



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We have the most overbought readings in several years. The reversal risk is extreme. We are positioned at maximum defense through yearend. We made no trades last week.

## Top Holdings

Ticker	Name	Position
ZEM	BMO MSCI Emerging Markets Index ETF	15.4%
RSP	Invesco S&P 500 Equal Weight ETF	14.6%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	10.2%
ZST	BMO Ultra Short-Term Bond ETF	9.5%
TLT	iShares 20+ Year Treasury Bond ETF	9.4%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.1%
KWEB	KraneShares CSI China Internet ETF	3.4%
RSPT	Invesco S&P 500 Equal Weight Technology ETF	2.9%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.7%
URA	Global X Uranium ETF	2.6%
XBI	SPDR S&P Biotech ETF	2.5%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	1.9%
ZCLN	BMO Clean Energy Index ETF	1.9%
XLP	Consumer Staples Select Sector SPDR Fund	1.9%
FLKR	Franklin FTSE South Korea ETF	1.8%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.8%
FINX	Global X FinTech ETF	1.6%
MJ	ETFMG Alternative Harvest ETF	1.3%
FLIN	Franklin FTSE India ETF	1.3%
GDX	VanEck Gold Miners ETF/USA	1.1%

## 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 now facing some systemic risks as the rapid rate hikes that have impacted bank balance sheets have tightened financial conditions. We expect the FOMC to raise rates 25 bps at the May meeting and suggest more may be needed and that they remain data dependent. There are indications that the economy is weakening and the FOMC's own staff believe a recession is likely later in 2023. This does not mean they will ease until financial conditions tighten enough to remove the risk of inflation expectations increasing. We think this means economic pain in the labour markets, which we have not seen yet. "Gradually and then suddenly." Hemingway 1926.

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level **Low**

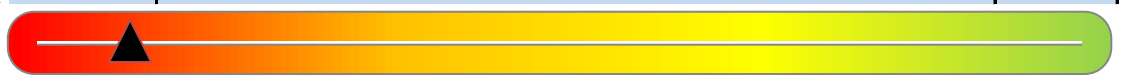
The core portfolio beta is 73.9%. The degree of delta protection is -67% while the value of beta protection is 71% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The weighted average floor is: 0.

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. Low volatility and sentiment numbers suggests high degree of caution from a tactical perspective.

Defense

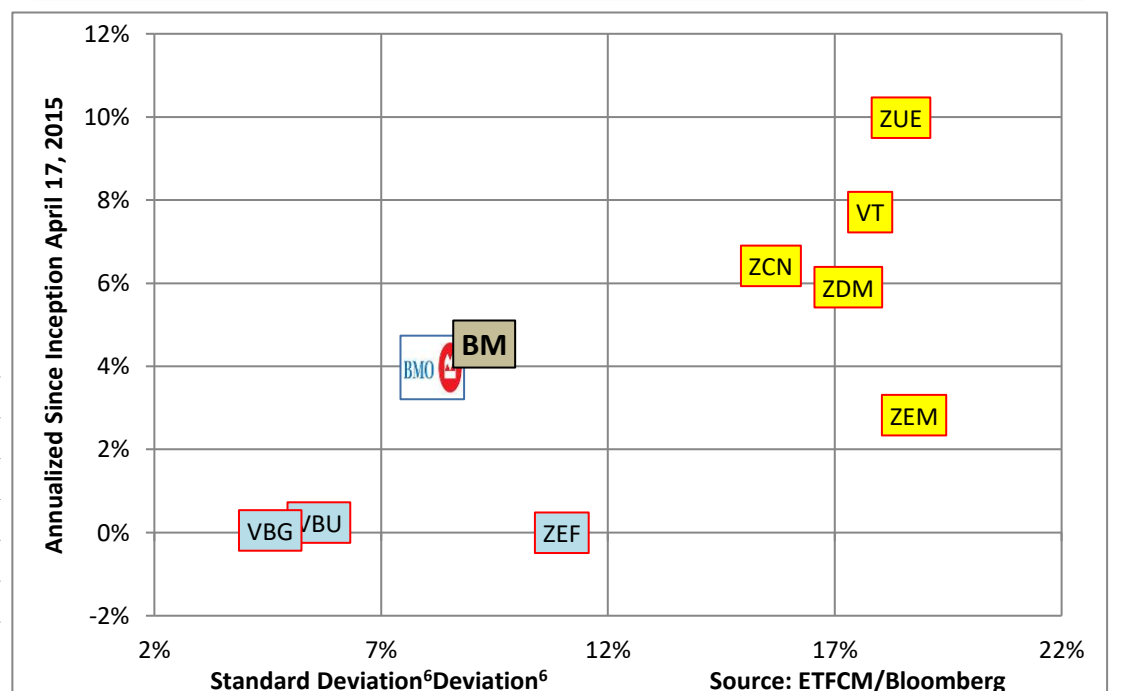
Core Portfolio Beta: 73.9%

Offense



## Performance Metrics (A-Series) as of (06/16/23)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	3.15%	4.02%	Upside	21%
Prev. Month	-0.53%	-0.37%	Down	40%
Prev. Quarter	0.59%	1.07%	Mths Up	59
Prev. Year	10.13%	12.05%	Mths Dn	38
Ann. SI (04/17/15)	2.05%	3.97%		
Sharpe Ratio	0.49			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			



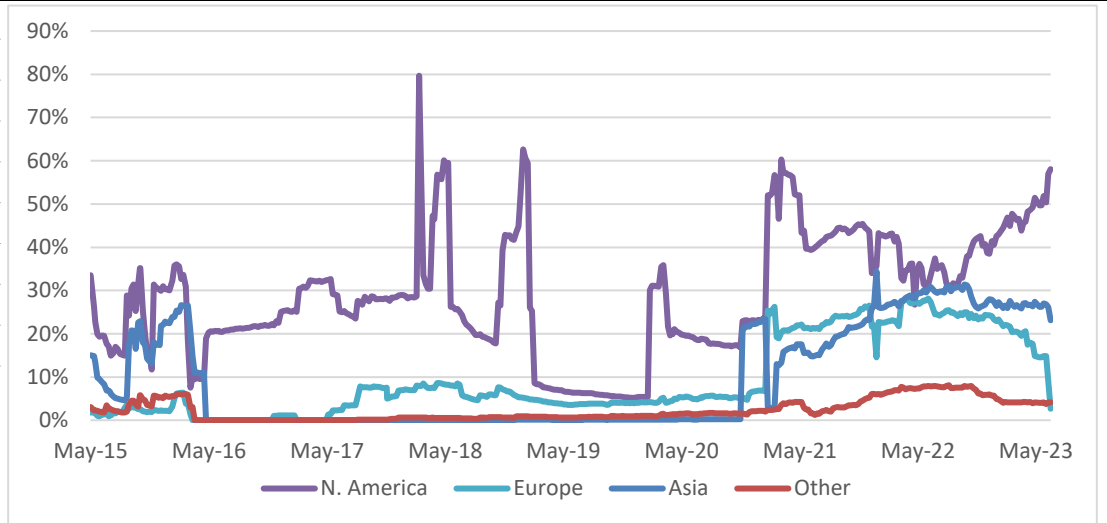
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
06/16/23	58.0%	2.6%	23.1%	4.1%
06/09/23	57.0%	9.0%	26.1%	4.1%
Change	1.0%	-6.4%	-3.0%	0.0%

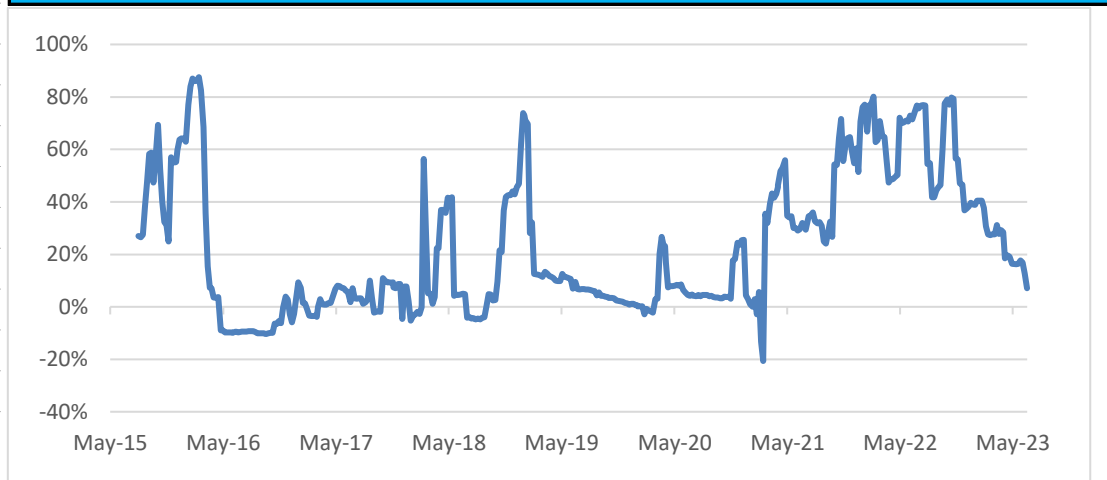
Bonds	Corp.	Govt.	Pref.	Cash
06/16/23	10.6%	11.1%	0.5%	4.0%
06/09/23	10.6%	11.0%	0.5%	4.2%
Change	0.0%	0.1%	0.0%	-0.2%

Bonds	Duration
06/16/23	6.79
06/09/23	6.73
Change	0.06

Sector	06/16/23	06/09/23	Change	BM
Basic Materials	5.3%	5.9%	-0.6%	2.7%
Communications	8.9%	9.0%	-0.1%	6.9%
Consumer, Cyclical	6.7%	7.9%	-1.2%	6.8%
Consumer, Non-cyclical	13.3%	15.7%	-2.4%	13.2%
Energy	4.3%	4.8%	-0.5%	3.5%
Financial	14.4%	16.3%	-1.9%	16.8%
Government	11.4%	11.3%	0.1%	27.3%
Industrial	7.4%	8.7%	-1.3%	6.9%
Technology	13.1%	13.4%	-0.3%	12.0%
Utilities	2.9%	3.2%	-0.3%	2.6%

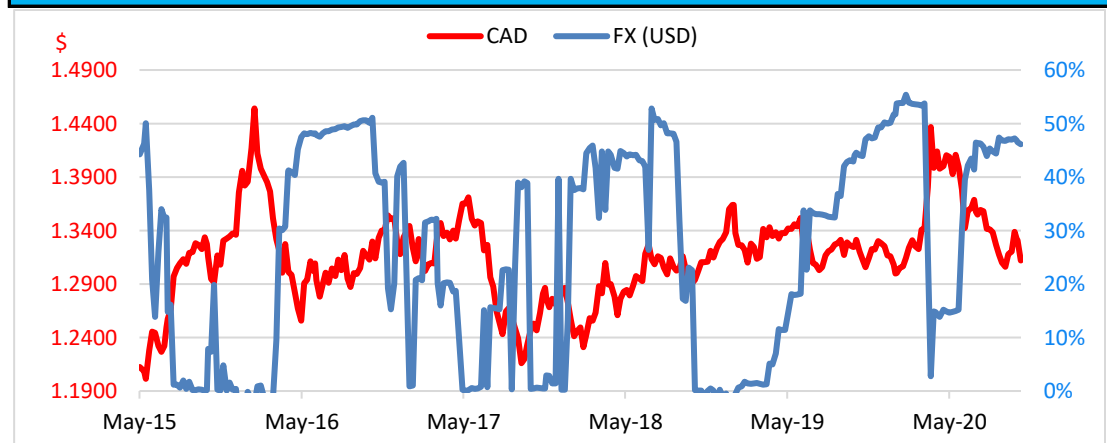


### Net Beta (Core - Protection): 7.1%



As of: 06/16/23	06/16/23	06/09/23	Change
FX (USD)	26.1%	2.1%	24.0%
Beta <sup>2</sup>	73.9%	78.2%	-4.4%
Protection	-66.8%	-65.5%	-1.3%
Correlation	82.2%	97.5%	-15.3%
Yield <sup>3</sup>	2.66%	2.68%	-0.02%
ETF Holdings	23	23	0
Volatility <sup>4</sup>	8.13%	8.15%	-0.02%
CAD	1.3200	1.3340	-1.0%

### 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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