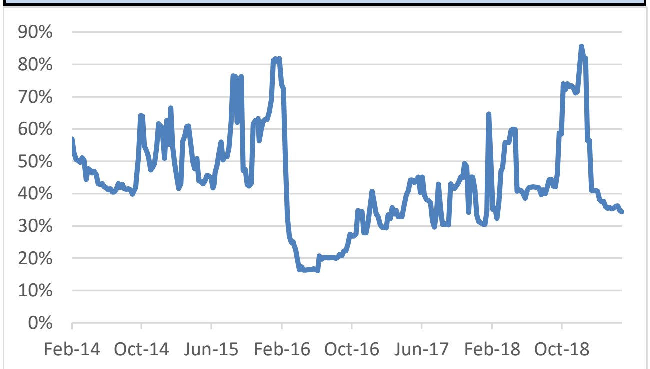
BMO Mutual Funds

BMO Tactical Dividend ETF Fund Highlights

Defense **BETA SCORE** Offense

Beta (risk) Metrics



As of: May 20 2019	05/17/19	05/10/19	Change
FX (USD)	22.5%	22.6%	-0.1%
Beta[2]	34.4%	34.8%	-0.4%
Correlation	39.3%	39.6%	-0.3%
Yield[3]	4.32%	4.33%	-0.01%
ETF Holdings	17	17	0
Volatility[4]	7.95%	7.97%	-0.01%
CAD	1.3458	1.3417	0.3%

Performance Metrics

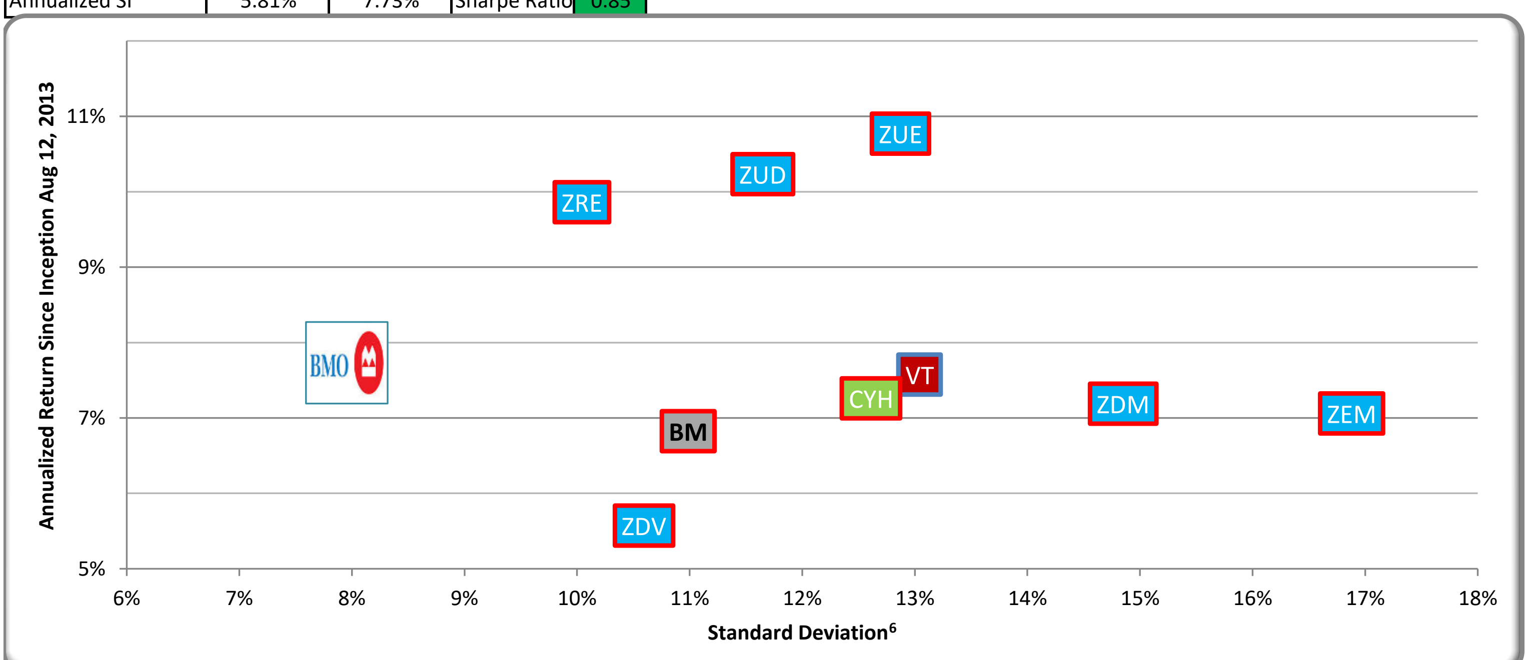
Total Return	Net	Gross	Upside/Downside[5]	
YTD	7.23%	7.94%	Upside	51%
Previous Quarter	0.17%	0.65%	Downside	6%
Previous Year	1.37%	3.29%	Months Up	38
3-Year	5.85%	7.77%	Months Dn	30
5-Year	4.62%	6.54%		
Annualized SI	5.81%	7.73%	Sharpe Ratio	0.85

Market Strategy (Risk Management)

DEFENSE: The current beta is 34.4% vs. the benchmark of 74.6% and down from 34.8% last week. It's staggering to watch markets trade off the most recent Tweet. We'd bet heavily that many in the Administration are making bucket loads front running. To add to the Fed put, we now have a White House put and a positive trade tweet every time the market threatens an important support level. China appears to be ready for along battle with Trump, but Trump can't afford a long battle that will most certainly hurt the global economy and his 2020 election chances. Xi has no re-election risks and that just might be the key to this trade war. We should most certainly see the S&P 500 test 2650 before we see new highs and we could easily see 2350 again should the trade war escalate.

Top 20 Holdings

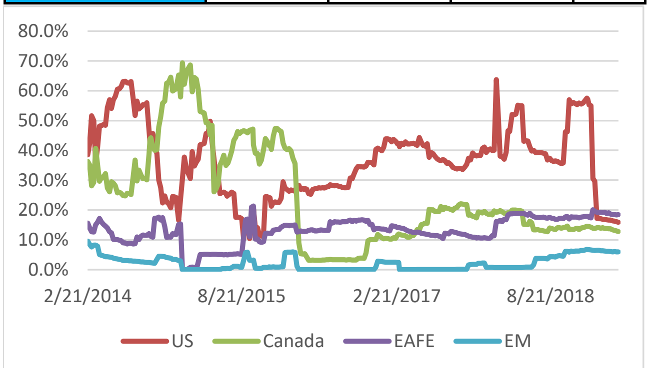
Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	27.3%
ZWP	BMO Europe High Dividend Covered Call ETF	8.7%
ZWU	BMO Covered Call Utilities ETF	8.1%
TLT	iShares 20+ Year Treasury Bond ETF	7.9%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	7.3%
ZGD	BMO Equal Weight Global Gold Index ETF	6.8%
AMLP	Alerian MLP ETF	6.7%
ZPW	BMO US Put Write ETF	5.8%
ZPR	BMO Laddered Preferred Share Index ETF	3.9%
DXJ	WisdomTree Japan Hedged Equity Fund	2.8%
ZDH	BMO International Dividend Hedged to CAD ETF	2.7%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.5%
EDIV	SPDR S&P Emerging Markets Dividend ETF	2.2%
ZWC	BMO Canadian High Dividend Covered Call ETF	2.0%
DGS	WisdomTree Emerging Markets SmallCap Dividend Fund	1.2%
DVYE	iShares Emerging Markets Dividend ETF	1.1%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.8%
Total		**97.9%**



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
05/17/19	15.8%	12.4%	17.7%	5.5%
05/10/19	15.7%	12.4%	17.9%	5.7%
Change	0.0%	0.0%	-0.2%	-0.2%



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 relative valuation too, but carries 50% higher risk on a standard deviation basis. Japan has some great dividend payers and intrinsic relative 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. Let's call it strategic nibbling in the regions where there is some relative value. In Canada, it looks increasingly like we will see a change in government in 2019 towards a more pro business and investment focus, however a global recession always sees Canada lag due to the high exposure to cyclicals (energy, mining). While the US is a fiscal mess, it's the best dirty shirt in the laundry. It's very expensive from an adjusted P\E perspective.

Sector	05/17/19	05/10/19	Change
Financials	6.16%	6.23%	-0.1%
Energy	11.34%	11.29%	0.0%
Health Care	2.73%	2.76%	0.0%
Technology	1.80%	1.84%	0.0%
Industrials	3.97%	4.02%	-0.1%
Discretionary	3.41%	3.47%	-0.1%
Real Estate	0.88%	0.90%	0.0%
Staples	2.95%	2.98%	0.0%
Telecom	3.84%	3.84%	0.0%
Utilities	5.02%	5.01%	0.0%
Materials	9.31%	9.35%	0.0%
Government	14.95%	14.98%	0.0%
Corporate	27.59%	27.69%	-0.1%
C$ Cash	23.76%	23.50%	0.3%
U$ Cash	-21.59%	-21.75%	0.2%
Preferred	3.86%	3.87%	0.0%
Commodity	0.00%	0.00%	0.0%

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 should be supportive for market liquidity. The FOMC backing off on rate hikes and unwinding the balance sheet reminds us how fragile the world is to rate normalization and this liquidity and debt induced growth.

ETF Style	Weight	ETF Style	Weight
Bonds	42.54%	Equity-Low-Vol	0.00%
Cash	2.17%	Equity-Put	5.75%
Equity-Call	19.57%	Equity-Sector	6.81%
Equity-Dividend	13.98%	Preferred	3.86%
Equity-Hedged	0.00%	Equity-REITs	0.00%
Equity-Unhedged	0.00%	Commodity	0.00%

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.