

BMO Concentrated Global Balanced Fund

Quarterly Commentary



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Market Commentary

Both Canadian and U.S. stocks gained over the second quarter of 2025 (“the quarter”). In local-currency terms, U.S. equities outperformed Canadian equities. However, the U.S. dollar weakened over the quarter, which resulted in unhedged U.S. equities underperforming Canadian equities.

International developed equities, as measured by the MSCI EAFE Index, gained over the quarter. Eurozone equities performed well following multiple central bank interest rate cuts, unprecedented government spending in Germany, and a broadly improving macroeconomic environment. Japanese stocks extended their rally given yen weakness, corporate governance reforms, and strong earnings momentum. U.K. equities benefited from resilient domestic demand and positive sentiment. The Financials, Industrials, and Utilities sectors outperformed.

The U.S. bond market delivered modest gains over the quarter. The Bloomberg US Aggregate Bond Index gained in hedged terms but declined in unhedged terms as the U.S. dollar weakened. Much of the market volatility was a result of uncertainty about U.S. tariffs and their impact on inflation. Tariff announcements also triggered a broad anti-U.S. investment trend, which resulted in U.S. asset prices plummeting across asset classes. This trend reversed following positive trade talks. Nevertheless, the uncertainty led to large swings in bond yields.

Canadian bonds finished the quarter modestly lower despite weaker economic data. Yields generally rose, with the exception of shorter-term yields, as Canadian gross domestic product data avoided a technical recession. Within fixed income, government bonds declined while corporate bonds gained.

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Attribution Comments

The portfolio manager positioned the duration / interest rate sensitivity of the portfolio, on balance, slightly above that of the benchmark during much of the quarter. Global bond yields rose in April in the wake of larger-than-expected tariffs imposed by US President Trump on most trading partners. With most tariffs quickly put on extended pause, bond investors turned their attention to U.S. budget negotiations, with the Republican tax cut bill causing widespread concern with respect to the sustainability of U.S. deficits. In Canada, the newly elected federal government also pledged higher fiscal spending in the years ahead while delaying its formal budget process, adding upward pressure on domestic bond yields. As a guide, the Government of Canada 10-year yield began the quarter at 3.23% and finished it at 3.27%, an increase of 0.05%. The portfolio's slightly higher duration therefore detracted relative to its benchmark.

The portfolio maintained an overweight to the provincial sector of the portfolio and this was beneficial as provincial spreads tightened during the quarter.

Outlook for Market/Fund

Canada's economy remains sluggish with the manufacturing sector driving recent GDP weakness in the quarter. The Bank of Canada (BoC) has indicated its willingness to support demand in the face of U.S. tariffs and is closely monitoring the labour market for any signs of weakness. Nevertheless, lingering uncertainty about the future path of inflation has prompted the BoC to refrain, for the time being, from further easing its monetary policy stance. The Canadian government, meanwhile, has pledged higher fiscal spending in the years ahead while delaying its formal budget

process, adding marginal upward pressure on longer-term domestic bond yields. The portfolio manager expects to keep the duration / interest rate sensitivity of the portfolio broadly in line with that of the benchmark.

While the Trump administration's lack of clear objectives with respect to trade policy created ongoing uncertainty, investor fears of recession receded during the quarter. Spreads in the provincial sector are expensive relative to historical levels; however, fundamentals remain generally supportive. As a result, the portfolio manager expects to maintain an overweight to provincial credit.

Buys/Sells

The portfolio manager decreased the duration / interest rate sensitivity of the portfolio during the quarter to slightly below benchmark.

The Fund did not maintain any material exposure to foreign currency during the quarter.

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FundSERV Codes	Front End†	Low Load	Deferred Sales Charge*
Advisor	BM087237	BM086950	BM085263
Advisor US\$	BM079237	BM078237	BM077237
Advisor Hedged	BM026237	BM025237	-
T5	BM03022	BM03024	BM03023
T5 US\$	BM03025	BM03027	BM03026
T6 (No Load)	BM0770	-	-
F (Fee Based)	BM088237	-	-
F US\$ (Fee Based)	BM040237	-	-
F Hedged (Fee Based)	BM024237	-	-
F6	BM036237	-	-

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

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