



# BMO Tactical Dividend ETF Fund Highlights

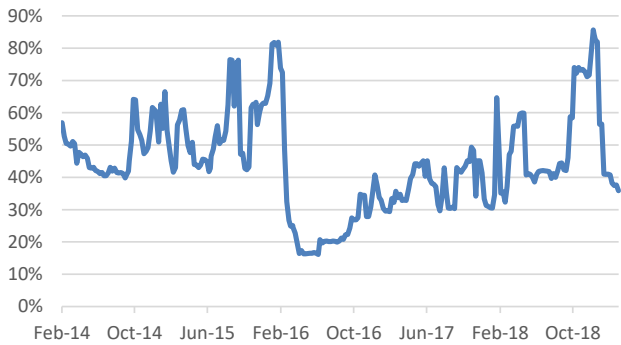
Defense

BETA SCORE

Offense



### Beta (risk) Metrics



As of: Mar 22 2019	03/22/19	03/15/19	Change
FX (USD)	8.8%	1.8%	7.0%
Beta <sup>2</sup>	35.9%	37.6%	-1.7%
Correlation	41.2%	44.2%	-2.9%
Yield <sup>3</sup>	4.18%	4.19%	-0.01%
ETF Holdings	18	18	0
Volatility <sup>4</sup>	8.05%	8.06%	-0.01%
CAD	1.3429	1.3336	0.7%

### Performance Metrics

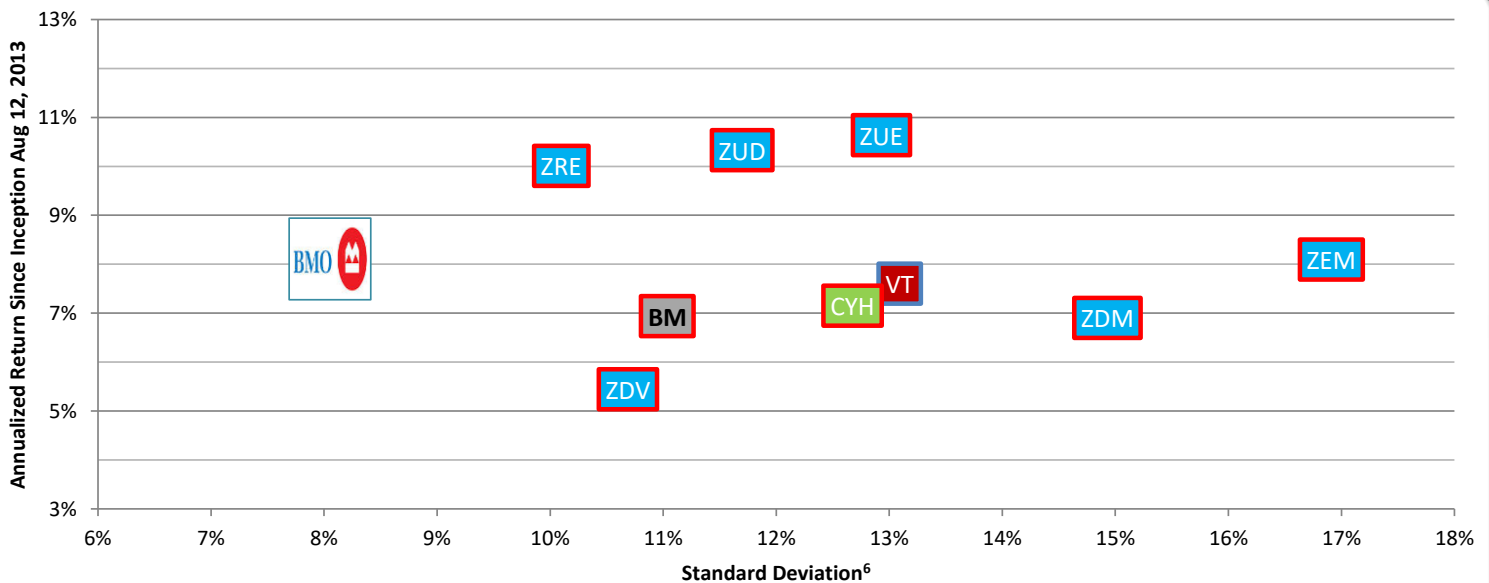
Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	8.43%	8.85%	Upside	50%
Previous Quarter	10.97%	11.45%	Downside	7%
Previous Year	6.45%	8.37%	Months Up	38
3-Year	6.42%	8.34%	Months Dn	28
5-Year	5.13%	7.05%		
Annualized SI	6.18%	8.10%		
Sharpe Ratio		0.88		

### Market Strategy (Risk Management)

DEFENSE: The current beta is 35.9% vs. the benchmark of 73.5% and down from 37.6% last week. ARE WE THERE YET? You know that annoying nasal rant you hear coming from the back seat of the minivan on long trips. By now you may have heard that the US 3-mth vs. 10-year yield curve has inverted. An inverted curve means that net interest margins for banks are under duress. When banks can't make money lending they lend less, credit contracts, and that is the single biggest swing factor in the economic cycle. If you think anything else, you do not understand growth: C+I+G+X-M. Welcome to day one of the US led global deleveraging phase and what it means for global equities. The pom-pom prognosticators will have you believe something different--go ahead at your own peril. We are heading for a global recession, which should create great value for investors in the coming years.

### Top 20 Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	28.5%
ZWP	BMO Europe High Dividend Covered Call ETF	9.1%
ZWU	BMO Covered Call Utilities ETF	8.4%
ZGD	BMO Equal Weight Global Gold Index ETF	8.2%
AML	Alerian MLP ETF	7.1%
ZPW	BMO US Put Write ETF	6.0%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	4.9%
ZPR	BMO Laddered Preferred Share Index ETF	4.1%
DXJ	WisdomTree Japan Hedged Equity Fund	3.0%
ZDH	BMO International Dividend Hedged to CAD ETF	2.8%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.6%
EDIV	SPDR S&P Emerging Markets Dividend ETF	2.3%
ZWC	BMO Canadian High Dividend Covered Call ETF	2.1%
TLT	iShares 20+ Year Treasury Bond ETF	2.0%
DGS	WisdomTree Emerging Markets SmallCap Dividend Fund	1.4%
DVYE	iShares Emerging Markets Dividend ETF	1.2%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.8%
SHV	iShares Short Treasury Bond ETF	0.0%
<b>Total</b>		<b>94.6%</b>

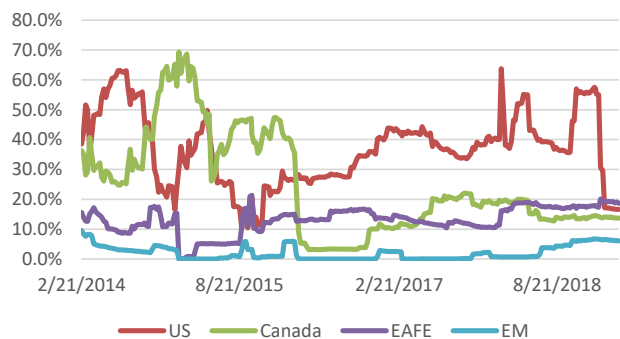


Fund Codes:

No Load: GGF70734; Advisor GGF99734; Low Load GGF98734; F-Class GGF95734; F6 GGF36734; ETF ZZZD

# Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
03/22/19	16.6%	13.7%	18.6%	6.1%
03/15/19	16.7%	13.7%	19.1%	6.2%
Change	0.0%	0.0%	-0.5%	-0.1%



Sector	03/22/19	03/15/19	Change
Financials	6.47%	6.62%	-0.2%
Energy	11.86%	11.86%	0.0%
Health Care	2.88%	2.94%	-0.1%
Technology	1.91%	1.96%	0.0%
Industrials	4.18%	4.28%	-0.1%
Discretionary	3.60%	3.68%	-0.1%
Real Estate	0.93%	0.96%	0.0%
Staples	3.11%	3.18%	-0.1%
Telecom	4.01%	4.07%	-0.1%
Utilities	5.25%	5.31%	-0.1%
Materials	10.86%	10.79%	0.1%
Government	6.73%	6.74%	0.0%
Corporate	28.69%	29.05%	-0.4%
C\$ Cash	33.71%	39.99%	-6.3%
U\$ Cash	-28.26%	-35.56%	7.3%
Preferred	4.07%	4.13%	-0.1%
Commodity	0.00%	0.00%	0.0%

ETF Style	Weight	ETF Style	Weight
Bonds	35.42%	Equity-Low-Vol	0.00%
Cash	5.45%	Equity-Put	6.05%
Equity-Call	20.47%	Equity-Sector	8.22%
Equity-Dividend	14.74%	Preferred	4.07%
Equity-Hedged	0.00%	Equity-REITs	0.00%
Equity-Unhedged	0.00%	Commodity	0.00%

## Country Allocation & Trades

What's going to fall less in a global recession. Europe is a mess. Fundamentally cheaper from a P/E and free cash flow perspective, but an economic basket case with negative yields and a banking sector on a respirator. Emerging markets have great valuation on a relative basis, but carry 50% higher risk on a standard deviation basis. Japan? LMFAO. Truth is they have some great dividend payers and we have some exposure, but as the oldest economy in the world, they are the poster child for anaemic growth and QE that has not worked. Canada, while it looks like we will see a change in government in 2019 towards a more pro business and investment focus, a global recession always sees Canada lag due to the high exposure to cyclicals (energy, mining). And then there is the US, a fiscal mess, but the best dirty shirt in the laundry. It's expensive from a P/E perspective to clean your shirt, so it's important to clean the stuff you really like and are comfortable wearing as you're running from the bear.

## Sector/Style Trades

Our biggest shift last week was to add US\$ exposure. The C\$ is heading for a massive dive below 70 cents under a global recession scenario and a Liberal government that simply has no clue how to stimulate investment for Canada's largest assets. The Fed told us this week that we are heading for a recession and the yield curve confirmed that on Friday. Defensive styles with greater use of enhanced yield with options strategies make massive sense. We will keep beta as low as possible while generating a 4% yield. Our portfolio fell about 25% of Friday's 2%+ decline in global markets (VT).

## Currency Strategy & Trades

The Fed basically capitulated last week and the US 3M-10Y curve inverted. We are heading into a recession in the next 12+ months and the C\$ is heading below 70 cents and possibly towards all-time lows around 62 cents. The only question is how fast does it get there. We have moved our target ranges to 76-70 cents for now and will be more aggressive adding US\$ exposure during periods of C\$ strength.

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1 The benchmark is the return of the targeted portfolio. As of Jan 1, 2017, the target portfolio is 80% (CYH) and 20% (ZDV); 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.