



# BMO Tactical Global Growth ETF Fund

### Core Tactical/Strategic Portfolio Outlook/Adjustments

As the markets have now recovered about half their YTD declines, the risk-reward outlook is getting worse. In the past few weeks the markets have rallied, 12-month forward EPS outlooks are coming down. Q2 earnings period has come and gone and it was better than expected, which the market always likes. It's clear the transmission of monetary policy works with variable lags and the next few quarters will most likely see significant hits to earnings outlooks. Last week we took profits in two of our thematic sleeves (XBI-Biotech, CLOU-Clou computing). We still like them to buy on dips, but we rolled the exposure into the more defensive XLP-Consumer Staples with markets at what should be a higher risk point. We now have half the beta in the portfolio protected down to 3200 for whatever the next leg of this bear market will turn out to be.

### Macro Market Strategy

We think this is a very two-way market for the next few quarters with a bearish tilt. QT should start to weigh on risk premiums going forward, but there is massive cash balances sitting in the RRP to offset a significant impact. We think the skinny Bills Congress passed will add slightly to funding pressure. The FOMC's more aggressive path has caught them up to the curve and the terminal rate is now expected in December. We do expect the Powell to try and talk out rate cuts in 2023 at Jackson Hole, which would be decidedly more hawkish than the market is currently pricing. 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.

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**Risk Level** Medium

The core portfolio beta is 87.4%. The degree of delta protection is -34% while the value of beta protection is 44%.

The tactical PRO-EYES factor suggests that after the recent rally, the buy dips bias is gone for now, as the tactical risk-return is more balanced. To offset, liquidity and business cycle conditions are more stressed. This should lead to two-way opportunities in the coming months. The decay in forward earnings needs to be on the front burner. The lagged impact of monetary policy has yet to hit the outlook in a material way.

### Performance Metrics (A-Series) as of (08/12/22)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
<b>YTD</b>	-3.35%	-2.22%	Upside	20%
<b>Prev. Qtr.</b>	2.65%	3.12%	Downside	40%
<b>Prev. Year</b>	-1.64%	0.28%	Months Up	53
<b>Since Inception</b>	34.08%	45.61%	Months Dn	21
<b>Ann. SI (04/28/16)</b>	4.75%	6.67%		
<b>Sharpe Ratio</b>		0.67		

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

### Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	21.1%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	19.5%
ZEM	BMO MSCI Emerging Markets Index ETF	10.2%
GDX	VanEck Gold Miners ETF/USA	5.2%
KWEB	KraneShares CSI China Internet ETF	3.9%
FLGB	Franklin FTSE United Kingdom ETF	3.8%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	3.2%
KBA	KraneShares Boser MSCI China A 50 Connect Index ETF	3.0%
FLJH	Franklin FTSE Japan Hedged ETF	3.0%
URA	Global X Uranium ETF	2.8%
ZCLN	BMO Clean Energy Index ETF	2.7%
CIBR	First Trust NASDAQ Cybersecurity ETF	2.7%
MJ	ETFMG Alternative Harvest ETF	2.7%
XLP	Consumer Staples Select Sector SPDR Fund	2.5%
FLIN	Franklin FTSE India ETF	2.1%
VNM	VanEck Vietnam ETF	1.8%
FINX	Global X FinTech ETF	1.7%
BOTZ	Global X Robotics & Artificial Intelligence ETF	1.6%
FLBR	Franklin FTSE Brazil ETF	1.4%
PAVE	Global X US Infrastructure Development ETF	1.1%

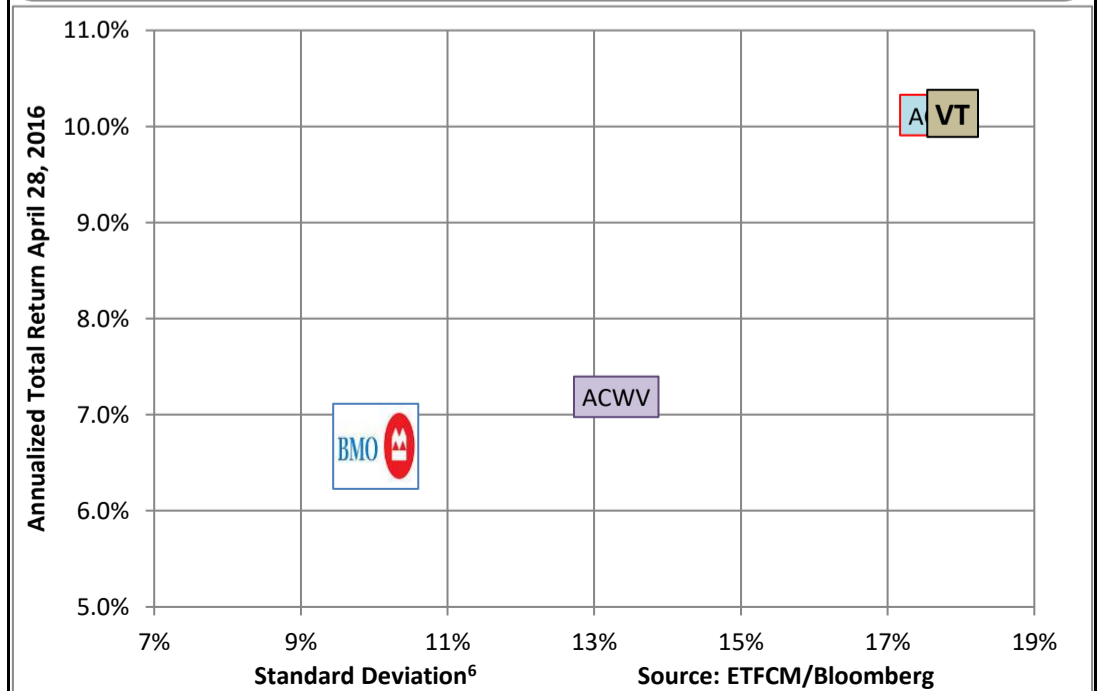
### Chart of the Week



**Defense**

**Core Portfolio Beta: 87.4%**

**Offense**



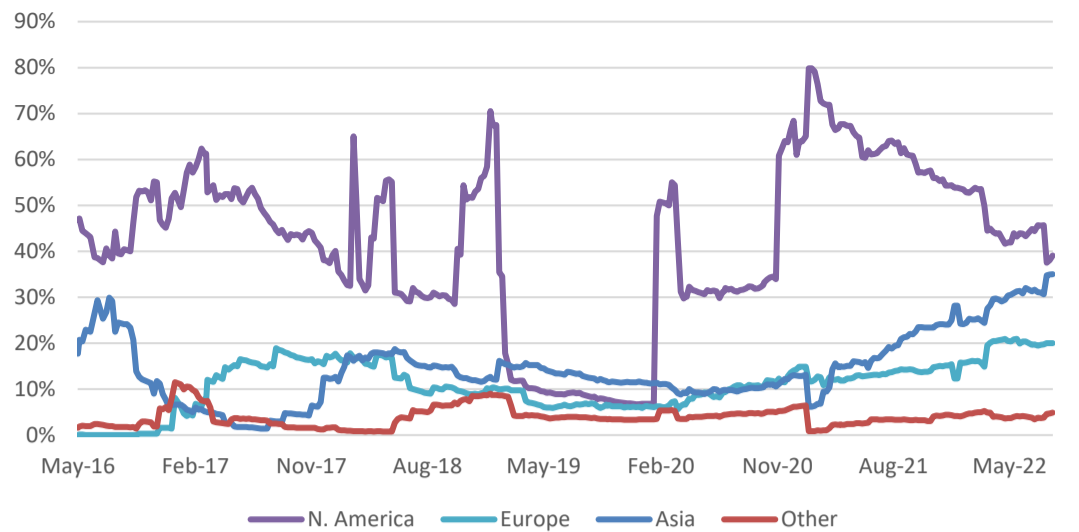
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## Tactical Asset Allocation

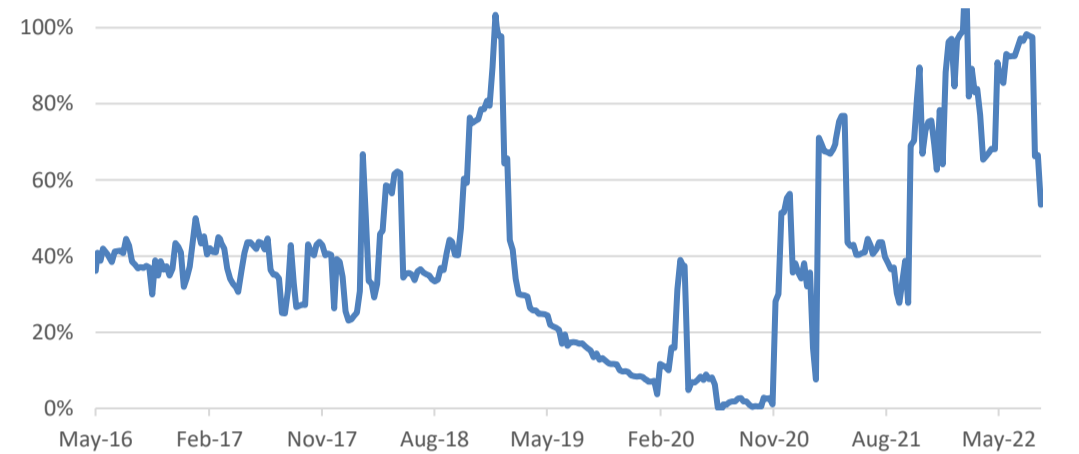
Equity	N. America	Europe	Asia	Other
08/12/22	39.1%	20.0%	35.0%	4.8%
08/05/22	38.0%	20.0%	34.9%	4.7%
Change	1.1%	0.0%	0.1%	0.1%

Sector	08/12/22	08/05/22	Change	BM
Basic Materials	14.11%	13.78%	0.3%	4.4%
Communications	9.66%	9.89%	-0.2%	10.7%
Consumer, Cyclical	9.20%	8.71%	0.5%	10.2%
Consumer, Non-cyclical	19.84%	19.10%	0.7%	21.1%
Energy	5.68%	5.50%	0.2%	5.1%
Financial	14.72%	14.42%	0.3%	18.7%
Government	0.03%	0.06%	0.0%	18.7%
Industrial	10.34%	10.13%	0.2%	10.1%
Technology	12.06%	12.80%	-0.7%	16.5%
Utilities	3.22%	3.20%	0.0%	3.2%

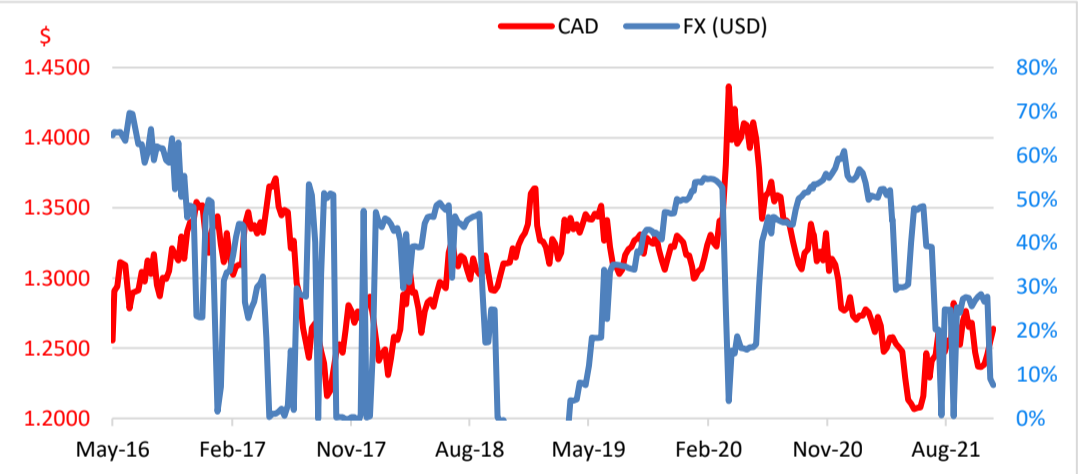
As of: Aug 12 2022	08/12/22	08/05/22	Change
FX (USD)	5.6%	4.5%	1.1%
Beta <sup>2</sup>	87.4%	88.3%	-0.9%
Protection (Delta)	-33.9%	-21.7%	-12.2%
Correlation	72.1%	70.4%	1.8%
Yield <sup>3</sup>	2.86%	2.88%	-0.01%
ETF Holdings	24	25	-1
Volatility <sup>4</sup>	10.02%	10.16%	-0.14%
CAD	1.2782	1.2932	-1.2%



**Net Beta (Core - Protection): 53.5%**



**Tactical FX Exposure (USD)**



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