



# BMO Tactical Global Growth ETF Fund

### Core Tactical/Strategic Portfolio Outlook/Adjustments

The market is bouncing as expected and recent indications are that growth is weakening and so too is inflation. But inflation remains the big risk still over the coming year and while the FOMC is likely to slow rate hikes, we do not expect a pause just yet. We expect 75 bps at this week's meeting and based on incoming data, another 50 bps in September. We could get another slowing or pause in November and see peak funds at less than is priced in. The 2s-10s inversion portends recession and that will impact earnings. There will be no stimulus (monetary or fiscal) making it tough to grow earnings in 2023. Bounce potential is likely limited. The risk the FOMC makes a mistake remains very high hiking policy in a recession. That seems to be the message from the curve. How corporate America deals with the higher cost of capital is the question. Sector wise value is building in cyclicals and growth sectors. More rotation into these areas into further weakness is likely. We like EM exposure once the dollar wrecking ball has changed. The ECB saying part of the 50 bps rate hike this week being on a currency basis is an important consideration. The vertical green line on the chart of the week is the Jackson Hole Powell speech. Looks like it coincides with a 4100 S&P 500 resistance area.

### 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. The FOMC is now telegraphing easing to offset. QT has now started, but there is no immediate yield stress in the run-off. We would be more concerned that equity risk premiums will rise and multiples will contract if yields get stressed. Recession risk is mitigating for now. The FOMC's more aggressive path has caught them up to the curve and the terminal rate is now expected in December. This suggests a fall earnings related selloff is a very good buying opportunity. That said, we do not expect higher highs (5000+) until after the 2024 elections. We can expect lots of volatility to remain as the global economy rebalances. Anyone suggesting a more bullish path, we'd like to debate. We look to re-establish a volatility buffer in the coming months on a counter trend rally.

### PRO-EYES - Berman's Call

**Risk Level Medium**

The core portfolio beta is 97.6%. 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 (07/22/22)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	-7.68%	-6.66%	Upside	20%
<b>Prev. Qtr.</b>	0.00%	0.47%	Downside	40%
<b>Prev. Year</b>	-5.96%	-4.04%	Months Up	52
<b>Since Inception</b>	28.07%	39.49%	Months Dn	21
<b>Ann. SI (04/28/16)</b>	4.03%	5.95%		
<b>Sharpe Ratio</b>		0.55		

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

### Top Holdings

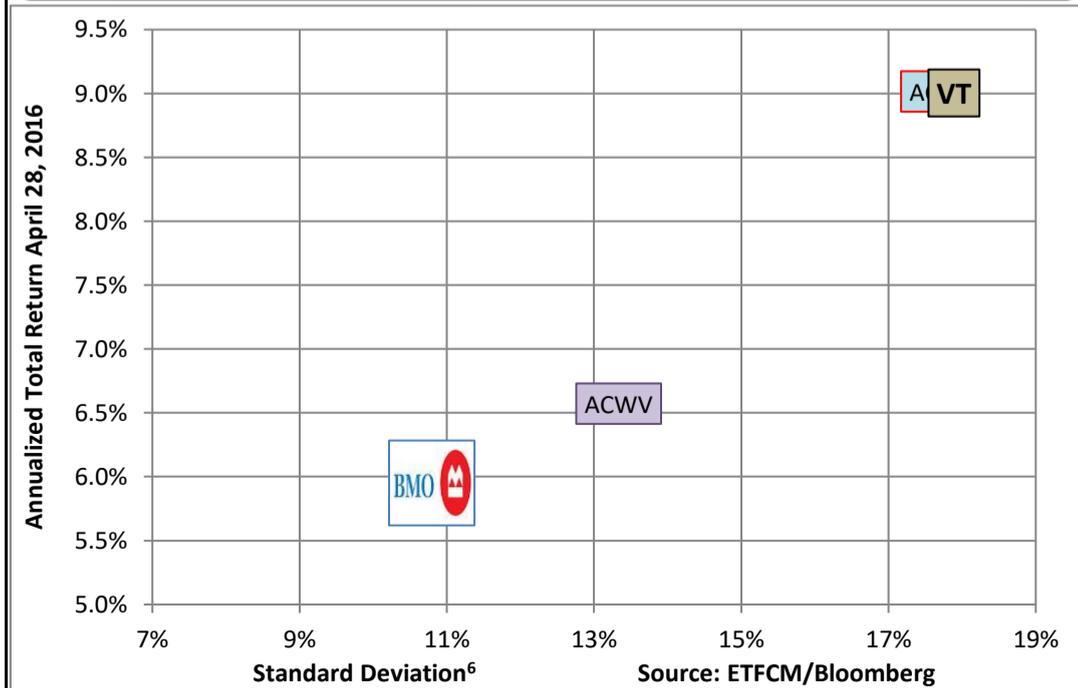
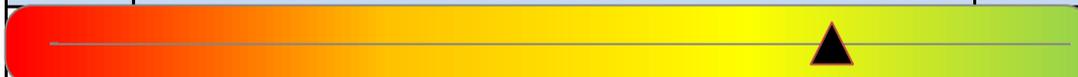
Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	20.9%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	18.7%
ZQQ	BMO Nasdaq 100 Equity Hedged To CAD Index ETF	10.3%
ZEM	BMO MSCI Emerging Markets Index ETF	7.3%
KWEB	KraneShares CSI China Internet ETF	4.3%
FLGB	Franklin FTSE United Kingdom ETF	3.7%
FLJH	Franklin FTSE Japan Hedged ETF	3.0%
GDX	VanEck Gold Miners ETF/USA	3.0%
URA	Global X Uranium ETF	2.7%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.6%
ZCLN	BMO Clean Energy Index ETF	2.4%
FLIN	Franklin FTSE India ETF	2.0%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	2.0%
ARKK	ARK Innovation ETF	1.8%
MJ	ETFMG Alternative Harvest ETF	1.8%
VNM	VanEck Vietnam ETF	1.7%
FINX	Global X FinTech ETF	1.6%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.5%
XBI	SPDR S&P Biotech ETF	1.3%
FLBR	Franklin FTSE Brazil ETF	1.2%

### Chart of the Week



SPX Index (S&P 500 INDEX) Daily 31DEC2021-23JUL2022 Copyright 2022 Bloomberg Finance L.P. 23-Jul-2022 10:46:08

**Defense** **Core Portfolio Beta: 97.6%** **Offense**



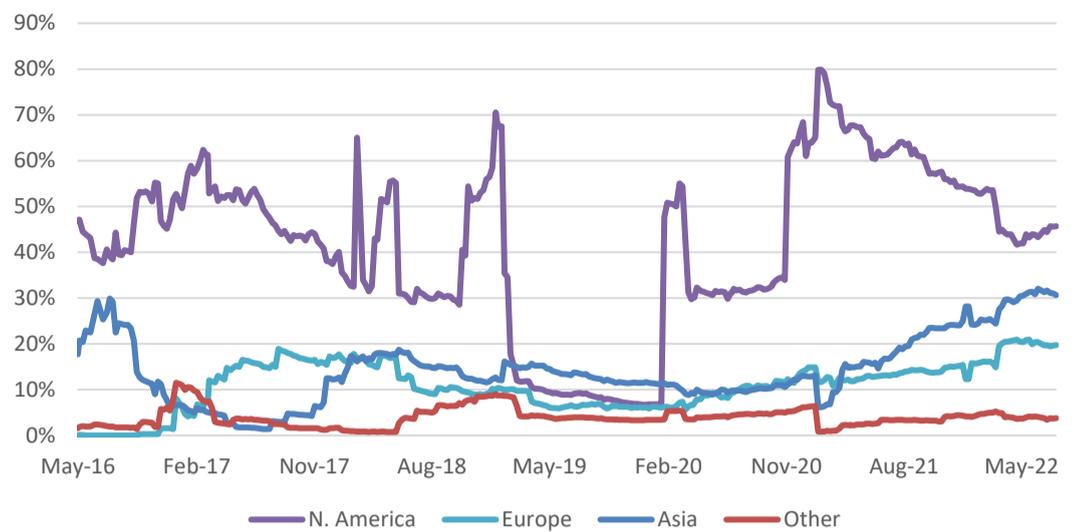
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## Tactical Asset Allocation

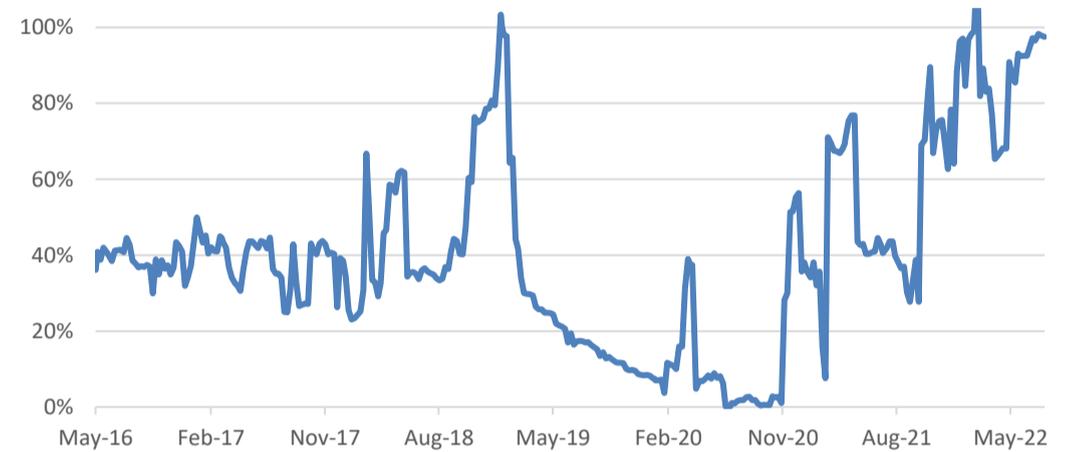
Equity	N. America	Europe	Asia	Other
07/22/22	45.6%	19.8%	30.7%	3.7%
07/15/22	45.5%	19.7%	31.0%	3.7%
Change	0.1%	0.1%	-0.4%	0.0%

Sector	07/22/22	07/15/22	Change	BM
Basic Materials	10.05%	10.17%	-0.1%	4.4%
Communications	12.56%	12.59%	0.0%	10.7%
Consumer, Cyclical	9.35%	9.27%	0.1%	10.2%
Consumer, Non-cyclical	19.64%	20.03%	-0.4%	21.1%
Energy	4.81%	4.83%	0.0%	5.1%
Financial	13.21%	13.28%	-0.1%	18.7%
Government	0.04%	0.05%	0.0%	18.7%
Industrial	9.52%	9.45%	0.1%	10.1%
Technology	17.36%	16.97%	0.4%	16.5%
Utilities	3.11%	3.19%	-0.1%	3.2%

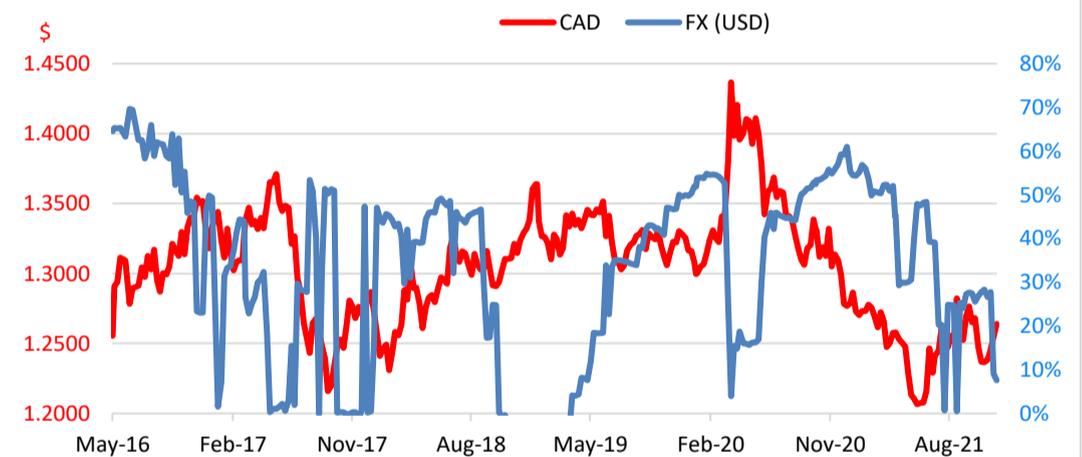
As of: Jul 22 2022	07/22/22	07/15/22	Change
FX (USD)	2.7%	1.9%	0.8%
Beta <sup>2</sup>	97.6%	97.8%	-0.3%
Protection (Delta)	0.0%	0.0%	0.0%
Correlation	76.4%	76.3%	0.1%
Yield <sup>3</sup>	2.57%	2.64%	-0.07%
ETF Holdings	27	27	0
Volatility <sup>4</sup>	10.80%	11.69%	-0.89%
CAD	1.2916	1.3032	-0.9%



**Net Beta (Core - Protection): 97.6%**



**Tactical FX Exposure (USD)**



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