



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We did not make any trades last week. We are positioned in maximum defensive positioning as we expect the recessionary phase of the business cycle to play out in the coming quarters. Jamie Dimon said last week that it's a virtual certainty, but the timing may be pushed back a bit. It seems higher for longer and restrictive financial conditions is the playbook despite the fact that the market still see considerable easing and a soft landing. Hard to believe the fastest tightening cycle in decades ends in anything but a recession. On the bond side, we are now about index duration, but look to get longer on higher yields. There is a coming supply wall when the debt ceiling gets lifted and the yield floor at this point seems to be building around recent rate lows given all the offside positions and imbedded QT supply.

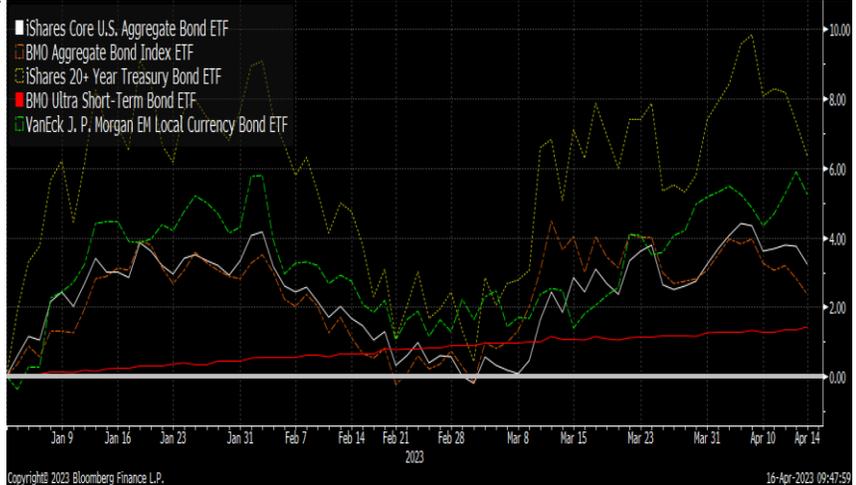
## Macro Market Strategy

We think this is a very two-way market for the next few quarters with a bearish tilt. QT should start to weigh on risk premiums going forward, but there is massive cash balances sitting in the RRP to offset a significant impact. The FOMC's more aggressive path (higher for longer) is not facing some systemic risks as the rapid rate hikes that have impacted bank balance sheets have tightened financial conditions. The FOMC message this week will be critical. We expect a 25 bps rate hike and a commitment to fight inflation while recognizing the tighter financial conditions they are seeing in banking. Would be hard to go from a near certainty of 50 bps pre SIVB to no rate hike. The market based pricing has a 60% odds of a 25 bps rate hike. Seems too low to be a credible inflation fighter.

## Top Holdings

Ticker	Name	Position
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	18.5%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	14.4%
ZEM	BMO MSCI Emerging Markets Index ETF	12.7%
TLT	iShares 20+ Year Treasury Bond ETF	10.1%
ZST	BMO Ultra Short-Term Bond ETF	9.0%
VGK	Vanguard FTSE Europe ETF	3.3%
KWEB	KraneShares CSI China Internet ETF	3.2%
RYT	Invesco S&P 500 Equal Weight Technology ETF	2.5%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.4%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	2.3%
URA	Global X Uranium ETF	2.2%
XBI	SPDR S&P Biotech ETF	2.1%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	2.0%
ZCLN	BMO Clean Energy Index ETF	1.9%
XLP	Consumer Staples Select Sector SPDR Fund	1.8%
FINX	Global X FinTech ETF	1.5%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.4%
MJ	ETFMG Alternative Harvest ETF	1.3%
GDV	VanEck Gold Miners ETF/USA	1.2%
FLIN	Franklin FTSE India ETF	1.1%

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 72.7%. The degree of delta protection is -53% while the value of beta protection is 5%. The weighted average cap is: 4400. The weighted average collar is: 4100. The weighted average floor is: 0.

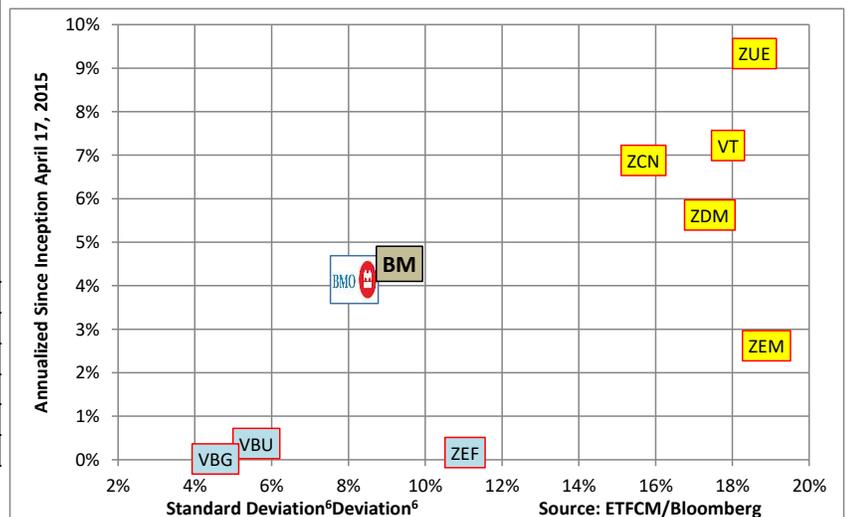
The tactical PRO-EYES factor suggests that while some caution is still warranted on business cycle and valuation and that we are likely in a bear market cycle, the tactical component suggests lots of two-way opportunity is likely. The February and March weakness has moved the tactical component to oversold levels.

Defense **Core Portfolio Beta: 72.7%** **Offense**



## Performance Metrics (A-Series) as of (04/14/23)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	4.17%	4.71%	Upside	22%
Prev. Month	1.31%	1.47%	Down	40%
Prev. Quarter	-1.04%	-0.56%	Mths Up	58
Prev. Year	-0.60%	1.32%	Mths Dn	38
Ann. SI (04/17/15)	2.22%	4.14%		
Sharpe Ratio	0.51			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			



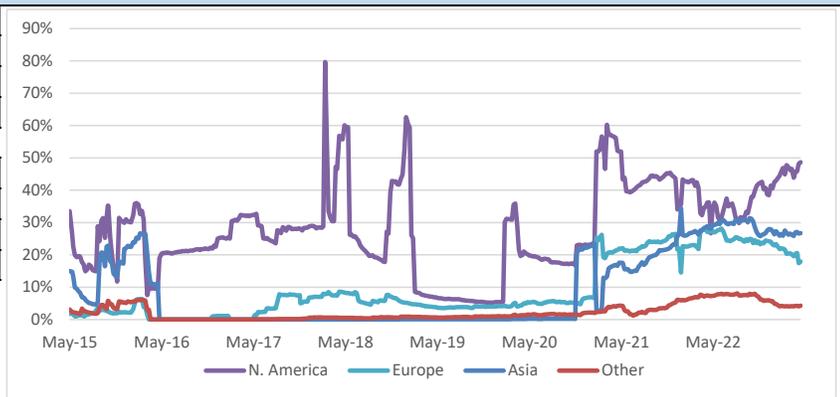
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
04/14/23	48.7%	18.0%	26.7%	4.3%
04/06/23	48.2%	17.4%	26.6%	4.1%
Change	0.4%	0.5%	0.1%	0.2%

Bonds	Corp.	Govt.	Pref.	Cash
04/14/23	10.1%	13.7%	0.5%	1.6%
04/06/23	9.9%	13.9%	0.5%	2.6%
Change	0.2%	-0.3%	0.0%	-1.0%

Bonds	Duration
04/14/23	7.88
04/06/23	7.83
Change	0.04

Sector	04/14/23	04/06/23	Change	BM
Basic Materials	5.9%	5.7%	0.2%	3.0%
Communications	8.7%	8.9%	-0.2%	6.5%
Consumer, Cyclical	7.7%	7.5%	0.2%	6.9%
Consumer, Non-cyclical	16.4%	16.1%	0.3%	13.3%
Energy	4.9%	4.8%	0.2%	3.8%
Financial	16.6%	16.3%	0.4%	17.8%
Government	13.4%	13.6%	-0.3%	27.6%
Industrial	8.4%	8.1%	0.3%	7.2%
Technology	12.3%	12.2%	0.1%	10.4%
Utilities	3.2%	3.1%	0.1%	2.6%

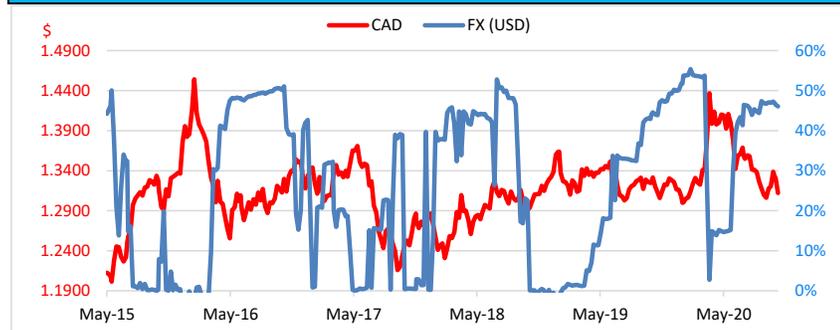


### Net Beta (Core - Protection): 19.5%



As of: 04/14/23	04/14/23	04/06/23	Change
FX (USD)	4.9%	5.7%	-0.7%
Beta <sup>2</sup>	72.7%	71.3%	1.3%
Protection	-53.1%	-52.9%	-0.2%
Correlation	88.9%	87.5%	1.5%
Yield <sup>3</sup>	2.79%	2.79%	0.00%
ETF Holdings	24	24	0
Volatility <sup>4</sup>	8.15%	8.16%	-0.01%
CAD	1.3374	1.3493	-0.9%

### Tactical FX Exposure (USD)



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1 Benchmark is the return of the targeted portfolio 60% global equities and 40% global bonds hedged to Canadian dollars; 2 Beta is a measure of how a fund responds to moves in the broader market. A beta of greater than 1.0 suggests that the fund is more volatile than the market, while a beta of less than 1.0 suggests that the fund is less volatile. 3 Yield is the most recent income received by the fund in the form of dividends, interest and other income annualized based on the payment frequency, divided by the current market value of the fund's investments. 4 Volatility is the annualized standard deviation which is a measure of risk. 5 Upside/Downside is a statistical measure of how much of the fund performance a manager captured during up-markets or down-markets. Typically, an investor would prefer a higher upside capture and lower downside capture. The time period presented is since inception. 6 Standard Deviation is a measure of risk that calculates the variation of a fund's performance around its average over a specific time period.

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