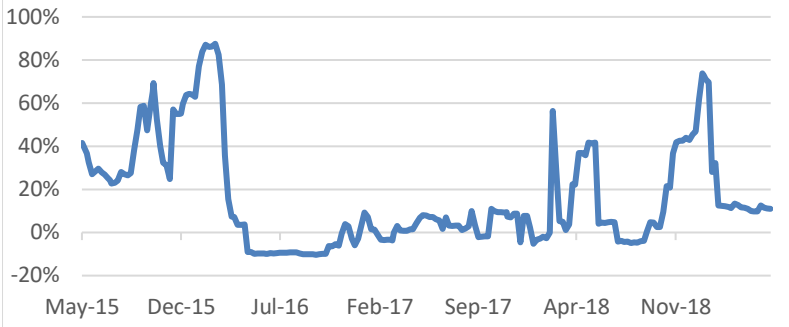


BMO Tactical Balanced ETF Fund Highlights

Defense BETA SCORE Offense



Beta (risk) Metrics



| As of: May 24 2019 | 05/24/19 | 05/17/19 | Change |
|-------------------------|----------|----------|--------|
| FX (USD) | 18.0% | 17.9% | 0.1% |
| Beta ² | 11.0% | 11.2% | -0.3% |
| Correlation | 23.1% | 23.2% | -0.1% |
| Yield ³ | 3.21% | 3.22% | -0.01% |
| ETF Holdings | 16 | 16 | 0 |
| Volatility ⁴ | 6.35% | 6.36% | -0.01% |
| CAD | 1.3437 | 1.3458 | -0.2% |

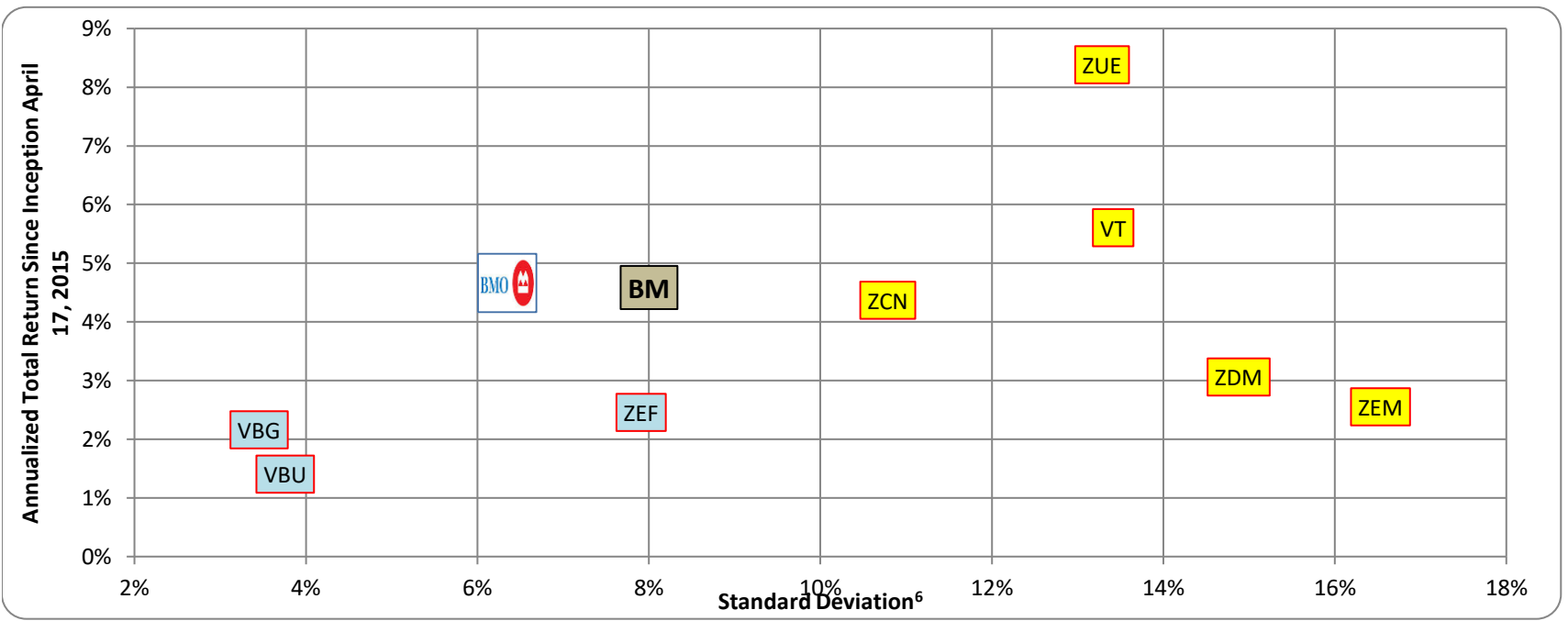
| Performance Metrics | | | |
|---------------------|--------|-------|------------------------------|
| Total Return | Net | Gross | Upside/Downside ⁵ |
| YTD | 4.42% | 5.16% | Upside 36% |
| Prev. Month | -0.16% | 0.00% | Downside 32% |
| Prev. Quarter | -0.20% | 0.28% | Months Up 32 |
| Prev. Year | 0.77% | 2.69% | Months Dn 17 |
| Annualized SI | 2.74% | 4.66% | |
| Sharpe Ratio | 0.73 | | |

Market Strategy (Risk Management)

DEFENSE: The current beta is 11.0% vs. the benchmark of 55.5% down from 11.2% last week. In our view of the world, the global equity markets are easily 5-10% lower still before they can go higher. We are heading for a recession and the question is will the trade wars make it deeper and longer. The credit cycle has peaked. We saw a hint of it in Canadian bank earnings this week. the notion of the Fed cutting rates while at full employment is ludicrous yet becoming part of the current zeitgeist. It appears the Fed PUT is now backed by the White House PUT, facilitated by the Twitter PUT. When the history books are written about this part of the history of the world many will laugh and cry at the same time. If you don't like the last tick, Tweet something to boost it and the algos will follow. What we've seen in the tape over the past few months is the global bond market telling us a recession is coming and the global stock market excited about more liquidity and stimulus. Liquidity and Stimulus is LEVERAGE. Welcome to the can kick economy soon to be the MMT economy.

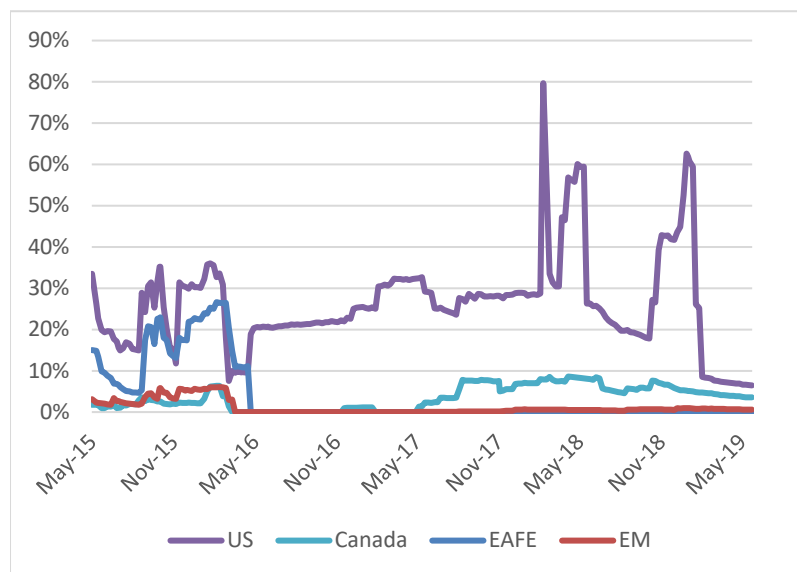
Top Holdings

| Ticker | Name | Position |
|--------------|---|--------------|
| ZST | BMO Ultra Short-Term Bond ETF | 42.6% |
| EMLC | VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | 11.8% |
| BWZ | SPDR Bloomberg Barclays Short Term International Treasury B | 9.5% |
| TLT | iShares 20+ Year Treasury Bond ETF | 7.6% |
| FLOT | iShares Floating Rate Bond ETF | 7.1% |
| ZPR | BMO Laddered Preferred Share Index ETF | 5.6% |
| ZGD | BMO Equal Weight Global Gold Index ETF | 2.2% |
| AML | Alerian MLP ETF | 1.9% |
| ZPH | BMO US Put Write Hedged to CAD ETF | 1.8% |
| ZPW | BMO US Put Write ETF | 1.5% |
| ZWU | BMO Covered Call Utilities ETF | 1.4% |
| ZWC | BMO Canadian High Dividend Covered Call ETF | 1.2% |
| GLD | SPDR Gold Shares | 0.7% |
| ZUP | BMO US Preferred Share Index ETF | 0.6% |
| GD | VanEck Vectors Gold Miners ETF | 0.5% |
| ZRR | BMO Real Return Bond Index ETF | 0.5% |
| Total | | 96.5% |



Tactical Asset Allocation

| Equity | US | Canada | EAFE | EM |
|----------|-------|--------|------|------|
| 05/24/19 | 6.5% | 3.5% | 0.1% | 0.6% |
| 05/17/19 | 6.6% | 3.6% | 0.1% | 0.6% |
| Change | -0.1% | 0.0% | 0.0% | 0.0% |



| Sector | 05/24/19 | 05/17/19 | Change |
|---------------|----------|----------|--------|
| Financials | 0.51% | 0.52% | 0.0% |
| Energy | 3.31% | 3.36% | -0.1% |
| Health Care | 0.56% | 0.58% | 0.0% |
| Technology | 0.60% | 0.61% | 0.0% |
| Industrials | 0.38% | 0.39% | 0.0% |
| Discretionary | 0.63% | 0.65% | 0.0% |
| Real Estate | 9.55% | 9.57% | 0.0% |
| Staples | 0.16% | 0.17% | 0.0% |
| Telecom | 0.51% | 0.51% | 0.0% |
| Utilities | 0.73% | 0.73% | 0.0% |
| Materials | 3.17% | 3.23% | -0.1% |
| Government | 29.87% | 29.83% | 0.0% |
| Corporate | 49.18% | 49.39% | -0.2% |
| C\$ Cash | 27.63% | 27.38% | 0.2% |
| U\$ Cash | -24.10% | -24.25% | 0.2% |
| Preferred | 6.19% | 6.25% | -0.1% |
| Commodity | 0.65% | 0.65% | 0.0% |

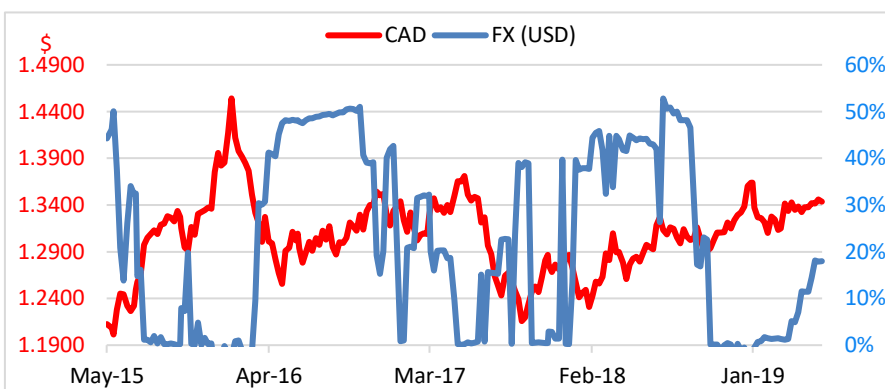
| Bonds | Corp. | Govt. | Pref. | Cash | Duration |
|----------|-------|-------|-------|------|----------|
| 05/24/19 | 49.2% | 29.9% | 6.2% | 3.5% | 3.32 |
| 05/17/19 | 49.4% | 29.8% | 6.2% | 3.1% | 3.30 |
| Change | -0.2% | 0.0% | -0.1% | 0.4% | 0.01 |

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 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 that could leak in more inflation than the debt load can handle.

Currency Strategy & Trades

We have moved our US\$ 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 3.32 up 0.01 last week. The idea that the FOMC will have to cut rates with the unemployment rate below 4% is a gross mispricing of risks. That said, it underscores how fragile the global economy is with the real yield on the entire world of fixed income negative and we cannot normalize. Worse yet, the 2020 US election will see the Democrats looking to spend bags of money as the DEBT troubles escalate. You would think that would all be bearish for bonds yet the long end of the curve is anchored. Gold should still provide a stable store of value and makes sense to own during periods of weakness. We will be accumulating more exposure here too.

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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.

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