



# BMO Tactical Global Growth ETF Fund

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We expect a minimum retest of the Summer lows for most markets and likely an undercut for growth stocks, with value stocks performing relatively better. Last week we tilted the S&P 500 exposure back to equal weight adding RSP (selling ZUE), which reduces the growth exposure. The volatility buffer did a great job last week, as the portfolio saw net gains in a very bad week for global equities.

## 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. We think the skinny Bills Congress passed will add slightly to funding pressure. The FOMC's more aggressive path has caught them up to the curve and the terminal rate is now expected in December. Powell could not have been more HAWKISH at Jackson Hole. The speech will go down in the history books. Not Volcker like, but a more modern day version. The higher for longer speech is most certainly going to cause some pain on Main Street. Forward EPS needs to come down for the next few quarters. This will cap most rally attempts with the FOMC unable to pivot until inflation is under 3% and holding. This could easily take 2 years or more.

## PRO-EYES Indicators

**Risk Level Medium**

The core portfolio beta is 90.6%. The degree of delta protection is -33% while the value of beta protection is 46%.

The tactical PRO-EYES factor suggests that after the recent rally, the buy dips bias is gone for now, as the tactical risk-return is more balanced. To offset, liquidity and business cycle conditions are more stressed. This should lead to two-way opportunities in the coming months. The decay in forward earnings needs to be on the front burner. The lagged impact of monetary policy has yet to hit the outlook in a material way.

## Performance Metrics (A-Series) as of (08/26/22)

| Total Return              | Net    | Gross  | Upside/Downside <sup>5</sup> |     |
|---------------------------|--------|--------|------------------------------|-----|
| <b>YTD</b>                | -5.09% | -3.89% | Upside                       | 20% |
| <b>Prev. Qtr.</b>         | -2.91% | -2.44% | Downside                     | 40% |
| <b>Prev. Year</b>         | -3.30% | -1.38% | Months Up                    | 53  |
| <b>Since Inception</b>    | 31.66% | 43.27% | Months Dn                    | 21  |
| <b>Ann. SI (04/28/16)</b> | 4.42%  | 6.34%  |                              |     |
| <b>Sharpe Ratio</b>       |        | 0.62   |                              |     |

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

## Top Holdings

| Ticker      | Name  | Position |
|-------------|---|----------|
| <b>ZEA</b>  | BMO MSCI EAFE Index ETF                                     | 20.7%    |
| <b>RSP</b>  | Invesco S&P 500 Equal Weight ETF                            | 19.2%    |
| <b>ZEM</b>  | BMO MSCI Emerging Markets Index ETF                         | 10.4%    |
| <b>GDX</b>  | VanEck Gold Miners ETF/USA                                  | 5.0%     |
| <b>KWEB</b> | KraneShares CSI China Internet ETF                          | 4.3%     |
| <b>FLGB</b> | Franklin FTSE United Kingdom ETF                            | 3.8%     |
| <b>ZMT</b>  | BMO Equal Weight Global Base Metals Hedged to CAD Index ETF | 3.3%     |
| <b>FLJH</b> | Franklin FTSE Japan Hedged ETF                              | 3.1%     |
| <b>URA</b>  | Global X Uranium ETF  | 3.0%     |
| <b>KBA</b>  | KraneShares Bosera MSCI China A 50 Connect Index ETF        | 3.0%     |
| <b>ZCLN</b> | BMO Clean Energy Index ETF                                  | 2.7%     |
| <b>MJ</b>   | ETFMG Alternative Harvest ETF                               | 2.7%     |
| <b>CIBR</b> | First Trust NASDAQ Cybersecurity ETF                        | 2.7%     |
| <b>XLP</b>  | Consumer Staples Select Sector SPDR Fund                    | 2.6%     |
| <b>FLIN</b> | Franklin FTSE India ETF                                     | 2.1%     |
| <b>VNM</b>  | VanEck Vietnam ETF  | 1.8%     |
| <b>FINX</b> | Global X FinTech ETF  | 1.6%     |
| <b>FLBR</b> | Franklin FTSE Brazil ETF                                    | 1.5%     |
| <b>BOTZ</b> | Global X Robotics & Artificial Intelligence ETF             | 1.5%     |
| <b>PAVE</b> | Global X US Infrastructure Development ETF                  | 1.1%     |

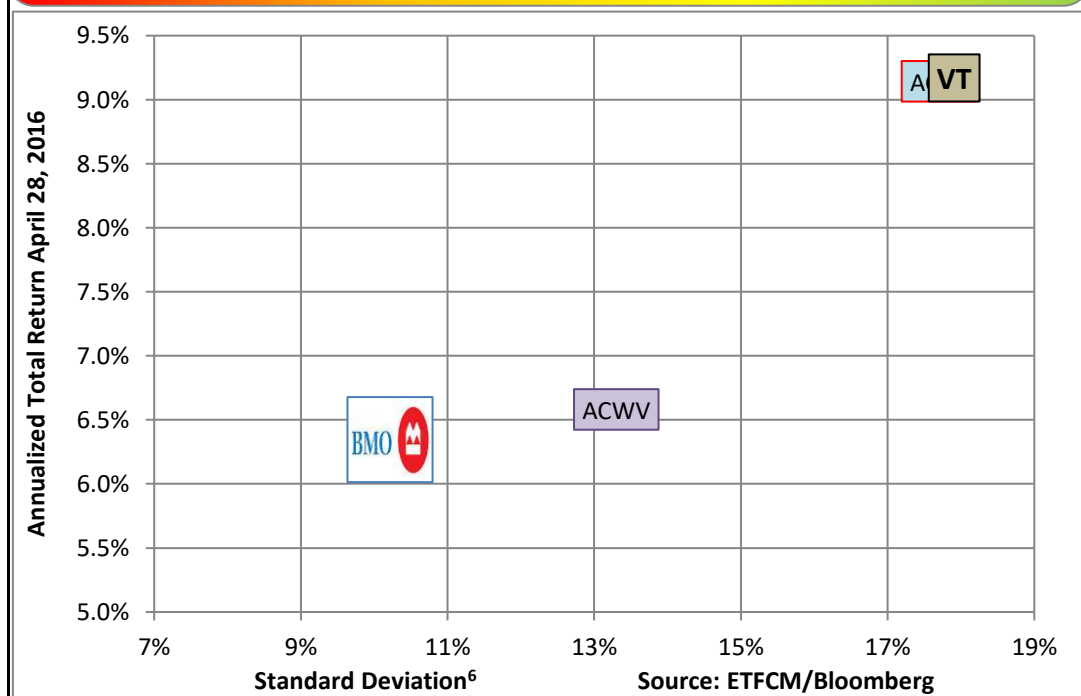
## Chart of the Week



## Defense

**Core Portfolio Beta: 90.6%**

## Offense

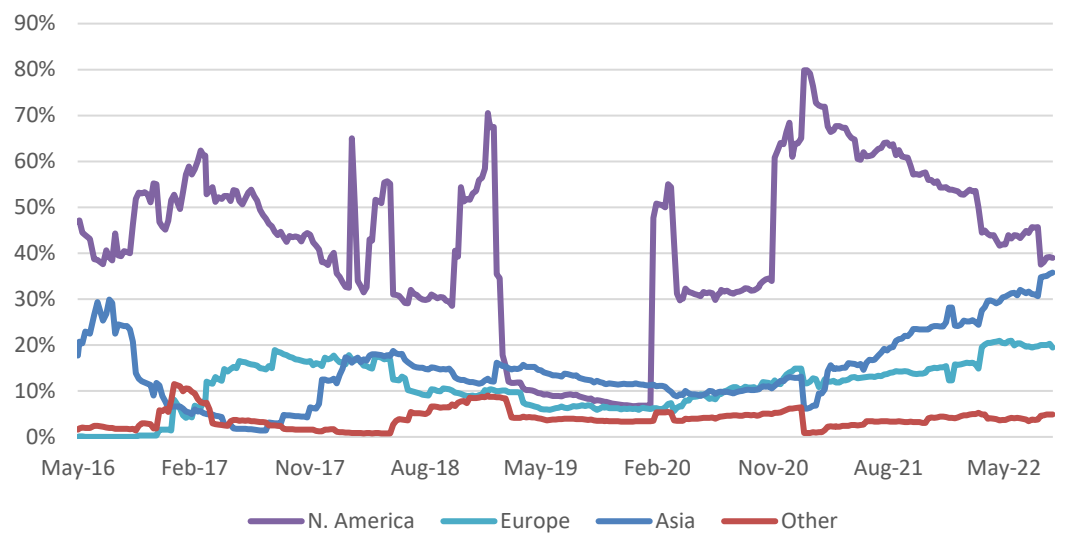

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## Tactical Asset Allocation

| Equity   | N. America | Europe | Asia  | Other |
|----------|------------|--------|-------|-------|
| 08/26/22 | 38.9%      | 19.4%  | 35.8% | 4.9%  |
| 08/19/22 | 39.2%      | 20.2%  | 35.5% | 4.8%  |
| Change   | -0.2%      | -0.8%  | 0.3%  | 0.1%  |

| Sector                 | 08/26/22 | 08/19/22 | Change | BM    |
|------------------------|----------|----------|--------|-------|
| Basic Materials        | 14.37%   | 13.82%   | 0.5%   | 4.3%  |
| Communications         | 8.78%    | 9.71%    | -0.9%  | 10.5% |
| Consumer, Cyclical     | 9.79%    | 9.43%    | 0.4%   | 10.5% |
| Consumer, Non-cyclical | 19.89%   | 20.23%   | -0.3%  | 20.5% |
| Energy                 | 5.83%    | 5.78%    | 0.1%   | 5.1%  |
| Financial              | 15.55%   | 14.76%   | 0.8%   | 18.4% |
| Government             | 0.19%    | 0.04%    | 0.1%   | 18.4% |
| Industrial             | 11.32%   | 10.41%   | 0.9%   | 10.3% |
| Technology             | 9.41%    | 12.15%   | -2.7%  | 17.2% |
| Utilities              | 3.82%    | 3.27%    | 0.6%   | 3.1%  |

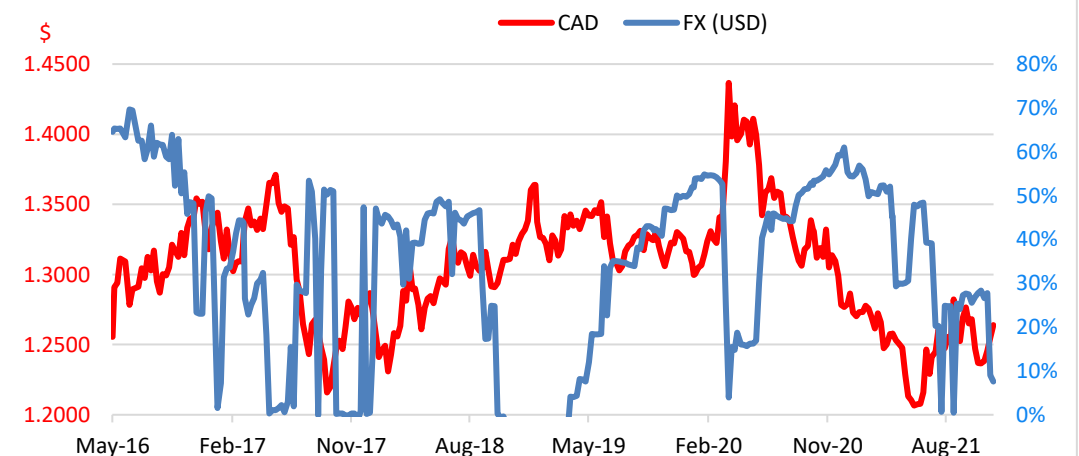
| As of: Aug 26 2022      | 08/26/22 | 08/19/22 | Change |
|-------------------------|----------|----------|--------|
| FX (USD)                | 5.4%     | 4.6%     | 0.8%   |
| Beta <sup>2</sup>       | 90.6%    | 88.2%    | 2.4%   |
| Protection (Delta)      | -32.8%   | -34.4%   | 1.6%   |
| Correlation             | 72.6%    | 73.7%    | -1.1%  |
| Yield <sup>3</sup>      | 3.02%    | 2.96%    | 0.06%  |
| ETF Holdings            | 24       | 24       | 0      |
| Volatility <sup>4</sup> | 10.22%   | 10.21%   | 0.01%  |
| CAD                     | 1.3033   | 1.2994   | 0.3%   |



**Net Beta (Core - Protection): 57.7%**



**Tactical FX Exposure (USD)**



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