



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

Last week we saw a double pause in policy. The FOMC pushed the pause button as longer-term yields were doing some of the tightening of financial conditions. And the Treasury pushed the pause button on increasing the amount of bonds issued that were largely responsible for pushing up long yields. The double pause caused a massive risk-on rally easing financial conditions and removing some of the reason the FOMC pushed pause. We look to further reduce the core portfolio protection in the coming weeks with a view to reestablish it in the coming months. Our biggest overweight position is in long duration bonds. We expect a hard landing in 2024. That said, we trimmed some exposure last week. We look to keep the long duration exposure between 15-20% of the portfolio.

## Macro Market Strategy

While it appears now that we are much closer to the terminal rate, we do not see an easing until the market and Main Street feels more pain. The FOMC does not expect inflation to return to target until 2025, which suggests that higher for longer is here well into 2024. Main street has felt no pain yet given the employment situation is still relatively strong. Historically, we do not see the bottom is in until Main Street feels the recession. It does not have to be deep, but no cycle in history has ever bottomed at full employment. Inflation is unlikely to get back towards the Fed's target without some labour market pain that the FOMC is willing to endure to make sure inflation expectations are grounded. A soft landing is an extremely low probability that is fully priced in.

## Top Holdings

Ticker	Name	Position
RSP	Invesco S&P 500 Equal Weight ETF	16.1%
ZEM	BMO MSCI Emerging Markets Index ETF	13.5%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	10.5%
TLT	iShares 20+ Year Treasury Bond ETF	9.9%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.5%
ZEA	BMO MSCI EAFE Index ETF	5.7%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	5.6%
KWEB	KraneShares CSI China Internet ETF	3.7%
ZCLN	BMO Clean Energy Index ETF	3.5%
CIBR	First Trust NASDAQ Cybersecurity ETF	3.1%
XBI	SPDR S&P Biotech ETF	2.3%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	2.0%
XLP	Consumer Staples Select Sector SPDR Fund	2.0%
FLKR	Franklin FTSE South Korea ETF	1.8%
FINX	Global X FinTech ETF	1.7%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.7%
FLIN	Franklin FTSE India ETF	1.5%
MJ	ETFMG Alternative Harvest ETF	1.5%
URA	Global X Uranium ETF	1.2%
XLI	Industrial Select Sector SPDR Fund	1.1%

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 75.8%. The degree of delta protection is -47% while the value of beta protection is 82% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The weighted average floor is: 3800.

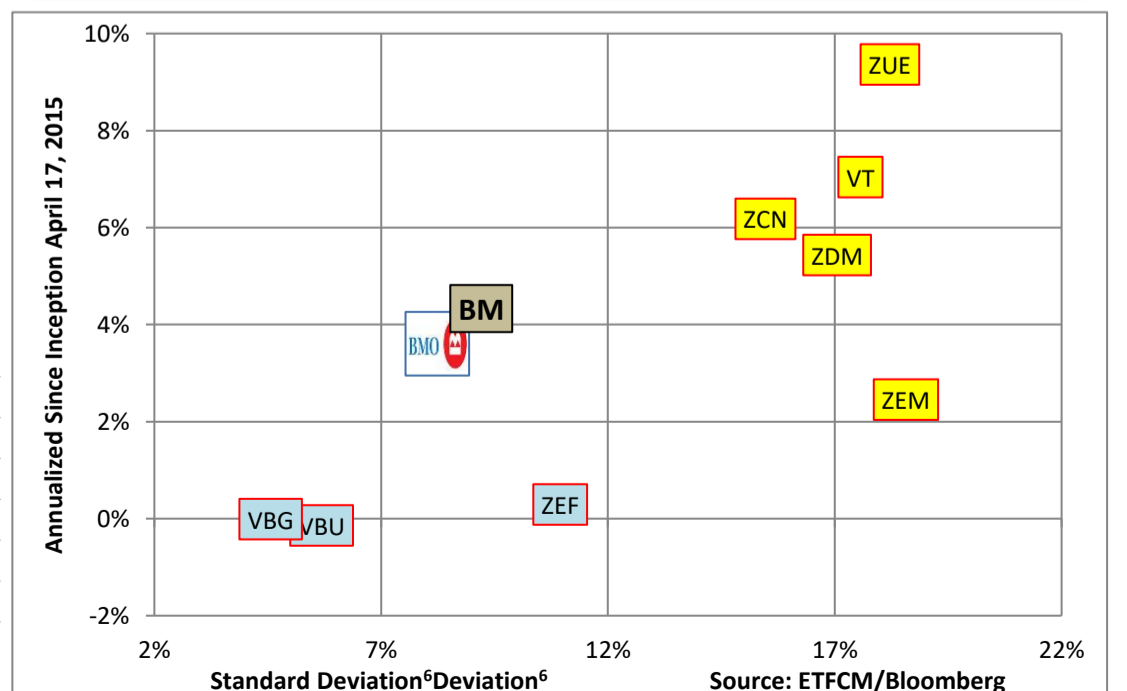
The overall PRO-EYES factors suggest that we are in a neutral period with longer-term caution concerns. The recent oversold condition has been neutralized in 3 trading days.

Defense **Core Portfolio Beta: 75.8%** Offense



## Performance Metrics (A-Series) as of (11/03/23)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	0.81%	2.38%	Upside	21%
Prev. Month	0.74%	0.90%	Down	41%
Prev. Quarter	-1.40%	-0.92%	Mths Up	61
Prev. Year	9.73%	11.65%	Mths Dn	41
Ann. SI (04/17/15)	1.68%	3.60%		
Sharpe Ratio	0.44			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			



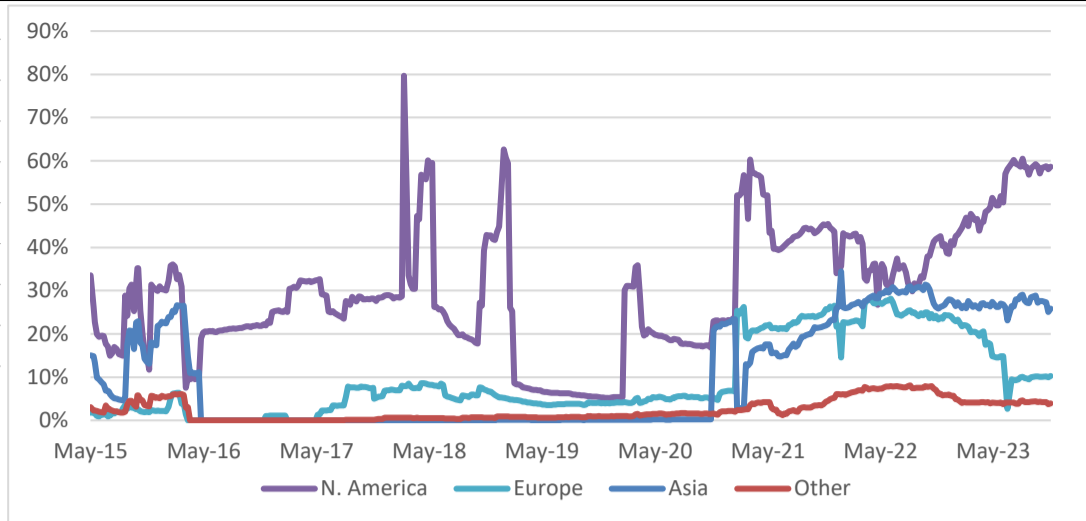
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
11/03/23	58.6%	10.2%	25.8%	3.9%
10/27/23	58.1%	9.9%	25.1%	3.7%
Change	0.5%	0.3%	0.8%	0.2%

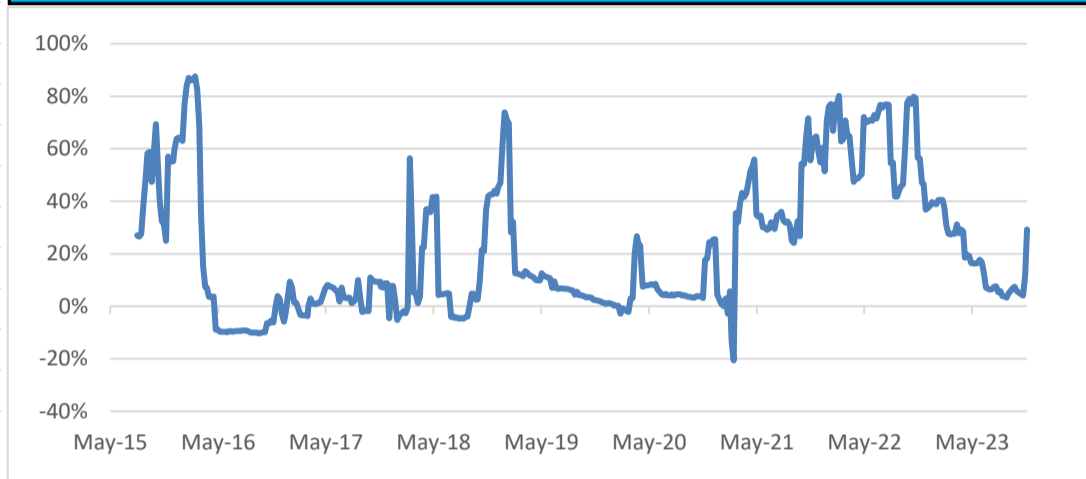
Bonds	Corp.	Govt.	Pref.	Cash
11/03/23	11.7%	11.6%	0.6%	1.0%
10/27/23	11.5%	12.0%	0.5%	-0.3%
Change	0.2%	-0.4%	0.0%	1.3%

Bonds	Duration
11/03/23	14.46
10/27/23	15.23
Change	-0.77

Sector	11/03/23	10/27/23	Change	BM
Basic Materials	4.4%	4.2%	0.2%	2.7%
Communications	8.9%	8.6%	0.3%	7.1%
Consumer, Cyclical	7.2%	7.1%	0.2%	6.9%
Consumer, Non-cyclical	16.4%	15.6%	0.8%	12.8%
Energy	5.0%	5.0%	0.0%	3.8%
Financial	12.0%	12.2%	-0.2%	16.9%
Government	20.8%	21.0%	-0.2%	26.1%
Industrial	8.4%	8.2%	0.3%	6.8%
Technology	12.0%	11.4%	0.6%	11.7%
Utilities	3.3%	3.5%	-0.1%	1.6%

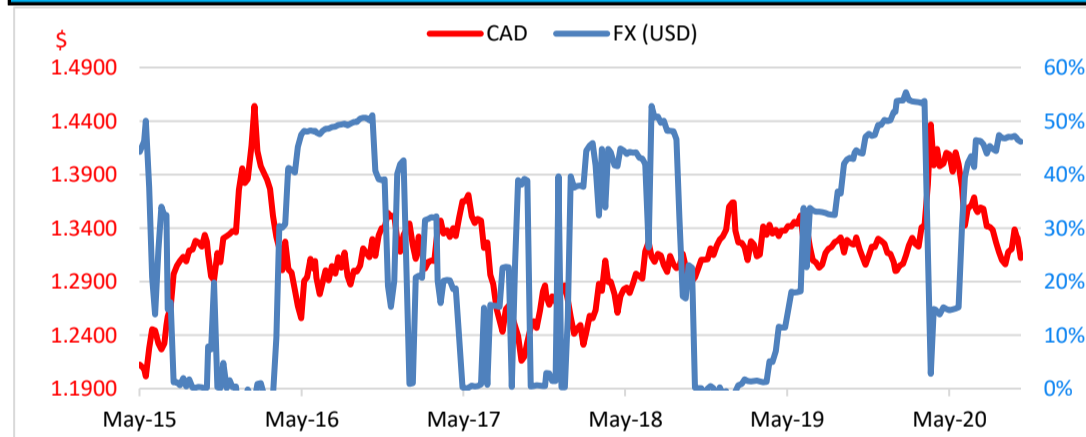


### Net Beta (Core - Protection): 29.2%



As of: 11/03/23	11/03/23	10/27/23	Change
FX (USD)	27.6%	28.2%	-0.6%
Beta <sup>2</sup>	75.8%	73.8%	2.0%
Protection	-46.6%	-62.2%	15.6%
Correlation	92.1%	89.6%	2.5%
Yield <sup>3</sup>	2.76%	2.80%	-0.04%
ETF Holdings	23	23	0
Volatility <sup>4</sup>	8.25%	8.40%	-0.16%
CAD	1.3658	1.3870	-1.5%

### 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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