



Core Tactical/Strategic Portfolio Outlook/Adjustments

Last week we reduced US dividend exposure and boosted EM and EAFE exposure. The beginning of Fed tapering should begin to weigh on markets in 2022 and the strength of earnings points to a melt-up potential into yearend. We are not bullish, but the risk-on desire remains strong. We continue to trim gold exposure and look to add yield to the portfolio. Gold behaved relatively well given the peak in real negative yields and the beginning of Fed tapering. The next rally in gold will likely be the last for exposure in this portfolio. This would push the yield above 5%. As our feature chart shows, the VT (FTSE all country world index) yield is about 1.7%.

Top Holdings

[illegible]

Macro Market Strategy

The FOMC has started to reduce QE that is projected to end by June 2022. Stimulus is still greater than bond supply, though passing a stimulus bill and infrastructure bill will change that dynamic in 2022 at a time when the Fed has stopped buying excess debt issuance. An upside stress to yields would have the greatest negative impact on equity risk premiums--we see this as a big risk factor in mid 2022. We expect it would lower the forward multiple by 1-2x or 200-400 S&P points. That would wipe out any EPS growth in 2022. So the fair value of the market is about where it sits today for the end of 2022. This does not rule out a melt-up above 5000 and a dip below 4000 in the middle. Inflation is a huge wildcard if it proves more than transitory, which is where we are leaning, can provide more of a stagflation outcome given the pending fiscal cliff in 2023/24 with Congress now likely to swing back to the GOP. The reduction of US QE relative to the ECB has given a bid to the dollar and is likely an opportunity to hedge up currency exposure.

Chart of the Week



PRO-EYES - Berman's Call

Risk Level	High
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The current core portfolio beta is 70.9% The current degree of beta protection is about -16%.

When the PRO EYEs indicator is at elevated levels (above 75%), as it recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. The rally to new ATH has once again pushed risks to elevated levels. We have put protection in place through Dec 31 from 4600 to 4300 or a test of the rising 200-day average in Q4. We have not added a call for additional yield. For details of the [PRO-EYEs-Berman's Call](#) Tactical Risk Models click link above.

Performance Metrics (A-Series) as of (11/05/21)

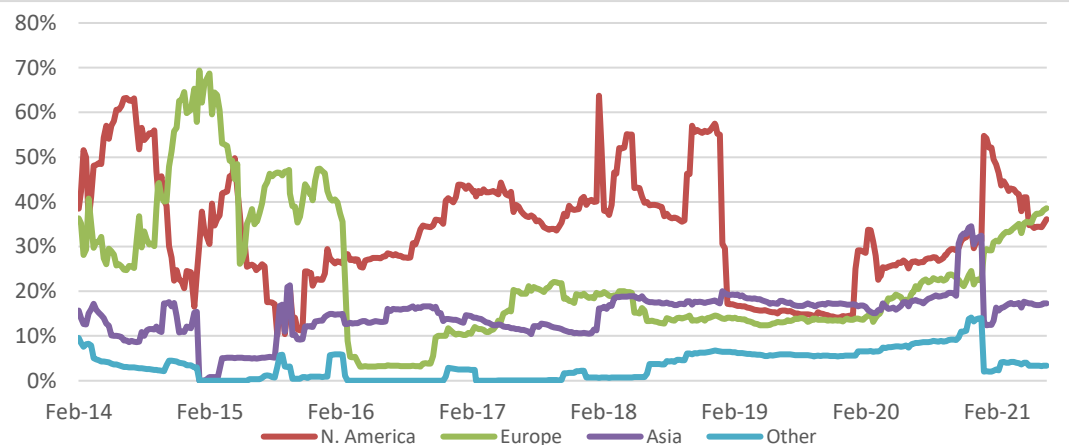
Total Return	Net	Gross	Upside/Downside ⁵	
YTD	3.28%	4.85%	Upside	25%
Previous Quarter	-0.58%	-0.10%	Downside	49%
Previous Year	3.09%	5.01%	Months Up	65
3-Year	-0.55%	1.37%	Months Dn	33
5-Year	1.97%	3.89%		
Ann. SI (08/12/13)	3.57%	5.49%	Sharpe Ratio	0.46

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

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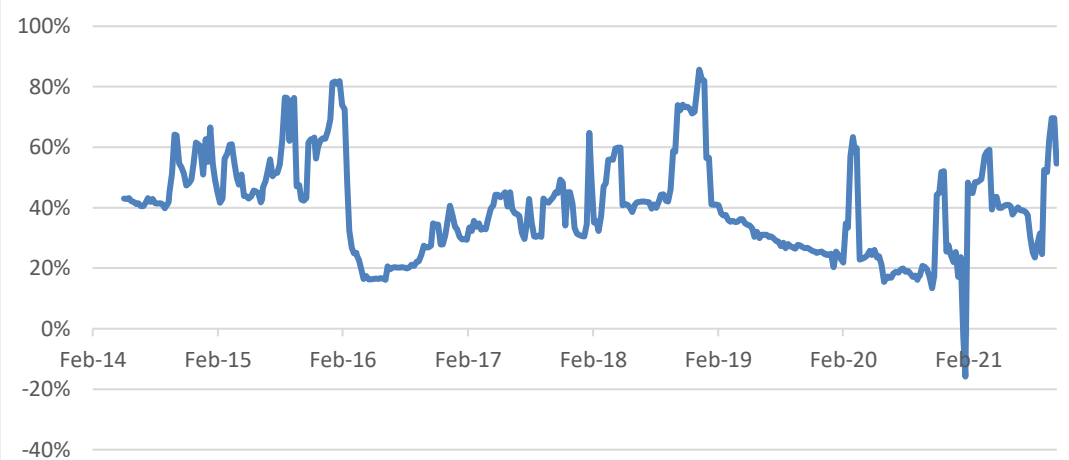
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
11/05/21	31.7%	43.0%	19.7%	3.6%
10/29/21	33.5%	41.7%	19.7%	3.6%
Change	-1.9%	1.3%	0.0%	0.0%
Benchmark	69.0%	17.3%	11.9%	1.8%



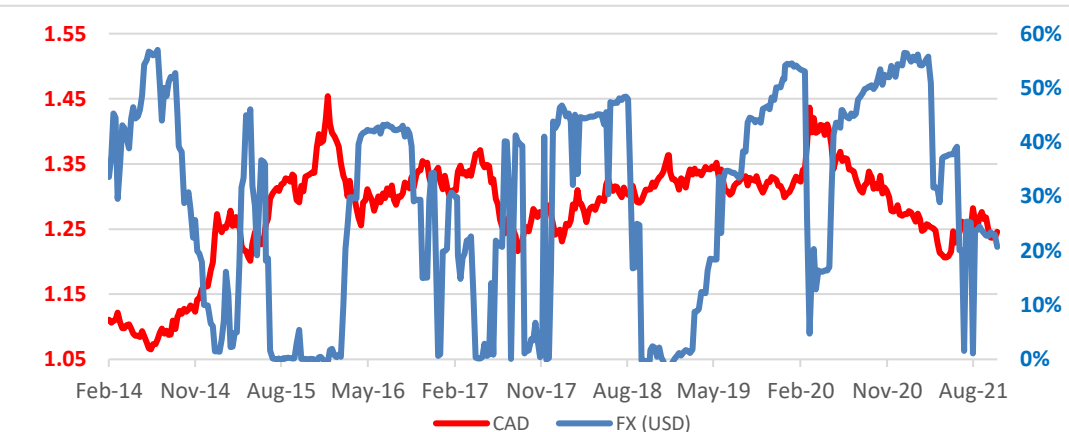
Sector	11/05/21	10/29/21	Change	BM
Basic Materials	12.90%	13.31%	-0.4%	7.1%
Communications	7.76%	7.37%	0.4%	8.6%
Consumer, Cyclical	8.26%	8.53%	-0.3%	4.6%
Consumer, Non-cyclical	23.44%	23.42%	0.0%	8.7%
Energy	3.79%	3.92%	-0.1%	10.4%
Financial	17.19%	17.27%	-0.1%	31.0%
Industrial	9.48%	9.52%	0.0%	0.0%
Technology	6.15%	6.17%	0.0%	2.5%
Utilities	8.33%	8.37%	0.0%	0.0%

Net Beta (Core - Protection): 54.6%



As of: 11/05/21	11/05/21	10/29/21	Change
FX (USD)	20.7%	22.9%	-2.2%
Beta ²	70.9%	71.3%	-0.5%
Protection	-16.2%	-1.8%	-14.5%
Correlation	103.3%	102.9%	0.4%
Yield ³	4.73%	4.73%	0.00%
ETF Holdings	10	10	0
Volatility ⁴	9.85%	9.85%	0.00%
CAD	1.2457	1.2366	0.7%

Tactical FX Exposure (USD)



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