



# BMO Tactical Global Growth ETF Fund

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We made 2 trades last week. We added a new thematic position in uranium. We believe this is a key player in the low carbon future. The news of radiation issue in China offered an opportunity to buy some exposure on weakness. The second trade this week came as the FOMC surprised with a bit more hawkish taper talk at the recent meeting strengthening the US dollar. We shifted about 10% of our S&P 500 exposure to hedged exposure. We do not believe the US dollar will be biased to weakness as the fiscal outlook deteriorates. For now, the more hawkish talk caught many leaning and we look to hedge up exposure on additional US dollar strength. Taking profits and cutting the gold exposure in half recently helped, but the selling post fed has been extreme. We look to tactically add back some exposure in the coming weeks. Being overweight the reflation trade hurt a bit last week, but we do not see that trend ending.

## Macro Market Strategy

We now know that the Treasury needs to raise another \$600B in excess of what the Fed is monetizing in Q3. Taper talk should add some stress to this outcome. That should negatively impact equity risk premium and stress yields higher. Earnings expectations for the S&P 500 are now 189 for 2021 and 211 for 2022, a multiple contraction with a less accommodative Fed should unwind some of that liquidity premium priced in over the COVID largess. 20x (still high) makes the 3700-3800 area very important support and target for yearend and Q3 dip buying. How much of the recovery in earnings for 2021 was priced in last year?

## PRO-EYES - Berman's Call

**Risk Level High**

The current core portfolio beta is 84.8% The current degree of beta protection is about -40%.

When the PRO EYES indicator is at elevated levels (above 75%), as it recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. We have our downside hedge on the S&P 500 in place from 4200-3750 with a covered call at 4400 through Sept 30th. This is a tactical hedge and is actively adjusted as opportunities develop. For details of the [PRO-EYES-Berman's Call](#) Tactical Risk Models click link above.

## Performance Metrics (A-Series) as of (06/18/21)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	6.92%	7.78%	Upside	20%
<b>Prev. Qtr.</b>	5.01%	5.49%	Downside	26%
<b>Prev. Year</b>	6.63%	8.55%	Months Up	45
<b>Since Inception</b>	36.06%	45.49%	Months Dn	15
<b>Ann. SI (04/28/16)</b>	6.14%	8.06%		
<b>Sharpe Ratio</b>		0.95		

**Fund Codes:** Advisor BMO99762; F-Class BMO95762; No Load Retail: BMO70762

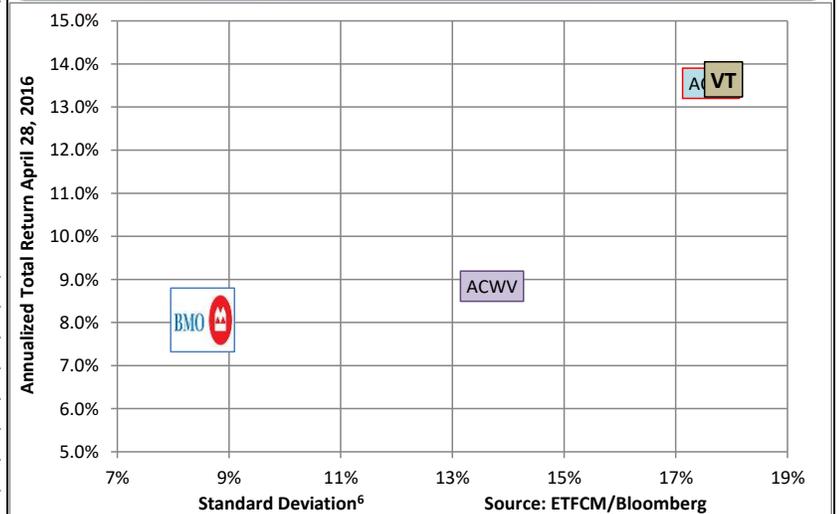
## Top Holdings

Ticker	Name	Position
ZSP	BMO S&P 500 Index ETF	20.3%
RSP	Invesco S&P 500 Equal Weight ETF	15.1%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	10.3%
ZEA	BMO MSCI EAFE Index ETF	9.7%
ZGD	BMO Equal Weight Global Gold Index ETF	8.3%
ZEM	BMO MSCI Emerging Markets Index ETF	5.3%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	4.1%
DXJ	WisdomTree Japan Hedged Equity Fund	2.8%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.4%
ZCLN	BMO Clean Energy Index ETF	2.1%
XLE	Energy Select Sector SPDR Fund	1.9%
VNM	Vanek Vectors Vietnam ETF	1.8%
INDA	iShares MSCI India ETF	1.6%
HMMJ	Horizons Marijuana Life Sciences Index ETF	1.5%
EWU	iShares MSCI United Kingdom ETF	1.3%
EWX	iShares MSCI Mexico ETF	1.1%
KBA	KraneShares Boser MSCI China A ETF	1.1%
URA	Global X Uranium ETF	1.0%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.9%
EWZ	iShares MSCI Brazil ETF	0.7%

## Chart of the Week



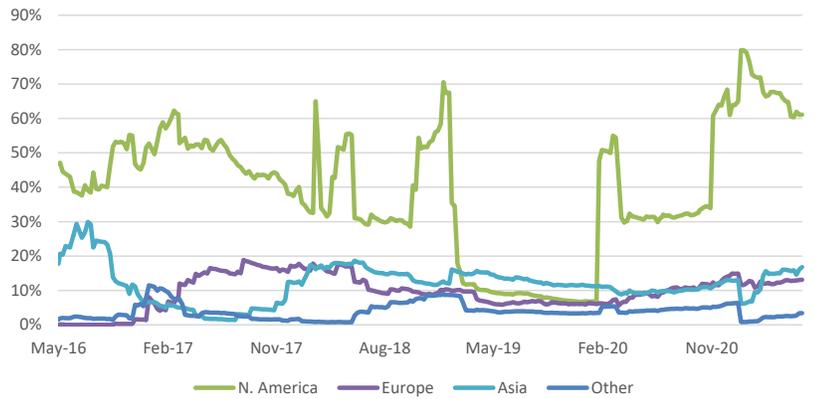
**Defense** **Core Portfolio Beta: 84.8%** **Offense**



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## Tactical Asset Allocation

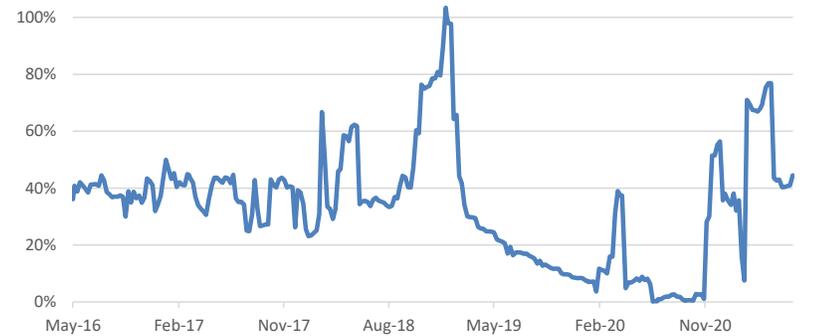
Equity	N. America	Europe	Asia	Other
06/18/21	61.1%	13.1%	16.8%	3.4%
06/11/21	61.1%	13.1%	16.1%	3.4%
Change	0.1%	0.0%	0.7%	0.0%



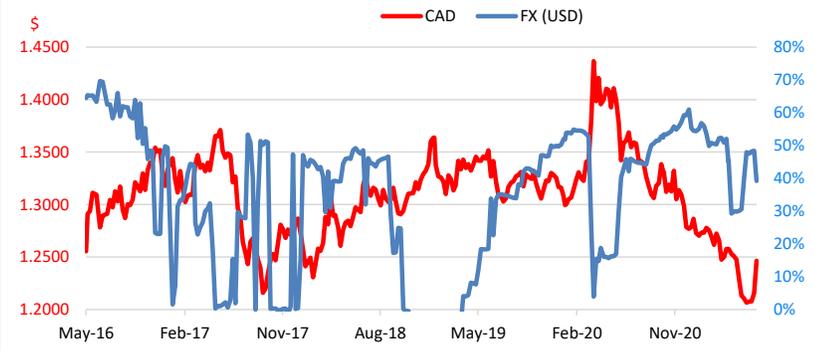
Sector	06/18/21	06/11/21	Change	BM
Basic Materials	15.88%	16.27%	-0.4%	4.3%
Communications	8.64%	8.42%	0.2%	11.5%
Consumer, Cyclical	9.27%	9.16%	0.1%	10.2%
Consumer, Non-cyclical	16.60%	16.35%	0.2%	20.6%
Energy	5.68%	5.65%	0.0%	5.1%
Financial	14.29%	14.28%	0.0%	21.4%
Government	0.03%	0.03%	0.0%	0.0%
Industrial	8.95%	8.80%	0.2%	10.9%
Technology	11.58%	11.22%	0.4%	12.6%
Utilities	3.47%	3.43%	0.0%	3.3%

**Net Beta (Core - Protection): 44.5%**

As of: Jun 18 2021	06/18/21	06/11/21	Change
FX (USD)	39.2%	48.4%	-9.2%
Beta <sup>2</sup>	84.8%	82.5%	2.3%
Protection	-40.3%	-41.5%	1.2%
Correlation	75.9%	73.5%	2.4%
Yield <sup>3</sup>	1.32%	1.29%	0.03%
ETF Holdings	22	20	2
Volatility <sup>4</sup>	8.52%	8.80%	-0.27%
CAD	1.2465	1.2158	2.5%



**Tactical FX Exposure (USD)**



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