



# BMO Tactical Dividend ETF Fund Highlights

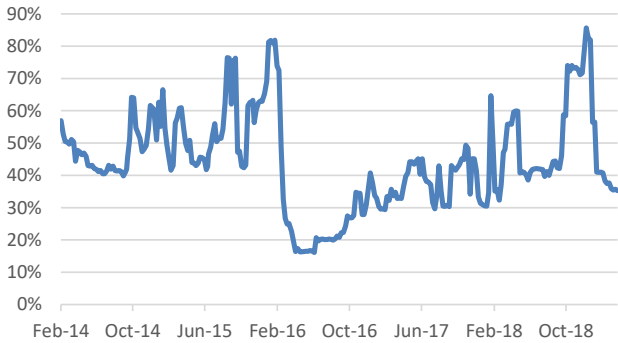
Defense

BETA SCORE

Offense



### Beta (risk) Metrics



As of: Apr 12 2019	04/12/19	04/05/19	Change
FX (USD)	12.5%	9.2%	3.2%
Beta <sup>2</sup>	35.2%	35.7%	-0.4%
Correlation	40.8%	41.4%	-0.6%
Yield <sup>3</sup>	4.14%	4.13%	0.02%
ETF Holdings	18	18	0
Volatility <sup>4</sup>	8.03%	8.06%	-0.03%
CAD	1.3323	1.3384	-0.5%

### Performance Metrics

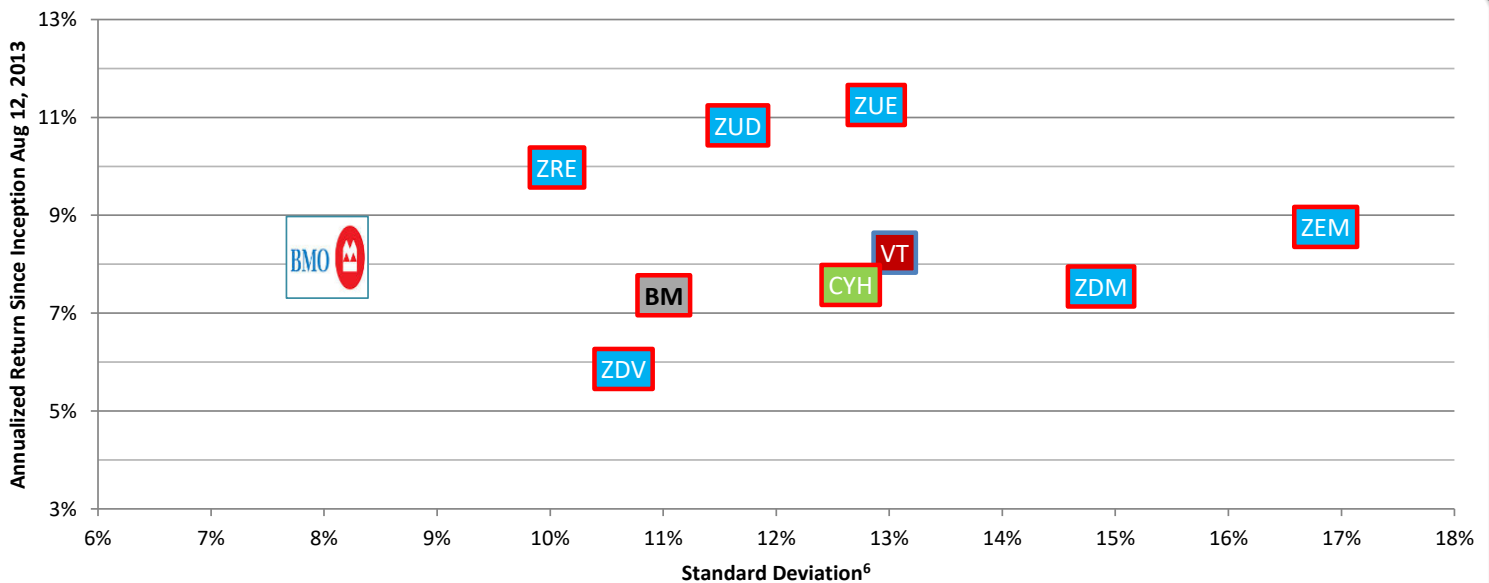
Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	9.00%	9.54%	Upside	52%
Previous Quarter	5.22%	5.70%	Downside	7%
Previous Year	6.56%	8.48%	Months Up	38
3-Year	6.68%	8.60%	Months Dn	29
5-Year	5.29%	7.21%		
Annualized SI	6.22%	8.14%		
Sharpe Ratio		0.89		

### Market Strategy (Risk Management)

DEFENSE: The current beta is 35.2% vs. the benchmark of 74.1% and down from 35.7% last week. As equities move higher and longer bond yields are backing up a bit, it makes sense to reduce equity exposure and add to long bonds where returns relative to risks are improving. Recall that in the late stage of the business cycle US long bonds are historically our best asset class. We also added to our US\$ exposure and that overall reduced our beta a bit more last week. Meanwhile, sentiment numbers are back to being close to irrationally exuberant. Never underestimate the ability for people to chase performance--humans are hardwired to do it and it's 100% correlated to the emotional roller-coaster that is the Mr. Market. When Congress asked US bank CEOs this week what the biggest systemic risks were they all said in one way or the other "CREDIT." For now, JPM says "all clear for the US economy."

### Top 20 Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	27.5%
ZWP	BMO Europe High Dividend Covered Call ETF	8.9%
ZWU	BMO Covered Call Utilities ETF	8.2%
TLT	iShares 20+ Year Treasury Bond ETF	7.7%
ZGD	BMO Equal Weight Global Gold Index ETF	7.5%
AML	Alerian MLP ETF	6.8%
ZPW	BMO US Put Write ETF	5.9%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	4.7%
ZPR	BMO Laddered Preferred Share Index ETF	3.9%
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	2.0%
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>97.1%</b>

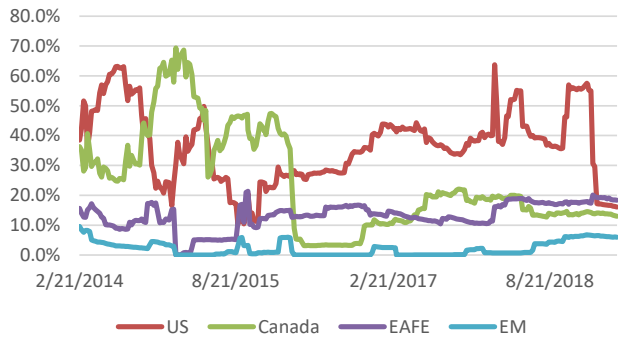


Fund Codes:

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

# Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
04/12/19	16.1%	13.0%	18.4%	5.9%
04/05/19	16.2%	13.2%	18.4%	6.0%
Change	-0.2%	-0.2%	-0.1%	-0.1%



Sector	04/12/19	04/05/19	Change
Financials	6.37%	6.40%	0.0%
Energy	11.51%	11.59%	-0.1%
Health Care	2.82%	2.83%	0.0%
Technology	1.89%	1.91%	0.0%
Industrials	4.12%	4.14%	0.0%
Discretionary	3.56%	3.58%	0.0%
Real Estate	0.92%	0.93%	0.0%
Staples	3.05%	3.07%	0.0%
Telecom	3.92%	3.93%	0.0%
Utilities	5.12%	5.13%	0.0%
Materials	10.11%	10.37%	-0.3%
Government	12.19%	10.36%	1.8%
Corporate	27.64%	27.78%	-0.1%
C\$ Cash	32.39%	35.16%	-2.8%
U\$ Cash	-29.52%	-31.14%	1.6%
Preferred	3.92%	3.95%	0.0%
Commodity	0.00%	0.00%	0.0%

ETF Style	Weight	ETF Style	Weight
Bonds	39.83%	Equity-Low-Vol	0.00%
Cash	2.87%	Equity-Put	5.87%
Equity-Call	19.97%	Equity-Sector	7.51%
Equity-Dividend	14.47%	Preferred	3.92%
Equity-Hedged	0.00%	Equity-REITs	0.00%
Equity-Unhedged	0.00%	Commodity	0.00%

## Country Allocation & Trades

What is the portfolio construction that will give us a good yield and preserve capital in a global recession? Europe is a mess and has no long-term chance to be fixed with a negative rate policy and no fiscal union. While fundamentally cheaper from a P/E perspective, it's a value trap of major proportions. Emerging markets have great valuation too on a relative basis, but carry 50% higher risk on a standard deviation basis. Japan? LMFAO, but there are some great dividend payers and some intrinsic value. Truth is they have some great dividend payers and we have some exposure, but as the oldest (demographically speaking) economy in the world, they are the poster child for anaemic growth and QE that has not worked. We are seeing signs of changing thinking and some real growth plans are being made. 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 it as you're running from the bear that continues to approach.

## Sector/Style Trades

The Fed told us recently by slowing and then stopping the balance sheet run-off that we are heading for a recession and the yield curve is confirming this outlook. 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. High quality exposure with low volatility along with option based yield enhancements to ride out the end of the cycle. If you have any better ideas, please let us know. We added to long UST exposure again last week (TLT) as yields have backed up a bit. Historically, a long duration bet offers significant capital gains potential. At a minimum, we retest the yield lows from BREXIT, which for now has been marked as the secular bull market low yield by many. In the next recession, sadly, we expect yields will go even lower. Those suggesting the bond bull has needed have not studied the history of debt. Central banks will have little choice but to monetize the debt going forward. Modern Monetary Theory is gaining traction with the political LEFT as more people get LEFT behind. Trump is trying to #MAGA, but he's only making it worse by adding to the debt accelerating the need to monetize the debt. QE to infinity!!!

## Currency Strategy & Trades

The Fed basically capitulated on "financial conditions (read equity market weakness)" and the US 3M-10Y curve inverted. We are heading into a recession in the next 12+ months and the C\$ is likely 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. Stronger WTI (on supply constraints) is helping.

This communication is intended for information purposes only. This update has been prepared by ETF Capital Management, the portfolio manager of BMO Tactical Dividend 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 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.