



# BMO Tactical Global Growth ETF Fund

### Core Tactical/Strategic Portfolio Outlook/Adjustments

We started to see a bit of selling in large cap tech and a broadening out of the rally last week as the market broke out of resistance around 4200 on the S&P 500 and the NASDAQ 100 (QQQ) showed some resistance. In theory, the 4200 area should act as strong support for a while so a close back below 4100 would be very bearish. Until that happens, the market is in a more positive mode. That said, the market rejected the next resistance test of the 4320 area (Aug/22 high and 61.8% retracement see chart). A pullback to 4000 (the rising 200-day average is likely in the coming months. On the test of this key resistance, we rolled up the put protection from 4100 to 4300 on the S&P 500 hedge. We also reduced exposure to Japan (FLJH, ZDM) that has been helping EAFE markets lead the world this year and rebalanced back into equal weight US (RSP) and emerging markets (ZEM) that has been lagging YTD.

### 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 now facing some systemic risks as the rapid rate hikes that have impacted bank balance sheets have tightened financial conditions. We expect the FOMC to raise rates 25 bps at the May meeting and suggest more may be needed and that they remain data dependent. There are indications that the economy is weakening and the FOMC's own staff believe a recession is likely later in 2023. This does not mean they will ease until financial conditions tighten enough to remove the risk of inflation expectations increasing. We think this means economic pain in the labour markets, which we have not seen yet. "Gradually and then suddenly." Hemingway 1926.

### PRO-EYEs Indicators

**Risk Level** Low-Med

The core portfolio beta is 90.5%. The degree of delta protection is -65% while the value of beta protection is 2%. The weighted average cap is: 4400. The weighted average collar is: 4300. 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 (06/09/23)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	3.82%	4.63%	Upside	20%
<b>Prev. Qtr.</b>	1.36%	1.83%	Downside	31%
<b>Prev. Year</b>	5.23%	7.15%	Months Up	58
<b>Since Inception</b>	39.75%	52.79%	Months Dn	27
<b>Ann. SI (04/28/16)</b>	4.80%	6.72%		
<b>Sharpe Ratio</b>		0.65		

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

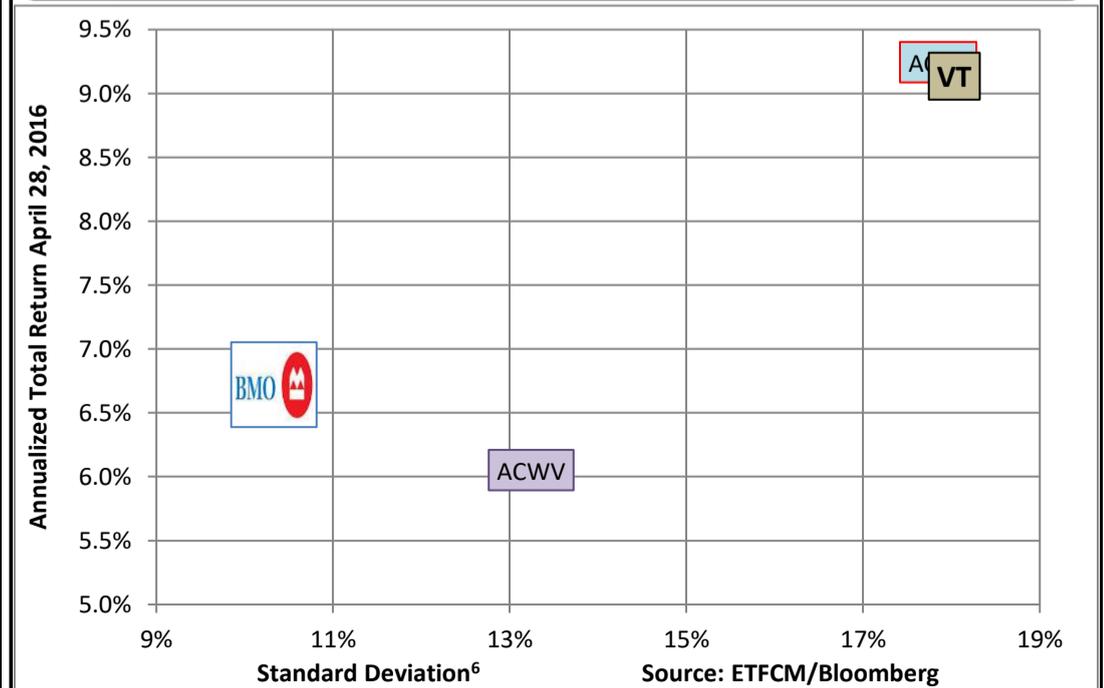
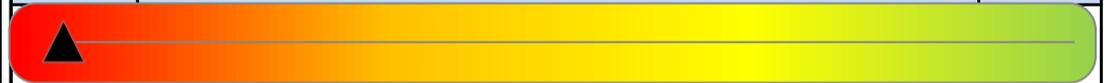
### Top Holdings

Ticker	Name	Position
RSP	Invesco S&P 500 Equal Weight ETF	13.8%
ZEM	BMO MSCI Emerging Markets Index ETF	12.5%
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	12.5%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	9.8%
ZUT	BMO Equal Weight Utilities Index ETF	7.1%
KWEB	KraneShares CSI China Internet ETF	4.2%
XBI	SPDR S&P Biotech ETF	3.5%
CIBR	First Trust NASDAQ Cybersecurity ETF	3.4%
FLGB	Franklin FTSE United Kingdom ETF	3.3%
URA	Global X Uranium ETF	3.2%
FLKR	Franklin FTSE South Korea ETF	3.1%
XLP	Consumer Staples Select Sector SPDR Fund	2.7%
ZCLN	BMO Clean Energy Index ETF	2.4%
FLIN	Franklin FTSE India ETF	2.2%
FINX	Global X FinTech ETF	2.0%
BOTZ	Global X Robotics & Artificial Intelligence ETF	2.0%
EIDO	iShares MSCI Indonesia ETF	1.8%
VNM	VanEck Vietnam ETF	1.6%
GDX	VanEck Gold Miners ETF/USA	1.6%
FLBR	Franklin FTSE Brazil ETF	1.6%

### Chart of the Week



**Defense** Core Portfolio Beta: 90.5% **Offense**

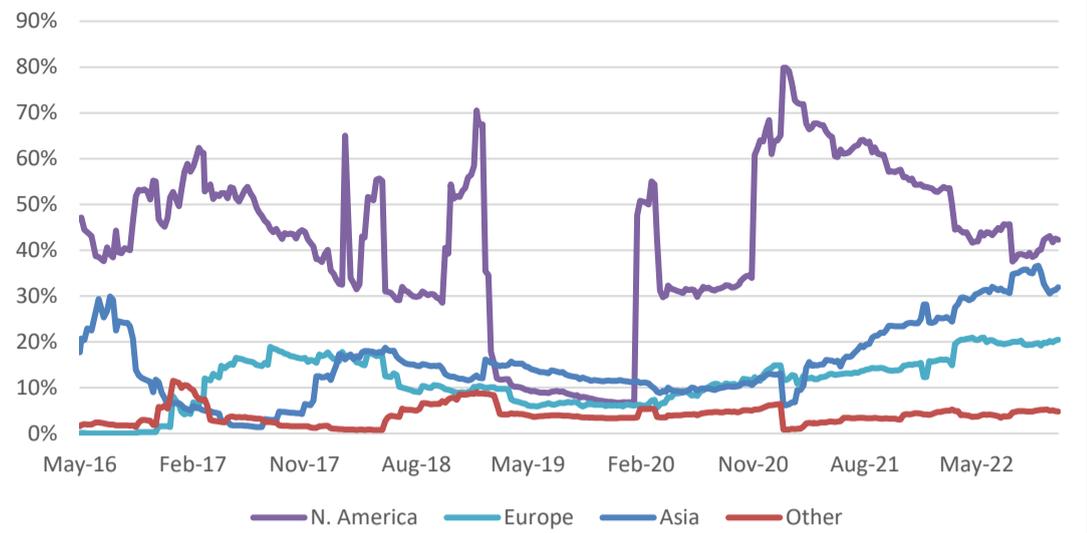


## Tactical Asset Allocation

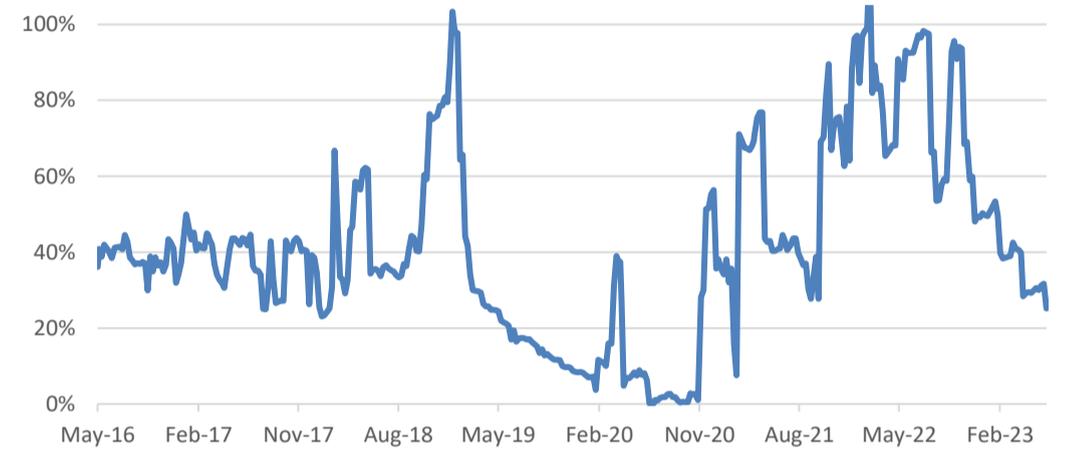
Equity	N. America	Europe	Asia	Other
06/09/23	49.4%	14.1%	30.9%	4.7%
06/02/23	45.3%	18.1%	31.6%	4.2%
Change	4.0%	-4.0%	-0.7%	0.4%

Sector	06/09/23	06/02/23	Change	BM
Basic Materials	7.63%	7.59%	0.0%	4.3%
Communications	9.94%	9.42%	0.5%	10.1%
Consumer, Cyclical	8.13%	8.48%	-0.4%	10.6%
Consumer, Non-cyclical	20.52%	21.31%	-0.8%	20.9%
Energy	5.07%	4.95%	0.1%	5.2%
Financial	14.51%	14.53%	0.0%	17.3%
Government	0.34%	0.36%	0.0%	17.3%
Industrial	9.62%	9.96%	-0.3%	10.7%
Technology	12.88%	12.29%	0.6%	17.9%
Utilities	10.34%	10.33%	0.0%	2.9%

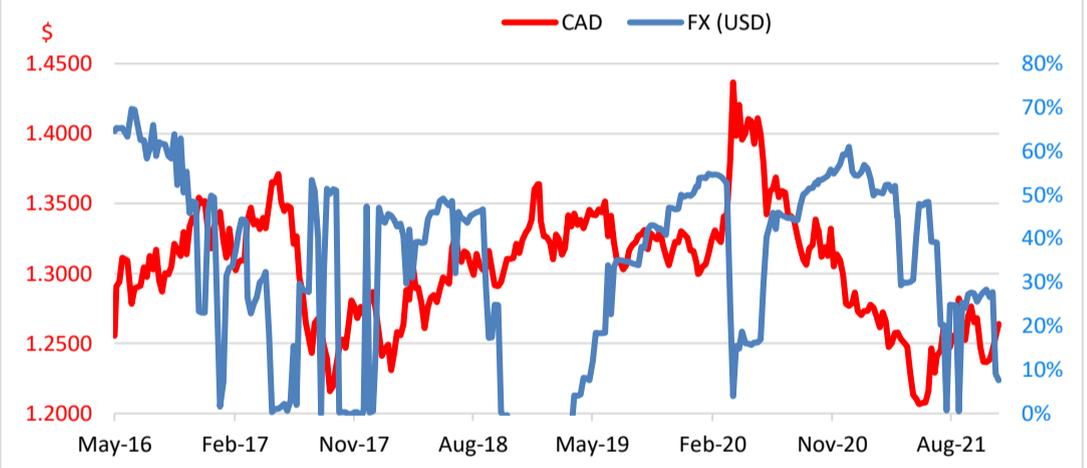
As of: Jun 9 2023	06/09/23	06/02/23	Change
FX (USD)	7.4%	5.5%	2.0%
Beta <sup>2</sup>	90.5%	87.9%	2.5%
Protection (Delta)	-65.3%	-56.3%	-9.0%
Correlation	69.3%	69.0%	0.3%
Yield <sup>3</sup>	2.38%	2.40%	-0.02%
ETF Holdings	24	25	-1
Volatility <sup>4</sup>	10.33%	10.33%	0.00%
CAD	1.3341	1.3425	-0.6%



**Net Beta (Core - Protection): 25.1%**



**Tactical FX Exposure (USD)**



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