



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

We continued to add to EM local currency debt. Rising yields and a stronger US dollar makes the value increasingly compelling. The position will be limited to 10% of the 40% potential fixed-income exposure. We have not made an effort to increase duration in fixed income. We are targeting a US 10-year yield above 2% which we expect to see as QE is tapered in 2022 and inflation pressures continue. The addition to EMLC is a yield and currency focused play not a duration call. We are looking to raise cash into yearend having been adding to equity exposure through most of the year. Our overweight in Europe and EM equities has not worked well yet, but the longer-term value is clearly evident. But trimming equity exposure makes sense as the ducks quack into the Santa rally.

Macro Market Strategy

The FOMC has started to reduce QE that is projected to end by June 2022. Stimulus is still greater than bond supply, though passing a stimulus bill and infrastructure bill will change that dynamic in 2022 at a time when the Fed has stopped buying excess debt issuance. An upside stress to yields would have the greatest negative impact on equity risk premiums--we see this as a big risk factor in mid 2022. We expect it would lower the forward multiple by 1-2x or 200-400 S&P points. That would wipe out any EPS growth in 2022. So the fair value of the market is about where it sits today for the end of 2022. This does not rule out a melt-up above 5000 and a dip below 4000 in the middle. Inflation is a huge wildcard if it proves more than transitory, which is where we are leaning, can provide more of a stagflation outcome given the pending fiscal cliff in 2023/24 with Congress now likely to swing back to the GOP. The reduction of US QE relative to the ECB has given a bid to the dollar and we hedged up currency exposure. We look to add more Euro exposure.

PRO-EYES - Berman's Call

Risk Level

High

The current core portfolio beta is 79.6% The current degree of delta protection is about -15%.

When the PRO EYES indicator is at elevated levels (above 75%), as it recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. The rally to new ATH has once again pushed risks to elevated levels. We have put protection in place through Dec 31 from 4600 to 4300 or a test of the rising 200-day average in Q4. We have not added a call for additional yield. For details of the [PRO-EYES-Berman's Call](#) Tactical Risk Models click link above.

Performance Metrics (A-Series) as of (11/19/21)

Total Return	Net	Gross	Up/Downside ⁵	
YTD	5.25%	6.90%	Upside	15%
Prev. Month	1.22%	1.38%	Down	10%
Prev. Quarter	2.74%	3.22%	Mths Up	51
Prev. Year	5.48%	7.40%	Mths Dn	28
Ann. SI (04/17/15)	3.21%	5.13%		
Sharpe Ratio	0.67			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			

Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	32.6%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	30.2%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	9.4%
GDX	VanEck Gold Miners ETF/USA	5.1%
ZEM	BMO MSCI Emerging Markets Index ETF	3.3%
XLE	Energy Select Sector SPDR Fund	2.1%
KWEB	KraneShares CSI China Internet ETF	1.6%
ZCLN	BMO Clean Energy Index ETF	1.5%
HMMJ	Horizons Marijuana Life Sciences Index ETF	1.4%
KBA	KraneShares Bosera MSCI China A ETF	1.4%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	1.3%
PAVE	Global X US Infrastructure Development ETF	1.3%
URA	Global X Uranium ETF	1.2%
ZUS/U	BMO Ultra Short-Term US Bond ETF	1.0%
ZPR	BMO Laddered Preferred Share Index ETF	1.0%
FLBR	Franklin FTSE Brazil ETF	0.9%
FLIN	Franklin FTSE India ETF	0.8%
FLGB	Franklin FTSE United Kingdom ETF	0.8%
ZUP	BMO US Preferred Share Index ETF	0.5%
CIBR	First Trust NASDAQ Cybersecurity ETF	0.5%

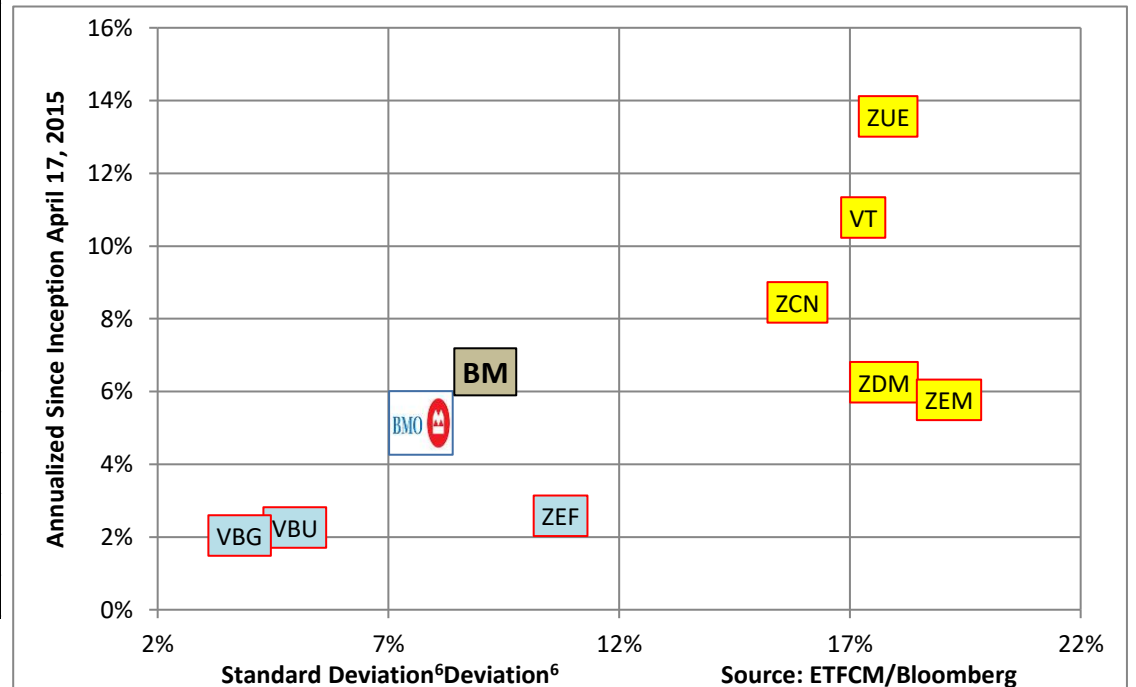
Chart of the Week



Defense

Core Portfolio Beta: 79.6%

Offense



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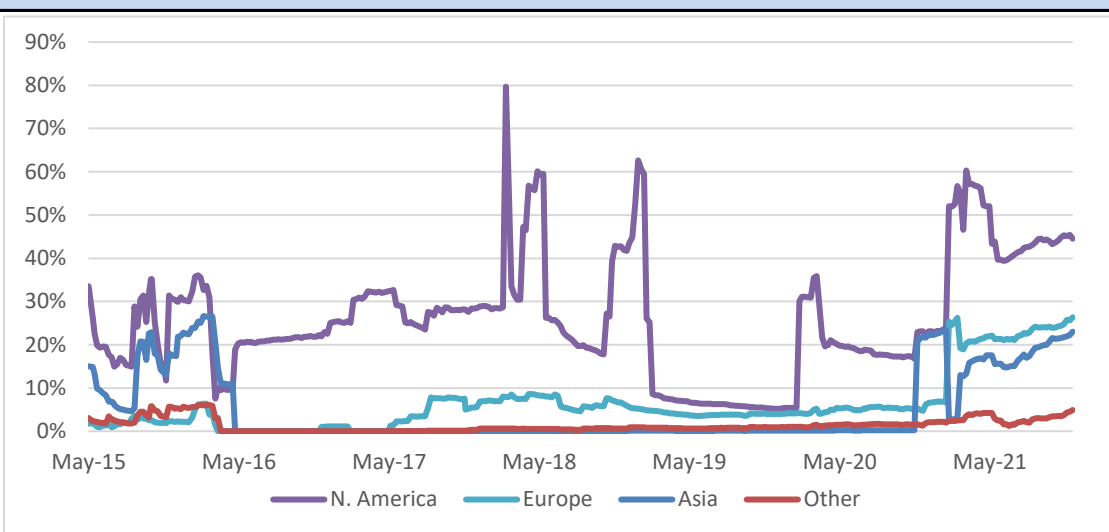
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
11/19/21	44.5%	26.4%	23.0%	4.9%
11/12/21	45.4%	25.6%	22.3%	4.5%
Change	-0.9%	0.7%	0.7%	0.4%

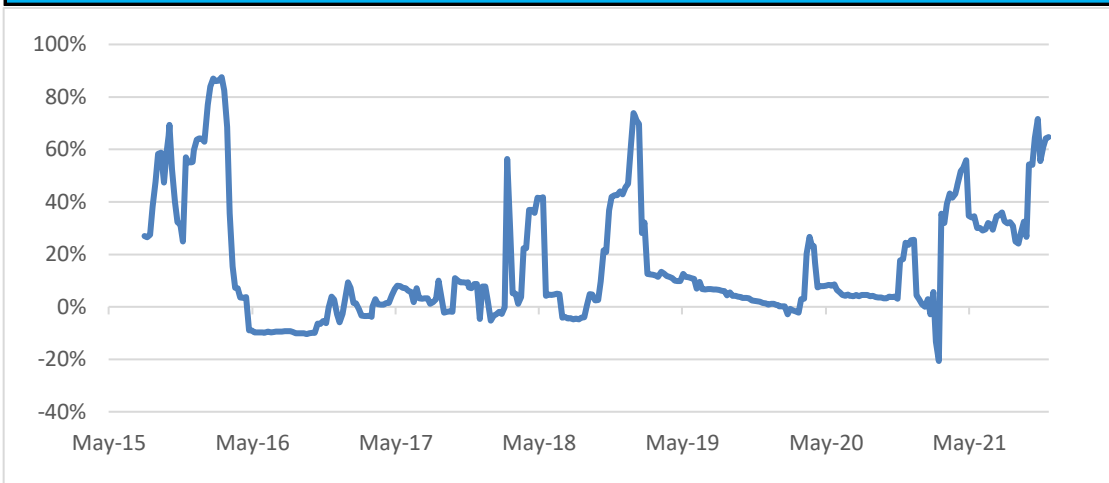
Bonds	Corp.	Govt.	Pref.	Cash
11/19/21	1.3%	9.5%	1.5%	0.7%
11/12/21	1.2%	7.9%	1.4%	1.6%
Change	0.1%	1.5%	0.0%	-0.9%

Bonds	Duration
11/19/21	4.81
11/12/21	4.41
Change	0.41

Sector	11/19/21	11/12/21	Change	BM
Basic Materials	10.8%	11.0%	-0.1%	2.8%
Communications	8.7%	8.9%	-0.1%	8.4%
Consumer, Cyclical	8.8%	8.8%	0.0%	6.9%
Consumer, Non-cyclical	16.6%	16.7%	-0.1%	12.9%
Energy	6.0%	6.0%	0.0%	2.8%
Financial	14.2%	14.3%	0.0%	16.8%
Government	10.1%	8.5%	1.6%	25.0%
Industrial	9.4%	9.4%	0.0%	6.9%
Technology	11.1%	11.3%	-0.2%	10.8%
Utilities	2.9%	2.9%	0.0%	2.4%

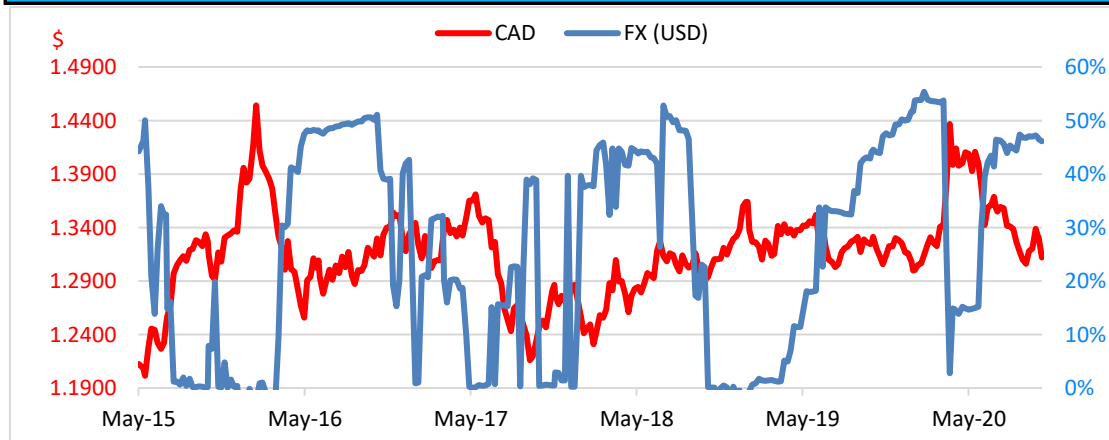


Net Beta (Core - Protection): 64.7%



As of: 11/19/21	11/19/21	11/12/21	Change
FX (USD)	2.8%	4.1%	-1.3%
Beta ²	79.6%	79.6%	-0.1%
Protection	-14.9%	-15.4%	0.5%
Correlation	105.7%	102.9%	2.8%
Yield ³	1.79%	1.72%	0.07%
ETF Holdings	22	22	0
Volatility ⁴	7.71%	8.35%	-0.63%
CAD	1.2640	1.2550	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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