



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

On a YTD basis we are beating all relevant benchmarks as seen in the chart of the week. We have long said that we need more volatile markets, which is where our sleep-at-night (Sharpe ratio) style adds value. With that in mind, we added a tranche to the volatility protection sleeve after the strong rally. We heard from the FOMC this week. Some want to raise rates aggressively, the doves are flying the coop. The most dovish now see the terminal dot well over 2%. We doubt they get even close before QT and rate hikes crush growth. Time will tell. Earnings matter and what FEDEX said this week should matter too. Cost pressures are not likely to abate anytime soon. We are still a few weeks from earnings, which expectations are still growing, so markets are NOT AT ALL priced for disappointment despite the recent weakness. On the bond side, we saw credit improve last week as equities bounced, but we do not see this the beginning of a spread tightening phase. It's more mean reversion. The exception is likely EM credit where it's more of a compelling yield spread story of a hawkish FOMC versus global central banks and deficits.

Macro Market Strategy

The rally back up to resistance zones has us adding back some volatility protection to the portfolio. We look to add more on strength and reduce on weakness. We think this is a very two-way market for the next few months. Once QT starts, we would be more concerned that equity risk premiums will rise and multiples will contract. For now, the FOMC tells us they have the tools to navigate a soft landing and the market believes them. The risk of a policy mistake is significant. But positions got very defensive and so market is capable of recovering some of the damage.

Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	25.7%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	12.0%
ZEM	BMO MSCI Emerging Markets Index ETF	9.5%
RSP	Invesco S&P 500 Equal Weight ETF	9.5%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.0%
VGK	Vanguard FTSE Europe ETF	6.1%
ZMMK	BMO Money Market Fund ETF Series	3.6%
GDX	VanEck Gold Miners ETF/USA	3.1%
KWEB	KraneShares CSI China Internet ETF	2.4%
URA	Global X Uranium ETF	2.0%
MJ	ETFMG Alternative Harvest ETF	1.6%
PAVE	Global X US Infrastructure Development ETF	1.4%
ZCLN	BMO Clean Energy Index ETF	1.4%
KBA	KraneShares Bosera 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



PRO-EYES - Berman's Call

Risk Level **High**

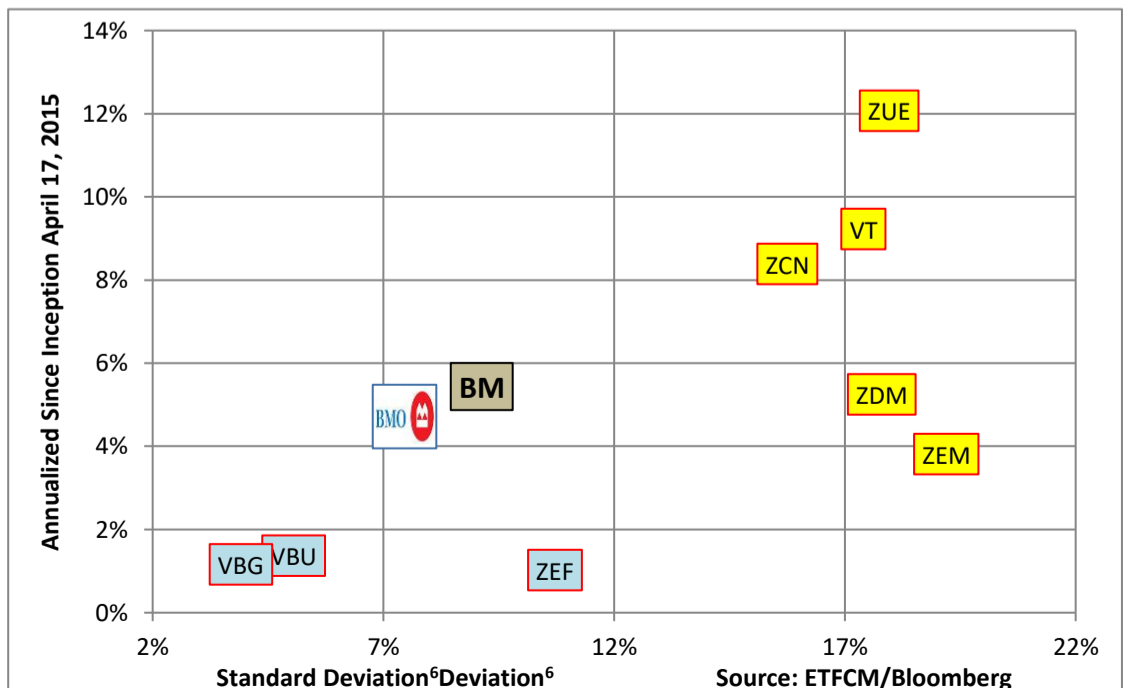
The core portfolio beta is 72.3%. The degree of delta protection is -16% while the value of beta protection is 31%.

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 (03/18/22)

Total Return	Net	Gross	Up/Downside ⁵	
YTD	-0.13%	0.27%	Upside	15%
Prev. Month	-0.52%	-0.36%	Down	16%
Prev. Quarter	0.81%	1.29%	Mths Up	52
Prev. Year	7.48%	9.40%	Mths Dn	31
Ann. SI (04/17/15)	2.80%	4.72%		
Sharpe Ratio	0.63			
Fund Codes:	No Load Retail: BMO70222			

Defense **Core Portfolio Beta: 72.3%** Offense



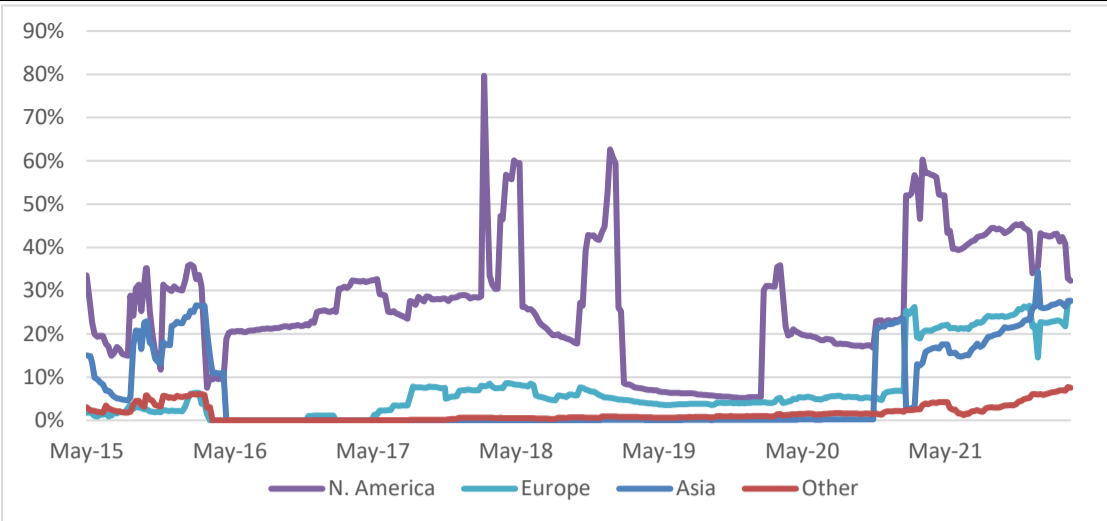
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
03/18/22	32.3%	27.6%	27.7%	7.5%
03/11/22	32.9%	27.2%	27.6%	7.7%
Change	-0.6%	0.4%	0.1%	-0.2%

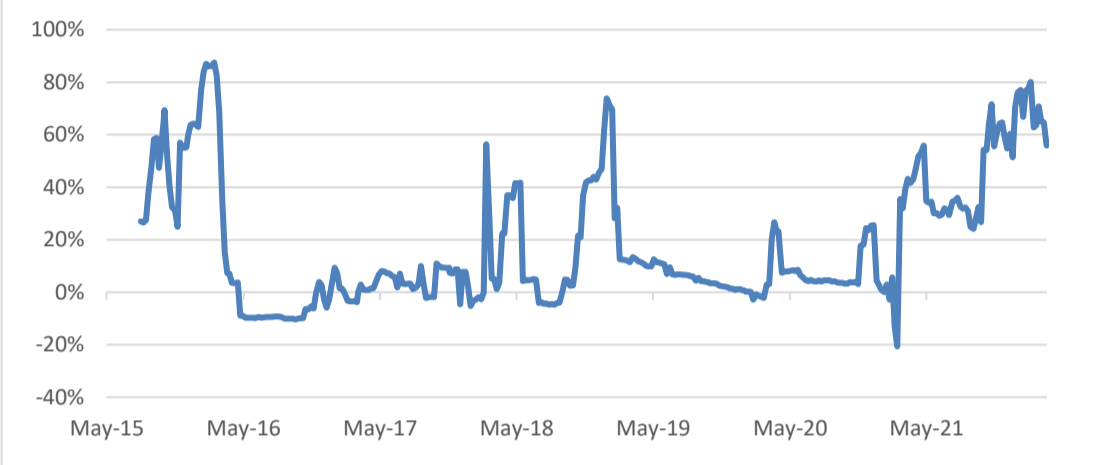
Bonds	Corp.	Govt.	Pref.	Cash
03/18/22	1.5%	15.2%	1.5%	4.3%
03/11/22	1.5%	15.7%	1.6%	4.1%
Change	-0.1%	-0.5%	0.0%	0.2%

Bonds	Duration
03/18/22	6.05
03/11/22	6.22
Change	-0.17

Sector	03/18/22	03/11/22	Change	BM
Basic Materials	9.7%	10.1%	-0.4%	2.8%
Communications	7.0%	6.8%	0.2%	7.7%
Consumer, Cyclical	7.6%	7.6%	0.1%	6.9%
Consumer, Non-cyclical	15.4%	15.1%	0.2%	12.5%
Energy	4.4%	4.5%	-0.1%	3.1%
Financial	14.4%	14.2%	0.2%	16.7%
Government	16.2%	16.8%	-0.6%	25.5%
Industrial	9.2%	9.1%	0.1%	6.7%
Technology	7.7%	7.7%	0.1%	11.1%
Utilities	3.4%	3.4%	0.0%	2.4%

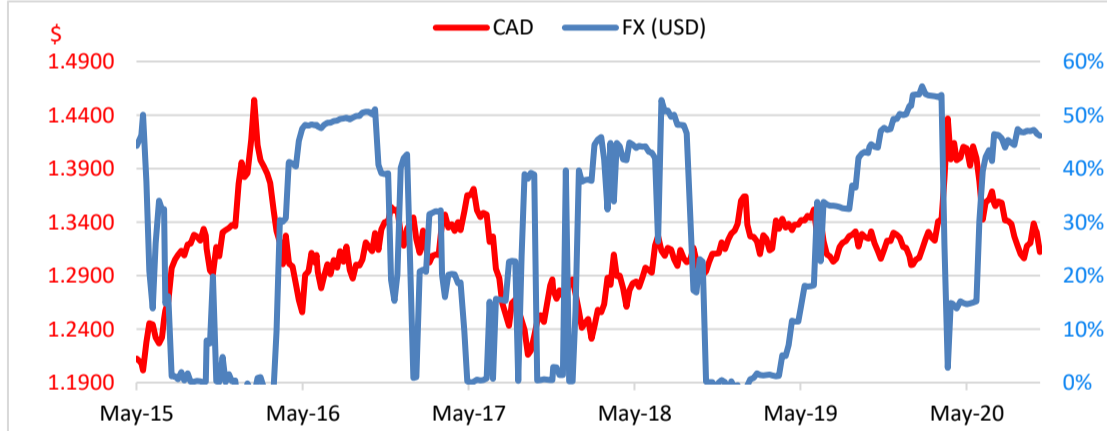


Net Beta (Core - Protection): 55.8%



As of: 03/18/22	03/18/22	03/11/22	Change
FX (USD)	10.7%	8.9%	1.9%
Beta ²	72.3%	72.6%	-0.4%
Protection	-16.4%	-7.9%	-8.5%
Correlation	100.0%	106.0%	-6.0%
Yield ³	2.52%	2.64%	-0.13%
ETF Holdings	24	24	0
Volatility ⁴	7.46%	9.29%	-1.83%
CAD	1.2603	1.2744	-1.1%

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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