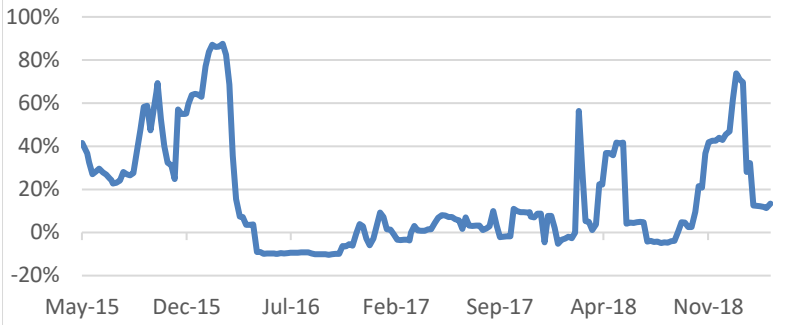


# BMO Tactical Balanced ETF Fund Highlights

Defense BETA SCORE Offense



Beta (risk) Metrics



As of: Mar 15 2019	03/15/19	02/28/19	Change
FX (USD)	1.3%	1.3%	0.0%
Beta <sup>2</sup>	12.7%	11.4%	1.3%
Correlation	23.6%	20.5%	3.1%
Yield <sup>3</sup>	3.10%	3.17%	-0.07%
ETF Holdings	19	17	2
Volatility <sup>4</sup>	6.49%	6.53%	-0.03%
CAD	1.3336	1.3416	-0.6%

Performance Metrics

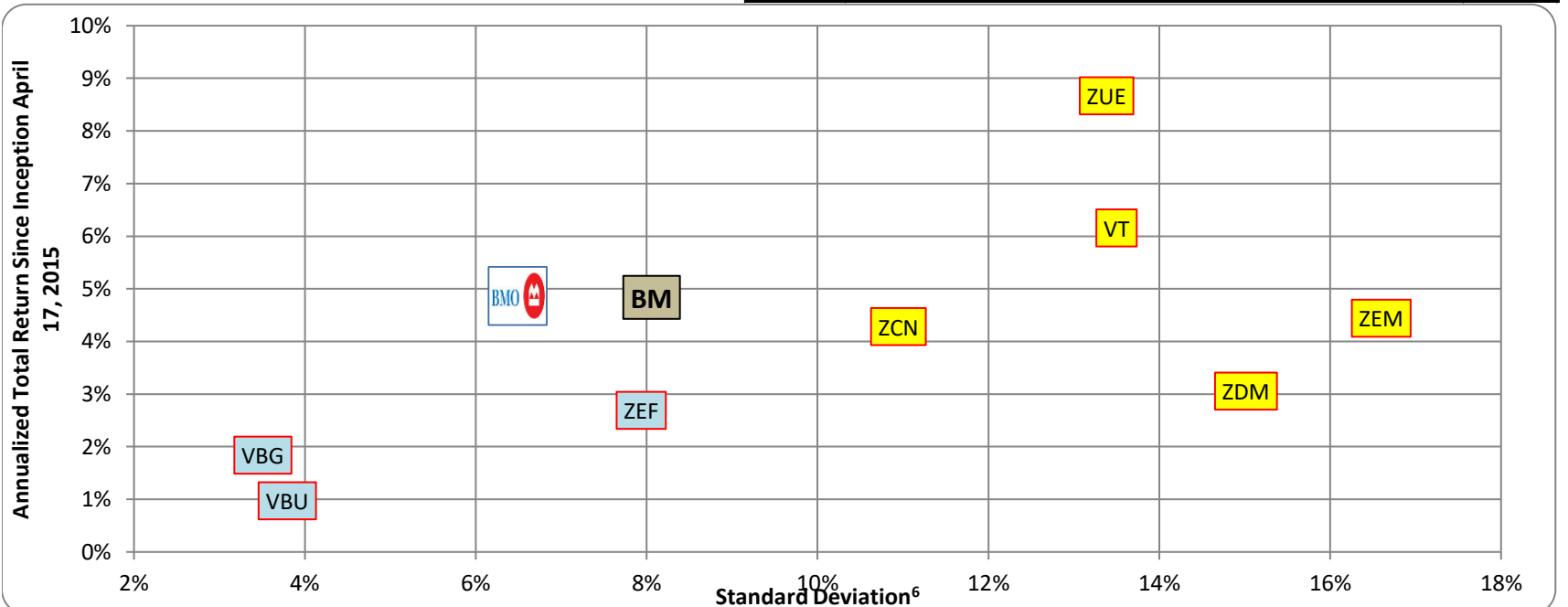
Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	4.69%	5.08%	Upside	37%
Prev. Month	0.55%	0.71%	Downside	32%
Prev. Quarter	3.47%	3.95%	Months Up	31
Prev. Year	2.53%	4.45%	Months Dn	16
Annualized SI	2.94%	4.86%		
Sharpe Ratio	0.75			

Market Strategy (Risk Management)

DEFENSE: The current beta is 12.7% vs. the benchmark of 55.6% up from 11.4% last week. The markets are still excited about a trade deal with China. Governments appear set to spend their way to growth despite already crazy debt burdens. We expect the December 2018 lows will break again later this year and the higher markets grind, the more we move to preserve capital and generate better than money market yields. The markets will not be easy for several years. Our dynamic asset allocation approach should be better than most traditional styles. Looking out one year, the funding markets are beginning to price in a rate cut. While we see one more hike still possible in the short-run for the US, Canada is an inconsistent anomaly. Strong jobs crumbling infrastructure investment. We do not look forward to the Liberal budget this week. We see it full of vote buying policies and little thoughtful strategy beyond political bribes. We are increasingly bearish on Canada and the C\$ and will be more aggressively moving money out of the C\$. Fact that C\$ can't rally with WTI

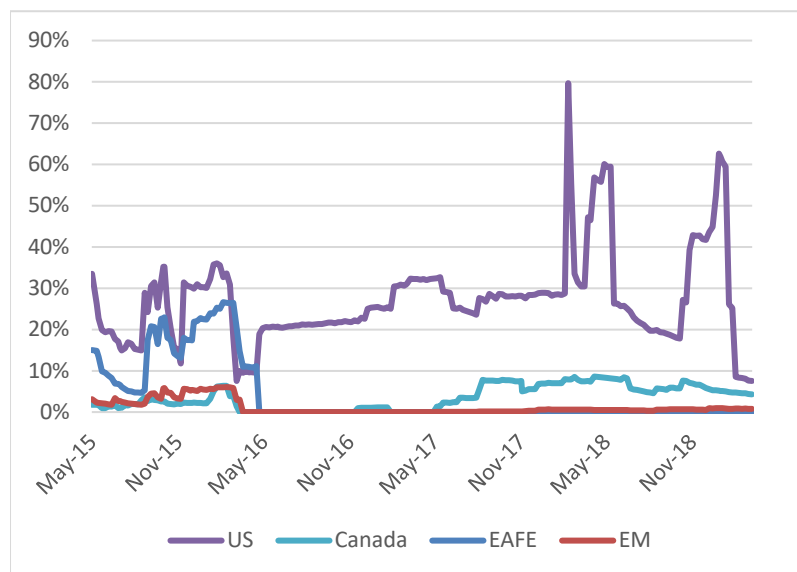
Top Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	48.4%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	9.5%
FLOT	iShares Floating Rate Bond ETF	7.8%
ZPR	BMO Laddered Preferred Share Index ETF	6.3%
BWZ	SPDR Bloomberg Barclays Short Term International Treasury B	4.7%
ZGD	BMO Equal Weight Global Gold Index ETF	2.8%
AMLP	Alerian MLP ETF	2.2%
ZPH	BMO US Put Write Hedged to CAD ETF	2.1%
TLT	iShares 20+ Year Treasury Bond ETF	1.9%
ZPW	BMO US Put Write ETF	1.7%
ZWU	BMO Covered Call Utilities ETF	1.6%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.4%
GLD	SPDR Gold Shares	0.7%
ZUP	BMO US Preferred Share Index ETF	0.7%
GDV	VanEck Vectors Gold Miners ETF	0.6%
ZRR	BMO Real Return Bond Index ETF	0.5%
SHV	iShares Short Treasury Bond ETF	0.0%
<b>Total</b>		<b>92.8%</b>



# Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
03/15/19	7.4%	4.1%	0.1%	0.7%
02/28/19	7.7%	4.3%	0.1%	0.8%
Change	-0.3%	-0.2%	0.0%	0.0%



Sector	03/15/19	02/28/19	Change
Financials	0.58%	0.60%	0.0%
Energy	3.69%	3.81%	-0.1%
Health Care	0.65%	0.68%	0.0%
Technology	0.68%	0.72%	0.0%
Industrials	0.44%	0.46%	0.0%
Discretionary	0.72%	0.76%	0.0%
Real Estate	4.72%	0.00%	4.7%
Staples	0.18%	0.19%	0.0%
Telecom	0.56%	0.59%	0.0%
Utilities	0.81%	0.85%	0.0%
Materials	3.93%	4.14%	-0.2%
Government	17.29%	9.80%	7.5%
Corporate	55.56%	58.67%	-3.1%
C\$ Cash	36.72%	33.14%	3.6%
U\$ Cash	-29.55%	-22.60%	-6.9%
Preferred	6.99%	7.42%	-0.4%
Commodity	0.73%	0.77%	0.0%

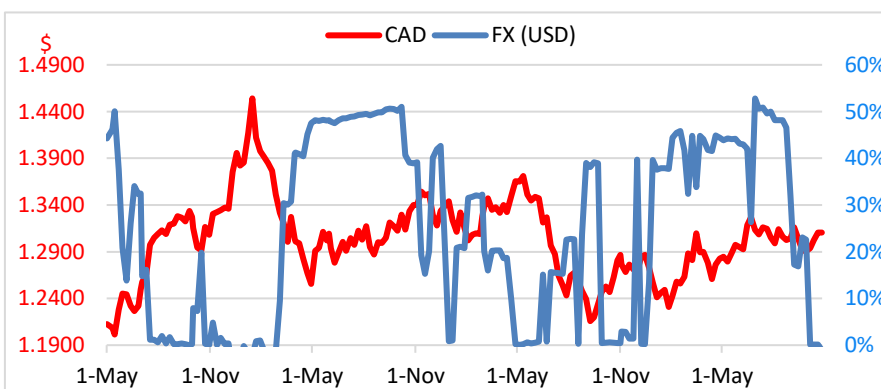
Bonds	Corp.	Govt.	Pref.	Cash	Duration
03/15/19	55.6%	17.3%	7.0%	7.2%	1.89
02/28/19	58.7%	9.8%	7.4%	10.5%	1.38
Change	-3.1%	7.5%	-0.4%	-3.4%	0.51

## Equity Country/Sector Allocation & Trades

We are not concerned about a new bull market developing. The markets are excited about a trade resolution and a dovish Fed. Nevertheless, the global economy continues to slow and the lagged impact of tighter policy will likely have negative impacts for growth. The global economy is only growing based on leverage and easy money. In the long run, we are seeing huge misallocation of capital and the credit bubble that's building will likely end badly. China may be at the front of that wave with the credit risk of the S&P 500 flirting with the biggest credit risk levels in history. To say we are a growth skeptic would be an understatement. For the next several years, tactical asset allocation may be our only real return possibility. Europe is cheap because it's a house of cards with its strongest economy, Germany, basically in a recession. EM is cheap because it's leveraged to Europe. The US is overvalued because it's the only economy that's working, but that's been 100% leverage for the past decade with free money, which is coming to an end--especially with the political shift to the LEFT.

## Currency Strategy & Trades

We have shifted our FX range expectations. We do not see the C\$ hitting 80 cents before it sees 70 cents. We are now adding US\$ exposure between 1.2850-1.3200. Internationally, we expect the US\$ to be range bound versus Europe and EM currencies. We will trade the ranges to add value. We added exposure to the euro with BWZ this week.



## Fixed-Income/Commodity Allocation & Trades

The most important consideration in our fixed-income portfolio is interest-rate sensitivity versus the benchmark of 6.21. The duration of the portfolio is 1.89 up 0.51 last week. We increased duration with TLT for the first time in many months as yields are moving a bit higher. We look to increased exposure to emerging market local currency debt (EMLC) where we see 10%+ total returns over the next year. It yields more than 6% and has potential currency gains over the next few years. We added to short-term high yield (ZST) to boost yield in the portfolio. On the currency front, we like the euro at 1.13 and lower and see a move back to 1.18 so we look to international government debt (ISHG & IGOV) as a way to play FX gains. With yields so low globally, it's not a duration call. We look to add more duration in the US with TLT as yields push higher under the weight of supply and firmer equity markets that we do not expect to last.

This communication is intended for information purposes only. This update has been prepared by ETF Capital Management, the portfolio manager of BMO Tactical Balanced ETF Fund and represents their assessment at the time of publication. The views are subject to change without notice as markets change over time. The information contained herein is not, and should not be construed as, investment advice to any party. Investments should be evaluated relative to the individual's investment objectives and professional advice should be obtained with respect to any circumstance. The statistics provided in this presentation are based on information believed to be reliable, but BMO Investments Inc. cannot guarantee they are accurate or complete. BMO Global Asset Management is a brand name that comprises BMO Asset Management Inc., BMO Investments Inc., BMO Asset Management Inc. and BMO's specialized investment management firms. BMO Mutual Funds are offered by BMO Investments Inc., a financial services firm and separate legal entity from the Bank of Montreal. Commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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.

© "BMO (M-bar roundel)" is a registered trade-mark of Bank of Montreal, used under licence. ETF Capital Management is a registered trade name of Quintessence Wealth, a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer registered with the Canadian Securities Administrators.