

WEEKLY STRATEGY Perspectives



Private Wealth

WEEK ENDED DECEMBER 12, 2025

Carol Schleif, CFA, SASB-FSA
Chief Market Strategist

Fearless Forecasts

"Those who have knowledge, don't predict. Those who predict, don't have knowledge."

- Lao Tsu

The Through Line: It's been a year of market-moving events on every front imaginable – from sharply pivoting trade policy to technological innovation. Yet, global equity indexes have powered through in fine fashion, flirting with double-digit gains for the **third consecutive year**. What trends, themes and challenges will carry into 2026? We offer a few predictions.

Oh, what a year it's been

We admit to being conflicted about the whole year-end predictions rigmarole. On the one hand, why pick an arbitrary calendar date and peg everything to it? Especially at a time when so many people are vacationing, celebrating or are otherwise preoccupied, sparking light trading volume and potentially meaningless swings that result in specious statistics.

On the other hand, it's nice to have an excuse to pull up from the breathless hustle of daily existence and contemplate longer-term themes. As we run the clock out on our first year of authoring the *Weekly Strategy Perspectives*, we plan to both take a look back for lessons learned (coming next week) and ponder what the new year may hold.

That escalated quickly

The year leapt off the starting block with DeepSeek's revelation of faster, cheaper AI throwing a wrench into the story that had propelled 2024's double-digit equity market gains. Then came hundreds of executive orders signed or rescinded on Inauguration Day (January 20) and DOGE's disruption of most government agencies even before their new heads were in place. **Two things quickly became clear: the trajectory of travel had changed and the pace had stepped up a notch – or three.**

We wrote at the time, "*a lot of policy spaghetti has been tossed at the wall and figuring out what sticks, what stains and what slides off will take time.*" A key factor was not readily apparent though, especially in the prevailing headlines: the economy's resilience. Businesses and consumers adapted, from front-loading purchases of potentially tariffed products to sharpening substitution skills. While sentiment suffered, economic activity remained sturdy, illustrated by aggregate Q3 S&P 500 earnings (up over 13%), solid consumer spending ([WSP - Holiday Shoppers](#)) and GDP growth in the low single digits (setting aside government shutdown distortions). For Canada, where tariff uncertainty ran high for most of the year, the results

seem even more surprising: S&P/TSX up nearly 28%, GDP revised upward to 2.6% in the most recent quarter and an unemployment rate declining more than expected.

After a year of running at this hyped-up pace, markets seem to have developed a higher pain tolerance. Though unexpected events can still cause short-term wobbles, cooler heads (and/or a solid buy-the-dip mentality) tend to deploy rapidly, especially when they are focused on underlying fundamental strength. Below we explore a handful of trends that have roots in 2025 (or earlier) and how they may blossom and grow into the new year.

Key themes that will carry into 2026

1) A slog through the muddy middle persists. Here's what won't happen with the flip of a switch or flourish of a Sharpie: proving (and quantifying) AI's worth in leveraging worker productivity, permitting and opening new factories, reorganizing and reorienting delivery systems and regulatory bodies. It all takes time. Mimicking the dotcom era when all companies were forced to figure out how they were going to utilize the internet, the race is on to test and adopt the tools and rules required to play the new game. *We expect the list of tangible examples to grow in 2026.*

2) Jobless growth becomes the new norm. The factors driving bottom-line growth (e.g., data center buildout, deployment of robots) don't require legions of additional workers. On top of companies' intense focus on margins via selective rightsizing of headcounts, we might well see accelerating revenue/GDP growth but slow or even negative growth in employment. A shrinking pool of workers (boomer retirements and reduced immigration) cushions the blow, but *investors may need to adjust to the new norm of diminished job creation.*

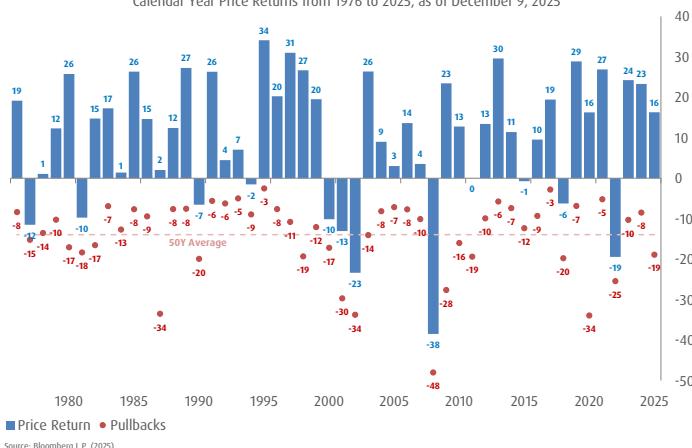
3) There goes the neighborhood. We expect to see increasing community pushback from citizens against locating data centers in their vicinity. DCs arguably make poor neighbors: they create just a handful of jobs once operational; may not add to the tax base for years (through tax breaks given to lure them to a specific locale);

and potentially raise electricity rates and/or lower water tables. *The lofty expansion plans key AI competitors are outlining could be challenged if locales are hard to come by.*

4) The “all things AI” theme broadens. Since the debut of ChatGPT three years ago, the AI theme has dominated market action, media commentary and GDP growth. Other key technologies and segments of the market – biotechnology, quantum computing, AVs, robotics – have been relegated to supporting roles, if noted at all. We expect market action and attention to broaden in the coming year as nervousness grows over trillion-dollar expenditure plans, increasing debt financing and energy bottlenecks. *Getting there may well involve some sort of interim market pullback (reminder: pullbacks are the rule not the exception, see chart), which could present a healthy opportunity to level set for a broader, more sustainable upmove.*

S&P 500 Returns & Intra-Year Pullbacks (%)

Calendar Year Price Returns from 1976 to 2025, as of December 9, 2025



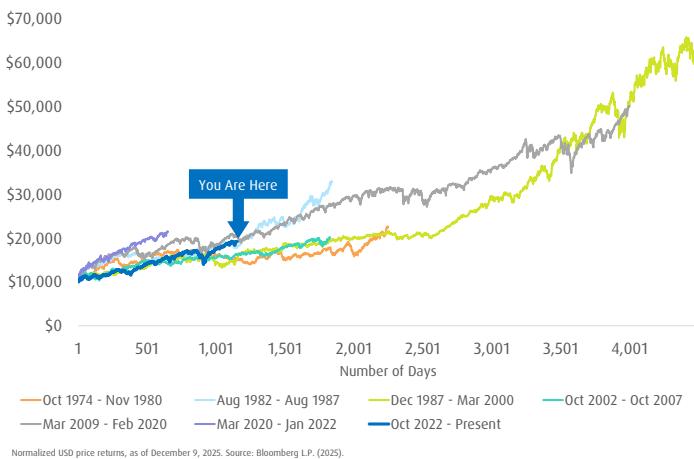
5) The chasm remains between consumer spending and sentiment.

Consumers are unhappy about price levels (affordability) because the concept of inflation is tough to grasp. Federal Reserve policy rate cuts are never going to return price levels to pre-pandemic levels, especially since the economy itself is under massive reorientation to reduce government and boost business activity. *While consumers may eventually anchor to more recent levels, angst over job prospects (holding or finding) could keep a lid on ebullience, though spending should hold up well.*

6) Animal spirits go parabolic. The chart below shows the current equity upmove is still early in its potential life cycle. More important than time in trend, however, are the fundamentals undergirding it which are even stronger moving 2026. They include:

- greater trade/policy/immigration clarity
- the favorable construction and R&D treatment embedded in the One Big Beautiful Bill
- reduced regulation (in many industries) and reduced capital requirements (banks)
- tolerance of larger M&A deals
- enticement of foreign investment in reshoring/onshoring activities
- establishment of ground rules for stable coin/crypto currencies (GENIUS Act) and Federal versus state AI rule making (via executive order)

S&P 500 Growth of \$10,000 During Bull Markets



7) The Fed gets more politicized. Aside from news coverage surrounding the choice of a new chair and whether President Donald Trump has the right to fire the chair and/or remove individual board members, we expect:

- split decisions and divergent public commentary will become the norm, not the exception – in much the same way that the Supreme Court has shifted.
- the stock market may well tire of the machinations and move on – perhaps realizing that Fed cuts don’t shift the long-term trajectory of markets as much as fundamentals do.
- unlike equity traders, bond vigilantes do care about how and when the Fed cuts its policy rate. If cuts are perceived as coming more from political pressure than economic rationale, long rates could rise rather than decline.
- inflation will remain stuck near 3%, a level the Fed will tolerate in order to keep employment steady.

KEY QUESTION: *Would a politicized central bank fear investors more than it fears the White House?*

8) Bonds have more fun.

Fixed income markets will act like hall monitors, keeping an eye on both stock-market exuberance and unhelpful political actions. Globally, for example, intermediate and long bonds have created a strong feedback loop for politicians who have contemplated policies that seem likely to increase overall debt levels. They have pushed yields up – sometimes sharply – on longer dated debt when policy proposals are interpreted as not fiscally prudent. Similarly, if Fed cuts become increasingly politicized, mid- and longer-bond yields could increase. Demand for T-bills to back growing stable coin issuance and/or fund tariff refunds could aid in pushing short rates down (if the Supreme Court rules reciprocal tariffs illegal). *The fixed income markets will bear close watching in 2026 for any early warning signs they throw off.*

9) But too much fun bears watching.

In other corners of the credit markets, we see increased activity in the packaging, offloading and syndicating of AI data center financing via special purpose vehicles (SPVs) that create debt but often keep it opaque off the balance sheet. Banks are also participating in syndicated risk transfer (SRT) transactions to slice off longer-term debt and sell it to holders such as pension plans and insurance companies where the longer-term lending can be better matched against longer-term investment needs. *It can be tough to follow the aggregate risk as the prevalence of such arrangements grows – making ultimate accountability difficult to understand.*

10) Geopolitical pivot rolls on through the rewiring of post-WWII relationships, supply chains, mind sets. Since taking office in January, the Trump administration has sent increasingly clear messages to global partners re its America First intentions. In broad terms, the U.S. is shifting focus – and military support – from EU theaters to the Western Hemisphere, updating the 1823 Monroe Doctrine. We see many potential global implications from U.S. actions:

- pushing other nations to accelerate fiscal stimulus (e.g., China) and spending (the EU) – particularly on defense and infrastructure.
- rebalancing the world order in ways that tariffs/trade negotiations alone do not.
- motivating non-U.S. countries to accelerate investment in their own sovereign critical industries (e.g., weapons manufacture in Germany and pipelines in Canada), infrastructure and supply chains. The idea is to parallel track by stabilizing business on a case-by-case basis with the U.S. while developing new supply, security and trade relationships with other countries.
- potentially implementing a policy of America Alone versus America First over the long term while the rest of the globe rebalances to sturdier interdependence.
- setting the stage for provocative, trial-balloon headlines to appear in the run-up to renegotiation of USMCA/CUSMA in 2026. Hopefully, markets take them in stride (a.k.a. largely ignore them). Given the substantial integration that exists in the long-established spider web of supply chains and business agreements, we believe negotiations will ultimately lead to preservation of this vital trading bloc.

Implications for investors

After three years of solid returns in stock markets and orderly returns in bond markets, investors have a lot to consider going into 2026. Our overarching belief is that economic growth will continue not just in the U.S. but globally, auguring for a moderate equity overweight. That said, we are aware that three solid, double-digit growth years might have left investors waiting for a shoe to drop.

The table stakes include practicing solid portfolio hygiene via regular rebalancing, dollar-cost averaging, global size and industry diversification, plus avoidance of stretching for yield on assets that are meant for asset preservation and stability. We expect volatility to tick up – particularly if trepidation re the AI trade intensifies or new technological breakthroughs are announced. Keep emotions in check and use volatility to help rebalance to long-term targets.

In focus in North America

Jon Borchardt, Sr. Analyst

George Trapkov, CFA, VP and Portfolio Manager

This week

U.S. announces new National Security Strategy – Late last week, the White House released a 33-page document outlining a strategic shift away from the post-WWII global geopolitical and trade philosophy toward a well-defined America-First agenda. Core priorities of the NSS emphasize border security, reindustrialization, rebuilding the middle class, and investment in areas of strategic focus, including finance, energy, science and technology. Some other key points:

- The end of U.S. support for NATO expansion. Europe must stand on its own two feet.
- China is now considered a strategic competitor rather than an ideological competitor. The NSS argues China's influence as a global power must be constrained while simultaneously acknowledging its importance as a trading partner.
- Tariffs will be a permanent fixture of U.S. trade policy.
- From a regional perspective, the Western Hemisphere and Indo-Pacific become the core areas of focus. In Latin America, the U.S. seeks to establish friendly relations with governments in order to push out non-hemispheric actors (e.g., Russia and China). It also aims to help control migration flows.
- The Indo-Pacific region is expected to be “among the greatest economic battle grounds of the coming decades.” The U.S. intends to dominate this arena by becoming a partner of choice. The deterrent of U.S. military strength will prevent actual war over Taiwan or shipping routes.

Social themes woven into the document include reinvigorating America's cultural and spiritual health, unapologetically cherishing past glories, supporting traditional families and rooting out diversity, equity and inclusion (DEI) practices. Overall, the NSS emphasizes a transaction-based approach to foreign policy while simultaneously pursuing policies President Trump believes will strengthen the homeland.

U.S. small business sentiment shows improvement

Optimism among small business owners improved in November, but challenges remain. The National Federation of Independent Business (NFIB) Small Business Optimism Index reading for the month climbed 0.8 points, to 99. Directionally this was positive, but a deeper dive into the data reveals a mixed picture. A nine-point improvement in expected real sales was the single most important factor driving November's index numbers higher. This aligns with positive retail sales data coming out of cyber week, which indicate the consumer has remained stronger than many pundits had projected. Importantly, 64% of survey respondents believe their own business is in good-to-excellent health. At issue is uncertainty, which continues to linger at above-average levels. Labor availability continues to be the largest concern for small business owners. Fifty-six percent of survey respondents were actively looking to hire and 89% of those were unable to find qualified applicants. The number of small business owners who said they were increasing prices rose 13 points on a seasonally adjusted basis to 34%, representing

the largest month-over-month increase in the index's almost 40-year history. Supply chain headwinds have intensified and a growing number of respondents anticipate increasing wages.

Jobs week in the U.S. – After a month-long hiatus, the Bureau of Labor Statistics (BLS) released Job Openings and Labor Turnover Survey (JOLTS) results for October. The headline figure of 7.67 million available positions outpaced the Bloomberg consensus forecast at 7.12 million; the openings rate of 4.3% was flat relative to August levels. Hiring and separation rates were also stable over the period. The quits rate fell to 1.8%, the lowest level in the BLS survey since May 2020. This aligns with the New York Fed's Survey of Consumer Expectations showing the mean probability of employees voluntarily leaving their jobs has fallen to the lowest level since February. Declining quits rates signal the currently employed lack confidence they will be able to find greener pastures elsewhere. Layoffs and discharges rose to their highest level since January 2023, but much of the cull happened in September and then held relatively flat. From a pure data perspective, nothing in the JOLTS report suggested an imminent labor-market implosion or a wage-pressure-induced inflationary threat.

Canadian hiring shows strength – Employment increased by 53,600 in November, extending a three-month string of solid job growth and washing away the summer weakness. The jobless rate decreased by 0.4% to 6.5% – an impressive drop not seen in many years. A significant cool-down in population growth, and thus the labour force, is a major factor behind the reduced pressure on the jobless rate. Alberta was the big winner, recording a large advance of 28,700 led by health care and accommodation. Beyond that, seven other provinces reported small gains. Only Quebec and Newfoundland saw modest declines. This solid jobs report follows a series of better-than-expected results on the Canadian economy in recent weeks, including the upside surprise on Q3 GDP and the earlier robust job gains.

Canadian banks report solid results – Canada's banks reported solid earnings last week. Revenues increased 12% to 15%, which drove higher than expected earnings. Commentary from the banks suggests that credit provisions have likely peaked but face an elongated plateau courtesy of ramped-up trade negotiations in 2026. With strong capital ratios, all banks are expected to remain active with buybacks. The return of capital along with earnings growth should help drive higher ROEs which all bank management teams essentially guided to. Earnings are expected to grow to mid-teens in 2026 and 2027, supporting valuations.

U.S. central bank delivers a rate cut

The Federal Reserve Open Market Committee delivered a 25 basis point rate cut as expected. The vote was not unanimous as three governors from both sides of the philosophical spectrum dissented. After 1.75% in cumulative cuts from the peak, Chair Jerome Powell characterized policy as broadly within a neutral range. This positions a divided Committee to take a wait-and-see approach, responding to incoming data with the dual mandate currently in reasonable balance. The rate decision was accompanied by the Summary of Economic Projections (affectionately called the “dot plot”).

Projections for inflation in 2026 eased somewhat, while the GDP growth forecast was lifted. Inflation has been led by the goods sector, with tariffs acting as a key contributor, though the Fed's base case foresees these headwinds as transitory. **An improved outlook for economic growth in 2026 versus the September projections was attributed to structurally higher productivity gains** seen in recent years, which could be further augmented by artificial intelligence. On affordability, Chair Powell argued that the elevated costs locked in during 2022 and 2023 continue to shape perceptions more than today's inflation rate. Equity markets rallied on the back of a positive outlook for the economy in 2026 and messaging from the Fed that tilted less hawkish than feared. Bond investors also welcomed the Fed's plan to begin a \$40 billion T-bill purchase program next week, with buying likely to run at an accelerated pace in the months ahead. This announcement put downward pressure on yields and the U.S. Dollar.

No interest rate cut in Canada – In a widely anticipated decision, the Bank of Canada chose to keep its key lending rate unchanged at 2.25%, following trims of 25 basis points in its last two decisions. This brings rate cuts to a total of 100 bps for all of 2025, after the bank slashed them by 175 basis points in the final five meetings of 2024. The BoC expects a "weak" Q4 and a choppy quarterly growth pattern in 2026, while it still looks for growth to pick up in 2026. The bank's view on the inflation backdrop seems largely unchanged, still asserting that underlying inflation is around 2.5%, and that CPI inflation will be close to the 2% target in 2026. BMO Economics continues to believe that there is greater chance of a BoC rate cut than a hike in 2026, even if the most likely outcome is no move at all. A year without any rate moves would hardly be an anomaly; in seven of the last 15 years, the bank remained on hold for a full calendar year.

Next week

With key central bank meetings in the rearview and the next earnings season still a month away, we expect markets to become increasingly quiet as the year winds down. What's not to like about time with family, friends and a glass of holiday cheer – especially when both U.S. and Canadian markets have another year of nice gains on the books.

Monday 12/15 – U.S. Empire State manufacturing survey | Canada Housing starts, Inflation, CPI, Manufacturing sales

Tuesday 12/16 – U.S. November employment reports, retail sales, Business inventories, Services and Manufacturing PMIs

Wednesday 12/17 – None Scheduled

Thursday 12/18 – U.S. Initial Jobless claims, CPI, Philly Fed | Canada CFIB Business barometer

Friday 12/19 – U.S. Consumer sentiment | Canada Retail sales

Data scorecard as of December 10, 2025

Equity Market Total Returns						
	12/10/2025 Level	WTD	YTD	2024	2023	2022
S&P 500	6,887	0.2%	18.5%	25.0%	26.3%	-18.1%
NASDAQ	23,654	0.3%	23.3%	29.6%	44.7%	-32.5%
DOW	48,058	0.3%	14.9%	15.0%	16.2%	-6.9%
Russell 2000	2,560	1.5%	16.2%	11.5%	16.9%	-20.5%
S&P/TSX	31,491	0.6%	30.5%	21.7%	11.8%	-5.8%
MSCI EAFE	10,358	-0.2%	28.2%	3.8%	18.2%	-14.5%
MSCI EM	754	-0.2%	31.3%	7.5%	9.8%	-20.1%
Bond Market Total Returns						
		WTD	YTD	2024	2023	2022
Bloomberg U.S. Aggregate		0.1%	7.0%	1.3%	5.5%	-13.0%
Bloomberg U.S. Treasury		0.1%	6.1%	0.6%	4.1%	-12.5%
Bloomberg U.S. Corporate		0.1%	7.6%	2.1%	8.5%	-15.8%
Bloomberg U.S. High Yield		-0.1%	8.0%	8.2%	13.4%	-11.2%
Bloomberg 1-10 Year Munis		0.0%	4.9%	0.9%	4.5%	-4.7%
Bloomberg Canada Aggregate		0.1%	2.0%	4.0%	6.5%	-11.3%
Bloomberg Canada Treasury		0.1%	1.0%	2.9%	5.0%	-9.9%
Bloomberg Canada Corporate		0.2%	3.9%	6.9%	8.2%	-9.5%
Government Bond Yields						
	12/10/2025	Last Month End	Last Quarter End	2024	2023	2022
U.S. 10-Year Treasury	4.15%	4.02%	4.15%	4.57%	3.88%	3.88%
Canada 10-Year Government	3.42%	3.15%	3.18%	3.23%	3.11%	3.30%
U.K. 10-Year Gilt	4.50%	4.44%	4.70%	4.56%	3.53%	3.66%
German 10-Year Bund	2.85%	2.69%	2.71%	2.36%	2.02%	2.57%
Japan 10-Year Government	1.95%	1.81%	1.64%	1.09%	0.61%	0.41%
Currencies & Real Assets						
	12/10/2025 Level	WTD	YTD	2024	2023	2022
USD Index	98.79	-0.2%	-8.9%	7.1%	-2.1%	8.2%
CAD:USD	\$0.73	0.2%	4.3%	-7.9%	2.3%	-6.7%
Bitcoin	\$92,396.10	3.6%	-1.4%	120.5%	157.0%	-64.3%
Gold	\$4,228.84	0.7%	61.1%	27.2%	13.1%	-0.3%
Oil (WTI)	\$58.46	-2.7%	-18.5%	0.1%	-10.7%	6.7%

*Benchmark data does not reflect actual investment performance but reflects benchmark results of the underlying indices referenced. You cannot invest directly in an index. Index definitions can be found at the end of this publication.

Index Definitions

Equity indices

S&P 500® Index is an index of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

NASDAQ Composite Index is a market-cap weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

Dow Jones Industrial Average ("DOW") is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

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.

S&P/TSX Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada's primary stock exchange, the Toronto Stock Exchange (TSX).

MSCI EAFE Index (Developed Markets –Europe, Australasia, and Far East Index) is a standard unmanaged foreign securities index representing major non-U.S. stock markets, as monitored by Morgan Stanley Capital International. The index captures large and mid-cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a market capitalization weighted index representative of the market structure of the emerging markets countries 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.

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. Treasury Index is an unmanaged index that includes a broad range of U.S. Treasury obligations and is considered representative of U.S. Treasury bond performance overall.

Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg U.S. Corporate High Yield Index is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+ or below.

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

Bloomberg Canada Aggregate Bond Index measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market. It includes treasuries, government-related, and corporate issuers.

Bloomberg Canada Aggregate Bond Index - Treasury is the treasury sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.

Bloomberg Canada Aggregate Bond Index - Corporate is the Corporate sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.



Disclosure

"BMO" refers to BMO Financial Group, a diversified financial services organization and a trade name used by Bank of Montreal its subsidiaries and affiliates including BMO Bank N.A. in the United States. "BMO Private Wealth" is a brand name for entities of BMO providing wealth management products and services in North America including BMO Wealth Management in the United States. For Canadian Residents: Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. If you are already a client of BMO Nesbitt Burns Inc., please contact your Investment Advisor for more information. Estate, trust, and custodial services are offered through BMO Trust Company. BMO Private Wealth legal entities do not offer tax advice. BMO Trust Company and BMO Bank of Montreal are Members of CDIC.

"BMO Wealth Management" is a brand delivering investment management services, trust, deposit and loan products and services through BMO Bank N.A., a national bank with trust powers; family office services and investment advisory services through BMO Family Office, LLC, an SEC-registered investment adviser; investment advisory services through Stoker Ostler Wealth Advisors, Inc., an SEC-registered investment adviser; and trust and investment management services through BMO Delaware Trust Company, a Delaware limited purpose trust company. These entities are all affiliates and owned by BMO Financial Corp., a wholly-owned subsidiary of the Bank of Montreal. BMO Delaware Trust Company operates only in Delaware, does not offer depository, financing or other banking products, and is not FDIC insured. Not all products and services are available in every state and/or location. Family Office Services are not fiduciary services and are not subject to the Investment Advisers Act of 1940 or the rules promulgated thereunder. Investment products and services are: **NOT A DEPOSIT – NOT INSURED BY THE FDIC OR ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY ANY BANK – MAY LOSE VALUE**. Capital Advisory Services are offered by a division of BMO Bank N.A.

This report contains our opinion as of the date of the report. We will not update this report or advise you if there is any change in this report or our opinion.

Forward-looking statements in this report involve known and unknown risks, uncertainties and other factors that may cause actual performance to differ materially from the projections and opinions contained in the report. Do not place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of the report. The words "may," "could," "should," "would," "suspect," "believe," "expect," "intend," "forecast," and similar expressions identify forward-looking statements. Forward-looking statements are not guarantees of future performance or events. Forward-looking statements involve risks and uncertainties about general economic factors. It is possible that predictions, projections, and other forward-looking statements will not be achieved. General factors that could cause our predictions or projections to change include general economic, political and market factors; interest and foreign exchange rates; global equity and capital markets; commodities markets; business competition; technological changes; changes in laws and regulations; judicial or regulatory judgments; legal proceedings; and catastrophic events.

Investment involves risk. Market conditions and trends will fluctuate. Investment returns fluctuate, and investments when redeemed, may be worth more or less than the original investment. Asset allocation and diversification do not guarantee a profit and do not eliminate the risk of experiencing investment losses. Past performance is not indicative of future results.

This report and any discussions of specific securities, fund managers, or investment strategies are for informational purposes only and are not investment advice. This report does not predict or guarantee the future performance of any security, fund manager, market sector, or the markets generally.

This report is not a client-specific suitability analysis or recommendation, to buy, sell, or hold any security. Do not use this report as the sole basis for your investment decisions. Do not select an asset class, investment product, or investment manager based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

Our affiliates may provide oral or written statements that contradict this report. These same persons may make investment decisions that are inconsistent with this report.

You may not copy this report or distribute or disclose the information contained in the report to any third party, except with our express written consent or as required by law or any regulatory authority.