



BMO Tactical Global Growth ETF Fund

Core Tactical/Strategic Portfolio Outlook/Adjustments

Powell's dovish comments helped our inflation tilted portfolio last week. While we have been reducing the underperforming gold sector in recent months, we have been increasing energy and base metals. We see far more evidence of sticky inflation than we do transitory at this point. We know why Powell is preaching transitory, but they are falling behind the curve and we see tapering coming faster and quicker than the Fed narrative. After having hedged our US dollar exposure on the recent rally, the dip below 1.26 last week saw us add back the exposure. More US dollars adds slightly to the defensive bias we have at this point.

Macro Market Strategy

Despite Powell's dovish narrative, taper talk should add some stress to Treasury funding needs in the coming months as the Debt ceiling will be lifted in September. This should negatively impact equity risk premium and stress yields a bit higher. Earnings expectations for the S&P 500 are now 200 for 2021 and 219 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 4000-4200 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 219 makes 4800 a target for a 2022 high point. A strong employment report this week will put the Fed well behind the curve and inflation assets should benefit.

Top Holdings

Ticker	Name	Position
ZSP	BMO S&P 500 Index ETF	24.1%
RSP	Invesco S&P 500 Equal Weight ETF	16.9%
ZEA	BMO MSCI EAFE Index ETF	10.4%
ZGD	BMO Equal Weight Global Gold Index ETF	8.1%
ZEM	BMO MSCI Emerging Markets Index ETF	5.3%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	4.3%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	3.9%
XLE	Energy Select Sector SPDR Fund	2.9%
DXJ	WisdomTree Japan Hedged Equity Fund	2.9%
URA	Global X Uranium ETF	2.7%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.7%
KWEB	KraneShares CSI China Internet ETF	2.7%
ZCLN	BMO Clean Energy Index ETF	2.2%
VNM	Vanek Vectors Vietnam ETF	1.9%
INDA	iShares MSCI India ETF	1.8%
EWU	iShares MSCI United Kingdom ETF	1.4%
HMMJ	Horizons Marijuana Life Sciences Index ETF	1.3%
EWV	iShares MSCI Mexico ETF	1.2%
KBA	KraneShares Boser MSCI China A ETF	1.1%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.9%

Chart of the Week



PRO-EYES - Berman's Call

Risk Level **High**

The current core portfolio beta is 94.2% The current degree of beta protection is about -64%.

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 (08/27/21)

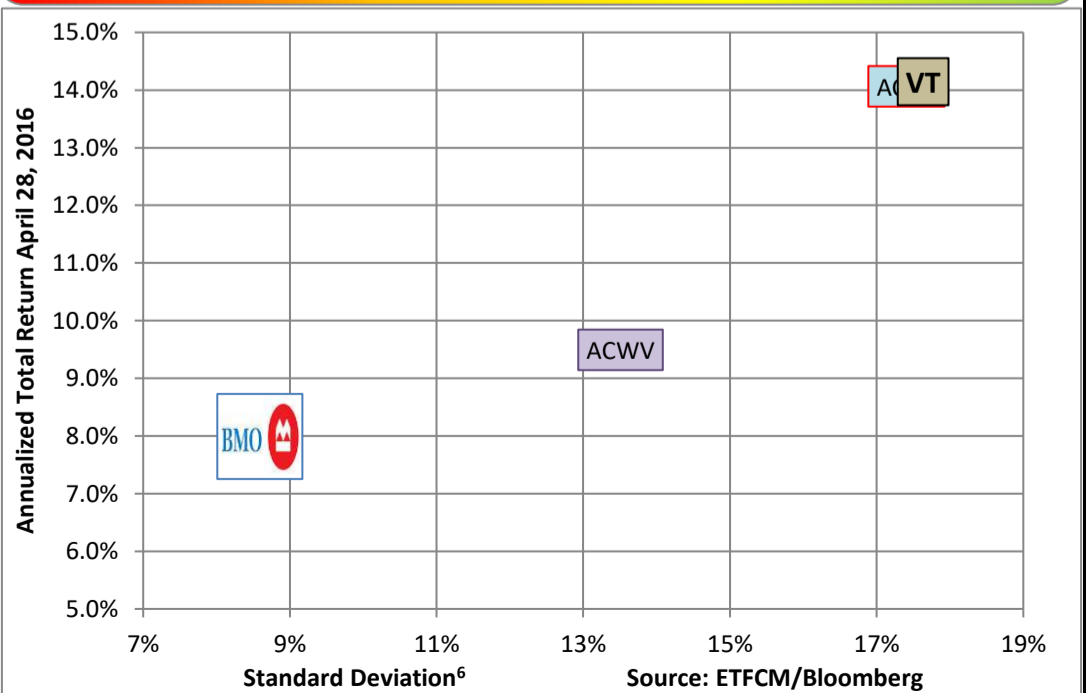
Total Return	Net	Gross	Upside/Downside ⁵	
YTD	7.77%	8.98%	Upside	20%
Prev. Qtr.	0.27%	0.74%	Downside	26%
Prev. Year	9.37%	11.29%	Months Up	47
Since Inception	37.14%	46.92%	Months Dn	15
Ann. SI (04/28/16)	6.07%	7.99%		
Sharpe Ratio		0.93		

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

Defense

Core Portfolio Beta: 94.2%

Offense



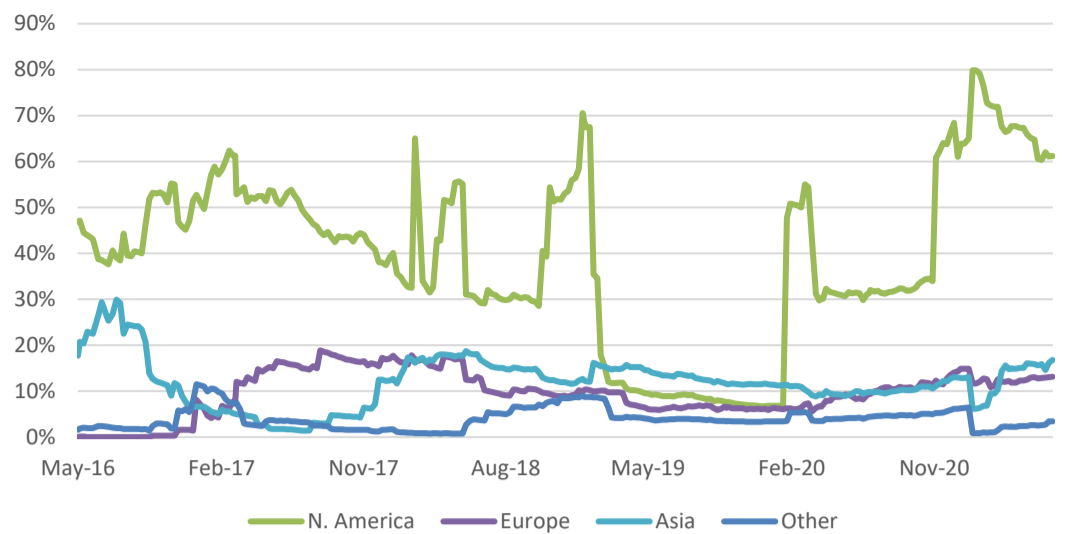
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Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
08/27/21	62.5%	14.3%	21.2%	3.4%
08/20/21	61.4%	14.4%	20.9%	3.3%
Change	1.1%	-0.1%	0.3%	0.1%

Sector	08/27/21	08/20/21	Change	BM
Basic Materials	17.20%	16.37%	0.8%	4.6%
Communications	10.20%	9.90%	0.3%	13.0%
Consumer, Cyclical	9.77%	9.77%	0.0%	10.8%
Consumer, Non-cyclical	16.73%	16.99%	-0.3%	19.7%
Energy	6.70%	6.45%	0.3%	3.4%
Financial	14.92%	14.92%	0.0%	18.0%
Government	0.03%	0.03%	0.0%	18.0%
Industrial	9.88%	9.77%	0.1%	10.6%
Technology	12.19%	11.93%	0.3%	17.1%
Utilities	3.75%	3.84%	-0.1%	2.6%

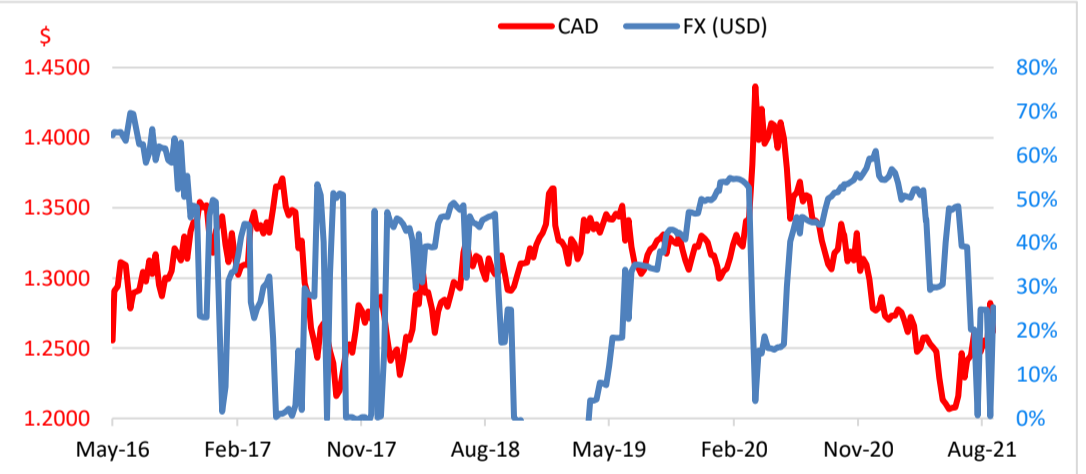
As of: Aug 27 2021	08/27/21	08/20/21	Change
FX (USD)	25.4%	0.4%	24.9%
Beta ²	94.2%	96.3%	-2.1%
Protection	-64.0%	-59.3%	-4.7%
Correlation	83.1%	83.7%	-0.6%
Yield ³	1.34%	1.34%	-0.01%
ETF Holdings	24	23	1
Volatility ⁴	8.59%	8.35%	0.24%
CAD	1.2620	1.2821	-1.6%



Net Beta (Core - Protection): 30.2%



Tactical FX Exposure (USD)



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