



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

The breadth of the market rally has not been strong. It's extremely unlikely that the bear market cycle has fully run its course. Macro economics are mixed. Labour in the US remains strong, but other data like ISM is clearly in decay. The odds of a Fed policy mistake and sticky supply side inflation is something asset markets are not ready for and likely do not believe can happen. Forward based earnings for 2023 have started to turn down as seen in the chart of the week. In a typical end of business cycle recession, earnings can fall between 5-20%. In the 2008-2009 financial crisis, earnings fall closer to 50%. We look to add more volatility protection prior to Jackson Hole. US CPI this week could be a catalyst. Expectations are for a significant decline in headline CPI, but an uptick in core. Market response will be important.

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, but Powell declined to comment on how the market was pricing them. Forward guidance is now fully data dependent. 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, which the skinny Green Bill might trigger. The FOMC's 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 add to a volatility buffer in the coming months on a continuation in a counter trend rally.

PRO-EYES - Berman's Call

Risk Level High

The core portfolio beta is 73.8%. The degree of delta protection is -19% while the value of beta protection is 28%.

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 (08/05/22)

Total Return	Net	Gross	Up/Downside ⁵	
YTD	-7.44%	-6.34%	Upside	16%
Prev. Month	3.90%	4.06%	Down	29%
Prev. Quarter	-0.95%	-0.47%	Mths Up	54
Prev. Year	-6.91%	-4.99%	Mths Dn	34
Ann. SI (04/17/15)	1.58%	3.50%		
Sharpe Ratio	0.29			
Fund Codes:	No Load Retail: BMO70222			

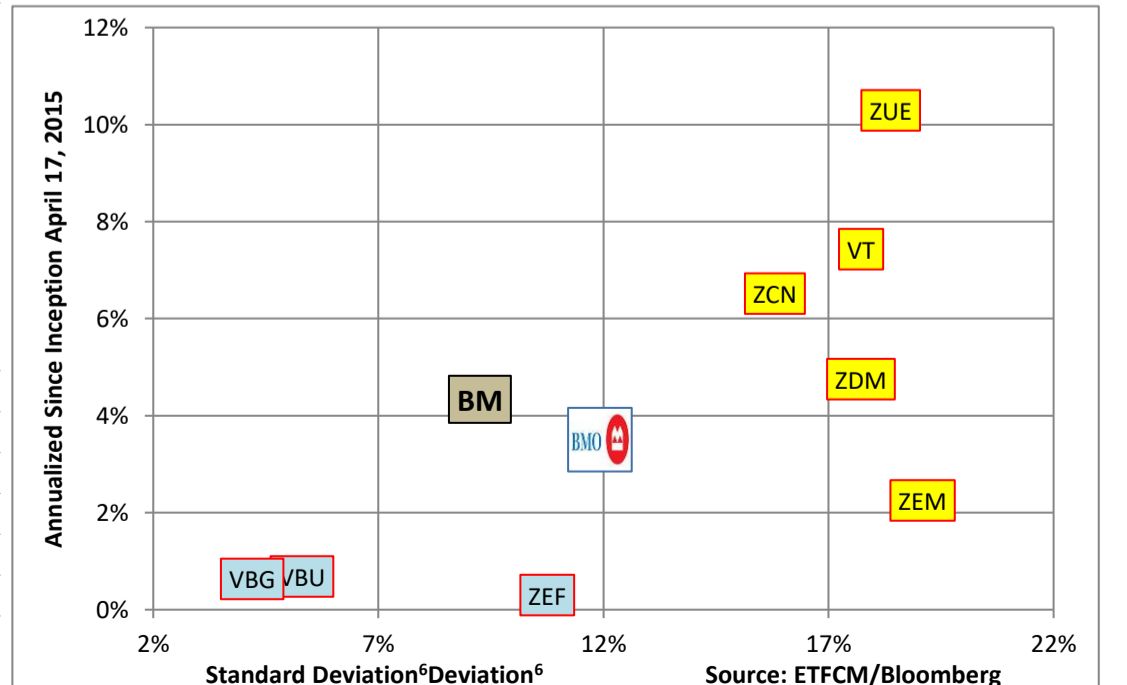
Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	23.1%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	13.4%
ZEM	BMO MSCI Emerging Markets Index ETF	11.1%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	9.3%
TLT	iShares 20+ Year Treasury Bond ETF	5.3%
VGK	Vanguard FTSE Europe ETF	5.0%
GDV	VanEck Gold Miners ETF/USA	3.1%
RSP	Invesco S&P 500 Equal Weight ETF	3.0%
KWEB	KraneShares CSI China Internet ETF	2.7%
MJ	ETFMG Alternative Harvest ETF	2.1%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	2.0%
URA	Global X Uranium ETF	2.0%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	2.0%
ZCLN	BMO Clean Energy Index ETF	1.8%
CIBR	First Trust NASDAQ Cybersecurity ETF	1.8%
FINX	Global X FinTech ETF	1.2%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.1%
FLIN	Franklin FTSE India ETF	1.0%
XBI	SPDR S&P Biotech ETF	0.8%
CLOU	Global X Cloud Computing ETF	0.7%

Chart of the Week



Defense Core Portfolio Beta: 73.8% Offense



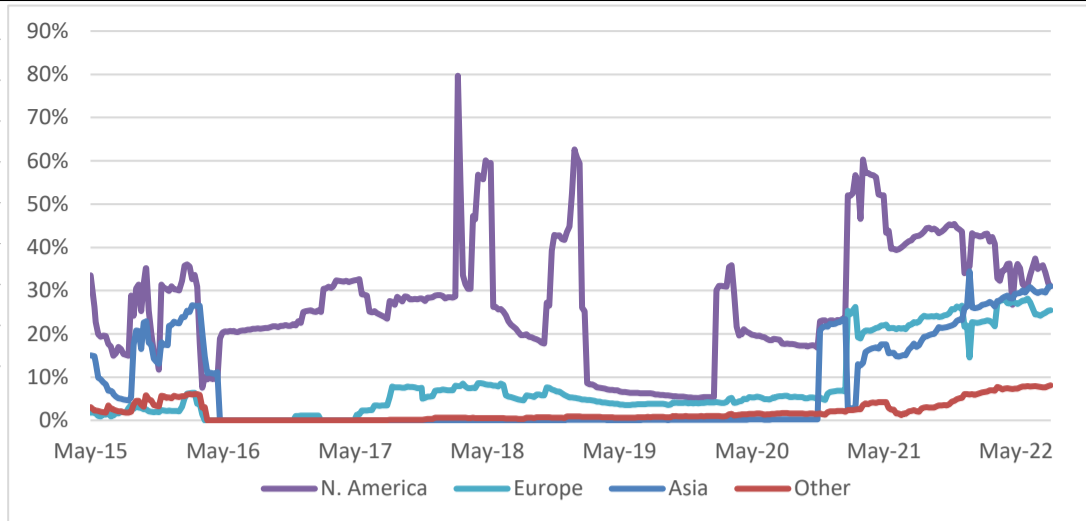
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
08/05/22	31.0%	25.4%	31.0%	8.1%
07/29/22	31.7%	25.4%	30.8%	7.9%
Change	-0.6%	0.0%	0.1%	0.2%

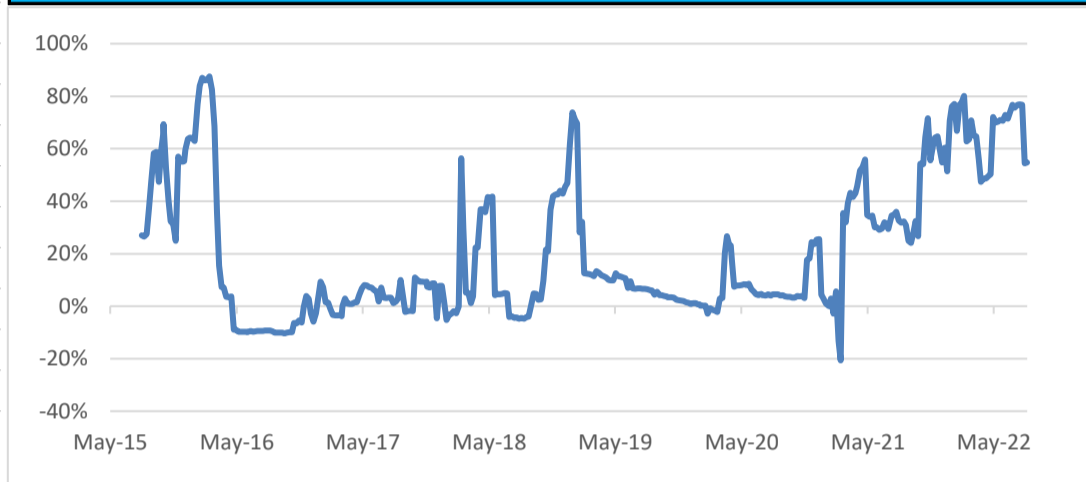
Bonds	Corp.	Govt.	Pref.	Cash
08/05/22	1.3%	19.3%	0.4%	4.5%
07/29/22	1.2%	20.2%	0.4%	4.1%
Change	0.1%	-0.9%	0.0%	0.4%

Bonds	Duration
08/05/22	6.60
07/29/22	7.18
Change	-0.58

Sector	08/05/22	07/29/22	Change	BM
Basic Materials	9.7%	9.7%	0.0%	2.9%
Communications	7.5%	7.3%	0.2%	7.0%
Consumer, Cyclical	7.0%	7.0%	0.0%	6.6%
Consumer, Non-cyclical	15.8%	15.7%	0.1%	13.8%
Energy	4.3%	4.3%	0.0%	3.6%
Financial	11.8%	11.8%	0.1%	16.9%
Government	18.7%	19.5%	-0.9%	25.7%
Industrial	8.3%	8.4%	0.0%	6.7%
Technology	9.5%	9.3%	0.2%	10.2%
Utilities	2.7%	2.7%	0.0%	2.7%

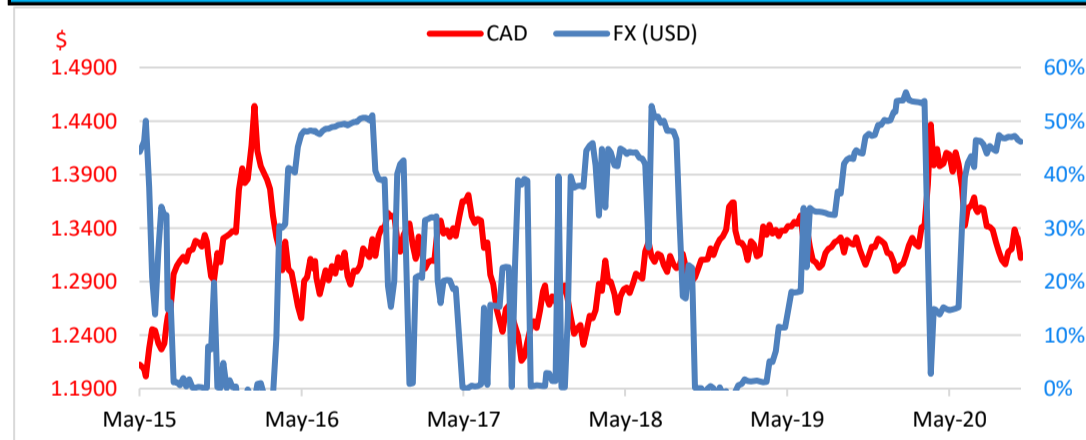


Net Beta (Core - Protection): 54.7%



As of: 08/05/22	08/05/22	07/29/22	Change
FX (USD)	3.6%	3.3%	0.2%
Beta ²	73.8%	73.3%	0.5%
Protection	-19.1%	-18.8%	-0.3%
Correlation	97.6%	97.6%	0.0%
Yield ³	2.92%	2.92%	0.00%
ETF Holdings	25	25	0
Volatility ⁴	11.93%	12.25%	-0.32%
CAD	1.2932	1.2795	1.1%

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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