BMO Tactical Balanced ETF Fund Highlights

BMO Mutual Funds | ETF CAPITAL MANAGEMENT

Core Tactical/Strategic Portfolio Outlook/Adjustments

August was a challenging month for assets globally from commodities to bonds to equities. Global equities fell a bit more than 4% while global bonds a bit less. A C$ currency hedged balanced 60:40 was down about 2% and with our volatility protection added during the peak of market strength during the month, our downside capture was very low with a decline of only 59 bps. With Sept/Oct seasonals likely to see more of the same, we look for an oversold period to remove the protection again like we did earlier in the year. Central banks are likely to keep the inflation fighting hammer on the market higher for longer, which should continue to increase risk premiums. We did not make any tactical moves last week. Our recent shift in US large cap exposure from market cap to equal weighting has added about 5 bps so far to the portfolio. Reducing the growth factor in the portfolio seems like the play still until the inflation risk is out of the market. This could take several years, but there will be tradable rallies along the way like we participated in June and July. Wea re looking to add significant duration to the portfolio to play for the recession the Fed is inevitably going to take us into. Timing, as always, is a key factor. If we can retest the recent yield highs in the coming weeks, it would be a good first leg.

Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	22.7%
RSP	Invesco S&P 500 Equal Weight ETF	12.5%
ZEM	BMO MSCI Emerging Markets Index ETF	11.5%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	11.5%
TLT	iShares 20+ Year Treasury Bond ETF	5.3%
VGK	Vanguard FTSE Europe ETF	4.8%
GDX	VanEck Gold Miners ETF/USA	3.0%
KWEB	KraneShares CSI China Internet ETF	2.9%
URA	Global X Uranium ETF	2.2%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	2.1%
MJ	ETFMG Alternative Harvest ETF	2.1%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	2.0%
ZCLN	BMO Clean Energy Index ETF	1.9%
CIBR	First Trust NASDAQ Cybersecurity ETF	1.8%
XLP	Consumer Staples Select Sector SPDR Fund	1.6%
FINX	Global X FinTech ETF	1.2%
FLIN	Franklin FTSE India ETF	1.1%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.0%
PAVE	Global X US Infrastructure Development ETF	0.7%
FLBR	Franklin FTSE Brazil ETF	0.7%

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. We think the skinny Bills Congress passed will add slightly to funding pressure. The FOMC's more aggressive path has caught them up to the curve and the terminal rate is now expected in December. Powell could not have been more HAWKISH at Jackson Hole. The speech will go down in the history books. Not Volcker like, but a more modern day version. The higher for longer speech is most certainly going to cause some pain on Main Street. Forward EPS needs to come down for the next few quarters. This will cap most rally attempts with the FOMC unable to pivot until inflation is under 3% and holding. This could easily take 2 years or more.

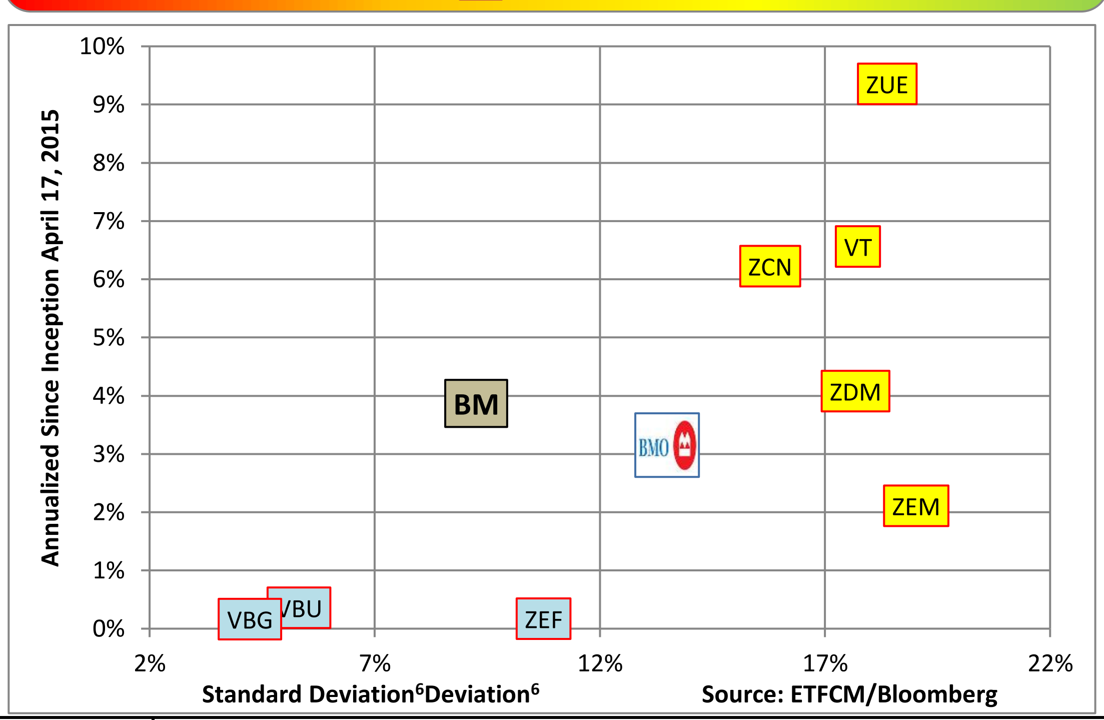
Chart of the Week

PRO-EYES - Berman's Call | Risk Level | High

The core portfolio beta is 74.4%. The degree of delta protection is -29% while the value of beta protection is 43%.

The tactical PRO-EYEs factor suggests that after the recent rally, the buy dips bias is gone for now, as the tactical risk-return is more balanced. To offset, liquidity and business cycle conditions are more stressed. This should lead to two-way opportunities in the coming months. The decay in forward earnings needs to be on the front burner. The lagged impact of monetary policy has yet to hit the outlook in a material way.

Defense | Core Portfolio Beta: 74.4% | Offense

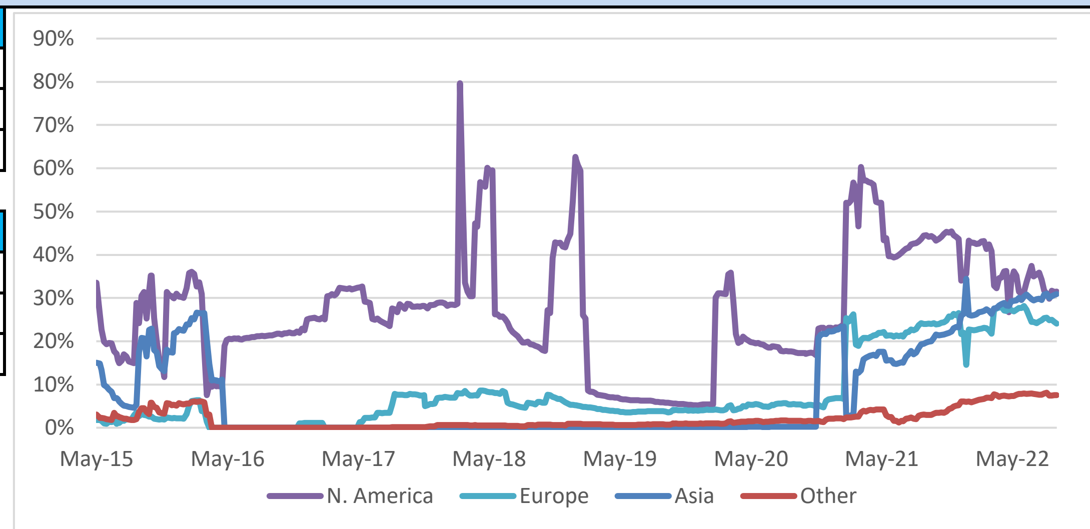


Performance Metrics (A-Series) as of (09/02/22)

Total Return	Net	Gross	Up/Downside[5]	
YTD	-9.69%	-8.44%	Upside	16%
Prev. Month	-1.95%	-1.79%	Down	29%
Prev. Quarter	-4.95%	-4.47%	Mths Up	54
Prev. Year	-10.06%	-8.14%	Mths Dn	35
Ann. SI (04/17/15)	1.23%	3.15%		
Sharpe Ratio	0.23			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			

Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
09/02/22	31.5%	24.0%	30.9%	7.5%
08/26/22	31.4%	24.5%	30.7%	7.5%
Change	0.1%	-0.4%	0.2%	0.0%

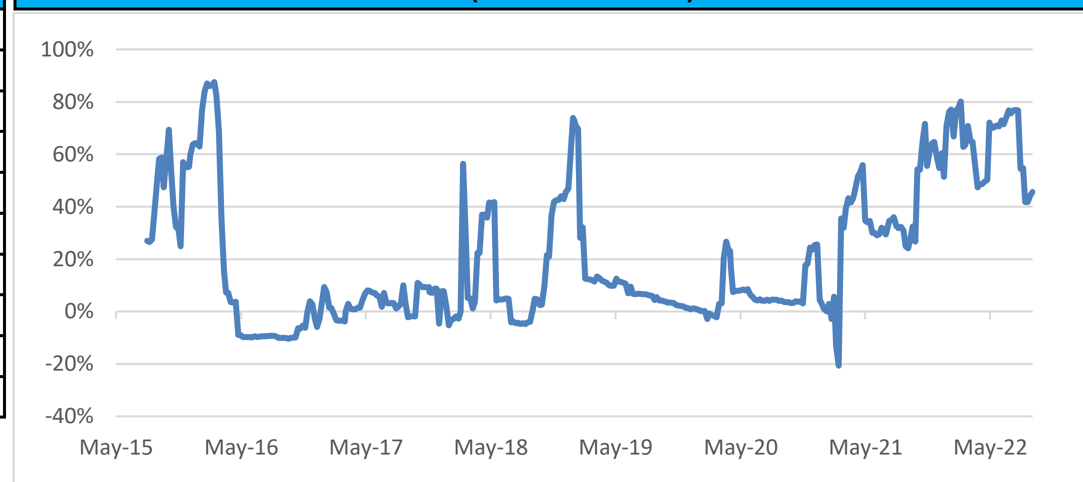


Bonds	Corp.	Govt.	Pref.	Cash
09/02/22	1.2%	17.4%	0.4%	4.4%
08/26/22	1.2%	17.1%	0.4%	5.1%
Change	0.0%	0.2%	0.0%	-0.8%

Bonds	Duration
09/02/22	6.85
08/26/22	6.54
Change	0.31

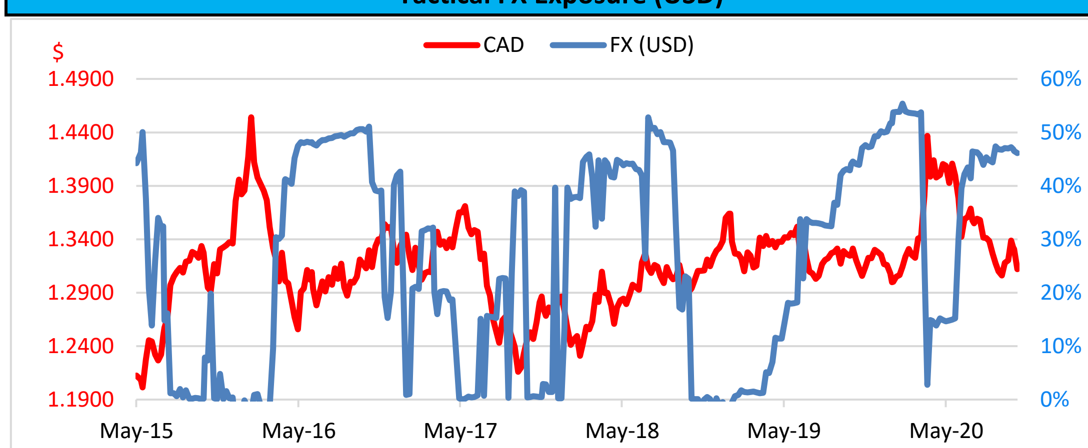
Sector	09/02/22	08/26/22	Change	BM
Basic Materials	10.0%	10.0%	0.0%	2.8%
Communications	7.0%	6.9%	0.1%	6.9%
Consumer, Cyclical	7.5%	7.7%	-0.2%	6.8%
Consumer, Non-cyclical	16.1%	16.3%	-0.3%	13.4%
Energy	4.5%	4.4%	0.1%	3.6%
Financial	12.4%	12.4%	0.0%	16.6%
Government	17.0%	16.4%	0.5%	25.1%
Industrial	8.8%	9.0%	-0.2%	6.7%
Technology	7.5%	7.8%	-0.3%	10.7%
Utilities	3.1%	3.1%	0.0%	2.6%

Net Beta (Core - Protection): 45.7%



As of: 09/02/22	09/02/22	08/26/22	Change
FX (USD)	1.1%	1.5%	-0.3%
Beta[2]	74.4%	74.1%	0.3%
Protection	-28.7%	-29.8%	1.0%
Correlation	104.4%	102.8%	1.6%
Yield[3]	2.88%	2.81%	0.07%
ETF Holdings	23	23	0
Volatility[4]	13.50%	12.29%	1.21%
CAD	1.3134	1.3033	0.8%

Tactical FX Exposure (USD)



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.