



# 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. during Q2 the estimate of the top 3 positions generating positive contributions to the fund were: ZUE 56 bps, RSP 35 bps, ZDM 31 bps. The bottom 3 detractors were: TLT -38 bps, KWEB -50 bps, MJ -22 bps. Strategically we reduced Japan exposure by selling ZDM. We took profits on the EUR exposure and reduced equity exposure overall by selling VGK for cash. We bought and sold duration TLT several times in the period. We are structurally bullish on duration as we expect a hard landing, but this is mitigated buy huge deficit related supply concerns in the coming years. We eliminated credit exposure in emerging markets selling EMLC. We reduced gold exposure cutting GDX into the rally. We reduced exposure to technology by selling ZUE for RSP.

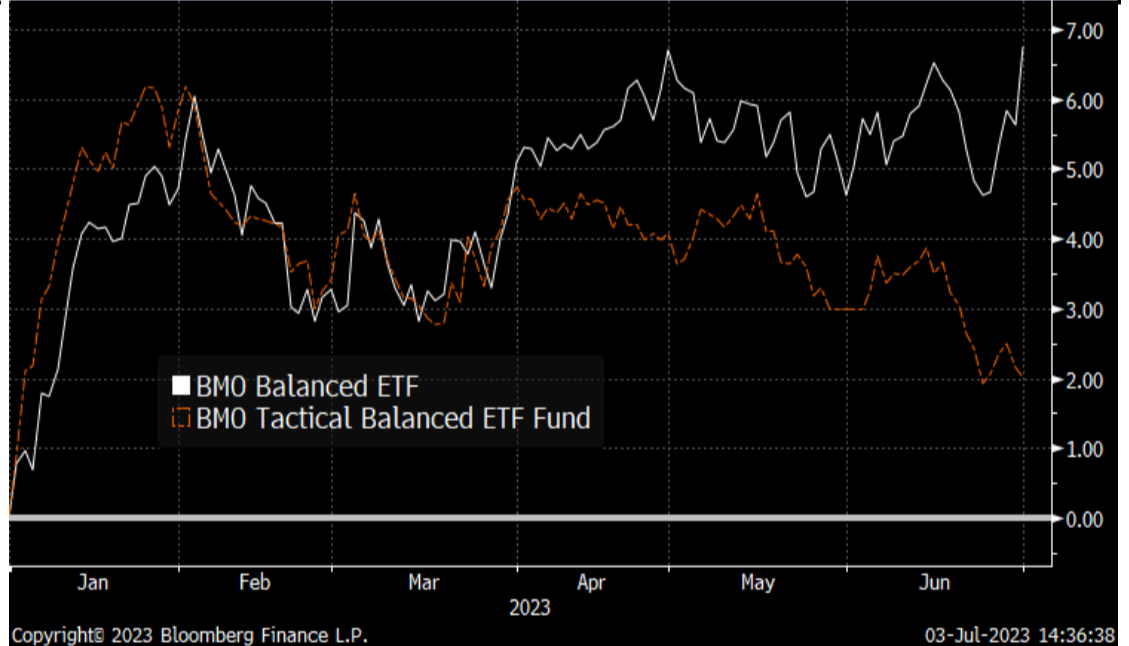
## Macro Market Strategy

Our macro indicators suggest a high degree of caution. We believe the message in the yield curve is a hard landing. However, market positioning is very different. While central banks have tried to tighten financial conditions, equity indexes are significantly offsetting. Debt financing is being done in the Bills market, which is favourable for risk premiums. While the behaviour of the tape is encouraging as breadth improves, the leadership stocks remain at extreme valuations. We expect central banks' message of higher for longer should eventually cause a hard landing. The end of the business cycle is a process not an event. We maintain a high degree of protection in the portfolio, which has been a negative in Q2. The market is looking forward to an easing cycle and we believe inflation trends will limit the ability to stimulate compared to past cycles (post 1980s).

## Top Holdings

Ticker	Name	Position
ZEM	BMO MSCI Emerging Markets Index ETF	15.3%
RSP	Invesco S&P 500 Equal Weight ETF	15.1%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	10.4%
ZST	BMO Ultra Short-Term Bond ETF	9.8%
TLT	iShares 20+ Year Treasury Bond ETF	9.5%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.4%
KWEB	KraneShares CSI China Internet ETF	3.3%
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	2.4%
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%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.7%
FLKR	Franklin FTSE South Korea ETF	1.7%
FINX	Global X FinTech ETF	1.7%
MJ	ETFMG Alternative Harvest ETF	1.4%
FLIN	Franklin FTSE India ETF	1.3%
GDX	VanEck Gold Miners ETF/USA	1.1%

## Chart of the Week



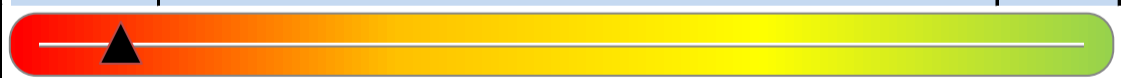
## PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 74.9%. The degree of delta protection is -69% while the value of beta protection is 73% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The weighted average floor is: 0.

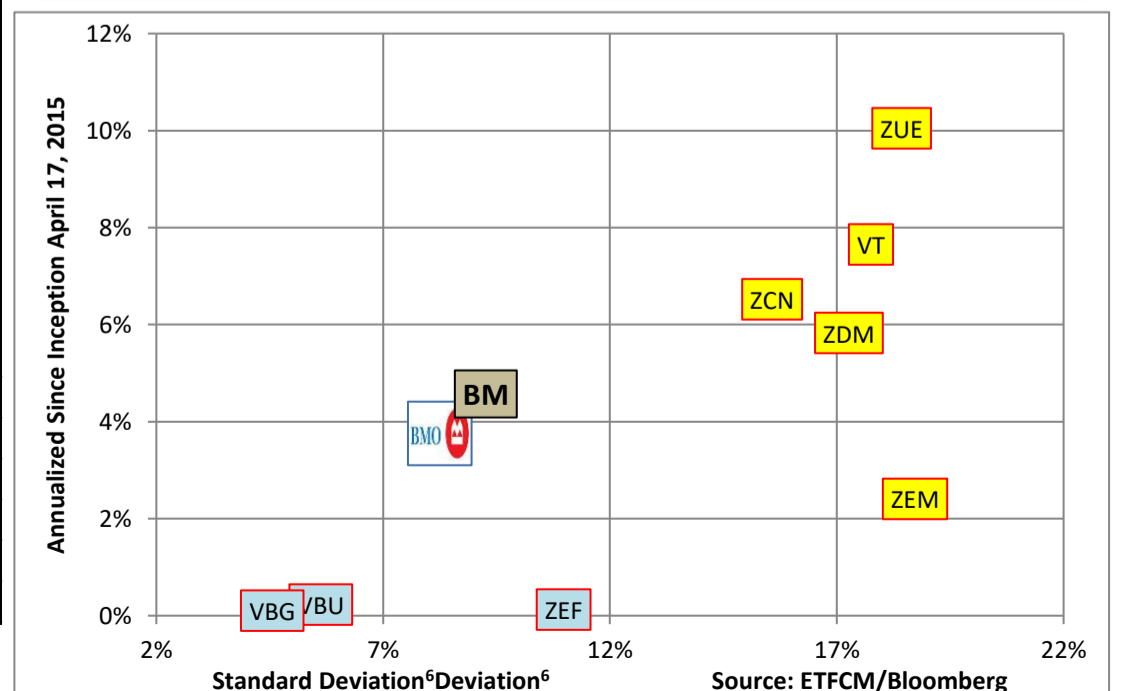
The tactical PRO-EYES factor suggests that while some caution is still warranted on business cycle and valuation and that we are likely in a bear market cycle, the tactical component suggests lots of two-way opportunity is likely. Low volatility and sentiment numbers suggests high degree of caution from a tactical perspective.

Defense Core Portfolio Beta: 74.9% Offense



## Performance Metrics (A-Series) as of (06/30/23)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	1.47%	2.40%	Upside	21%
Prev. Month	-0.76%	-0.60%	Down	40%
Prev. Quarter	-2.87%	-2.39%	Mths Up	59
Prev. Year	7.23%	9.15%	Mths Dn	38
Ann. SI (04/17/15)	1.84%	3.76%		
Sharpe Ratio	0.46			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			



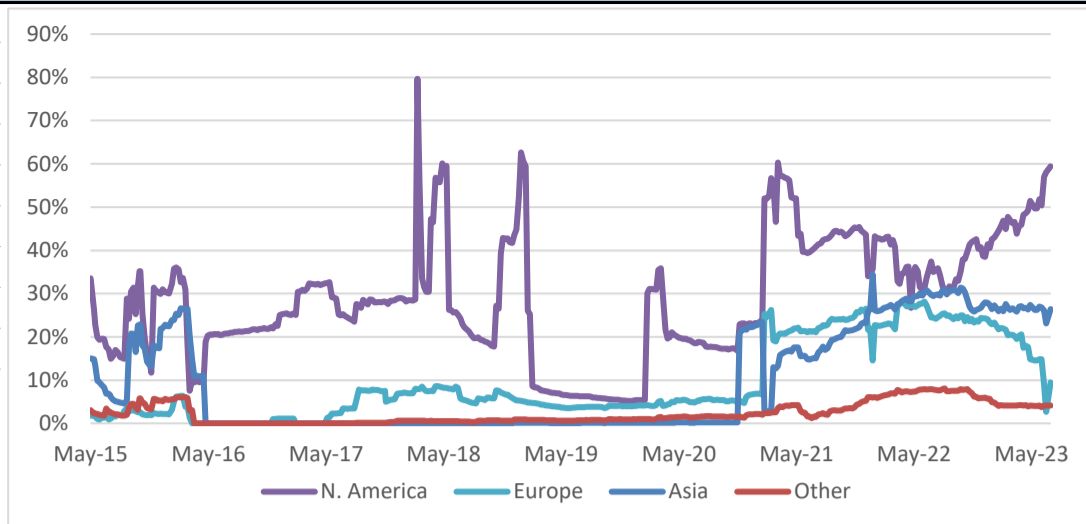
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
06/30/23	59.4%	9.5%	26.4%	4.1%
06/16/23	58.0%	2.6%	23.1%	4.1%
Change	1.4%	6.8%	3.3%	0.0%

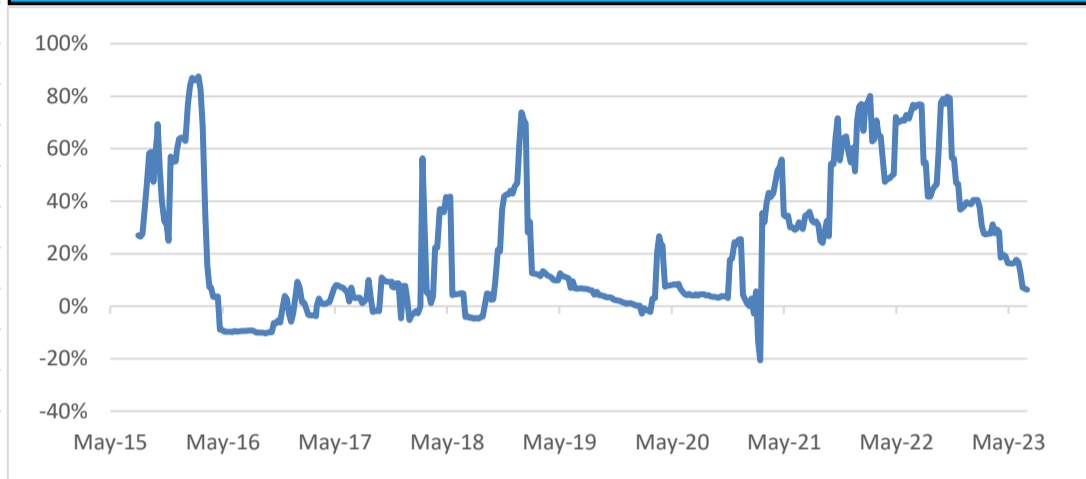
Bonds	Corp.	Govt.	Pref.	Cash
06/30/23	10.9%	11.3%	0.6%	3.3%
06/16/23	10.6%	11.1%	0.5%	4.0%
Change	0.3%	0.1%	0.0%	-0.7%

Bonds	Duration
06/30/23	6.99
06/16/23	6.79
Change	0.21

Sector	06/30/23	06/16/23	Change	BM
Basic Materials	6.0%	5.3%	0.7%	2.7%
Communications	9.2%	8.9%	0.3%	6.9%
Consumer, Cyclical	8.4%	6.7%	1.7%	6.8%
Consumer, Non-cyclical	16.1%	13.3%	2.8%	13.2%
Energy	4.9%	4.3%	0.6%	3.5%
Financial	16.7%	14.4%	2.3%	16.8%
Government	11.6%	11.4%	0.2%	27.3%
Industrial	9.1%	7.4%	1.7%	6.9%
Technology	13.9%	13.1%	0.8%	12.0%
Utilities	3.3%	2.9%	0.4%	2.6%

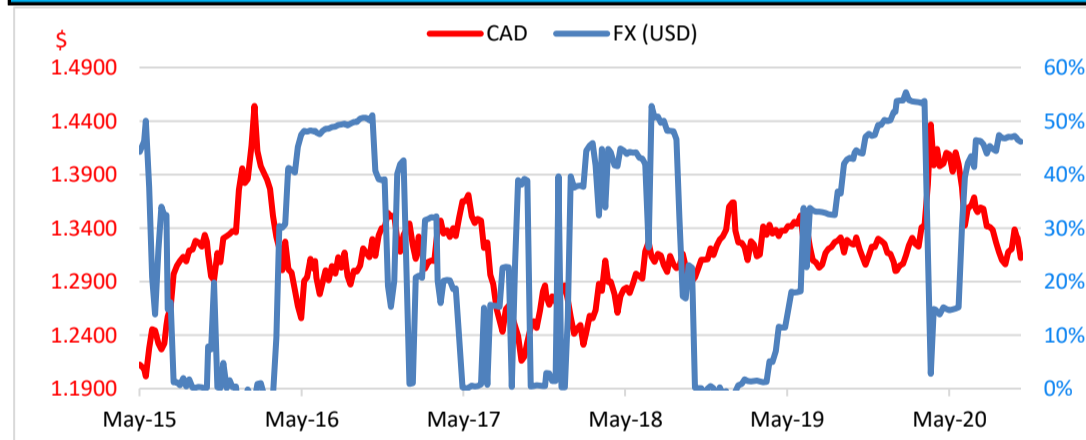


### Net Beta (Core - Protection): 6.2%



As of: 06/30/23	06/30/23	06/16/23	Change
FX (USD)	25.2%	26.1%	-0.9%
Beta <sup>2</sup>	74.9%	73.9%	1.0%
Protection	-68.6%	-66.8%	-1.9%
Correlation	83.2%	82.2%	1.0%
Yield <sup>3</sup>	2.69%	2.66%	0.03%
ETF Holdings	23	23	0
Volatility <sup>4</sup>	8.25%	8.13%	0.12%
CAD	1.3242	1.3200	0.3%

### 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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