



# BMO Tactical Global Growth ETF Fund

### 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.

### PRO-EYES - Berman's Call

**Risk Level Medium**

The core portfolio beta is 98.3%. 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	Upside/Downside <sup>5</sup>	
<b>YTD</b>	-7.76%	-6.81%	Upside	20%
<b>Prev. Qtr.</b>	-9.76%	-9.29%	Downside	40%
<b>Prev. Year</b>	-6.12%	-4.20%	Months Up	52
<b>Since Inception</b>	27.96%	39.31%	Months Dn	21
<b>Ann. SI (04/28/16)</b>	4.04%	5.96%		
<b>Sharpe Ratio</b>		0.55		

**Fund Codes:** No Load Retail: BMO70762

### Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	20.6%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	18.5%
ZQQ	BMO Nasdaq 100 Equity Hedged To CAD Index ETF	10.1%
ZEM	BMO MSCI Emerging Markets Index ETF	7.4%
KWEB	KraneShares CSI China Internet ETF	4.6%
FLGB	Franklin FTSE United Kingdom ETF	3.7%
GDJ	VanEck Gold Miners ETF/USA	3.2%
FLJH	Franklin FTSE Japan Hedged ETF	3.0%
URA	Global X Uranium ETF	2.7%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.6%
ZCLN	BMO Clean Energy Index ETF	2.4%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	2.0%
FLIN	Franklin FTSE India ETF	2.0%
ARKK	ARK Innovation ETF	1.8%
MJ	ETFMG Alternative Harvest ETF	1.8%
VNM	VanEck Vietnam ETF	1.7%
FINX	Global X FinTech ETF	1.5%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.5%
XBI	SPDR S&P Biotech ETF	1.3%
FLBR	Franklin FTSE Brazil ETF	1.3%

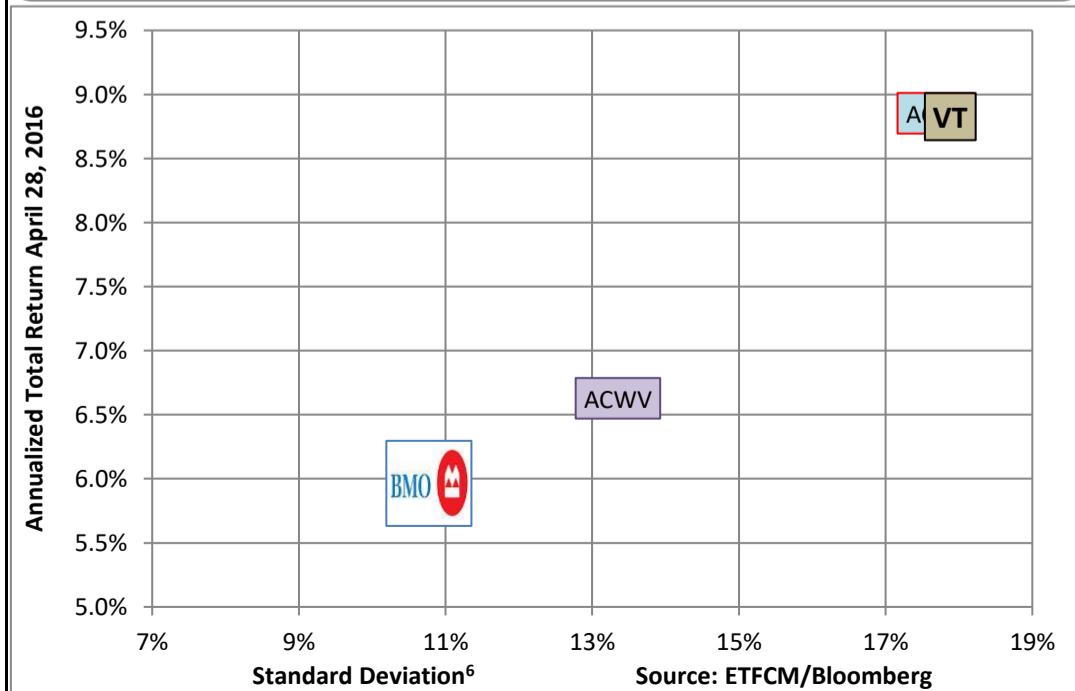
### Chart of the Week



### Defense

**Core Portfolio Beta: 98.3%**

### Offense



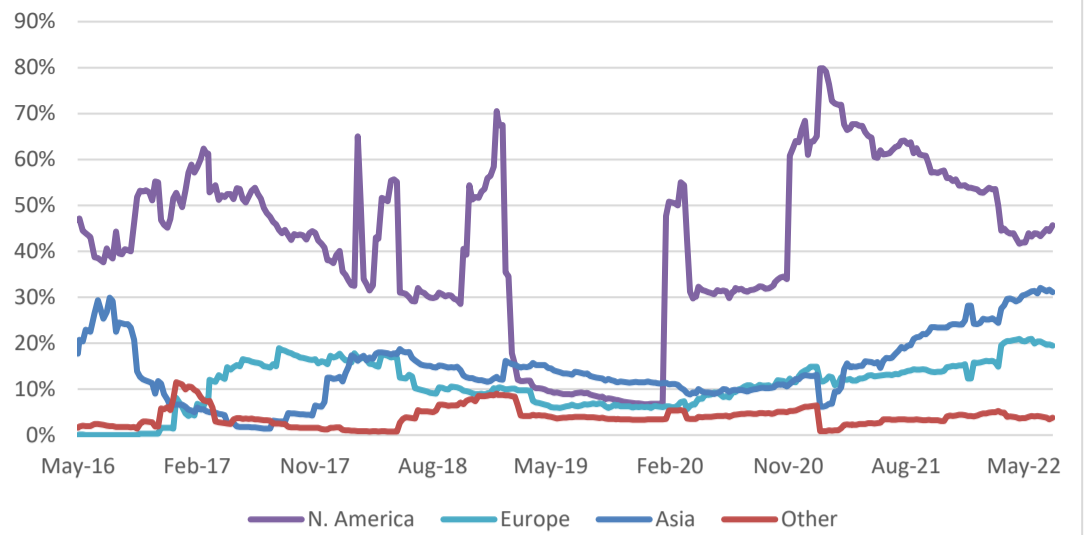
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## Tactical Asset Allocation

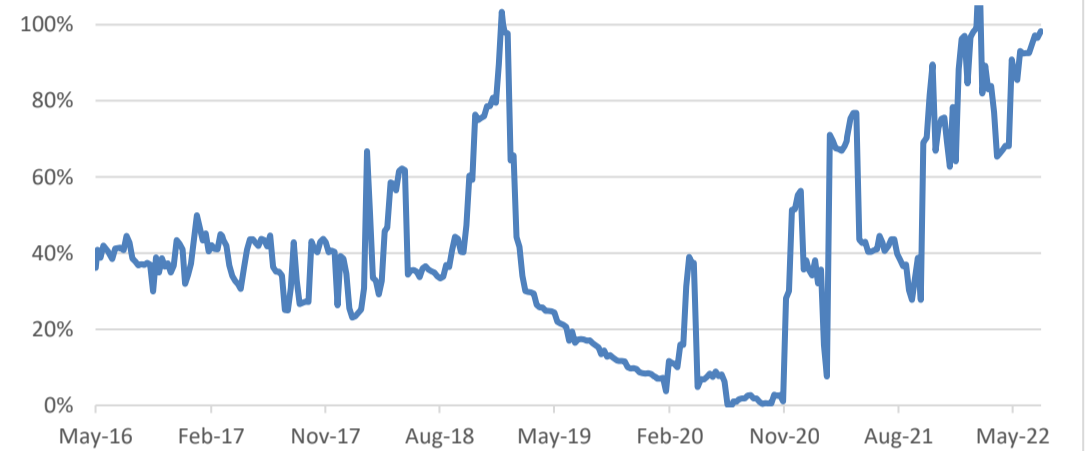
Equity	N. America	Europe	Asia	Other
07/08/22	45.7%	19.5%	31.1%	3.8%
06/30/22	44.3%	19.7%	31.7%	3.4%
Change	1.3%	-0.3%	-0.6%	0.5%

Sector	07/08/22	06/30/22	Change	BM
Basic Materials	10.43%	10.72%	-0.3%	4.8%
Communications	12.88%	12.77%	0.1%	10.4%
Consumer, Cyclical	9.08%	9.14%	-0.1%	10.2%
Consumer, Non-cyclical	19.76%	18.97%	0.8%	20.0%
Energy	4.90%	4.89%	0.0%	5.4%
Financial	13.37%	13.32%	0.1%	19.0%
Government	0.04%	0.03%	0.0%	19.0%
Industrial	9.32%	9.34%	0.0%	10.2%
Technology	17.03%	16.79%	0.2%	16.8%
Utilities	3.13%	3.05%	0.1%	3.1%

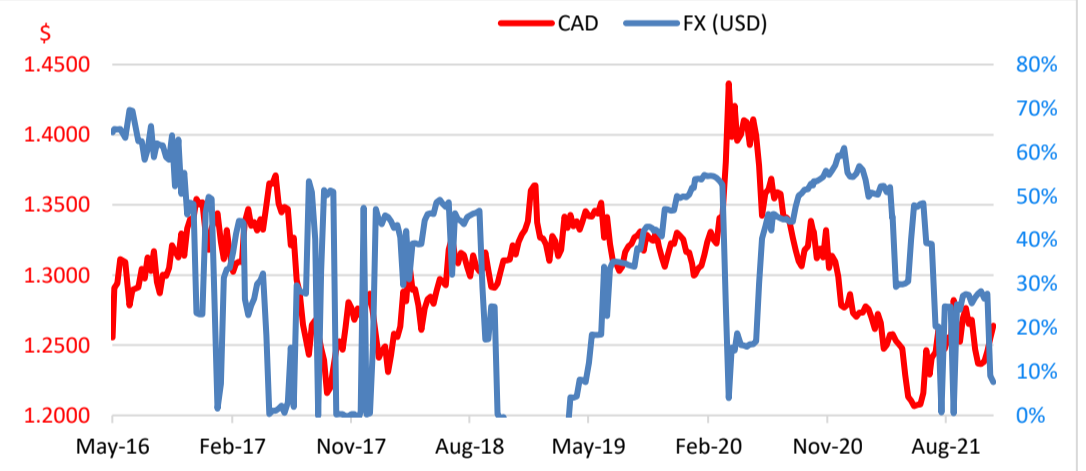
As of: Jul 8 2022	07/08/22	06/30/22	Change
FX (USD)	2.8%	3.0%	-0.2%
Beta <sup>2</sup>	98.3%	96.5%	1.8%
Protection (Delta)	0.0%	0.0%	0.0%
Correlation	76.0%	74.7%	1.3%
Yield <sup>3</sup>	2.58%	2.58%	0.00%
ETF Holdings	27	27	0
Volatility <sup>4</sup>	10.78%	11.57%	-0.79%
CAD	1.2945	1.2846	0.8%



**Net Beta (Core - Protection): 98.3%**



**Tactical FX Exposure (USD)**



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