



# BMO Tactical Global Growth ETF Fund

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We took profits on half the tactical protection last week as we tested some key support levels. While the FDX news broke the levels (S&P 500 at 3900) on Friday, the market is set up for a post FOMC (SEP 21) rally. We look to cover the other half of the volatility reduction and leave the portfolio exposed to yet another counter trend rally. We still expect at least a retest of the summer lows and likely a break as the Fed pushes the global economy into recession. This could play out into 2023. We are starting to see some value showing up in the UK and Chinese A-Shares, which we look to nibble on going forward. Bridgewater (Dalio) thinks sticky inflation and a reactive higher for longer FOMC leads to another leg lower as earnings reprice. Still, forward based EPS (see chart of the week) is not reflecting a recession risk. That has to be the most mispriced part of the market. Targets the 3200 range if the recession scenario plays out.

## 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%. 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 89.7%. The degree of delta protection is -15% while the value of beta protection is 24%.

The tactical PRO-EYES factor suggests that while some caution is still warranted and that we are likely in a bear market cycle, that there will be good two way tradable moves. This suggests that the tactical protection will become a very important part of managing volatility in the coming months and quarters. Correlations themselves are increasingly volatile.

## Performance Metrics (A-Series) as of (09/16/22)

| Total Return       | Net    | Gross  | Upside/Downside <sup>5</sup> |     |
|--------------------|--------|--------|------------------------------|-----|
| YTD                | -7.66% | -6.35% | Upside                       | 20% |
| Prev. Qtr.         | 3.05%  | 3.52%  | Downside                     | 40% |
| Prev. Year         | -7.34% | -5.42% | Months Up                    | 53  |
| Since Inception    | 28.10% | 39.81% | Months Dn                    | 22  |
| Ann. SI (04/28/16) | 3.94%  | 5.86%  |                              |     |
| Sharpe Ratio       |        | 0.54   |                              |     |

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

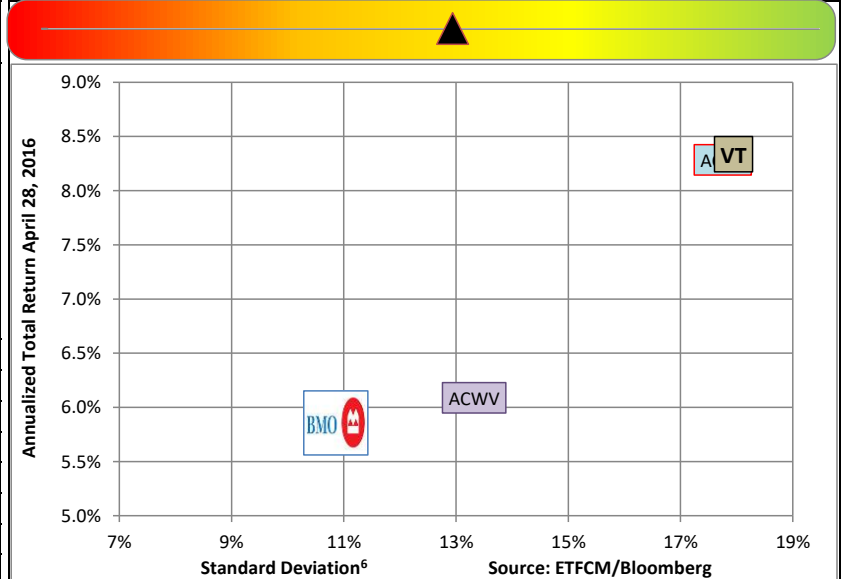
## Top Holdings

| Ticker | Name  | Position |
|--------|---|----------|
| ZEA    | BMO MSCI EAFE Index ETF                                     | 20.6%    |
| RSP    | Invesco S&P 500 Equal Weight ETF                            | 19.1%    |
| ZEM    | BMO MSCI Emerging Markets Index ETF                         | 10.2%    |
| GDX    | VanEck Gold Miners ETF/USA                                  | 5.0%     |
| KWEB   | KraneShares CSI China Internet ETF                          | 3.9%     |
| FLGB   | Franklin FTSE United Kingdom ETF                            | 3.7%     |
| FLJH   | Franklin FTSE Japan Hedged ETF                              | 3.1%     |
| URA    | Global X Uranium ETF  | 3.1%     |
| ZMT    | BMO Equal Weight Global Base Metals Hedged to CAD Index ETF | 3.1%     |
| KBA    | KraneShares Boser MSCI China A 50 Connect Index ETF         | 2.9%     |
| ZCLN   | BMO Clean Energy Index ETF                                  | 2.7%     |
| XLP    | Consumer Staples Select Sector SPDR Fund                    | 2.6%     |
| CIBR   | First Trust NASDAQ Cybersecurity ETF                        | 2.6%     |
| MJ     | ETFMG Alternative Harvest ETF                               | 2.4%     |
| FLIN   | Franklin FTSE India ETF                                     | 2.2%     |
| VNM    | VanEck Vietnam ETF  | 1.8%     |
| FINX   | Global X FinTech ETF  | 1.6%     |
| FLBR   | Franklin FTSE Brazil ETF                                    | 1.4%     |
| BOTZ   | Global X Robotics & Artificial Intelligence ETF             | 1.4%     |
| PAVE   | Global X US Infrastructure Development ETF                  | 1.0%     |

## Chart of the Week



## Defense

**Core Portfolio Beta: 89.7%**
**Offense**


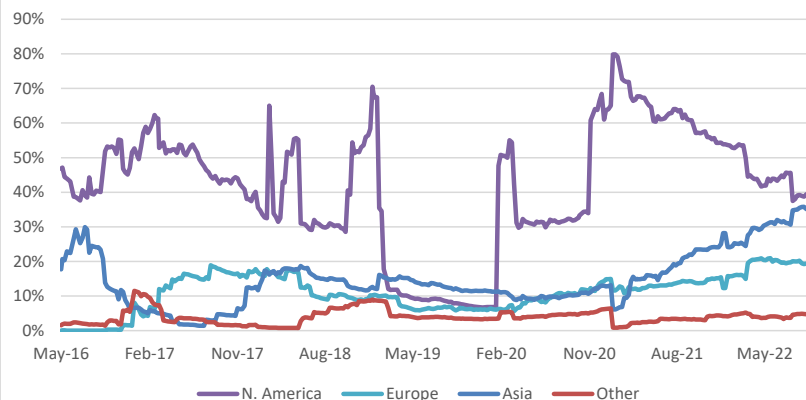
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## Tactical Asset Allocation

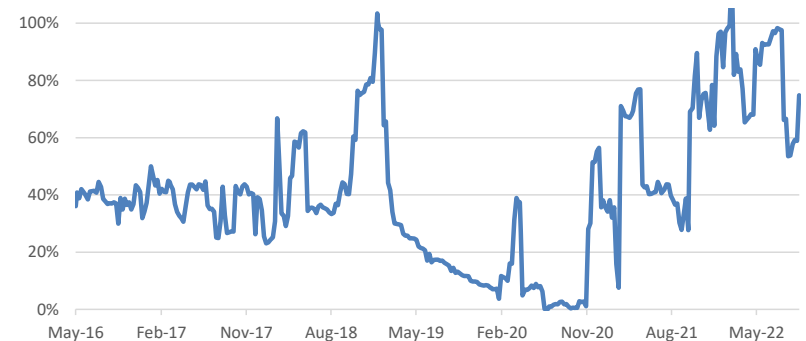
| Equity   | N. America | Europe | Asia  | Other |
|----------|------------|--------|-------|-------|
| 09/16/22 | 38.5%      | 19.3%  | 35.0% | 4.7%  |
| 09/09/22 | 39.4%      | 19.4%  | 35.1% | 4.8%  |
| Change   | -0.9%      | 0.0%   | -0.2% | 0.0%  |

| Sector                 | 09/16/22 | 09/09/22 | Change | BM    |
|------------------------|----------|----------|--------|-------|
| Basic Materials        | 14.29%   | 14.60%   | -0.3%  | 4.3%  |
| Communications         | 8.39%    | 8.51%    | -0.1%  | 10.5% |
| Consumer, Cyclical     | 9.61%    | 9.65%    | 0.0%   | 10.5% |
| Consumer, Non-cyclical | 19.39%   | 19.60%   | -0.2%  | 20.5% |
| Energy                 | 5.92%    | 5.88%    | 0.0%   | 5.1%  |
| Financial              | 15.60%   | 15.66%   | -0.1%  | 18.4% |
| Government             | 0.43%    | 0.42%    | 0.0%   | 18.4% |
| Industrial             | 11.03%   | 11.22%   | -0.2%  | 10.3% |
| Technology             | 9.01%    | 9.23%    | -0.2%  | 17.2% |
| Utilities              | 3.85%    | 3.84%    | 0.0%   | 3.1%  |

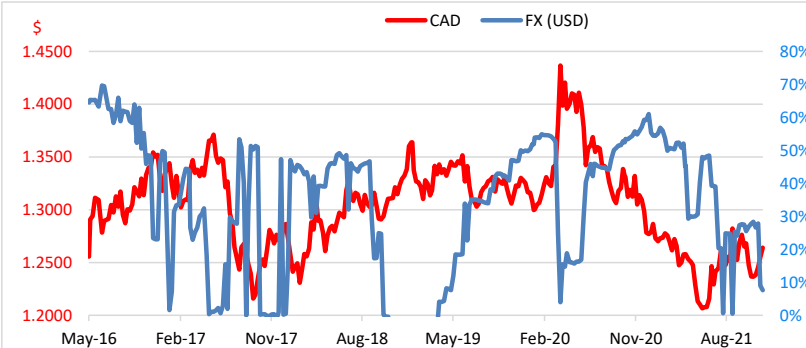
|                         |          |          |        |
|-------------------------|----------|----------|--------|
| As of: Sep 16 2022      | 09/16/22 | 09/09/22 | Change |
| FX (USD)                | 5.1%     | 5.7%     | -0.6%  |
| Beta <sup>2</sup>       | 89.7%    | 91.0%    | -1.3%  |
| Protection (Delta)      | -14.8%   | -32.1%   | 17.3%  |
| Correlation             | 71.6%    | 73.0%    | -1.3%  |
| Yield <sup>3</sup>      | 3.10%    | 3.01%    | 0.09%  |
| ETF Holdings            | 24       | 24       | 0      |
| Volatility <sup>4</sup> | 10.86%   | 10.26%   | 0.60%  |
| CAD                     | 1.3264   | 1.3031   | 1.8%   |



**Net Beta (Core - Protection): 74.8%**



### Tactical FX Exposure (USD)



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