



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We took profits on our overweight energy trade this week selling all our XLE position. We remain long materials (basic and precious), where there is likely more upside relative to the idea of peak demand for traditional energy. We remain new energy bulls (URA, ICLN) as carbon prices rally. We look to deploy the proceeds from the energy trade into EM equities once we get a full understanding of how Russia assets will fall out of index exposures. We also used the relative strength in the C\$ versus EAFE currencies to swap ZDM for ZEA. The Euro should recover relative to the C\$ once the squeeze on crude peaks. The oil bulls will tell you it's here for a while. Longer-term oil prices should settle well below current levels. Timing is unclear. We think Putin will honour a ceasefire once in control of Kyiv. The challenge of Russian assets hit our portfolio a bit last week. ZEM holds some Russian holdings as does EMLC. Our overweight in EM and Europe hurt a bit last week. We still think that's where the value remains on a relative basis. We spoke with the PMs on these ETFs last week and most expect the Russian holdings will be value nil in March index rebalances. The Russian exposure likely cost the fund about 100 bps. The good news is that the portfolio had positive returns in March while the benchmark was down and the zero values are likely in the NAV already.

## Macro Market Strategy

There are two major wars in the world today. The West versus China in technology leadership/theft and currency reserve status. The West versus Russia wanting to rebuild the USSR. The equity risk premium moves for many factors. Earnings being the primary, but macro is a close second at times like this. Have a look at the forward EPS chart of the week. In all this geopolitical tragedy, forward based EPS ticked a bit higher this week. Do analysts not think the geopolitics matter? Does company guidance not think it matters? Did analysts not see that DE did a union contract with 6% annual increases and bonuses for the next FIVE years? Do they not know everyone else is going to want that too. Do they not know the Fed is about to fight that inflation hard and take the punchbowl away? Of course they do, there are no black swans here. We saw the same bullish expectations in late 2007 and early 2008 as well on eve of the GFC. The bottom up guys are the last to know. Nevertheless, it's a major part of ERP analysis (or what the market is worth).

## Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	25.2%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	10.3%
ZEM	BMO MSCI Emerging Markets Index ETF	9.8%
RSP	Invesco S&P 500 Equal Weight ETF	9.6%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.0%
GDX	VanEck Gold Miners ETF/USA	6.4%
ZCN	BMO S&P/TSX Capped Composite Index ETF	5.6%
ZMMK	BMO Money Market Fund ETF Series	3.7%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	1.9%
URA	Global X Uranium ETF	1.8%
PAVE	Global X US Infrastructure Development ETF	1.4%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	1.3%
ZCLN	BMO Clean Energy Index ETF	1.3%
FLBR	Franklin FTSE Brazil ETF	1.2%
KWEB	KraneShares CSI China Internet ETF	1.1%
ZUS/U	BMO Ultra Short-Term US Bond ETF	1.1%
MJ	ETFMG Alternative Harvest ETF	1.1%
ZPR	BMO Laddered Preferred Share Index ETF	1.0%
FLIN	Franklin FTSE India ETF	0.8%
FLGB	Franklin FTSE United Kingdom ETF	0.8%

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level High

The current core portfolio beta is 73.2% The current degree of delta protection is about -8%.

The current mix of PRO-EYES indicators suggests a sell rallies bias, but the market is well priced for a bad outcome. This suggests recent support levels should be short-term buying opportunities, but the trend change is a longer-term concern. For details of the [PRO-EYES-Berman's Call](#) Tactical Risk Models click link above.

Defense

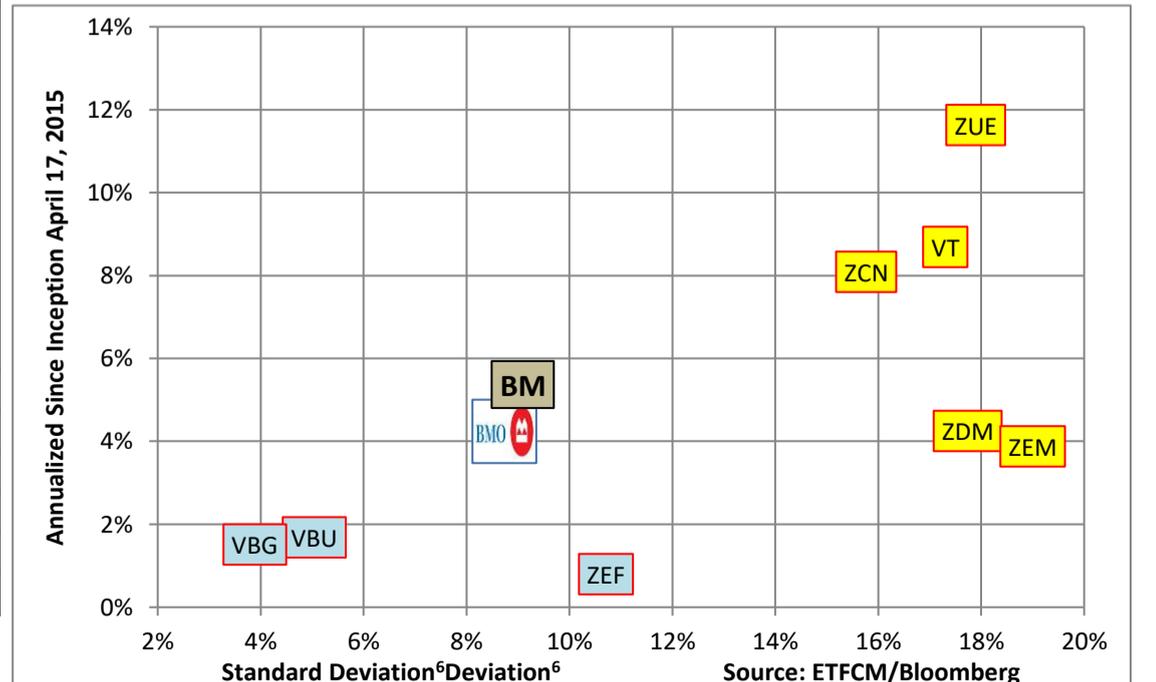
Core Portfolio Beta: 73.2%

Offense



## Performance Metrics (A-Series) as of (03/04/22)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	-3.37%	-3.05%	Upside	15%
Prev. Month	-2.52%	-2.36%	Down	16%
Prev. Quarter	-2.06%	-1.58%	Mths Up	52
Prev. Year	4.83%	6.75%	Mths Dn	31
Ann. SI (04/17/15)	2.32%	4.24%		
Sharpe Ratio	0.48			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			



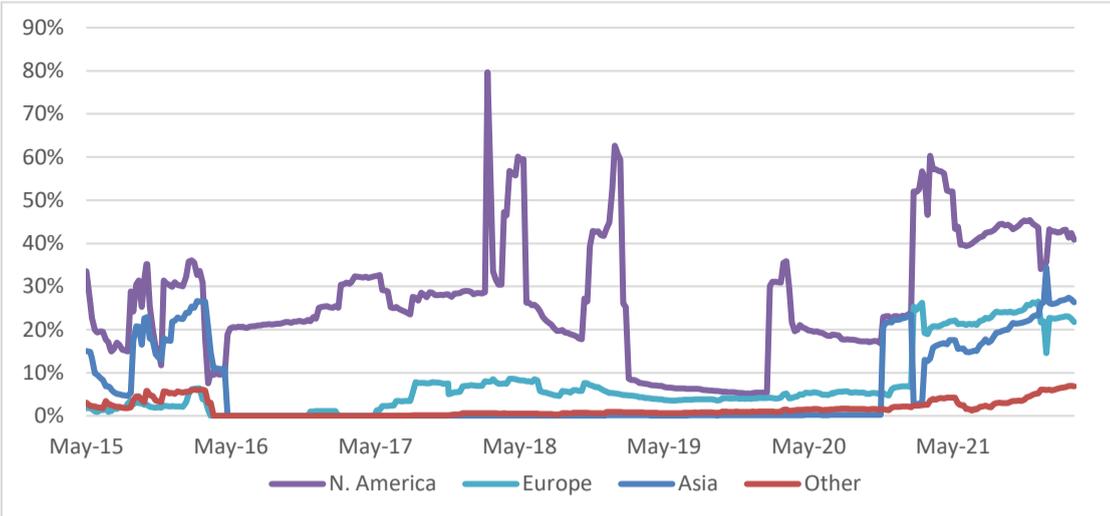
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
03/04/22	40.8%	21.8%	26.3%	6.9%
02/25/22	42.4%	22.5%	27.0%	6.9%
Change	-1.6%	-0.7%	-0.7%	0.0%

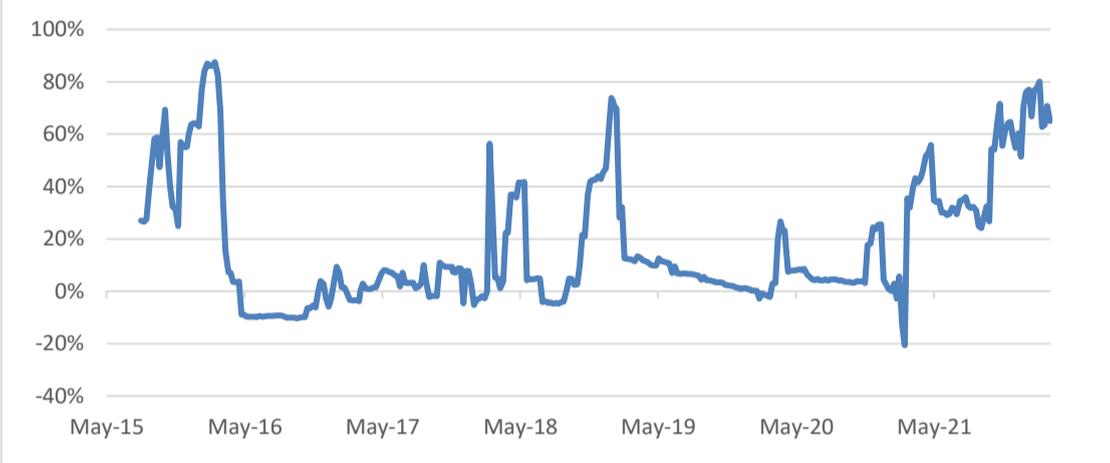
Bonds	Corp.	Govt.	Pref.	Cash
03/04/22	1.5%	13.7%	1.6%	3.7%
02/25/22	1.4%	14.0%	1.5%	0.6%
Change	0.0%	-0.4%	0.0%	3.1%

Bonds	Duration
03/04/22	6.45
02/25/22	6.14
Change	0.32

Sector	03/04/22	02/25/22	Change	BM
Basic Materials	14.0%	13.2%	0.9%	2.6%
Communications	6.5%	6.7%	-0.1%	7.6%
Consumer, Cyclical	7.4%	7.5%	-0.1%	6.9%
Consumer, Non-cyclical	13.4%	13.7%	-0.2%	12.3%
Energy	4.9%	7.8%	-2.9%	3.0%
Financial	15.3%	15.4%	-0.1%	17.5%
Government	14.4%	14.7%	-0.4%	25.4%
Industrial	8.8%	8.9%	0.0%	6.7%
Technology	7.6%	7.7%	-0.1%	11.1%
Utilities	3.3%	3.3%	0.0%	2.4%

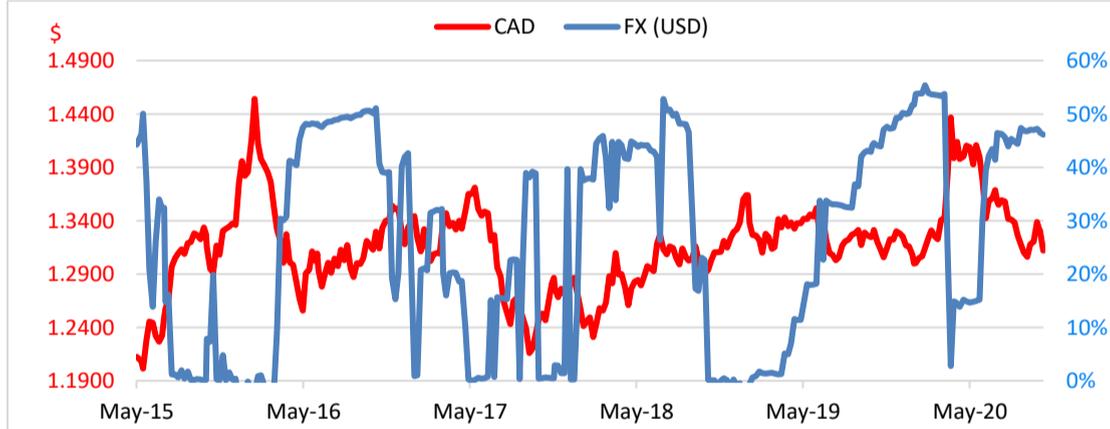


### Net Beta (Core - Protection): 65.0%



As of: 03/04/22	03/04/22	02/25/22	Change
FX (USD)	9.9%	9.8%	0.1%
Beta <sup>2</sup>	73.2%	79.8%	-6.6%
Protection	-8.2%	-9.0%	0.8%
Correlation	103.7%	108.8%	-5.1%
Yield <sup>3</sup>	2.40%	2.34%	0.07%
ETF Holdings	24	25	-1
Volatility <sup>4</sup>	8.74%	7.58%	1.16%
CAD	1.2731	1.2713	0.1%

### 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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