

BMO Global Income & Growth Fund

Global Investing Made Easy – All-in-one Global Balanced Fund

Monthly Commentary

- Core, All-in-one, Global Multi-Asset Solution
- Experienced Portfolio Managers, with a Team who follows a Sector Process
- Ability to invest in Multiple Asset Classes, Regions, and Sectors

BMO Global Income & Growth Fund uses the experience and insights from over 45¹ investment professionals and leverages their top ideas in one global balanced Fund. They incorporate insights from micro (individual stocks) to macro (for example, how will inflation affect different asset classes) in one comprehensive global balanced fund that can invest in multiple asset classes, regions, or sectors.

Trailing Returns (%)ⁱ

Name	1M	3M	6M	YTD	1Y	2Y	SI [*]
BMO Global Income & Growth Fund Series F	1.5	7.6	3.1	7.5	13.4	14.8	15.4
Morningstar Quartile Rank[*]	1 st	1 st	1 st	1 st	1 st	-	-
# of Funds in Category	1,648	1,647	1,602	1,602	1,592	-	-

ⁱReturns are calculated as Total Return.

Calendar Year Returns (%)

Name	2024	2023
BMO Global Income & Growth Fund Series F	19.2	12.3
Morningstar Quartile Rank[*]	1 st	1 st
# of Funds in Category	1,598	1,578

Source – BMO GAM. Data through July 31, 2025. Blended Benchmark is 30% Bloomberg Global Aggregate Bond Index (Hedged to C\$), 10% Bloomberg U.S. High Yield Very Liquid Index (Hedged to C\$), 60% MSCI World Index (C\$). ^{*}Since inception returns are presented from November 8, 2022 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. ^{*}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.

Key Portfolio Changes in July

- In July, the Fund shifted to a balanced asset mix as Q2 earnings underscored the durability of U.S. profitability, particularly in Technology, but the question we ask ourselves is can it persist?

¹ As of July 31, 2025.

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

Current Asset Mix as of July 31

Asset Class	**Benchmark Weight	Current Weight*	Asset Mix Changes During the Month
Global Equity	60%	59.0%	Increased
Government Bonds	20%	20.0%	Unchanged
IG Corporates**	10%	10.0%	Unchanged
High Yield Corporates	10%	9.0%	Unchanged
Gold	0%	1.0%	Decreased
Cash and Equivalents	0%	1.0%	Unchanged

*Approximate weights as of July 31, 2025. *The portfolio holdings are subject to change without notice. They are not recommendations to buy or sell any particular security. **Benchmark is: 30% Bloomberg Global Aggregate Bond Index (Hedged to C\$), 10% Bloomberg U.S. High Yield Very Liquid Index (Hedged to C\$), 60% MSCI World Index (C\$). It is not possible to invest directly in an Index. ** IG is Investment Grade.

Key Macro Points

Last month, our message was *'don't fight the momentum.'* This month, we're continuing to ride that wave of optimism. Despite July's U.S. jobs report, which showed a slowdown in nonfarm payrolls growth including downward revisions for May and June², we remain bullish on Equities. In our view, there are four key tailwinds that could drive markets higher:

1. *A resilient economy:* The July jobs report showed some cracks starting to form in the employment picture. But overall, the fundamentals of the U.S. economy remain strong. In particular, corporate earnings have been relatively good, which has boosted U.S. stocks, especially in the Technology sector. While there is still some uncertainty on the tariff front, markets are not showing significant signs of concern at this stage.
2. *Potential interest rate cuts:* For months, the U.S. economic landscape has likely warranted rate cuts—not necessarily due to weakness, but because rates were simply higher than they needed to be. The worry was inflation. But with that concern receding, the door may be open for the U.S. Federal Reserve Board (Fed) to lower rates as soon as September, which markets would welcome.
3. *Trump's 'Big, Beautiful Bill':* The President's domestic spending bill, which contains significant tax cuts for corporations, could provide further fuel for earnings.
4. *Trade deals and tariff revenue:* Under some of the new agreements struck between the U.S. and its trading partners, countries have committed to purchasing more American-made goods, which is a positive for U.S. manufacturing. At the same time, the U.S. will begin to collect tariff revenue from certain countries, which represents an additional influx of money to the U.S. economy.

Our expectation is that U.S. markets will lead returns for the rest of the year—and if that comes to pass, it will be at the expense of allocations to international markets (ex-Emerging Markets). Increased defense spending

² Source: Bloomberg and BMO GAM as of July 31, 2025.

has enabled the Eurozone to lead the way for much of 2025, but that alone isn't enough to sustain optimism, and Europe also appeared to get the raw end of the recent U.S.-European Union (E.U.) trade deal.

On the Fixed Income front, we have moved to neutral, with that position funded from a downgrade on cash. This makes for a relatively uncommon situation where we're optimistic on both stocks and bonds at the same time—a bullish sign for overall portfolios for the moment.

All waves eventually break, and this one will be no different. Over time, we'll adjust our positioning as necessary. But for now, we'll continue to ride the momentum.

Asset Mix Drivers

- There is a pretty clear correlation at the moment between performance and earnings. Those seemingly fail-safe Magnificent 7 stocks (Apple, Microsoft, Amazon, Alphabet, Meta, Nvidia, Tesla) have delivered on profit growth—not only reporting strong positive earnings but beating handily the rest of the pack (12% average beat among the group compared to 8% for the broader index)³.
- That growth is also diversified—Meta showed it can monetize AI in its advertising, for example. Microsoft is experiencing sustained strong growth in its cloud business. The question is, can it persist? They will need to demonstrate that the significant capex⁴ being invested can continue to deliver strong earnings growth, which to their credit, it has been. We are maintaining our optimistic view on the U.S. market, and Technology in particular. We are in the camp that says that group of companies can continue to deliver.
- We are in a very momentum driven market—for good reasons. First, Q2 earnings season was reasonably benign, with low expectations for EPS growth at the beginning of the quarter handily beat. Second, increasing expectations for Fed rate cuts, which the market reacted positively toward. Third, inflation pressure remains relatively contained despite continued fears of yet-to-be seen significant tariff impacts. U.S. valuations are admittedly high, but not universally, and positioning is still not to the manic levels we have seen in the past.
- One area of caution: When you look at the concentration of Technology as a sector, and more specifically the four biggest names (Apple, Microsoft, Nvidia and Alphabet), all of a sudden, your largest asset allocation call—the S&P 500—comes down to watching four companies like a hawk. Where they go, so goes the index. From purely an arithmetic indexing point of view, if those stocks go down, the myriad of ETFs that are indexed to them have to start selling. That can become an issue if one is not properly diversified.
- On Canada, the narrative on the level of tariffs still seems dominant. But the fact that USMCA (United States-Mexico-Canada Agreement) goods are still exempt means the final effective rate does not change that much so long as it continues to exclude USMCA goods (even with 10% energy duties). There's still uncertainty but for domestic equities the tariff risk is looking relatively benign for now. The real long-term issue for Canada is capital commitments to invest an incremental dollar here versus the U.S.
- With respect to bonds, the July U.S. payrolls report put our (slightly) bullish scoring on Fixed Income in bold font, with September expectations for a Fed cut now essentially fully priced in by the market and probably a second one by year-end. On a tactical basis, having some exposure to the yield curve versus cash is a good idea, as U.S. two-year rates moved sharply lower after that shockingly low jobs report. If we see any more politically driven developments that point toward more aggressive rate cuts (namely,

³ Source: Bloomberg and BMO GAM as of July 31, 2025.

⁴ CapEx are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.

continued pressure and restaffing of the Fed board of governors), we want more Fixed Income over Cash right now.

- U.S. job creation appears to have stalled, swinging the door open for the Fed to commence a cutting cycle. The market is pricing in a one to two 25 basis-point (bps) policy rate reductions, but we see scope for the U.S. central bank to cut by more. Rates are still very restrictive, so there is a lot of room—the Fed could cut by 100bps simply to reach the high end of its neutral range. The market has gone from pricing nothing in, to suddenly the potential for 50-100bps of cuts over the next few Federal Open Market Committee meetings. We view inflation as starting to take a back seat to employment concerns among policymakers, as well. If we see another weak payroll report for August, we could easily see scope for outsized rate cuts, with a chance they overshoot. That shift is a significant reason why our view on Fixed Income has shifted positive—we are seeing momentum behind rate cut pricing.
- This is perhaps better suited for our discussion on asset classes, but savvy readers may note we have a slightly bullish view on both Equities and Fixed Income, which, historically speaking, is not ideal. Market participants do not typically want stocks and bonds working well together at the same time. It makes it very difficult to apply risk management within a portfolio. The present situation gives us two options: i) be exceedingly nimble, which rarely works out over the long term, or ii) be really well-diversified. That is where our Gold exposures come into play. While we are neutral in our scoring, a reflection of a group view that gold remains somewhat range-bound, we continue to hold this important asset across most portfolios.
- On the derivatives side, the other feature of this market that has been driving valuations higher is the abnormally low volatility⁵ despite the geopolitical noise. As we have moved more into Equities, we have been implementing very cheap hedges by buying protection and being opportunistic. It is sometimes prudent to push away early and spend a couple of basis points of profit on portfolio protection. That is a win-by-not-losing strategy.

Recent Performance

- Asset allocation was a slight negative contributor to Fund performance in July as markets rebounded yet we maintained a balanced asset mix. We are comfortable maintaining this positioning.
- Bond selection within our Investment Grade (IG) and government Bond sleeves were positive in July.
- Sector allocation was slightly positive in July, due to underweight Consumer Staples and Health Care.
- Stock selection was positive for July. IT, Financials, Industrials, Health Care, Real Estate, Materials, Energy, & Consumer Discretionary were all positive contributors, while selection within Communications Services, Consumer Staples, & Utilities were detractors.

Fund Codes & Fees

Series	Fund Code	MER*
Advisor FE / US\$ FE	BM099165 / BM079165 (USD)	1.87
T6 FE	BM034270	1.84
Series F / US\$	BM095165 / BM040165 (USD)	0.77
Series F6	BM036165	0.80

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

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