



# BMO Tactical Global Growth ETF Fund

### Core Tactical/Strategic Portfolio Outlook/Adjustments

With signs that the US labour situation is getting closer to an inflection point, we took full profits in VGK and half profits in GDX with the proceeds going to the more defensive Utilities sector (ZUT) that has a more attractive risk return scenario. We also bought back the floor position at 3200 adding more downside protection to the portfolio. We expect one more rate cut and for the FOMC to hold rates until core inflation falls below 3% for some period of time. In this scenario, there are no rate cuts coming in 2023. We are also seeing that EPS are still not reflecting a hard landing scenario. The money market is saying easing is coming soon due to a hard landing and yet equity EPS see it very differently.

### Top Holdings

Ticker	Name	Position
ZUE	BMO S&P 500 Hedged to CAD Index ETF	18.6%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	18.4%
ZEM	BMO MSCI Emerging Markets Index ETF	10.6%
ZUT	BMO Equal Weight Utilities Index ETF	7.1%
KWEB	KraneShares CSI China Internet ETF	4.6%
FLGB	Franklin FTSE United Kingdom ETF	3.3%
CIBR	First Trust NASDAQ Cybersecurity ETF	3.3%
XBI	SPDR S&P Biotech ETF	3.1%
URA	Global X Uranium ETF	2.8%
XLP	Consumer Staples Select Sector SPDR Fund	2.8%
FLJH	Franklin FTSE Japan Hedged ETF	2.5%
ZCLN	BMO Clean Energy Index ETF	2.4%
FLIN	Franklin FTSE India ETF	2.1%
FINX	Global X FinTech ETF	2.0%
GDX	VanEck Gold Miners ETF/USA	1.8%
EIDO	iShares MSCI Indonesia ETF	1.8%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.8%
MJ	ETFMG Alternative Harvest ETF	1.6%
VNM	VanEck Vietnam ETF	1.5%
FLBR	Franklin FTSE Brazil ETF	1.3%

### 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) is not facing some systemic risks as the rapid rate hikes that have impacted bank balance sheets have tightened financial conditions. The FOMC message this week will be critical. We expect a 25 bps rate hike and a commitment to fight inflation while recognizing the tighter financial conditions they are seeing in banking. Would be hard to go from a near certainty of 50 bps pre SIVB to no rate hike. The market based pricing has a 60% odds of a 25 bps rate hike. Seems too low to be a credible inflation fighter.

### Chart of the Week



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### PRO-EYES Indicators

Risk Level

Low-Med

The core portfolio beta is 84.5%. The degree of delta protection is -56% while the value of beta protection is 5%. The weighted average cap is: 4400. The weighted average collar is: 4100. The weighted average floor is: 0.

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 suggests lots of two-way opportunity is likely. The February and March weakness has moved the tactical component to oversold levels.

### Performance Metrics (A-Series) as of (04/06/23)

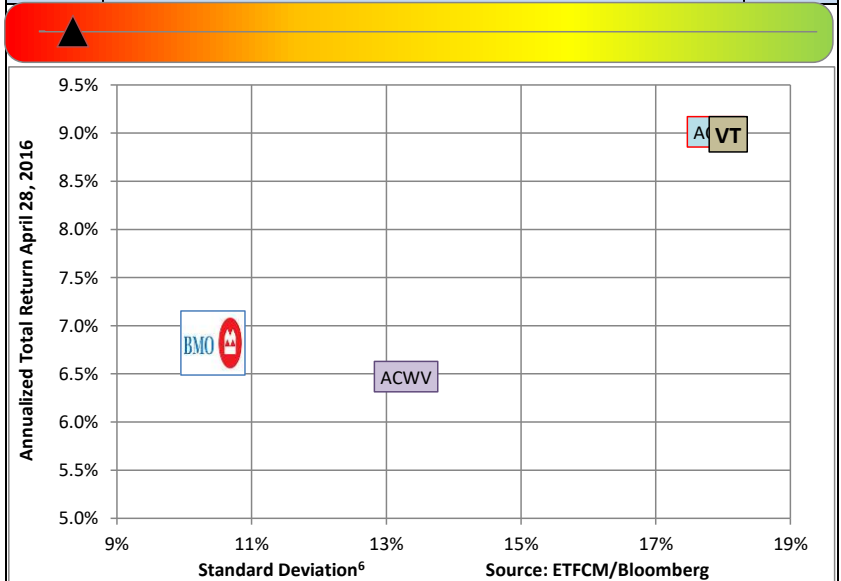
Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	3.68%	4.18%	Upside	22%
Prev. Qtr.	1.68%	2.15%	Downside	48%
Prev. Year	-1.37%	0.55%	Months Up	57
Since Inception	39.57%	52.28%	Months Dn	25
Ann. SI (04/28/16)	4.90%	6.82%		
Sharpe Ratio		0.65		

Fund Codes: Advisor BMO99762; F-Class BMO95762

Defense

Core Portfolio Beta: 84.5%

Offense



Source: ETFCM/Bloomberg

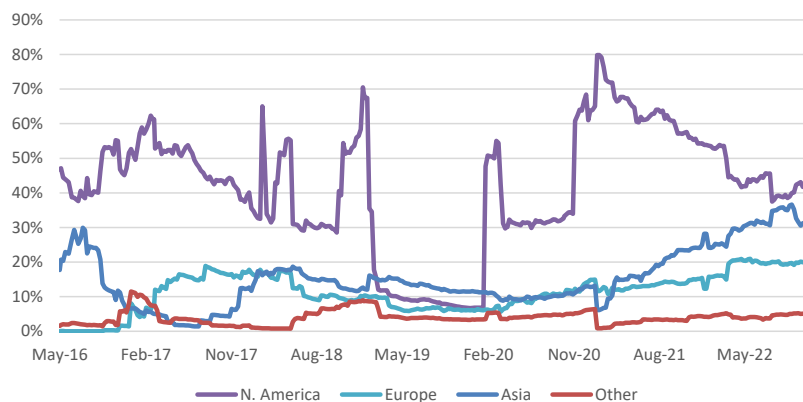
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## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
04/06/23	43.8%	17.6%	32.1%	4.0%
03/31/23	43.5%	18.2%	32.7%	4.2%
Change	0.3%	-0.6%	-0.6%	-0.2%

Sector	04/06/23	03/31/23	Change	BM
Basic Materials	7.48%	9.20%	-1.7%	4.5%
Communications	10.28%	10.90%	-0.6%	9.7%
Consumer, Cyclical	8.09%	8.26%	-0.2%	10.7%
Consumer, Non-cyclical	20.69%	20.93%	-0.2%	20.1%
Energy	4.94%	5.10%	-0.2%	5.3%
Financial	13.82%	14.03%	-0.2%	19.3%
Government	0.41%	0.37%	0.0%	19.3%
Industrial	9.17%	9.72%	-0.6%	10.9%
Technology	12.47%	15.25%	-2.8%	16.6%
Utilities	10.10%	4.81%	5.3%	2.9%

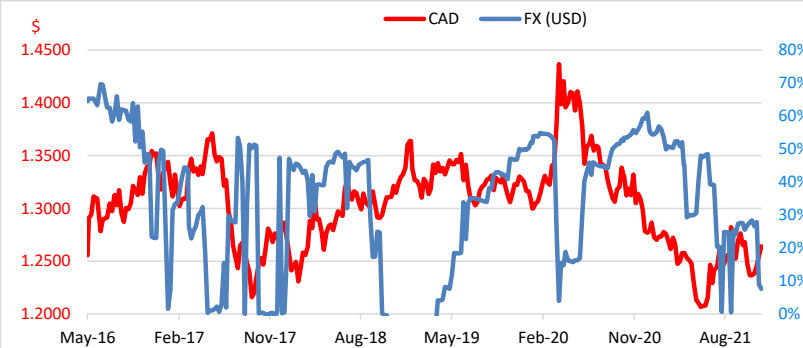
As of: Apr 6 2023	04/06/23	03/31/23	Change
FX (USD)	6.7%	4.6%	2.1%
Beta <sup>2</sup>	84.5%	90.6%	-6.1%
Protection (Delta)	-56.1%	-50.7%	-5.4%
Correlation	67.7%	71.1%	-3.4%
Yield <sup>3</sup>	2.35%	2.20%	0.16%
ETF Holdings	24	25	-1
Volatility <sup>4</sup>	10.42%	10.46%	-0.03%
CAD	1.3512	1.3504	0.1%



**Net Beta (Core - Protection): 28.4%**



**Tactical FX Exposure (USD)**



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