



BMO Tactical Global Growth ETF Fund

Core Tactical/Strategic Portfolio Outlook/Adjustments

The "pain" that Powell suggested is starting to manifest in broader markets, but has yet to hit Main Street. All know of course that labour (and therefore consumption) is the next leg to drop. We are about to complete a third quarter of negative growth and consumption has not broken yet. From this lens, we likely have more volatility ahead. And the thing that is different this time versus the dot com bubble and the GFC is inflation. Stimulus to revive the economy this time will be harder to come by. Case in point is the response we saw to the UK stimulus package that crushed the GBP to Plaza accord levels. It's likely only a matter of time before we see some coordinated currency intervention. The BOJ has drawn their line, we have to be getting close on the EUR and GBP. We saw the implications last week when the BOJ intervened. The jump in US yields as the natural reaction when selling US dollar reserves to implement the trade. One can see that all this intervention is heading towards a blow-up. That said, our tactical indicators are the most oversold we have seen since COVID and odds of another counter trend rally seems likely into the next series of inflation data (PCE Sep 30, PPI&CPI Oct 12&13) along side the start of Q3 earnings cycle. We have removed all downside protection and look for a bounce towards the falling trend (4000) to re-establish more downside protection.

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 and since in follow up speeches. No doubt, the speech will go down in the history books as a Draghi like "pain" trade--and believe me, it will be. 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 93.0%. The degree of delta protection is 0% while the value of beta protection is 0%.

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 (09/23/22)

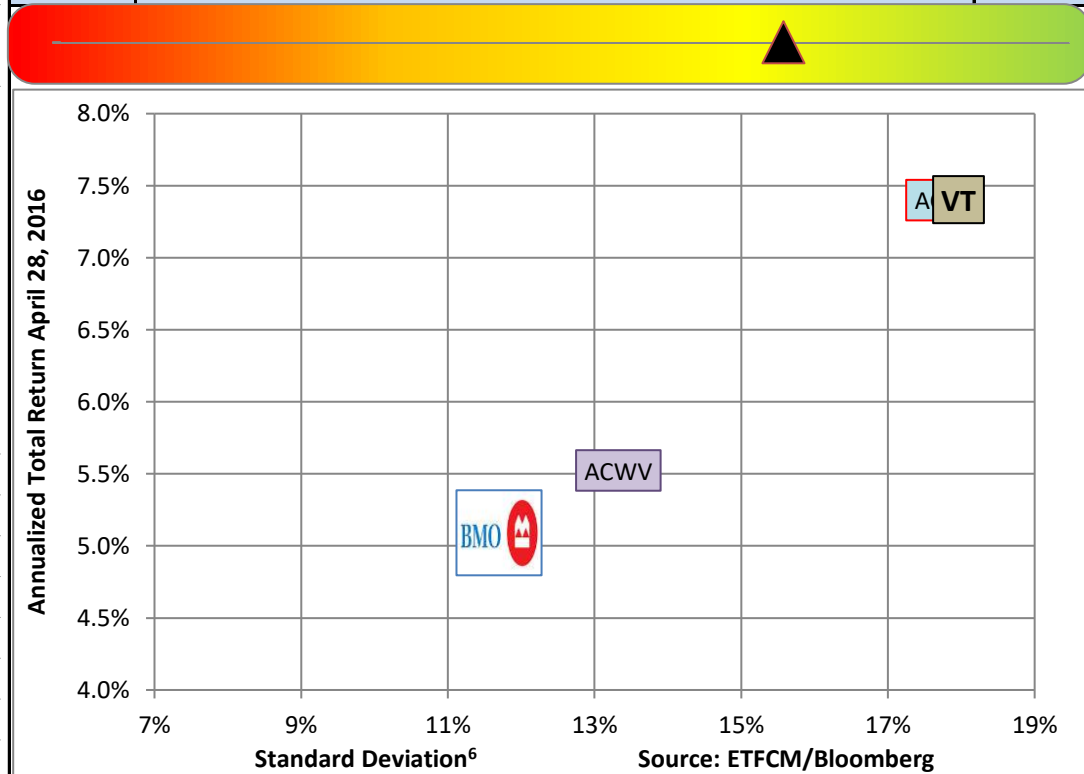
Total Return	Net	Gross	Upside/Downside ⁵	
YTD	-11.89%	-10.55%	Upside	20%
Prev. Qtr.	-5.74%	-5.27%	Downside	40%
Prev. Year	-11.22%	-9.30%	Months Up	53
Since Inception	22.23%	33.97%	Months Dn	22
Ann. SI (04/28/16)	3.17%	5.09%		
Sharpe Ratio		0.44		

Fund Codes: Advisor BMO99762; F-Class BMO95762

Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	21.2%
RSP	Invesco S&P 500 Equal Weight ETF	19.5%
ZEM	BMO MSCI Emerging Markets Index ETF	10.6%
GDX	VanEck Gold Miners ETF/USA	5.1%
KWEB	KraneShares CSI China Internet ETF	4.0%
FLGB	Franklin FTSE United Kingdom ETF	3.7%
FLJH	Franklin FTSE Japan Hedged ETF	3.3%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	3.0%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	3.0%
URA	Global X Uranium ETF	3.0%
ZCLN	BMO Clean Energy Index ETF	2.7%
XLP	Consumer Staples Select Sector SPDR Fund	2.7%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.6%
MJ	ETFMG Alternative Harvest ETF	2.4%
FLIN	Franklin FTSE India ETF	2.3%
VNM	VanEck Vietnam ETF	1.9%
FLBR	Franklin FTSE Brazil ETF	1.6%
FINX	Global X FinTech ETF	1.6%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.4%
EIDO	iShares MSCI Indonesia ETF	1.1%

Chart of the Week

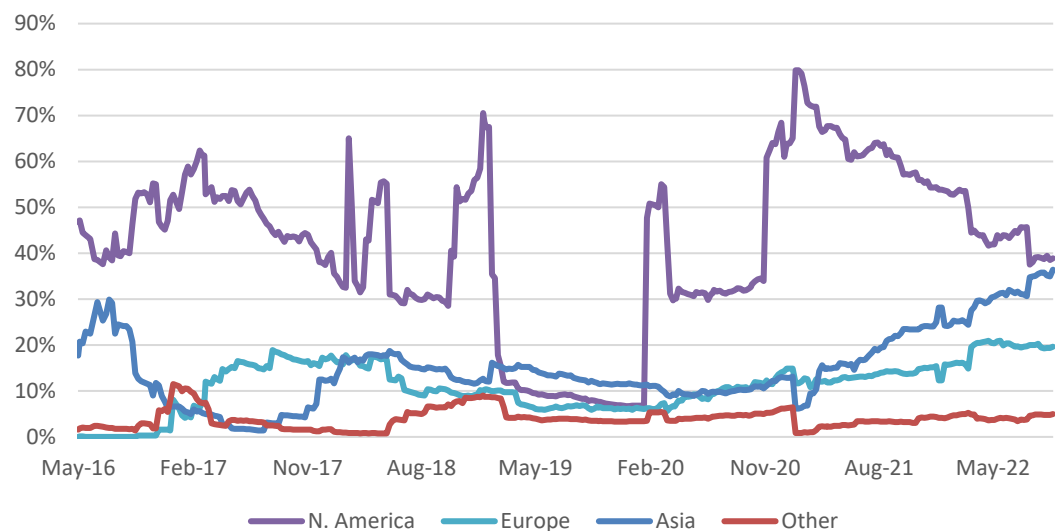

Defense
Core Portfolio Beta: 93.0%
Offense

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Tactical Asset Allocation

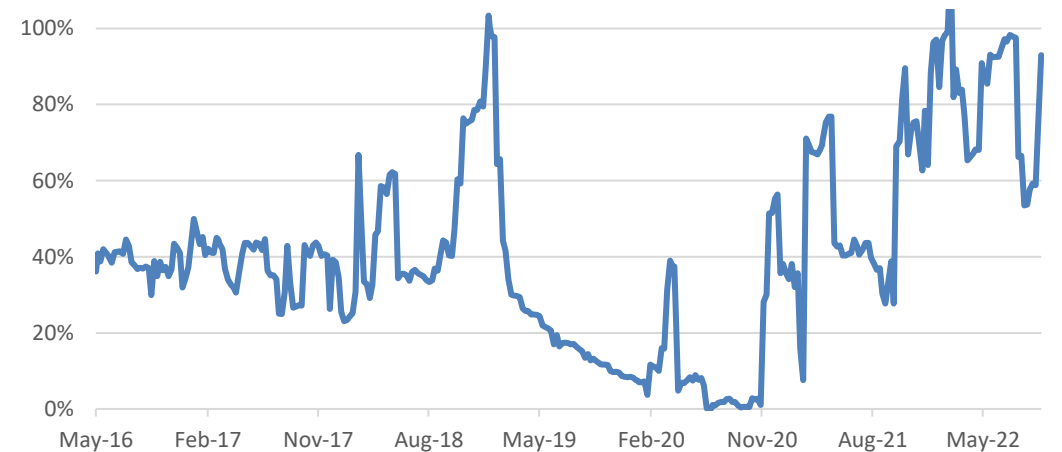
Equity	N. America	Europe	Asia	Other
09/23/22	38.9%	19.7%	36.4%	5.0%
09/16/22	38.5%	19.3%	35.0%	4.7%
Change	0.4%	0.3%	1.4%	0.3%

Sector	09/23/22	09/16/22	Change	BM
Basic Materials	14.43%	14.29%	0.1%	4.3%
Communications	8.48%	8.39%	0.1%	10.6%
Consumer, Cyclical	9.84%	9.61%	0.2%	10.5%
Consumer, Non-cyclical	19.89%	19.39%	0.5%	20.3%
Energy	6.08%	5.92%	0.2%	5.4%
Financial	16.36%	15.60%	0.8%	18.5%
Government	0.50%	0.43%	0.1%	18.5%
Industrial	11.18%	11.03%	0.2%	10.2%
Technology	9.22%	9.01%	0.2%	16.8%
Utilities	3.95%	3.85%	0.1%	3.2%

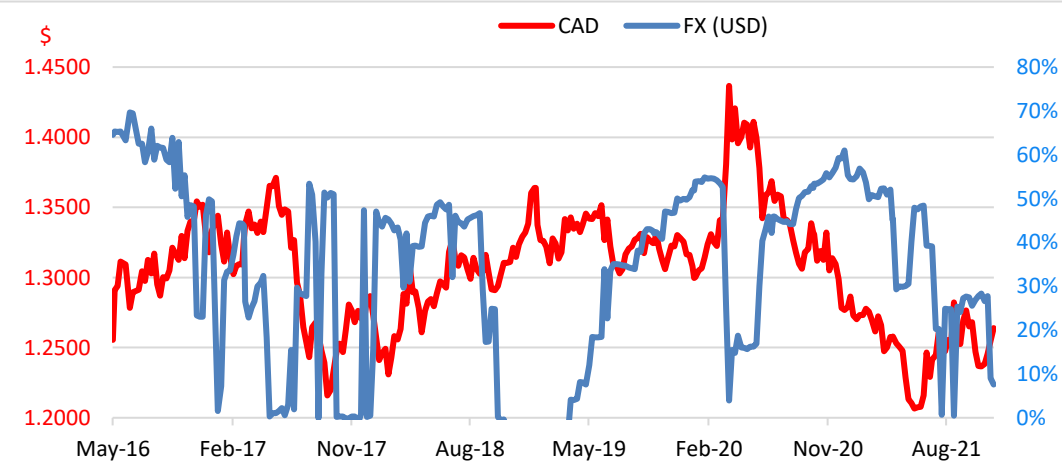
As of: Sep 23 2022	09/23/22	09/16/22	Change
FX (USD)	0.3%	5.1%	-4.8%
Beta ²	93.0%	89.7%	3.4%
Protection (Delta)	0.0%	-14.8%	14.8%
Correlation	74.8%	71.6%	3.1%
Yield ³	3.35%	3.10%	0.25%
ETF Holdings	24	24	0
Volatility ⁴	11.70%	10.86%	0.84%
CAD	1.3592	1.3264	2.5%



Net Beta (Core - Protection): 93.0%



Tactical FX Exposure (USD)



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