BMO Retirement Portfolios

June 2025

Monthly Commentary

Market & Economic Commentary

BMO Managed Solutions

Portfolio Activity

as at May 31, 2025

Asset Allocation & Portfolio Data

as at May 31, 2025

Performance

as at May 31, 2025

Legal Disclaimer

BMO Global Asset Management

*If you have any issues with the file links, please update your version of Adobe Reader.

Market & Economic Commentary

"Calm After the Storm"

May saw a resurgence of risk appetite following the de-escalation of the U.S. tariff narrative, as President Trump reduced effective tariffs on China, while continuing to reassure the media that countries were "lining up to make deals". At time of writing, the number of completed deals sits at exactly one, the UK, which in fact yielded very few concrete details. Since then, the administration has refocused on sectoral trade barriers, instating a 50% levy on steel and aluminum, while more actively engaging China on the topics of semiconductors and rare earth metals. More importantly, court rulings pausing the interim reciprocal tariffs have emerged (only to be suspended by the Court of Appeals), which will ultimately fall before the U.S. Supreme Court. While these legal wranglings might defer the emergency tariffs imposed, they will not eliminate tariffs completely, as the administration has other avenues to apply them under different legislation.

If anything, tariffs actually seemed to take on secondary importance as the advancement of what has been widely dubbed Trump's "Big, Beautiful Bill" through the U.S. House of Representatives. Alas, beauty is indeed in the eye of the beholder, and U.S. bond markets saw it more beastly than beautiful (cue the Disney music…). The ramifications for the U.S. budget deficit and total debt projections sent long-term yields higher, and the U.S. dollar lower. While the debt beast on the surface was ugly, it was what was lurking under the bed that raised the hair on the back of foreign investors' necks. Section 899 of the bill included provisions to allow the U.S. to impose new taxes on dividends and income paid to foreign residents of countries deemed to be "unfair and abusive" in their tax regimes, namely, countries that impose a Digital Services Tax or Value-Added Tax (i.e., Canada, UK, and Europe). Promptly nicknamed the "Revenge Tax", it would allow for progressive annual increases on the tax rates applied to payments made to foreign investors (including dividends, passive income and dispositions of real property), to a potential maximum rate of 50%. (Source: Unpacking Section 899's proposed 'unfair foreign tax' provision. June 10, 2025. Grant Thornton). Hardly an incentive to attract foreign investment, and almost certain to be challenged by the Senate upon their review, let alone legal challenges to including tax changes in a reconciliation bill.

With an above consensus May nonfarm jobs report, the U.S. Federal Reserve remains hamstrung with regard to lowering rates, pushing market pricing of any next potential cuts to October. Furthermore, wage growth came in at a healthy 0.4% month over month (May 2025 Jobs Report, U.S. Bureau of Labor Statistics). There is evidence of cracks in forward-looking data including manufacturing hiring intentions and new orders, but it is hard to argue that the economy is losing water quite yet. Following the first quarter of 2025 ("Q1") frontrunning activity that boosted gross domestic product (GDP), the second quarter is expected to give back a little ground, while Q1 earnings season wrapped with above-average earnings surprise, in both number and magnitude.

Markets ultimately bounced back from April's downdraft, with the S&P 500 Index back to above pre-"Liberation Day" levels, and at time of writing, only 1.5% shy of February's all-time high. European and Canadian equities, despite lagging the U.S. rebound in May remain ahead by a wide margin on a year-to-date basis. Gold remains range-bound between $3,177 and $3,432 US/oz, while the 10-year yield is similarly tracking between 4.21% and 4.60% (Bloomberg, May 2025).

Steven W. Shepherd, CFA
Director, Portfolio Manager, BMO Asset Management Inc.

Index	Canadian Dollar Return	Close
S&P 500 Index	5.89%	17,957.69
MSCI World Index	5.50%	23,210.92
FTSE Canada Universe Bond Index	0.02%	1,185.01
Canadian Dollar ($US/$CA)	0.44%	0.73
Crude Oil	4.03%	83.63 bbl/CAD

Index performance is shown for illustrative purposes only. Index returns do not reflect transaction costs or the deduction of other fees and expenses. You cannot invest directly in an index.

Source: Bloomberg, from Apr 30, 2025 to May 31, 2025.

Main Page

Portfolio Activity

BMO Retirement Portfolios – Monthly Portfolio Commentary

- The main trade in May was to take profits from our tactical call option position to Technology & Consumer Discretionary sectors initiated near the lows post-liberation day, as the market continued its swift comeback in May. Policy and macro level news moved in our favour as Washington continued to soften their stance on tariffs while hard economic data proved relatively positive, contradicting soft survey data which were pointing to a rapidly collapsing U.S. economy.
- The rationale for this trade was after we had the sizable move down of around 20%, we looked to balance out the low volatility tilt the portfolios were positioned in by being overweight low volatility ETFs within both U.S. and EAFE regions. The low volatility ETFs holdings outperformed the broader market on the move down by being meaningfully underweight high beta sectors like Technology & Consumer Discretionary. By buying call options the portfolios limited the risk of losses to the premium paid but provided the opportunity for the portfolios to participate in the rebound of these sectors that took place as the market recovered in May.

Across the portfolios, we:

- Maintained an overweight position towards risk-reduction equities
- Kept U.S. equities at a slight underweight
- Maintained an underweight position to bonds

Main Page

Asset Allocation & Portfolio Data

BMO Retirement Portfolios – as at May 31, 2025

Current Portfolio Composition Weights

Holdings	BMO Retirement Income Portfolio	BMO Retirement Conservative Portfolio	BMO Retirement Balanced Portfolio
Fixed Income	72.6%	57.5%	37.2%
BMO Risk Reduction Equity Fund	21.9%	27.8%	32.7%
Global Equities[1]	5.4%	14.8%	30.1%

[1] Includes Canada, U.S. and international low volatility, high quality and broad market equity ETFs

Portfolio Yield

Portfolio Yield	BMO Retirement Income Portfolio	BMO Retirement Conservative Portfolio	BMO Retirement Balanced Portfolio
Fixed Income Yield to Maturity	3.87%	3.89%	3.90%
Equity Dividend Yield	2.51%	1.61%	1.09%
Total Portfolio Yield	**3.50%**	**3.23%**	**2.86%**
Duration	5.35	5.40	5.34

Currency Allocation

Currency Allocation	BMO Retirement Income Portfolio	BMO Retirement Conservative Portfolio	BMO Retirement Balanced Portfolio
CAD	95.0%	86.2%	72.2%
USD	4.6%	11.6%	21.4%
EUR	0.1%	0.7%	1.8%
GBP	0.1%	0.4%	0.9%
JPY	0.1%	0.3%	0.8%
Other	0.1%	0.7%	3.0%

Total Fixed Income - Credit Breakdown

Total Fixed Income - Credit Breakdown	BMO Retirement Income Portfolio	BMO Retirement Conservative Portfolio	BMO Retirement Balanced Portfolio
Sovereigns	34.3%	34.8%	35.3%
Provincials	19.1%	19.1%	18.9%
Corporates	46.5%	46.1%	45.8%

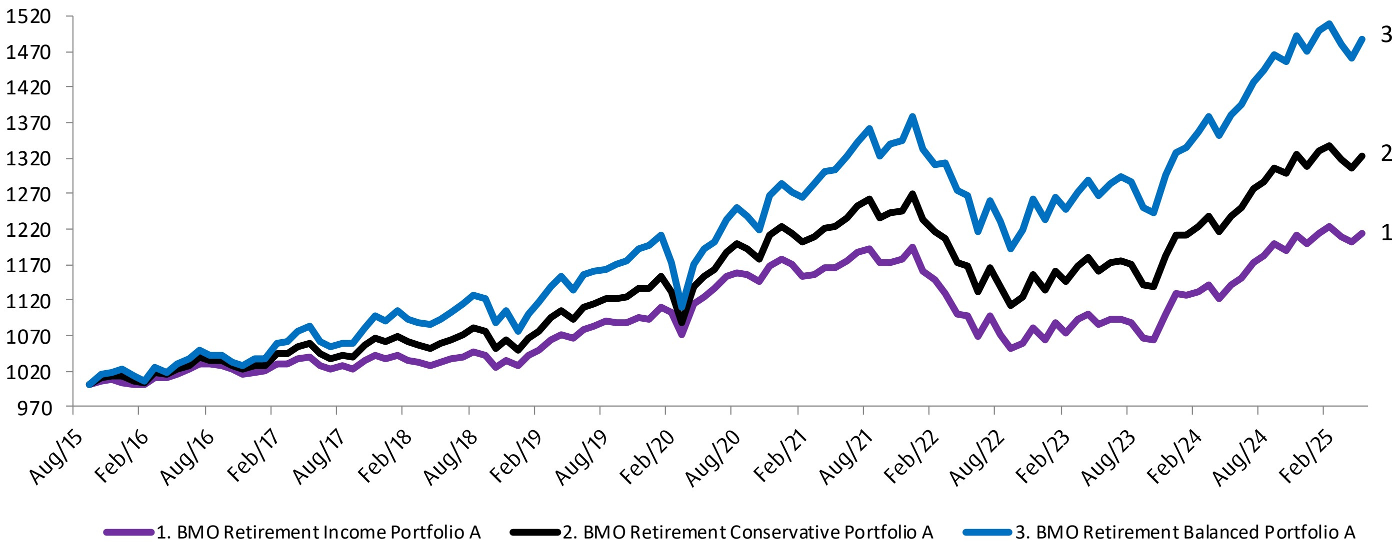
Main Page

The portfolio holdings and allocations are subject to change without notice. They are not recommendations to buy or sell any particular security.

Source: BMO Global Asset Management

Performance

BMO Retirement Portfolios Performance (since inception, as of May 31, 2025)



The chart illustrates the impact to an initial investment of $1,000 dollars from August 25, 2015 to May 31, 2025 in the BMO Retirement Portfolios - Series A. It is not intended to reflect future returns on investments.

Time Lapse	BMO Retirement Income Portfolio	BMO Retirement Conservative Portfolio	BMO Retirement Balanced Portfolio
1 month	0.9%	1.3%	1.8%
3 month	-0.8%	-1.1%	-1.4%
6 month	0.1%	-0.2%	-0.3%
1 Year	6.3%	6.8%	7.7%
3 Year	3.4%	4.2%	5.5%
5 Year	1.5%	2.8%	4.5%
Since Inception	2.0%	3.0%	4.3%
3 year sharpe ratio	-0.10	0.05	0.22

Main Page

Source: Morningstar. Performance is as of May 31, 2025 for Series A mutual Funds in Canadian dollars, and is net of fees and taxes.

[Advisor use only]: To view the Series F performance, click here and select the desired product.

Disclaimer

This report is for information purposes. The information contained herein is not, and should not be construed as, investment, tax or legal advice to any party. Particular investments and/or trading strategies should be evaluated relative to the individual's investment objectives and professional advice should be obtained with respect to any circumstance.

This report has been prepared by the BMO Multi-Asset Solutions Team and is intended for informational purposes only. 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 without any kind of notice. 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.

Third Party Links and Content

This article may contain links to other sites that BMO Global Asset Management does not own or operate. Also, links to sites that BMO Global Asset Management owns or operates may be featured on third party websites on which we advertise, or in instances that we have not endorsed. Links to other websites or references to products, services or publications other than those of BMO Global Asset Management on this article do not imply the endorsement or approval of such websites, products, services or publication by BMO Global Asset Management. We do not manage, and we are not responsible for, the digital marketing and cookie practices of third parties. The linked websites have separate and independent privacy statements, notices and terms of use, which we recommend you read carefully.

Any content from or links to a third-party website are not reviewed or endorsed by us. You use any external websites or third-party content at your own risk. Accordingly, we disclaim any responsibility for them.

Commissions, management fees and expenses (if applicable) all may be associated with investments in mutual funds and ETFs. Trailing commissions may be associated with investments in certain series of securities of mutual funds. Please read the ETF facts, fund facts or prospectus of the relevant mutual fund or ETF before investing. The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

For a summary of the risks of an investment in BMO Mutual Funds or BMO ETFs, please see the specific risks set out in the prospectus of the relevant mutual fund or ETF. BMO ETFs trade like stocks, fluctuate in market value and may trade at a discount to their net asset value, which may increase the risk of loss. Distributions are not guaranteed and are subject to change and/or elimination.

BMO Mutual Funds are offered by BMO Investments Inc., a financial services firm and separate entity from Bank of Montreal. BMO ETFs are managed and administered by BMO Asset Management Inc., an investment fund manager and portfolio manager and separate legal entity from Bank of Montreal.

BMO Global Asset Management is a brand name that under which BMO Asset Management Inc. and BMO Investments Inc. operate.

"BMO (M-bar roundel symbol)" is a registered trademark of Bank of Montreal, used under licence.

Main Page