



BMO Tactical Dividend ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

We expect a volatile first half of the year as investors debate a hard or soft landing outcome. We are in the modest recession camp with sticky core inflation. The colossal debt burden and QT cycle should weigh on risk premiums, which would limit any multiple expansion. An EPS recession is likely too and we expect the S&P 500 to be around \$190 in 2023. This puts fair value in the 3200-3600 range. We should test that zone once earnings begin to fall. In the chart of the week, we highlights a bearish trend channel the S&P 500 has been respecting. We think that continues. We could break the channel during earnings, but unless the S&P 500 can hold above 4100 through the end of earnings, it would likely only mean false hope for investors. We have not made any trades yet in 2023 with international exposure leading the rally. We look to a defensive tilt in the coming weeks.

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. The FOMC's more aggressive path (higher for longer) has caught them up to the curve and the terminal rate is now expected in q1/23 around 4.75-5.00%. We have a strong probability of a recession in 2023. The odds that we see EPS growth in a recession is close to zero. Based on history of the post WW2 period, we can expect a decline in earnings of about 10%. So we are working off a \$200 EPS number for 2023 as best case and with a 16x multiple, a test of 3200 seems likely at some point. We are prudently protecting risk to this point in our options protection for 2023.

PRO-EYES - Berman's Call

Risk Level

Low

The core portfolio beta is 61.9%. The degree of delta protection is -42% while the value of beta protection is 60%. The weighted average cap is: 4400. The weighted average collar is: 3935. The weighted average floor is: 3200.

The tactical PRO-EYES factor suggests that while some caution is still warranted on business cycle and valuation and that we are likely in a bear market cycle, the tactical component is well set up for a Q4 rally. This suggests that the tactical protection will become a very important part of managing volatility in the coming quarters. Correlations themselves are increasingly volatile.

Performance Metrics (A-Series) as of (01/20/23)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	4.54%	4.65%	Upside	18%
Previous Quarter	15.22%	15.70%	Downside	48%
Previous Year	2.67%	4.59%	Months Up	69
3-Year	-1.68%	0.24%	Months Dn	43
5-Year	0.46%	2.38%		
Ann. SI (08/12/13)	3.54%	5.46%	Sharpe Ratio	0.44

Fund Codes: Advisor BMO99734; F-Class BMO95734; F6 BMO36734;

Top Holdings

Ticker	Name	Position
ZDH	BMO International Dividend Hedged to CAD ETF	29.2%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	13.1%
ZWT	BMO Covered Call Technology ETF	10.6%
ZPAY/F	BMO Premium Yield ETF	9.8%
DEM	WisdomTree Emerging Markets High Dividend Fund	9.8%
EDIV	SPDR S&P Emerging Markets Dividend ETF	9.7%
ZWU	BMO Covered Call Utilities ETF	9.6%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividend	3.8%
DVYE	iShares Emerging Markets Dividend ETF	3.0%

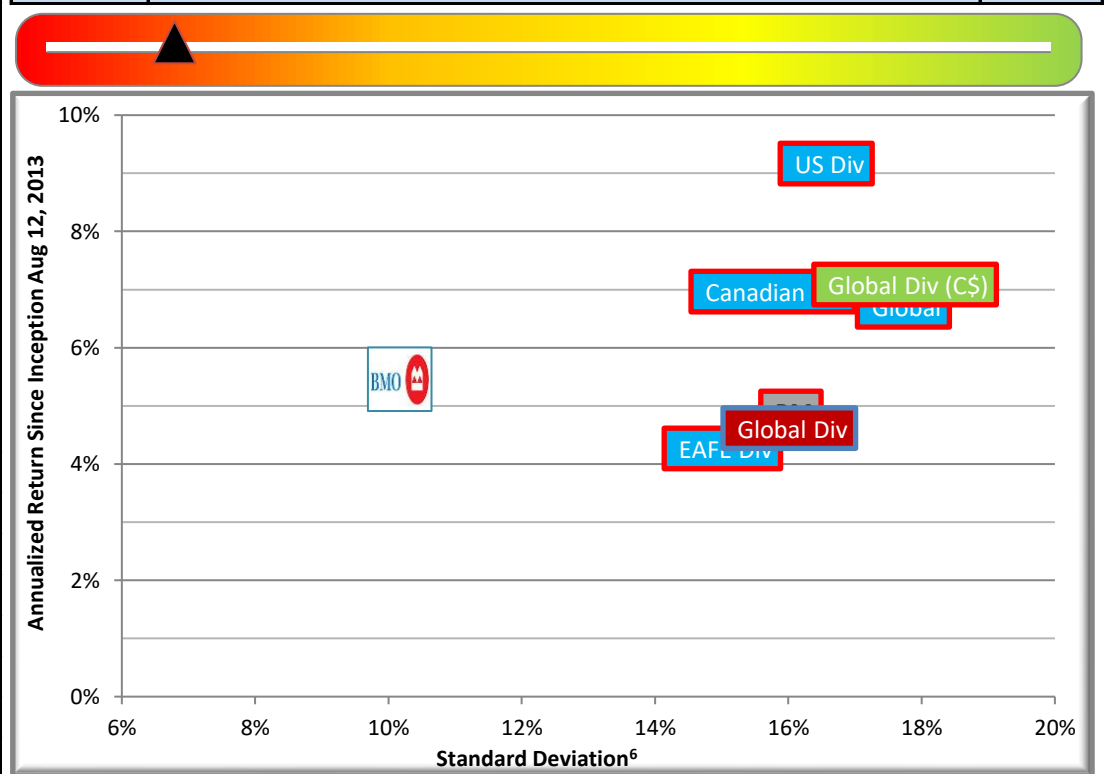
Chart of the Week



Defense

Core Beta: 61.9%

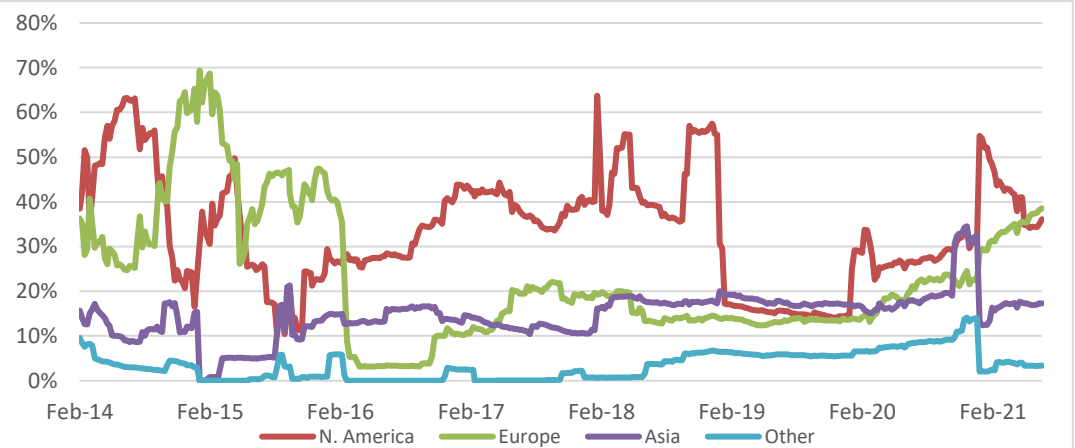
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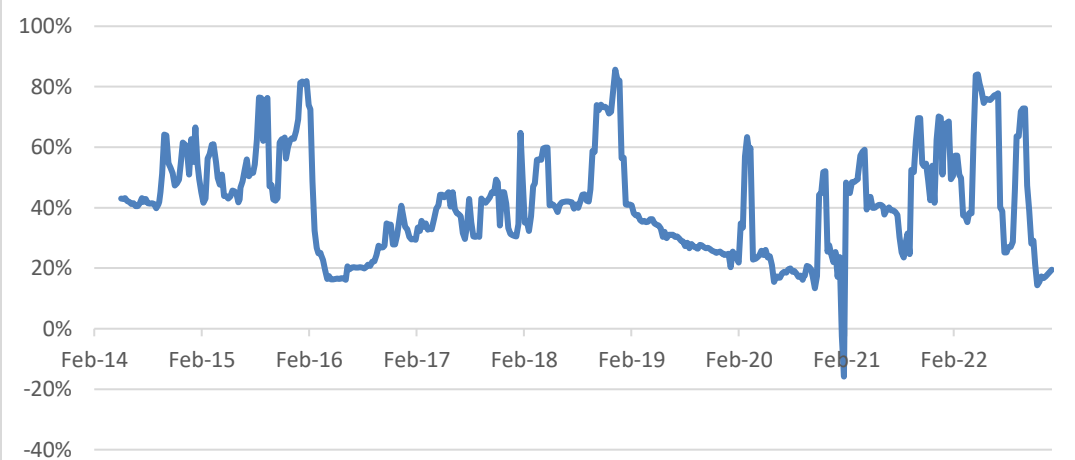
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
01/20/23	30.0%	35.1%	28.2%	5.3%
12/30/22	29.5%	34.9%	27.6%	5.4%
Change	0.5%	0.2%	0.5%	-0.1%
Benchmark	70.3%	14.2%	11.6%	3.9%



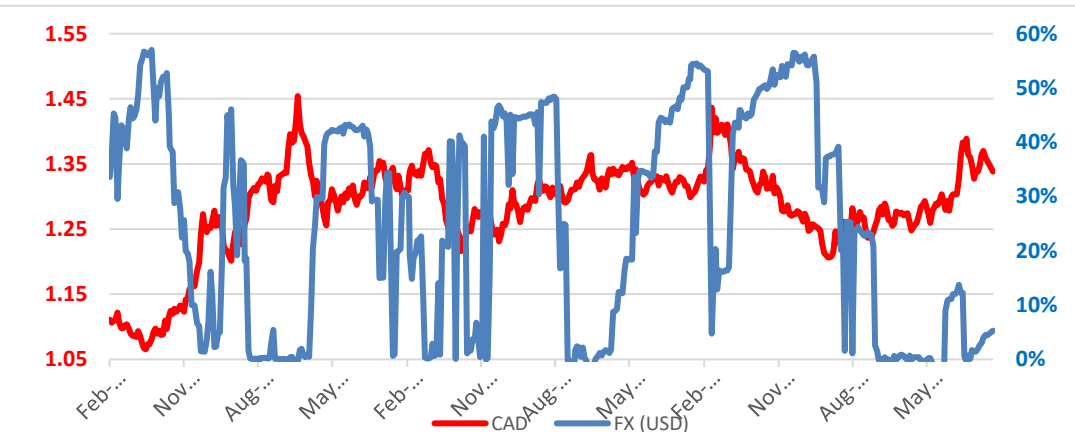
Sector	1/20/23	12/30/22	Change	BM
Basic Materials	7.25%	7.44%	-0.2%	9.9%
Communications	8.87%	8.76%	0.1%	6.3%
Consumer, Cyclical	8.26%	8.17%	0.1%	5.3%
Consumer, Non-cyclical	15.60%	15.78%	-0.2%	10.4%
Energy	6.58%	6.96%	-0.4%	9.8%
Financial	20.77%	20.55%	0.2%	27.9%
Industrial	8.87%	7.72%	1.2%	0.0%
Technology	12.72%	12.44%	0.3%	2.3%
Utilities	9.00%	9.00%	0.0%	0.0%

Net Beta (Core - Protection): 19.5%



As of: 01/20/23	01/20/23	12/30/22	Change
FX (USD)	5.3%	4.4%	0.9%
Beta ²	61.9%	61.0%	0.9%
Protection	-42.4%	-43.7%	1.3%
Correlation	91.3%	90.8%	0.5%
Yield ³	5.75%	5.98%	-0.24%
ETF Holdings	9	9	0
Volatility ⁴	10.17%	10.19%	-0.01%
CAD	1.3381	1.3554	-1.3%

Tactical FX Exposure (USD)



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