



BMO Tactical Global Growth ETF Fund

Core Tactical/Strategic Portfolio Outlook/Adjustments

The trade of the week was to add to Chinese internet exposure. While it's possible these stocks fall back to pandemic 2020 lows, we see tremendous value. Clearly, the Chinese Central Party is looking to tamp down the power of these internet giants. Nationalizing after school learning companies seems like the latest effort to control markets. Still, the internet and e-commerce is the future and these stocks are close to half the valuations of US names in the same space. Our value tilt in the S&P has been a recent drag, but still outperforming since we added it last year. We also took the selloff in the Canadian dollar (1.2625) to hedge our US dollar exposure. We will add back that US exposure if we see another move above 80 cents (1.25) in the coming weeks. Currency swings are a good source of uncorrelated alpha.

Macro Market Strategy

We know that the US Treasury needs to raise another \$600B in excess of what the Fed is monetizing in Q3. Taper talk should add some stress to this outcome, but not until the Treasury General account is spent down at the end of July and the debt ceiling is reached. That should negatively impact equity risk premium and stress yields higher. Earnings expectations for the S&P 500 are now 191 for 2021 and 213 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 3800-3900 area very important support Q3 dip buying. If rates stay low and we do not see the expected rise in yields, then 22x the 2022 expectation of 213 makes 4700 a target for a 2022 high point. We do expect an official tapering announcement at the late August Jackson Hole.

PRO-EYES - Berman's Call

Risk Level High

The current core portfolio beta is 95.7% The current degree of beta protection is about -52%.

When the PRO EYES indicator is at elevated levels (above 75%), as it 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 (07/23/21)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	6.81%	7.84%	Upside	20%
Prev. Qtr.	0.78%	1.25%	Downside	26%
Prev. Year	4.43%	6.35%	Months Up	46
Since Inception	35.92%	45.53%	Months Dn	15
Ann. SI (04/28/16)	6.01%	7.93%		
Sharpe Ratio		0.93		

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

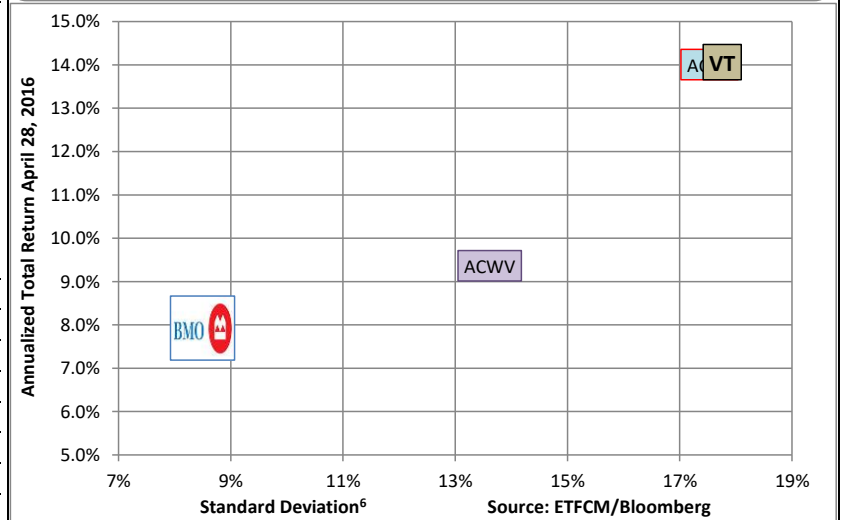
Top Holdings

Ticker	Name	Position
ZUE	BMO S&P 500 Hedged to CAD Index ETF	32.8%
RSP	Invesco S&P 500 Equal Weight ETF	16.0%
ZEA	BMO MSCI EAFE Index ETF	9.9%
ZGD	BMO Equal Weight Global Gold Index ETF	8.0%
ZEM	BMO MSCI Emerging Markets Index ETF	5.2%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	4.2%
DXJ	WisdomTree Japan Hedged Equity Fund	2.9%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.5%
ZCLN	BMO Clean Energy Index ETF	2.1%
KWEB	KraneShares CSI China Internet ETF	1.8%
XLE	Energy Select Sector SPDR Fund	1.8%
VNM	Vanek Vectors Vietnam ETF	1.8%
URA	Global X Uranium ETF	1.8%
INDA	iShares MSCI India ETF	1.7%
HMMJ	Horizons Marijuana Life Sciences Index ETF	1.4%
EWU	iShares MSCI United Kingdom ETF	1.3%
EWJ	iShares MSCI Mexico ETF	1.2%
KBA	KraneShares Boser MSCI China A ETF	1.1%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.9%
EWZ	iShares MSCI Brazil ETF	0.7%

Chart of the Week



Defense Core Portfolio Beta: 95.7% **Offense**



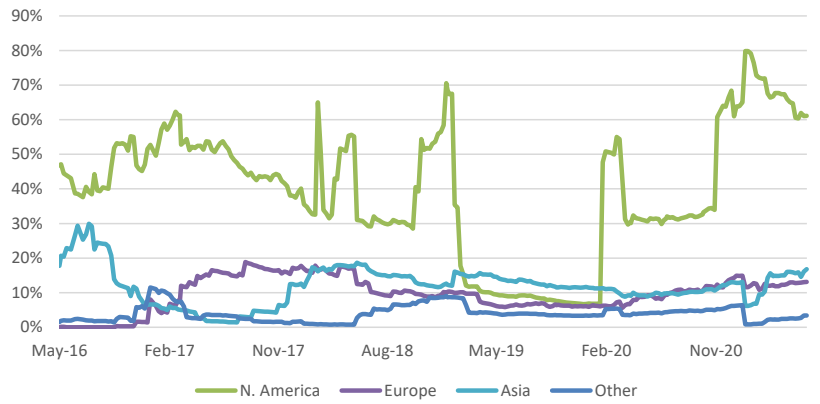
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Tactical Asset Allocation

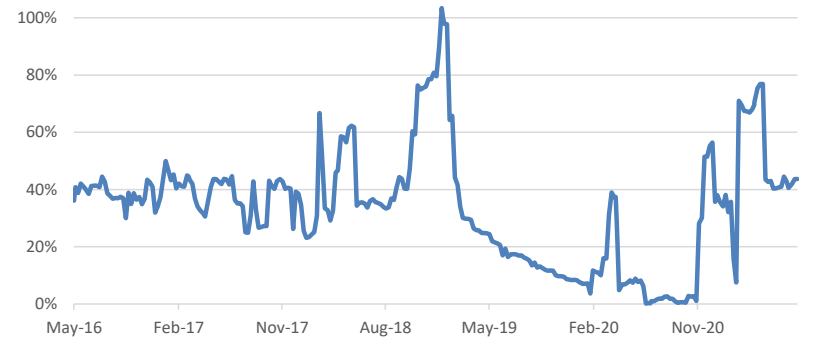
Equity	N. America	Europe	Asia	Other
07/23/21	64.0%	13.6%	19.2%	3.4%
07/16/21	62.9%	13.3%	18.4%	3.4%
Change	1.1%	0.3%	0.9%	0.0%

Sector	07/23/21	07/16/21	Change	BM
Basic Materials	16.33%	16.41%	-0.1%	4.5%
Communications	10.30%	9.61%	0.7%	13.3%
Consumer, Cyclical	9.92%	9.63%	0.3%	10.8%
Consumer, Non-cyclical	17.41%	17.01%	0.4%	19.6%
Energy	5.50%	5.47%	0.0%	3.7%
Financial	14.79%	14.58%	0.2%	18.1%
Government	0.02%	0.03%	0.0%	18.1%
Industrial	9.50%	9.25%	0.2%	10.6%
Technology	12.78%	12.36%	0.4%	16.8%
Utilities	3.62%	3.57%	0.1%	2.6%

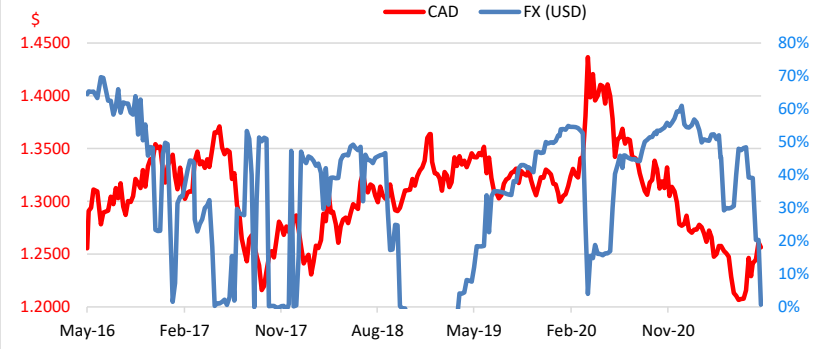
As of: Jul 23 2021	07/23/21	07/16/21	Change
FX (USD)	0.7%	20.3%	-19.7%
Beta ²	95.7%	90.8%	5.0%
Protection	-52.1%	-47.1%	-5.0%
Correlation	84.7%	81.5%	3.2%
Yield ³	1.29%	1.28%	0.01%
ETF Holdings	22	23	-1
Volatility ⁴	8.50%	8.49%	0.01%
CAD	1.2564	1.2613	-0.4%



Net Beta (Core - Protection): 43.6%



Tactical FX Exposure (USD)



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