



# BMO Tactical Global Growth ETF Fund

### Core Tactical/Strategic Portfolio Outlook/Adjustments

Our chart of the week is of the VT All Cap All Country World Index ETF. We highlight the Bull Trend off the GFC low in 2009 to the post COVID Bear from the 2021 high. The business cycle is clearly in recession based on the data and monetary policy is a major headwind. Historically, the business cycle ends in a broad recession the degree of which depends on the true health of the economy. The debt fueled expansion of the past few decades likely leads to a long period of below trend performance. We argue that the lower trendline globally would be supported. China is not the stimulus leader going forward either. Productivity globally will certainly decline offset by AI and technology trends. Less globalization makes the world more expensive and should increase labour's share of income. Added up, profit margins are likely to be lower and raising debt to buyback shares will be less of an influence on multiples. I know, it's a bearish outlook, but only to where the markets are more correctly valued. The long-term trend is always UP! Gold is back on our value RADAR screen after the recent correction.

### Macro Market Strategy

Our macro indicators suggest a high degree of caution. We believe the message in the yield curve is a hard landing. However, market positioning is very different. While central banks have tried to tighten financial conditions, equity indexes are significantly offsetting until recently. The impact of QT and huge coupon supply in the coming years should push risk premiums higher. Based on the current S&P 500 EPS, the fair value is closer to 3600 than 4600. Globally, there remains much better value in stocks globally and the average stock is not extremely overvalue like the large cap tech driven US market. The MSCI world equal weight index has outperformed the market cap index over the past 20 years, but not the past 10 years. Large cap tech should be multiple challenged in a higher for longer world.

### PRO-EYEs Indicators

**Risk Level** Low-Med

The core portfolio beta is 88.4%. The degree of delta protection is -70% while the value of beta protection is 76% 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 very high caution. Tactically, we are seeing some extreme overbought readings that suggest a high probability of a correction of more than 11% is likely.

### Performance Metrics (A-Series) as of (08/18/23)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	1.44%	2.61%	Upside	19%
<b>Prev. Qtr.</b>	-2.38%	-1.91%	Downside	29%
<b>Prev. Year</b>	2.76%	4.68%	Months Up	57
<b>Since Inception</b>	36.55%	49.94%	Months Dn	29
<b>Ann. SI (04/28/16)</b>	4.34%	6.26%		
<b>Sharpe Ratio</b>		0.61		

**Fund Codes:** Advisor BMO99762; F-Class BMO95762

### Top Holdings

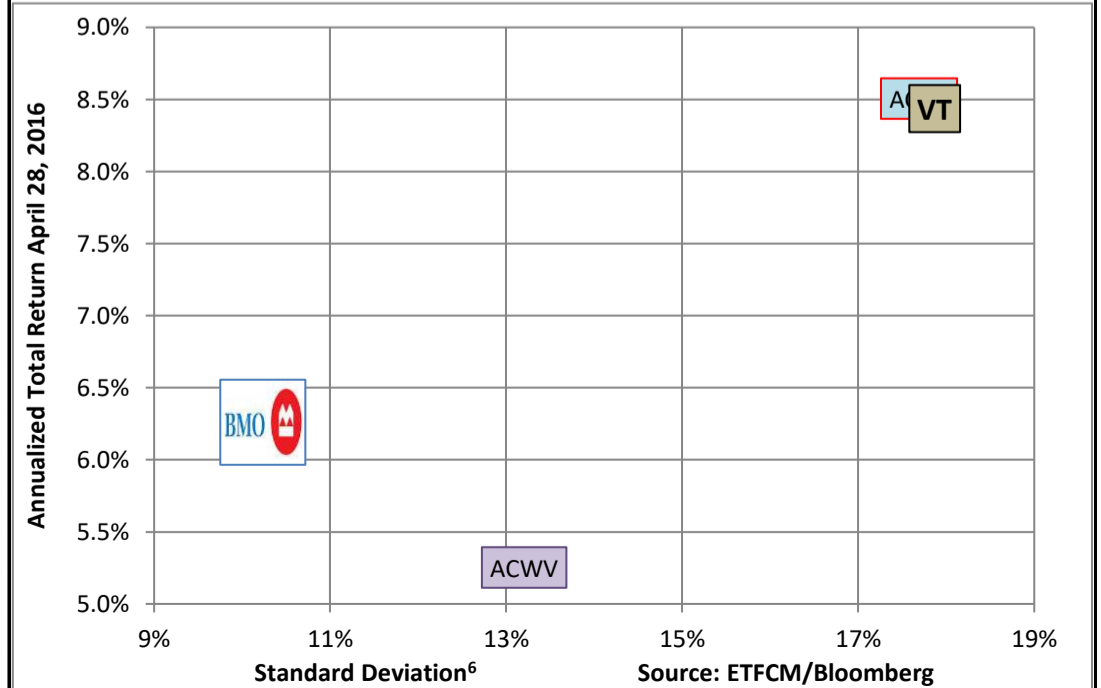
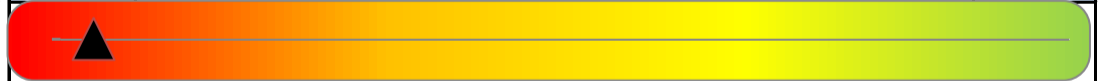
Ticker	Name	Position
RSP	Invesco S&P 500 Equal Weight ETF	15.1%
ZEM	BMO MSCI Emerging Markets Index ETF	12.9%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	12.9%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.6%
ZUT	BMO Equal Weight Utilities Index ETF	6.9%
KWEB	KraneShares CSI China Internet ETF	4.3%
CIBR	First Trust NASDAQ Cybersecurity ETF	3.6%
URA	Global X Uranium ETF	3.5%
XBI	SPDR S&P Biotech ETF	3.4%
FLKR	Franklin FTSE South Korea ETF	3.0%
FLGB	Franklin FTSE United Kingdom ETF	2.9%
XLP	Consumer Staples Select Sector SPDR Fund	2.9%
ZCLN	BMO Clean Energy Index ETF	2.8%
FLIN	Franklin FTSE India ETF	2.5%
FINX	Global X FinTech ETF	2.2%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.9%
VNM	VanEck Vietnam ETF	1.9%
EIDO	iShares MSCI Indonesia ETF	1.8%
FLBR	Franklin FTSE Brazil ETF	1.5%
GDX	VanEck Gold Miners ETF/USA	1.5%

### Chart of the Week



VT US Equity (Vanguard Total World Stock ETF) Weekly 26AUG2018-20AUG2023 Copyright © 2023 Bloomberg Finance L.P. 20-Aug-2023 07:00:28

**Defense** Core Portfolio Beta: 88.4% **Offense**



Source: ETFCM/Bloomberg

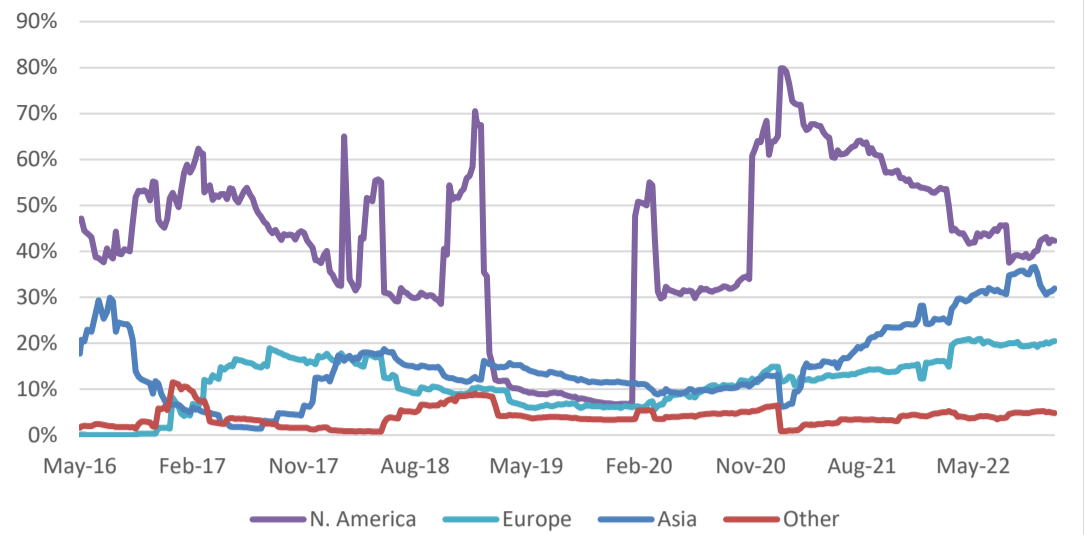
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## Tactical Asset Allocation

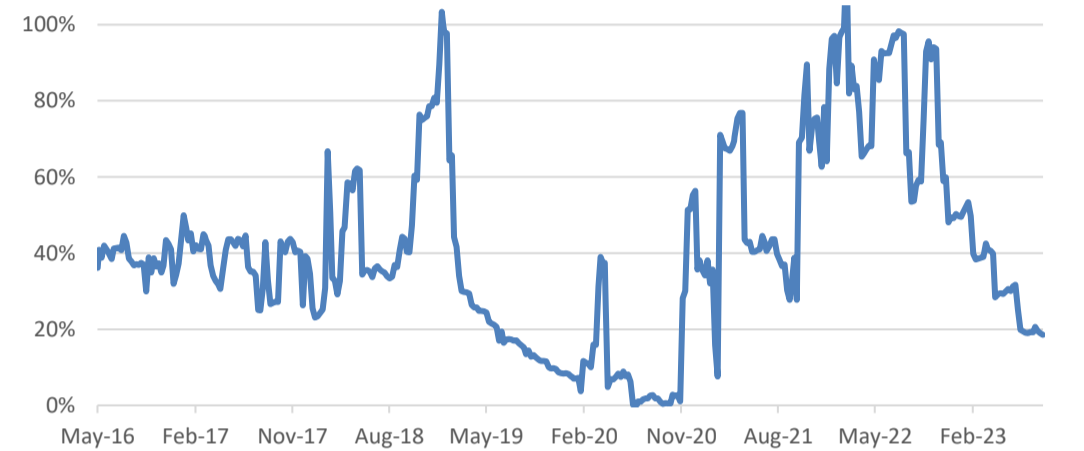
Equity	N. America	Europe	Asia	Other
08/18/23	50.3%	14.4%	31.9%	4.7%
08/11/23	50.3%	14.6%	32.4%	4.7%
Change	0.0%	-0.2%	-0.5%	-0.1%

Sector	08/18/23	08/11/23	Change	BM
Basic Materials	7.81%	7.96%	-0.2%	4.2%
Communications	10.16%	10.37%	-0.2%	10.7%
Consumer, Cyclical	8.44%	8.58%	-0.1%	10.9%
Consumer, Non-cyclical	20.65%	20.76%	-0.1%	19.2%
Energy	5.36%	5.45%	-0.1%	4.9%
Financial	15.10%	15.23%	-0.1%	17.6%
Government	0.35%	0.38%	0.0%	17.6%
Industrial	9.98%	10.10%	-0.1%	10.6%
Technology	12.77%	12.84%	-0.1%	19.3%
Utilities	10.44%	10.34%	0.1%	2.7%

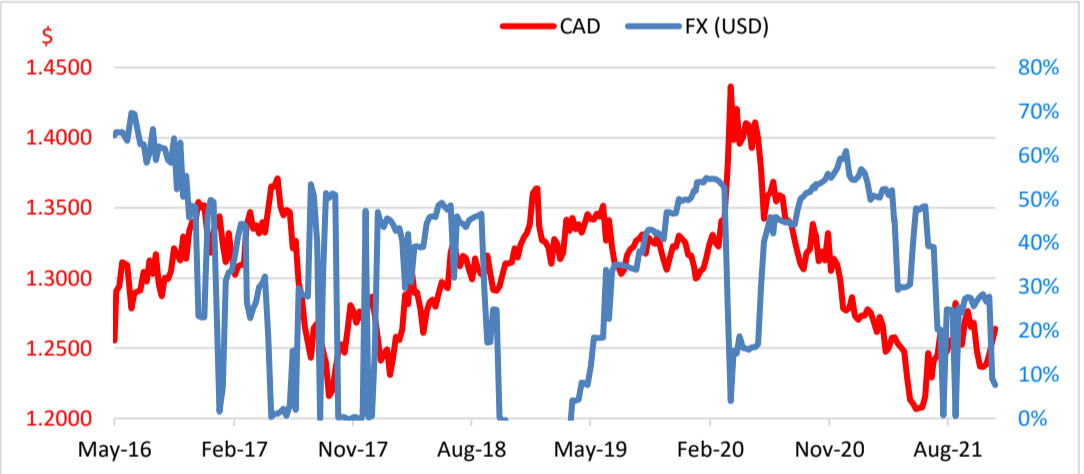
As of: Aug 18 2023	08/18/23	08/11/23	Change
FX (USD)	26.0%	25.9%	0.1%
Beta <sup>2</sup>	88.4%	89.0%	-0.5%
Protection (Delta)	-70.0%	-70.0%	0.0%
Correlation	72.9%	72.9%	0.0%
Yield <sup>3</sup>	2.45%	2.40%	0.05%
ETF Holdings	24	24	0
Volatility <sup>4</sup>	10.24%	10.23%	0.00%
CAD	1.3553	1.3440	0.8%



**Net Beta (Core - Protection): 18.5%**



**Tactical FX Exposure (USD)**



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