



# BMO Tactical Global Growth ETF Fund

## Core Tactical/Strategic Portfolio Outlook/Adjustments

The correction that started last week is not likely over. Based on last week's more dovish comments from the Bank of Canada, we added back some US dollar exposure selling ZUE to buy ZSP. Our US\$ exposure is now 40% from 30% last week. We are still underweight as the US\$ is about 58% of the global benchmark. We are looking at a dip below 1.20 as our target to move back to market weight. Our chart of the week shows the dramatic impact of currency in the past month. The VT (Vanguard Total World ETF) is up about 4.1% YTD compared to our 6%. With the downside hedge in place from 4200-3750 on the S&P 500, we are well protected against our expectations for downside volatility. With emerging markets underperforming, we see it as an opportunity to add to exposure in the coming months. ZEM is now down 2% on a YTD basis. Building exposure to India, Korea, Malaysia, Vietnam, and China are most attractive.

## Macro Market Strategy

We continue to see the Fed as the swing factor in markets. We now know that the Treasury needs to raise another \$600B in excess of what the Fed is monetizing. That should add stress to asset prices in the coming quarters. There is a narrative building around the August Jackson Hole event as to when the Fed will start thinking about tapering. If this crush of bond supply meets a Fed buying less, the equity risk premium will most likely rise. So even as earnings expectations for the S&P 500 are now 184 for 2021 and 207 for 2022, a multiple contraction with a less accommodative Fed should unwind some of that liquidity premium priced in over the COVID largess. 20x (still high) makes the 3700 area very important support and target for year end. How much of the recovery in earnings for 2021 was priced in last year?

## PRO-EYES - Berman's Call

**Risk Level** High

The current core portfolio beta is 84.2% The current degree of beta protection is about -41%.

When the PRO EYES indicator is at elevated levels (above 75%), as it is recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. We have our downside hedge on the S&P 500 in place from 4200-3750 with a covered call at 4400 through Sept 30th. This is a tactical hedge and is actively adjusted as opportunities develop. For details of the [PRO-EYES-Berman's Call Tactical Risk Models](#) click link above.

## Performance Metrics (A-Series) as of (05/14/21)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	5.61%	6.30%	Upside	19%
<b>Prev. Qtr.</b>	4.10%	4.58%	Downside	26%
<b>Prev. Year</b>	4.62%	6.54%	Months Up	44
<b>Since Inception</b>	34.40%	43.65%	Months Dn	15
<b>Ann. SI (04/28/16)</b>	6.01%	7.93%		
<b>Sharpe Ratio</b>		0.94		

**Fund Codes:** Advisor BMO99762; F-Class BMO95762; No Load Retail: BMO70762

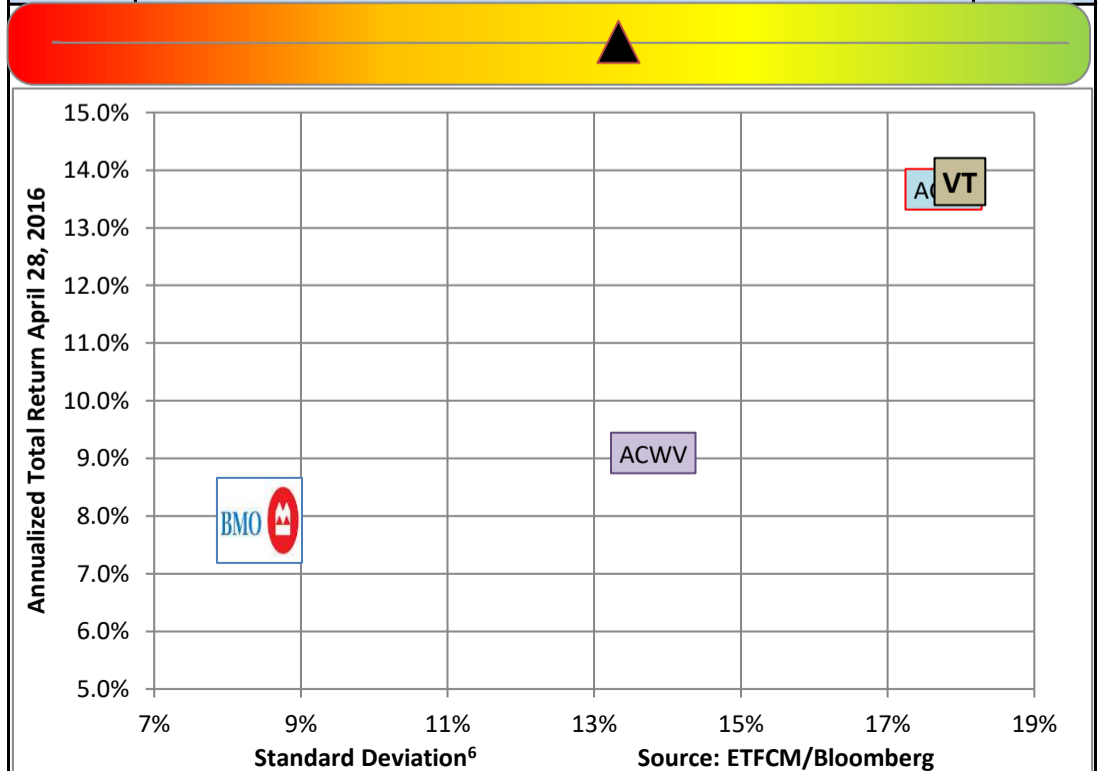
## Top 20 Holdings

Ticker	Name	Position
ZSP	BMO S&P 500 Index ETF	20.7%
RSP	Invesco S&P 500 Equal Weight ETF	15.1%
ZGD	BMO Equal Weight Global Gold Index ETF	13.9%
ZEA	BMO MSCI EAFE Index ETF	9.4%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	9.0%
ZEM	BMO MSCI Emerging Markets Index ETF	5.0%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	4.7%
DXJ	WisdomTree Japan Hedged Equity Fund	2.7%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.4%
ZCLN	BMO Clean Energy Index ETF	1.9%
XLE	Energy Select Sector SPDR Fund	1.9%
VNM	Vanek Vectors Vietnam ETF	1.7%
INDA	iShares MSCI India ETF	1.5%
HMMJ	Horizons Marijuana Life Sciences Index ETF	1.4%
EWU	iShares MSCI United Kingdom ETF	1.3%
EWV	iShares MSCI Mexico ETF	1.1%
KBA	KraneShares Boserer MSCI China A ETF	1.0%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.8%
EIDO	iShares MSCI Indonesia ETF	0.6%
EWZ	iShares MSCI Brazil ETF	0.6%

## Chart of the Week



**Defense** Core Portfolio Beta: 84.2% **Offense**



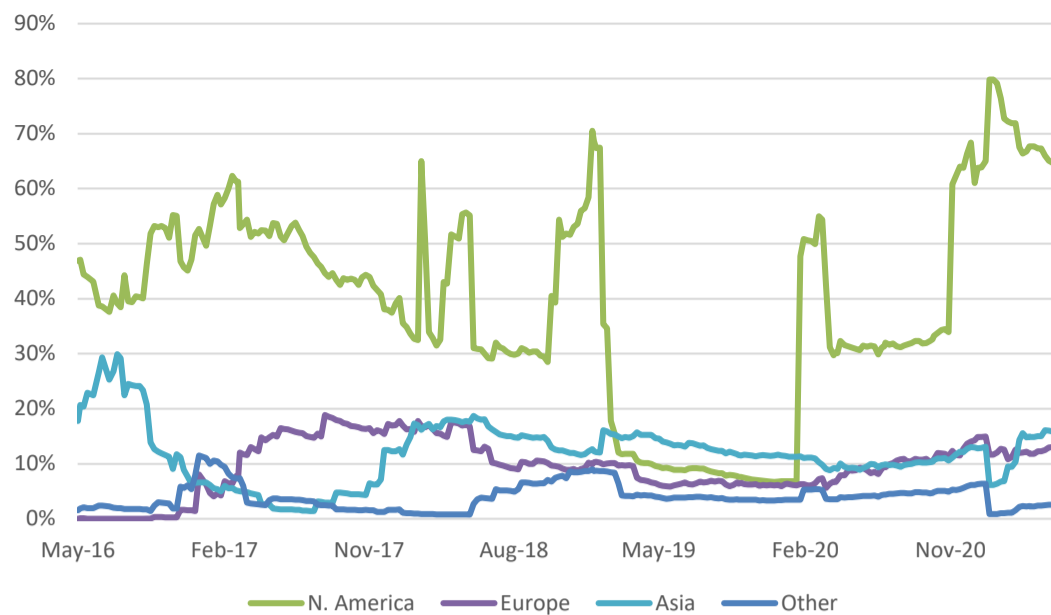
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## Tactical Asset Allocation

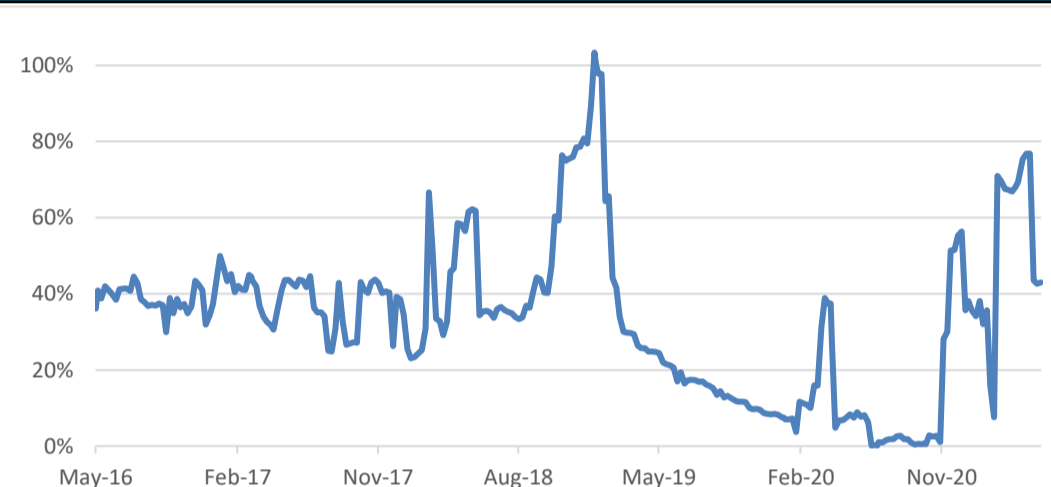
Equity	N. America	Europe	Asia	Other
05/14/21	64.7%	13.0%	15.9%	2.6%
05/07/21	65.1%	13.0%	16.0%	2.6%
Change	-0.4%	0.0%	-0.1%	0.0%

Sector	05/14/21	05/07/21	Change	BM
Basic Materials	21.48%	21.44%	0.0%	4.5%
Communications	8.23%	8.39%	-0.2%	13.1%
Consumer, Cyclical	9.01%	9.16%	-0.1%	10.9%
Consumer, Non-cyclical	15.98%	15.95%	0.0%	19.5%
Energy	5.45%	5.40%	0.0%	3.6%
Financial	14.16%	14.07%	0.1%	18.4%
Government	0.02%	0.02%	0.0%	18.4%
Industrial	8.83%	8.85%	0.0%	10.8%
Technology	10.75%	11.04%	-0.3%	16.2%
Utilities	3.46%	3.47%	0.0%	2.8%

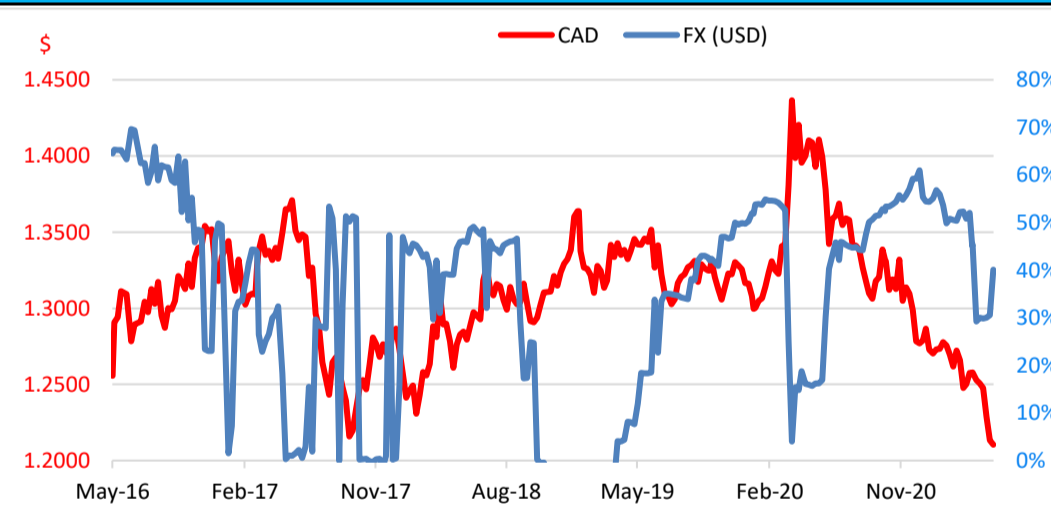
As of: May 14 2021	05/14/21	05/07/21	Change
FX (USD)	40.1%	30.6%	9.6%
Beta <sup>2</sup>	84.2%	85.7%	-1.5%
Protection	-41.3%	-43.1%	1.8%
Correlation	77.8%	78.2%	-0.4%
Yield <sup>3</sup>	1.29%	1.26%	0.02%
ETF Holdings	21	21	0
Volatility <sup>4</sup>	8.44%	8.50%	-0.06%
CAD	1.2104	1.2133	-0.2%



**Net Beta (Core - Protection): 43.0%**



**Tactical FX Exposure (USD)**



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1 Benchmark is the return of the targeted portfolio 100% global equities 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 weighted average of the underlying ETF holdings not the distribution of the fund itself. 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. ® "BMO (M-bar roundel)" is a registered trade-mark of Bank of Montreal, used under license. ETF Capital Management is a registered trade name of Quintessence Wealth, a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer registered with the Canadian Securities Administrators.