



BMO Tactical Global Growth ETF Fund

Core Tactical/Strategic Portfolio Outlook/Adjustments

August was a challenging month for markets globally. Most of the damage was done in the last few days after Powell's higher for longer speech. Our downside capture was only 16 bps (4%) showing the strong benefits of the volatility buffer now in the portfolio. The Bank of Canada is expected to raise rates by 75 bps this week by most economists, while some are expecting only 50 bps. Similar to expectations for the FOMC on Sept 21 with the bias tilting towards more hawkish policy moves. Employment numbers (largely due to less globalization) are keeping the employment numbers still reasonably strong while inflation expectations have appeared to have peaked in surveys and market based pricing. In this phase of the business cycle, all should be expecting some degree of recession. Many parts of the economy have already been experiencing it, but Main Street has not. This would imply that we have not seen a capitulation from investors yet. We are expecting a minimum retest of the Summer lows before we can call a market bottom. With September/October seasonals aligning with the mid-term election and the Chinese Party Congress, odds are high it comes sooner than later. The mitigating factors are the degree that inflation expectations continue to come down. Those looking for a Powell pivot to save the day, we think that's off the table until we see more evidence of Main Street capitulation.

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 90.8%. The degree of delta protection is -32% while the value of beta protection is 48%.

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 (09/02/22)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	-7.21%	-5.97%	Upside	20%
Prev. Qtr.	-4.42%	-3.94%	Downside	40%
Prev. Year	-6.74%	-4.82%	Months Up	53
Since Inception	28.73%	40.36%	Months Dn	22
Ann. SI (04/28/16)	4.04%	5.96%		
Sharpe Ratio		0.56		

Fund Codes: Advisor BMO99762; F-Class BMO95762

Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	20.5%
RSP	Invesco S&P 500 Equal Weight ETF	19.2%
ZEM	BMO MSCI Emerging Markets Index ETF	10.4%
GDX	VanEck Gold Miners ETF/USA	4.9%
KWEB	KraneShares CSI China Internet ETF	4.2%
FLGB	Franklin FTSE United Kingdom ETF	3.7%
URA	Global X Uranium ETF	3.2%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	3.1%
FLJH	Franklin FTSE Japan Hedged ETF	3.1%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	3.0%
ZCLN	BMO Clean Energy Index ETF	2.7%
XLP	Consumer Staples Select Sector SPDR Fund	2.6%
MJ	ETFMG Alternative Harvest ETF	2.6%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.6%
FLIN	Franklin FTSE India ETF	2.2%
VNM	VanEck Vietnam ETF	1.9%
FINX	Global X FinTech ETF	1.6%
FLBR	Franklin FTSE Brazil ETF	1.5%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.4%
PAVE	Global X US Infrastructure Development ETF	1.0%

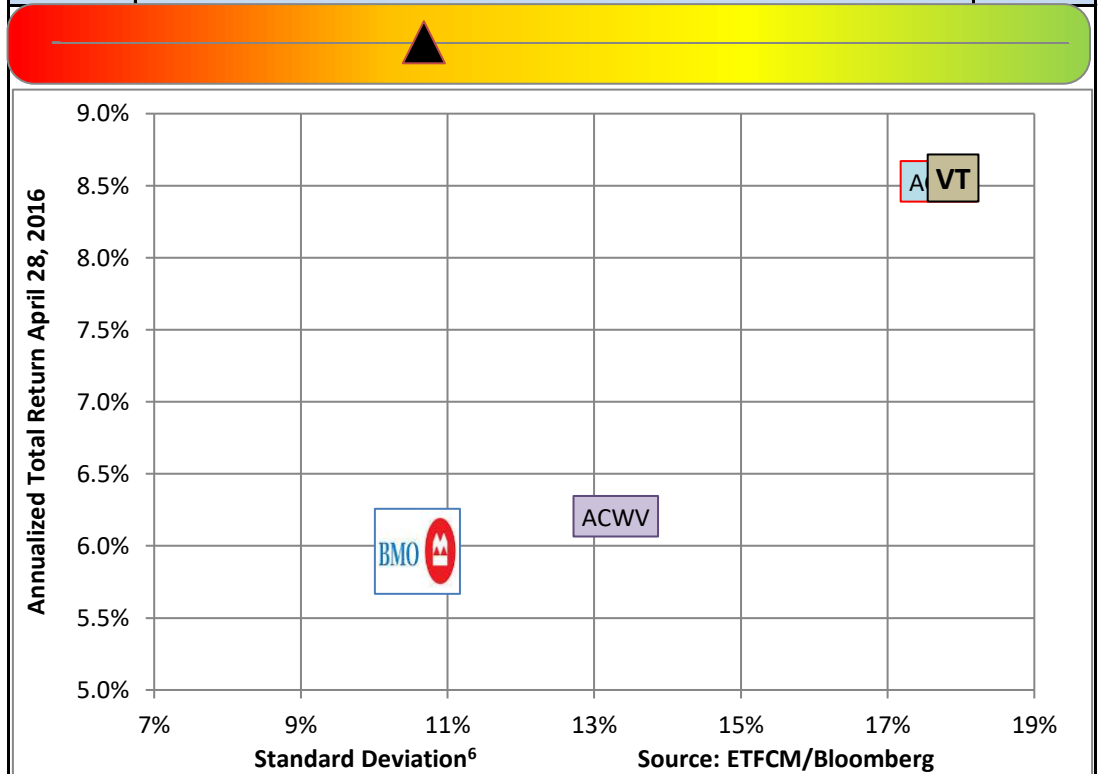
Chart of the Week



Defense

Core Portfolio Beta: 90.8%

Offense



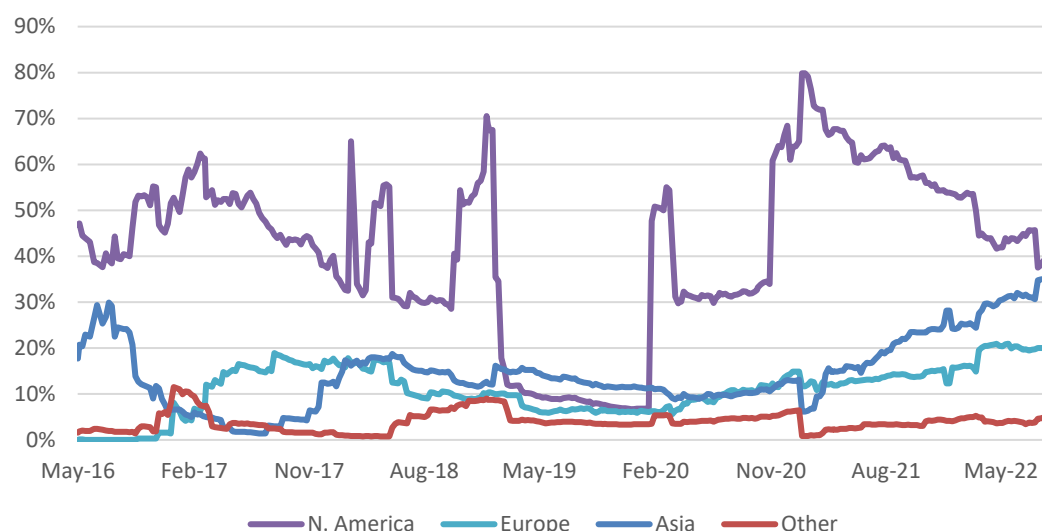
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Tactical Asset Allocation

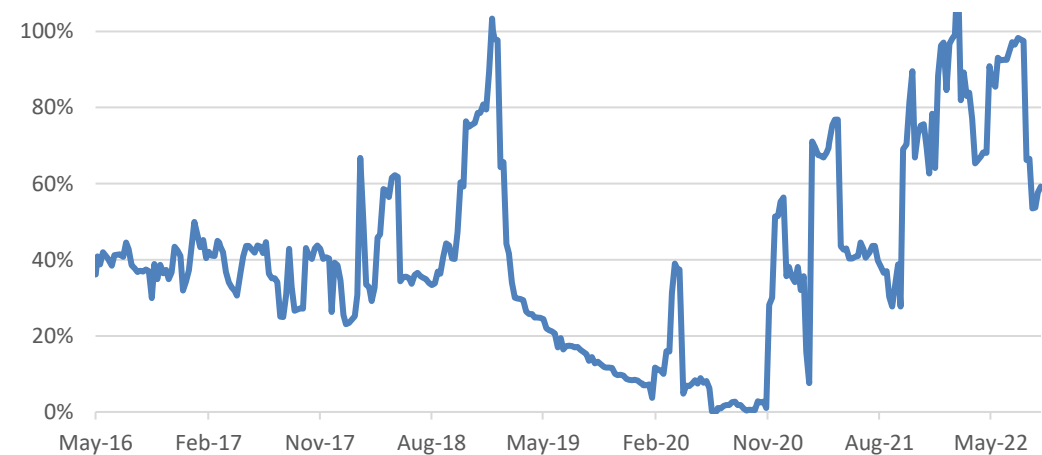
Equity	N. America	Europe	Asia	Other
09/02/22	38.7%	19.2%	35.8%	4.8%
08/26/22	38.9%	19.4%	35.8%	4.9%
Change	-0.2%	-0.2%	0.0%	-0.1%

Sector	09/02/22	08/26/22	Change	BM
Basic Materials	14.22%	14.37%	-0.1%	4.3%
Communications	8.71%	8.78%	-0.1%	10.5%
Consumer, Cyclical	9.80%	9.79%	0.0%	10.5%
Consumer, Non-cyclical	19.71%	19.89%	-0.2%	20.5%
Energy	5.79%	5.83%	0.0%	5.1%
Financial	15.59%	15.55%	0.0%	18.4%
Government	0.27%	0.19%	0.1%	18.4%
Industrial	11.27%	11.32%	0.0%	10.3%
Technology	9.26%	9.41%	-0.1%	17.2%
Utilities	3.83%	3.82%	0.0%	3.1%

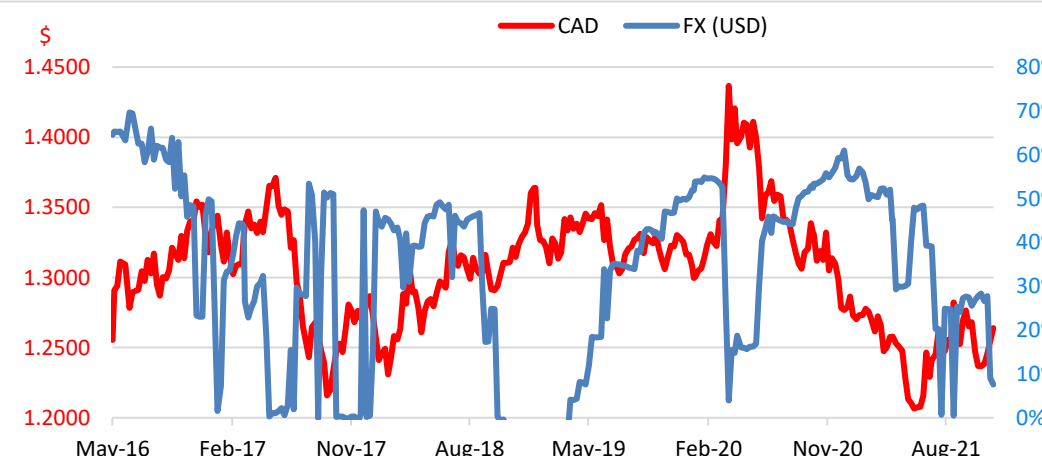
As of: Sep 2 2022	09/02/22	08/26/22	Change
FX (USD)	4.6%	5.4%	-0.9%
Beta ²	90.8%	90.6%	0.2%
Protection (Delta)	-31.6%	-32.8%	1.3%
Correlation	72.8%	72.6%	0.2%
Yield ³	3.10%	3.02%	0.08%
ETF Holdings	24	24	0
Volatility ⁴	10.59%	10.22%	0.37%
CAD	1.3134	1.3033	0.8%



Net Beta (Core - Protection): 59.2%



Tactical FX Exposure (USD)



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