



# BMO Tactical Global Growth ETF Fund

### Core Tactical/Strategic Portfolio Outlook/Adjustments

We noted last week a move back above 80 cents (1.2500) would be an opportunity to add back US dollar exposure we hedged at 1.2625. We expect a risk-off August and September and that should lead to a stronger US dollar. We do not see CAD trading back above 1.2800 again unless WTI breaks back below \$60. We don't see that for a few years, but it should eventually trade back towards the \$50 range. For now, \$80 is likely before \$60. We swapped ZSP for ZUE. We see emerging markets getting discounted on several factors. We look to add exposure on weakness. Real yields have moved to their lowest (most negative) levels of the cycle. Gold equities are starting to move again. We look to trim again on strength and rotate into cheaper parts of emerging markets.

### 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 198 for 2021 and 217 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 3900-4000 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 217 makes 4800 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 91.3% 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 (07/30/21)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	7.34%	8.41%	Upside	20%
<b>Prev. Qtr.</b>	2.92%	3.40%	Downside	26%
<b>Prev. Year</b>	4.70%	6.62%	Months Up	47
<b>Since Inception</b>	36.59%	46.23%	Months Dn	15
<b>Ann. SI (04/28/16)</b>	6.08%	8.00%		
<b>Sharpe Ratio</b>		0.94		

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

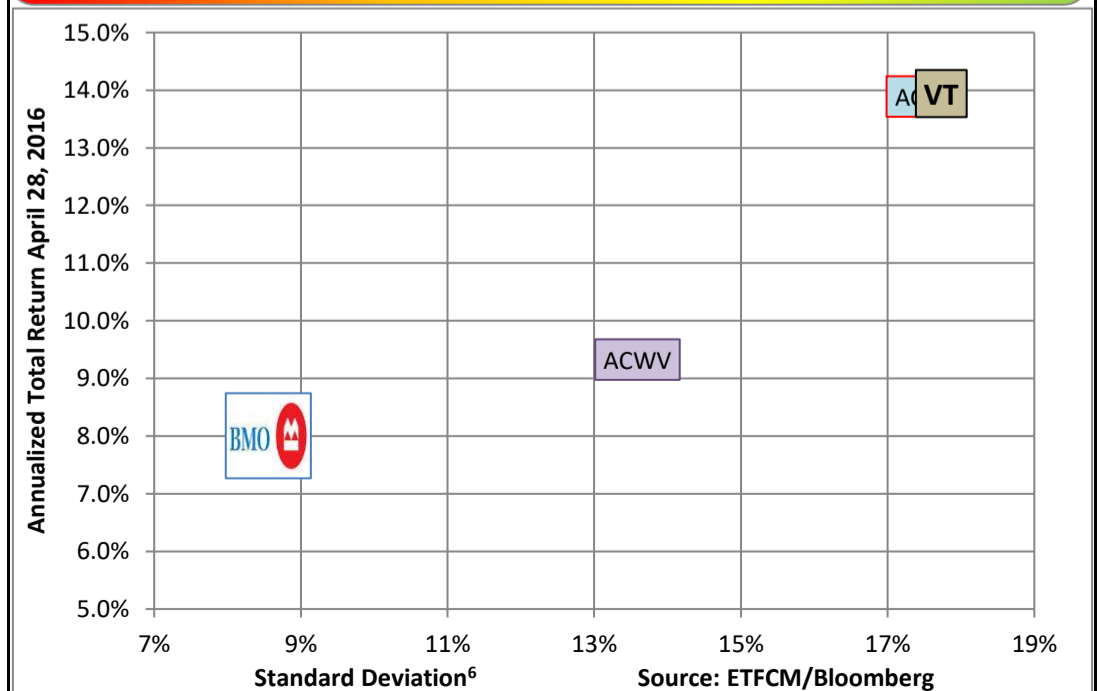
### Top Holdings

Ticker	Name	Position
ZUE	BMO S&P 500 Hedged to CAD Index ETF	31.6%
RSP	Invesco S&P 500 Equal Weight ETF	15.9%
ZEA	BMO MSCI EAFE Index ETF	9.9%
ZGD	BMO Equal Weight Global Gold Index ETF	8.4%
ZEM	BMO MSCI Emerging Markets Index ETF	5.1%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	4.4%
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%
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%
KWEB	KraneShares CSI China Internet ETF	1.7%
HMMJ	Horizons Marijuana Life Sciences Index ETF	1.4%
EWU	iShares MSCI United Kingdom ETF	1.3%
EWZ	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	0.6%

### Chart of the Week



**Defense** Core Portfolio Beta: 91.3% **Offense**



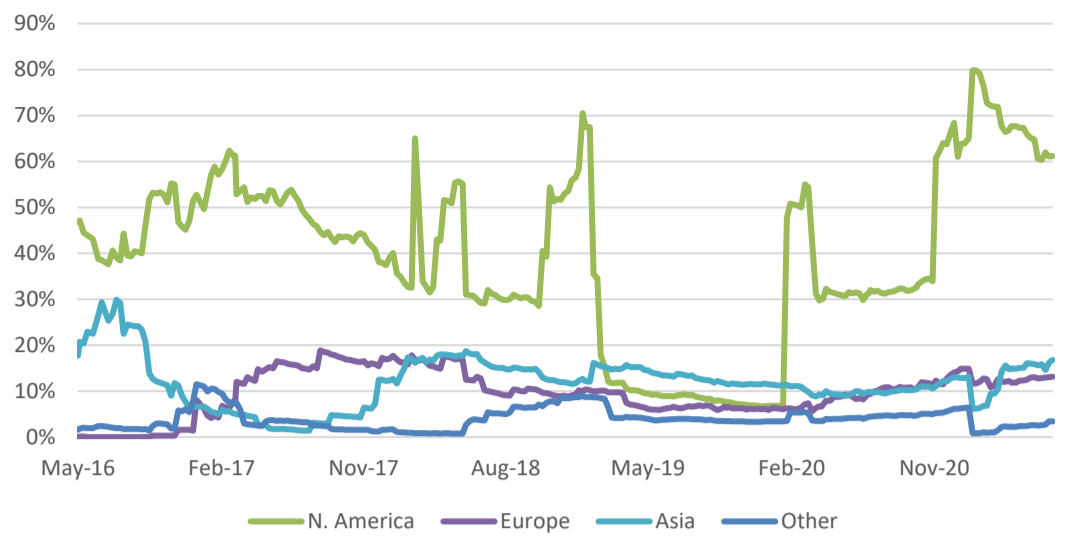
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## Tactical Asset Allocation

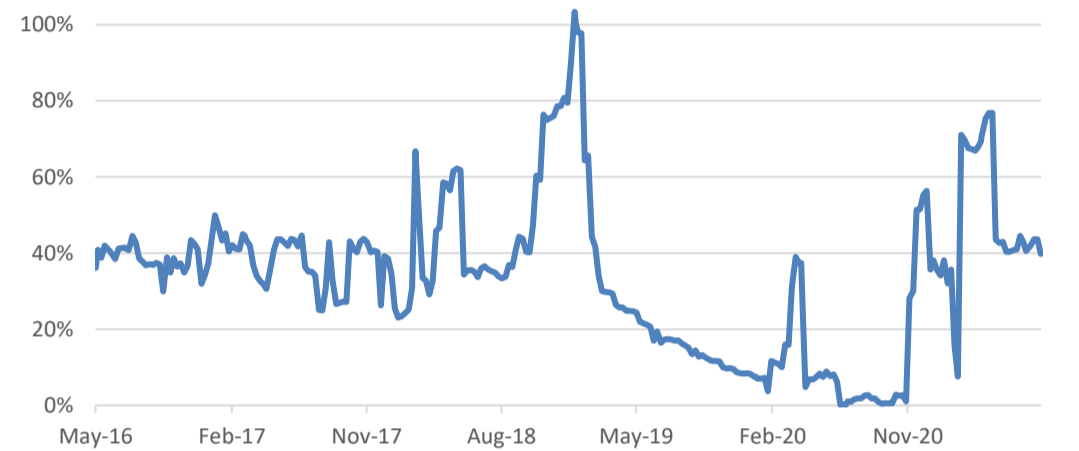
Equity	N. America	Europe	Asia	Other
07/30/21	64.1%	13.7%	18.9%	3.4%
07/23/21	64.0%	13.6%	19.2%	3.4%
Change	0.0%	0.1%	-0.4%	0.0%

Sector	07/30/21	07/23/21	Change	BM
Basic Materials	17.14%	16.33%	0.8%	4.5%
Communications	9.93%	10.30%	-0.4%	13.3%
Consumer, Cyclical	9.84%	9.92%	-0.1%	10.8%
Consumer, Non-cyclical	17.22%	17.41%	-0.2%	19.6%
Energy	5.55%	5.50%	0.0%	3.7%
Financial	14.64%	14.79%	-0.1%	18.1%
Government	0.02%	0.02%	0.0%	18.1%
Industrial	9.47%	9.50%	0.0%	10.6%
Technology	12.60%	12.78%	-0.2%	16.8%
Utilities	3.59%	3.62%	0.0%	2.6%

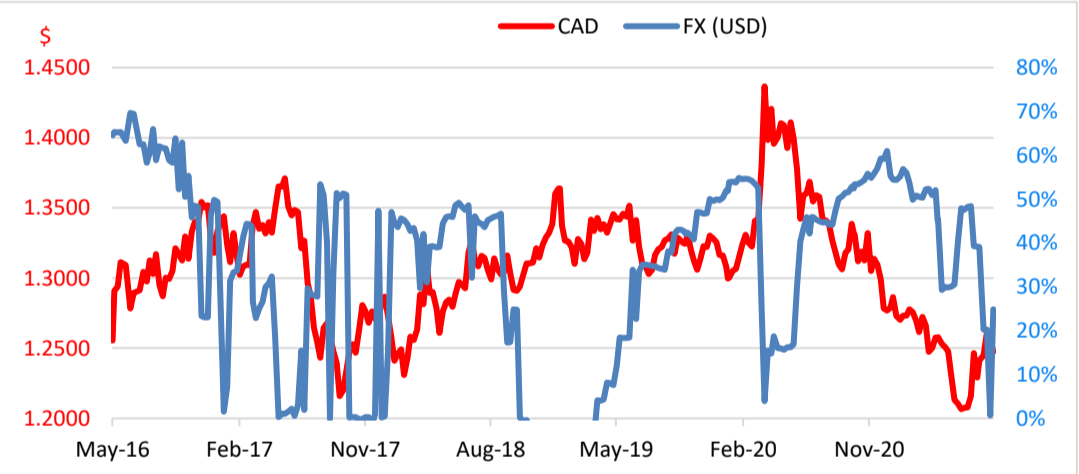
As of: Jul 30 2021	07/30/21	07/23/21	Change
FX (USD)	24.8%	0.7%	24.2%
Beta <sup>2</sup>	91.3%	95.7%	-4.5%
Protection	-51.5%	-52.1%	0.6%
Correlation	82.8%	84.7%	-1.9%
Yield <sup>3</sup>	1.28%	1.29%	-0.02%
ETF Holdings	22	22	0
Volatility <sup>4</sup>	8.56%	8.50%	0.06%
CAD	1.2475	1.2564	-0.7%



**Net Beta (Core - Protection): 39.7%**



**Tactical FX Exposure (USD)**



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