



Part of our service commitment is to provide timely, relevant and insightful information to you.

In the text below, we include an article on digital security and also our thoughts on equity markets.

### **Digital Security – Keeping Your Personal and Account Information Safe**

In this day and age with cyber-crime ever present, it's worth a reminder on the importance of keeping your online activity safe and knowing what to look for.

This article provides a few simple ways you can protect yourself, as well as some strategies for detecting fraud.

## Equity Strategy

With interest rates continuing to rise globally, we believe that managing interest rate sensitivity will be one of the more important drivers of portfolio performance for the next few years. With the benchmark U.S. 10-year treasury yield within striking distance of 3%, we believe that the multi-decade bond bull market may be coming to an end. While we do not think rates will skyrocket anytime soon, shifting from a generally declining rate environment to a rising one is a notable change from an investment perspective.

While we continue to invest with diversified sector exposure, we are cautious on interest rate sensitive sectors (like utilities, pipelines and telecommunications) and are selective if choosing companies in those spaces. The key reasons for our cautiousness are that 1) these sectors are typically very capital intensive and carry high debt loads, so as interest rates rise, their costs of funds go up (similar to the impact of higher mortgage rates on borrowers), 2) higher rates often signal a stronger economy and inflationary pressure which drives investors to more cyclical sectors and 3) it makes the typical dividend yield advantage of these sectors less attractive relative to bond alternatives. We search for those with dividend growth potential that could mitigate the risk of a continued rise in rates.

On the other hand, we are more optimistic on those areas that should benefit from higher interest rates, such as financials and technology. These types of names tend to do well when the economy is performing well and should more than offset the headwinds experienced by some of our more defensive stocks should rates climb higher.

For our asset allocation strategy, we continue to overweight equities and underweight fixed income. The risk to longer duration bonds could be significant. Owning longer term securities that are more sensitive to interest rates may have a negative impact on performance as capital losses could exceed coupon income. The common thinking in this environment is to automatically sell long term securities and increase the allocation to cash and cash equivalent investments. However, not all raising rate cycles are the same and other strategies like holding preferred shares and/or laddering bonds may not only help mitigate the risk of losses but also help

stabilize portfolio income.

As we wrote last month: “While popular perception is that rising interest rates are negative for stocks, our analysis shows that this is not necessarily the case.” In Canada specifically, the market has reacted quite differently than in the U.S., posting far better median gains when interest rates were rising, likely because these periods coincided with inflationary pressure and associated strong commodity price cycles.

# Digital Security – Keeping Your Personal and Account Information Safe

At BMO, we take your security seriously. We are committed to respecting and protecting the privacy and confidentiality of the personal information you entrust to us. It is also important that you know how to keep your information secure. This article provides a few simple ways you can protect yourself, as well as some key reminders for detecting fraud. More information about enhancing your security is available on the BMO Security Centre at [www.bmo.com/home/about/banking/privacy-security/](http://www.bmo.com/home/about/banking/privacy-security/). Please be reminded that these are suggestions and we recommend that you speak to a technology professional about your digital security.

## Public Wi-Fi

Public Wi-Fi hotspots offer minimal security and may leave you vulnerable to cyber threats because you can't control what security measures are being taken. As such, accessing your financial accounts while connected to public Wi-Fi is not recommended.

## Passwords

To make sure that your password remains secure, it's good to get into the habit of changing your passwords regularly – for your computer, Wi-Fi, and all online accounts and websites.

## Securing your computer

To help protect your account information, make sure that your computer is free of viruses and malware, and that your network connection is secure. It is recommended that you have antivirus software installed on your computer as it can help you avoid becoming infected from malware such as viruses, worms, Trojans and adware, all of which can be harmful to the security of your computer and, as a result, your information.

## Securing your network and browser

### Network security

When you secure your network, you decrease the chance of hackers gaining access to your network and, consequently, your personal information. To help protect the integrity of your network, you can use a software or hardware-based firewall<sup>1</sup>.

## Browser security

With fraudulent websites becoming harder to spot, it's important to be able to verify the web pages you're visiting, especially for Online Banking or when viewing your investment accounts online. To start, we recommend downloading Trusteer Rapport<sup>®</sup> software. It's free to download on your desktop, easy to set up, and it will ensure that you're accessing bmo.com, not an imposter site.

## Permanently delete files

When you delete a file on your computer, it does not mean that it's gone forever. The information still exists on your hard drive until it is overwritten by new data. As a result, identity thieves can retrieve personal information from your hard drive after you sell or donate your computer, even if you deleted the file. To prevent this type of information theft from occurring, it is important to follow a proper electronic file disposal procedure to make your files unrecoverable.

## Emailing personal information

Email is an easy and convenient way to communicate with your BMO financial professional. However, it can involve sending attachments or providing personal information. To help ensure that information being sent over email is secure, BMO employees use, and clients can access, BMO's PROTECT Message Center ("PROTECT"). PROTECT is a free service and is easy-to-use. It encrypts/scrambles your confidential information and stores it in a secure format for 90 days, enabling you to send and receive emails with confidence knowing that the information inside is protected. To enroll, speak to your BMO financial professional.

<sup>1</sup>A firewall is a program or device that inspects the information passing between your computer and its network connection. It blocks malware from gaining access to your computer, and also prevents the spread of any malicious software that finds its way onto your computer from spreading to your network

## Detecting fraud

Knowing how to detect fraud is a key aspect of keeping your personal and account information safe and secure. Phishing schemes are becoming increasingly sophisticated, so it's important to know what to watch for.

As a reminder, BMO will never:

1. Call or email you to ask for your debit/credit card PIN or Online Banking password.
2. Send you an email and request that you provide your banking details by clicking on a link in the email. Our preference is to direct you to our website.
3. Ask you to email or text personal or banking information.

If you do receive such a request, please forward it as an email attachment to [online.fraud@bmo.com](mailto:online.fraud@bmo.com), and then delete the message<sup>2</sup>.

## Spotting fraudulent emails

The following are some tips that can help you recognize fraudulent emails. Be cautious if:

- The email is sent from a new source or person with whom you have not previously communicated via email;
- The email is coming from an unsolicited source, contains attachments, or states that it is a follow-up to an action you did not take;

- The web address provided in the body of the email is clearly not leading to a BMO site. For example, be cautious if the web address contains the “@” symbol or is completely numeric (eg.123.456.1.2.);
- The email contains major spelling or grammatical errors. Legitimate emails do not contain these types of mistakes;
- The email contains threatening language or invokes a sense of urgency (e.g., “The account has been suspended” or “Click here immediately to reactivate your account”); or
- The email lacks details about who is sending the email (e.g., no street address or company name).

## BMO Privacy Code – Canada

The **BMO Privacy Code – Canada**, which applies to the operations of BMO Financial Group in Canada, outlines what personal information we will collect about you, how we will use it, and who may see it. You can review the code on the BMO site ([www.bmo.com](http://www.bmo.com)) under **Personal >> About BMO >> Privacy Security >> Our Privacy Code**.



To learn more about BMO's recommendations for keeping your personal and account information safe, visit the **BMO Security Centre** by clicking **Security** at the very bottom of the [bmo.com](http://bmo.com) homepage.

<sup>2</sup> Standard messaging and data charges may apply.



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