



# BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We have seen EM and EAFE Dividend exposure rally back well in recent weeks. The major underperformance relative to the world dividend index is on the currency side. With hot employment numbers in the US and soft numbers in Canada, that relative trend could continue. From a long-term value perspective, we see these regions as better exposure than US equities. We are looking to get a bit more defensive if we see additional strength in the US market heading into the Jackson Hole Fed conference. We believe they will try to talk the curve out of rate cuts in 2023. While a recession seems imminent, inflation will likely prove stickier than expected. The mix of inflation and growth has rarely been seen by investors in the past 50 years. We think few are ready to deal with difficult capital markets the next few years.

## 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. Once QT starts, to have an impact, we would be more concerned that equity risk premiums will rise and multiples will contract. The risk of a policy mistake is significant. 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.

## PRO-EYES - Berman's Call

**Risk Level** High

The core portfolio beta is 61.5%. The degree of delta protection is -23% while the value of beta protection is 33%.

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)

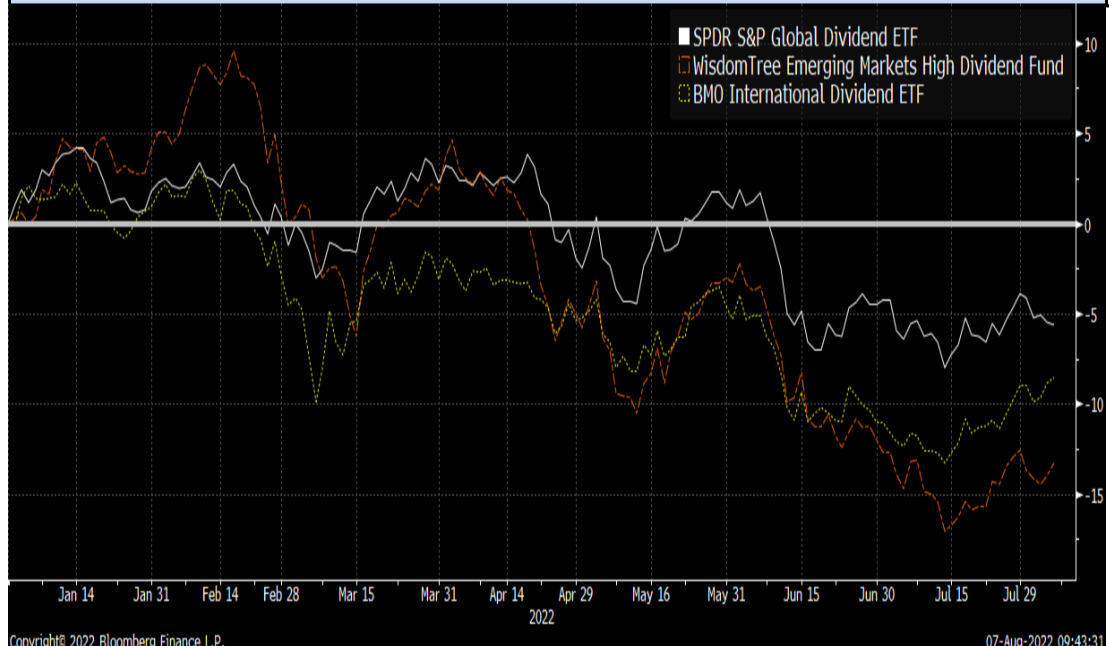
Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	-7.82%	-6.72%	Upside	16%
<b>Previous Quarter</b>	-3.77%	-3.29%	Downside	45%
<b>Previous Year</b>	-7.67%	-5.75%	Months Up	66
<b>3-Year</b>	-4.33%	-2.41%	Months Dn	40
<b>5-Year</b>	-1.24%	0.68%		
<b>Ann. SI (08/12/13)</b>	2.45%	4.37%	Sharpe Ratio	0.25

Fund Codes: No Load Retail: BMO70734

## Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	32.3%
ZWP	BMO Europe High Dividend Covered Call ETF	21.7%
ZWH	BMO US High Dividend Covered Call ETF	10.7%
ZWU	BMO Covered Call Utilities ETF	10.3%
EDIV	SPDR S&P Emerging Markets Dividend ETF	9.3%
DEM	WisdomTree Emerging Markets High Dividend Fund	9.0%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividen	3.5%
DVYE	iShares Emerging Markets Dividend ETF	2.9%

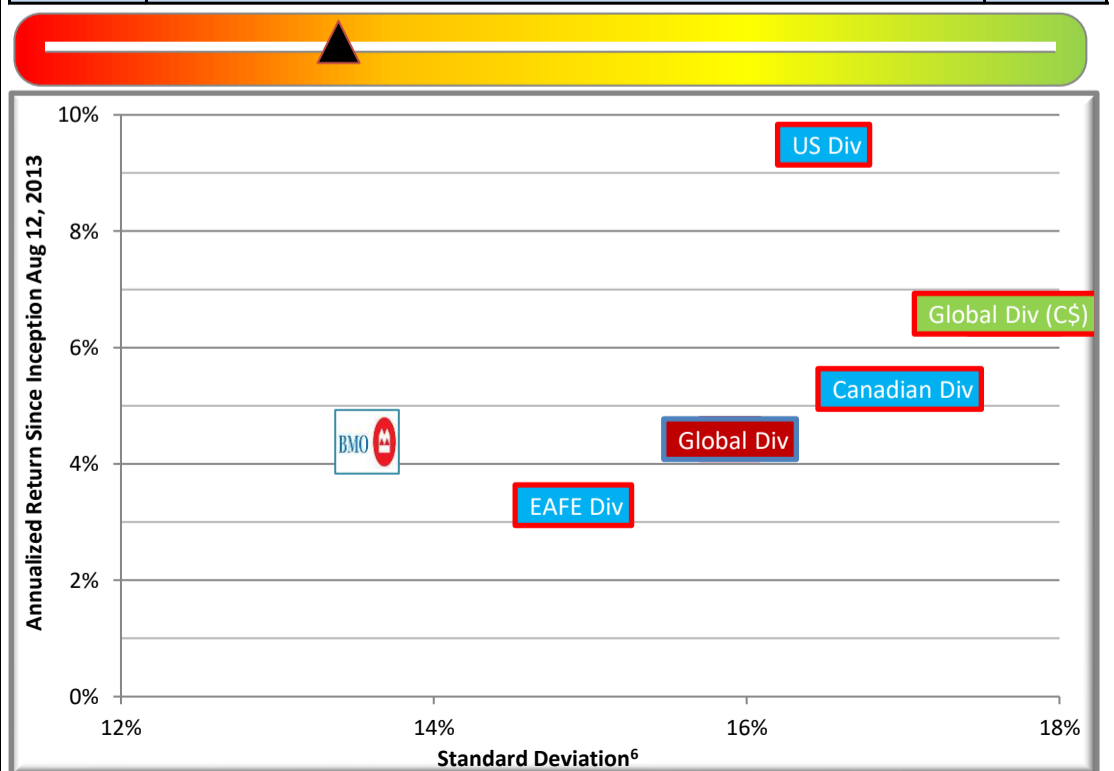
## Chart of the Week



**Defense**

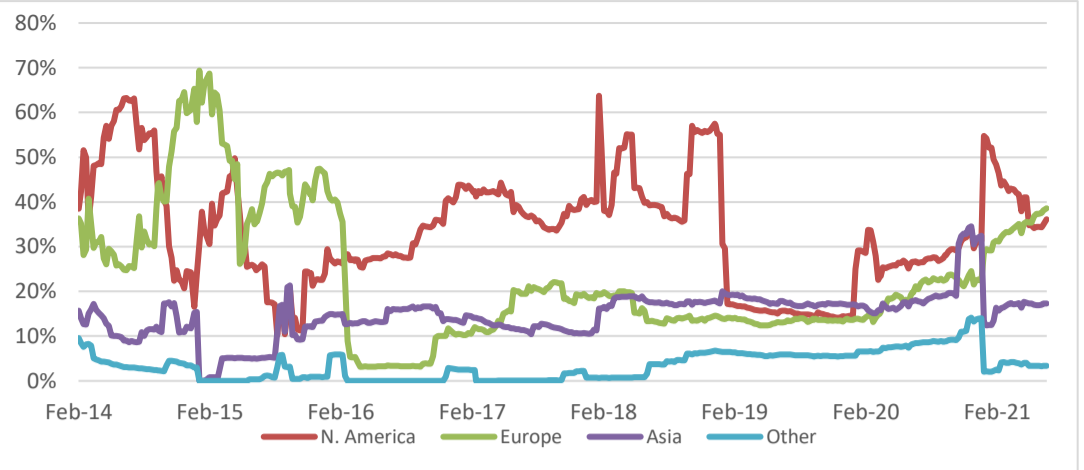
**Core Beta: 61.5%**

**Offense**

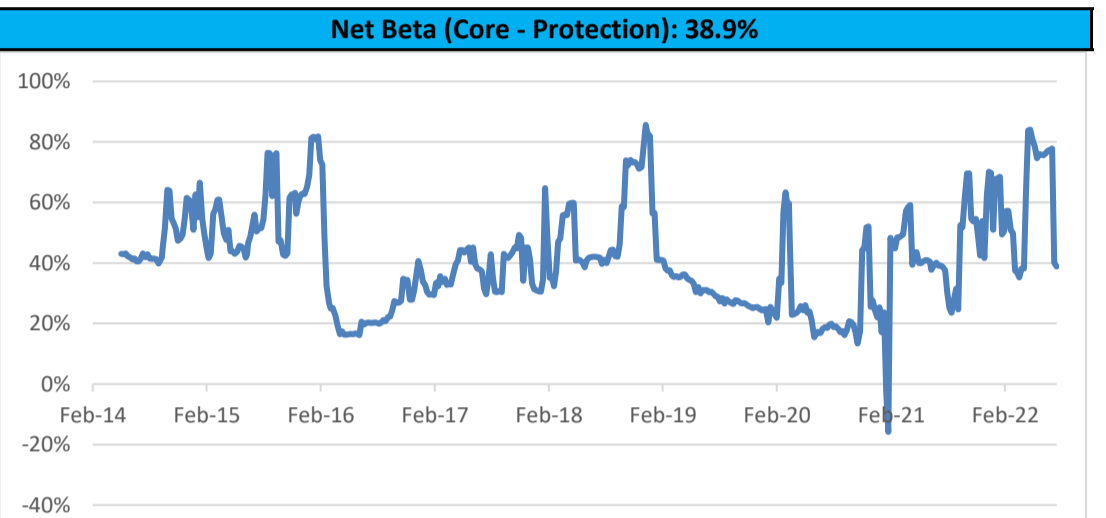


## Tactical Asset Allocation

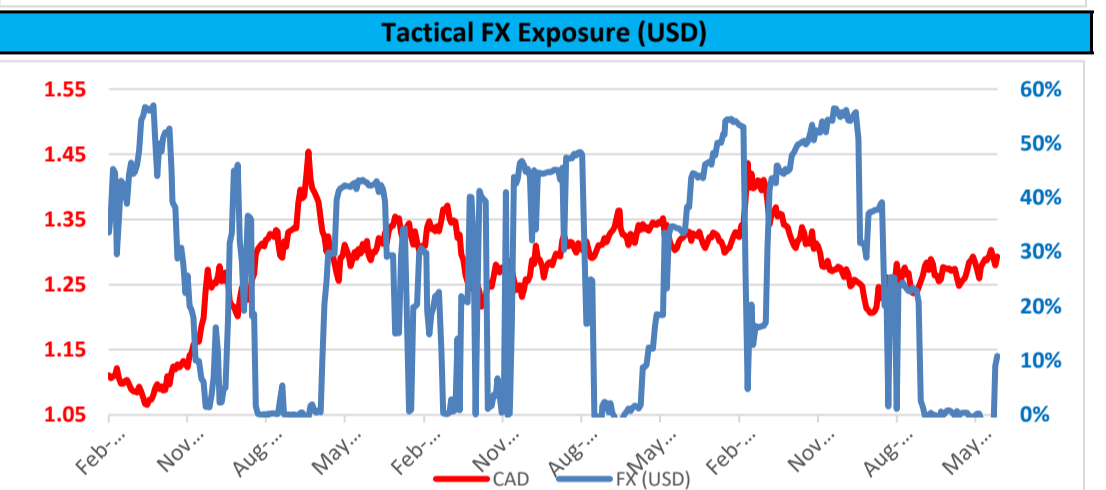
Equity	N. America	Europe	Asia	Other
08/05/22	21.4%	46.2%	26.0%	6.1%
07/29/22	21.6%	47.0%	25.5%	5.6%
Change	-0.2%	-0.8%	0.5%	0.5%
Benchmark	71.2%	13.1%	12.0%	3.7%



Sector	8/05/22	7/29/22	Change	BM
Basic Materials	7.55%	6.96%	0.6%	8.5%
Communications	8.36%	8.34%	0.0%	6.7%
Consumer, Cyclical	11.22%	9.78%	1.4%	5.6%
Consumer, Non-cyclical	22.06%	21.68%	0.4%	9.2%
Energy	7.02%	5.95%	1.1%	9.4%
Financial	16.81%	21.69%	-4.9%	28.2%
Industrial	8.81%	8.63%	0.2%	0.0%
Technology	5.47%	5.35%	0.1%	2.5%
Utilities	10.39%	10.22%	0.2%	0.0%



As of: 08/05/22	08/05/22	07/29/22	Change
FX (USD)	10.9%	9.0%	1.8%
Beta <sup>2</sup>	61.5%	62.2%	-0.7%
Protection	-22.6%	-22.1%	-0.6%
Correlation	88.0%	89.3%	-1.2%
Yield <sup>3</sup>	5.65%	5.63%	0.02%
ETF Holdings	8	8	0
Volatility <sup>4</sup>	13.57%	13.26%	0.31%
CAD	1.2932	1.2795	1.1%



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