



BMO Tactical Global Growth ETF Fund

Core Tactical/Strategic Portfolio Outlook/Adjustments

The recent weakness in the Canadian dollar relative to Europe offered up an opportunity to hedge currency exposure (ZEA/ZDM). A hedged exposure to EAFE (given their lower yields) is a net positive to returns as we are being paid to hedge. Recent weakness in energy markets and signals from the BOC being more dovish than the FOMC has been behind the recent currency moves. If the energy bulls are right about the next few years, energy markets will stay buoyant and support terms of trade for Canada. A difficult winter for Europe given the ongoing war with Russia should see the Canadian dollar outperform. Big picture we do see a global recession under the lagged effect of policy tightening to hurt EPS and markets are not well priced for this outcome. A retest and likely undercut of the 2022 lows seems like a high probability. We are ready for it.

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 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 Indicators

Risk Level Low-Med

The core portfolio beta is 93.1%. The degree of delta protection is -44% while the value of beta protection is 58%. The weighted average cap is: 4400. The weighted average collar is: 3931. 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 (12/09/22)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	-1.94%	-0.20%	Upside	22%
Prev. Qtr.	3.61%	4.08%	Downside	46%
Prev. Year	-1.63%	0.29%	Months Up	55
Since Inception	36.04%	48.17%	Months Dn	23
Ann. SI (04/28/16)	4.74%	6.66%		
Sharpe Ratio		0.63		

Fund Codes: Advisor BMO99762; F-Class BMO95762

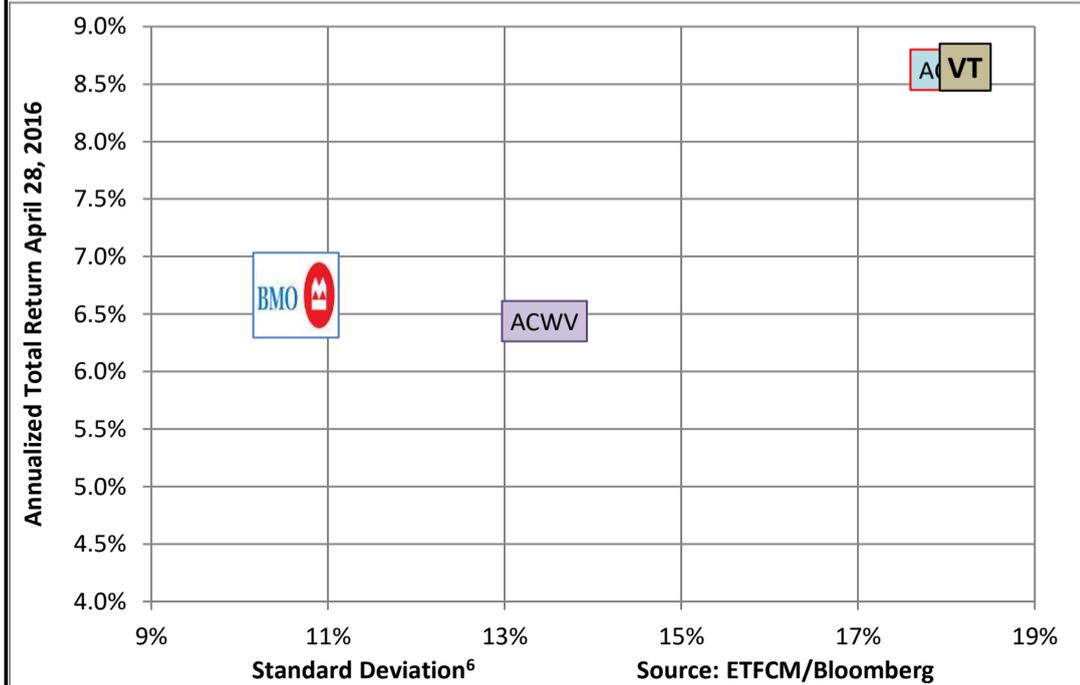
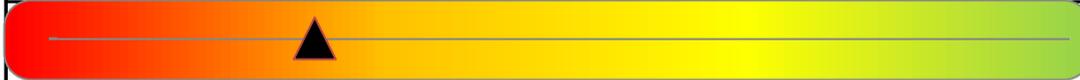
Top Holdings

Ticker	Name	Position
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	20.5%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	18.6%
ZEM	BMO MSCI Emerging Markets Index ETF	10.5%
GDX	VanEck Gold Miners ETF/USA	6.0%
KWEB	KraneShares CSI China Internet ETF	4.6%
FLGB	Franklin FTSE United Kingdom ETF	4.1%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	3.4%
SMH	VanEck Semiconductor ETF	3.1%
FLJH	Franklin FTSE Japan Hedged ETF	2.9%
URA	Global X Uranium ETF	2.8%
XLP	Consumer Staples Select Sector SPDR Fund	2.7%
ZCLN	BMO Clean Energy Index ETF	2.6%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.5%
MJ	ETFMG Alternative Harvest ETF	2.4%
FLIN	Franklin FTSE India ETF	2.2%
VNM	VanEck Vietnam ETF	1.6%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.5%
FLBR	Franklin FTSE Brazil ETF	1.4%
FINX	Global X FinTech ETF	1.4%
PAVE	Global X US Infrastructure Development ETF	1.1%

Chart of the Week



Defense Core Portfolio Beta: 93.1% **Offense**



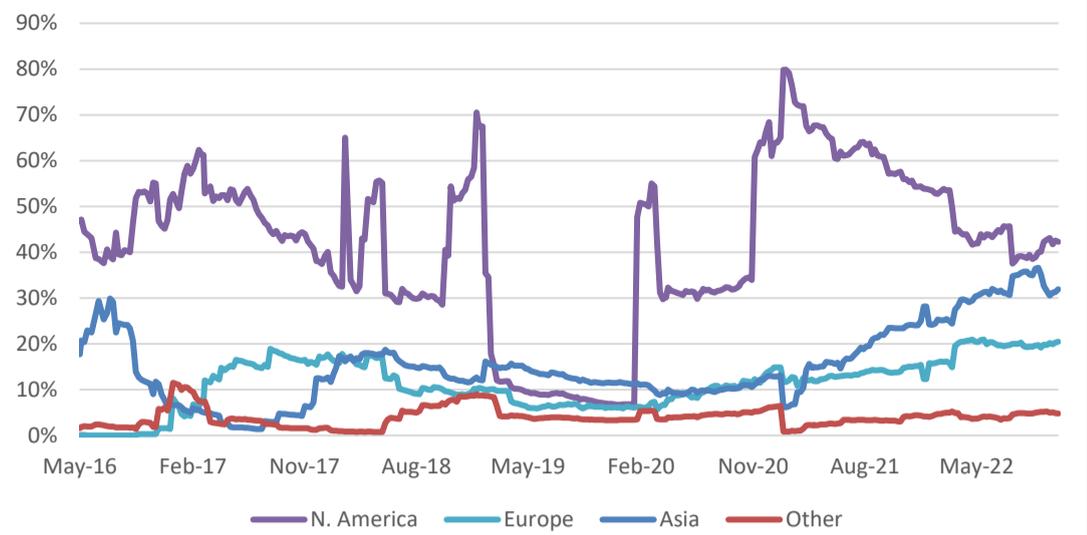
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Tactical Asset Allocation

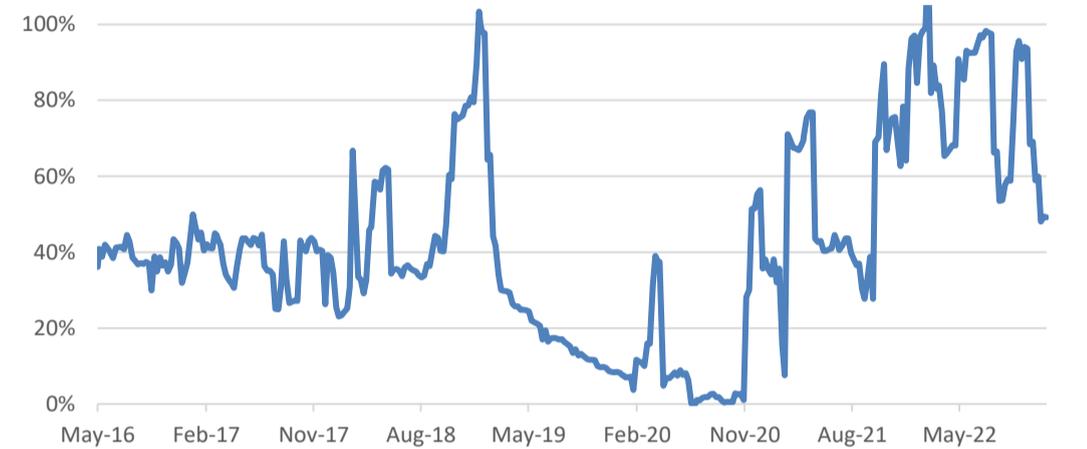
Equity	N. America	Europe	Asia	Other
12/09/22	41.0%	20.4%	33.1%	4.8%
12/02/22	42.8%	20.4%	32.6%	4.8%
Change	-1.8%	0.0%	0.4%	0.0%

Sector	12/09/22	12/02/22	Change	BM
Basic Materials	15.21%	15.40%	-0.2%	4.3%
Communications	9.45%	9.37%	0.1%	10.4%
Consumer, Cyclical	8.65%	8.73%	-0.1%	10.6%
Consumer, Non-cyclical	19.04%	19.53%	-0.5%	21.1%
Energy	5.42%	5.49%	-0.1%	5.4%
Financial	14.18%	14.38%	-0.2%	18.6%
Government	0.30%	0.36%	-0.1%	18.6%
Industrial	9.61%	9.70%	-0.1%	10.1%
Technology	14.04%	14.25%	-0.2%	16.3%
Utilities	3.30%	3.35%	-0.1%	3.1%

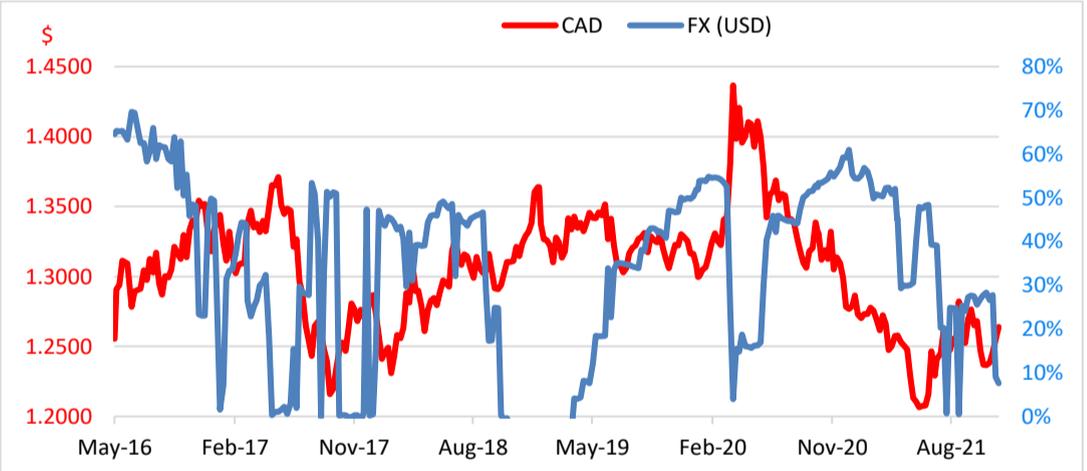
As of: Dec 9 2022	12/09/22	12/02/22	Change
FX (USD)	6.3%	6.6%	-0.4%
Beta ²	93.1%	93.9%	-0.9%
Protection (Delta)	-43.9%	-44.5%	0.6%
Correlation	72.9%	74.2%	-1.3%
Yield ³	2.61%	2.58%	0.03%
ETF Holdings	24	25	-1
Volatility ⁴	10.64%	10.76%	-0.13%
CAD	1.3645	1.3468	1.3%



Net Beta (Core - Protection): 49.1%



Tactical FX Exposure (USD)



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