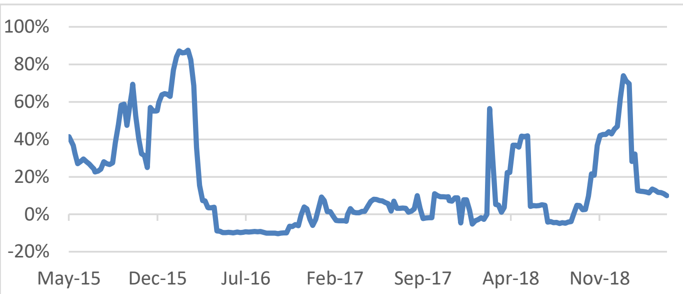
BMO Mutual Funds

BMO Tactical Balanced ETF Fund Highlights

Defense | BETA SCORE | Offense

Beta (risk) Metrics



As of: Apr 12 2019	04/12/19	04/05/19	Change
FX (USD)	11.6%	7.0%	4.5%
Beta[2]	9.9%	10.9%	-1.0%
Correlation	20.4%	21.1%	-0.7%
Yield[3]	3.12%	3.09%	0.04%
ETF Holdings	19	19	0
Volatility[4]	6.43%	6.45%	-0.02%
CAD	1.3323	1.3384	-0.5%

Performance Metrics

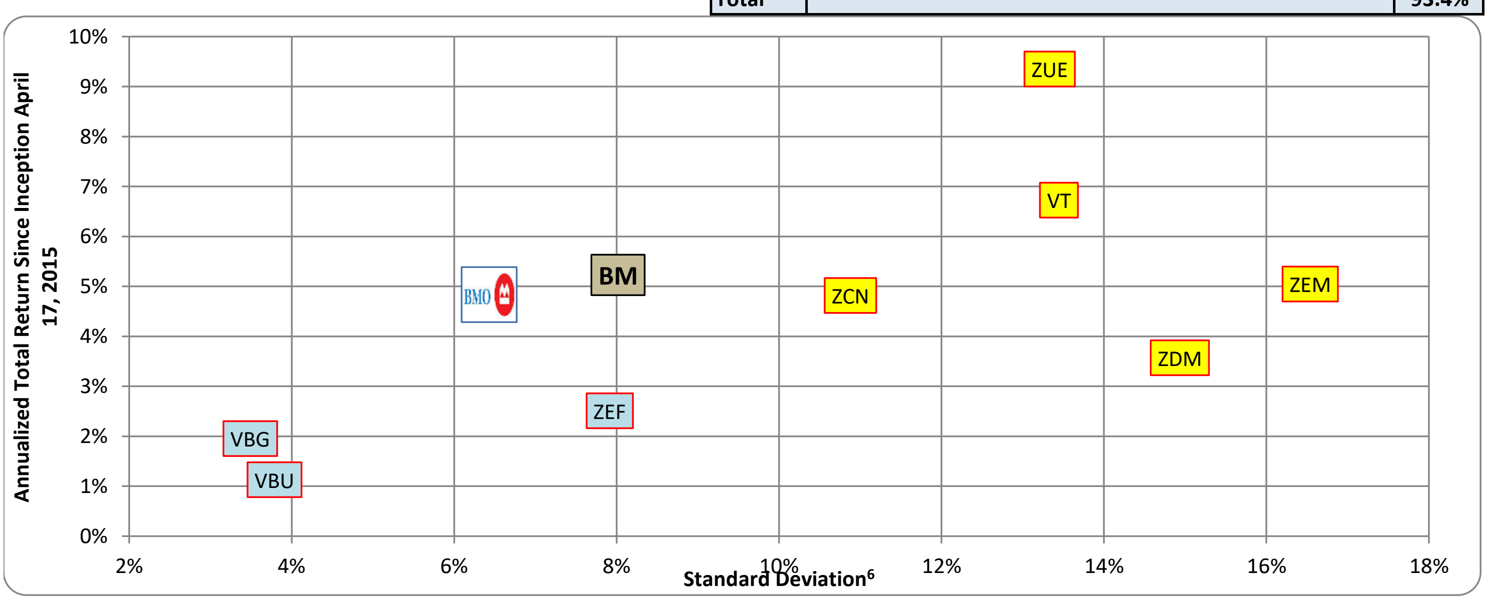
Total Return	Net	Gross	Upside/Downside[5]	
YTD	4.81%	5.35%	Upside	36%
Prev. Month	0.04%	0.20%	Downside	32%
Prev. Quarter	2.13%	2.61%	Months Up	32
Prev. Year	3.56%	5.48%	Months Dn	16
Annualized SI	2.92%	4.84%		
Sharpe Ratio	0.75			

Market Strategy (Risk Management)

DEFENSE: The current beta is 9.9% vs. the benchmark of 55.5% down from 10.9% last week. Our beta is inching towards zero and will be negative again soon. We call that defensive coupon clipping mode. The thing is, no one knows when the storm will hit, but we all know it's coming. Just like a spoon full of sugar helps the medicine go down, a zero beta portfolio in a recession clipping a 3-4% coupon is good medicine. However, the flat yield curve makes timing of duration bets challenging. The bond rally following the FOMC's mia culpa a few weeks ago has mostly been erased as stocks have not cared at all about the inverted curve. The yield curve inversion is not because the economy is strong and the Fed is taking the punchbowl away. Inflation pressures are weak and we are well through the "full employment" threshold. This hiking cycle ended with less than half the break pressure compared to past cycles. If you don't believe the underlying economy is only performing because of ultra low rates and massive increases in leverage, we'd like to take that debate up with you on BNN. Let me know.

Top Holdings

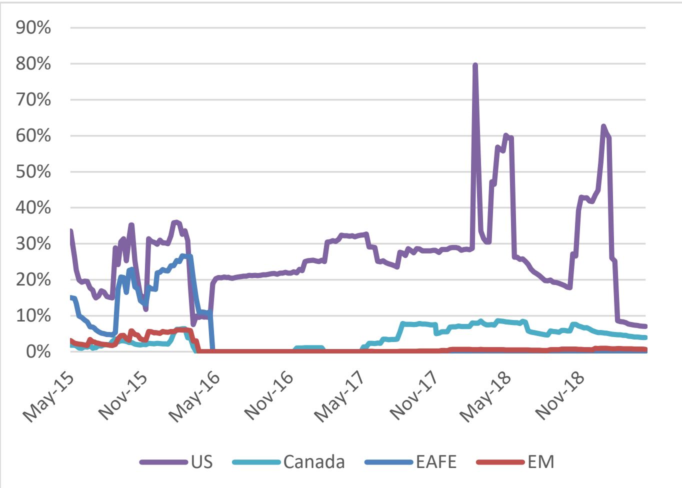
Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	45.6%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	9.0%
TLT	iShares 20+ Year Treasury Bond ETF	7.6%
FLOT	iShares Floating Rate Bond ETF	7.3%
ZPR	BMO Laddered Preferred Share Index ETF	5.9%
BWZ	SPDR Bloomberg Barclays Short Term International Treasury B	4.4%
ZGD	BMO Equal Weight Global Gold Index ETF	2.6%
AMLP	Alerian MLP ETF	2.1%
ZPH	BMO US Put Write Hedged to CAD ETF	2.0%
ZPW	BMO US Put Write ETF	1.6%
ZWU	BMO Covered Call Utilities ETF	1.5%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.3%
GLD	SPDR Gold Shares	0.7%
ZUP	BMO US Preferred Share Index ETF	0.7%
GDX	VanEck Vectors Gold Miners ETF	0.6%
ZRR	BMO Real Return Bond Index ETF	0.5%
SHV	iShares Short Treasury Bond ETF	0.0%
Total		93.4%



Fund Codes:	No Load: GGF70222; Advisor GGF99222; Low Load GGF98222; F-Class GGF95222

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
04/12/19	7.0%	3.9%	0.1%	0.7%
04/05/19	7.1%	4.0%	0.1%	0.7%
Change	-0.1%	0.0%	0.0%	0.0%



Sector	04/12/19	04/05/19	Change
Financials	0.55%	0.55%	0.0%
Energy	3.55%	3.57%	0.0%
Health Care	0.61%	0.62%	0.0%
Technology	0.65%	0.65%	0.0%
Industrials	0.42%	0.42%	0.0%
Discretionary	0.69%	0.69%	0.0%
Real Estate	4.45%	4.47%	0.0%
Staples	0.18%	0.18%	0.0%
Telecom	0.54%	0.54%	0.0%
Utilities	0.78%	0.78%	0.0%
Materials	3.65%	3.74%	-0.1%
Government	22.12%	20.31%	1.8%
Corporate	52.42%	52.65%	-0.2%
C$ Cash	30.01%	34.25%	-4.2%
U$ Cash	-23.42%	-26.26%	2.8%
Preferred	6.58%	6.62%	0.0%
Commodity	0.68%	0.69%	0.0%

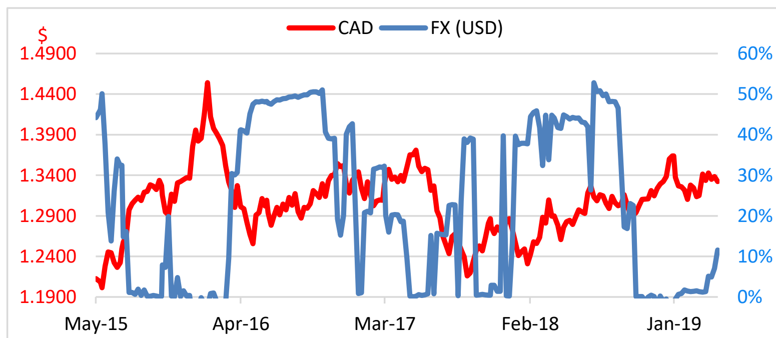
Bonds	Corp.	Govt.	Pref.	Cash	Duration
04/12/19	52.4%	22.1%	6.6%	6.6%	3.04
04/05/19	52.6%	20.3%	6.6%	8.0%	2.67
Change	-0.2%	1.8%	0.0%	-1.4%	0.36

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 bubble 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 it's 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 moved our U$ target over the next year to 76-70 cents with a bias towards the ALL-TIME low of 62 cents by the time the global recession plays out. Twin deficits and stupidity in Ottawa are the catalysts along with world energy prices collapsing in the downturn. We look to build US$ exposure towards 50% of the portfolio in the coming months. That would push the beta of the portfolio to negative levels where we hope to have positive returns as the bear plays out.



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 3.04 up 0.36 last week. We added again to US long bonds (TLT). 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 would be short credit is we could be. 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 (BZW) 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 and our target ranges have shifted significantly after the FOMC balance sheet shift and yield curve inversion 3M-10Y.

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.