



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

September was a great month for the fund and demonstrates the benefits of the protection overaly on the portfolio. We saw an increase of 21bps versus a decline of 372 bps for the benchmark. We see a continued challenging environment for asset markets until we get closer to a hard landing and the markets better reflect that outcome. That said, we bought, sold and bought duration into the portfolio last week and we continue to see duration as a strategic asset class in this rising yield environment. At 5.00%, the US 10-year plus duration is very compelling. However, in a higher for longer scenario in the coming years with sticky inflation as the world supply chains rebalance. In addition, we unhedged some EAFE currency exposure on relative strength in the Canadian dollar. We sold half of ZDM and bought ZEA.

## Top Holdings

Ticker	Name	Position
ZEM	BMO MSCI Emerging Markets Index ETF	16.2%
RSP	Invesco S&P 500 Equal Weight ETF	15.6%
TLT	iShares 20+ Year Treasury Bond ETF	12.9%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.6%
ZEA	BMO MSCI EAFE Index ETF	5.5%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	5.4%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	4.7%
KWEB	KraneShares CSI China Internet ETF	3.6%
ZCLN	BMO Clean Energy Index ETF	3.1%
CIBR	First Trust NASDAQ Cybersecurity ETF	3.0%
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	1.9%
FLKR	Franklin FTSE South Korea ETF	1.8%
MJ	ETFMG Alternative Harvest ETF	1.7%
FINX	Global X FinTech ETF	1.7%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.6%
FLIN	Franklin FTSE India ETF	1.5%
ZST	BMO Ultra Short-Term Bond ETF	1.2%
URA	Global X Uranium ETF	1.2%

## Macro Market Strategy

Our macro indicators suggest a modest degree of caution. We believe the message in the yield curve is a hard landing. The FOMC removed most of the ease priced in forecasts for 2024 in a very hawkish higher for longer message to the Street. We think this should push risk premiums higher for both bonds and stocks and hence multiples lower. Fair value in our forward EPS model is now closer to 3800-4000, which assumes no significant decline in 2024 EPS. We will have to see how the higher for longer policy hits growth and inflation in the coming quarters. For now, EPS seems to be holding in as employment trends and wage gains remains strong.

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 75.0%. The degree of delta protection is -69% while the value of beta protection is 80% 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 caution. The most recent extreme readings suggests that we have a high probability of a correction of more than 11% from the recent peak. Timing is uncertain, but typically within 3 to 6 months.

## Defense

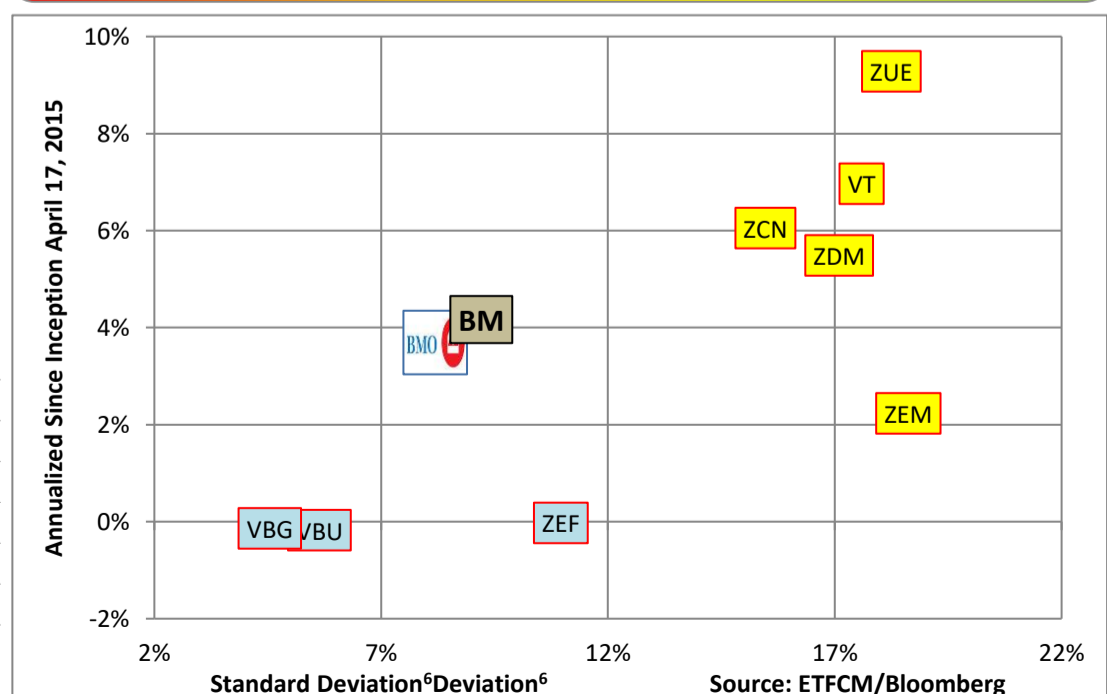
Core Portfolio Beta: 75.0%

## Offense



## Performance Metrics (A-Series) as of (09/29/23)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	1.34%	2.73%	Upside	21%
Prev. Month	-0.21%	-0.05%	Down	41%
Prev. Quarter	-0.12%	0.36%	Mths Up	61
Prev. Year	11.93%	13.85%	Mths Dn	41
Ann. SI (04/17/15)	1.77%	3.69%		
Sharpe Ratio	0.45			
Fund Codes:	Advisor BMO99222; F-Class BMO95222			



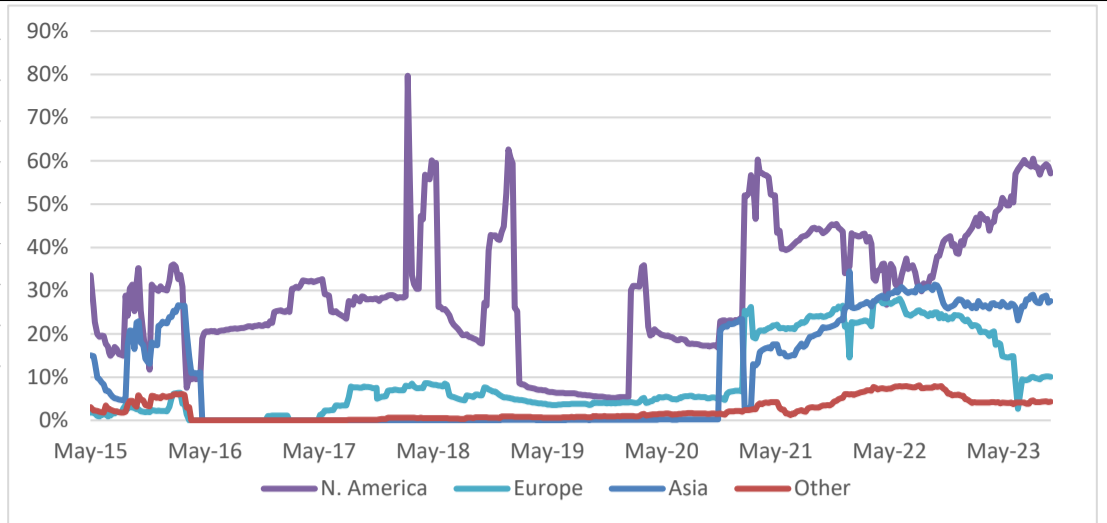
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
09/29/23	57.0%	10.1%	27.5%	4.3%
09/22/23	58.7%	10.2%	27.2%	4.2%
Change	-1.7%	-0.1%	0.4%	0.1%

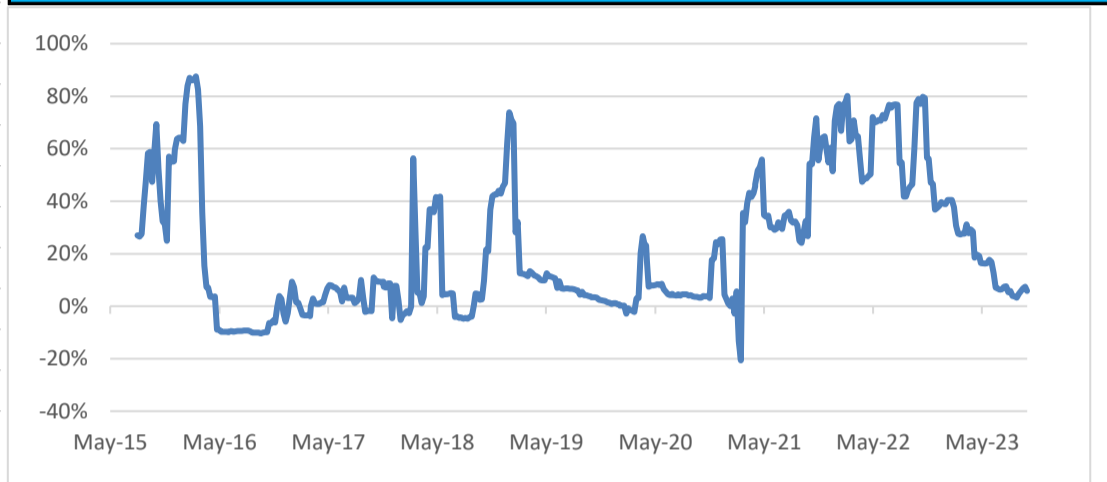
Bonds	Corp.	Govt.	Pref.	Cash
09/29/23	7.0%	14.5%	0.6%	0.5%
09/22/23	8.6%	12.5%	0.6%	-0.3%
Change	-1.6%	2.0%	0.0%	0.7%

Bonds	Duration
09/29/23	13.99
09/22/23	13.48
Change	0.51

Sector	09/29/23	09/22/23	Change	BM
Basic Materials	5.3%	6.1%	-0.8%	2.7%
Communications	9.3%	9.1%	0.1%	7.1%
Consumer, Cyclical	7.5%	7.7%	-0.2%	6.9%
Consumer, Non-cyclical	16.6%	16.6%	0.0%	12.8%
Energy	5.1%	5.1%	0.0%	3.6%
Financial	13.1%	13.9%	-0.8%	16.7%
Government	18.1%	16.4%	1.7%	26.2%
Industrial	8.4%	8.6%	-0.2%	6.9%
Technology	12.0%	11.8%	0.2%	12.0%
Utilities	3.6%	3.8%	-0.2%	1.6%

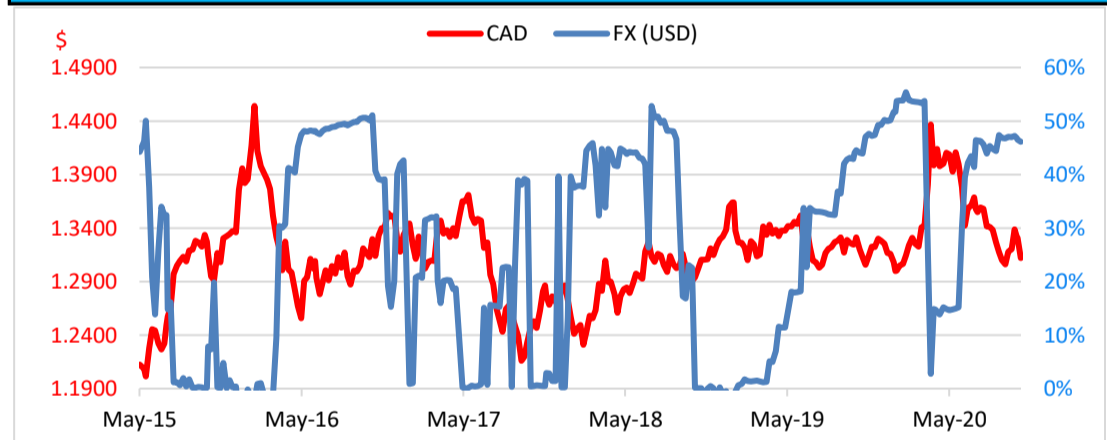


### Net Beta (Core - Protection): 5.8%



As of: 09/29/23	09/29/23	09/22/23	Change
FX (USD)	27.8%	26.9%	0.9%
Beta <sup>2</sup>	75.0%	77.0%	-2.0%
Protection	-69.3%	-69.7%	0.4%
Correlation	89.3%	89.8%	-0.6%
Yield <sup>3</sup>	2.72%	2.67%	0.05%
ETF Holdings	24	23	1
Volatility <sup>4</sup>	8.20%	8.16%	0.04%
CAD	1.3577	1.3483	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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