



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We cut exposure to some risk-off holdings this week in gold (GDX) and our huge overweight in materials (still very overweight here). Just a trim to manage risk around core positions. Leaves room to reload on weakness. We are hearing a bipartisan bill reforming laws around marijuana is gaining traction. A bipartisan Bill is needed to unlock the huge value in the sector. We added exposure to MJ. We also added exposure to Chinese internet (KWEB) stocks that are being liquidated for reasons that are not fundamental. We also trimmed exposure to (ZMT), but still love the longer term exposure on green (copper) and infrastructure investment in the years and decades ahead. We are strong dip buyers. Uranium (URA) falls into the same category. From a tactical perspective, we look to a policy mistake this week by the fed and a break of support levels as an opportunity to cover the second leg of the protection (hedge). We added exposure to EM debt (EMLC) as the most compelling yield play on the planet within fixed-income. With the markets very oversold (see weekly chart) rallies can develop, but until the structural theme lines up with the opportunity, rallies look to increase protection levels.

## Macro Market Strategy

Tactical opportunity suggests more of a dip buying bias for now. Watching the evening news suggests to sell the rips. Volatility remains extreme with a significant headline risk. Not too surprising with the biggest military action in Europe since WWII. We still see the volatility curve inverted and sentiment still very bearish while seasonals are not supportive. This lens supports selling rips. The headlines should provide two-way trade opportunity in the coming weeks. The big picture is central banks fighting inflation, which was complicated by more geopolitical stress on supply chains and credit risk in assets linked to Russia. Expect a supportive FOMC this week, but the risk of a policy mistake is high on Wednesday. Buy a break to new lows on a Fed mistake for a trade on the oversold nature of the market, but don't party too long unless there is a ceasefire to back it up.

## PRO-EYES - Berman's Call

Risk Level **High**

The current core portfolio beta is 72.6% The current degree of delta protection is about -8%.

The tactical PRO-EYES factor remains the most oversold since the extremes of COVID, but the big picture suggests end of cycle risks which means rallies should be sold and the market can offer good two-way trade opportunities. Increase the tactical focus and bring out the end of cycle playbook until inflation cools and there is visibility to the end of the rate hike cycle. Forward money market curves suggest easing in 2024 and beyond. The next year or two will likely be extremely choppy.

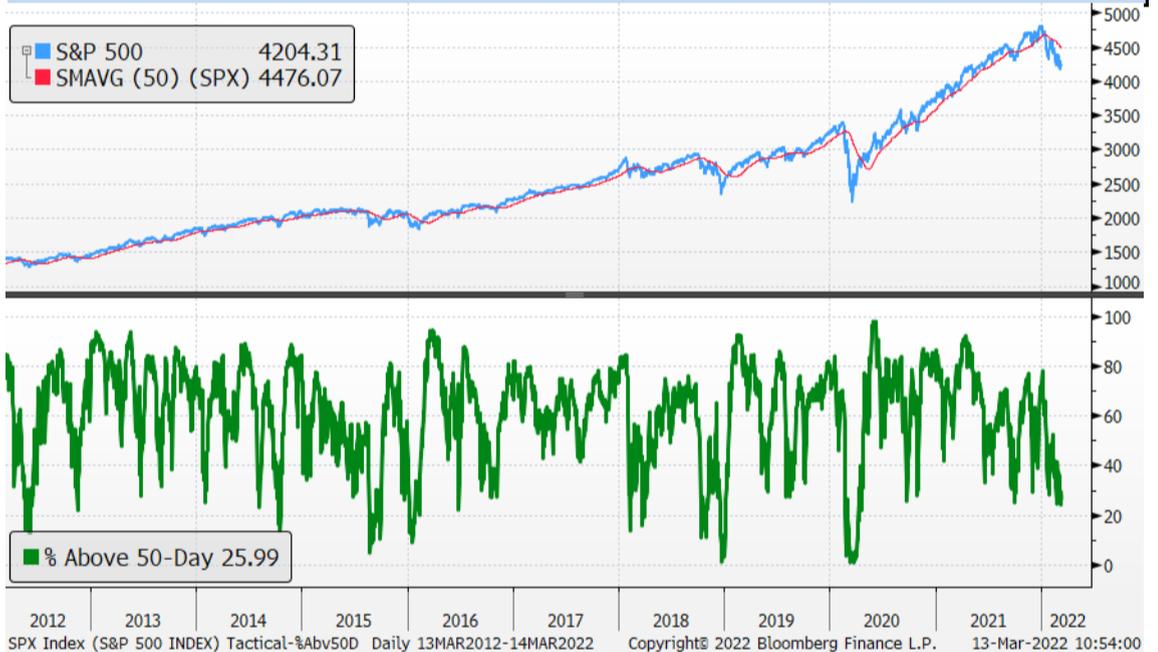
## Performance Metrics (A-Series) as of (03/11/22)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	-4.22%	-3.86%	Upside	15%
Prev. Month	-4.67%	-4.51%	Down	16%
Prev. Quarter	-4.03%	-3.55%	Mths Up	52
Prev. Year	2.33%	4.25%	Mths Dn	31
Ann. SI (04/17/15)	2.18%	4.10%		
Sharpe Ratio	0.44			
Fund Codes:	No Load Retail: BMO70222			

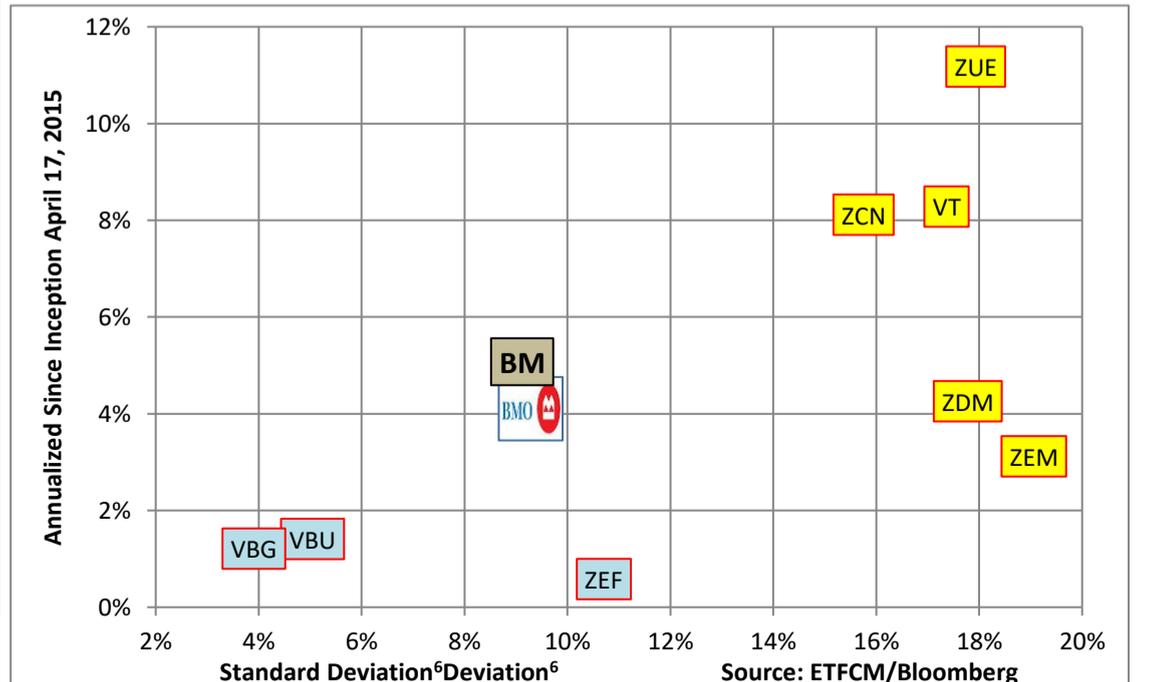
## Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	25.5%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	12.4%
RSP	Invesco S&P 500 Equal Weight ETF	9.5%
ZEM	BMO MSCI Emerging Markets Index ETF	9.5%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	7.9%
VGK	Vanguard FTSE Europe ETF	6.0%
ZMMK	BMO Money Market Fund ETF Series	3.8%
GDX	VanEck Gold Miners ETF/USA	3.3%
URA	Global X Uranium ETF	2.1%
KWEB	KraneShares CSI China Internet ETF	1.9%
MJ	ETFMG Alternative Harvest ETF	1.5%
PAVE	Global X US Infrastructure Development ETF	1.4%
ZCLN	BMO Clean Energy Index ETF	1.4%
KBA	KraneShares Boser MSCI China A 50 Connect Index ETF	1.3%
FLBR	Franklin FTSE Brazil ETF	1.2%
ZUS/U	BMO Ultra Short-Term US Bond ETF	1.1%
ZPR	BMO Laddered Preferred Share Index ETF	1.0%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	0.9%
FLIN	Franklin FTSE India ETF	0.9%
FLGB	Franklin FTSE United Kingdom ETF	0.8%

## Chart of the Week



## Defense Core Portfolio Beta: 72.6% Offense



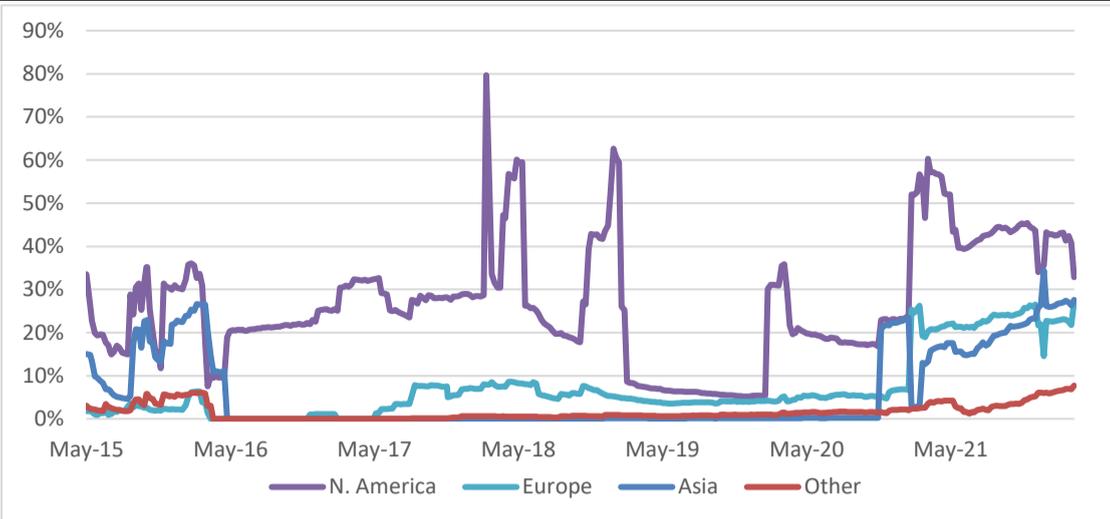
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
03/11/22	32.9%	27.2%	27.6%	7.7%
03/04/22	40.8%	21.8%	26.3%	6.9%
Change	-8.0%	5.4%	1.3%	0.9%

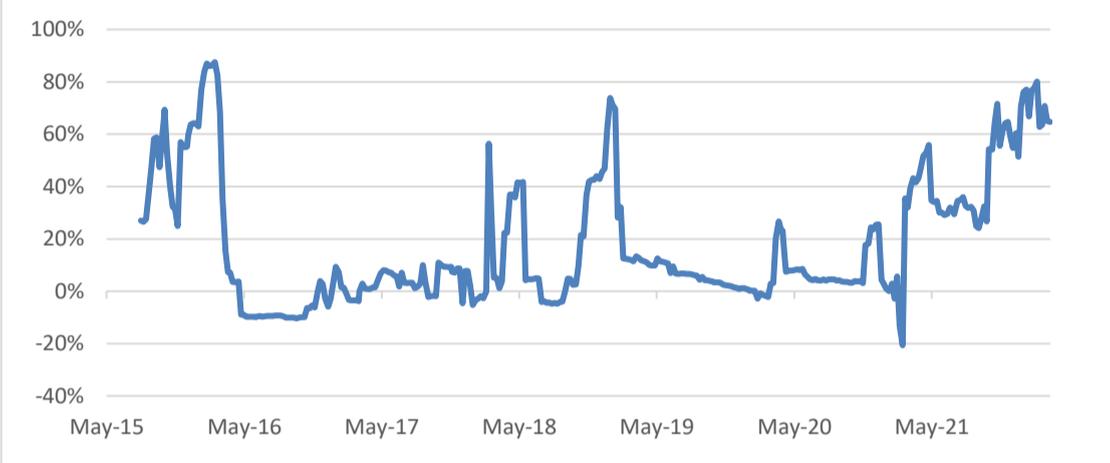
Bonds	Corp.	Govt.	Pref.	Cash
03/11/22	1.5%	15.7%	1.6%	4.1%
03/04/22	1.5%	13.7%	1.6%	3.7%
Change	0.1%	2.0%	0.0%	0.4%

Bonds	Duration
03/11/22	6.22
03/04/22	6.45
Change	-0.23

Sector	03/11/22	03/04/22	Change	BM
Basic Materials	10.1%	14.0%	-3.9%	2.8%
Communications	6.8%	6.5%	0.2%	7.7%
Consumer, Cyclical	7.6%	7.4%	0.2%	6.9%
Consumer, Non-cyclical	15.1%	13.4%	1.7%	12.5%
Energy	4.5%	4.9%	-0.4%	3.1%
Financial	14.2%	15.3%	-1.1%	16.7%
Government	16.8%	14.4%	2.4%	25.5%
Industrial	9.1%	8.8%	0.3%	6.7%
Technology	7.7%	7.6%	0.1%	11.1%
Utilities	3.4%	3.3%	0.1%	2.4%

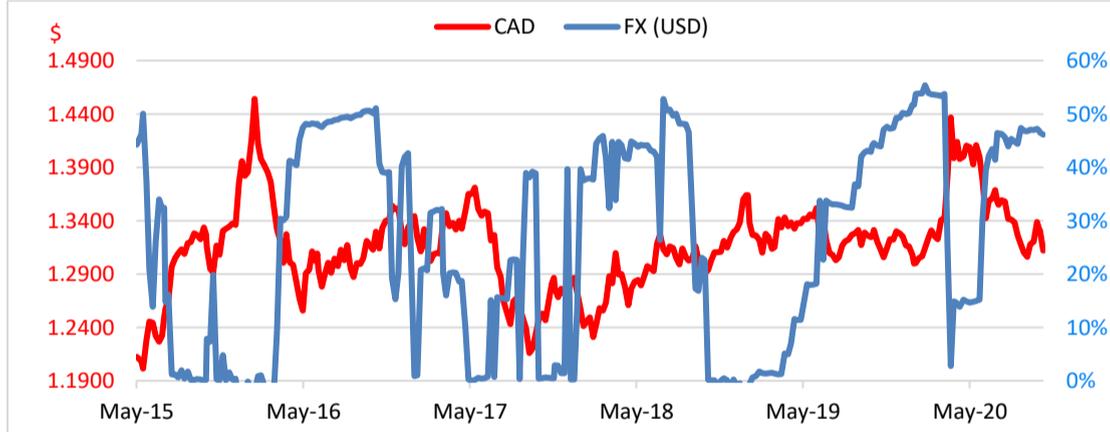


### Net Beta (Core - Protection): 64.7%



As of: 03/11/22	03/11/22	03/04/22	Change
FX (USD)	8.9%	9.9%	-1.1%
Beta <sup>2</sup>	72.6%	73.2%	-0.6%
Protection	-7.9%	-8.2%	0.3%
Correlation	106.0%	103.7%	2.3%
Yield <sup>3</sup>	2.64%	2.40%	0.24%
ETF Holdings	24	24	0
Volatility <sup>4</sup>	9.29%	8.74%	0.55%
CAD	1.2744	1.2731	0.1%

### Tactical FX Exposure (USD)



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1 Benchmark is the return of the targeted portfolio 60% global equities and 40% global bonds 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 most recent income received by the fund in the form of dividends, interest and other income annualized based on the payment frequency, divided by the current market value of the fund's investments. 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.

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