



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

As US earnings season gets underway, we are looking, as always, to key systemic leaders for clues on economic (and thus earnings) outlooks. We do recall that most companies in Q2 2008 had no clue what was coming and so that is always a notable reminder of reality. In 2000-2001, many will recall that the money that got sucked out of value stocks in the late 90s (lower overall P/E) and when into the speculative dot "whatever" went back into value and it actually went up until 9-11-01. It then outperformed growth until 2007. Our relative value style is always looking for themes that should outperform over time and tactically when to own them. The deflation of the post COVID largess still has lots of room to deflate, but the bigger question in the traditional growth/value debate is what are the drivers of the market going forward. For the next few years it's clear that taming inflation and what that means for growth/value will be the prime consideration. What banks say this week about net interest margins and charge offs will be a very important lens. In a sum of the parts analysis, the oversold bounce potential of the market is notable. The fundamental growth challenge is likely a major headwind for a while. None of this matters much to the notion that investment in everything that drives productivity will outperform in the long run. question is what to you pay for it today?

Macro Market Strategy

We think this is a very two-way market for the next few quarters with a bearish tilt. Better than expected tax receipts should push the negative funding pressure from QT into 2023. The FOMC is now telegraphing easing to offset. QT has now started, but there is no immediate yield stress in the run-off. We would be more concerned that equity risk premiums will rise and multiples will contract if yields get stressed. Recession risk is mitigating for now. The FOMC more aggressive path has caught them up to the curve and the terminal rate is now expected in December. This suggests a fall earnings related selloff is a very good buying opportunity. That said, we do not expect higher highs (5000+) until after the 2024 elections. We can expect lots of volatility to remain as the global economy rebalances. Anyone suggesting a more bullish path, we'd like to debate. We look to re-establish a volatility buffer in the coming months on a counter trend rally.

Top Holdings

| Ticker | Name | Position |
|--------|---|----------|
| ZEA | BMO MSCI EAFE Index ETF | 22.2% |
| EMLC | VanEck J. P. Morgan EM Local Currency Bond ETF | 13.3% |
| ZEM | BMO MSCI Emerging Markets Index ETF | 11.2% |
| ZUE | BMO S&P 500 Hedged to CAD Index ETF | 8.8% |
| TLT | iShares 20+ Year Treasury Bond ETF | 7.8% |
| ZQQ | BMO Nasdaq 100 Equity Hedged To CAD Index ETF | 6.4% |
| VGK | Vanguard FTSE Europe ETF | 4.8% |
| KWEB | KraneShares CSI China Internet ETF | 3.1% |
| GDGX | VanEck Gold Miners ETF/USA | 2.4% |
| URA | Global X Uranium ETF | 1.8% |
| CIBR | First Trust NASDAQ Cybersecurity ETF | 1.8% |
| ZCLN | BMO Clean Energy Index ETF | 1.7% |
| ARKK | ARK Innovation ETF | 1.3% |
| ZMT | BMO Equal Weight Global Base Metals Hedged to CAD Index ETF | 1.3% |
| MJ | ETFMG Alternative Harvest ETF | 1.2% |
| FINX | Global X FinTech ETF | 1.1% |
| BOTZ | Global X Robotics & Artificial Intelligence ETF | 1.0% |
| FLIN | Franklin FTSE India ETF | 1.0% |
| XBI | SPDR S&P Biotech ETF | 0.7% |
| KBA | KraneShares Bosera MSCI China A 50 Connect Index ETF | 0.7% |

Chart of the Week



PRO-EYES - Berman's Call

Risk Level High

The core portfolio beta is 76.8%. The degree of delta protection is 0% while the value of beta protection is 0%.

The tactical PRO-EYES factor suggests more dip buying opportunity exists than not. However, the trend of liquidity in business conditions is likely to get worse before it improves. The fact the FOMC has now talked about 2023/24 rate cuts, markets should stabilize. Valuation metrics have yet to reflect a recession and that is the overriding risk. This likely means there will be more two-way opportunities in assets until the inflation cycle is under control. We expect it will be stickier than the market believes and the FOMC will have difficulty with a soft landing scenario.

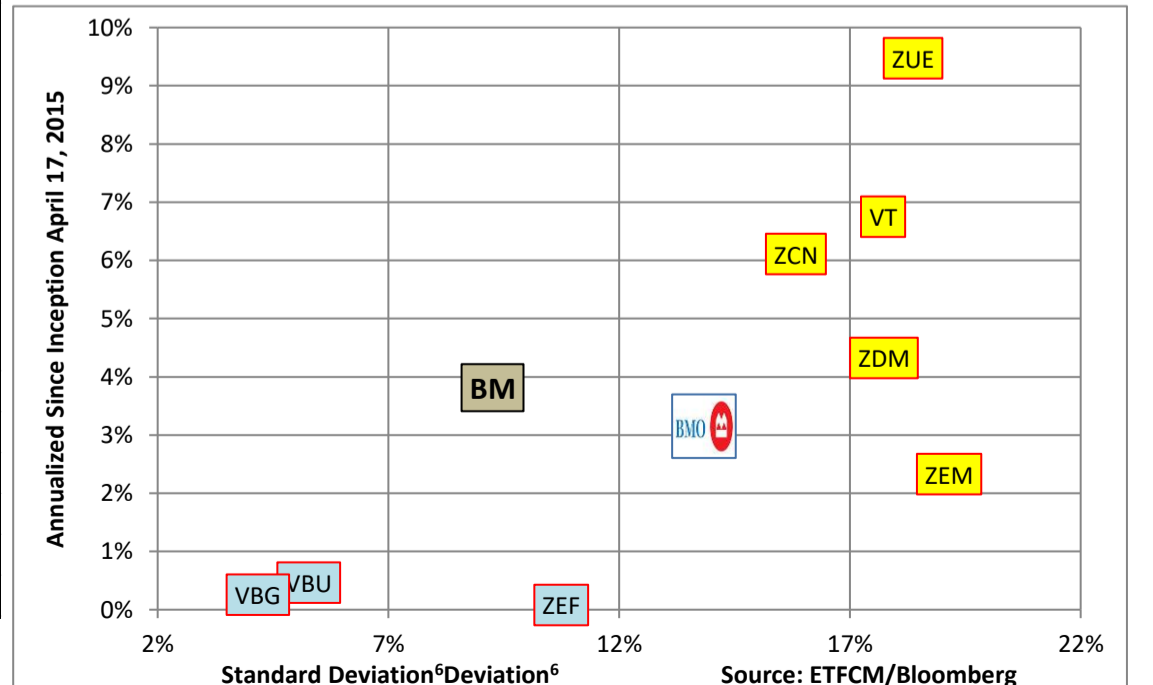
Performance Metrics (A-Series) as of (07/08/22)

| Total Return | Net | Gross | Up/Downside ⁵ | |
|--------------------|--------------------------|--------|--------------------------|-----|
| YTD | -9.85% | -8.88% | Upside | 15% |
| Prev. Month | -5.17% | -5.01% | Down | 29% |
| Prev. Quarter | -9.07% | -8.59% | Mths Up | 53 |
| Prev. Year | -8.55% | -6.63% | Mths Dn | 34 |
| Ann. SI (04/17/15) | 1.23% | 3.15% | | |
| Sharpe Ratio | 0.23 | | | |
| Fund Codes: | No Load Retail: BMO70222 | | | |

Defense

Core Portfolio Beta: 76.8%

Offense



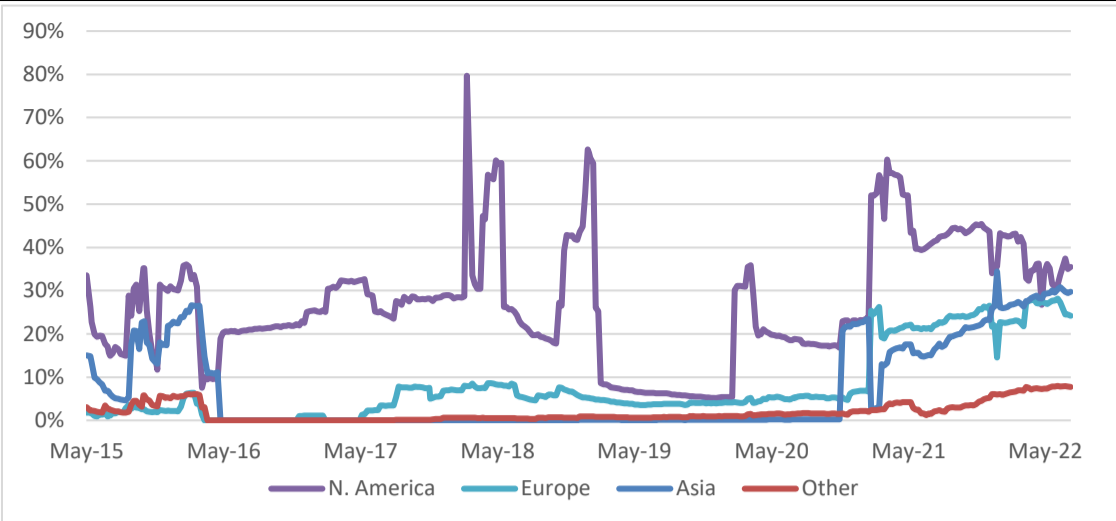
Tactical Asset Allocation

| Equity | N. America | Europe | Asia | Other |
|----------|------------|--------|-------|-------|
| 07/08/22 | 35.5% | 24.2% | 29.7% | 7.7% |
| 06/30/22 | 35.0% | 24.5% | 29.4% | 7.9% |
| Change | 0.4% | -0.3% | 0.3% | -0.1% |

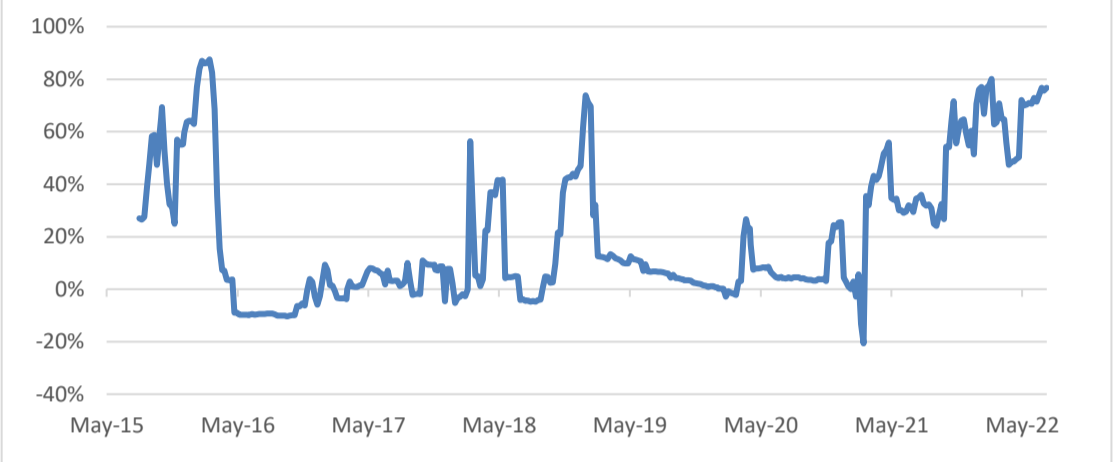
| Bonds | Corp. | Govt. | Pref. | Cash |
|----------|-------|-------|-------|-------|
| 07/08/22 | 1.2% | 21.7% | 0.4% | 2.9% |
| 06/30/22 | 1.2% | 22.1% | 0.3% | 3.2% |
| Change | 0.0% | -0.4% | 0.0% | -0.3% |

| Bonds | Duration |
|----------|----------|
| 07/08/22 | 8.18 |
| 06/30/22 | 8.21 |
| Change | -0.03 |

| Sector | 07/08/22 | 06/30/22 | Change | BM |
|------------------------|----------|----------|--------|-------|
| Basic Materials | 7.9% | 8.1% | -0.2% | 3.1% |
| Communications | 9.5% | 9.4% | 0.1% | 6.8% |
| Consumer, Cyclical | 6.9% | 6.8% | 0.1% | 6.6% |
| Consumer, Non-cyclical | 15.1% | 14.5% | 0.6% | 13.1% |
| Energy | 3.8% | 3.8% | 0.0% | 3.8% |
| Financial | 10.8% | 10.9% | -0.1% | 16.9% |
| Government | 21.1% | 21.6% | -0.5% | 25.4% |
| Industrial | 7.4% | 7.3% | 0.0% | 6.7% |
| Technology | 12.0% | 11.8% | 0.2% | 10.5% |
| Utilities | 2.5% | 2.5% | 0.0% | 2.6% |

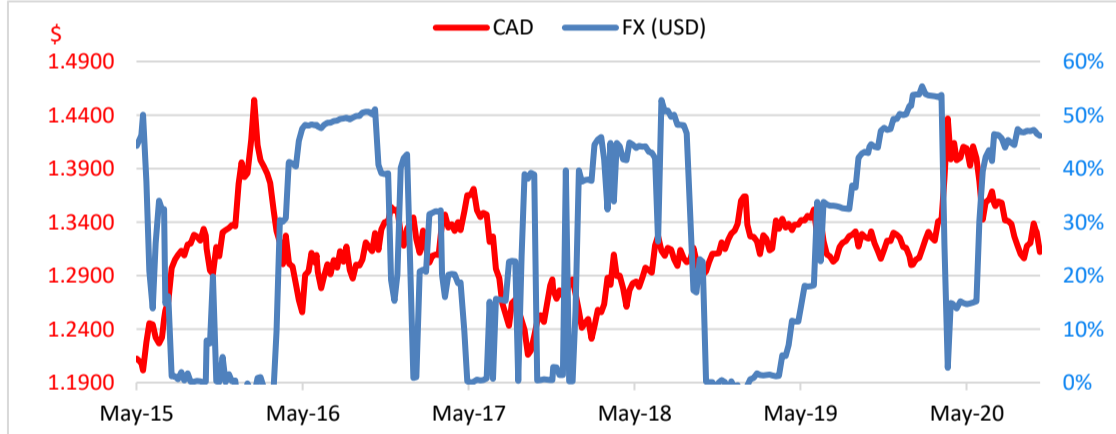


Net Beta (Core - Protection): 76.8%



| As of: 07/08/22 | 07/08/22 | 06/30/22 | Change |
|-------------------------|----------|----------|--------|
| FX (USD) | 2.4% | 3.0% | -0.6% |
| Beta ² | 76.8% | 75.6% | 1.2% |
| Protection | 0.0% | 0.0% | 0.0% |
| Correlation | 94.5% | 94.3% | 0.2% |
| Yield ³ | 2.79% | 2.79% | 0.00% |
| ETF Holdings | 26 | 26 | 0 |
| Volatility ⁴ | 13.85% | 14.55% | -0.70% |
| CAD | 1.2947 | 1.2873 | 0.6% |

Tactical FX Exposure (USD)



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1 Benchmark is the return of the targeted portfolio 60% global equities and 40% global bonds hedged to Canadian dollars; 2 Beta is a measure of how a fund responds to moves in the broader market. A beta of greater than 1.0 suggests that the fund is more volatile than the market, while a beta of less than 1.0 suggests that the fund is less volatile. 3 Yield is the most recent income received by the fund in the form of dividends, interest and other income annualized based on the payment frequency, divided by the current market value of the fund's investments. 4 Volatility is the annualized standard deviation which is a measure of risk. 5 Upside/Downside is a statistical measure of how much of the fund performance a manager captured during up-markets or down-markets. Typically, an investor would prefer a higher upside capture and lower downside capture. The time period presented is since inception. 6 Standard Deviation is a measure of risk that calculates the variation of a fund's performance around its average over a specific time period.

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