



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

Our bond duration timing model (see chart of the week), is now close to where duration should be below benchmark. We are still slightly elevated, but now half our bond exposure is back at money market duration (ZMMK). We are looking to, and expect that we will add back EAFE currency exposure this week with the Canadian dollar strongly outperforming in recent week. The BOC is likely to cut before the FOMC as is the ECB. The BOJs confirmation that they are ending the era of negative rates should work against the world rate markets going forward. The FOMC will likely push back hard on market based rate expectations this week.

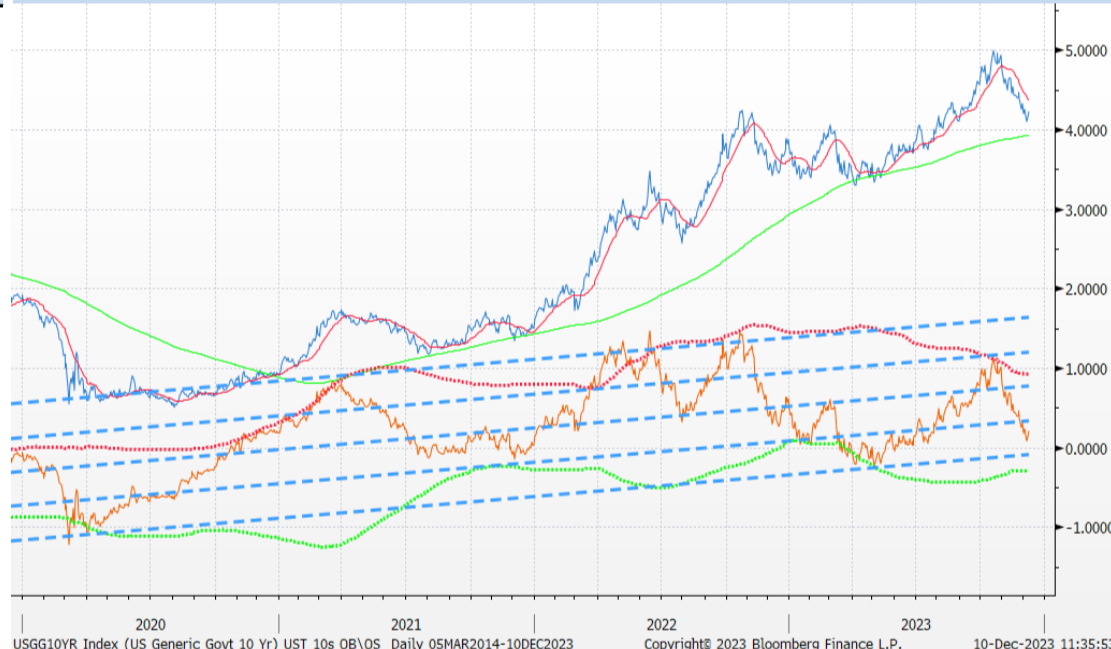
Top Holdings

| Ticker | Name | Position |
|--------|---|----------|
| RSP | Invesco S&P 500 Equal Weight ETF | 17.0% |
| ZEM | BMO MSCI Emerging Markets Index ETF | 13.5% |
| ZDM | BMO MSCI EAFE Hedged to CAD Index ETF | 11.8% |
| ZTL/U | BMO Long-Term US Treasury Bond Index ETF | 10.0% |
| ZMMK | BMO Money Market Fund ETF Series | 9.5% |
| ZUE | BMO S&P 500 Hedged to CAD Index ETF | 9.0% |
| ZCLN | BMO Clean Energy Index ETF | 3.6% |
| KWEB | KraneShares CSI China Internet ETF | 3.6% |
| CIBR | First Trust NASDAQ Cybersecurity ETF | 3.5% |
| XBI | SPDR S&P Biotech ETF | 2.6% |
| FINX | Global X FinTech ETF | 2.0% |
| XLP | Consumer Staples Select Sector SPDR Fund | 2.0% |
| FLKR | Franklin FTSE South Korea ETF | 1.9% |
| KBA | KraneShares Boser MSCI China A 50 Connect Index ETF | 1.9% |
| BOTZ | Global X Robotics & Artificial Intelligence ETF | 1.8% |
| MJ | ETFMG Alternative Harvest ETF | 1.7% |
| FLIN | Franklin FTSE India ETF | 1.6% |
| URA | Global X Uranium ETF | 1.3% |
| XLI | Industrial Select Sector SPDR Fund | 1.1% |
| FLBR | Franklin FTSE Brazil ETF | 1.0% |

Macro Market Strategy

While it appears now that we are much closer to the terminal rate, we do not see an easing until the market and Main Street feels more pain. The FOMC does not expect inflation to return to target until 2025, which suggests that higher for longer is here well into 2024. Main street has felt no pain yet given the employment situation is still relatively strong. Historically, we do not see the bottom is in until Main Street feels the recession. It does not have to be deep, but no cycle in history has ever bottomed at full employment. Inflation is unlikely to get back towards the Feds target without some labour market pain that the FOMC is willing to endure to make sure inflation expectations are grounded. A soft landing is an extremely low probability that is fully priced in.

Chart of the Week



PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 82.9%. The degree of delta protection is -42% while the value of beta protection is 82% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The weighted average floor is: 3800.

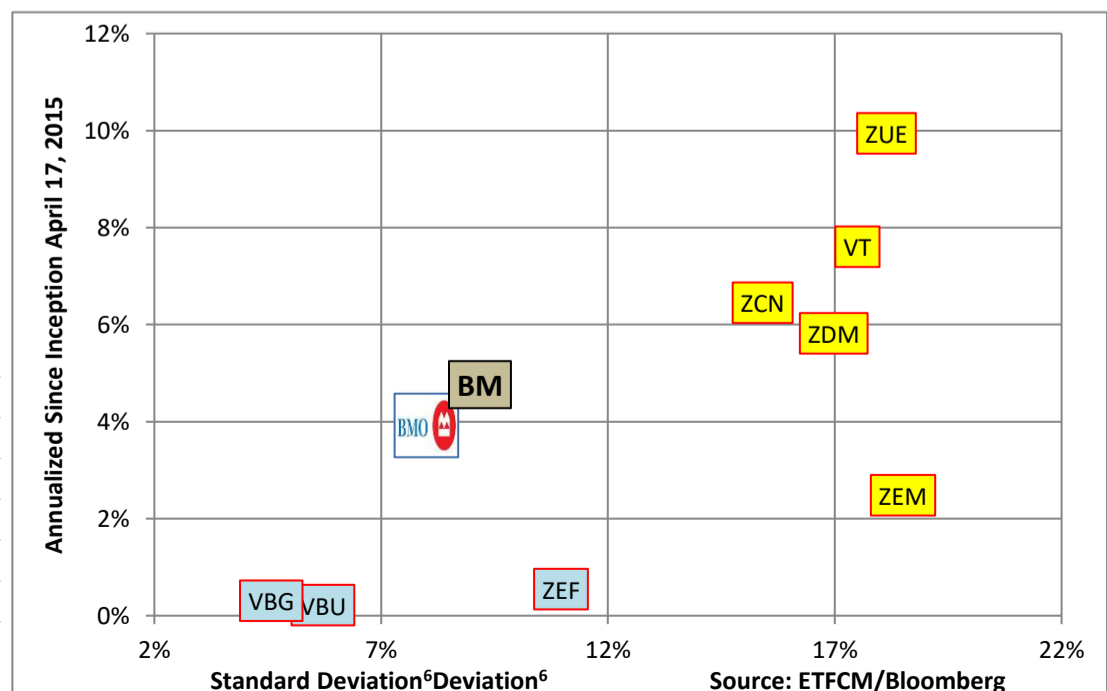
The overall PRO-EYES factors suggest that we are in a neutral period with longer-term caution concerns. The recent oversold condition as been neutralized in 3 trading days.

Defense **Core Portfolio Beta: 82.9%** Offense



Performance Metrics (A-Series) as of (12/08/23)

| Total Return | Net | Gross | Up/Downside ⁵ | |
|--------------------|------------------------------------|-------|--------------------------|-----|
| YTD | 3.72% | 5.47% | Upside | 21% |
| Prev. Month | 2.69% | 2.85% | Down | 41% |
| Prev. Quarter | 1.95% | 2.43% | Mths Up | 62 |
| Prev. Year | 2.19% | 4.11% | Mths Dn | 42 |
| Ann. SI (04/17/15) | 2.00% | 3.92% | | |
| Sharpe Ratio | 0.49 | | | |
| Fund Codes: | Advisor BMO99222; F-Class BMO95222 | | | |



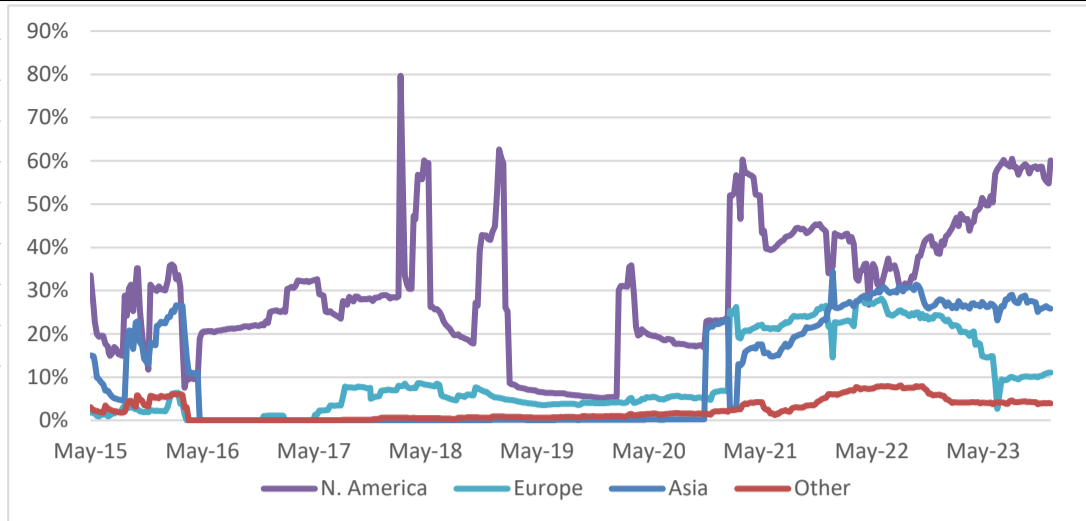
Tactical Asset Allocation

| Equity | N. America | Europe | Asia | Other |
|----------|------------|--------|-------|-------|
| 12/08/23 | 60.1% | 11.1% | 25.9% | 4.0% |
| 12/01/23 | 54.7% | 11.0% | 26.0% | 4.0% |
| Change | 5.4% | 0.1% | -0.1% | 0.0% |

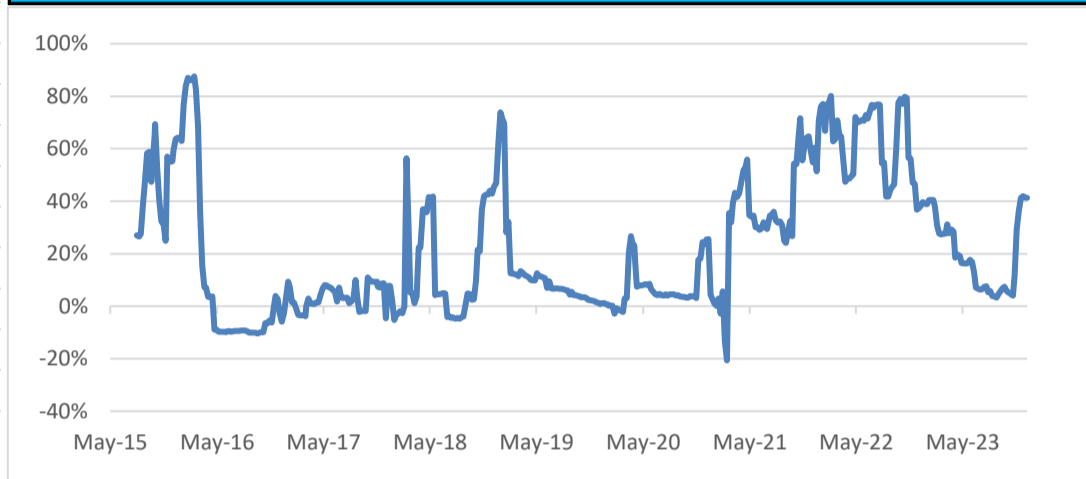
| Bonds | Corp. | Govt. | Pref. | Cash |
|----------|-------|-------|-------|-------|
| 12/08/23 | 11.3% | 11.4% | 0.7% | 1.0% |
| 12/01/23 | 12.3% | 5.5% | 0.7% | 6.2% |
| Change | -1.0% | 5.9% | 0.0% | -5.2% |

| Bonds | Duration |
|----------|----------|
| 12/08/23 | 7.66 |
| 12/01/23 | 10.90 |
| Change | -3.24 |

| Sector | 12/08/23 | 12/01/23 | Change | BM |
|------------------------|----------|----------|--------|-------|
| Basic Materials | 4.5% | 4.5% | 0.0% | 2.7% |
| Communications | 9.0% | 9.0% | 0.0% | 7.1% |
| Consumer, Cyclical | 7.6% | 7.5% | 0.0% | 6.8% |
| Consumer, Non-cyclical | 17.3% | 17.0% | 0.2% | 12.7% |
| Energy | 5.0% | 5.1% | 0.0% | 3.7% |
| Financial | 12.3% | 12.2% | 0.1% | 16.8% |
| Government | 20.0% | 15.2% | 4.8% | 26.1% |
| Industrial | 8.9% | 8.8% | 0.1% | 6.8% |
| Technology | 12.8% | 12.7% | 0.1% | 11.9% |
| Utilities | 3.6% | 3.6% | 0.0% | 1.6% |

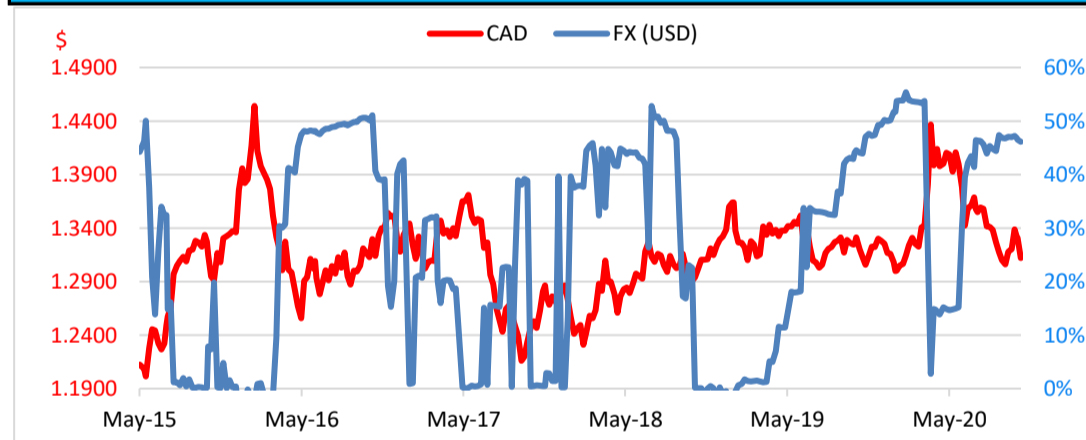


Net Beta (Core - Protection): 41.3%



| As of: 12/08/23 | 12/08/23 | 12/01/23 | Change |
|-------------------------|----------|----------|--------|
| FX (USD) | 9.8% | 3.5% | 6.3% |
| Beta ² | 82.9% | 83.1% | -0.2% |
| Protection | -41.6% | -41.6% | 0.0% |
| Correlation | 104.0% | 106.7% | -2.7% |
| Yield ³ | 2.80% | 2.65% | 0.15% |
| ETF Holdings | 22 | 22 | 0 |
| Volatility ⁴ | 8.00% | 8.01% | -0.01% |
| CAD | 1.3583 | 1.3497 | 0.6% |

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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