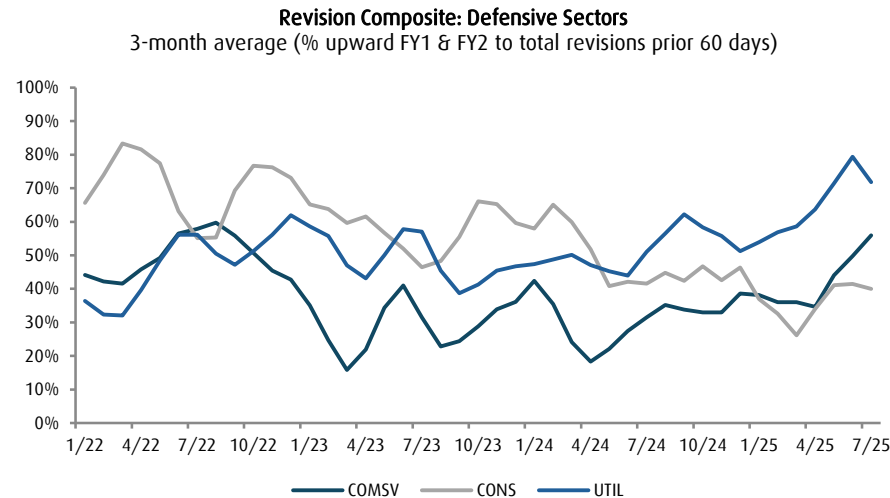
Cyclicals and Financials Driving Improvement in TSX Revision Sentiment

Breadth of Revisions on Clear Uptrend



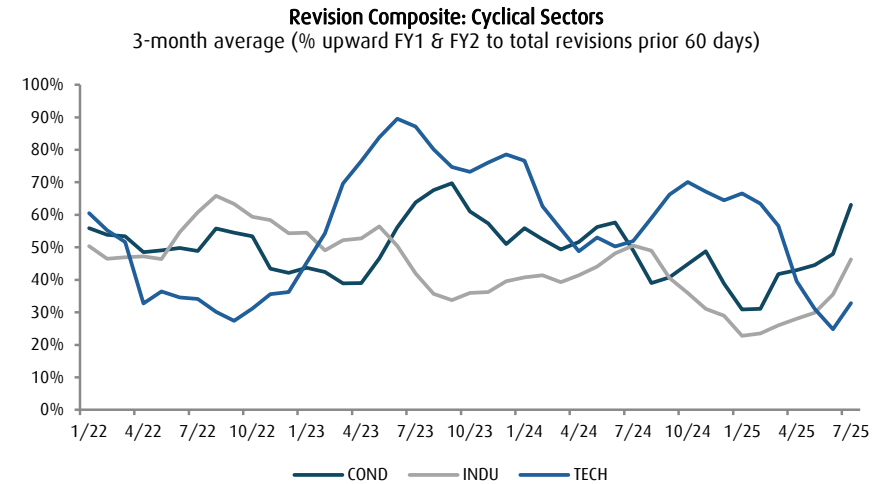
Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

COMSV = Clear Upswing in Revision Momentum, While CONS and UTIL Revisions Slowing



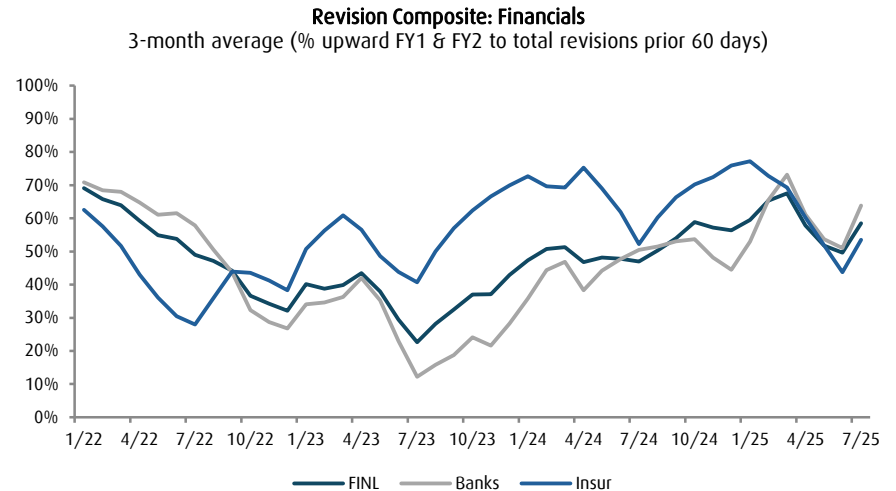
Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

Cyclical Areas Have Been Key Drivers of Revision Improvement



Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

Financials Revision Trends Continue to Improve



Source: BMO Capital Markets Investment Strategy Group, FactSet, Compustat, IBES.

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