



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

Last week we saw strong evidence of a capitulation reversal. It's not likely the bear market bottom, but we should stabilize with peak inflation likely hitting US CPI/PPI this month. Treasury funding looks stable too for the next few quarters. We added 3 positions last week. Two new (CLOU, ZQQ) to benefit from the extreme oversold in technology, and (ZMT) too add back exposure we sold close to 20% higher a few weeks back in base metals. We sold ZEA. We have added a slight growth tilt given the potential for peak inflation. On the bond side, we sold duration (TLT) into strength and bought it back on Friday's equity rally (see chart of the week), bond sell off. As the market ping-pong's from risk-on to risk-off, there should be good opportunity to add value in trading duration.

Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	27.3%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	12.7%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	11.5%
TLT	iShares 20+ Year Treasury Bond ETF	10.5%
ZEM	BMO MSCI Emerging Markets Index ETF	10.5%
VGK	Vanguard FTSE Europe ETF	4.8%
ZQQ	BMO Nasdaq 100 Equity Hedged To CAD Index ETF	3.0%
GDX	VanEck Gold Miners ETF/USA	2.5%
KWEB	KraneShares CSI China Internet ETF	2.3%
URA	Global X Uranium ETF	1.8%
PAVE	Global X US Infrastructure Development ETF	1.5%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	1.4%
MJ	ETFMG Alternative Harvest ETF	1.4%
ZCLN	BMO Clean Energy Index ETF	1.3%
KBA	KraneShares Bosera MSCI China A 50 Connect Index ETF	1.3%
FLGB	Franklin FTSE United Kingdom ETF	0.9%
FLIN	Franklin FTSE India ETF	0.9%
CLOU	Global X Cloud Computing ETF	0.6%
FLBR	Franklin FTSE Brazil ETF	0.6%
CIBR	First Trust NASDAQ Cybersecurity ETF	0.6%

Macro Market Strategy

We think this is a very two-way market for the next few quarters with a bearish tilt. Better than expected tax receipts should push the negative funding pressure from QT into 2023. Once QT starts, to have an impact, 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. The current FOMC update should clarify the policy path. The soft Q1 GDP likely walks back some of the hawkishness. We also likely saw peak inflation prints in May.

Chart of the Week



PRO-EYES - Berman's Call

Risk Level High

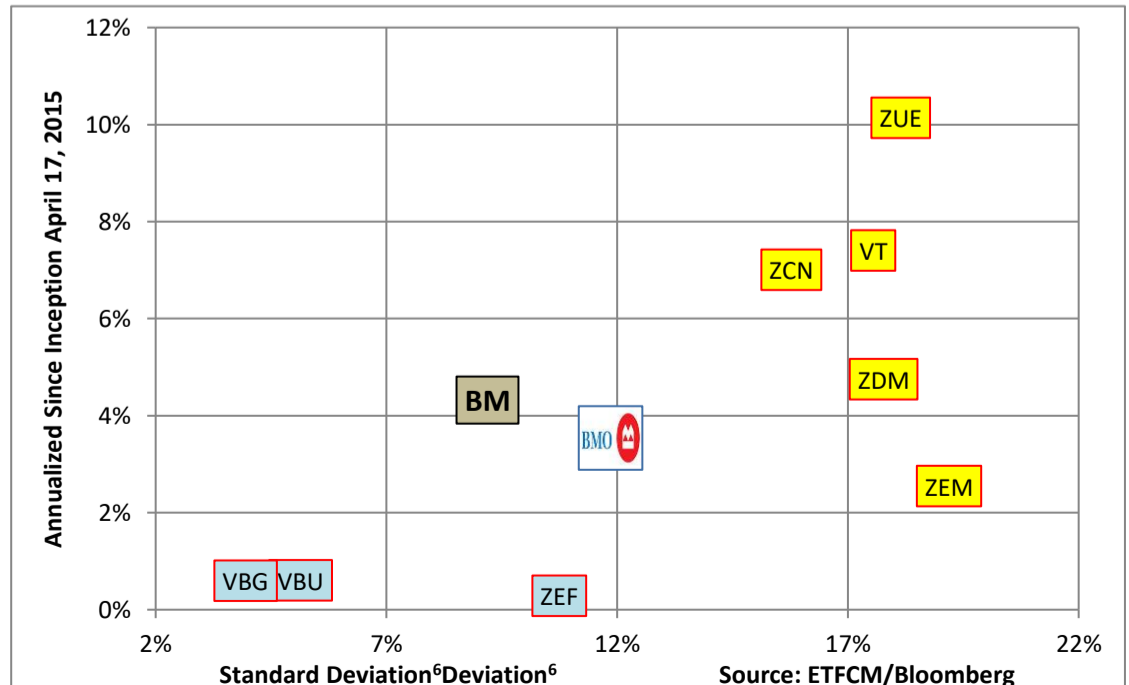
The core portfolio beta is 70.4%. The degree of delta protection is 0% while the value of beta protection is 0%.

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 (05/13/22)

Total Return	Net	Gross	Up/Downside ⁵	
YTD	-7.57%	-6.89%	Upside	15%
Prev. Month	-6.92%	-6.76%	Down	20%
Prev. Quarter	-7.17%	-6.69%	Mths Up	52
Prev. Year	-2.51%	-0.59%	Mths Dn	33
Ann. SI (04/17/15)	1.61%	3.53%		
Sharpe Ratio	0.30			
Fund Codes:	No Load Retail: BMO70222			

Defense Core Portfolio Beta: 70.4% Offense



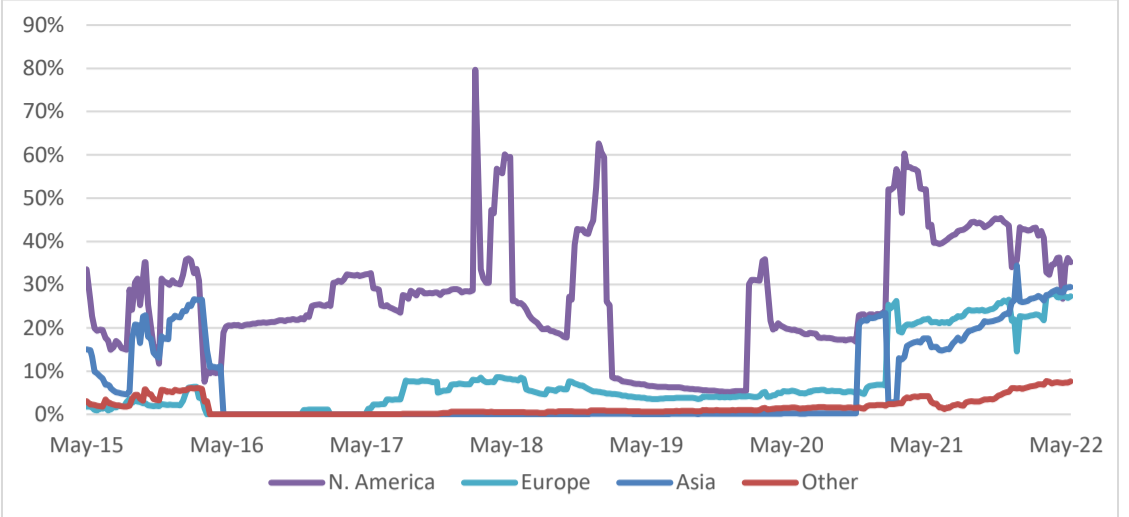
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
05/13/22	35.2%	27.3%	29.4%	7.6%
05/06/22	36.1%	27.0%	29.3%	7.4%
Change	-0.9%	0.3%	0.1%	0.2%

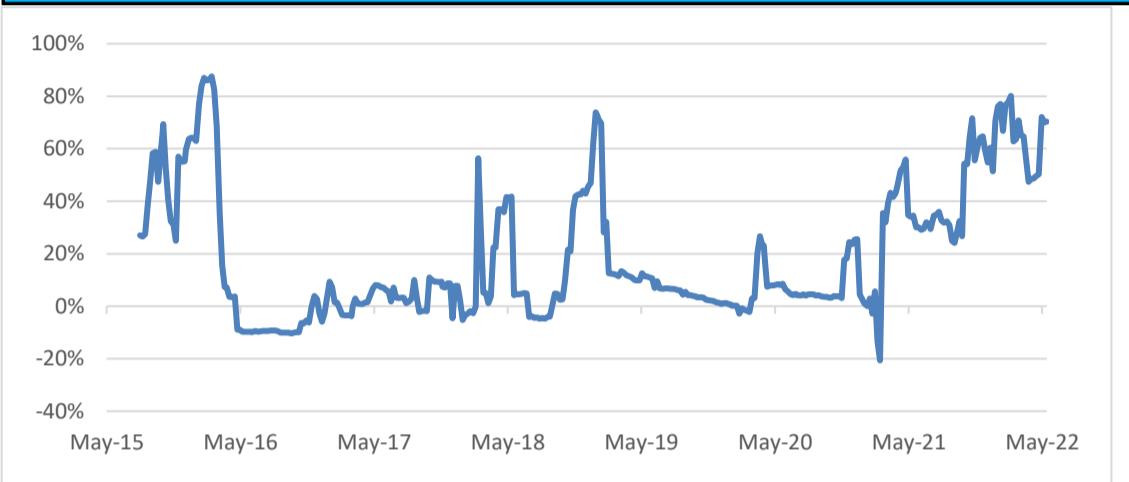
Bonds	Corp.	Govt.	Pref.	Cash
05/13/22	0.4%	22.8%	0.5%	0.5%
05/06/22	0.4%	22.4%	0.5%	-0.5%
Change	0.0%	0.4%	0.0%	1.0%

Bonds	Duration
05/13/22	10.61
05/06/22	10.90
Change	-0.29

Sector	05/13/22	05/06/22	Change	BM
Basic Materials	9.1%	8.3%	0.7%	2.8%
Communications	7.8%	7.6%	0.3%	7.7%
Consumer, Cyclical	7.2%	7.5%	-0.3%	7.0%
Consumer, Non-cyclical	15.3%	15.6%	-0.3%	12.5%
Energy	4.1%	4.5%	-0.4%	3.1%
Financial	12.5%	13.3%	-0.8%	16.8%
Government	23.1%	22.9%	0.2%	25.3%
Industrial	8.2%	8.4%	-0.3%	6.7%
Technology	9.3%	8.7%	0.6%	11.1%
Utilities	2.7%	2.8%	-0.1%	2.4%

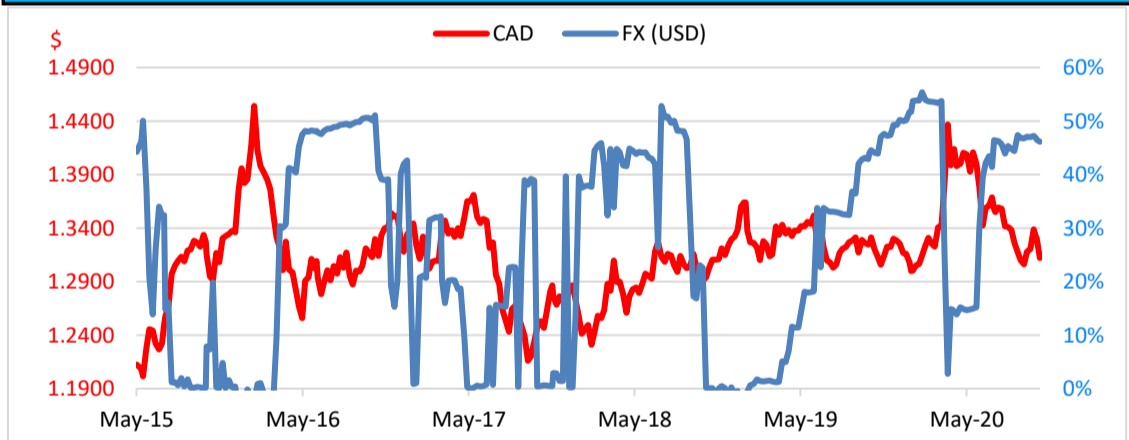


Net Beta (Core - Protection): 70.4%



As of: 05/13/22	05/13/22	05/06/22	Change
FX (USD)	6.3%	4.5%	1.8%
Beta ²	70.4%	70.0%	0.3%
Protection	0.0%	0.0%	0.0%
Correlation	92.6%	95.1%	-2.4%
Yield ³	2.81%	2.81%	-0.01%
ETF Holdings	24	21	3
Volatility ⁴	11.86%	11.04%	0.82%
CAD	1.2929	1.2875	0.4%

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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