

# BMO Global Equity Strategy

## A Global View Built on Sector Insights

### Monthly Commentary

- Experienced Portfolio Managers with a team who follows a Sector Process
- Our Top ideas from each sector combined into one Global Equity Portfolio
- Core Global Equity Strategy that incorporates Macro views
- ETF is BGEQ – BMO Global Equity Fund Active ETF Series

#### Trailing Returns (%)<sup>i</sup>

Name	1M	3M	6M	YTD	1Y	3Y	5Y	SI*	Morningstar Rating Overall
<b>BMO Global Equity Fund Series F</b>	<b>4.8</b>	<b>7.1</b>	<b>6.4</b>	<b>6.4</b>	<b>17.8</b>	<b>21.4</b>	<b>15.3</b>	<b>11.0<sup>+</sup></b>	<b>★★★★★</b>
<b>Morningstar Quartile Rank*</b>	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	-	
<b># of Funds in Category</b>	1,887	1,867	1,853	1,853	1,812	1,574	1,290	-	

<sup>i</sup>Returns are calculated as Total Return.

#### Calendar Year Returns (%)

Name	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>BMO Global Equity Fund Series F</b>	<b>33.8</b>	<b>16.8</b>	<b>-9.4</b>	<b>23.3</b>	<b>5.9</b>	<b>17.7</b>	<b>-2.3</b>	<b>17.9</b>	<b>-2.5</b>
<b>Morningstar Quartile Rank*</b>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>
<b># of Funds in Category</b>	1,785	1,920	1,918	1,857	2,041	2,086	1,721	1,525	1,334

Source – BMO GAM. Data through June 30, 2025. \*Since inception returns are presented from April 17, 2015 to June 30, 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. Please note, on November 1, 2022, BMO Asset Management Inc. replaced Columbia Threadneedle Management Limited as portfolio manager. \*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](http://www.morningstar.ca).

#### Portfolio Changes

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

- Stock selection was positive for June. Communications Services, IT, Financials, Consumer Staples, Health Care, & Consumer Discretionary were all positive contributors, while selection within Energy, Industrials, Materials, & Real Estate were detractors.
- Our unique Global Equity Sector PM Model allows us to act swiftly when we see macro or micro conditions change.

## Global Equity Outlook

If there's one message we have entering the second half of the year, it's this: *don't fight the momentum*.

Our expectation is that the worst of tariff-related uncertainty is likely behind us. This doesn't mean that some degree of volatility<sup>1</sup> and uncertainty won't persist—they will, especially given U.S. President Donald Trump's unpredictability. But we believe that some investors are underestimating corporate earnings potential and the health of the consumer, just as they have for much of the past two years. If that's the case, markets are likely to move even higher from here, albeit with some bumps along the way.

It's also important not to forget about the strength of the U.S. economy. Better-than-expected job numbers for June highlighted that the labour market continues to hold up better than many analysts anticipated. Given this resilience, we expect the U.S. market to continue closing the gap with markets like Canada and Europe, Australasia, and the Far East (EAFE) that have outpaced it so far this year, especially if investors' risk appetite continues to grow.

There are some specific catalysts we're looking out for that could help drive markets higher. Interest rate cuts are one. After June's strong U.S. jobs data, markets are expecting one to two cuts before the end of 2025. We're leaning closer to one, but the real question is when they will start: if we see a cut from the U.S. Federal Reserve Board (Fed) in July (not our base case), then the likelihood of at least two cuts by the end of the year increases greatly. While the Fed generally aims to stay out of politics, we do think that ongoing pressure from President Trump and his administration could also increase the likelihood of cuts. North of the border, we continue to expect the Bank of Canada (BoC) to ease rates more often than the Fed because of the greater risks present in the Canadian economy.

Beyond monetary policy, we're also monitoring inflation data, corporate earnings, and the tariff situation—any of these variables could spur markets if they turn out better than expected. Risks will persist and the ride may not be smooth. But overall, we believe that the stage is set for another quarter of strong potential upside.

## Focus Holding – Tapestry (NYSE: TPR)<sup>++</sup>

Tapestry, Inc. (TPR) is a leading global retailer specializing in high-end leather goods and accessories. Its flagship brand, Coach, offers handbags, leather goods, footwear, ready-to-wear, and accessories, and is complemented by its ownership of the Kate Spade (women's accessories and apparel) brand. Under the leadership of a new management team, Tapestry has successfully transformed Coach from a once poorly managed "affordable luxury" label into a modern, fashion-forward brand that appeals to younger consumers and delivers meaningful AUR<sup>2</sup> growth driven by innovation and brand heat.

During COVID, in the face of immense demand and heavy inflationary pressures, the top luxury brands significantly increased their price for luxury handbags and abandoned the price points that attract middle-income

<sup>1</sup> Volatility measures how much the price of a security, derivative, or index fluctuates.

<sup>2</sup> Average unit retail (AUR) is the average selling price for an item within a specific period.













emerging luxury consumers. Tapestry is uniquely positioned to serve this underserved segment by innovating in the \$500 - \$2000 handbag range. The company has also enhanced its product development using data analytics and has strategically reduced promotional activity in the outlet channels to stimulate demand and create brand heat. Coach's Brooklyn handbag has experienced exceptional demand, with the company struggling to keep it in stock. We believe the significant untapped market opportunity combined with Tapestry's strategic focus of innovation and brand revitalization make it a compelling investment opportunity within our portfolio.

## Notable Transactions This Month

- **Sell:** AbbVie, AerCap, Atlassian, Boeing, Check Point Software, Constellation Energy, Danaher, & McKesson
- **Buy:** Duke Energy, Embraer, Grupo Banorte, McKesson, Oracle, Schneider Electric, & Synchrony Financial

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.

## Sector Mix: As of June 30<sup>th</sup>, 2025

Sector	Bench Weight*	Fund Weight*	Active Sector Weight*	% of Sector*
Information Technology	26.1%	26.9%	 0.8%	2.9%
Financials	17.1%	19.4%	 2.4%	13.9%
Communication Services	8.5%	9.9%	 1.4%	16.9%
Industrials	11.4%	9.7%	-1.7% 	-14.6%
Consumer Discretionary	10.1%	9.2%	-0.9% 	-8.9%
Health Care	9.5%	8.2%	-1.3% 	-13.6%
Consumer Staples	6.0%	4.3%	-1.6% 	-27.4%
Materials	3.2%	3.1%	-0.1% 	-3.3%
Utilities	2.6%	2.9%	 0.3%	9.9%
Energy	3.5%	2.5%	-1.0% 	-29.5%
Real Estate	2.0%	2.2%	 0.2%	10.7%
Cash & Equivalents	0.0%	1.6%	 1.6%	NA
Total	100%	100%		

\* As of June 30, 2025. Benchmark is MSCI World Index GR CAD. Sector allocations are subject to change without notice.

## Sector Views

Sector	PM Views/Commentary
Information Technology (Malcolm White, Jeremy Yeung, Marco Iaboni, & Adriana Buduru)	The IT sector outperformed the broader market in June, marking three straight months of outperformance, as sentiment continued to lean into a risk-on posture and AI enthusiasm increased. The top performing subsector was Semiconductors (Semis/semi-cap equipment), led by notable AI beneficiaries (catalyzed by improving confidence in NVIDIA's Blackwell ramp, U.S. Stargate, and UAE AI projects) and further supplemented by easing tariff commentary. Software & Services underperformed the overall group, as sentiment is divided between infrastructure as perceived "AI winners" and applications & services as perceived "AI losers".

<b>Financials</b> <b>(John Hadwen, Goshen Benzaquen, &amp; Kyle Mendyk)</b>	<p>The MSCI World Financials Index continued to perform well in June. This was mainly driven by the performance of U.S. Financials as expectations for a reduction in regulation materialized with the DFAST (Dodd-Frank Act Stress Test) outcome resulting in a reduced capital burden for the banks. As a result, several U.S. banks announced increased capital return in the form of dividends and stock buybacks. Reversing the trend in the earlier part of the year, European Financials and Emerging Markets (EM) Financials lagged the U.S. returns in June. We still believe that there are good opportunities within the Financials sector, but we are becoming more selective in our names as global multiples for the sector rerate higher.</p>
<b>Health Care</b> <b>(Jeff Elliott &amp; Carmen Tang)</b>	<p>The Health Care sector underperformed in June as the broader market rallied. The best performing group was Lifescience Tools driven by a federal judge ordering the National Institutes of Health (NIH) to resume funding awarded grants that were previously halted earlier in June, improvements in bioprocessing trends, and undemanding valuations. This comes after several months of Lifescience Tools underperformance due to proposed academic research funding cuts to NIH, lackluster China sales growth expectations, and uncertainty facing the biopharma industry weighing on the group. In contrast, Health Care Facilities underperformed amid some of the Medicaid provisions in the Reconciliation Bill (President Trump's 'Big Beautiful Bill') which would negatively impact hospitals. Despite depressed valuations in the space, we continue to remain selective and are awaiting more clarity on policy uncertainties.</p>
<b>Consumer Discretionary</b> <b>(Ashley Bussin &amp; Alex Payne)</b>	<p>Discretionary stocks modestly underperformed in June as the market continued its risk on momentum. The more well-owned and stable segments of the sector such as after-market auto part retailers and off-price retailers lagged overall. And at the same time, a lack of conviction on both the trajectory of tariffs and the consumer's ultimate response to the tariffs has kept a lid on expectations across the board.</p>
<b>Industrials</b> <b>(Massimo Bonansinga, Janice Wong &amp; Alex Yang)</b>	<p>Industrials continued to make gains in June led by particular strength in the electrical infrastructure value chain. Electrical equipment demand and construction &amp; engineering activities are well underpinned by long cycle, project backlogs. More broadly, global PMIs<sup>3</sup> remain in contractionary territory though sentiment is improved from earlier year lows. Tariff uncertainty continues to present an overhang, contributing to project delays and uneven demand, but on balance, industrial demand has remained relatively resilient following de-escalation and the 90-day pause.</p>
<b>Consumer Staples</b> <b>(Ashley Bussin, Alex Payne, &amp; Jessica Lyu)</b>	<p>The Consumer Staples sector underperformed the broader market in June, led lower by weakness in the personal and household products subsector. Companies continue to highlight a value-focused consumer, with on-going trade-down to private label and value-oriented pack sizes. Branded food manufacturers, in particular, emphasized the need for increased investment in marketing, innovation, and pricing strategies to support volume recovery, an approach underscored by General Mills in its latest earnings results. Sector underperformance was further amplified by a shift to risk-on,</p>

<sup>3</sup> Purchasing Managers' Index or PMI is an economic indicator, which is derived after monthly surveys of different companies. The index shows trends in both the manufacturing and services sector.

	as investor sentiment improved amid greater clarity on Middle East tensions and U.S. fiscal policy developments.
<b>Communication Services</b> (Malcolm White, Jeremy Yeung, Marco Iaboni, & Adriana Buduru)	The MSCI World Communication Services Index outperformed the broader market in June, returning 7%, and continuing its strong rally. The best performing groups were Internet, Rideshare & Delivery, and Media & Entertainment. One of the largest industry conferences within advertising took place this month in Cannes, which provided meaningful colour on emerging trends and highlighted the ongoing strength in the digital ad market despite ongoing geopolitical uncertainty. On the other hand, telcos underperformed this month as the defensive bucket was out of favour.
<b>Energy</b> (Hoa Hong & Jack Chen)	Supply increases from Guyana, Brazil, Argentina, as well as OPEC+ bringing back voluntary curtail volumes, are likely a headwind for the energy sector. U.S. oil production is likely to moderate as the price hits margin cost, which is likely around US\$55-60/b. However, this will likely take time as U.S. producers' balance sheets are well capitalized.
<b>Materials</b> (Hoa Hong)	Gold may face a more restrained performance as the immediate impact of the recent geopolitical event fades. The swift de-escalation of tension with Iran and diminishing influence of tariff-related headlines may temper market volatility, keeping gold prices more range bound. Other metals faced some pull-forward demand in H1/2025 <sup>4</sup> in anticipation of potential tariffs, which could dampen some demand in H2/2025 <sup>5</sup> .
<b>Utilities</b> (Massimo Bonansinga, Janice Wong & Alex Yang)	Utilities outperformed the broad market in June. In general, U.S. names outperformed their European peers, helped by softening U.S. 10yr yield vs. stable European rates. Renewables, especially solar, extended the recovery and led the sector in the second half of the month, while power price plays and regulated utilities lagged.
<b>Real Estate</b> (Kate MacDonald & Hussam Maqbool)	Global REITs delivered positive returns in June. For the month, Office, Diversified, and Hotels & Lodging REITs led the group, as Industrial, Self Storage, and Data Center REITs lagged. In early June, we attended the NAREIT REITWeek conference. Operating updates and management commentary generally aligned with what we heard from companies during Q1 earnings. Given a backdrop of increased volatility and economic uncertainty since the April 2nd Liberation Day, the conference tone was better than expected – with most meeting takeaways neutral to positive. The biggest sector-wide takeaway from the conference was that macro concerns, particularly in light of Liberation Day and DOGE <sup>6</sup> -related cuts, have dominated headlines – but the impacts have been more muted on the ground. While macro/policy uncertainty remains, leasing activity has continued despite some delays – and operating and financial results to-date are generally trending in-line to ahead of management's assumptions and full year 2025 guidance.
<b>Cash</b>	We are fully invested except for a ~0-1% cash weight for liquidity purposes.

<sup>††</sup>All Company data sourced from Company disclosures.

<sup>4</sup> First half of 2025.

<sup>5</sup> Second half of 2025.

<sup>6</sup> Department of Government Efficiency.

## Codes & Fees

Series	Fund Code	MER*
<b>Advisor FE / US\$ FE</b>	BM099743 / BM079743 (USD)	1.93
<b>T6 FE / US\$ FE</b>	BM034209 / BM079209 (USD)	1.94
<b>Series F / US\$</b>	BM095743 / BM040743 (USD)	0.83
<b>Series F6</b>	BM036743	0.83
<b>ETF</b>	BGEQ	0.82

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

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