



# BMO Tactical Global Growth ETF Fund

### Core Tactical/Strategic Portfolio Outlook/Adjustments

Base metals found very strong resistance last week on the recognition of a policy mistake and increased probability of a recession. Despite materials shortages and under investment, base metals will likely correct hard if global growth is slowing. It did not help that Alcoa downgraded their outlook. We sold our longer-term core base metals exposure (ZMT) and will look to reload as the core thesis of electrification and infrastructure development has decades runway. Some of the proceeds went to the very oversold longer-term growth biotech sector (XBI) and into China A-Shares (KBA), where most of the bad news is well known and mostly discounted.

### 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. The risk of a policy mistake is significant. The Street narrative has turned very hawkish recognizing how far the FOMC is behind the curve. Most FOMC members have confirmed the more aggressive path of tightening. The most aggressive since the early 1980s. The eurodollar curve shows aggressive tightening into mid 2023 followed by an easing cycle. This means the money market sees a recession. The stock market multiple clearly does not. Though last week's post Powell comments took notice.

### PRO-EYES - Berman's Call

**Risk Level** Medium

The core portfolio beta is 91.6%. The degree of delta protection is -24% while the value of beta protection is 52%.

The tactical PRO-EYES factor has moved off 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 (04/22/22)

| Total Return              | Net    | Gross       | Upside/Downside <sup>5</sup> |     |
|---------------------------|--------|-------------|------------------------------|-----|
| <b>YTD</b>                | -1.00% | -0.43%      | Upside                       | 20% |
| <b>Prev. Qtr.</b>         | 2.14%  | 2.61%       | Downside                     | 31% |
| <b>Prev. Year</b>         | 2.43%  | 4.35%       | Months Up                    | 51  |
| <b>Since Inception</b>    | 37.34% | 48.30%      | Months Dn                    | 20  |
| <b>Ann. SI (04/28/16)</b> | 5.42%  | 7.34%       |                              |     |
| <b>Sharpe Ratio</b>       |        | <b>0.80</b> |                              |     |

**Fund Codes:** No Load Retail: BMO70762

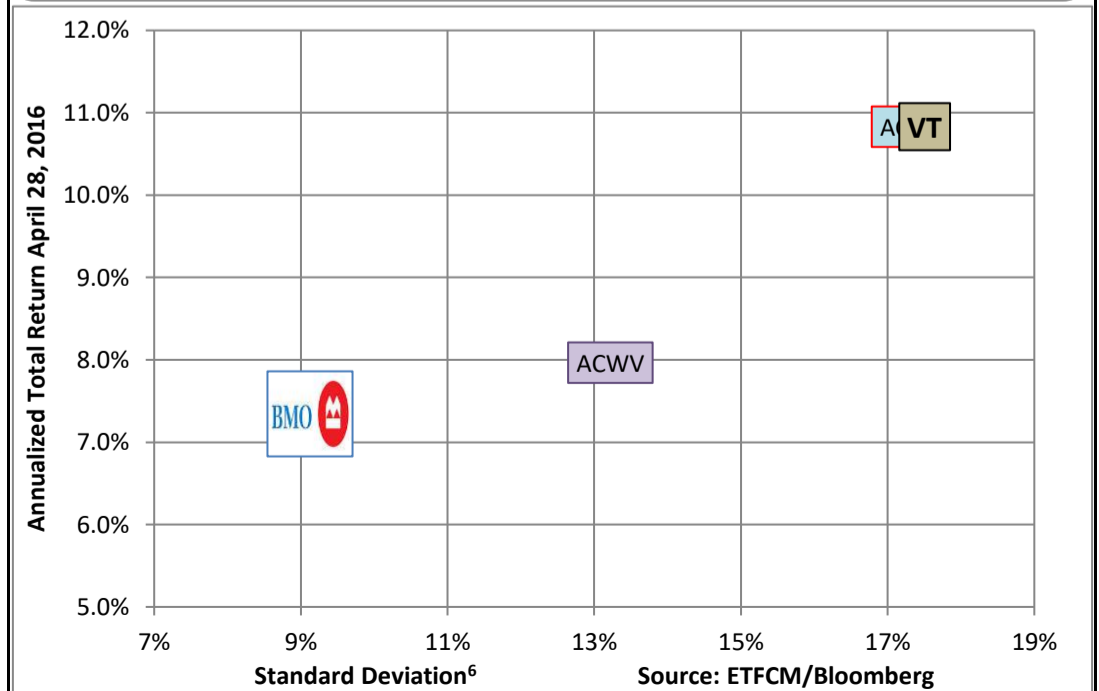
### Top Holdings

| Ticker | Name   | Position |
|--------|--|----------|
| ZEA    | BMO MSCI EAFE Index ETF                              | 19.6%    |
| RSP    | Invesco S&P 500 Equal Weight ETF                     | 18.0%    |
| ZUE    | BMO S&P 500 Hedged to CAD Index ETF                  | 13.3%    |
| ZEM    | BMO MSCI Emerging Markets Index ETF                  | 7.3%     |
| FLGB   | Franklin FTSE United Kingdom ETF                     | 5.8%     |
| KWEB   | KraneShares CSI China Internet ETF                   | 3.4%     |
| FLJH   | Franklin FTSE Japan Hedged ETF                       | 3.3%     |
| URA    | Global X Uranium ETF                                 | 3.1%     |
| GDX    | VanEck Gold Miners ETF/USA                           | 3.0%     |
| MJ     | ETFMG Alternative Harvest ETF                        | 2.4%     |
| PAVE   | Global X US Infrastructure Development ETF           | 2.3%     |
| ZCLN   | BMO Clean Energy Index ETF                           | 2.2%     |
| KBA    | KraneShares Bosera MSCI China A 50 Connect Index ETF | 2.1%     |
| FLIN   | Franklin FTSE India ETF                              | 2.1%     |
| VNM    | VanEck Vietnam ETF                                   | 1.9%     |
| FLBR   | Franklin FTSE Brazil ETF                             | 1.5%     |
| XBI    | SPDR S&P Biotech ETF                                 | 1.2%     |
| EIDO   | iShares MSCI Indonesia ETF                           | 0.9%     |
| FLKR   | Franklin FTSE South Korea ETF                        | 0.9%     |
| FLMX   | Franklin FTSE Mexico ETF                             | 0.7%     |

### Chart of the Week



**Defense** Core Portfolio Beta: 91.6% **Offense**

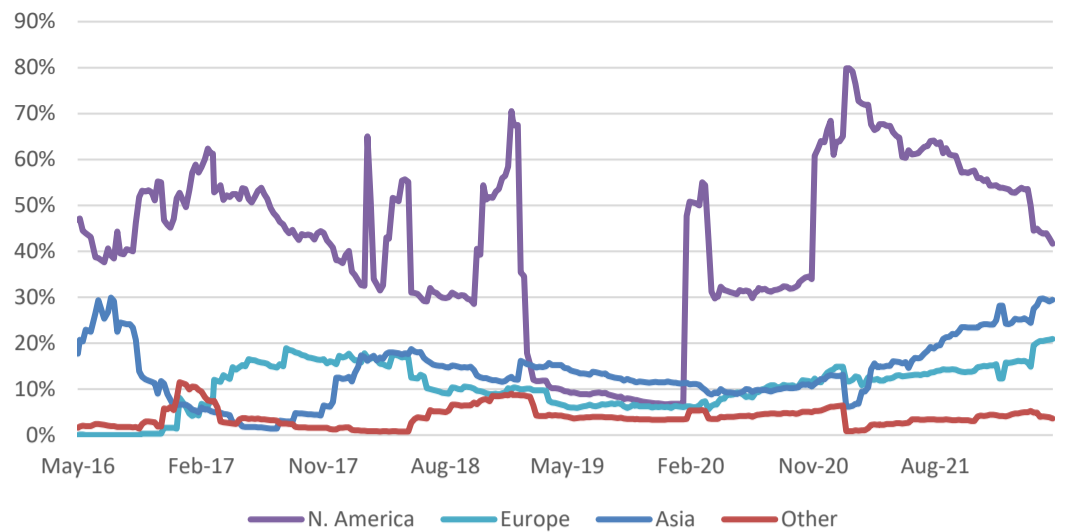


## Tactical Asset Allocation

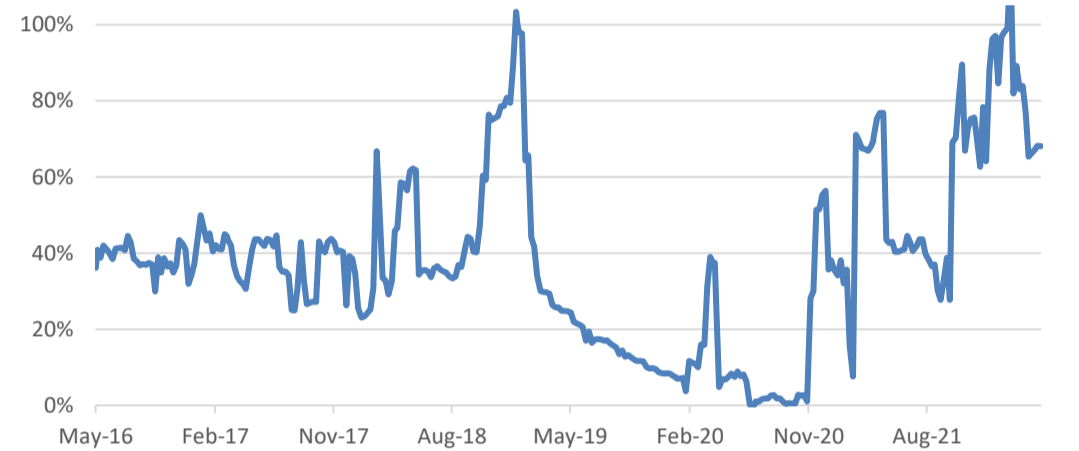
| Equity   | N. America | Europe | Asia  | Other |
|----------|------------|--------|-------|-------|
| 04/22/22 | 41.6%      | 20.9%  | 29.4% | 3.6%  |
| 04/14/22 | 42.9%      | 20.7%  | 29.1% | 3.9%  |
| Change   | -1.3%      | 0.2%   | 0.3%  | -0.3% |

| Sector                 | 04/22/22 | 04/14/22 | Change | BM    |
|------------------------|----------|----------|--------|-------|
| Basic Materials        | 10.39%   | 13.19%   | -2.8%  | 4.4%  |
| Communications         | 8.60%    | 8.83%    | -0.2%  | 11.7% |
| Consumer, Cyclical     | 10.13%   | 9.78%    | 0.4%   | 10.8% |
| Consumer, Non-cyclical | 20.26%   | 18.99%   | 1.3%   | 19.0% |
| Energy                 | 5.40%    | 5.35%    | 0.0%   | 4.2%  |
| Financial              | 16.35%   | 16.13%   | 0.2%   | 19.0% |
| Government             | 0.03%    | 0.03%    | 0.0%   | 19.0% |
| Industrial             | 11.01%   | 11.05%   | 0.0%   | 10.2% |
| Technology             | 9.10%    | 9.06%    | 0.0%   | 17.9% |
| Utilities              | 4.19%    | 4.09%    | 0.1%   | 2.7%  |

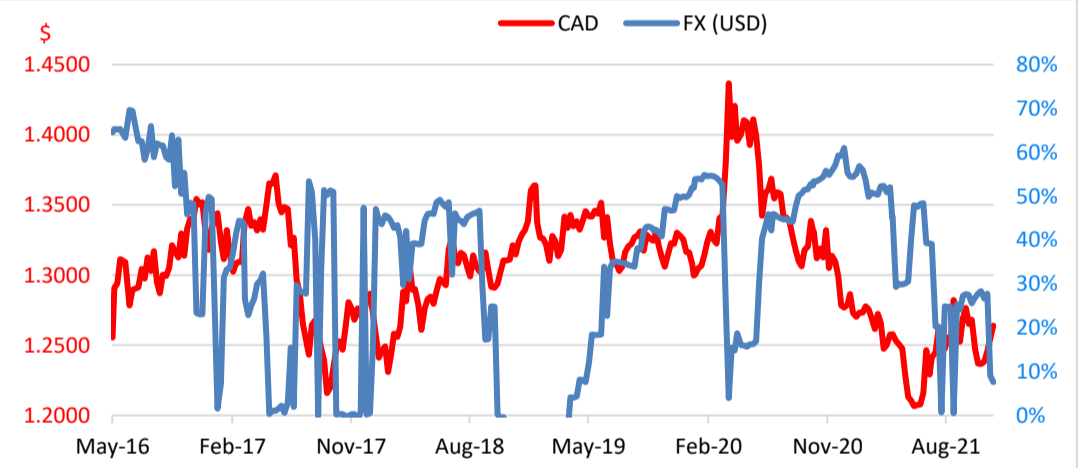
| As of: Apr 22 2022      | 04/22/22 | 04/14/22 | Change |
|-------------------------|----------|----------|--------|
| FX (USD)                | 8.0%     | 9.8%     | -1.8%  |
| Beta <sup>2</sup>       | 91.6%    | 92.7%    | -1.1%  |
| Protection (Delta)      | -23.5%   | -24.5%   | 1.0%   |
| Correlation             | 72.3%    | 72.8%    | -0.5%  |
| Yield <sup>3</sup>      | 2.43%    | 2.37%    | 0.06%  |
| ETF Holdings            | 21       | 21       | 0      |
| Volatility <sup>4</sup> | 9.13%    | 9.71%    | -0.58% |
| CAD                     | 1.2710   | 1.2610   | 0.8%   |



**Net Beta (Core - Protection): 68.1%**



**Tactical FX Exposure (USD)**



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