



BMO Tactical Global Growth ETF Fund

Core Tactical/Strategic Portfolio Outlook/Adjustments

Two big shifts last week that boosted beta overall. Not because we are bullish on markets, but because market volatility offered up the opportunities. On the FX side we hedged US\$ exposure selling ZSP for ZUE. That took US\$ exposure from 39% down to 20%. Should the C\$ rally in the back half of the year we will look to add back US\$ exposure around 1.2000. We also took the opportunity to add to a longer-term thematic trade (Chinese Internet) KWEB after it hit capitulation oversold levels last week in the wake of the DIDI fiasco. We are looking at the pullback in some of the energy stocks (XLE) as a buying opportunity. If there is any value in this market it is in the energy sector for the next year or two. Beyond that we are structural bears given peak oil and ESG pressure. To balance that off, ZCLN is a structural thematic long and we will continue to add on weakness.

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. Powell likely walks back the taper talk this week in front of Congress, but the elephant in the room is the scorching housing market and MBS purchases.

PRO-EYES - Berman's Call

Risk Level **High**

The current core portfolio beta is 90.0% The current degree of beta protection is about -48%.

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 (07/09/21)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	7.93%	8.89%	Upside	20%
Prev. Qtr.	3.23%	3.70%	Downside	26%
Prev. Year	5.95%	7.87%	Months Up	46
Since Inception	37.34%	46.87%	Months Dn	15
Ann. SI (04/28/16)	6.26%	8.18%		
Sharpe Ratio		0.95		

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

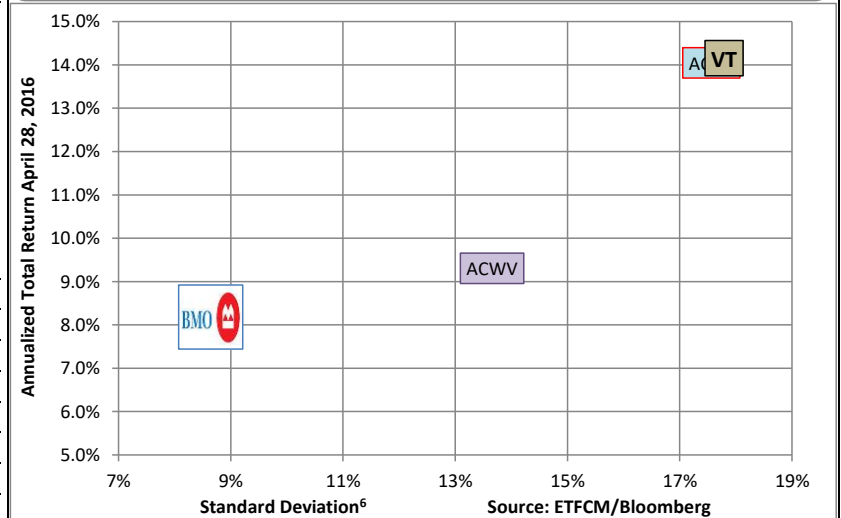
Top Holdings

Ticker	Name	Position
ZUE	BMO S&P 500 Hedged to CAD Index ETF	29.8%
RSP	Invesco S&P 500 Equal Weight ETF	15.6%
ZEA	BMO MSCI EAFE Index ETF	9.7%
ZGD	BMO Equal Weight Global Gold Index ETF	8.1%
ZEM	BMO MSCI Emerging Markets Index ETF	5.2%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	4.3%
DXJ	WisdomTree Japan Hedged Equity Fund	2.8%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.5%
ZCLN	BMO Clean Energy Index ETF	2.1%
ZSP	BMO S&P 500 Index ETF	2.0%
XLE	Energy Select Sector SPDR Fund	1.9%
VNM	Vanek Vectors Vietnam ETF	1.8%
INDA	iShares MSCI India ETF	1.6%
HMMJ	Horizons Marijuana Life Sciences Index ETF	1.5%
EWU	iShares MSCI United Kingdom ETF	1.3%
EWW	iShares MSCI Mexico ETF	1.1%
KBA	KraneShares Boser MSCI China A ETF	1.1%
KWEB	KraneShares CSI China Internet ETF	1.0%
URA	Global X Uranium ETF	0.9%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.9%

Chart of the Week



Core Portfolio Beta: 90.0%

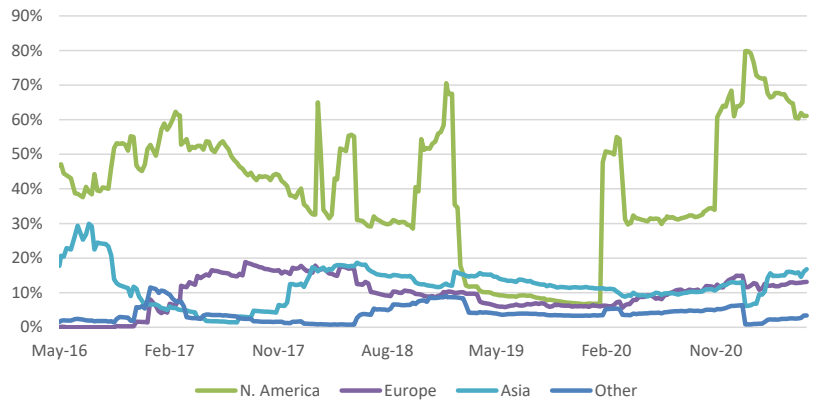


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Tactical Asset Allocation

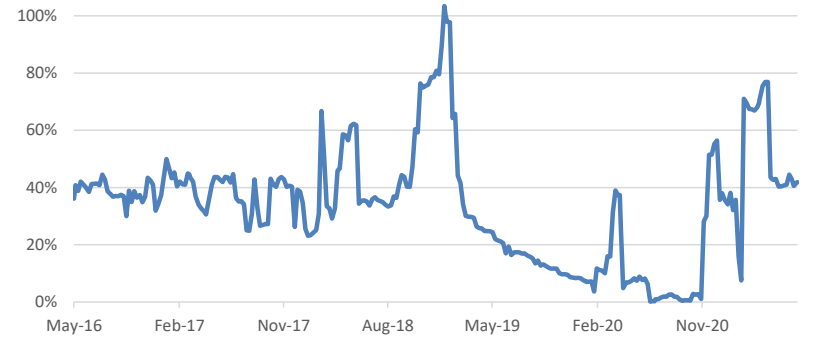
Equity	N. America	Europe	Asia	Other
07/09/21	62.8%	13.3%	17.7%	3.3%
06/30/21	61.9%	13.0%	16.8%	3.3%
Change	0.8%	0.3%	0.9%	0.0%

Sector	07/09/21	06/30/21	Change	BM
Basic Materials	15.94%	15.79%	0.2%	4.3%
Communications	9.54%	8.72%	0.8%	11.5%
Consumer, Cyclical	9.61%	9.52%	0.1%	10.2%
Consumer, Non-cyclical	16.96%	16.70%	0.3%	20.6%
Energy	5.75%	5.88%	-0.1%	5.1%
Financial	14.40%	14.28%	0.1%	21.4%
Government	0.03%	0.03%	0.0%	0.0%
Industrial	9.12%	8.96%	0.2%	10.9%
Technology	12.27%	11.82%	0.5%	12.6%
Utilities	3.48%	3.41%	0.1%	3.3%

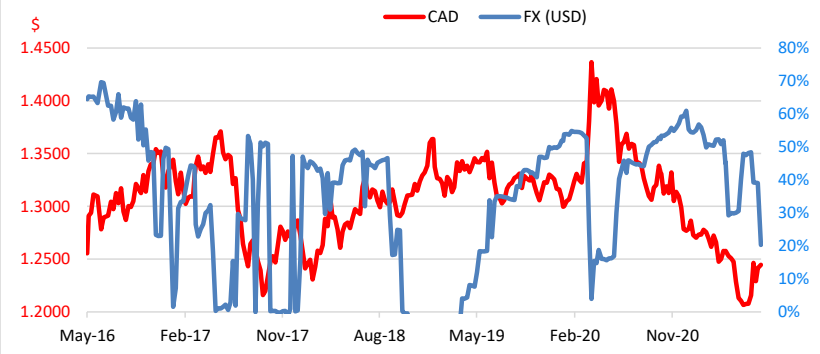


Net Beta (Core - Protection): 41.9%

As of: Jul 9 2021	07/09/21	06/30/21	Change
FX (USD)	20.3%	39.0%	-18.7%
Beta ²	90.0%	85.7%	4.3%
Protection	-48.2%	-45.1%	-3.1%
Correlation	80.1%	76.4%	3.7%
Yield ³	1.26%	1.27%	-0.01%
ETF Holdings	23	22	1
Volatility ⁴	8.64%	8.62%	0.03%
CAD	1.2447	1.2415	0.3%



Tactical FX Exposure (USD)



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