



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

We trimmed out overweight a bit of Europe last week (ZDM) as we have in recent weeks to slowly move back towards neutral. We remain overweight international markets. We do not see the US market bottoming until the recession starts to impact jobs and Main Street. Depending on the FOMC terminal rate, this could take us into a 2024 low for market, though Q3/23 is not looking more likely. We did not make a move on the regional banks last week. We attended a industry "ideas" dinner in Miami last week and there was significant concern that commercial real estate loans on the books of the regional banks are the next shoe to drop. While our PRO-EYES indicators suggest an oversold bounce is likely, the breadth decay seen in the past few weeks likely means a new leg lower before any sustainable rally. The equal weight S&P 500 (RSP) underperformed the market cap weighted S&P 500 (ZUE) since the SIVB insolvency by about 400bps (see chart of the week) as the safe haven bid saw money move to large cap tech while value (energy and financials) and the average stock got smoked. We look to swap back to equal weight exposure, but timing is closer to the economic bottom in the coming quarters. On the bond side we trimmed duration (TLT) for cash as we are very active on the duration side given that the MOVE (bond volatility) index is close to levels seen during the GFC.

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	16.9%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	13.5%
ZEM	BMO MSCI Emerging Markets Index ETF	12.2%
TLT	iShares 20+ Year Treasury Bond ETF	10.4%
VGK	Vanguard FTSE Europe ETF	6.1%
ZST	BMO Ultra Short-Term Bond ETF	4.5%
KWEB	KraneShares CSI China Internet ETF	3.2%
RYT	Invesco S&P 500 Equal Weight Technology ETF	2.4%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.3%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	2.2%
URA	Global X Uranium ETF	2.1%
GDX	VanEck Gold Miners ETF/USA	2.1%
XBI	SPDR S&P Biotech ETF	2.1%
KBA	KraneShares Boser MSCI China A 50 Connect Index ETF	1.9%
ZCLN	BMO Clean Energy Index ETF	1.8%
XLP	Consumer Staples Select Sector SPDR Fund	1.7%
MJ	ETFMG Alternative Harvest ETF	1.5%
FINX	Global X FinTech ETF	1.4%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.3%
FLIN	Franklin FTSE India ETF	1.1%

Chart of the Week



PRO-EYES - Berman's Call

Risk Level **Low**

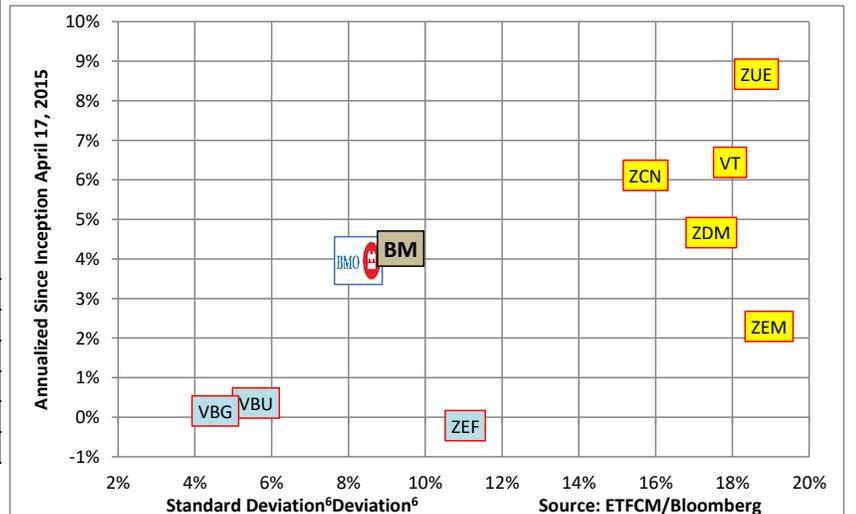
The core portfolio beta is 73.7%. The degree of delta protection is -46% while the value of beta protection is 55%. The weighted average cap is: 4400. The weighted average collar is: 4100. The weighted average floor is: 3200.

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.

Performance Metrics (A-Series) as of (03/17/23)

Total Return	Net	Gross	Up/Downside ⁵	
YTD	2.54%	2.94%	Upside	22%
Prev. Month	-1.50%	-1.34%	Down	40%
Prev. Quarter	1.97%	2.45%	Mths Up	57
Prev. Year	-2.31%	-0.39%	Mths Dn	38
Ann. SI (04/17/15)	2.04%	3.96%		
Sharpe Ratio	0.48			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			

Defense **Core Portfolio Beta: 73.7%** **Offense**



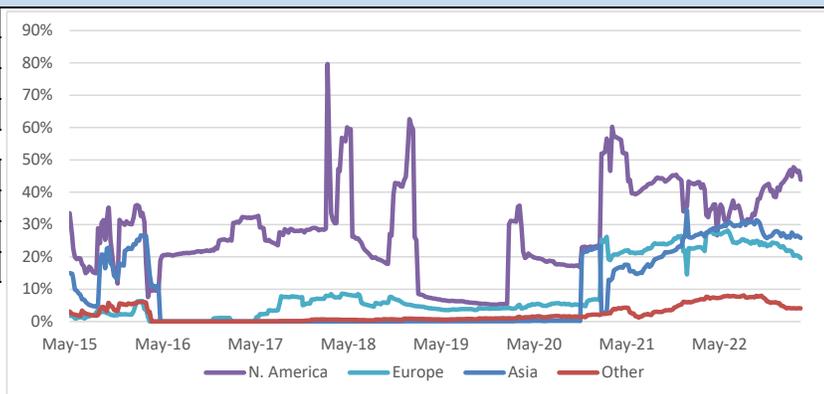
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
03/17/23	43.8%	19.5%	25.8%	4.1%
03/10/23	46.6%	20.2%	26.2%	4.1%
Change	-2.7%	-0.6%	-0.4%	0.0%

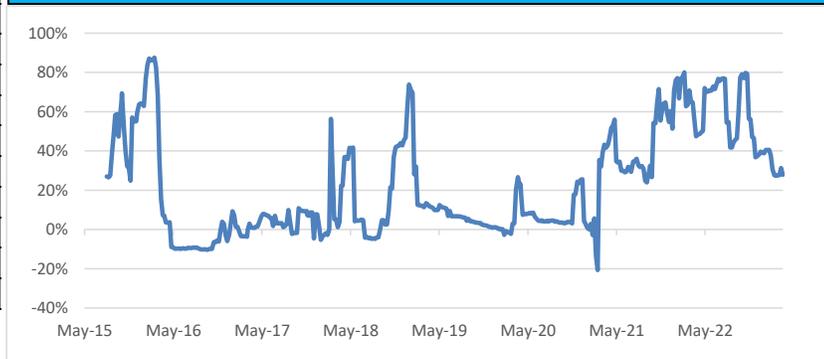
Bonds	Corp.	Govt.	Pref.	Cash
03/17/23	5.5%	13.8%	0.5%	4.7%
03/10/23	5.5%	16.8%	0.5%	0.5%
Change	0.0%	-3.0%	0.0%	4.2%

Bonds	Duration
03/17/23	8.48
03/10/23	11.37
Change	-2.89

Sector	03/17/23	03/10/23	Change	BM
Basic Materials	6.8%	6.7%	0.1%	3.1%
Communications	8.4%	8.4%	0.0%	6.7%
Consumer, Cyclical	7.0%	7.2%	-0.1%	6.9%
Consumer, Non-cyclical	16.3%	16.6%	-0.2%	13.4%
Energy	4.6%	4.7%	-0.1%	3.8%
Financial	14.5%	14.7%	-0.2%	18.0%
Government	13.2%	16.1%	-3.0%	27.5%
Industrial	8.2%	8.3%	-0.1%	7.0%
Technology	11.6%	11.6%	0.0%	10.0%
Utilities	2.6%	2.7%	-0.1%	2.6%

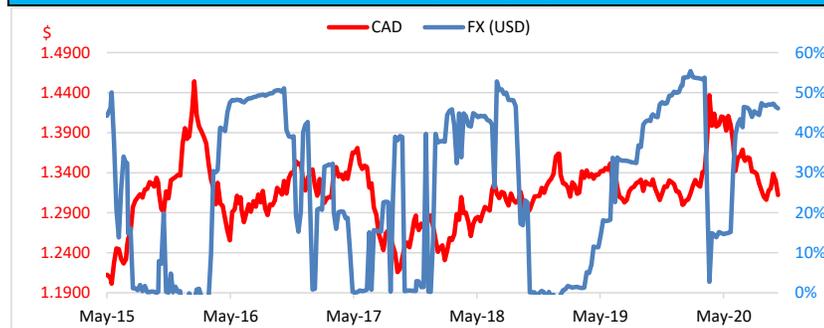


Net Beta (Core - Protection): 27.9%



As of: 03/17/23	03/17/23	03/10/23	Change
FX (USD)	7.2%	4.0%	3.2%
Beta ²	73.7%	76.2%	-2.4%
Protection	-45.9%	-44.9%	-0.9%
Correlation	89.4%	95.6%	-6.2%
Yield ³	2.72%	2.68%	0.04%
ETF Holdings	24	24	0
Volatility ⁴	8.26%	8.22%	0.03%
CAD	1.3731	1.3832	-0.7%

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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