



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

Over the past 3 months since the debt ceiling was lifted, the US 2s-30s curve is unchanged. The first wave of debt financing came in the Bills market and the curve flattened. Once the QRA showed that more coupons were needed in August, the curve steepened. So while the curve did not move, yields are higher in the front and back end. Bond and Bill supply along with the higher for longer narrative should have a hard landing impact on the economy. Bond supply dynamics are the most bearish they have been in a decade. Thus, we cut duration again last week as bonds rallied. We expect a bear steepening curve to have a negative impact on risk premiums. the equity side of our portfolio is well protected. We will continue to trade duration in setting up for a hard landing.

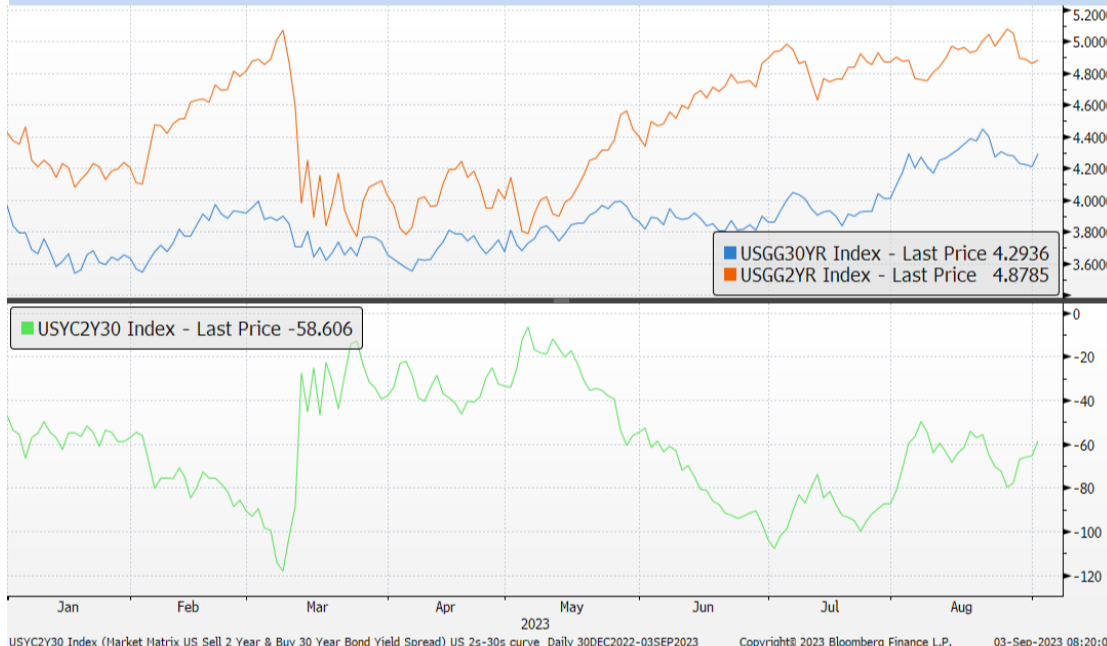
## Macro Market Strategy

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 until recently. The impact of QT and huge coupon supply in the coming years should push risk premiums higher. Based on the current S&P 500 EPS, the fair value is closer to 3600 than 4600. Globally, there remains much better value in stocks globally and the average stock is not extremely overvalue like the large cap tech driven US market. The MSCI world equal weight index has outperformed the market cap index over the past 20 years, but not the past 10 years. Large cap tech should be multiple challenged in a higher for longer world.

## Top Holdings

Ticker	Name	Position
ZEM	BMO MSCI Emerging Markets Index ETF	16.6%
RSP	Invesco S&P 500 Equal Weight ETF	16.2%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	10.8%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.9%
TLT	iShares 20+ Year Treasury Bond ETF	7.6%
ZST	BMO Ultra Short-Term Bond ETF	5.3%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	5.0%
KWEB	KraneShares CSI China Internet ETF	3.8%
URA	Global X Uranium ETF	3.1%
CIBR	First Trust NASDAQ Cybersecurity ETF	3.0%
XBI	SPDR S&P Biotech ETF	2.5%
ZCLN	BMO Clean Energy Index ETF	2.1%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	2.1%
XLP	Consumer Staples Select Sector SPDR Fund	2.0%
FLKR	Franklin FTSE South Korea ETF	1.8%
FINX	Global X FinTech ETF	1.8%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.7%
MJ	ETFMG Alternative Harvest ETF	1.6%
FLIN	Franklin FTSE India ETF	1.4%
GDX	VanEck Gold Miners ETF/USA	1.2%

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 77.6%. The degree of delta protection is -73% while the value of beta protection is 78% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The weighted average floor is: 0.

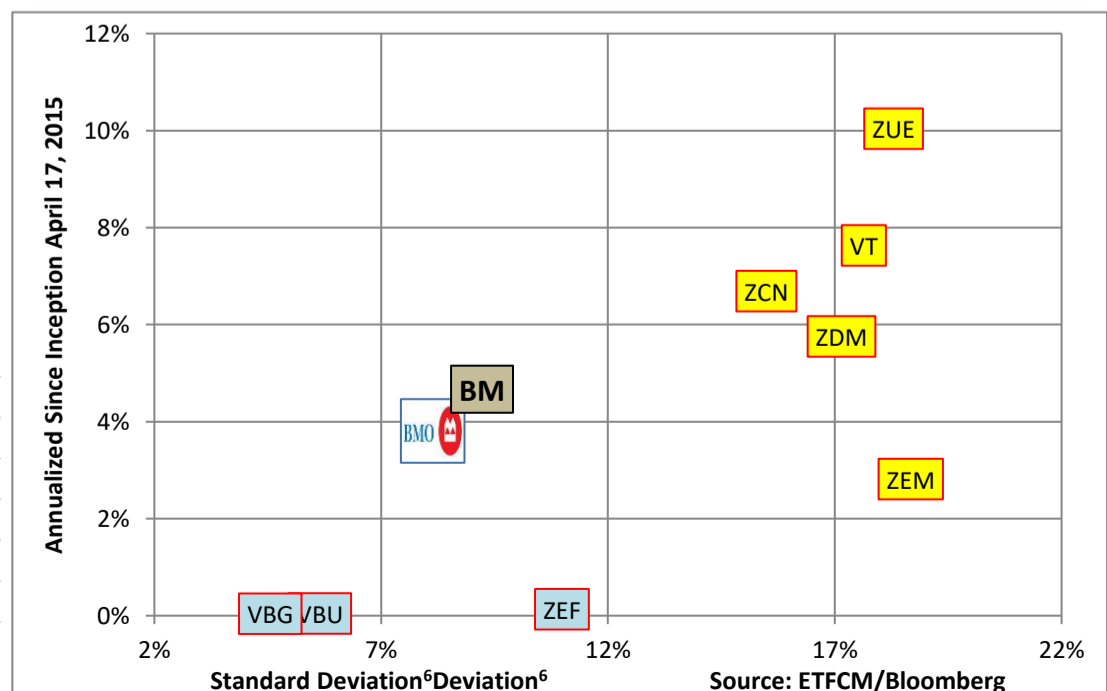
The overall PRO-EYES factors suggest that we are in a period of very high caution. Tactically, we are seeing some extreme overbought readings that suggest a high probability of a correction of more than 11% is likely.

Defense Core Portfolio Beta: 77.6% Offense



## Performance Metrics (A-Series) as of (09/01/23)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	2.17%	3.42%	Upside	21%
Prev. Month	0.39%	0.55%	Down	41%
Prev. Quarter	-0.63%	-0.15%	Mths Up	61
Prev. Year	6.58%	8.50%	Mths Dn	40
Ann. SI (04/17/15)	1.88%	3.80%		
Sharpe Ratio	0.47			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			



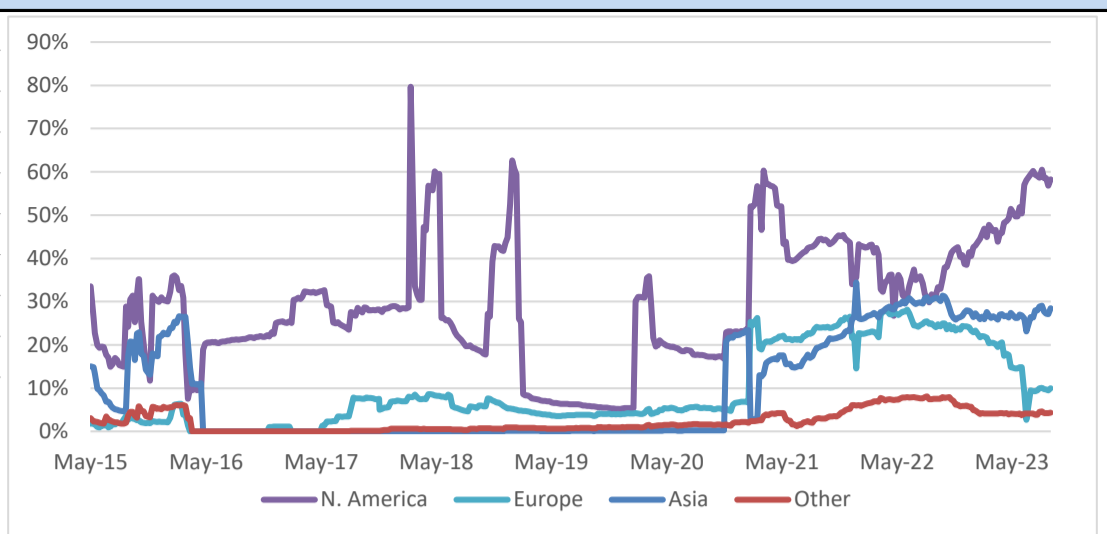
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
09/01/23	58.2%	9.9%	28.4%	4.3%
08/25/23	56.8%	9.5%	27.1%	4.2%
Change	1.4%	0.4%	1.4%	0.1%

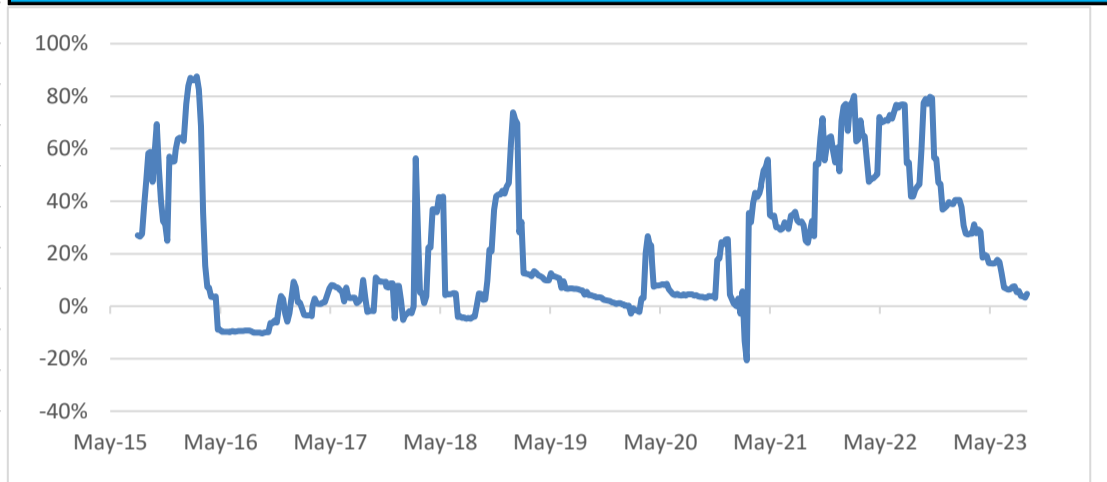
Bonds	Corp.	Govt.	Pref.	Cash
09/01/23	11.4%	9.4%	0.6%	2.3%
08/25/23	11.2%	10.2%	0.6%	4.1%
Change	0.3%	-0.8%	0.0%	-1.8%

Bonds	Duration
09/01/23	9.92
08/25/23	11.29
Change	-1.37

Sector	09/01/23	08/25/23	Change	BM
Basic Materials	6.6%	6.3%	0.3%	2.8%
Communications	9.8%	9.2%	0.6%	7.0%
Consumer, Cyclical	8.0%	7.8%	0.2%	7.0%
Consumer, Non-cyclical	17.1%	16.2%	0.9%	12.7%
Energy	4.9%	4.7%	0.2%	3.5%
Financial	16.0%	15.2%	0.8%	16.7%
Government	13.4%	14.2%	-0.8%	26.2%
Industrial	9.3%	8.9%	0.4%	6.9%
Technology	12.6%	11.9%	0.7%	11.9%
Utilities	3.2%	3.1%	0.0%	1.6%

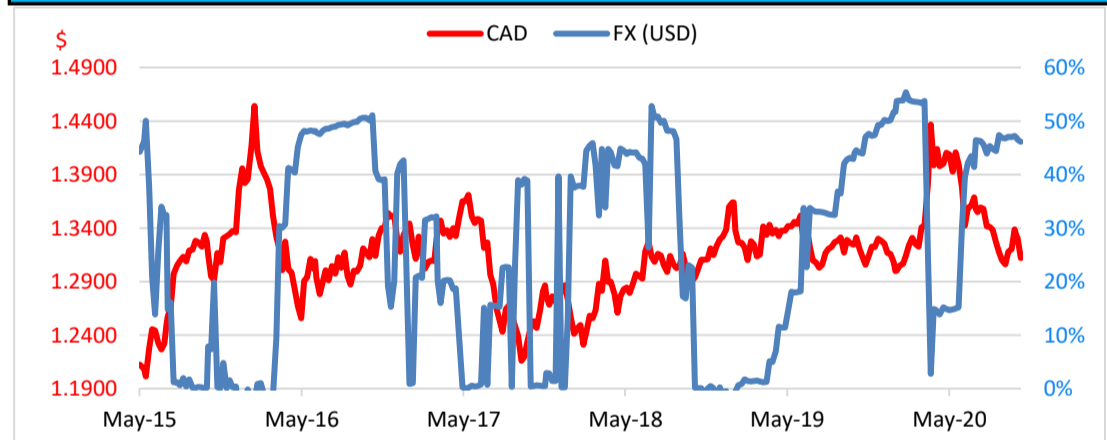


### Net Beta (Core - Protection): 4.7%



As of: 09/01/23	09/01/23	08/25/23	Change
FX (USD)	25.9%	28.2%	-2.2%
Beta <sup>2</sup>	77.6%	73.4%	4.2%
Protection	-72.9%	-70.1%	-2.8%
Correlation	88.1%	83.6%	4.5%
Yield <sup>3</sup>	2.69%	2.72%	-0.03%
ETF Holdings	23	23	0
Volatility <sup>4</sup>	8.14%	8.21%	-0.07%
CAD	1.3592	1.3601	-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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