

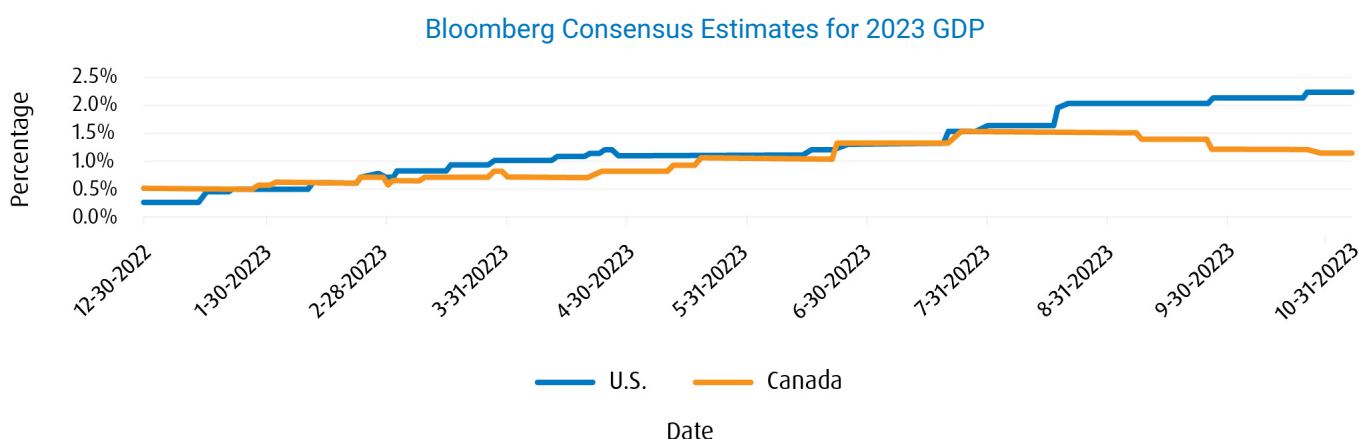
# 10 Big Investment Trends for 2024



## #1: RECESSION

### How Bad is the Economic Consensus?

Consensus Gross Domestic Product (GDP) growth estimates evolved greatly over the course of 2023, as the graph below demonstrates. 2024 is likely to reveal a weaker economy, which just means that it could turn out to be the year for fixed income to shine.



Source: Bloomberg, BMO GAM, as of October 31, 2023.

For exposure to fixed income, consider:

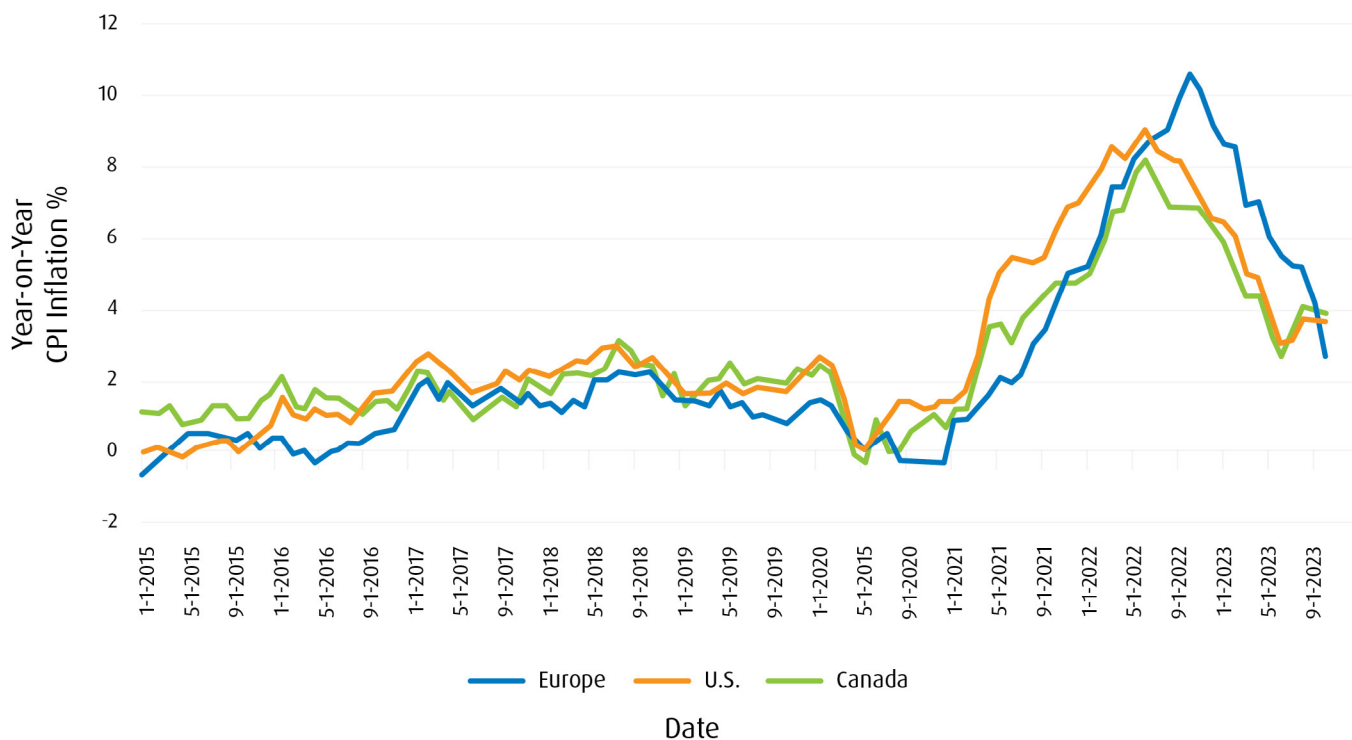
- [BMO Aggregate Bond ETF Fund](#)
- [BMO Core Plus Bond Fund](#)
- [BMO Corporate Bond ETF Fund](#)
- [BMO Ultra Short-Term Bond ETF Fund](#)

## #2: INFLATION

# Are Rising Prices Transitory After All?

Slowing economic growth should reinforce low and stable inflation into 2025—and this normalization is likely to serve as a tailwind for equities and bonds.

Global Inflation: The Worst Is Potentially Behind Us



Source: Bloomberg, BMO GAM, as of September 30, 2023.

With the worst of inflation potentially behind us, look to:

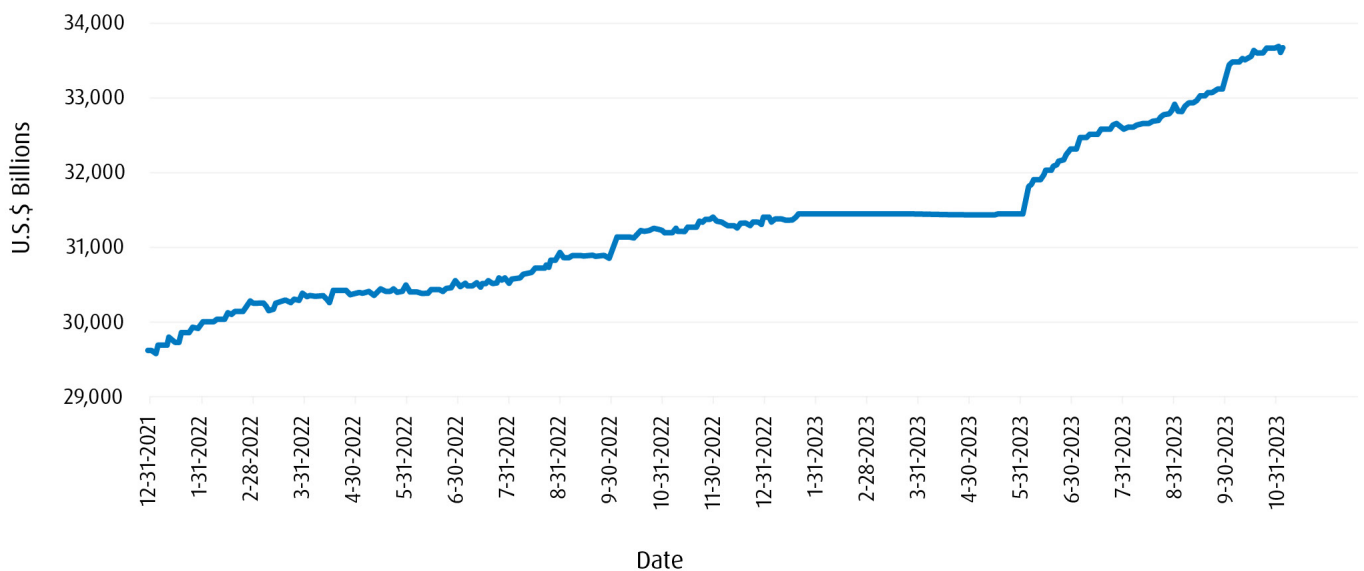
- [BMO Concentrated Global Equity Fund](#)
- [BMO Tactical Global Growth ETF Fund](#)
- [BMO Dividend Fund](#)
- [BMO Aggregate Bond ETF Fund](#)
- [BMO Global Equity Fund](#)

### #3: FISCAL POLICY

## Will Higher Interest Rates Revive Fiscal Hawks?

Fiscal austerity typically leads to a recession, so policy-makers may prefer lower interest rates and tolerance for an inflation rate of 3% rather than the usual 2% target.

U.S. Total Public Debt Outstanding: Heading to \$35 Trillion in 2024



Source: Bloomberg, BMO GAM, as of October 31, 2023.

These strategies may help manage risk amid economic uncertainty:

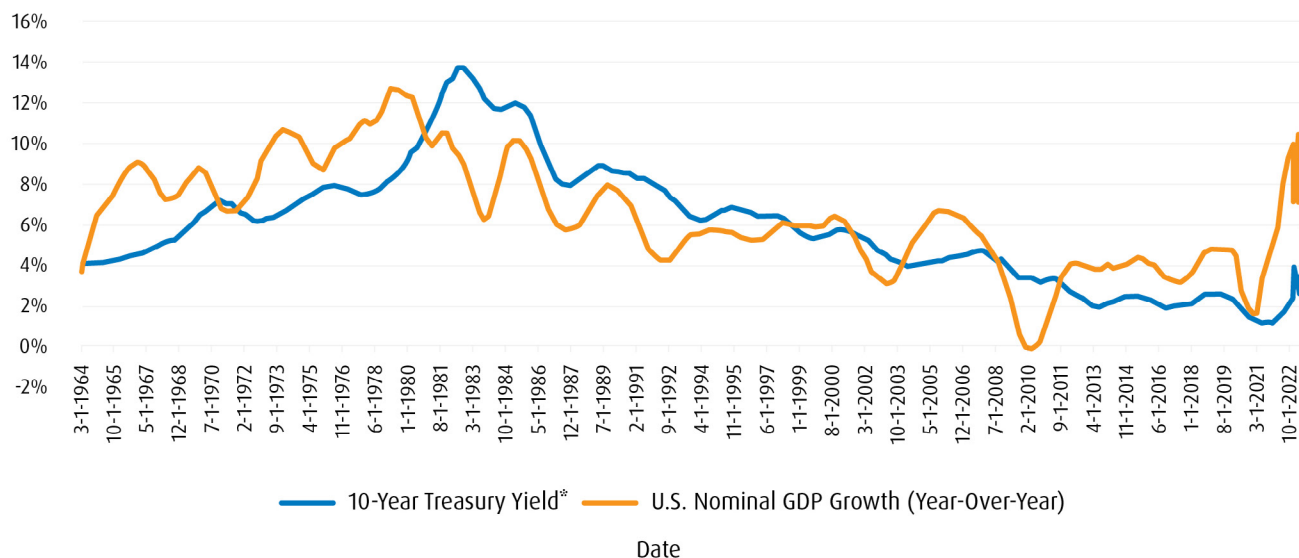
- [BMO Aggregate Bond ETF Fund](#)
- [BMO Income ETF Portfolio](#)

## #4: MONETARY POLICY

# Higher-for-Longer Interest Rates Will Be Tested

Fixed income markets see higher-for-longer as the most likely scenario, but we think even a soft landing could mean much lower interest rates.

Long-Term Rates Depend on the Economy



Source: Bloomberg, BMO GAM, as of November 8, 2023. \*Note: 8-quarter moving average.

Capitalize on potentially lower interest rates with:

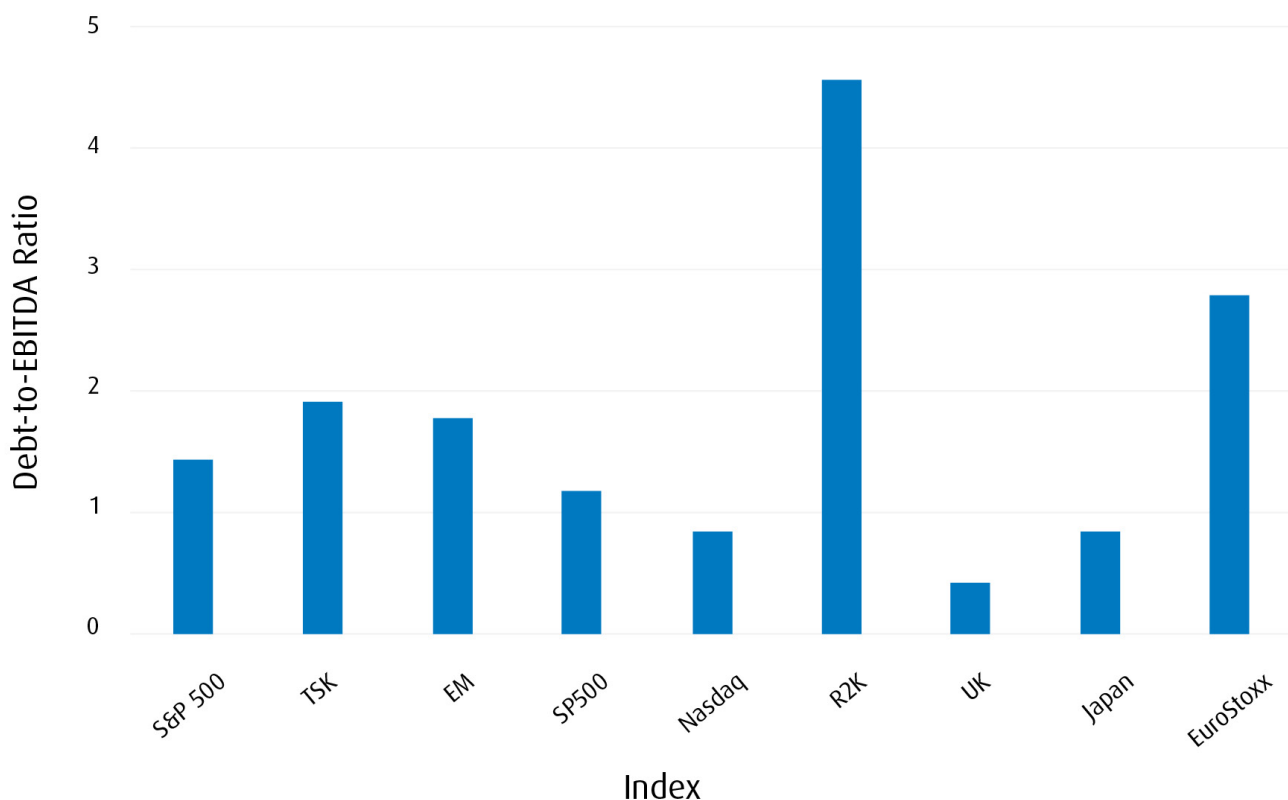
- [BMO Aggregate Bond ETF Fund](#)
- [BMO Covered Call Canada High Dividend ETF Fund](#)
- [BMO Dividend Fund](#)

## #5: CORPORATE LEVERAGE

# Watch for the Rise of the Zombies

Differing sensitivity to interest rates across regions and sectors means that the timing and magnitude of rate cuts in 2024 could be an important driver of relative performance.

Debt-to-EBITDA: Higher Corporate Debt Load Means Greater Sensitivity to Interest Rates



Source: Bloomberg, BMO GAM, as of November 8, 2023. \*Note: 8-quarter moving average.

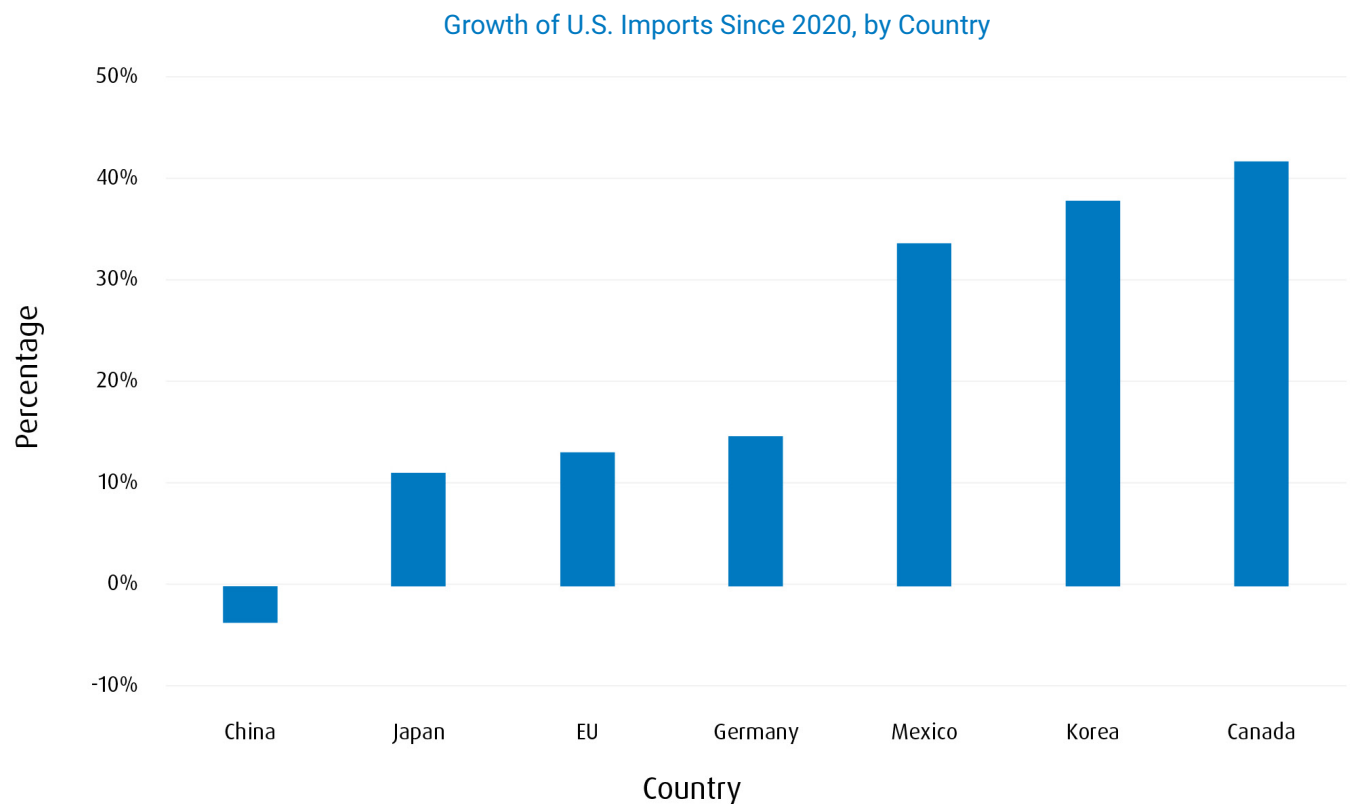
Looking to access U.S. and global strategies? Try:

- [BMO Concentrated Global Equity Fund](#)
- [BMO U.S. Equity ETF Fund](#)
- [BMO U.S. Equity Plus Fund](#)
- [BMO Global Equity Fund](#)

## #6: GEOPOLITICS

# Deglobalization or Regionalization?

Do not confuse deglobalization (the trend of diminishing interdependence between countries) with “friendly” shifts in global trade. ‘Nearshoring’ or ‘friendshoring’ (the shift of supply chain networks from geopolitical rivals to allies) means that for countries aligned with the U.S., trade opportunities are likely to grow.



Source: Bloomberg, BMO GAM, as of September 30, 2023.

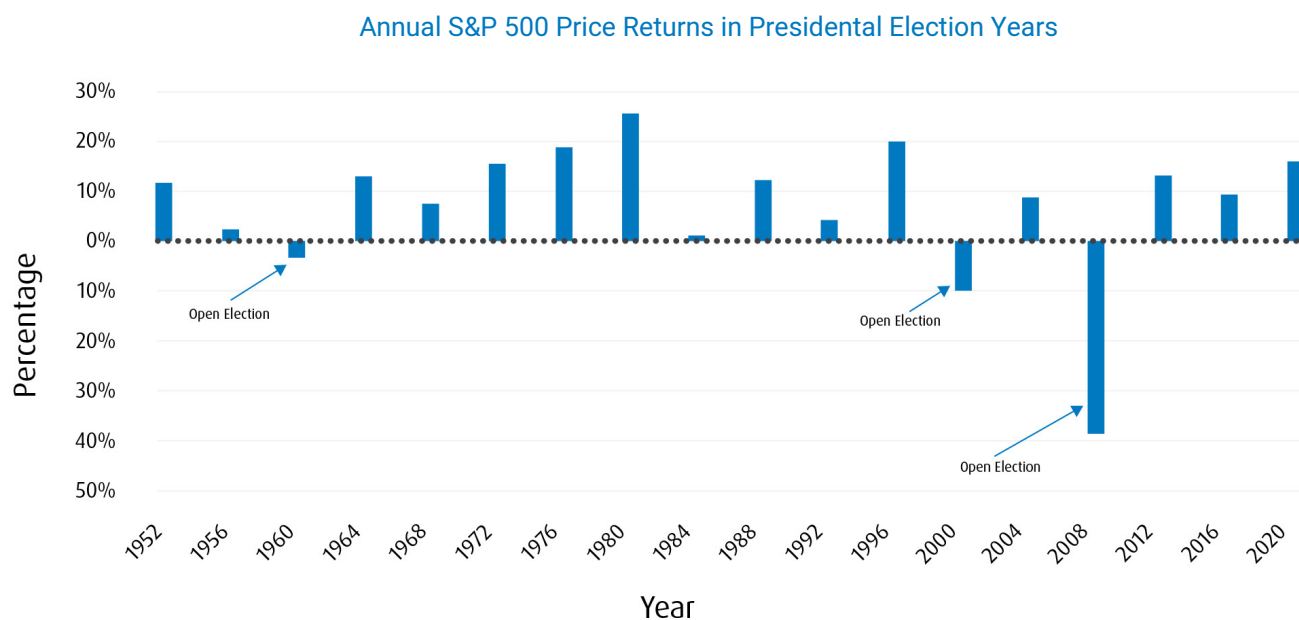
Add to your Canadian exposure with:

- [BMO Canadian Banks ETF Fund](#)
- [BMO Low Volatility Canadian Equity ETF Fund](#)
- [BMO Covered Call Canada High Dividend ETF Fund](#)
- [BMO Canadian Income & Growth Fund](#)

## #7: U.S. POLITICS

# U.S. Presidential Election Years Are Usually Good for Stocks

Since 1952, the S&P 500 has not declined in a year in which an incumbent president was running for re-election.



Source: Strategas Research Partners.

Add U.S. exposure to your portfolio with:

- [BMO U.S. Equity Plus Fund](#)
- [BMO Covered Call U.S. High Dividend ETF Fund](#)
- [BMO Low Volatility U.S. Equity ETF Fund](#)
- [BMO U.S. All Cap Equity Fund](#)
- [BMO Premium Yield ETF Fund](#)
- [BMO U.S. Equity ETF Fund](#)

## #8: ARTIFICIAL INTELLIGENCE

# Join the Revolution

In 2023, we witnessed the increasing footprint of transformative technologies like A.I. across all aspects of economic activity. Big Tech could continue to lead in 2024.

Tech Platforms: Time to Reach 100 Million Users

Rank	Platform	Launch	Time to 100M Users
1	Threads	2023	5 days
2	ChatGPT	2022	2 months
3	TikTok	2017	9 months
4	WeChat	2011	1 year; 2 months
5	Instagram	2010	2 years; 6 months
6	Myspace	2003	3 years
7	WhatsApp	2009	3 years; 6 months
8	Snapchat	2011	3 years; 8 months
9	YouTube	2005	4 years; 1 month
10	Facebook	2004	4 years; 6 months

Source: Visual Capitalist.

Access leading Technology companies with:

- [BMO Global Innovators Fund](#)
- [BMO Nasdaq 100 Equity ETF Fund](#)
- [BMO ARK Innovation Fund](#)

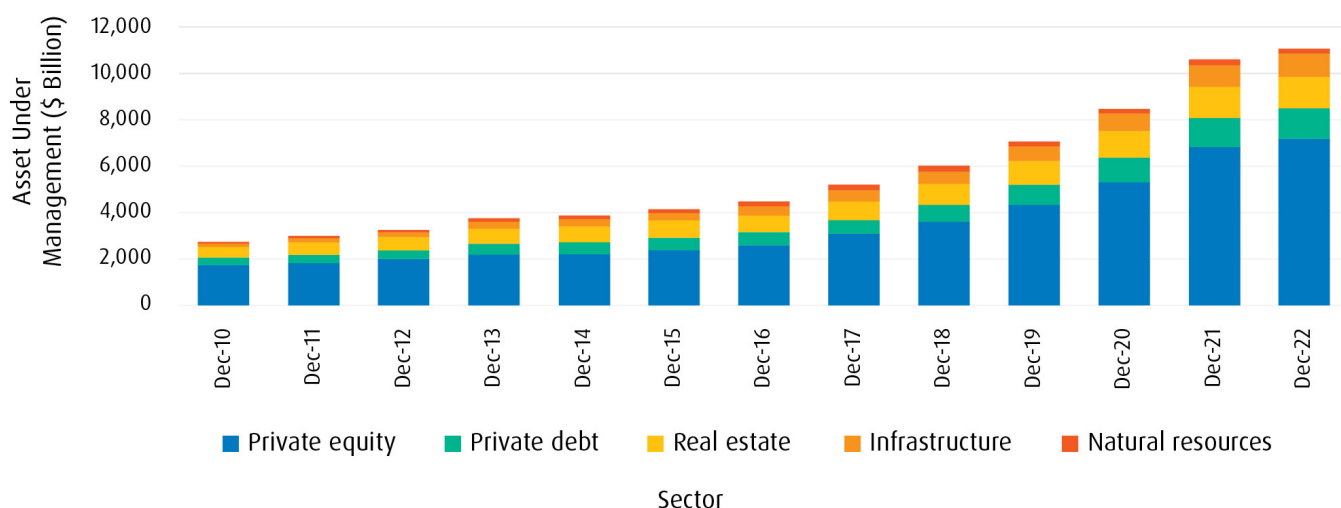


## #9: ALTERNATIVES

# The Quest for Diversification

While interest rates have normalized from the low levels of the past decade, elevated market volatility has provided yet another reason for investors to diversify with alternative investments.

The Growth of Alternative Investments (2010-2022)



Source: Preqin Pro, as of January 18, 2023.

If you're looking to diversify via exposure to real assets, consider:

- [BMO Partners Group Private Markets Fund<sup>1</sup>](#)

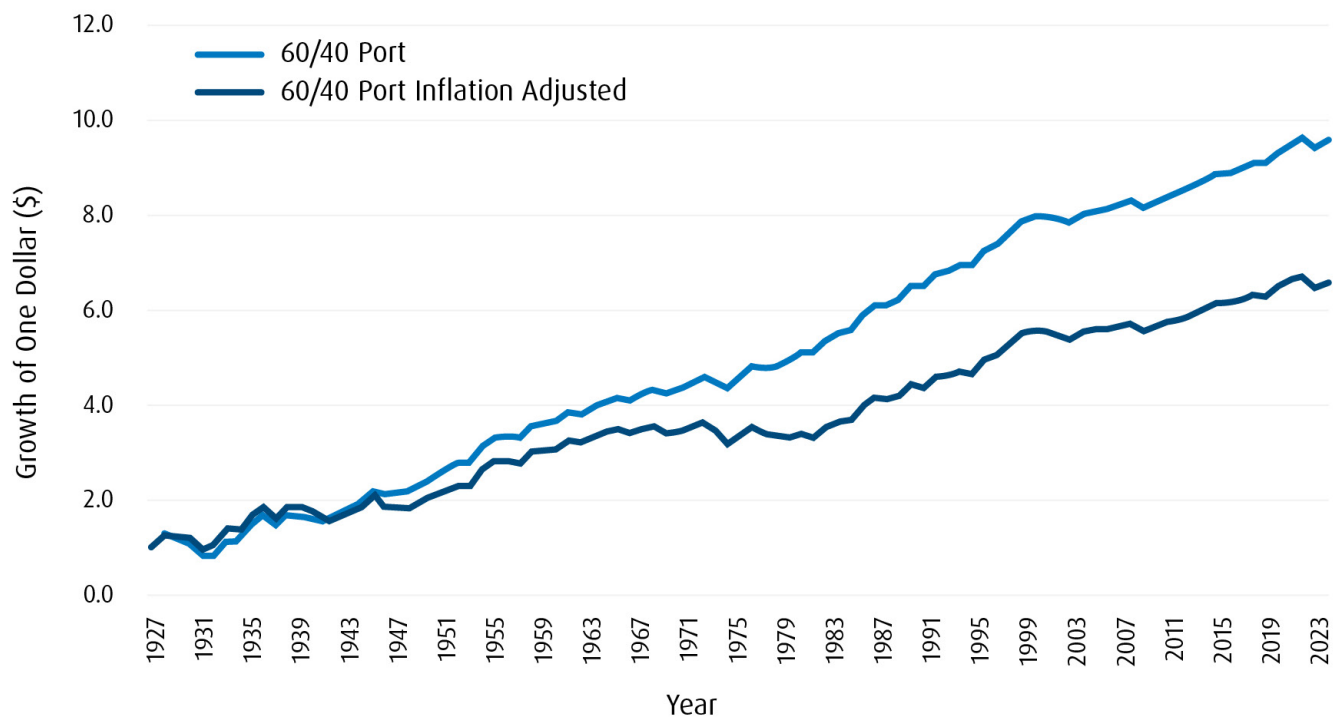
<sup>1</sup> For Canadian accredited investors only.

## #10: REBOOTING THE 60/40 PORTFOLIO

# Time to Embrace the Ballast of Higher Interest Rates

In the 2010s, low interest rates left the burden of expected returns on equities. But more recently, bond yields at levels not seen in decades have helped to rejuvenate the 60/40 portfolio.

The Balanced Portfolio Since 1928



Source: Bloomberg, BMO GAM, as of October 31, 2023.

Take a balanced approach with:

- [BMO Global Income & Growth Fund](#)
- [BMO Canadian Income & Growth Fund](#)
- [BMO Concentrated Global Balanced Fund](#)
- [BMO Balanced ETF Portfolio](#)

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