

Portfolio Strategy

Large Cap Canadian PLUS Equity Portfolio: Q1 2025

Overview: The Canadian Large Cap PLUS model portfolio lost 1.5% in the first quarter underperforming its benchmark by 1.1% in Q1. The portfolio is still outperforming by over 2% on a 1-year basis. Overall, the underperformance in Q1 was driven by security selection within Materials, Information Technology and Utilities sectors.

- Relative Performance: 1Q25 = -1.1%; Benchmark: 2/3 S&P/TSX + 1/3 S&P 500.
- **Annualized 5-yr = +1.2%; Since Live Portfolio Inception = Outperform by 2.2% annualized.**
- Stock selection within Materials was the main detractor as West Fraser Timber and CCL Industries were down 11% and 5% respectively. Our underweight exposure to the strong performing Materials sector also detracted from performance.
- Our security selection decisions within Technology was another area of weakness, as NVIDIA, Oracle and AMD were down 19%, 16% and 15% respectively.
- Utilities was a point of weakness, as Capital Power was down 25% in Q1.
- Industrials was an area of strength, as Uber and Waste Connections were up 21% and 14% respectively.
- Agnico Eagle Mines, Gilead and Uber were the top performing stocks in Q1, up 39%, 21% and 21% respectively.

Outlook: Despite extreme levels of pessimism, fear, and elevated rhetoric, the S&P/TSX has climbed the proverbial wall of worry and finished positive as of the end of March, outperforming the S&P 500. Overall, tariff uncertainty continued to weigh on stock prices as investor and consumer sentiment levels deteriorated throughout the quarter and into April. On April 9, we revised our 2025 year-end S&P 500 price targets down to 6,100 from 6,700 (-9%). The speed and severity of this most recent drawdown has certainly surprised us and given where the S&P 500 currently trades, we felt it was necessary to adjust our targets towards more reasonable expectations. To be clear, we firmly believe that “this too shall pass” but even with our optimism, we concede that expecting an almost 35% gain from current levels through year-end is unreasonable. Therefore, we decided to make a realistic reset, but the reality is that we still expect US stocks to post solid gains from here. With respect to Canada, we revised our 2025 Year-End S&P/TSX price target down to 26,500 from 28,500 (-7%). Our resounding theme for Canada the past 13-years has been, “as America goes so Goes Canada.” To be blunt, this mantra works in both directions. As such, consistent with our revised S&P 500 price target, we adjusted our S&P/TSX targets to be aligned with our longstanding relationship, largest trading partner, and southern neighbour. Stated succinctly, our view on Canada has NOT changed. Canada’s strong relative value position, improving equity flows and broadening performance continue to support Canada on a relative basis – especially during the ongoing rhetoric and fear driven malaise relative to the US. Our newly revised price target still implies a near 20% return by year-end, which is still well within historical norms – and positions Canada to significantly outperform the US on a year-over-year basis. Overall, Patience, Calm and Perspective remain core to our discipline.

Total Return Performance (CAD):

	1Q25	YTD	1-yr	5-yr	10-yr	2024	2023	2022	Live Incept.*	Model Incept.
Portfolio	-1.5%	-1.5%	18.0%	18.7%	12.4%	30.8%	20.0%	-11.0%	14.1%	10.8%
Benchmark	-0.4%	-0.4%	15.7%	17.5%	10.4%	26.5%	15.5%	-7.9%	11.9%	9.1%
S&P 500 (\$USD)	-4.3%	-4.3%	8.3%	18.6%	12.5%	25.0%	26.3%	-18.1%		
S&P/TSX	1.5%	1.5%	15.8%	16.8%	8.5%	21.7%	11.8%	-5.8%		

Please Note: Please Note: The performance numbers listed above are derived from our model portfolios and are gross of fees unless otherwise stated. However, these model returns have they been independently audited through 31 December 2023 by a third party performance auditor. * ‘Model Portfolio Inception’ performance calculated from June 30, 2005; ‘Live Portfolio Launch’ performance was calculated from December 31, 2012. Please reach out to our BMO Wealth Management representative for additional information.

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Legal Entity: BMO Capital Markets Corp.
BMO Nesbitt Burns Inc.*

1Q25 Changes

Additions:

Manulife (MFC)
Uber (UBER)

Deletions:

Trade Desk (TTD)
BlackRock (BLK)
Advanced Micro Devices (AMD)

Large Cap Canadian PLUS Equity Portfolio

Overview: The Large Cap Canadian PLUS Equity Portfolio is an actively traded portfolio designed to encapsulate our current US and Canadian Strategy opinions regarding the S&P 500 and S&P/TSX indices, sectors, and industries.

Benchmark: A simple blend of S&P 500 + S&P/TSX; current index composition: 2/3 S&P/TSX + 1/3 S&P 500

Investable Portfolio Availability: BMO Nesbitt Burns Architect and Blueprint platforms

Top 5 Holdings (Price Performance)

	1Q25	1-Yr
Apple Inc.	-11.3%	29.5%
Royal Bank of Canada	-6.5%	18.7%
Toronto-Dominion Bank	12.7%	5.5%
Enbridge Inc.	4.4%	30.1%
Microsoft Corporation	-10.9%	-10.8%

Source: BMO Investment Strategy Group, Factset.

Top 5 Performers

	1Q25	1-Yr
Agnico Eagle Mines Limited	38.6%	93.0%
Gilead Sciences, Inc.	21.3%	53.0%
Uber Technologies, Inc.	20.8%	-5.4%
Berkshire Hathaway Inc. Class B	17.5%	26.6%
Waste Connections, Inc.	13.7%	20.4%

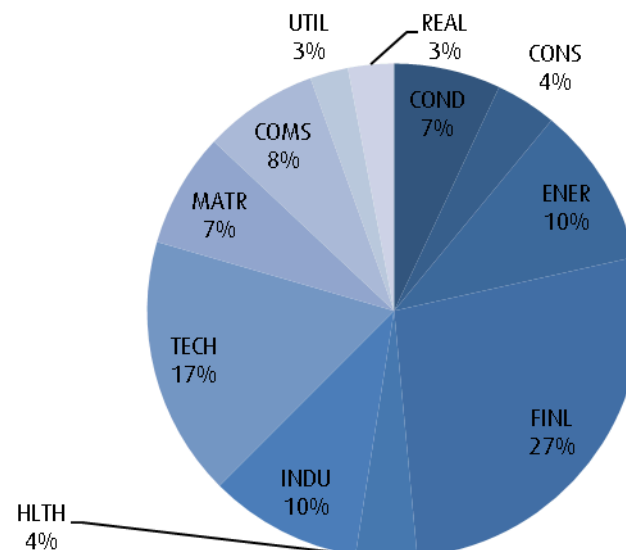
Source: BMO Investment Strategy Group, Factset.

Bottom 5 Performers

	1Q25	1-Yr
Trade Desk, Inc. Class A	-53.4%	-37.4%
lululemon athletica inc.	-26.0%	-27.5%
Capital Power Corporation	-24.9%	25.2%
NVIDIA Corporation	-19.3%	19.9%
Alphabet Inc. Class A	-18.3%	2.5%

Source: BMO Investment Strategy Group, Factset.

Current Sector Weights



Source: BMO Investment Strategy Group, Factset.

Key Statistics

	Portfolio	Benchmark
Portfolio Turnover (LTM)	18%	
Median Market Capitalization (mm)	\$108,120	
Dividend Yield	2.2%	2.2%
Price to Earnings (NTM)	19.9	16.8
CAD/US Stock Weightings	50.5%/49.5%	67%/33%

Source: BMO Investment Strategy Group, Factset, IBES, Compustat.

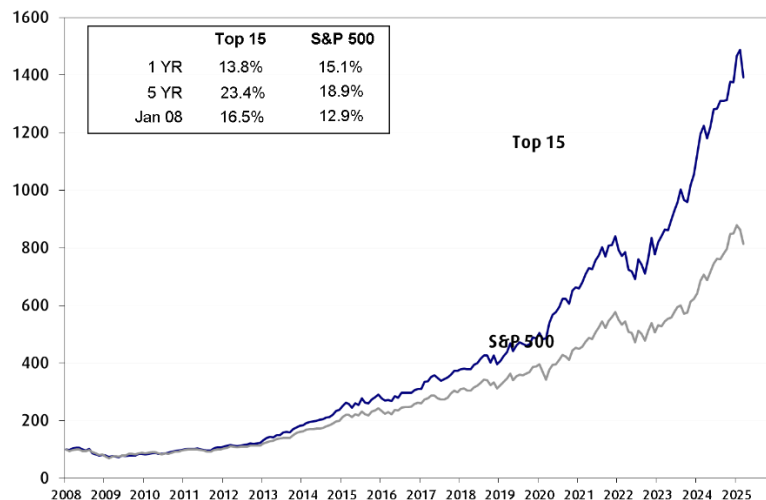
Large Cap Canadian PLUS Equity = Curated BMO Capital Markets Research

Broad Investment Strategy Research and Process



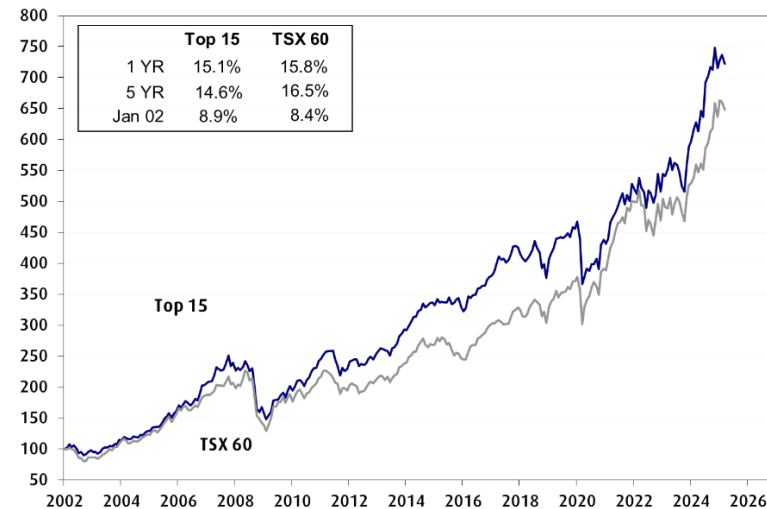
With Proven Track Record of Stock Selection at BMO Capital Markets

US Large Cap Top 15 BMO Fundamental List



Source: BMO Capital Markets Investment Strategy Group, Factset.

Canadian Large Cap Top 15 BMO Fundamental List



Source: BMO Capital Markets Investment Strategy Group, Factset.

Market Outlook

US Positioning Bottom Line:

In addition to our S&P 500 year-end target which was revised down to 6,100 from 6,700, we are also revising our 2025 S&P 500 EPS target down to \$250 from \$275 (-9%). Truthfully, we will be closely monitoring the upcoming reporting period for clues about how the tariffs will be impacting actual bottom lines because to be frank, we believe it is anybody's guess at this point. However, what we do know is that the trailing 4-quarter number is currently about \$250 so we thought it was reasonable to set our new baseline to a "no-growth" assumption and adjust from there based on the incoming data. The only other thing we would point out, is that the S&P 500 price always bottoms first in bear markets (if this turns out to be one), while it takes roughly another 9 months for EPS to bottom. In other words, stocks lead earnings and the economy. So, we would caution against becoming too reactionary should EPS numbers begin to drop in the coming months.

Admittedly, the sectors we have favored so far in 2025 have been admonished the most by the relentless change in momentum and what we continue to believe are premature binary conclusions. As such, we would caution investors to not seek simplistic defensive sector strategies. Instead, as we have stated since November 2023, a more normalized overall market performance environment (high single digit to low double-digit gains) traditionally calls for less concentration and more evenly distributed positions. Remember, our approach to sectors and portfolios is to implement opinions that we believe will transpire over a 12-24-month time period. Therefore, investors should recalibrate positions within Technology and Discretionary (overweight non-Mag 7), accumulate Financials, while seeking select names within Communication Services and Industrials. Afterall, the market is a market of stocks.

[US Chartbook](#), [US Factor Profiles](#), [US Multi-Factor Profiles](#)

Canadian Positioning Bottom Line:

We are modestly revising our 2025 Year-End S&P/TSX EPS target down to 1,550 from 1,600 (-3%). Objectively, the impact of tariffs and US growth is unknown. In fact, bottom-up S&P/TSX EPS estimates have been remarkably stable over the last several months. However, earnings will undoubtedly be under pressure and as such EPS revisions are more likely to swing negative. However, unlike in the US where we adjusted our earnings growth assumption to flat, Canada is still positioned to post positive earnings growth given the TSX is coming off weak earnings growth last year. Importantly, the heavily weighted Financials and Materials sectors have already demonstrated a clear earnings recovery to-date. In a nutshell, we expect companies to become more cautious and revise their forecasts lower, an event that we firmly believe is ALREADY priced in. As such, investors should not be too reactionary to negative guidance and the downward revision cycle we now expect over the near term.

Akin to US positioning, maintaining sector opinions – We own what we want to own. We continue to believe Financials, Discretionary and Technology in Canada will define the fundamental recovery within the Canadian stock market over the next 12-24 months. In addition, investors are encouraged to supplement their Canadian centric portfolios with select Communication Services, Energy and Materials stocks at current levels.

[CDN Chartbook](#), [CDN Factor Profiles](#)

Recent Research:

[Canadian Strategy Snapshot: S&P/TSX Target Update](#)

[US Strategy Snapshot: S&P 500 Target Update](#)

The Portfolio:

Sector/Ticker	Company Name	Price	Rating
Communication Services			
BCE	BCE (BCE)*	\$33.03	R
GOOGL*	Alphabet (GOOGL)	\$154.64	OP
NFLX*	Netflix (NFLX)	\$932.53	OP
T*	TELUS (T)	\$20.64	OP
Consumer Discretionary			
AMZN*	Amazon.com (AMZN)	\$190.26	OP
DOL	Dollarama (DOL)	\$153.88	OP
LULU*	lululemon athletica (LULU)	\$283.06	Mkt
QSR*	Restaurant Brands Intl (QSR)	\$95.93	OP
Consumer Staples			
ATD	Alimentation Couche-Tard (ATD)	\$70.97	OP
COST*	Costco (COST)	\$945.78	OP
WMT*	Walmart Inc. (WMT)	\$87.79	OP
Energy			
CNQ	Canadian Natural Res. (CNQ)	\$44.28	OP
ENB	Enbridge (ENB)	\$63.69	Mkt
SU	Suncor Energy (SU)	\$55.72	OP
TRP	TC Energy (TRP)	\$67.96	Mkt
Financials			
BAC	Bank of America (BAC)	\$41.73	NR
BN	Brookfield (BN)	\$75.31	OP
BRK.B	Berkshire Hathaway (BRK.B)	\$532.58	NR
C	Citigroup (C)	\$70.99	NR
GS	Goldman Sachs (GS)	\$546.29	NR
MFC	Manulife Financial (MFC)	\$44.84	OP
MS	Morgan Stanley (MS)	\$116.67	NR
NA	National Bank (NA)	\$118.77	OP
RY	Royal Bank (RY)	\$162.10	OP
TD	TD Bank (TD)	\$86.23	OP
Health Care			
GILD*	Gilead Sciences (GILD)	\$112.05	OP
LLY*	Eli Lilly (LLY)	\$825.91	OP
UNH	UnitedHealth Group Incorporated	\$523.75	NR
Industrials			

Sector/Ticker	Company Name	Price	Rating
CNR	CN Railway (CNR)	\$140.04	OP
PH*	Parker Hannifin (PH)	\$607.85	NR
STN	Stantec (STN)	\$119.28	OP
TIH	Toromont Industries (TIH)	\$112.63	OP
UBER*	Uber Technologies (UBER)	\$72.86	OP
WCN	Waste Connections (WCN)	\$280.49	OP
Information Technology			
AAPL	Apple Inc. (AAPL)	\$222.13	NR
MSFT*	Microsoft (MSFT)	\$375.39	OP
NVDA	NVIDIA (NVDA)	\$108.38	NR
ORCL*	Oracle (ORCL)	\$139.81	Mkt
PANW*	Palo Alto Networks (PANW)	\$170.64	OP
SHOP	Shopify, Inc. Class A	\$136.90	NR
Materials			
AEM	Agnico Eagle Mines (AEM)	\$155.91	NR
CCL.B	CCL Industries (CCL.B)	\$70.29	OP
FCX*	Freeport-McMoRan (FCX)	\$37.86	OP
LIN*	Linde Plc (LIN)	\$465.64	OP
WFG*	West Fraser Timber (WFG)	\$110.53	OP
Utilities			
CPX	Capital Power (CPX)	\$47.83	Mkt
EMA	Emera (EMA)	\$60.61	OP
Real Estate			
CAR.UT	CAPREIT (CAR.UN)	\$43.14	OP
PLD*	Prologis (PLD)	\$111.79	Und
SRU.UN	SmartCentres REIT (SRU.UN)	\$25.29	Mkt

Source: BMO Capital Markets Investment Strategy. Prices as of 3/31/2025. Note: BMO Capital Markets is Restricted on BCE.

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Brian, Chief Investment Strategist and leader of the Investment Strategy Group, provides strategic investment and portfolio management advice to both institutional and private clients. Brian's group produces several investment strategy publications on a regular basis, with particular focus on both the U.S. and Canadian equity markets.

In his more than 30 years in the investment industry, Brian has held various senior strategy and research roles, including positions at Oppenheimer & Company, Merrill Lynch, and Piper Jaffray.

Brian is frequently quoted in the financial press, including regular appearances on CNBC, Bloomberg, and BNN, and is renowned for his accuracy as a strategist. Brian holds a B.Sc. degree from St. Cloud State University and splits his time between the BMO offices in New York and Toronto.

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Ryan has over 15 years of investment industry experience, including various research roles at TD Securities, Connor Clark and Lunn Investment Management and Merrill Lynch. He is a CFA charterholder and has a master's in financial economics from the University of Toronto.

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Sooyun is the US & Portfolio Strategy Analyst and provides technical and financial analysis of individual securities and industry groups to support portfolio composition and positions. She also focuses on developing thematic research relevant to current events and strategic investment ideas pertaining to overall sector recommendations by the Investment Strategy Group.

Prior to joining BMO, Sooyun spent over 13 years in investment banking at BNP Paribas and DVB Bank in New York. She started her career in equity research at KGI Securities. Sooyun has an MBA from NYU's Stern School of Business and BA from Ewha Womans University in Seoul, Korea.

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Lexi is a Quantitative Analyst and conducts in-depth research into quant equity strategies within the Investment Strategy Group. Her research focuses on factor investing and alpha generations. She has worked with various alternative data, including ESG scores, unstructured textual data and sentiment data, etc.

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Dillon is an Investment Strategy Associate and provides strategic and analytical support within the Investment Strategy Group, with a focus on Canadian equity markets.

Dillon has two years of experience working in the investment consulting industry at Willis Towers Watson, where he advised institutional clients on portfolio construction and asset allocation. He is a CFA charterholder and holds a BBA from the University of Toronto.

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Hold	Market Perform	42.1 %	15.4 %	31.6 %	38.5 %	26.6 %	37.5%
Sell	Underperform	2.9 %	21.4 %	3.1 %	1.7 %	1.2 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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~ As of April 1, 2019.

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(S) = Speculative investment;

Spd = Suspended - Coverage and rating suspended until coverage is reinstated;

NR = No Rated - No rating at this time; and

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(April 2013 - October 2016)

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

(January 2010 - April 2013)

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

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