



BMO Tactical Dividend ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

Powell is likely going to try and talk out rate cuts priced in to markets next year as forward guidance. Risk assets probably respond poorly, but we do not see a major correction until earnings stress is more apparent. Q2 was ok and the process of downgrading numbers has just started. Excluding energy, there is no earnings growth, which reminds us how bifurcated the outlook is and will be. Unless inflation expectations remain anchored, a 1970s (duration not necessarily magnitude) of a stagflationary outcome seems likely. "We're committed to returning inflation to our 2% target and we'll do what it takes to get there," said Richmond Fed Barkin on Friday. Powell will likely press that home on Friday. A higher yield portfolio with a volatility buffer seems like a good strategy going forward. Now if only EM and EAFE would recognize some of the relative value like it was before Putin became a war criminal. Can the world equity returns really just be about market cap weighted FANGMANN?

Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	32.2%
ZWP	BMO Europe High Dividend Covered Call ETF	21.7%
ZWH	BMO US High Dividend Covered Call ETF	10.8%
ZWU	BMO Covered Call Utilities ETF	10.5%
EDIV	SPDR S&P Emerging Markets Dividend ETF	9.4%
DEM	WisdomTree Emerging Markets High Dividend Fund	9.2%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Divide	3.6%
DVYE	iShares Emerging Markets Dividend ETF	3.0%

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. We think the skinny Bills Congress passed will add slightly to funding pressure. The FOMC's more aggressive path has caught them up to the curve and the terminal rate is now expected in December. We do expect the Powell to try and talk out rate cuts in 2023 at Jackson Hole, which would be decidedly more hawkish than the market is currently pricing. 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.

Chart of the Week



PRO-EYES - Berman's Call

Risk Level High

The core portfolio beta is 62.2%. The degree of delta protection is -36% while the value of beta protection is 48%.

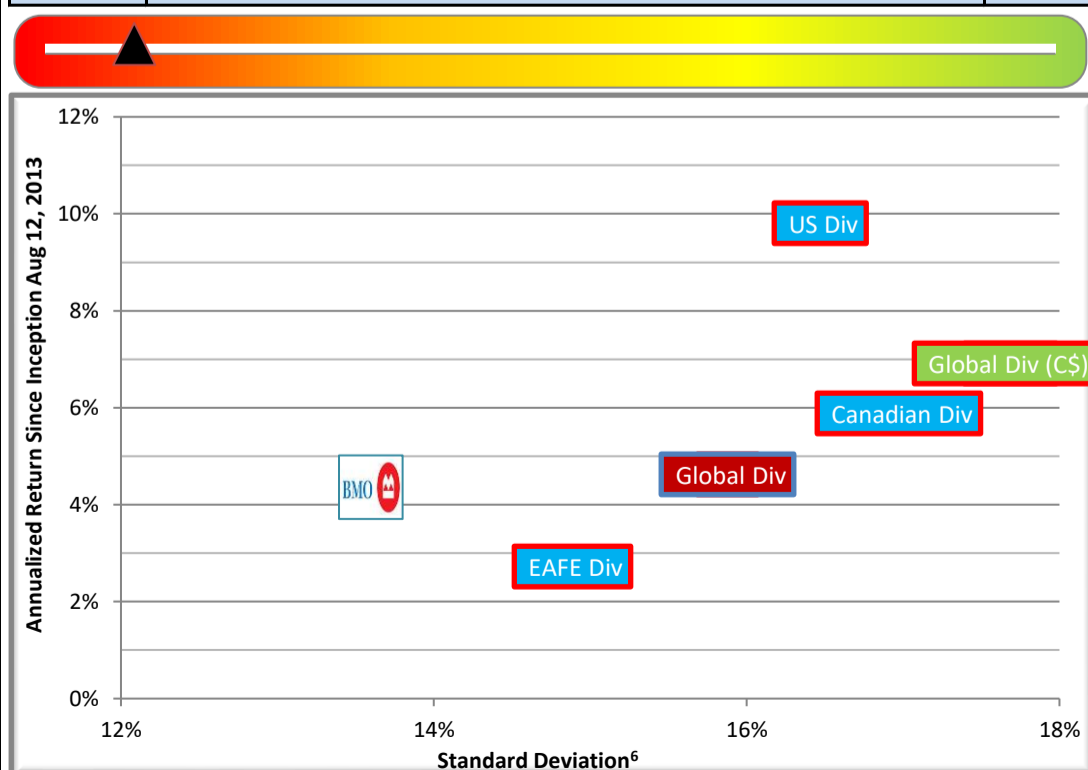
The tactical PRO-EYES factor suggests more dip buying opportunity exists than not. However, the trend of liquidity in business conditions is likely to get worse before it improves. The fact the FOMC has now talked about 2023/24 rate cuts, markets should stabilize. Valuation metrics have yet to reflect 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 (08/19/22)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	-7.89%	-6.71%	Upside	17%
Previous Quarter	-2.65%	-2.17%	Downside	45%
Previous Year	-7.72%	-5.80%	Months Up	67
3-Year	-4.34%	-2.42%	Months Dn	40
5-Year	-1.09%	0.83%		
Ann. SI (08/12/13)	2.43%	4.35%	Sharpe Ratio	0.25

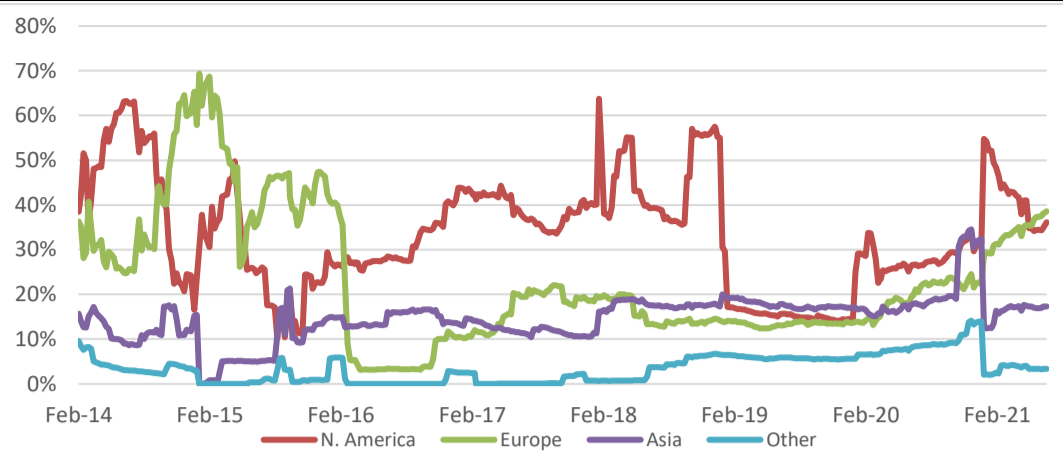
Fund Codes: No Load Retail: BMO70734

Defense Core Beta: 62.2% Offense



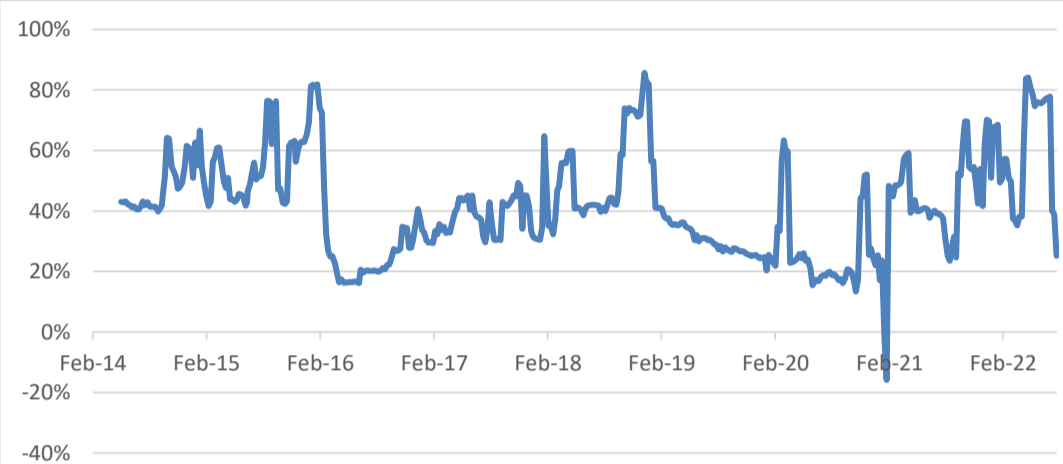
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
08/19/22	21.7%	46.0%	26.1%	6.4%
08/05/22	21.4%	46.2%	26.0%	6.1%
Change	0.3%	-0.2%	0.1%	0.3%
Benchmark	71.7%	12.9%	11.8%	3.7%



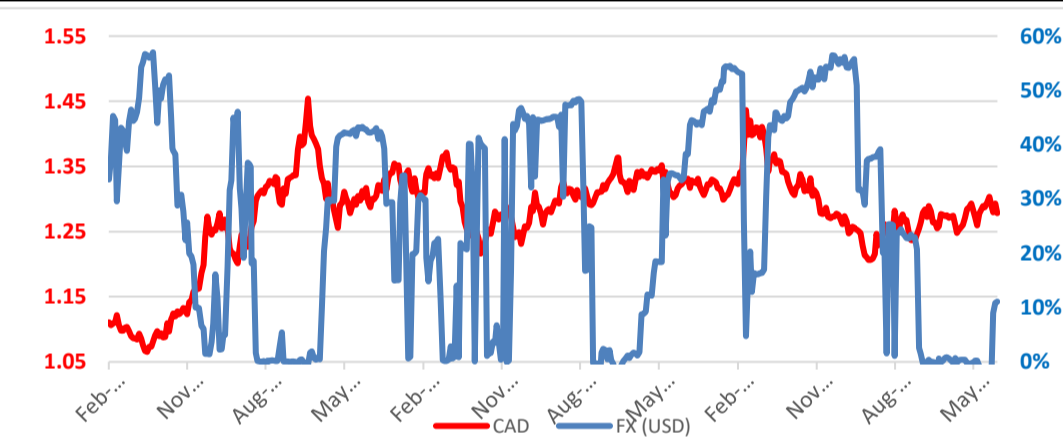
Sector	8/19/22	8/05/22	Change	BM
Basic Materials	7.67%	7.55%	0.1%	8.6%
Communications	8.38%	8.36%	0.0%	6.6%
Consumer, Cyclical	11.43%	11.22%	0.2%	5.6%
Consumer, Non-cyclical	21.63%	22.06%	-0.4%	9.1%
Energy	7.20%	7.02%	0.2%	9.6%
Financial	17.17%	16.81%	0.4%	28.5%
Industrial	8.85%	8.81%	0.0%	0.0%
Technology	5.43%	5.47%	0.0%	2.5%
Utilities	10.49%	10.39%	0.1%	19.5%

Net Beta (Core - Protection): 25.7%



As of: 08/19/22	08/19/22	08/05/22	Change
FX (USD)	11.1%	10.9%	0.2%
Beta ²	62.2%	61.5%	0.7%
Protection	-36.5%	-22.6%	-13.8%
Correlation	89.0%	88.0%	1.0%
Yield ³	5.65%	5.65%	-0.01%
ETF Holdings	8	8	0
Volatility ⁴	13.60%	13.57%	0.02%
CAD	1.2994	1.2932	0.5%

Tactical FX Exposure (USD)



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