BMO Market Outlook

9/30/2025

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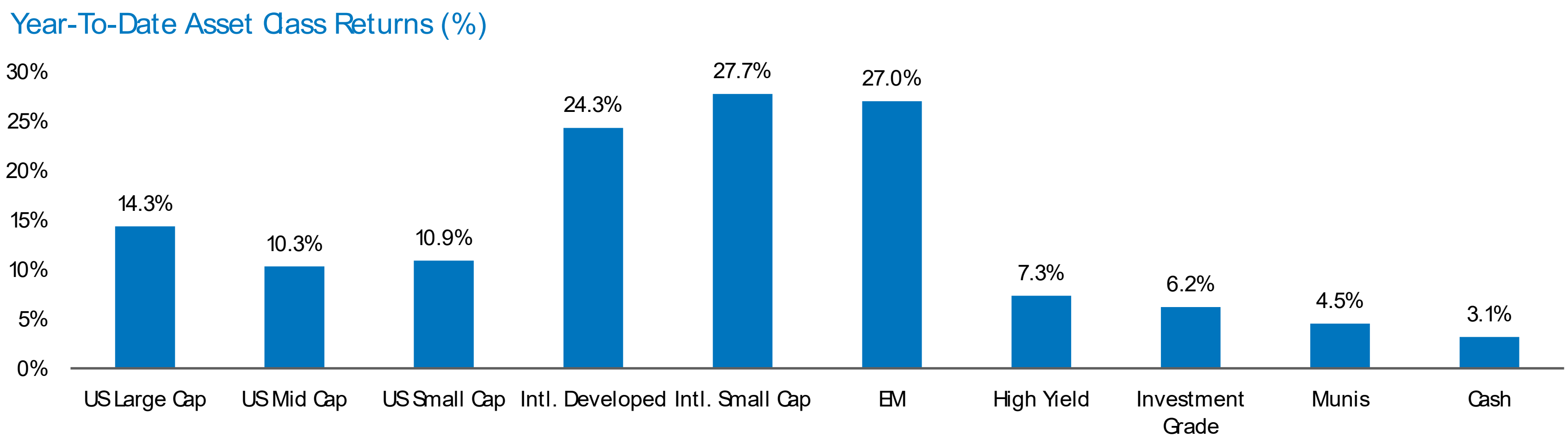
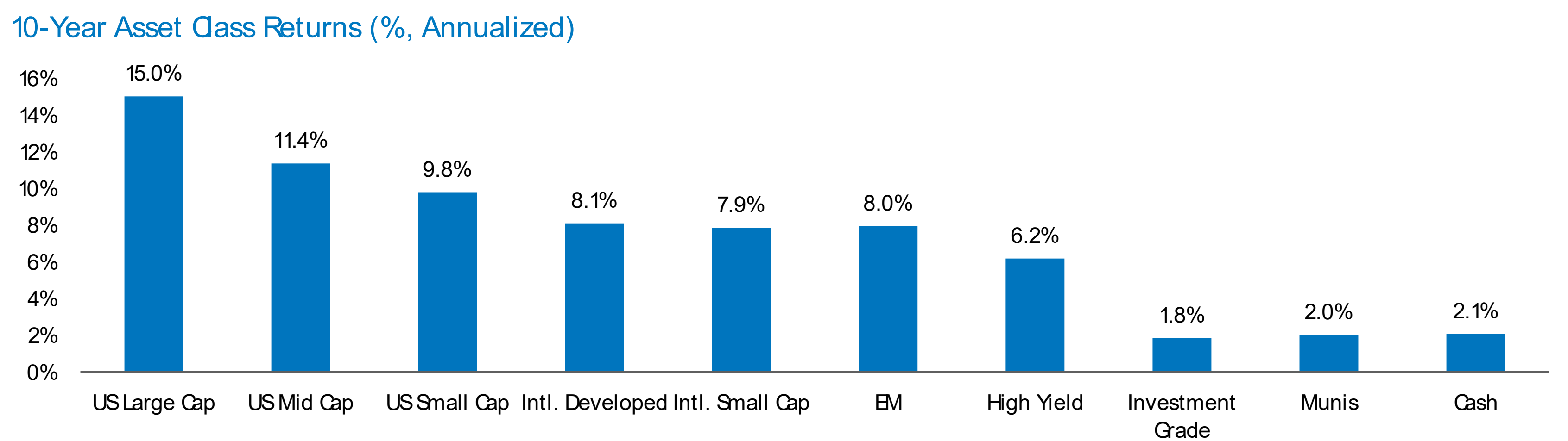
Regional Director of Investments

Charts in this deck are as of August 29, 2025, unless otherwise noted

Who would have thought this on April 8?



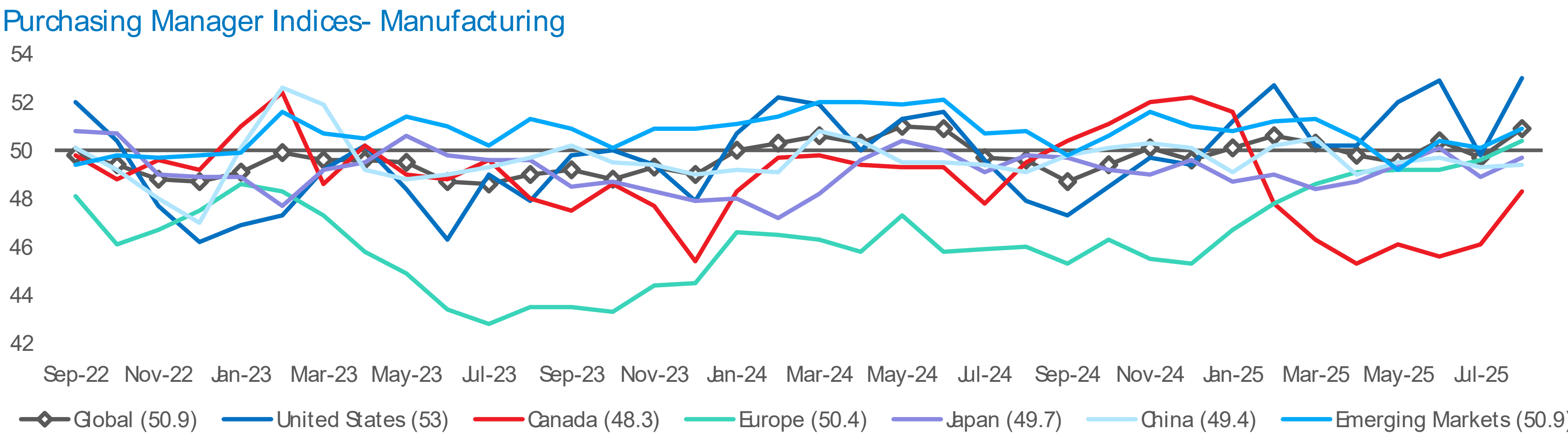


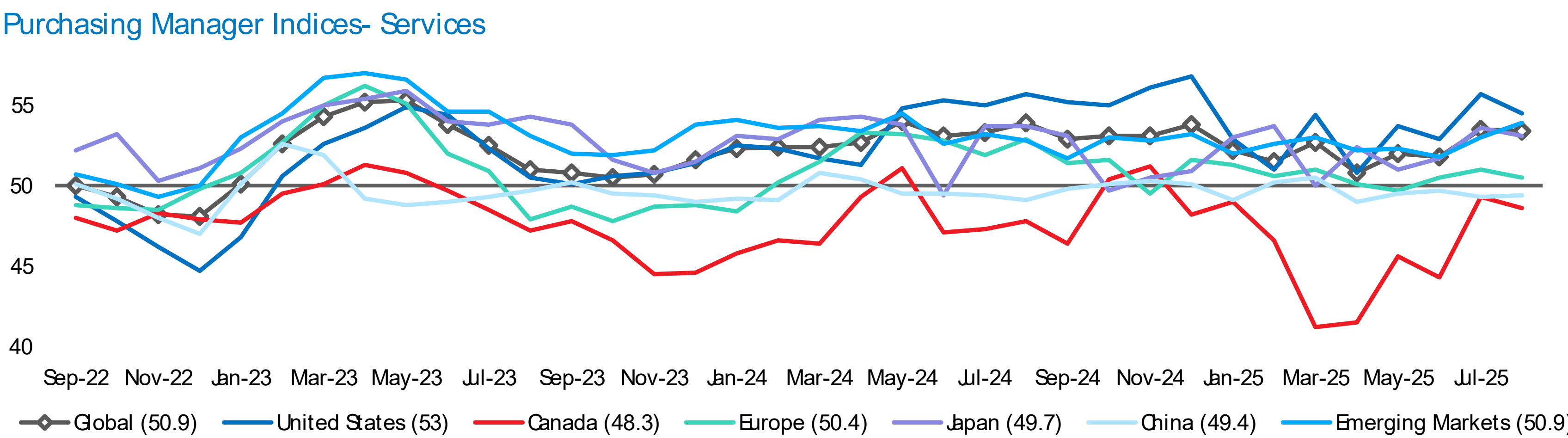
As of 9/19/2025. Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
For general information only. Market conditions and trends will vary.
Data does not reflect actual investment performance but reflects benchmark results of the underlying indices referenced. Please see Index Definitions at the end of the deck for index definitions and a list of the representative indices corresponding with the market returns shown above. You cannot invest directly in an index.

Macro Matters

- Growth
- Inflation
- Policy (Not Just Monetary Policy)

Growth: Business Environment





Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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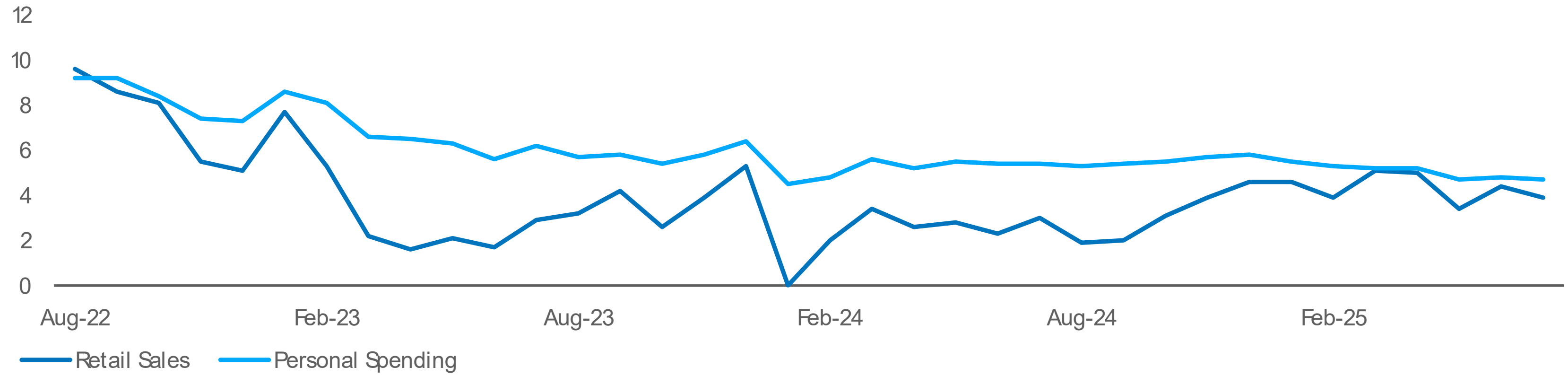
Growth: Consumer Environment

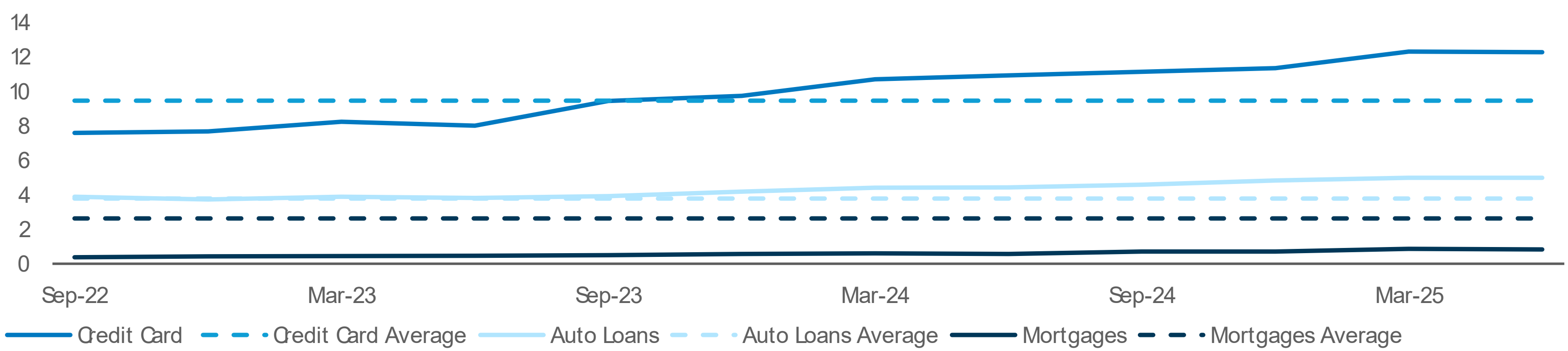
Retail Sales (Year-Over-Year %)

Jul Retail Sales : 3.9%; Jul Personal Spending : 4.7%



90+ Days Delinquencies (%)

Jun Credit Card : 12.3%; Jun Auto Loans : 5%; Jun Mortgages : 0.8%



Source: Bloomberg L.P. (2025), BMO Wealth Management (2025
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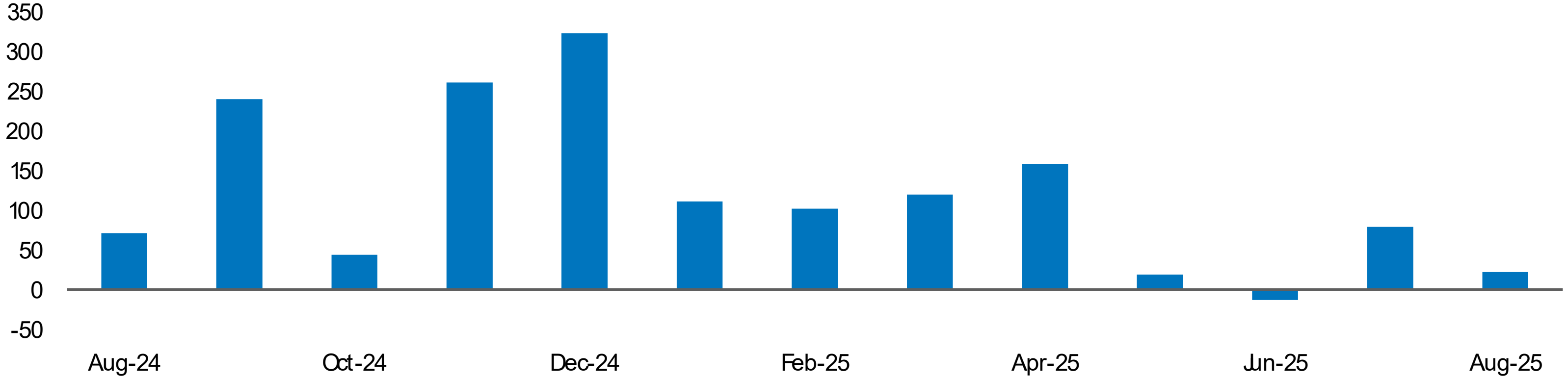
Growth: Labor Market

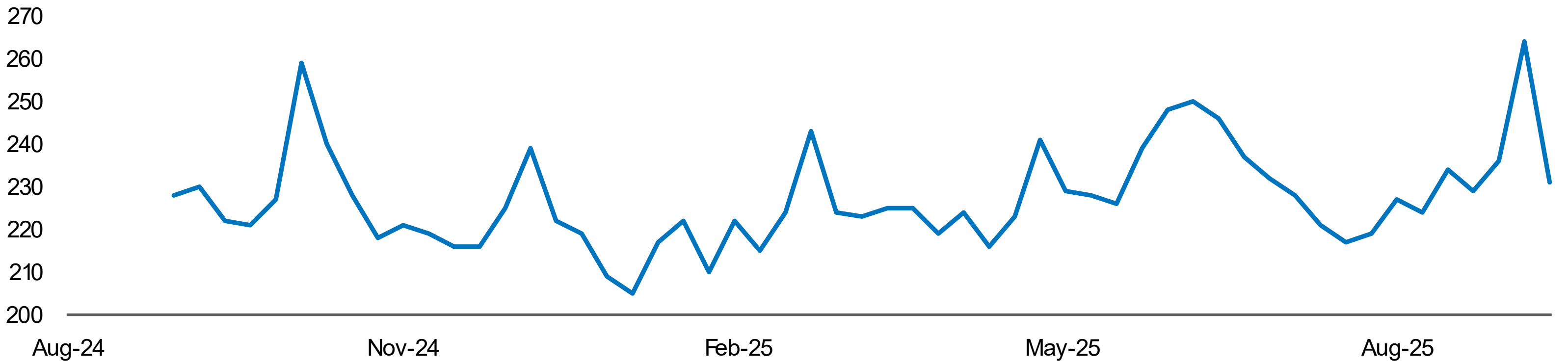
Non-Farm Payrolls Monthly Change (Thousands)

Aug-2025 : 22000



Initial Jobless Claims (Thousands)

Sep-12-2025 : 231000



Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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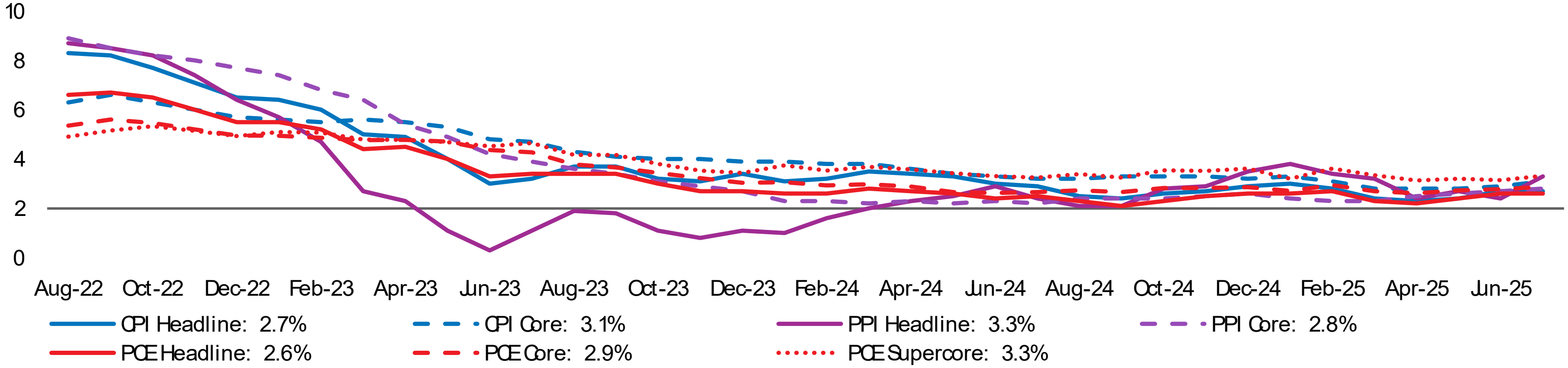
Inflation: The last 1% is always the hardest…

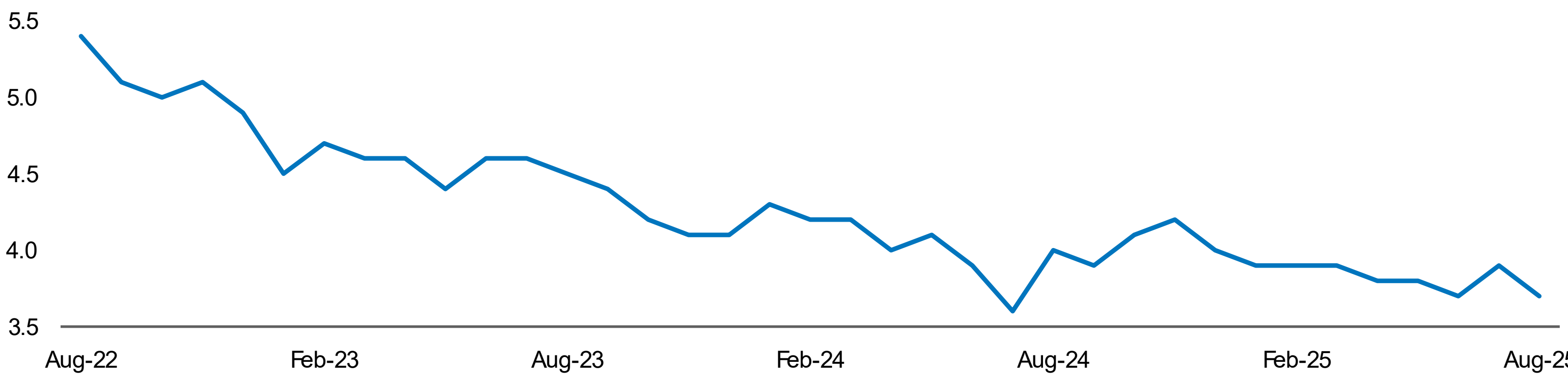
Select US Inflation Metrics (Year-Over-Year %)

As of 07/31/2025



Wage Growth (Year-Over-Year %)

Aug-2025 : 3.7%



BMO Wealth Management

Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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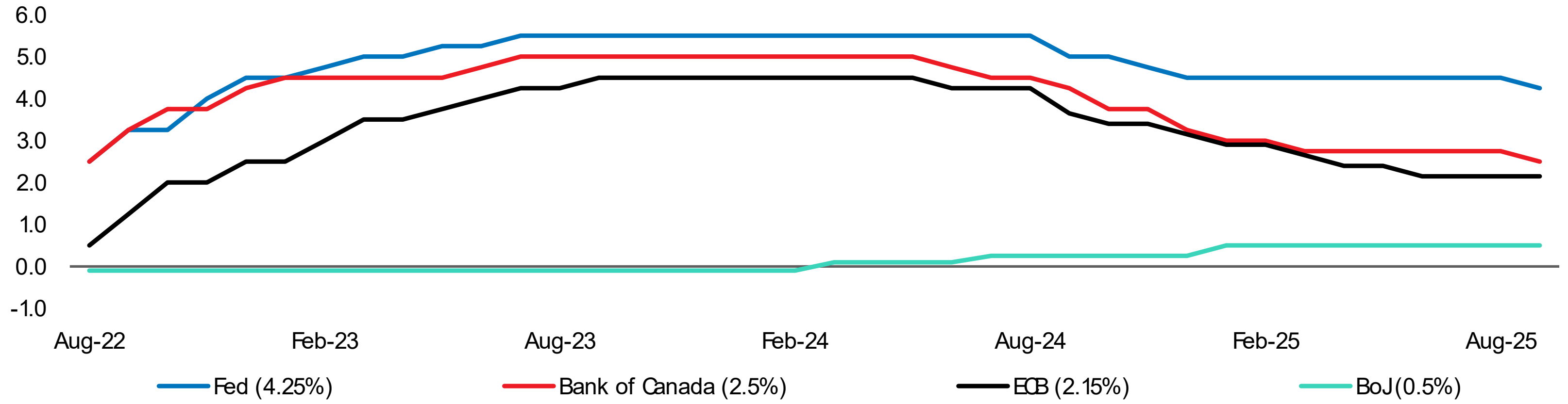
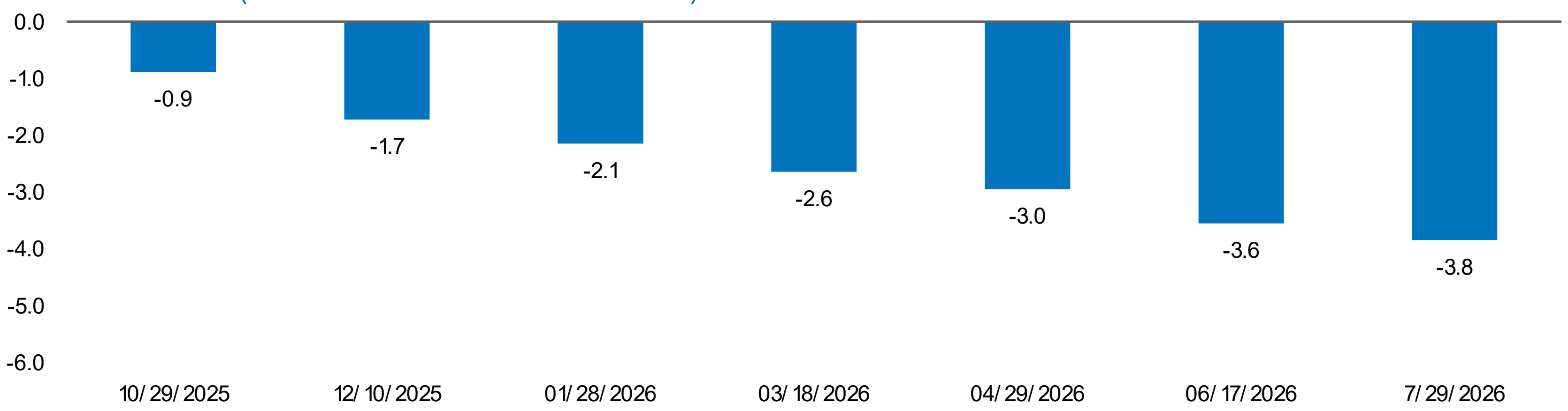
Monetary Policy: Help is on the way

Central Bank Rates (%)



Fed Funds Futures (Number Of 0.25% Moves Priced In)



BMO Wealth Management

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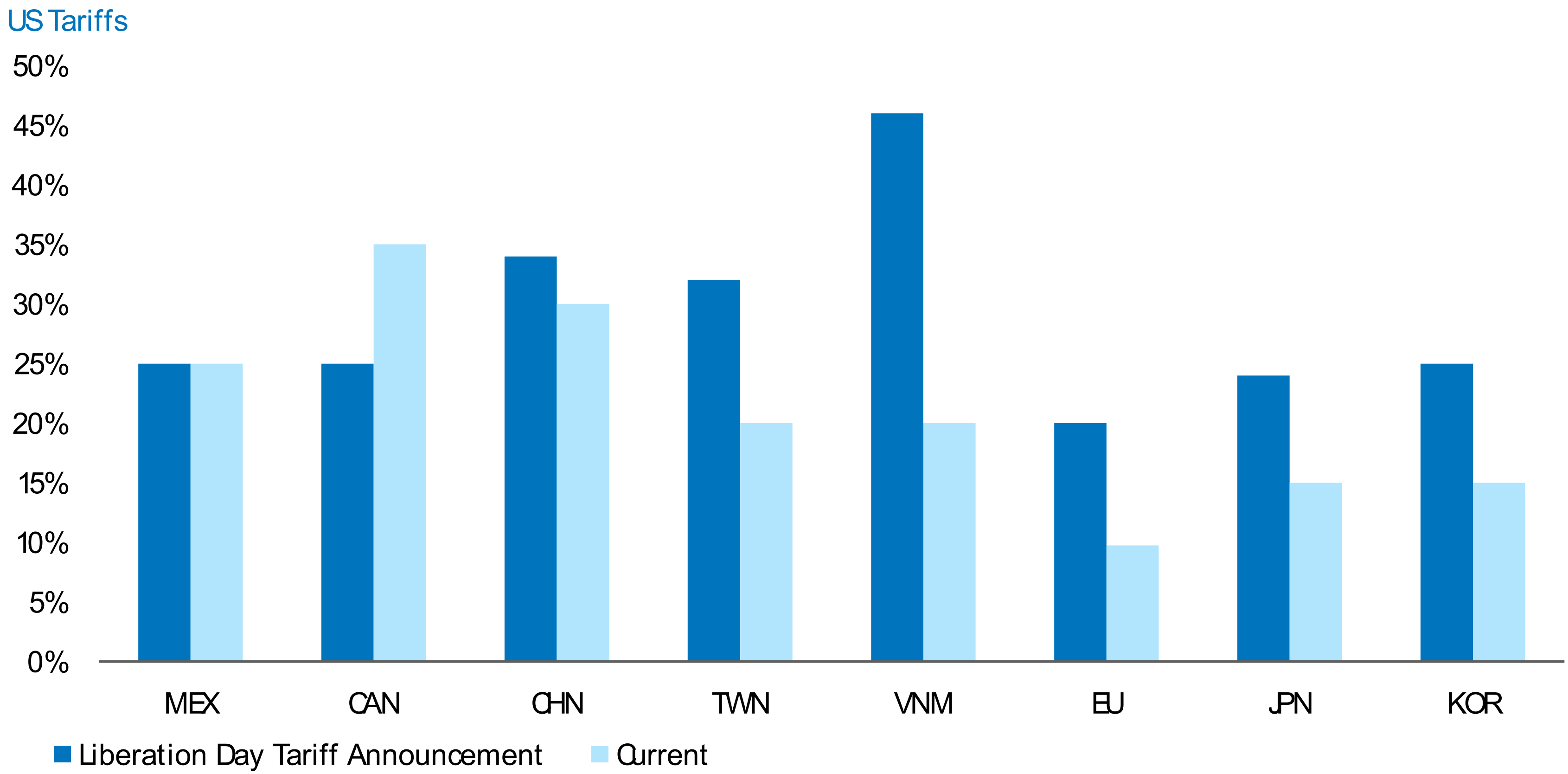
Trade Policy: On-Going Negotiations



MEX = Mexico*, CAN = Canada*, CHN = China, TWN = Taiwan, VNM = Vietnam, EU = Eurozone, JPN = Japan, KOR = South Korea

*USMCA-compliant goods are duty-free

Source: U.S. Customs and Border Protection (CBP), Congress.Gov
As of September 18, 2022
For general information only.
Market conditions and trends will vary.

Market Matters

- Interest Rates
- Credit Markets
- Equity Markets

Interest Rates: U.S. looking pretty attractive

<0% | 0-2% | 2-4% | >4%

	3M	1Y	2Y	5Y	7Y	10Y	20Y	30Y
United Kingdom	4.07	3.88	3.94	4.10	4.27	4.72	5.46	5.60
New Zealand			2.96	3.58	3.99	4.35	5.17	5.20
Australia		3.38	3.34	3.64	3.89	4.27	4.90	5.01
United States	4.14	3.83	3.62	3.70	3.93	4.23	4.87	4.93
Italy	1.94	2.01	2.21	2.76	3.15	3.59	4.21	4.59
Canada	2.65	2.62	2.64	2.88	3.13	3.37	3.73	3.82
Greece	1.96	1.96	2.06	2.64	3.02	3.41	3.92	4.36
France	1.99	2.02	2.19	2.82	3.05	3.51	4.09	4.42
Spain	1.96	1.99	2.04	2.51	2.76	3.33	3.92	4.21
Belgium	1.98	2.00	2.05	2.61	2.89	3.30	3.98	4.28
Portugal	1.95	1.99	1.96	2.45	2.78	3.18	3.84	4.06
Austria	1.97	1.93	1.98	2.41	2.70	3.04	3.57	3.82
Ireland			1.95	2.38	2.60	2.96	3.52	3.75
Netherlands	1.93	1.93	1.97	2.36	2.61	2.90	3.39	3.51
Germany	1.81	1.89	1.94	2.26	2.43	2.72	3.22	3.34
Japan	0.46	0.71	0.87	1.14	1.36	1.60	2.60	3.18
Switzerland	-0.10	-0.18	-0.14	0.05	0.15	0.27	0.53	0.48

BMO Wealth Management

Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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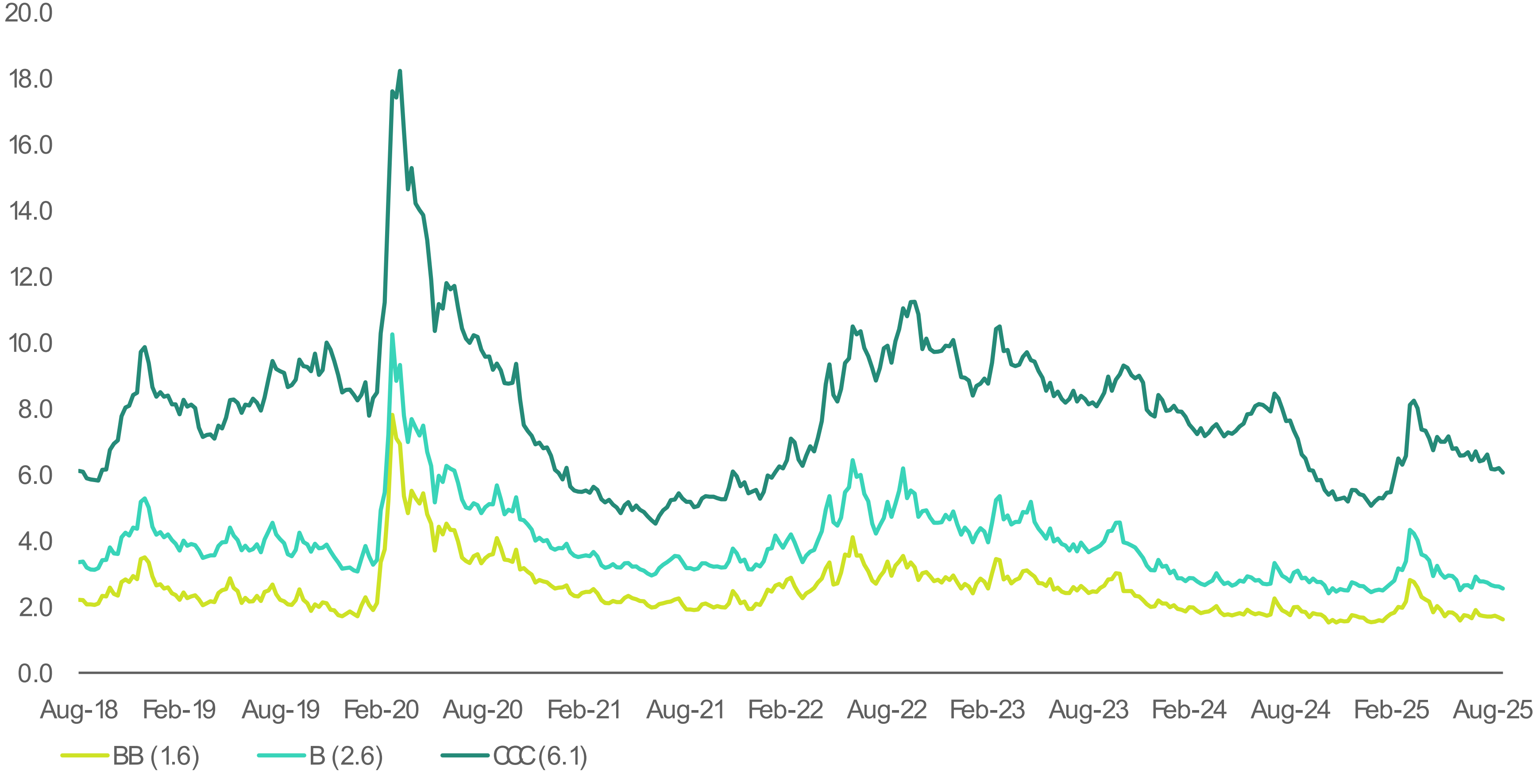
Credit Markets: Supporting financial markets

Credit Spreads - HY (BB, B, CCC)



Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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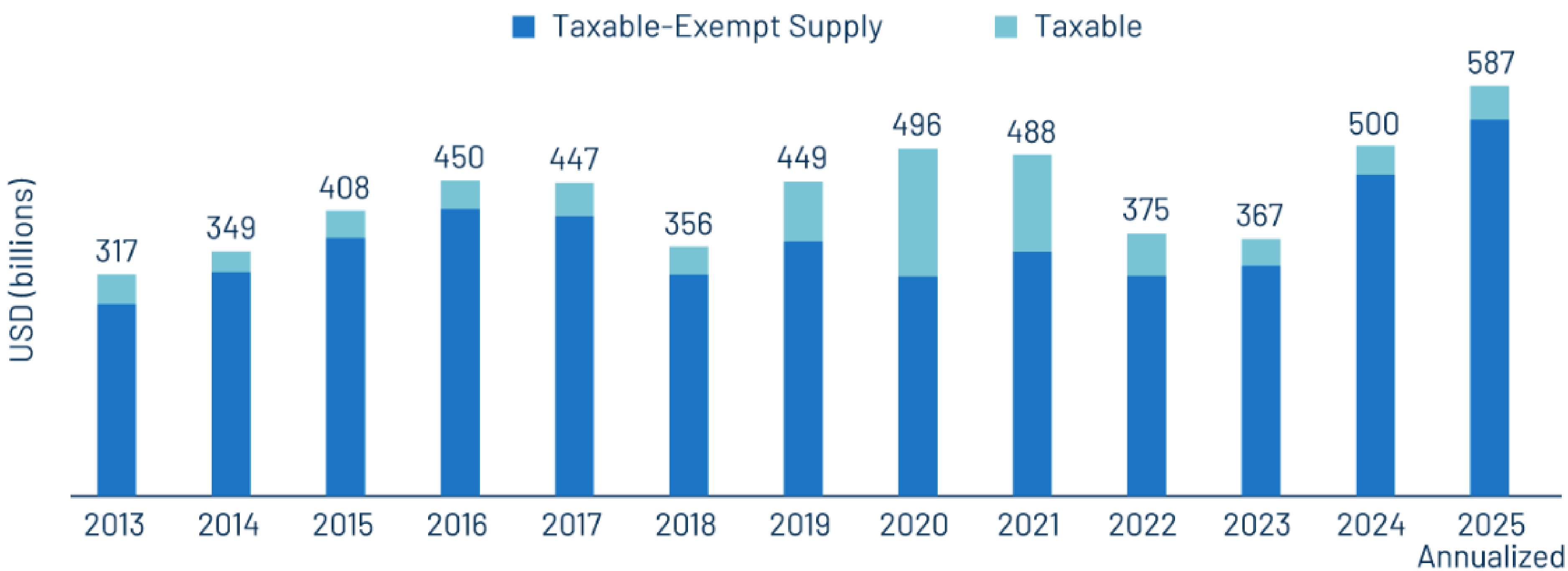
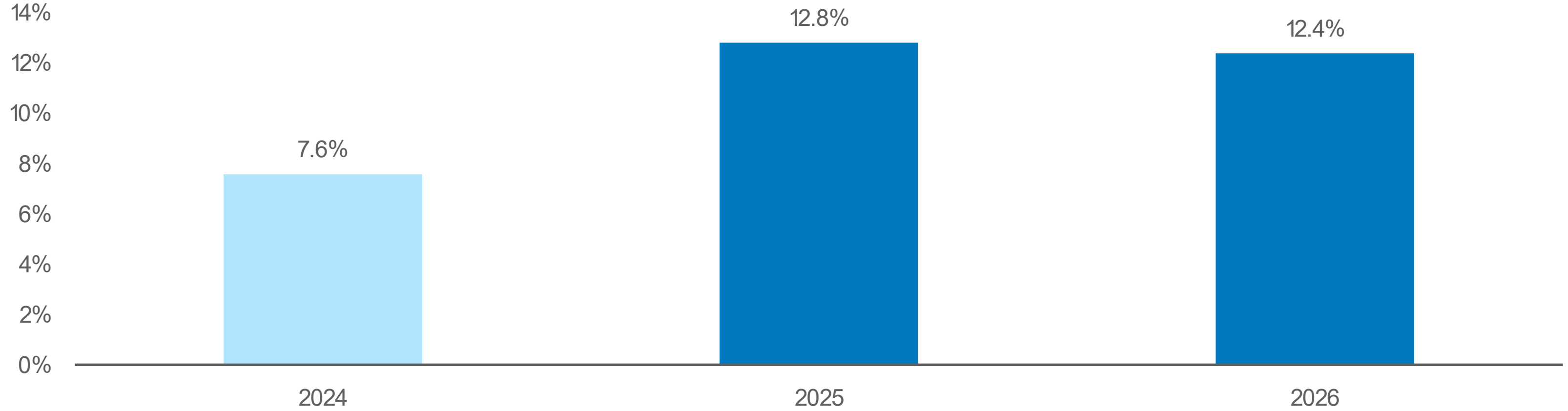
Exhibit 2: Historical Municipal Supply



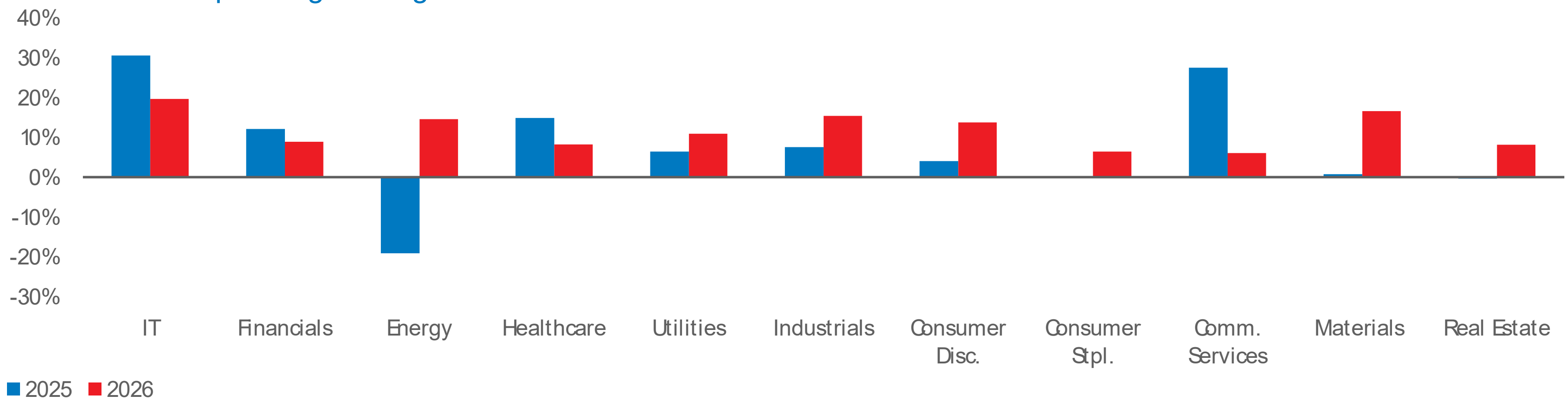
Source: Bloomberg L.P. (2025)

Equity Earnings: Double-digit growth

Annual S&P 500 Operating Earnings Growth



S&P 500 Sector Operating Earnings Growth



BMO Wealth Management

Source: S&P Global (2025), BMO Wealth Management (2025)
As of 9/5/2025
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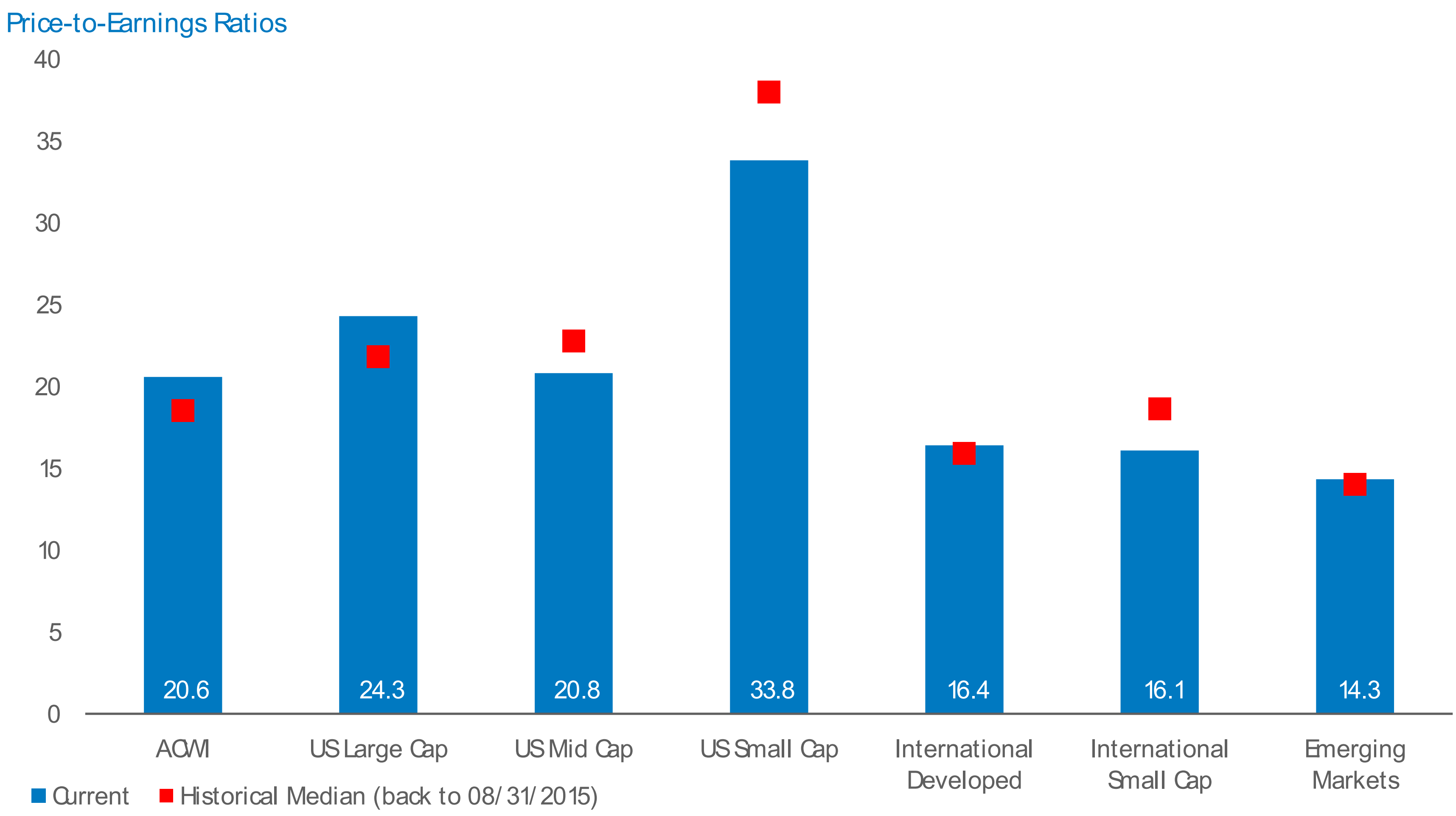
Equity Valuations: You get what you pay for



Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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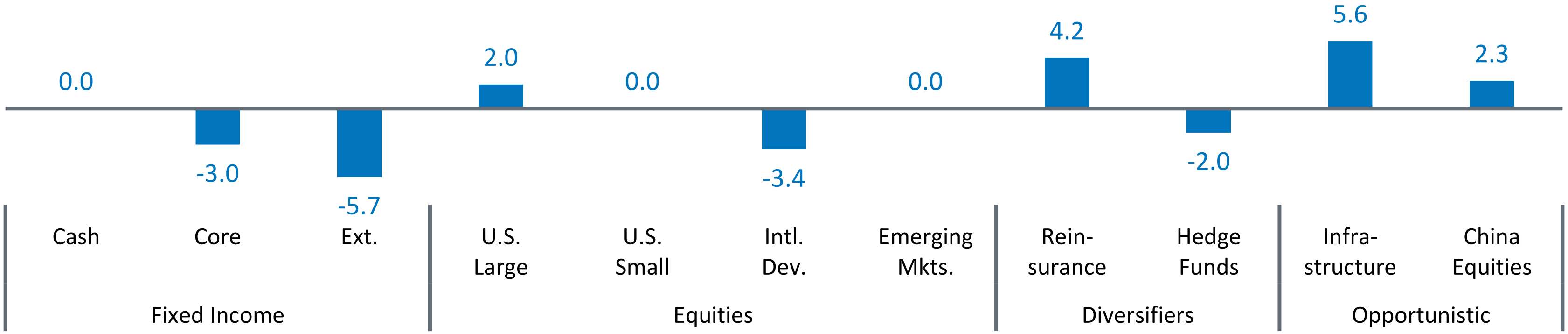
BMO Wealth Management Outlook

Tactical Positioning



Tactical allocations as of 9/15/2025. Ext. = Extended; LC – Large Cap; SC = Small Cap. Based on Balanced Portfolio.

Macro Scenarios

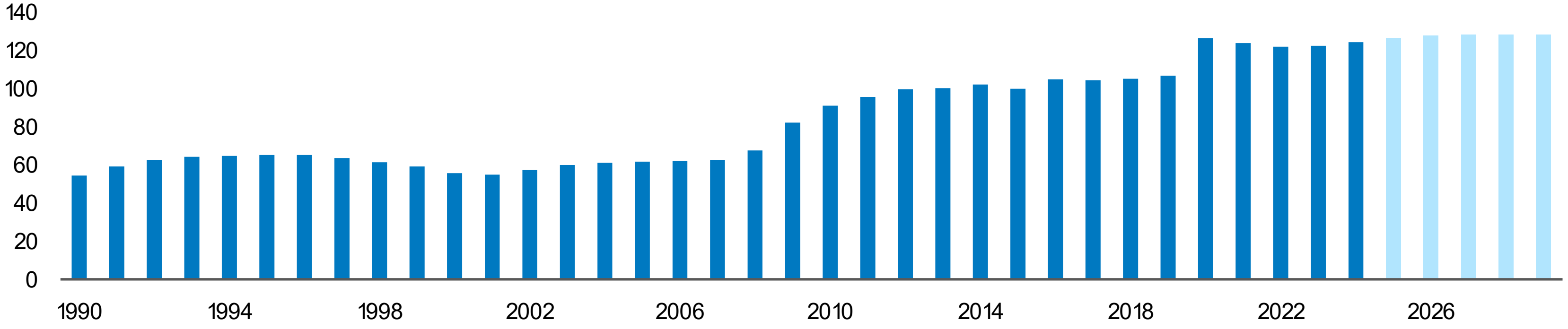
Downside Risk Case: **Policy Disruptions**	Base Case: **Moderating Expansion**	Upside Risk Case: **Catalyst Convergence**
25% Probability	*55% Probability*	*20% Probability*
• Unpredictable policy disruptions impact growth and inflation • Immigration policy risks cutting the labor supply in key industries	• Growth moderates as the softening labor market pressures consumer spending • Fed begins a rate cut cycle on 9/17, focusing more on its full employment mandate (over stable prices)	• Market catalysts converge to produce a strong and sustained US equity rally • Catalysts include Fed rate cuts, midterm election growth boost, tax-bill provisions, deregulation and AI

Frequently Asked Questions

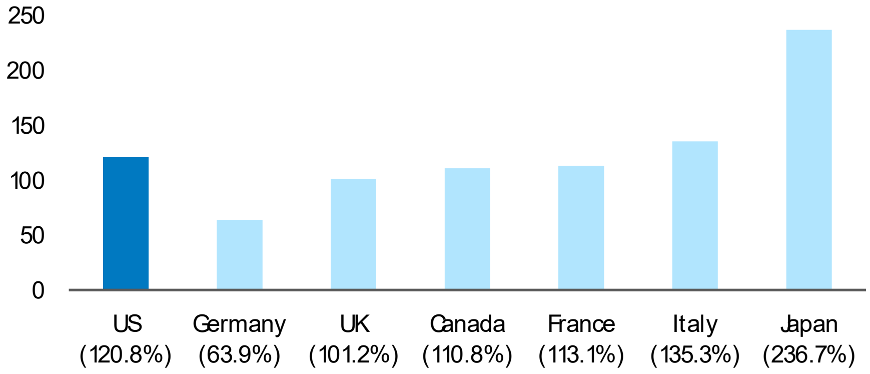
- Government Debt
- The Dollar
- The “Magnificent Seven”

Government Debt

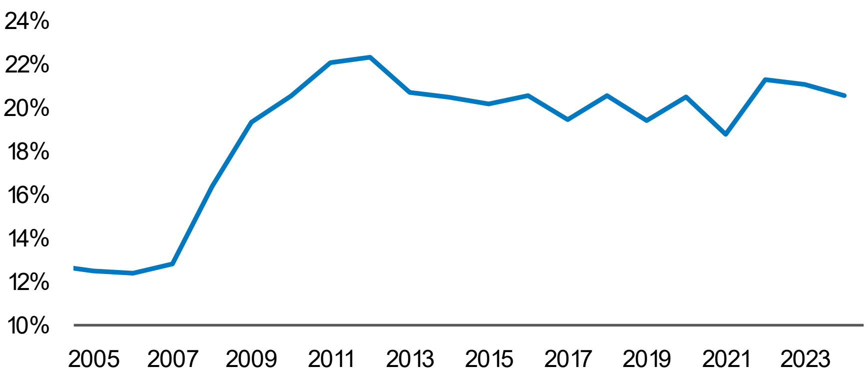
US Debt as a % of GDP
As of Dec-2024



G7 Countries Debt as a % of GDP
As of Dec-2024



US Debt as a % of Household Net Worth
Dec-2024 : 20.5%



BMO Wealth Management

Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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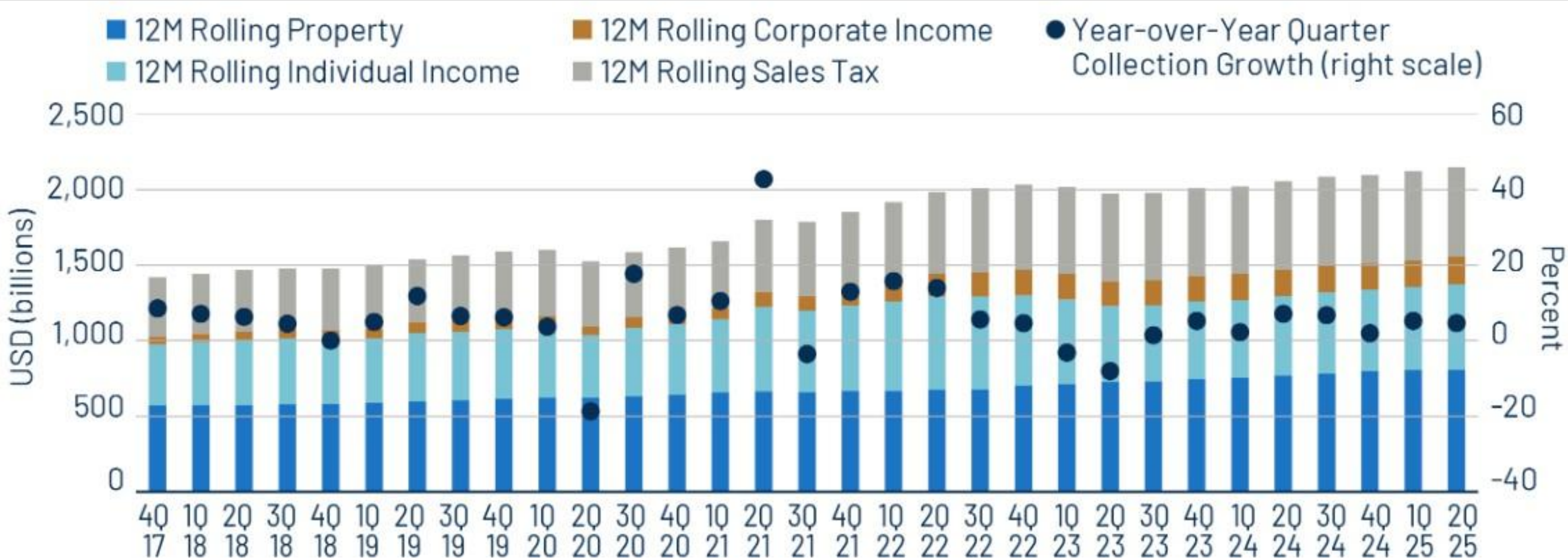
State and Local Tax Collections Remain Strong

Exhibit 2: 12-Month Trailing State and Local Revenue Collections



Source: Bloomberg L.P. (2025)

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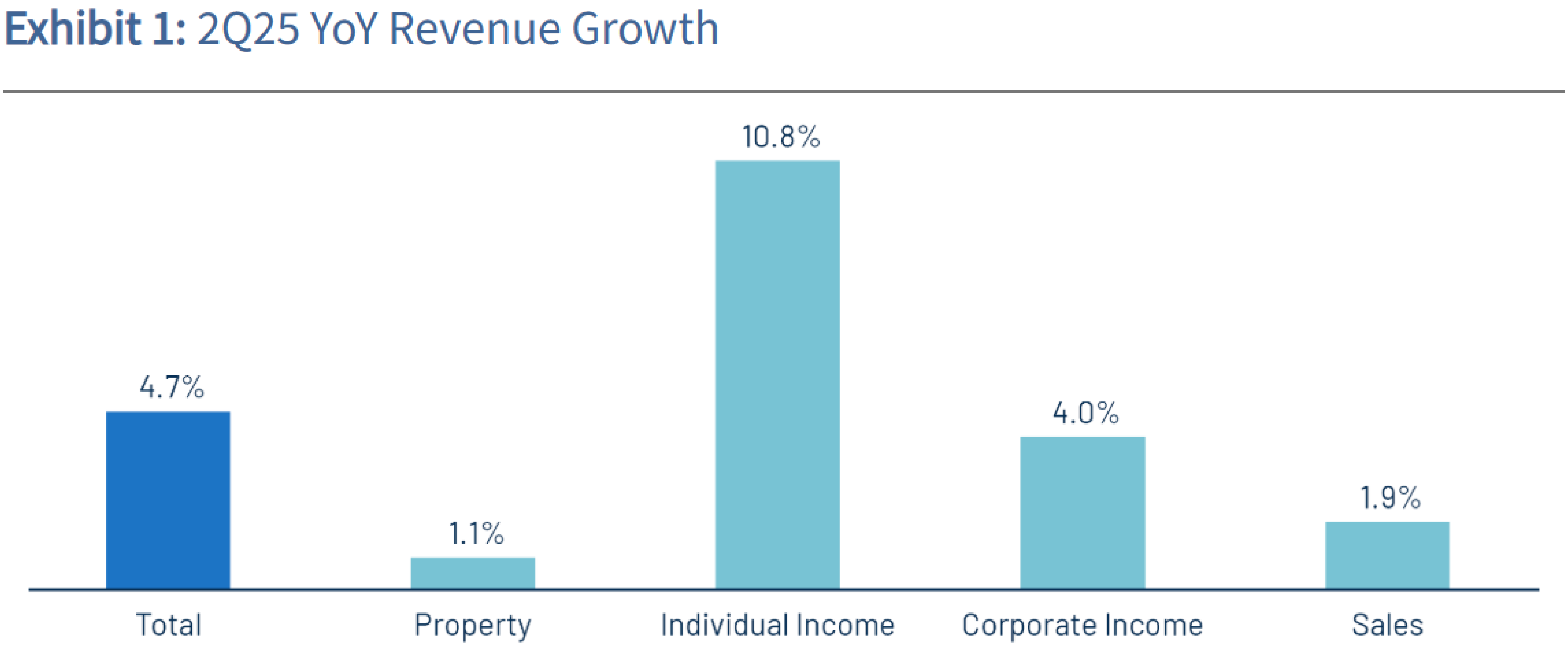
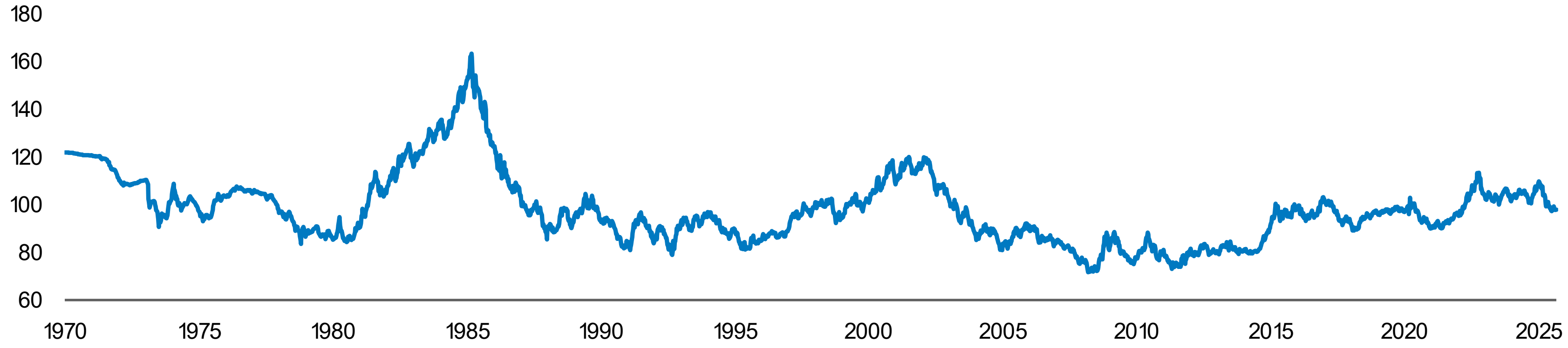


Source: Bloomberg L.P. (2025)

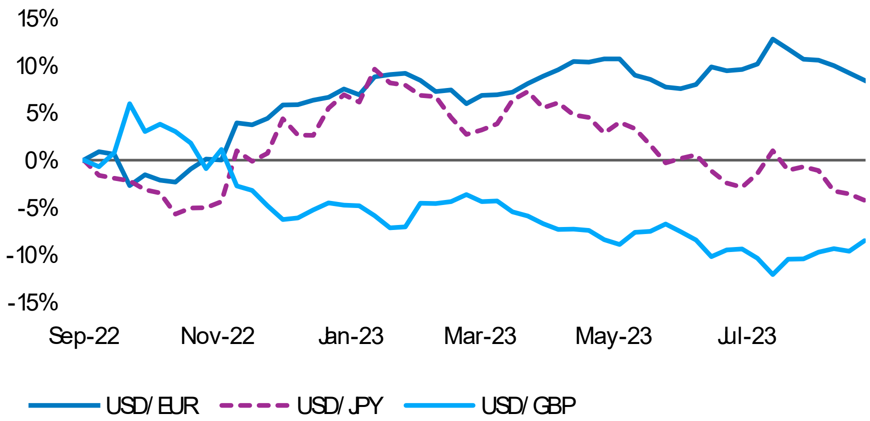
The Dollar

The US Dollar Index



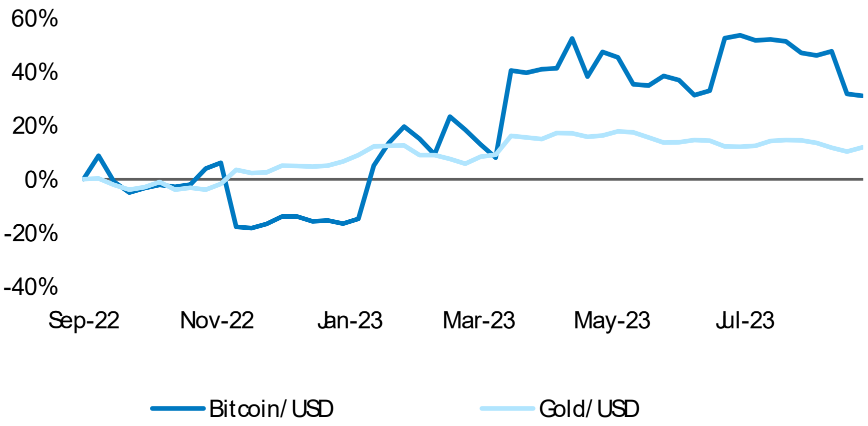
Major Currencies

Positive Performance = Dollar Appreciation



Alternative Currencies

Positive Performance = Dollar Depreciation



BMO Wealth Management

Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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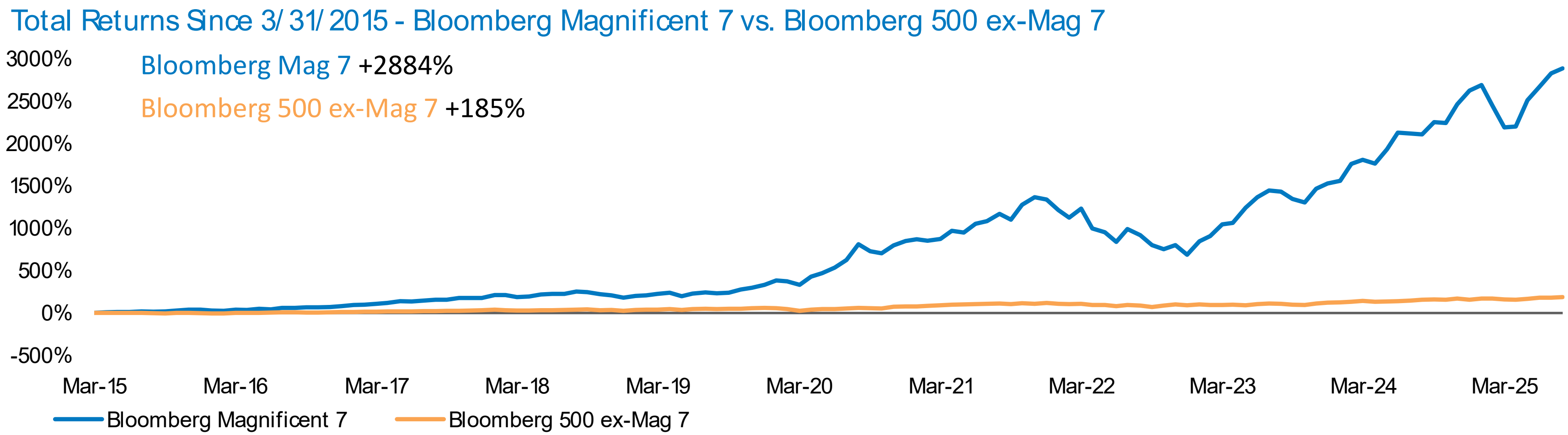
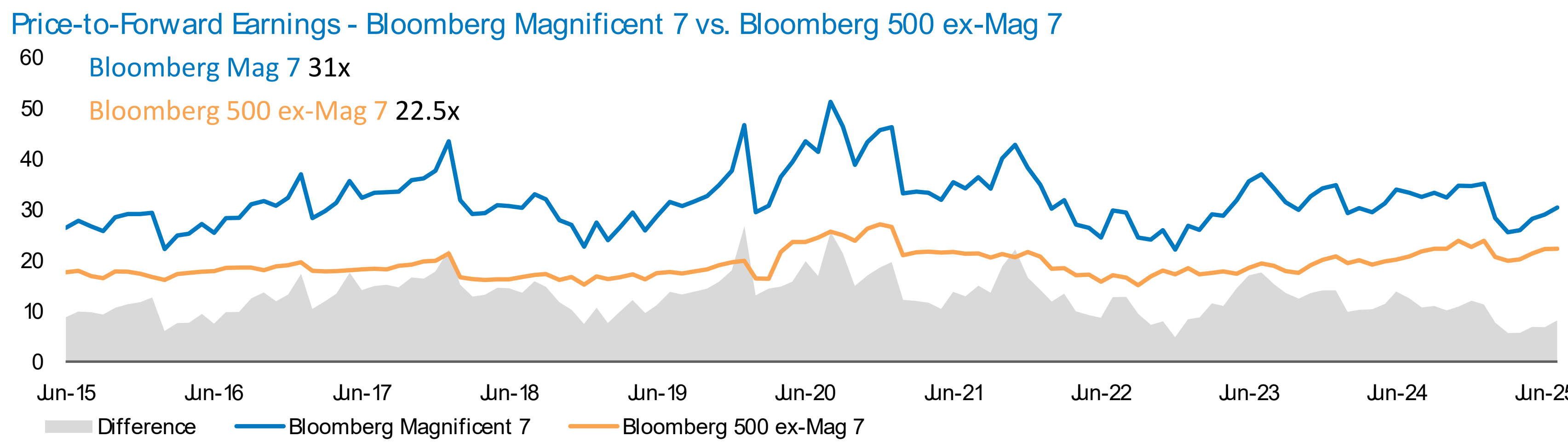
The Magnificent Seven





Source: Bloomberg L.P. (2025), BMO Wealth Management (2025)
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Data does not reflect actual investment performance but reflects benchmark results of the underlying Bloomberg indices referenced above. Please see index definitions at the end of the deck.You cannot invest directly in an index.

Index Definitions

Equity Indices

S&P 500® Index is an unmanaged index of large-cap common stocks.

MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries

MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries

MSCI USA Index is a benchmark that tracks the performance of the large and mid-cap segments of the US market.

The Russell 3000® Index measures the performance of the largest 3,000 US companies designed to represent approximately 98% of the investable US equity market.

Russell 1000® Index consists of the largest 1000 companies in the Russell 3000 index.

Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index.

Russell 2000® Index (Russell 2000®) is an unmanaged index that measures the performance of the smallest 2000 U.S. companies in the Russell 3000® Index.

The MSCI Canada Index is designed to measure the performance of the large and mid cap segments of the Canada market. With 83 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Canada.

The MSCI Europe Index captures large and mid cap representation across Developed Markets (DM) countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

MSCI EAFE Index (NDDUEAFE) (Developed Markets) — MSCI EAFE Index Europe, Australasia, and Far East Index (EAFE) is a standard unmanaged foreign securities index representing major non-U.S. stock markets, as monitored by Morgan Stanley Capital International.

MSCI EAFE Small Cap Index measures the performance of the small cap segment of developed markets, excluding the U.S. & Canada equity securities. It is free float-adjusted market-capitalization weighted.

The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. The index covers approximately 85% of the free float-adjusted market capitalization in Japan.

MSCI Emerging Markets Index (NDUEEGF) is a market capitalization weighted index representative of the market structure of the emerging markets in Europe, Latin America, Africa, Middle East and Asia. Prior to January 1, 2002, the returns of the MSCI Emerging Markets Index were presented before application of withholding taxes.

Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

Bloomberg 500 ex Magnificent 7 Total Return Index is a float market-cap weighted benchmark designed to measure the most highly capitalized US companies, excluding members of the Bloomberg Magnificent 7 Index.

Bloomberg Commodity Index is calculated on an ER basis and reflects commodity price movements. The index rebalances annually weighted 2/3 by trading volume,1/3 by world production and weight-caps are applied at the commodity, sector and group levels.

SPDR S&P Global Natural Resources ETF is an exchanged-traded fund incorporated in the United States. The Fund seeks to track the performance of the S&P Global Natural Resources Index which tracks the global natural resources and commodities businesses.

Fixed Income Indices

Bloomberg U.S. Aggregate Bond Index is an unmanaged index that covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities.

Bloomberg U.S. Corporate High-Yield Bond Index is an unmanaged index that covers the U.S.D-denominated, non-investment-grade, fixed-rate, taxable corporate bond market.

Bloomberg 1-10 Year Blend Municipal Bond Index is a market value-weighted index which covers the short and intermediate components of the Bloomberg Municipal Bond Index — an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market.

Bloomberg U.S. Corporate High Yield Index measures the U.S.D-denominated, high yield, fixed-rate corporate bond markets. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+ or below

Bloomberg Muni High Yield Index is an unmanaged index that measures the returns of high yield, fixed rate municipal bond markets.

Bloomberg US Treasury Bill: 1-3 Months Index tracks the market for treasury bills with 1 to 2.9999 months to maturity issued by the US government.

Indices used on the deck unless otherwise noted = Russell 1000® (U.S. Large Cap), Russell Midcap® (U.S. Mid Cap), Russell 2000® (U.S. Small Cap), MSCI EAFE (International Developed All Cap), MSCI EAFE Small Cap (International Developed Small Cap), MSCI EM (Emerging Markets), Bloomberg U.S. Aggregate (Core Taxable or Investment Grade), Bloomberg Municipal 1-10 Years A or Better (Core Munis or Munis), Bloomberg U.S. Corporate High Yield (High Yield Corporate or High Yield), Bloomberg Muni High Yield (High Yield Munis), Bloomberg US Treasury Bill: 1-3 Months Index (Cash)

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Disclosure continued on next page.

Disclosure Continued

International investing, especially in emerging markets, involves special risks, such as currency exchange and price fluctuations, as well as political and economic risks. There are risks involved with investing in small cap companies, including price fluctuations and lower liquidity. Commodities may be subject to greater volatility than investments in traditional securities and pose special risks. Investments in commodities may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, and international economic and political developments.

Alternative investments, such as private equity and hedge funds, present higher risks than other securities. These risks include illiquidity, stock or sector concentration, financial leverage, difficulties in valuation, and short selling. Alternative investments have minimal regulatory oversight and alternative fund managers have the latitude to employ numerous investment strategies with varying degrees of risk.

All investments, including fixed income investments, involve risk which may include the loss of principal. Keep in mind that as interest rates rise, prices for bonds with fixed interest rates may fall. This may have an adverse effect on a fixed income portfolio. Interest income from tax-exempt investments may be subject to the federal alternative minimum tax (AMT) for individuals and corporations, and state or local taxes. Risks for fixed income investments include interest-rate and credit risk. Generally, when interest rates rise, there is a corresponding decline in bond values. Credit risk includes the chance that the bond issuer will not be able to make the principal and interest payments. Principal of mortgage- or asset-backed securities typically may be prepaid at any time, decreasing the yield and market value of those securities. Obligations of U.S. government agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. government.

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