



BMO Tactical Balanced ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

It's clear we are in the mid innings of a bear market. Druckenmiller (and others) forecasted at Sohn a similar view. So we can expect volatility to remain high, rallies to surprise and grind the bears while dip buyers will pay a toll too. Not that Druck is going to be correct, because like the best are, only get it right about two-thirds of the time. But the evidence of a hard landing are significant. The markets are still not priced for it from an earnings perspective. For growth investors, the good news is valuations have improved dramatically and we continue to nibble into the areas we like thematically. Clean energy, cybersecurity, uranium, biotech and cloud are amongst our favourite. We look to add protection to the portfolio after a typical summer rally, which is still a high probability given the oversold nature of the market. If the May lows hold, the counter-trend rally potential increases. What the Fed says this week will be key. On the bond side, we still view duration as attractive with the US long end above 3% heading into a recession. It's a very active asset class for us. We added exposure to TLT last week.

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 FOMC hawkish walk back by Bullard putting rate cuts on the table for 2023/24 now reflects the shape of the money market curves. The Fed put is still there, but sticky inflation will be the challenge. For the next few months, the mathematics of rates-of-change should pacify inflation fears. Longer-term inflation expectations (seen in the chart of the week 5-year, 5-year breakeven swap) are elevated, but anchored.

Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	27.4%
EMLC	VanEck J. P. Morgan EM Local Currency Bond ETF	12.9%
ZEM	BMO MSCI Emerging Markets Index ETF	10.9%
TLT	iShares 20+ Year Treasury Bond ETF	8.8%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	8.4%
ZQQ	BMO Nasdaq 100 Equity Hedged To CAD Index ETF	6.0%
VGK	Vanguard FTSE Europe ETF	4.8%
KWEB	KraneShares CSI China Internet ETF	2.8%
GDJ	VanEck Gold Miners ETF/USA	2.7%
URA	Global X Uranium ETF	2.0%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	1.5%
ZCLN	BMO Clean Energy Index ETF	1.5%
PAVE	Global X US Infrastructure Development ETF	1.5%
KBA	KraneShares Boser MSCI China A 50 Connect Index ETF	1.4%
MJ	ETFMG Alternative Harvest ETF	1.2%
FLGB	Franklin FTSE United Kingdom ETF	0.9%
FLIN	Franklin FTSE India ETF	0.9%
FLBR	Franklin FTSE Brazil ETF	0.6%
CLOU	Global X Cloud Computing ETF	0.6%
CIBR	First Trust NASDAQ Cybersecurity ETF	0.6%

Chart of the Week



PRO-EYES - Berman's Call

Risk Level **High**

The core portfolio beta is 71.5%. The degree of delta protection is 0% while the value of beta protection is 0%.

The tactical PRO-EYES factor suggests more dip buying opportunity exists than not. However, the trend of liquidity in business conditions is likely to get worse before it improves. The fact the FOMC has now talked about 2023/24 rate cuts, markets should stabilize. Valuation metrics have yet to reflect a recession and that is the overriding risk. This likely means there will be more two-way opportunities in assets until the inflation cycle is under control. We expect it will be stickier than the market believes and the FOMC will have difficulty with a soft landing scenario.

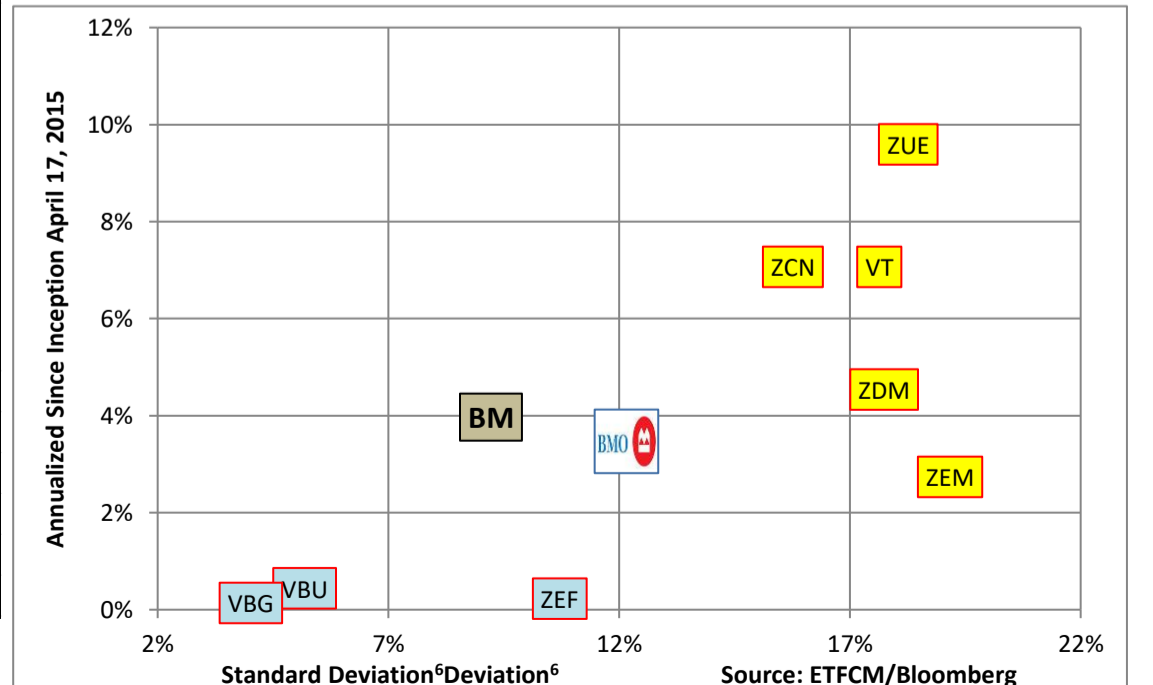
Performance Metrics (A-Series) as of (06/10/22)

Total Return	Net	Gross	Up/Downside ⁵	
YTD	-7.89%	-7.06%	Upside	15%
Prev. Month	1.10%	1.26%	Down	20%
Prev. Quarter	-3.83%	-3.35%	Mths Up	53
Prev. Year	-5.63%	-3.71%	Mths Dn	33
Ann. SI (04/17/15)	1.55%	3.47%		
Sharpe Ratio	0.29			
Fund Codes:	No Load Retail: BMO70222			

Defense

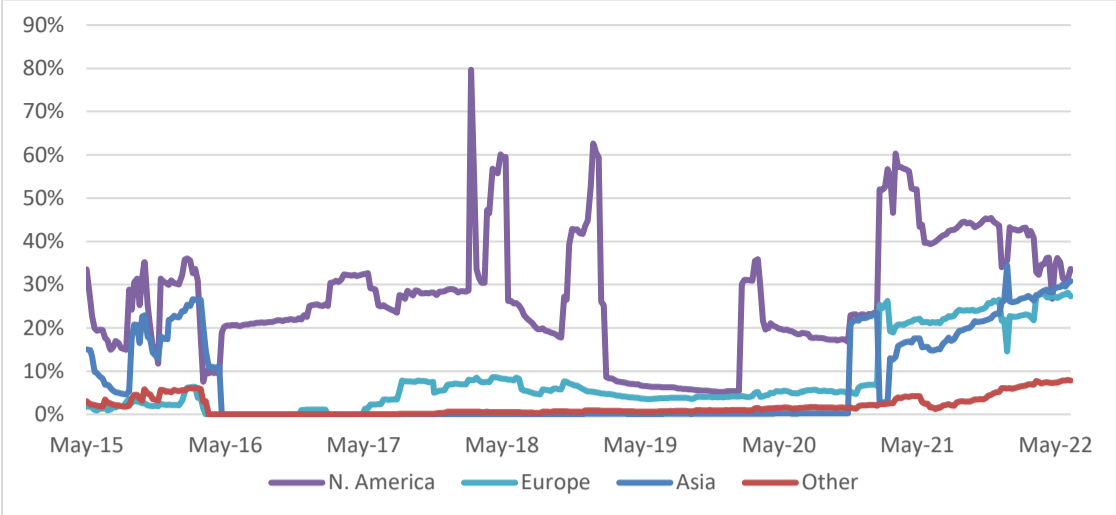
Core Portfolio Beta: 71.5%

Offense



Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
06/10/22	33.6%	27.3%	30.8%	7.8%
06/03/22	31.3%	28.1%	30.3%	8.0%
Change	2.3%	-0.8%	0.4%	-0.2%



Bonds	Corp.	Govt.	Pref.	Cash
06/10/22	0.5%	21.3%	0.6%	0.5%
06/03/22	0.5%	18.4%	0.6%	2.2%
Change	0.0%	2.9%	0.0%	-1.7%

Bonds	Duration
06/10/22	9.94
06/03/22	8.04
Change	1.90

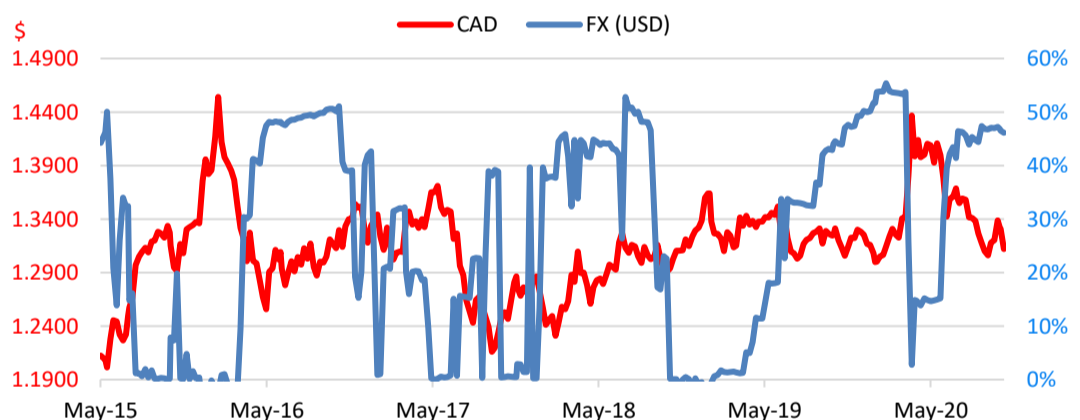
Sector	06/10/22	06/03/22	Change	BM
Basic Materials	9.5%	9.6%	-0.1%	3.1%
Communications	8.9%	8.5%	0.4%	6.9%
Consumer, Cyclical	7.3%	7.3%	0.0%	6.8%
Consumer, Non-cyclical	14.6%	15.3%	-0.7%	13.3%
Energy	4.4%	4.3%	0.1%	3.5%
Financial	12.0%	12.4%	-0.4%	16.8%
Government	21.7%	18.8%	2.9%	25.3%
Industrial	8.1%	8.2%	-0.1%	6.7%
Technology	10.1%	10.4%	-0.3%	10.6%
Utilities	2.7%	2.9%	-0.1%	2.6%

Net Beta (Core - Protection): 71.5%



As of: 06/10/22	06/10/22	06/03/22	Change
FX (USD)	5.3%	4.3%	1.0%
Beta ²	71.5%	72.8%	-1.3%
Protection	0.0%	0.0%	0.0%
Correlation	91.8%	91.6%	0.2%
Yield ³	2.78%	2.69%	0.09%
ETF Holdings	25	25	0
Volatility ⁴	12.16%	10.05%	2.11%
CAD	1.2776	1.2594	1.4%

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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