

Below is our regular monthly message on the markets (which hits on many of the same themes that you will see in your individualized performance emails), along with information on our new secure email system.

[Upgrading our Email Encryption Service](#)

We have upgraded our email encryption service as of **October 21, 2018**. In order to access the new BMO Financial Group Message Center ("Message Center"), you will need to register and set up a User ID and password, even if you were registered for the previous site. This process should only take a few minutes. Please see the attached for step-by-step instructions on how to login and view protected emails.

[Portfolio Strategy](#)

October has historically had a bad reputation for stock performance. This is not overly surprising when one considers a few historical examples such as the catastrophic losses which occurred in October 1929 (during the depression), and Black Monday, on October 19, 1987 which still holds the record for the largest one day percentage drop in history (22.6%). So far this month, there has been renewed fears of a return to the so-called "October Effect", with the Dow Jones Industrial Average dropping a sizable 830 points on October 10 alone. While cause for concern, we are not overly alarmed at this point. First and foremost, the global economy remains on solid footing, with corporate profitability and cash flow generation very strong, particularly in the US. Additionally, credit and money markets, often a signal for more dangerous market action to come, remain very well behaved, indicating that fixed income does not see a big deterioration in creditworthiness.

There has been speculation as to what has caused weaker equity markets, including escalating trade concerns. However, we note that Trump-induced trade conflicts have been a constant fixture in the media for more than a year, with little market impact. In contrast, it is far more likely that higher interest rates in the bond market have forced market participants to adjust valuations for future corporate cash flows, leading to lower stock prices, particularly for more cyclical and higher valued companies.

Our disciplined approach to capital allocation identifies changes in market participation and leadership. Earlier in the month we began rebalancing our portfolios as we identified a rotation of leadership occurring. We reduced risk by decreasing exposure to equities in general and in technology companies more specifically. With the proceeds we invested in more conservative companies such as Kellogg, Kimberly Clark and Church and Dwight (consumer staples) while also increasing our cash weighting. We are diligently searching for investment opportunities but will be disciplined in our approach for redeploying capital.

We are pleased that our approach to fixed income has gone as anticipated. Our expectation that higher interest rates were imminent has played out resulting in lower bond prices, while our use of preferred shares have fared better. On a year-to-date basis, Canadian bond indices are generally down, while preferred shares are showing positive performance.

Overall, we are constructive on the equity market but have reduced risk in the near term by rotating

to more conservative companies that are showing signs of leadership, while also increasing our exposure to the US market (and US dollar). We will remain discipline to our investment process and continue to identify market leadership.

Please note: We cannot take trading instructions via email or voice mail, please contact your Investment Advisor directly.

For disclaimer details, please click here: <http://www.bmo.com/nesbittburns/popups/about-us/disclaimers>

BMO Financial Group Message Center

Through our Message Center you can send and receive secure emails with your BMO Representative. This email service encrypts your personal, financial or confidential information, then transmits and stores it for 90 days in a format that's only accessible to those with a user ID and password.

The first time your BMO Representative sends an encrypted email, you'll receive a notification at the email address you provided to BMO with a link to register for the Message Center. After you've registered you'll go straight to our Message Center where you can view the email.

Any future encrypted emails from your BMO Representative will also be directed to the Message Center and again accompanied with a notification to your designated inbox. You'll simply follow the sign in procedure to enter the Message Center to read and reply to your email.

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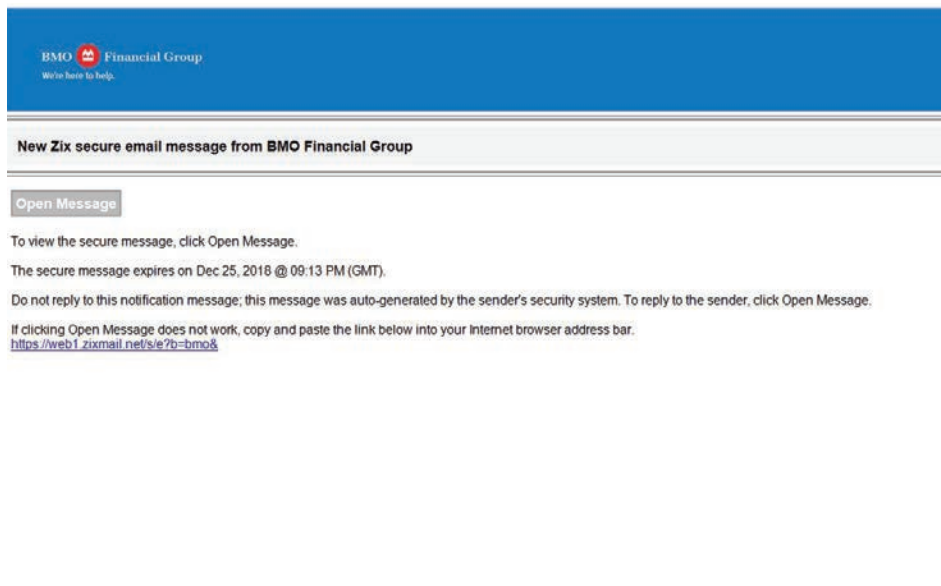
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1. Registration and activation



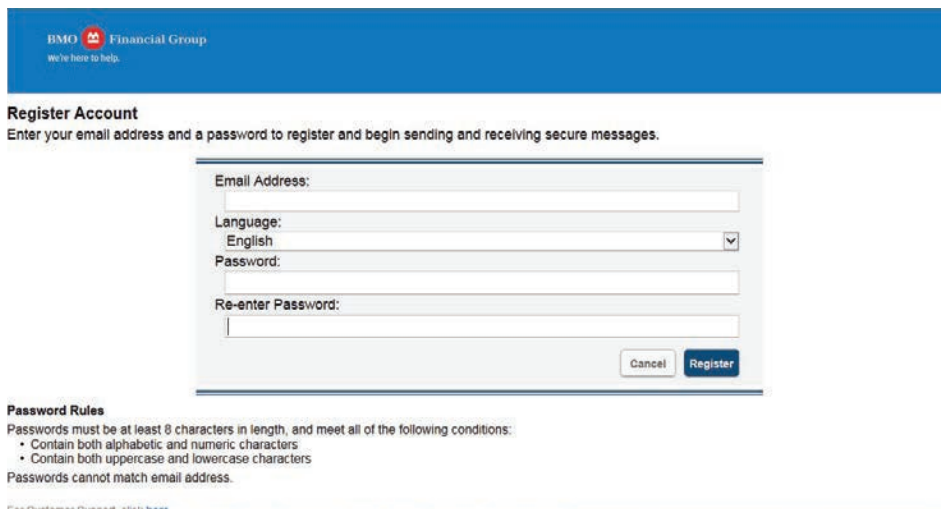
1.1. Receiving an email from BMO

You will receive this notification email from BMO inviting you to register for the Message Center.

Please do not reply to this notification email. To ensure your data is properly protected, you're requested to first register and then view the secure email via our online Message Center.

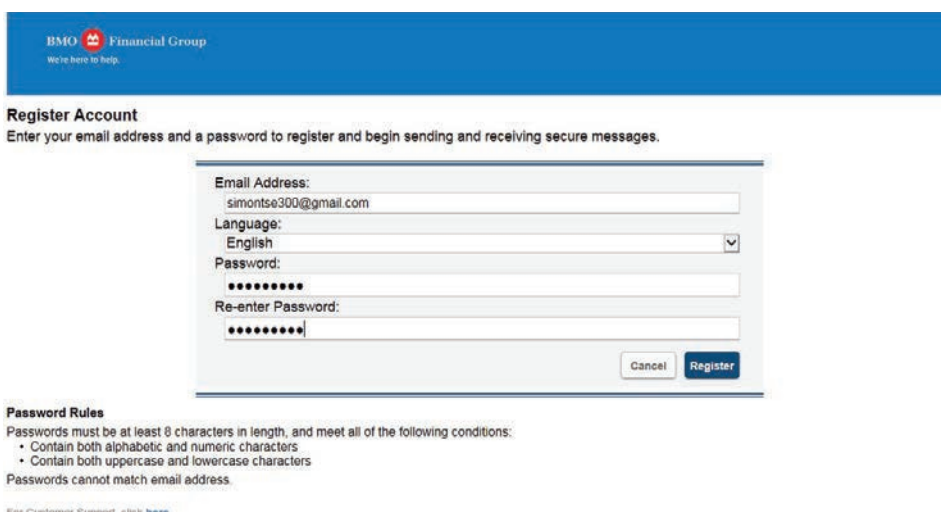
To register, click on the **Open Message** button.

Any future secure emails from your BMO Representative will also be directed to the Message Center and again accompanied with a notification sent to your inbox. You'll simply follow the sign in procedure to enter



1.2 Registering for the Message Center

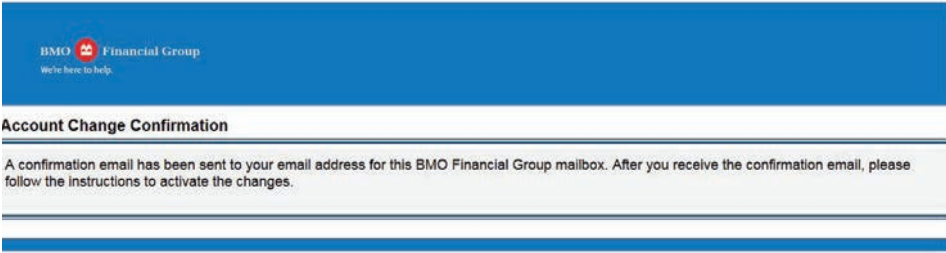
Registration can be done from a desktop, laptop, smartphone or tablet.



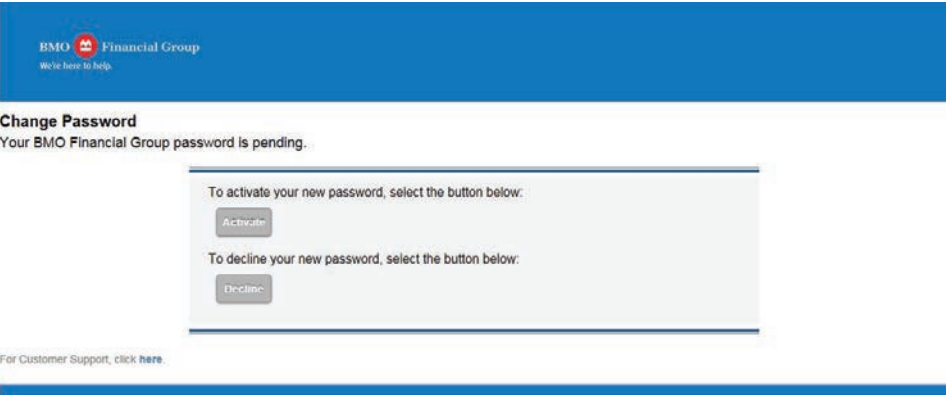
The registration process is simple and easy to follow.

- Your email address is pre-populated
- Select your language preference from the drop down menu
- Then create a password, which must have a minimum of 8 characters consisting of at least one uppercase character, one lowercase character and one number.
- Next, re-enter your password and select **Register**, as shown here.

Continued

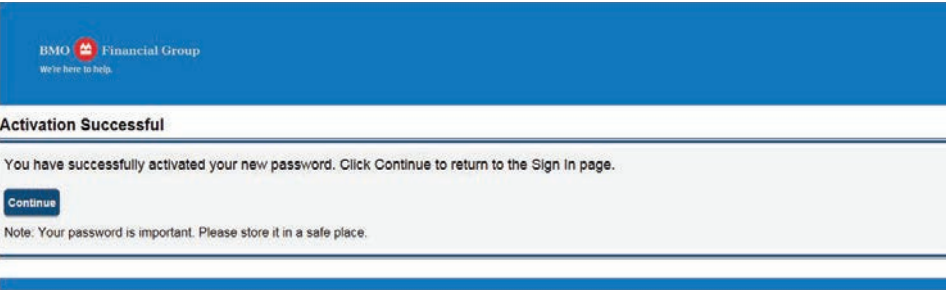


You'll see this message indicating that a confirmation email has been sent to the email address being registered in.



1.3. Account Activation

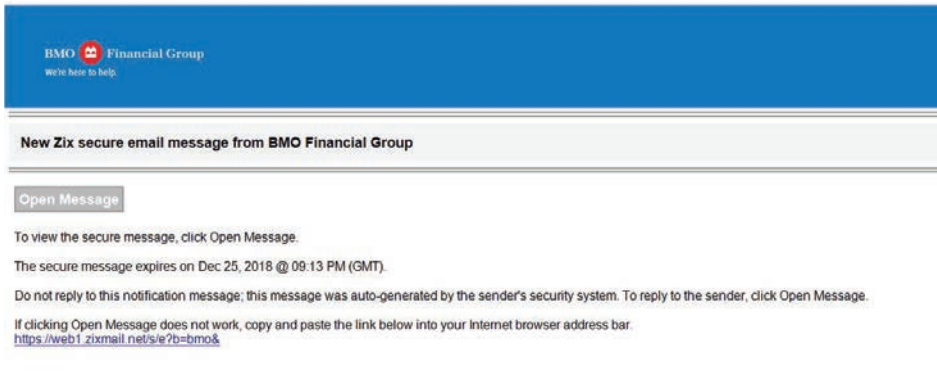
Click **Activate** to complete the registration.



You'll be directed back to the Sign in page after clicking **Continue**.

You're now ready to view your secure email.

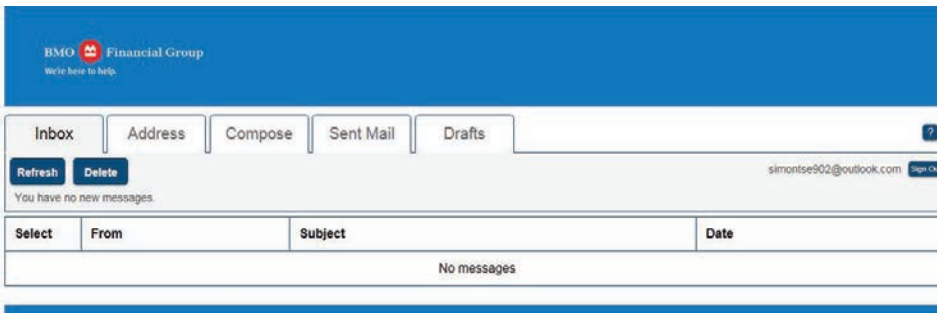
2. Using the Message Center



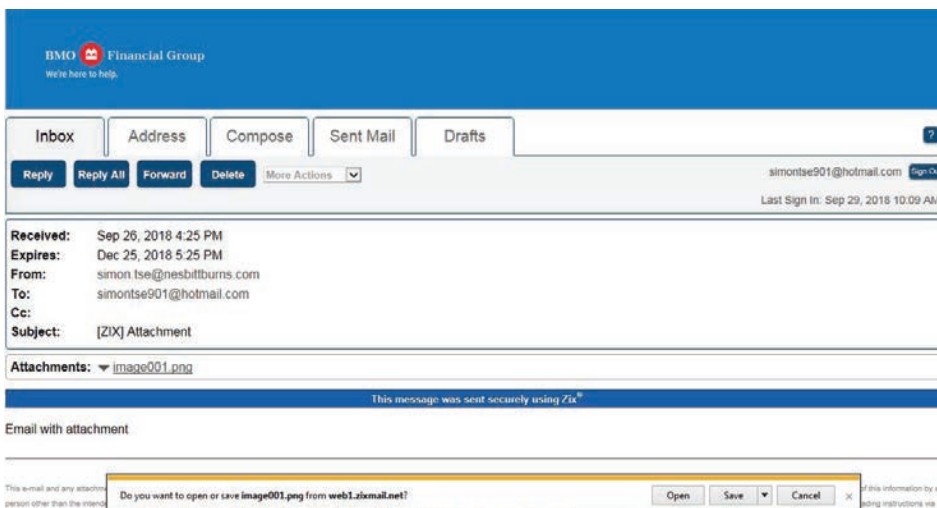
2.1. Opening a secure email

A notification that you've received a secure email will be sent to the email address you provided to BMO. Click on the **Open Message** button.

You'll be directed to the Message Center Sign in page. Enter your email address, password and click the **Sign In** button.



You'll then be taken to your Message Center inbox where you can view your emails.

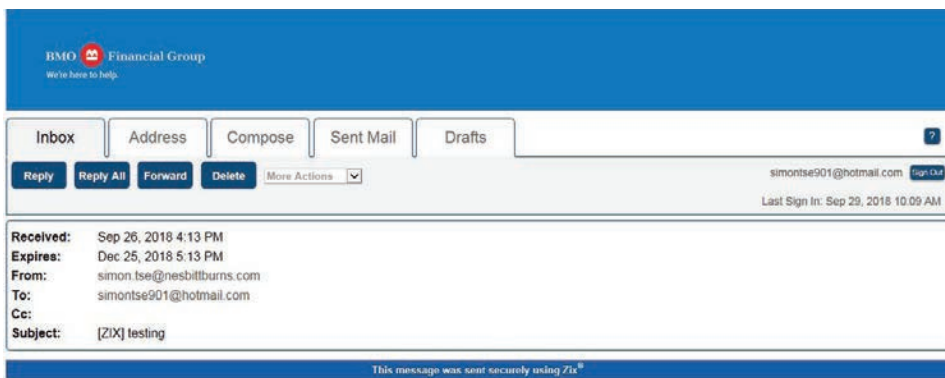


2.2. Opening and saving attachments

If your email has an attachment, select it once and a pop-up box will prompt you with two options:

- Open
- Save

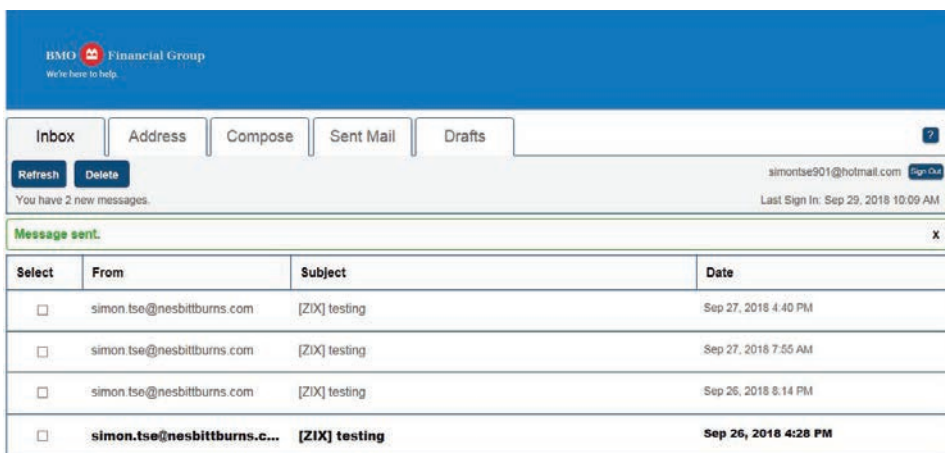
Select **Open** to view the document or **Save** to view it later.



This e-mail and any attachments may contain confidential and privileged information. If you are not the intended recipient, please notify the sender immediately by return e-mail, delete this e-mail and destroy any copies. Any dissemination or use of this information by a person other than the intended recipient is unauthorized and may be illegal. Unless otherwise stated, opinions expressed in this e-mail are those of the author and are not endorsed by the author's employer. Please be advised we cannot accept trading instructions via Email.

2.3. Replying to and composing new emails

Encrypted email exchanges are limited to you and your BMO Representative. You can reply to a secure email as well as forward and compose new emails to other BMO addresses. However, you can't forward or copy to a non-BMO email address.



After you send an email, a **Message Sent** notification appears.

NOTE

Please do not reply to protected emails from your regular mailbox. Any emails you send from that mailbox won't be encrypted, which could put your personal information at risk.

Any new emails, including attachments, you send to a BMO email address from the Message Center are also automatically encrypted by the bank's security systems. Attachments can be up to 30MB in size.

3. Resetting your password

If you forget your password, select the **Reset** button at the bottom of the Message Center sign in page.

You'll be prompted to reset your password. The reset process is simple and easy to follow.

- You enter your email address.
- Then create a new password, which must have a minimum of 8 characters consisting of at least one uppercase character, one lowercase character and one number.
- Next, re-enter your new password and select **Reset**, as shown here.

The account change confirmation message will be displayed and a confirmation email will be sent to the email address that BMO has on file.

Click on the link in the confirmation email to finish changing your password.

Need assistance?

If you need additional assistance using the Message Center visit our help page at bmo.com/security or contact your BMO Representative.