



# BMO Tactical Balanced ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

As the market has bounced, we do not see a strong fundamental reason for it. We see that investors got very bearish near recent lows and are getting chased back in with the tone of the war not getting worse and expectations for earnings to be OK in Q1. As always, it's about the go forward and the very hawkish FOMC is most likely going to make a big policy mistake in May. Possibility the tone remains OK for a few more weeks, but once into the meat of earnings and outlooks, we see that changing. Margin pressures are building and fighting supply side inflation with demand side tools is a recipe for margin stress. Last week we took profits of strong outperformance in cyber security (CIBR), which we like and will add back on relative weakness. The proceeds went into EAFE (ZEA). We also rotated half our exposure within the outperforming areas of EM (FLBR) on reducing energy exposure back into core EM (ZEM). We added tactically to the insurance shock absorber (10% upside covered by 10% downside protection) on the equity exposure. On the bond side, we added to duration (TLT) for the first time in a long while having hit 2.50% on longs and 2.25% on 10s as oversold targets. We look to add more on weakness. Our overall duration is now above benchmark, but a high percentage (>5%) of the minimum 20% bond allocation is in money market and prefs still.

## 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	26.4%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	11.9%
ZEM	BMO MSCI Emerging Markets Index ETF	10.1%
RSP	Invesco S&P 500 Equal Weight ETF	9.5%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.3%
VGK	Vanguard FTSE Europe ETF	6.0%
ZMMK	BMO Money Market Fund ETF Series	3.6%
GDX	VanEck Gold Miners ETF/USA	3.2%
KWEB	KraneShares CSI China Internet ETF	2.2%
URA	Global X Uranium ETF	2.0%
TLT	iShares 20+ Year Treasury Bond ETF	1.9%
MJ	ETFMG Alternative Harvest ETF	1.8%
PAVE	Global X US Infrastructure Development ETF	1.5%
ZCLN	BMO Clean Energy Index ETF	1.4%
KBA	KraneShares Bosera MSCI China A 50 Connect Index 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%
FLGB	Franklin FTSE United Kingdom ETF	0.9%
FLIN	Franklin FTSE India ETF	0.9%

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level **High**

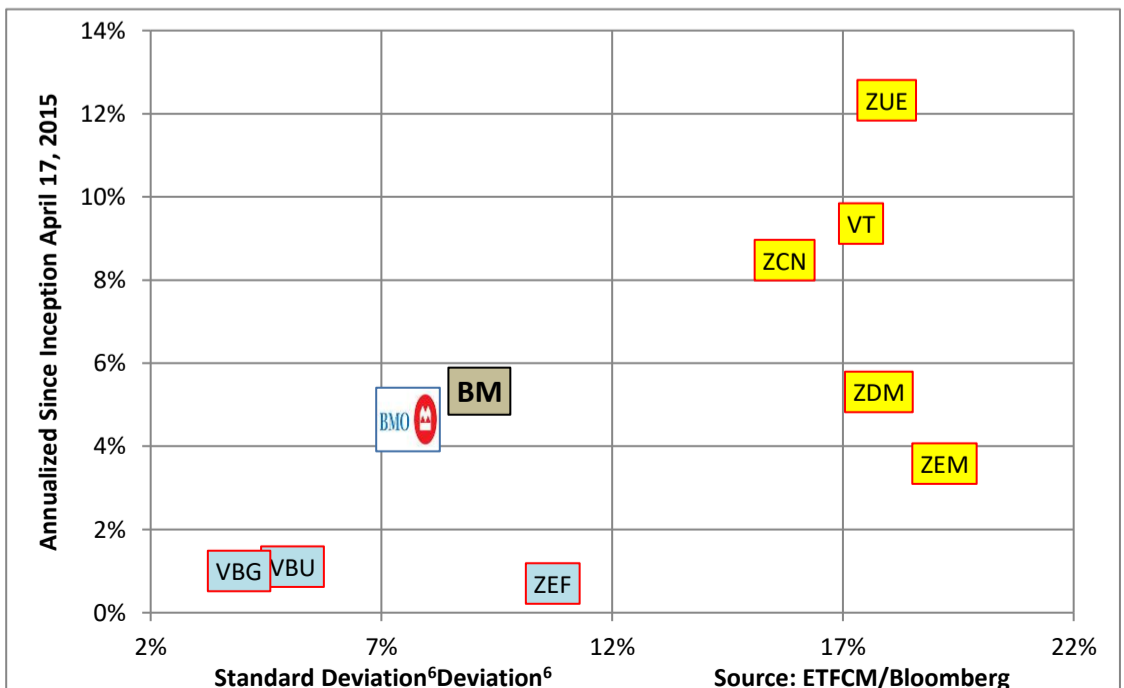
The core portfolio beta is 72.2%. The degree of delta protection is -25% while the value of beta protection is 45%.

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 (03/25/22)

Total Return	Net	Gross	Up/Downside <sup>5</sup>	
YTD	-0.55%	-0.12%	Upside	15%
Prev. Month	1.39%	1.55%	Down	16%
Prev. Quarter	-0.43%	0.05%	Mths Up	52
Prev. Year	6.95%	8.87%	Mths Dn	31
Ann. SI (04/17/15)	2.72%	4.64%		
Sharpe Ratio	0.61			
Fund Codes:	No Load Retail: BMO70222			

## Defense Core Portfolio Beta: 72.2% Offense



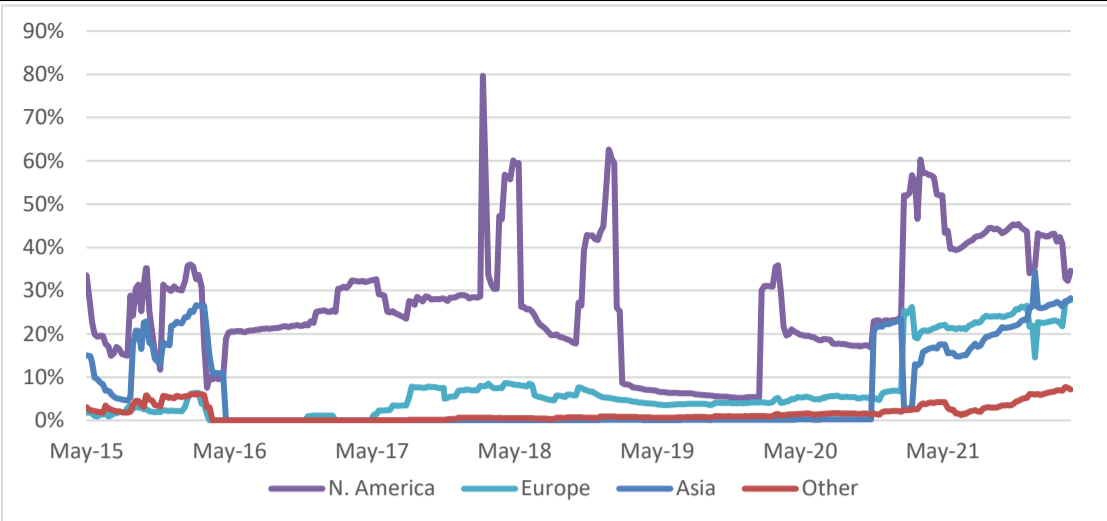
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
03/25/22	34.6%	27.8%	28.2%	7.1%
03/18/22	32.3%	27.6%	27.7%	7.5%
Change	2.3%	0.2%	0.6%	-0.4%

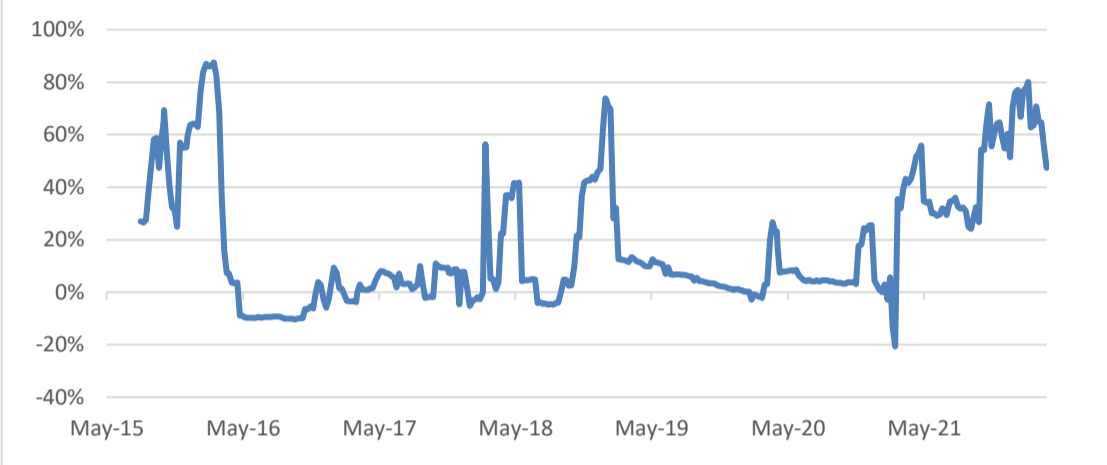
Bonds	Corp.	Govt.	Pref.	Cash
03/25/22	1.5%	17.0%	1.5%	2.1%
03/18/22	1.5%	15.2%	1.5%	4.3%
Change	0.0%	1.9%	0.0%	-2.1%

Bonds	Duration
03/25/22	7.85
03/18/22	6.05
Change	1.80

Sector	03/25/22	03/18/22	Change	BM
Basic Materials	9.9%	9.7%	0.2%	2.8%
Communications	7.1%	7.0%	0.2%	7.7%
Consumer, Cyclical	7.9%	7.6%	0.3%	7.0%
Consumer, Non-cyclical	15.6%	15.4%	0.2%	12.5%
Energy	4.3%	4.4%	-0.1%	3.1%
Financial	14.5%	14.4%	0.0%	16.8%
Government	18.1%	16.2%	1.9%	25.4%
Industrial	9.3%	9.2%	0.1%	6.7%
Technology	7.8%	7.7%	0.1%	11.1%
Utilities	3.2%	3.4%	-0.2%	2.4%

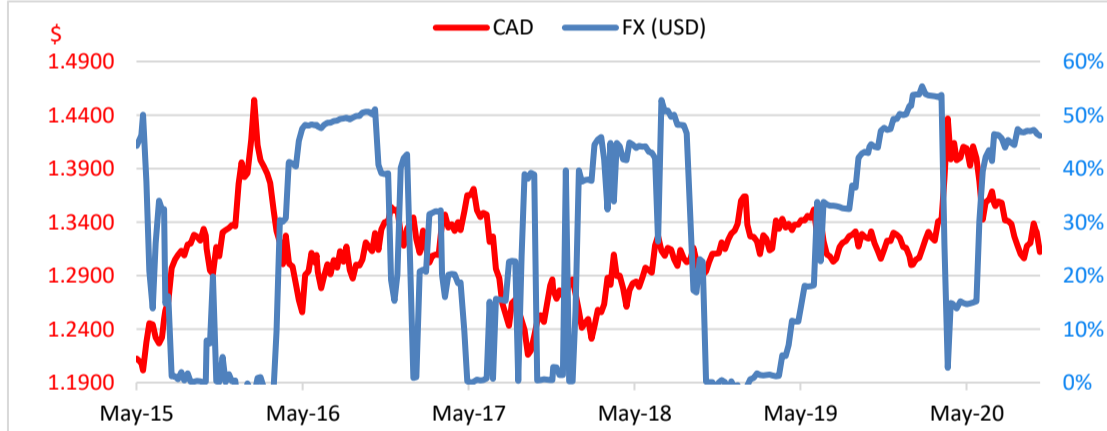


### Net Beta (Core - Protection): 47.4%



As of: 03/25/22	03/25/22	03/18/22	Change
FX (USD)	10.4%	10.7%	-0.4%
Beta <sup>2</sup>	72.2%	72.3%	0.0%
Protection	-24.8%	-16.4%	-8.4%
Correlation	97.7%	100.0%	-2.3%
Yield <sup>3</sup>	2.51%	2.52%	0.00%
ETF Holdings	24	24	0
Volatility <sup>4</sup>	7.59%	7.46%	0.12%
CAD	1.2477	1.2603	-1.0%

### 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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