



BMO Tactical Dividend ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

Our longer-term thesis on the yield value from Europe and Emerging Markets has not changed. The currency exposure has been a headwind for the past year and while we've hedged some of it periodically, it's mostly worked against us. We expect the NASDAQ to lead this oversold rally, but look to flip back to a higher yielding (ZPAY) defensive US market exposure. We expect to see a bit less volatility over the next few months with a likely peak in inflation pressure, but by no means have we seen the end of the economic impact of the tightening cycle.

Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	31.7%
ZWP	BMO Europe High Dividend Covered Call ETF	22.4%
ZQQ	BMO Nasdaq 100 Equity Hedged To CAD Index ETF	19.5%
DEM	WisdomTree Emerging Markets High Dividend Fund	9.0%
EDIV	SPDR S&P Emerging Markets Dividend ETF	8.8%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividend	3.5%
DVYE	iShares Emerging Markets Dividend ETF	3.1%

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.

Chart of the Week



PRO-EYES - Berman's Call

Risk Level **High**

The core portfolio beta is 74.7%. 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.

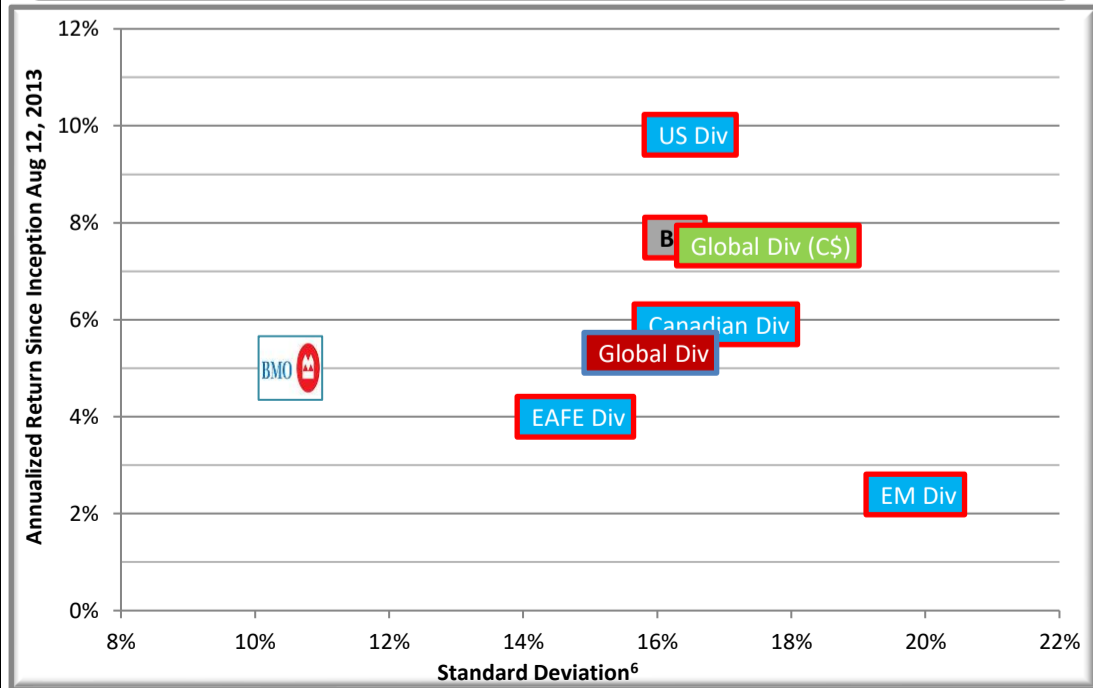
Performance Metrics (A-Series) as of (06/03/22)

Total Return	Net	Gross	Upside/Downside ⁵
YTD	-3.15%	-2.37%	Upside 22%
Previous Quarter	0.80%	1.28%	Downside 52%
Previous Year	-1.87%	0.05%	Months Up 69
3-Year	-2.07%	-0.15%	Months Dn 36
5-Year	-0.31%	1.61%	
Ann. SI (08/12/13)	3.08%	5.00%	Sharpe Ratio 0.38

Defense

Core Beta: 74.7%

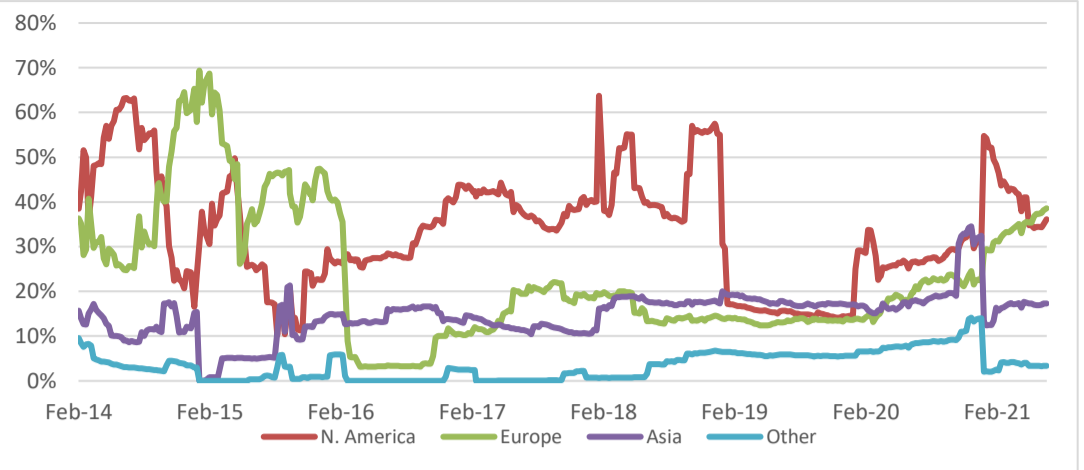
Offense



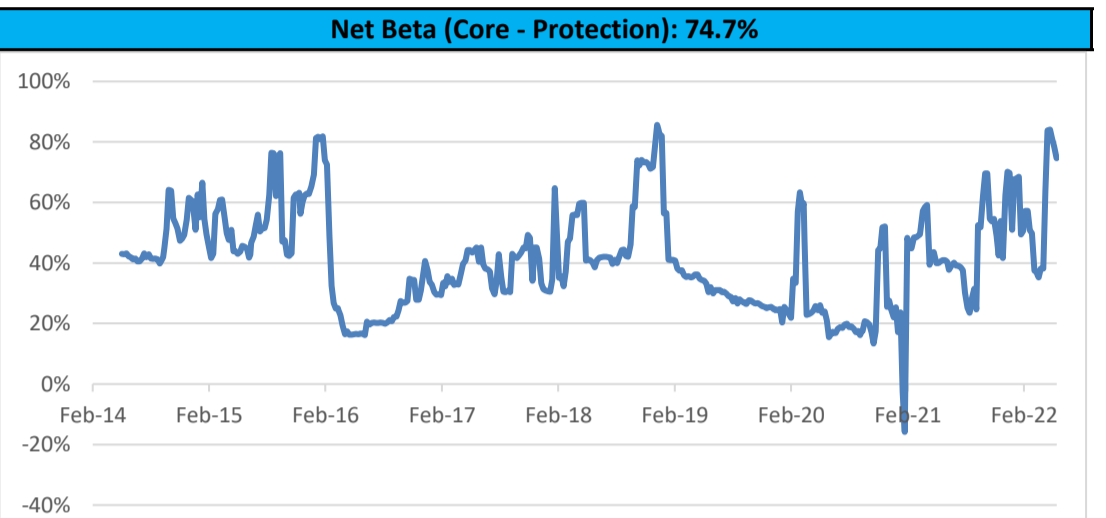
Fund Codes: No Load Retail: BMO70734

Tactical Asset Allocation

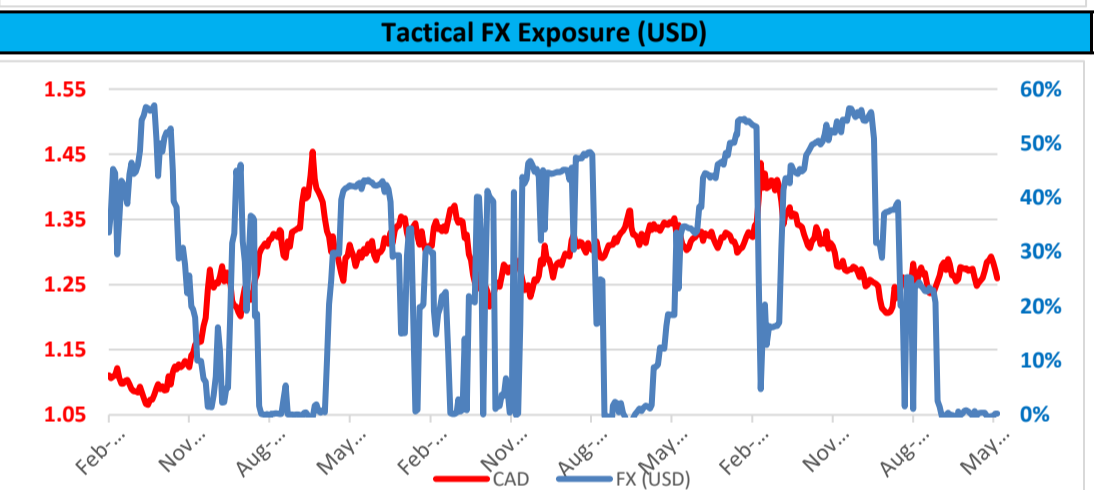
Equity	N. America	Europe	Asia	Other
06/03/22	20.0%	46.9%	25.2%	6.0%
05/27/22	19.9%	47.0%	25.3%	5.9%
Change	0.1%	-0.1%	-0.1%	0.1%
Benchmark	69.6%	13.9%	12.5%	4.1%



Sector	6/03/22	5/27/22	Change	BM
Basic Materials	7.69%	7.63%	0.1%	9.8%
Communications	10.87%	11.00%	-0.1%	6.8%
Consumer, Cyclical	9.81%	10.06%	-0.3%	5.3%
Consumer, Non-cyclical	21.03%	21.06%	0.0%	9.0%
Energy	3.75%	3.74%	0.0%	9.0%
Financial	19.58%	19.39%	0.2%	28.5%
Industrial	7.54%	7.58%	0.0%	0.0%
Technology	12.11%	12.01%	0.1%	2.6%
Utilities	4.63%	4.66%	0.0%	19.1%



As of: 06/03/22	06/03/22	05/27/22	Change
FX (USD)	0.2%	0.3%	0.0%
Beta ²	74.7%	78.5%	-3.8%
Protection	0.0%	0.0%	0.0%
Correlation	87.3%	89.7%	-2.4%
Yield ³	3.92%	3.88%	0.03%
ETF Holdings	7	7	0
Volatility ⁴	10.53%	10.19%	0.34%
CAD	1.2594	1.2724	-1.0%



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